

**SENATE**  
**STATE OF MINNESOTA**  
**EIGHTY-SEVENTH LEGISLATURE**      **S.F. No. 1972**

(SENATE AUTHORS: ORTMAN, Pederson, Chamberlain and Brown)

DATE	D-PG	OFFICIAL STATUS
02/20/2012	3856	Introduction and first reading Referred to Taxes
03/23/2012	4801a 4920	Comm report: To pass as amended Second reading
03/30/2012	5460	General Orders: Stricken and laid on table HF substituted HF2337

A bill for an act

1.1 relating to the financing of state and local government; making technical, policy,  
1.2 administrative, and clarifying changes to taxes on individual income, sales  
1.3 and uses, property, aids to local governments; modifying property tax refund  
1.4 payments; reducing and eliminating the state general levy; modifying various  
1.5 taxes and tax-related provisions; providing income tax, sales tax, and property  
1.6 tax exemptions; modifying tax increment financing authorities; setting the  
1.7 levels of the cash flow account and the budget reserve account; appropriating  
1.8 money; amending Minnesota Statutes 2010, sections 6.91, subdivision 2;  
1.9 38.18; 40A.15, subdivision 2; 69.011, subdivision 1; 69.021, subdivisions 7,  
1.10 8; 88.51, subdivision 3; 103B.245, subdivision 3; 103B.251, subdivision 8;  
1.11 103B.635, subdivision 2; 103B.691, subdivision 2; 103D.905, subdivisions  
1.12 2, 3, 8; 116J.8737, subdivisions 5, 7, 8, 9; 117.025, subdivision 7; 127A.48,  
1.13 subdivision 1; 138.053; 144F.01, subdivision 4; 162.07, subdivisions 3, 4;  
1.14 163.04, subdivision 3; 163.06, subdivision 6; 165.10, subdivision 1; 272.03, by  
1.15 adding subdivisions; 273.032; 273.11, subdivision 1; 273.13, subdivision 21b;  
1.16 273.1398, subdivisions 3, 4; 275.011, subdivision 1; 275.025, subdivisions 1,  
1.17 4; 275.065, subdivisions 1, 3; 275.077, subdivision 2; 275.71, subdivision 4;  
1.18 276A.01, subdivisions 10, 12, 13, 15; 287.08; 287.23, subdivision 1; 289A.20,  
1.19 subdivision 4; 289A.31, subdivision 5; 290.0677, subdivision 2; 290.0681,  
1.20 subdivisions 1, 3, 5, 10; 290A.04, subdivision 2h; 297A.61, subdivision 4;  
1.21 297A.67, subdivision 7, by adding a subdivision; 297A.68, subdivision 5;  
1.22 297A.815, subdivision 3; 297G.04, subdivision 2; 353G.08, subdivision 2;  
1.23 365.025, subdivision 4; 366.095, subdivision 1; 366.27; 368.01, subdivision  
1.24 23; 368.47; 370.01; 373.40, subdivisions 1, 4; 375.167, subdivision 1; 375.18,  
1.25 subdivision 3; 375.555; 383B.152; 383B.245; 383B.73, subdivision 1; 383E.20;  
1.26 383E.23; 385.31; 394.36, subdivision 1; 398A.04, subdivision 8; 401.05,  
1.27 subdivision 3; 410.32; 412.221, subdivision 2; 412.301; 428A.02, subdivision 1;  
1.28 430.102, subdivision 2; 447.10; 450.19; 450.25; 458A.10; 458A.31, subdivision  
1.29 1; 465.04; 469.033, subdivision 6; 469.034, subdivision 2; 469.053, subdivisions  
1.30 4, 4a, 6; 469.107, subdivision 1; 469.174, subdivisions 2, 8, 10, by adding  
1.31 subdivisions; 469.176, subdivision 1b; 469.177, subdivision 1; 469.180,  
1.32 subdivision 2; 469.187; 469.206; 471.24; 471.571, subdivisions 1, 2; 471.73;  
1.33 473.325, subdivision 2; 473.629; 473.661, subdivision 3; 473.667, subdivision  
1.34 9; 473.671; 473.711, subdivision 2a; 473F.02, subdivisions 12, 14, 15, 23;  
1.35 475.521, subdivision 4; 475.53, subdivisions 1, 3, 4, 5; 475.58, subdivision 2;  
1.36 475.73, subdivision 1; 477A.0124, subdivision 2; 641.23; 641.24; 645.44, by  
1.37 adding a subdivision; Minnesota Statutes 2011 Supplement, sections 116J.8737,  
1.38 subdivisions 1, 2; 124D.4531, subdivision 1; 126C.40, subdivision 1; 276.04,  
1.39

2.1 subdivision 2; 289A.02, subdivision 7; 290.01, subdivisions 19, 19a, 19b, 31;  
2.2 290.091, subdivision 2; 290A.03, subdivision 15; 291.005, subdivision 1;  
2.3 295.53, subdivision 1; 297A.68, subdivision 42; 297A.75, subdivisions 1, 2,  
2.4 3; 297B.03; 469.1763, subdivision 2; 477A.011, subdivision 20; 477A.013,  
2.5 subdivision 9; 477A.03, subdivision 2a; Laws 2008, chapter 366, article 5,  
2.6 section 34, as amended; proposing coding for new law in Minnesota Statutes,  
2.7 chapter 471; repealing Minnesota Statutes 2010, sections 273.11, subdivision 1a;  
2.8 275.025, subdivisions 1, 2, 4; 276A.01, subdivision 11; 276A.06, subdivision  
2.9 10; 290.0677, subdivision 1a; 290.92, subdivision 31; 473F.02, subdivision 13;  
2.10 473F.08, subdivision 10; 477A.011, subdivision 21; Minnesota Statutes 2011  
2.11 Supplement, sections 275.025, subdivision 3; 289A.60, subdivision 31.

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

2.13 **ARTICLE 1**

2.14 **INCOME TAX**

2.15 Section 1. Minnesota Statutes 2011 Supplement, section 116J.8737, subdivision 1,  
2.16 is amended to read:

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

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

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

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

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

2.27 (1) \$10,000 in a calendar year by a qualified investor; or

2.28 (2) \$30,000 in a calendar year by a qualified fund.

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

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

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

3.1 (h) "Intern" means a student of an accredited institution of higher education, or a  
3.2 former student who has graduated in the past six months from an accredited institution  
3.3 of higher education, who is employed by a qualified small business in a nonpermanent  
3.4 position for a duration of nine months or less that provides training and experience in the  
3.5 primary business activity of the business.

3.6 (i) "Qualified greater Minnesota business" means a qualified small business that  
3.7 is also certified by the commissioner as a qualified greater Minnesota business under  
3.8 subdivision 2, paragraph (h).

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

3.10 Sec. 2. Minnesota Statutes 2011 Supplement, section 116J.8737, subdivision 2, is  
3.11 amended to read:

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

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

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

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

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4.1 (2) at least 51 percent of the business's employees are employed in Minnesota, and  
4.2 51 percent of the business's total payroll is paid or incurred in the state;

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

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

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

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

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

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

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

4.25 (7) the business has not been in operation for more than ten years;

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

4.28 (9) the business is not an entity disqualified under section 80A.50, paragraph (b),  
4.29 clause (3).

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

4.33 (e) In order for a qualified investment in a business to be eligible for tax credits, the  
4.34 business must have applied for and received certification for the calendar year in which  
4.35 the investment was made prior to the date on which the qualified investment was made.

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

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

5.5 (1) "qualified high-technology field" includes aerospace, agricultural processing,  
5.6 renewable energy, energy efficiency and conservation, environmental engineering, food  
5.7 technology, cellulosic ethanol, information technology, materials science technology,  
5.8 nanotechnology, telecommunications, biotechnology, medical device products,  
5.9 pharmaceuticals, diagnostics, biologicals, chemistry, veterinary science, and similar  
5.10 fields; ~~and~~

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

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

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

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

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

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

5.22 Sec. 3. Minnesota Statutes 2010, section 116J.8737, subdivision 5, is amended to read:

5.23 Subd. 5. **Credit allowed.** (a) A qualified investor or qualified fund is eligible for a  
5.24 credit equal to:

5.25 (1) 25 percent of the qualified investment in a qualified small business; or

5.26 (2) 40 percent of the qualified investment in a qualified greater Minnesota business.

5.27 Investments made by a pass-through entity qualify for a credit only if the entity is a  
5.28 qualified fund. The commissioner must not allocate more than \$11,000,000 in credits to  
5.29 qualified investors or qualified funds for taxable years beginning after December 31,  
5.30 2009, and before January 1, 2011, and must not allocate more than \$12,000,000 in credits  
5.31 per year for taxable years beginning after December 31, 2010, and before January 1,  
5.32 2015. Any portion of a taxable year's credits that is not allocated by the commissioner  
5.33 does not cancel and may be carried forward to subsequent taxable years until all credits  
5.34 have been allocated.

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

6.7 (c) The commissioner may not allocate a credit to a qualified investor either as an  
6.8 individual qualified investor or as an investor in a qualified fund if the investor receives  
6.9 more than 50 percent of the investor's gross annual income from the qualified small  
6.10 business in which the qualified investment is proposed. A member of the family of an  
6.11 individual disqualified by this paragraph is not eligible for a credit under this section. For  
6.12 a married couple filing a joint return, the limitations in this paragraph apply collectively  
6.13 to the investor and spouse. For purposes of determining the ownership interest of an  
6.14 investor under this paragraph, the rules under section 267(c) and 267(e) of the Internal  
6.15 Revenue Code apply.

6.16 (d) Applications for tax credits for 2010 must be made available on the department's  
6.17 Web site by September 1, 2010, and the department must begin accepting applications  
6.18 by September 1, 2010. Applications for subsequent years must be made available by  
6.19 November 1 of the preceding year.

6.20 (e) Qualified investors and qualified funds must apply to the commissioner for tax  
6.21 credits. Tax credits must be allocated to qualified investors or qualified funds in the order  
6.22 that the tax credit request applications are filed with the department. The commissioner  
6.23 must approve or reject tax credit request applications within 15 days of receiving the  
6.24 application. The investment specified in the application must be made within 60 days of  
6.25 the allocation of the credits. If the investment is not made within 60 days, the credit  
6.26 allocation is canceled and available for reallocation. A qualified investor or qualified fund  
6.27 that fails to invest as specified in the application, within 60 days of allocation of the  
6.28 credits, must notify the commissioner of the failure to invest within five business days of  
6.29 the expiration of the 60-day investment period.

6.30 (f) All tax credit request applications filed with the department on the same day must  
6.31 be treated as having been filed contemporaneously. If two or more qualified investors or  
6.32 qualified funds file tax credit request applications on the same day, and the aggregate  
6.33 amount of credit allocation claims exceeds the aggregate limit of credits under this section  
6.34 or the lesser amount of credits that remain unallocated on that day, then the credits must  
6.35 be allocated among the qualified investors or qualified funds who filed on that day on a  
6.36 pro rata basis with respect to the amounts claimed. The pro rata allocation for any one

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7.1 qualified investor or qualified fund is the product obtained by multiplying a fraction,  
7.2 the numerator of which is the amount of the credit allocation claim filed on behalf of  
7.3 a qualified investor and the denominator of which is the total of all credit allocation  
7.4 claims filed on behalf of all applicants on that day, by the amount of credits that remain  
7.5 unallocated on that day for the taxable year.

7.6 (g) A qualified investor or qualified fund, or a qualified small business acting on their  
7.7 behalf, must notify the commissioner when an investment for which credits were allocated  
7.8 has been made, and the taxable year in which the investment was made. A qualified fund  
7.9 must also provide the commissioner with a statement indicating the amount invested by  
7.10 each investor in the qualified fund based on each investor's share of the assets of the  
7.11 qualified fund at the time of the qualified investment. After receiving notification that the  
7.12 investment was made, the commissioner must issue credit certificates for the taxable year  
7.13 in which the investment was made to the qualified investor or, for an investment made by  
7.14 a qualified fund, to each qualified investor who is an investor in the fund. The certificate  
7.15 must state that the credit is subject to revocation if the qualified investor or qualified  
7.16 fund does not hold the investment in the qualified small business for at least three years,  
7.17 consisting of the calendar year in which the investment was made and the two following  
7.18 years. The three-year holding period does not apply if:

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

7.21 (2) 80 percent or more of the assets of the qualified small business is sold before  
7.22 the end of the three-year period;

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

7.24 (4) the qualified small business's common stock begins trading on a public exchange  
7.25 before the end of the three-year period.

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

7.28 **EFFECTIVE DATE.** This section is effective the day following final enactment for  
7.29 taxable years beginning after December 31, 2011.

7.30 Sec. 4. Minnesota Statutes 2010, section 116J.8737, subdivision 7, is amended to read:

7.31 Subd. 7. **Revocation of credits.** (a) If the commissioner determines that a  
7.32 qualified investor or qualified fund did not meet the three-year holding period required in  
7.33 subdivision 5, paragraph (g), any credit allocated and certified to the investor or fund is  
7.34 revoked and must be repaid by the investor.

8.1 (b) If the commissioner determines that a business did not meet the employment  
8.2 and payroll requirements in subdivision 2, paragraph (c), clause (2), or paragraph (h),  
8.3 clause (2), as applicable, in any of the five calendar years following the year in which an  
8.4 investment in the business that qualified for a tax credit under this section was made,  
8.5 the business must repay the following percentage of the credits allowed for qualified  
8.6 investments in the business:

8.7	Year following the year in which	Percentage of credit required
8.8	the investment was made:	to be repaid:
8.9	First	100%
8.10	Second	80%
8.11	Third	60%
8.12	Fourth	40%
8.13	Fifth	20%
8.14	Sixth and later	0

8.15 (c) The commissioner must notify the commissioner of revenue of every credit  
8.16 revoked and subject to full or partial repayment under this section.

8.17 (d) For the repayment of credits allowed under this section and section 290.0692,  
8.18 a qualified small business, qualified investor, or investor in a qualified fund must file an  
8.19 amended return with the commissioner of revenue and pay any amounts required to be  
8.20 repaid within 30 days after becoming subject to repayment under this section.

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

8.22 Sec. 5. Minnesota Statutes 2010, section 116J.8737, subdivision 8, is amended to read:

8.23 Subd. 8. **Data privacy.** (a) Data contained in an application submitted to the  
8.24 commissioner under subdivision 2, 3, or 4 are nonpublic data, or private data on  
8.25 individuals, as defined in section 13.02, subdivision 9 or 12, except that the following  
8.26 data items are public:

8.27 (1) the name, mailing address, telephone number, e-mail address, contact person's  
8.28 name, and industry type of a qualified small business upon approval of the application  
8.29 and certification by the commissioner under subdivision 2;

8.30 (2) the name of a qualified investor upon approval of the application and certification  
8.31 by the commissioner under subdivision 3;

8.32 (3) the name of a qualified fund upon approval of the application and certification  
8.33 by the commissioner under subdivision 4;

8.34 (4) for credit certificates issued under subdivision 5, the amount of the credit  
8.35 certificate issued, amount of the qualifying investment, the name of the qualifying investor

9.1 or qualifying fund that received the certificate, and the name of the qualifying small  
9.2 business in which the qualifying investment was made;

9.3 (5) for credits revoked under subdivision 7, paragraph (a), the amount revoked and  
9.4 the name of the qualified investor or qualified fund; and

9.5 (6) for credits revoked under subdivision 7, paragraphs (b) and (c), the amount  
9.6 revoked and the name of the qualified small business.

9.7 (b) The following data, including data classified as nonpublic or private, must be  
9.8 provided to the consultant for use in conducting the program evaluation under subdivision  
9.9 10:

9.10 (1) the commissioner of employment and economic development shall provide data  
9.11 contained in an application for certification received from a qualified small business,  
9.12 qualified investor, or qualified fund, and any annual reporting information received on a  
9.13 qualified small business, qualified investor, or qualified fund; and

9.14 (2) the commissioner of revenue shall provide data contained in any applicable tax  
9.15 returns of a qualified small business, qualified investor, or qualified fund.

9.16 **EFFECTIVE DATE.** This section is effective for businesses requesting certification  
9.17 starting on the day following final enactment.

9.18 Sec. 6. Minnesota Statutes 2010, section 116J.8737, subdivision 9, is amended to read:

9.19 Subd. 9. **Report to legislature.** Beginning in 2011, the commissioner must  
9.20 annually report by March 15 to the chairs and ranking minority members of the legislative  
9.21 committees having jurisdiction over taxes and economic development in the senate and  
9.22 the house of representatives, in compliance with sections 3.195 and 3.197, on the tax  
9.23 credits issued under this section. The report must include:

9.24 (1) the number and amount of the credits issued;

9.25 (2) the recipients of the credits;

9.26 (3) for each qualified small business, its location, line of business, and if it received  
9.27 an investment resulting in certification of tax credits;

9.28 (4) the total amount of investment in each qualified small business resulting in  
9.29 certification of tax credits;

9.30 (5) for each qualified small business that received investments resulting in tax  
9.31 credits, the total amount of additional investment that did not qualify for the tax credit;

9.32 (6) the number and amount of credits revoked under subdivision 7;

9.33 (7) the number and amount of credits that are no longer subject to the three-year  
9.34 holding period because of the exceptions under subdivision 5, paragraph (g), clauses  
9.35 (1) to (4); ~~and~~

- 10.1           (8) the number of qualified small businesses that are women- or minority-owned; and  
10.2           (9) any other information relevant to evaluating the effect of these credits.

10.3           Sec. 7. Minnesota Statutes 2011 Supplement, section 289A.02, subdivision 7, is  
10.4 amended to read:

10.5           Subd. 7. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal  
10.6 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~April 14,~~  
10.7 ~~2011~~ February 14, 2012.

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

10.9           Sec. 8. Minnesota Statutes 2010, section 289A.31, subdivision 5, is amended to read:

10.10           Subd. 5. **Withholding tax, withholding from payments to out-of-state**  
10.11 **contractors, and withholding by partnerships and small business corporations.** (a)  
10.12 Except as provided in paragraph (b), an employer or person withholding tax under section  
10.13 290.92 or 290.923, subdivision 2, who fails to pay to or deposit with the commissioner a  
10.14 sum or sums required by those sections to be deducted, withheld, and paid, is personally  
10.15 and individually liable to the state for the sum or sums, and added penalties and interest,  
10.16 and is not liable to another person for that payment or payments. The sum or sums  
10.17 deducted and withheld under section 290.92, subdivision 2a or 3, or 290.923, subdivision  
10.18 2, must be held as a special fund in trust for the state of Minnesota.

10.19           (b) If the employer or person withholding tax under section 290.92 or 290.923,  
10.20 subdivision 2, fails to deduct and withhold the tax in violation of those sections, and later  
10.21 the taxes against which the tax may be credited are paid, the tax required to be deducted  
10.22 and withheld will not be collected from the employer. This does not, however, relieve the  
10.23 employer from liability for any penalties and interest otherwise applicable for failure to  
10.24 deduct and withhold. This paragraph does not apply to an employer subject to paragraph  
10.25 ~~(g), or to a contractor required to withhold under section 290.92, subdivision 31.~~

10.26           (c) Liability for payment of withholding taxes includes a responsible person or entity  
10.27 described in the personal liability provisions of section 270C.56.

10.28           (d) Liability for payment of withholding taxes includes a third-party lender or surety  
10.29 described in section 270C.59.

10.30           (e) A partnership or S corporation required to withhold and remit tax under section  
10.31 290.92, subdivisions 4b and 4c, is liable for payment of the tax to the commissioner, and a  
10.32 person having control of or responsibility for the withholding of the tax or the filing of  
10.33 returns due in connection with the tax is personally liable for the tax due.

11.1 (f) A payor of sums required to be withheld under section 290.9705, subdivision  
11.2 1, is liable to the state for the amount required to be deducted, and is not liable to an  
11.3 out-of-state contractor for the amount of the payment.

11.4 (g) If an employer fails to withhold tax from the wages of an employee when  
11.5 required to do so under section 290.92, subdivision 2a, by reason of treating such  
11.6 employee as not being an employee, then the liability for tax is equal to three percent of  
11.7 the wages paid to the employee. The liability for tax of an employee is not affected by  
11.8 the assessment or collection of tax under this paragraph. The employer is not entitled to  
11.9 recover from the employee any tax determined under this paragraph.

11.10 **EFFECTIVE DATE.** This section is effective for payments made after June 30,  
11.11 2012.

11.12 Sec. 9. Minnesota Statutes 2011 Supplement, section 290.01, subdivision 19, is  
11.13 amended to read:

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

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

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

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

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

11.33 The net income of a real estate investment trust as defined and limited by section  
11.34 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust  
11.35 taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

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

12.4 The Internal Revenue Code of 1986, as amended through ~~April 14, 2011~~ February  
12.5 14, 2012, shall be in effect for taxable years beginning after December 31, 1996. ~~The~~  
12.6 ~~provisions of the act of January 22, 2010, Public Law 111-126, to accelerate the benefits~~  
12.7 ~~for charitable cash contributions for the relief of victims of the Haitian earthquake, are~~  
12.8 ~~effective at the same time they became effective for federal purposes and apply to the~~  
12.9 ~~subtraction under subdivision 19b, clause (6). The provisions of title II, section 2112, of~~  
12.10 ~~the act of September 27, 2010, Public Law 111-240, rollovers from elective deferral plans~~  
12.11 ~~to designated Roth accounts, are effective at the same time they became effective for~~  
12.12 ~~federal purposes and taxable rollovers are included in net income at the same time they are~~  
12.13 ~~included in gross income for federal purposes.~~

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

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

12.18 Sec. 10. Minnesota Statutes 2011 Supplement, section 290.01, subdivision 19a,  
12.19 is amended to read:

12.20 Subd. 19a. **Additions to federal taxable income.** For individuals, estates, and  
12.21 trusts, there shall be added to federal taxable income:

12.22 (1)(i) interest income on obligations of any state other than Minnesota or a political  
12.23 or governmental subdivision, municipality, or governmental agency or instrumentality  
12.24 of any state other than Minnesota exempt from federal income taxes under the Internal  
12.25 Revenue Code or any other federal statute; and

12.26 (ii) exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue  
12.27 Code, except:

12.28 (A) the portion of the exempt-interest dividends exempt from state taxation under  
12.29 the laws of the United States; and

12.30 (B) the portion of the exempt-interest dividends derived from interest income  
12.31 on obligations of the state of Minnesota or its political or governmental subdivisions,  
12.32 municipalities, governmental agencies or instrumentalities, but only if the portion of the  
12.33 exempt-interest dividends from such Minnesota sources paid to all shareholders represents  
12.34 95 percent or more of the exempt-interest dividends, including any dividends exempt  
12.35 under subitem (A), that are paid by the regulated investment company as defined in section

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13.1 851(a) of the Internal Revenue Code, or the fund of the regulated investment company as  
13.2 defined in section 851(g) of the Internal Revenue Code, making the payment; and

13.3 (iii) for the purposes of items (i) and (ii), interest on obligations of an Indian tribal  
13.4 government described in section 7871(c) of the Internal Revenue Code shall be treated as  
13.5 interest income on obligations of the state in which the tribe is located;

13.6 (2) the amount of income, sales and use, motor vehicle sales, or excise taxes paid or  
13.7 accrued within the taxable year under this chapter and the amount of taxes based on net  
13.8 income paid, sales and use, motor vehicle sales, or excise taxes paid to any other state  
13.9 or to any province or territory of Canada, to the extent allowed as a deduction under  
13.10 section 63(d) of the Internal Revenue Code, but the addition may not be more than the  
13.11 amount by which the itemized deductions as allowed under section 63(d) of the Internal  
13.12 Revenue Code exceeds the amount of the standard deduction as defined in section 63(c) of  
13.13 the Internal Revenue Code, disregarding the amounts allowed under sections 63(c)(1)(C)  
13.14 and 63(c)(1)(E) of the Internal Revenue Code, minus any addition that would have been  
13.15 required under clause (21) if the taxpayer had claimed the standard deduction. For the  
13.16 purpose of this paragraph, the disallowance of itemized deductions under section 68 of  
13.17 the Internal Revenue Code of 1986, income, sales and use, motor vehicle sales, or excise  
13.18 taxes are the last itemized deductions disallowed;

13.19 (3) the capital gain amount of a lump-sum distribution to which the special tax under  
13.20 section 1122(h)(3)(B)(ii) of the Tax Reform Act of 1986, Public Law 99-514, applies;

13.21 (4) the amount of income taxes paid or accrued within the taxable year under this  
13.22 chapter and taxes based on net income paid to any other state or any province or territory  
13.23 of Canada, to the extent allowed as a deduction in determining federal adjusted gross  
13.24 income. For the purpose of this paragraph, income taxes do not include the taxes imposed  
13.25 by sections 290.0922, subdivision 1, paragraph (b), 290.9727, 290.9728, and 290.9729;

13.26 (5) the amount of expense, interest, or taxes disallowed pursuant to section 290.10  
13.27 other than expenses or interest used in computing net interest income for the subtraction  
13.28 allowed under subdivision 19b, clause (1);

13.29 (6) the amount of a partner's pro rata share of net income which does not flow  
13.30 through to the partner because the partnership elected to pay the tax on the income under  
13.31 section 6242(a)(2) of the Internal Revenue Code;

13.32 (7) 80 percent of the depreciation deduction allowed under section 168(k) of the  
13.33 Internal Revenue Code. For purposes of this clause, if the taxpayer has an activity that  
13.34 in the taxable year generates a deduction for depreciation under section 168(k) and the  
13.35 activity generates a loss for the taxable year that the taxpayer is not allowed to claim for  
13.36 the taxable year, "the depreciation allowed under section 168(k)" for the taxable year is

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14.1 limited to excess of the depreciation claimed by the activity under section 168(k) over the  
14.2 amount of the loss from the activity that is not allowed in the taxable year. In succeeding  
14.3 taxable years when the losses not allowed in the taxable year are allowed, the depreciation  
14.4 under section 168(k) is allowed;

14.5 (8) 80 percent of the amount by which the deduction allowed by section 179 of the  
14.6 Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal  
14.7 Revenue Code of 1986, as amended through December 31, 2003;

14.8 (9) to the extent deducted in computing federal taxable income, the amount of the  
14.9 deduction allowable under section 199 of the Internal Revenue Code;

14.10 (10) for taxable years beginning before January 1, 2013, the exclusion allowed  
14.11 under section 139A of the Internal Revenue Code for federal subsidies for prescription  
14.12 drug plans;

14.13 (11) the amount of expenses disallowed under section 290.10, subdivision 2;

14.14 (12) for taxable years beginning before January 1, 2010, the amount deducted for  
14.15 qualified tuition and related expenses under section 222 of the Internal Revenue Code, to  
14.16 the extent deducted from gross income;

14.17 (13) for taxable years beginning before January 1, 2010, the amount deducted for  
14.18 certain expenses of elementary and secondary school teachers under section 62(a)(2)(D)  
14.19 of the Internal Revenue Code, to the extent deducted from gross income;

14.20 (14) the additional standard deduction for property taxes payable that is allowable  
14.21 under section 63(c)(1)(C) of the Internal Revenue Code;

14.22 (15) the additional standard deduction for qualified motor vehicle sales taxes  
14.23 allowable under section 63(c)(1)(E) of the Internal Revenue Code;

14.24 (16) discharge of indebtedness income resulting from reacquisition of business  
14.25 indebtedness and deferred under section 108(i) of the Internal Revenue Code;

14.26 (17) the amount of unemployment compensation exempt from tax under section  
14.27 85(c) of the Internal Revenue Code;

14.28 (18) changes to federal taxable income attributable to a net operating loss that the  
14.29 taxpayer elected to carry back for more than two years for federal purposes but for which  
14.30 the losses can be carried back for only two years under section 290.095, subdivision  
14.31 11, paragraph (c);

14.32 (19) to the extent included in the computation of federal taxable income in taxable  
14.33 years beginning after December 31, 2010, the amount of disallowed itemized deductions,  
14.34 but the amount of disallowed itemized deductions plus the addition required under clause  
14.35 (2) may not be more than the amount by which the itemized deductions as allowed under  
14.36 section 63(d) of the Internal Revenue Code exceeds the amount of the standard deduction

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15.1 as defined in section 63(c) of the Internal Revenue Code, disregarding the amounts  
15.2 allowed under sections 63(c)(1)(C) and 63(c)(1)(E) of the Internal Revenue Code, and  
15.3 reduced by any addition that would have been required under clause (21) if the taxpayer  
15.4 had claimed the standard deduction:

15.5 (i) the amount of disallowed itemized deductions is equal to the lesser of:

15.6 (A) three percent of the excess of the taxpayer's federal adjusted gross income  
15.7 over the applicable amount; or

15.8 (B) 80 percent of the amount of the itemized deductions otherwise allowable to the  
15.9 taxpayer under the Internal Revenue Code for the taxable year;

15.10 (ii) the term "applicable amount" means \$100,000, or \$50,000 in the case of a  
15.11 married individual filing a separate return. Each dollar amount shall be increased by  
15.12 an amount equal to:

15.13 (A) such dollar amount, multiplied by

15.14 (B) the cost-of-living adjustment determined under section 1(f)(3) of the Internal  
15.15 Revenue Code for the calendar year in which the taxable year begins, by substituting  
15.16 "calendar year 1990" for "calendar year 1992" in subparagraph (B) thereof;

15.17 (iii) the term "itemized deductions" does not include:

15.18 (A) the deduction for medical expenses under section 213 of the Internal Revenue  
15.19 Code;

15.20 (B) any deduction for investment interest as defined in section 163(d) of the Internal  
15.21 Revenue Code; and

15.22 (C) the deduction under section 165(a) of the Internal Revenue Code for casualty or  
15.23 theft losses described in paragraph (2) or (3) of section 165(c) of the Internal Revenue  
15.24 Code or for losses described in section 165(d) of the Internal Revenue Code;

15.25 (20) to the extent included in federal taxable income in taxable years beginning after  
15.26 December 31, 2010, the amount of disallowed personal exemptions for taxpayers with  
15.27 federal adjusted gross income over the threshold amount:

15.28 (i) the disallowed personal exemption amount is equal to the dollar amount of the  
15.29 personal exemptions claimed by the taxpayer in the computation of federal taxable income  
15.30 multiplied by the applicable percentage;

15.31 (ii) "applicable percentage" means two percentage points for each \$2,500 (or  
15.32 fraction thereof) by which the taxpayer's federal adjusted gross income for the taxable  
15.33 year exceeds the threshold amount. In the case of a married individual filing a separate  
15.34 return, the preceding sentence shall be applied by substituting "\$1,250" for "\$2,500." In  
15.35 no event shall the applicable percentage exceed 100 percent;

15.36 (iii) the term "threshold amount" means:

- 16.1 (A) \$150,000 in the case of a joint return or a surviving spouse;
- 16.2 (B) \$125,000 in the case of a head of a household;
- 16.3 (C) \$100,000 in the case of an individual who is not married and who is not a
- 16.4 surviving spouse or head of a household; and
- 16.5 (D) \$75,000 in the case of a married individual filing a separate return; and
- 16.6 (iv) the thresholds shall be increased by an amount equal to:
- 16.7 (A) such dollar amount, multiplied by
- 16.8 (B) the cost-of-living adjustment determined under section 1(f)(3) of the Internal
- 16.9 Revenue Code for the calendar year in which the taxable year begins, by substituting
- 16.10 "calendar year 1990" for "calendar year 1992" in subparagraph (B) thereof; and
- 16.11 (21) to the extent deducted in the computation of federal taxable income, for taxable
- 16.12 years beginning after December 31, 2010, and before January 1, ~~2012~~ 2012, the difference
- 16.13 between the standard deduction allowed under section 63(c) of the Internal Revenue Code
- 16.14 and the standard deduction allowed for 2011 and 2012 under the Internal Revenue Code
- 16.15 as amended through December 1, 2010.

16.16 **EFFECTIVE DATE.** This section is effective for taxable years beginning after

16.17 December 31, 2011.

16.18 Sec. 11. Minnesota Statutes 2011 Supplement, section 290.01, subdivision 19b,

16.19 is amended to read:

16.20 Subd. 19b. **Subtractions from federal taxable income.** For individuals, estates,

16.21 and trusts, there shall be subtracted from federal taxable income:

16.22 (1) net interest income on obligations of any authority, commission, or

16.23 instrumentality of the United States to the extent includable in taxable income for federal

16.24 income tax purposes but exempt from state income tax under the laws of the United States;

16.25 (2) if included in federal taxable income, the amount of any overpayment of income

16.26 tax to Minnesota or to any other state, for any previous taxable year, whether the amount

16.27 is received as a refund or as a credit to another taxable year's income tax liability;

16.28 (3) the amount paid to others, less the amount used to claim the credit allowed under

16.29 section 290.0674, not to exceed \$1,625 for each qualifying child in grades kindergarten

16.30 to 6 and \$2,500 for each qualifying child in grades 7 to 12, for tuition, textbooks, and

16.31 transportation of each qualifying child in attending an elementary or secondary school

16.32 situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a

16.33 resident of this state may legally fulfill the state's compulsory attendance laws, which

16.34 is not operated for profit, and which adheres to the provisions of the Civil Rights Act

16.35 of 1964 and chapter 363A. For the purposes of this clause, "tuition" includes fees or

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17.1 tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause,  
17.2 "textbooks" includes books and other instructional materials and equipment purchased  
17.3 or leased for use in elementary and secondary schools in teaching only those subjects  
17.4 legally and commonly taught in public elementary and secondary schools in this state.  
17.5 Equipment expenses qualifying for deduction includes expenses as defined and limited in  
17.6 section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional  
17.7 books and materials used in the teaching of religious tenets, doctrines, or worship, the  
17.8 purpose of which is to instill such tenets, doctrines, or worship, nor does it include books  
17.9 or materials for, or transportation to, extracurricular activities including sporting events,  
17.10 musical or dramatic events, speech activities, driver's education, or similar programs. No  
17.11 deduction is permitted for any expense the taxpayer incurred in using the taxpayer's or  
17.12 the qualifying child's vehicle to provide such transportation for a qualifying child. For  
17.13 purposes of the subtraction provided by this clause, "qualifying child" has the meaning  
17.14 given in section 32(c)(3) of the Internal Revenue Code;

17.15 (4) income as provided under section 290.0802;

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

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

17.24 (7) for individuals who are allowed a federal foreign tax credit for taxes that do not  
17.25 qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover  
17.26 of subnational foreign taxes for the taxable year, but not to exceed the total subnational  
17.27 foreign taxes reported in claiming the foreign tax credit. For purposes of this clause,  
17.28 "federal foreign tax credit" means the credit allowed under section 27 of the Internal  
17.29 Revenue Code, and "carryover of subnational foreign taxes" equals the carryover allowed  
17.30 under section 904(c) of the Internal Revenue Code minus national level foreign taxes to  
17.31 the extent they exceed the federal foreign tax credit;

17.32 (8) in each of the five tax years immediately following the tax year in which an  
17.33 addition is required under subdivision 19a, clause (7), or 19c, clause (15), in the case  
17.34 of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth  
17.35 of the delayed depreciation. For purposes of this clause, "delayed depreciation" means  
17.36 the amount of the addition made by the taxpayer under subdivision 19a, clause (7), or

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18.1 subdivision 19c, clause (15), in the case of a shareholder of an S corporation, minus the  
18.2 positive value of any net operating loss under section 172 of the Internal Revenue Code  
18.3 generated for the tax year of the addition. The resulting delayed depreciation cannot be  
18.4 less than zero;

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

18.6 (10) to the extent included in federal taxable income, the amount of compensation  
18.7 paid to members of the Minnesota National Guard or other reserve components of the  
18.8 United States military for active service, excluding compensation for services performed  
18.9 under the Active Guard Reserve (AGR) program. For purposes of this clause, "active  
18.10 service" means (i) state active service as defined in section 190.05, subdivision 5a, clause  
18.11 (1); or (ii) federally funded state active service as defined in section 190.05, subdivision  
18.12 5b, but "active service" excludes service performed in accordance with section 190.08,  
18.13 subdivision 3;

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

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

18.30 (13) in each of the five tax years immediately following the tax year in which an  
18.31 addition is required under subdivision 19a, clause (8), or 19c, clause (16), in the case of a  
18.32 shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the  
18.33 addition made by the taxpayer under subdivision 19a, clause (8), or 19c, clause (16), in the  
18.34 case of a shareholder of a corporation that is an S corporation, minus the positive value of  
18.35 any net operating loss under section 172 of the Internal Revenue Code generated for the

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19.1 tax year of the addition. If the net operating loss exceeds the addition for the tax year, a  
19.2 subtraction is not allowed under this clause;

19.3 (14) to the extent included in the federal taxable income of a nonresident of  
19.4 Minnesota, compensation paid to a service member as defined in United States Code, title  
19.5 10, section 101(a)(5), for military service as defined in the Servicemembers Civil Relief  
19.6 Act, Public Law 108-189, section 101(2);

19.7 (15) international economic development zone income as provided under section  
19.8 469.325;

19.9 (16) to the extent included in federal taxable income, the amount of national service  
19.10 educational awards received from the National Service Trust under United States Code,  
19.11 title 42, sections 12601 to 12604, for service in an approved Americorps National Service  
19.12 program;

19.13 (17) to the extent included in federal taxable income, discharge of indebtedness  
19.14 income resulting from reacquisition of business indebtedness included in federal taxable  
19.15 income under section 108(i) of the Internal Revenue Code. This subtraction applies only  
19.16 to the extent that the income was included in net income in a prior year as a result of the  
19.17 addition under section 290.01, subdivision 19a, clause (16); ~~and~~

19.18 (18) the amount of the net operating loss allowed under section 290.095, subdivision  
19.19 11, paragraph (c); and

19.20 (19) to the extent included in federal taxable income, 55 percent of compensation  
19.21 received from a pension or other retirement pay from the federal government for service  
19.22 in the military, as computed under United States Code, title 10, sections 1401 to 1414,  
19.23 1447 to 1455, and 12733.

19.24 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
19.25 December 31, 2012.

19.26 Sec. 12. Minnesota Statutes 2011 Supplement, section 290.01, subdivision 31, is  
19.27 amended to read:

19.28 Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal  
19.29 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~April 14,~~  
19.30 ~~2011~~ February 14, 2012. Internal Revenue Code also includes any uncodified provision in  
19.31 federal law that relates to provisions of the Internal Revenue Code that are incorporated  
19.32 into Minnesota law. When used in this chapter, the reference to "subtitle A, chapter 1,  
19.33 subchapter N, part 1, of the Internal Revenue Code" is to the Internal Revenue Code as  
19.34 amended through March 18, 2010.

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

20.2 Sec. 13. Minnesota Statutes 2010, section 290.0677, subdivision 2, is amended to read:

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

20.5 (b) "Designated area" means a:

20.6 (1) combat zone designated by Executive Order from the President of the United  
20.7 States;

20.8 (2) qualified hazardous duty area, designated in Public Law; or

20.9 (3) location certified by the U. S. Department of Defense as eligible for combat zone  
20.10 tax benefits due to the location's direct support of military operations.

20.11 (c) "Active military service" means active duty service in any of the United States  
20.12 armed forces, the National Guard, or reserves.

20.13 ~~(d) "Qualified individual" means an individual who has~~

20.14 ~~(1) either (i) served at least 20 years in the military or (ii) has a service-connected~~  
20.15 ~~disability rating of 100 percent for a total and permanent disability; and~~

20.16 ~~(2) separated from military service before the end of the taxable year.~~

20.17 ~~(e) "Adjusted gross income" has the meaning given in section 61 of the Internal~~  
20.18 ~~Revenue Code.~~

20.19 EFFECTIVE DATE. This section is effective for taxable years beginning after  
20.20 December 31, 2011.

20.21 Sec. 14. Minnesota Statutes 2010, section 290.0681, subdivision 1, is amended to read:

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

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

20.26 (c) "Office" means the State Historic Preservation Office of the Minnesota Historical  
20.27 Society.

20.28 (d) "Project" means rehabilitation of a certified historic structure, as defined in  
20.29 section 47(c)(3)(A) of the Internal Revenue Code, that is located in Minnesota and is  
20.30 allowed a federal credit under section 47(a)(2) of the Internal Revenue Code.

20.31 (e) "Society" means the Minnesota Historical Society.

20.32 (f) "Federal credit" means the credit allowed under section 47(a)(2) of the Internal  
20.33 Revenue Code.

21.1 (g) "Placed in service" has the meaning given in section 47 of the Internal Revenue  
21.2 Code.

21.3 (h) "Qualified rehabilitation expenditures" has the meaning given in section 47 of  
21.4 the Internal Revenue Code.

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

21.6 Sec. 15. Minnesota Statutes 2010, section 290.0681, subdivision 3, is amended to read:

21.7 Subd. 3. **Applications; allocations.** (a) To qualify for a credit or grant under this  
21.8 section, the developer of a project must apply to the office before the rehabilitation begins.  
21.9 The application must contain the information and be in the form prescribed by the office.  
21.10 The office may collect a fee for application of up to \$5,000, based on estimated qualified  
21.11 rehabilitation ~~expenses~~ expenditures, to offset costs associated with personnel and  
21.12 administrative expenses related to administering the credit and preparing the economic  
21.13 impact report in subdivision 9. Application fees are deposited in the account. The  
21.14 application must indicate if the application is for a credit or a grant in lieu of the credit  
21.15 or a combination of the two and designate the taxpayer qualifying for the credit or the  
21.16 recipient of the grant.

21.17 (b) Upon approving an application for credit, the office shall issue allocation  
21.18 certificates that:

21.19 (1) verify eligibility for the credit or grant;

21.20 (2) state the amount of credit or grant anticipated with the project, with the credit  
21.21 amount equal to 100 percent and the grant amount equal to 90 percent of the federal  
21.22 credit anticipated in the application;

21.23 (3) state that the credit or grant allowed may increase or decrease if the federal  
21.24 credit the project receives at the time it is placed in service is different than the amount  
21.25 anticipated at the time the allocation certificate is issued; and

21.26 (4) state the fiscal year in which the credit or grant is allocated, and that the taxpayer  
21.27 or grant recipient is entitled to receive the credit or grant at the time the project is placed  
21.28 in service, provided that date is within three calendar years following the issuance of  
21.29 the allocation certificate.

21.30 (c) The office, in consultation with the commissioner ~~of revenue~~, shall determine if  
21.31 the project is eligible for a credit or a grant under this section. Eligibility for the credit is  
21.32 subject to review and audit by the commissioner ~~of revenue~~.

21.33 (d) The federal credit recapture and repayment requirements under section 50 of the  
21.34 Internal Revenue Code do not apply to the credit allowed under this section.

22.1 (e) Any decision of the office or the society under this subdivision may be challenged  
22.2 as a contested case under chapter 14.

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

22.4 Sec. 16. Minnesota Statutes 2010, section 290.0681, subdivision 5, is amended to read:

22.5 Subd. 5. **Partnerships; multiple owners.** Credits granted to a partnership, a limited  
22.6 liability company taxed as a partnership, S corporation, or multiple owners of property  
22.7 are passed through to the partners, members, shareholders, or owners, respectively, pro  
22.8 rata to each partner, member, shareholder, or owner based on their share of the entity's  
22.9 assets or as specially allocated in their organizational documents or any other executed  
22.10 agreement, as of the last day of the taxable year.

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

22.12 Sec. 17. Minnesota Statutes 2010, section 290.0681, subdivision 10, is amended to  
22.13 read:

22.14 Subd. 10. **Sunset.** This section expires after fiscal year ~~2015~~ 2021, except that  
22.15 the office's authority to issue credit certificates under subdivision 4 based on allocation  
22.16 certificates that were issued before fiscal year ~~2016~~ 2022 remains in effect through ~~2018~~  
22.17 2024, and the reporting requirements in subdivision 9 remain in effect through the year  
22.18 following the year in which all allocation certificates have either been canceled or resulted  
22.19 in issuance of credit certificates, or ~~2019~~ 2025, whichever is earlier.

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

22.21 Sec. 18. Minnesota Statutes 2011 Supplement, section 290.091, subdivision 2, is  
22.22 amended to read:

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

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

22.27 (1) the taxpayer's federal alternative minimum taxable income as defined in section  
22.28 55(b)(2) of the Internal Revenue Code;

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

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

- 23.1 (ii) the medical expense deduction;
- 23.2 (iii) the casualty, theft, and disaster loss deduction; and
- 23.3 (iv) the impairment-related work expenses of a disabled person;
- 23.4 (3) for depletion allowances computed under section 613A(c) of the Internal  
23.5 Revenue Code, with respect to each property (as defined in section 614 of the Internal  
23.6 Revenue Code), to the extent not included in federal alternative minimum taxable income,  
23.7 the excess of the deduction for depletion allowable under section 611 of the Internal  
23.8 Revenue Code for the taxable year over the adjusted basis of the property at the end of the  
23.9 taxable year (determined without regard to the depletion deduction for the taxable year);
- 23.10 (4) to the extent not included in federal alternative minimum taxable income, the  
23.11 amount of the tax preference for intangible drilling cost under section 57(a)(2) of the  
23.12 Internal Revenue Code determined without regard to subparagraph (E);
- 23.13 (5) to the extent not included in federal alternative minimum taxable income, the  
23.14 amount of interest income as provided by section 290.01, subdivision 19a, clause (1); and
- 23.15 (6) the amount of addition required by section 290.01, subdivision 19a, clauses (7)  
23.16 to (9), (12), (13), and (16) to (18);
- 23.17 less the sum of the amounts determined under the following:
- 23.18 (1) interest income as defined in section 290.01, subdivision 19b, clause (1);
- 23.19 (2) an overpayment of state income tax as provided by section 290.01, subdivision  
23.20 19b, clause (2), to the extent included in federal alternative minimum taxable income;
- 23.21 (3) the amount of investment interest paid or accrued within the taxable year on  
23.22 indebtedness to the extent that the amount does not exceed net investment income, as  
23.23 defined in section 163(d)(4) of the Internal Revenue Code. Interest does not include  
23.24 amounts deducted in computing federal adjusted gross income;
- 23.25 (4) amounts subtracted from federal taxable income as provided by section 290.01,  
23.26 subdivision 19b, clauses (6), (8) to (15), ~~and (17)~~, and (19); and
- 23.27 (5) the amount of the net operating loss allowed under section 290.095, subdivision  
23.28 11, paragraph (c).
- 23.29 In the case of an estate or trust, alternative minimum taxable income must be  
23.30 computed as provided in section 59(c) of the Internal Revenue Code.
- 23.31 (b) "Investment interest" means investment interest as defined in section 163(d)(3)  
23.32 of the Internal Revenue Code.
- 23.33 (c) "Net minimum tax" means the minimum tax imposed by this section.
- 23.34 (d) "Regular tax" means the tax that would be imposed under this chapter (without  
23.35 regard to this section and section 290.032), reduced by the sum of the nonrefundable  
23.36 credits allowed under this chapter.

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24.1 (e) "Tentative minimum tax" equals 6.4 percent of alternative minimum taxable  
24.2 income after subtracting the exemption amount determined under subdivision 3.

24.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
24.4 December 31, 2012.

24.5 Sec. 19. Minnesota Statutes 2011 Supplement, section 290A.03, subdivision 15,  
24.6 is amended to read:

24.7 Subd. 15. **Internal Revenue Code.** "Internal Revenue Code" means the Internal  
24.8 Revenue Code of 1986, as amended through ~~April 14, 2011~~ February 14, 2012.

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

24.10 Sec. 20. Minnesota Statutes 2011 Supplement, section 291.005, subdivision 1, is  
24.11 amended to read:

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

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

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

24.19 (3) "Internal Revenue Code" means the United States Internal Revenue Code of  
24.20 1986, as amended through ~~April 14, 2011~~ February 14, 2012, but without regard to the  
24.21 provisions of sections 501 and 901 of Public Law 107-16, as amended by Public Law  
24.22 111-312, and section 301(c) of Public Law 111-312.

24.23 (4) "Minnesota adjusted taxable estate" means federal adjusted taxable estate as  
24.24 defined by section 2011(b)(3) of the Internal Revenue Code, plus

24.25 (i) the amount of deduction for state death taxes allowed under section 2058 of  
24.26 the Internal Revenue Code; less

24.27 (ii)(A) the value of qualified small business property under section 291.03,  
24.28 subdivision 9, and the value of qualified farm property under section 291.03, subdivision  
24.29 10, or (B) \$4,000,000, whichever is less.

24.30 (5) "Minnesota gross estate" means the federal gross estate of a decedent after (a)  
24.31 excluding therefrom any property included therein which has its situs outside Minnesota,  
24.32 and (b) including therein any property omitted from the federal gross estate which is

25.1 includable therein, has its situs in Minnesota, and was not disclosed to federal taxing  
25.2 authorities.

25.3 (6) "Nonresident decedent" means an individual whose domicile at the time of  
25.4 death was not in Minnesota.

25.5 (7) "Personal representative" means the executor, administrator or other person  
25.6 appointed by the court to administer and dispose of the property of the decedent. If there  
25.7 is no executor, administrator or other person appointed, qualified, and acting within this  
25.8 state, then any person in actual or constructive possession of any property having a situs in  
25.9 this state which is included in the federal gross estate of the decedent shall be deemed  
25.10 to be a personal representative to the extent of the property and the Minnesota estate tax  
25.11 due with respect to the property.

25.12 (8) "Resident decedent" means an individual whose domicile at the time of death  
25.13 was in Minnesota.

25.14 (9) "Situs of property" means, with respect to real property, the state or country in  
25.15 which it is located; with respect to tangible personal property, the state or country in which  
25.16 it was normally kept or located at the time of the decedent's death; and with respect to  
25.17 intangible personal property, the state or country in which the decedent was domiciled  
25.18 at death.

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

25.20 Sec. 21. Minnesota Statutes 2010, section 297G.04, subdivision 2, is amended to read:

25.21 Subd. 2. **Tax credit.** A qualified brewer producing fermented malt beverages  
25.22 is entitled to a tax credit of \$4.60 per barrel on 25,000 barrels sold in any fiscal year  
25.23 beginning July 1, regardless of the alcohol content of the product. Qualified brewers may  
25.24 take the credit on the 18th day of each month, but the total credit allowed may not exceed  
25.25 in any fiscal year the lesser of:

25.26 (1) the liability for tax; or

25.27 (2) \$115,000.

25.28 For purposes of this subdivision, a "qualified brewer" means a brewer, whether or  
25.29 not located in this state, manufacturing less than ~~100,000~~ 250,000 barrels of fermented  
25.30 malt beverages in the calendar year immediately preceding the calendar year for which  
25.31 the credit under this subdivision is claimed. In determining the number of barrels, all  
25.32 brands or labels of a brewer must be combined. All facilities for the manufacture of  
25.33 fermented malt beverages owned or controlled by the same person, corporation, or other  
25.34 entity must be treated as a single brewer.

26.1 EFFECTIVE DATE. This section is effective for determinations based on calendar  
26.2 year 2011 production and thereafter.

26.3 Sec. 22. REPEALER.

26.4 (a) Minnesota Statutes 2010, section 290.0677, subdivision 1a, is repealed.

26.5 (b) Minnesota Statutes 2010, section 290.92, subdivision 31, is repealed.

26.6 EFFECTIVE DATE. Paragraph (a) is effective for taxable years beginning after  
26.7 December 31, 2012. Paragraph (b) is effective for payments made after June 30, 2012.

## 26.8 ARTICLE 2

### 26.9 SALES TAX

26.10 Section 1. Minnesota Statutes 2010, section 289A.20, subdivision 4, is amended to  
26.11 read:

26.12 Subd. 4. **Sales and use tax.** (a) The taxes imposed by chapter 297A are due and  
26.13 payable to the commissioner monthly on or before the 20th day of the month following  
26.14 the month in which the taxable event occurred, or following another reporting period  
26.15 as the commissioner prescribes or as allowed under section 289A.18, subdivision 4,  
26.16 paragraph (f) or (g), except that:

26.17 ~~(1) use taxes due on an annual use tax return as provided under section 289A.11,~~  
26.18 ~~subdivision 1, are payable by April 15 following the close of the calendar year; and~~

26.19 ~~(2) except as provided in paragraph (f), for a vendor having a liability of \$120,000~~  
26.20 ~~or more during a fiscal year ending June 30, 2009, and fiscal years thereafter, the taxes~~  
26.21 ~~imposed by chapter 297A, except as provided in paragraph (b), are due and payable to the~~  
26.22 ~~commissioner monthly in the following manner:~~

26.23 ~~(i) On or before the 14th day of the month following the month in which the taxable~~  
26.24 ~~event occurred, the vendor must remit to the commissioner 90 percent of the estimated~~  
26.25 ~~liability for the month in which the taxable event occurred.~~

26.26 ~~(ii) On or before the 20th day of the month in which the taxable event occurs, the~~  
26.27 ~~vendor must remit to the commissioner a prepayment for the month in which the taxable~~  
26.28 ~~event occurs equal to 67 percent of the liability for the previous month.~~

26.29 ~~(iii) On or before the 20th day of the month following the month in which the taxable~~  
26.30 ~~event occurred, the vendor must pay any additional amount of tax not previously remitted~~  
26.31 ~~under either item (i) or (ii) or, if the payment made under item (i) or (ii) was greater than~~  
26.32 ~~the vendor's liability for the month in which the taxable event occurred, the vendor may~~  
26.33 ~~take a credit against the next month's liability in a manner prescribed by the commissioner.~~

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27.1 ~~(iv) Once the vendor first pays under either item (i) or (ii), the vendor is required to~~  
27.2 ~~continue to make payments in the same manner, as long as the vendor continues having a~~  
27.3 ~~liability of \$120,000 or more during the most recent fiscal year ending June 30.~~

27.4 ~~(v) Notwithstanding items (i), (ii), and (iv), if a vendor fails to make the required~~  
27.5 ~~payment in the first month that the vendor is required to make a payment under either item~~  
27.6 ~~(i) or (ii), then the vendor is deemed to have elected to pay under item (ii) and must make~~  
27.7 ~~subsequent monthly payments in the manner provided in item (ii).~~

27.8 ~~(vi) For vendors making an accelerated payment under item (ii), for the first month~~  
27.9 ~~that the vendor is required to make the accelerated payment, on the 20th of that month, the~~  
27.10 ~~vendor will pay 100 percent of the liability for the previous month and a prepayment for~~  
27.11 ~~the first month equal to 67 percent of the liability for the previous month.~~

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

27.15 (1) Two business days before June 30 of the year, the vendor must remit 90 percent  
27.16 of the estimated June liability to the commissioner.

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

27.19 (c) A vendor having a liability of:

27.20 (1) \$10,000 or more, but less than \$120,000 during a fiscal year ending June 30,  
27.21 2009, and fiscal years thereafter, must remit by electronic means all liabilities on returns  
27.22 due for periods beginning in the subsequent calendar year on or before the 20th day of  
27.23 the month following the month in which the taxable event occurred, or on or before the  
27.24 20th day of the month following the month in which the sale is reported under section  
27.25 289A.18, subdivision 4; or

27.26 (2) \$120,000 or more, during a fiscal year ending June 30, 2009, and fiscal years  
27.27 thereafter, must remit by electronic means all liabilities in the manner provided in  
27.28 paragraph (a), ~~clause (2)~~, on returns due for periods beginning in the subsequent calendar  
27.29 year, except for 90 percent of the estimated June liability, which is due two business days  
27.30 before June 30. The remaining amount of the June liability is due on August 20.

27.31 (d) Notwithstanding paragraph (b) or (c), a person prohibited by the person's  
27.32 religious beliefs from paying electronically shall be allowed to remit the payment by mail.  
27.33 The filer must notify the commissioner of revenue of the intent to pay by mail before  
27.34 doing so on a form prescribed by the commissioner. No extra fee may be charged to a  
27.35 person making payment by mail under this paragraph. The payment must be postmarked

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28.1 at least two business days before the due date for making the payment in order to be  
28.2 considered paid on a timely basis.

28.3 ~~(e) Whenever the liability is \$120,000 or more separately for: (1) the tax imposed~~  
28.4 ~~under chapter 297A; (2) a fee that is to be reported on the same return as and paid with the~~  
28.5 ~~chapter 297A taxes; or (3) any other tax that is to be reported on the same return as and~~  
28.6 ~~paid with the chapter 297A taxes, then the payment of all the liabilities on the return must~~  
28.7 ~~be accelerated as provided in this subdivision.~~

28.8 ~~(f) At the start of the first calendar quarter at least 90 days after the cash flow~~  
28.9 ~~account established in section 16A.152, subdivision 1, and the budget reserve account~~  
28.10 ~~established in section 16A.152, subdivision 1a, reach the amounts listed in section~~  
28.11 ~~16A.152, subdivision 2, paragraph (a), the remittance of the accelerated payments required~~  
28.12 ~~under paragraph (a), clause (2), must be suspended. The commissioner of management~~  
28.13 ~~and budget shall notify the commissioner of revenue when the accounts have reached~~  
28.14 ~~the required amounts. Beginning with the suspension of paragraph (a), clause (2), for a~~  
28.15 ~~vendor with a liability of \$120,000 or more during a fiscal year ending June 30, 2009,~~  
28.16 ~~and fiscal years thereafter, the taxes imposed by chapter 297A are due and payable to the~~  
28.17 ~~commissioner on the 20th day of the month following the month in which the taxable~~  
28.18 ~~event occurred. Payments of tax liabilities for taxable events occurring in June under~~  
28.19 ~~paragraph (b) are not changed.~~

28.20 **EFFECTIVE DATE.** This section is effective for taxes due and payable after  
28.21 June 30, 2012.

28.22 Sec. 2. Minnesota Statutes 2011 Supplement, section 295.53, subdivision 1, is  
28.23 amended to read:

28.24 Subdivision 1. **Exemptions.** (a) The following payments are excluded from the  
28.25 gross revenues subject to the hospital, surgical center, or health care provider taxes under  
28.26 sections 295.50 to 295.59:

28.27 (1) payments received for services provided under the Medicare program, including  
28.28 payments received from the government, and organizations governed by sections 1833  
28.29 and 1876 of title XVIII of the federal Social Security Act, United States Code, title 42,  
28.30 section 1395, and enrollee deductibles, coinsurance, and co-payments, whether paid by the  
28.31 Medicare enrollee or by a Medicare supplemental coverage as defined in section 62A.011,  
28.32 subdivision 3, clause (10), or by Medicaid payments under title XIX of the federal Social  
28.33 Security Act. Payments for services not covered by Medicare are taxable;

28.34 (2) payments received for home health care services;

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29.1 (3) payments received from hospitals or surgical centers for goods and services on  
29.2 which liability for tax is imposed under section 295.52 or the source of funds for the  
29.3 payment is exempt under clause (1), (7), (10), or (14);

29.4 (4) payments received from health care providers for goods and services on which  
29.5 liability for tax is imposed under this chapter or the source of funds for the payment is  
29.6 exempt under clause (1), (7), (10), or (14);

29.7 (5) amounts paid for legend drugs, other than nutritional products and blood and  
29.8 blood components, to a wholesale drug distributor who is subject to tax under section  
29.9 295.52, subdivision 3, reduced by reimbursements received for legend drugs otherwise  
29.10 exempt under this chapter;

29.11 (6) payments received by a health care provider or the wholly owned subsidiary of a  
29.12 health care provider for care provided outside Minnesota;

29.13 (7) payments received from the chemical dependency fund under chapter 254B;

29.14 (8) payments received in the nature of charitable donations that are not designated  
29.15 for providing patient services to a specific individual or group;

29.16 (9) payments received for providing patient services incurred through a formal  
29.17 program of health care research conducted in conformity with federal regulations  
29.18 governing research on human subjects. Payments received from patients or from other  
29.19 persons paying on behalf of the patients are subject to tax;

29.20 (10) payments received from any governmental agency for services benefiting the  
29.21 public, not including payments made by the government in its capacity as an employer  
29.22 or insurer or payments made by the government for services provided under general  
29.23 assistance medical care, the MinnesotaCare program, or the medical assistance program  
29.24 governed by title XIX of the federal Social Security Act, United States Code, title 42,  
29.25 sections 1396 to 1396v;

29.26 (11) government payments received by the commissioner of human services for  
29.27 state-operated services;

29.28 (12) payments received by a health care provider for hearing aids and related  
29.29 equipment or prescription eyewear delivered outside of Minnesota;

29.30 (13) payments received by an educational institution from student tuition, student  
29.31 activity fees, health care service fees, government appropriations, donations, or grants,  
29.32 and for services identified in and provided under an individualized education program  
29.33 as defined in section 256B.0625 or Code of Federal Regulations, chapter 34, section  
29.34 300.340(a). Fee for service payments and payments for extended coverage are taxable;

30.1 (14) payments received under the federal Employees Health Benefits Act, United  
30.2 States Code, title 5, section 8909(f), as amended by the Omnibus Reconciliation Act of  
30.3 1990. Enrollee deductibles, coinsurance, and co-payments are subject to tax; ~~and~~

30.4 (15) payments received under the federal Tricare program, Code of Federal  
30.5 Regulations, title 32, section 199.17(a)(7). Enrollee deductibles, coinsurance, and  
30.6 co-payments are subject to tax; and

30.7 (16) payments for laboratory services to examine and report results for a biological  
30.8 specimen that is collected outside the state. The entity claiming the exemption is required  
30.9 to keep adequate records demonstrating that the specimen was collected outside the state,  
30.10 so that the commissioner can ensure that the correct amount of tax is paid.

30.11 (b) Payments received by wholesale drug distributors for legend drugs sold directly  
30.12 to veterinarians or veterinary bulk purchasing organizations are excluded from the gross  
30.13 revenues subject to the wholesale drug distributor tax under sections 295.50 to 295.59.

30.14 **EFFECTIVE DATE.** This section is effective for gross revenues received from  
30.15 laboratory services provided on or after July 1, 2013.

30.16 Sec. 3. Minnesota Statutes 2010, section 297A.61, subdivision 4, is amended to read:

30.17 Subd. 4. **Retail sale.** (a) A "retail sale" means any sale, lease, or rental for any  
30.18 purpose, other than resale, sublease, or subrent of items by the purchaser in the normal  
30.19 course of business as defined in subdivision 21.

30.20 (b) A sale of property used by the owner only by leasing it to others or by holding it  
30.21 in an effort to lease it, and put to no use by the owner other than resale after the lease or  
30.22 effort to lease, is a sale of property for resale.

30.23 (c) A sale of master computer software that is purchased and used to make copies for  
30.24 sale or lease is a sale of property for resale.

30.25 (d) A sale of building materials, supplies, and equipment to owners, contractors,  
30.26 subcontractors, or builders for the erection of buildings or the alteration, repair, or  
30.27 improvement of real property is a retail sale in whatever quantity sold, whether the sale is  
30.28 for purposes of resale in the form of real property or otherwise.

30.29 (e) A sale of carpeting, linoleum, or similar floor covering to a person who provides  
30.30 for installation of the floor covering is a retail sale and not a sale for resale since a sale  
30.31 of floor covering which includes installation is a contract for the improvement of real  
30.32 property.

30.33 (f) A sale of shrubbery, plants, sod, trees, and similar items to a person who provides  
30.34 for installation of the items is a retail sale and not a sale for resale since a sale of

31.1 shrubbery, plants, sod, trees, and similar items that includes installation is a contract for  
31.2 the improvement of real property.

31.3 (g) A sale of tangible personal property that is awarded as prizes is a retail sale and  
31.4 is not considered a sale of property for resale.

31.5 (h) A sale of tangible personal property utilized or employed in the furnishing or  
31.6 providing of services under subdivision 3, paragraph (g), clause (1), including, but not  
31.7 limited to, property given as promotional items, is a retail sale and is not considered a  
31.8 sale of property for resale.

31.9 (i) A sale of tangible personal property used in conducting lawful gambling under  
31.10 chapter 349 or the State Lottery under chapter 349A, including, but not limited to,  
31.11 property given as promotional items, is a retail sale and is not considered a sale of  
31.12 property for resale.

31.13 (j) A sale of machines, equipment, or devices that are used to furnish, provide, or  
31.14 dispense goods or services, including, but not limited to, coin-operated devices, is a retail  
31.15 sale and is not considered a sale of property for resale.

31.16 (k) In the case of a lease, a retail sale occurs (1) when an obligation to make a lease  
31.17 payment becomes due under the terms of the agreement or the trade practices of the lessor  
31.18 ~~or~~ (2) in the case of a lease of a motor vehicle, as defined in section 297B.01, subdivision  
31.19 11, but excluding vehicles with a manufacturer's gross vehicle weight rating greater than  
31.20 10,000 pounds and rentals of vehicles for not more than 28 days, at the time the lease is  
31.21 executed; or (3) for rent-to-own or lease-to-own used vehicles where the lessee may  
31.22 purchase or return the vehicle at any time without penalty, at the time each payment is  
31.23 made under the terms of the agreement.

31.24 (l) In the case of a conditional sales contract, a retail sale occurs upon the transfer of  
31.25 title or possession of the tangible personal property.

31.26 (m) A sale of a bundled transaction in which one or more of the products included  
31.27 in the bundle is a taxable product is a retail sale, except that if one of the products  
31.28 is a telecommunication service, ancillary service, Internet access, or audio or video  
31.29 programming service, and the seller has maintained books and records identifying through  
31.30 reasonable and verifiable standards the portions of the price that are attributable to the  
31.31 distinct and separately identifiable products, then the products are not considered part of a  
31.32 bundled transaction. For purposes of this paragraph:

31.33 (1) the books and records maintained by the seller must be maintained in the regular  
31.34 course of business, and do not include books and records created and maintained by the  
31.35 seller primarily for tax purposes;

32.1 (2) books and records maintained in the regular course of business include, but are  
32.2 not limited to, financial statements, general ledgers, invoicing and billing systems and  
32.3 reports, and reports for regulatory tariffs and other regulatory matters; and

32.4 (3) books and records are maintained primarily for tax purposes when the books  
32.5 and records identify taxable and nontaxable portions of the price, but the seller maintains  
32.6 other books and records that identify different prices attributable to the distinct products  
32.7 included in the same bundled transaction.

32.8 **EFFECTIVE DATE.** This section is effective for leases entered into after June  
32.9 30, 2012.

32.10 Sec. 4. Minnesota Statutes 2010, section 297A.67, subdivision 7, is amended to read:

32.11 Subd. 7. **Drugs; medical devices.** (a) Sales of the following drugs and medical  
32.12 devices for human use are exempt:

32.13 (1) drugs, including over-the-counter drugs;

32.14 (2) single-use finger-pricking devices for the extraction of blood and other single-use  
32.15 devices and single-use diagnostic agents used in diagnosing, monitoring, or treating  
32.16 diabetes;

32.17 (3) insulin and medical oxygen for human use, regardless of whether prescribed  
32.18 or sold over the counter;

32.19 (4) prosthetic devices;

32.20 (5) durable medical equipment for home use only;

32.21 (6) mobility enhancing equipment;

32.22 (7) prescription corrective eyeglasses; and

32.23 (8) kidney dialysis equipment, including repair and replacement parts.

32.24 (b) Items purchased in transactions covered by:

32.25 (1) Medicare as defined under title XVIII of the Social Security Act, United States  
32.26 Code, title 42, sections 1395, et seq.; or

32.27 (2) Medicaid as defined under title XIX of the Social Security Act, United States  
32.28 Code, title 42, sections 1396, et seq., are exempt.

32.29 ~~(b)~~ (c) For purposes of this subdivision:

32.30 (1) "Drug" means a compound, substance, or preparation, and any component of  
32.31 a compound, substance, or preparation, other than food and food ingredients, dietary  
32.32 supplements, or alcoholic beverages that is:

32.33 (i) recognized in the official United States Pharmacopoeia, official Homeopathic  
32.34 Pharmacopoeia of the United States, or official National Formulary, and supplement  
32.35 to any of them;

33.1 (ii) intended for use in the diagnosis, cure, mitigation, treatment, or prevention  
33.2 of disease; or

33.3 (iii) intended to affect the structure or any function of the body.

33.4 (2) "Durable medical equipment" means equipment, including repair and  
33.5 replacement parts, including single patient use items, but not including mobility enhancing  
33.6 equipment, that:

33.7 (i) can withstand repeated use;

33.8 (ii) is primarily and customarily used to serve a medical purpose;

33.9 (iii) generally is not useful to a person in the absence of illness or injury; and

33.10 (iv) is not worn in or on the body.

33.11 For purposes of this clause, "repair and replacement parts" includes all components  
33.12 or attachments used in conjunction with the durable medical equipment, ~~but does not~~  
33.13 ~~include~~ including repair and replacement parts which are for single patient use only.

33.14 (3) "Mobility enhancing equipment" means equipment, including repair and  
33.15 replacement parts, but not including durable medical equipment, that:

33.16 (i) is primarily and customarily used to provide or increase the ability to move from  
33.17 one place to another and that is appropriate for use either in a home or a motor vehicle;

33.18 (ii) is not generally used by persons with normal mobility; and

33.19 (iii) does not include any motor vehicle or equipment on a motor vehicle normally  
33.20 provided by a motor vehicle manufacturer.

33.21 (4) "Over-the-counter drug" means a drug that contains a label that identifies the  
33.22 product as a drug as required by Code of Federal Regulations, title 21, section 201.66. The  
33.23 label must include a "drug facts" panel or a statement of the active ingredients with a list of  
33.24 those ingredients contained in the compound, substance, or preparation. Over-the-counter  
33.25 drugs do not include grooming and hygiene products, regardless of whether they otherwise  
33.26 meet the definition. "Grooming and hygiene products" are soaps, cleaning solutions,  
33.27 shampoo, toothpaste, mouthwash, antiperspirants, and suntan lotions and sunscreens.

33.28 (5) "Prescribed" and "prescription" means a direction in the form of an order,  
33.29 formula, or recipe issued in any form of oral, written, electronic, or other means of  
33.30 transmission by a duly licensed health care professional.

33.31 (6) "Prosthetic device" means a replacement, corrective, or supportive device,  
33.32 including repair and replacement parts, worn on or in the body to:

33.33 (i) artificially replace a missing portion of the body;

33.34 (ii) prevent or correct physical deformity or malfunction; or

33.35 (iii) support a weak or deformed portion of the body.

33.36 Prosthetic device does not include corrective eyeglasses.

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34.1 (7) "Kidney dialysis equipment" means equipment that:

34.2 (i) is used to remove waste products that build up in the blood when the kidneys are  
34.3 not able to do so on their own; and

34.4 (ii) can withstand repeated use, including multiple use by a single patient,  
34.5 notwithstanding the provisions of clause (2).

34.6 (8) A transaction is covered by Medicare or Medicaid if any portion of the cost of  
34.7 the item purchased in the transaction is paid for or reimbursed by the federal government  
34.8 or the state of Minnesota pursuant to the Medicare or Medicaid program, by a private  
34.9 insurance company administering the Medicare or Medicaid program on behalf of the  
34.10 federal government or the state of Minnesota, or by a managed care organization for the  
34.11 benefit of a patient enrolled in a prepaid program that furnishes medical services in lieu  
34.12 of conventional Medicare or Medicaid coverage pursuant to agreement with the federal  
34.13 government or the state of Minnesota.

34.14 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
34.15 June 30, 2012.

34.16 Sec. 5. Minnesota Statutes 2010, section 297A.67, is amended by adding a subdivision  
34.17 to read:

34.18 Subd. 7a. **Accessories and supplies.** Accessories and supplies required for  
34.19 the effective use of durable medical equipment for home use only, or purchased in  
34.20 a transaction covered by Medicare or Medicaid, that are not already exempt under  
34.21 subdivision 7 are exempt. Accessories and supplies for the effective use of a prosthetic  
34.22 device that are not already exempt under subdivision 7 are exempt. For purposes of  
34.23 this subdivision, "durable medical equipment," "prosthetic device," "Medicare," and  
34.24 "Medicaid" have the meanings given in subdivision 7.

34.25 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
34.26 June 30, 2012.

34.27 Sec. 6. Minnesota Statutes 2010, section 297A.68, subdivision 5, is amended to read:

34.28 Subd. 5. **Capital equipment.** (a) Capital equipment is exempt. Except as provided  
34.29 in paragraphs (e) and (f), the tax must be imposed and collected as if the rate under section  
34.30 297A.62, subdivision 1, applied, and then refunded in the manner provided in section  
34.31 297A.75.

34.32 "Capital equipment" means machinery and equipment purchased or leased, and used  
34.33 in this state by the purchaser or lessee primarily for manufacturing, fabricating, mining,

35.1 or refining tangible personal property to be sold ultimately at retail if the machinery and  
35.2 equipment are essential to the integrated production process of manufacturing, fabricating,  
35.3 mining, or refining. Capital equipment also includes machinery and equipment  
35.4 used primarily to electronically transmit results retrieved by a customer of an online  
35.5 computerized data retrieval system.

35.6 (b) Capital equipment includes, but is not limited to:

35.7 (1) machinery and equipment used to operate, control, or regulate the production  
35.8 equipment;

35.9 (2) machinery and equipment used for research and development, design, quality  
35.10 control, and testing activities;

35.11 (3) environmental control devices that are used to maintain conditions such as  
35.12 temperature, humidity, light, or air pressure when those conditions are essential to and are  
35.13 part of the production process;

35.14 (4) materials and supplies used to construct and install machinery or equipment;

35.15 (5) repair and replacement parts, including accessories, whether purchased as spare  
35.16 parts, repair parts, or as upgrades or modifications to machinery or equipment;

35.17 (6) materials used for foundations that support machinery or equipment;

35.18 (7) materials used to construct and install special purpose buildings used in the  
35.19 production process;

35.20 (8) ready-mixed concrete equipment in which the ready-mixed concrete is mixed  
35.21 as part of the delivery process regardless if mounted on a chassis, repair parts for  
35.22 ready-mixed concrete trucks, and leases of ready-mixed concrete trucks; and

35.23 (9) machinery or equipment used for research, development, design, or production  
35.24 of computer software.

35.25 (c) Capital equipment does not include the following:

35.26 (1) motor vehicles taxed under chapter 297B;

35.27 (2) machinery or equipment used to receive or store raw materials;

35.28 (3) building materials, except for materials included in paragraph (b), clauses (6)  
35.29 and (7);

35.30 (4) machinery or equipment used for nonproduction purposes, including, but not  
35.31 limited to, the following: plant security, fire prevention, first aid, and hospital stations;  
35.32 support operations or administration; pollution control; and plant cleaning, disposal of  
35.33 scrap and waste, plant communications, space heating, cooling, lighting, or safety;

35.34 (5) farm machinery and aquaculture production equipment as defined by section  
35.35 297A.61, subdivisions 12 and 13;

36.1 (6) machinery or equipment purchased and installed by a contractor as part of an  
36.2 improvement to real property;

36.3 (7) machinery and equipment used by restaurants in the furnishing, preparing, or  
36.4 serving of prepared foods as defined in section 297A.61, subdivision 31;

36.5 (8) machinery and equipment used to furnish the services listed in section 297A.61,  
36.6 subdivision 3, paragraph (g), clause (6), items (i) to (vi) and (viii);

36.7 (9) machinery or equipment used in the transportation, transmission, or distribution  
36.8 of petroleum, liquefied gas, natural gas, water, or steam, in, by, or through pipes, lines,  
36.9 tanks, mains, or other means of transporting those products. This clause does not apply to  
36.10 machinery or equipment used to blend petroleum or biodiesel fuel as defined in section  
36.11 239.77; or

36.12 (10) any other item that is not essential to the integrated process of manufacturing,  
36.13 fabricating, mining, or refining.

36.14 (d) For purposes of this subdivision:

36.15 (1) "Equipment" means independent devices or tools separate from machinery but  
36.16 essential to an integrated production process, including computers and computer software,  
36.17 used in operating, controlling, or regulating machinery and equipment; and any subunit or  
36.18 assembly comprising a component of any machinery or accessory or attachment parts of  
36.19 machinery, such as tools, dies, jigs, patterns, and molds.

36.20 (2) "Fabricating" means to make, build, create, produce, or assemble components or  
36.21 property to work in a new or different manner.

36.22 (3) "Integrated production process" means a process or series of operations through  
36.23 which tangible personal property is manufactured, fabricated, mined, or refined. For  
36.24 purposes of this clause, (i) manufacturing begins with the removal of raw materials  
36.25 from inventory and ends when the last process prior to loading for shipment has been  
36.26 completed; (ii) fabricating begins with the removal from storage or inventory of the  
36.27 property to be assembled, processed, altered, or modified and ends with the creation  
36.28 or production of the new or changed product; (iii) mining begins with the removal of  
36.29 overburden from the site of the ores, minerals, stone, peat deposit, or surface materials and  
36.30 ends when the last process before stockpiling is completed; and (iv) refining begins with  
36.31 the removal from inventory or storage of a natural resource and ends with the conversion  
36.32 of the item to its completed form.

36.33 (4) "Machinery" means mechanical, electronic, or electrical devices, including  
36.34 computers and computer software, that are purchased or constructed to be used for the  
36.35 activities set forth in paragraph (a), beginning with the removal of raw materials from  
36.36 inventory through completion of the product, including packaging of the product.

37.1 (5) "Machinery and equipment used for pollution control" means machinery and  
37.2 equipment used solely to eliminate, prevent, or reduce pollution resulting from an activity  
37.3 described in paragraph (a).

37.4 (6) "Manufacturing" means an operation or series of operations where raw materials  
37.5 are changed in form, composition, or condition by machinery and equipment and which  
37.6 results in the production of a new article of tangible personal property. For purposes of  
37.7 this subdivision, "manufacturing" includes the generation of electricity or steam to be  
37.8 sold at retail.

37.9 (7) "Mining" means the extraction of minerals, ores, stone, or peat.

37.10 (8) "Online data retrieval system" means a system whose cumulation of information  
37.11 is equally available and accessible to all its customers.

37.12 (9) "Primarily" means machinery and equipment used 50 percent or more of the time  
37.13 in an activity described in paragraph (a).

37.14 (10) "Refining" means the process of converting a natural resource to an intermediate  
37.15 or finished product, including the treatment of water to be sold at retail.

37.16 (11) This subdivision does not apply to telecommunications equipment as  
37.17 provided in subdivision 35, and does not apply to wire, cable, fiber, poles, or conduit  
37.18 for telecommunications services.

37.19 (e) Materials exempt under this section may be purchased without imposing and  
37.20 collecting the tax and applying for a refund under section 297A.75, if:

37.21 (1) for calendar years 2013 and 2014, the purchaser employed not more than 20  
37.22 full-time employees at any time during calendar year 2010 and was not an affiliate or  
37.23 subsidiary of a business dominant in its field of operation; and

37.24 (2) for calendar year 2015, the purchaser employed not more than 50 full-time  
37.25 employees at any time during calendar year 2010 and was not an affiliate or subsidiary of  
37.26 a business dominant in its field of operation.

37.27 (f) For calendar year 2016 and thereafter, all purchases exempt under this section  
37.28 may be purchased without imposing and collecting the tax and applying the refund  
37.29 under section 297A.75.

37.30 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
37.31 December 31, 2012.

37.32 Sec. 7. Minnesota Statutes 2011 Supplement, section 297A.68, subdivision 42, is  
37.33 amended to read:

37.34 Subd. 42. **Qualified data centers.** (a) Purchases of enterprise information  
37.35 technology equipment and computer software for use in a qualified data center are exempt.

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38.1 The tax on purchases exempt under this paragraph must be imposed and collected as if  
38.2 the rate under section 297A.62, subdivision 1, applied, and then refunded after June 30,  
38.3 2013, in the manner provided in section 297A.75. This exemption includes enterprise  
38.4 information technology equipment and computer software purchased to replace or upgrade  
38.5 enterprise information technology equipment and computer software in a qualified data  
38.6 center.

38.7 (b) Electricity used or consumed in the operation of a qualified data center is exempt.

38.8 (c) For purposes of this subdivision, "qualified data center" means a facility in  
38.9 Minnesota:

38.10 (1) that is comprised of one or more buildings that consist in the aggregate of at  
38.11 least 30,000 square feet, and that are located on a single parcel or on contiguous parcels,  
38.12 where the total cost of construction or refurbishment, investment in enterprise information  
38.13 technology equipment, and computer software is at least ~~\$50,000,000~~ \$30,000,000 within  
38.14 a ~~24-month~~ three-year period;

38.15 (2) that is constructed or substantially refurbished after June 30, 2012, where  
38.16 "substantially refurbished" means that at least 30,000 square feet have been rebuilt or  
38.17 modified; and

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

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

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

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

38.26 In determining whether the facility has the required square footage, the square  
38.27 footage of the following spaces shall be included if the spaces support the operation  
38.28 of enterprise information technology equipment: office space, meeting space, and  
38.29 mechanical and other support facilities.

38.30 (d) For purposes of this subdivision, "enterprise information technology equipment"  
38.31 means computers and equipment supporting computing, networking, or data storage,  
38.32 including servers and routers. It includes, but is not limited to: cooling systems,  
38.33 cooling towers, and other temperature control infrastructure; power infrastructure for  
38.34 transformation, distribution, or management of electricity used for the maintenance  
38.35 and operation of a qualified data center, including but not limited to exterior dedicated  
38.36 business-owned substations, backup power generation systems, battery systems, and

39.1 related infrastructure; and racking systems, cabling, and trays, which are necessary for  
39.2 the maintenance and operation of the qualified data center.

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

39.6 (f) The purpose of this exemption is to create jobs in the construction and data  
39.7 center industries.

39.8 (g) This subdivision is effective for sales and purchases made after June 30, 2012,  
39.9 and before July 1, 2042.

39.10 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
39.11 June 30, 2012.

39.12 Sec. 8. Minnesota Statutes 2011 Supplement, section 297A.75, subdivision 1, is  
39.13 amended to read:

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

39.17 ~~(1)~~ capital equipment exempt under section 297A.68, subdivision 5;

39.18 ~~(2)~~ (1) building materials for an agricultural processing facility exempt under section  
39.19 297A.71, subdivision 13;

39.20 ~~(3)~~ (2) building materials for mineral production facilities exempt under section  
39.21 297A.71, subdivision 14;

39.22 ~~(4)~~ (3) building materials for correctional facilities under section 297A.71,  
39.23 subdivision 3;

39.24 ~~(5)~~ (4) building materials used in a residence for disabled veterans exempt under  
39.25 section 297A.71, subdivision 11;

39.26 ~~(6)~~ (5) elevators and building materials exempt under section 297A.71, subdivision  
39.27 12;

39.28 ~~(7)~~ (6) building materials for the Long Lake Conservation Center exempt under  
39.29 section 297A.71, subdivision 17;

39.30 ~~(8)~~ (7) materials and supplies for qualified low-income housing under section  
39.31 297A.71, subdivision 23;

39.32 ~~(9)~~ (8) materials, supplies, and equipment for municipal electric utility facilities  
39.33 under section 297A.71, subdivision 35;

40.1 ~~(10)~~ (9) equipment and materials used for the generation, transmission, and  
40.2 distribution of electrical energy and an aerial camera package exempt under section  
40.3 297A.68, subdivision 37;

40.4 ~~(11)~~ (10) tangible personal property and taxable services and construction materials,  
40.5 supplies, and equipment exempt under section 297A.68, subdivision 41;

40.6 ~~(12)~~ (11) commuter rail vehicle and repair parts under section 297A.70, subdivision  
40.7 3, clause (11);

40.8 ~~(13)~~ (12) materials, supplies, and equipment for construction or improvement of  
40.9 projects and facilities under section 297A.71, subdivision 40;

40.10 ~~(14)~~ (13) materials, supplies, and equipment for construction or improvement of a  
40.11 meat processing facility exempt under section 297A.71, subdivision 41;

40.12 ~~(15)~~ (14) materials, supplies, and equipment for construction, improvement, or  
40.13 expansion of an aerospace defense manufacturing facility exempt under section 297A.71,  
40.14 subdivision 42; and

40.15 ~~(16)~~ (15) enterprise information technology equipment and computer software for  
40.16 use in a qualified data center exempt under section 297A.68, subdivision 42.

40.17 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
40.18 December 31, 2015.

40.19 Sec. 9. Minnesota Statutes 2011 Supplement, section 297A.75, subdivision 2, is  
40.20 amended to read:

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

40.24 (1) for subdivision 1, clauses (1) ~~to (3)~~ and (2), the applicant must be the purchaser;

40.25 (2) for subdivision 1, clauses ~~(4)~~ (3) and ~~(7)~~ (6), the applicant must be the  
40.26 governmental subdivision;

40.27 (3) for subdivision 1, clause ~~(5)~~ (4), the applicant must be the recipient of the  
40.28 benefits provided in United States Code, title 38, chapter 21;

40.29 (4) for subdivision 1, clause ~~(6)~~ (5), the applicant must be the owner of the  
40.30 homestead property;

40.31 (5) for subdivision 1, clause ~~(8)~~ (7), the owner of the qualified low-income housing  
40.32 project;

40.33 (6) for subdivision 1, clause ~~(9)~~ (8), the applicant must be a municipal electric utility  
40.34 or a joint venture of municipal electric utilities;

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41.1 (7) for subdivision 1, clauses (9), (10), ~~(11)~~, (13), (14), and (15), ~~and (16)~~, the owner  
41.2 of the qualifying business; and

41.3 (8) for subdivision 1, clauses (11) and (12) ~~and (13)~~, the applicant must be the  
41.4 governmental entity that owns or contracts for the project or facility.

41.5 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
41.6 December 31, 2015.

41.7 Sec. 10. Minnesota Statutes 2011 Supplement, section 297A.75, subdivision 3, is  
41.8 amended to read:

41.9 Subd. 3. **Application.** (a) The application must include sufficient information  
41.10 to permit the commissioner to verify the tax paid. If the tax was paid by a contractor,  
41.11 subcontractor, or builder, under subdivision 1, clause (3), (4), (5), (6), (7), (8), (9), (10),  
41.12 (11), (12), (13), (14), or (15), ~~or (16)~~, the contractor, subcontractor, or builder must  
41.13 furnish to the refund applicant a statement including the cost of the exempt items and the  
41.14 taxes paid on the items unless otherwise specifically provided by this subdivision. The  
41.15 provisions of sections 289A.40 and 289A.50 apply to refunds under this section.

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

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

41.22 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
41.23 December 31, 2015.

41.24 Sec. 11. Minnesota Statutes 2010, section 297A.815, subdivision 3, is amended to read:

41.25 Subd. 3. **Motor vehicle lease sales tax revenue.** (a) For purposes of this  
41.26 subdivision, "net revenue" means an amount equal to:

41.27 (1) the revenues, including interest and penalties, collected under this section and  
41.28 on the leases under section 297A.61, subdivision 4, paragraph (k), clause (3), during  
41.29 the fiscal year; less

41.30 (2) in fiscal year 2011, \$30,100,000; in fiscal year 2012, \$31,100,000; and in fiscal  
41.31 year 2013 and following fiscal years, \$32,000,000.

42.1 (b) On or before June 30 of each fiscal year, the commissioner of revenue shall  
42.2 estimate the amount of the revenues and subtraction under paragraph (a) for the current  
42.3 fiscal year.

42.4 (c) On or after July 1 of the subsequent fiscal year, the commissioner of management  
42.5 and budget shall transfer the net revenue as estimated in paragraph (b) from the general  
42.6 fund, as follows:

42.7 (1) 50 percent to the greater Minnesota transit account; and

42.8 (2) 50 percent to the county state-aid highway fund. Notwithstanding any other law  
42.9 to the contrary, the commissioner of transportation shall allocate the funds transferred  
42.10 under this clause to the counties in the metropolitan area, as defined in section 473.121,  
42.11 subdivision 4, excluding the counties of Hennepin and Ramsey, so that each county shall  
42.12 receive of such amount the percentage that its population, as defined in section 477A.011,  
42.13 subdivision 3, estimated or established by July 15 of the year prior to the current calendar  
42.14 year, bears to the total population of the counties receiving funds under this clause.

42.15 (d) For fiscal years 2010 and 2011, the amount under paragraph (a), clause (1), must  
42.16 be calculated using the following percentages of the total revenues:

42.17 (1) for fiscal year 2010, 83.75 percent; and

42.18 (2) for fiscal year 2011, 93.75 percent.

42.19 **EFFECTIVE DATE.** This section is effective for leases entered into after June  
42.20 30, 2012.

42.21 Sec. 12. Minnesota Statutes 2011 Supplement, section 297B.03, is amended to read:

42.22 **297B.03 EXEMPTIONS.**

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

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

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

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

43.3 (4) purchase or use of any motor vehicle previously registered in the state of  
43.4 Minnesota when such transfer constitutes a transfer within the meaning of section 118,  
43.5 331, 332, 336, 337, 338, 351, 355, 368, 721, 731, 1031, 1033, or 1563(a) of the Internal  
43.6 Revenue Code;

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

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

43.16 (7) purchase of a motor vehicle by an ambulance service licensed under section  
43.17 144E.10 when that vehicle is equipped and specifically intended for emergency response  
43.18 or for providing ambulance service;

43.19 (8) purchase of a motor vehicle by or for a public library, as defined in section  
43.20 134.001, subdivision 2, as a bookmobile or library delivery vehicle;

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

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

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

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

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

43.35 (12) purchase of a motor vehicle for use by a transit provider exclusively to provide  
43.36 transit service is exempt if the transit provider is either (i) receiving financial assistance or

44.1 reimbursement under section 174.24 or 473.384, or (ii) operating under section 174.29,  
44.2 473.388, or 473.405;

44.3 (13) purchase or use of a motor vehicle by a qualified business, as defined in section  
44.4 469.310, located in a job opportunity building zone, if the motor vehicle is principally  
44.5 garaged in the job opportunity building zone and is primarily used as part of or in direct  
44.6 support of the person's operations carried on in the job opportunity building zone. The  
44.7 exemption under this clause applies to sales, if the purchase was made and delivery  
44.8 received during the duration of the job opportunity building zone. The exemption under  
44.9 this clause also applies to any local sales and use tax; ~~and~~

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

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

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

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

44.18 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases  
44.19 made after December 31, 2010.

44.20 Sec. 13. **REPEALER.**

44.21 Minnesota Statutes 2011 Supplement, section 289A.60, subdivision 31, is repealed.

44.22 **EFFECTIVE DATE.** This section is effective for taxes due and payable after  
44.23 June 30, 2012.

### 44.24 **ARTICLE 3**

### 44.25 **PROPERTY TAX**

44.26 Section 1. Minnesota Statutes 2010, section 6.91, subdivision 2, is amended to read:

44.27 Subd. 2. **Benefits of participation.** (a) A county or city that elects to participate in  
44.28 the standard measures program for 2011 is: (1) eligible for per capita reimbursement of  
44.29 \$0.14 per capita, but not to exceed \$25,000 for any government entity; and (2) exempt  
44.30 from levy limits under sections 275.70 to 275.74 for taxes payable in 2012, if levy limits  
44.31 are in effect.

44.32 (b) Any county or city that elects to participate in the standard measures program  
44.33 for 2012 is eligible for per capita reimbursement of \$0.14 per capita, but not to exceed

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45.1 \$25,000 for any government entity, provided that for 2012, a county or city with a  
45.2 population over 2,500 must also participate in the expenditure-type reporting under section  
45.3 471.703 in order to be eligible. Any jurisdiction participating in the comprehensive  
45.4 performance measurement program is exempt from levy limits under sections 275.70 to  
45.5 275.74 for taxes payable in 2013 if levy limits are in effect.

45.6 (c) Any county or city that elects to participate in the standard measures program for  
45.7 2013 or any year thereafter is eligible for per capita reimbursement of \$0.14 per capita,  
45.8 but not to exceed \$25,000 for any government entity. Any jurisdiction participating in  
45.9 the comprehensive performance measurement program for 2013 or any year thereafter is  
45.10 exempt from levy limits under sections 275.70 to 275.74 for taxes payable in the following  
45.11 year, if levy limits are in effect.

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

45.13 Sec. 2. Minnesota Statutes 2011 Supplement, section 124D.4531, subdivision 1,  
45.14 is amended to read:

45.15 Subdivision 1. **Career and technical levy.** (a) A district with a career and technical  
45.16 program approved under this section for the fiscal year in which the levy is certified  
45.17 may levy an amount equal to the greater of:

45.18 (1) \$80 times the district's average daily membership in grades 9 through 12 for the  
45.19 fiscal year in which the levy is certified; or

45.20 (2) 35 percent of approved expenditures in the fiscal year in which the levy is  
45.21 certified for the following:

45.22 (i) salaries paid to essential, licensed personnel providing direct instructional  
45.23 services to students in that fiscal year, including extended contracts, for services rendered  
45.24 in the district's approved career and technical education programs;

45.25 (ii) contracted services provided by a public or private agency other than a Minnesota  
45.26 school district or cooperative center under subdivision 7;

45.27 (iii) necessary travel between instructional sites by licensed career and technical  
45.28 education personnel;

45.29 (iv) necessary travel by licensed career and technical education personnel for  
45.30 vocational student organization activities held within the state for instructional purposes;

45.31 (v) curriculum development activities that are part of a five-year plan for  
45.32 improvement based on program assessment;

45.33 (vi) necessary travel by licensed career and technical education personnel for  
45.34 noncollegiate credit-bearing professional development; and

45.35 (vii) specialized vocational instructional supplies.

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46.1 (b) Up to ten percent of a district's career and technical levy may be spent on  
46.2 equipment purchases. Districts using the career and technical levy for equipment  
46.3 purchases must report to the department on the improved learning opportunities for  
46.4 students that result from the investment in equipment.

46.5 (c) The district must recognize the full amount of this levy as revenue for the fiscal  
46.6 year in which it is certified.

46.7 ~~(d) The amount of the levy certified under this subdivision may not exceed~~  
46.8 ~~\$17,850,000 for taxes payable in 2012, \$15,520,000 for taxes payable in 2013, and~~  
46.9 ~~\$15,545,000 for taxes payable in 2014.~~

46.10 ~~(e) If the estimated levy exceeds the amount in paragraph (d), the commissioner~~  
46.11 ~~must reduce the percentage in paragraph (a), clause (2), until the estimated levy no longer~~  
46.12 ~~exceeds the limit in paragraph (d).~~

46.13 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and later.

46.14 Sec. 3. Minnesota Statutes 2011 Supplement, section 126C.40, subdivision 1, is  
46.15 amended to read:

46.16 Subdivision 1. **To lease building or land.** (a) When an independent or a special  
46.17 school district or a group of independent or special school districts finds it economically  
46.18 advantageous to rent or lease a building or land for any instructional purposes or for  
46.19 school storage or furniture repair, and it determines that the operating capital revenue  
46.20 authorized under section 126C.10, subdivision 13, is insufficient for this purpose, it may  
46.21 apply to the commissioner for permission to make an additional capital expenditure levy  
46.22 for this purpose. An application for permission to levy under this subdivision must contain  
46.23 financial justification for the proposed levy, the terms and conditions of the proposed  
46.24 lease, and a description of the space to be leased and its proposed use.

46.25 (b) The criteria for approval of applications to levy under this subdivision must  
46.26 include: the reasonableness of the price, the appropriateness of the space to the proposed  
46.27 activity, the feasibility of transporting pupils to the leased building or land, conformity  
46.28 of the lease to the laws and rules of the state of Minnesota, and the appropriateness of  
46.29 the proposed lease to the space needs and the financial condition of the district. The  
46.30 commissioner must not authorize a levy under this subdivision in an amount greater than  
46.31 the cost to the district of renting or leasing a building or land for approved purposes.  
46.32 The proceeds of this levy must not be used for custodial or other maintenance services.  
46.33 A district may not levy under this subdivision for the purpose of leasing or renting a  
46.34 district-owned building or site to itself.

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47.1 (c) For agreements finalized after July 1, 1997, a district may not levy under this  
47.2 subdivision for the purpose of leasing: (1) a newly constructed building used primarily  
47.3 for regular kindergarten, elementary, or secondary instruction; or (2) a newly constructed  
47.4 building addition or additions used primarily for regular kindergarten, elementary, or  
47.5 secondary instruction that contains more than 20 percent of the square footage of the  
47.6 previously existing building.

47.7 (d) Notwithstanding paragraph (b), a district may levy under this subdivision for the  
47.8 purpose of leasing or renting a district-owned building or site to itself only if the amount  
47.9 is needed by the district to make payments required by a lease purchase agreement,  
47.10 installment purchase agreement, or other deferred payments agreement authorized by law,  
47.11 and the levy meets the requirements of paragraph (c). A levy authorized for a district by  
47.12 the commissioner under this paragraph may be in the amount needed by the district to  
47.13 make payments required by a lease purchase agreement, installment purchase agreement,  
47.14 or other deferred payments agreement authorized by law, provided that any agreement  
47.15 include a provision giving the school districts the right to terminate the agreement  
47.16 annually without penalty.

47.17 (e) The total levy under this subdivision for a district for any year must not exceed  
47.18 \$150 times the resident pupil units for the fiscal year to which the levy is attributable.

47.19 (f) For agreements for which a review and comment have been submitted to the  
47.20 Department of Education after April 1, 1998, the term "instructional purpose" as used in  
47.21 this subdivision excludes expenditures on stadiums.

47.22 (g) The commissioner of education may authorize a school district to exceed the  
47.23 limit in paragraph (e) if the school district petitions the commissioner for approval. The  
47.24 commissioner shall grant approval to a school district to exceed the limit in paragraph (e)  
47.25 for not more than five years if the district meets the following criteria:

47.26 (1) the school district has been experiencing pupil enrollment growth in the  
47.27 preceding five years;

47.28 (2) the purpose of the increased levy is in the long-term public interest;

47.29 (3) the purpose of the increased levy promotes colocation of government services;

47.30 and

47.31 (4) the purpose of the increased levy is in the long-term interest of the district by  
47.32 avoiding over construction of school facilities.

47.33 (h) A school district that is a member of an intermediate school district may include  
47.34 in its authority under this section the costs associated with leases of administrative and  
47.35 classroom space for intermediate school district programs. This authority must not exceed

48.1 \$43 times the adjusted marginal cost pupil units of the member districts. This authority is  
48.2 in addition to any other authority authorized under this section.

48.3 (i) In addition to the allowable capital levies in paragraph (a), for taxes payable in  
48.4 2012 to 2023, a district that is a member of the "Technology and Information Education  
48.5 Systems" data processing joint board, that finds it economically advantageous to enter into  
48.6 a lease agreement to finance improvements to a building and land for a group of school  
48.7 districts or special school districts for staff development purposes, may levy for its portion  
48.8 of lease costs attributed to the district within the total levy limit in paragraph (e). The total  
48.9 levy authority under this paragraph shall not exceed \$632,000.

48.10 (j) In addition to the allowable capital levies in paragraph (a), a school district  
48.11 that is a member of the St. Croix River Education District that finds it economically  
48.12 advantageous to enter into a lease purchase agreement for a building and land for the St.  
48.13 Croix River Education District may levy for its portion of lease costs attributed to the  
48.14 district within the total levy limit in paragraph (e). The authority under this paragraph is  
48.15 effective for taxes payable in 2013 to 2028.

48.16 **EFFECTIVE DATE.** This section is effective for taxes payable in 2013 and later.

48.17 Sec. 4. Minnesota Statutes 2010, section 275.025, subdivision 1, is amended to read:

48.18 Subdivision 1. **Levy amount.** The state general levy is levied against  
48.19 commercial-industrial property and seasonal residential recreational property, as defined  
48.20 in this section. The state general levy base amount for commercial-industrial property  
48.21 is ~~\$592,000,000~~ \$742,000,000 for taxes payable in ~~2002~~ 2013 through 2016. The state  
48.22 general levy base amount for seasonal recreational property is \$41,200,000 for taxes  
48.23 payable in 2013 through 2016. ~~For taxes payable in subsequent years, the levy base~~  
48.24 ~~amount is increased each year by multiplying the levy base amount for the prior year by~~  
48.25 ~~the sum of one plus the rate of increase, if any, in the implicit price deflator for government~~  
48.26 ~~consumption expenditures and gross investment for state and local governments prepared~~  
48.27 ~~by the Bureau of Economic Analysts of the United States Department of Commerce for the~~  
48.28 ~~12-month period ending March 31 of the year prior to the year the taxes are payable. For~~  
48.29 taxes payable in 2017, the state general levy is \$668,700,000 for commercial-industrial  
48.30 property and \$36,450,000 for seasonal residential recreational property. For taxes payable  
48.31 in 2018, the state general levy is \$594,400,000 for commercial-industrial property  
48.32 and \$32,400,000 for seasonal residential recreational property. For taxes payable in  
48.33 2019, the state general levy is \$520,100,000 for commercial-industrial property and  
48.34 \$28,350,000 for seasonal residential recreational property. For taxes payable in 2020, the  
48.35 state general levy is \$445,800,000 for commercial-industrial property and \$24,300,000

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49.1 for seasonal residential recreational property. For taxes payable in 2021, the state  
49.2 general levy is \$371,500,000 for commercial-industrial property and \$20,250,000  
49.3 for seasonal residential recreational property. For taxes payable in 2022, the state  
49.4 general levy is \$297,200,000 for commercial-industrial property and \$16,200,000 for  
49.5 seasonal residential recreational property. For taxes payable in 2023, the state general  
49.6 levy is \$222,900,000 for commercial-industrial property and \$12,150,000 for seasonal  
49.7 residential recreational property. For taxes payable in 2024, the state general levy is  
49.8 \$148,600,000 for commercial-industrial property and \$8,100,000 for seasonal residential  
49.9 recreational property. For taxes payable in 2025, the state general levy is \$74,300,000  
49.10 for commercial-industrial property and \$4,050,000 for seasonal residential recreational  
49.11 property. The tax under this section is not treated as a local tax rate under section 469.177  
49.12 and is not the levy of a governmental unit under chapters 276A and 473F.

49.13 The commissioner shall increase or decrease the preliminary or final rate for a year  
49.14 as necessary to account for errors and tax base changes that affected a preliminary or final  
49.15 rate for either of the two preceding years. Adjustments are allowed to the extent that the  
49.16 necessary information is available to the commissioner at the time the rates for a year must  
49.17 be certified, and for the following reasons:

- 49.18 (1) an erroneous report of taxable value by a local official;  
49.19 (2) an erroneous calculation by the commissioner; and  
49.20 (3) an increase or decrease in taxable value for commercial-industrial or seasonal  
49.21 residential recreational property reported on the abstracts of tax lists submitted under  
49.22 section 275.29 that was not reported on the abstracts of assessment submitted under  
49.23 section 270C.89 for the same year.

49.24 The commissioner may, but need not, make adjustments if the total difference in the tax  
49.25 levied for the year would be less than \$100,000.

49.26 **EFFECTIVE DATE.** This section is effective for taxes payable in 2013 and  
49.27 thereafter.

49.28 Sec. 5. Minnesota Statutes 2010, section 275.025, subdivision 4, is amended to read:

49.29 Subd. 4. **Apportionment and levy of state general tax.** ~~Ninety-five percent of~~ The  
49.30 state general tax must be levied by applying a uniform rate to all commercial-industrial tax  
49.31 capacity and ~~five percent of the state general tax must be levied by applying~~ a uniform  
49.32 rate to all seasonal residential recreational tax capacity. On or before October 1 each  
49.33 year, the commissioner of revenue shall certify the preliminary state general levy rates to  
49.34 each county auditor that must be used to prepare the notices of proposed property taxes

50.1 for taxes payable in the following year. By January 1 of each year, the commissioner  
50.2 shall certify the final state general levy ~~rate~~ rates to each county auditor that shall be  
50.3 used in spreading taxes.

50.4 **EFFECTIVE DATE.** This section is effective for taxes payable in 2013 and  
50.5 thereafter.

50.6 Sec. 6. Minnesota Statutes 2010, section 275.065, subdivision 1, is amended to read:

50.7 Subdivision 1. **Proposed levy.** (a) Notwithstanding any law or charter to the  
50.8 contrary, on or before September 15, each taxing authority, other than a school district,  
50.9 shall adopt a proposed budget and shall certify to the county auditor the proposed or, in  
50.10 the case of a town, the final property tax levy for taxes payable in the following year. All  
50.11 counties and home rule charter or statutory cities with a population of more than 2,500,  
50.12 shall also provide to the county auditor the county or city Web site, if there is one, where  
50.13 the public is able to access the budget information required to be reported under section  
50.14 471.703.

50.15 (b) On or before September 30, each school district that has not mutually agreed  
50.16 with its home county to extend this date shall certify to the county auditor the proposed  
50.17 property tax levy for taxes payable in the following year. Each school district that has  
50.18 agreed with its home county to delay the certification of its proposed property tax levy  
50.19 must certify its proposed property tax levy for the following year no later than October  
50.20 7. The school district shall certify the proposed levy as:

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

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

50.26 (c) If the board of estimate and taxation or any similar board that establishes  
50.27 maximum tax levies for taxing jurisdictions within a first class city certifies the maximum  
50.28 property tax levies for funds under its jurisdiction by charter to the county auditor by  
50.29 September 15, the city shall be deemed to have certified its levies for those taxing  
50.30 jurisdictions.

50.31 (d) For purposes of this section, "taxing authority" includes all home rule and  
50.32 statutory cities, towns, counties, school districts, and special taxing districts as defined  
50.33 in section 275.066. Intermediate school districts that levy a tax under chapter 124 or  
50.34 136D, joint powers boards established under sections 123A.44 to 123A.446, and Common

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51.1 School Districts No. 323, Franconia, and No. 815, Prinsburg, are also special taxing  
51.2 districts for purposes of this section.

51.3 (e) At the meeting at which the taxing authority, other than a town, adopts its  
51.4 proposed tax levy under paragraph (a) or (b), the taxing authority shall announce the  
51.5 time and place of its subsequent regularly scheduled meetings at which the budget and  
51.6 levy will be discussed and at which the public will be allowed to speak. ~~The time and  
51.7 place of those meetings~~ The following information must be included in the proceedings  
51.8 or summary of proceedings published in the official newspaper of the taxing authority  
51.9 under section 123B.09, 375.12, or 412.191:

51.10 (1) the time and place of the meetings described in this paragraph; and

51.11 (2) a statement that the budget information required to be reported under section  
51.12 471.703 is available on the county or city Web site, if there is one.

51.13 **EFFECTIVE DATE.** This section is effective July 1, 2012.

51.14 Sec. 7. Minnesota Statutes 2010, section 275.065, subdivision 3, is amended to read:

51.15 Subd. 3. **Notice of proposed property taxes.** (a) The county auditor shall prepare  
51.16 and the county treasurer shall deliver after November 10 and on or before November 24  
51.17 each year, by first class mail to each taxpayer at the address listed on the county's current  
51.18 year's assessment roll, a notice of proposed property taxes. Upon written request by  
51.19 the taxpayer, the treasurer may send the notice in electronic form or by electronic mail  
51.20 instead of on paper or by ordinary mail.

51.21 (b) The commissioner of revenue shall prescribe the form of the notice.

51.22 (c) The notice must inform taxpayers that it contains the amount of property taxes  
51.23 each taxing authority proposes to collect for taxes payable the following year. In the  
51.24 case of a town, or in the case of the state general tax, the final tax amount will be its  
51.25 proposed tax. The notice must clearly state for each city that has a population over 500,  
51.26 county, school district, regional library authority established under section 134.201, and  
51.27 metropolitan taxing districts as defined in paragraph (i), the time and place of a meeting  
51.28 for each taxing authority in which the budget and levy will be discussed and public input  
51.29 allowed, prior to the final budget and levy determination. The notice must clearly state  
51.30 for each county and for each city with a population of more than 2,500 that the budget  
51.31 information required to be reported under section 471.703 is available on the county or  
51.32 city Web site, if there is one. The taxing authorities must provide the county auditor with  
51.33 the information to be included in the notice on or before the time it certifies its proposed  
51.34 levy under subdivision 1. The public must be allowed to speak at that meeting, which  
51.35 must occur after November 24 and must not be held before 6:00 p.m. It must provide a

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52.1 telephone number for the taxing authority that taxpayers may call if they have questions  
52.2 related to the notice and an address where comments will be received by mail, except that  
52.3 no notice required under this section shall be interpreted as requiring the printing of a  
52.4 personal telephone number or address as the contact information for a taxing authority. If  
52.5 a taxing authority does not maintain public offices where telephone calls can be received  
52.6 by the authority, the authority may inform the county of the lack of a public telephone  
52.7 number and the county shall not list a telephone number for that taxing authority.

52.8 (d) The notice must state for each parcel:

52.9 (1) the market value of the property as determined under section 273.11, and used  
52.10 for computing property taxes payable in the following year and for taxes payable in the  
52.11 current year as each appears in the records of the county assessor on November 1 of the  
52.12 current year; and, in the case of residential property, whether the property is classified as  
52.13 homestead or nonhomestead. The notice must clearly inform taxpayers of the years to  
52.14 which the market values apply and that the values are final values;

52.15 (2) the items listed below, shown separately by county, city or town, and state general  
52.16 tax, net of the residential and agricultural homestead credit under section 273.1384, voter  
52.17 approved school levy, other local school levy, and the sum of the special taxing districts,  
52.18 and as a total of all taxing authorities:

52.19 (i) the actual tax for taxes payable in the current year; and

52.20 (ii) the proposed tax amount.

52.21 If the county levy under clause (2) includes an amount for a lake improvement  
52.22 district as defined under sections 103B.501 to 103B.581, the amount attributable for that  
52.23 purpose must be separately stated from the remaining county levy amount.

52.24 In the case of a town or the state general tax, the final tax shall also be its proposed  
52.25 tax unless the town changes its levy at a special town meeting under section 365.52. If a  
52.26 school district has certified under section 126C.17, subdivision 9, that a referendum will  
52.27 be held in the school district at the November general election, the county auditor must  
52.28 note next to the school district's proposed amount that a referendum is pending and that, if  
52.29 approved by the voters, the tax amount may be higher than shown on the notice. In the  
52.30 case of the city of Minneapolis, the levy for Minneapolis Park and Recreation shall be  
52.31 listed separately from the remaining amount of the city's levy. In the case of the city of  
52.32 St. Paul, the levy for the St. Paul Library Agency must be listed separately from the  
52.33 remaining amount of the city's levy. In the case of Ramsey County, any amount levied  
52.34 under section 134.07 may be listed separately from the remaining amount of the county's  
52.35 levy. In the case of a parcel where tax increment or the fiscal disparities areawide tax  
52.36 under chapter 276A or 473F applies, the proposed tax levy on the captured value or the

53.1 proposed tax levy on the tax capacity subject to the areawide tax must each be stated  
53.2 separately and not included in the sum of the special taxing districts; and

53.3 (3) the increase or decrease between the total taxes payable in the current year and  
53.4 the total proposed taxes, expressed as a percentage.

53.5 For purposes of this section, the amount of the tax on homesteads qualifying under  
53.6 the senior citizens' property tax deferral program under chapter 290B is the total amount  
53.7 of property tax before subtraction of the deferred property tax amount.

53.8 (e) The notice must clearly state that the proposed or final taxes do not include  
53.9 the following:

53.10 (1) special assessments;

53.11 (2) levies approved by the voters after the date the proposed taxes are certified,  
53.12 including bond referenda and school district levy referenda;

53.13 (3) a levy limit increase approved by the voters by the first Tuesday after the first  
53.14 Monday in November of the levy year as provided under section 275.73;

53.15 (4) amounts necessary to pay cleanup or other costs due to a natural disaster  
53.16 occurring after the date the proposed taxes are certified;

53.17 (5) amounts necessary to pay tort judgments against the taxing authority that become  
53.18 final after the date the proposed taxes are certified; and

53.19 (6) the contamination tax imposed on properties which received market value  
53.20 reductions for contamination.

53.21 (f) Except as provided in subdivision 7, failure of the county auditor to prepare or  
53.22 the county treasurer to deliver the notice as required in this section does not invalidate the  
53.23 proposed or final tax levy or the taxes payable pursuant to the tax levy.

53.24 (g) If the notice the taxpayer receives under this section lists the property as  
53.25 nonhomestead, and satisfactory documentation is provided to the county assessor by the  
53.26 applicable deadline, and the property qualifies for the homestead classification in that  
53.27 assessment year, the assessor shall reclassify the property to homestead for taxes payable  
53.28 in the following year.

53.29 (h) In the case of class 4 residential property used as a residence for lease or rental  
53.30 periods of 30 days or more, the taxpayer must either:

53.31 (1) mail or deliver a copy of the notice of proposed property taxes to each tenant,  
53.32 renter, or lessee; or

53.33 (2) post a copy of the notice in a conspicuous place on the premises of the property.

53.34 The notice must be mailed or posted by the taxpayer by November 27 or within  
53.35 three days of receipt of the notice, whichever is later. A taxpayer may notify the county

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54.1 treasurer of the address of the taxpayer, agent, caretaker, or manager of the premises to  
54.2 which the notice must be mailed in order to fulfill the requirements of this paragraph.

54.3 (i) For purposes of this subdivision and subdivision 6, "metropolitan special taxing  
54.4 districts" means the following taxing districts in the seven-county metropolitan area that  
54.5 levy a property tax for any of the specified purposes listed below:

54.6 (1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325,  
54.7 473.446, 473.521, 473.547, or 473.834;

54.8 (2) Metropolitan Airports Commission under section 473.667, 473.671, or 473.672;  
54.9 and

54.10 (3) Metropolitan Mosquito Control Commission under section 473.711.

54.11 For purposes of this section, any levies made by the regional rail authorities in the  
54.12 county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter  
54.13 398A shall be included with the appropriate county's levy.

54.14 (j) The governing body of a county, city, or school district may, with the consent  
54.15 of the county board, include supplemental information with the statement of proposed  
54.16 property taxes about the impact of state aid increases or decreases on property tax  
54.17 increases or decreases and on the level of services provided in the affected jurisdiction.  
54.18 This supplemental information may include information for the following year, the current  
54.19 year, and for as many consecutive preceding years as deemed appropriate by the governing  
54.20 body of the county, city, or school district. It may include only information regarding:

54.21 (1) the impact of inflation as measured by the implicit price deflator for state and  
54.22 local government purchases;

54.23 (2) population growth and decline;

54.24 (3) state or federal government action; and

54.25 (4) other financial factors that affect the level of property taxation and local services  
54.26 that the governing body of the county, city, or school district may deem appropriate to  
54.27 include.

54.28 The information may be presented using tables, written narrative, and graphic  
54.29 representations and may contain instruction toward further sources of information or  
54.30 opportunity for comment.

54.31 **EFFECTIVE DATE.** This section is effective July 1, 2012.

54.32 Sec. 8. Minnesota Statutes 2010, section 290A.04, subdivision 2h, is amended to read:

54.33 Subd. 2h. **Additional refund.** (a) If the gross property taxes payable on a homestead  
54.34 increase more than 12 percent over the property taxes payable in the prior year on the same  
54.35 property that is owned and occupied by the same owner on January 2 of both years, and the

55.1 amount of that increase is \$100 or more, a claimant who is a homeowner shall be allowed  
55.2 an additional refund equal to ~~60~~ 75 percent of the amount of the increase over the greater  
55.3 of 12 percent of the prior year's property taxes payable or \$100. This subdivision shall not  
55.4 apply to any increase in the gross property taxes payable attributable to improvements  
55.5 made to the homestead after the assessment date for the prior year's taxes. This subdivision  
55.6 shall not apply to any increase in the gross property taxes payable attributable to the  
55.7 termination of valuation exclusions under section 273.11, subdivision 16.

55.8 The maximum refund allowed under this subdivision is \$1,000.

55.9 (b) For purposes of this subdivision "gross property taxes payable" means property  
55.10 taxes payable determined without regard to the refund allowed under this subdivision.

55.11 (c) In addition to the other proofs required by this chapter, each claimant under  
55.12 this subdivision shall file with the property tax refund return a copy of the property tax  
55.13 statement for taxes payable in the preceding year or other documents required by the  
55.14 commissioner.

55.15 (d) Upon request, the appropriate county official shall make available the names and  
55.16 addresses of the property taxpayers who may be eligible for the additional property tax  
55.17 refund under this section. The information shall be provided on a magnetic computer  
55.18 disk. The county may recover its costs by charging the person requesting the information  
55.19 the reasonable cost for preparing the data. The information may not be used for any  
55.20 purpose other than for notifying the homeowner of potential eligibility and assisting the  
55.21 homeowner, without charge, in preparing a refund claim.

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

55.24 **Sec. 9. [471.703] EXPENDITURE TYPE REPORTING.**

55.25 **Subdivision 1. Purpose.** In order to facilitate involvement of the public in local  
55.26 government budgeting, municipalities shall provide the following budgetary information  
55.27 on a municipal Web site, except as provided in subdivision 4, and publicize the availability  
55.28 of this information as part of the property tax and budget notices required in section  
55.29 275.065.

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

55.32 (b) "Municipality" means a county or a home rule charter or statutory city with a  
55.33 population of more than 2,500.

55.34 (c) "Population" means the population of the municipality as established by the last  
55.35 federal census, by a special census conducted under contract with the United States Bureau

56.1 of the Census, by a population estimate made by the Metropolitan Council pursuant to  
56.2 section 473.24, or by a population estimate of the state demographer made pursuant to  
56.3 section 4A.02, whichever is the most recent as to the stated date of the count or estimate for  
56.4 the preceding calendar year, and which has been certified to the commissioner of revenue  
56.5 on or before July 15 of the year in which the information is required to be reported.

56.6 Subd. 3. **Electronic budgetary information.** (a) By July 31 of each year, a  
56.7 municipality shall publish on its Web site, except as provided in subdivision 4, four years  
56.8 of budget information on both revenues and expenditures organized by function and by  
56.9 expenditure type. The four years shall include actual data from the three most recently  
56.10 concluded budget years and estimated data for the current budget year.

56.11 (b) In addition to publications required by paragraph (a), the municipality must  
56.12 publish the adopted final budget on the municipal Web site within 14 days of adoption of  
56.13 the final budget. The published final budget must include information on both revenues  
56.14 and expenditures organized by function and by expenditure type. The final budget must  
56.15 remain on the municipal Web site for one year, or until replaced by the next final budget.

56.16 (c) The governmental funds included in the budget information required under  
56.17 this section shall include the municipality's general fund, debt service fund, and special  
56.18 revenue funds, except for special revenue funds specifically used for the acquisition and  
56.19 construction of major capital facilities. The reported information shall also exclude  
56.20 enterprise funds and fiduciary funds.

56.21 (d) The forms and reporting requirements for revenues and expenditures by function  
56.22 shall be established by the state auditor's office and shall be based on the revenue and  
56.23 expenditure breakdowns used by that office in the five-year summary tables for annual  
56.24 revenue, expenditure, and debt reports for counties and cities with a population over  
56.25 2,500, under section 6.75.

56.26 (e) The forms and reporting requirements for expenditures by expenditure type shall  
56.27 be established by the state auditor's office and at minimum shall include the following line  
56.28 items: employee costs, purchased services, supplies, central services, capital items, debt  
56.29 service, transfer to other funds, and miscellaneous; with employee costs further subdivided  
56.30 into the following items: wages and salaries, pensions, Social Security, health care, and  
56.31 other benefits. The state auditor shall consult with the commissioner of management and  
56.32 budget, city and county representatives, and members of the governmental accounting  
56.33 community in developing the definition of expenditure types for reporting purposes.

56.34 Subd. 4. **Alternative publication of budgetary information.** A municipality  
56.35 that does not maintain an official Web site must either (1) set up a separate Web site to  
56.36 make accessible the budgetary information as required in subdivision 3, or (2) publish the

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57.1 same information required in subdivision 3 by August 31 of each year in one issue of the  
57.2 official newspaper of the municipality. If a county publishes the information in its official  
57.3 newspaper it must also publish the same information in one other newspaper, if one of  
57.4 general circulation is located in a different city in the county than the official newspaper.  
57.5 The state auditor must prescribe the form for the newspaper notice.

57.6 Subd. 5. **Incentives.** In 2012 only, a city or county that complies with the  
57.7 requirement of this section and section 6.91, subdivision 1, shall receive the benefits  
57.8 pursuant to section 6.91, subdivision 2.

57.9 Subd. 6. **Penalties.** In 2013 and thereafter, failure of a municipality to provide  
57.10 the information required in this section shall result in the withholding of aids payable  
57.11 the following calendar year under sections 162.01 to 162.14, 423A.02, and 477A.011  
57.12 to 477A.014.

57.13 **EFFECTIVE DATE.** This section is effective July 1, 2012.

57.14 Sec. 10. Minnesota Statutes 2011 Supplement, section 477A.013, subdivision 9,  
57.15 is amended to read:

57.16 Subd. 9. **City aid distribution.** (a) In calendar year 2013 only, each city will receive  
57.17 an aid distribution equal to its aid distribution in 2012 under this section. In calendar year  
57.18 ~~2009~~ 2014 and thereafter, each city shall receive an aid distribution equal to the sum of (1)  
57.19 the city formula aid under subdivision 8, and (2) its city aid base.

57.20 ~~(b) For aids payable in 2013 only, the total aid in the previous year for any city~~  
57.21 ~~shall mean the amount of aid it was certified to receive for aids payable in 2012 under~~  
57.22 ~~this section.~~ For aids payable in 2014 and thereafter, the total aid in the previous year  
57.23 for any city means the amount of aid it was certified to receive under this section in the  
57.24 previous payable year.

57.25 ~~(c) For aids payable in 2010~~ 2014 and thereafter, the total aid for any city shall  
57.26 not exceed the sum of (1) ten percent of the city's net levy for the year prior to the aid  
57.27 distribution plus (2) its total aid in the previous year. For aids payable in ~~2009~~ 2014 and  
57.28 thereafter, the total aid for any city with a population of 2,500 or more may not be less  
57.29 than its total aid under this section in the previous year minus the lesser of \$10 multiplied  
57.30 by its population, or ten percent of its net levy in the year prior to the aid distribution.

57.31 ~~(d) For aids payable in 2010~~ 2014 and thereafter, the total aid for a city with a  
57.32 population less than 2,500 must not be less than the amount it was certified to receive in  
57.33 the previous year minus the lesser of \$10 multiplied by its population, or five percent of its  
57.34 2003 certified aid amount. ~~For aids payable in 2009 only, the total aid for a city with a~~  
57.35 ~~population less than 2,500 must not be less than what it received under this section in the~~

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58.1 ~~previous year unless its total aid in calendar year 2008 was aid under section 477A.011,~~  
58.2 ~~subdivision 36, paragraph (s), in which case its minimum aid is zero.~~

58.3 (e) A city's aid loss under this section may not exceed \$300,000 in any year in  
58.4 which the total city aid appropriation under section 477A.03, subdivision 2a, is equal or  
58.5 greater than the appropriation under that subdivision in the previous year, unless the  
58.6 city has an adjustment in its city net tax capacity under the process described in section  
58.7 469.174, subdivision 28.

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

58.14 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
58.15 2013 and thereafter.

58.16 Sec. 11. Minnesota Statutes 2011 Supplement, section 477A.03, subdivision 2a,  
58.17 is amended to read:

58.18 Subd. 2a. **Cities.** For aids payable in ~~2013~~ 2014 and thereafter, the total aid paid  
58.19 under section 477A.013, subdivision 9, is \$426,438,012.

58.20 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
58.21 2013 and thereafter.

58.22 Sec. 12. **CAREER AND TECHNICAL LEVY LIMITATION, PAYABLE IN 2012.**

58.23 Notwithstanding Minnesota Statutes, section 124D.4531, subdivision 1, the amount  
58.24 of the levy certified under Minnesota Statutes, section 124D.4531, subdivision 1, may not  
58.25 exceed \$17,850,000 for taxes payable in 2012.

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

58.27 Sec. 13. **LEASE LEVY; ADMINISTRATIVE SPACE.**

58.28 Subdivision 1. **Faribault.** Notwithstanding Minnesota Statutes, section 126C.40,  
58.29 subdivision 1, Independent School District No. 656, Faribault, may lease administrative  
58.30 space under Minnesota Statutes, section 126C.40, subdivision 1, if the district can  
58.31 demonstrate to the satisfaction of the commissioner of education that the administrative  
58.32 space is less expensive than instructional space that the district would otherwise lease.

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59.1 The commissioner must deny this levy authority unless the district passes a resolution  
59.2 stating its intent to lease instructional space under Minnesota Statutes, section 126C.40,  
59.3 subdivision 1, if the commissioner does not grant authority under this section. The  
59.4 resolution must also certify that a lease of administrative space under this section is less  
59.5 expensive than the district's proposed instructional lease. Levy authority under this section  
59.6 shall not exceed the total levy authority under Minnesota Statutes, section 126C.40,  
59.7 subdivision 1, paragraph (e).

59.8 Subd. 2. **Wayzata.** Notwithstanding Minnesota Statutes, section 126C.40,  
59.9 subdivision 1, Independent School District No. 284, Wayzata, may lease administrative  
59.10 space under Minnesota Statutes, section 126C.40, subdivision 1, if the district can  
59.11 demonstrate to the satisfaction of the commissioner of education that the administrative  
59.12 space is less expensive than instructional space that the district would otherwise lease.  
59.13 The commissioner must deny this levy authority unless the district passes a resolution  
59.14 stating its intent to lease instructional space under Minnesota Statutes, section 126C.40,  
59.15 subdivision 1, if the commissioner does not grant authority under this section. The  
59.16 resolution must also certify that a lease of administrative space under this section is less  
59.17 expensive than the district's proposed instructional lease. Levy authority under this section  
59.18 shall not exceed the total levy authority under Minnesota Statutes, section 126C.40,  
59.19 subdivision 1, paragraph (e).

59.20 **EFFECTIVE DATE.** This section is effective for taxes payable in 2013 and later.

59.21 Sec. 14. **ADMINISTRATION OF PROPERTY TAX REFUND CLAIMS; 2011.**

59.22 In administering Minnesota Statutes, section 290A.04, subdivision 2h, for claims for  
59.23 additional refunds submitted using 60 percent of the gross homestead property tax increase  
59.24 exceeding 12 percent of income under prior law, the commissioner shall recalculate and  
59.25 pay the refund amounts using 75 percent of the tax increase exceeding 12 percent of  
59.26 income. The commissioner shall notify the claimant that the recalculation was mandated  
59.27 by action of the 2012 legislature.

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

59.29 Sec. 15. **REPEALER.**

59.30 (a) Minnesota Statutes 2010, section 275.025, subdivisions 1, 2, and 4, are repealed.

59.31 (b) Minnesota Statutes 2011 Supplement, section 275.025, subdivision 3, is repealed.

59.32 **EFFECTIVE DATE.** This section is effective for taxes payable in 2026 and  
59.33 thereafter.

ARTICLE 4

LOCAL DEVELOPMENT

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Section 1. Minnesota Statutes 2010, section 469.174, subdivision 2, is amended to read:

Subd. 2. **Authority.** "Authority" means a rural development financing authority created pursuant to sections 469.142 to 469.151; a housing and redevelopment authority created pursuant to sections 469.001 to 469.047; a port authority created pursuant to sections 469.048 to 469.068; an economic development authority created pursuant to sections 469.090 to 469.108; a redevelopment agency as defined in sections 469.152 to 469.165; a municipality that is administering a development district created pursuant to sections 469.124 to 469.134 or any special law; a municipality that undertakes a project pursuant to sections 469.152 to 469.165, except a town located outside the metropolitan area or with a population of 5,000 persons or less; a municipality that undertakes a project pursuant to subdivision 30; or a municipality that exercises the powers of a port authority pursuant to any general or special law.

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

Sec. 2. Minnesota Statutes 2010, section 469.174, subdivision 8, is amended to read:

Subd. 8. **Project.** "Project" means a project as described in section 469.142; an industrial development district as described in section 469.058, subdivision 1; an economic development district as described in section 469.101, subdivision 1; a project as defined in section 469.002, subdivision 12; a development district as defined in section 469.125, subdivision 9, or any special law; a mining reclamation project area as defined in subdivision 30; or a project as defined in section 469.153, subdivision 2, paragraph (a), (b), or (c).

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

Sec. 3. Minnesota Statutes 2010, section 469.174, subdivision 10, is amended to read:

Subd. 10. **Redevelopment district.** (a) "Redevelopment district" means a type of tax increment financing district consisting of a project, or portions of a project, within which the authority finds by resolution that one or more of the following conditions, reasonably distributed throughout the district, exists:

(1) parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures and

61.1 ~~more than~~ 50 percent or more of the buildings, not including outbuildings, are structurally  
61.2 substandard to a degree requiring substantial renovation or clearance;

61.3 (2) the property consists of vacant, unused, underused, inappropriately used, or  
61.4 infrequently used rail yards, rail storage facilities, or excessive or vacated railroad  
61.5 rights-of-way;

61.6 (3) tank facilities, or property whose immediately previous use was for tank  
61.7 facilities, as defined in section 115C.02, subdivision 15, if the tank facilities:

61.8 (i) have or had a capacity of more than 1,000,000 gallons;

61.9 (ii) are located adjacent to rail facilities; and

61.10 (iii) have been removed or are unused, underused, inappropriately used, or  
61.11 infrequently used; or

61.12 (4) a qualifying disaster area, as defined in subdivision 10b.

61.13 (b) For purposes of this subdivision, "structurally substandard" shall mean  
61.14 containing defects in structural elements or a combination of deficiencies in essential  
61.15 utilities and facilities, light and ventilation, fire protection including adequate egress,  
61.16 layout and condition of interior partitions, or similar factors, which defects or deficiencies  
61.17 are of sufficient total significance to justify substantial renovation or clearance.

61.18 (c) A building is not structurally substandard if it is in compliance with the building  
61.19 code applicable to new buildings or could be modified to satisfy the building code at  
61.20 a cost of less than 15 percent of the cost of constructing a new structure of the same  
61.21 square footage and type on the site. The municipality may find that a building is not  
61.22 disqualified as structurally substandard under the preceding sentence on the basis of  
61.23 reasonably available evidence, such as the size, type, and age of the building, the average  
61.24 cost of plumbing, electrical, or structural repairs, or other similar reliable evidence. The  
61.25 municipality may not make such a determination without an interior inspection of the  
61.26 property, but need not have an independent, expert appraisal prepared of the cost of repair  
61.27 and rehabilitation of the building. An interior inspection of the property is not required,  
61.28 if the municipality finds that (1) the municipality or authority is unable to gain access to  
61.29 the property after using its best efforts to obtain permission from the party that owns or  
61.30 controls the property; and (2) the evidence otherwise supports a reasonable conclusion that  
61.31 the building is structurally substandard. Items of evidence that support such a conclusion  
61.32 include recent fire or police inspections, on-site property tax appraisals or housing  
61.33 inspections, exterior evidence of deterioration, or other similar reliable evidence. Written  
61.34 documentation of the findings and reasons why an interior inspection was not conducted  
61.35 must be made and retained under section 469.175, subdivision 3, clause (1). Failure of a

62.1 building to be disqualified under the provisions of this paragraph is a necessary, but not a  
62.2 sufficient, condition to determining that the building is substandard.

62.3 (d) A parcel is deemed to be occupied by a structurally substandard building  
62.4 for purposes of the finding under paragraph (a) or by the improvements described in  
62.5 paragraph (e) if all of the following conditions are met:

62.6 (1) the parcel was occupied by a substandard building or met the requirements  
62.7 of paragraph (e), as the case may be, within three years of the filing of the request for  
62.8 certification of the parcel as part of the district with the county auditor;

62.9 (2) the substandard building or the improvements described in paragraph (e) were  
62.10 demolished or removed by the authority or the demolition or removal was financed by the  
62.11 authority or was done by a developer under a development agreement with the authority;

62.12 (3) the authority found by resolution before the demolition or removal that the  
62.13 parcel was occupied by a structurally substandard building or met the requirements of  
62.14 paragraph (e) and that after demolition and clearance the authority intended to include  
62.15 the parcel within a district; and

62.16 (4) upon filing the request for certification of the tax capacity of the parcel as part  
62.17 of a district, the authority notifies the county auditor that the original tax capacity of the  
62.18 parcel must be adjusted as provided by section 469.177, subdivision 1, paragraph (f).

62.19 (e) For purposes of this subdivision, a parcel is not occupied by buildings, streets,  
62.20 utilities, paved or gravel parking lots, or other similar structures unless 15 percent of the  
62.21 area of the parcel contains buildings, streets, utilities, paved or gravel parking lots, or  
62.22 other similar structures.

62.23 (f) For districts consisting of two or more noncontiguous areas, each area must  
62.24 qualify as a redevelopment district under paragraph (a) to be included in the district, and  
62.25 the entire area of the district must satisfy paragraph (a).

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

62.27 Sec. 4. Minnesota Statutes 2010, section 469.174, is amended by adding a subdivision  
62.28 to read:

62.29 **Subd. 19a. Soil deficiency district.** "Soil-deficiency district" means a type of tax  
62.30 increment financing district consisting of a project, or portions of a project, within which  
62.31 the authority finds by resolution that the following conditions exist:

62.32 (1) parcels consisting of 70 percent of the area of the district contain unusual terrain  
62.33 or soil deficiencies which require substantial filling, grading, or other physical preparation  
62.34 for use and a parcel is eligible for inclusion if at least 50 percent of the area of the parcel  
62.35 requires substantial filling, grading, or other physical preparation for use; and

63.1 (2) the estimated cost of the physical preparation under clause (1), but excluding  
63.2 costs directly related to roads as defined in section 160.01, and local improvements as  
63.3 described in sections 429.021, subdivision 1, clauses (1) to (7), (11), and (12), and 430.01,  
63.4 exceeds the fair market value of the land before completion of the preparation.

63.5 **EFFECTIVE DATE.** This section is effective for districts for which the request for  
63.6 certification is made after April 30, 2012.

63.7 Sec. 5. Minnesota Statutes 2010, section 469.174, is amended by adding a subdivision  
63.8 to read:

63.9 Subd. 30. **Mining reclamation project area.** (a) An authority may designate an  
63.10 area within its jurisdiction by finding by resolution, that parcels consisting of at least 70  
63.11 percent of the acreage, excluding street and railroad rights-of-way, are characterized by  
63.12 one or more of the following conditions:

63.13 (1) peat or other soils with geotechnical deficiencies that impair development of  
63.14 buildings or infrastructure;

63.15 (2) soils or terrain that requires substantial filling in order to permit the development  
63.16 of buildings or infrastructure;

63.17 (3) landfills, dumps, or similar deposits of municipal or private waste;

63.18 (4) quarries or similar resource extraction sites;

63.19 (5) floodway; and

63.20 (6) substandard buildings, within the meaning of section 469.174, subdivision 10.

63.21 (b) For the purposes of paragraph (a), clauses (1) to (5), a parcel is characterized by  
63.22 the relevant condition if at least 50 percent of the area of the parcel contains the relevant  
63.23 condition. For the purposes of paragraph (a), clause (6), a parcel is characterized by  
63.24 substandard buildings if substandard buildings occupy at least 30 percent of the area  
63.25 of the parcel.

63.26 (c) If the authority elects, upon the adoption of the tax increment financing plan for a  
63.27 district, the rules under paragraphs (d) and (e) apply to a redevelopment district, renewal  
63.28 and renovation district, soil condition district, or soil deficiency district established by the  
63.29 authority in a mining reclamation project area.

63.30 (d) Upon election of the authority under paragraph (c), for any district created in a  
63.31 mining reclamation project area, the five-year rule under section 469.1763, subdivision 3,  
63.32 is extended to ten years, and section 469.1763, subdivision 4, does not apply.

63.33 (e) Upon election by the authority under paragraph (c), notwithstanding any  
63.34 provision to the contrary in section 469.1763, subdivision 2, paragraph (a), not more than  
63.35 80 percent of the total revenue derived from tax increments paid by properties in any

64.1 district, measured over the life of the district, may be expended on activities outside the  
64.2 district but within the mining reclamation project area.

64.3 (f) For a soil deficiency district, except as otherwise provided in this subdivision,  
64.4 increments may be used only to:

64.5 (1) acquire parcels on which the improvements described in clause (2) will occur;

64.6 (2) pay for the cost of correcting the unusual terrain or soil deficiencies and the  
64.7 additional cost of installing public improvements directly caused by the deficiencies;

64.8 (3) pay for the administrative expenses of the authority allocable to the district; and

64.9 (4) up to 25 percent of the increment may be used to pay costs as provided in section  
64.10 469.176, subdivision 4j.

64.11 (g) Increments spent for any infrastructure costs, whether inside a district or outside  
64.12 a district, but within the project area, are deemed to satisfy the requirements of paragraph  
64.13 (f), and section 469.176, subdivisions 4b and 4j.

64.14 **EFFECTIVE DATE.** This section is effective for districts for which the request for  
64.15 certification is made after April 30, 2012.

64.16 Sec. 6. Minnesota Statutes 2010, section 469.176, subdivision 1b, is amended to read:

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

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

64.21 (2) after 20 years after receipt by the authority of the first increment for a soils  
64.22 condition district or a soil deficiency district;

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

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

64.27 (b) For purposes of determining a duration limit under this subdivision or subdivision  
64.28 1e that is based on the receipt of an increment, any increments from taxes payable in  
64.29 the year in which the district terminates shall be paid to the authority. This paragraph  
64.30 does not affect a duration limit calculated from the date of approval of the tax increment  
64.31 financing plan or based on the recovery of costs or to a duration limit under subdivision  
64.32 1c. This paragraph does not supersede the restrictions on payment of delinquent taxes in  
64.33 subdivision 1f.

64.34 (c) An action by the authority to waive or decline to accept an increment has no  
64.35 effect for purposes of computing a duration limit based on the receipt of increment under

65.1 this subdivision or any other provision of law. The authority is deemed to have received an  
65.2 increment for any year in which it waived or declined to accept an increment, regardless  
65.3 of whether the increment was paid to the authority.

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

65.8 **EFFECTIVE DATE.** This section is effective for districts for which the request for  
65.9 certification is made after April 30, 2012.

65.10 Sec. 7. Minnesota Statutes 2011 Supplement, section 469.1763, subdivision 2, is  
65.11 amended to read:

65.12 Subd. 2. **Expenditures outside district.** (a) For each tax increment financing  
65.13 district, an amount equal to at least 75 percent of the total revenue derived from tax  
65.14 increments paid by properties in the district must be expended on activities in the district  
65.15 or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities  
65.16 in the district or to pay, or secure payment of, debt service on credit enhanced bonds.  
65.17 For districts, other than redevelopment districts for which the request for certification  
65.18 was made after June 30, 1995, the in-district percentage for purposes of the preceding  
65.19 sentence is 80 percent. Not more than 25 percent of the total revenue derived from tax  
65.20 increments paid by properties in the district may be expended, through a development fund  
65.21 or otherwise, on activities outside of the district but within the defined geographic area of  
65.22 the project except to pay, or secure payment of, debt service on credit enhanced bonds.  
65.23 For districts, other than redevelopment districts for which the request for certification was  
65.24 made after June 30, 1995, the pooling percentage for purposes of the preceding sentence is  
65.25 20 percent. The revenue derived from tax increments for the district that are expended on  
65.26 costs under section 469.176, subdivision 4h, paragraph (b), may be deducted first before  
65.27 calculating the percentages that must be expended within and without the district.

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

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

65.34 (d) The authority may elect, in the tax increment financing plan for the district,  
65.35 to increase by up to ten percentage points the permitted amount of expenditures for

66.1 activities located outside the geographic area of the district under paragraph (a). As  
66.2 permitted by section 469.176, subdivision 4k, the expenditures, including the permitted  
66.3 expenditures under paragraph (a), need not be made within the geographic area of the  
66.4 project. Expenditures that meet the requirements of this paragraph are legally permitted  
66.5 expenditures of the district, notwithstanding section 469.176, subdivisions 4b, 4c, 4d, and  
66.6 4j. To qualify for the increase under this paragraph, the expenditures must:

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

66.10 ~~(2)~~ (ii) does not exceed the qualified basis of the housing, as defined under section  
66.11 42(c) of the Internal Revenue Code, less the amount of any credit allowed under section  
66.12 42 of the Internal Revenue Code; and

66.13 ~~(3)~~ be (iii) is used to:

66.14 ~~(i)~~ (A) acquire and prepare the site of the housing;

66.15 ~~(ii)~~ (B) acquire, construct, or rehabilitate the housing; or

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

66.17 ~~(4)~~ (2) be used to develop housing:

66.18 (i) if the market value of the housing prior to demolition or rehabilitation does  
66.19 not exceed the lesser of:

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

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

66.24 (ii) if the expenditures are used to pay the cost of site acquisition, relocation,  
66.25 demolition of existing structures, site preparation, rehabilitation, and pollution abatement  
66.26 on one or more parcels, if provided that the parcel contains a residence containing is  
66.27 occupied by one to four family dwelling units that has been vacant for six or more months  
66.28 and is in foreclosure as defined in section 325N.10, subdivision 7, but without regard to  
66.29 whether the residence is the owner's principal residence, and only after the redemption  
66.30 period stated in the notice provided under section 580.06 has expired with respect to which  
66.31 a mortgage was foreclosed under chapter 580, 581, or 582; any applicable redemption  
66.32 period has expired without redemption; and the authority or developer enters into a  
66.33 purchase agreement to acquire the parcel no earlier than 30 days after expiration of the  
66.34 redemption period.

66.35 (e) For a district created within a biotechnology and health sciences industry zone  
66.36 as defined in section 469.330, subdivision 6, or for an existing district located within

67.1 such a zone, tax increment derived from such a district may be expended outside of the  
67.2 district but within the zone only for expenditures required for the construction of public  
67.3 infrastructure necessary to support the activities of the zone, land acquisition, and other  
67.4 redevelopment costs as defined in section 469.176, subdivision 4j. These expenditures are  
67.5 considered as expenditures for activities within the district.

67.6 (f) The authority under paragraph (d), clause ~~(4)~~ (2), expires on December 31, 2016.  
67.7 Increments may continue to be expended under this authority after that date, if they are  
67.8 used to pay bonds or binding contracts that would qualify under subdivision 3, paragraph  
67.9 (a), if December 31, 2016, is considered to be the last date of the five-year period after  
67.10 certification under that provision.

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

67.14 Sec. 8. Laws 2008, chapter 366, article 5, section 34, as amended by Laws 2009,  
67.15 chapter 88, article 5, section 11, is amended to read:

67.16 Sec. 34. **CITY OF OAKDALE; ORIGINAL TAX CAPACITY.**

67.17 **Subdivision 1. Original tax capacity election.** (a) The provisions of this section  
67.18 apply to redevelopment tax increment financing districts created by the Housing and  
67.19 Redevelopment Authority in and for the city of Oakdale in the areas comprised of  
67.20 the parcels with the following parcel identification numbers: (1) 3102921320053;  
67.21 3102921320054; 3102921320055; 3102921320056; 3102921320057; 3102921320058;  
67.22 3102921320062; 3102921320063; 3102921320059; 3102921320060; 3102921320061;  
67.23 3102921330005; and 3102921330004; and (2) 2902921330001 and 2902921330005.

67.24 (b) For a district subject to this section, the Housing and Redevelopment Authority  
67.25 may, when requesting certification of the original tax capacity of the district under  
67.26 Minnesota Statutes, section 469.177, elect to have the original tax capacity of the district  
67.27 be certified as the tax capacity of the land.

67.28 (c) The authority to request certification of a district under this section expires on  
67.29 ~~July 1, 2013~~ December 31, 2017.

67.30 **Subd. 2. Parcels deemed occupied.** (a) Parcel numbers 3102921320054,  
67.31 3102921320055, 3102921320056, 3102921320057, 3102921320061, and 3102921330004  
67.32 are deemed to meet the requirements of Minnesota Statutes, section 469.174, subdivision  
67.33 10, paragraph (d), notwithstanding any contrary provisions of that paragraph, if the  
67.34 following conditions are met:

68.1 (1) a building located on any part of each of the specified parcels was demolished  
68.2 after the authority adopted a resolution under Minnesota Statutes, section 469.174,  
68.3 subdivision 10, paragraph (d), clause (3);

68.4 (2) the building was removed either by the authority, by a developer under a  
68.5 development agreement with the authority, or by the owner of the property without  
68.6 entering into a development agreement with the authority; and

68.7 (3) the request for certification of the parcel as part of a district is filed with the  
68.8 county auditor by December 31, 2017.

68.9 (b) The provisions of subdivision 1 apply to allow an election by the authority  
68.10 for the parcels deemed occupied under paragraph (a), notwithstanding the provisions  
68.11 of Minnesota Statutes, sections 469.174, subdivision 10, paragraph (d), and 469.177,  
68.12 subdivision 1, paragraph (f).

68.13 **EFFECTIVE DATE.** This section is effective upon compliance by the governing  
68.14 body of the city of Oakdale with the requirements of Minnesota Statutes, section 645.021,  
68.15 subdivision 3.

68.16 Sec. 9. **CITY OF APPLE VALLEY; USE OF TAX INCREMENT FINANCING.**

68.17 Subdivision 1. **Developments consisting of building and ancillary facilities.**  
68.18 Notwithstanding Minnesota Statutes, section 469.176, subdivisions 4c and 4m, the city of  
68.19 Apple Valley may use tax increment financing to provide improvements, loans, subsidies,  
68.20 grants, interest rate subsidies, or assistance in any form to developments consisting of  
68.21 buildings and ancillary facilities, if all of the following conditions are met:

68.22 (1) the city of Apple Valley finds that the project will create or retain jobs in  
68.23 Minnesota, including construction jobs;

68.24 (2) the city of Apple Valley finds that construction of the project will not commence  
68.25 before July 1, 2013, without the use of tax increment financing;

68.26 (3) the request for certification of the district is made no later than June 30, 2013;

68.27 (4) construction of the project begins no later than July 1, 2013; and

68.28 (5) for development of housing, construction of the project begins no later than  
68.29 December 31, 2012.

68.30 Subd. 2. **Extension of authority to spend tax increments.** Notwithstanding  
68.31 Minnesota Statutes, section 469.176, subdivision 4m, the city of Apple Valley has the  
68.32 authority to spend tax increments under Minnesota Statutes, section 469.176, subdivision  
68.33 4m, until December 31, 2013.

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

69.1 Sec. 10. **CITY OF BLOOMINGTON; TAX INCREMENT FINANCING.**

69.2 Notwithstanding Minnesota Statutes, section 469.176, or Laws 1996, chapter 464,  
69.3 article 1, section 8, or any other law to the contrary, the city of Bloomington and its port  
69.4 authority may extend the duration limits of tax increment financing district No. 1-G,  
69.5 containing the former Met Center property, including Lindau Lane and that portion of tax  
69.6 increment financing district No. 1-C north of the existing building line on Lot 1, Block 1,  
69.7 Mall of America 7th Addition, exclusive of Lots 2 and 3, through December 31, 2038.

69.8 **EFFECTIVE DATE.** This section is effective upon compliance of the governing  
69.9 body of the city of Bloomington with the requirements of Minnesota Statutes, sections  
69.10 469.1782, subdivision 2, and 645.021, subdivision 3.

69.11 Sec. 11. **CITY OF BLOOMINGTON; TAX INCREMENT FINANCING**  
69.12 **EXTENSION.**

69.13 Notwithstanding the provisions of Minnesota Statutes, section 469.176, or any other  
69.14 law to the contrary, the city of Bloomington and its port authority may extend the duration  
69.15 limits of Tax Increment Financing District No. 1-I, containing the Bloomington Central  
69.16 Station property for a period through December 31, 2038.

69.17 **EFFECTIVE DATE.** This section is effective upon compliance of the governing  
69.18 body of the city of Bloomington with the requirements of Minnesota Statutes, sections  
69.19 469.1782, subdivision 2, and 645.021, subdivision 3.

69.20 Sec. 12. **BROOKLYN PARK; TAX INCREMENT FINANCING.**

69.21 **Subdivision 1. Temporary authority extended.** The Brooklyn Park Economic  
69.22 Development Authority may exercise power under Minnesota Statutes, section 469.176,  
69.23 subdivision 4m, to assist in development of a hotel and an aquatic performance and  
69.24 wellness center located on parcel number 2911921340004 in the city of Brooklyn Park, if  
69.25 construction on some portion of that parcel commences before July 1, 2013. The authority  
69.26 to spend increments for those purposes expires on July 1, 2014.

69.27 **Subd. 2. Five-year rule.** The requirement of Minnesota Statutes, section 469.1763,  
69.28 subdivision 3, that activities must be undertaken within a five-year period from the date  
69.29 of certification of a tax increment financing district, is considered to be met for Tax  
69.30 Increment Financing District No. 23 in the city of Brooklyn Park if the activities were  
69.31 undertaken by July 1, 2014.

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

70.4 Sec. 13. DAKOTA COUNTY COMMUNITY DEVELOPMENT AUTHORITY;  
70.5 TAX INCREMENT FINANCING DISTRICT.

70.6 Subdivision 1. Authorization. Notwithstanding the provisions of any other law,  
70.7 the Dakota County Community Development Authority may establish a redevelopment  
70.8 tax increment financing district comprised of the properties that (1) were included in the  
70.9 CDA 10 Robert and South Street district in the city of West St. Paul, and (2) were not  
70.10 decertified before July 1, 2012. The district created under this section terminates no later  
70.11 than December 31, 2027.

70.12 Subd. 2. Special rules. The requirements for qualifying a redevelopment district  
70.13 under Minnesota Statutes, section 469.174, subdivision 10, do not apply to parcels located  
70.14 within the district. Minnesota Statutes, section 469.176, subdivisions 4g, paragraph (c),  
70.15 clause (1), item (ii), 4j, and 4l, do not apply to the district. The original tax capacity  
70.16 of the district is \$93,239.

70.17 Subd. 3. Authorized expenditures. Tax increment from the district may be  
70.18 expended to pay for any eligible activities authorized by Minnesota Statutes, chapter  
70.19 469, within the redevelopment area that includes the district. All such expenditures are  
70.20 deemed to be activities within the district under Minnesota Statutes, section 469.1763,  
70.21 subdivisions 2, 3, and 4.

70.22 Subd. 4. Adjusted net tax capacity. The captured tax capacity of the district must  
70.23 be included in the adjusted net tax capacity of the city, county, and school district for the  
70.24 purposes of determining local government aid, education aid, and county program aid.  
70.25 The county auditor shall report to the commissioner of revenue the amount of the captured  
70.26 tax capacity for the district at the time the assessment abstracts are filed.

70.27 EFFECTIVE DATE. This section is effective upon compliance by the governing  
70.28 body of the Dakota County Community Development Authority with the requirements of  
70.29 Minnesota Statutes, section 645.021, subdivision 3.

70.30 Sec. 14. ST. CLOUD ECONOMIC DEVELOPMENT AUTHORITY;  
70.31 EXPENDITURE OF FUND BALANCE.

70.32 Notwithstanding any other law to the contrary or the provisions of the tax increment  
70.33 financing plan, the economic development authority for the city of St. Cloud may  
70.34 authorize the expenditure of the balance of the tax increments from tax increment district

71.1 no. 2, commonly referred to as the Norwest District, within the Central Area Urban  
71.2 Renewal Project area of the city. Eligible expenditures are for public infrastructure  
71.3 improvements, including but not limited to improvements as further described in the city  
71.4 of St. Cloud's 2003 Comprehensive Plan and 1996 Downtown Streetscape Plan, which  
71.5 will further economic development in the Central Area Urban Renewal Project area of the  
71.6 city. All tax increments from tax increment financing district no. 2 expended are ratified  
71.7 and approved and are conclusively deemed to be spent in compliance with applicable law.  
71.8 Any funds remaining in tax increment financing district no. 2 must be expended pursuant  
71.9 to this section by December 31, 2015, or distributed as excess increments under Minnesota  
71.10 Statutes, section 469.176, subdivision 2.

71.11 **EFFECTIVE DATE.** This section is effective the day following final enactment,  
71.12 upon approval by the governing body of the city of St. Cloud and compliance with  
71.13 Minnesota Statutes, section 645.021, subdivision 3.

## 71.14 **ARTICLE 5**

### 71.15 **HOMESTEAD MARKET VALUE CLEANUP**

71.16 Section 1. Minnesota Statutes 2010, section 38.18, is amended to read:

#### 71.17 **38.18 COUNTY FAIRGROUNDS; IMPROVEMENT AIDED.**

71.18 ~~Any~~ Each town, statutory city, or school district in this state, ~~now or hereafter~~ at  
71.19 any time having ~~a~~ an estimated market value of all its taxable property, ~~exclusive of~~  
71.20 ~~money and credits,~~ of more than \$105,000,000, and having a county fair located within its  
71.21 corporate limits, ~~is hereby authorized to aid in defraying~~ may pay part of the expense of  
71.22 improving ~~any such~~ the fairground, ~~by appropriating and paying over~~ to the treasurer of  
71.23 the county owning the fairground ~~such sum of money,~~ not exceeding \$10,000, ~~for each~~  
71.24 ~~of the political subdivisions,~~ as ~~the~~ its governing body ~~of the town, statutory city, or~~  
71.25 ~~school district may,~~ by resolution, ~~determine~~ determines to be for the best interest of the  
71.26 political subdivision;. ~~The sums so appropriated to~~ amounts paid to the county must be  
71.27 used solely ~~for the purpose of aiding in the improvement of~~ to improve the fairground  
71.28 in ~~such~~ the manner ~~as the county board of the county shall determine~~ determines to be  
71.29 for the best interest of the county.

71.30 Sec. 2. Minnesota Statutes 2010, section 40A.15, subdivision 2, is amended to read:

71.31 Subd. 2. **Eligible recipients.** All counties within the state, municipalities that  
71.32 prepare plans and official controls instead of a county, and districts are eligible for  
71.33 assistance under the program. Counties and districts may apply for assistance on behalf

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72.1 of other municipalities. In order to be eligible for financial assistance a county or  
72.2 municipality must agree to levy at least 0.01209 percent of ~~taxable~~ estimated market  
72.3 value for agricultural land preservation and conservation activities or otherwise spend the  
72.4 equivalent amount of local money on those activities, or spend \$15,000 of local money,  
72.5 whichever is less.

72.6 Sec. 3. Minnesota Statutes 2010, section 69.011, subdivision 1, is amended to read:

72.7 Subdivision 1. **Definitions.** Unless the language or context clearly indicates that  
72.8 a different meaning is intended, the following words and terms, for the purposes of this  
72.9 chapter and chapters 423, 423A, 424 and 424A, have the meanings ascribed to them:

72.10 (a) "Commissioner" means the commissioner of revenue.

72.11 (b) "Municipality" means:

72.12 (1) a home rule charter or statutory city;

72.13 (2) an organized town;

72.14 (3) a park district subject to chapter 398;

72.15 (4) the University of Minnesota;

72.16 (5) for purposes of the fire state aid program only, an American Indian tribal  
72.17 government entity located within a federally recognized American Indian reservation;

72.18 (6) for purposes of the police state aid program only, an American Indian tribal  
72.19 government with a tribal police department which exercises state arrest powers under  
72.20 section 626.90, 626.91, 626.92, or 626.93;

72.21 (7) for purposes of the police state aid program only, the Metropolitan Airports  
72.22 Commission; and

72.23 (8) for purposes of the police state aid program only, the Department of Natural  
72.24 Resources and the Department of Public Safety with respect to peace officers covered  
72.25 under chapter 352B.

72.26 (c) "Minnesota Firetown Premium Report" means a form prescribed by the  
72.27 commissioner containing space for reporting by insurers of fire, lightning, sprinkler  
72.28 leakage and extended coverage premiums received upon risks located or to be performed  
72.29 in this state less return premiums and dividends.

72.30 (d) "Firetown" means the area serviced by any municipality having a qualified fire  
72.31 department or a qualified incorporated fire department having a subsidiary volunteer  
72.32 firefighters' relief association.

72.33 (e) "Estimated market value" means latest available estimated market value of all  
72.34 property in a taxing jurisdiction, whether the property is subject to taxation, or exempt

73.1 from ad valorem taxation obtained from information which appears on abstracts filed with  
73.2 the commissioner of revenue or equalized by the State Board of Equalization.

73.3 (f) "Minnesota Aid to Police Premium Report" means a form prescribed by the  
73.4 commissioner for reporting by each fire and casualty insurer of all premiums received  
73.5 upon direct business received by it in this state, or by its agents for it, in cash or otherwise,  
73.6 during the preceding calendar year, with reference to insurance written for insuring against  
73.7 the perils contained in auto insurance coverages as reported in the Minnesota business  
73.8 schedule of the annual financial statement which each insurer is required to file with  
73.9 the commissioner in accordance with the governing laws or rules less return premiums  
73.10 and dividends.

73.11 (g) "Peace officer" means any person:

73.12 (1) whose primary source of income derived from wages is from direct employment  
73.13 by a municipality or county as a law enforcement officer on a full-time basis of not less  
73.14 than 30 hours per week;

73.15 (2) who has been employed for a minimum of six months prior to December 31  
73.16 preceding the date of the current year's certification under subdivision 2, clause (b);

73.17 (3) who is sworn to enforce the general criminal laws of the state and local  
73.18 ordinances;

73.19 (4) who is licensed by the Peace Officers Standards and Training Board and is  
73.20 authorized to arrest with a warrant; and

73.21 (5) who is a member of the Minneapolis Police Relief Association, the State Patrol  
73.22 retirement plan, or the public employees police and fire fund.

73.23 (h) "Full-time equivalent number of peace officers providing contract service" means  
73.24 the integral or fractional number of peace officers which would be necessary to provide  
73.25 the contract service if all peace officers providing service were employed on a full-time  
73.26 basis as defined by the employing unit and the municipality receiving the contract service.

73.27 (i) "Retirement benefits other than a service pension" means any disbursement  
73.28 authorized under section 424A.05, subdivision 3, clauses (3) and (4).

73.29 (j) "Municipal clerk, municipal clerk-treasurer, or county auditor" means the person  
73.30 who was elected or appointed to the specified position or, in the absence of the person,  
73.31 another person who is designated by the applicable governing body. In a park district,  
73.32 the clerk is the secretary of the board of park district commissioners. In the case of the  
73.33 University of Minnesota, the clerk is that official designated by the Board of Regents.  
73.34 For the Metropolitan Airports Commission, the clerk is the person designated by the  
73.35 commission. For the Department of Natural Resources or the Department of Public Safety,  
73.36 the clerk is the respective commissioner. For a tribal police department which exercises

74.1 state arrest powers under section 626.90, 626.91, 626.92, or 626.93, the clerk is the person  
74.2 designated by the applicable American Indian tribal government.

74.3 (k) "Voluntary statewide lump-sum volunteer firefighter retirement plan" means the  
74.4 retirement plan established by chapter 353G.

74.5 Sec. 4. Minnesota Statutes 2010, section 69.021, subdivision 7, is amended to read:

74.6 Subd. 7. **Apportionment of fire state aid to municipalities and relief associations.**

74.7 (a) The commissioner shall apportion the fire state aid relative to the premiums reported  
74.8 on the Minnesota Firetown Premium Reports filed under this chapter to each municipality  
74.9 and/or firefighters relief association.

74.10 (b) The commissioner shall calculate an initial fire state aid allocation amount for  
74.11 each municipality or fire department under paragraph (c) and a minimum fire state aid  
74.12 allocation amount for each municipality or fire department under paragraph (d). The  
74.13 municipality or fire department must receive the larger fire state aid amount.

74.14 (c) The initial fire state aid allocation amount is the amount available for  
74.15 apportionment as fire state aid under subdivision 5, without inclusion of any additional  
74.16 funding amount to support a minimum fire state aid amount under section 423A.02,  
74.17 subdivision 3, allocated one-half in proportion to the population as shown in the last  
74.18 official statewide federal census for each fire town and one-half in proportion to the  
74.19 estimated market value of each fire town, including (1) the estimated market value of  
74.20 tax-exempt property and (2) the estimated market value of natural resources lands  
74.21 receiving in lieu payments under sections 477A.11 to 477A.14, but excluding the  
74.22 estimated market value of minerals. In the case of incorporated or municipal fire  
74.23 departments furnishing fire protection to other cities, towns, or townships as evidenced  
74.24 by valid fire service contracts filed with the commissioner, the distribution must be  
74.25 adjusted proportionately to take into consideration the crossover fire protection service.  
74.26 Necessary adjustments must be made to subsequent apportionments. In the case of  
74.27 municipalities or independent fire departments qualifying for the aid, the commissioner  
74.28 shall calculate the state aid for the municipality or relief association on the basis of the  
74.29 population and the estimated market value of the area furnished fire protection service  
74.30 by the fire department as evidenced by duly executed and valid fire service agreements  
74.31 filed with the commissioner. If one or more fire departments are furnishing contracted fire  
74.32 service to a city, town, or township, only the population and estimated market value of the  
74.33 area served by each fire department may be considered in calculating the state aid and  
74.34 the fire departments furnishing service shall enter into an agreement apportioning among

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75.1 themselves the percent of the population and the estimated market value of each service  
75.2 area. The agreement must be in writing and must be filed with the commissioner.

75.3 (d) The minimum fire state aid allocation amount is the amount in addition to the  
75.4 initial fire state allocation amount that is derived from any additional funding amount  
75.5 to support a minimum fire state aid amount under section 423A.02, subdivision 3, and  
75.6 allocated to municipalities with volunteer firefighters relief associations or covered by the  
75.7 voluntary statewide lump-sum volunteer firefighter retirement plan based on the number  
75.8 of active volunteer firefighters who are members of the relief association as reported  
75.9 in the annual financial reporting for the calendar year 1993 to the Office of the State  
75.10 Auditor, but not to exceed 30 active volunteer firefighters, so that all municipalities or  
75.11 fire departments with volunteer firefighters relief associations receive in total at least a  
75.12 minimum fire state aid amount per 1993 active volunteer firefighter to a maximum of  
75.13 30 firefighters. If a relief association is established after calendar year 1993 and before  
75.14 calendar year 2000, the number of active volunteer firefighters who are members of the  
75.15 relief association as reported in the annual financial reporting for calendar year 1998  
75.16 to the Office of the State Auditor, but not to exceed 30 active volunteer firefighters,  
75.17 shall be used in this determination. If a relief association is established after calendar  
75.18 year 1999, the number of active volunteer firefighters who are members of the relief  
75.19 association as reported in the first annual financial reporting submitted to the Office of  
75.20 the State Auditor, but not to exceed 20 active volunteer firefighters, must be used in this  
75.21 determination. If a relief association is terminated as a result of providing retirement  
75.22 coverage for volunteer firefighters by the voluntary statewide lump-sum volunteer  
75.23 firefighter retirement plan under chapter 353G, the number of active volunteer firefighters  
75.24 of the municipality covered by the statewide plan as certified by the executive director of  
75.25 the Public Employees Retirement Association to the commissioner and the state auditor,  
75.26 but not to exceed 30 active firefighters, must be used in this determination.

75.27 (e) Unless the firefighters of the applicable fire department are members of the  
75.28 voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid must  
75.29 be paid to the treasurer of the municipality where the fire department is located and the  
75.30 treasurer of the municipality shall, within 30 days of receipt of the fire state aid, transmit  
75.31 the aid to the relief association if the relief association has filed a financial report with the  
75.32 treasurer of the municipality and has met all other statutory provisions pertaining to the  
75.33 aid apportionment. If the firefighters of the applicable fire department are members of  
75.34 the voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid  
75.35 must be paid to the executive director of the Public Employees Retirement Association  
75.36 and deposited in the voluntary statewide lump-sum volunteer firefighter retirement fund.

76.1 (f) The commissioner may make rules to permit the administration of the provisions  
76.2 of this section.

76.3 (g) Any adjustments needed to correct prior misallocations must be made to  
76.4 subsequent apportionments.

76.5 Sec. 5. Minnesota Statutes 2010, section 69.021, subdivision 8, is amended to read:

76.6 Subd. 8. **Population and estimated market value.** (a) In computations relating to  
76.7 fire state aid requiring the use of population figures, only official statewide federal census  
76.8 figures are to be used. Increases or decreases in population disclosed by reason of any  
76.9 special census must not be taken into consideration.

76.10 (b) In calculations relating to fire state aid requiring the use of estimated market  
76.11 value property figures, only the latest available estimated market value property figures  
76.12 may be used.

76.13 Sec. 6. Minnesota Statutes 2010, section 88.51, subdivision 3, is amended to read:

76.14 Subd. 3. **Determination of market value.** In determining the net tax capacity of  
76.15 property within any taxing district the value of the surface of lands within any auxiliary  
76.16 forest therein, as determined by the county board under the provisions of section 88.48,  
76.17 subdivision 3, shall, for all purposes except the levying of taxes on lands within any such  
76.18 forest, be deemed the estimated market value thereof.

76.19 Sec. 7. Minnesota Statutes 2010, section 103B.245, subdivision 3, is amended to read:

76.20 Subd. 3. **Tax.** After adoption of the ordinance under subdivision 2, a local  
76.21 government unit may annually levy a tax on all taxable property in the district for the  
76.22 purposes for which the tax district is established. The tax may not exceed 0.02418 percent  
76.23 of estimated market value on taxable property located in rural towns other than urban  
76.24 towns, unless allowed by resolution of the town electors. The proceeds of the tax shall  
76.25 be paid into a fund reserved for these purposes. Any proceeds remaining in the reserve  
76.26 fund at the time the tax is terminated or the district is dissolved shall be transferred and  
76.27 irrevocably pledged to the debt service fund of the local unit to be used solely to reduce  
76.28 tax levies for bonded indebtedness of taxable property in the district.

76.29 Sec. 8. Minnesota Statutes 2010, section 103B.251, subdivision 8, is amended to read:

76.30 Subd. 8. **Tax.** (a) For the payment of principal and interest on the bonds issued  
76.31 under subdivision 7 and the payment required under subdivision 6, the county shall  
76.32 irrevocably pledge and appropriate the proceeds of a tax levied on all taxable property

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77.1 located within the territory of the watershed management organization or subwatershed  
77.2 unit for which the bonds are issued. Each year until the reserve for payment of the bonds  
77.3 is sufficient to retire the bonds, the county shall levy on all taxable property in the territory  
77.4 of the organization or unit, without respect to any statutory or other limitation on taxes, an  
77.5 amount of taxes sufficient to pay principal and interest on the bonds and to restore any  
77.6 deficiencies in reserves required to be maintained for payment of the bonds.

77.7 (b) The tax levied on rural towns other than urban towns may not exceed 0.02418  
77.8 percent of ~~taxable~~ estimated market value, unless approved by resolution of the town  
77.9 electors.

77.10 (c) If at any time the amounts available from the levy on property in the territory of  
77.11 the organization are insufficient to pay principal and interest on the bonds when due, the  
77.12 county shall make payment from any available funds in the county treasury.

77.13 (d) The amount of any taxes which are required to be levied outside of the territory  
77.14 of the watershed management organization or unit or taken from the general funds of the  
77.15 county to pay principal or interest on the bonds shall be reimbursed to the county from  
77.16 taxes levied within the territory of the watershed management organization or unit.

77.17 Sec. 9. Minnesota Statutes 2010, section 103B.635, subdivision 2, is amended to read:

77.18 Subd. 2. **Municipal funding of district.** (a) The governing body or board of  
77.19 supervisors of each municipality in the district must provide the funds necessary to meet  
77.20 its proportion of the total cost determined by the board, provided the total funding from  
77.21 all municipalities in the district for the costs shall not exceed an amount equal to .00242  
77.22 percent of the total ~~taxable~~ estimated market value within the district, unless three-fourths  
77.23 of the municipalities in the district pass a resolution concurring to the additional costs.

77.24 (b) The funds must be deposited in the treasury of the district in amounts and at  
77.25 times as the treasurer of the district requires.

77.26 Sec. 10. Minnesota Statutes 2010, section 103B.691, subdivision 2, is amended to read:

77.27 Subd. 2. **Municipal funding of district.** (a) The governing body or board of  
77.28 supervisors of each municipality in the district shall provide the funds necessary to  
77.29 meet its proportion of the total cost to be borne by the municipalities as finally certified  
77.30 by the board.

77.31 (b) The municipality's funds may be raised by any means within the authority of  
77.32 the municipality. The municipalities may each levy a tax not to exceed .02418 percent of  
77.33 ~~taxable~~ estimated market value on the taxable property located in the district to provide  
77.34 the funds. The levy shall be within all other limitations provided by law.

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78.1 (c) The funds must be deposited into the treasury of the district in amounts and at  
78.2 times as the treasurer of the district requires.

78.3 Sec. 11. Minnesota Statutes 2010, section 103D.905, subdivision 2, is amended to read:

78.4 Subd. 2. **Organizational expense fund.** (a) An organizational expense fund,  
78.5 consisting of an ad valorem tax levy, shall not exceed 0.01596 percent of ~~taxable~~ estimated  
78.6 market value, or \$60,000, whichever is less. The money in the fund shall be used for  
78.7 organizational expenses and preparation of the watershed management plan for projects.

78.8 (b) The managers may borrow from the affected counties up to 75 percent of the  
78.9 anticipated funds to be collected from the organizational expense fund levy and the  
78.10 counties affected may make the advancements.

78.11 (c) The advancement of anticipated funds shall be apportioned among affected  
78.12 counties in the same ratio as the net tax capacity of the area of the counties within  
78.13 the watershed district bears to the net tax capacity of the entire watershed district. If a  
78.14 watershed district is enlarged, an organizational expense fund may be levied against the  
78.15 area added to the watershed district in the same manner as provided in this subdivision.

78.16 (d) Unexpended funds collected for the organizational expense may be transferred to  
78.17 the administrative fund and used for the purposes of the administrative fund.

78.18 Sec. 12. Minnesota Statutes 2010, section 103D.905, subdivision 3, is amended to read:

78.19 Subd. 3. **General fund.** A general fund, consisting of an ad valorem tax levy, may  
78.20 not exceed 0.048 percent of ~~taxable~~ estimated market value, or \$250,000, whichever is  
78.21 less. The money in the fund shall be used for general administrative expenses and for  
78.22 the construction or implementation and maintenance of projects of common benefit to  
78.23 the watershed district. The managers may make an annual levy for the general fund as  
78.24 provided in section 103D.911. In addition to the annual general levy, the managers may  
78.25 annually levy a tax not to exceed 0.00798 percent of ~~taxable~~ estimated market value  
78.26 for a period not to exceed 15 consecutive years to pay the cost attributable to the basic  
78.27 water management features of projects initiated by petition of a political subdivision  
78.28 within the watershed district or by petition of at least 50 resident owners whose property  
78.29 is within the watershed district.

78.30 Sec. 13. Minnesota Statutes 2010, section 103D.905, subdivision 8, is amended to read:

78.31 Subd. 8. **Survey and data acquisition fund.** (a) A survey and data acquisition fund  
78.32 is established and used only if other funds are not available to the watershed district to pay  
78.33 for making necessary surveys and acquiring data.

79.1 (b) The survey and data acquisition fund consists of the proceeds of a property tax  
79.2 that can be levied only once every five years. The levy may not exceed 0.02418 percent of  
79.3 ~~taxable~~ estimated market value.

79.4 (c) The balance of the survey and data acquisition fund may not exceed \$50,000.

79.5 (d) In a subsequent proceeding for a project where a survey has been made, the  
79.6 attributable cost of the survey as determined by the managers shall be included as a part of  
79.7 the cost of the work and the sum shall be repaid to the survey and data acquisition fund.

79.8 Sec. 14. Minnesota Statutes 2010, section 117.025, subdivision 7, is amended to read:

79.9 Subd. 7. **Structurally substandard.** "Structurally substandard" means a building:

79.10 (1) that was inspected by the appropriate local government and cited for one or more  
79.11 enforceable housing, maintenance, or building code violations;

79.12 (2) in which the cited building code violations involve one or more of the following:

79.13 (i) a roof and roof framing element;

79.14 (ii) support walls, beams, and headers;

79.15 (iii) foundation, footings, and subgrade conditions;

79.16 (iv) light and ventilation;

79.17 (v) fire protection, including egress;

79.18 (vi) internal utilities, including electricity, gas, and water;

79.19 (vii) flooring and flooring elements; or

79.20 (viii) walls, insulation, and exterior envelope;

79.21 (3) in which the cited housing, maintenance, or building code violations have not  
79.22 been remedied after two notices to cure the noncompliance; and

79.23 (4) has uncured housing, maintenance, and building code violations, satisfaction of  
79.24 which would cost more than 50 percent of the ~~assessor's taxable~~ estimated market value  
79.25 for the building, excluding land value, as determined under section 273.11 for property  
79.26 taxes payable in the year in which the condemnation is commenced.

79.27 A local government is authorized to seek from a judge or magistrate an administrative  
79.28 warrant to gain access to inspect a specific building in a proposed development or  
79.29 redevelopment area upon showing of probable cause that a specific code violation has  
79.30 occurred and that the violation has not been cured, and that the owner has denied the local  
79.31 government access to the property. Items of evidence that may support a conclusion of  
79.32 probable cause may include recent fire or police inspections, housing inspection, exterior  
79.33 evidence of deterioration, or other similar reliable evidence of deterioration in the specific  
79.34 building.

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80.1 Sec. 15. Minnesota Statutes 2010, section 127A.48, subdivision 1, is amended to read:

80.2 Subdivision 1. **Computation.** The Department of Revenue must annually conduct  
80.3 an assessment/sales ratio study of the taxable property in each county, city, town, and  
80.4 school district in accordance with the procedures in subdivisions 2 and 3. Based upon the  
80.5 results of this assessment/sales ratio study, the Department of Revenue must determine an  
80.6 ~~aggregate~~ equalized net tax capacity for the various classes of taxable property in each  
80.7 taxing district, the aggregate of which tax capacity shall be is designated as the adjusted  
80.8 net tax capacity. The adjusted net tax capacity must be reduced by the captured tax  
80.9 capacity of tax increment districts under section 469.177, subdivision 2, fiscal disparities  
80.10 contribution tax capacities under sections 276A.06 and 473F.08, and the tax capacity of  
80.11 transmission lines required to be subtracted from the local tax base under section 273.425;  
80.12 and increased by fiscal disparities distribution tax capacities under sections 276A.06 and  
80.13 473F.08. The adjusted net tax capacities shall be determined using the net tax capacity  
80.14 percentages in effect for the assessment year following the assessment year of the study.  
80.15 The Department of Revenue must make whatever estimates are necessary to account for  
80.16 changes in the classification system. The Department of Revenue may incur the expense  
80.17 necessary to make the determinations. The commissioner of revenue may reimburse any  
80.18 county or governmental official for requested services performed in ascertaining the  
80.19 adjusted net tax capacity. On or before March 15 annually, the Department of Revenue  
80.20 shall file with the chair of the Tax Committee of the house of representatives and the  
80.21 chair of the Committee on Taxes and Tax laws of the senate a report of adjusted net tax  
80.22 capacities for school districts. On or before June 15 annually, the Department of Revenue  
80.23 shall file its final report on the adjusted net tax capacities for school districts established  
80.24 by the previous year's assessments and the current year's net tax capacity percentages with  
80.25 the commissioner of education and each county auditor for those school districts for  
80.26 which the auditor has the responsibility for determination of local tax rates. A copy of  
80.27 the report so filed shall be mailed to the clerk of each school district involved and to the  
80.28 county assessor or supervisor of assessments of the county or counties in which each  
80.29 school district is located.

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

80.31 Sec. 16. Minnesota Statutes 2010, section 138.053, is amended to read:

80.32 **138.053 COUNTY HISTORICAL SOCIETY; TAX LEVY; CITIES OR**  
80.33 **TOWNS.**

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81.1 The governing body of any home rule charter or statutory city or town may annually  
81.2 appropriate from its general fund an amount not to exceed 0.02418 percent of ~~taxable~~  
81.3 estimated market value, derived from ad valorem taxes on property or other revenues,  
81.4 to be paid to the historical society of its respective county to be used for the promotion  
81.5 of historical work and to aid in defraying the expenses of carrying on the historical  
81.6 work in the county. No city or town may appropriate any funds for the benefit of any  
81.7 historical society unless the society is affiliated with and approved by the Minnesota  
81.8 Historical Society.

81.9 Sec. 17. Minnesota Statutes 2010, section 144F.01, subdivision 4, is amended to read:

81.10 Subd. 4. **Property tax levy authority.** The district's board may levy a tax on the  
81.11 taxable real and personal property in the district. The ad valorem tax levy may not  
81.12 exceed 0.048 percent of the ~~taxable~~ estimated market value of the district or \$400,000,  
81.13 whichever is less. The proceeds of the levy must be used as provided in subdivision 5.  
81.14 The board shall certify the levy at the times as provided under section 275.07. The board  
81.15 shall provide the county with whatever information is necessary to identify the property  
81.16 that is located within the district. If the boundaries include a part of a parcel, the entire  
81.17 parcel shall be included in the district. The county auditors must spread, collect, and  
81.18 distribute the proceeds of the tax at the same time and in the same manner as provided by  
81.19 law for all other property taxes.

81.20 Sec. 18. Minnesota Statutes 2010, section 162.07, subdivision 3, is amended to read:

81.21 Subd. 3. **Computation for rural counties.** An amount equal to a levy of 0.01596  
81.22 percent on each rural county's total ~~taxable~~ estimated market value for the last preceding  
81.23 calendar year shall be computed and shall be subtracted from the county's total estimated  
81.24 construction costs. The result thereof shall be the money needs of the county. For the  
81.25 purpose of this section, "rural counties" means all counties having a population of less  
81.26 than 175,000.

81.27 Sec. 19. Minnesota Statutes 2010, section 162.07, subdivision 4, is amended to read:

81.28 Subd. 4. **Computation for urban counties.** An amount equal to a levy of 0.00967  
81.29 percent on each urban county's total ~~taxable~~ estimated market value for the last preceding  
81.30 calendar year shall be computed and shall be subtracted from the county's total estimated  
81.31 construction costs. The result thereof shall be the money needs of the county. For  
81.32 the purpose of this section, "urban counties" means all counties having a population  
81.33 of 175,000 or more.

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82.1 Sec. 20. Minnesota Statutes 2010, section 163.04, subdivision 3, is amended to read:

82.2 Subd. 3. **Bridges within certain cities.** When the council of any statutory city or  
82.3 city of the third or fourth class may determine that it is necessary to build or improve any  
82.4 bridge or bridges, including approaches thereto, and any dam or retaining works connected  
82.5 therewith, upon or forming a part of streets or highways either wholly or partly within  
82.6 its limits, the county board shall appropriate one-half of the money as may be necessary  
82.7 therefor from the county road and bridge fund, not exceeding during any year one-half  
82.8 the amount of taxes paid into the county road and bridge fund during the preceding year,  
82.9 on property within the corporate limits of the city. The appropriation shall be made upon  
82.10 the petition of the council, which petition shall be filed by the council with the county  
82.11 board prior to the fixing by the board of the annual county tax levy. The county board  
82.12 shall determine the plans and specifications, shall let all necessary contracts, shall have  
82.13 charge of construction, and upon its request, warrants in payment thereof shall be issued  
82.14 by the county auditor, from time to time, as the construction work proceeds. Any unpaid  
82.15 balance may be paid or advanced by the city. On petition of the council, the appropriations  
82.16 of the county board, during not to exceed three successive years, may be made to apply  
82.17 on the construction of the same items and to repay any money advanced by the city in  
82.18 the construction thereof. None of the provisions of this section shall be construed to  
82.19 be mandatory as applied to any city whose estimated market value exceeds \$2,100 per  
82.20 capita of its population.

82.21 Sec. 21. Minnesota Statutes 2010, section 163.06, subdivision 6, is amended to read:

82.22 Subd. 6. **Expenditure in certain counties.** In any county having not less than 95  
82.23 nor more than 105 full and fractional townships, and having ~~a~~ an estimated market value  
82.24 of not less than \$12,000,000 nor more than \$21,000,000, ~~exclusive of money and credits,~~  
82.25 the county board, by resolution, may expend the funds provided in subdivision 4 in any  
82.26 organized or unorganized township or portion thereof in such county.

82.27 Sec. 22. Minnesota Statutes 2010, section 165.10, subdivision 1, is amended to read:

82.28 Subdivision 1. **Certain counties may issue and sell.** The county board of any  
82.29 county having no outstanding road and bridge bonds may issue and sell county road bonds  
82.30 in an amount not exceeding 0.12089 percent of the estimated market value of the taxable  
82.31 property within the county ~~exclusive of money and credits,~~ for the purpose of constructing,  
82.32 reconstructing, improving, or maintaining any bridge or bridges on any highway under its  
82.33 jurisdiction, without submitting the matter to a vote of the electors of the county.

83.1 Sec. 23. Minnesota Statutes 2010, section 272.03, is amended by adding a subdivision  
83.2 to read:

83.3 Subd. 14. **Estimated market value.** "Estimated market value" means the assessor's  
83.4 determination of market value, including the effects of any orders made under section  
83.5 270.12 or chapter 274, for the parcel. The provisions of section 273.032 apply for certain  
83.6 uses in determining the total estimated market value for the taxing jurisdiction.

83.7 Sec. 24. Minnesota Statutes 2010, section 272.03, is amended by adding a subdivision  
83.8 to read:

83.9 Subd. 15. **Taxable market value.** "Taxable market value" means estimated market  
83.10 value for the parcel as reduced by market value exclusions, deferments of value, or other  
83.11 adjustments, required by law, that reduce market value before the application of class rates.

83.12 Sec. 25. Minnesota Statutes 2010, section 273.032, is amended to read:

83.13 **273.032 MARKET VALUE DEFINITION.**

83.14 (a) Unless otherwise provided, for the purpose of determining any property tax  
83.15 levy limitation based on market value or any limit on net debt, the issuance of bonds,  
83.16 certificates of indebtedness, or capital notes based on market value, any qualification to  
83.17 receive state aid based on market value, or any state aid amount based on market value,  
83.18 the terms "market value," "~~taxable~~ estimated market value," and "market valuation,"  
83.19 whether equalized or unequalized, mean the ~~total taxable~~ estimated market value of  
83.20 taxable property within the local unit of government before any of the following or  
83.21 similar adjustments for:

83.22 (1) the market value exclusions under:

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

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

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

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

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

83.29 (vi) section 273.13, subdivision 34 (homestead of a disabled veteran, spouse, or  
83.30 caregiver);

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

83.32 (2) the deferment of value under:

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

83.34 (ii) the Aggregate Resource Preservation Property Tax Law, section 273.1115;

84.1 (iii) the Minnesota Open Space Property Tax Law, section 273.112;  
84.2 (iv) the rural preserves property tax program, section 273.114; or  
84.3 (v) the Metropolitan Agricultural Preserves Act, section 473H.10; or  
84.4 (3) the adjustments to tax capacity for:  
84.5 (i) tax increment, financing under sections 469.174 to 469.1794;  
84.6 (ii) fiscal disparity, disparities under chapter 276A or 473F; or  
84.7 (iii) powerline credit, or wind energy values, but after the limited market adjustments  
84.8 under section 273.11, subdivision 1a, and after the market value exclusions of certain  
84.9 improvements to homestead property under section 273.11, subdivision 16 under section  
84.10 273.425.

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

84.14 (c) Unless otherwise provided, "market value," "taxable estimated market value,"  
84.15 and "market valuation" for purposes of this paragraph property tax levy limitations and  
84.16 calculation of state aid, refer to the taxable estimated market value for the previous  
84.17 assessment year and for purposes of limits on net debt, the issuance of bonds, certificates of  
84.18 indebtedness, or capital notes refer to the estimated market value as last finally equalized.

84.19 ~~For the purpose of determining any net debt limit based on market value, or any limit~~  
84.20 ~~on the issuance of bonds, certificates of indebtedness, or capital notes based on market~~  
84.21 ~~value, the terms "market value," "taxable market value," and "market valuation," whether~~  
84.22 ~~equalized or unequalized, mean the total taxable market value of property within the local~~  
84.23 ~~unit of government before any adjustments for tax increment, fiscal disparity, powerline~~  
84.24 ~~credit, or wind energy values, but after the limited market value adjustments under section~~  
84.25 ~~273.11, subdivision 1a, and after the market value exclusions of certain improvements to~~  
84.26 ~~homestead property under section 273.11, subdivision 16. Unless otherwise provided,~~  
84.27 ~~"market value," "taxable market value," and "market valuation" for purposes of this~~  
84.28 ~~paragraph, mean the taxable market value as last finally equalized.~~

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

84.35 Sec. 26. Minnesota Statutes 2010, section 273.11, subdivision 1, is amended to read:

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85.1 Subdivision 1. **Generally.** Except as provided in this section or section 273.17,  
85.2 subdivision 1, all property shall be valued at its market value. The market value as  
85.3 determined pursuant to this section shall be stated such that any amount under \$100 is  
85.4 rounded up to \$100 and any amount exceeding \$100 shall be rounded to the nearest \$100.  
85.5 In estimating and determining such value, the assessor shall not adopt a lower or different  
85.6 standard of value because the same is to serve as a basis of taxation, nor shall the assessor  
85.7 adopt as a criterion of value the price for which such property would sell at a forced sale,  
85.8 or in the aggregate with all the property in the town or district; but the assessor shall value  
85.9 each article or description of property by itself, and at such sum or price as the assessor  
85.10 believes the same to be fairly worth in money. The assessor shall take into account the  
85.11 effect on the market value of property of environmental factors in the vicinity of the  
85.12 property. In assessing any tract or lot of real property, the value of the land, exclusive of  
85.13 structures and improvements, shall be determined, and also the value of all structures and  
85.14 improvements thereon, and the aggregate value of the property, including all structures  
85.15 and improvements, excluding the value of crops growing upon cultivated land. In valuing  
85.16 real property upon which there is a mine or quarry, it shall be valued at such price as such  
85.17 property, including the mine or quarry, would sell for at a fair, voluntary sale, for cash,  
85.18 if the material being mined or quarried is not subject to taxation under section 298.015  
85.19 and the mine or quarry is not exempt from the general property tax under section 298.25.  
85.20 In valuing real property which is vacant, platted property shall be assessed as provided  
85.21 in ~~subdivision 14~~ subdivisions 14a and 14c. All property, or the use thereof, which is  
85.22 taxable under section 272.01, subdivision 2, or 273.19, shall be valued at the market  
85.23 value of such property and not at the value of a leasehold estate in such property, or at  
85.24 some lesser value than its market value.

85.25 Sec. 27. Minnesota Statutes 2010, section 273.13, subdivision 21b, is amended to read:

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

85.28 ~~(b)~~ Net tax capacity means the product of the appropriate net class rates in this  
85.29 section and taxable market values.

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

85.31 Sec. 28. Minnesota Statutes 2010, section 273.1398, subdivision 3, is amended to read:

85.32 Subd. 3. **Disparity reduction aid.** The amount of disparity aid certified for each  
85.33 taxing district within each unique taxing jurisdiction for taxes payable in the prior year  
85.34 shall be multiplied by the ratio of (1) the jurisdiction's tax capacity using the class rates for

86.1 taxes payable in the year for which aid is being computed, to (2) its tax capacity using  
86.2 the class rates for taxes payable in the year prior to that for which aid is being computed,  
86.3 both based upon taxable market values for taxes payable in the year prior to that for which  
86.4 aid is being computed. If the commissioner determines that insufficient information is  
86.5 available to reasonably and timely calculate the numerator in this ratio for the first taxes  
86.6 payable year that a class rate change or new class rate is effective, the commissioner shall  
86.7 omit the effects of that class rate change or new class rate when calculating this ratio for  
86.8 aid payable in that taxes payable year. For aid payable in the year following a year for  
86.9 which such omission was made, the commissioner shall use in the denominator for the  
86.10 class that was changed or created, the tax capacity for taxes payable two years prior to that  
86.11 in which the aid is payable, based on taxable market values for taxes payable in the year  
86.12 prior to that for which aid is being computed.

86.13 Sec. 29. Minnesota Statutes 2010, section 273.1398, subdivision 4, is amended to read:

86.14 Subd. 4. **Disparity reduction credit.** (a) Beginning with taxes payable in 1989,  
86.15 class 4a, class 3a, and class 3b property qualifies for a disparity reduction credit if: (1)  
86.16 the property is located in a border city that has an enterprise zone designated pursuant  
86.17 to section 469.168, subdivision 4; (2) the property is located in a city with a population  
86.18 greater than 2,500 and less than 35,000 according to the 1980 decennial census; (3) the  
86.19 city is adjacent to a city in another state or immediately adjacent to a city adjacent to a city  
86.20 in another state; and (4) the adjacent city in the other state has a population of greater than  
86.21 5,000 and less than 75,000 according to the 1980 decennial census.

86.22 (b) The credit is an amount sufficient to reduce (i) the taxes levied on class 4a  
86.23 property to 2.3 percent of the property's taxable market value and (ii) the tax on class 3a  
86.24 and class 3b property to 2.3 percent of taxable market value.

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

86.28 Sec. 30. Minnesota Statutes 2010, section 275.011, subdivision 1, is amended to read:

86.29 Subdivision 1. **Determination of levy limit.** The property tax levied for any  
86.30 purpose under a special law that is not codified in Minnesota Statutes or a city charter  
86.31 provision and that is subject to a mill rate limitation imposed by the special law or city  
86.32 charter provision, excluding levies subject to mill rate limitations that use adjusted  
86.33 assessed values determined by the commissioner of revenue under section 124.2131, must  
86.34 not exceed the following amount for the years specified:

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87.1 (a) for taxes payable in 1988, the product of the applicable mill rate limitation  
87.2 imposed by special law or city charter provision multiplied by the total assessed valuation  
87.3 of all taxable property subject to the tax as adjusted by the provisions of Minnesota  
87.4 Statutes 1986, sections 272.64; 273.13, subdivision 7a; and 275.49;

87.5 (b) for taxes payable in 1989, the product of (1) the property tax levy limitation for  
87.6 the taxes payable year 1988 determined under clause (a) multiplied by (2) an index for  
87.7 market valuation changes equal to the assessment year 1988 total market valuation of all  
87.8 taxable property subject to the tax divided by the assessment year 1987 total market  
87.9 valuation of all taxable property subject to the tax; and

87.10 (c) for taxes payable in 1990 and subsequent years, the product of (1) the property  
87.11 tax levy limitation for the previous year determined pursuant to this subdivision multiplied  
87.12 by (2) an index for market valuation changes equal to the total market valuation of all  
87.13 taxable property subject to the tax for the current assessment year divided by the total  
87.14 market valuation of all taxable property subject to the tax for the previous assessment year.

87.15 For the purpose of determining the property tax levy limitation for the taxes payable  
87.16 year ~~1988~~ 2013 and subsequent years under this subdivision, "total market valuation"  
87.17 means the ~~total~~ estimated market ~~valuation~~ value of all taxable property subject to the  
87.18 tax ~~without valuation adjustments for fiscal disparities (chapters 276A and 473F), tax~~  
87.19 ~~increment financing (sections 469.174 to 469.179), or powerline credit (section 273.425)~~  
87.20 as provided under section 273.032.

87.21 Sec. 31. Minnesota Statutes 2010, section 275.077, subdivision 2, is amended to read:

87.22 Subd. 2. **Correction of levy amount.** The difference between the correct levy and  
87.23 the erroneous levy shall be added to the township levy for the subsequent levy year;  
87.24 provided that if the amount of the difference exceeds 0.12089 percent of ~~taxable~~ estimated  
87.25 market value, the excess shall be added to the township levy for the second and later  
87.26 subsequent levy years, not to exceed an additional levy of 0.12089 percent of ~~taxable~~  
87.27 estimated market value in any year, until the full amount of the difference has been levied.  
87.28 The funds collected from the corrected levies shall be used to reimburse the county for the  
87.29 payment required by subdivision 1.

87.30 Sec. 32. Minnesota Statutes 2010, section 275.71, subdivision 4, is amended to read:

87.31 Subd. 4. **Adjusted levy limit base.** For taxes levied in 2008 through 2010, the  
87.32 adjusted levy limit base is equal to the levy limit base computed under subdivision 2  
87.33 or section 275.72, multiplied by:

88.1 (1) one plus the percentage growth in the implicit price deflator, but the percentage  
88.2 shall not be less than zero or exceed 3.9 percent;

88.3 (2) one plus a percentage equal to 50 percent of the percentage increase in the number  
88.4 of households, if any, for the most recent 12-month period for which data is available; and

88.5 (3) one plus a percentage equal to 50 percent of the percentage increase in the  
88.6 ~~taxable~~ estimated market value of the jurisdiction due to new construction of class 3  
88.7 property, as defined in section 273.13, subdivision 4, except for state-assessed utility and  
88.8 railroad property, for the most recent year for which data is available.

88.9 Sec. 33. Minnesota Statutes 2011 Supplement, section 276.04, subdivision 2, is  
88.10 amended to read:

88.11 Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the  
88.12 printing of the tax statements. The commissioner of revenue shall prescribe the form of  
88.13 the property tax statement and its contents. The tax statement must not state or imply  
88.14 that property tax credits are paid by the state of Minnesota. The statement must contain  
88.15 a tabulated statement of the dollar amount due to each taxing authority and the amount  
88.16 of the state tax from the parcel of real property for which a particular tax statement is  
88.17 prepared. The dollar amounts attributable to the county, the state tax, the voter approved  
88.18 school tax, the other local school tax, the township or municipality, and the total of  
88.19 the metropolitan special taxing districts as defined in section 275.065, subdivision 3,  
88.20 paragraph (i), must be separately stated. The amounts due all other special taxing districts,  
88.21 if any, may be aggregated except that any levies made by the regional rail authorities in the  
88.22 county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter  
88.23 398A shall be listed on a separate line directly under the appropriate county's levy. If the  
88.24 county levy under this paragraph includes an amount for a lake improvement district as  
88.25 defined under sections 103B.501 to 103B.581, the amount attributable for that purpose  
88.26 must be separately stated from the remaining county levy amount. In the case of Ramsey  
88.27 County, if the county levy under this paragraph includes an amount for public library  
88.28 service under section 134.07, the amount attributable for that purpose may be separated  
88.29 from the remaining county levy amount. The amount of the tax on homesteads qualifying  
88.30 under the senior citizens' property tax deferral program under chapter 290B is the total  
88.31 amount of property tax before subtraction of the deferred property tax amount. The  
88.32 amount of the tax on contamination value imposed under sections 270.91 to 270.98, if any,  
88.33 must also be separately stated. The dollar amounts, including the dollar amount of any  
88.34 special assessments, may be rounded to the nearest even whole dollar. For purposes of this  
88.35 section whole odd-numbered dollars may be adjusted to the next higher even-numbered

89.1 dollar. The amount of market value excluded under section 273.11, subdivision 16, if any,  
89.2 must also be listed on the tax statement.

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

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

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

89.11 (2) the property's homestead market value exclusion under section 273.13,  
89.12 subdivision 35;

89.13 (3) the property's taxable market value ~~after reductions under sections 273.11,~~  
89.14 ~~subdivisions 1a and 16, and 273.13, subdivision 35~~ section 272.03, subdivision 15;

89.15 (4) the property's gross tax, before credits;

89.16 (5) for homestead agricultural properties, the credit under section 273.1384;

89.17 (6) any credits received under sections 273.119; 273.1234 or 273.1235; 273.135;  
89.18 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of  
89.19 credit received under section 273.135 must be separately stated and identified as "taconite  
89.20 tax relief"; and

89.21 (7) the net tax payable in the manner required in paragraph (a).

89.22 (d) If the county uses envelopes for mailing property tax statements and if the county  
89.23 agrees, a taxing district may include a notice with the property tax statement notifying  
89.24 taxpayers when the taxing district will begin its budget deliberations for the current  
89.25 year, and encouraging taxpayers to attend the hearings. If the county allows notices to  
89.26 be included in the envelope containing the property tax statement, and if more than  
89.27 one taxing district relative to a given property decides to include a notice with the tax  
89.28 statement, the county treasurer or auditor must coordinate the process and may combine  
89.29 the information on a single announcement.

89.30 Sec. 34. Minnesota Statutes 2010, section 276A.01, subdivision 10, is amended to read:

89.31 Subd. 10. **Adjusted market value.** "Adjusted market value" of real and personal  
89.32 property within a municipality means the ~~assessor's estimated taxable~~ taxable market value,  
89.33 as defined in section 272.03, of all real and personal property, including the value of  
89.34 manufactured housing, within the municipality. ~~For purposes of sections 276A.01 to~~  
89.35 ~~276A.09, the commissioner of revenue shall annually make determinations and reports~~

90.1 ~~with respect to each municipality which are comparable to those it makes for school~~  
90.2 ~~districts, adjusted for sales ratios in a manner similar to the adjustments made to city and~~  
90.3 ~~town net tax capacities under section 127A.48, subdivisions 1 to 6, in the same manner~~  
90.4 ~~and at the same times prescribed by the subdivision. The commissioner of revenue shall~~  
90.5 ~~annually determine, for each municipality, information comparable to that required by~~  
90.6 ~~section 475.53, subdivision 4, for school districts, as soon as practicable after it becomes~~  
90.7 ~~available. The commissioner of revenue shall then compute the equalized market value of~~  
90.8 ~~property within each municipality.~~

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

90.10 Sec. 35. Minnesota Statutes 2010, section 276A.01, subdivision 12, is amended to read:

90.11 Subd. 12. **Fiscal capacity.** "Fiscal capacity" of a municipality means its ~~valuation~~  
90.12 adjusted market value, determined as of January 2 of any year, divided by its population,  
90.13 determined as of a date in the same year.

90.14 Sec. 36. Minnesota Statutes 2010, section 276A.01, subdivision 13, is amended to read:

90.15 Subd. 13. **Average fiscal capacity.** "Average fiscal capacity" of municipalities  
90.16 means the sum of the ~~valuations~~ adjusted market values of all municipalities, determined  
90.17 as of January 2 of any year, divided by the sum of their populations, determined as of  
90.18 a date in the same year.

90.19 Sec. 37. Minnesota Statutes 2010, section 276A.01, subdivision 15, is amended to read:

90.20 Subd. 15. **Net tax capacity.** "Net tax capacity" means the taxable market value of  
90.21 real and personal property multiplied by its net tax capacity rates in section 273.13.

90.22 Sec. 38. Minnesota Statutes 2010, section 287.08, is amended to read:

90.23 **287.08 TAX, HOW PAYABLE; RECEIPTS.**

90.24 (a) The tax imposed by sections 287.01 to 287.12 must be paid to the treasurer of  
90.25 any county in this state in which the real property or some part is located at or before  
90.26 the time of filing the mortgage for record. The treasurer shall endorse receipt on the  
90.27 mortgage and the receipt is conclusive proof that the tax has been paid in the amount  
90.28 stated and authorizes any county recorder or registrar of titles to record the mortgage. Its  
90.29 form, in substance, shall be "registration tax hereon of ..... dollars paid." If the  
90.30 mortgage is exempt from taxation the endorsement shall, in substance, be "exempt from  
90.31 registration tax." In either case the receipt must be signed by the treasurer. In case the

91.1 treasurer is unable to determine whether a claim of exemption should be allowed, the tax  
91.2 must be paid as in the case of a taxable mortgage. For documents submitted electronically,  
91.3 the endorsements and tax amount shall be affixed electronically and no signature by the  
91.4 treasurer will be required. The actual payment method must be arranged in advance  
91.5 between the submitter and the receiving county.

91.6 (b) The county treasurer may refund in whole or in part any mortgage registry tax  
91.7 overpayment if a written application by the taxpayer is submitted to the county treasurer  
91.8 within 3-1/2 years from the date of the overpayment. If the county has not issued a denial  
91.9 of the application, the taxpayer may bring an action in Tax Court in the county in which  
91.10 the tax was paid at any time after the expiration of six months from the time that the  
91.11 application was submitted. A denial of refund may be appealed within 60 days from  
91.12 the date of the denial by bringing an action in Tax Court in the county in which the tax  
91.13 was paid. The action is commenced by the serving of a petition for relief on the county  
91.14 treasurer, and by filing a copy with the court. The county attorney shall defend the action.  
91.15 The county treasurer shall notify the treasurer of each county that has or would receive a  
91.16 portion of the tax as paid.

91.17 (c) If the county treasurer determines a refund should be paid, or if a refund is  
91.18 ordered by the court, the county treasurer of each county that actually received a portion  
91.19 of the tax shall immediately pay a proportionate share of three percent of the refund  
91.20 using any available county funds. The county treasurer of each county that received, or  
91.21 would have received, a portion of the tax shall also pay their county's proportionate share  
91.22 of the remaining 97 percent of the court-ordered refund on or before the 20th day of the  
91.23 following month using solely the mortgage registry tax funds that would be paid to the  
91.24 commissioner of revenue on that date under section 287.12. If the funds on hand under  
91.25 this procedure are insufficient to fully fund 97 percent of the court-ordered refund, the  
91.26 county treasurer of the county in which the action was brought shall file a claim with the  
91.27 commissioner of revenue under section 16A.48 for the remaining portion of 97 percent of  
91.28 the refund, and shall pay over the remaining portion upon receipt of a warrant from the  
91.29 state issued pursuant to the claim.

91.30 (d) When any mortgage covers real property located in more than one county in this  
91.31 state the total tax must be paid to the treasurer of the county where the mortgage is first  
91.32 presented for recording, and the payment must be receipted as provided in paragraph  
91.33 (a). If the principal debt or obligation secured by such a multiple county mortgage  
91.34 exceeds \$10,000,000, the nonstate portion of the tax must be divided and paid over by  
91.35 the county treasurer receiving it, on or before the 20th day of each month after receipt,  
91.36 to the county or counties entitled in the ratio that the estimated market value of the real

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92.1 property covered by the mortgage in each county bears to the estimated market value of  
92.2 all the real property in this state described in the mortgage. In making the division and  
92.3 payment the county treasurer shall send a statement giving the description of the real  
92.4 property described in the mortgage and the estimated market value of the part located in  
92.5 each county. For this purpose, the treasurer of any county may require the treasurer of  
92.6 any other county to certify to the former the estimated market ~~valuation~~ value of any tract  
92.7 of real property in any mortgage.

92.8 (e) The mortgagor must pay the tax imposed by sections 287.01 to 287.12. The  
92.9 mortgagee may undertake to collect and remit the tax on behalf of the mortgagor. If the  
92.10 mortgagee collects money from the mortgagor to remit the tax on behalf of the mortgagor,  
92.11 the mortgagee has a fiduciary duty to remit the tax on behalf of the mortgagor as to the  
92.12 amount of the tax collected for that purpose and the mortgagor is relieved of any further  
92.13 obligation to pay the tax as to the amount collected by the mortgagee for this purpose.

92.14 Sec. 39. Minnesota Statutes 2010, section 287.23, subdivision 1, is amended to read:

92.15 Subdivision 1. **Real property outside county.** If any taxable deed or instrument  
92.16 describes any real property located in more than one county in this state, the total tax must  
92.17 be paid to the treasurer of the county where the document is first presented for recording,  
92.18 and the payment must be receipted as provided in section 287.08. If the net consideration  
92.19 exceeds \$700,000, the nonstate portion of the tax must be divided and paid over by the  
92.20 county treasurer receiving it, on or before the 20th day of each month after receipt, to  
92.21 the county or counties entitled in the ratio which the estimated market value of the real  
92.22 property covered by the document in each county bears to the estimated market value of  
92.23 all the real property in this state described in the document. In making the division and  
92.24 payment the county treasurer shall send a statement to the other involved counties giving  
92.25 the description of the real property described in the document and the estimated market  
92.26 value of the part located in each county. The treasurer of any county may require the  
92.27 treasurer of any other county to certify to the former the estimated market ~~valuation~~ value  
92.28 of any parcel of real property for this purpose.

92.29 Sec. 40. Minnesota Statutes 2010, section 353G.08, subdivision 2, is amended to read:

92.30 Subd. 2. **Cash flow funding requirement.** If the executive director determines that  
92.31 an account in the voluntary statewide lump-sum volunteer firefighter retirement plan has  
92.32 insufficient assets to meet the service pensions determined payable from the account,  
92.33 the executive director shall certify the amount of the potential service pension shortfall  
92.34 to the municipality or municipalities and the municipality or municipalities shall make

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93.1 an additional employer contribution to the account within ten days of the certification.  
93.2 If more than one municipality is associated with the account, unless the municipalities  
93.3 agree to a different allocation, the municipalities shall allocate the additional employer  
93.4 contribution one-half in proportion to the population of each municipality and one-half in  
93.5 proportion to the estimated market value of the property of each municipality.

93.6 Sec. 41. Minnesota Statutes 2010, section 365.025, subdivision 4, is amended to read:

93.7 Subd. 4. **Major purchases: notice, petition, election.** Before buying anything  
93.8 under subdivision 2 that costs more than 0.24177 percent of the estimated market value of  
93.9 the town, the town must follow this subdivision.

93.10 The town must publish in its official newspaper the board's resolution to pay for the  
93.11 property over time. Then a petition for an election on the contract may be filed with the  
93.12 clerk. The petition must be filed within ten days after the resolution is published. To  
93.13 require the election the petition must be signed by a number of voters equal to ten percent  
93.14 of the voters at the last regular town election. The contract then must be approved by a  
93.15 majority of those voting on the question. The question may be voted on at a regular  
93.16 or special election.

93.17 Sec. 42. Minnesota Statutes 2010, section 366.095, subdivision 1, is amended to read:

93.18 Subdivision 1. **Certificates of indebtedness.** The town board may issue certificates  
93.19 of indebtedness within the debt limits for a town purpose otherwise authorized by law.  
93.20 The certificates shall be payable in not more than ten years and be issued on the terms and  
93.21 in the manner as the board may determine. If the amount of the certificates to be issued  
93.22 exceeds 0.25 percent of the estimated market value of the town, they shall not be issued  
93.23 for at least ten days after publication in a newspaper of general circulation in the town of  
93.24 the board's resolution determining to issue them. If within that time, a petition asking for  
93.25 an election on the proposition signed by voters equal to ten percent of the number of voters  
93.26 at the last regular town election is filed with the clerk, the certificates shall not be issued  
93.27 until their issuance has been approved by a majority of the votes cast on the question at  
93.28 a regular or special election. A tax levy shall be made to pay the principal and interest  
93.29 on the certificates as in the case of bonds.

93.30 Sec. 43. Minnesota Statutes 2010, section 366.27, is amended to read:

93.31 **366.27 FIREFIGHTERS' RELIEF; TAX LEVY.**

93.32 The town board of any town in this state having therein a platted portion on  
93.33 which resides 1,200 or more people, and wherein a duly incorporated firefighters' relief

94.1 association is located may each year levy a tax not to exceed 0.00806 percent of ~~taxable~~  
94.2 estimated market value for the benefit of the relief association.

94.3 Sec. 44. Minnesota Statutes 2010, section 368.01, subdivision 23, is amended to read:

94.4 Subd. 23. **Financing purchase of certain equipment.** The town board may issue  
94.5 certificates of indebtedness within debt limits to purchase fire or police equipment or  
94.6 ambulance equipment or street construction or maintenance equipment. The certificates  
94.7 shall be payable in not more than five years and be issued on terms and in the manner  
94.8 as the board may determine. If the amount of the certificates to be issued to finance a  
94.9 purchase exceeds 0.24177 percent of the estimated market value of the town, ~~excluding~~  
94.10 ~~money and credits~~, they shall not be issued for at least ten days after publication in the  
94.11 official newspaper of a town board resolution determining to issue them. If before the end  
94.12 of that time, a petition asking for an election on the proposition signed by voters equal  
94.13 to ten percent of the number of voters at the last regular town election is filed with the  
94.14 clerk, the certificates shall not be issued until the proposition of their issuance has been  
94.15 approved by a majority of the votes cast on the question at a regular or special election.  
94.16 A tax levy shall be made for the payment of the principal and interest on the certificates  
94.17 as in the case of bonds.

94.18 Sec. 45. Minnesota Statutes 2010, section 368.47, is amended to read:

94.19 **368.47 TOWNS MAY BE DISSOLVED.**

94.20 (1) When the voters residing within a town have failed to elect any town officials for  
94.21 more than ten years continuously;

94.22 (2) when a town has failed for a period of ten years to exercise any of the powers  
94.23 and functions of a town;

94.24 (3) when the estimated market value of a town drops to less than \$165,000;

94.25 (4) when the tax delinquency of a town, exclusive of taxes that are delinquent or  
94.26 unpaid because they are contested in proceedings for the enforcement of taxes, amounts to  
94.27 12 percent of its market value; or

94.28 (5) when the state or federal government has acquired title to 50 percent of the  
94.29 real estate of a town,

94.30 which facts, or any of them, may be found and determined by the resolution of the county  
94.31 board of the county in which the town is located, according to the official records in the  
94.32 office of the county auditor, the county board by resolution may declare the town, naming  
94.33 it, dissolved and no longer entitled to exercise any of the powers or functions of a town.

95.1 In Cass, Itasca, and St. Louis Counties, before the dissolution is effective the voters  
95.2 of the town shall express their approval or disapproval. The town clerk shall, upon a  
95.3 petition signed by a majority of the registered voters of the town, filed with the clerk at  
95.4 least 60 days before a regular or special town election, give notice at the same time and  
95.5 in the same manner of the election that the question of dissolution of the town will be  
95.6 submitted for determination at the election. At the election the question shall be voted  
95.7 upon by a separate ballot, the terms of which shall be either "for dissolution" or "against  
95.8 dissolution." The ballot shall be deposited in a separate ballot box and the result of the  
95.9 voting canvassed, certified, and returned in the same manner and at the same time as  
95.10 other facts and returns of the election. If a majority of the votes cast at the election are  
95.11 for dissolution, the town shall be dissolved. If a majority of the votes cast at the election  
95.12 are against dissolution, the town shall not be dissolved.

95.13 When a town is dissolved under sections 368.47 to 368.49 the county shall acquire  
95.14 title to any telephone company or other business conducted by the town. The business  
95.15 shall be operated by the board of county commissioners until it can be sold. The  
95.16 subscribers or patrons of the business shall have the first opportunity of purchase. If the  
95.17 town has any outstanding indebtedness chargeable to the business, the county auditor shall  
95.18 levy a tax against the property situated in the dissolved town to pay the indebtedness  
95.19 as it becomes due.

95.20 Sec. 46. Minnesota Statutes 2010, section 370.01, is amended to read:

95.21 **370.01 CHANGE OF BOUNDARIES; CREATION OF NEW COUNTIES.**

95.22 The boundaries of counties may be changed by taking territory from a county and  
95.23 attaching it to an adjoining county, and new counties may be established out of territory of  
95.24 one or more existing counties. A new county shall contain at least 400 square miles and  
95.25 have at least 4,000 inhabitants. A proposed new county must have a total ~~taxable~~ estimated  
95.26 market value of at least 35 percent of (i) the total ~~taxable~~ estimated market value of the  
95.27 existing county, or (ii) the average total ~~taxable~~ estimated market value of the existing  
95.28 counties, included in the proposition. The determination of the ~~taxable~~ estimated market  
95.29 value of a county must be made by the commissioner of revenue. An existing county shall  
95.30 not be reduced in area below 400 square miles, have less than 4,000 inhabitants, or have a  
95.31 total ~~taxable~~ estimated market value of less than that required of a new county.

95.32 No change in the boundaries of any county having an area of more than 2,500 square  
95.33 miles, whether by the creation of a new county, or otherwise, shall detach from the existing  
95.34 county any territory within 12 miles of the county seat.

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96.1 Sec. 47. Minnesota Statutes 2010, section 373.40, subdivision 1, is amended to read:

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

96.4 (a) "Bonds" means an obligation as defined under section 475.51.

96.5 (b) "Capital improvement" means acquisition or betterment of public lands,  
96.6 buildings, or other improvements within the county for the purpose of a county courthouse,  
96.7 administrative building, health or social service facility, correctional facility, jail, law  
96.8 enforcement center, hospital, morgue, library, park, qualified indoor ice arena, roads and  
96.9 bridges, and the acquisition of development rights in the form of conservation easements  
96.10 under chapter 84C. An improvement must have an expected useful life of five years or  
96.11 more to qualify. "Capital improvement" does not include a recreation or sports facility  
96.12 building (such as, but not limited to, a gymnasium, ice arena, racquet sports facility,  
96.13 swimming pool, exercise room or health spa), unless the building is part of an outdoor  
96.14 park facility and is incidental to the primary purpose of outdoor recreation.

96.15 (c) "Metropolitan county" means a county located in the seven-county metropolitan  
96.16 area as defined in section 473.121 or a county with a population of 90,000 or more.

96.17 (d) "Population" means the population established by the most recent of the  
96.18 following (determined as of the date the resolution authorizing the bonds was adopted):

96.19 (1) the federal decennial census,

96.20 (2) a special census conducted under contract by the United States Bureau of the  
96.21 Census, or

96.22 (3) a population estimate made either by the Metropolitan Council or by the state  
96.23 demographer under section 4A.02.

96.24 (e) "Qualified indoor ice arena" means a facility that meets the requirements of  
96.25 section 373.43.

96.26 ~~(f) "Tax capacity" means total taxable market value, but does not include captured~~  
96.27 ~~market value.~~

96.28 Sec. 48. Minnesota Statutes 2010, section 373.40, subdivision 4, is amended to read:

96.29 Subd. 4. **Limitations on amount.** A county may not issue bonds under this section  
96.30 if the maximum amount of principal and interest to become due in any year on all the  
96.31 outstanding bonds issued pursuant to this section (including the bonds to be issued) will  
96.32 equal or exceed 0.12 percent of ~~taxable~~ the estimated market value of property in the  
96.33 county. Calculation of the limit must be made using the ~~taxable~~ estimated market value for  
96.34 the taxes payable year in which the obligations are issued and sold. This section does not  
96.35 limit the authority to issue bonds under any other special or general law.

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97.1 Sec. 49. Minnesota Statutes 2010, section 375.167, subdivision 1, is amended to read:

97.2 Subdivision 1. **Appropriations.** Notwithstanding any contrary law, a county board  
97.3 may appropriate from the general revenue fund to any nonprofit corporation a sum not  
97.4 to exceed 0.00604 percent of ~~taxable~~ estimated market value to provide legal assistance  
97.5 to persons who are unable to afford private legal counsel.

97.6 Sec. 50. Minnesota Statutes 2010, section 375.18, subdivision 3, is amended to read:

97.7 Subd. 3. **Courthouse.** Each county board may erect, furnish, and maintain a  
97.8 suitable courthouse. No indebtedness shall be created for a courthouse in excess of an  
97.9 amount equal to a levy of 0.04030 percent of ~~taxable~~ estimated market value without the  
97.10 approval of a majority of the voters of the county voting on the question of issuing the  
97.11 obligation at an election.

97.12 Sec. 51. Minnesota Statutes 2010, section 375.555, is amended to read:

97.13 **375.555 FUNDING.**

97.14 To implement the county emergency jobs program, the county board may expend  
97.15 an amount equal to what would be generated by a levy of 0.01209 percent of ~~taxable~~  
97.16 estimated market value. The money to be expended may be from any available funds  
97.17 not otherwise earmarked.

97.18 Sec. 52. Minnesota Statutes 2010, section 383B.152, is amended to read:

97.19 **383B.152 BUILDING AND MAINTENANCE FUND.**

97.20 The county board may by resolution levy a tax to provide money which shall be kept  
97.21 in a fund known as the county reserve building and maintenance fund. Money in the fund  
97.22 shall be used solely for the construction, maintenance, and equipping of county buildings  
97.23 that are constructed or maintained by the board. The levy shall not be subject to any limit  
97.24 fixed by any other law or by any board of tax levy or other corresponding body, but shall  
97.25 not exceed 0.02215 percent of ~~taxable~~ estimated market value, less the amount required by  
97.26 chapter 475 to be levied in the year for the payment of the principal of and interest on all  
97.27 bonds issued pursuant to Extra Session Laws 1967, chapter 47, section 1.

97.28 Sec. 53. Minnesota Statutes 2010, section 383B.245, is amended to read:

97.29 **383B.245 LIBRARY LEVY.**

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98.1 (a) The county board may levy a tax on the taxable property within the county to  
98.2 acquire, better, and construct county library buildings and branches and to pay principal  
98.3 and interest on bonds issued for that purpose.

98.4 (b) The county board may by resolution adopted by a five-sevenths vote issue and  
98.5 sell general obligation bonds of the county in the manner provided in sections 475.60 to  
98.6 475.73. The bonds shall not be subject to the limitations of sections 475.51 to 475.59,  
98.7 but the maturity years and amounts and interest rates of each series of bonds shall be  
98.8 fixed so that the maximum amount of principal and interest to become due in any year,  
98.9 on the bonds of that series and of all outstanding series issued by or for the purposes of  
98.10 libraries, shall not exceed an amount equal to 0.01612 percent of estimated market value  
98.11 of all taxable property in the county as last finally equalized before the issuance of the new  
98.12 series. When the tax levy authorized in this section is collected it shall be appropriated  
98.13 and credited to a debt service fund for the bonds in amounts required each year in lieu of a  
98.14 countywide tax levy for the debt service fund under section 475.61.

98.15 Sec. 54. Minnesota Statutes 2010, section 383B.73, subdivision 1, is amended to read:

98.16 Subdivision 1. **Levy.** To provide funds for the purposes of the Three Rivers Park  
98.17 District as set forth in its annual budget, in lieu of the levies authorized by any other  
98.18 special law for such purposes, the Board of Park District Commissioners may levy  
98.19 taxes on all the taxable property in the county and park district at a rate not exceeding  
98.20 0.03224 percent of estimated market value. Notwithstanding section 398.16, on or before  
98.21 October 1 of each year, after public hearing, the Board of Park District Commissioners  
98.22 shall adopt a budget for the ensuing year and shall determine the total amount necessary  
98.23 to be raised from ad valorem tax levies to meet its budget. The Board of Park District  
98.24 Commissioners shall submit the budget to the county board. The county board may veto  
98.25 or modify an item contained in the budget. If the county board determines to veto or to  
98.26 modify an item in the budget, it must, within 15 days after the budget was submitted by  
98.27 the district board, state in writing the specific reasons for its objection to the item vetoed  
98.28 or the reason for the modification. The Park District Board, after consideration of the  
98.29 county board's objections and proposed modifications, may reapprove a vetoed item or the  
98.30 original version of an item with respect to which a modification has been proposed, by a  
98.31 two-thirds majority. If the district board does not reapprove a vetoed item, the item shall  
98.32 be deleted from the budget. If the district board does not reapprove the original version  
98.33 of a modified item, the item shall be included in the budget as modified by the county  
98.34 board. After adoption of the final budget and no later than October 1, the superintendent  
98.35 of the park district shall certify to the office of the Hennepin County director of tax and

99.1 public records exercising the functions of the county auditor the total amount to be raised  
99.2 from ad valorem tax levies to meet its budget for the ensuing year. The director of tax  
99.3 and public records shall add the amount of any levy certified by the district to other tax  
99.4 levies on the property of the county within the district for collection by the director of tax  
99.5 and public records with other taxes. When collected, the director shall make settlement of  
99.6 such taxes with the district in the same manner as other taxes are distributed to the other  
99.7 political subdivisions in Hennepin County.

99.8 Sec. 55. Minnesota Statutes 2010, section 383E.20, is amended to read:

99.9 **383E.20 BONDING FOR COUNTY LIBRARY BUILDINGS.**

99.10 The Anoka County Board may, by resolution adopted by a four-sevenths vote, issue  
99.11 and sell general obligation bonds of the county in the manner provided in chapter 475 to  
99.12 acquire, better, and construct county library buildings. The bonds shall not be subject to the  
99.13 requirements of sections 475.57 to 475.59. The maturity years and amounts and interest  
99.14 rates of each series of bonds shall be fixed so that the maximum amount of principal and  
99.15 interest to become due in any year, on the bonds of that series and of all outstanding series  
99.16 issued by or for the purposes of libraries, shall not exceed an amount equal to .01 percent  
99.17 of the ~~taxable~~ estimated market value of all taxable property in the county, excluding any  
99.18 taxable property taxed by any city for the support of any free public library. When the tax  
99.19 levy authorized in this section is collected, it shall be appropriated and credited to a debt  
99.20 service fund for the bonds. The tax levy for the debt service fund under section 475.61  
99.21 shall be reduced by the amount available or reasonably anticipated to be available in the  
99.22 fund to make payments otherwise payable from the levy pursuant to section 475.61.

99.23 Sec. 56. Minnesota Statutes 2010, section 383E.23, is amended to read:

99.24 **383E.23 LIBRARY TAX.**

99.25 The Anoka County Board may levy a tax of not more than .01 percent of the ~~taxable~~  
99.26 estimated market value of taxable property located within the county excluding any  
99.27 taxable property taxed by any city for the support of any free public library, to acquire,  
99.28 better, and construct county library buildings and to pay principal and interest on bonds  
99.29 issued for that purpose. The tax shall be disregarded in the calculation of levies or limits  
99.30 on levies provided by section 373.40, or other law.

99.31 Sec. 57. Minnesota Statutes 2010, section 385.31, is amended to read:

99.32 **385.31 PAYMENT OF COUNTY ORDERS OR WARRANTS.**

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100.1           When any order or warrant drawn on the treasurer is presented for payment, if there  
100.2 is money in the treasury for that purpose, the county treasurer shall redeem the same, and  
100.3 write across the entire face thereof the word "redeemed," the date of the redemption, and  
100.4 the treasurer's official signature. If there is not sufficient funds in the proper accounts to  
100.5 pay such orders they shall be numbered and registered in their order of presentation,  
100.6 and proper endorsement thereof shall be made on such orders and they shall be entitled  
100.7 to payment in like order. Such orders shall bear interest at not to exceed the rate of six  
100.8 percent per annum from such date of presentment. The treasurer, as soon as there is  
100.9 sufficient money in the treasury, shall appropriate and set apart a sum sufficient for the  
100.10 payment of the orders so presented and registered, and, if entitled to interest, issue to the  
100.11 original holder a notice that interest will cease in 30 days from the date of such notice; and,  
100.12 if orders thus entitled to priority of payment are not then presented, the next in order of  
100.13 registry may be paid until such orders are presented. No interest shall be paid on any order,  
100.14 except upon a warrant drawn by the county auditor for that purpose, giving the number  
100.15 and the date of the order on account of which the interest warrant is drawn. In any county  
100.16 in this state now or hereafter having ~~a~~ an estimated market value of all taxable property;  
100.17 ~~exclusive of money and credits~~, of not less than \$1,033,000,000, the county treasurer, in  
100.18 order to save payment of interest on county warrants drawn upon a fund in which there  
100.19 shall be temporarily insufficient money in the treasury to redeem the same, may borrow  
100.20 temporarily from any other fund in the county treasury in which there is a sufficient balance  
100.21 to care for the needs of such fund and allow a temporary loan or transfer to any other fund,  
100.22 and may pay such warrants out of such funds. Any such money so transferred and used in  
100.23 redeeming such county warrants shall be returned to the fund from which drawn as soon  
100.24 as money shall come in to the credit of such fund on which any such warrant was drawn  
100.25 and paid as aforesaid. Any county operating on a cash basis may use a combined form of  
100.26 warrant or order and check, which, when signed by the chair of the county board and by  
100.27 the auditor, is an order or warrant for the payment of the claim, and, when countersigned  
100.28 by the county treasurer, is a check for the payment of the amount thereof.

100.29           Sec. 58. Minnesota Statutes 2010, section 394.36, subdivision 1, is amended to read:

100.30           Subdivision 1. **Continuation of nonconformity; limitations.** Except as provided in  
100.31 subdivision 2, 3, or 4, any nonconformity, including the lawful use or occupation of land  
100.32 or premises existing at the time of the adoption of an official control under this chapter,  
100.33 may be continued, although the use or occupation does not conform to the official control.  
100.34 If the nonconformity or occupancy is discontinued for a period of more than one year, or  
100.35 any nonconforming building or structure is destroyed by fire or other peril to the extent of

101.1 50 percent of its estimated market value, any subsequent use or occupancy of the land or  
101.2 premises shall be a conforming use or occupancy.

101.3 Sec. 59. Minnesota Statutes 2010, section 398A.04, subdivision 8, is amended to read:

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

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

101.11 Yes .....

101.12 No ....."

101.13 If a majority of those voting on the question approve or if no petition is presented  
101.14 within the prescribed time the authority may levy a tax at any annual rate not exceeding  
101.15 0.04835 percent of estimated market value of all taxable property situated within the  
101.16 municipality or municipalities named in its organization resolution. Its recording officer  
101.17 shall file, on or before September 15, in the office of the county auditor of each county  
101.18 in which territory under the jurisdiction of the authority is located a certified copy of the  
101.19 board of commissioners' resolution levying the tax, and each county auditor shall assess  
101.20 and extend upon the tax rolls of each municipality named in the organization resolution the  
101.21 portion of the tax that bears the same ratio to the whole amount that the net tax capacity of  
101.22 taxable property in that municipality bears to the net tax capacity of taxable property in  
101.23 all municipalities named in the organization resolution. Collections of the tax shall be  
101.24 remitted by each county treasurer to the treasurer of the authority. For taxes levied in 1991,  
101.25 the amount levied for light rail transit purposes under this subdivision shall not exceed 75  
101.26 percent of the amount levied in 1990 for light rail transit purposes under this subdivision.

101.27 Sec. 60. Minnesota Statutes 2010, section 401.05, subdivision 3, is amended to read:

101.28 Subd. 3. **Leasing.** (a) A county or joint powers board of a group of counties  
101.29 which acquires or constructs and equips or improves facilities under this chapter may,  
101.30 with the approval of the board of county commissioners of each county, enter into a  
101.31 lease agreement with a city situated within any of the counties, or a county housing and  
101.32 redevelopment authority established under chapter 469 or any special law. Under the lease  
101.33 agreement, the city or county housing and redevelopment authority shall:

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102.1 (1) construct or acquire and equip or improve a facility in accordance with plans  
102.2 prepared by or at the request of a county or joint powers board of the group of counties  
102.3 and approved by the commissioner of corrections; and

102.4 (2) finance the facility by the issuance of revenue bonds.

102.5 (b) The county or joint powers board of a group of counties may lease the facility  
102.6 site, improvements, and equipment for a term upon rental sufficient to produce revenue  
102.7 for the prompt payment of the revenue bonds and all interest accruing on them. Upon  
102.8 completion of payment, the lessee shall acquire title. The real and personal property  
102.9 acquired for the facility constitutes a project and the lease agreement constitutes a revenue  
102.10 agreement as provided in sections 469.152 to 469.165. All proceedings by the city or  
102.11 county housing and redevelopment authority and the county or joint powers board shall be  
102.12 as provided in sections 469.152 to 469.165, with the following adjustments:

102.13 (1) no tax may be imposed upon the property;

102.14 (2) the approval of the project by the commissioner of employment and economic  
102.15 development is not required;

102.16 (3) the Department of Corrections shall be furnished and shall record information  
102.17 concerning each project as it may prescribe, in lieu of reports required on other projects to  
102.18 the commissioner of employment and economic development;

102.19 (4) the rentals required to be paid under the lease agreement shall not exceed in any  
102.20 year one-tenth of one percent of the estimated market value of property within the county  
102.21 or group of counties as last equalized before the execution of the lease agreement;

102.22 (5) the county or group of counties shall provide for payment of all rentals due  
102.23 during the term of the lease agreement in the manner required in subdivision 4;

102.24 (6) no mortgage on the facilities shall be granted for the security of the bonds, but  
102.25 compliance with clause (5) may be enforced as a nondiscretionary duty of the county  
102.26 or group of counties; and

102.27 (7) the county or the joint powers board of the group of counties may sublease any  
102.28 part of the facilities for purposes consistent with their maintenance and operation.

102.29 Sec. 61. Minnesota Statutes 2010, section 410.32, is amended to read:

102.30 **410.32 CITIES MAY ISSUE CAPITAL NOTES FOR CAPITAL EQUIPMENT.**

102.31 (a) Notwithstanding any contrary provision of other law or charter, a home rule  
102.32 charter city may, by resolution and without public referendum, issue capital notes subject  
102.33 to the city debt limit to purchase capital equipment.

102.34 (b) For purposes of this section, "capital equipment" means:

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103.1 (1) public safety equipment, ambulance and other medical equipment, road  
103.2 construction and maintenance equipment, and other capital equipment; and

103.3 (2) computer hardware and software, whether bundled with machinery or equipment  
103.4 or unbundled.

103.5 (c) The equipment or software must have an expected useful life at least as long  
103.6 as the term of the notes.

103.7 (d) The notes shall be payable in not more than ten years and be issued on terms  
103.8 and in the manner the city determines. The total principal amount of the capital notes  
103.9 issued in a fiscal year shall not exceed 0.03 percent of the estimated market value of  
103.10 taxable property in the city for that year.

103.11 (e) A tax levy shall be made for the payment of the principal and interest on the  
103.12 notes, in accordance with section 475.61, as in the case of bonds.

103.13 (f) Notes issued under this section shall require an affirmative vote of two-thirds of  
103.14 the governing body of the city.

103.15 (g) Notwithstanding a contrary provision of other law or charter, a home rule charter  
103.16 city may also issue capital notes subject to its debt limit in the manner and subject to the  
103.17 limitations applicable to statutory cities pursuant to section 412.301.

103.18 Sec. 62. Minnesota Statutes 2010, section 412.221, subdivision 2, is amended to read:

103.19 Subd. 2. **Contracts.** The council shall have power to make such contracts as may  
103.20 be deemed necessary or desirable to make effective any power possessed by the council.  
103.21 The city may purchase personal property through a conditional sales contract and real  
103.22 property through a contract for deed under which contracts the seller is confined to the  
103.23 remedy of recovery of the property in case of nonpayment of all or part of the purchase  
103.24 price, which shall be payable over a period of not to exceed five years. When the contract  
103.25 price of property to be purchased by contract for deed or conditional sales contract  
103.26 exceeds 0.24177 percent of the estimated market value of the city, the city may not enter  
103.27 into such a contract for at least ten days after publication in the official newspaper of a  
103.28 council resolution determining to purchase property by such a contract; and, if before the  
103.29 end of that time a petition asking for an election on the proposition signed by voters equal  
103.30 to ten percent of the number of voters at the last regular city election is filed with the clerk,  
103.31 the city may not enter into such a contract until the proposition has been approved by a  
103.32 majority of the votes cast on the question at a regular or special election.

103.33 Sec. 63. Minnesota Statutes 2010, section 412.301, is amended to read:

103.34 **412.301 FINANCING PURCHASE OF CERTAIN EQUIPMENT.**

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104.1 (a) The council may issue certificates of indebtedness or capital notes subject to the  
104.2 city debt limits to purchase capital equipment.

104.3 (b) For purposes of this section, "capital equipment" means:

104.4 (1) public safety equipment, ambulance and other medical equipment, road  
104.5 construction and maintenance equipment, and other capital equipment; and

104.6 (2) computer hardware and software, whether bundled with machinery or equipment  
104.7 or unbundled.

104.8 (c) The equipment or software must have an expected useful life at least as long as  
104.9 the terms of the certificates or notes.

104.10 (d) Such certificates or notes shall be payable in not more than ten years and shall be  
104.11 issued on such terms and in such manner as the council may determine.

104.12 (e) If the amount of the certificates or notes to be issued to finance any such purchase  
104.13 exceeds 0.25 percent of the estimated market value of taxable property in the city, they  
104.14 shall not be issued for at least ten days after publication in the official newspaper of  
104.15 a council resolution determining to issue them; and if before the end of that time, a  
104.16 petition asking for an election on the proposition signed by voters equal to ten percent  
104.17 of the number of voters at the last regular municipal election is filed with the clerk, such  
104.18 certificates or notes shall not be issued until the proposition of their issuance has been  
104.19 approved by a majority of the votes cast on the question at a regular or special election.

104.20 (f) A tax levy shall be made for the payment of the principal and interest on such  
104.21 certificates or notes, in accordance with section 475.61, as in the case of bonds.

104.22 Sec. 64. Minnesota Statutes 2010, section 428A.02, subdivision 1, is amended to read:

104.23 Subdivision 1. **Ordinance.** The governing body of a city may adopt an ordinance  
104.24 establishing a special service district. Only property that is classified under section 273.13  
104.25 and used for commercial, industrial, or public utility purposes, or is vacant land zoned or  
104.26 designated on a land use plan for commercial or industrial use and located in the special  
104.27 service district, may be subject to the charges imposed by the city on the special service  
104.28 district. Other types of property may be included within the boundaries of the special  
104.29 service district but are not subject to the levies or charges imposed by the city on the  
104.30 special service district. If 50 percent or more of the estimated market value of a parcel of  
104.31 property is classified under section 273.13 as commercial, industrial, or vacant land zoned  
104.32 or designated on a land use plan for commercial or industrial use, or public utility for the  
104.33 current assessment year, then the entire taxable market value of the property is subject to a  
104.34 service charge based on net tax capacity for purposes of sections 428A.01 to 428A.10.  
104.35 The ordinance shall describe with particularity the area within the city to be included in

105.1 the district and the special services to be furnished in the district. The ordinance may not  
105.2 be adopted until after a public hearing has been held on the question. Notice of the hearing  
105.3 shall include the time and place of hearing, a map showing the boundaries of the proposed  
105.4 district, and a statement that all persons owning property in the proposed district that  
105.5 would be subject to a service charge will be given opportunity to be heard at the hearing.  
105.6 Within 30 days after adoption of the ordinance under this subdivision, the governing body  
105.7 shall send a copy of the ordinance to the commissioner of revenue.

105.8 Sec. 65. Minnesota Statutes 2010, section 430.102, subdivision 2, is amended to read:

105.9 Subd. 2. **Council approval; special tax levy limitation.** The council shall receive  
105.10 and consider the estimate required in subdivision 1 and the items of cost after notice and  
105.11 hearing before it or its appropriate committee as it considers necessary or expedient,  
105.12 and shall approve the estimate, with necessary amendments. The amounts of each item  
105.13 of cost estimated are then appropriated to operate, maintain, and improve the pedestrian  
105.14 mall during the next fiscal year. The amount of the special tax to be charged under  
105.15 subdivision 1, clause (3), must not, however, exceed 0.12089 percent of estimated market  
105.16 value of taxable property in the district. The council shall make any necessary adjustment  
105.17 in costs of operating and maintaining the district to keep the amount of the tax within  
105.18 this limitation.

105.19 Sec. 66. Minnesota Statutes 2010, section 447.10, is amended to read:

105.20 **447.10 TAX LEVY FOR OPERATING AND MAINTAINING HOSPITAL.**

105.21 The governing body of a city of the first class owning a hospital may annually levy  
105.22 a tax to operate and maintain the hospital. The tax must not exceed 0.00806 percent of  
105.23 ~~taxable~~ estimated market value.

105.24 Sec. 67. Minnesota Statutes 2010, section 450.19, is amended to read:

105.25 **450.19 TOURIST CAMPING GROUNDS.**

105.26 A home rule charter or statutory city or town may establish and maintain public  
105.27 tourist camping grounds. The governing body thereof may acquire by lease, purchase, or  
105.28 gift, suitable lands located either within or without the corporate limits for use as public  
105.29 tourist camping grounds and provide for the equipment, operation, and maintenance  
105.30 of the same. The amount that may be expended for the maintenance, improvement, or  
105.31 operation of tourist camping grounds shall not exceed, in any year, a sum equal to 0.00806  
105.32 percent of ~~taxable~~ estimated market value.

106.1 Sec. 68. Minnesota Statutes 2010, section 450.25, is amended to read:

106.2 **450.25 MUSEUM, GALLERY, OR SCHOOL OF ARTS OR CRAFTS; TAX**  
106.3 **LEVY.**

106.4 After the acquisition of any museum, gallery, or school of arts or crafts, the board  
106.5 of park commissioners of the city in which it is located shall cause to be included in the  
106.6 annual tax levy upon all the taxable property of the county in which the museum, gallery,  
106.7 or school of arts or crafts is located, a tax of 0.00846 percent of estimated market value.  
106.8 The board shall certify the levy to the county auditor and it shall be added to, and collected  
106.9 with and as part of, the general, real, and personal property taxes, with like penalties and  
106.10 interest, in case of nonpayment and default, and all provisions of law in respect to the  
106.11 levy, collection, and enforcement of other taxes shall, so far as applicable, be followed in  
106.12 respect of these taxes. All of these taxes, penalties, and interest, when collected, shall be  
106.13 paid to the city treasurer of the city in which is located the museum, gallery, or school  
106.14 of arts or crafts and credited to a fund to be known as the park museum fund, and shall  
106.15 be used only for the purposes specified in sections 450.23 to 450.25. Any part of the  
106.16 proceeds of the levy not expended for the purposes specified in section 450.24 may be  
106.17 used for the erection of new buildings for the same purposes.

106.18 Sec. 69. Minnesota Statutes 2010, section 458A.10, is amended to read:

106.19 **458A.10 PROPERTY TAX.**

106.20 The commission shall annually levy a tax not to exceed 0.12089 percent of estimated  
106.21 market value on all the taxable property in the transit area at a rate sufficient to produce  
106.22 an amount necessary for the purposes of sections 458A.01 to 458A.15, other than the  
106.23 payment of principal and interest due on any revenue bonds issued pursuant to section  
106.24 458A.05. Property taxes levied under this section shall be certified by the commission to  
106.25 the county auditors of the transit area, extended, assessed, and collected in the manner  
106.26 provided by law for the property taxes levied by the governing bodies of cities. The  
106.27 proceeds of the taxes levied under this section shall be remitted by the respective county  
106.28 treasurers to the treasurer of the commission, who shall credit the same to the funds of  
106.29 the commission for use for the purposes of sections 458A.01 to 458A.15 subject to any  
106.30 applicable pledges or limitations on account of tax anticipation certificates or other  
106.31 specific purposes. At any time after making a tax levy under this section and certifying  
106.32 it to the county auditors, the commission may issue general obligation certificates of  
106.33 indebtedness in anticipation of the collection of the taxes as provided by section 412.261.

106.34 Sec. 70. Minnesota Statutes 2010, section 458A.31, subdivision 1, is amended to read:

107.1 Subdivision 1. **Levy limit.** Notwithstanding anything to the contrary contained in  
107.2 the charter of the city of Duluth, any ordinance thereof, or any statute applicable thereto,  
107.3 limiting the amount levied in any one year for general or special purposes, the city council  
107.4 of the city of Duluth shall each year levy a tax in an amount not to exceed 0.07253  
107.5 percent of ~~taxable~~ estimated market value, by ordinance. An ordinance fixing the levy  
107.6 shall take effect immediately upon its passage and approval. The proceeds of the levy  
107.7 shall be paid into the city treasury and deposited in the operating fund provided for in  
107.8 section 458A.24, subdivision 3.

107.9 Sec. 71. Minnesota Statutes 2010, section 465.04, is amended to read:

107.10 **465.04 ACCEPTANCE OF GIFTS.**

107.11 Cities of the second, third, or fourth class, having at any time ~~a~~ an estimated  
107.12 market value of not more than \$41,000,000, ~~exclusive of money and credits,~~ as officially  
107.13 equalized by the commissioner of revenue, either under home rule charter or under the  
107.14 laws of this state, in addition to all other powers possessed by them, hereby are authorized  
107.15 and empowered to receive and accept gifts and donations for the use and benefit of  
107.16 such cities and the inhabitants thereof upon terms and conditions to be approved by the  
107.17 governing bodies of such cities; and such cities are authorized to comply with and perform  
107.18 such terms and conditions, which may include payment to the donor or donors of interest  
107.19 on the value of the gift at not exceeding five percent per annum payable annually or  
107.20 semiannually, during the remainder of the natural life or lives of such donor or donors.

107.21 Sec. 72. Minnesota Statutes 2010, section 469.033, subdivision 6, is amended to read:

107.22 Subd. 6. **Operation area as taxing district, special tax.** All of the territory  
107.23 included within the area of operation of any authority shall constitute a taxing district for  
107.24 the purpose of levying and collecting special benefit taxes as provided in this subdivision.  
107.25 All of the taxable property, both real and personal, within that taxing district shall be  
107.26 deemed to be benefited by projects to the extent of the special taxes levied under this  
107.27 subdivision. Subject to the consent by resolution of the governing body of the city in and  
107.28 for which it was created, an authority may levy a tax upon all taxable property within that  
107.29 taxing district. The tax shall be extended, spread, and included with and as a part of  
107.30 the general taxes for state, county, and municipal purposes by the county auditor, to be  
107.31 collected and enforced therewith, together with the penalty, interest, and costs. As the tax,  
107.32 including any penalties, interest, and costs, is collected by the county treasurer it shall be  
107.33 accumulated and kept in a separate fund to be known as the "housing and redevelopment  
107.34 project fund." The money in the fund shall be turned over to the authority at the same time

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108.1 and in the same manner that the tax collections for the city are turned over to the city, and  
108.2 shall be expended only for the purposes of sections 469.001 to 469.047. It shall be paid  
108.3 out upon vouchers signed by the chair of the authority or an authorized representative.  
108.4 The amount of the levy shall be an amount approved by the governing body of the city, but  
108.5 shall not exceed 0.0185 percent of ~~taxable~~ estimated market value. The authority shall  
108.6 each year formulate and file a budget in accordance with the budget procedure of the city  
108.7 in the same manner as required of executive departments of the city or, if no budgets are  
108.8 required to be filed, by August 1. The amount of the tax levy for the following year shall  
108.9 be based on that budget.

108.10 Sec. 73. Minnesota Statutes 2010, section 469.034, subdivision 2, is amended to read:

108.11 Subd. 2. **General obligation revenue bonds.** (a) An authority may pledge the  
108.12 general obligation of the general jurisdiction governmental unit as additional security for  
108.13 bonds payable from income or revenues of the project or the authority. The authority  
108.14 must find that the pledged revenues will equal or exceed 110 percent of the principal and  
108.15 interest due on the bonds for each year. The proceeds of the bonds must be used for a  
108.16 qualified housing development project or projects. The obligations must be issued and  
108.17 sold in the manner and following the procedures provided by chapter 475, except the  
108.18 obligations are not subject to approval by the electors, and the maturities may extend to  
108.19 not more than 35 years for obligations sold to finance housing for the elderly and 40 years  
108.20 for other obligations issued under this subdivision. The authority is the municipality for  
108.21 purposes of chapter 475.

108.22 (b) The principal amount of the issue must be approved by the governing body of  
108.23 the general jurisdiction governmental unit whose general obligation is pledged. Public  
108.24 hearings must be held on issuance of the obligations by both the authority and the general  
108.25 jurisdiction governmental unit. The hearings must be held at least 15 days, but not more  
108.26 than 120 days, before the sale of the obligations.

108.27 (c) The maximum amount of general obligation bonds that may be issued and  
108.28 outstanding under this section equals the greater of (1) one-half of one percent of the  
108.29 ~~taxable~~ estimated market value of the general jurisdiction governmental unit whose  
108.30 general obligation is pledged, or (2) \$3,000,000. In the case of county or multicounty  
108.31 general obligation bonds, the outstanding general obligation bonds of all cities in the  
108.32 county or counties issued under this subdivision must be added in calculating the limit  
108.33 under clause (1).

108.34 (d) "General jurisdiction governmental unit" means the city in which the housing  
108.35 development project is located. In the case of a county or multicounty authority, the

109.1 county or counties may act as the general jurisdiction governmental unit. In the case of  
109.2 a multicounty authority, the pledge of the general obligation is a pledge of a tax on the  
109.3 taxable property in each of the counties.

109.4 (e) "Qualified housing development project" means a housing development project  
109.5 providing housing either for the elderly or for individuals and families with incomes not  
109.6 greater than 80 percent of the median family income as estimated by the United States  
109.7 Department of Housing and Urban Development for the standard metropolitan statistical  
109.8 area or the nonmetropolitan county in which the project is located. The project must be  
109.9 owned for the term of the bonds either by the authority or by a limited partnership or other  
109.10 entity in which the authority or another entity under the sole control of the authority is  
109.11 the sole general partner and the partnership or other entity must receive (1) an allocation  
109.12 from the Department of Management and Budget or an entitlement issuer of tax-exempt  
109.13 bonding authority for the project and a preliminary determination by the Minnesota  
109.14 Housing Finance Agency or the applicable suballocator of tax credits that the project  
109.15 will qualify for four percent low-income housing tax credits or (2) a reservation of nine  
109.16 percent low-income housing tax credits from the Minnesota Housing Finance Agency or a  
109.17 suballocator of tax credits for the project. A qualified housing development project may  
109.18 admit nonelderly individuals and families with higher incomes if:

109.19 (1) three years have passed since initial occupancy;

109.20 (2) the authority finds the project is experiencing unanticipated vacancies resulting in  
109.21 insufficient revenues, because of changes in population or other unforeseen circumstances  
109.22 that occurred after the initial finding of adequate revenues; and

109.23 (3) the authority finds a tax levy or payment from general assets of the general  
109.24 jurisdiction governmental unit will be necessary to pay debt service on the bonds if higher  
109.25 income individuals or families are not admitted.

109.26 (f) The authority may issue bonds to refund bonds issued under this subdivision in  
109.27 accordance with section 475.67. The finding of the adequacy of pledged revenues required  
109.28 by paragraph (a) and the public hearing required by paragraph (b) shall not apply to the  
109.29 issuance of refunding bonds. This paragraph applies to refunding bonds issued on and  
109.30 after July 1, 1992.

109.31 Sec. 74. Minnesota Statutes 2010, section 469.053, subdivision 4, is amended to read:

109.32 Subd. 4. **Mandatory city levy.** A city shall, at the request of the port authority, levy  
109.33 a tax in any year for the benefit of the port authority. The tax must not exceed 0.01813  
109.34 percent of ~~taxable~~ estimated market value. The amount levied must be paid by the city  
109.35 treasurer to the treasurer of the port authority, to be spent by the authority.

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110.1 Sec. 75. Minnesota Statutes 2010, section 469.053, subdivision 4a, is amended to read:

110.2 Subd. 4a. **Seaway port authority levy.** A levy made under this subdivision shall  
110.3 replace the mandatory city levy under subdivision 4. A seaway port authority is a special  
110.4 taxing district under section 275.066 and may levy a tax in any year for the benefit of the  
110.5 seaway port authority. The tax must not exceed 0.01813 percent of ~~taxable~~ estimated  
110.6 market value. The county auditor shall distribute the proceeds of the property tax levy to  
110.7 the seaway port authority.

110.8 Sec. 76. Minnesota Statutes 2010, section 469.053, subdivision 6, is amended to read:

110.9 Subd. 6. **Discretionary city levy.** Upon request of a port authority, the port  
110.10 authority's city may levy a tax to be spent by and for its port authority. The tax must  
110.11 enable the port authority to carry out efficiently and in the public interest sections 469.048  
110.12 to 469.068 to create and develop industrial development districts. The levy must not be  
110.13 more than 0.00282 percent of ~~taxable~~ estimated market value. The county treasurer shall  
110.14 pay the proceeds of the tax to the port authority treasurer. The money may be spent by  
110.15 the authority in performance of its duties to create and develop industrial development  
110.16 districts. In spending the money the authority must judge what best serves the public  
110.17 interest. The levy in this subdivision is in addition to the levy in subdivision 4.

110.18 Sec. 77. Minnesota Statutes 2010, section 469.107, subdivision 1, is amended to read:

110.19 Subdivision 1. **City tax levy.** A city may, at the request of the authority, levy a tax in  
110.20 any year for the benefit of the authority. The tax must be not more than 0.01813 percent of  
110.21 ~~taxable~~ estimated market value. The amount levied must be paid by the city treasurer to  
110.22 the treasurer of the authority, to be spent by the authority.

110.23 Sec. 78. Minnesota Statutes 2010, section 469.177, subdivision 1, is amended to read:

110.24 Subdivision 1. **Original net tax capacity.** (a) Upon or after adoption of a tax  
110.25 increment financing plan, the auditor of any county in which the district is situated shall,  
110.26 upon request of the authority, certify the original net tax capacity of the tax increment  
110.27 financing district and that portion of the district overlying any subdistrict as described in  
110.28 the tax increment financing plan and shall certify in each year thereafter the amount by  
110.29 which the original net tax capacity has increased or decreased as a result of a change in tax  
110.30 exempt status of property within the district and any subdistrict, reduction or enlargement  
110.31 of the district or changes pursuant to subdivision 4. The auditor shall certify the amount  
110.32 within 30 days after receipt of the request and sufficient information to identify the parcels

111.1 included in the district. The certification relates to the taxes payable year as provided in  
111.2 subdivision 6.

111.3 (b) If the classification under section 273.13 of property located in a district changes  
111.4 to a classification that has a different assessment ratio, the original net tax capacity of that  
111.5 property must be redetermined at the time when its use is changed as if the property had  
111.6 originally been classified in the same class in which it is classified after its use is changed.

111.7 (c) The amount to be added to the original net tax capacity of the district as a result  
111.8 of previously tax exempt real property within the district becoming taxable equals the net  
111.9 tax capacity of the real property as most recently assessed pursuant to section 273.18 or, if  
111.10 that assessment was made more than one year prior to the date of title transfer rendering  
111.11 the property taxable, the net tax capacity assessed by the assessor at the time of the  
111.12 transfer. If improvements are made to tax exempt property after the municipality approves  
111.13 the district and before the parcel becomes taxable, the assessor shall, at the request of  
111.14 the authority, separately assess the estimated market value of the improvements. If the  
111.15 property becomes taxable, the county auditor shall add to original net tax capacity, the net  
111.16 tax capacity of the parcel, excluding the separately assessed improvements. If substantial  
111.17 taxable improvements were made to a parcel after certification of the district and if the  
111.18 property later becomes tax exempt, in whole or part, as a result of the authority acquiring  
111.19 the property through foreclosure or exercise of remedies under a lease or other revenue  
111.20 agreement or as a result of tax forfeiture, the amount to be added to the original net tax  
111.21 capacity of the district as a result of the property again becoming taxable is the amount  
111.22 of the parcel's value that was included in original net tax capacity when the parcel was  
111.23 first certified. The amount to be added to the original net tax capacity of the district as a  
111.24 result of enlargements equals the net tax capacity of the added real property as most  
111.25 recently certified by the commissioner of revenue as of the date of modification of the tax  
111.26 increment financing plan pursuant to section 469.175, subdivision 4.

111.27 (d) If the net tax capacity of a property increases because the property no longer  
111.28 qualifies under the Minnesota Agricultural Property Tax Law, section 273.111; the  
111.29 Minnesota Open Space Property Tax Law, section 273.112; or the Metropolitan  
111.30 Agricultural Preserves Act, chapter 473H, or because platted, unimproved property is  
111.31 improved or market value is increased after approval of the plat under section 273.11,  
111.32 subdivision ~~14~~, 14a, or 14b, the increase in net tax capacity must be added to the original  
111.33 net tax capacity. If the net tax capacity of a property increases because the property  
111.34 no longer qualifies for the homestead market value exclusion under section 273.13,  
111.35 subdivision 35, the increase in net tax capacity must be added to the original net tax

112.1 capacity if the original construction of the affected home was completed before the date  
112.2 the assessor certified the original net tax capacity of the district.

112.3 (e) The amount to be subtracted from the original net tax capacity of the district as a  
112.4 result of previously taxable real property within the district becoming tax exempt or  
112.5 qualifying in whole or part for an exclusion from taxable market value, or a reduction in  
112.6 the geographic area of the district, shall be the amount of original net tax capacity initially  
112.7 attributed to the property becoming tax exempt, being excluded from taxable market  
112.8 value, or being removed from the district. If the net tax capacity of property located within  
112.9 the tax increment financing district is reduced by reason of a court-ordered abatement,  
112.10 stipulation agreement, voluntary abatement made by the assessor or auditor or by order  
112.11 of the commissioner of revenue, the reduction shall be applied to the original net tax  
112.12 capacity of the district when the property upon which the abatement is made has not been  
112.13 improved since the date of certification of the district and to the captured net tax capacity  
112.14 of the district in each year thereafter when the abatement relates to improvements made  
112.15 after the date of certification. The county auditor may specify reasonable form and content  
112.16 of the request for certification of the authority and any modification thereof pursuant to  
112.17 section 469.175, subdivision 4.

112.18 (f) If a parcel of property contained a substandard building or improvements  
112.19 described in section 469.174, subdivision 10, paragraph (e), that were demolished or  
112.20 removed and if the authority elects to treat the parcel as occupied by a substandard  
112.21 building under section 469.174, subdivision 10, paragraph (b), or by improvements under  
112.22 section 469.174, subdivision 10, paragraph (e), the auditor shall certify the original net tax  
112.23 capacity of the parcel using the greater of (1) the current net tax capacity of the parcel, or  
112.24 (2) the estimated market value of the parcel for the year in which the building or other  
112.25 improvements were demolished or removed, but applying the class rates for the current  
112.26 year.

112.27 (g) For a redevelopment district qualifying under section 469.174, subdivision 10,  
112.28 paragraph (a), clause (4), as a qualified disaster area, the auditor shall certify the value of  
112.29 the land as the original tax capacity for any parcel in the district that contains a building  
112.30 that suffered substantial damage as a result of the disaster or emergency.

112.31 **EFFECTIVE DATE.** This section is effective the day following final enactment  
112.32 and applies to all districts, regardless of when the request for certification was made, and  
112.33 to computation of increment beginning with taxes payable in 2013, provided that the  
112.34 adjustments to original tax capacity required by this section apply only to exclusions  
112.35 that reduced taxable market value beginning with taxes payable in 2012 or thereafter,  
112.36 regardless of when the law authorizing the exclusions became effective.

113.1 Sec. 79. Minnesota Statutes 2010, section 469.180, subdivision 2, is amended to read:

113.2 Subd. 2. **Tax levies.** Notwithstanding any law, the county board of any county may  
113.3 appropriate from the general revenue fund a sum not to exceed a county levy of 0.00080  
113.4 percent of ~~taxable~~ estimated market value to carry out the purposes of this section.

113.5 Sec. 80. Minnesota Statutes 2010, section 469.187, is amended to read:

113.6 **469.187 FIRST CLASS CITY SPENDING FOR PUBLICITY; PUBLICITY**  
113.7 **BOARD.**

113.8 Any city of the first class may expend money for city publicity purposes. The city  
113.9 may levy a tax, not exceeding 0.00080 percent of ~~taxable~~ estimated market value. The  
113.10 proceeds of the levy shall be expended in the manner and for the city publicity purposes  
113.11 the council directs. The council may establish and provide for a publicity board or bureau  
113.12 to administer the fund, subject to the conditions and limitations the council prescribes  
113.13 by ordinance.

113.14 Sec. 81. Minnesota Statutes 2010, section 469.206, is amended to read:

113.15 **469.206 HAZARDOUS PROPERTY PENALTY.**

113.16 A city may assess a penalty up to one percent of the estimated market value of  
113.17 real property, including any building located within the city that the city determines to  
113.18 be hazardous as defined in section 463.15, subdivision 3. The city shall send a written  
113.19 notice to the address to which the property tax statement is sent at least 90 days before it  
113.20 may assess the penalty. If the owner of the property has not paid the penalty or fixed the  
113.21 property within 90 days after receiving notice of the penalty, the penalty is considered  
113.22 delinquent and is increased by 25 percent each 60 days the penalty is not paid and the  
113.23 property remains hazardous. For the purposes of this section, a penalty that is delinquent  
113.24 is considered a delinquent property tax and subject to chapters 279, 280, and 281, in the  
113.25 same manner as delinquent property taxes.

113.26 Sec. 82. Minnesota Statutes 2010, section 471.24, is amended to read:

113.27 **471.24 TOWNS, STATUTORY CITIES; JOINT MAINTENANCE OF**  
113.28 **CEMETERY.**

113.29 Where a statutory city or town owns and maintains an established cemetery or burial  
113.30 ground, either within or without the municipal limits, the statutory city or town may, by  
113.31 mutual agreement with contiguous statutory cities and towns, each having ~~a~~ an estimated  
113.32 market value of not less than \$2,000,000, join together in the maintenance of such public

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114.1 cemetery or burial ground for the use of the inhabitants of each of such municipalities; and  
114.2 each such municipality is hereby authorized, by action of its council or governing body,  
114.3 to levy a tax or make an appropriation for the annual support and maintenance of such  
114.4 cemetery or burial ground; provided, the amount thus appropriated by each municipality  
114.5 shall not exceed a total of \$10,000 in any one year.

114.6 Sec. 83. Minnesota Statutes 2010, section 471.571, subdivision 1, is amended to read:

114.7 Subdivision 1. **Application.** This section applies to each city in which the net tax  
114.8 capacity of real and personal property consists in part of iron ore or lands containing  
114.9 taconite or semitaconite and in which the total ~~taxable~~ estimated market value of real  
114.10 and personal property exceeds \$2,500,000.

114.11 Sec. 84. Minnesota Statutes 2010, section 471.571, subdivision 2, is amended to read:

114.12 Subd. 2. **Creation of fund, tax levy.** The governing body of the city may create a  
114.13 permanent improvement and replacement fund to be maintained by an annual tax levy.  
114.14 The governing body may levy a tax in excess of any charter limitation for the support of  
114.15 the permanent improvement and replacement fund, but not exceeding the following:

114.16 (a) in cities having a population of not more than 500 inhabitants, the lesser of \$20  
114.17 per capita or 0.08059 percent of ~~taxable~~ estimated market value;

114.18 (b) in cities having a population of more than 500 and less than ~~2500~~ 2,500, the  
114.19 greater of \$12.50 per capita or \$10,000 but not exceeding 0.08059 percent of ~~taxable~~  
114.20 estimated market value;

114.21 (c) in cities having a population of ~~more than 2500~~ 2,500 or more inhabitants,  
114.22 the greater of \$10 per capita or \$31,500 but not exceeding 0.08059 percent of ~~taxable~~  
114.23 estimated market value.

114.24 Sec. 85. Minnesota Statutes 2010, section 471.73, is amended to read:

114.25 **471.73 ACCEPTANCE OF PROVISIONS.**

114.26 In the case of any city within the class specified in section 471.72 having ~~a~~ an  
114.27 estimated market value, ~~as defined in section 471.72~~, in excess of \$37,000,000; and in the  
114.28 case of any statutory city within such class having ~~a~~ an estimated market value, ~~as defined~~  
114.29 ~~in section 471.72~~, of less than \$5,000,000; and in the case of any statutory city within such  
114.30 class which is governed by Laws 1933, chapter 211, or Laws 1937, chapter 356; and in  
114.31 the case of any statutory city within such class which is governed by Laws 1929, chapter  
114.32 208, and has ~~a~~ an estimated market value of less than \$83,000,000; and in the case of  
114.33 any school district within such class having ~~a~~ an estimated market value, ~~as defined in~~

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115.1 ~~section 471.72~~, of more than \$54,000,000; and in the case of all towns within said class;  
115.2 sections 471.71 to 471.83 apply only if the governing body of the city or statutory city, the  
115.3 board of the school district, or the town board of the town shall have adopted a resolution  
115.4 determining to issue bonds under the provisions of sections 471.71 to 471.83 or to go  
115.5 upon a cash basis in accordance with the provisions thereof.

115.6 Sec. 86. Minnesota Statutes 2010, section 473.325, subdivision 2, is amended to read:

115.7 Subd. 2. **Chapter 475 applies; exceptions.** The Metropolitan Council shall sell and  
115.8 issue the bonds in the manner provided in chapter 475, and shall have the same powers  
115.9 and duties as a municipality issuing bonds under that law, except that the approval of a  
115.10 majority of the electors shall not be required and the net debt limitations shall not apply.  
115.11 The terms of each series of bonds shall be fixed so that the amount of principal and interest  
115.12 on all outstanding and undischarged bonds, together with the bonds proposed to be issued,  
115.13 due in any year shall not exceed 0.01209 percent of estimated market value of all taxable  
115.14 property in the metropolitan area as last finally equalized prior to a proposed issue. The  
115.15 bonds shall be secured in accordance with section 475.61, subdivision 1, and any taxes  
115.16 required for their payment shall be levied by the council, shall not affect the amount or rate  
115.17 of taxes which may be levied by the council for other purposes, shall be spread against all  
115.18 taxable property in the metropolitan area and shall not be subject to limitation as to rate or  
115.19 amount. Any taxes certified by the council to the county auditors for collection shall be  
115.20 reduced by the amount received by the council from the commissioner of management and  
115.21 budget or the federal government for the purpose of paying the principal and interest on  
115.22 bonds to which the levy relates. The council shall certify the fact and amount of all money  
115.23 so received to the county auditors, and the auditors shall reduce the levies previously made  
115.24 for the bonds in the manner and to the extent provided in section 475.61, subdivision 3.

115.25 Sec. 87. Minnesota Statutes 2010, section 473.629, is amended to read:

115.26 **473.629 VALUE OF PROPERTY FOR BOND ISSUES BY SCHOOL**  
115.27 **DISTRICTS.**

115.28 As to any lands ~~to be~~ detached from any school district under ~~the provisions hereof~~  
115.29 section 473.625, notwithstanding ~~such prospective~~ the detachment, the estimated market  
115.30 value of such the detached lands and ~~the net tax capacity of taxable properties now~~ located  
115.31 ~~therein or thereon shall be and~~ on the lands on the date of the detachment constitute  
115.32 ~~from and after the date of the enactment hereof~~ a part of the estimated market value of  
115.33 properties upon the basis of which such used to calculate the net debt limit of the school  
115.34 district may issue its bonds. The value of such the lands for such purpose to be and other

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116.1 taxable properties for purposes of the school district's net debt limit are 33-1/3 percent of  
116.2 the estimated market value thereof as determined and certified by ~~said~~ the assessor to ~~said~~  
116.3 the school district, and ~~it shall be the duty of such~~ the assessor annually on or before the  
116.4 tenth day of October ~~from and after the passage hereof, to so~~ of each year, shall determine  
116.5 and certify that value; provided, however, that the value of ~~such~~ the detached lands and  
116.6 ~~such~~ taxable properties shall never exceed 20 percent of the estimated market value of  
116.7 all properties ~~constituting and making up the basis aforesaid~~ used to calculate the net  
116.8 debt limit of the school district.

116.9 Sec. 88. Minnesota Statutes 2010, section 473.661, subdivision 3, is amended to read:

116.10 Subd. 3. **Levy limit.** In any budget certified by the commissioners under this  
116.11 section, the amount included for operation and maintenance shall not exceed an amount  
116.12 which, when extended against the property taxable therefor under section 473.621,  
116.13 subdivision 5, will require a levy at a rate of 0.00806 percent of estimated market value.  
116.14 Taxes levied by the corporation shall not affect the amount or rate of taxes which may  
116.15 be levied by any other local government unit within the metropolitan area under the  
116.16 provisions of any charter.

116.17 Sec. 89. Minnesota Statutes 2010, section 473.667, subdivision 9, is amended to read:

116.18 Subd. 9. **Additional taxes.** Nothing herein shall prevent the commission from  
116.19 levying a tax not to exceed 0.00121 percent of estimated market value on taxable property  
116.20 within its taxing jurisdiction, in addition to any levies found necessary for the debt  
116.21 service fund authorized by section 473.671. Nothing herein shall prevent the levy and  
116.22 appropriation for purposes of the commission of any other tax on property or on any  
116.23 income, transaction, or privilege, when and if authorized by law. All collections of any  
116.24 taxes so levied shall be included in the revenues appropriated for the purposes referred  
116.25 to in this section, unless otherwise provided in the law authorizing the levies; but no  
116.26 covenant as to the continuance or as to the rate and amount of any such levy shall be made  
116.27 with the holders of the commission's bonds unless specifically authorized by law.

116.28 Sec. 90. Minnesota Statutes 2010, section 473.671, is amended to read:

116.29 **473.671 LIMIT OF TAX LEVY.**

116.30 The taxes levied against the property of the metropolitan area in any one year shall  
116.31 not exceed 0.00806 percent of ~~taxable~~ estimated market value, exclusive of taxes levied  
116.32 to pay the principal or interest on any bonds or indebtedness of the city issued under  
116.33 Laws 1943, chapter 500, and exclusive of any taxes levied to pay the share of the city for

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117.1 payments on bonded indebtedness of the corporation provided for in Laws 1943, chapter  
117.2 500. The levy of taxes authorized in Laws 1943, chapter 500, shall be in addition to the  
117.3 maximum rate allowed to be levied to defray the cost of government under the provisions  
117.4 of the charter of any city affected by Laws 1943, chapter 500.

117.5 Sec. 91. Minnesota Statutes 2010, section 473.711, subdivision 2a, is amended to read:

117.6 Subd. 2a. **Tax levy.** (a) The commission may levy a tax on all taxable property in  
117.7 the district as defined in section 473.702 to provide funds for the purposes of sections  
117.8 473.701 to 473.716. The tax shall not exceed the property tax levy limitation determined  
117.9 in this subdivision. A participating county may agree to levy an additional tax to be used  
117.10 by the commission for the purposes of sections 473.701 to 473.716 but the sum of the  
117.11 county's and commission's taxes may not exceed the county's proportionate share of  
117.12 the property tax levy limitation determined under this subdivision based on the ratio of  
117.13 its total net tax capacity to the total net tax capacity of the entire district as adjusted by  
117.14 section 270.12, subdivision 3. The auditor of each county in the district shall add the  
117.15 amount of the levy made by the district to other taxes of the county for collection by  
117.16 the county treasurer with other taxes. When collected, the county treasurer shall make  
117.17 settlement of the tax with the district in the same manner as other taxes are distributed  
117.18 to political subdivisions. No county shall levy any tax for mosquito, disease vectoring  
117.19 tick, and black gnat (*Simuliidae*) control except under this section. The levy shall be in  
117.20 addition to other taxes authorized by law.

117.21 (b) The property tax levied by the Metropolitan Mosquito Control Commission shall  
117.22 not exceed the product of (i) the commission's property tax levy limitation for the previous  
117.23 year determined under this subdivision multiplied by (ii) an index for market valuation  
117.24 changes equal to the total estimated market valuation value of all taxable property for the  
117.25 current tax payable year located within the district plus any area that has been added to the  
117.26 district since the previous year, divided by the total estimated market valuation value of all  
117.27 taxable property located within the district for the previous taxes payable year.

117.28 ~~(c) For the purpose of determining the commission's property tax levy limitation~~  
117.29 ~~under this subdivision, "total market valuation" means the total market valuation of all~~  
117.30 ~~taxable property within the district without valuation adjustments for fiscal disparities~~  
117.31 ~~(chapter 473F), tax increment financing (sections 469.174 to 469.179), and high voltage~~  
117.32 ~~transmission lines (section 273.425).~~

117.33 Sec. 92. Minnesota Statutes 2010, section 473F.02, subdivision 12, is amended to read:

118.1 Subd. 12. **Adjusted market value.** "Adjusted market value" of real and personal  
118.2 property within a municipality means the ~~assessor's estimated~~ taxable market value,  
118.3 as defined in section 272.03, of all real and personal property, including the value of  
118.4 manufactured housing, within the municipality, adjusted for sales ratios in a manner  
118.5 similar to the adjustments made to city and town net tax capacities. ~~For purposes~~  
118.6 ~~of sections 473F.01 to 473F.13, the commissioner of revenue shall annually make~~  
118.7 ~~determinations and reports with respect to each municipality which are comparable to~~  
118.8 ~~those it makes for school districts under section 127A.48, subdivisions 1 to 6, in the same~~  
118.9 ~~manner and at the same times as are prescribed by the subdivisions. The commissioner~~  
118.10 ~~of revenue shall annually determine, for each municipality, information comparable to~~  
118.11 ~~that required by section 475.53, subdivision 4, for school districts, as soon as practicable~~  
118.12 ~~after it becomes available. The commissioner of revenue shall then compute the equalized~~  
118.13 ~~market value of property within each municipality using the aggregate sales ratios from~~  
118.14 ~~the Department of Revenue's sales ratio study.~~

118.15 Sec. 93. Minnesota Statutes 2010, section 473F.02, subdivision 14, is amended to read:

118.16 Subd. 14. **Fiscal capacity.** "Fiscal capacity" of a municipality means its ~~valuation~~  
118.17 adjusted market value, determined as of January 2 of any year, divided by its population,  
118.18 determined as of a date in the same year.

118.19 Sec. 94. Minnesota Statutes 2010, section 473F.02, subdivision 15, is amended to read:

118.20 Subd. 15. **Average fiscal capacity.** "Average fiscal capacity" of municipalities  
118.21 means the sum of the ~~valuations~~ adjusted market values of all municipalities, determined  
118.22 as of January 2 of any year, divided by the sum of their populations, determined as of  
118.23 a date in the same year.

118.24 Sec. 95. Minnesota Statutes 2010, section 473F.02, subdivision 23, is amended to read:

118.25 Subd. 23. **Net tax capacity.** "Net tax capacity" means the taxable market value of  
118.26 real and personal property multiplied by its net tax capacity rates in section 273.13.

118.27 Sec. 96. Minnesota Statutes 2010, section 475.521, subdivision 4, is amended to read:

118.28 Subd. 4. **Limitations on amount.** A municipality may not issue bonds under this  
118.29 section if the maximum amount of principal and interest to become due in any year on  
118.30 all the outstanding bonds issued under this section, including the bonds to be issued,  
118.31 will equal or exceed 0.16 percent of the ~~taxable~~ estimated market value of property  
118.32 in the municipality. Calculation of the limit must be made using the ~~taxable~~ estimated

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119.1 market value for the taxes payable year in which the obligations are issued and sold. In  
119.2 the case of a municipality with a population of 2,500 or more, the bonds are subject to  
119.3 the net debt limits under section 475.53. In the case of a shared facility in which more  
119.4 than one municipality participates, upon compliance by each participating municipality  
119.5 with the requirements of subdivision 2, the limitations in this subdivision and the net debt  
119.6 represented by the bonds shall be allocated to each participating municipality in proportion  
119.7 to its required financial contribution to the financing of the shared facility, as set forth in  
119.8 the joint powers agreement relating to the shared facility. This section does not limit the  
119.9 authority to issue bonds under any other special or general law.

119.10 Sec. 97. Minnesota Statutes 2010, section 475.53, subdivision 1, is amended to read:

119.11 Subdivision 1. **Generally.** Except as otherwise provided in sections 475.51 to  
119.12 475.74, no municipality, except a school district or a city of the first class, shall incur or be  
119.13 subject to a net debt in excess of three percent of the estimated market value of taxable  
119.14 property in the municipality.

119.15 Sec. 98. Minnesota Statutes 2010, section 475.53, subdivision 3, is amended to read:

119.16 Subd. 3. **Cities first class.** Unless its charter permits a greater net debt a city of  
119.17 the first class may not incur a net debt in excess of two percent of the estimated market  
119.18 value of all taxable property therein. If the charter of the city permits a net debt of the city  
119.19 in excess of two percent of its valuation, it may not incur a net debt in excess of 3-2/3  
119.20 percent of the estimated market value of the taxable property therein.

119.21 The county auditor, at the time of preparing the tax list of the city, shall compile a  
119.22 statement setting forth the total net tax capacity and the total estimated market value of  
119.23 each class of taxable property in such city for such year.

119.24 Sec. 99. Minnesota Statutes 2010, section 475.53, subdivision 4, is amended to read:

119.25 Subd. 4. **School districts.** Except as otherwise provided by law, no school district  
119.26 shall be subject to a net debt in excess of 15 percent of the ~~actual~~ estimated market value  
119.27 of all taxable property situated within its corporate limits, as computed in accordance with  
119.28 this subdivision. The county auditor of each county containing taxable real or personal  
119.29 property situated within any school district shall certify to the district upon request the  
119.30 estimated market value of all such property. Whenever the commissioner of revenue, in  
119.31 accordance with section 127A.48, subdivisions 1 to 6, has determined that the ~~net tax~~  
119.32 ~~capacity of any district furnished by county auditors is not based upon the~~ adjusted market  
119.33 value of taxable property in the district exceeds the estimated market value of property

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120.1 within the district, the commissioner of revenue shall certify to the district upon request  
120.2 the ratio most recently ascertained to exist between ~~such~~ the estimated market value and  
120.3 the ~~actual~~ adjusted market value of property within the district, and the actual market  
120.4 ~~value of property within a district, on which its debt limit under this subdivision is~~ will  
120.5 be based, is (a) the value certified by the county auditors, or (b) this on the estimated  
120.6 market value divided by the ratio certified by the commissioner of revenue, ~~whichever~~  
120.7 ~~results in a higher value.~~

120.8 Sec. 100. Minnesota Statutes 2010, section 475.53, subdivision 5, is amended to read:

120.9 Subd. 5. **Certain independent school districts.** No independent school district  
120.10 located wholly or partly within a city of the first class shall issue obligations with a term  
120.11 of more than two years, whenever the aggregate of the outstanding obligations of the  
120.12 district equals or exceeds 0.7 percent of the estimated market value of the taxable property  
120.13 within the school district.

120.14 Sec. 101. Minnesota Statutes 2010, section 475.58, subdivision 2, is amended to read:

120.15 Subd. 2. **Funding, refunding.** Any county, city, town, or school district whose  
120.16 outstanding gross debt, including all items referred to in section 475.51, subdivision  
120.17 4, exceed in amount 1.62 percent of its estimated market value may issue bonds under  
120.18 this subdivision for the purpose of funding or refunding such indebtedness or any part  
120.19 thereof. A list of the items of indebtedness to be funded or refunded shall be made by the  
120.20 recording officer and treasurer and filed in the office of the recording officer. The initial  
120.21 resolution of the governing body shall refer to this subdivision as authority for the issue,  
120.22 state the amount of bonds to be issued and refer to the list of indebtedness to be funded or  
120.23 refunded. This resolution shall be published once each week for two successive weeks  
120.24 in a legal newspaper published in the municipality or if there be no such newspaper, in  
120.25 a legal newspaper published in the county seat. Such bonds may be issued without the  
120.26 submission of the question of their issue to the electors unless within ten days after the  
120.27 second publication of the resolution a petition requesting such election signed by ten or  
120.28 more voters who are taxpayers of the municipality, shall be filed with the recording officer.  
120.29 In event such petition is filed, no bonds shall be issued hereunder unless authorized by a  
120.30 majority of the electors voting on the question.

120.31 Sec. 102. Minnesota Statutes 2010, section 475.73, subdivision 1, is amended to read:

120.32 Subdivision 1. **May purchase these bonds; conditions.** Obligations sold under the  
120.33 provisions of section 475.60 may be purchased by the State Board of Investment if the

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121.1 obligations meet the requirements of section 11A.24, subdivision 2, upon the approval of  
121.2 the attorney general as to form and execution of the application therefor, and under rules  
121.3 as the board may specify, and the state board shall have authority to purchase the same  
121.4 to an amount not exceeding 3.63 percent of the estimated market value of the taxable  
121.5 property of the municipality, according to the last preceding assessment. The obligations  
121.6 shall not run for a shorter period than one year, nor for a longer period than 30 years and  
121.7 shall bear interest at a rate to be fixed by the state board but not less than two percent per  
121.8 annum. Forthwith upon the delivery to the state of Minnesota of any obligations issued by  
121.9 virtue thereof, the commissioner of management and budget shall certify to the respective  
121.10 auditors of the various counties wherein are situated the municipalities issuing the same,  
121.11 the number, denomination, amount, rate of interest and date of maturity of each obligation.

121.12 Sec. 103. Minnesota Statutes 2011 Supplement, section 477A.011, subdivision 20,  
121.13 is amended to read:

121.14 Subd. 20. **City net tax capacity.** "City net tax capacity" means ~~(1) the net tax~~  
121.15 ~~capacity computed using the net tax capacity rates in section 273.13 for taxes payable~~  
121.16 ~~in the year of the aid distribution, and the market values, after the exclusion in section~~  
121.17 ~~273.13, subdivision 35, for taxes payable in the year prior to the aid distribution plus (2)~~  
121.18 ~~a city's fiscal disparities distribution tax capacity under section 276A.06, subdivision 2,~~  
121.19 ~~paragraph (b), or 473F.08, subdivision 2, paragraph (b), for taxes payable in the year prior~~  
121.20 ~~to that for which aids are being calculated. The market value utilized in computing city~~  
121.21 ~~net tax capacity shall be reduced by the sum of (1) a city's market value of commercial~~  
121.22 ~~industrial property as defined in section 276A.01, subdivision 3, or 473F.02, subdivision 3,~~  
121.23 ~~multiplied by the ratio determined pursuant to section 276A.06, subdivision 2, paragraph~~  
121.24 ~~(a), or 473F.08, subdivision 2, paragraph (a), (2) the market value of the captured value~~  
121.25 ~~of tax increment financing districts as defined in section 469.177, subdivision 2, and (3)~~  
121.26 ~~the market value of transmission lines deducted from a city's total net tax capacity under~~  
121.27 ~~section 273.425. The city net tax capacity will be computed using equalized market values~~  
121.28 the city's adjusted net tax capacity under section 273.1325.

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

121.30 Sec. 104. Minnesota Statutes 2010, section 477A.0124, subdivision 2, is amended to  
121.31 read:

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

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122.1 (b) "County program aid" means the sum of "county need aid," "county tax base  
122.2 equalization aid," and "county transition aid."

122.3 (c) "Age-adjusted population" means a county's population multiplied by the county  
122.4 age index.

122.5 (d) "County age index" means the percentage of the population over age 65 within  
122.6 the county divided by the percentage of the population over age 65 within the state, except  
122.7 that the age index for any county may not be greater than 1.8 nor less than 0.8.

122.8 (e) "Population over age 65" means the population over age 65 established as of  
122.9 July 15 in an aid calculation year by the most recent federal census, by a special census  
122.10 conducted under contract with the United States Bureau of the Census, by a population  
122.11 estimate made by the Metropolitan Council, or by a population estimate of the state  
122.12 demographer made pursuant to section 4A.02, whichever is the most recent as to the stated  
122.13 date of the count or estimate for the preceding calendar year and which has been certified  
122.14 to the commissioner of revenue on or before July 15 of the aid calculation year. A revision  
122.15 to an estimate or count is effective for these purposes only if certified to the commissioner  
122.16 on or before July 15 of the aid calculation year. Clerical errors in the certification or use of  
122.17 estimates and counts established as of July 15 in the aid calculation year are subject to  
122.18 correction within the time periods allowed under section 477A.014.

122.19 (f) "Part I crimes" means the three-year average annual number of Part I crimes  
122.20 reported for each county by the Department of Public Safety for the most recent years  
122.21 available. By July 1 of each year, the commissioner of public safety shall certify to the  
122.22 commissioner of revenue the number of Part I crimes reported for each county for the  
122.23 three most recent calendar years available.

122.24 (g) "Households receiving food stamps" means the average monthly number of  
122.25 households receiving food stamps for the three most recent years for which data is  
122.26 available. By July 1 of each year, the commissioner of human services must certify to the  
122.27 commissioner of revenue the average monthly number of households in the state and in  
122.28 each county that receive food stamps, for the three most recent calendar years available.

122.29 (h) "County net tax capacity" means the ~~net tax capacity of the county, computed~~  
122.30 ~~analogously to city net tax capacity under section 477A.011, subdivision 20~~ county's  
122.31 adjusted net tax capacity under section 273.1325.

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

122.33 Sec. 105. Minnesota Statutes 2010, section 641.23, is amended to read:

122.34 **641.23 FUNDS; HOW PROVIDED.**

123.1 Before any contract is made for the erection of a county jail, sheriff's residence, or  
123.2 both, the county board shall either levy a sufficient tax to provide the necessary funds, or  
123.3 issue county bonds therefor in accordance with the provisions of chapter 475, provided  
123.4 that no election is required if the amount of all bonds issued for this purpose and interest  
123.5 on them which are due and payable in any year does not exceed an amount equal to  
123.6 0.09671 percent of estimated market value of taxable property within the county, as last  
123.7 determined before the bonds are issued.

123.8 Sec. 106. Minnesota Statutes 2010, section 641.24, is amended to read:

123.9 **641.24 LEASING.**

123.10 The county may, by resolution of the county board, enter into a lease agreement with  
123.11 any statutory or home rule charter city situated within the county, or a county housing and  
123.12 redevelopment authority established pursuant to chapter 469 or any special law whereby  
123.13 the city or county housing and redevelopment authority will construct a jail or other law  
123.14 enforcement facilities for the county sheriff, deputy sheriffs, and other employees of the  
123.15 sheriff and other law enforcement agencies, in accordance with plans prepared by or at  
123.16 the request of the county board and, when required, approved by the commissioner of  
123.17 corrections and will finance it by the issuance of revenue bonds, and the county may lease  
123.18 the site and improvements for a term and upon rentals sufficient to produce revenue for the  
123.19 prompt payment of the bonds and all interest accruing thereon and, upon completion of  
123.20 payment, will acquire title thereto. The real and personal property acquired for the jail  
123.21 shall constitute a project and the lease agreement shall constitute a revenue agreement  
123.22 as contemplated in chapter 469, and all proceedings shall be taken by the city or county  
123.23 housing and redevelopment authority and the county in the manner and with the force and  
123.24 effect provided in chapter 469; provided that:

123.25 (1) no tax shall be imposed upon or in lieu of a tax upon the property;

123.26 (2) the approval of the project by the commissioner of commerce shall not be  
123.27 required;

123.28 (3) the Department of Corrections shall be furnished and shall record such  
123.29 information concerning each project as it may prescribe;

123.30 (4) the rentals required to be paid under the lease agreement shall not exceed in any  
123.31 year one-tenth of one percent of the estimated market value of property within the county,  
123.32 as last finally equalized before the execution of the agreement;

123.33 (5) the county board shall provide for the payment of all rentals due during the term  
123.34 of the lease, in the manner required in section 641.264, subdivision 2;

124.1 (6) no mortgage on the property shall be granted for the security of the bonds, but  
124.2 compliance with clause (5) hereof may be enforced as a nondiscretionary duty of the  
124.3 county board; and

124.4 (7) the county board may sublease any part of the jail property for purposes consistent  
124.5 with the maintenance and operation of a county jail or other law enforcement facility.

124.6 Sec. 107. Minnesota Statutes 2010, section 645.44, is amended by adding a subdivision  
124.7 to read:

124.8 Subd. 20. **Estimated market value.** When used in determining or calculating a  
124.9 limit on taxation, spending, state aid amounts, or debt, bond, certificate of indebtedness, or  
124.10 capital note issuance by or for a local government unit, "estimated market value" has the  
124.11 meaning given in section 273.032.

124.12 Sec. 108. **REVISOR'S INSTRUCTION.**

124.13 The revisor of statutes shall recodify Minnesota Statutes, section 127A.48,  
124.14 subdivisions 1 to 6, as section 273.1325, subdivisions 1 to 6, and change all  
124.15 cross-references to the affected subdivisions accordingly.

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

124.17 Sec. 109. **REPEALER.**

124.18 Minnesota Statutes 2010, sections 273.11, subdivision 1a; 276A.01, subdivision  
124.19 11; 276A.06, subdivision 10; 473F.02, subdivision 13; 473F.08, subdivision 10; and  
124.20 477A.011, subdivision 21, are repealed.

124.21 Sec. 110. **EFFECTIVE DATE.**

124.22 Unless otherwise specifically provided, this act is effective the day following final  
124.23 enactment for purposes of limits on net debt, the issuance of bonds, certificates of  
124.24 indebtedness, and capital notes and is effective beginning for taxes payable in 2013 for  
124.25 all other purposes.

## 124.26 ARTICLE 6

### 124.27 MISCELLANEOUS

124.28 Section 1. **GENERAL FUND SAVINGS AND BUDGET RESERVE TRANSFER.**

124.29 (a) The commissioner of management and budget must reduce general fund  
124.30 appropriations to executive agencies, including constitutional offices, for agency

125.1 operations for the biennium ending June 30, 2013, by an amount calculated in paragraph  
125.2 (b).

125.3 (b) The reduction in appropriations under paragraph (a) must come from all  
125.4 funds savings provided by the reforms, efficiencies, and cost-saving measures through  
125.5 implementation of the data analytics master contract program administered by the  
125.6 Department of Administration entered into in fiscal year 2012 and fiscal year 2013.

125.7 (c) On November 15, 2012, the commissioner of management and budget shall  
125.8 certify the amount of general fund savings resulting from state government appropriation  
125.9 reductions under paragraph (a), and, in the event that the savings amount does not generate  
125.10 \$99,900,000, shall cancel the difference between the state government reduction general  
125.11 fund savings and \$99,900,000 in the budget reserve account in Minnesota Statutes, section  
125.12 16A.152, to the general fund.

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

125.14 Sec. 2. **SPECIAL RECOVERY FUND; CANCELLATION.**

125.15 \$4,300,000 of the balance in the Revenue Department service and recovery special  
125.16 revenue fund under Minnesota Statutes, section 270C.15, is transferred in fiscal year  
125.17 2012 to the general fund.

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

APPENDIX  
Article locations in S1972-1

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ARTICLE 2	SALES TAX .....	Page.Ln 26.8
ARTICLE 3	PROPERTY TAX .....	Page.Ln 44.24
ARTICLE 4	LOCAL DEVELOPMENT .....	Page.Ln 60.1
ARTICLE 5	HOMESTEAD MARKET VALUE CLEANUP .....	Page.Ln 71.14
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