

A bill for an act

relating to taxation; making changes to property, aids, credits, payments, refunds, local sales and use, tax increment financing, aggregate material, and other taxes and tax-related provisions; making changes to the green acres and rural preserve programs; authorizing border city development zone powers and local taxes; modifying regional railroad authority provisions; repealing sustainable forest resource management incentive; authorizing grants to local governments for cooperation, consolidation, and service innovation; requiring reports; appropriating money; amending Minnesota Statutes 2010, sections 97A.061, subdivisions 1, 3; 270A.03, subdivision 7; 272.02, by adding a subdivision; 273.111, subdivision 9, by adding a subdivision; 273.114, subdivisions 2, 5, 6; 273.121, subdivision 1; 273.13, subdivisions 21b, 25, 34; 273.1384, subdivisions 1, 3, 4; 273.1393; 273.1398, subdivision 3; 275.025, subdivision 3; 275.066; 275.08, subdivisions 1a, 1d; 276.04, subdivision 2; 279.01, subdivision 1; 289A.50, subdivision 1; 290.01, subdivision 6; 290A.03, subdivisions 11, 13; 290A.04, subdivisions 2, 4; 297A.99, subdivision 1; 298.75, by adding a subdivision; 398A.04, subdivision 8; 398A.07, subdivision 2; 469.1763, subdivision 2; 473.757, subdivisions 2, 11; 477A.011, by adding subdivisions; 477A.0124, by adding a subdivision; 477A.013, subdivisions 8, 9, by adding a subdivision; 477A.03; 477A.11, subdivision 1; 477A.12, subdivision 1; 477A.14, subdivision 1; 477A.17; Laws 1996, chapter 471, article 2, section 29, subdivision 1, as amended; Laws 1998, chapter 389, article 8, section 43, subdivisions 3, as amended, 4, as amended, 5, as amended; Laws 2008, chapter 366, article 7, section 19, subdivision 3; Laws 2010, chapter 389, article 7, section 22; proposing coding for new law in Minnesota Statutes, chapters 275; 373; repealing Minnesota Statutes 2010, sections 10A.322, subdivision 4; 13.4967, subdivision 2; 273.114, subdivision 1; 273.1384, subdivision 6; 279.01, subdivision 4; 290.06, subdivision 23; 290C.01; 290C.02; 290C.03; 290C.04; 290C.05; 290C.055; 290C.06; 290C.07; 290C.08; 290C.09; 290C.10; 290C.11; 290C.12; 290C.13; 477A.145.

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

ARTICLE 1

ECONOMIC DEVELOPMENT

Section 1. Minnesota Statutes 2010, section 469.1763, subdivision 2, is amended to read:

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

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

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

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

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

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

(3) be used to:

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

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

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

(4) be used to develop housing:

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

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

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

(ii) if the expenditures are used to pay the cost of site acquisition, relocation, demolition of existing structures, site preparation, and pollution abatement on one or more parcels, if the parcel:

(A) contains a residence containing one to four family dwelling units that has been vacant for six or more months;

(B) contains a residence containing one to four family dwelling units that is structurally substandard, as defined in section 469.174, subdivision 10;

(C) is in foreclosure as defined in section 325N.10, subdivision 7, but without regard to whether the residence is the owner's principal residence, and a notice of pendency of the foreclosure has been recorded under section 580.032, except a notice of pendency is not required for a delinquency or default that relates to a contract for deed payment; or

(D) is a vacant site, if the authority uses the parcel in connection with the development or redevelopment of a parcel qualifying under subitems (A) to (C).

(e) For a district created within a biotechnology and health sciences industry zone as defined in section 469.330, subdivision 6, or for an existing district located within such a zone, tax increment derived from such a district may be expended outside of the district but within the zone only for expenditures required for the construction of public infrastructure necessary to support the activities of the zone, land acquisition, and other redevelopment costs as defined in section 469.176, subdivision 4j. These expenditures are considered as expenditures for activities within the district.

(f) The authority under paragraph (d), clause (4), expires on December 31, 2016. Increments may continue to be expended under this authority after that date, if they are

used to pay bonds or binding contracts that would qualify under subdivision 3, paragraph (a), if December 31, 2016, is considered to be the last date of the five-year period after certification under that provision.

EFFECTIVE DATE. This section is effective for any district that is subject to the provisions of section 469.1763, regardless of when the request for certification of the district was made.

Sec. 2. Laws 2010, chapter 389, article 7, section 22, is amended to read:

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

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

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

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

(d) The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that activities must be undertaken within a five-year period from the date of certification of a

tax increment financing district, is considered to be met for the district if the activities were undertaken within ten years from the date of certification of the district.

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

(f) The four-year period under Minnesota Statutes, section 469.176, subdivision 6, is extended to six years for the district.

EFFECTIVE DATE. This section is effective upon approval by the governing body of the city of Ramsey, and upon compliance by the city with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 3. **CITY OF LINO LAKES; TAX INCREMENT FINANCING.**

Subdivision 1. **Duration of district.** Notwithstanding the provisions of Minnesota Statutes, section 469.176, subdivision 1b, the city of Lino Lakes may collect tax increments from tax increment financing district no. 1-10 through December 31, 2023, subject to the conditions in subdivision 2.

Subd. 2. **Conditions for extension.** All tax increments remaining in the account for the district after February 1, 2011, and all tax increments collected thereafter, must be used only to pay debt service on bonds issued to finance the interchange of Anoka County Highway 23 and marked Interstate Highway 35W, bonds issued to finance public improvements serving the development known as Legacy at Woods Edge, and any bonds issued to refund those bonds. Minnesota Statutes, sections 469.176, subdivision 4c, and 469.1763 do not apply to expenditures made under this section.

EFFECTIVE DATE. This section is effective upon compliance by the governing body of the city of Lino Lakes with the requirements of Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021, subdivision 3.

Sec. 4. **CITY OF TAYLORS FALLS; BORDER CITY DEVELOPMENT ZONE.**

Subdivision 1. **Authorization.** The governing body of the city of Taylors Falls may designate all or any part of the city as a border city development zone.

Subd. 2. **Application of general law.** (a) Minnesota Statutes, sections 469.1731 to 469.1735, apply to the border city development zones designated under this section. The governing body of the city may exercise the powers granted under Minnesota Statutes, sections 469.1731 to 469.1735, including powers that apply outside of the zones.

(b) The allocation under subdivision 3 for purposes of Minnesota Statutes, section 469.1735, subdivision 2, is appropriated to the commissioner of revenue.

Subd. 3. Allocation of state tax reductions. (a) The cumulative total amount of the state portion of the tax reductions for all years of the program under Minnesota Statutes, sections 469.1731 to 469.1735, for the city of Taylors Falls, is limited to \$100,000.

(b) This allocation may be used for tax reductions provided in Minnesota Statutes, section 469.1732 or 469.1734, or for reimbursements under Minnesota Statutes, section 469.1735, subdivision 3, but only if the governing body of the city of Taylors Falls determines that the tax reduction or offset is necessary to enable a business to expand within the city or to attract a business to the city.

(c) The commissioner of revenue may waive the limit under this subdivision using the same rules and standards provided in Minnesota Statutes, section 469.169, subdivision 12, paragraph (b).

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

ARTICLE 2

LOCAL TAXES

Section 1. Minnesota Statutes 2010, section 297A.99, subdivision 1, is amended to read:

Subdivision 1. **Authorization; scope.** (a) A political subdivision of this state may impose a general sales tax (1) under section 297A.992, (2) under section 297A.993, (3) if permitted by special law enacted prior to May 20, 2008, or (4) if the political subdivision enacted and imposed the tax before January 1, 1982, and its predecessor provision.

(b) This section governs the imposition of a general sales tax by the political subdivision. The provisions of this section preempt the provisions of any special law:

(1) enacted before June 2, 1997, or

(2) enacted on or after June 2, 1997, that does not explicitly exempt the special law provision from this section's rules by reference.

(c) This section does not apply to or preempt a sales tax on motor vehicles or a special excise tax on motor vehicles.

(d) Until after May 31, ~~2010~~ 2013, a political subdivision may not advertise, promote, expend funds, or hold a referendum to support imposing a local option sales tax unless it is for extension of an existing tax or the tax was authorized by a special law enacted prior to ~~May 20, 2008~~ May 24, 2011.

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

Sec. 2. Minnesota Statutes 2010, section 298.75, is amended by adding a subdivision to read:

Subd. 12. **Tax may be imposed; Pope County.** (a) If Pope County does not impose a tax under this section and approves imposition of the tax under this subdivision, Glenwood Township in Pope County may impose the aggregate materials tax under this section.

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

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

(d) If Pope County imposes an aggregate materials tax under this section, the tax imposed by Glenwood Township under this subdivision is repealed on the effective date of the Pope County tax.

EFFECTIVE DATE. This section is effective the day after the governing body of Glenwood Township and its chief clerical officer comply with section 645.021, subdivisions 2 and 3.

Sec. 3. Minnesota Statutes 2010, section 473.757, subdivision 2, is amended to read:

Subd. 2. **Youth sports; library.** To the extent funds are available from collections of the tax authorized by subdivision 10 after payment each year of debt service on the bonds authorized and issued under subdivision 9 and payments for the purposes described in subdivision 1, the county may also authorize, by resolution, and expend or make grants to the authority and to other governmental units and nonprofit organizations in an aggregate amount of up to \$4,000,000 annually, ~~increased by up to 1.5 percent annually~~ to fund equally: (1) youth activities and youth and amateur sports within Hennepin County; and (2) the cost of extending the hours of operation of Hennepin County libraries and Minneapolis public libraries.

The money provided under this subdivision is intended to supplement and not supplant county expenditures for these purposes as of May 27, 2006.

Hennepin County must provide reports to the chairs of the committees and budget divisions in the senate and the house of representatives that have jurisdiction over education policy and funding, describing the uses of the money provided under this subdivision. The first report must be made by January 15, 2009, and subsequent reports must be made on January 15 of each subsequent odd-numbered year.

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

8.2 Sec. 4. Minnesota Statutes 2010, section 473.757, subdivision 11, is amended to read:

8.3 Subd. 11. **Uses of tax.** (a) Revenues received from the tax imposed under
8.4 subdivision 10 may be used:

8.5 (1) to pay costs of collection;

8.6 (2) to pay or reimburse or secure the payment of any principal of, premium, or
8.7 interest on bonds issued in accordance with this act;

8.8 (3) to pay costs and make expenditures and grants described in this section, including
8.9 financing costs related to them;

8.10 (4) to maintain reserves for the foregoing purposes deemed reasonable and
8.11 appropriate by the county;

8.12 (5) to pay for operating costs of the ballpark authority other than the cost of
8.13 operating or maintaining the ballpark; and

8.14 (6) to make expenditures and grants for youth activities and amateur sports and
8.15 extension of library hours as described in subdivision 2;

8.16 and for no other purpose.

8.17 (b) Revenues from the tax designated for use under paragraph (a), clause (5), must
8.18 be deposited in the operating fund of the ballpark authority.

8.19 (c) After completion of the ballpark and public infrastructure, the tax revenues not
8.20 required for current payments of the expenditures described in paragraph (a), clauses (1) to
8.21 (6), shall be used to (i) redeem or defease the bonds and (ii) prepay or establish a fund for
8.22 payment of future obligations under grants or other commitments for future expenditures
8.23 which are permitted by ~~this section~~ paragraph (a), clauses (1) to (5), but no additional tax
8.24 revenues may be deposited in the fund when its balance exceeds \$20,000,000. Upon the
8.25 redemption or defeasance of the bonds and the establishment of reserves adequate to meet
8.26 such future obligations, the taxes shall terminate and shall not be reimposed.

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

8.28 Sec. 5. Laws 1996, chapter 471, article 2, section 29, subdivision 1, as amended by
8.29 Laws 2006, chapter 259, article 3, section 3, is amended to read:

8.30 Subdivision 1. **Sales tax authorized.** (a) Notwithstanding Minnesota Statutes,
8.31 section 477A.016, or any other contrary provision of law, ordinance, or city charter, the
8.32 city of Hermantown may, by ordinance, impose an additional sales tax of up to one
8.33 percent on sales transactions taxable pursuant to Minnesota Statutes, chapter 297A, that

occur within the city. The proceeds of the tax imposed under this section must be used to meet the costs of:

- (1) extending a sewer interceptor line;
- (2) construction of a booster pump station, reservoirs, and related improvements to the water system; and
- (3) construction of a building containing a police and fire station and an administrative services facility.

(b) If the city imposed a sales tax of only one-half of one percent under paragraph (a), it may increase the tax to one percent to fund the purposes under paragraph (a) provided it is approved by the voters at a general election held before December 31, 2012.

EFFECTIVE DATE. This section is effective the day following compliance by the city of Hermantown with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 6. Laws 1998, chapter 389, article 8, section 43, subdivision 3, as amended by Laws 2005, First Special Session chapter 3, article 5, section 28, is amended to read:

Subd. 3. **Use of revenues.** (a) Revenues received from the taxes authorized by subdivisions 1 and 2 must be used by the city to pay for the cost of collecting and administering the taxes and to pay for the following projects:

- (1) transportation infrastructure improvements including regional highway and airport improvements;
- (2) improvements to the civic center complex;
- (3) a municipal water, sewer, and storm sewer project necessary to improve regional ground water quality; and
- (4) construction of a regional recreation and sports center and other higher education facilities available for both community and student use.

(b) The total amount of capital expenditures or bonds for ~~these~~ projects listed in paragraph (a) that may be paid from the revenues raised from the taxes authorized in this section may not exceed \$111,500,000. The total amount of capital expenditures or bonds for the project in clause (4) that may be paid from the revenues raised from the taxes authorized in this section may not exceed \$28,000,000.

(c) In addition to the projects authorized in paragraph (a) and not subject to the amount stated in paragraph (b), the city of Rochester may, if approved by the voters at an election under subdivision 5, paragraph (c), use the revenues received from the taxes and bonds authorized in this section to pay the costs of or bonds for the following purposes:

- (1) \$17,000,000 for capital expenditures and bonds for the following Olmsted County transportation infrastructure improvements:

(i) County State Aid Highway 34 reconstruction;
(ii) Trunk Highway 63 and County State Aid Highway 16 interchange;
(iii) phase II of the Trunk Highway 52 and County State Aid Highway 22 interchange;
(iv) widening of County State Aid Highway 22 West Circle Drive; and
(v) 60th Avenue Northwest corridor preservation;
(2) \$30,000,000 for city transportation projects including:
(i) Trunk Highway 52 and 65th Street interchange;
(ii) NW transportation corridor acquisition;
(iii) Phase I of the Trunk Highway 52 and County State Aid Highway 22 interchange;
(iv) Trunk Highway 14 and Trunk Highway 63 intersection;
(v) Southeast transportation corridor acquisition;
(vi) Rochester International Airport expansion; and
(vii) a transit operations center bus facility;
(3) \$14,000,000 for the Minnesota Rochester academic and complementary facilities;
(4) \$6,500,000 for the Rochester Community Center and Technical College/Winona State University career technical education and science and math facilities;
(5) \$6,000,000 for the Rochester Community Center and Technical College regional recreation facilities at University Center Rochester;
(6) \$20,000,000 for the Destination Medical Community Initiative; and
(7) \$8,000,000 for the regional public safety and 911 dispatch center facilities.
(d) No revenues from the taxes raised from the taxes authorized in subdivisions 1 and 2 may be used to fund transportation improvements related to a railroad bypass that would divert traffic from the city of Rochester.

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

Sec. 7. Laws 1998, chapter 389, article 8, section 43, subdivision 4, as amended by Laws 2005, First Special Session chapter 3, article 5, section 29, is amended to read:

Subd. 4. **Bonding authority.** (a) The city may issue bonds under Minnesota Statutes, chapter 475, to finance the capital expenditure and improvement projects. An election to approve up to \$71,500,000 in bonds under Minnesota Statutes, section 475.58, may be held in combination with the election to authorize imposition of the tax under subdivision 1. Whether to permit imposition of the tax and issuance of bonds may be posed to the voters as a single question. The question must state that the sales tax revenues are pledged to pay the bonds, but that the bonds are general obligations and will be guaranteed by the city's property taxes. An election to approve up to an

11.1 additional \$40,000,000 of bonds under Minnesota Statutes, section 475.58, may be held
11.2 in combination with the election to authorize extension of the tax under subdivision 5,
11.3 paragraph (b). An election to approve bonds under Minnesota Statutes, section 475.58,
11.4 in an amount not to exceed \$101,500,000 plus an amount equal to the costs of issuance
11.5 of the bonds, may be held in combination with the election to authorize the extension of
11.6 the tax under subdivision 5, paragraph (c).

11.7 (b) The city ~~may~~ shall enter into an agreement with Olmsted County under which the
11.8 city and the county agree to jointly undertake and finance certain roadway infrastructure
11.9 improvements. The agreement ~~may~~ shall provide that the city will make available to the
11.10 county a portion of the sales tax revenues collected pursuant to the authority granted in
11.11 this section and the bonding authority provided in this subdivision. The county may,
11.12 pursuant to the agreement, issue its general obligation bonds in a principal amount not
11.13 exceeding the amount authorized by its agreement with the city payable primarily from
11.14 the sales tax revenues from the city under the agreement. The county's bonds must be
11.15 issued in accordance with the provisions of Minnesota Statutes, chapter 475, except that
11.16 no election is required for the issuance of the bonds and the bonds are not included in
11.17 the net debt of the county.

11.18 ~~(b)~~ (c) The issuance of bonds under this subdivision is not subject to Minnesota
11.19 Statutes, section 275.60.

11.20 ~~(c)~~ (d) The bonds are not included in computing any debt limitation applicable to the
11.21 city, and the levy of taxes under Minnesota Statutes, section 475.61, to pay principal of
11.22 and interest on the bonds is not subject to any levy limitation.

11.23 (e) The aggregate principal amount of bonds, plus the aggregate of the taxes used
11.24 directly to pay eligible capital expenditures and improvements for projects listed in
11.25 subdivision 3, paragraph (a), may not exceed \$111,500,000, plus an amount equal to the
11.26 costs related to issuance of the bonds. The aggregate principal amount of bonds plus the
11.27 aggregate of the taxes used directly to pay the costs of eligible projects under subdivision
11.28 3, paragraph (c), may not exceed \$101,500,000 plus an amount equal to the costs of
11.29 issuance of the bonds.

11.30 ~~(d)~~ (f) The taxes may be pledged to and used for the payment of the bonds and
11.31 any bonds issued to refund them, only if the bonds and any refunding bonds are general
11.32 obligations of the city.

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

11.34 Sec. 8. Laws 1998, chapter 389, article 8, section 43, subdivision 5, as amended by
11.35 Laws 2005, First Special Session chapter 3, article 5, section 30, is amended to read:

Subd. 5. **Termination of taxes.** (a) The taxes imposed under subdivisions 1 and 2 expire at the later of (1) December 31, 2009, or (2) when the city council determines that sufficient funds have been received from the taxes to finance the first \$71,500,000 of capital expenditures and bonds for the projects authorized in subdivision 3, including the amount to prepay or retire at maturity the principal, interest, and premium due on any bonds issued for the projects under subdivision 4, unless the taxes are extended as allowed in paragraph (b). Any funds remaining after completion of the project and retirement or redemption of the bonds shall also be used to fund the projects under subdivision 3. The taxes imposed under subdivisions 1 and 2 may expire at an earlier time if the city so determines by ordinance.

(b) Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Rochester may, by ordinance, extend the taxes authorized in subdivisions 1 and 2 beyond December 31, 2009, if approved by the voters of the city at a special election in 2005 or the general election in 2006. The question put to the voters must indicate that an affirmative vote would allow up to an additional \$40,000,000 of sales tax revenues be raised and up to \$40,000,000 of bonds to be issued above the amount authorized in the June 23, 1998, referendum for the projects specified in subdivision 3. If the taxes authorized in subdivisions 1 and 2 are extended under this paragraph, the taxes expire when the city council determines that sufficient funds have been received from the taxes to finance the projects and to prepay or retire at maturity the principal, interest, and premium due on any bonds issued for the projects under subdivision 4. Any funds remaining after completion of the project and retirement or redemption of the bonds may be placed in the general fund of the city.

(c) Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Rochester may, by ordinance, extend the taxes authorized in subdivisions 1 and 2 beyond the date the city council determines that sufficient funds have been received from the taxes to finance \$111,500,000 of expenditures and bonds for the projects authorized in subdivision 3, paragraph (a), plus an amount equal to the costs of issuance of the bonds and including the amount to prepay or retire at maturity the principal, interest, and premiums due on any bonds issued for the projects under subdivision 4, paragraph (a), if approved by the voters of the city at the general election in 2012. If the election to authorize the additional \$101,500,000 of bonds plus an amount equal to the costs of the issuance of the bonds is placed on the general election ballot in 2012, the city may continue to collect the taxes authorized in subdivisions 1 and 2 until December 31, 2012. The question put to the voters must indicate that an affirmative vote would allow sales tax revenues be raised for

13.1 an extended period of time and an additional \$101,500,000 of bonds plus an amount
13.2 equal to the costs of issuance of the bonds, to be issued above the amount authorized in
13.3 the previous elections required under paragraphs (a) and (b) for the projects and amounts
13.4 specified in subdivision 3. If the taxes authorized in subdivisions 1 and 2 are extended
13.5 under this paragraph, the taxes expire when the city council determines that \$101,500,000
13.6 has been received from the taxes to finance the projects plus an amount sufficient to
13.7 prepay or retire at maturity the principal, interest, and premium due on any bonds issued
13.8 for the projects under subdivision 4, including any bonds issued to refund the bonds. Any
13.9 funds remaining after completion of the projects and retirement or redemption of the
13.10 bonds may be placed in the general fund of the city.

13.11 **EFFECTIVE DATE.** This section is effective the day after compliance by the
13.12 governing body of the city of Rochester with Minnesota Statutes, section 645.021,
13.13 subdivision 3.

13.14 Sec. 9. Laws 2008, chapter 366, article 7, section 19, subdivision 3, is amended to read:

13.15 Subd. 3. **Use of revenues.** Notwithstanding Minnesota Statutes, section 297A.99,
13.16 subdivision 3, paragraph (b), the proceeds of the tax imposed under this section shall be
13.17 used to pay for the costs of acquisition, construction, improvement, and development of
13.18 a regional parks, bicycle trails, park land, open space, and pedestrian bridge walkways,
13.19 as described in the city improvement plan adopted by the city council by resolution on
13.20 December 12, 2006, and land and buildings for a community and recreation center. The
13.21 total amount of revenues from the taxes in subdivisions 1 and 2 that may be used to fund
13.22 these projects is \$12,000,000 plus any associated bond costs.

13.23 **EFFECTIVE DATE.** This section is effective the day after compliance by the
13.24 governing body of the city of Clearwater with Minnesota Statutes, section 645.021,
13.25 subdivisions 2 and 3.

13.26 Sec. 10. **CITY OF CLOQUET; TAXES AUTHORIZED.**

13.27 Subdivision 1. **Sales and use tax.** Notwithstanding Minnesota Statutes, section
13.28 297A.99, subdivision 1, 477A.016, or any other provision of law, ordinance, or city
13.29 charter, if approved by the voters pursuant to Minnesota Statutes, section 297A.99, or at
13.30 a special election held for this purpose, the city of Cloquet may impose by ordinance a
13.31 sales and use tax of up to one-half of one percent for the purposes specified in subdivision
13.32 3. Except as provided in this section, the provisions of Minnesota Statutes, section

14.1 297A.99, govern the imposition, administration, collection, and enforcement of the tax
14.2 authorized under this subdivision.

14.3 Subd. 2. **Excise tax authorized.** Notwithstanding Minnesota Statutes, section
14.4 297A.99, subdivision 1, 477A.016, or any other provision of law, ordinance, or city
14.5 charter, the city of Cloquet may impose by ordinance, for the purposes specified in
14.6 subdivision 3, an excise tax of up to \$20 per motor vehicle, as defined by ordinance,
14.7 purchased or acquired from any person engaged within the city in the business of selling
14.8 motor vehicles at retail.

14.9 Subd. 3. **Use of revenues.** Revenues received from taxes authorized by subdivisions
14.10 1 and 2 must be used by the city to pay the cost of collecting the taxes and to pay for the
14.11 following projects:

14.12 (1) \$4,500,000 for construction and completion of park improvement projects,
14.13 including St. Louis River riverfront improvements; Veteran's Park construction and
14.14 improvements; improvements to the Hilltop Park soccer complex and Braun Park baseball
14.15 complex; capital equipment and building and grounds improvements at the Pine Valley
14.16 Park/Pine Valley Hockey Arena/Cloquet Area Recreation Center; and development of
14.17 pedestrian trails within the city;

14.18 (2) \$5,800,00 for extension of utilities and the construction of all improvements
14.19 associated with the development of property adjacent to Highway 33 and Interstate
14.20 Highway 35, including payment of all debt service on bonds issued for these; and

14.21 (3) \$6,200,000 for engineering and construction of infrastructure improvements,
14.22 including, but not limited to, storm sewer, sanitary sewer, and water in areas identified as
14.23 part of the city's comprehensive land use plan.

14.24 Authorized expenses include, but are not limited to, acquiring property and paying
14.25 construction expenses related to these improvements, and paying debt service on bonds or
14.26 other obligations issued to finance acquisition and construction of these improvements.

14.27 Subd. 4. **Bonding authority.** (a) The city may issue bonds under Minnesota
14.28 Statutes, chapter 475, to pay capital and administrative expenses for the improvements
14.29 described in subdivision 3 in an amount that does not exceed \$16,500,000. An election to
14.30 approve the bonds under Minnesota Statutes, section 475.58, is not required.

14.31 (b) The issuance of bonds under this subdivision is not subject to Minnesota Statutes,
14.32 sections 275.60 and 275.61.

14.33 (c) The debt represented by the bonds is not included in computing any debt
14.34 limitation applicable to the city, and any levy of taxes under Minnesota Statutes, section
14.35 475.61, to pay principal of and interest on the bonds is not subject to any levy limitation.

15.1 Subd. 5. **Termination of taxes.** The taxes imposed under subdivisions 1 and 2
15.2 expire at the earlier of (1) 30 years, or (2) when the city council determines that the amount
15.3 of revenues received from the taxes to finance the improvements described in subdivision
15.4 3 first equals or exceeds \$16,500,000, plus the additional amount needed to pay the costs
15.5 related to issuance of bonds under subdivision 4, including interest on the bonds. Any
15.6 funds remaining after completion of the project and retirement or redemption of the bonds
15.7 may be placed in the general fund of the city. The taxes imposed under subdivisions 1 and
15.8 2 may expire at an earlier time if the city so determines by ordinance.

15.9 **EFFECTIVE DATE.** This section is effective the day after the governing body of
15.10 the city of Cloquet and its chief clerical officer timely comply with Minnesota Statutes,
15.11 section 645.021, subdivisions 2 and 3.

15.12 Sec. 11. **CITY OF FERGUS FALLS; SALES AND USE TAX AUTHORIZED.**

15.13 Subdivision 1. **Sales and use tax.** Notwithstanding Minnesota Statutes, section
15.14 297A.99, subdivision 1, or 477A.016, or any other provision of law, ordinance, or city
15.15 charter, as approved by the voters at the November 2, 2010 general election, the city
15.16 of Fergus Falls may impose by ordinance a sales and use tax of up to one-half of one
15.17 percent for the purposes specified in subdivision 2. Except as provided in this section, the
15.18 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
15.19 collection, and enforcement of the tax authorized under this subdivision.

15.20 Subd. 2. **Use of revenues.** Revenues received from taxes authorized by subdivision
15.21 1 must be used by the city of Fergus Falls to pay the cost of collecting the tax and to pay for
15.22 all or part of the costs of the acquisition and betterment of a regional community ice arena
15.23 facility. Authorized expenses include, but are not limited to, acquiring property, predesign,
15.24 design, and paying construction, furnishing, and equipment costs related to the facility and
15.25 paying debt service on bonds or other obligations issued by the Fergus Falls Port Authority
15.26 to finance the facility. The amount of revenues from the tax imposed under subdivision 1
15.27 that may be used to finance the facility and any associated costs is limited to \$6,600,000.

15.28 Subd. 3. **Termination of taxes.** The tax imposed under this section expires when
15.29 the Fergus Falls City Council determines that sufficient funds have been received from
15.30 the taxes to finance the facility and to prepay or retire at maturity the principal, interest,
15.31 and premium due on any bonds, including refunding bonds, issued by the Fergus Falls
15.32 Port Authority for the facility. Any funds remaining after completion of the facility and
15.33 retirement or redemption of the bonds may be placed in the general fund of the city of
15.34 Fergus Falls. The tax imposed under subdivision 1 may expire at an earlier time if the
15.35 city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Fergus Falls and its chief clerical officer timely comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 12. **CITY OF HUTCHINSON; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax.** Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, as approved by the voters at a referendum held at the 2010 general election, the city of Hutchinson may impose by ordinance a sales and use tax of up to one-half of one percent for the purposes specified in subdivision 3. Except as otherwise provided in this section, Minnesota Statutes, section 297A.99, governs the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. Minnesota Statutes, section 297A.99, subdivision 1, paragraph (d), does not apply to this section.

Subd. 2. **Excise tax authorized.** Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, the city of Hutchinson may impose by ordinance, for the purposes specified in subdivision 3, an excise tax of up to \$20 per motor vehicle, as defined by ordinance, purchased or acquired from any person engaged within the city in the business of selling motor vehicles at retail.

Subd. 3. **Use of revenues.** Revenues received from the taxes authorized by this section must be used to pay the cost of collecting and administering the tax and to finance the costs of constructing the water treatment facility and renovating the wastewater treatment facility in the city of Hutchinson. Authorized costs include, but are not limited to, construction and engineering costs of the projects and associated bond costs.

Subd. 4. **Termination of tax.** The taxes authorized under subdivisions 1 and 2 terminate at the earlier of: (1) 18 years after the date of initial imposition of the tax; or (2) when the Hutchinson City Council determines that the amount of revenues raised is sufficient to pay for the projects under subdivision 3, plus the amount needed to finance the capital and administrative costs for the projects specified in subdivision 3, and to repay or retire at maturity the principal, interest, and premium due on any bonds issued for the projects. Any funds remaining after completion of the projects specified in subdivision 3 and retirement or redemption of the associated bonds may be placed in the general fund of the city. The taxes imposed under subdivisions 1 and 2 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after compliance by the governing body of the city of Hutchinson with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 13. **CITY OF LANESBORO; SALES AND USE TAX AUTHORIZED.**

Subdivision 1. Sales and use tax authorized. Notwithstanding Minnesota Statutes, sections 297A.99, subdivision 1, and 477A.016, or any other provision of law, ordinance, or city charter, as approved by the voters at the November 2, 2010, general election, the city of Lanesboro may impose by ordinance a sales and use tax of up to one-half of one percent for the purposes specified in subdivision 2. Except as provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition of the tax authorized under this subdivision.

Subd. 2. Use of revenues. Revenues received from the tax authorized under subdivision 1 must be used by the city of Lanesboro to pay the costs of collecting the tax and to pay for all or a part of the improvements to city streets and utility systems, and the betterment of city municipal buildings consisting of (i) street and utility improvements to Calhoun Avenue, Fillmore Avenue, Kenilworth Avenue, Pleasant Street, Kirkwood Street, Auburn Avenue, and Zenith Street, and street light replacement on State Highways 250 and 16; (ii) improvements to utility systems consisting of wastewater treatment facility improvements and electric utility improvements to the Lanesboro High Hazard Dam; and (iii) improvements to the Lanesboro community center, library, and city hall, including paying debt service on bonds or other obligations issued to fund these projects under subdivision 3. The total amount of revenues from the taxes in subdivision 1 that may be used to fund these projects is \$800,000 plus any associated bond costs.

Subd. 3. Bonding authority. The city of Lanesboro may issue bonds under Minnesota Statutes, chapter 475, to pay capital and administrative expenses related to the projects authorized in subdivision 2. An election to approve the bonds under Minnesota Statutes, section 475.58, is not required. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61. The bonds are not included in computing any debt limitation applicable to the city and the levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation.

The aggregate principal amount of the bonds plus the aggregate of the taxes used directly to pay costs of the projects listed in subdivision 2 may not exceed \$800,000, plus an amount equal to the costs related to issuance of the bonds and capitalized interest.

The taxes authorized in subdivision 1 may be pledged and used for payments of the bonds and bonds issued to refund them, only if the bonds and any refunding bonds are general obligations of the city.

Subd. 4. Termination of tax. The tax imposed under subdivision 1 expires when the Lanesboro City Council determines that sufficient funds have been raised from the

18.1 taxes to finance the projects authorized under subdivision 2 and to prepay or retire at
18.2 maturity the principal, interest, and premium due on any bonds issued under subdivision 3.
18.3 Any funds remaining after completion of the project and retirement or redemption of the
18.4 bonds may be placed in the general fund of the city. The tax imposed under subdivision 1
18.5 may expire at an earlier time if the city so determines by ordinance.

18.6 **EFFECTIVE DATE.** This section is effective the day after the governing body of
18.7 the city of Lanesboro and its chief clerical officer comply with Minnesota Statutes, section
18.8 645.021, subdivisions 2 and 3.

18.9 Sec. 14. **CITY OF MARSHALL; SALES AND USE TAX.**

18.10 Subdivision 1. **Authorization.** Notwithstanding Minnesota Statutes, section
18.11 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city charter,
18.12 the city of Marshall, if approved by the voters at a general election held within two
18.13 years of the date of final enactment of this section, may impose the tax authorized under
18.14 subdivision 2. Two separate ballot questions must be presented to the voters, one for each
18.15 of the two facility projects named in subdivision 3.

18.16 Subd. 2. **Sales and use tax authorized.** The city of Marshall may impose by
18.17 ordinance a sales and use tax of up to one-half of one percent for the purposes specified in
18.18 subdivision 3. The provisions of Minnesota Statutes, section 297A.99, except subdivisions
18.19 1 and 2, govern the imposition, administration, collection, and enforcement of the tax
18.20 authorized under this subdivision.

18.21 Subd. 3. **Use of sales and use tax revenues.** The revenues derived from the tax
18.22 authorized under subdivision 2 must be used by the city of Marshall to pay the costs of
18.23 collecting and administering the sales and use tax and to pay all or part of the costs of the
18.24 new and existing facilities of the Minnesota Emergency Response and Industry Training
18.25 Center and all or part of the costs of the new facilities of the Southwest Minnesota
18.26 Regional Amateur Sports Center. Authorized expenses include, but are not limited to,
18.27 acquiring property, predesign, design, and paying construction, furnishing, and equipment
18.28 costs related to these facilities and paying debt service on bonds or other obligations issued
18.29 by the city of Marshall under subdivision 4 to finance the capital costs of these facilities.

18.30 Subd. 4. **Bonds.** (a) If the imposition of a sales and use tax is approved by the voters,
18.31 the city of Marshall may issue bonds under Minnesota Statutes, chapter 475, to finance all
18.32 or a portion of the costs of the facilities authorized in subdivision 3, and may issue bonds
18.33 to refund bonds previously issued. The aggregate principal amount of bonds issued under
18.34 this subdivision may not exceed \$17,290,000, plus an amount to be applied to the payment

of the costs of issuing the bonds. The bonds may be paid from or secured by any funds available to the city of Marshall, including the tax authorized under subdivision 2.

(b) The bonds are not included in computing any debt limitation applicable to the city of Marshall, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds, is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 5. **Termination of taxes.** The tax imposed under subdivision 2 expires at the earlier of (1) 15 years after the tax is first imposed, or (2) when the city council determines that the amount of revenues received from the tax to pay for the capital and administrative costs of the facilities under subdivision 3 first equals or exceeds the amount authorized to be spent for the facilities plus the additional amount needed to pay the costs related to issuance of the bonds under subdivision 4, including interest on the bonds. Any funds remaining after payment of all such costs and retirement or redemption of the bonds shall be placed in the general fund of the city. The tax imposed under subdivision 2 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after compliance by the governing body of the city of Marshall with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 15. CITY OF MEDFORD; SALES AND USE TAX.

Subdivision 1. **Sales and use tax authorized.** Notwithstanding Minnesota Statutes, sections 297A.99, subdivision 1, and 477A.016, or any other provision of law, ordinance, or city charter, if approved by the voters pursuant to Minnesota Statutes, section 297A.99, at the next general election, the city of Medford may impose by ordinance a sales and use tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

Subd. 2. **Use of revenues.** The proceeds of the tax imposed under this section must be used by the city of Medford to pay the costs of collecting and administering the tax and to repay loans received from the Minnesota Public Facilities Authority since 2007 that were used to finance \$4,200,000 of improvements to the city's water and wastewater systems.

Subd. 3. **Termination of taxes.** The tax imposed under this section expires at the earlier of (1) 20 years after the date the taxes are first imposed, or (2) when the Medford City Council determines that the amount of revenues received from the tax equals or

20.1 exceeds the sum of loans made to the city by the Minnesota Public Facilities Authority
20.2 as described in subdivision 2, including interest on the loans. Any funds remaining
20.3 after completion of the repayment of the loans may be placed in the general fund of the
20.4 city. The tax imposed under subdivision 1 may expire at an earlier time if the city so
20.5 determines by ordinance.

20.6 **EFFECTIVE DATE.** This section is effective the day after compliance by the
20.7 governing body of the city of Medford with Minnesota Statutes, section 645.021,
20.8 subdivision 3.

20.9 Sec. 16. **REPORT ON THE USE OF ZIP CODES IN COLLECTING AND**
20.10 **REMITTING LOCAL SALES TAXES.**

20.11 Subdivision 1. **Report to the legislature.** By March 1, 2012, the commissioner
20.12 of revenue shall provide a report to the chairs and ranking minority members of the
20.13 legislative committees with jurisdiction over local sales taxes reporting on the current use
20.14 of zip codes for the purposes of collecting and remitting local sales taxes, problems with
20.15 the current system, and suggestions for improvements.

20.16 Subd. 2. **Contents of the report.** The report shall include the following information:

20.17 (1) the current status of the department's development of a system that allows
20.18 vendors to identify the correct local sales tax based on a street address and the five-digit
20.19 zip code, as described in Minnesota Statutes, section 297A.99, subdivision 10, including a
20.20 list of cities and townships that impose a local sales tax or do not impose a local sales tax
20.21 but share a zip code with a jurisdiction in which a local sales tax is imposed for which the
20.22 system has not been developed;

20.23 (2) a priority list and timeline for developing the required system outlined in
20.24 Minnesota Statutes, section 297A.99, subdivision 10, for the cities and townships
20.25 identified in clause (1);

20.26 (3) the compliance by businesses with the requirement in Minnesota Statutes, section
20.27 297A.99, subdivision 10, that the tax be collected on the lowest combined rate within the
20.28 zip code for cities and townships identified in clause (1);

20.29 (4) the accuracy of the crediting and remittance of local sales taxes to the appropriate
20.30 taxing jurisdiction when two contiguous cities with different local sales tax authority
20.31 share a zip code; and

20.32 (5) recommendations for administrative or statutory changes to improve the accurate
20.33 collection and allocation of local sales tax revenues collected by the Department of
20.34 Revenue.

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

21.2 **ARTICLE 3**

21.3 **PROPERTY TAXES**

21.4 Section 1. Minnesota Statutes 2010, section 272.02, is amended by adding a
21.5 subdivision to read:

21.6 Subd. 95. **Electric generation facility; personal property.** (a) Notwithstanding
21.7 subdivision 9, clause (a), and section 453.54, subdivision 20, attached machinery and other
21.8 personal property that is part of a multiple reciprocating engine electric generation facility
21.9 that adds more than 20 and less than 30 megawatts of installed capacity at a site where
21.10 there is presently more than ten megawatts and fewer than 15 megawatts of installed
21.11 capacity and that meets the requirements of this subdivision is exempt from taxation and
21.12 from payments in lieu of taxation. At the time of construction, the facility must:

21.13 (1) be designed to utilize natural gas as a primary fuel;

21.14 (2) be owned and operated by a municipal power agency as defined in section
21.15 453.52, subdivision 8;

21.16 (3) be located within one mile of an existing natural gas pipeline;

21.17 (4) be designed to have black start capability and to furnish emergency backup
21.18 power service to the city in which it is located;

21.19 (5) satisfy a resource deficiency identified in an approved integrated resource plan
21.20 filed under section 216B.2422; and

21.21 (6) have received, by resolution, the approval of the governing bodies of the city
21.22 and county in which it is located for the exemption of personal property provided by
21.23 this subdivision.

21.24 (b) Construction of the facility must be commenced after December 31, 2011, and
21.25 before January 1, 2015. Property eligible for this exemption does not include (i) electric
21.26 transmission lines and interconnections or gas pipelines and interconnections appurtenant
21.27 to the property or the facility; or (ii) property located on the site on the enactment date
21.28 of this subdivision.

21.29 **EFFECTIVE DATE.** This section is effective for assessments in 2012, taxes
21.30 payable in 2013, and thereafter.

21.31 Sec. 2. Minnesota Statutes 2010, section 273.121, subdivision 1, is amended to read:

21.32 Subdivision 1. **Notice.** Any county assessor or city assessor having the powers of a
21.33 county assessor, valuing or classifying taxable real property shall in each year notify those

22.1 persons whose property is to be included on the assessment roll that year if the person's
22.2 address is known to the assessor, otherwise the occupant of the property. The notice shall
22.3 be in writing and shall be sent by ordinary mail at least ten days before the meeting of
22.4 the local board of appeal and equalization under section 274.01 or the review process
22.5 established under section 274.13, subdivision 1c. Upon written request by the owner of the
22.6 property, the assessor may send the notice in electronic form or by electronic mail instead
22.7 of on paper or by ordinary mail. It shall contain: (1) the market value for the current and
22.8 prior assessment, (2) ~~the limited market value under section 273.11, subdivision 1a, for~~
22.9 ~~the current and prior assessment, (3) the qualifying amount of any improvements under~~
22.10 ~~section 273.11, subdivision 16, for the current assessment, (4) (3) the market value subject~~
22.11 ~~to taxation after subtracting the amount of any qualifying improvements for the current~~
22.12 ~~assessment, (5) (4) the classification of the property for the current and prior assessment,~~
22.13 ~~(6) a note that if the property is homestead and at least 45 years old, improvements made~~
22.14 ~~to the property may be eligible for a valuation exclusion under section 273.11, subdivision~~
22.15 ~~16, (7) (5) the assessor's office address, and (8) (6) the dates, places, and times set for the~~
22.16 meetings of the local board of appeal and equalization, the review process established
22.17 under section 274.13, subdivision 1c, and the county board of appeal and equalization. If
22.18 the classification of the property has changed between the current and prior assessments, a
22.19 specific note to that effect shall be prominently listed on the statement. The commissioner
22.20 of revenue shall specify the form of the notice. The assessor shall attach to the assessment
22.21 roll a statement that the notices required by this section have been mailed. Any assessor
22.22 who is not provided sufficient funds from the assessor's governing body to provide such
22.23 notices, may make application to the commissioner of revenue to finance such notices.
22.24 The commissioner of revenue shall conduct an investigation and, if satisfied that the
22.25 assessor does not have the necessary funds, issue a certification to the commissioner
22.26 of management and budget of the amount necessary to provide such notices. The
22.27 commissioner of management and budget shall issue a warrant for such amount and shall
22.28 deduct such amount from any state payment to such county or municipality. The necessary
22.29 funds to make such payments are hereby appropriated. Failure to receive the notice shall in
22.30 no way affect the validity of the assessment, the resulting tax, the procedures of any board
22.31 of review or equalization, or the enforcement of delinquent taxes by statutory means.

22.32 **EFFECTIVE DATE.** This section is effective for notifications for taxes payable in
22.33 2013 and thereafter.

22.34 Sec. 3. Minnesota Statutes 2010, section 273.13, subdivision 25, is amended to read:

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

(b) Class 4b includes:

(1) residential real estate containing less than four units that does not qualify as class 4bb, other than seasonal residential recreational property;

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

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

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

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

(c) Class 4bb includes:

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

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

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

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

(d) Class 4c property includes:

(1) except as provided in subdivision 22, paragraph (c), real and personal property devoted to commercial temporary and seasonal residential occupancy for recreation purposes, ~~including real and personal property devoted to temporary and seasonal residential occupancy for recreation purposes and not devoted to commercial purposes~~ for not more than 250 days in the year preceding the year of assessment. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property is used for residential occupancy, and a fee is charged for residential occupancy. Class 4c property under this clause must contain three or more rental units. A "rental unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site equipped with water and electrical hookups for recreational vehicles. ~~Class 4c property~~

24.1 ~~under this clause must provide recreational activities such as renting ice fishing houses,~~
24.2 ~~boats and motors, snowmobiles, downhill or cross-country ski equipment; provide marina~~
24.3 ~~services, launch services, or guide services; or sell bait and fishing tackle. A camping pad~~
24.4 offered for rent by a property that otherwise qualifies for class 4c under this clause is also
24.5 class 4c under this clause regardless of the term of the rental agreement, as long as the use
24.6 of the camping pad does not exceed 250 days. In order for a property to be classified as
24.7 ~~class 4c, seasonal residential recreational for commercial purposes under this clause, either~~
24.8 (i) the business located on the property must provide recreational activities, at least 40
24.9 percent of the annual gross lodging receipts related to the property must be from business
24.10 conducted during 90 consecutive days, and either (i) (A) at least 60 percent of all paid
24.11 bookings by lodging guests during the year must be for periods of at least two consecutive
24.12 nights; or (ii) (B) at least 20 percent of the annual gross receipts must be from charges
24.13 for rental of fish houses, boats and motors, snowmobiles, downhill or cross-country ski
24.14 equipment, or charges for marina services, launch services, and guide services, or the sale
24.15 of bait and fishing tackle providing recreational activities, or (ii) the business must contain
24.16 20 or fewer rental units, and must be located in a township or a city with a population of
24.17 2,500 or less located outside the metropolitan area, as defined under section 473.121,
24.18 subdivision 2, that contains a portion of a state trail administered by the Department of
24.19 Natural Resources. For purposes of this determination item (i)(A), a paid booking of
24.20 five or more nights shall be counted as two bookings. Class 4c property classified under
24.21 ~~this clause~~ also includes commercial use real property used exclusively for recreational
24.22 purposes in conjunction with other class 4c property classified under this clause and
24.23 devoted to temporary and seasonal residential occupancy for recreational purposes, up to a
24.24 total of two acres, provided the property is not devoted to commercial recreational use for
24.25 more than 250 days in the year preceding the year of assessment and is located within two
24.26 miles of the class 4c property with which it is used. ~~Owners of real and personal property~~
24.27 ~~devoted to temporary and seasonal residential occupancy for recreation purposes and all~~
24.28 ~~or a portion of which was devoted to commercial purposes for not more than 250 days in~~
24.29 ~~the year preceding the year of assessment desiring classification as class 4c, In order for a~~
24.30 property to qualify for classification under this clause, the owner must submit a declaration
24.31 to the assessor designating the cabins or units occupied for 250 days or less in the year
24.32 preceding the year of assessment by January 15 of the assessment year. Those cabins or
24.33 units and a proportionate share of the land on which they are located must be designated
24.34 class 4c under this clause as otherwise provided. The remainder of the cabins or units and
24.35 a proportionate share of the land on which they are located will be designated as class 3a.
24.36 The owner of property desiring designation as class 4c property under this clause must

25.1 provide guest registers or other records demonstrating that the units for which class 4c
25.2 designation is sought were not occupied for more than 250 days in the year preceding the
25.3 assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar,
25.4 (3) gift shop, (4) conference center or meeting room, and (5) other nonresidential facility
25.5 operated on a commercial basis not directly related to temporary and seasonal residential
25.6 occupancy for recreation purposes does not qualify for class 4c. For the purposes of this
25.7 paragraph, "recreational activities" means renting ice fishing houses, boats and motors,
25.8 snowmobiles, downhill or cross-country ski equipment; providing marina services, launch
25.9 services, or guide services; or selling bait and fishing tackle;

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

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

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

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

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

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

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

25.27 For purposes of this clause,

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

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

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

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

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

The organization shall maintain records of its charitable contributions and donations and of public meetings and events held on the property and make them available upon request any time to the assessor to ensure eligibility. An organization meeting the requirement under item (ii) must file an application by May 1 with the assessor for eligibility for the current year's assessment. The commissioner shall prescribe a uniform application form and instructions;

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

(5) (i) manufactured home parks as defined in section 327.14, subdivision 3, excluding manufactured home parks described in section 273.124, subdivision 3a, and (ii) manufactured home parks as defined in section 327.14, subdivision 3, that are described in section 273.124, subdivision 3a;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

27.20 (10) real property up to a maximum of three acres and operated as a restaurant
27.21 as defined under section 157.15, subdivision 12, provided it: (A) is located on a lake
27.22 as defined under section 103G.005, subdivision 15, paragraph (a), clause (3); and (B)
27.23 is either devoted to commercial purposes for not more than 250 consecutive days, or
27.24 receives at least 60 percent of its annual gross receipts from business conducted during
27.25 four consecutive months. Gross receipts from the sale of alcoholic beverages must be
27.26 included in determining the property's qualification under subitem (B). The property's
27.27 primary business must be as a restaurant and not as a bar. Gross receipts from gift shop
27.28 sales located on the premises must be excluded. Owners of real property desiring 4c
27.29 classification under this clause must submit an annual declaration to the assessor by
27.30 February 1 of the current assessment year, based on the property's relevant information for
27.31 the preceding assessment year; ~~and~~

27.32 (11) lakeshore and riparian property and adjacent land, not to exceed six acres, used
27.33 as a marina, as defined in section 86A.20, subdivision 5, which is made accessible to
27.34 the public and devoted to recreational use for marina services. The marina owner must
27.35 annually provide evidence to the assessor that it provides services, including lake or river
27.36 access to the public by means of an access ramp or other facility that is either located on

28.1 the property of the marina or at a publicly owned site that abuts the property of the marina.
28.2 No more than 800 feet of lakeshore may be included in this classification. Buildings used
28.3 in conjunction with a marina for marina services, including but not limited to buildings
28.4 used to provide food and beverage services, fuel, boat repairs, or the sale of bait or fishing
28.5 tackle, are classified as class 3a property; and

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

28.8 Class 4c property has a class rate of 1.5 percent of market value, except that (i)
28.9 each parcel of noncommercial seasonal residential recreational property ~~not used for~~
28.10 ~~commercial purposes~~ under clause (12) has the same class rates as class 4bb property, (ii)
28.11 manufactured home parks assessed under clause (5), item (i), have the same class rate
28.12 as class 4b property, and the market value of manufactured home parks assessed under
28.13 clause (5), item (ii), has the same class rate as class 4d property if more than 50 percent
28.14 of the lots in the park are occupied by shareholders in the cooperative corporation or
28.15 association and a class rate of one percent if 50 percent or less of the lots are so occupied,
28.16 (iii) commercial-use seasonal residential recreational property and marina recreational
28.17 land as described in clause (11), has a class rate of one percent for the first \$500,000 of
28.18 market value, and 1.25 percent for the remaining market value, (iv) the market value of
28.19 property described in clause (4) has a class rate of one percent, (v) the market value of
28.20 property described in clauses (2), (6), and (10) has a class rate of 1.25 percent, and (vi)
28.21 that portion of the market value of property in clause (9) qualifying for class 4c property
28.22 has a class rate of 1.25 percent.

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

28.32 Class 4d property has a class rate of 0.75 percent.

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

28.35 Sec. 4. Minnesota Statutes 2010, section 273.13, subdivision 34, is amended to read:

Subd. 34. **Homestead of disabled veteran or family caregiver.** (a) All or a portion of the market value of property owned by a veteran ~~or by the veteran and the~~ and serving as the veteran's spouse qualifying for homestead classification under subdivision 22 or 23, is excluded in determining the property's taxable market value if it ~~serves as the homestead of a military veteran, as defined in section 197.447, who~~ has a service-connected disability of 70 percent or more as certified by the United States Department of Veterans Affairs. To qualify for exclusion under this subdivision, the veteran must have been honorably discharged from the United States armed forces, as indicated by United States Government Form DD214 or other official military discharge papers, ~~and must be certified by the United States Veterans Administration as having a service-connected disability.~~

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

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

(c) If:

(1) a disabled veteran qualifying for a valuation exclusion under paragraph (b), clause (2); or

(2) a member of any branch or unit of the United States armed forces who dies due to a service-connected cause while serving honorably in active service, as indicated on United States Government Form DD1300 or DD2064;

predeceases the veteran's or service member's spouse, and if upon the death of the veteran or service member the spouse holds the legal or beneficial title to the homestead and permanently resides there, the exclusion shall carry over to the benefit of the ~~veteran's~~ spouse for ~~one additional assessment year~~ the current taxes payable year and for five additional taxes payable years or until such time as the spouse remarries, or sells, transfers, or otherwise disposes of the property, whichever comes first.

(d) A surviving spouse qualifying for a market valuation exclusion under paragraph (c), clause (2), is eligible for the same level of benefit as that described in paragraph (b), clause (2).

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

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

~~(e)~~ (g) A property qualifying for a valuation exclusion under this subdivision is not eligible for the credit under section 273.1384, subdivision 1, or classification under subdivision 22, paragraph (b).

~~(f)~~ (h) To qualify for a valuation exclusion under this subdivision a property owner must apply to the assessor by July 1 of each assessment year, except that an annual reapplication is not required once a property has been accepted for a valuation exclusion under paragraph (a) and qualifies for the benefit described in paragraph (b), clause (2), ~~and the property continues to qualify until there is a change in ownership.~~

(i) A first-time application by a qualifying spouse for the market value exclusion under paragraph (c), clause (2), may be made at any time during the year of or year following the death of the veteran or service member who predeceased the spouse.

(j) For purposes of this subdivision:

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

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

(3) "primary family caregiver" means a person who is approved by the secretary of the United States Department of Veterans Affairs for assistance as the primary provider of personal care services for an eligible veteran under the Program of Comprehensive Assistance for Family Caregivers, as established by Public Law 111-163 and codified as United States Code, title 38, section 1720G, as amended by Congress at any time; and

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

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

EFFECTIVE DATE. This section is effective for assessment year 2011 and thereafter, for taxes payable in 2012 and thereafter.

Sec. 5. Minnesota Statutes 2010, section 275.025, subdivision 3, is amended to read:

Subd. 3. **Seasonal residential recreational tax capacity.** For the purposes of this section, "seasonal residential recreational tax capacity" means the tax capacity of tier III of class 1c under section 273.13, subdivision 22, and all class 4c(1) ~~and~~ 4c(3)(ii), ~~and~~ 4c(12) property under section 273.13, subdivision 25, except that the first \$76,000 of market value of each noncommercial class ~~4c(1)~~ 4c(12) property has a tax capacity for this purpose equal to 40 percent of its tax capacity under section 273.13.

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

31.3 Sec. 6. Minnesota Statutes 2010, section 275.066, is amended to read:

31.4 **275.066 SPECIAL TAXING DISTRICTS; DEFINITION.**

31.5 For the purposes of property taxation and property tax state aids, the term "special
31.6 taxing districts" includes the following entities:

31.7 (1) watershed districts under chapter 103D;

31.8 (2) sanitary districts under sections 115.18 to 115.37;

31.9 (3) regional sanitary sewer districts under sections 115.61 to 115.67;

31.10 (4) regional public library districts under section 134.201;

31.11 (5) park districts under chapter 398;

31.12 ~~(6) regional railroad authorities under chapter 398A;~~

31.13 ~~(7)~~ hospital districts under sections 447.31 to 447.38;

31.14 ~~(8)~~ (7) St. Cloud Metropolitan Transit Commission under sections 458A.01 to
31.15 458A.15;

31.16 ~~(9)~~ (8) Duluth Transit Authority under sections 458A.21 to 458A.37;

31.17 ~~(10)~~ (9) regional development commissions under sections 462.381 to 462.398;

31.18 ~~(11)~~ (10) housing and redevelopment authorities under sections 469.001 to 469.047;

31.19 ~~(12)~~ (11) port authorities under sections 469.048 to 469.068;

31.20 ~~(13)~~ (12) economic development authorities under sections 469.090 to 469.1081;

31.21 ~~(14)~~ (13) Metropolitan Council under sections 473.123 to 473.549;

31.22 ~~(15)~~ (14) Metropolitan Airports Commission under sections 473.601 to 473.680;

31.23 ~~(16)~~ (15) Metropolitan Mosquito Control Commission under sections 473.701 to
31.24 473.716;

31.25 ~~(17)~~ (16) Morrison County Rural Development Financing Authority under Laws
31.26 1982, chapter 437, section 1;

31.27 ~~(18)~~ (17) Croft Historical Park District under Laws 1984, chapter 502, article 13,
31.28 section 6;

31.29 ~~(19)~~ (18) East Lake County Medical Clinic District under Laws 1989, chapter 211,
31.30 sections 1 to 6;

31.31 ~~(20)~~ (19) Floodwood Area Ambulance District under Laws 1993, chapter 375,
31.32 article 5, section 39;

31.33 ~~(21)~~ (20) Middle Mississippi River Watershed Management Organization under
31.34 sections 103B.211 and 103B.241;

31.35 ~~(22)~~ (21) emergency medical services special taxing districts under section 144F.01;

32.1 ~~(23)~~ (22) a county levying under the authority of section 103B.241, 103B.245,
32.2 or 103B.251;

32.3 ~~(24)~~ (23) Southern St. Louis County Special Taxing District; Chris Jensen Nursing
32.4 Home under Laws 2003, First Special Session chapter 21, article 4, section 12;

32.5 ~~(25)~~ (24) an airport authority created under section 360.0426; and

32.6 ~~(26)~~ (25) any other political subdivision of the state of Minnesota, excluding
32.7 counties, school districts, cities, and towns, that has the power to adopt and certify a
32.8 property tax levy to the county auditor, as determined by the commissioner of revenue.

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

32.11 Sec. 7. **[275.761] MAINTENANCE OF EFFORT REQUIREMENTS**
32.12 **SUSPENDED.**

32.13 (a) Notwithstanding any law to the contrary and except as provided in paragraphs
32.14 (b) and (c), all maintenance of effort requirements for counties, including but not limited
32.15 to those under sections 116L.872, 134.34, 245.4835, 245.4932, 245.714, 256F.10, and
32.16 256F.13, are suspended.

32.17 (b) This section does not permit a county to suspend compliance with maintenance
32.18 of effort requirements to the extent that the suspension would:

32.19 (1) require the state to expend additional money or incur additional costs; or

32.20 (2) cause a reduction in the receipt by the state or the county of federal funds.

32.21 (c) The commissioner of management and budget may determine the maintenance
32.22 of effort requirements that are not permitted, in whole or in part, to be suspended under
32.23 paragraph (b). The commissioner shall publish these determinations on the department's
32.24 Web site and no county may suspend compliance with a maintenance of effort requirement
32.25 that the commissioner determines is not subject to suspension.

32.26 **EFFECTIVE DATE.** This section is effective for maintenance of effort
32.27 requirements in calendar years 2012 and 2013.

32.28 Sec. 8. Minnesota Statutes 2010, section 279.01, subdivision 1, is amended to read:

32.29 Subdivision 1. **Due dates; penalties.** Except as provided in subdivision 3 ~~or 4~~, on
32.30 May 16 or 21 days after the postmark date on the envelope containing the property tax
32.31 statement, whichever is later, a penalty accrues and thereafter is charged upon all unpaid
32.32 taxes on real estate on the current lists in the hands of the county treasurer. The penalty is
32.33 at a rate of two percent ~~on homestead property~~ until May 31 and four percent on June 1.

~~The penalty on nonhomestead property is at a rate of four percent until May 31 and eight percent on June 1. This penalty does not accrue until June 1 of each year, or 21 days after the postmark date on the envelope containing the property tax statements, whichever is later, on commercial use real property used for seasonal residential recreational purposes and classified as class 1c or 4c, and on other commercial use real property classified as class 3a, provided that over 60 percent of the gross income earned by the enterprise on the class 3a property is earned during the months of May, June, July, and August. In order for the first half of the tax due on class 3a property to be paid after May 15 and before June 1, or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, without penalty, the owner of the property must attach an affidavit to the payment attesting to compliance with the income provision of this subdivision. Thereafter, for both homestead and nonhomestead property, on the first day of each month beginning July 1, up to and including October 1 following, an additional penalty of one percent for each month accrues and is charged on all such unpaid taxes provided that if the due date was extended beyond May 15 as the result of any delay in mailing property tax statements no additional penalty shall accrue if the tax is paid by the extended due date. If the tax is not paid by the extended due date, then all penalties that would have accrued if the due date had been May 15 shall be charged. When the taxes against any tract or lot exceed \$100, one-half thereof may be paid prior to May 16 or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later; and, if so paid, no penalty attaches; the remaining one-half may be paid at any time prior to October 16 following, without penalty; but, if not so paid, then a penalty of two percent accrues thereon for homestead property and a penalty of four percent on nonhomestead property. Thereafter, for homestead property, on the first day of November an additional penalty of ~~four~~ two percent accrues and on the first day of December following, an additional penalty of two percent accrues and is charged on all such unpaid taxes. Thereafter, for nonhomestead property, on the first day of November and December following, an additional penalty of four percent for each month accrues and is charged on all such unpaid taxes. If one-half of such taxes are not paid prior to May 16 or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, the same may be paid at any time prior to October 16, with accrued penalties to the date of payment added, and thereupon no penalty attaches to the remaining one-half until October 16 following.~~

This section applies to payment of personal property taxes assessed against improvements to leased property, except as provided by section 277.01, subdivision 3.

A county may provide by resolution that in the case of a property owner that has multiple tracts or parcels with aggregate taxes exceeding \$100, payments may be made in installments as provided in this subdivision.

The county treasurer may accept payments of more or less than the exact amount of a tax installment due. Payments must be applied first to the oldest installment that is due but which has not been fully paid. If the accepted payment is less than the amount due, payments must be applied first to the penalty accrued for the year or the installment being paid. Acceptance of partial payment of tax does not constitute a waiver of the minimum payment required as a condition for filing an appeal under section 278.03 or any other law, nor does it affect the order of payment of delinquent taxes under section 280.39.

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

Sec. 9. Minnesota Statutes 2010, section 398A.04, subdivision 8, is amended to read:

~~Subd. 8. **Taxation.** Before deciding to exercise the power to tax, the authority shall give six weeks' published notice in all municipalities in the region. If a number of voters in the region equal to five percent of those who voted for candidates for governor at the last gubernatorial election present a petition within nine weeks of the first published notice to the secretary of state requesting that the matter be submitted to popular vote, it shall be submitted at the next general election. The question prepared shall be:~~

~~"Shall the regional rail authority have the power to impose a property tax?"~~

~~Yes~~

~~No"~~

~~If a majority of those voting on the question approve or if no petition is presented within the prescribed time the authority may levy a tax at any annual rate not exceeding 0.04835 percent of market value of all taxable property situated within the municipality or municipalities named in its organization resolution. Its recording officer shall file, All taxes imposed for the support of the authority must be imposed by the county board and included in the county budget for all purposes, including levy limits, if any. If the authority consists of more than one county, the authority must determine the total levy request and apportion it among the member counties as provided in the joint resolution organizing the authority. On or before September 15, in the office of the county auditor of each county in which territory under the jurisdiction of the authority is located a certified copy of the board of commissioners' resolution levying the tax, and each county auditor shall assess and extend upon the tax rolls of each municipality named in the organization resolution the portion of the tax that bears the same ratio to the whole amount that the net tax capacity of~~

35.1 ~~taxable property in that municipality bears to the net tax capacity of taxable property in~~
35.2 ~~all municipalities named in the organization resolution. Collections of the tax shall be~~
35.3 ~~remitted by each county treasurer to the treasurer of the authority. For taxes levied in 1991,~~
35.4 ~~the amount levied for light rail transit purposes under this subdivision shall not exceed 75~~
35.5 ~~percent of the amount levied in 1990 for light rail transit purposes under this subdivision.~~

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

35.8 Sec. 10. Minnesota Statutes 2010, section 398A.07, subdivision 2, is amended to read:

35.9 Subd. 2. **Security.** Bonds may be made payable exclusively from the revenues from
35.10 one or more projects, or from one or more revenue producing contracts, or from the
35.11 authority's revenues generally, including but not limited to specified taxes which the
35.12 county may levy on behalf of the authority ~~may levy~~ or which a particular municipality
35.13 may agree to levy for a specified purpose, and may be additionally secured by a pledge
35.14 of any grant, subsidy, or contribution from any public agency, including but not limited
35.15 to a participating municipality, or any income or revenues from any source. They may
35.16 be secured by a mortgage or deed of trust of the whole or any part of the property of the
35.17 authority. They shall be payable solely from the revenues, funds, and property pledged or
35.18 mortgaged for their payment. No commissioner, officer, employee, agent, or trustee of the
35.19 authority shall be liable personally on its bonds or be subject to any personal liability or
35.20 accountability by reason of their issuance. ~~Neither the state nor~~ Only a county ~~or other~~
35.21 ~~municipality except the authority~~ may pledge its faith and credit or taxing power or shall
35.22 be obligated in any manner for the payment of the bonds or interest on them, except as
35.23 specifically provided by agreement under section 398A.06; but nothing herein shall affect
35.24 the obligation of the state or municipality to perform any contract made by it with the
35.25 authority, and when the authority's rights under a contract with the state or a municipality
35.26 are pledged by the authority for the security of its bonds, the holders or a bond trustee
35.27 may enforce the rights as a third-party beneficiary. All bonds shall be negotiable within
35.28 the meaning and for the purposes of the Uniform Commercial Code, subject only to any
35.29 registration requirement. In the case of bonds issued by a regional rail authority prior to
35.30 June 1, 2011, to which the authority's levy was pledged, the county must levy whatever
35.31 tax is necessary to fulfill the authority's pledge under the bonds.

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

Sec. 11. **REPEALER.**

Minnesota Statutes 2010, section 279.01, subdivision 4, is repealed.

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

ARTICLE 4

AIDS, CREDITS, AND REFUNDS

Section 1. Minnesota Statutes 2010, section 97A.061, subdivision 1, is amended to read:

Subdivision 1. **Applicability; amount.** (a) The commissioner shall annually make a payment to each county having public hunting areas and game refuges. Money to make the payments is annually appropriated for that purpose from the general fund. Except as provided in paragraph (b), this section does not apply to state trust fund land and other state land not purchased for game refuge or public hunting purposes. Except as provided in paragraph (b), the payment shall be the greatest of:

(1) ~~35~~ 29.75 percent of the gross receipts from all special use permits and leases of land acquired for public hunting and game refuges;

(2) ~~50~~ 42.5 cents per acre on land purchased actually used for public hunting or game refuges; or

(3) ~~three-fourths of one~~ .6375 percent of the appraised value of purchased land actually used for public hunting and game refuges.

(b) The payment shall be 50 percent of the dollar amount ~~adjusted for inflation~~ as determined under section 477A.12, subdivision 1, paragraph (a), clause (1), multiplied by the number of acres of land in the county that are owned by another state agency for military purposes and designated as a game refuge under section 97A.085.

(c) The payment must be reduced by the amount paid under subdivision 3 for croplands managed for wild geese.

(d) The appraised value is the purchase price for five years after acquisition. The appraised value shall be determined by the county assessor every five years after acquisition.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2011 and thereafter.

Sec. 2. Minnesota Statutes 2010, section 97A.061, subdivision 3, is amended to read:

Subd. 3. **Goose management croplands.** (a) The commissioner shall make a payment on July 1 of each year to each county where the state owns more than 1,000 acres of crop land, for wild goose management purposes. The payment shall be equal to 85 percent of the taxes assessed on comparable, privately owned, adjacent land. Money to make the payments is annually appropriated for that purpose from the general fund. The county treasurer shall allocate and distribute the payment as provided in subdivision 2.

(b) The land used for goose management under this subdivision is exempt from taxation as provided in sections 272.01 and 273.19.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2011 and thereafter.

Sec. 3. Minnesota Statutes 2010, section 270A.03, subdivision 7, is amended to read:

Subd. 7. **Refund.** "Refund" means an individual income tax refund ~~or political contribution refund~~, pursuant to chapter 290, or a property tax credit or refund, pursuant to chapter 290A, or a sustainable forest tax payment to a claimant under chapter 290C.

For purposes of this chapter, lottery prizes, as set forth in section 349A.08, subdivision 8, and amounts granted to persons by the legislature on the recommendation of the joint senate-house of representatives Subcommittee on Claims shall be treated as refunds.

In the case of a joint property tax refund payable to spouses under chapter 290A, the refund shall be considered as belonging to each spouse in the proportion of the total refund that equals each spouse's proportion of the total income determined under section 290A.03, subdivision 3. In the case of a joint income tax refund under chapter 289A, the refund shall be considered as belonging to each spouse in the proportion of the total refund that equals each spouse's proportion of the total taxable income determined under section 290.01, subdivision 29. The commissioner shall remit the entire refund to the claimant agency, which shall, upon the request of the spouse who does not owe the debt, determine the amount of the refund belonging to that spouse and refund the amount to that spouse. For court fines, fees, and surcharges and court-ordered restitution under section 611A.04, subdivision 2, the notice provided by the commissioner of revenue under section 270A.07, subdivision 2, paragraph (b), serves as the appropriate legal notice to the spouse who does not owe the debt.

EFFECTIVE DATE. This section is effective for refund claims based on contributions made after June 30, 2011.

Sec. 4. Minnesota Statutes 2010, section 273.13, subdivision 21b, is amended to read:

Subd. 21b. **Tax capacity.** ~~(a) Gross tax capacity means the product of the appropriate gross class rates in this section and market values.~~

~~(b)~~ Net tax capacity means the product of the appropriate net class rates in this section and market values, minus the property's tax capacity reduction determined under section 273.1384, subdivision 1, if applicable.

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

Sec. 5. Minnesota Statutes 2010, section 273.1384, subdivision 1, is amended to read:

Subdivision 1. **Residential homestead market value ~~credit~~ tax capacity ~~reduction~~.** Each county auditor shall determine a homestead ~~credit~~ tax capacity reduction for each class 1a, 1b, and 2a homestead property within the county equal to 0.4 percent of the first \$76,000 of market value of the property minus .09 percent of the market value in excess of \$76,000. The ~~credit~~ tax capacity reduction amount may not be less than zero. In the case of an agricultural or resort homestead, only the market value of the house, garage, and immediately surrounding one acre of land is eligible in determining the property's homestead ~~credit~~ tax capacity reduction. In the case of a property that is classified as part homestead and part nonhomestead, (i) the ~~credit~~ tax capacity reduction shall apply only to the homestead portion of the property, but (ii) if a portion of a property is classified as nonhomestead solely because not all the owners occupy the property, not all the owners have qualifying relatives occupying the property, or solely because not all the spouses of owners occupy the property, the ~~credit~~ tax capacity reduction amount shall be initially computed as if that nonhomestead portion were also in the homestead class and then prorated to the owner-occupant's percentage of ownership. For the purpose of this section, when an owner-occupant's spouse does not occupy the property, the percentage of ownership for the owner-occupant spouse is one-half of the couple's ownership percentage.

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

Sec. 6. Minnesota Statutes 2010, section 273.1384, subdivision 3, is amended to read:

Subd. 3. **Credit reimbursements.** The county auditor shall determine the tax reductions allowed under ~~this section~~ subdivision 2 within the county for each taxes payable year and shall certify that amount to the commissioner of revenue as a part of the abstracts of tax lists submitted by the county auditors under section 275.29. Any prior

39.1 year adjustments shall also be certified on the abstracts of tax lists. The commissioner
39.2 shall review the certifications for accuracy, and may make such changes as are deemed
39.3 necessary, or return the certification to the county auditor for correction. The ~~credits~~
39.4 credit under this section must be used to proportionately reduce the net tax capacity-based
39.5 property tax payable to each local taxing jurisdiction as provided in section 273.1393.

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

39.8 Sec. 7. Minnesota Statutes 2010, section 273.1384, subdivision 4, is amended to read:

39.9 Subd. 4. **Payment.** (a) The commissioner of revenue shall reimburse each local
39.10 taxing jurisdiction, other than school districts, for the tax reductions granted under ~~this~~
39.11 ~~section~~ subdivision 2 in two equal installments on October 31 and December 26 of the
39.12 taxes payable year for which the reductions are granted, including in each payment
39.13 the prior year adjustments certified on the abstracts for that taxes payable year. The
39.14 reimbursements related to tax increments shall be issued in one installment each year on
39.15 December 26.

39.16 (b) The commissioner of revenue shall certify the total of the tax reductions granted
39.17 under ~~this section~~ subdivision 2 for each taxes payable year within each school district to
39.18 the commissioner of the Department of Education and the commissioner of education shall
39.19 pay the reimbursement amounts to each school district as provided in section 273.1392.

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

39.22 Sec. 8. Minnesota Statutes 2010, section 273.1393, is amended to read:

39.23 **273.1393 COMPUTATION OF NET PROPERTY TAXES.**

39.24 Notwithstanding any other provisions to the contrary, "net" property taxes are
39.25 determined by subtracting the credits in the order listed from the gross tax:

- 39.26 (1) disaster credit as provided in sections 273.1231 to 273.1235;
39.27 (2) powerline credit as provided in section 273.42;
39.28 (3) agricultural preserves credit as provided in section 473H.10;
39.29 (4) enterprise zone credit as provided in section 469.171;
39.30 (5) disparity reduction credit;
39.31 (6) conservation tax credit as provided in section 273.119;
39.32 (7) ~~homestead and agricultural credits~~ credit as provided in section 273.1384;
39.33 (8) taconite homestead credit as provided in section 273.135;

(9) supplemental homestead credit as provided in section 273.1391; and

(10) the bovine tuberculosis zone credit, as provided in section 273.113.

The combination of all property tax credits must not exceed the gross tax amount.

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

Sec. 9. Minnesota Statutes 2010, section 273.1398, subdivision 3, is amended to read:

Subd. 3. **Disparity reduction aid.** The amount of disparity aid certified each year for each taxing district within each unique taxing jurisdiction ~~for taxes payable in the prior year shall be multiplied by the ratio of (1) the jurisdiction's tax capacity using the class rates for taxes payable in the year for which aid is being computed, to (2) its tax capacity using the class rates for taxes payable in the year prior to that for which aid is being computed, both based upon market values for taxes payable in the year prior to that for which aid is being computed. If the commissioner determines that insufficient information is available to reasonably and timely calculate the numerator in this ratio for the first taxes payable year that a class rate change or new class rate is effective, the commissioner shall omit the effects of that class rate change or new class rate when calculating this ratio for aid payable in that taxes payable year. For aid payable in the year following a year for which such omission was made, the commissioner shall use in the denominator for the class that was changed or created, the tax capacity for taxes payable two years prior to that in which the aid is payable, based on market values for taxes payable in the year prior to that for which aid is being computed~~ is 50 percent of the amount certified for taxes payable in 2011.

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

Sec. 10. Minnesota Statutes 2010, section 275.08, subdivision 1a, is amended to read:

Subd. 1a. **Computation of tax capacity.** ~~For taxes payable in 1989, the county auditor shall compute the gross tax capacity for each parcel according to the class rates specified in section 273.13. The gross tax capacity will be the appropriate class rate multiplied by the parcel's market value. For taxes payable in 1990 and subsequent years, The county auditor shall compute the net tax capacity for each parcel according to the class rates specified in~~ as defined under section 273.13, subdivision 21b. The net tax capacity will be the appropriate class rate multiplied by the parcel's market value.

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

41.3 Sec. 11. Minnesota Statutes 2010, section 275.08, subdivision 1d, is amended to read:

41.4 Subd. 1d. **Additional adjustment.** If, after computing each local government's
41.5 adjusted local tax rate within a unique taxing jurisdiction pursuant to subdivision 1c, the
41.6 auditor finds that the total adjusted local tax rate of all local governments combined is
41.7 less than ~~90~~ 105 percent of gross tax capacity for taxes payable in 1989 and 90 percent
41.8 of net tax capacity ~~for taxes payable in 1990 and thereafter~~, the auditor shall increase
41.9 each local government's adjusted local tax rate proportionately so the total adjusted local
41.10 tax rate of all local governments combined equals ~~90~~ 105 percent. The total amount
41.11 of the increase in tax resulting from the increased local tax rates must not exceed the
41.12 amount of disparity aid allocated to the unique taxing district under section 273.1398. The
41.13 auditor shall certify to the Department of Revenue the difference between the disparity
41.14 aid originally allocated under section 273.1398, subdivision 3, and the amount necessary
41.15 to reduce the total adjusted local tax rate of all local governments combined to ~~90~~ 105
41.16 percent. Each local government's disparity reduction aid payment under section 273.1398,
41.17 subdivision 6, must be reduced accordingly.

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

41.20 Sec. 12. Minnesota Statutes 2010, section 276.04, subdivision 2, is amended to read:

41.21 Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the
41.22 printing of the tax statements. The commissioner of revenue shall prescribe the form of
41.23 the property tax statement and its contents. The tax statement must not state or imply
41.24 that property tax credits are paid by the state of Minnesota. The statement must contain
41.25 a tabulated statement of the dollar amount due to each taxing authority and the amount
41.26 of the state tax from the parcel of real property for which a particular tax statement is
41.27 prepared. The dollar amounts attributable to the county, the state tax, the voter approved
41.28 school tax, the other local school tax, the township or municipality, and the total of
41.29 the metropolitan special taxing districts as defined in section 275.065, subdivision 3,
41.30 paragraph (i), must be separately stated. The amounts due all other special taxing districts,
41.31 if any, may be aggregated except that any levies made by the regional rail authorities in the
41.32 county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter
41.33 398A shall be listed on a separate line directly under the appropriate county's levy. If the
41.34 county levy under this paragraph includes an amount for a lake improvement district as

42.1 defined under sections 103B.501 to 103B.581, the amount attributable for that purpose
42.2 must be separately stated from the remaining county levy amount. In the case of Ramsey
42.3 County, if the county levy under this paragraph includes an amount for public library
42.4 service under section 134.07, the amount attributable for that purpose may be separated
42.5 from the remaining county levy amount. The amount of the tax on homesteads qualifying
42.6 under the senior citizens' property tax deferral program under chapter 290B is the total
42.7 amount of property tax before subtraction of the deferred property tax amount. The
42.8 amount of the tax on contamination value imposed under sections 270.91 to 270.98, if any,
42.9 must also be separately stated. The dollar amounts, including the dollar amount of any
42.10 special assessments, may be rounded to the nearest even whole dollar. For purposes of this
42.11 section whole odd-numbered dollars may be adjusted to the next higher even-numbered
42.12 dollar. The amount of market value excluded under section 273.11, subdivision 16, if any,
42.13 must also be listed on the tax statement.

42.14 (b) The property tax statements for manufactured homes and sectional structures
42.15 taxed as personal property shall contain the same information that is required on the
42.16 tax statements for real property.

42.17 (c) Real and personal property tax statements must contain the following information
42.18 in the order given in this paragraph. The information must contain the current year tax
42.19 information in the right column with the corresponding information for the previous year
42.20 in a column on the left:

42.21 (1) the property's estimated market value under section 273.11, subdivision 1;

42.22 (2) the property's taxable market value after reductions under section 273.11,
42.23 subdivisions 1a and 16;

42.24 (3) the property's gross tax, before credits;

42.25 (4) for homestead ~~residential~~ and agricultural properties, the ~~credits~~ credit under
42.26 section 273.1384;

42.27 (5) any credits received under sections 273.119; 273.1234 or 273.1235; 273.135;
42.28 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of
42.29 credit received under section 273.135 must be separately stated and identified as "taconite
42.30 tax relief"; and

42.31 (6) the net tax payable in the manner required in paragraph (a).

42.32 (d) If the county uses envelopes for mailing property tax statements and if the county
42.33 agrees, a taxing district may include a notice with the property tax statement notifying
42.34 taxpayers when the taxing district will begin its budget deliberations for the current
42.35 year, and encouraging taxpayers to attend the hearings. If the county allows notices to
42.36 be included in the envelope containing the property tax statement, and if more than

43.1 one taxing district relative to a given property decides to include a notice with the tax
43.2 statement, the county treasurer or auditor must coordinate the process and may combine
43.3 the information on a single announcement.

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

43.6 Sec. 13. Minnesota Statutes 2010, section 289A.50, subdivision 1, is amended to read:

43.7 Subdivision 1. **General right to refund.** (a) Subject to the requirements of this
43.8 section and section 289A.40, a taxpayer who has paid a tax in excess of the taxes lawfully
43.9 due and who files a written claim for refund will be refunded or credited the overpayment
43.10 of the tax determined by the commissioner to be erroneously paid.

43.11 (b) The claim must specify the name of the taxpayer, the date when and the period
43.12 for which the tax was paid, the kind of tax paid, the amount of the tax that the taxpayer
43.13 claims was erroneously paid, the grounds on which a refund is claimed, and other
43.14 information relative to the payment and in the form required by the commissioner. An
43.15 income tax, estate tax, or corporate franchise tax return, or amended return claiming an
43.16 overpayment constitutes a claim for refund.

43.17 (c) When, in the course of an examination, and within the time for requesting a
43.18 refund, the commissioner determines that there has been an overpayment of tax, the
43.19 commissioner shall refund or credit the overpayment to the taxpayer and no demand
43.20 is necessary. If the overpayment exceeds \$1, the amount of the overpayment must
43.21 be refunded to the taxpayer. If the amount of the overpayment is less than \$1, the
43.22 commissioner is not required to refund. In these situations, the commissioner does not
43.23 have to make written findings or serve notice by mail to the taxpayer.

43.24 (d) If the amount allowable as a credit for withholding, estimated taxes, or dependent
43.25 care exceeds the tax against which the credit is allowable, the amount of the excess is
43.26 considered an overpayment. ~~The refund allowed by section 290.06, subdivision 23, is also~~
43.27 ~~considered an overpayment.~~ The requirements of section 270C.33 do not apply to the
43.28 refunding of such an overpayment shown on the original return filed by a taxpayer.

43.29 (e) If the entertainment tax withheld at the source exceeds by \$1 or more the taxes,
43.30 penalties, and interest reported in the return of the entertainment entity or imposed by
43.31 section 290.9201, the excess must be refunded to the entertainment entity. If the excess is
43.32 less than \$1, the commissioner need not refund that amount.

43.33 (f) If the surety deposit required for a construction contract exceeds the liability of
43.34 the out-of-state contractor, the commissioner shall refund the difference to the contractor.

(g) An action of the commissioner in refunding the amount of the overpayment does not constitute a determination of the correctness of the return of the taxpayer.

(h) There is appropriated from the general fund to the commissioner of revenue the amount necessary to pay refunds allowed under this section.

EFFECTIVE DATE. This section is effective for refund claims based on contributions made after June 30, 2011.

Sec. 14. Minnesota Statutes 2010, section 290.01, subdivision 6, is amended to read:

Subd. 6. **Taxpayer.** The term "taxpayer" means any person or corporation subject to a tax imposed by this chapter. ~~For purposes of section 290.06, subdivision 23, the term "taxpayer" means an individual eligible to vote in Minnesota under section 201.014.~~

EFFECTIVE DATE. This section is effective for refund claims based on contributions made after June 30, 2011.

Sec. 15. Minnesota Statutes 2010, section 290A.03, subdivision 11, is amended to read:

Subd. 11. **Rent constituting property taxes.** "Rent constituting property taxes" means ~~19~~ 12 percent of the gross rent actually paid in cash, or its equivalent, or the portion of rent paid in lieu of property taxes, in any calendar year by a claimant for the right of occupancy of the claimant's Minnesota homestead in the calendar year, and which rent constitutes the basis, in the succeeding calendar year of a claim for relief under this chapter by the claimant.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2010 and following years.

Sec. 16. Minnesota Statutes 2010, section 290A.03, subdivision 13, is amended to read:

Subd. 13. **Property taxes payable.** "Property taxes payable" means the property tax exclusive of special assessments, penalties, and interest payable on a claimant's homestead after deductions made under sections 273.135, 273.1384, 273.1391, 273.42, subdivision 2, and any other state paid property tax credits in any calendar year, and after any refund claimed and allowable under section 290A.04, subdivision 2h, that is first payable in the year that the property tax is payable. In the case of a claimant who makes ground lease payments, "property taxes payable" includes the amount of the payments directly attributable to the property taxes assessed against the parcel on which the house is located. No apportionment or reduction of the "property taxes payable" shall be required for the use of a portion of the claimant's homestead for a business purpose if the claimant does not

deduct any business depreciation expenses for the use of a portion of the homestead in the determination of federal adjusted gross income. For homesteads which are manufactured homes as defined in section 273.125, subdivision 8, and for homesteads which are park trailers taxed as manufactured homes under section 168.012, subdivision 9, "property taxes payable" shall also include ~~19~~ 12 percent of the gross rent paid in the preceding year for the site on which the homestead is located. When a homestead is owned by two or more persons as joint tenants or tenants in common, such tenants shall determine between them which tenant may claim the property taxes payable on the homestead. If they are unable to agree, the matter shall be referred to the commissioner of revenue whose decision shall be final. Property taxes are considered payable in the year prescribed by law for payment of the taxes.

In the case of a claim relating to "property taxes payable," the claimant must have owned and occupied the homestead on January 2 of the year in which the tax is payable and (i) the property must have been classified as homestead property pursuant to section 273.124, on or before December 15 of the assessment year to which the "property taxes payable" relate; or (ii) the claimant must provide documentation from the local assessor that application for homestead classification has been made on or before December 15 of the year in which the "property taxes payable" were payable and that the assessor has approved the application.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2010 and following years.

Sec. 17. Minnesota Statutes 2010, section 290A.04, subdivision 2, is amended to read:

Subd. 2. **Homeowners.** A claimant whose property taxes payable are in excess of the percentage of the household income stated below shall pay an amount equal to the percent of income shown for the appropriate household income level along with the percent to be paid by the claimant of the remaining amount of property taxes payable. The state refund equals the amount of property taxes payable that remain, up to the state refund amount shown below.

| Household Income | Percent of Income | Percent Paid by Claimant | Maximum State Refund |
|---------------------------|------------------------|--------------------------|----------------------|
| \$0 to 1,189 | 1.0 percent | 15 percent | \$ 1,850 |
| 1,190 to 2,379 | 1.1 percent | 15 percent | \$ 1,850 |
| 2,380 to 3,589 | 1.2 percent | 15 percent | \$ 1,800 |
| 3,590 to 4,789 | 1.3 percent | 20 percent | \$ 1,800 |
| 4,790 to 5,979 | 1.4 percent | 20 percent | \$ 1,730 |

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| | | | | |
|-------|-----------------------------|--------------------------|------------------------|---------------------|
| 46.1 | 5,980 to 8,369 | 1.5 percent | 20 percent | \$ 1,730 |
| 46.2 | 8,370 to 9,559 | 1.6 percent | 25 percent | \$ 1,670 |
| 46.3 | 9,560 to 10,759 | 1.7 percent | 25 percent | \$ 1,670 |
| 46.4 | 10,760 to 11,949 | 1.8 percent | 25 percent | \$ 1,610 |
| 46.5 | 11,950 to 13,139 | 1.9 percent | 30 percent | \$ 1,610 |
| 46.6 | 13,140 to 14,349 | 2.0 percent | 30 percent | \$ 1,540 |
| 46.7 | 14,350 to 16,739 | 2.1 percent | 30 percent | \$ 1,540 |
| 46.8 | 16,740 to 17,929 | 2.2 percent | 35 percent | \$ 1,480 |
| 46.9 | 17,930 to 19,119 | 2.3 percent | 35 percent | \$ 1,480 |
| 46.10 | 19,120 to 20,319 | 2.4 percent | 35 percent | \$ 1,420 |
| 46.11 | 20,320 to 25,099 | 2.5 percent | 40 percent | \$ 1,420 |
| 46.12 | 25,100 to 28,679 | 2.6 percent | 40 percent | \$ 1,360 |
| 46.13 | 28,680 to 35,849 | 2.7 percent | 40 percent | \$ 1,360 |
| 46.14 | 35,850 to 41,819 | 2.8 percent | 45 percent | \$ 1,240 |
| 46.15 | 41,820 to 47,799 | 3.0 percent | 45 percent | \$ 1,240 |
| 46.16 | 47,800 to 53,779 | 3.2 percent | 45 percent | \$ 1,110 |
| 46.17 | 53,780 to 59,749 | 3.5 percent | 50 percent | \$ 990 |
| 46.18 | 59,750 to 65,729 | 3.5 percent | 50 percent | \$ 870 |
| 46.19 | 65,730 to 69,319 | 3.5 percent | 50 percent | \$ 740 |
| 46.20 | 69,320 to 71,719 | 3.5 percent | 50 percent | \$ 610 |
| 46.21 | 71,720 to 74,619 | 3.5 percent | 50 percent | \$ 500 |
| 46.22 | 74,620 to 77,519 | 3.5 percent | 50 percent | \$ 370 |
| 46.23 | | | | <u>Maximum</u> |
| 46.24 | | | <u>Percent Paid by</u> | <u>State</u> |
| 46.25 | <u>Household Income</u> | <u>Percent of Income</u> | <u>Claimant</u> | <u>Refund</u> |
| 46.26 | <u>\$0 to 1,549</u> | <u>1.0 percent</u> | <u>15 percent</u> | <u>\$ 3,500</u> |
| 46.27 | <u>1,550 to 3,089</u> | <u>1.1 percent</u> | <u>15 percent</u> | <u>\$ 3,500</u> |
| 46.28 | <u>3,090 to 4,669</u> | <u>1.2 percent</u> | <u>15 percent</u> | <u>\$ 3,500</u> |
| 46.29 | <u>4,670 to 6,229</u> | <u>1.3 percent</u> | <u>20 percent</u> | <u>\$ 3,500</u> |
| 46.30 | <u>6,230 to 7,769</u> | <u>1.4 percent</u> | <u>20 percent</u> | <u>\$ 3,500</u> |
| 46.31 | <u>7,770 to 10,879</u> | <u>1.5 percent</u> | <u>20 percent</u> | <u>\$ 3,500</u> |
| 46.32 | <u>10,880 to 12,429</u> | <u>1.6 percent</u> | <u>25 percent</u> | <u>\$ 3,500</u> |
| 46.33 | <u>12,430 to 13,989</u> | <u>1.7 percent</u> | <u>25 percent</u> | <u>\$ 3,500</u> |
| 46.34 | <u>13,990 to 15,539</u> | <u>1.8 percent</u> | <u>25 percent</u> | <u>\$ 3,500</u> |
| 46.35 | <u>15,540 to 17,079</u> | <u>1.9 percent</u> | <u>30 percent</u> | <u>\$ 3,000</u> |
| 46.36 | <u>17,080 to 18,659</u> | <u>2.0 percent</u> | <u>30 percent</u> | <u>\$ 3,000</u> |
| 46.37 | <u>18,660 to 21,759</u> | <u>2.1 percent</u> | <u>30 percent</u> | <u>\$ 3,000</u> |
| 46.38 | <u>21,760 to 23,309</u> | <u>2.2 percent</u> | <u>35 percent</u> | <u>\$ 3,000</u> |
| 46.39 | <u>23,310 to 24,859</u> | <u>2.3 percent</u> | <u>35 percent</u> | <u>\$ 3,000</u> |
| 46.40 | <u>24,860 to 26,419</u> | <u>2.4 percent</u> | <u>35 percent</u> | <u>\$ 3,000</u> |
| 46.41 | <u>26,420 to 32,629</u> | <u>2.5 percent</u> | <u>35 percent</u> | <u>\$ 3,000</u> |
| 46.42 | <u>32,630 to 37,279</u> | <u>2.6 percent</u> | <u>35 percent</u> | <u>\$ 2,500</u> |
| 46.43 | <u>37,280 to 46,609</u> | <u>2.7 percent</u> | <u>35 percent</u> | <u>\$ 2,500</u> |

| | | | | |
|------|-------------------------|--------------------|-------------------|-----------------|
| 47.1 | <u>46,610 to 49,999</u> | <u>2.8 percent</u> | <u>35 percent</u> | <u>\$ 2,000</u> |
| 47.2 | <u>50,000 to 54,999</u> | <u>2.8 percent</u> | <u>35 percent</u> | <u>\$ 1,500</u> |
| 47.3 | <u>55,000 to 59,999</u> | <u>3.0 percent</u> | <u>40 percent</u> | <u>\$ 1,000</u> |
| 47.4 | <u>60,000 to 64,999</u> | <u>3.0 percent</u> | <u>40 percent</u> | <u>\$ 750</u> |
| 47.5 | <u>65,000 to 69,999</u> | <u>3.0 percent</u> | <u>40 percent</u> | <u>\$ 500</u> |

47.6 The payment made to a claimant shall be the amount of the state refund calculated
47.7 under this subdivision. No payment is allowed if the claimant's household income is
47.8 ~~\$77,520~~ \$70,000 or more.

47.9 **EFFECTIVE DATE.** This section is effective beginning with refunds based on
47.10 taxes payable in 2012.

47.11 Sec. 18. Minnesota Statutes 2010, section 290A.04, subdivision 4, is amended to read:

47.12 Subd. 4. **Inflation adjustment.** (a) Beginning for property tax refunds payable in
47.13 calendar year 2002, the commissioner shall annually adjust the dollar amounts of the
47.14 income thresholds and the maximum refunds under subdivisions 2 and 2a for inflation.
47.15 The commissioner shall make the inflation adjustments in accordance with section 1(f) of
47.16 the Internal Revenue Code, except that for purposes of this subdivision the percentage
47.17 increase shall be determined as provided in this subdivision.

47.18 (b) In adjusting the dollar amounts of the income thresholds and the maximum
47.19 refunds under subdivision 2 for inflation, the percentage increase shall be determined from
47.20 the year ending on June 30, 2011, to the year ending on June 30 of the year preceding that
47.21 in which the refund is payable.

47.22 (c) In adjusting the dollar amounts of the income thresholds and the maximum
47.23 refunds under subdivision 2a for inflation, the percentage increase shall be determined
47.24 from the year ending on June 30, 2000, to the year ending on June 30 of the year preceding
47.25 that in which the refund is payable.

47.26 (d) The commissioner shall use the appropriate percentage increase to annually
47.27 adjust the income thresholds and maximum refunds under subdivisions 2 and 2a for
47.28 inflation without regard to whether or not the income tax brackets are adjusted for inflation
47.29 in that year. The commissioner shall round the thresholds and the maximum amounts,
47.30 as adjusted to the nearest \$10 amount. If the amount ends in \$5, the commissioner shall
47.31 round it up to the next \$10 amount.

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

48.1 **EFFECTIVE DATE.** This section is effective beginning for refunds based on
48.2 taxes payable in 2013.

48.3 Sec. 19. **[373.51] ALTERNATIVE PROCESS FOR CONSOLIDATION.**

48.4 Notwithstanding the provisions relating to petitions in sections 371.02 and 371.03,
48.5 two or more counties may begin the process for consolidation by filing with the secretary
48.6 of state a resolution unanimously adopted by the board of each affected county to seek
48.7 voter approval for consolidation of the counties following the procedures in chapter 371.

48.8 Sec. 20. Minnesota Statutes 2010, section 477A.011, is amended by adding a
48.9 subdivision to read:

48.10 Subd. 1c. **First class city.** "First class city" means a city of the first class as of
48.11 2009 as defined in section 410.01.

48.12 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
48.13 2011 and thereafter.

48.14 Sec. 21. Minnesota Statutes 2010, section 477A.011, is amended by adding a
48.15 subdivision to read:

48.16 Subd. 1d. **Suburb.** "Suburb" means a city located in the seven-county metropolitan
48.17 area as defined in section 473.121, subdivision 2, that is not a first class city.

48.18 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
48.19 2011 and thereafter.

48.20 Sec. 22. Minnesota Statutes 2010, section 477A.0124, is amended by adding a
48.21 subdivision to read:

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

48.28 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
48.29 2011 and 2012.

48.30 Sec. 23. Minnesota Statutes 2010, section 477A.013, subdivision 8, is amended to read:

Subd. 8. **City formula aid.** The formula aid for a city is equal to the sum of (1) its city jobs base, (2) its small city aid base, and (3) the need increase percentage multiplied by the average of its unmet need for the most recently available two years.

No city may have a formula aid amount less than zero. The need increase percentage must be the same for all cities. For first class cities, the formula aid is 25 percent of its base aid as defined in subdivision 11, paragraph (a), for aids payable in 2013 and zero for aids payable in 2014 and thereafter. For suburbs, the formula aid is 50 percent of its base aid as defined in subdivision 11, paragraph (a), for aids payable in 2013 and thereafter.

The applicable need increase percentage must be calculated by the Department of Revenue so that the total of the aid under subdivision 9 equals the total amount available for aid under section 477A.03. Data used in calculating aids to cities under sections 477A.011 to 477A.013 shall be the most recently available data as of January 1 in the year in which the aid is calculated except that the data used to compute "net levy" in subdivision 9 is the data most recently available at the time of the aid computation.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2013 and thereafter.

Sec. 24. Minnesota Statutes 2010, section 477A.013, subdivision 9, is amended to read:

Subd. 9. **City aid distribution.** (a) In calendar year 2009 and thereafter, each city shall receive an aid distribution equal to the sum of (1) the city formula aid under subdivision 8, and (2) its city aid base.

(b) For aids payable in ~~2011~~ 2013 only, the total aid in the previous year for any city shall mean the amount of aid it was certified to receive for aids payable in ~~2010~~ 2012 under ~~this section minus the amount of its aid reduction under section 477A.0134~~ subdivision 11. For aids payable in ~~2012~~ 2014 and thereafter, the total aid in the previous year for any city means the amount of aid it was certified to receive under this section in the previous payable year.

(c) For aids payable in 2010 and thereafter, the total aid for any city shall not exceed the sum of (1) ten percent of the city's net levy for the year prior to the aid distribution plus (2) its total aid in the previous year. For aids payable in 2009 and thereafter, the total aid for any city with a population of 2,500 or more may not be less than its total aid under this section in the previous year minus the lesser of \$10 multiplied by its population, or ten percent of its net levy in the year prior to the aid distribution.

(d) For aids payable in 2010 and thereafter, the total aid for a city with a population less than 2,500 must not be less than the amount it was certified to receive in the

previous year minus the lesser of \$10 multiplied by its population, or five percent of its 2003 certified aid amount. For aids payable in 2009 only, the total aid for a city with a population less than 2,500 must not be less than what it received under this section in the previous year unless its total aid in calendar year 2008 was aid under section 477A.011, subdivision 36, paragraph (s), in which case its minimum aid is zero.

(e) A city's aid loss under this section may not exceed \$300,000 in any year in which the total city aid appropriation under section 477A.03, subdivision 2a, is equal or greater than the appropriation under that subdivision in the previous year, unless the city has an adjustment in its city net tax capacity under the process described in section 469.174, subdivision 28.

(f) If a city's net tax capacity used in calculating aid under this section has decreased in any year by more than 25 percent from its net tax capacity in the previous year due to property becoming tax-exempt Indian land, the city's maximum allowed aid increase under paragraph (c) shall be increased by an amount equal to (1) the city's tax rate in the year of the aid calculation, multiplied by (2) the amount of its net tax capacity decrease resulting from the property becoming tax exempt.

(g) Notwithstanding paragraphs (a) to (f), the total aid for a first class city or a suburb is its formula aid under subdivision 8.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2013 and thereafter.

Sec. 25. Minnesota Statutes 2010, section 477A.013, is amended by adding a subdivision to read:

Subd. 11. **Aid payments in 2011 and 2012.** (a) For purposes of this subdivision, "base aid" means 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 and reduced by the amount of payments under section 477A.011, subdivision 36, paragraphs (y) and (z), or (2) the amount it was certified to receive in 2011 under subdivision 9, minus any aid base adjustment under section 477A.011, subdivision 36, paragraph (aa).

(b) Notwithstanding aids calculated or certified for aids payable in 2011 under subdivision 9, in 2011 each city shall receive an aid distribution under this section as follows:

(1) for a first class city, 75 percent of its base aid as defined in paragraph (a);

(2) for a suburb, the amount it is certified to receive in 2011 under subdivision 9; and

(3) for any other city, the amount it is certified to receive in 2011 under subdivision 9.

51.1 (c) Notwithstanding aids calculated or certified for aids payable in 2012 under
51.2 subdivision 9, in 2012 each city shall receive an aid distribution under this section as
51.3 follows:

51.4 (1) for a first class city, 50 percent of its base aid as defined in paragraph (a);

51.5 (2) for a suburb, 75 percent of its base aid as defined in paragraph (a); and

51.6 (3) for any other city, its base aid as defined under paragraph (a).

51.7 **EFFECTIVE DATE.** This section is effective for aids payable in calendar years
51.8 2011 and 2012.

51.9 Sec. 26. Minnesota Statutes 2010, section 477A.03, is amended to read:

51.10 **477A.03 APPROPRIATION.**

51.11 Subd. 2. **Annual appropriation.** A sum sufficient to discharge the duties imposed
51.12 by sections 477A.011 to 477A.014 is annually appropriated from the general fund to the
51.13 commissioner of revenue.

51.14 Subd. 2a. **Cities.** For aids payable in 2013 only, the total aid paid under section
51.15 477A.013, subdivision 9, is \$309,859,403. For aids payable in ~~2011~~ 2014 and thereafter,
51.16 the total aid paid under section 477A.013, subdivision 9, is ~~\$527,100,646~~ \$274,377,734.

51.17 Subd. 2b. **Counties.** (a) For aids payable in ~~2011~~ 2013 and thereafter, the total aid
51.18 payable under section 477A.0124, subdivision 3, is ~~\$96,395,000~~ \$78,218,000. Each
51.19 calendar year, \$500,000 shall be retained by the commissioner of revenue to make
51.20 reimbursements to the commissioner of management and budget for payments made
51.21 under section 611.27. ~~For calendar year 2004, the amount shall be in addition to the~~
51.22 ~~payments authorized under section 477A.0124, subdivision 1. For calendar year 2005~~
51.23 ~~and subsequent years,~~ The amount shall be deducted from the appropriation under
51.24 this paragraph. The reimbursements shall be to defray the additional costs associated
51.25 with court-ordered counsel under section 611.27. Any retained amounts not used for
51.26 reimbursement in a year shall be included in the next distribution of county need aid
51.27 that is certified to the county auditors for the purpose of property tax reduction for the
51.28 next taxes payable year.

51.29 (b) For aids payable in ~~2011~~ 2013 and thereafter, the total aid under section
51.30 477A.0124, subdivision 4, is ~~\$101,309,575~~ \$83,133,000. The commissioner of
51.31 management and budget shall bill the commissioner of revenue for the cost of preparation
51.32 of local impact notes as required by section 3.987, not to exceed \$207,000 in fiscal year
51.33 2004 and thereafter. The commissioner of education shall bill the commissioner of
51.34 revenue for the cost of preparation of local impact notes for school districts as required by

52.1 section 3.987, not to exceed \$7,000 in fiscal year 2004 and thereafter. The commissioner
52.2 of revenue shall deduct the amounts billed under this paragraph from the appropriation
52.3 under this paragraph. The amounts deducted are appropriated to the commissioner of
52.4 management and budget and the commissioner of education for the preparation of local
52.5 impact notes.

52.6 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
52.7 2012 and thereafter.

52.8 Sec. 27. Minnesota Statutes 2010, section 477A.11, subdivision 1, is amended to read:

52.9 Subdivision 1. **Terms.** For the purpose of sections 477A.11 to ~~477A.145~~ 477A.14,
52.10 the terms defined in this section have the meanings given them.

52.11 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
52.12 2011 and thereafter.

52.13 Sec. 28. Minnesota Statutes 2010, section 477A.12, subdivision 1, is amended to read:

52.14 Subdivision 1. **Types of land; payments.** (a) As an offset for expenses incurred
52.15 by counties and towns in support of natural resources lands, the following amounts are
52.16 annually appropriated to the commissioner of natural resources from the general fund for
52.17 transfer to the commissioner of revenue. The commissioner of revenue shall pay the
52.18 transferred funds to counties as required by sections 477A.11 to ~~477A.145~~ 477A.14.
52.19 The amounts are:

52.20 (1) for acquired natural resources land, ~~\$3, as adjusted for inflation under section~~
52.21 ~~477A.145, \$4.363~~ multiplied by the total number of acres of acquired natural resources
52.22 land or, at the county's option ~~three-fourths of one~~ 0.6375 percent of the appraised value of
52.23 all acquired natural resources land in the county, whichever is greater;

52.24 (2) ~~75 cents, as adjusted for inflation under section 477A.145, \$1.091~~ multiplied by
52.25 the number of acres of county-administered other natural resources land;

52.26 (3) ~~75 cents, as adjusted for inflation under section 477A.145, \$1.091~~ multiplied by
52.27 the total number of acres of land utilization project land; and

52.28 (4) ~~37.5 cents, as adjusted for inflation under section 477A.145, 54.5 cents~~ multiplied
52.29 by the number of acres of commissioner-administered other natural resources land located
52.30 in each county as of July 1 of each year prior to the payment year.

52.31 (b) The amount determined under paragraph (a), clause (1), is payable for land
52.32 that is acquired from a private owner and owned by the Department of Transportation
52.33 for the purpose of replacing wetland losses caused by transportation projects, but only

53.1 if the county contains more than 500 acres of such land at the time the certification is
53.2 made under subdivision 2.

53.3 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
53.4 2011 and thereafter.

53.5 Sec. 29. Minnesota Statutes 2010, section 477A.14, subdivision 1, is amended to read:

53.6 Subdivision 1. **General distribution.** Except as provided in subdivision 2 or in
53.7 section 97A.061, subdivision 5, 40 percent of the total payment to the county shall be
53.8 deposited in the county general revenue fund to be used to provide property tax levy
53.9 reduction. The remainder shall be distributed by the county in the following priority:

53.10 (a) ~~37.5 cents, as adjusted for inflation under section 477A.145,~~ 54.5 cents for
53.11 each acre of county-administered other natural resources land shall be deposited in a
53.12 resource development fund to be created within the county treasury for use in resource
53.13 development, forest management, game and fish habitat improvement, and recreational
53.14 development and maintenance of county-administered other natural resources land. Any
53.15 county receiving less than \$5,000 annually for the resource development fund may elect to
53.16 deposit that amount in the county general revenue fund;

53.17 (b) From the funds remaining, within 30 days of receipt of the payment to the
53.18 county, the county treasurer shall pay each organized township ~~30 cents, as adjusted for~~
53.19 ~~inflation under section 477A.145,~~ 43.6 cents for each acre of acquired natural resources
53.20 land and each acre of land described in section 477A.12, subdivision 1, paragraph (b), and
53.21 ~~7.5 cents, as adjusted for inflation under section 477A.145,~~ 10.9 cents for each acre of
53.22 other natural resources land and each acre of land utilization project land located within its
53.23 boundaries. Payments for natural resources lands not located in an organized township
53.24 shall be deposited in the county general revenue fund. Payments to counties and townships
53.25 pursuant to this paragraph shall be used to provide property tax levy reduction, except
53.26 that of the payments for natural resources lands not located in an organized township, the
53.27 county may allocate the amount determined to be necessary for maintenance of roads in
53.28 unorganized townships. Provided that, if the total payment to the county pursuant to
53.29 section 477A.12 is not sufficient to fully fund the distribution provided for in this clause,
53.30 the amount available shall be distributed to each township and the county general revenue
53.31 fund on a pro rata basis; and

53.32 (c) Any remaining funds shall be deposited in the county general revenue fund.
53.33 Provided that, if the distribution to the county general revenue fund exceeds \$35,000, the
53.34 excess shall be used to provide property tax levy reduction.

54.1 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
54.2 2011 and thereafter.

54.3 Sec. 30. Minnesota Statutes 2010, section 477A.17, is amended to read:

54.4 **477A.17 LAKE VERMILION STATE PARK AND SOUDAN**
54.5 **UNDERGROUND MINE STATE PARK; ANNUAL PAYMENTS.**

54.6 (a) Beginning in fiscal year 2012, in lieu of the payment amount provided under
54.7 section 477A.12, subdivision 1, clause (1), the county shall receive an annual payment for
54.8 land acquired for Lake Vermilion State Park, established in section 85.012, subdivision
54.9 38a, and land within the boundary of Soudan Underground Mine State Park, established
54.10 in section 85.012, subdivision 53a, equal to ~~4.5~~ 1.275 percent of the appraised value of
54.11 the land.

54.12 (b) For the purposes of this section, the appraised value of the land acquired for
54.13 Lake Vermilion State Park for the first five years after acquisition shall be the purchase
54.14 price of the land, plus the value of any portion of the land that is acquired by donation.
54.15 The appraised value must be redetermined by the county assessor every five years after
54.16 the land is acquired.

54.17 (c) The annual payments under this section shall be distributed to the taxing
54.18 jurisdictions containing the property as follows: one-third to the school districts; one-third
54.19 to the town; and one-third to the county. The payment to school districts is not a county
54.20 apportionment under section 127A.34 and is not subject to aid recapture. Each of those
54.21 taxing jurisdictions may use the payments for their general purposes.

54.22 (d) Except as provided in this section, the payments shall be made as provided
54.23 in sections 477A.11 to 477A.13.

54.24 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
54.25 2011 and thereafter.

54.26 Sec. 31. **ADMINISTRATION OF PROPERTY TAX REFUND CLAIMS; 2011.**

54.27 In administering sections 15 and 16 for claims for refunds submitted using 19
54.28 percent of gross rent as rent constituting property taxes under prior law, the commissioner
54.29 shall recalculate and pay the refund amounts using 12 percent of gross rent. The
54.30 commissioner shall notify the claimant that the recalculation was mandated by action
54.31 of the 2011 Legislature.

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

Sec. 32. **CREDIT REDUCTIONS AND LIMITATION; COUNTIES AND CITIES.**

In 2011, the market value credit reimbursement payment to each county and city authorized under Minnesota Statutes, section 273.1384, subdivision 4, may not exceed the reimbursement payment received by the county or city for taxes payable in 2010.

EFFECTIVE DATE. This section is effective for credit reimbursements in 2011.

Sec. 33. **PROPERTY TAX STATEMENT FOR TAXES PAYABLE IN 2012 ONLY.**

For the purposes of the property tax statements required under Minnesota Statutes, section 276.04, subdivision 2, for taxes payable in 2012 only, the gross tax amount shown for the previous year is the gross tax minus the residential homestead market value credit.

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

Sec. 34. **COOPERATION, CONSOLIDATION, INNOVATION GRANTS.**

Subdivision 1. **Definition.** For the purposes of this section, "local government" means a town, county, or home rule charter or statutory city.

Subd. 2. **Grants.** The commissioner of administration may make a cooperation, consolidation, and service innovation grant to a local government that is participating with at least one other local government in planning for or implementing provision of services cooperatively or in planning and implementing consolidation of services, functions, or governance. The grants shall be made on a first-come first-served basis. The commissioner shall determine the form and content of the application and grant agreements. At a minimum, an application must contain a resolution adopted by the governing body of each participating local government supporting the cooperation, consolidation, or innovation effort that identifies the services and functions the local government is considering providing cooperatively with one or more other local governments or that identifies the functions the local governments seek to consolidate. The maximum grant amount is \$100,000 per local government.

Subd. 3. **Report.** The commissioner of administration must report to the governor and legislative committees with jurisdiction over local government governance and local government taxes and finance on the cooperation and consolidation grants made and how the money was used, what services and functions have been provided by local governments in cooperation with each other, what programs or governance structures have been proposed for consolidation or consolidated, and what impediments remain that

prevent cooperation, consolidation, and service innovation. An interim report is due February 1, 2012, and a final report is due December 15, 2012.

Subd. 4. **Appropriation.** \$..... is appropriated from the general fund to the commissioner of administration for the biennium ending June 30, 2013, to make grants to counties as provided in this section.

Sec. 35. **REPEALER.**

(a) Minnesota Statutes 2010, sections 10A.322, subdivision 4; 13.4967, subdivision 2; are repealed.

(b) Minnesota Statutes 2010, section 290.06, subdivision 23, is repealed.

(c) Minnesota Statutes 2010, sections 273.1384, subdivision 6; and 477A.145, are repealed.

(d) Minnesota Statutes 2010, sections 290C.01; 290C.02; 290C.03; 290C.04; 290C.05; 290C.055; 290C.06; 290C.07; 290C.08; 290C.09; 290C.10; 290C.11; 290C.12; and 290C.13, are repealed.

EFFECTIVE DATE. Paragraph (a) is effective the day following final enactment. Paragraph (b) is effective for refund claims based on contributions made after June 30, 2011. Paragraph (c) is effective for aids payable in 2011 and thereafter. Paragraph (d) is effective July 1, 2011, and the covenants under the program are void on that date. No later than 60 days after enactment of this section, the commissioner of revenue shall issue a document to each enrollee immediately releasing the land from the covenant as provided in Minnesota Statutes 2010, section 290C.04, paragraph (c).

ARTICLE 5

GREEN ACRES AND RURAL PRESERVES

Section 1. Minnesota Statutes 2010, section 273.111, is amended by adding a subdivision to read:

Subd. 2a. **Purpose.** The legislature finds that it is in the interest of the state to encourage and preserve farms by mitigating the property tax impact of increasing land values due to nonagricultural economic forces.

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

Sec. 2. Minnesota Statutes 2010, section 273.111, subdivision 9, is amended to read:

Subd. 9. **Additional taxes.** (a) Except as provided in paragraph (b), when real property which is being, or has been valued and assessed under this section no longer

qualifies under subdivision 3, the portion no longer qualifying shall be subject to additional taxes, in the amount equal to the difference between the taxes determined in accordance with subdivision 4, and the amount determined under subdivision 5. Provided, however, that the amount determined under subdivision 5 shall not be greater than it would have been had the actual bona fide sale price of the real property at an arm's-length transaction been used in lieu of the market value determined under subdivision 5. Such additional taxes shall be extended against the property on the tax list for the current year, provided, however, that no interest or penalties shall be levied on such additional taxes if timely paid, and provided further, that such additional taxes shall only be levied with respect to (1) the last three years that the ~~said~~ property has been valued and assessed under this section, for property originally enrolled on or before May 1, 2012, or (2) the last five years that the property has been valued and assessed under this section, for property originally enrolled after May 1, 2012.

(b) Real property that has been valued and assessed under this section prior to May 29, 2008, and that ceases to qualify under this section after May 28, 2008, and is withdrawn from the program before August 16, 2010, is not subject to additional taxes under this subdivision or subdivision 3, paragraph (c). If additional taxes have been paid under this subdivision with respect to property described in this paragraph prior to April 3, 2009, the county must repay the property owner in the manner prescribed by the commissioner of revenue.

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

Sec. 3. Minnesota Statutes 2010, section 273.114, subdivision 2, is amended to read:

Subd. 2. **Requirements.** Class ~~2a or~~ 2b property that had been ~~assessed properly~~ enrolled under ~~Minnesota Statutes 2006,~~ section 273.111 for taxes payable in 2008, or that is part of an agricultural homestead under ~~Minnesota Statutes,~~ section 273.13, subdivision 23, paragraph (a), at least a portion of which is enrolled under section 273.111, is entitled to valuation and tax deferment under this section if:

(1) ~~the land consists of at least ten acres~~ property is contiguous to class 2a property enrolled under section 273.111 under the same ownership;

~~(2) a conservation assessment plan for the land must be prepared by an approved plan writer and implemented during the period in which the land is subject to valuation and deferment under this section;~~

~~(3) the land must be enrolled for a minimum of eight years;~~

~~(4)~~ (2) there are no delinquent property taxes on the land; and

58.1 ~~(5)~~ (3) the property is not also enrolled for valuation and deferment under section
58.2 273.111 or 273.112, or chapter 290C or 473H.

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

58.5 Sec. 4. Minnesota Statutes 2010, section 273.114, subdivision 5, is amended to read:

58.6 Subd. 5. **Application and covenant agreement.** ~~(a)~~ Application for deferment
58.7 of taxes and assessment under this section shall be filed by May 1 of the year prior to
58.8 the year in which the taxes are payable. Any application filed under this subdivision
58.9 and granted shall continue in effect for subsequent years until the ~~termination of the~~
58.10 ~~covenant agreement under paragraph (b)~~ property is withdrawn or no longer qualifies. The
58.11 application must be filed with the assessor of the taxing district in which the real property
58.12 is located on the form prescribed by the commissioner of revenue. ~~The assessor may~~
58.13 ~~require proof by affidavit or otherwise that the property qualifies under subdivision 2.~~

58.14 ~~(b)~~ The owner of the property must sign a covenant agreement that is filed with the
58.15 county recorder and recorded in the county where the property is located. The covenant
58.16 agreement must include all of the following:

58.17 ~~(1)~~ legal description of the area to which the covenant applies;

58.18 ~~(2)~~ name and address of the owner;

58.19 ~~(3)~~ a statement that the land described in the covenant must be kept as rural preserve
58.20 land, which meets the requirements of subdivision 2, for the duration of the covenant;

58.21 ~~(4)~~ a statement that the landowner may terminate the covenant agreement by
58.22 notifying the county assessor in writing three years in advance of the date of proposed
58.23 termination, provided that the notice of intent to terminate may not be given at any time
58.24 before the land has been subject to the covenant for a period of five years;

58.25 ~~(5)~~ a statement that the covenant is binding on the owner or the owner's successor or
58.26 assigns and runs with the land; and

58.27 ~~(6)~~ a witnessed signature of the owner, agreeing by covenant, to maintain the land as
58.28 described in subdivision 2.

58.29 ~~(c)~~ After a covenant under this section has been terminated, the land that had been
58.30 subject to the covenant is ineligible for subsequent valuation under this section for a
58.31 period of three years after the termination.

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

Sec. 5. Minnesota Statutes 2010, section 273.114, subdivision 6, is amended to read:

Subd. 6. **Additional taxes.** ~~Upon termination of a covenant agreement in subdivision 5, paragraph (b), the land to which the covenant applied~~ When real property that is being or has been valued and assessed under this section no longer qualifies under subdivision 2, the portion no longer qualifying shall be subject to additional taxes in the amount equal to the difference between the taxes determined in accordance with subdivision 3 and the amount determined under subdivision 4, provided that the amount determined under subdivision 4 shall not be greater than it would have been had the actual bona fide sale price of the real property at an arm's-length transaction been used in lieu of the market value determined under subdivision 4. The additional taxes shall be extended against the property on the tax list for the current year, provided that no interest or penalties shall be levied on the additional taxes if timely paid and that the additional taxes shall only be levied with respect to the current year plus (1) two prior years that the property has been valued and assessed under this section, for property that had been enrolled under this section or section 273.111 on or before May 1, 2012, or (2) four prior years that the property had been valued and assessed under this section, for all other property.

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

Sec. 6. **LAND REMOVED FROM PROGRAM.**

(a) Any class 2a land that had been properly enrolled in the Minnesota Agricultural Property Tax Law under Minnesota Statutes 2006, section 273.111, and that was removed from the program between May 21, 2008, and the effective date of this paragraph must be reinstated to the program at the request of the owner provided that the request is made prior to September 1, 2011.

(b) Any class 2b land that had been properly enrolled in the Minnesota Agricultural Property Tax Law under Minnesota Statutes, section 273.111, and that was removed from the program between May 21, 2008, and the effective date of this paragraph, and that applies for enrollment in the rural preserve program under Minnesota Statutes, section 273.114, prior to September 1, 2011, shall be allowed to apply as if it had been enrolled under Minnesota Statutes, section 273.111, immediately prior to application for enrollment under Minnesota Statutes, section 273.114.

(c) If additional taxes, as defined under Minnesota Statutes, section 273.111, subdivision 9, have been paid by a property owner prior to the effective date of this paragraph for property being enrolled or reenrolled under paragraph (a) or (b), the county must repay the property owner in the manner prescribed by the commissioner of revenue.

60.1 **EFFECTIVE DATE.** Paragraphs (a) and (b) are effective the day following final
60.2 enactment for taxes payable in 2012 and thereafter. Paragraph (c) is effective the day
60.3 following final enactment.

60.4 Sec. 7. **COVENANTS TERMINATED.**

60.5 Any covenants entered into in order to comply with the requirements of Minnesota
60.6 Statutes 2010, section 273.114, subdivision 5, are terminated.

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

60.8 Sec. 8. **STUDY REQUIRED.**

60.9 The commissioner of revenue, in consultation with the Minnesota Association of
60.10 Assessing Officers, the Department of Applied Economics at the University of Minnesota,
60.11 and representatives of major farm groups within the state of Minnesota, must explore
60.12 alternative methods for determining the taxable value of tillable and nontillable land
60.13 enrolled in the green acres program under Minnesota Statutes, section 273.111, and the
60.14 rural preserves program under Minnesota Statutes, section 273.114. The commissioner
60.15 must make a report to the legislature by February 15, 2012, describing the methodologies
60.16 intended to be used for assessment year 2012 and thereafter.

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

60.18 Sec. 9. **REPEALER.**

60.19 Minnesota Statutes 2010, section 273.114, subdivision 1, is repealed.

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