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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

H. F. No. 247

01/27/2011 Authored by null
The bill was read for the first time and referred to the Committee on Taxes
05/02/2011 Committee Recommendation and Adoption of Report:
To Pass as Amended
Read Second Time

A bill for an act

1.1 relating to financing of state and local government; making policy, technical, and
1.2 other changes to individual income, corporate franchise, property, sales and
1.3 use, special, mineral, liquor, aggregate materials, gross receipts, estate, local,
1.4 and other taxes and tax-related provisions; updating references to the Internal
1.5 Revenue Code; changing and providing income and franchise tax credits,
1.6 exemptions, and deductions; changing income tax withholding requirements;
1.7 establishing a veterans jobs tax credit; permitting the filing of certain amended
1.8 returns; modifying property tax levies, credits, exemptions, refunds, proposed
1.9 levies and property tax notices, and tax statements; providing for use of a local
1.10 levy; changing the state general levy; modifying city aid reporting requirements;
1.11 modifying tax increment financing district requirements; authorizing, changing,
1.12 and extending tax increment financing districts in certain local governments;
1.13 changing sales and use tax payment requirements and changing and providing
1.14 exemptions; modifying use of revenues and authorizing extension of certain
1.15 sales and lodging taxes and other local taxes for certain cities and making other
1.16 local tax changes; modifying filing, compliance, and payment requirements
1.17 for estate tax returns; modifying requirements for qualified farms and small
1.18 business property; modifying definitions and making clarifying, technical, and
1.19 other changes relating to the issuance of municipal bonds; authorizing certain
1.20 local governments to issue public debt; clarifying limits on taxation, spending,
1.21 and incurring debt based on market values; making technical and clarifying
1.22 changes, and repealing obsolete provisions related to the homestead market value
1.23 credit; changing liquor tax reporting and credits; allocating funds to border city
1.24 enterprise zones; changing local standard measures program reimbursement
1.25 requirements; requiring certain local budgetary information on local Web sites;
1.26 establishing a greater Minnesota internship program; requiring reports; canceling
1.27 funds to the general fund from the budget reserve account; appropriating money;
1.28 amending Minnesota Statutes 2010, sections 6.91, subdivision 2; 13.4965,
1.29 subdivision 3; 16A.46; 38.18; 40A.15, subdivision 2; 65B.84, subdivision 1;
1.30 69.011, subdivision 1; 69.021, subdivisions 7, 8; 88.51, subdivision 3; 103B.245,
1.31 subdivision 3; 103B.251, subdivision 8; 103B.635, subdivision 2; 103B.691,
1.32 subdivision 2; 103D.905, subdivisions 2, 3, 8; 116J.8737, subdivisions 5, 8,
1.33 by adding a subdivision; 117.025, subdivision 7; 127A.48, subdivision 1;
1.34 138.053; 144F.01, subdivision 4; 162.07, subdivisions 3, 4; 163.04, subdivision
1.35 3; 163.06, subdivision 6; 165.10, subdivision 1; 270.077; 270.41, subdivision 5;
1.36 270C.38, subdivision 1; 270C.42, subdivision 2; 270C.69, subdivision 1; 272.01,
1.37 subdivision 2; 272.03, by adding subdivisions; 273.032; 273.11, subdivision
1.38 1; 273.113; 273.124, subdivisions 3a, 13; 273.13, subdivision 21b; 273.1315,
1.39

2.1 subdivisions 1, 2; 273.1398, subdivisions 3, 4; 273.19, subdivision 1; 273.372,
2.2 subdivision 4; 273.39; 275.011, subdivision 1; 275.025, subdivision 1; 275.065,
2.3 subdivisions 1, 3; 275.077, subdivision 2; 275.71, subdivision 4; 276A.01,
2.4 subdivisions 10, 12, 13, 15; 279.06, subdivision 1; 287.08; 287.20, by adding
2.5 a subdivision; 287.23, subdivision 1; 287.385, subdivision 7; 289A.02, by
2.6 adding a subdivision; 289A.10, by adding a subdivision; 289A.12, by adding a
2.7 subdivision; 289A.18, by adding a subdivision; 289A.20, subdivisions 3, 4, by
2.8 adding a subdivision; 289A.26, subdivisions 3, 4, 7, 9; 289A.38, subdivisions
2.9 7, 8, 9; 289A.42, subdivision 2; 289A.55, subdivision 9; 289A.60, subdivisions
2.10 4, 24; 290.01, subdivisions 6b, 19d; 290.068, subdivision 1; 290.0681,
2.11 subdivisions 1, 3, 4, 5, 10; 290.0921, subdivision 3; 290.17, subdivision 4;
2.12 290A.04, subdivision 2h; 290A.25; 290B.04, subdivision 2; 296A.22; 297A.61,
2.13 subdivision 4; 297A.665; 297A.68, subdivision 5; 297A.70, subdivision 4, by
2.14 adding subdivisions; 297A.815, subdivision 3; 297A.8155; 297E.14, subdivision
2.15 7; 297F.01, subdivision 23; 297F.09, subdivision 9; 297F.18, subdivision 7;
2.16 297G.04, subdivision 2; 297G.09, subdivision 8; 297G.17, subdivision 7;
2.17 297I.05, subdivision 11; 297I.30, by adding a subdivision; 297I.80, subdivision
2.18 1; 298.018, subdivision 2; 298.75, by adding a subdivision; 353G.08, subdivision
2.19 2; 365.025, subdivision 4; 366.095, subdivision 1; 366.27; 368.01, subdivision
2.20 23; 368.47; 370.01; 373.40, subdivisions 1, 2, 4; 375.167, subdivision 1; 375.18,
2.21 subdivision 3; 375.555; 383B.152; 383B.245; 383B.73, subdivision 1; 383E.20;
2.22 383E.23; 385.31; 394.36, subdivision 1; 398A.04, subdivision 8; 401.05,
2.23 subdivision 3; 410.32; 412.221, subdivision 2; 412.301; 428A.02, subdivision 1;
2.24 430.102, subdivision 2; 447.10; 450.19; 450.25; 458A.10; 458A.31, subdivision
2.25 1; 465.04; 469.033, subdivision 6; 469.034, subdivision 2; 469.053, subdivisions
2.26 4, 4a, 6; 469.107, subdivision 1; 469.169, by adding a subdivision; 469.174,
2.27 subdivisions 2, 10, by adding subdivisions; 469.175, subdivision 3; 469.176,
2.28 subdivisions 1b, 4b, by adding a subdivision; 469.1763, subdivisions 3, 4;
2.29 469.180, subdivision 2; 469.187; 469.206; 471.24; 471.571, subdivisions 1,
2.30 2; 471.73; 473.325, subdivision 2; 473.629; 473.661, subdivision 3; 473.667,
2.31 subdivision 9; 473.671; 473.711, subdivision 2a; 473F.02, subdivisions 12,
2.32 14, 15, 23; 474A.02, subdivision 23a; 474A.04, subdivision 1a; 474A.062;
2.33 474A.091, subdivision 3a; 475.521, subdivisions 2, 4; 475.53, subdivisions 1, 3,
2.34 4; 475.58, subdivisions 2, 3b; 475.73, subdivision 1; 477A.011, subdivision 32;
2.35 477A.0124, subdivision 2; 477A.017, subdivision 3; 641.23; 641.24; 645.44, by
2.36 adding a subdivision; Minnesota Statutes 2011 Supplement, sections 116J.8737,
2.37 subdivisions 1, 2; 270C.34, subdivision 1; 270C.991, subdivision 4, as amended;
2.38 272.02, subdivision 97; 273.114, subdivision 6; 273.13, subdivision 25; 276.04,
2.39 subdivision 2; 289A.02, subdivision 7; 290.01, subdivisions 19, 19b, 19c, 31;
2.40 290A.03, subdivision 15; 291.005, subdivision 1; 291.03, subdivisions 8, 9, 10,
2.41 11; 295.53, subdivision 1; 297A.68, subdivision 42; 297I.05, subdivisions 7, 12;
2.42 297I.30, subdivisions 1, 2; 298.01, subdivision 3; 373.01, subdivision 1; 469.176,
2.43 subdivisions 4c, 4m; 469.1763, subdivision 2; 477A.011, subdivision 20; Laws
2.44 1971, chapter 773, section 1, subdivision 2, as amended; Laws 1988, chapter 645,
2.45 section 3, as amended; Laws 1998, chapter 389, article 8, section 43, subdivision
2.46 3, as amended; Laws 1999, chapter 243, article 6, section 11; Laws 2002, chapter
2.47 377, article 3, section 25, as amended; Laws 2003, chapter 127, article 12, section
2.48 28; Laws 2005, First Special Session chapter 3, article 5, section 37, subdivisions
2.49 2, 4; Laws 2008, chapter 366, article 5, section 34, as amended; article 7, section
2.50 19, subdivision 3, as amended; Laws 2010, chapter 216, section 11; Laws 2010,
2.51 chapter 389, article 1, section 12; proposing coding for new law in Minnesota
2.52 Statutes, chapters 136A; 290; 297I; 471; repealing Minnesota Statutes 2010,
2.53 sections 168A.40, subdivisions 3, 4; 270C.991, subdivision 5; 272.69; 273.11,
2.54 subdivisions 1a, 22; 276A.01, subdivision 11; 276A.06, subdivision 10; 473F.02,
2.55 subdivision 13; 473F.08, subdivision 10; 477A.011, subdivision 21; Minnesota
2.56 Statutes 2011 Supplement, section 289A.60, subdivision 31; Laws 2009, chapter
2.57 88, article 4, section 23, as amended.

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

3.2 **ARTICLE 1**

3.3 **DEPARTMENT POLICY AND TECHNICAL: INCOME AND**
3.4 **CORPORATE FRANCHISE TAXES**

3.5 Section 1. Minnesota Statutes 2010, section 289A.02, is amended by adding a
3.6 subdivision to read:

3.7 Subd. 9. **Field audit.** "Field audit" means the physical presence of examiners
3.8 in the taxpayer's or taxpayer's representative's office conducting an examination of the
3.9 taxpayer with the intention of issuing an assessment or notice of change in tax or which
3.10 results in the issuing of an assessment or notice of change in tax. The examination may
3.11 include inspecting a taxpayer's place of business, tangible personal property, equipment,
3.12 computer systems and facilities, pertinent books, records, papers, vouchers, computer
3.13 printouts, accounts, and documents.

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

3.15 Sec. 2. Minnesota Statutes 2010, section 289A.26, subdivision 3, is amended to read:

3.16 Subd. 3. **Short taxable year.** (a) A corporation or an entity with a short taxable
3.17 year of less than 12 months, but at least four months, must pay estimated tax in equal
3.18 installments on or before the 15th day of the third, sixth, ninth, and final month of the
3.19 short taxable year, to the extent applicable based on the number of months in the short
3.20 taxable year.

3.21 (b) A corporation or an entity is not required to make estimated tax payments for a
3.22 short taxable year unless its tax liability before the first day of the last month of the taxable
3.23 year can reasonably be expected to exceed \$500.

3.24 (c) No payment is required for a short taxable year of less than four months.

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

3.26 Sec. 3. Minnesota Statutes 2010, section 289A.26, subdivision 4, is amended to read:

3.27 Subd. 4. **Underpayment of estimated tax.** If there is an underpayment of estimated
3.28 tax by a corporation or an entity, there shall be added to the tax for the taxable year an
3.29 amount determined at the rate in section 270C.40 on the amount of the underpayment,
3.30 determined under subdivision 5, for the period of the underpayment determined under
3.31 subdivision 6. This subdivision does not apply in the first taxable year that a corporation is

4.1 subject to the tax imposed under section 290.02 or an entity is subject to the tax imposed
4.2 under section 290.05, subdivision 3.

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

4.4 Sec. 4. Minnesota Statutes 2010, section 289A.26, subdivision 7, is amended to read:

4.5 Subd. 7. **Required installments.** (a) Except as otherwise provided in this
4.6 subdivision, the amount of a required installment is 25 percent of the required annual
4.7 payment.

4.8 (b) Except as otherwise provided in this subdivision, the term "required annual
4.9 payment" means the lesser of:

4.10 (1) 100 percent of the tax shown on the return for the taxable year, or, if no return is
4.11 filed, 100 percent of the tax for that year; or

4.12 (2) 100 percent of the tax shown on the return of the corporation or entity for the
4.13 preceding taxable year provided the return was for a full 12-month period, showed a
4.14 liability, and was filed by the corporation or entity.

4.15 (c) Except for determining the first required installment for any taxable year,
4.16 paragraph (b), clause (2), does not apply in the case of a large corporation. The term
4.17 "large corporation" means a corporation or any predecessor corporation that had taxable
4.18 net income of \$1,000,000 or more for any taxable year during the testing period. The
4.19 term "testing period" means the three taxable years immediately preceding the taxable
4.20 year involved. A reduction allowed to a large corporation for the first installment that is
4.21 allowed by applying paragraph (b), clause (2), must be recaptured by increasing the next
4.22 required installment by the amount of the reduction.

4.23 (d) In the case of a required installment, if the corporation or entity establishes that
4.24 the annualized income installment is less than the amount determined in paragraph (a), the
4.25 amount of the required installment is the annualized income installment and the recapture
4.26 of previous quarters' reductions allowed by this paragraph must be recovered by increasing
4.27 later required installments to the extent the reductions have not previously been recovered.

4.28 (e) The "annualized income installment" is the excess, if any, of:

4.29 (1) an amount equal to the applicable percentage of the tax for the taxable year
4.30 computed by placing on an annualized basis the taxable income:

4.31 (i) for the first two months of the taxable year, in the case of the first required
4.32 installment;

4.33 (ii) for the first two months or for the first five months of the taxable year, in the
4.34 case of the second required installment;

5.1 (iii) for the first six months or for the first eight months of the taxable year, in the
 5.2 case of the third required installment; and

5.3 (iv) for the first nine months or for the first 11 months of the taxable year, in the
 5.4 case of the fourth required installment, over

5.5 (2) the aggregate amount of any prior required installments for the taxable year.

5.6 (3) For the purpose of this paragraph, the annualized income shall be computed
 5.7 by placing on an annualized basis the taxable income for the year up to the end of the
 5.8 month preceding the due date for the quarterly payment multiplied by 12 and dividing
 5.9 the resulting amount by the number of months in the taxable year (2, 5, 6, 8, 9, or 11 as
 5.10 the case may be) referred to in clause (1).

5.11 (4) The "applicable percentage" used in clause (1) is:

5.12	For the following	
5.13	required	The applicable
5.14	installments:	percentage is:
5.15	1st	25
5.16	2nd	50
5.17	3rd	75
5.18	4th	100

5.19 (f)(1) If this paragraph applies, the amount determined for any installment must
 5.20 be determined in the following manner:

5.21 (i) take the taxable income for the months during the taxable year preceding the
 5.22 filing month;

5.23 (ii) divide that amount by the base period percentage for the months during the
 5.24 taxable year preceding the filing month;

5.25 (iii) determine the tax on the amount determined under item (ii); and

5.26 (iv) multiply the tax computed under item (iii) by the base period percentage for the
 5.27 filing month and the months during the taxable year preceding the filing month.

5.28 (2) For purposes of this paragraph:

5.29 (i) the "base period percentage" for a period of months is the average percent that the
 5.30 taxable income for the corresponding months in each of the three preceding taxable years
 5.31 bears to the taxable income for the three preceding taxable years;

5.32 (ii) the term "filing month" means the month in which the installment is required
 5.33 to be paid;

5.34 (iii) this paragraph only applies if the base period percentage for any six consecutive
 5.35 months of the taxable year equals or exceeds 70 percent; and

6.1 (iv) the commissioner may provide by rule for the determination of the base period
6.2 percentage in the case of reorganizations, new corporations or entities, and other similar
6.3 circumstances.

6.4 (3) In the case of a required installment determined under this paragraph, if the
6.5 corporation or entity determines that the installment is less than the amount determined in
6.6 paragraph (a), the amount of the required installment is the amount determined under this
6.7 paragraph and the recapture of previous quarters' reductions allowed by this paragraph
6.8 must be recovered by increasing later required installments to the extent the reductions
6.9 have not previously been recovered.

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

6.11 Sec. 5. Minnesota Statutes 2010, section 289A.26, subdivision 9, is amended to read:

6.12 Subd. 9. **Failure to file an estimate.** In the case of a corporation or an entity
6.13 that fails to file an estimated tax for a taxable year when one is required, the period of
6.14 the underpayment runs from the four installment dates in subdivision 2 or 3, whichever
6.15 applies, to the earlier of the periods in subdivision 6, clauses (1) and (2).

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

6.17 Sec. 6. Minnesota Statutes 2010, section 289A.38, subdivision 7, is amended to read:

6.18 Subd. 7. **Federal tax changes.** If the amount of income, items of tax preference,
6.19 deductions, or credits for any year of a taxpayer, or the wages paid by a taxpayer for
6.20 any period, as reported to the Internal Revenue Service is changed or corrected by the
6.21 commissioner of Internal Revenue or other officer of the United States or other competent
6.22 authority, or where a renegotiation of a contract or subcontract with the United States
6.23 results in a change in income, items of tax preference, deductions, credits, or withholding
6.24 tax, or, in the case of estate tax, where there are adjustments to the taxable estate, the
6.25 taxpayer shall report the change or correction or renegotiation results in writing to the
6.26 commissioner of revenue. The report must be ~~submitted within 180 days after the~~
6.27 ~~final determination and must be~~ in the form of either an amended Minnesota estate,
6.28 withholding tax, corporate franchise tax, or income tax return conceding the accuracy of
6.29 the federal determination or a letter detailing how the federal determination is incorrect
6.30 or does not change the Minnesota tax. An amended Minnesota income tax return must
6.31 be accompanied by an amended property tax refund return, if necessary. A taxpayer
6.32 filing an amended federal tax return must also file a copy of the amended return with the
6.33 commissioner of revenue ~~within 180 days~~ after filing the amended return.

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

7.2 Sec. 7. Minnesota Statutes 2010, section 289A.38, subdivision 8, is amended to read:

7.3 Subd. 8. ~~**Failure to report change or correction of federal return**~~ **Time**
7.4 **requirement to report federal tax changes.** If a taxpayer fails to make a report as
7.5 required by subdivision 7, the commissioner may recompute the tax, including a refund,
7.6 based on information available to the commissioner. The tax may be recomputed within
7.7 six years after the report should have been filed, notwithstanding any period of limitations
7.8 to the contrary. A taxpayer must submit the report or file the amended return required by
7.9 subdivision 7 within 180 days after the final determination by the commissioner of internal
7.10 revenue or other officer of the United States or other competent authority of a change or
7.11 correction of the person's federal tax return or the filing of an amended federal tax return.

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

7.13 Sec. 8. Minnesota Statutes 2010, section 289A.38, subdivision 9, is amended to read:

7.14 Subd. 9. ~~**Report made of change or correction of federal return**~~ **Limitations**
7.15 **on time for assessment for federal tax changes.** (a) If a taxpayer is required to make a
7.16 submits the report ~~under~~ or files the amended return as required by subdivision 7, and does
7.17 report the change or files a copy of the amended return at any time within six years after
7.18 the time period provided by subdivision 8, the commissioner may recompute and reassess
7.19 the tax due, including a refund (1) within one year after the report or amended return is
7.20 filed with the commissioner, notwithstanding any period of limitations to the contrary, or
7.21 (2) within any other applicable period stated in this section, whichever period is longer.
7.22 The period provided for the carryback of any amount of loss or credit is also extended as
7.23 provided in this subdivision, notwithstanding any law to the contrary.

7.24 (b) If a taxpayer fails to submit the report or file the amended return as required by
7.25 subdivision 7, the commissioner may recompute the tax, including a refund, based on
7.26 information available to the commissioner. The tax may be recomputed within six years
7.27 after the time period provided by subdivision 8, notwithstanding any period of limitations
7.28 to the contrary.

7.29 (c) If the commissioner has completed a field audit of the taxpayer, and, but for this
7.30 subdivision, the commissioner's time period to adjust the tax has expired, the additional
7.31 tax due or refund is limited to only those changes that are required to be made to the
7.32 return which relate to the changes made on the federal return. This subdivision does not
7.33 apply to sales and use tax.

8.1 ~~For purposes of this subdivision and section 289A.42, subdivision 2, a "field audit"~~
8.2 ~~is the physical presence of examiners in the taxpayer's or taxpayer's representative's office~~
8.3 ~~conducting an examination of the taxpayer with the intention of issuing an assessment or~~
8.4 ~~notice of change in tax or which results in the issuing of an assessment or notice of change~~
8.5 ~~in tax. The examination may include inspecting a taxpayer's place of business, tangible~~
8.6 ~~personal property, equipment, computer systems and facilities, pertinent books, records,~~
8.7 ~~papers, vouchers, computer printouts, accounts, and documents.~~

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

8.9 Sec. 9. Minnesota Statutes 2010, section 289A.42, subdivision 2, is amended to read:

8.10 Subd. 2. **Federal extensions.** When a taxpayer consents to an extension of time
8.11 for the assessment of federal withholding or income taxes, the period in which the
8.12 commissioner may recompute the tax is also extended, notwithstanding any period of
8.13 limitations to the contrary, as follows:

8.14 (1) for the periods provided in section 289A.38, subdivisions 8 and 9;

8.15 (2) for six months following the expiration of the extended federal period of
8.16 limitations when no change is made by the federal authority. If no change is made by the
8.17 federal authority, and, but for this subdivision, the commissioner's time period to adjust
8.18 the tax has expired, and if the commissioner has completed a field audit of the taxpayer, no
8.19 additional changes resulting in additional tax due or a refund may be made. ~~For purposes~~
8.20 ~~of this subdivision, "field audit" has the meaning given it in section 289A.38, subdivision 9.~~

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

8.22 Sec. 10. Minnesota Statutes 2010, section 289A.60, subdivision 24, is amended to read:

8.23 Subd. 24. **Penalty for failure to notify of federal change.** If a person fails to
8.24 report to the commissioner a change or correction of the person's federal return in the
8.25 manner prescribed by section 289A.38, subdivision 7, and within the 180-day time period
8.26 prescribed in section 289A.38, subdivision 7~~8~~, there must be added to the tax an amount
8.27 equal to ten percent of the amount of any underpayment of Minnesota tax attributable to
8.28 the federal change.

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

8.30 Sec. 11. Minnesota Statutes 2010, section 290.01, subdivision 6b, is amended to read:

9.1 Subd. 6b. **Foreign operating corporation.** The term "foreign operating
9.2 corporation," when applied to a corporation, means a domestic corporation with the
9.3 following characteristics:

9.4 (1) it is part of a unitary business at least one member of which is taxable in this state;

9.5 (2) it is not a foreign sales corporation under section 922 of the Internal Revenue
9.6 Code, as amended through December 31, 1999, for the taxable year;

9.7 (3) it is not an interest charge domestic international sales corporation under sections
9.8 992, 993, 994, and 995 of the Internal Revenue Code;

9.9 (4) ~~either (i) it has in effect a valid election under section 936 of the Internal Revenue~~
9.10 ~~Code; or (ii) at least 80 percent of the gross income from all sources of the corporation in~~
9.11 the tax year is active foreign business income; and

9.12 (5) for purposes of this subdivision, active foreign business income means gross
9.13 income that is (i) derived from sources without the United States, as defined in subtitle A,
9.14 chapter 1, subchapter N, part 1, of the Internal Revenue Code; and (ii) attributable to the
9.15 active conduct of a trade or business in a foreign country.

9.16 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
9.17 December 31, 2011.

9.18 Sec. 12. Minnesota Statutes 2011 Supplement, section 290.01, subdivision 19b,
9.19 is amended to read:

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

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

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

9.28 (3) the amount paid to others, less the amount used to claim the credit allowed under
9.29 section 290.0674, not to exceed \$1,625 for each qualifying child in grades kindergarten
9.30 to 6 and \$2,500 for each qualifying child in grades 7 to 12, for tuition, textbooks, and
9.31 transportation of each qualifying child in attending an elementary or secondary school
9.32 situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a
9.33 resident of this state may legally fulfill the state's compulsory attendance laws, which
9.34 is not operated for profit, and which adheres to the provisions of the Civil Rights Act
9.35 of 1964 and chapter 363A. For the purposes of this clause, "tuition" includes fees or

10.1 tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause,
10.2 "textbooks" includes books and other instructional materials and equipment purchased
10.3 or leased for use in elementary and secondary schools in teaching only those subjects
10.4 legally and commonly taught in public elementary and secondary schools in this state.
10.5 Equipment expenses qualifying for deduction includes expenses as defined and limited in
10.6 section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional
10.7 books and materials used in the teaching of religious tenets, doctrines, or worship, the
10.8 purpose of which is to instill such tenets, doctrines, or worship, nor does it include books
10.9 or materials for, or transportation to, extracurricular activities including sporting events,
10.10 musical or dramatic events, speech activities, driver's education, or similar programs. No
10.11 deduction is permitted for any expense the taxpayer incurred in using the taxpayer's or
10.12 the qualifying child's vehicle to provide such transportation for a qualifying child. For
10.13 purposes of the subtraction provided by this clause, "qualifying child" has the meaning
10.14 given in section 32(c)(3) of the Internal Revenue Code;

10.15 (4) income as provided under section 290.0802;

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

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

10.24 (7) for individuals who are allowed a federal foreign tax credit for taxes that do not
10.25 qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover
10.26 of subnational foreign taxes for the taxable year, but not to exceed the total subnational
10.27 foreign taxes reported in claiming the foreign tax credit. For purposes of this clause,
10.28 "federal foreign tax credit" means the credit allowed under section 27 of the Internal
10.29 Revenue Code, and "carryover of subnational foreign taxes" equals the carryover allowed
10.30 under section 904(c) of the Internal Revenue Code minus national level foreign taxes to
10.31 the extent they exceed the federal foreign tax credit;

10.32 (8) in each of the five tax years immediately following the tax year in which an
10.33 addition is required under subdivision 19a, clause (7), or 19c, clause ~~(15)~~ (14), in the case
10.34 of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth
10.35 of the delayed depreciation. For purposes of this clause, "delayed depreciation" means
10.36 the amount of the addition made by the taxpayer under subdivision 19a, clause (7), or

11.1 subdivision 19c, clause ~~(15)~~ (14), in the case of a shareholder of an S corporation, minus
11.2 the positive value of any net operating loss under section 172 of the Internal Revenue
11.3 Code generated for the tax year of the addition. The resulting delayed depreciation
11.4 cannot be less than zero;

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

11.6 (10) to the extent included in federal taxable income, the amount of compensation
11.7 paid to members of the Minnesota National Guard or other reserve components of the
11.8 United States military for active service, excluding compensation for services performed
11.9 under the Active Guard Reserve (AGR) program. For purposes of this clause, "active
11.10 service" means (i) state active service as defined in section 190.05, subdivision 5a, clause
11.11 (1); or (ii) federally funded state active service as defined in section 190.05, subdivision
11.12 5b, but "active service" excludes service performed in accordance with section 190.08,
11.13 subdivision 3;

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

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

11.30 (13) in each of the five tax years immediately following the tax year in which an
11.31 addition is required under subdivision 19a, clause (8), or 19c, clause ~~(16)~~ (15), in the case
11.32 of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth
11.33 of the addition made by the taxpayer under subdivision 19a, clause (8), or 19c, clause
11.34 ~~(16)~~ (15), in the case of a shareholder of a corporation that is an S corporation, minus the
11.35 positive value of any net operating loss under section 172 of the Internal Revenue Code

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

12.3 (14) to the extent included in the federal taxable income of a nonresident of
12.4 Minnesota, compensation paid to a service member as defined in United States Code, title
12.5 10, section 101(a)(5), for military service as defined in the Servicemembers Civil Relief
12.6 Act, Public Law 108-189, section 101(2);

12.7 (15) international economic development zone income as provided under section
12.8 469.325;

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

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

12.18 (18) the amount of the net operating loss allowed under section 290.095, subdivision
12.19 11, paragraph (c).

12.20 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
12.21 December 31, 2011.

12.22 Sec. 13. Minnesota Statutes 2011 Supplement, section 290.01, subdivision 19c,
12.23 is amended to read:

12.24 Subd. 19c. **Corporations; additions to federal taxable income.** For corporations,
12.25 there shall be added to federal taxable income:

12.26 (1) the amount of any deduction taken for federal income tax purposes for income,
12.27 excise, or franchise taxes based on net income or related minimum taxes, including but not
12.28 limited to the tax imposed under section 290.0922, paid by the corporation to Minnesota,
12.29 another state, a political subdivision of another state, the District of Columbia, or any
12.30 foreign country or possession of the United States;

12.31 (2) interest not subject to federal tax upon obligations of: the United States, its
12.32 possessions, its agencies, or its instrumentalities; the state of Minnesota or any other
12.33 state, any of its political or governmental subdivisions, any of its municipalities, or any
12.34 of its governmental agencies or instrumentalities; the District of Columbia; or Indian
12.35 tribal governments;

13.1 (3) exempt-interest dividends received as defined in section 852(b)(5) of the Internal
13.2 Revenue Code;

13.3 (4) the amount of any net operating loss deduction taken for federal income tax
13.4 purposes under section 172 or 832(c)(10) of the Internal Revenue Code or operations loss
13.5 deduction under section 810 of the Internal Revenue Code;

13.6 (5) the amount of any special deductions taken for federal income tax purposes
13.7 under sections 241 to 247 and 965 of the Internal Revenue Code;

13.8 (6) losses from the business of mining, as defined in section 290.05, subdivision 1,
13.9 clause (a), that are not subject to Minnesota income tax;

13.10 (7) the amount of any capital losses deducted for federal income tax purposes under
13.11 sections 1211 and 1212 of the Internal Revenue Code;

13.12 (8) the exempt foreign trade income of a foreign sales corporation under sections
13.13 921(a) and 291 of the Internal Revenue Code;

13.14 (9) the amount of percentage depletion deducted under sections 611 through 614 and
13.15 291 of the Internal Revenue Code;

13.16 (10) for certified pollution control facilities placed in service in a taxable year
13.17 beginning before December 31, 1986, and for which amortization deductions were elected
13.18 under section 169 of the Internal Revenue Code of 1954, as amended through December
13.19 31, 1985, the amount of the amortization deduction allowed in computing federal taxable
13.20 income for those facilities;

13.21 (11) the amount of any deemed dividend from a foreign operating corporation
13.22 determined pursuant to section 290.17, subdivision 4, paragraph (g). The deemed dividend
13.23 shall be reduced by the amount of the addition to income required by clauses (19), (20),
13.24 (21), and (22), ~~and (23)~~;

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

13.28 ~~(13) the amount of net income excluded under section 114 of the Internal Revenue~~
13.29 ~~Code;~~

13.30 ~~(14)~~ (13) any increase in subpart F income, as defined in section 952(a) of the
13.31 Internal Revenue Code, for the taxable year when subpart F income is calculated without
13.32 regard to the provisions of Division C, title III, section 303(b) of Public Law 110-343;

13.33 ~~(15)~~ (14) 80 percent of the depreciation deduction allowed under section
13.34 168(k)(1)(A) and (k)(4)(A) of the Internal Revenue Code. For purposes of this clause, if
13.35 the taxpayer has an activity that in the taxable year generates a deduction for depreciation
13.36 under section 168(k)(1)(A) and (k)(4)(A) and the activity generates a loss for the taxable

14.1 year that the taxpayer is not allowed to claim for the taxable year, "the depreciation
14.2 allowed under section 168(k)(1)(A) and (k)(4)(A)" for the taxable year is limited to excess
14.3 of the depreciation claimed by the activity under section 168(k)(1)(A) and (k)(4)(A)
14.4 over the amount of the loss from the activity that is not allowed in the taxable year. In
14.5 succeeding taxable years when the losses not allowed in the taxable year are allowed, the
14.6 depreciation under section 168(k)(1)(A) and (k)(4)(A) is allowed;

14.7 ~~(16)~~ (15) 80 percent of the amount by which the deduction allowed by section 179 of
14.8 the Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal
14.9 Revenue Code of 1986, as amended through December 31, 2003;

14.10 ~~(17)~~ (16) to the extent deducted in computing federal taxable income, the amount of
14.11 the deduction allowable under section 199 of the Internal Revenue Code;

14.12 ~~(18)~~ (17) for taxable years beginning before January 1, 2013, the exclusion allowed
14.13 under section 139A of the Internal Revenue Code for federal subsidies for prescription
14.14 drug plans;

14.15 ~~(19)~~ (18) the amount of expenses disallowed under section 290.10, subdivision 2;

14.16 ~~(20)~~ (19) an amount equal to the interest and intangible expenses, losses, and
14.17 costs paid, accrued, or incurred by any member of the taxpayer's unitary group to or for
14.18 the benefit of a corporation that is a member of the taxpayer's unitary business group
14.19 that qualifies as a foreign operating corporation. For purposes of this clause, intangible
14.20 expenses and costs include:

14.21 (i) expenses, losses, and costs for, or related to, the direct or indirect acquisition,
14.22 use, maintenance or management, ownership, sale, exchange, or any other disposition of
14.23 intangible property;

14.24 (ii) losses incurred, directly or indirectly, from factoring transactions or discounting
14.25 transactions;

14.26 (iii) royalty, patent, technical, and copyright fees;

14.27 (iv) licensing fees; and

14.28 (v) other similar expenses and costs.

14.29 For purposes of this clause, "intangible property" includes stocks, bonds, patents, patent
14.30 applications, trade names, trademarks, service marks, copyrights, mask works, trade
14.31 secrets, and similar types of intangible assets.

14.32 This clause does not apply to any item of interest or intangible expenses or costs paid,
14.33 accrued, or incurred, directly or indirectly, to a foreign operating corporation with respect
14.34 to such item of income to the extent that the income to the foreign operating corporation
14.35 is income from sources without the United States as defined in subtitle A, chapter 1,
14.36 subchapter N, part 1, of the Internal Revenue Code;

15.1 ~~(21)~~ (20) except as already included in the taxpayer's taxable income pursuant to
15.2 clause ~~(20)~~ (19), any interest income and income generated from intangible property
15.3 received or accrued by a foreign operating corporation that is a member of the taxpayer's
15.4 unitary group. For purposes of this clause, income generated from intangible property
15.5 includes:

15.6 (i) income related to the direct or indirect acquisition, use, maintenance or
15.7 management, ownership, sale, exchange, or any other disposition of intangible property;

15.8 (ii) income from factoring transactions or discounting transactions;

15.9 (iii) royalty, patent, technical, and copyright fees;

15.10 (iv) licensing fees; and

15.11 (v) other similar income.

15.12 For purposes of this clause, "intangible property" includes stocks, bonds, patents, patent
15.13 applications, trade names, trademarks, service marks, copyrights, mask works, trade
15.14 secrets, and similar types of intangible assets.

15.15 This clause does not apply to any item of interest or intangible income received or accrued
15.16 by a foreign operating corporation with respect to such item of income to the extent that
15.17 the income is income from sources without the United States as defined in subtitle A,
15.18 chapter 1, subchapter N, part 1, of the Internal Revenue Code;

15.19 ~~(22)~~ (21) the dividends attributable to the income of a foreign operating corporation
15.20 that is a member of the taxpayer's unitary group in an amount that is equal to the dividends
15.21 paid deduction of a real estate investment trust under section 561(a) of the Internal
15.22 Revenue Code for amounts paid or accrued by the real estate investment trust to the
15.23 foreign operating corporation;

15.24 ~~(23)~~ (22) the income of a foreign operating corporation that is a member of the
15.25 taxpayer's unitary group in an amount that is equal to gains derived from the sale of real or
15.26 personal property located in the United States;

15.27 ~~(24)~~ (23) for taxable years beginning before January 1, 2010, the additional amount
15.28 allowed as a deduction for donation of computer technology and equipment under section
15.29 170(e)(6) of the Internal Revenue Code, to the extent deducted from taxable income; and

15.30 ~~(25)~~ (24) discharge of indebtedness income resulting from reacquisition of business
15.31 indebtedness and deferred under section 108(i) of the Internal Revenue Code.

15.32 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
15.33 December 31, 2011.

15.34 Sec. 14. Minnesota Statutes 2010, section 290.01, subdivision 19d, is amended to read:

16.1 Subd. 19d. **Corporations; modifications decreasing federal taxable income.** For
16.2 corporations, there shall be subtracted from federal taxable income after the increases
16.3 provided in subdivision 19c:

16.4 (1) the amount of foreign dividend gross-up added to gross income for federal
16.5 income tax purposes under section 78 of the Internal Revenue Code;

16.6 (2) the amount of salary expense not allowed for federal income tax purposes due to
16.7 claiming the work opportunity credit under section 51 of the Internal Revenue Code;

16.8 (3) any dividend (not including any distribution in liquidation) paid within the
16.9 taxable year by a national or state bank to the United States, or to any instrumentality of
16.10 the United States exempt from federal income taxes, on the preferred stock of the bank
16.11 owned by the United States or the instrumentality;

16.12 (4) amounts disallowed for intangible drilling costs due to differences between
16.13 this chapter and the Internal Revenue Code in taxable years beginning before January
16.14 1, 1987, as follows:

16.15 (i) to the extent the disallowed costs are represented by physical property, an amount
16.16 equal to the allowance for depreciation under Minnesota Statutes 1986, section 290.09,
16.17 subdivision 7, subject to the modifications contained in subdivision 19e; and

16.18 (ii) to the extent the disallowed costs are not represented by physical property, an
16.19 amount equal to the allowance for cost depletion under Minnesota Statutes 1986, section
16.20 290.09, subdivision 8;

16.21 (5) the deduction for capital losses pursuant to sections 1211 and 1212 of the
16.22 Internal Revenue Code, except that:

16.23 (i) for capital losses incurred in taxable years beginning after December 31, 1986,
16.24 capital loss carrybacks shall not be allowed;

16.25 (ii) for capital losses incurred in taxable years beginning after December 31, 1986,
16.26 a capital loss carryover to each of the 15 taxable years succeeding the loss year shall be
16.27 allowed;

16.28 (iii) for capital losses incurred in taxable years beginning before January 1, 1987, a
16.29 capital loss carryback to each of the three taxable years preceding the loss year, subject to
16.30 the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed; and

16.31 (iv) for capital losses incurred in taxable years beginning before January 1, 1987,
16.32 a capital loss carryover to each of the five taxable years succeeding the loss year to the
16.33 extent such loss was not used in a prior taxable year and subject to the provisions of
16.34 Minnesota Statutes 1986, section 290.16, shall be allowed;

16.35 (6) an amount for interest and expenses relating to income not taxable for federal
16.36 income tax purposes, if (i) the income is taxable under this chapter and (ii) the interest and

17.1 expenses were disallowed as deductions under the provisions of section 171(a)(2), 265 or
17.2 291 of the Internal Revenue Code in computing federal taxable income;

17.3 (7) in the case of mines, oil and gas wells, other natural deposits, and timber for
17.4 which percentage depletion was disallowed pursuant to subdivision 19c, clause (9), a
17.5 reasonable allowance for depletion based on actual cost. In the case of leases the deduction
17.6 must be apportioned between the lessor and lessee in accordance with rules prescribed
17.7 by the commissioner. In the case of property held in trust, the allowable deduction must
17.8 be apportioned between the income beneficiaries and the trustee in accordance with the
17.9 pertinent provisions of the trust, or if there is no provision in the instrument, on the basis
17.10 of the trust's income allocable to each;

17.11 (8) for certified pollution control facilities placed in service in a taxable year
17.12 beginning before December 31, 1986, and for which amortization deductions were elected
17.13 under section 169 of the Internal Revenue Code of 1954, as amended through December
17.14 31, 1985, an amount equal to the allowance for depreciation under Minnesota Statutes
17.15 1986, section 290.09, subdivision 7;

17.16 (9) amounts included in federal taxable income that are due to refunds of income,
17.17 excise, or franchise taxes based on net income or related minimum taxes paid by the
17.18 corporation to Minnesota, another state, a political subdivision of another state, the
17.19 District of Columbia, or a foreign country or possession of the United States to the extent
17.20 that the taxes were added to federal taxable income under section 290.01, subdivision 19c,
17.21 clause (1), in a prior taxable year;

17.22 (10) 80 percent of royalties, fees, or other like income accrued or received from a
17.23 foreign operating corporation or a foreign corporation which is part of the same unitary
17.24 business as the receiving corporation, unless the income resulting from such payments or
17.25 accruals is income from sources within the United States as defined in subtitle A, chapter
17.26 1, subchapter N, part 1, of the Internal Revenue Code;

17.27 (11) income or gains from the business of mining as defined in section 290.05,
17.28 subdivision 1, clause (a), that are not subject to Minnesota franchise tax;

17.29 (12) the amount of disability access expenditures in the taxable year which are not
17.30 allowed to be deducted or capitalized under section 44(d)(7) of the Internal Revenue Code;

17.31 (13) the amount of qualified research expenses not allowed for federal income tax
17.32 purposes under section 280C(c) of the Internal Revenue Code, but only to the extent that
17.33 the amount exceeds the amount of the credit allowed under section 290.068;

17.34 (14) the amount of salary expenses not allowed for federal income tax purposes due
17.35 to claiming the Indian employment credit under section 45A(a) of the Internal Revenue
17.36 Code;

18.1 ~~(15) for a corporation whose foreign sales corporation, as defined in section 922~~
18.2 ~~of the Internal Revenue Code, constituted a foreign operating corporation during any~~
18.3 ~~taxable year ending before January 1, 1995, and a return was filed by August 15, 1996,~~
18.4 ~~claiming the deduction under section 290.21, subdivision 4, for income received from~~
18.5 ~~the foreign operating corporation, an amount equal to 1.23 multiplied by the amount of~~
18.6 ~~income excluded under section 114 of the Internal Revenue Code, provided the income is~~
18.7 ~~not income of a foreign operating company;~~

18.8 ~~(16)~~ (15) any decrease in subpart F income, as defined in section 952(a) of the
18.9 Internal Revenue Code, for the taxable year when subpart F income is calculated without
18.10 regard to the provisions of Division C, title III, section 303(b) of Public Law 110-343;

18.11 ~~(17)~~ (16) in each of the five tax years immediately following the tax year in which an
18.12 addition is required under subdivision 19c, clause ~~(15)~~ (14), an amount equal to one-fifth
18.13 of the delayed depreciation. For purposes of this clause, "delayed depreciation" means the
18.14 amount of the addition made by the taxpayer under subdivision 19c, clause ~~(15)~~ (14). The
18.15 resulting delayed depreciation cannot be less than zero;

18.16 ~~(18)~~ (17) in each of the five tax years immediately following the tax year in which an
18.17 addition is required under subdivision 19c, clause ~~(16)~~ (15), an amount equal to one-fifth
18.18 of the amount of the addition; and

18.19 ~~(19)~~ (18) to the extent included in federal taxable income, discharge of indebtedness
18.20 income resulting from reacquisition of business indebtedness included in federal taxable
18.21 income under section 108(i) of the Internal Revenue Code. This subtraction applies only
18.22 to the extent that the income was included in net income in a prior year as a result of the
18.23 addition under section 290.01, subdivision 19c, clause ~~(25)~~ (24).

18.24 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
18.25 December 31, 2011.

18.26 Sec. 15. Minnesota Statutes 2010, section 290.0921, subdivision 3, is amended to read:

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

18.34 (1) For purposes of the depreciation adjustments under section 56(a)(1) and
18.35 56(g)(4)(A) of the Internal Revenue Code, the basis for depreciable property placed in

19.1 service in a taxable year beginning before January 1, 1990, is the adjusted basis for federal
19.2 income tax purposes, including any modification made in a taxable year under section
19.3 290.01, subdivision 19e, or Minnesota Statutes 1986, section 290.09, subdivision 7,
19.4 paragraph (c).

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

19.9 (2) The portion of the depreciation deduction allowed for federal income tax
19.10 purposes under section 168(k) of the Internal Revenue Code that is required as an addition
19.11 under section 290.01, subdivision 19c, clause ~~(15)~~ (14), is disallowed in determining
19.12 alternative minimum taxable income.

19.13 (3) The subtraction for depreciation allowed under section 290.01, subdivision
19.14 19d, clause ~~(17)~~ (16), is allowed as a depreciation deduction in determining alternative
19.15 minimum taxable income.

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

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

19.20 ~~(6) The special rule for dividends from section 936 companies under section~~
19.21 ~~56(g)(4)(C)(iii) does not apply.~~

19.22 ~~(7)~~ (6) The tax preference for depletion under section 57(a)(1) of the Internal
19.23 Revenue Code does not apply.

19.24 ~~(8)~~ (7) The tax preference for intangible drilling costs under section 57(a)(2) of the
19.25 Internal Revenue Code must be calculated without regard to subparagraph (E) and the
19.26 subtraction under section 290.01, subdivision 19d, clause (4).

19.27 ~~(9)~~ (8) The tax preference for tax exempt interest under section 57(a)(5) of the
19.28 Internal Revenue Code does not apply.

19.29 ~~(10)~~ (9) The tax preference for charitable contributions of appreciated property
19.30 under section 57(a)(6) of the Internal Revenue Code does not apply.

19.31 ~~(11)~~ (10) For purposes of calculating the tax preference for accelerated depreciation
19.32 or amortization on certain property placed in service before January 1, 1987, under section
19.33 57(a)(7) of the Internal Revenue Code, the deduction allowable for the taxable year is the
19.34 deduction allowed under section 290.01, subdivision 19e.

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

20.4 ~~(12)~~ (11) For purposes of calculating the adjustment for adjusted current earnings
20.5 in section 56(g) of the Internal Revenue Code, the term "alternative minimum taxable
20.6 income" as it is used in section 56(g) of the Internal Revenue Code, means alternative
20.7 minimum taxable income as defined in this subdivision, determined without regard to the
20.8 adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code.

20.9 ~~(13)~~ (12) For purposes of determining the amount of adjusted current earnings
20.10 under section 56(g)(3) of the Internal Revenue Code, no adjustment shall be made under
20.11 section 56(g)(4) of the Internal Revenue Code with respect to (i) the amount of foreign
20.12 dividend gross-up subtracted as provided in section 290.01, subdivision 19d, clause (1),
20.13 (ii) the amount of refunds of income, excise, or franchise taxes subtracted as provided in
20.14 section 290.01, subdivision 19d, clause (9), or (iii) the amount of royalties, fees or other
20.15 like income subtracted as provided in section 290.01, subdivision 19d, clause (10).

20.16 ~~(14)~~ (13) Alternative minimum taxable income excludes the income from operating
20.17 in a job opportunity building zone as provided under section 469.317.

20.18 ~~(15)~~ (14) Alternative minimum taxable income excludes the income from operating
20.19 in a biotechnology and health sciences industry zone as provided under section 469.337.

20.20 ~~(16)~~ (15) Alternative minimum taxable income excludes the income from operating
20.21 in an international economic development zone as provided under section 469.326.

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

20.24 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
20.25 December 31, 2011.

20.26 Sec. 16. Minnesota Statutes 2010, section 290.17, subdivision 4, is amended to read:

20.27 Subd. 4. **Unitary business principle.** (a) If a trade or business conducted wholly
20.28 within this state or partly within and partly without this state is part of a unitary business,
20.29 the entire income of the unitary business is subject to apportionment pursuant to section
20.30 290.191. Notwithstanding subdivision 2, paragraph (c), none of the income of a unitary
20.31 business is considered to be derived from any particular source and none may be allocated
20.32 to a particular place except as provided by the applicable apportionment formula. The
20.33 provisions of this subdivision do not apply to business income subject to subdivision 5,
20.34 income of an insurance company, or income of an investment company determined under
20.35 section 290.36.

21.1 (b) The term "unitary business" means business activities or operations which
21.2 result in a flow of value between them. The term may be applied within a single legal
21.3 entity or between multiple entities and without regard to whether each entity is a sole
21.4 proprietorship, a corporation, a partnership or a trust.

21.5 (c) Unity is presumed whenever there is unity of ownership, operation, and use,
21.6 evidenced by centralized management or executive force, centralized purchasing,
21.7 advertising, accounting, or other controlled interaction, but the absence of these
21.8 centralized activities will not necessarily evidence a nonunitary business. Unity is also
21.9 presumed when business activities or operations are of mutual benefit, dependent upon or
21.10 contributory to one another, either individually or as a group.

21.11 (d) Where a business operation conducted in Minnesota is owned by a business
21.12 entity that carries on business activity outside the state different in kind from that
21.13 conducted within this state, and the other business is conducted entirely outside the state, it
21.14 is presumed that the two business operations are unitary in nature, interrelated, connected,
21.15 and interdependent unless it can be shown to the contrary.

21.16 (e) Unity of ownership ~~is~~ does not ~~deemed to~~ exist when ~~a corporation is two or~~
21.17 more corporations are involved unless ~~that corporation is a member of a group of two or~~
21.18 ~~more business entities and~~ more than 50 percent of the voting stock of each ~~member of~~
21.19 ~~the group corporation~~ is directly or indirectly owned by a common owner or by common
21.20 owners, either corporate or noncorporate, or by one or more of the member corporations
21.21 of the group. For this purpose, the term "voting stock" shall include membership interests
21.22 of mutual insurance holding companies formed under section 66A.40.

21.23 (f) The net income and apportionment factors under section 290.191 or 290.20 of
21.24 foreign corporations and other foreign entities which are part of a unitary business shall
21.25 not be included in the net income or the apportionment factors of the unitary business.
21.26 A foreign corporation or other foreign entity which is required to file a return under this
21.27 chapter shall file on a separate return basis. The net income and apportionment factors
21.28 under section 290.191 or 290.20 of foreign operating corporations shall not be included in
21.29 the net income or the apportionment factors of the unitary business except as provided in
21.30 paragraph (g).

21.31 (g) The adjusted net income of a foreign operating corporation shall be deemed to
21.32 be paid as a dividend on the last day of its taxable year to each shareholder thereof, in
21.33 proportion to each shareholder's ownership, with which such corporation is engaged in
21.34 a unitary business. Such deemed dividend shall be treated as a dividend under section
21.35 290.21, subdivision 4.

22.1 Dividends actually paid by a foreign operating corporation to a corporate shareholder
22.2 which is a member of the same unitary business as the foreign operating corporation shall
22.3 be eliminated from the net income of the unitary business in preparing a combined report
22.4 for the unitary business. The adjusted net income of a foreign operating corporation
22.5 shall be its net income adjusted as follows:

22.6 (1) any taxes paid or accrued to a foreign country, the commonwealth of Puerto
22.7 Rico, or a United States possession or political subdivision of any of the foregoing shall
22.8 be a deduction; and

22.9 (2) the subtraction from federal taxable income for payments received from foreign
22.10 corporations or foreign operating corporations under section 290.01, subdivision 19d,
22.11 clause (10), shall not be allowed.

22.12 If a foreign operating corporation incurs a net loss, neither income nor deduction
22.13 from that corporation shall be included in determining the net income of the unitary
22.14 business.

22.15 (h) For purposes of determining the net income of a unitary business and the factors
22.16 to be used in the apportionment of net income pursuant to section 290.191 or 290.20, there
22.17 must be included only the income and apportionment factors of domestic corporations or
22.18 other domestic entities other than foreign operating corporations that are determined to
22.19 be part of the unitary business pursuant to this subdivision, notwithstanding that foreign
22.20 corporations or other foreign entities might be included in the unitary business.

22.21 (i) Deductions for expenses, interest, or taxes otherwise allowable under this chapter
22.22 that are connected with or allocable against dividends, deemed dividends described
22.23 in paragraph (g), or royalties, fees, or other like income described in section 290.01,
22.24 subdivision 19d, clause (10), shall not be disallowed.

22.25 (j) Each corporation or other entity, except a sole proprietorship, that is part of a
22.26 unitary business must file combined reports as the commissioner determines. On the
22.27 reports, all intercompany transactions between entities included pursuant to paragraph
22.28 (h) must be eliminated and the entire net income of the unitary business determined in
22.29 accordance with this subdivision is apportioned among the entities by using each entity's
22.30 Minnesota factors for apportionment purposes in the numerators of the apportionment
22.31 formula and the total factors for apportionment purposes of all entities included pursuant
22.32 to paragraph (h) in the denominators of the apportionment formula.

22.33 (k) If a corporation has been divested from a unitary business and is included in a
22.34 combined report for a fractional part of the common accounting period of the combined
22.35 report:

23.1 (1) its income includable in the combined report is its income incurred for that part
 23.2 of the year determined by proration or separate accounting; and

23.3 (2) its sales, property, and payroll included in the apportionment formula must
 23.4 be prorated or accounted for separately.

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

23.6 **ARTICLE 2**

23.7 **DEPARTMENT POLICY AND TECHNICAL: PROPERTY TAX**

23.8 Section 1. Minnesota Statutes 2010, section 13.4965, subdivision 3, is amended to read:

23.9 Subd. 3. **Homestead and other applications.** The classification and disclosure of
 23.10 certain information collected to determine eligibility of property for a homestead or other
 23.11 classification or benefit under section 273.13 are governed by ~~section~~ sections 273.124,
 23.12 ~~subdivision~~ subdivisions 13, 13a, 13c, and 13d, and 273.1315.

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

23.14 Sec. 2. Minnesota Statutes 2010, section 270.077, is amended to read:

23.15 **270.077 TAXES CREDITED TO STATE AIRPORTS FUND.**

23.16 All taxes levied under sections 270.071 to 270.079 must be collected by the
 23.17 commissioner and credited to the state airports fund created in section 360.017.

23.18 **EFFECTIVE DATE.** This section is effective for reports filed on July 1, 2012,
 23.19 and thereafter.

23.20 Sec. 3. Minnesota Statutes 2010, section 270.41, subdivision 5, is amended to read:

23.21 Subd. 5. **Prohibited activity.** A licensed assessor or other person employed by an
 23.22 assessment jurisdiction or contracting with an assessment jurisdiction for the purpose
 23.23 of valuing or classifying property for property tax purposes is prohibited from making
 23.24 appraisals or analyses, accepting an appraisal assignment, or preparing an appraisal report
 23.25 as defined in section 82B.021, subdivisions 2, 4, 6, and 7, on any property within the
 23.26 assessment jurisdiction where the individual is employed or performing the duties of the
 23.27 assessor under contract. Violation of this prohibition shall result in immediate revocation
 23.28 of the individual's license to assess property for property tax purposes. This prohibition
 23.29 must not be construed to prohibit an individual from carrying out any duties required
 23.30 for the proper assessment of property for property tax purposes or performing duties
 23.31 enumerated in section 273.061, subdivision 7 or 8. If a formal resolution has been adopted

24.1 by the governing body of a governmental unit, which specifies the purposes for which
24.2 such work will be done, this prohibition does not apply to appraisal activities undertaken
24.3 on behalf of and at the request of the governmental unit that has employed or contracted
24.4 with the individual. The resolution may only allow appraisal activities which are related to
24.5 condemnations, right-of-way acquisitions, land exchanges, or special assessments.

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

24.7 Sec. 4. Minnesota Statutes 2011 Supplement, section 270C.34, subdivision 1, is
24.8 amended to read:

24.9 Subdivision 1. **Authority.** (a) The commissioner may abate, reduce, or refund any
24.10 penalty or interest that is imposed by a law administered by the commissioner, or imposed
24.11 by section 270.0725, subdivision 1 or 2, or 270.075, as a result of the late payment of tax
24.12 or late filing of a return, or any part of an additional tax charge under section 289A.25,
24.13 subdivision 2, or 289A.26, subdivision 4, if the failure to timely pay the tax or failure
24.14 to timely file the return is due to reasonable cause, or if the taxpayer is located in a
24.15 presidentially declared disaster or in a presidentially declared state of emergency area or
24.16 in an area declared to be in a state of emergency by the governor under section 12.31.

24.17 (b) The commissioner shall abate any part of a penalty or additional tax charge
24.18 under section 289A.25, subdivision 2, or 289A.26, subdivision 4, attributable to erroneous
24.19 advice given to the taxpayer in writing by an employee of the department acting in
24.20 an official capacity, if the advice:

24.21 (1) was reasonably relied on and was in response to a specific written request of the
24.22 taxpayer; and

24.23 (2) was not the result of failure by the taxpayer to provide adequate or accurate
24.24 information.

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

24.26 Sec. 5. Minnesota Statutes 2010, section 272.01, subdivision 2, is amended to read:

24.27 Subd. 2. **Exempt property used by private entity for profit.** (a) When any real or
24.28 personal property which is exempt from ad valorem taxes, and taxes in lieu thereof, is
24.29 leased, loaned, or otherwise made available and used by a private individual, association,
24.30 or corporation in connection with a business conducted for profit, there shall be imposed a
24.31 tax, for the privilege of so using or possessing such real or personal property, in the same
24.32 amount and to the same extent as though the lessee or user was the owner of such property.

24.33 (b) The tax imposed by this subdivision shall not apply to:

25.1 (1) property leased or used as a concession in or relative to the use in whole
25.2 or part of a public park, market, fairgrounds, port authority, economic development
25.3 authority established under chapter 469, municipal auditorium, municipal parking facility,
25.4 municipal museum, or municipal stadium;

25.5 (2) property of an airport owned by a city, town, county, or group thereof which is:

25.6 (i) leased to or used by any person or entity including a fixed base operator; and

25.7 (ii) used as a hangar for the storage or repair of aircraft or to provide aviation goods,
25.8 services, or facilities to the airport or general public;

25.9 the exception from taxation provided in this clause does not apply to:

25.10 (i) property located at an airport owned or operated by the Metropolitan Airports
25.11 Commission or by a city of over 50,000 population according to the most recent federal
25.12 census or such a city's airport authority; or

25.13 (ii) hangars leased by a private individual, association, or corporation in connection
25.14 with a business conducted for profit other than an aviation-related business;

25.15 (3) property constituting or used as a public pedestrian ramp or concourse in
25.16 connection with a public airport;

25.17 (4) property constituting or used as a passenger check-in area or ticket sale counter,
25.18 boarding area, or luggage claim area in connection with a public airport but not the
25.19 airports owned or operated by the Metropolitan Airports Commission or cities of over
25.20 50,000 population or an airport authority therein. Real estate owned by a municipality
25.21 in connection with the operation of a public airport and leased or used for agricultural
25.22 purposes is not exempt;

25.23 (5) property leased, loaned, or otherwise made available to a private individual,
25.24 corporation, or association under a cooperative farming agreement made pursuant to
25.25 section 97A.135; or

25.26 (6) property leased, loaned, or otherwise made available to a private individual,
25.27 corporation, or association under section 272.68, subdivision 4.

25.28 (c) Taxes imposed by this subdivision are payable as in the case of personal property
25.29 taxes and shall be assessed to the lessees or users of real or personal property in the same
25.30 manner as taxes assessed to owners of real or personal property, except that such taxes
25.31 shall not become a lien against the property. When due, the taxes shall constitute a debt
25.32 due from the lessee or user to the state, township, city, county, and school district for
25.33 which the taxes were assessed and shall be collected in the same manner as personal
25.34 property taxes. If property subject to the tax imposed by this subdivision is leased or used
25.35 jointly by two or more persons, each lessee or user shall be jointly and severally liable for
25.36 payment of the tax.

26.1 (d) The tax on real property of the federal government, the state or any of its political
26.2 subdivisions that is leased by a private individual, association, or corporation and becomes
26.3 taxable under this subdivision or other provision of law must be assessed and collected as
26.4 a personal property assessment. The taxes do not become a lien against the real property.

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

26.6 Sec. 6. Minnesota Statutes 2011 Supplement, section 273.114, subdivision 6, is
26.7 amended to read:

26.8 Subd. 6. **Additional taxes.** (a) When real property which is being, or has been
26.9 valued and assessed under this section is sold, transferred, or no longer qualifies under
26.10 subdivision 2, the portion sold, transferred, or no longer qualifying shall be subject to
26.11 additional taxes in the amount equal to the difference between the taxes determined in
26.12 accordance with subdivision 3 and the amount determined under subdivision 4, provided
26.13 that the amount determined under subdivision 4 shall not be greater than it would have
26.14 been had the actual bona fide sale price of the real property at an arm's-length transaction
26.15 been used in lieu of the market value determined under subdivision 4. The additional taxes
26.16 shall be extended against the property on the tax list for taxes payable in the current year,
26.17 provided that no interest or penalties shall be levied on the additional taxes if timely paid
26.18 and provided that the additional taxes shall only be levied with respect to the current year
26.19 plus two prior years that the property has been valued and assessed under this section.

26.20 (b) In the case of a sale or transfer, the additional taxes under paragraph (a) shall not
26.21 be extended against the property if the new owner submits a successful application by the
26.22 later of May 1 of the current year or 30 days after the sale or transfer.

26.23 (c) For the purposes of this section, the following events do not constitute a sale or
26.24 transfer for property that qualified under subdivision 2 prior to the event:

26.25 (1) death of a property owner when the surviving owners retain ownership of the
26.26 property;

26.27 (2) divorce of a married couple when one of the spouses retains ownership of the
26.28 property;

26.29 (3) marriage of a single property owner when that owner retains ownership of the
26.30 property in whole or in part;

26.31 (4) the organization or reorganization of a farm ownership entity that is not prohibited
26.32 from owning agricultural land in this state under section 500.24, if all owners maintain the
26.33 same beneficial interest both before and after the organization or reorganization; and

27.1 (5) transfer of the property to a trust or trustee, provided that the individual owners
27.2 of the property are the grantors of the trust and they maintain the same beneficial interest
27.3 both before and after placement of the property in trust.

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

27.5 Sec. 7. Minnesota Statutes 2010, section 273.124, subdivision 13, is amended to read:

27.6 Subd. 13. **Homestead application.** (a) A person who meets the homestead
27.7 requirements under subdivision 1 must file a homestead application with the county
27.8 assessor to initially obtain homestead classification.

27.9 (b) The format and contents of a uniform homestead application shall be prescribed
27.10 by the commissioner of revenue. The application must clearly inform the taxpayer that
27.11 this application must be signed by all owners who occupy the property or by the qualifying
27.12 relative and returned to the county assessor in order for the property to receive homestead
27.13 treatment.

27.14 (c) Every property owner applying for homestead classification must furnish to the
27.15 county assessor the Social Security number of each occupant who is listed as an owner
27.16 of the property on the deed of record, the name and address of each owner who does not
27.17 occupy the property, and the name and Social Security number of each owner's spouse who
27.18 occupies the property. The application must be signed by each owner who occupies the
27.19 property and by each owner's spouse who occupies the property, or, in the case of property
27.20 that qualifies as a homestead under subdivision 1, paragraph (c), by the qualifying relative.

27.21 If a property owner occupies a homestead, the property owner's spouse may not
27.22 claim another property as a homestead unless the property owner and the property owner's
27.23 spouse file with the assessor an affidavit or other proof required by the assessor stating that
27.24 the property qualifies as a homestead under subdivision 1, paragraph (e).

27.25 Owners or spouses occupying residences owned by their spouses and previously
27.26 occupied with the other spouse, either of whom fail to include the other spouse's name
27.27 and Social Security number on the homestead application or provide the affidavits or
27.28 other proof requested, will be deemed to have elected to receive only partial homestead
27.29 treatment of their residence. The remainder of the residence will be classified as
27.30 nonhomestead residential. When an owner or spouse's name and Social Security number
27.31 appear on homestead applications for two separate residences and only one application is
27.32 signed, the owner or spouse will be deemed to have elected to homestead the residence for
27.33 which the application was signed.

27.34 The Social Security numbers, state or federal tax returns or tax return information,
27.35 including the federal income tax schedule F₂ required by this section; or section 273.13,

28.1 and affidavits or other proofs of the property owners and spouses submitted under this
28.2 or another section to support a claim for a property tax homestead classification or other
28.3 classification or benefit under section 273.13, are private data on individuals as defined by
28.4 section 13.02, subdivision 12, or nonpublic data as defined in section 13.02, subdivision 9,
28.5 but, notwithstanding that section, the private and nonpublic data may be disclosed to the
28.6 commissioner of revenue, or, for purposes of proceeding under the Revenue Recapture
28.7 Act to recover personal property taxes owing, to the county treasurer.

28.8 (d) If residential real estate is occupied and used for purposes of a homestead by a
28.9 relative of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in
28.10 order for the property to receive homestead status, a homestead application must be filed
28.11 with the assessor. The Social Security number of each relative and spouse of a relative
28.12 occupying the property shall be required on the homestead application filed under this
28.13 subdivision. If a different relative of the owner subsequently occupies the property, the
28.14 owner of the property must notify the assessor within 30 days of the change in occupancy.
28.15 The Social Security number of a relative or relative's spouse occupying the property
28.16 is private data on individuals as defined by section 13.02, subdivision 12, but may be
28.17 disclosed to the commissioner of revenue, or, for the purposes of proceeding under the
28.18 Revenue Recapture Act to recover personal property taxes owing, to the county treasurer.

28.19 (e) The homestead application shall also notify the property owners that ~~the~~
28.20 ~~application filed under this section will not be mailed annually and that~~ if the property
28.21 is granted homestead status for any assessment year, that same property shall remain
28.22 classified as homestead until the property is sold or transferred to another person, or
28.23 the owners, the spouse of the owner, or the relatives no longer use the property as their
28.24 homestead. Upon the sale or transfer of the homestead property, a certificate of value must
28.25 be timely filed with the county auditor as provided under section 272.115. Failure to
28.26 notify the assessor within 30 days that the property has been sold, transferred, or that the
28.27 owner, the spouse of the owner, or the relative is no longer occupying the property as a
28.28 homestead, shall result in the penalty provided under this subdivision and the property
28.29 will lose its current homestead status.

28.30 (f) ~~If the homestead application is not returned within 30 days, the county will send a~~
28.31 ~~second application to the present owners of record. The notice of proposed property taxes~~
28.32 ~~prepared under section 275.065, subdivision 3, shall reflect the property's classification. If~~
28.33 a homestead application has not been filed with the county by December 15, the assessor
28.34 shall classify the property as nonhomestead for the current assessment year for taxes
28.35 payable in the following year, provided that the owner may be entitled to receive the
28.36 homestead classification by proper application under section 375.192.

29.1 Subd. 13a. **Occupant list.** ~~(g)~~ At the request of the commissioner, each county
29.2 must give the commissioner a list that includes the name and Social Security number
29.3 of each occupant of homestead property who is the property owner, property owner's
29.4 spouse, qualifying relative of a property owner, or a spouse of a qualifying relative. The
29.5 commissioner shall use the information provided on the lists as appropriate under the law,
29.6 including for the detection of improper claims by owners, or relatives of owners, under
29.7 chapter 290A.

29.8 Subd. 13b. **Improper homestead.** ~~(h)~~ (a) If the commissioner finds that a
29.9 property owner may be claiming a fraudulent homestead, the commissioner shall notify
29.10 the appropriate counties. Within 90 days of the notification, the county assessor shall
29.11 investigate to determine if the homestead classification was properly claimed. If the
29.12 property owner does not qualify, the county assessor shall notify the county auditor who
29.13 will determine the amount of homestead benefits that had been improperly allowed. For the
29.14 purpose of this ~~section~~ subdivision, "homestead benefits" means the tax reduction resulting
29.15 from the classification as a homestead under section 273.13, the taconite homestead credit
29.16 under section 273.135, the residential homestead and agricultural homestead credits under
29.17 section 273.1384, and the supplemental homestead credit under section 273.1391.

29.18 The county auditor shall send a notice to the person who owned the affected property
29.19 at the time the homestead application related to the improper homestead was filed,
29.20 demanding reimbursement of the homestead benefits plus a penalty equal to 100 percent
29.21 of the homestead benefits. The person notified may appeal the county's determination
29.22 by serving copies of a petition for review with county officials as provided in section
29.23 278.01 and filing proof of service as provided in section 278.01 with the Minnesota Tax
29.24 Court within 60 days of the date of the notice from the county. Procedurally, the appeal
29.25 is governed by the provisions in chapter 271 which apply to the appeal of a property tax
29.26 assessment or levy, but without requiring any prepayment of the amount in controversy. If
29.27 the amount of homestead benefits and penalty is not paid within 60 days, and if no appeal
29.28 has been filed, the county auditor shall certify the amount of taxes and penalty to the county
29.29 treasurer. The county treasurer will add interest to the unpaid homestead benefits and
29.30 penalty amounts at the rate provided in section 279.03 for real property taxes becoming
29.31 delinquent in the calendar year during which the amount remains unpaid. Interest may be
29.32 assessed for the period beginning 60 days after demand for payment was made.

29.33 If the person notified is the current owner of the property, the treasurer may add the
29.34 total amount of homestead benefits, penalty, interest, and costs to the ad valorem taxes
29.35 otherwise payable on the property by including the amounts on the property tax statements
29.36 under section 276.04, subdivision 3. The amounts added under this paragraph to the ad

30.1 valorem taxes shall include interest accrued through December 31 of the year preceding
 30.2 the taxes payable year for which the amounts are first added. These amounts, when added
 30.3 to the property tax statement, become subject to all the laws for the enforcement of real or
 30.4 personal property taxes for that year, and for any subsequent year.

30.5 If the person notified is not the current owner of the property, the treasurer may
 30.6 collect the amounts due under the Revenue Recapture Act in chapter 270A, or use any of
 30.7 the powers granted in sections 277.20 and 277.21 without exclusion, to enforce payment
 30.8 of the homestead benefits, penalty, interest, and costs, as if those amounts were delinquent
 30.9 tax obligations of the person who owned the property at the time the application related
 30.10 to the improperly allowed homestead was filed. The treasurer may relieve a prior owner
 30.11 of personal liability for the homestead benefits, penalty, interest, and costs, and instead
 30.12 extend those amounts on the tax lists against the property as provided in this paragraph
 30.13 to the extent that the current owner agrees in writing. On all demands, billings, property
 30.14 tax statements, and related correspondence, the county must list and state separately the
 30.15 amounts of homestead benefits, penalty, interest and costs being demanded, billed or
 30.16 assessed.

30.17 ~~(b)~~ Any amount of homestead benefits recovered by the county from the property
 30.18 owner shall be distributed to the county, city or town, and school district where the
 30.19 property is located in the same proportion that each taxing district's levy was to the total
 30.20 of the three taxing districts' levy for the current year. Any amount recovered attributable
 30.21 to taconite homestead credit shall be transmitted to the St. Louis County auditor to be
 30.22 deposited in the taconite property tax relief account. Any amount recovered that is
 30.23 attributable to supplemental homestead credit is to be transmitted to the commissioner of
 30.24 revenue for deposit in the general fund of the state treasury. The total amount of penalty
 30.25 collected must be deposited in the county general fund.

30.26 ~~(c)~~ If a property owner has applied for more than one homestead and the county
 30.27 assessors cannot determine which property should be classified as homestead, the county
 30.28 assessors will refer the information to the commissioner. The commissioner shall make
 30.29 the determination and notify the counties within 60 days.

30.30 Subd. 13c. Property lists. ~~(*)~~ In addition to lists of homestead properties, the
 30.31 commissioner may ask the counties to furnish lists of all properties and the record owners.
 30.32 The Social Security numbers and federal identification numbers that are maintained by
 30.33 a county or city assessor for property tax administration purposes, and that may appear
 30.34 on the lists retain their classification as private or nonpublic data; but may be viewed,
 30.35 accessed, and used by the county auditor or treasurer of the same county for the limited
 30.36 purpose of assisting the commissioner in the preparation of microdata samples under

31.1 section 270C.12. The commissioner shall use the information provided on the lists as
 31.2 appropriate under the law, including for the detection of improper claims by owners, or
 31.3 relatives of owners, under chapter 290A.

31.4 Subd. 13d. **Homestead data.** ~~(†)~~ On or before April 30 each year beginning in 2007,
 31.5 each county must provide the commissioner with the following data for each parcel of
 31.6 homestead property by electronic means as defined in section 289A.02, subdivision 8:

31.7 ~~(†)~~ (1) the property identification number assigned to the parcel for purposes of
 31.8 taxes payable in the current year;

31.9 ~~(††)~~ (2) the name and Social Security number of each occupant of homestead property
 31.10 who is the property owner, property owner's spouse, qualifying relative of a property
 31.11 owner, or spouse of a qualifying relative;

31.12 ~~(†††)~~ (3) the classification of the property under section 273.13 for taxes payable
 31.13 in the current year and in the prior year;

31.14 ~~(††††)~~ (4) an indication of whether the property was classified as a homestead for
 31.15 taxes payable in the current year because of occupancy by a relative of the owner or
 31.16 by a spouse of a relative;

31.17 ~~(†††††)~~ (5) the property taxes payable as defined in section 290A.03, subdivision 13, for
 31.18 the current year and the prior year;

31.19 ~~(††††††)~~ (6) the market value of improvements to the property first assessed for tax
 31.20 purposes for taxes payable in the current year;

31.21 ~~(†††††††)~~ (7) the assessor's estimated market value assigned to the property for taxes
 31.22 payable in the current year and the prior year;

31.23 ~~(††††††††)~~ (8) the taxable market value assigned to the property for taxes payable in the
 31.24 current year and the prior year;

31.25 ~~(†††††††††)~~ (9) whether there are delinquent property taxes owing on the homestead;

31.26 ~~(††††††††††)~~ (10) the unique taxing district in which the property is located; and

31.27 ~~(†††††††††††)~~ (11) such other information as the commissioner decides is necessary.

31.28 The commissioner shall use the information provided on the lists as appropriate
 31.29 under the law, including for the detection of improper claims by owners, or relatives
 31.30 of owners, under chapter 290A.

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

31.32 Sec. 8. Minnesota Statutes 2011 Supplement, section 273.13, subdivision 25, is
 31.33 amended to read:

31.34 Subd. 25. **Class 4.** (a) Class 4a is residential real estate containing four or more
 31.35 units and used or held for use by the owner or by the tenants or lessees of the owner

32.1 as a residence for rental periods of 30 days or more, excluding property qualifying for
 32.2 class 4d. Class 4a also includes hospitals licensed under sections 144.50 to 144.56, other
 32.3 than hospitals exempt under section 272.02, and contiguous property used for hospital
 32.4 purposes, without regard to whether the property has been platted or subdivided. The
 32.5 market value of class 4a property has a class rate of 1.25 percent.

32.6 (b) Class 4b includes:

32.7 (1) residential real estate containing less than four units that does not qualify as class
 32.8 4bb, other than seasonal residential recreational property;

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

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

32.12 (4) unimproved property that is classified residential as determined under subdivision
 32.13 33.

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

32.15 (c) Class 4bb includes:

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

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

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

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

32.24 (d) Class 4c property includes:

32.25 (1) except as provided in subdivision 22, paragraph (c), real and personal property
 32.26 devoted to commercial temporary and seasonal residential occupancy for recreation
 32.27 purposes, for not more than 250 days in the year preceding the year of assessment. For
 32.28 purposes of this clause, property is devoted to a commercial purpose on a specific day
 32.29 if any portion of the property is used for residential occupancy, and a fee is charged for
 32.30 residential occupancy. Class 4c property under this clause must contain three or more
 32.31 rental units. A "rental unit" is defined as a cabin, condominium, townhouse, sleeping room,
 32.32 or individual camping site equipped with water and electrical hookups for recreational
 32.33 vehicles. A camping pad offered for rent by a property that otherwise qualifies for class
 32.34 4c under this clause is also class 4c under this clause regardless of the term of the rental
 32.35 agreement, as long as the use of the camping pad does not exceed 250 days. In order for a
 32.36 property to be classified under this clause, either (i) the business located on the property

33.1 must provide recreational activities, at least 40 percent of the annual gross lodging receipts
33.2 related to the property must be from business conducted during 90 consecutive days,
33.3 and either (A) at least 60 percent of all paid bookings by lodging guests during the year
33.4 must be for periods of at least two consecutive nights; or (B) at least 20 percent of the
33.5 annual gross receipts must be from charges for providing recreational activities, or (ii) the
33.6 business must contain 20 or fewer rental units, and must be located in a township or a city
33.7 with a population of 2,500 or less located outside the metropolitan area, as defined under
33.8 section 473.121, subdivision 2, that contains a portion of a state trail administered by the
33.9 Department of Natural Resources. For purposes of item (i)(A), a paid booking of five or
33.10 more nights shall be counted as two bookings. Class 4c property also includes commercial
33.11 use real property used exclusively for recreational purposes in conjunction with other class
33.12 4c property classified under this clause and devoted to temporary and seasonal residential
33.13 occupancy for recreational purposes, up to a total of two acres, provided the property is
33.14 not devoted to commercial recreational use for more than 250 days in the year preceding
33.15 the year of assessment and is located within two miles of the class 4c property with which
33.16 it is used. In order for a property to qualify for classification under this clause, the owner
33.17 must submit a declaration to the assessor designating the cabins or units occupied for 250
33.18 days or less in the year preceding the year of assessment by January 15 of the assessment
33.19 year. Those cabins or units and a proportionate share of the land on which they are located
33.20 must be designated class 4c under this clause as otherwise provided. The remainder of the
33.21 cabins or units and a proportionate share of the land on which they are located will be
33.22 designated as class 3a. The owner of property desiring designation as class 4c property
33.23 under this clause must provide guest registers or other records demonstrating that the units
33.24 for which class 4c designation is sought were not occupied for more than 250 days in the
33.25 year preceding the assessment if so requested. The portion of a property operated as a
33.26 (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other
33.27 nonresidential facility operated on a commercial basis not directly related to temporary and
33.28 seasonal residential occupancy for recreation purposes does not qualify for class 4c. For
33.29 the purposes of this paragraph, "recreational activities" means renting ice fishing houses,
33.30 boats and motors, snowmobiles, downhill or cross-country ski equipment; providing
33.31 marina services, launch services, or guide services; or selling bait and fishing tackle;
33.32 (2) qualified property used as a golf course if:
33.33 (i) it is open to the public on a daily fee basis. It may charge membership fees or
33.34 dues, but a membership fee may not be required in order to use the property for golfing,
33.35 and its green fees for golfing must be comparable to green fees typically charged by
33.36 municipal courses; and

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

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

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

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

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

34.13 For purposes of this clause:

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

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

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

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

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

34.33 The organization shall maintain records of its charitable contributions and donations
34.34 and of public meetings and events held on the property and make them available upon
34.35 request any time to the assessor to ensure eligibility. An organization meeting the
34.36 requirement under item (ii) must file an application by May 1 with the assessor for

35.1 eligibility for the current year's assessment. The commissioner shall prescribe a uniform
35.2 application form and instructions;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

36.18 (11) lakeshore and riparian property and adjacent land, not to exceed six acres, used
36.19 as a marina, as defined in section 86A.20, subdivision 5, which is made accessible to
36.20 the public and devoted to recreational use for marina services. The marina owner must
36.21 annually provide evidence to the assessor that it provides services, including lake or river
36.22 access to the public by means of an access ramp or other facility that is either located on
36.23 the property of the marina or at a publicly owned site that abuts the property of the marina.
36.24 No more than 800 feet of lakeshore may be included in this classification. Buildings used
36.25 in conjunction with a marina for marina services, including but not limited to buildings
36.26 used to provide food and beverage services, fuel, boat repairs, or the sale of bait or fishing
36.27 tackle, are classified as class 3a property; and

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

36.30 Class 4c property has a class rate of 1.5 percent of market value, except that (i) each
36.31 parcel of noncommercial seasonal residential recreational property under clause (12)
36.32 has the same class rates as class 4bb property, (ii) manufactured home parks assessed
36.33 under clause (5), item (i), have the same class rate as class 4b property, and the market
36.34 value of manufactured home parks assessed under clause (5), item (ii), has the same class
36.35 rate as class 4d property if more than 50 percent of the lots in the park are occupied by
36.36 shareholders in the cooperative corporation or association and a class rate of one percent if

37.1 50 percent or less of the lots are so occupied, (iii) commercial-use seasonal residential
37.2 recreational property and marina recreational land as described in clause (11), has a
37.3 class rate of one percent for the first \$500,000 of market value, and 1.25 percent for the
37.4 remaining market value, (iv) the market value of property described in clause (4) has a
37.5 class rate of one percent, (v) the market value of property described in clauses (2), (6), and
37.6 (10) has a class rate of 1.25 percent, and (vi) that portion of the market value of property
37.7 in clause (9) qualifying for class 4c property has a class rate of 1.25 percent.

37.8 (e) Class 4d property is qualifying low-income rental housing certified to the assessor
37.9 by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion
37.10 of the units in the building qualify as low-income rental housing units as certified under
37.11 section 273.128, subdivision 3, only the proportion of qualifying units to the total number
37.12 of units in the building qualify for class 4d. The remaining portion of the building shall be
37.13 classified by the assessor based upon its use. Class 4d also includes the same proportion of
37.14 land as the qualifying low-income rental housing units are to the total units in the building.
37.15 For all properties qualifying as class 4d, the market value determined by the assessor must
37.16 be based on the normal approach to value using normal unrestricted rents.

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

37.18 **EFFECTIVE DATE.** This section is effective for taxes payable in 2013 and
37.19 thereafter.

37.20 Sec. 9. Minnesota Statutes 2010, section 273.1315, subdivision 1, is amended to read:

37.21 Subdivision 1. **Class 1b homestead declaration before 2009.** Any property owner
37.22 seeking classification and assessment of the owner's homestead as class 1b property
37.23 pursuant to section 273.13, subdivision 22, paragraph (b), on or before October 1, 2008,
37.24 shall file with the commissioner of revenue a 1b homestead declaration, on a form
37.25 prescribed by the commissioner. The declaration shall contain the following information:

37.26 ~~(a)~~ (1) the information necessary to verify that on or before June 30 of the filing year,
37.27 the property owner or the owner's spouse satisfies the requirements of section 273.13,
37.28 subdivision 22, paragraph (b), for 1b classification; and

37.29 ~~(b)~~ (2) any additional information prescribed by the commissioner.

37.30 The declaration must be filed on or before October 1 to be effective for property
37.31 taxes payable during the succeeding calendar year. The declaration and any supplementary
37.32 information received from the property owner pursuant to this subdivision shall be subject
37.33 to chapter 270B. If approved by the commissioner, the declaration remains in effect until
37.34 the property no longer qualifies under section 273.13, subdivision 22, paragraph (b).
37.35 Failure to notify the commissioner within 30 days that the property no longer qualifies

38.1 under that paragraph because of a sale, change in occupancy, or change in the status
38.2 or condition of an occupant shall result in the penalty provided in section 273.124,
38.3 subdivision ~~13~~ 13b, computed on the basis of the class 1b benefits for the property, and
38.4 the property shall lose its current class 1b classification.

38.5 The commissioner shall provide to the assessor on or before November 1 a listing
38.6 of the parcels of property qualifying for 1b classification.

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

38.8 Sec. 10. Minnesota Statutes 2010, section 273.1315, subdivision 2, is amended to read:

38.9 Subd. 2. **Class 1b homestead declaration 2009 and thereafter.** (a) Any property
38.10 owner seeking classification and assessment of the owner's homestead as class 1b property
38.11 pursuant to section 273.13, subdivision 22, paragraph (b), after October 1, 2008, shall file
38.12 with the county assessor a class 1b homestead declaration, on a form prescribed by the
38.13 commissioner of revenue. The declaration must contain the following information:

38.14 (1) the information necessary to verify that, on or before June 30 of the filing year,
38.15 the property owner or the owner's spouse satisfies the requirements of section 273.13,
38.16 subdivision 22, paragraph (b), for class 1b classification; and

38.17 (2) any additional information prescribed by the commissioner.

38.18 (b) The declaration must be filed on or before October 1 to be effective for property
38.19 taxes payable during the succeeding calendar year. The Social Security numbers and
38.20 income and medical information received from the property owner pursuant to this
38.21 subdivision are private data on individuals as defined in section 13.02. If approved by
38.22 the assessor, the declaration remains in effect until the property no longer qualifies under
38.23 section 273.13, subdivision 22, paragraph (b). Failure to notify the assessor within 30
38.24 days that the property no longer qualifies under that paragraph because of a sale, change in
38.25 occupancy, or change in the status or condition of an occupant shall result in the penalty
38.26 provided in section 273.124, subdivision ~~13~~ 13b, computed on the basis of the class 1b
38.27 benefits for the property, and the property shall lose its current class 1b classification.

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

38.29 Sec. 11. Minnesota Statutes 2010, section 273.19, subdivision 1, is amended to read:

38.30 Subdivision 1. **Tax-exempt property; lease.** Except as provided in subdivision 3 or
38.31 4, tax-exempt property held under a lease for a term of at least one year, and not taxable
38.32 under section 272.01, subdivision 2, or under a contract for the purchase thereof, shall
38.33 be considered, for all purposes of taxation, as the property of the person holding it. In

39.1 this subdivision, "tax-exempt property" means property owned by the United States, the
39.2 state or any of its political subdivisions, a school, or any religious, scientific, or benevolent
39.3 society or institution, incorporated or unincorporated, or any corporation whose property
39.4 is not taxed in the same manner as other property. This subdivision does not apply to
39.5 property exempt from taxation under section 272.01, subdivision 2, paragraph (b), clauses
39.6 (2), (3), and (4), or to property exempt from taxation under section 272.0213.

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

39.8 Sec. 12. Minnesota Statutes 2010, section 273.372, subdivision 4, is amended to read:

39.9 Subd. 4. **Administrative appeals.** (a) Companies that submit the reports under
39.10 section 270.82 or 273.371 by the date specified in that section, or by the date specified by
39.11 the commissioner in an extension, may appeal administratively to the commissioner prior
39.12 to bringing an action in court ~~by submitting.~~

39.13 (b) Companies that must submit reports under section 270.82 must submit a written
39.14 request with to the commissioner for a conference within ten days after the date of the
39.15 commissioner's valuation certification or notice to the company, or by ~~May~~ June 15,
39.16 whichever is earlier.

39.17 (c) Companies that submit reports under section 273.371 must submit a written
39.18 request to the commissioner for a conference within ten days after the date of the
39.19 commissioner's valuation certification or notice to the company, or by July 1, whichever
39.20 is earlier.

39.21 (d) The commissioner shall conduct the conference upon the commissioner's entire
39.22 files and records and such further information as may be offered. The conference must
39.23 be held no later than 20 days after the date of the commissioner's valuation certification
39.24 or notice to the company, or by the date specified by the commissioner in an extension.
39.25 Within 60 days after the conference the commissioner shall make a final determination of
39.26 the matter and shall notify the company promptly of the determination. The conference
39.27 is not a contested case hearing.

39.28 ~~(b)~~ (e) In addition to the opportunity for a conference under paragraph (a), the
39.29 commissioner shall also provide the railroad and utility companies the opportunity to
39.30 discuss any questions or concerns relating to the values established by the commissioner
39.31 through certification or notice in a less formal manner. This does not change or modify
39.32 the deadline for requesting a conference under paragraph (a), the deadline in section
39.33 271.06 for appealing an order of the commissioner, or the deadline in section 278.01 for
39.34 appealing property taxes in court.

40.1 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2013.

40.2 Sec. 13. Minnesota Statutes 2010, section 273.39, is amended to read:

40.3 **273.39 RURAL AREA.**

40.4 As used in sections 273.39 to 273.41, the term "rural area" shall be deemed to mean
40.5 any area of the state not included within the boundaries of any ~~incorporated~~ statutory
40.6 city or home rule charter city, and such term shall be deemed to include both farm and
40.7 nonfarm population thereof.

40.8 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2012.

40.9 Sec. 14. Minnesota Statutes 2010, section 279.06, subdivision 1, is amended to read:

40.10 Subdivision 1. **List and notice.** Within five days after the filing of such list, the
40.11 court administrator shall return a copy thereof to the county auditor, with a notice prepared
40.12 and signed by the court administrator, and attached thereto, which may be substantially in
40.13 the following form:

40.14 State of Minnesota)
40.15) ss.
40.16 County of)
40.17 District Court
40.18 Judicial District.

40.19 The state of Minnesota, to all persons, companies, or corporations who have or claim
40.20 any estate, right, title, or interest in, claim to, or lien upon, any of the several parcels of
40.21 land described in the list hereto attached:

40.22 The list of taxes and penalties on real property for the county of
40.23 remaining delinquent on the first Monday in January,, has been filed in the office of
40.24 the court administrator of the district court of said county, of which that hereto attached is a
40.25 copy. Therefore, you, and each of you, are hereby required to file in the office of said court
40.26 administrator, on or before the 20th day after the publication of this notice and list, your
40.27 answer, in writing, setting forth any objection or defense you may have to the taxes, or any
40.28 part thereof, upon any parcel of land described in the list, in, to, or on which you have or
40.29 claim any estate, right, title, interest, claim, or lien, and, in default thereof, judgment will
40.30 be entered against such parcel of land for the taxes on such list appearing against it, and
40.31 for all penalties, interest, and costs. Based upon said judgment, the land shall be sold to
40.32 the state of Minnesota on the second Monday in May, ~~The period of redemption for~~
40.33 ~~all lands sold to the state at a tax judgment sale shall be three years from the date of sale to~~
40.34 ~~the state of Minnesota if the land is within an incorporated area unless it is:~~

41.1 ~~(a) nonagricultural homesteaded land as defined in section 273.13, subdivision 22;~~

41.2 ~~(b) homesteaded agricultural land as defined in section 273.13, subdivision 23,~~

41.3 ~~paragraph (a);~~

41.4 ~~(c) seasonal residential recreational land as defined in section 273.13, subdivisions~~

41.5 ~~22, paragraph (c), and 25, paragraph (d), clause (1), in which event the period of~~

41.6 ~~redemption is five years from the date of sale to the state of Minnesota;~~

41.7 ~~(d) abandoned property and pursuant to section 281.173 a court order has been~~

41.8 ~~entered shortening the redemption period to five weeks; or~~

41.9 ~~(e) vacant property as described under section 281.174, subdivision 2, and for which~~

41.10 ~~a court order is entered shortening the redemption period under section 281.174.~~

41.11 ~~The period of redemption for all other lands sold to the state at a tax judgment sale~~

41.12 ~~shall be five years from the date of sale.~~

41.13 Inquiries as to the proceedings set forth above can be made to the county auditor of

41.14 county whose address is

41.15 (Signed),

41.16 Court Administrator of the District Court of the

41.17 County of

41.18 (Here insert list.)

41.19 The notice must contain a narrative description of the various periods to redeem

41.20 specified in sections 281.17, 281.173, and 281.174, in the manner prescribed by the

41.21 commissioner of revenue under subdivision 2.

41.22 The list referred to in the notice shall be substantially in the following form:

41.23 List of real property for the county of, on which taxes remain

41.24 delinquent on the first Monday in January,

41.25 Town of (Fairfield),

41.26 Township (40), Range (20),

41.27 Names (and Current
41.28 Filed Addresses) for
41.29 the Taxpayers and Fee
41.30 Owners and in Addition
41.31 Those Parties Who Have
41.32 Filed Their Addresses

41.33 Pursuant to section	Subdivision of	Section	Tax Parcel	Total Tax
41.34 276.041	Section	Section	Number	and Penalty
41.35				\$ cts.

41.36 John Jones (825 Fremont	S.E. 1/4 of S.W. 1/4	10	23101	2.20
41.37 Fairfield, MN 55000)				

42.1 Bruce Smith (2059 Hand That part of N.E. 1/4
 42.2 Fairfield, MN 55000) of S.W. 1/4 desc. as
 42.3 and Fairfield State follows: Beg. at the
 42.4 Bank (100 Main Street S.E. corner of said N.E.
 42.5 Fairfield, MN 55000) 1/4 of S.W. 1/4; thence
 42.6 N. along the E. line of
 42.7 said N.E. 1/4 of S.W.
 42.8 1/4 a distance of 600
 42.9 ft.; thence W. parallel
 42.10 with the S. line of said
 42.11 N.E. 1/4 of S.W. 1/4
 42.12 a distance of 600 ft.;
 42.13 thence S. parallel with
 42.14 said E. line a distance of
 42.15 600 ft. to S. line of said
 42.16 N.E. 1/4 of S.W. 1/4;
 42.17 thence E. along said S.
 42.18 line a distance of 600 ft.
 42.19 to the point of beg.

42.20 As to platted property, the form of heading shall conform to circumstances and be
 42.21 substantially in the following form:

42.22 City of (Smithtown)
 42.23 Brown's Addition, or Subdivision

42.24 Names (and Current
 42.25 Filed Addresses) for
 42.26 the Taxpayers and Fee
 42.27 Owners and in Addition
 42.28 Those Parties Who Have
 42.29 Filed Their Addresses

42.30 Pursuant to section	42.31 Lot	42.32 Block	42.33 Tax Parcel 42.34 Number	42.35 Total Tax 42.36 and Penalty 42.37 \$ cts.
42.38 276.041	42.39 15	42.40 9	42.41 58243	42.42 2.20
42.43 John Jones (825 Fremont 42.44 Fairfield, MN 55000)	42.45 16	42.46 9	42.47 58244	42.48 3.15
42.49 Bruce Smith (2059 Hand 42.50 Fairfield, MN 55000) 42.51 and Fairfield State 42.52 Bank (100 Main Street 42.53 Fairfield, MN 55000)				

42.40 The names, descriptions, and figures employed in parentheses in the above forms are
 42.41 merely for purposes of illustration.

42.42 The name of the town, township, range or city, and addition or subdivision, as the
 42.43 case may be, shall be repeated at the head of each column of the printed lists as brought
 42.44 forward from the preceding column.

42.45 Errors in the list shall not be deemed to be a material defect to affect the validity
 42.46 of the judgment and sale.

43.1 **EFFECTIVE DATE.** This section is effective for lists and notices required after
43.2 December 31, 2012.

43.3 Sec. 15. Minnesota Statutes 2010, section 290A.25, is amended to read:

43.4 **290A.25 VERIFICATION OF SOCIAL SECURITY NUMBERS.**

43.5 Annually, the commissioner of revenue shall furnish a list to the county assessor
43.6 containing the names and Social Security numbers of persons who have applied for both
43.7 homestead classification under section 273.13 and a property tax refund as a renter
43.8 under this chapter.

43.9 Within 90 days of the notification, the county assessor shall investigate to determine
43.10 if the homestead classification was improperly claimed. If the property owner does
43.11 not qualify, the county assessor shall notify the county auditor who will determine the
43.12 amount of homestead benefits that has been improperly allowed. For the purpose of this
43.13 section, "homestead benefits" has the meaning given in section 273.124, subdivision
43.14 ~~13, paragraph (h)~~ 13b. The county auditor shall send a notice to persons who owned the
43.15 affected property at the time the homestead application related to the improper homestead
43.16 was filed, demanding reimbursement of the homestead benefits plus a penalty equal to
43.17 100 percent of the homestead benefits. The person notified may appeal the county's
43.18 determination with the Minnesota Tax Court within 60 days of the date of the notice from
43.19 the county as provided in section 273.124, subdivision ~~13, paragraph (h)~~ 13b.

43.20 If the amount of homestead benefits and penalty is not paid within 60 days, and if
43.21 no appeal has been filed, the county auditor shall certify the amount of taxes and penalty
43.22 to the county treasurer. The county treasurer will add interest to the unpaid homestead
43.23 benefits and penalty amounts at the rate provided for delinquent personal property taxes
43.24 for the period beginning 60 days after demand for payment was made until payment. If
43.25 the person notified is the current owner of the property, the treasurer may add the total
43.26 amount of benefits, penalty, interest, and costs to the real estate taxes otherwise payable on
43.27 the property in the following year. If the person notified is not the current owner of the
43.28 property, the treasurer may collect the amounts due under the Revenue Recapture Act in
43.29 chapter 270A, or use any of the powers granted in sections 277.20 and 277.21 without
43.30 exclusion, to enforce payment of the benefits, penalty, interest, and costs, as if those
43.31 amounts were delinquent tax obligations of the person who owned the property at the time
43.32 the application related to the improperly allowed homestead was filed. The treasurer may
43.33 relieve a prior owner of personal liability for the benefits, penalty, interest, and costs, and
43.34 instead extend those amounts on the tax lists against the property for taxes payable in the
43.35 following year to the extent that the current owner agrees in writing.

44.1 Any amount of homestead benefits recovered by the county from the property owner
44.2 shall be distributed to the county, city or town, and school district where the property is
44.3 located in the same proportion that each taxing district's levy was to the total of the three
44.4 taxing districts' levy for the current year. Any amount recovered attributable to taconite
44.5 homestead credit shall be transmitted to the St. Louis County auditor to be deposited in
44.6 the taconite property tax relief account. Any amount recovered that is attributable to
44.7 supplemental homestead credit is to be transmitted to the commissioner of revenue for
44.8 deposit in the general fund of the state treasury. The total amount of penalty collected
44.9 must be deposited in the county general fund.

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

44.11 Sec. 16. Minnesota Statutes 2010, section 290B.04, subdivision 2, is amended to read:

44.12 Subd. 2. **Approval; recording.** The commissioner shall approve all initial
44.13 applications that qualify under this chapter and shall notify qualifying homeowners on or
44.14 before December 1. The commissioner may investigate the facts or require confirmation
44.15 in regard to an application. The commissioner shall record or file a notice of qualification
44.16 for deferral, including the names of the qualifying homeowners and a legal description
44.17 of the property, in the office of the county recorder, or registrar of titles, whichever is
44.18 applicable, in the county where the qualifying property is located. The notice must state
44.19 that it serves as a notice of lien and that it includes deferrals under this section for future
44.20 years. The commissioner shall prescribe the form of the notice. Execution of the notice
44.21 by the original or facsimile signature of the commissioner or a delegate entitles them to
44.22 be recorded, and no other attestation, certification, or acknowledgment is necessary. The
44.23 homeowner shall pay the recording or filing fees for the notice, which, notwithstanding
44.24 section 357.18, shall be paid by the homeowner at the time of satisfaction of the lien.

44.25 **EFFECTIVE DATE.** This section is effective for notices that are both executed
44.26 and recorded after June 30, 2012.

44.27 Sec. 17. Minnesota Statutes 2011 Supplement, section 373.01, subdivision 1, is
44.28 amended to read:

44.29 Subdivision 1. **Public corporation; listed powers.** (a) Each county is a body politic
44.30 and corporate and may:

44.31 (1) Sue and be sued.

44.32 (2) Acquire and hold real and personal property for the use of the county, and lands
44.33 sold for taxes as provided by law.

45.1 (3) Purchase and hold for the benefit of the county real estate sold by virtue of
45.2 judicial proceedings, to which the county is a party.

45.3 (4) Sell, lease, and convey real or personal estate owned by the county, and give
45.4 contracts or options to sell, lease, or convey it, and make orders respecting it as deemed
45.5 conducive to the interests of the county's inhabitants.

45.6 (5) Make all contracts and do all other acts in relation to the property and concerns
45.7 of the county necessary to the exercise of its corporate powers.

45.8 (b) No sale, lease, or conveyance of real estate owned by the county, except the lease
45.9 of a residence acquired for the furtherance of an approved capital improvement project, nor
45.10 any contract or option for it, shall be valid, without first advertising for bids or proposals in
45.11 the official newspaper of the county for three consecutive weeks and once in a newspaper
45.12 of general circulation in the area where the property is located. The notice shall state the
45.13 time and place of considering the proposals, contain a legal description of any real estate,
45.14 and a brief description of any personal property. Leases that do not exceed \$15,000 for any
45.15 one year may be negotiated and are not subject to the competitive bid procedures of this
45.16 section. All proposals estimated to exceed \$15,000 in any one year shall be considered at
45.17 the time set for the bid opening, and the one most favorable to the county accepted, but the
45.18 county board may, in the interest of the county, reject any or all proposals.

45.19 (c) Sales of personal property the value of which is estimated to be \$15,000 or
45.20 more shall be made only after advertising for bids or proposals in the county's official
45.21 newspaper, on the county's Web site, or in a recognized industry trade journal. At the same
45.22 time it posts on its Web site or publishes in a trade journal, the county must publish in the
45.23 official newspaper, either as part of the minutes of a regular meeting of the county board
45.24 or in a separate notice, a summary of all requests for bids or proposals that the county
45.25 advertises on its Web site or in a trade journal. After publication in the official newspaper,
45.26 on the Web site, or in a trade journal, bids or proposals may be solicited and accepted by
45.27 the electronic selling process authorized in section 471.345, subdivision 17. Sales of
45.28 personal property the value of which is estimated to be less than \$15,000 may be made
45.29 either on competitive bids or in the open market, in the discretion of the county board.
45.30 "Web site" means a specific, addressable location provided on a server connected to the
45.31 Internet and hosting World Wide Web pages and other files that are generally accessible
45.32 on the Internet all or most of a day.

45.33 (d) Notwithstanding anything to the contrary herein, the county may, when acquiring
45.34 real property for county highway right-of-way, exchange parcels of real property of
45.35 substantially similar or equal value without advertising for bids. The estimated values for
45.36 these parcels shall be determined by the county assessor.

46.1 (e) Notwithstanding anything in this section to the contrary, the county may, when
46.2 acquiring real property for purposes other than county highway right-of-way, exchange
46.3 parcels of real property of substantially similar or equal value without advertising for bids.
46.4 The estimated values for these parcels must be determined by the county assessor or a
46.5 private appraisal performed by a licensed Minnesota real estate appraiser. For the purpose
46.6 of making these estimates, the county assessor need not be licensed under chapter 82B.
46.7 Before giving final approval to any exchange of land, the county board shall hold a public
46.8 hearing on the exchange. At least two weeks before the hearing, the county auditor shall
46.9 post a notice in the auditor's office and the official newspaper of the county of the hearing
46.10 that contains a description of the lands affected.

46.11 (f) If real estate or personal property remains unsold after advertising for and
46.12 consideration of bids or proposals the county may employ a broker to sell the property.
46.13 The broker may sell the property for not less than 90 percent of its appraised market value
46.14 as determined by the county. The broker's fee shall be set by agreement with the county but
46.15 may not exceed ten percent of the sale price and must be paid from the proceeds of the sale.

46.16 (g) A county or its agent may rent a county-owned residence acquired for the
46.17 furtherance of an approved capital improvement project subject to the conditions set
46.18 by the county board and not subject to the conditions for lease otherwise provided by
46.19 paragraph (a), clause (4), and paragraphs (b), (c), (d), (f), and (h).

46.20 (h) In no case shall lands be disposed of without there being reserved to the county
46.21 all iron ore and other valuable minerals in and upon the lands, with right to explore for,
46.22 mine and remove the iron ore and other valuable minerals, nor shall the minerals and
46.23 mineral rights be disposed of, either before or after disposition of the surface rights,
46.24 otherwise than by mining lease, in similar general form to that provided by section 93.20
46.25 for mining leases affecting state lands. The lease shall be for a term not exceeding 50
46.26 years, and be issued on a royalty basis, the royalty to be not less than 25 cents per ton of
46.27 2,240 pounds, and fix a minimum amount of royalty payable during each year, whether
46.28 mineral is removed or not. Prospecting options for mining leases may be granted for
46.29 periods not exceeding one year. The options shall require, among other things, periodical
46.30 showings to the county board of the results of exploration work done.

46.31 (i) Notwithstanding anything in this subdivision to the contrary, the county may,
46.32 when selling real property owned in fee simple that cannot be improved because of
46.33 noncompliance with local ordinances regarding minimum area, shape, frontage, or access,
46.34 proceed to sell the nonconforming parcel without advertising for bid. At the county's
46.35 discretion, the real property may be restricted to sale to adjoining landowners or may be
46.36 sold to any other interested party. The property shall be sold to the highest bidder, but

47.1 in no case shall the property be sold for less than 90 percent of its fair market value as
 47.2 determined by the county assessor. All owners of land adjoining the land to be sold shall
 47.3 be given a written notice at least 30 days before the sale. This paragraph shall be liberally
 47.4 construed to encourage the sale of nonconforming real property and promote its return to
 47.5 the tax roles.

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

47.7 Sec. 18. **REPEALER.**

47.8 (a) Minnesota Statutes 2010, section 272.69, is repealed.

47.9 (b) Minnesota Statutes 2010, section 273.11, subdivision 22, is repealed.

47.10 **EFFECTIVE DATE.** Paragraph (a) is effective the day following final enactment.

47.11 Paragraph (b) is effective for taxes payable in 2013 and thereafter.

47.12 **ARTICLE 3**

47.13 **DEPARTMENT POLICY AND TECHNICAL: SALES AND USE** 47.14 **TAXES; SPECIAL TAXES**

47.15 Section 1. Minnesota Statutes 2010, section 65B.84, subdivision 1, is amended to read:

47.16 Subdivision 1. **Program described; commissioner's duties; appropriation.** (a)

47.17 The commissioner of commerce shall:

47.18 (1) develop and sponsor the implementation of statewide plans, programs, and
 47.19 strategies to combat automobile theft, improve the administration of the automobile theft
 47.20 laws, and provide a forum for identification of critical problems for those persons dealing
 47.21 with automobile theft;

47.22 (2) coordinate the development, adoption, and implementation of plans, programs,
 47.23 and strategies relating to interagency and intergovernmental cooperation with respect
 47.24 to automobile theft enforcement;

47.25 (3) annually audit the plans and programs that have been funded in whole or in part
 47.26 to evaluate the effectiveness of the plans and programs and withdraw funding should the
 47.27 commissioner determine that a plan or program is ineffective or is no longer in need
 47.28 of further financial support from the fund;

47.29 (4) develop a plan of operation including:

47.30 (i) an assessment of the scope of the problem of automobile theft, including areas
 47.31 of the state where the problem is greatest;

47.32 (ii) an analysis of various methods of combating the problem of automobile theft;

47.33 (iii) a plan for providing financial support to combat automobile theft;

- 48.1 (iv) a plan for eliminating car hijacking; and
- 48.2 (v) an estimate of the funds required to implement the plan; and
- 48.3 (5) distribute money, in consultation with the commissioner of public safety,
- 48.4 pursuant to subdivision 3 from the automobile theft prevention special revenue account
- 48.5 for automobile theft prevention activities, including:
- 48.6 (i) paying the administrative costs of the program;
- 48.7 (ii) providing financial support to the State Patrol and local law enforcement
- 48.8 agencies for automobile theft enforcement teams;
- 48.9 (iii) providing financial support to state or local law enforcement agencies for
- 48.10 programs designed to reduce the incidence of automobile theft and for improved
- 48.11 equipment and techniques for responding to automobile thefts;
- 48.12 (iv) providing financial support to local prosecutors for programs designed to reduce
- 48.13 the incidence of automobile theft;
- 48.14 (v) providing financial support to judicial agencies for programs designed to reduce
- 48.15 the incidence of automobile theft;
- 48.16 (vi) providing financial support for neighborhood or community organizations or
- 48.17 business organizations for programs designed to reduce the incidence of automobile
- 48.18 theft and to educate people about the common methods of automobile theft, the models
- 48.19 of automobiles most likely to be stolen, and the times and places automobile theft is
- 48.20 most likely to occur; and
- 48.21 (vii) providing financial support for automobile theft educational and training
- 48.22 programs for state and local law enforcement officials, driver and vehicle services exam
- 48.23 and inspections staff, and members of the judiciary.
- 48.24 (b) The commissioner may not spend in any fiscal year more than ten percent of the
- 48.25 money in the fund for the program's administrative and operating costs. The commissioner
- 48.26 is annually appropriated and must distribute the amount of the proceeds credited to
- 48.27 the automobile theft prevention special revenue account each year, less the transfer
- 48.28 of \$1,300,000 each year to the general fund described in section ~~168A.40, subdivision~~
- 48.29 ~~4~~ 297L.11, subdivision 2.

48.30 **EFFECTIVE DATE.** This section is effective for premiums collected after June

48.31 30, 2012.

48.32 Sec. 2. Minnesota Statutes 2010, section 287.20, is amended by adding a subdivision

48.33 to read:

48.34 Subd. 11. **Partition.** "Partition" means the division by conveyance of real property

48.35 that is held jointly or in common by two or more persons into individually owned interests.

49.1 If one of the co-owners gives consideration for all or a part of the individually owned
49.2 interest conveyed to them, that portion of the conveyance is not a part of the partition.

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

49.4 Sec. 3. Minnesota Statutes 2010, section 297A.665, is amended to read:

49.5 **297A.665 PRESUMPTION OF TAX; BURDEN OF PROOF.**

49.6 (a) For the purpose of the proper administration of this chapter and to prevent
49.7 evasion of the tax, until the contrary is established, it is presumed that:

49.8 (1) all gross receipts are subject to the tax; and

49.9 (2) all retail sales for delivery in Minnesota are for storage, use, or other consumption
49.10 in Minnesota.

49.11 (b) The burden of proving that a sale is not a taxable retail sale is on the seller.

49.12 However, a seller is relieved of liability if:

49.13 (1) the seller obtains a fully completed exemption certificate or all the relevant
49.14 information required by section 297A.72, subdivision 2, at the time of the sale or within
49.15 90 days after the date of the sale; or

49.16 (2) if the seller has not obtained a fully completed exemption certificate or all the
49.17 relevant information required by section 297A.72, subdivision 2, within the time provided
49.18 in clause (1), within 120 days after a request for substantiation by the commissioner,
49.19 the seller either:

49.20 (i) obtains ~~in good faith~~ from the purchaser a fully completed exemption certificate
49.21 or all the relevant information required by section 297A.72, subdivision 2, ~~from the~~
49.22 ~~purchaser~~ taken in good faith which means that the exemption certificate claims an
49.23 exemption that (A) was statutorily available on the date of the transaction, (B) could be
49.24 applicable to the item for which the exemption is claimed, and (C) is reasonable for the
49.25 purchaser's type of business; or

49.26 (ii) proves by other means that the transaction was not subject to tax.

49.27 (c) Notwithstanding paragraph (b), relief from liability does not apply to a seller who:

49.28 (1) fraudulently fails to collect the tax; or

49.29 (2) solicits purchasers to participate in the unlawful claim of an exemption.

49.30 (d) Notwithstanding paragraph (b), relief from liability does not apply to a seller
49.31 who has obtained information under paragraph (b), clause (2), if through the audit process
49.32 the commissioner finds the following:

49.33 (1) that at the time the information was provided the seller had knowledge or had
49.34 reason to know that the information relating to the exemption was materially false; or

50.1 (2) that the seller knowingly participated in activity intended to purposefully evade
 50.2 the sales tax due on the transaction.

50.3 ~~(d)~~ (e) A certified service provider, as defined in section 297A.995, subdivision 2, is
 50.4 relieved of liability under this section to the extent a seller who is its client is relieved of
 50.5 liability.

50.6 ~~(e)~~ (f) A purchaser of tangible personal property or any items listed in section
 50.7 297A.63 that are shipped or brought to Minnesota by the purchaser has the burden
 50.8 of proving that the property was not purchased from a retailer for storage, use, or
 50.9 consumption in Minnesota.

50.10 ~~(f)~~ (g) If a seller claims that certain sales are exempt and does not provide the
 50.11 certificate, information, or proof required by paragraph (b), clause (2), within 120 days
 50.12 after the date of the commissioner's request for substantiation, then the exemptions
 50.13 claimed by the seller that required substantiation are disallowed.

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

50.15 Sec. 4. Minnesota Statutes 2010, section 297F.01, subdivision 23, is amended to read:

50.16 Subd. 23. **Wholesale sales price.** "Wholesale sales price" means the price ~~stated on~~
 50.17 ~~the price list in effect at the time of sale for which a manufacturer or person sells a tobacco~~
 50.18 ~~product to a distributor, exclusive of any discount, promotional offer, or other reduction.~~
 50.19 ~~For purposes of this subdivision, "price list" means the manufacturer's price at which~~
 50.20 ~~tobacco products are made available for sale to all distributors on an ongoing basis at which~~
 50.21 a distributor purchases a tobacco product without any reduction for federal excise taxes,
 50.22 freight charges, discounts, packaging, or other reductions. Wholesale sales price includes
 50.23 the applicable federal excise tax regardless of whether it is included in the purchase price.

50.24 **EFFECTIVE DATE.** This section is effective for purchases made after December
 50.25 31, 2012.

50.26 Sec. 5. Minnesota Statutes 2010, section 297G.04, subdivision 2, is amended to read:

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

- 50.32 (1) the liability for tax; or
 50.33 (2) \$115,000.

51.1 For purposes of this subdivision, a "qualified brewer" means a brewer, whether
51.2 or not located in this state, manufacturing less than 100,000 barrels of fermented malt
51.3 beverages in the calendar year immediately preceding the ~~calendar~~ fiscal year for which
51.4 the credit under this subdivision is claimed. In determining the number of barrels, all
51.5 brands or labels of a brewer must be combined. All facilities for the manufacture of
51.6 fermented malt beverages owned or controlled by the same person, corporation, or other
51.7 entity must be treated as a single brewer. A brewer is owned or controlled when more than
51.8 50 percent of the voting stock of each member of the group is directly or indirectly owned
51.9 by a common owner or by common owners, whether they are corporate or noncorporate.

51.10 **EFFECTIVE DATE.** This section is effective for claims filed after December
51.11 31, 2012.

51.12 Sec. 6. Minnesota Statutes 2011 Supplement, section 297I.05, subdivision 7, is
51.13 amended to read:

51.14 Subd. 7. **Nonadmitted insurance premium tax.** (a) A tax is imposed on surplus
51.15 lines brokers. The rate of tax is equal to three percent of the gross premiums less return
51.16 premiums paid by an insured whose home state is Minnesota.

51.17 (b) A tax is imposed on ~~persons, firms, or corporations~~ a person, firm, corporation,
51.18 or purchasing group as defined in section 60E.02, or any member of a purchasing group,
51.19 that procure insurance directly from a nonadmitted insurer. The rate of tax is equal to two
51.20 percent of the gross premiums less return premiums paid by an insured whose home
51.21 state is Minnesota.

51.22 (c) No state other than the home state of an insured may require any premium tax
51.23 payment for nonadmitted insurance. When Minnesota is the home state of the insured,
51.24 as provided under section 297I.01, 100 percent of the gross premiums are taxable in
51.25 Minnesota with no allocation of the tax to other states.

51.26 **EFFECTIVE DATE.** This section is effective for premiums received after
51.27 December 31, 2012.

51.28 Sec. 7. Minnesota Statutes 2010, section 297I.05, subdivision 11, is amended to read:

51.29 Subd. 11. **Retaliatory provisions.** (a) If any other state or country imposes any
51.30 taxes, fines, deposits, penalties, licenses, or fees upon any insurance companies of this
51.31 state and their agents doing business in another state or country that are in addition to or in
51.32 excess of those imposed by the laws of this state upon foreign insurance companies and
51.33 their agents doing business in this state, the same taxes, fines, deposits, penalties, licenses,

52.1 and fees are imposed upon every similar insurance company of that state or country and
 52.2 their agents doing or applying to do business in this state.

52.3 (b) If any conditions precedent to the right to do business in any other state or
 52.4 country are imposed by the laws of that state or country, beyond those imposed upon
 52.5 foreign companies by the laws of this state, the same conditions precedent are imposed
 52.6 upon every similar insurance company of that state or country and their agents doing or
 52.7 applying to do business in that state.

52.8 (c) For purposes of this subdivision, "taxes, fines, deposits, penalties, licenses, or
 52.9 fees" means an amount of money that is deposited in the general revenue fund of the state
 52.10 or other similar fund in another state or country and is not dedicated to a special purpose
 52.11 or use or money deposited in the general revenue fund of the state or other similar fund in
 52.12 another state or country and appropriated to the commissioner of commerce or insurance
 52.13 for the operation of the Department of Commerce or other similar agency with jurisdiction
 52.14 over insurance. Taxes, fines, deposits, penalties, licenses, or fees do not include:

52.15 (1) special purpose obligations or assessments imposed in connection with particular
 52.16 kinds of insurance, including but not limited to assessments imposed in connection with
 52.17 residual market mechanisms; or

52.18 (2) assessments made by the insurance guaranty association, life and health
 52.19 guarantee association, or similar association.

52.20 (d) This subdivision applies to taxes imposed under subdivisions 1~~2~~, 3~~2~~, 4~~, 6~~, and 12~~, 12~~,
 52.21 paragraph (a), clauses (1) and (2); and 14.

52.22 (e) This subdivision does not apply to insurance companies organized or domiciled
 52.23 in a state or country, the laws of which do not impose retaliatory taxes, fines, deposits,
 52.24 penalties, licenses, or fees or which grant, on a reciprocal basis, exemptions from
 52.25 retaliatory taxes, fines, deposits, penalties, licenses, or fees to insurance companies
 52.26 domiciled in this state.

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

52.28 Sec. 8. Minnesota Statutes 2011 Supplement, section 297I.05, subdivision 12, is
 52.29 amended to read:

52.30 Subd. 12. **Other entities.** (a) A tax is imposed equal to two percent of:

52.31 (1) gross premiums less return premiums written for risks resident or located in
 52.32 Minnesota by a risk retention group;

52.33 (2) gross premiums less return premiums received by an attorney in fact acting
 52.34 in accordance with chapter 71A;

53.1 (3) gross premiums less return premiums received pursuant to assigned risk policies
53.2 and contracts of coverage under chapter 79; and

53.3 (4) the direct funded premium received by the reinsurance association under section
53.4 79.34 from self-insurers approved under section 176.181 and political subdivisions that
53.5 self-insure; and

53.6 ~~(5) gross premiums less return premiums paid to an insurer other than a licensed
53.7 insurance company or a surplus lines broker for coverage of risks resident or located in
53.8 Minnesota by a purchasing group or any members of the purchasing group to a broker or
53.9 agent for the purchasing group.~~

53.10 (b) A tax is imposed on a joint self-insurance plan operating under chapter 60F. The
53.11 rate of tax is equal to two percent of the total amount of claims paid during the fund year,
53.12 with no deduction for claims wholly or partially reimbursed through stop-loss insurance.

53.13 (c) A tax is imposed on a joint self-insurance plan operating under chapter 62H.
53.14 The rate of tax is equal to two percent of the total amount of claims paid during the
53.15 fund's fiscal year, with no deduction for claims wholly or partially reimbursed through
53.16 stop-loss insurance.

53.17 (d) A tax is imposed equal to the tax imposed under section 297I.05, subdivision 5,
53.18 on the gross premiums less return premiums on all coverages received by an accountable
53.19 provider network or agents of an accountable provider network in Minnesota, in cash or
53.20 otherwise, during the year.

53.21 **EFFECTIVE DATE.** This section is effective for premiums received after
53.22 December 31, 2012.

53.23 **Sec. 9. [297I.11] AUTOMOBILE THEFT PREVENTION SURCHARGE.**

53.24 **Subdivision 1. Surcharge.** Each insurer engaged in the writing of policies of
53.25 automobile insurance shall collect a surcharge, at the rate of 50 cents per vehicle
53.26 for every six months of coverage, on each policy of automobile insurance providing
53.27 comprehensive insurance coverage issued or renewed in this state. The surcharge may not
53.28 be considered premium for any purpose, including the computation of premium tax or
53.29 agents' commissions. The amount of the surcharge must be separately stated on either a
53.30 billing or policy declaration sent to an insured. Insurers shall remit the revenue derived
53.31 from this surcharge to the commissioner of revenue for purposes of the automobile theft
53.32 prevention program described in section 65B.84. For purposes of this subdivision, "policy
53.33 of automobile insurance" has the meaning given it in section 65B.14, covering only the
53.34 following types of vehicles as defined in section 168.002:

53.35 (1) a passenger automobile;

54.1 (2) a pickup truck;

54.2 (3) a van but not commuter vans as defined in section 168.126; or

54.3 (4) a motorcycle,

54.4 except that no vehicle with a gross vehicle weight in excess of 10,000 pounds is included
54.5 within this definition.

54.6 Subd. 2. **Automobile theft prevention account.** A special revenue account in
54.7 the state treasury shall be credited with the proceeds of the surcharge imposed under
54.8 subdivision 1. Of the revenue in the account, \$1,300,000 each year must be transferred to
54.9 the general fund. Revenues in excess of \$1,300,000 each year may be used only for the
54.10 automobile theft prevention program described in section 65B.84.

54.11 Subd. 3. **Collection and administration.** The commissioner shall collect and
54.12 administer the surcharge imposed by this section in the same manner as the taxes imposed
54.13 by this chapter. The commissioner is appropriated annually, from the automobile theft
54.14 prevention special revenue account, an amount to reimburse the Department of Revenue
54.15 for the costs incurred in administering and collecting the surcharge imposed under
54.16 subdivision 1.

54.17 **EFFECTIVE DATE.** This section is effective for premiums collected after June
54.18 30, 2012.

54.19 Sec. 10. Minnesota Statutes 2011 Supplement, section 297I.30, subdivision 1, is
54.20 amended to read:

54.21 Subdivision 1. **General rule.** On or before March 1, every taxpayer subject to
54.22 taxation under section 297I.05, subdivisions 1 to 5₂; 7, paragraph (b)₂; 12, ~~paragraphs (a),~~
54.23 ~~clauses (1) to (4), (b), (c), and (d)₂~~; and 14, shall file an annual return for the preceding
54.24 calendar year in the form prescribed by the commissioner.

54.25 **EFFECTIVE DATE.** This section is effective for premiums received after
54.26 December 31, 2012.

54.27 Sec. 11. Minnesota Statutes 2011 Supplement, section 297I.30, subdivision 2, is
54.28 amended to read:

54.29 Subd. 2. **Surplus lines brokers and purchasing groups.** On or before February
54.30 15 and August 15 of each year, every surplus lines broker subject to taxation under
54.31 section 297I.05, subdivision 7, paragraph (a), ~~and every purchasing group or member of~~
54.32 ~~a purchasing group subject to tax under section 297I.05, subdivision 12, paragraph (a),~~

55.1 ~~clause (5)~~, shall file a return with the commissioner for the preceding six-month period
 55.2 ending December 31, or June 30, in the form prescribed by the commissioner.

55.3 **EFFECTIVE DATE.** This section is effective for premiums received after
 55.4 December 31, 2012.

55.5 Sec. 12. Minnesota Statutes 2010, section 297I.30, is amended by adding a subdivision
 55.6 to read:

55.7 **Subd. 10. Automobile theft prevention surcharge.** On or before May 1, August
 55.8 1, November 1, and February 1 of each year, every insurer required to pay the surcharge
 55.9 under section 297I.11 shall file a return with the commissioner for the preceding
 55.10 three-month period ending March 31, June 30, September 30, and December 31, in the
 55.11 form prescribed by the commissioner.

55.12 **EFFECTIVE DATE.** This section is effective for premiums collected after June
 55.13 30, 2012.

55.14 Sec. 13. **REPEALER.**

55.15 Minnesota Statutes 2010, section 168A.40, subdivisions 3 and 4, are repealed.

55.16 **EFFECTIVE DATE.** This section is effective for premiums collected after June
 55.17 30, 2012.

55.18 ARTICLE 4

55.19 DEPARTMENT POLICY AND TECHNICAL: MINERALS

55.20 Section 1. Minnesota Statutes 2011 Supplement, section 272.02, subdivision 97,
 55.21 is amended to read:

55.22 Subd. 97. **Property used in business of mining subject to net proceeds tax.** The
 55.23 following property used in the business of mining that is subject to the net proceeds tax
 55.24 under section 298.015 is exempt:

55.25 (1) deposits of ores, metals, and minerals and the lands in which they are contained;

55.26 (2) all real and personal property used in mining, quarrying, producing, or refining
 55.27 ores, minerals, or metals, including lands occupied by or used in connection with the
 55.28 mining, quarrying, production, or ore refining facilities; and

55.29 (3) concentrate ~~or direct reduced ore.~~

56.1 This exemption applies for each year that a person subject to tax under section
56.2 298.015 uses the property for mining, quarrying, producing, or refining ores, metals, or
56.3 minerals.

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

56.5 Sec. 2. Minnesota Statutes 2011 Supplement, section 298.01, subdivision 3, is
56.6 amended to read:

56.7 Subd. 3. **Occupation tax; other ores.** Every person engaged in the business of
56.8 mining, refining, or producing ores, metals, or minerals in this state, except iron ore or
56.9 taconite concentrates, shall pay an occupation tax to the state of Minnesota as provided
56.10 in this subdivision. For purposes of this subdivision, mining includes the application of
56.11 hydrometallurgical processes. Hydrometallurgical processes are processes that extract
56.12 the ores, metals, or minerals, by use of aqueous solutions that leach, concentrate, and
56.13 recover the ore, metal, or mineral. The tax is determined in the same manner as the tax
56.14 imposed by section 290.02, except that sections 290.05, subdivision 1, clause (a), 290.17,
56.15 subdivision 4, and 290.191, subdivision 2, do not apply, and the occupation tax must
56.16 be computed by applying to taxable income the rate of 2.45 percent. A person subject
56.17 to occupation tax under this section shall apportion its net income on the basis of the
56.18 percentage obtained by taking the sum of:

56.19 (1) 75 percent of the percentage which the sales made within this state in connection
56.20 with the trade or business during the tax period are of the total sales wherever made in
56.21 connection with the trade or business during the tax period;

56.22 (2) 12.5 percent of the percentage which the total tangible property used by the
56.23 taxpayer in this state in connection with the trade or business during the tax period is of
56.24 the total tangible property, wherever located, used by the taxpayer in connection with the
56.25 trade or business during the tax period; and

56.26 (3) 12.5 percent of the percentage which the taxpayer's total payrolls paid or incurred
56.27 in this state or paid in respect to labor performed in this state in connection with the trade
56.28 or business during the tax period are of the taxpayer's total payrolls paid or incurred in
56.29 connection with the trade or business during the tax period.

56.30 The tax is in addition to all other taxes.

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

56.32 Sec. 3. Minnesota Statutes 2010, section 298.018, subdivision 2, is amended to read:

57.1 Subd. 2. **Outside taconite assistance area.** The proceeds of the tax paid under
 57.2 sections 298.015 to 298.017 on ores, metals, or minerals ~~and energy resources~~ mined
 57.3 or extracted outside of the taconite assistance area defined in section 273.1341, shall
 57.4 be deposited in the general fund.

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

57.6 ARTICLE 5

57.7 DEPARTMENT POLICY AND TECHNICAL: MISCELLANEOUS

57.8 Section 1. Minnesota Statutes 2010, section 16A.46, is amended to read:

57.9 **16A.46 LOST OR DESTROYED WARRANT DUPLICATE; INDEMNITY.**

57.10 Subdivision 1. **Duplicate warrant.** The commissioner may issue a duplicate
 57.11 of an unpaid warrant to an owner if the owner certifies that the original was lost or
 57.12 destroyed. The commissioner may require certification be documented by affidavit.
 57.13 The commissioner may refuse to issue a duplicate of an unpaid state warrant. If the
 57.14 commissioner acts in good faith the commissioner is not liable, whether the application is
 57.15 granted or denied.

57.16 Subd. 2. **Original warrant is void.** When the duplicate is issued, the original is
 57.17 void. The commissioner may require an indemnity bond from the applicant to the state for
 57.18 double the amount of the warrant for anyone damaged by the issuance of the duplicate.
 57.19 The commissioner ~~may refuse to issue a duplicate of an unpaid state warrant. If the~~
 57.20 ~~commissioner acts in good faith the commissioner is not liable, whether the application is~~
 57.21 ~~granted or denied~~ is not liable to any holder who took the void original warrant for value,
 57.22 whether the commissioner required an indemnity bond from the applicant or not.

57.23 Subd. 3. **Unpaid refund or rebate.** For an unpaid refund or rebate issued under a
 57.24 tax law administered by the commissioner of revenue that has been lost or destroyed, an
 57.25 affidavit is not required for the commissioner to issue a duplicate if the duplicate is issued
 57.26 to the same name and Social Security number as the original warrant and that information
 57.27 is verified on a tax return filed by the recipient.

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

57.29 Sec. 2. Minnesota Statutes 2010, section 270C.38, subdivision 1, is amended to read:

57.30 Subdivision 1. **Sufficient notice.** (a) If no method of notification of a written
 57.31 determination or action of the commissioner is otherwise specifically provided for by
 57.32 law, notice of the determination or action sent postage prepaid by United States mail to

58.1 the taxpayer or other person affected by the determination or action at the taxpayer's
58.2 or person's last known address, is sufficient. If the taxpayer or person being notified is
58.3 deceased or is under a legal disability, or, in the case of a corporation being notified that
58.4 has terminated its existence, notice to the last known address of the taxpayer, person, or
58.5 corporation is sufficient, unless the department has been provided with a new address by a
58.6 party authorized to receive notices from the commissioner.

58.7 (b) If a taxpayer or other person agrees to accept notification by electronic means,
58.8 notice of a determination or action of the commissioner sent by electronic mail to the
58.9 taxpayer's or person's last known electronic mailing address as provided for in section
58.10 325L.08 is sufficient.

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

58.12 Sec. 3. Minnesota Statutes 2010, section 270C.42, subdivision 2, is amended to read:

58.13 Subd. 2. **Penalty for failure to pay electronically.** In addition to other applicable
58.14 penalties imposed by law, after notification from the commissioner to the taxpayer that
58.15 payments for a tax payable to the commissioner are required to be made by electronic
58.16 means, and the payments are remitted by some other means, there is a penalty in the
58.17 amount of five percent of each payment that should have been remitted electronically.
58.18 After the commissioner's initial notification to the taxpayer that payments are required to
58.19 be made by electronic means, the commissioner is not required to notify the taxpayer in
58.20 subsequent periods if the initial notification specified the amount of tax liability at which a
58.21 taxpayer is required to remit payments by electronic means. The penalty can be abated
58.22 under the abatement procedures prescribed in section 270C.34 if the failure to remit the
58.23 payment electronically is due to reasonable cause. The penalty bears interest at the rate
58.24 specified in section 270C.40 from the ~~due date of the payment of the tax~~ provided in
58.25 section 270C.40, subdivision 3, to the date of payment of the penalty.

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

58.27 Sec. 4. Minnesota Statutes 2010, section 270C.69, subdivision 1, is amended to read:

58.28 Subdivision 1. **Notice and procedures.** (a) The commissioner may, within five years
58.29 after the date of assessment of the tax, or if a lien has been filed under section 270C.63,
58.30 within the statutory period for enforcement of the lien, give notice to any employer
58.31 deriving income which has a taxable situs in this state regardless of whether the income is
58.32 exempt from taxation, that an employee of that employer is delinquent in a certain amount
58.33 with respect to any taxes, including penalties, interest, and costs. The commissioner can

59.1 proceed under this section only if the tax is uncontested or if the time for appeal of the tax
59.2 has expired. The commissioner shall not proceed under this section until the expiration of
59.3 30 days after mailing to the taxpayer, at the taxpayer's last known address, a written notice
59.4 of (1) the amount of taxes, interest, and penalties due from the taxpayer and demand for
59.5 their payment, and (2) the commissioner's intention to require additional withholding by
59.6 the taxpayer's employer pursuant to this section. The effect of the notice shall expire one
59.7 year after it has been mailed to the taxpayer provided that the notice may be renewed by
59.8 mailing a new notice which is in accordance with this section. The renewed notice shall
59.9 have the effect of reinstating the priority of the original claim. The notice to the taxpayer
59.10 shall be in substantially the same form as that provided in section 571.72. The notice
59.11 shall further inform the taxpayer of the wage exemptions contained in section 550.37,
59.12 subdivision 14. If no statement of exemption is received by the commissioner within 30
59.13 days from the mailing of the notice, the commissioner may proceed under this section.
59.14 The notice to the taxpayer's employer may be served by mail or by delivery by an agent of
59.15 the department and shall be in substantially the same form as provided in section 571.75.
59.16 Upon receipt of notice, the employer shall withhold from compensation due or to become
59.17 due to the employee, the total amount shown by the notice, subject to the provisions of
59.18 section 571.922. The employer shall continue to withhold each pay period until the notice
59.19 is released by the commissioner under section 270C.7109. Upon receipt of notice by the
59.20 employer, the claim of the state of Minnesota shall have priority over any subsequent
59.21 garnishments or wage assignments. The commissioner may arrange between the employer
59.22 and the employee for withholding a portion of the total amount due the employee each pay
59.23 period, until the total amount shown by the notice plus accrued interest has been withheld.

59.24 (b) The "compensation due" any employee is defined in accordance with the
59.25 provisions of section 571.921. The maximum withholding allowed under this section for
59.26 any one pay period shall be decreased by any amounts payable pursuant to a garnishment
59.27 action with respect to which the employer was served prior to being served with the notice
59.28 of delinquency and any amounts covered by any irrevocable and previously effective
59.29 assignment of wages; the employer shall give notice to the commissioner of the amounts
59.30 and the facts relating to such assignments within ten days after the service of the notice of
59.31 delinquency on the form provided by the commissioner as noted in this section.

59.32 (c) Within ten days after the expiration of such pay period, the employer shall remit
59.33 to the commissioner, on a form and in the manner prescribed by the commissioner, the
59.34 amount withheld during each pay period under this section. The employer must file all
59.35 wage levy disclosure forms and remit all wage levy payments by electronic means.

60.1 **EFFECTIVE DATE.** This section is effective for wage levy disclosures or wage
60.2 levy payments filed or made after December 31, 2012.

60.3 Sec. 5. Minnesota Statutes 2010, section 287.385, subdivision 7, is amended to read:

60.4 Subd. 7. **Interest on penalties.** A penalty imposed under this chapter bears interest
60.5 from the date ~~payment was required to be paid, including any extensions,~~ provided in
60.6 section 270C.40, subdivision 3, to the date of payment of the penalty.

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

60.8 Sec. 6. Minnesota Statutes 2010, section 289A.55, subdivision 9, is amended to read:

60.9 Subd. 9. **Interest on penalties.** (a) A penalty imposed under section 289A.60,
60.10 subdivision 1, 2, 2a, 4, 5, 6, or 21 bears interest from the date ~~the return or payment~~
60.11 ~~was required to be filed or paid, including any extensions~~ provided in section 270C.40,
60.12 subdivision 3, to the date of payment of the penalty.

60.13 (b) A penalty not included in paragraph (a) bears interest only if it is not paid within
60.14 60 days from the date of notice. In that case interest is imposed from the date of notice
60.15 to the date of payment.

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

60.17 Sec. 7. Minnesota Statutes 2010, section 289A.60, subdivision 4, is amended to read:

60.18 Subd. 4. **Substantial understatement of liability; penalty.** (a) The commissioner
60.19 of revenue shall impose a penalty for substantial understatement of any tax payable to the
60.20 commissioner, except a tax imposed under chapter 297A.

60.21 (b) There must be added to the tax an amount equal to 20 percent of the amount of any
60.22 underpayment attributable to the understatement. There is a substantial understatement of
60.23 tax for the period if the amount of the understatement for the period exceeds the greater of:

60.24 (1) ten percent of the tax required to be shown on the return for the period; or

60.25 (2)(i) \$10,000 in the case of a mining company or a corporation, other than an S
60.26 corporation as defined in section 290.9725, when the tax is imposed by chapter 290 or
60.27 section 298.01 or 298.015, or

60.28 (ii) \$5,000 in the case of any other taxpayer, and in the case of a mining company or
60.29 a corporation any tax not imposed by chapter 290 or section 298.01 or 298.015.

60.30 (c) For a corporation, other than an S corporation, there is also a substantial
60.31 understatement of tax for any taxable year if the amount of the understatement for the
60.32 taxable year exceeds the lesser of:

61.1 (1) ten percent of the tax required to be shown on the return for the taxable year
 61.2 (or, if greater, \$10,000); or

61.3 (2) \$10,000,000.

61.4 (d) The term "understatement" means the excess of the amount of the tax required
 61.5 to be shown on the return for the period, over the amount of the tax imposed that is
 61.6 shown on the return. The excess must be determined without regard to items to which
 61.7 subdivision 27 applies. The amount of the understatement shall be reduced by that part of
 61.8 the understatement that is attributable to the tax treatment of any item by the taxpayer if
 61.9 (1) there is or was substantial authority for the treatment, or (2)(i) any item with respect to
 61.10 which the relevant facts affecting the item's tax treatment are adequately disclosed in the
 61.11 return or in a statement attached to the return and (ii) there is a reasonable basis for the tax
 61.12 treatment of the item. The exception for substantial authority under clause (1) does not
 61.13 apply to positions listed by the Secretary of the Treasury under section 6662(d)(3) of the
 61.14 Internal Revenue Code. A corporation does not have a reasonable basis for its tax treatment
 61.15 of an item attributable to a multiple-party financing transaction if the treatment does not
 61.16 clearly reflect the income of the corporation within the meaning of section 6662(d)(2)(B)
 61.17 of the Internal Revenue Code. The special rules in cases involving tax shelters provided in
 61.18 section 6662(d)(2)(C) of the Internal Revenue Code shall apply and shall apply to a tax
 61.19 shelter the principal purpose of which is the avoidance or evasion of state taxes.

61.20 (e) The commissioner may abate all or any part of the addition to the tax provided
 61.21 by this section on a showing by the taxpayer that there was reasonable cause for the
 61.22 understatement, or part of it, and that the taxpayer acted in good faith. The additional tax
 61.23 and penalty shall bear interest ~~at the rate~~ as specified in section 270C.40 ~~from the time~~
 61.24 ~~the tax should have been paid~~ until paid.

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

61.26 Sec. 8. Minnesota Statutes 2010, section 296A.22, is amended to read:

61.27 **296A.22 NONPAYMENT OF TAX; CIVIL PENALTIES.**

61.28 Subdivision 1. **Penalty for failure to pay tax, general rule.** Upon the failure of
 61.29 any person to pay any tax or fee when due, a penalty of one percent per day for the first
 61.30 ten days of delinquency shall accrue, and thereafter the tax, fees, and penalty shall bear
 61.31 interest at the rate specified in section 270C.40 until paid.

61.32 Subd. 2. **Collection authority.** Upon such a failure to pay any tax or fees within the
 61.33 time provided by this chapter, all taxes and fees imposed by this chapter shall become
 61.34 immediately due and payable, and may be collected as provided in chapter 270C.

62.1 Subd. 3. **Operating without license.** If any person operates as a distributor, special
62.2 fuel dealer, bulk purchaser, or motor carrier without first securing the license required
62.3 under this chapter, any tax or fee imposed by this chapter shall become immediately due
62.4 and payable. A penalty of 25 percent is imposed upon the tax and fee due. The tax, and
62.5 fees, and penalty shall bear interest at the rate specified in section 270C.40. The penalty
62.6 imposed in this subdivision shall bear interest from the date provided in section 270C.40,
62.7 subdivision 3, to the date of payment of the penalty.

62.8 Subd. 4. **Unlawful use of dyed fuel.** (a) If any dyed fuel is sold or held for sale by a
62.9 person for any use which the person knows or has reason to know is not a nontaxable use
62.10 of the fuel; or if any dyed fuel is held for use or used in a licensed motor vehicle or for any
62.11 other use by a person for a use other than a nontaxable use and the person knew, or had
62.12 reason to know, that the fuel was so dyed; or if a person willfully alters, or attempts to
62.13 alter, the strength or composition of any dye or marking in any dyed fuel, then the person
62.14 shall pay a penalty in addition to the tax, if any.

62.15 (b) Except as provided in paragraph (c), the amount of penalty under paragraph (a)
62.16 for each act is the greater of \$1,000, or \$10 for each gallon of dyed fuel involved.

62.17 (c) With regard to a multiple violation under paragraph (a), the penalty shall be
62.18 applied by increasing the amount in paragraph (b) by the product of (1) such amount, and
62.19 (2) the number of prior penalties, if any, imposed by this section on the person, or a related
62.20 person, or any predecessor of the person or related person.

62.21 (d) If a penalty is imposed under this subdivision on a business entity, each officer,
62.22 employee, or agent of the entity who willfully participated in any act giving rise to the
62.23 penalty is jointly and severally liable with the entity for the penalty.

62.24 Subd. 5. **Receiver appointed.** In the event a suit is instituted as provided in
62.25 subdivision 2, the court shall, upon application, appoint a receiver of the property and
62.26 business of the delinquent defendant for the purpose of impounding the same as security
62.27 for any judgment which has been or may be recovered.

62.28 Subd. 6. **Sale prohibited under certain conditions.** No petroleum product shall
62.29 be unloaded or sold by any person or distributor whose tax and fees are the basis for
62.30 collection action under subdivision 2.

62.31 Subd. 7. **Payment of penalties.** The penalties imposed by this section are collected
62.32 and paid in the same manner as taxes.

62.33 Subd. 8. **Penalties are additional.** The civil penalties imposed by this section are in
62.34 addition to the criminal penalties imposed by this chapter.

63.1 Subd. 9. **Abatement of penalty.** (a) The commissioner may by written order
63.2 abate any penalty imposed under this section, if in the commissioner's opinion there is
63.3 reasonable cause to do so.

63.4 (b) A request for abatement of penalty must be filed with the commissioner within
63.5 60 days of the date the notice stating that a penalty has been imposed was mailed to
63.6 the taxpayer's last known address.

63.7 (c) If the commissioner issues an order denying a request for abatement of penalty,
63.8 the taxpayer may file an administrative appeal as provided in section 270C.35 or appeal to
63.9 Tax Court as provided in section 271.06. If the commissioner does not issue an order on
63.10 the abatement request within 60 days from the date the request is received, the taxpayer
63.11 may appeal to Tax Court as provided in section 271.06.

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

63.13 Sec. 9. Minnesota Statutes 2010, section 297E.14, subdivision 7, is amended to read:

63.14 Subd. 7. **Interest on penalties.** (a) A penalty imposed under section 297E.12,
63.15 subdivision 1, 2, 3, 4, or 5, bears interest from the date ~~the return or payment was required~~
63.16 ~~to be filed or paid, including any extensions~~ provided in section 270C.40, subdivision 3, to
63.17 the date of payment of the penalty.

63.18 (b) A penalty not included in paragraph (a) bears interest only if it is not paid within
63.19 ten days from the date of notice. In that case interest is imposed from the date of notice
63.20 to the date of payment.

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

63.22 Sec. 10. Minnesota Statutes 2010, section 297F.09, subdivision 9, is amended to read:

63.23 Subd. 9. **Interest.** The amount of tax not timely paid, ~~together with any penalty~~
63.24 ~~imposed in this section,~~ bears interest at the rate specified in section 270C.40 from the
63.25 time such tax should have been paid until paid. The penalty imposed in this section bears
63.26 interest at the rate specified in section 270C.40 from the date provided in section 270C.40,
63.27 subdivision 3, to the date of payment of the penalty. Any interest and penalty is added to
63.28 the tax and collected as a part of it.

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

63.30 Sec. 11. Minnesota Statutes 2010, section 297F.18, subdivision 7, is amended to read:

63.31 Subd. 7. **Interest on penalties.** (a) A penalty imposed under section 297F.19,
63.32 subdivisions 2 to 7, bears interest from the date ~~the return or payment was required to be~~

64.1 ~~filed or paid, including any extensions~~ provided in section 270C.40, subdivision 3, to the
64.2 date of payment of the penalty.

64.3 (b) A penalty not included in paragraph (a) bears interest only if it is not paid within
64.4 ten days from the date of the notice. In that case interest is imposed from the date of notice
64.5 to the date of payment.

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

64.7 Sec. 12. Minnesota Statutes 2010, section 297G.09, subdivision 8, is amended to read:

64.8 Subd. 8. **Interest.** The amount of tax not timely paid, ~~together with any penalty~~
64.9 ~~imposed by this chapter,~~ bears interest at the rate specified in section 270C.40 from the
64.10 time the tax should have been paid until paid. Any penalty imposed by this chapter bears
64.11 interest from the date provided in section 270C.40, subdivision 3, to the date of payment
64.12 of the penalty. Any interest and penalty is added to the tax and collected as a part of it.

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

64.14 Sec. 13. Minnesota Statutes 2010, section 297G.17, subdivision 7, is amended to read:

64.15 Subd. 7. **Interest on penalties.** (a) A penalty imposed under section 297G.18,
64.16 subdivisions 2 to 7, bears interest from the date ~~the return or payment was required to be~~
64.17 ~~filed or paid, including any extensions~~ provided in section 270C.40, subdivision 3, to the
64.18 date of payment of the penalty.

64.19 (b) A penalty not included in paragraph (a) bears interest only if it is not paid within
64.20 ten days from the date of the notice. In that case interest is imposed from the date of notice
64.21 to the date of payment.

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

64.23 Sec. 14. Minnesota Statutes 2010, section 297I.80, subdivision 1, is amended to read:

64.24 Subdivision 1. **Payable to commissioner.** (a) When interest is required under this
64.25 section, interest is computed at the rate specified in section 270C.40.

64.26 (b) If a tax or surcharge is not paid within the time named by law for payment, the
64.27 unpaid tax or surcharge bears interest from the date the tax or surcharge should have been
64.28 paid until the date the tax or surcharge is paid.

64.29 (c) Whenever a taxpayer is liable for additional tax or surcharge because of a
64.30 redetermination by the commissioner or other reason, the additional tax or surcharge
64.31 bears interest from the time the tax or surcharge should have been paid until the date the
64.32 tax or surcharge is paid.

65.1 (d) A penalty bears interest from the date ~~the return or payment was required to be~~
65.2 ~~filed or paid~~ provided in section 270C.40, subdivision 3, to the date of payment of the
65.3 penalty.

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

65.5 ARTICLE 6

65.6 PUBLIC FINANCE

65.7 Section 1. Minnesota Statutes 2010, section 373.40, subdivision 1, is amended to read:

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

65.10 (a) "Bonds" means an obligation as defined under section 475.51.

65.11 (b) "Capital improvement" means acquisition or betterment of public lands,
65.12 buildings, or other improvements within the county for the purpose of a county courthouse,
65.13 administrative building, health or social service facility, correctional facility, jail, law
65.14 enforcement center, hospital, morgue, library, park, qualified indoor ice arena, roads
65.15 and bridges, public works facilities, fairgrounds buildings, and records and data storage
65.16 facilities, and the acquisition of development rights in the form of conservation easements
65.17 under chapter 84C. An improvement must have an expected useful life of five years or
65.18 more to qualify. "Capital improvement" does not include a recreation or sports facility
65.19 building (such as, but not limited to, a gymnasium, ice arena, racquet sports facility,
65.20 swimming pool, exercise room or health spa), unless the building is part of an outdoor
65.21 park facility and is incidental to the primary purpose of outdoor recreation.

65.22 (c) "Metropolitan county" means a county located in the seven-county metropolitan
65.23 area as defined in section 473.121 or a county with a population of 90,000 or more.

65.24 (d) "Population" means the population established by the most recent of the
65.25 following (determined as of the date the resolution authorizing the bonds was adopted):

65.26 (1) the federal decennial census,

65.27 (2) a special census conducted under contract by the United States Bureau of the
65.28 Census, or

65.29 (3) a population estimate made either by the Metropolitan Council or by the state
65.30 demographer under section 4A.02.

65.31 (e) "Qualified indoor ice arena" means a facility that meets the requirements of
65.32 section 373.43.

65.33 (f) "Tax capacity" means total taxable market value, but does not include captured
65.34 market value.

66.1 Sec. 2. Minnesota Statutes 2010, section 373.40, subdivision 2, is amended to read:

66.2 Subd. 2. **Application of election requirement.** (a) Bonds issued by a county
66.3 to finance capital improvements under an approved capital improvement plan are not
66.4 subject to the election requirements of section 375.18 or 475.58. The bonds must be
66.5 approved by vote of at least three-fifths of the members of the county board. In the case
66.6 of a metropolitan county, the bonds must be approved by vote of at least two-thirds of
66.7 the members of the county board.

66.8 (b) Before issuance of bonds qualifying under this section, the county must publish
66.9 a notice of its intention to issue the bonds and the date and time of a hearing to obtain
66.10 public comment on the matter. The notice must be published in the official newspaper
66.11 of the county or in a newspaper of general circulation in the county. The notice must be
66.12 published at least 14, but not more than 28, days before the date of the hearing.

66.13 (c) A county may issue the bonds only upon obtaining the approval of a majority of
66.14 the voters voting on the question of issuing the obligations, if a petition requesting a vote
66.15 on the issuance is signed by voters equal to five percent of the votes cast in the county in
66.16 the last county general election and is filed with the county auditor within 30 days after
66.17 the public hearing. ~~The commissioner of revenue shall prepare a suggested form of the~~
66.18 ~~question to be presented at the election~~ If the county elects not to submit the question to
66.19 the voters, the county shall not propose the issuance of bonds under this section for the
66.20 same purpose and in the same amount for a period of 365 days from the date of receipt
66.21 of the petition. If the question of issuing the bonds is submitted and not approved by the
66.22 voters, the provisions of section 475.58, subdivision 1a, apply.

66.23 Sec. 3. Minnesota Statutes 2010, section 373.40, subdivision 4, is amended to read:

66.24 Subd. 4. **Limitations on amount.** A county may not issue bonds under this section
66.25 if the maximum amount of principal and interest to become due in any year on all the
66.26 outstanding bonds issued pursuant to this section (including the bonds to be issued) will
66.27 equal or exceed 0.12 percent of taxable market value of property in the county. Calculation
66.28 of the limit must be made using the taxable market value for the taxes payable year in
66.29 which the obligations are issued and sold, provided that, for purposes of determining
66.30 the principal and interest due in any year, the county may deduct the amount of interest
66.31 expected to be paid or reimbursed to the county by the federal government in that year on
66.32 any outstanding bonds or the bonds to be issued. This section does not limit the authority
66.33 to issue bonds under any other special or general law.

66.34 Sec. 4. Minnesota Statutes 2010, section 474A.02, subdivision 23a, is amended to read:

67.1 Subd. 23a. **Qualified bonds.** "Qualified bonds" means the specific type or types
 67.2 of obligations that are subject to the annual volume cap. Qualified bonds include the
 67.3 following types of obligations as defined in federal tax law:

67.4 (a) "public facility bonds" means "exempt facility bonds" as defined in federal
 67.5 tax law, except for residential rental project bonds, ~~which are those obligations issued~~
 67.6 ~~to finance airports, docks and wharves, mass commuting facilities, facilities for the~~
 67.7 ~~furnishing of water, sewage facilities, solid waste disposal facilities, facilities for the~~
 67.8 ~~local furnishing of electric energy or gas, local district heating or cooling facilities, and~~
 67.9 ~~qualified hazardous waste facilities.~~ New bonds and other obligations are ineligible to
 67.10 receive state allocations or entitlement authority for public facility projects under this
 67.11 section if they have been issued:

67.12 (1) for the purpose of refinancing, refunding, or otherwise defeasing existing debt;
 67.13 and

67.14 (2) more than one calendar year prior to the date of application;

67.15 (b) "residential rental project bonds" which are those obligations issued to finance
 67.16 qualified residential rental projects;

67.17 (c) "mortgage bonds";

67.18 (d) "small issue bonds" issued to finance manufacturing projects and the acquisition
 67.19 or improvement of agricultural real or personal property under sections 41C.01 to 41C.13;

67.20 (e) "student loan bonds" issued by or on behalf of the Minnesota Office of Higher
 67.21 Education;

67.22 (f) "redevelopment bonds";

67.23 (g) "governmental bonds" with a nonqualified amount in excess of \$15,000,000 as
 67.24 set forth in section 141(b)5 of federal tax law; and

67.25 (h) "enterprise zone facility bonds" issued to finance facilities located within
 67.26 empowerment zones or enterprise communities, as authorized under ~~Public Law 103-66,~~
 67.27 ~~section 13301~~ section 1394 of the Internal Revenue Code.

67.28 Sec. 5. Minnesota Statutes 2010, section 474A.04, subdivision 1a, is amended to read:

67.29 Subd. 1a. **Entitlement reservations; carryforward; deduction.** Any amount
 67.30 returned by an entitlement issuer before July 15 shall be reallocated through the housing
 67.31 pool. Any amount returned on or after July 15 shall be reallocated through the unified
 67.32 pool. An amount returned after the last Monday in November shall be reallocated to the
 67.33 Minnesota housing finance agency. ~~Any amount of bonding authority that an entitlement~~
 67.34 ~~issuer carries forward under federal tax law that is not permanently issued or for which~~
 67.35 ~~the governing body of the entitlement issuer has not enacted a resolution electing to use~~

68.1 ~~the authority for mortgage credit certificates and has not provided a notice of issue to the~~
 68.2 ~~commissioner before 4:30 p.m. on the last business day in December of the succeeding~~
 68.3 ~~calendar year shall be deducted from the entitlement allocation for that entitlement issuer~~
 68.4 ~~in the next succeeding calendar year. Any amount deducted from an entitlement issuer's~~
 68.5 ~~allocation under this subdivision shall be reallocated to other entitlement issuers, the~~
 68.6 ~~housing pool, the small issue pool, and the public facilities pool on a proportional basis~~
 68.7 ~~consistent with section 474A.03.~~

68.8 **EFFECTIVE DATE.** This section is effective the day following final enactment
 68.9 and applies to any bonding authority allocated in 2011 and subsequent years.

68.10 Sec. 6. Minnesota Statutes 2010, section 474A.062, is amended to read:

68.11 **474A.062 MINNESOTA OFFICE OF HIGHER EDUCATION 120-DAY**
 68.12 **ISSUANCE EXEMPTION.**

68.13 The Minnesota Office of Higher Education is exempt from the 120-day issuance
 68.14 requirements in this chapter and may carry forward allocations for student loan bonds
 68.15 ~~into one successive calendar year~~, subject to carryforward notice requirements of section
 68.16 474A.131, subdivision 2.

68.17 **EFFECTIVE DATE.** This section is effective the day following final enactment
 68.18 and applies to any bonding authority allocated in 2011 and subsequent years.

68.19 Sec. 7. Minnesota Statutes 2010, section 474A.091, subdivision 3a, is amended to read:

68.20 Subd. 3a. **Mortgage bonds.** (a) Bonding authority remaining in the unified pool on
 68.21 October 1 is available for single-family housing programs for cities that applied in January
 68.22 and received an allocation under section 474A.061, subdivision 2a, in the same calendar
 68.23 year. The Minnesota Housing Finance Agency shall receive an allocation for mortgage
 68.24 bonds pursuant to this section, minus any amounts for a city or consortium that intends to
 68.25 issue bonds on its own behalf under paragraph (c).

68.26 (b) The agency may issue bonds on behalf of participating cities. The agency shall
 68.27 request an allocation from the commissioner for all applicants who choose to have the
 68.28 agency issue bonds on their behalf and the commissioner shall allocate the requested
 68.29 amount to the agency. Allocations shall be awarded by the commissioner each Monday
 68.30 commencing on the first Monday in October through the last Monday in November for
 68.31 applications received by 4:30 p.m. on the Monday of the week preceding an allocation.

68.32 For cities who choose to have the agency issue bonds on their behalf, allocations
 68.33 will be made loan by loan, on a first-come, first-served basis among the cities. The

69.1 agency shall submit an application fee pursuant to section 474A.03, subdivision 4, and an
69.2 application deposit equal to two percent of the requested allocation to the commissioner
69.3 when requesting an allocation from the unified pool. After awarding an allocation and
69.4 receiving a notice of issuance for mortgage bonds issued on behalf of the participating
69.5 cities, the commissioner shall transfer the application deposit to the Minnesota Housing
69.6 Finance Agency.

69.7 For purposes of paragraphs (a) to (d), "city" means a county or a consortium of
69.8 local government units that agree through a joint powers agreement to apply together
69.9 for single-family housing programs, and has the meaning given it in section 462C.02,
69.10 subdivision 6. "Agency" means the Minnesota Housing Finance Agency.

69.11 (c) Any city that received an allocation pursuant to section 474A.061, subdivision
69.12 2a, paragraph (f), in the current year that wishes to receive an additional allocation from
69.13 the unified pool and issue bonds on its own behalf or pursuant to a joint powers agreement
69.14 shall notify the Minnesota Housing Finance Agency by the third Monday in September.
69.15 The total amount of allocation for mortgage bonds for a city choosing to issue bonds on its
69.16 own behalf or through a joint powers agreement is limited to the lesser of: (i) the amount
69.17 requested, or (ii) the product of the total amount available for mortgage bonds from the
69.18 unified pool, multiplied by the ratio of the population of each city that applied in January
69.19 and received an allocation under section 474A.061, subdivision 2a, in the same calendar
69.20 year, as determined by the most recent estimate of the city's population released by the
69.21 state demographer's office to the total of the population of all the cities that applied in
69.22 January and received an allocation under section 474A.061, subdivision 2a, in the same
69.23 calendar year. If a city choosing to issue bonds on its own behalf or through a joint powers
69.24 agreement is located within a county that has also chosen to issue bonds on its own behalf
69.25 or through a joint powers agreement, the city's population will be deducted from the
69.26 county's population in calculating the amount of allocations under this paragraph.

69.27 The Minnesota Housing Finance Agency shall notify each city choosing to issue
69.28 bonds on its own behalf or pursuant to a joint powers agreement of the amount of its
69.29 allocation by October 15. Upon determining the amount of the allocation of each choosing
69.30 to issue bonds on its own behalf or through a joint powers agreement, the agency shall
69.31 forward a list specifying the amounts allotted to each city.

69.32 A city that chooses to issue bonds on its own behalf or through a joint powers
69.33 agreement may request an allocation from the commissioner by forwarding an application
69.34 with an application fee pursuant to section 474A.03, subdivision 4, and an application
69.35 deposit equal to two percent of the requested amount to the commissioner no later than
69.36 4:30 p.m. on the Monday of the week preceding an allocation. Allocations to cities that

70.1 choose to issue bonds on their own behalf shall be awarded by the commissioner on
70.2 the first Monday after October 15 through the last Monday in November. No city may
70.3 receive an allocation from the commissioner after the last Monday in November. The
70.4 commissioner shall allocate the requested amount to the city or cities subject to the
70.5 limitations under this subdivision.

70.6 If a city issues mortgage bonds from an allocation received under this paragraph,
70.7 the issuer must provide for the recycling of funds into new loans. If the issuer is not
70.8 able to provide for recycling, the issuer must notify the commissioner in writing of the
70.9 reason that recycling was not possible and the reason the issuer elected not to have the
70.10 Minnesota Housing Finance Agency issue the bonds. "Recycling" means the use of money
70.11 generated from the repayment and prepayment of loans for further eligible loans or for the
70.12 redemption of bonds and the issuance of current refunding bonds.

70.13 (d) No entitlement city or county or city in an entitlement county may apply for or
70.14 be allocated authority to issue mortgage bonds or use mortgage credit certificates from
70.15 the unified pool.

70.16 (e) An allocation awarded to the agency for mortgage bonds under this section
70.17 may be carried forward by the agency ~~into the next succeeding calendar year~~ subject to
70.18 notice requirements under section 474A.131 ~~and is available until the last business day in~~
70.19 ~~December of that succeeding calendar year.~~

70.20 **EFFECTIVE DATE.** This section is effective the day following final enactment
70.21 and applies to any bonding authority allocated in 2011 and subsequent years.

70.22 Sec. 8. Minnesota Statutes 2010, section 475.521, subdivision 2, is amended to read:

70.23 Subd. 2. **Election requirement.** (a) Bonds issued by a municipality to finance
70.24 capital improvements under an approved capital improvements plan are not subject to the
70.25 election requirements of section 475.58. The bonds must be approved by an affirmative
70.26 vote of three-fifths of the members of a five-member governing body. In the case of a
70.27 governing body having more or less than five members, the bonds must be approved by a
70.28 vote of at least two-thirds of the members of the governing body.

70.29 (b) Before the issuance of bonds qualifying under this section, the municipality
70.30 must publish a notice of its intention to issue the bonds and the date and time of the
70.31 hearing to obtain public comment on the matter. The notice must be published in the
70.32 official newspaper of the municipality or in a newspaper of general circulation in the
70.33 municipality. Additionally, the notice may be posted on the official Web site, if any, of the
70.34 municipality. The notice must be published at least 14 but not more than 28 days before
70.35 the date of the hearing.

71.1 (c) A municipality may issue the bonds only after obtaining the approval of a
 71.2 majority of the voters voting on the question of issuing the obligations, if a petition
 71.3 requesting a vote on the issuance is signed by voters equal to five percent of the votes cast
 71.4 in the municipality in the last municipal general election and is filed with the clerk within
 71.5 30 days after the public hearing. ~~The commissioner of revenue shall prepare a suggested~~
 71.6 ~~form of the question to be presented at the election~~ If the municipality elects not to submit
 71.7 the question to the voters, the municipality shall not propose the issuance of bonds under
 71.8 this section for the same purpose and in the same amount for a period of 365 days from the
 71.9 date of receipt of the petition. If the question of issuing the bonds is submitted and not
 71.10 approved by the voters, the provisions of section 475.58, subdivision 1a, apply.

71.11 Sec. 9. Minnesota Statutes 2010, section 475.521, subdivision 4, is amended to read:

71.12 Subd. 4. **Limitations on amount.** A municipality may not issue bonds under
 71.13 this section if the maximum amount of principal and interest to become due in any
 71.14 year on all the outstanding bonds issued under this section, including the bonds to be
 71.15 issued, will equal or exceed 0.16 percent of the taxable market value of property in the
 71.16 municipality. Calculation of the limit must be made using the taxable market value for
 71.17 the taxes payable year in which the obligations are issued and sold, provided that, for
 71.18 purposes of determining the principal and interest due in any year, the municipality may
 71.19 deduct the amount of interest expected to be paid or reimbursed to the municipality by the
 71.20 federal government in that year on any outstanding bonds or the bonds to be issued. In
 71.21 the case of a municipality with a population of 2,500 or more, the bonds are subject to
 71.22 the net debt limits under section 475.53. In the case of a shared facility in which more
 71.23 than one municipality participates, upon compliance by each participating municipality
 71.24 with the requirements of subdivision 2, the limitations in this subdivision and the net debt
 71.25 represented by the bonds shall be allocated to each participating municipality in proportion
 71.26 to its required financial contribution to the financing of the shared facility, as set forth in
 71.27 the joint powers agreement relating to the shared facility. This section does not limit the
 71.28 authority to issue bonds under any other special or general law.

71.29 Sec. 10. Minnesota Statutes 2010, section 475.58, subdivision 3b, is amended to read:

71.30 Subd. 3b. **Street reconstruction.** (a) A municipality may, without regard to
 71.31 the election requirement under subdivision 1, issue and sell obligations for street
 71.32 reconstruction, if the following conditions are met:

71.33 (1) the streets are reconstructed under a street reconstruction plan that describes the
 71.34 street reconstruction to be financed, the estimated costs, and any planned reconstruction

72.1 of other streets in the municipality over the next five years, and the plan and issuance of
 72.2 the obligations has been approved by a vote of all of the members of the governing body
 72.3 present at the meeting following a public hearing for which notice has been published in
 72.4 the official newspaper at least ten days but not more than 28 days prior to the hearing; and

72.5 (2) if a petition requesting a vote on the issuance is signed by voters equal to
 72.6 five percent of the votes cast in the last municipal general election and is filed with the
 72.7 municipal clerk within 30 days of the public hearing, the municipality may issue the bonds
 72.8 only after obtaining the approval of a majority of the voters voting on the question of the
 72.9 issuance of the obligations. If the municipality elects not to submit the question to the
 72.10 voters, the municipality shall not propose the issuance of bonds under this section for the
 72.11 same purpose and in the same amount for a period of 365 days from the date of receipt
 72.12 of the petition. If the question of issuing the bonds is submitted and not approved by the
 72.13 voters, the provisions of subdivision 1a, apply.

72.14 (b) Obligations issued under this subdivision are subject to the debt limit of the
 72.15 municipality and are not excluded from net debt under section 475.51, subdivision 4.

72.16 (c) For purposes of this subdivision, street reconstruction includes utility
 72.17 replacement and relocation and other activities incidental to the street reconstruction, turn
 72.18 lanes and other improvements having a substantial public safety function, realignments,
 72.19 other modifications to intersect with state and county roads, and the local share of state
 72.20 and county road projects.

72.21 (d) Except in the case of turn lanes, safety improvements, realignments, intersection
 72.22 modifications, and the local share of state and county road projects, street reconstruction
 72.23 does not include the portion of project cost allocable to widening a street or adding curbs
 72.24 and gutters where none previously existed.

72.25 Sec. 11. Laws 1971, chapter 773, section 1, subdivision 2, as amended by Laws 1974,
 72.26 chapter 351, section 5, Laws 1976, chapter 234, sections 1 and 7, Laws 1978, chapter 788,
 72.27 section 1, Laws 1981, chapter 369, section 1, Laws 1983, chapter 302, section 1, Laws
 72.28 1988, chapter 513, section 1, Laws 1992, chapter 511, article 9, section 23, Laws 1998,
 72.29 chapter 389, article 3, section 27, and Laws 2002, chapter 390, section 23, is amended to
 72.30 read:

72.31 Subd. 2. For each of the years ~~2003 to 2013~~ 2012 to 2024, the city of St. Paul is
 72.32 authorized to issue bonds in the aggregate principal amount of \$20,000,000 for each year.

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

72.34 Sec. 12. Laws 2003, chapter 127, article 12, section 28, is amended to read:

73.1 **Sec. 28. NURSING HOME BONDS AUTHORIZED.**

73.2 (a) Itasca County may issue bonds under Minnesota Statutes, sections 376.55 and
 73.3 376.56, to finance the construction of a 35-bed nursing home facility to replace an existing
 73.4 35-bed private facility located in the county. The bonds issued under this section ~~must~~
 73.5 may be payable solely from revenues ~~and~~ or may ~~not~~ be general obligations of the county.

73.6 (b) Before issuing general obligation bonds under this section, the county must
 73.7 publish a notice of its intention to issue the bonds and the date and time of a hearing to
 73.8 obtain public comment on the matter. The notice must be published on the official Web
 73.9 site of the county or in a newspaper of general circulation in the county. The notice must
 73.10 be published at least 14 but not more than 28 days before the date of the hearing. The
 73.11 county may issue the bonds only upon obtaining the approval of a majority of the voters
 73.12 voting on the question of issuing the obligations, if a petition requesting a vote on the
 73.13 issuance is signed by voters equal to five percent of the votes cast in the county in the last
 73.14 general election and is filed with the county auditor within 30 days after the public hearing.

73.15 **EFFECTIVE DATE; LOCAL APPROVAL.** This section is effective the day after
 73.16 the governing body of Itasca County and its chief clerical officer timely complete their
 73.17 compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

73.18 **Sec. 13. CARRYFORWARD OF BONDING AUTHORITY FOR 2008, 2009,**
 73.19 **AND 2010; NO DEDUCTION FROM ENTITLEMENT ALLOCATION.**

73.20 Notwithstanding Minnesota Statutes, section 474A.04, subdivision 1a, and Laws
 73.21 2009, chapter 88, article 6, section 27, bonding authority that was allocated to an
 73.22 entitlement issuer in 2008, 2009, and 2010 and that was carried forward under federal
 73.23 tax law, but for which the entitlement issuer did not provide a notice of issue to the
 73.24 commissioner of management and budget before 4:30 p.m. on the last business day of
 73.25 December 2011 must not be deducted from the entitlement allocation for that entitlement
 73.26 issuer in 2012.

73.27 **EFFECTIVE DATE.** This section is effective the day following final enactment
 73.28 and applies retroactively to rescind any reallocation by the commissioner of management
 73.29 and budget under Minnesota Statutes, section 474A.04, subdivision 1a, of any amounts so
 73.30 deducted.

73.31 **Sec. 14. WOODBURY; EXEMPTION FROM REFERENDUM.**

73.32 (a) Notwithstanding the referendum requirement in Minnesota Statutes, section
 73.33 475.58, subdivision 1, or any other provision of law, the city of Woodbury may issue and

74.1 sell obligations to pay for the cost of renovating, improving, expanding, and equipping the
 74.2 Bielenberg Sports Center, along with costs of issuance of the obligations and capitalized
 74.3 interest, if:

74.4 (1) the obligations are secured by a pledge of revenues from the facility; and

74.5 (2) the city finds, based on analysis provided by a professional experienced in
 74.6 finance, that the facility's revenues and a property tax levy equal to the maximum annual
 74.7 property tax levy used to pay the bonds previously issued to finance, in whole or in part,
 74.8 the facility will in the aggregate be sufficient to pay the obligations without the imposition
 74.9 of an additional property tax levy pledged to the obligations.

74.10 (b) Before issuing bonds under this section, the city must publish a notice of its
 74.11 intention to issue the bonds and the date and time of a hearing to obtain public comment
 74.12 on the matter. The notice must be published on the official Web site of the city or in a
 74.13 newspaper of general circulation in the city. The notice must be published at least 14 but
 74.14 not more than 28 days before the date of the hearing. The city may issue the bonds only
 74.15 upon obtaining the approval of a majority of the voters voting on the question of issuing
 74.16 the obligations, if a petition requesting a vote on the issuance is signed by voters equal to
 74.17 five percent of the votes cast in the city in the last general election and is filed with the city
 74.18 clerk within 30 days after the public hearing.

74.19 **EFFECTIVE DATE; LOCAL APPROVAL.** This section is effective the day after
 74.20 the governing body of the city of Woodbury and its chief clerical officer timely complete
 74.21 their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

74.22 **ARTICLE 7**

74.23 **PROPERTY TAXES**

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

74.25 Subd. 2. **Benefits of participation.** (a) A county or city that elects to participate in
 74.26 the standard measures program for 2011 is: (1) eligible for per capita reimbursement of
 74.27 \$0.14 per capita, but not to exceed \$25,000 for any government entity; and (2) exempt
 74.28 from levy limits under sections 275.70 to 275.74 for taxes payable in 2012, if levy limits
 74.29 are in effect.

74.30 (b) Any county or city that elects to participate in the standard measures program
 74.31 for 2012 is eligible for per capita reimbursement of \$0.14 per capita, but not to exceed
 74.32 \$25,000 for any government entity, provided that for 2012, a county or city with a
 74.33 population over 5,000 must also participate in the expenditure-type reporting under section
 74.34 471.703 in order to be eligible. Any jurisdiction participating in the comprehensive

75.1 performance measurement program is exempt from levy limits under sections 275.70 to
75.2 275.74 for taxes payable in 2013 if levy limits are in effect.

75.3 (c) Any county or city that elects to participate in the standard measures program for
75.4 2013 or any year thereafter is eligible for per capita reimbursement of \$0.14 per capita,
75.5 but not to exceed \$25,000 for any government entity. Any jurisdiction participating in
75.6 the comprehensive performance measurement program for 2013 or any year thereafter is
75.7 exempt from levy limits under sections 275.70 to 275.74 for taxes payable in the following
75.8 year, if levy limits are in effect.

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

75.10 Sec. 2. Minnesota Statutes 2011 Supplement, section 270C.991, subdivision 4, as
75.11 amended by Laws 2012, chapter 187, article 1, section 45, is amended to read:

75.12 Subd. 4. **Property tax working group.** (a) A property tax working group is
75.13 established as provided in this subdivision. The goals of the working group are:

75.14 (1) to investigate ways to simplify the property tax system and make advisory
75.15 recommendations on ways to make the system more understandable;

75.16 (2) to reexamine the property tax calendar to determine what changes could be made
75.17 to shorten the two-year cycle from assessment through property tax collection; and

75.18 (3) to determine the cost versus the benefits of the various property tax components,
75.19 including property classifications, credits, aids, exclusions, exemptions, and abatements,
75.20 and to suggest ways to achieve some of the goals in simpler and more cost-efficient ways.

75.21 (b) The 12-member working group shall consist of the following members:

75.22 (1) two state representatives, both appointed by the chair of the house of
75.23 representatives Taxes Committee, one from the majority party and one from the largest
75.24 minority party;

75.25 (2) two senators appointed by the Subcommittee on Committees of the Senate Rules
75.26 and Administration Committee, one from the majority party and one from the largest
75.27 minority party;

75.28 (3) one person appointed by the Association of Minnesota Counties;

75.29 (4) one person appointed by the League of Minnesota Cities;

75.30 (5) one person appointed by the Minnesota Association of Townships;

75.31 (6) one person appointed by the Minnesota Chamber of Commerce;

75.32 (7) one person appointed by the Minnesota Association of Assessing Officers;

75.33 (8) two homeowners, one who is under 65 years of age, and one who is 65 years of
75.34 age or older, both appointed by the commissioner of revenue; and

76.1 (9) one person jointly appointed by the Minnesota Farm Bureau and the Minnesota
76.2 Farmers Union.

76.3 The commissioner of revenue shall chair the initial meeting, and the working
76.4 group shall elect a chair at that initial meeting. The working group will meet at the call
76.5 of the chair. Members of the working group shall serve without compensation. The
76.6 commissioner of revenue must provide administrative support to the working group.
76.7 Chapter 13D does not apply to meetings of the working group. Meetings of the working
76.8 group must be open to the public and the working group must provide notice of a meeting
76.9 to potentially interested persons at least seven days before the meeting. A meeting of the
76.10 working group occurs when a quorum is present.

76.11 (c) The working group shall make its advisory recommendations to the chairs of the
76.12 house of representatives and senate Taxes Committees on or before February 1, 2013, at
76.13 which time the working group shall be finished and this subdivision expires. ~~The advisory~~
76.14 ~~recommendations should be reviewed by the Taxes Committees under subdivision 5.~~

76.15 Sec. 3. Minnesota Statutes 2010, section 273.113, is amended to read:

76.16 **273.113 TAX CREDIT FOR PROPERTY IN ~~PROPOSED~~ BOVINE**
76.17 **TUBERCULOSIS ~~MODIFIED ACCREDITED~~ MANAGEMENT ZONE.**

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

76.20 (1) "bovine tuberculosis ~~modified accredited~~ management zone" means the ~~modified~~
76.21 ~~accredited~~ management zone designated by the Board of Animal Health under section
76.22 35.244;

76.23 (2) "located within" means that the herd is kept in the area for at least a part of
76.24 calendar year 2006, 2007, or 2008; and

76.25 (3) "animal" means cattle, bison, goats, and farmed cervidae.

76.26 Subd. 2. **Eligibility; amount of credit.** Agricultural and rural vacant land classified
76.27 under section 273.13, subdivision 23, located within a bovine tuberculosis ~~modified~~
76.28 ~~accredited~~ management zone is eligible for a property tax credit equal to ~~the greater of: (1)~~
76.29 ~~\$5 per acre on the first 160 acres of the property where the herd had been located; or (2) an~~
76.30 ~~amount equal to \$5 per acre times five acres times the highest number of animals tested~~
76.31 ~~on the property for bovine tuberculosis in a whole-herd test as reported by the Board of~~
76.32 ~~Animal Health in 2006, 2007, or 2008~~ the amount of credit received under this section for
76.33 taxes payable in 2011. The amount of the credit cannot exceed the property tax payable on
76.34 the property where the herd had been located, excluding any tax attributable to residential
76.35 structures. To ~~begin to~~ qualify for the tax credit for taxes payable in 2012, the owner shall

77.1 file an application with the county by ~~December 1 of the levy year~~ July 1, 2012. For
77.2 taxes payable in 2012, the credit shall be paid as a direct payment to the property owner,
77.3 issued by the county within 30 days of receipt of the application, provided that there are
77.4 no delinquent taxes on the property. The credit must be given for each subsequent taxes
77.5 payable year until the credit terminates under subdivision 4. For taxes payable in 2013
77.6 and thereafter, the assessor shall indicate the amount of the property tax reduction on the
77.7 property tax statement of each taxpayer receiving a credit under this section. For taxes
77.8 payable in 2013 and thereafter, the credit paid pursuant to this section shall be deducted
77.9 from the tax due on the property as provided in section 273.1393.

77.10 Subd. 3. **Reimbursement for lost revenue.** The county auditor shall certify to the
77.11 commissioner of revenue, as part of the abstracts of tax lists required to be filed with the
77.12 commissioner under section 275.29, the amount of tax lost to the county from the property
77.13 tax credit under subdivision 2, except that for taxes payable in 2012 only, the county shall
77.14 submit the credit amounts to the commissioner of revenue in a separate report, in a form
77.15 prescribed by the commissioner, prior to August 15, 2012. Any prior year adjustments
77.16 must also be certified in the abstracts of tax lists. The commissioner of revenue shall
77.17 review the certifications to determine their accuracy. The commissioner may make the
77.18 changes in the certification that are considered necessary or return a certification to the
77.19 county auditor for corrections. The commissioner shall reimburse each taxing district,
77.20 other than school districts, for the taxes lost. The payments must be made at the time
77.21 provided in section 473H.10 for payment to taxing jurisdictions in the same proportion
77.22 that the ad valorem tax is distributed, except that for taxes payable in 2012 the entire
77.23 reimbursement must be made to the county. Reimbursements to school districts must be
77.24 made as provided in section 273.1392. The amount necessary to make the reimbursements
77.25 under this section is annually appropriated from the general fund to the commissioner of
77.26 revenue.

77.27 Subd. 4. **Termination of credit.** The credits provided under this section cease to
77.28 be available beginning with taxes payable in the year following the date when the Board
77.29 of Animal Health notifies the commissioner of revenue in writing that the board has
77.30 ~~certified that the state is free of~~ discontinued all required bovine tuberculosis related
77.31 activities within the bovine tuberculosis management zone.

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

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

78.1 Subdivision 1. **Levy amount.** The state general levy is levied against
78.2 commercial-industrial property and seasonal residential recreational property, as defined in
78.3 this section. The state general levy base amount is ~~\$592,000,000~~ \$817,423,000 for taxes
78.4 payable in ~~2002~~ 2013. For taxes payable in subsequent years, the levy base amount is
78.5 increased each year by multiplying the levy base amount for the prior year by the sum
78.6 of one plus the rate of increase, if any, in the implicit price deflator for government
78.7 consumption expenditures and gross investment for state and local governments prepared
78.8 by the Bureau of Economic Analysts of the United States Department of Commerce for
78.9 the 12-month period ending March 31 of the year prior to the year the taxes are payable.
78.10 The tax under this section is not treated as a local tax rate under section 469.177 and is not
78.11 the levy of a governmental unit under chapters 276A and 473F.

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

78.17 (1) an erroneous report of taxable value by a local official;

78.18 (2) an erroneous calculation by the commissioner; and

78.19 (3) an increase or decrease in taxable value for commercial-industrial or seasonal
78.20 residential recreational property reported on the abstracts of tax lists submitted under
78.21 section 275.29 that was not reported on the abstracts of assessment submitted under
78.22 section 270C.89 for the same year.

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

78.25 **EFFECTIVE DATE.** This section is effective for taxes payable in 2013 and
78.26 thereafter.

78.27 Sec. 5. Minnesota Statutes 2010, section 275.065, subdivision 1, is amended to read:

78.28 Subdivision 1. **Proposed levy.** (a) Notwithstanding any law or charter to the
78.29 contrary, on or before September 15, each taxing authority, other than a school district,
78.30 shall adopt a proposed budget and shall certify to the county auditor the proposed or, in
78.31 the case of a town, the final property tax levy for taxes payable in the following year. All
78.32 counties with a population of more than 5,000 and home rule charter or statutory cities
78.33 with a population of more than 5,000, shall also provide to the county auditor the county

79.1 or city Web site, if there is one, where the public is able to access the budget information
 79.2 required to be reported under section 471.703.

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

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

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

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

79.19 (d) For purposes of this section, "taxing authority" includes all home rule and
 79.20 statutory cities, towns, counties, school districts, and special taxing districts as defined
 79.21 in section 275.066. Intermediate school districts that levy a tax under chapter 124 or
 79.22 136D, joint powers boards established under sections 123A.44 to 123A.446, and Common
 79.23 School Districts No. 323, Franconia, and No. 815, Prinsburg, are also special taxing
 79.24 districts for purposes of this section.

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

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

79.33 (2) a statement that the budget information required to be reported under section
 79.34 471.703 is available on the county or city Web site, if there is one.

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

80.1 Sec. 6. Minnesota Statutes 2010, section 275.065, subdivision 3, is amended to read:

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

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

80.9 (c) The notice must inform taxpayers that it contains the amount of property taxes
80.10 each taxing authority proposes to collect for taxes payable the following year. In the
80.11 case of a town, or in the case of the state general tax, the final tax amount will be its
80.12 proposed tax. The notice must clearly state for each city that has a population over 500,
80.13 county, school district, regional library authority established under section 134.201, and
80.14 metropolitan taxing districts as defined in paragraph (i), the time and place of a meeting
80.15 for each taxing authority in which the budget and levy will be discussed and public input
80.16 allowed, prior to the final budget and levy determination. The notice must clearly state
80.17 for each county with a population of more than 5,000 and for each city with a population
80.18 of more than 5,000 that the budget information required to be reported under section
80.19 471.703 is available on the county or city Web site, if there is one. The taxing authorities
80.20 must provide the county auditor with the information to be included in the notice on or
80.21 before the time it certifies its proposed levy under subdivision 1. The public must be
80.22 allowed to speak at that meeting, which must occur after November 24 and must not be
80.23 held before 6:00 p.m. It must provide a telephone number for the taxing authority that
80.24 taxpayers may call if they have questions related to the notice and an address where
80.25 comments will be received by mail, except that no notice required under this section
80.26 shall be interpreted as requiring the printing of a personal telephone number or address
80.27 as the contact information for a taxing authority. If a taxing authority does not maintain
80.28 public offices where telephone calls can be received by the authority, the authority may
80.29 inform the county of the lack of a public telephone number and the county shall not list a
80.30 telephone number for that taxing authority.

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

80.32 (1) the market value of the property as determined under section 273.11, and used
80.33 for computing property taxes payable in the following year and for taxes payable in the
80.34 current year as each appears in the records of the county assessor on November 1 of the
80.35 current year; and, in the case of residential property, whether the property is classified as

81.1 homestead or nonhomestead. The notice must clearly inform taxpayers of the years to
81.2 which the market values apply and that the values are final values;

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

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

81.8 (ii) the proposed tax amount.

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

81.12 In the case of a town or the state general tax, the final tax shall also be its proposed
81.13 tax unless the town changes its levy at a special town meeting under section 365.52. If a
81.14 school district has certified under section 126C.17, subdivision 9, that a referendum will
81.15 be held in the school district at the November general election, the county auditor must
81.16 note next to the school district's proposed amount that a referendum is pending and that, if
81.17 approved by the voters, the tax amount may be higher than shown on the notice. In the
81.18 case of the city of Minneapolis, the levy for Minneapolis Park and Recreation shall be
81.19 listed separately from the remaining amount of the city's levy. In the case of the city of
81.20 St. Paul, the levy for the St. Paul Library Agency must be listed separately from the
81.21 remaining amount of the city's levy. In the case of Ramsey County, any amount levied
81.22 under section 134.07 may be listed separately from the remaining amount of the county's
81.23 levy. In the case of a parcel where tax increment or the fiscal disparities areawide tax
81.24 under chapter 276A or 473F applies, the proposed tax levy on the captured value or the
81.25 proposed tax levy on the tax capacity subject to the areawide tax must each be stated
81.26 separately and not included in the sum of the special taxing districts; and

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

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

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

81.34 (1) special assessments;

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

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

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

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

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

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

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

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

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

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

82.22 The notice must be mailed or posted by the taxpayer by November 27 or within
82.23 three days of receipt of the notice, whichever is later. A taxpayer may notify the county
82.24 treasurer of the address of the taxpayer, agent, caretaker, or manager of the premises to
82.25 which the notice must be mailed in order to fulfill the requirements of this paragraph.

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

82.29 (1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325,
82.30 473.446, 473.521, 473.547, or 473.834;

82.31 (2) Metropolitan Airports Commission under section 473.667, 473.671, or 473.672;
82.32 and

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

82.34 For purposes of this section, any levies made by the regional rail authorities in the
82.35 county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter
82.36 398A shall be included with the appropriate county's levy.

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

- 83.8 (1) the impact of inflation as measured by the implicit price deflator for state and
 83.9 local government purchases;
- 83.10 (2) population growth and decline;
- 83.11 (3) state or federal government action; and
- 83.12 (4) other financial factors that affect the level of property taxation and local services
 83.13 that the governing body of the county, city, or school district may deem appropriate to
 83.14 include.

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

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

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

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

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

83.27 (c) The notice must inform taxpayers that it contains the amount of property taxes
 83.28 each taxing authority proposes to collect for taxes payable the following year. In the
 83.29 case of a town, or in the case of the state general tax, the final tax amount will be its
 83.30 proposed tax. ~~The notice must clearly state~~ For each city that has a population over 500,
 83.31 county, school district, regional library authority established under section 134.201, and
 83.32 metropolitan taxing districts as defined in paragraph (i), the notice must state the time and
 83.33 place of a meeting for each taxing authority in which the budget and levy will be discussed
 83.34 and public input allowed, prior to the final budget and levy determination. For each special
 83.35 taxing district, the notice must: (1) list separately any levy by a special taxing district that

84.1 exceeds 25 percent of the total of all special taxing district levies; and (2) provide county
84.2 government contact information where additional information may be obtained for each
84.3 special taxing district. The taxing authorities must provide the county auditor with the
84.4 information to be included in the notice on or before the time it certifies its proposed
84.5 levy under subdivision 1. The public must be allowed to speak at that meeting, which
84.6 must occur after November 24 and must not be held before 6:00 p.m. It must provide a
84.7 telephone number for the taxing authority that taxpayers may call if they have questions
84.8 related to the notice and an address where comments will be received by mail, except that
84.9 no notice required under this section shall be interpreted as requiring the printing of a
84.10 personal telephone number or address as the contact information for a taxing authority. If
84.11 a taxing authority does not maintain public offices where telephone calls can be received
84.12 by the authority, the authority may inform the county of the lack of a public telephone
84.13 number and the county shall not list a telephone number for that taxing authority.

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

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

84.21 (2) the items listed below, shown separately by county, city or town, and state
84.22 general tax, net of the ~~residential and~~ agricultural homestead credit under section
84.23 273.1384, voter approved school levy, other local school levy, and ~~the sum of the each~~
84.24 special taxing ~~districts~~ district, provided that the levies of all special taxing districts whose
84.25 levies do not exceed 25 percent of the total amount of all special taxing district levies may
84.26 be aggregated, and as a total of for all taxing authorities:

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

84.28 (ii) the proposed tax amount.

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

84.32 In the case of a town or the state general tax, the final tax shall also be its proposed
84.33 tax unless the town changes its levy at a special town meeting under section 365.52. If a
84.34 school district has certified under section 126C.17, subdivision 9, that a referendum will
84.35 be held in the school district at the November general election, the county auditor must
84.36 note next to the school district's proposed amount that a referendum is pending and that, if

85.1 approved by the voters, the tax amount may be higher than shown on the notice. In the
85.2 case of the city of Minneapolis, the levy for Minneapolis Park and Recreation shall be
85.3 listed separately from the remaining amount of the city's levy. In the case of the city of
85.4 St. Paul, the levy for the St. Paul Library Agency must be listed separately from the
85.5 remaining amount of the city's levy. In the case of Ramsey County, any amount levied
85.6 under section 134.07 may be listed separately from the remaining amount of the county's
85.7 levy. In the case of a parcel where tax increment or the fiscal disparities areawide tax
85.8 under chapter 276A or 473F applies, the proposed tax levy on the captured value or the
85.9 proposed tax levy on the tax capacity subject to the areawide tax must each be stated
85.10 separately and not included in the sum of the special taxing districts; and

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

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

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

85.18 (1) special assessments;

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

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

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

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

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

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

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

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

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

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

86.6 The notice must be mailed or posted by the taxpayer by November 27 or within
86.7 three days of receipt of the notice, whichever is later. A taxpayer may notify the county
86.8 treasurer of the address of the taxpayer, agent, caretaker, or manager of the premises to
86.9 which the notice must be mailed in order to fulfill the requirements of this paragraph.

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

86.13 (1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325,
86.14 473.446, 473.521, 473.547, or 473.834;

86.15 (2) Metropolitan Airports Commission under section 473.667, 473.671, or 473.672;

86.16 and

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

86.18 For purposes of this section, any levies made by the regional rail authorities in the
86.19 county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter
86.20 398A shall be included with the appropriate county's levy.

86.21 (j) The governing body of a county, city, or school district may, with the consent
86.22 of the county board, include supplemental information with the statement of proposed
86.23 property taxes about the impact of state aid increases or decreases on property tax
86.24 increases or decreases and on the level of services provided in the affected jurisdiction.

86.25 This supplemental information may include information for the following year, the current
86.26 year, and for as many consecutive preceding years as deemed appropriate by the governing
86.27 body of the county, city, or school district. It may include only information regarding:

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

86.30 (2) population growth and decline;

86.31 (3) state or federal government action; and

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

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

87.4 **EFFECTIVE DATE.** This section is effective for tax statements relating to taxes
87.5 payable in 2014 and thereafter.

87.6 Sec. 8. Minnesota Statutes 2011 Supplement, section 276.04, subdivision 2, is
87.7 amended to read:

87.8 Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the
87.9 printing of the tax statements. The commissioner of revenue shall prescribe the form of
87.10 the property tax statement and its contents. The tax statement must not state or imply
87.11 that property tax credits are paid by the state of Minnesota. The statement must contain
87.12 a tabulated statement of the dollar amount due to each taxing authority and the amount
87.13 of the state tax from the parcel of real property for which a particular tax statement is
87.14 prepared. The dollar amounts attributable to the county, the state tax, the voter approved
87.15 school tax, the other local school tax, the township or municipality, and the total of
87.16 the metropolitan special taxing districts as defined in section 275.065, subdivision 3,
87.17 paragraph (i), must be separately stated. The amounts due all other special taxing districts,
87.18 if any, may be aggregated except ~~that~~ (1) any levies made by the regional rail authorities
87.19 in the county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under
87.20 chapter 398A shall be listed on a separate line directly under the appropriate county's
87.21 levy, and (2) any levy by a special taxing district that exceeds 25 percent of the total of all
87.22 special taxing district levies on a tax statement must be separately stated. If the county
87.23 levy under this paragraph includes an amount for a lake improvement district as defined
87.24 under sections 103B.501 to 103B.581, the amount attributable for that purpose must be
87.25 separately stated from the remaining county levy amount. In the case of Ramsey County,
87.26 if the county levy under this paragraph includes an amount for public library service
87.27 under section 134.07, the amount attributable for that purpose may be separated from the
87.28 remaining county levy amount. The amount of the tax on homesteads qualifying under the
87.29 senior citizens' property tax deferral program under chapter 290B is the total amount of
87.30 property tax before subtraction of the deferred property tax amount. The amount of the
87.31 tax on contamination value imposed under sections 270.91 to 270.98, if any, must also
87.32 be separately stated. The dollar amounts, including the dollar amount of any special
87.33 assessments, may be rounded to the nearest even whole dollar. For purposes of this section
87.34 whole odd-numbered dollars may be adjusted to the next higher even-numbered dollar.

88.1 The amount of market value excluded under section 273.11, subdivision 16, if any, must
88.2 also be listed on the tax statement.

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

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

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

88.11 (2) the property's homestead market value exclusion under section 273.13,
88.12 subdivision 35;

88.13 (3) the property's taxable market value after reductions under sections 273.11,
88.14 subdivisions 1a and 16, and 273.13, subdivision 35;

88.15 (4) the property's gross tax, before credits;

88.16 (5) for homestead agricultural properties, the credit under section 273.1384;

88.17 (6) any credits received under sections 273.119; 273.1234 or 273.1235; 273.135;
88.18 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of
88.19 credit received under section 273.135 must be separately stated and identified as "taconite
88.20 tax relief"; and

88.21 (7) the net tax payable in the manner required in paragraph (a).

88.22 (d) If the county uses envelopes for mailing property tax statements and if the county
88.23 agrees, a taxing district may include a notice with the property tax statement notifying
88.24 taxpayers when the taxing district will begin its budget deliberations for the current
88.25 year, and encouraging taxpayers to attend the hearings. If the county allows notices to
88.26 be included in the envelope containing the property tax statement, and if more than
88.27 one taxing district relative to a given property decides to include a notice with the tax
88.28 statement, the county treasurer or auditor must coordinate the process and may combine
88.29 the information on a single announcement.

88.30 **EFFECTIVE DATE.** This section is effective for tax statements relating to taxes
88.31 payable in 2014 and thereafter.

88.32 Sec. 9. Minnesota Statutes 2010, section 290A.04, subdivision 2h, is amended to read:

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

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

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

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

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

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

89.22 **EFFECTIVE DATE.** This section is effective beginning with refunds based on
 89.23 taxes payable in 2013.

89.24 Sec. 10. **[471.703] EXPENDITURE TYPE REPORTING.**

89.25 **Subdivision 1. Purpose.** In order to facilitate involvement of the public in local
 89.26 government budgeting, municipalities shall provide the following budgetary information
 89.27 on a municipal Web site, except as provided in subdivision 4, and publicize the availability
 89.28 of this information as part of the property tax and budget notices required in section
 89.29 275.065.

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

89.32 (b) "Municipality" means a county with a population of more than 5,000 or a home
 89.33 rule charter or statutory city with a population of more than 5,000.

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

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

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

90.11 (b) The governmental funds included in the budget information required under
90.12 this section shall include the municipality's general fund, debt service fund, and special
90.13 revenue funds, except for special revenue funds specifically used for the acquisition and
90.14 construction of major capital facilities. The reported information shall also exclude
90.15 enterprise funds and fiduciary funds.

90.16 (c) The forms and reporting requirements for revenues and expenditures by function
90.17 shall be established by the state auditor's office and shall be based on the revenue and
90.18 expenditure breakdowns used by that office in the five-year summary tables for annual
90.19 revenue, expenditure, and debt reports for counties and cities with a population over
90.20 2,500, under section 6.75.

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

90.29 Subd. 4. **Alternative publication of budgetary information.** A municipality
90.30 that does not maintain an official Web site must either (1) set up a separate Web site to
90.31 make accessible the budgetary information as required in subdivision 3, or (2) publish the
90.32 same information required in subdivision 3 by August 31 of each year in one issue of the
90.33 official newspaper of the municipality. If a county publishes the information in its official
90.34 newspaper it must also publish the same information in one other newspaper, if one of
90.35 general circulation is located in a different city in the county than the official newspaper.
90.36 The state auditor must prescribe the form for the newspaper notice.

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

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

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

91.9 Sec. 11. Minnesota Statutes 2010, section 477A.017, subdivision 3, is amended to read:

91.10 Subd. 3. **Conformity.** Other law to the contrary notwithstanding, in order to receive
91.11 distributions under sections 477A.011 to 477A.03, counties and cities must conform to
91.12 the standards set in subdivision 2 in making all financial reports required to be made to
91.13 the state auditor ~~after June 30, 1984~~ by the deadline set by the state auditor. Counties and
91.14 cities that fail to submit the required information to the state auditor within 45 days of
91.15 the reporting deadline shall forfeit an amount equal to ten percent of the distributions
91.16 under sections 477A.011 to 477A.03. Counties and cities that fail to submit the required
91.17 information within 60 days of the reporting deadline shall forfeit an amount equal to 30
91.18 percent of the distributions. Counties and cities that fail to submit the required information
91.19 within 90 days of the reporting deadline shall forfeit an amount equal to 50 percent of the
91.20 distributions.

91.21 **EFFECTIVE DATE.** This section is effective for financial reports for calendar
91.22 year 2012 and thereafter.

91.23 Sec. 12. Laws 1988, chapter 645, section 3, as amended by Laws 1999, chapter 243,
91.24 article 6, section 9, Laws 2000, chapter 490, article 6, section 15, and Laws 2008, chapter
91.25 154, article 2, section 30, is amended to read:

91.26 Sec. 3. **TAX; PAYMENT OF EXPENSES.**

91.27 (a) The tax levied by the hospital district under Minnesota Statutes, section 447.34,
91.28 must not be levied at a rate that exceeds the amount authorized to be levied under that
91.29 section. The proceeds of the tax may be used for all purposes of the hospital district,
91.30 except as provided in paragraph (b).

91.31 (b) 0.015 percent of taxable market value of the tax in paragraph (a) may be used
91.32 ~~solely~~ by the Cook ambulance service and the Orr ambulance service for the purpose of
91.33 capital expenditures as it relates to:

92.1 (1) ambulance acquisitions for the Cook ambulance service and the Orr ambulance
 92.2 service and not;

92.3 (2) attached and portable equipment for use in and for the ambulances; and

92.4 (3) parts and replacement parts for maintenance and repair of the ambulances.

92.5 The money may not be used for administrative, operation, or salary expenses.

92.6 (c) The part of the levy referred to in paragraph (b) must be administered by the Cook
 92.7 Hospital and passed on directly to the Cook area ambulance service board and the city of
 92.8 Orr to be held in trust until funding for a new ambulance is needed by either the Cook
 92.9 ambulance service or the Orr ambulance service used for the purposes in paragraph (b).

92.10 Sec. 13. Laws 1999, chapter 243, article 6, section 11, is amended to read:

92.11 Sec. 11. **CEMETERY LEVY FOR SAWYER BY CARLTON COUNTY.**

92.12 ~~Subdivision 1. Levy authorized.~~ Notwithstanding other law to the contrary, the
 92.13 Carlton county board of commissioners may annually levy in and for the unorganized
 92.14 township of Sawyer an amount ~~up to \$1,000 annually~~ for cemetery purposes, ~~beginning~~
 92.15 ~~with taxes payable in 2000 and ending with taxes payable in 2009.~~

92.16 ~~Subd. 2. Effective date.~~ This section is effective June 1, 1999, without local
 92.17 approval.

92.18 **EFFECTIVE DATE; LOCAL APPROVAL.** This section applies to taxes
 92.19 payable in 2013 and thereafter, and is effective the day after the Carlton county board
 92.20 of commissioners and its chief clerical officer timely complete their compliance with
 92.21 Minnesota Statutes, section 645.021, subdivisions 2 and 3.

92.22 Sec. 14. Laws 2010, chapter 389, article 1, section 12, the effective date, is amended to
 92.23 read:

92.24 **EFFECTIVE DATE.** This section is effective for assessment ~~years~~ year 2010 and
 92.25 ~~2011, for taxes payable in 2011 and 2012~~ thereafter.

92.26 **EFFECTIVE DATE.** This section is effective for assessment year 2012 and
 92.27 thereafter.

92.28 Sec. 15. **HOLDING OF PROPERTY FOR ECONOMIC DEVELOPMENT;**
 92.29 **TEMPORARY EXTENSION.**

92.30 (a) For purposes of Minnesota Statutes, section 272.02, subdivision 39, a political
 92.31 subdivision's holding for resale for economic development of a property that is located in

93.1 a city in the metropolitan area, or in a city with a population of more than 5,000 outside
93.2 of the metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision
93.3 2, for up to ten years, is a public purpose.

93.4 (b) The authority under this section expires on December 31, 2015.

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

93.6 Sec. 16. **REPEALER.**

93.7 Minnesota Statutes 2010, section 270C.991, subdivision 5, is repealed.

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

93.9 **ARTICLE 8**

93.10 **INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES**

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

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

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

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

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

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

93.23 (1) \$10,000 in a calendar year by a qualified investor; or

93.24 (2) \$30,000 in a calendar year by a qualified fund.

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

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

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

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

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

94.8 **EFFECTIVE DATE.** This section is effective for qualified small businesses
94.9 certified after June 30, 2012.

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

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

94.20 (b) Within 30 days of receiving an application for certification under this subdivision,
94.21 the commissioner must either certify the business as satisfying the conditions required of a
94.22 qualified small business, request additional information from the business, or reject the
94.23 application for certification. If the commissioner requests additional information from the
94.24 business, the commissioner must either certify the business or reject the application within
94.25 30 days of receiving the additional information. If the commissioner neither certifies the
94.26 business nor rejects the application within 30 days of receiving the original application or
94.27 within 30 days of receiving the additional information requested, whichever is later, then
94.28 the application is deemed rejected, and the commissioner must refund the \$150 application
94.29 fee. A business that applies for certification and is rejected may reapply.

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

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

94.32 (2) at least 51 percent of the business's employees are employed in Minnesota, and
94.33 51 percent of the business's total payroll is paid or incurred in the state;

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

- 95.1 (i) using proprietary technology to add value to a product, process, or service in a
95.2 qualified high-technology field;
- 95.3 (ii) researching or developing a proprietary product, process, or service in a qualified
95.4 high-technology field; or
- 95.5 (iii) researching, developing, or producing a new proprietary technology for use in
95.6 the fields of agriculture, tourism, forestry, mining, manufacturing, or transportation;
- 95.7 (4) other than the activities specifically listed in clause (3), the business is not
95.8 engaged in real estate development, insurance, banking, lending, lobbying, political
95.9 consulting, information technology consulting, wholesale or retail trade, leisure,
95.10 hospitality, transportation, construction, ethanol production from corn, or professional
95.11 services provided by attorneys, accountants, business consultants, physicians, or health
95.12 care consultants;
- 95.13 (5) the business has fewer than 25 employees;
- 95.14 (6) the business must pay its employees annual wages of at least 175 percent of the
95.15 federal poverty guideline for the year for a family of four and must pay its interns annual
95.16 wages of at least 175 percent of the federal minimum wage used for federally covered
95.17 employers, except that this requirement must be reduced proportionately for employees
95.18 and interns who work less than full-time, and does not apply to an executive, officer, or
95.19 member of the board of the business, or to any employee who owns, controls, or holds
95.20 power to vote more than 20 percent of the outstanding securities of the business;
- 95.21 (7) the business has not been in operation for more than ten years, except as provided
95.22 in clause (8);
- 95.23 (8) the business has not been in operation for more than 20 years if the business is
95.24 engaged in the research, development, or production of medical devices or pharmaceuticals
95.25 for which U.S. Food and Drug Administration approval is required for use in the treatment
95.26 or diagnosis of a disease or condition;
- 95.27 ~~(8)~~ (9) the business has not previously received private equity investments of more
95.28 than \$4,000,000; ~~and~~
- 95.29 ~~(9)~~ (10) the business is not an entity disqualified under section 80A.50, paragraph
95.30 (b), clause (3); ~~and~~
- 95.31 (11) the business has not issued securities that are traded on a public exchange.
- 95.32 (d) In applying the limit under paragraph (c), clause (5), the employees in all
95.33 members of the unitary business, as defined in section 290.17, subdivision 4, must be
95.34 included.
- 95.35 (e) In order for a qualified investment in a business to be eligible for tax credits;

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

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

96.5 (3) the business must not issue securities that are traded on a public exchange within
 96.6 180 days subsequent to the date on which the qualified investment was made; and

96.7 (4) the business must not have a liquidation event within 180 days subsequent to the
 96.8 date on which the qualified investment was made.

96.9 (f) The commissioner must maintain a list of businesses certified under this
 96.10 subdivision for the calendar year and make the list accessible to the public on the
 96.11 department's Web site.

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

96.13 (1) "qualified high-technology field" includes aerospace, agricultural processing,
 96.14 renewable energy, energy efficiency and conservation, environmental engineering, food
 96.15 technology, cellulosic ethanol, information technology, materials science technology,
 96.16 nanotechnology, telecommunications, biotechnology, medical device products,
 96.17 pharmaceuticals, diagnostics, biologicals, chemistry, veterinary science, and similar
 96.18 fields; and

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

96.22 **EFFECTIVE DATE.** This section is effective for qualified small businesses
 96.23 certified after June 30, 2012, except the amendments to paragraph (c), clause (7), and
 96.24 paragraph (c), adding clause (8), are effective the day following final enactment.

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

96.26 Subd. 5. **Credit allowed.** (a) A qualified investor or qualified fund is eligible for
 96.27 a credit equal to 25 percent of the qualified investment in a qualified small business.
 96.28 Investments made by a pass-through entity qualify for a credit only if the entity is a
 96.29 qualified fund. The commissioner must not allocate more than \$11,000,000 in credits to
 96.30 qualified investors or qualified funds for taxable years beginning after December 31,
 96.31 2009, and before January 1, 2011, ~~and~~ must not allocate more than \$12,000,000 in credits
 96.32 per year for taxable years beginning after December 31, 2010, and before January 1,
 96.33 ~~2015~~ 2012, must not allocate more than \$16,500,000 in credits per year for taxable years
 96.34 beginning after December 31, 2011, and before January 1, 2013, and must not allocate
 96.35 more than \$12,000,000 in credits per year for taxable years beginning after December 31,

97.1 2012, and before January 1, 2015. Any portion of a taxable year's credits that is not
97.2 allocated by the commissioner does not cancel and may be carried forward to subsequent
97.3 taxable years until all credits have been allocated.

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

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

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

97.23 (e) Qualified investors and qualified funds must apply to the commissioner for tax
97.24 credits. Tax credits must be allocated to qualified investors or qualified funds in the order
97.25 that the tax credit request applications are filed with the department. The commissioner
97.26 must approve or reject tax credit request applications within 15 days of receiving the
97.27 application. The investment specified in the application must be made within 60 days of
97.28 the allocation of the credits. If the investment is not made within 60 days, the credit
97.29 allocation is canceled and available for reallocation. A qualified investor or qualified fund
97.30 that fails to invest as specified in the application, within 60 days of allocation of the
97.31 credits, must notify the commissioner of the failure to invest within five business days of
97.32 the expiration of the 60-day investment period.

97.33 (f) All tax credit request applications filed with the department on the same day must
97.34 be treated as having been filed contemporaneously. If two or more qualified investors or
97.35 qualified funds file tax credit request applications on the same day, and the aggregate
97.36 amount of credit allocation claims exceeds the aggregate limit of credits under this section

98.1 or the lesser amount of credits that remain unallocated on that day, then the credits must
98.2 be allocated among the qualified investors or qualified funds who filed on that day on a
98.3 pro rata basis with respect to the amounts claimed. The pro rata allocation for any one
98.4 qualified investor or qualified fund is the product obtained by multiplying a fraction,
98.5 the numerator of which is the amount of the credit allocation claim filed on behalf of
98.6 a qualified investor and the denominator of which is the total of all credit allocation
98.7 claims filed on behalf of all applicants on that day, by the amount of credits that remain
98.8 unallocated on that day for the taxable year.

98.9 (g) A qualified investor or qualified fund, or a qualified small business acting on their
98.10 behalf, must notify the commissioner when an investment for which credits were allocated
98.11 has been made, and the taxable year in which the investment was made. A qualified fund
98.12 must also provide the commissioner with a statement indicating the amount invested by
98.13 each investor in the qualified fund based on each investor's share of the assets of the
98.14 qualified fund at the time of the qualified investment. After receiving notification that the
98.15 investment was made, the commissioner must issue credit certificates for the taxable year
98.16 in which the investment was made to the qualified investor or, for an investment made by
98.17 a qualified fund, to each qualified investor who is an investor in the fund. The certificate
98.18 must state that the credit is subject to revocation if the qualified investor or qualified
98.19 fund does not hold the investment in the qualified small business for at least three years,
98.20 consisting of the calendar year in which the investment was made and the two following
98.21 years. The three-year holding period does not apply if:

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

98.24 (2) 80 percent or more of the assets of the qualified small business is sold before
98.25 the end of the three-year period;

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

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

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

98.31 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
98.32 December 31, 2011.

98.33 Sec. 4. Minnesota Statutes 2010, section 116J.8737, is amended by adding a
98.34 subdivision to read:

99.1 Subd. 5a. **Promotion of credit in greater Minnesota.** (a) By July 1, 2012, the
 99.2 commissioner shall develop a plan to increase awareness of and use of the credit for
 99.3 investments in greater Minnesota businesses with a target goal that a minimum of 30
 99.4 percent of the credit will be awarded for those investments during the second half
 99.5 of calendar year 2013 and for each full calendar year thereafter. Beginning with the
 99.6 legislative report due on March 15, 2013, under subdivision 9, the commissioner shall
 99.7 report on its plan under this subdivision and the results achieved.

99.8 (b) If the target goal of 30 percent under paragraph (a) is not achieved for the
 99.9 six-month period ending on December 31, 2013, the credit percentage under subdivision
 99.10 5, paragraph (a), is increased to 40 percent for a qualified investment made after December
 99.11 31, 2013, in a greater Minnesota business. This paragraph does not apply and the credit
 99.12 percentage for all qualified investments is the rate provided under subdivision 5 for any
 99.13 calendar year beginning after a calendar year for which the commissioner determines the
 99.14 30 percent target has been satisfied. The commissioner shall timely post notification of
 99.15 changes in the credit rate under this paragraph on the department's website.

99.16 (c) For purposes of this section, a "greater Minnesota business" means a qualified
 99.17 small business with its headquarters and 51 percent or more of its employees employed
 99.18 at Minnesota locations outside of the metropolitan area as defined in section 473.121,
 99.19 subdivision 2.

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

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

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

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

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

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

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

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

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

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

100.7 (b) The following data, including data classified as nonpublic or private, must be
100.8 provided to the consultant for use in conducting the program evaluation under subdivision
100.9 10:

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

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

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

100.18 Sec. 6. Minnesota Statutes 2011 Supplement, section 289A.02, subdivision 7, is
100.19 amended to read:

100.20 Subd. 7. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal
100.21 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~April 14,~~
100.22 ~~2011~~ February 14, 2012.

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

100.24 Sec. 7. Minnesota Statutes 2011 Supplement, section 290.01, subdivision 19, is
100.25 amended to read:

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

100.32 In the case of a regulated investment company or a fund thereof, as defined in section
100.33 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment

101.1 company taxable income as defined in section 852(b)(2) of the Internal Revenue Code,
101.2 except that:

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

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

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

101.12 The net income of a real estate investment trust as defined and limited by section
101.13 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust
101.14 taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

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

101.18 The Internal Revenue Code of 1986, as amended through ~~April 14, 2011~~ February
101.19 14, 2012, shall be in effect for taxable years beginning after December 31, 1996. ~~The~~
101.20 ~~provisions of the act of January 22, 2010, Public Law 111-126, to accelerate the benefits~~
101.21 ~~for charitable cash contributions for the relief of victims of the Haitian earthquake, are~~
101.22 ~~effective at the same time they became effective for federal purposes and apply to the~~
101.23 ~~subtraction under subdivision 19b, clause (6). The provisions of title II, section 2112, of~~
101.24 ~~the act of September 27, 2010, Public Law 111-240, rollovers from elective deferral plans~~
101.25 ~~to designated Roth accounts, are effective at the same time they became effective for~~
101.26 ~~federal purposes and taxable rollovers are included in net income at the same time they are~~
101.27 ~~included in gross income for federal purposes.~~

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

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

101.32 Sec. 8. Minnesota Statutes 2011 Supplement, section 290.01, subdivision 31, is
101.33 amended to read:

101.34 Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal
101.35 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~April 14,~~

102.1 ~~2011~~ February 14, 2012. Internal Revenue Code also includes any uncodified provision in
102.2 federal law that relates to provisions of the Internal Revenue Code that are incorporated
102.3 into Minnesota law. When used in this chapter, the reference to "subtitle A, chapter 1,
102.4 subchapter N, part 1, of the Internal Revenue Code" is to the Internal Revenue Code as
102.5 amended through March 18, 2010.

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

102.7 Sec. 9. Minnesota Statutes 2010, section 290.068, subdivision 1, is amended to read:

102.8 Subdivision 1. **Credit allowed.** A corporation, partners in a partnership, or
102.9 shareholders in a corporation treated as an "S" corporation under section 290.9725 are
102.10 allowed a credit against the tax computed under this chapter for the taxable year equal to:

102.11 (a) ten percent of the first \$2,000,000 of the excess (if any) of

102.12 (1) the qualified research expenses for the taxable year, over

102.13 (2) the base amount; and

102.14 (b) ~~2.5~~ 2.8 percent on all of such excess expenses over \$2,000,000 for taxable years
102.15 beginning after December 31, 2011.

102.16 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
102.17 December 31, 2011.

102.18 Sec. 10. Minnesota Statutes 2010, section 290.0681, subdivision 1, is amended to read:

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

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

102.23 (c) "Office" means the State Historic Preservation Office of the Minnesota Historical
102.24 Society.

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

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

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

102.31 (g) "Placed in service" has the meaning used in section 47 of the Internal Revenue
102.32 Code.

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

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

103.4 Sec. 11. Minnesota Statutes 2010, section 290.0681, subdivision 3, is amended to read:

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

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

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

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

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

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

103.28 (c) The office, in consultation with the commissioner ~~of revenue~~, shall determine
103.29 if the project is eligible for a credit or a grant under this section and must notify the
103.30 developer in writing of its determination. Eligibility for the credit is subject to review
103.31 and audit by the commissioner ~~of revenue~~.

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

104.1 (e) Any decision of the office under paragraph (c) of this subdivision may be
104.2 challenged as a contested case under chapter 14. The contested case proceeding must be
104.3 initiated within 45 days of the date of written notification by the office.

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

104.5 Sec. 12. Minnesota Statutes 2010, section 290.0681, subdivision 4, is amended to read:

104.6 Subd. 4. **Credit certificates; grants.** (a)(1) The developer of a project for which the
104.7 office has issued an allocation certificate must notify the office when the project is placed
104.8 in service. Upon verifying that the project has been placed in service, and was allowed a
104.9 federal credit, the office must issue a credit certificate to the taxpayer designated in the
104.10 application or must issue a grant to the recipient designated in the application. The credit
104.11 certificate must state the amount of the credit.

104.12 (2) The credit amount equals the federal credit allowed for the project.

104.13 (3) The grant amount equals 90 percent of the federal credit allowed for the project.

104.14 (b) The recipient of a credit certificate may assign the certificate to another taxpayer,
104.15 which is then allowed the credit under this section or section 297I.20, subdivision 3. An
104.16 assignment is not valid unless the assignee notifies the commissioner within 30 days of the
104.17 date that the assignment is made. The commissioner shall prescribe the forms necessary
104.18 for notifying the commissioner of the assignment of a credit certificate and for claiming
104.19 a credit by assignment.

104.20 (c) Credits passed through pursuant to subdivision 5 of this section are not an
104.21 assignment of a credit certificate under this subdivision.

104.22 (d) A grant agreement between the office and the recipient of a grant may allow the
104.23 grant to be issued to another individual or entity.

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

104.25 Sec. 13. Minnesota Statutes 2010, section 290.0681, subdivision 5, is amended to read:

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

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

105.1 Sec. 14. Minnesota Statutes 2010, section 290.0681, subdivision 10, is amended to
105.2 read:

105.3 Subd. 10. **Sunset.** This section expires after fiscal year ~~2015~~ 2021, except that
105.4 the office's authority to issue credit certificates under subdivision 4 based on allocation
105.5 certificates that were issued before fiscal year ~~2016~~ 2022 remains in effect through ~~2018~~
105.6 2024, and the reporting requirements in subdivision 9 remain in effect through the year
105.7 following the year in which all allocation certificates have either been canceled or resulted
105.8 in issuance of credit certificates, or ~~2019~~ 2025, whichever is earlier.

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

105.10 Sec. 15. **[290.0693] VETERANS JOBS TAX CREDIT.**

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

105.13 (b)(1) "Full-time employee" means an employee as defined in section 290.92,
105.14 subdivision 1, who meets the following criteria:

105.15 (i) the employee is paid wages as defined in section 290.92, subdivision 1, for at
105.16 least 1,820 hours during the 12-month period that starts on the date of hire;

105.17 (ii) the employee's wages are attributable to Minnesota under section 290.191,
105.18 subdivision 12;

105.19 (iii) the employee performs services for the employer in at least 50 weeks during the
105.20 12-month period that starts on the date of hire; and

105.21 (iv) the employee's total compensation, including benefits not mandated by law, is at
105.22 least \$25,000 for the 12-month period that starts on the date of hire.

105.23 (2) "Full-time employee" does not include:

105.24 (i) any employee who bears any of the relationships described in subparagraphs (A)
105.25 to (G) of section 152(d)(2) of the Internal Revenue Code to the employer;

105.26 (ii) if the employer is a corporation, any employee who owns, directly or indirectly,
105.27 more than 50 percent in value of the outstanding stock of the corporation, or if the
105.28 employer is an entity other than a corporation, an employee who owns, directly or
105.29 indirectly, more than 50 percent of the capital and profits interests in the entity, as
105.30 determined with the application of section 267(c) of the Internal Revenue Code; or

105.31 (iii) if the employer is an estate or trust, any employee who is a fiduciary of the estate
105.32 or trust, or is an individual who bears any of the relationships described in subparagraphs
105.33 (A) to (G) of section 152(d)(2) of the Internal Revenue Code to a grantor, beneficiary,
105.34 or fiduciary of the estate or trust.

105.35 (c) "Qualified employer" means an employer that:

- 106.1 (1) employed a total of five or more full-time employees on December 31, 2011; and
106.2 (2) hired one or more qualified full-time employees after March 31, 2012.
- 106.3 (d) "Qualified full-time employee" means a full-time employee who:
106.4 (1) has completed 12 consecutive months of service as a full-time employee for a
106.5 qualified employer;
106.6 (2) is a qualified unemployed veteran; and
106.7 (3) is a resident of Minnesota on the date of hire.
- 106.8 (e) "Qualified unemployed veteran" is a person who:
106.9 (1) was in active military service in a designated area after September 11, 2001,
106.10 as defined in section 290.0677;
106.11 (2) was separated from active military service at any time during the five-year period
106.12 prior to the date of hire;
106.13 (3) received unemployment compensation under state or federal law for not less than
106.14 four weeks during the one-year period prior to the date of hire; and
106.15 (4) was unemployed on the date of hire.
- 106.16 (f) "Date of hire" means the day that the qualified full-time employee begins
106.17 performing services as an employee for the qualified employer.
- 106.18 (g) "Construction trades employer" means a person carrying on a trade or business
106.19 described in industry code numbers 23 through 238990 of the North American Industry
106.20 Classification System.
- 106.21 **Subd. 2. Credit for new full-time employees.** (a) A qualified employer who is
106.22 required to file a return under section 289A.08, subdivision 1, 2, or 3, is allowed a credit
106.23 against the tax imposed by this chapter for the net increase in qualified full-time employees.
- 106.24 (b)(1) For hiring qualified full-time employees after March 30, 2012, but before
106.25 January 1, 2013, the credit is equal to \$3,000 times the net increase in full-time employees.
106.26 The net increase in full-time employees is the difference between:
- 106.27 (i) the total number of full-time employees employed by the employer on December
106.28 31, 2011; and
106.29 (ii) the number of full-time employees employed by the employer on December
106.30 31, 2012.
- 106.31 The net increase in full-time employees cannot exceed the number of qualified full-time
106.32 employees hired after March 31, 2012, but before January 1, 2013.
- 106.33 (2) For hiring qualified full-time employees after December 31, 2012, but before
106.34 July 1, 2013, the credit is equal to \$1,500 times the net increase in full-time employees.
106.35 The net increase in full-time employees is the difference between:

107.1 (i) the total number of full-time employees employed by the taxpayer on December
107.2 31, 2011; and

107.3 (ii) the number of full-time employees employed by the taxpayer on December
107.4 31, 2013.

107.5 The net increase in full-time employees cannot exceed the number of qualified full-time
107.6 employees hired after December 31, 2012, but before July 1, 2013.

107.7 (c) The credit may be claimed in the taxable year in which the qualified full-time
107.8 employee completes 12 consecutive months of continuous service as a full-time employee
107.9 of the qualified employer.

107.10 (d) The maximum aggregate credits allowed to a qualified employer under this
107.11 section for all taxable years is \$50,000.

107.12 (e) For members of a unitary business whose income and factors are included on a
107.13 combined income report under section 289A.08, subdivision 3, the number of full-time
107.14 employees and the maximum allowable credit are not determined at the individual
107.15 member level but are instead determined at the group level.

107.16 Subd. 3. **Allocation of credits.** (a) By July 1, 2012, the commissioner shall develop
107.17 an Internet application that allows employers to apply for tentative credits. The application
107.18 must include the employer's name, tax identification number, and North American Industry
107.19 Classification System industry code, and the name and date of hire of the employee.

107.20 (b) The credit is available only to employers who apply for a tentative credit using
107.21 the application in paragraph (a) and who receive notice that their application has been
107.22 approved for a tentative credit.

107.23 (c) Employers may apply for a tentative credit no earlier than the date of hire of
107.24 each qualified full-time employee. Any employer may file more than one tentative credit
107.25 application, but no employer may apply for tentative credits for more than a total of 16
107.26 employees hired in 2012 or 33 employees hired in 2013.

107.27 (d) The commissioner shall approve applications seeking tentative credits for the
107.28 first 1,250 full-time employees based on the order in which the applications are received.

107.29 (e) The commissioner must promptly notify employers if they are eligible for a
107.30 tentative credit. The notice must state that the employer is eligible for a credit only after
107.31 the employee named in the application has worked for 12 consecutive months and all other
107.32 conditions of eligibility are met.

107.33 (f) The commissioner shall promptly publish public notice when all 2,500 tentative
107.34 credits have been applied for.

107.35 Subd. 4. **Tentative credits for construction trades employers.** (a) Any
107.36 construction trades employer may apply for a tentative credit.

108.1 (b) To remain eligible for a credit, a construction trades employer who has received
108.2 a tentative credit must renew the tentative credit by filing an application with the
108.3 commissioner no earlier than 180 days after date of hire and no more than 210 days after
108.4 date of hire. The renewal notice must state that the employee for whom the tentative credit
108.5 was originally granted is still an employee and that the employer reasonably believes that
108.6 all qualifications of eligibility for a credit will be met.

108.7 (c) Any tentative credit issued to a construction trades employer that is not renewed
108.8 within the time required for renewal is canceled. Any canceled tentative credits are
108.9 available to be reissued by the commissioner to employers under subdivision 3.

108.10 Subd. 5. **Flow-through entities.** Credits granted to a partnership, limited liability
108.11 company taxed as a partnership, S corporation, or multiple owners of a business are passed
108.12 through to the partners, members, shareholders, or owners, respectively, pro rata to each
108.13 partner, member, shareholder, or owner based on their share of the entity's assets or as
108.14 specially allocated in their organizational documents, as of the last day of the taxable year.

108.15 Subd. 6. **Refundable.** If the amount of the credit allowed under this section exceeds
108.16 the liability for tax under this chapter, the commissioner shall refund the excess to the
108.17 taxpayer.

108.18 Subd. 7. **Appropriation.** An amount sufficient to pay the refunds authorized by this
108.19 section is appropriated to the commissioner from the general fund.

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

108.21 Sec. 16. Minnesota Statutes 2011 Supplement, section 290A.03, subdivision 15,
108.22 is amended to read:

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

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

108.26 Sec. 17. Minnesota Statutes 2011 Supplement, section 291.005, subdivision 1, is
108.27 amended to read:

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

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

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

109.4 (3) "Internal Revenue Code" means the United States Internal Revenue Code of
109.5 1986, as amended through ~~April 14, 2011~~ February 14, 2012, but without regard to the
109.6 provisions of sections 501 and 901 of Public Law 107-16, as amended by Public Law
109.7 111-312, and section 301(c) of Public Law 111-312.

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

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

109.12 (ii)(A) the value of qualified small business property under section 291.03,
109.13 subdivision 9, and the value of qualified farm property under section 291.03, subdivision
109.14 10, or (B) \$4,000,000, whichever is less.

109.15 (5) "Minnesota gross estate" means the federal gross estate of a decedent after (a)
109.16 excluding therefrom any property included therein which has its situs outside Minnesota,
109.17 and (b) including therein any property omitted from the federal gross estate which is
109.18 includable therein, has its situs in Minnesota, and was not disclosed to federal taxing
109.19 authorities.

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

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

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

109.31 (9) "Situs of property" means, with respect to real property, the state or country in
109.32 which it is located; with respect to tangible personal property, the state or country in which
109.33 it was normally kept or located at the time of the decedent's death; and with respect to
109.34 intangible personal property, the state or country in which the decedent was domiciled
109.35 at death.

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

110.1 Sec. 18. Laws 2010, chapter 216, section 11, the effective date, is amended to read:

110.2 **EFFECTIVE DATE.** This section is effective for taxable years beginning
 110.3 after December 31, 2009, for certified historic structures for which qualified ~~costs of~~
 110.4 ~~rehabilitation are first paid under construction contracts entered into after May 1, 2010~~
 110.5 rehabilitation expenditures are first paid by the developer or taxpayer after May 1, 2010,
 110.6 for rehabilitation that occurs after May 1, 2010, provided that the application under
 110.7 subdivision 3 is submitted before the project is placed in service.

110.8 **EFFECTIVE DATE.** This section is effective the day following final enactment
 110.9 and applies retroactively for taxable years beginning after December 31, 2009, and for
 110.10 certified historic structures placed in service after May 1, 2010, but the office may not
 110.11 issue certificates allowed under the change to this section until July 1, 2012.

110.12 Sec. 19. **AMENDED RETURNS; CERTAIN IRA ROLLOVERS.**

110.13 An individual who excludes an amount from net income in a prior taxable year
 110.14 through rollover of an airline payment amount to a traditional IRA, as authorized under
 110.15 Public Law 112-95, section 1106, may file an amended individual income tax return and
 110.16 claim for refund of state taxes as provided under Minnesota Statutes, section 289A.40,
 110.17 subdivision 1, or, if later, by April 15, 2013.

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

110.19 ARTICLE 9

110.20 SALES AND SPECIAL TAXES

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

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

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

110.30 ~~(2) except as provided in paragraph (f), for a vendor having a liability of \$120,000~~
 110.31 ~~or more during a fiscal year ending June 30, 2009, and fiscal years thereafter, the taxes~~

111.1 ~~imposed by chapter 297A, except as provided in paragraph (b), are due and payable to the~~
111.2 ~~commissioner monthly in the following manner:~~

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

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

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

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

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

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

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

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

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

111.32 ~~(c) A vendor having a liability of:~~

111.33 ~~(1) \$10,000 or more, but less than \$120,000 during a fiscal year ending June 30,~~
111.34 ~~2009, and fiscal years thereafter, must remit by electronic means all liabilities on returns~~
111.35 ~~due for periods beginning in the subsequent calendar year on or before the 20th day of~~
111.36 ~~the month following the month in which the taxable event occurred, or on or before the~~

112.1 20th day of the month following the month in which the sale is reported under section
112.2 289A.18, subdivision 4; or

112.3 (2) \$120,000 or more, during a fiscal year ending June 30, 2009, and fiscal years
112.4 thereafter, must remit by electronic means all liabilities in the manner provided in
112.5 paragraph (a), ~~clause (2)~~, on returns due for periods beginning in the subsequent calendar
112.6 year, except for 90 percent of the estimated June liability, which is due two business days
112.7 before June 30. The remaining amount of the June liability is due on August 20.

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

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

112.20 ~~(f) At the start of the first calendar quarter at least 90 days after the cash flow~~
112.21 ~~account established in section 16A.152, subdivision 1, and the budget reserve account~~
112.22 ~~established in section 16A.152, subdivision 1a, reach the amounts listed in section~~
112.23 ~~16A.152, subdivision 2, paragraph (a), the remittance of the accelerated payments required~~
112.24 ~~under paragraph (a), clause (2), must be suspended. The commissioner of management~~
112.25 ~~and budget shall notify the commissioner of revenue when the accounts have reached~~
112.26 ~~the required amounts. Beginning with the suspension of paragraph (a), clause (2), for a~~
112.27 ~~vendor with a liability of \$120,000 or more during a fiscal year ending June 30, 2009,~~
112.28 ~~and fiscal years thereafter, the taxes imposed by chapter 297A are due and payable to the~~
112.29 ~~commissioner on the 20th day of the month following the month in which the taxable~~
112.30 ~~event occurred. Payments of tax liabilities for taxable events occurring in June under~~
112.31 ~~paragraph (b) are not changed.~~

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

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

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

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

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

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

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

113.18 (5) amounts paid for legend drugs, other than nutritional products and blood and
113.19 blood components, to a wholesale drug distributor who is subject to tax under section
113.20 295.52, subdivision 3, reduced by reimbursements received for legend drugs otherwise
113.21 exempt under this chapter;

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

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

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

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

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

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

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

114.5 (13) payments received by an educational institution from student tuition, student
114.6 activity fees, health care service fees, government appropriations, donations, or grants,
114.7 and for services identified in and provided under an individualized education program
114.8 as defined in section 256B.0625 or Code of Federal Regulations, chapter 34, section
114.9 300.340(a). Fee for service payments and payments for extended coverage are taxable;

114.10 (14) payments received under the federal Employees Health Benefits Act, United
114.11 States Code, title 5, section 8909(f), as amended by the Omnibus Reconciliation Act of
114.12 1990. Enrollee deductibles, coinsurance, and co-payments are subject to tax; ~~and~~

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

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

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

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

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

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

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

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

114.34 (d) A sale of building materials, supplies, and equipment to owners, contractors,
114.35 subcontractors, or builders for the erection of buildings or the alteration, repair, or

115.1 improvement of real property is a retail sale in whatever quantity sold, whether the sale is
115.2 for purposes of resale in the form of real property or otherwise.

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

115.7 (f) A sale of shrubbery, plants, sod, trees, and similar items to a person who provides
115.8 for installation of the items is a retail sale and not a sale for resale since a sale of
115.9 shrubbery, plants, sod, trees, and similar items that includes installation is a contract for
115.10 the improvement of real property.

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

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

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

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

115.24 (k) In the case of a lease, a retail sale occurs (1) when an obligation to make a lease
115.25 payment becomes due under the terms of the agreement or the trade practices of the lessor
115.26 ~~or~~ (2) in the case of a lease of a motor vehicle, as defined in section 297B.01, subdivision
115.27 11, but excluding vehicles with a manufacturer's gross vehicle weight rating greater than
115.28 10,000 pounds and rentals of vehicles for not more than 28 days, at the time the lease is
115.29 executed; or (3) for rent-to-own or lease-to-own used vehicles where the lessee may
115.30 purchase or return the vehicle at any time without penalty, at the time each payment is
115.31 made under the terms of the agreement.

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

115.34 (m) A sale of a bundled transaction in which one or more of the products included
115.35 in the bundle is a taxable product is a retail sale, except that if one of the products
115.36 is a telecommunication service, ancillary service, Internet access, or audio or video

116.1 programming service, and the seller has maintained books and records identifying through
116.2 reasonable and verifiable standards the portions of the price that are attributable to the
116.3 distinct and separately identifiable products, then the products are not considered part of a
116.4 bundled transaction. For purposes of this paragraph:

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

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

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

116.15 **EFFECTIVE DATE.** This section is effective for leases entered into after June
116.16 30, 2012.

116.17 Sec. 4. Minnesota Statutes 2010, section 297A.68, subdivision 5, is amended to read:

116.18 Subd. 5. **Capital equipment.** (a) Capital equipment is exempt. Except as provided
116.19 in paragraph (e), the tax must be imposed and collected as if the rate under section
116.20 297A.62, subdivision 1, applied, and then refunded in the manner provided in section
116.21 297A.75.

116.22 "Capital equipment" means machinery and equipment purchased or leased, and used
116.23 in this state by the purchaser or lessee primarily for manufacturing, fabricating, mining,
116.24 or refining tangible personal property to be sold ultimately at retail if the machinery and
116.25 equipment are essential to the integrated production process of manufacturing, fabricating,
116.26 mining, or refining. Capital equipment also includes machinery and equipment
116.27 used primarily to electronically transmit results retrieved by a customer of an online
116.28 computerized data retrieval system.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

117.24 (5) farm machinery and aquaculture production equipment as defined by section
117.25 297A.61, subdivisions 12 and 13;

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

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

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

117.32 (9) machinery or equipment used in the transportation, transmission, or distribution
117.33 of petroleum, liquefied gas, natural gas, water, or steam, in, by, or through pipes, lines,
117.34 tanks, mains, or other means of transporting those products. This clause does not apply to
117.35 machinery or equipment used to blend petroleum or biodiesel fuel as defined in section
117.36 239.77; or

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

118.3 (d) For purposes of this subdivision:

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

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

118.11 (3) "Integrated production process" means a process or series of operations through
118.12 which tangible personal property is manufactured, fabricated, mined, or refined. For
118.13 purposes of this clause, (i) manufacturing begins with the removal of raw materials
118.14 from inventory and ends when the last process prior to loading for shipment has been
118.15 completed; (ii) fabricating begins with the removal from storage or inventory of the
118.16 property to be assembled, processed, altered, or modified and ends with the creation
118.17 or production of the new or changed product; (iii) mining begins with the removal of
118.18 overburden from the site of the ores, minerals, stone, peat deposit, or surface materials and
118.19 ends when the last process before stockpiling is completed; and (iv) refining begins with
118.20 the removal from inventory or storage of a natural resource and ends with the conversion
118.21 of the item to its completed form.

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

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

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

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

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

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

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

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

119.8 (e) Materials exempt under this section may be purchased without imposing and
119.9 collecting the tax and applying for a refund under section 297A.75, provided that:

119.10 (1) the purchaser employed not more than 50 full-time employees at any time
119.11 during the calendar year that is immediately prior to the calendar year of the sale and
119.12 purchase; and

119.13 (2) if another business owns at least 20 percent of the purchaser, then the sum of the
119.14 number of full-time employees employed by the purchaser and the number of full-time
119.15 employees employed by any other business that owns at least 20 percent of the purchaser's
119.16 business is not more than 50 full-time employees at any time during the calendar year that
119.17 is immediately prior to the calendar year of the sale and purchase. This clause must be
119.18 applied for each business that owns at least 20 percent of the purchaser.

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

119.21 Sec. 5. Minnesota Statutes 2011 Supplement, section 297A.68, subdivision 42, is
119.22 amended to read:

119.23 Subd. 42. **Qualified data centers.** (a) Purchases of enterprise information
119.24 technology equipment and computer software for use in a qualified data center are exempt.
119.25 The tax on purchases exempt under this paragraph must be imposed and collected as if
119.26 the rate under section 297A.62, subdivision 1, applied, and then refunded after June 30,
119.27 2013, in the manner provided in section 297A.75. This exemption includes enterprise
119.28 information technology equipment and computer software purchased to replace or upgrade
119.29 enterprise information technology equipment and computer software in a qualified data
119.30 center.

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

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

119.34 (1) that is comprised of one or more buildings that consist in the aggregate of
119.35 at least 30,000 square feet, and that are located on a single parcel or on contiguous

120.1 parcels, where the total cost of construction or refurbishment, investment in enterprise
120.2 information technology equipment, and computer software is at least \$50,000,000 within
120.3 a 24-month period;

120.4 (2) that is constructed or substantially refurbished after June 30, 2012, where
120.5 "substantially refurbished" means that at least ~~30,000~~ 25,000 square feet have been rebuilt
120.6 or modified; ~~and, including:~~

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

120.9 (ii) building improvements; and

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

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

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

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

120.18 In determining whether the facility has the required square footage, the square
120.19 footage of the following spaces shall be included if the spaces support the operation
120.20 of enterprise information technology equipment: office space, meeting space, and
120.21 mechanical and other support facilities. For purposes of this subdivision, "computer
120.22 software" includes, but is not limited to, software utilized or loaded at the qualified data
120.23 center, including maintenance, licensing, and software customization.

120.24 (d) For purposes of this subdivision, "enterprise information technology equipment"
120.25 means computers and equipment supporting computing, networking, or data storage,
120.26 including servers and routers. It includes, but is not limited to: cooling systems,
120.27 cooling towers, and other temperature control infrastructure; power infrastructure for
120.28 transformation, distribution, or management of electricity used for the maintenance
120.29 and operation of a qualified data center, including but not limited to exterior dedicated
120.30 business-owned substations, backup power generation systems, battery systems, and
120.31 related infrastructure; and racking systems, cabling, and trays, which are necessary for
120.32 the maintenance and operation of the qualified data center.

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

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

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

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

121.7 Sec. 6. Minnesota Statutes 2010, section 297A.70, subdivision 4, is amended to read:

121.8 Subd. 4. **Sales to nonprofit groups.** (a) All sales, except those listed in paragraph
121.9 (b), to the following "nonprofit organizations" are exempt:

121.10 (1) a corporation, society, association, foundation, or institution organized and
121.11 operated exclusively for charitable, religious, or educational purposes if the item
121.12 purchased is used in the performance of charitable, religious, or educational functions; and

121.13 (2) any senior citizen group or association of groups that:

121.14 (i) in general limits membership to persons who are either age 55 or older, or
121.15 physically disabled;

121.16 (ii) is organized and operated exclusively for pleasure, recreation, and other
121.17 nonprofit purposes, not including housing, no part of the net earnings of which inures to
121.18 the benefit of any private shareholders; and

121.19 (iii) is an exempt organization under section 501(c) of the Internal Revenue Code.

121.20 For purposes of this subdivision, charitable purpose includes the maintenance of a
121.21 cemetery owned by a religious organization.

121.22 (b) This exemption does not apply to the following sales:

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

121.27 (2) construction materials purchased by tax-exempt entities or their contractors to
121.28 be used in constructing buildings or facilities that will not be used principally by the
121.29 tax-exempt entities; and

121.30 (3) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause
121.31 (2), and prepared food, candy, soft drinks, and alcoholic beverages as defined in section
121.32 297A.67, subdivision 2, except wine purchased by an established religious organization
121.33 for sacramental purposes or as allowed under subdivision 9a; and

122.1 (4) leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except
122.2 as provided in paragraph (c).

122.3 (c) This exemption applies to the leasing of a motor vehicle as defined in section
122.4 297B.01, subdivision 11, only if the vehicle is:

122.5 (1) a truck, as defined in section 168.002, a bus, as defined in section 168.002, or a
122.6 passenger automobile, as defined in section 168.002, if the automobile is designed and
122.7 used for carrying more than nine persons including the driver; and

122.8 (2) intended to be used primarily to transport tangible personal property or
122.9 individuals, other than employees, to whom the organization provides service in
122.10 performing its charitable, religious, or educational purpose.

122.11 (d) A limited liability company also qualifies for exemption under this subdivision if
122.12 (1) it consists of a sole member that would qualify for the exemption, and (2) the items
122.13 purchased qualify for the exemption.

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

122.16 Sec. 7. Minnesota Statutes 2010, section 297A.70, is amended by adding a subdivision
122.17 to read:

122.18 **Subd. 9a. Established religious orders.** (a) Sales of lodging, prepared food, candy,
122.19 soft drinks, and alcoholic beverages at noncatered events between an established religious
122.20 order and an affiliated institution of higher education are exempt.

122.21 (b) For purposes of this subdivision, "established religious order" means an
122.22 organization directly or indirectly under the control or supervision of a church or
122.23 convention or association of churches, where members of the organization (1) normally
122.24 live together as part of a community, (2) make long-term commitments to live under a
122.25 strict set of moral and spiritual rules, and (3) work or engage full time in a combination
122.26 of prayer, religious study, church reform or renewal, or other religious, educational, or
122.27 charitable goals of the organization.

122.28 (c) For purposes of this subdivision, an institution of higher education is "affiliated"
122.29 with an established religious order if members of the religious order are represented
122.30 on the governing board of the institution of higher education and the two organization
122.31 share campus space and common facilities.

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

123.1 Sec. 8. Minnesota Statutes 2010, section 297A.70, is amended by adding a subdivision
123.2 to read:

123.3 Subd. 18. **Nursing homes and boarding care homes.** (a) All sales, except those
123.4 listed in paragraph (b), to a nursing home licensed under section 144A.02 or a boarding
123.5 care home certified as a nursing facility under title 19 of the Social Security Act are
123.6 exempt if the facility:

123.7 (1) is exempt from federal income taxation pursuant to section 501(c)(3) of the
123.8 Internal Revenue Code; and

123.9 (2) is certified to participate in the medical assistance program under title 19 of the
123.10 Social Security Act, or certifies to the commissioner that it does not discharge residents
123.11 due to the inability to pay.

123.12 (b) This exemption does not apply to the following sales:

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

123.17 (2) construction materials purchased by tax-exempt entities or their contractors to
123.18 be used in constructing buildings or facilities that will not be used principally by the
123.19 tax-exempt entities;

123.20 (3) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause
123.21 (2), and prepared food, candy, soft drinks, and alcoholic beverages as defined in section
123.22 297A.67, subdivision 2; and

123.23 (4) leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except
123.24 as provided in paragraph (c).

123.25 (c) This exemption applies to the leasing of a motor vehicle as defined in section
123.26 297B.01, subdivision 11, only if the vehicle is:

123.27 (1) a truck, as defined in section 168.002; a bus, as defined in section 168.002; or a
123.28 passenger automobile, as defined in section 168.002, if the automobile is designed and
123.29 used for carrying more than nine persons including the driver; and

123.30 (2) intended to be used primarily to transport tangible personal property or residents
123.31 of the nursing home or boarding care home.

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

123.34 Sec. 9. Minnesota Statutes 2010, section 297A.815, subdivision 3, is amended to read:

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

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

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

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

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

124.14 (1) 50 percent to the greater Minnesota transit account; and

124.15 (2) 50 percent to the county state-aid highway fund. Notwithstanding any other law
124.16 to the contrary, the commissioner of transportation shall allocate the funds transferred
124.17 under this clause to the counties in the metropolitan area, as defined in section 473.121,
124.18 subdivision 4, excluding the counties of Hennepin and Ramsey, so that each county shall
124.19 receive of such amount the percentage that its population, as defined in section 477A.011,
124.20 subdivision 3, estimated or established by July 15 of the year prior to the current calendar
124.21 year, bears to the total population of the counties receiving funds under this clause.

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

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

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

124.26 **EFFECTIVE DATE.** This section is effective for leases entered into after June
124.27 30, 2012.

124.28 Sec. 10. Minnesota Statutes 2010, section 297A.8155, is amended to read:

124.29 **297A.8155 LIQUOR REPORTING REQUIREMENTS; PENALTY.**

124.30 A person who sells liquor, as defined in section 295.75, subdivision 1, in Minnesota
124.31 to a retailer that sells liquor, shall file with the commissioner an annual informational
124.32 report, in the form and manner prescribed by the commissioner, indicating the name,
124.33 address, and Minnesota business identification number of each retailer, and the total
124.34 dollar amount of liquor sold to each retailer in the previous calendar year. The report

125.1 must be filed on or before March 31 following the close of the calendar year. A person
125.2 failing to file this report is subject to the penalty imposed under section 289A.60. A
125.3 person required to file a report under this section is not required to provide a copy of an
125.4 exemption certificate, as defined in section 297A.72, provided to the person by a retailer,
125.5 along with the annual informational report.

125.6 **EFFECTIVE DATE.** This section is effective for reports required to be filed
125.7 beginning in calendar year 2012 and thereafter.

125.8 Sec. 11. Laws 1998, chapter 389, article 8, section 43, subdivision 3, as amended by
125.9 Laws 2005, First Special Session chapter 3, article 5, section 28, and Laws 2011, First
125.10 Special Session chapter 7, article 4, section 5, is amended to read:

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

125.14 (1) transportation infrastructure improvements including regional highway and
125.15 airport improvements;

125.16 (2) improvements to the civic center complex;

125.17 (3) a municipal water, sewer, and storm sewer project necessary to improve regional
125.18 ground water quality; and

125.19 (4) construction of a regional recreation and sports center and other higher education
125.20 facilities available for both community and student use.

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

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

125.30 (1) \$17,000,000 for capital expenditures and bonds for the following Olmsted
125.31 County transportation infrastructure improvements:

125.32 (i) County State Aid Highway 34 reconstruction;

125.33 (ii) Trunk Highway 63 and County State Aid Highway 16 interchange;

125.34 (iii) phase II of the Trunk Highway 52 and County State Aid Highway 22
125.35 interchange;

- 126.1 (iv) widening of County State Aid Highway 22 West Circle Drive; and
126.2 (v) 60th Avenue Northwest corridor preservation;
126.3 (2) \$30,000,000 for city transportation projects including:
126.4 (i) Trunk Highway 52 and 65th Street interchange;
126.5 (ii) NW transportation corridor acquisition;
126.6 (iii) Phase I of the Trunk Highway 52 and County State Aid Highway 22 interchange;
126.7 (iv) Trunk Highway 14 and Trunk Highway 63 intersection;
126.8 (v) Southeast transportation corridor acquisition;
126.9 (vi) Rochester International Airport expansion; and
126.10 (vii) a transit operations center bus facility;
126.11 (3) \$14,000,000 for the University of Minnesota Rochester academic and
126.12 complementary facilities;
126.13 (4) \$6,500,000 for the Rochester Community and Technical College/Winona State
126.14 University career technical education and science and math facilities;
126.15 (5) \$6,000,000 for the Rochester Community and Technical College regional
126.16 recreation facilities at University Center Rochester;
126.17 (6) \$20,000,000 for the Destination Medical Community Initiative;
126.18 (7) \$8,000,000 for the regional public safety and 911 dispatch center facilities;
126.19 (8) \$20,000,000 for a regional recreation/senior center;
126.20 (9) \$10,000,000 for an economic development fund; and
126.21 (10) \$8,000,000 for downtown infrastructure.
126.22 (d) No revenues from the taxes raised from the taxes authorized in subdivisions 1
126.23 and 2 may be used to fund transportation improvements related to a railroad bypass that
126.24 would divert traffic from the city of Rochester.
126.25 (e) The city shall use \$5,000,000 of the money allocated to the purpose in paragraph
126.26 (c), clause (9), for grants to the cities of Byron, Chatfield, Dodge Center, Dover, Elgin,
126.27 Eyota, Kasson, Mantorville, Oronoco, Pine Island, Plainview, St. Charles, Stewartville,
126.28 Zumbrota, Spring Valley, West Concord, ~~and~~ Hayfield, and any other city with a 2010
126.29 population of at least 1,000 that has a city boundary within 25 miles of the geographic
126.30 center of Rochester and is closer to Rochester than to any other city located wholly
126.31 outside of the seven-county metropolitan area with a population of 20,000 or more,
126.32 for economic development projects that these communities would fund through their
126.33 economic development authority or housing and redevelopment authority.
126.34 **EFFECTIVE DATE.** This section is effective the day following final enactment.

127.1 Sec. 12. Laws 2002, chapter 377, article 3, section 25, as amended by Laws 2009,
127.2 chapter 88, article 4, section 19, and Laws 2010, chapter 389, article 5, section 3, is
127.3 amended to read:

127.4 Sec. 25. **ROCHESTER LODGING TAX.**

127.5 Subdivision 1. **Authorization.** Notwithstanding Minnesota Statutes, section
127.6 469.190 or 477A.016, or any other law, the city of Rochester may impose an additional
127.7 tax of one percent on the gross receipts from the furnishing for consideration of lodging at
127.8 a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing of it
127.9 for a continuous period of 30 days or more.

127.10 Subd. 1a. **Authorization.** Notwithstanding Minnesota Statutes, section 469.190
127.11 or 477A.016, or any other law, and in addition to the tax authorized by subdivision 1,
127.12 the city of Rochester may impose an additional tax of ~~one~~ three percent on the gross
127.13 receipts from the furnishing for consideration of lodging at a hotel, motel, rooming house,
127.14 tourist court, or resort, other than the renting or leasing of it for a continuous period of
127.15 30 days or more only upon the approval of the city governing body of a total financial
127.16 package for the project.

127.17 Subd. 2. **Disposition of proceeds.** (a) The gross proceeds from the tax imposed
127.18 under subdivision 1 must be used by the city to fund a local convention or tourism bureau
127.19 for the purpose of marketing and promoting the city as a tourist or convention center.

127.20 (b) The gross proceeds from the ~~one~~ three percent tax imposed under subdivision
127.21 1a shall be used to pay for (1) construction, renovation, improvement, and expansion of
127.22 the Mayo Civic Center and related skyway access, lighting, parking, or landscaping; and
127.23 (2) for payment of any principal, interest, or premium on bonds issued to finance the
127.24 construction, renovation, improvement, and expansion of the Mayo Civic Center Complex.

127.25 Subd. 2a. **Bonds.** The city of Rochester may issue, without an election, general
127.26 obligation bonds of the city, in one or more series, in the aggregate principal amount
127.27 not to exceed \$43,500,000, to pay for capital and administrative costs for the design,
127.28 construction, renovation, improvement, and expansion of the Mayo Civic Center Complex,
127.29 and related skyway, access, lighting, parking, and landscaping. The city may pledge
127.30 the lodging tax authorized by subdivision 1a ~~and the food and beverage tax authorized~~
127.31 ~~under Laws 2009, chapter 88, article 4, section 23,~~ to the payment of the bonds. The debt
127.32 represented by the bonds is not included in computing any debt limitations applicable to
127.33 the city, and the levy of taxes required by Minnesota Statutes, section 475.61, to pay the
127.34 principal of and interest on the bonds is not subject to any levy limitation or included in
127.35 computing or applying any levy limitation applicable to the city.

128.1 Subd. 3. **Expiration of taxing authority.** The authority of the city to impose a
128.2 tax under subdivision 1a shall expire when the principal and interest on any bonds or
128.3 other obligations issued prior to December 31, ~~2014~~ 2016, to finance the construction,
128.4 renovation, improvement, and expansion of the Mayo Civic Center Complex and related
128.5 skyway access, lighting, parking, or landscaping have been paid, including any bonds
128.6 issued to refund such bonds, or at an earlier time as the city shall, by ordinance, determine.
128.7 Any funds remaining after completion of the project and retirement or redemption of the
128.8 bonds shall be placed in the general fund of the city.

128.9 **EFFECTIVE DATE.** This section is effective the day after the governing body of
128.10 the city of Rochester and its chief clerical officer comply with Minnesota Statutes, section
128.11 645.021, subdivisions 2 and 3.

128.12 Sec. 13. Laws 2005, First Special Session chapter 3, article 5, section 37, subdivision
128.13 2, is amended to read:

128.14 Subd. 2. **Use of revenues.** (a) Revenues received from the tax authorized by
128.15 subdivision 1 by the city of St. Cloud must be used for the cost of collecting and
128.16 administering the tax and to pay all or part of the capital or administrative costs of the
128.17 development, acquisition, construction, improvement, and securing and paying debt
128.18 service on bonds or other obligations issued to finance the following regional projects as
128.19 approved by the voters and specifically detailed in the referendum authorizing the tax or
128.20 extending the tax:

128.21 (1) St. Cloud Regional Airport;

128.22 (2) regional transportation improvements;

128.23 (3) regional community and aquatics centers and facilities;

128.24 (4) regional public libraries; and

128.25 (5) acquisition and improvement of regional park land and open space.

128.26 (b) Revenues received from the tax authorized by subdivision 1 by the cities of St.
128.27 Joseph, Waite Park, Sartell, Sauk Rapids, and St. Augusta must be used for the cost of
128.28 collecting and administering the tax and to pay all or part of the capital or administrative
128.29 costs of the development, acquisition, construction, improvement, and securing and paying
128.30 debt service on bonds or other obligations issued to fund the projects specifically approved
128.31 by the voters at the referendum authorizing the tax or extending the tax. The portion of
128.32 revenues from the city going to fund the regional airport or regional library located in the
128.33 city of St. Cloud will be as required under the applicable joint powers agreement.

129.1 (c) The use of revenues received from the taxes authorized in subdivision 1 for
129.2 projects allowed under paragraphs (a) and (b) are limited to the amount authorized for
129.3 each project under the enabling referendum.

129.4 **EFFECTIVE DATE.** This section is effective for the city that approves them the
129.5 day after compliance by the governing body of each city with Minnesota Statutes, section
129.6 645.021, subdivision 3.

129.7 Sec. 14. Laws 2005, First Special Session chapter 3, article 5, section 37, subdivision
129.8 4, is amended to read:

129.9 Subd. 4. **Termination of tax.** The tax imposed in the cities of St. Joseph, St. Cloud,
129.10 St. Augusta, Sartell, Sauk Rapids, and Waite Park under subdivision 1 expires when the
129.11 city council determines that sufficient funds have been collected from the tax to retire or
129.12 redeem the bonds and obligations authorized under subdivision 2, paragraph (a), but no
129.13 later than December 31, 2018. Notwithstanding Minnesota Statutes, section 297A.99,
129.14 subdivision 3, paragraphs (a), (c), and (d), a city may extend the tax imposed under
129.15 subdivision 1 through December 31, 2038, if approved under the referendum authorizing
129.16 the tax under subdivision 1 or if approved by voters of the city at a general election held
129.17 no later than November 6, 2017.

129.18 **EFFECTIVE DATE.** This section is effective for the city that approves them the
129.19 day after compliance by the governing body of each city with Minnesota Statutes, section
129.20 645.021, subdivision 3.

129.21 Sec. 15. Laws 2008, chapter 366, article 7, section 19, subdivision 3, as amended by
129.22 Laws 2011, First Special Session chapter 7, article 4, section 8, is amended to read:

129.23 Subd. 3. **Use of revenues.** Notwithstanding Minnesota Statutes, section 297A.99,
129.24 subdivision 3, paragraph (b), the proceeds of the tax imposed under this section shall be
129.25 used to pay for the costs of improvements to the Sportsman Park/Ballfields, Riverside
129.26 Park, Lions Park/Pavilion, Cedar South Park also known as Eldorado Park, and Spring
129.27 Street Park; improvements to and extension of the River County bike trail; acquisition;
129.28 and construction, improvement, and development of regional parks, bicycle trails, park
129.29 land, open space, and of a pedestrian walkways, as described in the city improvement plan
129.30 adopted by the city council by resolution on December 12, 2006, and walkway over
129.31 Interstate 94 and State Highway 24; and the acquisition of land and construction of
129.32 buildings for a community and recreation center. The total amount of revenues from the

130.1 taxes in subdivisions 1 and 2 that may be used to fund these projects is \$12,000,000
 130.2 plus any associated bond costs.

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

130.6 Sec. 16. **LIQUOR REPORTING REQUIREMENTS.**

130.7 A person who was required to submit an annual informational report under
 130.8 Minnesota Statutes, section 297A.8155, to the commissioner of revenue during calendar
 130.9 year 2010 or 2011 is not required to provide a copy of an exemption certificate or a
 130.10 retailer's tax identification number along with the informational report.

130.11 **EFFECTIVE DATE.** This section is effective the day following final enactment
 130.12 and applies to reports required to be filed in calendar year 2010 or 2011.

130.13 Sec. 17. **REPEALER.**

130.14 (a) Minnesota Statutes 2011 Supplement, section 289A.60, subdivision 31, is
 130.15 repealed.

130.16 (b) Laws 2009, chapter 88, article 4, section 23, as amended by Laws 2010, chapter
 130.17 389, article 5, section 4, is repealed.

130.18 **EFFECTIVE DATE.** Paragraph (a) is effective for taxes due and payable after June
 130.19 30, 2012. Paragraph (b) is effective the day following final enactment.

130.20 **ARTICLE 10**

130.21 **LOCAL DEVELOPMENT**

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

130.23 Subd. 2. **Authority.** "Authority" means a rural development financing authority
 130.24 created pursuant to sections 469.142 to 469.151; a housing and redevelopment authority
 130.25 created pursuant to sections 469.001 to 469.047; a port authority created pursuant to
 130.26 sections 469.048 to 469.068; an economic development authority created pursuant to
 130.27 sections 469.090 to 469.108; a redevelopment agency as defined in sections 469.152 to
 130.28 469.165; a municipality that is administering a development district created pursuant to
 130.29 sections 469.124 to 469.134 or any special law; a municipality that undertakes a project
 130.30 pursuant to sections 469.152 to 469.165, except a town located outside the metropolitan
 130.31 area or with a population of 5,000 persons or less; a municipality that undertakes a project

131.1 located in an area designated under subdivision 30; or a municipality that exercises the
131.2 powers of a port authority pursuant to any general or special law.

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

131.4 Sec. 2. Minnesota Statutes 2010, section 469.174, subdivision 10, is amended to read:

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

131.9 (1) parcels consisting of 70 percent of the area of the district are occupied by
131.10 buildings, streets, utilities, paved or gravel parking lots, or other similar structures and
131.11 ~~more than~~ 50 percent or more of the buildings, not including outbuildings, are structurally
131.12 substandard to a degree requiring substantial renovation or clearance;

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

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

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

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

131.20 (iii) have been removed or are unused, underused, inappropriately used, or
131.21 infrequently used; or

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

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

131.28 (c) A building is not structurally substandard if it is in compliance with the building
131.29 code applicable to new buildings or could be modified to satisfy the building code at
131.30 a cost of less than 15 percent of the cost of constructing a new structure of the same
131.31 square footage and type on the site. The municipality may find that a building is not
131.32 disqualified as structurally substandard under the preceding sentence on the basis of
131.33 reasonably available evidence, such as the size, type, and age of the building, the average
131.34 cost of plumbing, electrical, or structural repairs, or other similar reliable evidence. The
131.35 municipality may not make such a determination without an interior inspection of the

132.1 property, but need not have an independent, expert appraisal prepared of the cost of repair
132.2 and rehabilitation of the building. An interior inspection of the property is not required,
132.3 if the municipality finds that (1) the municipality or authority is unable to gain access to
132.4 the property after using its best efforts to obtain permission from the party that owns or
132.5 controls the property; and (2) the evidence otherwise supports a reasonable conclusion that
132.6 the building is structurally substandard. Items of evidence that support such a conclusion
132.7 include recent fire or police inspections, on-site property tax appraisals or housing
132.8 inspections, exterior evidence of deterioration, or other similar reliable evidence. Written
132.9 documentation of the findings and reasons why an interior inspection was not conducted
132.10 must be made and retained under section 469.175, subdivision 3, clause (1). Failure of a
132.11 building to be disqualified under the provisions of this paragraph is a necessary, but not a
132.12 sufficient, condition to determining that the building is substandard.

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

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

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

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

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

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

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

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

133.1 Sec. 3. Minnesota Statutes 2010, section 469.174, is amended by adding a subdivision
133.2 to read:

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

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

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

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

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

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

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

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

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

133.27 (4) quarries or similar resource extraction sites;

133.28 (5) floodway; and

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

133.30 (b) For the purposes of paragraph (a), clauses (1) to (5), a parcel is characterized by
133.31 the relevant condition if at least 50 percent of the area of the parcel contains the relevant
133.32 condition. For the purposes of paragraph (a), clause (6), a parcel is characterized by
133.33 substandard buildings if substandard buildings occupy at least 30 percent of the area
133.34 of the parcel.

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

134.3 Sec. 5. Minnesota Statutes 2010, section 469.175, subdivision 3, is amended to read:

134.4 Subd. 3. **Municipality approval.** (a) A county auditor shall not certify the original
134.5 net tax capacity of a tax increment financing district until the tax increment financing plan
134.6 proposed for that district has been approved by the municipality in which the district
134.7 is located. If an authority that proposes to establish a tax increment financing district
134.8 and the municipality are not the same, the authority shall apply to the municipality in
134.9 which the district is proposed to be located and shall obtain the approval of its tax
134.10 increment financing plan by the municipality before the authority may use tax increment
134.11 financing. The municipality shall approve the tax increment financing plan only after a
134.12 public hearing thereon after published notice in a newspaper of general circulation in the
134.13 municipality at least once not less than ten days nor more than 30 days prior to the date
134.14 of the hearing. The published notice must include a map of the area of the district from
134.15 which increments may be collected and, if the project area includes additional area, a map
134.16 of the project area in which the increments may be expended. The hearing may be held
134.17 before or after the approval or creation of the project or it may be held in conjunction with
134.18 a hearing to approve the project.

134.19 (b) Before or at the time of approval of the tax increment financing plan, the
134.20 municipality shall make the following findings, and shall set forth in writing the reasons
134.21 and supporting facts for each determination:

134.22 (1) that the proposed tax increment financing district is a redevelopment district, a
134.23 renewal or renovation district, a housing district, a soils condition district, soil deficiency
134.24 district, or an economic development district; if the proposed district is a redevelopment
134.25 district or a renewal or renovation district, the reasons and supporting facts for the
134.26 determination that the district meets the criteria of section 469.174, subdivision 10,
134.27 paragraph (a), clauses (1) and (2), or subdivision 10a, must be documented in writing
134.28 and retained and made available to the public by the authority until the district has been
134.29 terminated;

134.30 (2) that, in the opinion of the municipality:

134.31 (i) the proposed development or redevelopment would not reasonably be expected to
134.32 occur solely through private investment within the reasonably foreseeable future; and

134.33 (ii) the increased market value of the site that could reasonably be expected to occur
134.34 without the use of tax increment financing would be less than the increase in the market
134.35 value estimated to result from the proposed development after subtracting the present

135.1 value of the projected tax increments for the maximum duration of the district permitted
135.2 by the plan. The requirements of this item do not apply if the district is a housing district;

135.3 (3) that the tax increment financing plan conforms to the general plan for the
135.4 development or redevelopment of the municipality as a whole;

135.5 (4) that the tax increment financing plan will afford maximum opportunity,
135.6 consistent with the sound needs of the municipality as a whole, for the development or
135.7 redevelopment of the project by private enterprise;

135.8 (5) that the municipality elects the method of tax increment computation set forth in
135.9 section 469.177, subdivision 3, paragraph (b), if applicable; and

135.10 (6) that for a redevelopment district, renewal and renovation district, soils condition
135.11 district, or soil deficiency district established by the authority in a mining reclamation
135.12 project area, the reasons and supporting facts for the determination that the mining
135.13 reclamation project area meets the requirements under section 469.174, subdivision 30,
135.14 must be documented in writing and retained and made available to the public by the
135.15 authority until two years after the district is decertified. These findings must have been
135.16 made and documented no more than ten years before approval of the tax increment
135.17 financing plan for the district.

135.18 (c) When the municipality and the authority are not the same, the municipality shall
135.19 approve or disapprove the tax increment financing plan within 60 days of submission by
135.20 the authority. When the municipality and the authority are not the same, the municipality
135.21 may not amend or modify a tax increment financing plan except as proposed by the
135.22 authority pursuant to subdivision 4. Once approved, the determination of the authority
135.23 to undertake the project through the use of tax increment financing and the resolution of
135.24 the governing body shall be conclusive of the findings therein and of the public need for
135.25 the financing.

135.26 (d) For a district that is subject to the requirements of paragraph (b), clause (2),
135.27 item (ii), the municipality's statement of reasons and supporting facts must include all of
135.28 the following:

135.29 (1) an estimate of the amount by which the market value of the site will increase
135.30 without the use of tax increment financing;

135.31 (2) an estimate of the increase in the market value that will result from the
135.32 development or redevelopment to be assisted with tax increment financing; and

135.33 (3) the present value of the projected tax increments for the maximum duration of
135.34 the district permitted by the tax increment financing plan.

135.35 (e) For purposes of this subdivision, "site" means the parcels on which the
135.36 development or redevelopment to be assisted with tax increment financing will be located.

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

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

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

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

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

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

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

136.14 (b) For purposes of determining a duration limit under this subdivision or subdivision
136.15 1e that is based on the receipt of an increment, any increments from taxes payable in
136.16 the year in which the district terminates shall be paid to the authority. This paragraph
136.17 does not affect a duration limit calculated from the date of approval of the tax increment
136.18 financing plan or based on the recovery of costs or to a duration limit under subdivision
136.19 1c. This paragraph does not supersede the restrictions on payment of delinquent taxes in
136.20 subdivision 1f.

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

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

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

136.32 Sec. 7. Minnesota Statutes 2010, section 469.176, subdivision 4b, is amended to read:

136.33 Subd. 4b. **Soils condition districts.** Revenue derived from Tax increment from a
136.34 soils condition district may be used only to (1) acquire parcels on which the improvements

137.1 described in clause (2) will occur; (2) pay for the cost of removal or remedial action; and
137.2 (3) pay for the administrative expenses of the authority allocable to the district, including
137.3 the cost of preparation of the development action response plan. For a soils condition
137.4 district located in a mining reclamation project area, tax increments may also be expended
137.5 on the additional cost of public improvements directly caused by the removal or remedial
137.6 action and located within the mining reclamation project area.

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

137.9 Sec. 8. Minnesota Statutes 2011 Supplement, section 469.176, subdivision 4c, is
137.10 amended to read:

137.11 Subd. 4c. **Economic development districts.** (a) Revenue derived from tax
137.12 increment from an economic development district may not be used to provide
137.13 improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form
137.14 to developments consisting of buildings and ancillary facilities, if more than 15 percent
137.15 of the buildings and facilities (determined on the basis of square footage) are used for a
137.16 purpose other than:

137.17 (1) the manufacturing or production of tangible personal property, including
137.18 processing resulting in the change in condition of the property;

137.19 (2) warehousing, storage, and distribution of tangible personal property, excluding
137.20 retail sales;

137.21 (3) research and development related to the activities listed in clause (1) or (2);

137.22 (4) telemarketing if that activity is the exclusive use of the property;

137.23 (5) tourism facilities;

137.24 (6) qualified border retail facilities; or

137.25 (7) space necessary for and related to the activities listed in clauses (1) to (6).

137.26 (b) Notwithstanding the provisions of this subdivision, revenues derived from tax
137.27 increment from an economic development district may be used to provide improvements,
137.28 loans, subsidies, grants, interest rate subsidies, or assistance in any form for up to 15,000
137.29 square feet of any separately owned commercial facility located within the municipal
137.30 jurisdiction of a small city, if the revenues derived from increments are spent only to
137.31 assist the facility directly or for administrative expenses, the assistance is necessary to
137.32 develop the facility, and all of the increments, except those for administrative expenses,
137.33 are spent only for activities within the district.

137.34 (c) A city is a small city for purposes of this subdivision if the city was a small city
137.35 in the year in which the request for certification was made and applies for the rest of

138.1 the duration of the district, regardless of whether the city qualifies or ceases to qualify
138.2 as a small city.

138.3 (d) Notwithstanding the requirements of paragraph (a) and the finding requirements
138.4 of section 469.174, subdivision 12, tax increments from an economic development district
138.5 may be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or
138.6 assistance in any form to developments consisting of buildings and ancillary facilities, if
138.7 all the following conditions are met:

138.8 (1) the municipality finds that the project will create or retain jobs in this state,
138.9 including construction jobs, and that construction of the project would not have
138.10 commenced before ~~July 1, 2012~~ January 1, 2014, without the authority providing
138.11 assistance under the provisions of this paragraph;

138.12 (2) construction of the project begins no later than ~~July 1, 2012~~ January 1, 2014;

138.13 (3) the request for certification of the district is made no later than ~~June 30, 2012~~
138.14 December 31, 2013; and

138.15 (4) for development of housing under this paragraph, the construction must begin
138.16 before January 1, 2012.

138.17 The provisions of this paragraph may not be used to assist housing that is developed
138.18 to qualify under section 469.1761, subdivision 2 or 3, or similar requirements of other law,
138.19 if construction of the project begins later than July 1, 2011.

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

138.21 Sec. 9. Minnesota Statutes 2011 Supplement, section 469.176, subdivision 4m, is
138.22 amended to read:

138.23 Subd. 4m. **Temporary authority to stimulate construction.** (a) Notwithstanding
138.24 the restrictions in any other subdivision of this section or any other law to the contrary,
138.25 except the requirement to pay bonds to which the increments are pledged and the
138.26 provisions of subdivisions 4g and 4h, the authority may spend tax increments for one or
138.27 more of the following purposes:

138.28 (1) to provide improvements, loans, interest rate subsidies, or assistance in any
138.29 form to private development consisting of the construction or substantial rehabilitation of
138.30 buildings and ancillary facilities, if doing so will create or retain jobs in this state, including
138.31 construction jobs, and that the construction commences before ~~July 1, 2012~~ January 1,
138.32 2014, and would not have commenced before that date without the assistance; or

138.33 (2) to make an equity or similar investment in a corporation, partnership, or limited
138.34 liability company that the authority determines is necessary to make construction of a
138.35 development that meets the requirements of clause (1) financially feasible.

139.1 (b) The authority may undertake actions under the authority of this subdivision only
139.2 after approval by the municipality of a written spending plan ~~that specifically authorizes~~
139.3 ~~the authority to take the actions.~~ The spending plan must contain a detailed description
139.4 of each action to be undertaken. The municipality shall approve the spending plan only
139.5 after a public hearing after published notice in a newspaper of general circulation in
139.6 the municipality at least once, not less than ten days nor more than 30 days prior to the
139.7 date of the hearing.

139.8 (c) The authority to spend tax increments under this subdivision expires ~~December~~
139.9 ~~31, 2012~~ June 30, 2014.

139.10 (d) For a development consisting of housing, the authority to spend tax increments
139.11 under this subdivision expires December 31, 2011, and construction must commence
139.12 before July 1, 2011, except the authority to spend tax increments on market rate housing
139.13 developments under this subdivision expires July 31, 2012, and construction must
139.14 commence before January 1, 2012.

139.15 **EFFECTIVE DATE.** This section is effective the day following final enactment
139.16 and applies to all tax increment financing districts, regardless of when the request for
139.17 certification was made. The amendments to paragraph (b) apply to projects approved
139.18 after June 30, 2012.

139.19 Sec. 10. Minnesota Statutes 2010, section 469.176, is amended by adding a subdivision
139.20 to read:

139.21 **Subd. 4n. Soil deficiency district.** Tax increments from a soil deficiency district
139.22 may only be used to pay for the following costs for activities located within the mining
139.23 reclamation project area:

139.24 (1) acquisition of parcels on which the improvements described in clause (2) will
139.25 occur;

139.26 (2) the cost of correcting the unusual terrain or soil deficiencies and the additional
139.27 cost of installing public improvements directly caused by the deficiencies;

139.28 (3) administrative expenses of the authority allocable to the district; and

139.29 (4) costs described in subdivision 4j for the district, if these payments do not exceed
139.30 25 percent of the tax increment from the district.

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

140.1 Sec. 11. Minnesota Statutes 2011 Supplement, section 469.1763, subdivision 2,
140.2 is amended to read:

140.3 Subd. 2. **Expenditures outside district.** (a) For each tax increment financing
140.4 district, an amount equal to at least 75 percent of the total revenue derived from tax
140.5 increments paid by properties in the district must be expended on activities in the district
140.6 or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities
140.7 in the district or to pay, or secure payment of, debt service on credit enhanced bonds.
140.8 For districts, other than redevelopment districts for which the request for certification
140.9 was made after June 30, 1995, the in-district percentage for purposes of the preceding
140.10 sentence is 80 percent. Not more than 25 percent of the total revenue derived from tax
140.11 increments paid by properties in the district may be expended, through a development fund
140.12 or otherwise, on activities outside of the district but within the defined geographic area of
140.13 the project except to pay, or secure payment of, debt service on credit enhanced bonds.
140.14 For districts, other than redevelopment districts for which the request for certification was
140.15 made after June 30, 1995, the pooling percentage for purposes of the preceding sentence is
140.16 20 percent. The revenue derived from tax increments for the district that are expended on
140.17 costs under section 469.176, subdivision 4h, paragraph (b), may be deducted first before
140.18 calculating the percentages that must be expended within and without the district.

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

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

140.25 (d) The authority may elect, in the tax increment financing plan for the district,
140.26 to increase by up to ten percentage points the permitted amount of expenditures for
140.27 activities located outside the geographic area of the district under paragraph (a). As
140.28 permitted by section 469.176, subdivision 4k, the expenditures, including the permitted
140.29 expenditures under paragraph (a), need not be made within the geographic area of the
140.30 project. Expenditures that meet the requirements of this paragraph are legally permitted
140.31 expenditures of the district, notwithstanding section 469.176, subdivisions 4b, 4c, 4d, and
140.32 4j. To qualify for the increase under this paragraph, the expenditures must:

140.33 (1) be used exclusively to assist housing that

140.34 (i) meets the requirement for a qualified low-income building, as that term is used in
140.35 section 42 of the Internal Revenue Code; ~~and~~

141.1 ~~(2)~~ (ii) does not exceed the qualified basis of the housing, as defined under section
 141.2 42(c) of the Internal Revenue Code, less the amount of any credit allowed under section
 141.3 42 of the Internal Revenue Code; and

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

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

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

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

141.8 ~~(4)~~ (2) be used to develop housing:

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

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

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

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

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

141.33 (f) The authority under paragraph (d), clause ~~(4)~~ (2), expires on December 31, 2016.
 141.34 Increments may continue to be expended under this authority after that date, if they are
 141.35 used to pay bonds or binding contracts that would qualify under subdivision 3, paragraph

142.1 (a), if December 31, 2016, is considered to be the last date of the five-year period after
142.2 certification under that provision.

142.3 (g) The authority may elect, in the tax increment financing plan, for a district located
142.4 in a mining reclamation area that "activities within the district" under paragraph (a)
142.5 includes activities within the geographic area of the mining reclamation area.

142.6 **EFFECTIVE DATE.** This section is effective for any district that is subject to
142.7 the provisions of Minnesota Statutes, section 469.1763, regardless of when the request
142.8 for certification was made, except the amendment adding paragraph (g) is effective for
142.9 districts for which the request for certification was made after April 30, 2012.

142.10 Sec. 12. Minnesota Statutes 2010, section 469.1763, subdivision 3, is amended to read:

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

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

142.16 (2) bonds, the proceeds of which must be used to finance the activity, are issued and
142.17 sold to a third party before or within five years after certification, the revenues are spent
142.18 to repay the bonds, and the proceeds of the bonds either are, on the date of issuance,
142.19 reasonably expected to be spent before the end of the later of (i) the five-year period, or
142.20 (ii) a reasonable temporary period within the meaning of the use of that term under section
142.21 148(c)(1) of the Internal Revenue Code, or are deposited in a reasonably required reserve
142.22 or replacement fund;

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

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

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

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

142.34 (c) For a redevelopment district or a renewal and renovation district certified after
142.35 June 30, 2003, and before April 20, 2009, the five-year periods described in paragraph

143.1 (a) are extended to ten years after certification of the district. This extension is provided
143.2 primarily to accommodate delays in development activities due to unanticipated economic
143.3 circumstances.

143.4 (d) If the authority so elects in the tax increment financing plan for a redevelopment
143.5 district, renewal and renovation district, soils condition district, or soil deficiency district
143.6 located in a mining reclamation project area, the five-year periods described in paragraph
143.7 (a) do not apply.

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

143.10 Sec. 13. Minnesota Statutes 2010, section 469.1763, subdivision 4, is amended to read:

143.11 Subd. 4. **Use of revenues for decertification.** (a) In each year beginning with the
143.12 sixth year following certification of the district, if the applicable in-district percent of the
143.13 revenues derived from tax increments paid by properties in the district exceeds the amount
143.14 of expenditures that have been made for costs permitted under subdivision 3, an amount
143.15 equal to the difference between the in-district percent of the revenues derived from tax
143.16 increments paid by properties in the district and the amount of expenditures that have
143.17 been made for costs permitted under subdivision 3 must be used and only used to pay or
143.18 defease the following or be set aside to pay the following:

143.19 (1) outstanding bonds, as defined in subdivision 3, paragraphs (a), clause (2), and (b);

143.20 (2) contracts, as defined in subdivision 3, paragraph (a), clauses (3) and (4);

143.21 (3) credit enhanced bonds to which the revenues derived from tax increments are
143.22 pledged, but only to the extent that revenues of the district for which the credit enhanced
143.23 bonds were issued are insufficient to pay the bonds and to the extent that the increments
143.24 from the applicable pooling percent share for the district are insufficient; or

143.25 (4) the amount provided by the tax increment financing plan to be paid under
143.26 subdivision 2, paragraphs (b), (d), and (e).

143.27 (b) The district must be decertified and the pledge of tax increment discharged
143.28 when the outstanding bonds have been defeased and when sufficient money has been set
143.29 aside to pay, based on the increment to be collected through the end of the calendar year,
143.30 the following amounts:

143.31 (1) contractual obligations as defined in subdivision 3, paragraph (a), clauses (3)
143.32 and (4);

143.33 (2) the amount specified in the tax increment financing plan for activities qualifying
143.34 under subdivision 2, paragraph (b), that have not been funded with the proceeds of bonds
143.35 qualifying under paragraph (a), clause (1); and

144.1 (3) the additional expenditures permitted by the tax increment financing plan for
144.2 housing activities under an election under subdivision 2, paragraph (d), that have not been
144.3 funded with the proceeds of bonds qualifying under paragraph (a), clause (1).

144.4 (c) If the authority so elects in the tax increment financing plan for a redevelopment
144.5 district, renewal and renovation district, soils condition district, or soil deficiency district
144.6 located in a mining reclamation project area, the provisions of this section do not apply.

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

144.9 Sec. 14. Laws 2008, chapter 366, article 5, section 34, as amended by Laws 2009,
144.10 chapter 88, article 5, section 11, is amended to read:

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

144.12 Subdivision 1. **Original tax capacity election.** (a) The provisions of this section
144.13 apply to redevelopment tax increment financing districts created by the Housing and
144.14 Redevelopment Authority in and for the city of Oakdale in the areas comprised of
144.15 the parcels with the following parcel identification numbers: (1) 3102921320053;
144.16 3102921320054; 3102921320055; 3102921320056; 3102921320057; 3102921320058;
144.17 3102921320062; 3102921320063; 3102921320059; 3102921320060; 3102921320061;
144.18 3102921330005; and 3102921330004; and (2) 2902921330001 and 2902921330005.

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

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

144.25 Subd. 2. **Parcels deemed occupied.** (a) Parcel numbers 3102921320054,
144.26 3102921320055, 3102921320056, 3102921320057, 3102921320061, and 3102921330004
144.27 are deemed to meet the requirements of Minnesota Statutes, section 469.174, subdivision
144.28 10, paragraph (d), notwithstanding any contrary provisions of that paragraph, if the
144.29 following conditions are met:

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

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

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

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

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

145.10 **Sec. 15. CITY OF BLOOMINGTON; TAX INCREMENT FINANCING.**

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

145.17 **EFFECTIVE DATE.** This section is effective upon compliance of the governing
145.18 bodies of the city of Bloomington, Hennepin County, and Independent School District
145.19 No. 271, Bloomington, with the requirements of Minnesota Statutes, sections 469.1782,
145.20 subdivision 2, and 645.021, subdivision 3.

145.21 **Sec. 16. CITY OF BLOOMINGTON; TAX INCREMENT FINANCING**
145.22 **EXTENSION.**

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

145.27 **EFFECTIVE DATE.** This section is effective upon compliance of the governing
145.28 body of the city of Bloomington with the requirements of Minnesota Statutes, sections
145.29 469.1782, subdivision 2, and 645.021, subdivision 3.

145.30 **Sec. 17. DAKOTA COUNTY COMMUNITY DEVELOPMENT AGENCY; TAX**
145.31 **INCREMENT FINANCING DISTRICT.**

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

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

146.12 Subd. 3. **Authorized expenditures.** Tax increment from the district may be
146.13 expended to pay for any eligible activities authorized by Minnesota Statutes, chapter
146.14 469, within the redevelopment area that includes the district. All such expenditures are
146.15 deemed to be activities within the district under Minnesota Statutes, section 469.1763,
146.16 subdivisions 2, 3, and 4.

146.17 Subd. 4. **Adjusted net tax capacity.** The captured tax capacity of the district must
146.18 be included in the adjusted net tax capacity of the city, county, and school district for the
146.19 purposes of determining local government aid, education aid, and county program aid.
146.20 The county auditor shall report to the commissioner of revenue the amount of the captured
146.21 tax capacity for the district at the time the assessment abstracts are filed.

146.22 **EFFECTIVE DATE.** This section is effective upon compliance by the governing
146.23 body of the Dakota County Community Development Agency with the requirements of
146.24 Minnesota Statutes, section 645.021, subdivision 3.

146.25 Sec. 18. **CITY OF BROOKLYN PARK; TAX INCREMENT FINANCING;**
146.26 **SPECIAL RULES.**

146.27 The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that
146.28 activities must be undertaken within a five-year period from the date of certification of a tax
146.29 increment financing district, is considered to be met for Tax Increment Financing District
146.30 No. 23 in the city of Brooklyn Park if the activities were undertaken by July 1, 2014.

146.31 **EFFECTIVE DATE.** This section is effective upon compliance by the governing
146.32 body of the city of Brooklyn Park with the requirements of Minnesota Statutes, section
146.33 645.021, subdivision 3.

147.1 Sec. 19. **ST. CLOUD; TAX INCREMENT FINANCING.**

147.2 The request for certification of Tax Increment District No. 2, commonly referred to
147.3 as the Norwest District, in the city of St. Cloud is deemed to have been made on or after
147.4 August 1, 1979, and before July 1, 1982. Revenues derived from tax increment for that
147.5 district must be treated for purposes of any law as revenue of a tax increment financing
147.6 district for which the request for certification was made during that time period.

147.7 **EFFECTIVE DATE.** This section is effective upon approval by the governing
147.8 body of the city of St. Cloud and compliance with Minnesota Statutes, section 645.021,
147.9 subdivision 3.

147.10 **ARTICLE 11**

147.11 **ESTATE TAXES**

147.12 Section 1. Minnesota Statutes 2010, section 289A.10, is amended by adding a
147.13 subdivision to read:

147.14 Subd. 1a. **Recapture tax return required.** If a disposition or cessation as provided
147.15 by section 291.03, subdivision 11, paragraph (a), has occurred, the qualified heir, as
147.16 defined under section 291.03, subdivision 8, paragraph (c), or personal representative of
147.17 the decedent's estate must submit a recapture tax return to the commissioner.

147.18 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after
147.19 June 30, 2011.

147.20 Sec. 2. Minnesota Statutes 2010, section 289A.12, is amended by adding a subdivision
147.21 to read:

147.22 Subd. 18. **Returns by qualified heirs.** Within 24 months and within 36 months
147.23 after a decedent's death, a qualified heir, as defined under section 291.03, subdivision 8,
147.24 paragraph (c), must file a return with the commissioner relating to the qualified property
147.25 received from the decedent.

147.26 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after
147.27 June 30, 2011.

147.28 Sec. 3. Minnesota Statutes 2010, section 289A.18, is amended by adding a subdivision
147.29 to read:

148.1 Subd. 3a. **Recapture tax return.** A recapture tax return is due within six months
148.2 after the date of the disposition or cessation as provided by section 291.03, subdivision
148.3 11, paragraph (a).

148.4 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after
148.5 June 30, 2011.

148.6 Sec. 4. Minnesota Statutes 2010, section 289A.20, subdivision 3, is amended to read:

148.7 Subd. 3. **Estate tax.** Taxes imposed by ~~chapter 291~~ section 291.03, subdivision 1,
148.8 take effect at and upon the death of the person whose estate is subject to taxation and are
148.9 due and payable on or before the expiration of nine months from that death.

148.10 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after
148.11 June 30, 2011.

148.12 Sec. 5. Minnesota Statutes 2010, section 289A.20, is amended by adding a subdivision
148.13 to read:

148.14 Subd. 3a. **Recapture tax.** Taxes imposed by section 291.03, subdivision 11,
148.15 paragraph (b), are due and payable on or before the expiration of six months from the date
148.16 of disposition or cessation as provided by section 291.03, subdivision 11, paragraph (a).

148.17 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after
148.18 June 30, 2011.

148.19 Sec. 6. Minnesota Statutes 2011 Supplement, section 291.03, subdivision 8, is
148.20 amended to read:

148.21 Subd. 8. **Definitions.** (a) For purposes of this section, the following terms have the
148.22 meanings given in this subdivision.

148.23 (b) "Family member" means a family member as defined in section 2032A(e)(2) of
148.24 the Internal Revenue Code or a trust whose present beneficiaries are all family members as
148.25 defined in section 2032A(e)(2) of the Internal Revenue Code.

148.26 (c) "Qualified heir" means a family member who acquired qualified property ~~from~~
148.27 upon the death of the decedent and satisfies the requirement under subdivision 9, clause
148.28 ~~(6)~~ (8), or subdivision 10, clause ~~(4)~~ (5), for the property.

148.29 (d) "Qualified property" means qualified small business property under subdivision
148.30 9 and qualified farm property under subdivision 10.

149.1 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after
149.2 June 30, 2011.

149.3 Sec. 7. Minnesota Statutes 2011 Supplement, section 291.03, subdivision 9, is
149.4 amended to read:

149.5 Subd. 9. **Qualified small business property.** Property satisfying all of the following
149.6 requirements is qualified small business property:

149.7 (1) The value of the property was included in the federal adjusted taxable estate.

149.8 (2) The property consists of the assets of a trade or business or shares of stock or
149.9 other ownership interests in a corporation or other entity engaged in a trade or business.

149.10 ~~The decedent or the decedent's spouse must have materially participated in the trade or~~
149.11 ~~business within the meaning of section 469 of the Internal Revenue Code during the~~

149.12 ~~taxable year that ended before the date of the decedent's death.~~ Shares of stock in a

149.13 corporation or an ownership interest in another type of entity do not qualify under this

149.14 subdivision if the shares or ownership interests are traded on a public stock exchange at

149.15 any time during the three-year period ending on the decedent's date of death. For purposes

149.16 of this subdivision, an ownership interest includes the interest the decedent is deemed to

149.17 own under sections 2036, 2037, and 2038 of the Internal Revenue Code.

149.18 (3) During the decedent's taxable year that ended before the decedent's death, the

149.19 trade or business must not have been a passive activity within the meaning of section

149.20 469(c) of the Internal Revenue Code and the decedent or the decedent's spouse must have

149.21 materially participated in the trade or business within the meaning of section 469(h) of the

149.22 Internal Revenue Code, excluding section 469(h)(3) of the Internal Revenue Code and

149.23 any other provision provided by Treasury Department regulation that substitutes material

149.24 participation in prior taxable years for material participation in the taxable year that ended

149.25 before the decedent's death.

149.26 ~~(3)~~ (4) The gross annual sales of the trade or business were \$10,000,000 or less for

149.27 the last taxable year that ended before the date of the death of the decedent.

149.28 ~~(4)~~ (5) The property does not consist of cash ~~or~~ cash equivalents, publicly traded

149.29 securities, or assets not used in the operation of the trade or business. For property

149.30 consisting of shares of stock or other ownership interests in an entity, the ~~amount~~ value of

149.31 ~~cash or~~ cash equivalents, publicly traded securities, or assets not used in the operation of

149.32 the trade or business held by the corporation or other entity must be deducted from the

149.33 value of the property qualifying under this subdivision in proportion to the decedent's

149.34 share of ownership of the entity on the date of death.

150.1 (6) The property does not consist of qualified farm property. For property consisting
 150.2 of shares of stock or other ownership interests in an entity, the value of the qualified
 150.3 farm property held by the corporation or other entity must be deducted from the value
 150.4 of the property qualifying under this subdivision in proportion to the decedent's share of
 150.5 ownership of the entity on the date of death.

150.6 ~~(5)~~ (7) The decedent continuously owned the property, including property the
 150.7 decedent is deemed to own under sections 2036, 2037, and 2038 of the Internal Revenue
 150.8 Code, for the three-year period ending on the date of death of the decedent. In the case of
 150.9 a sole proprietor, if the property replaced similar property within the three-year period,
 150.10 the replacement property will be treated as having been owned for the three-year period
 150.11 ending on the date of death of the decedent.

150.12 ~~(6) A family member continuously uses the property in the operation of the trade or~~
 150.13 ~~business for three years following the date of death of the decedent.~~

150.14 (8) For three years following the date of death of the decedent, the trade or business
 150.15 is not a passive activity within the meaning of section 469(c) of the Internal Revenue
 150.16 Code and a family member materially participates in the operation of the trade or business
 150.17 within the meaning of section 469(h) of the Internal Revenue Code, excluding section
 150.18 469(h)(3) of the Internal Revenue Code and any other provision provided by Treasury
 150.19 Department regulation that substitutes material participation in prior taxable years for
 150.20 material participation in the three years following the date of death of the decedent.

150.21 ~~(7)~~ (9) The estate and the qualified heir elect to treat the property as qualified small
 150.22 business property and agree, in the form prescribed by the commissioner, to pay the
 150.23 recapture tax under subdivision 11, if applicable.

150.24 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after
 150.25 June 30, 2011.

150.26 Sec. 8. Minnesota Statutes 2011 Supplement, section 291.03, subdivision 10, is
 150.27 amended to read:

150.28 Subd. 10. **Qualified farm property.** Property satisfying all of the following
 150.29 requirements is qualified farm property:

150.30 (1) The value of the property was included in the federal adjusted taxable estate.

150.31 (2) The property consists of agricultural land as defined by section 500.24,
 150.32 subdivision 2, paragraph (g), and owned by a farm meeting the requirements of person
 150.33 or entity that is not excluded from owning agricultural land by section 500.24, and was
 150.34 classified for property tax purposes as the homestead of the decedent or the decedent's

151.1 ~~spouse or both under section 273.124, and as class 2a property under section 273.13,~~
 151.2 ~~subdivision 23.~~

151.3 (3) For property taxes payable in the year of decedent's death, the decedent's interest
 151.4 in the property was classified as the homestead of the decedent or the decedent's spouse or
 151.5 both under section 273.124, and as class 2a property under section 273.13, subdivision 23.

151.6 (4) The decedent continuously owned the property, including property the decedent
 151.7 is deemed to own under sections 2036, 2037, and 2038 of the Internal Revenue Code, for
 151.8 the three-year period ending on the date of death of the decedent either by ownership of
 151.9 the agricultural land or pursuant to holding an interest in an entity that is not excluded
 151.10 from owning agricultural land under section 500.24.

151.11 ~~(4) A family member continuously uses the property in the operation of the trade or~~
 151.12 ~~business~~ (5) The property is classified for property tax purposes as class 2a property under
 151.13 section 273.13, subdivision 23, for three years following the date of death of the decedent.

151.14 ~~(5)~~ (6) The estate and the qualified heir elect to treat the property as qualified farm
 151.15 property and agree, in a form prescribed by the commissioner, to pay the recapture tax
 151.16 under subdivision 11, if applicable.

151.17 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after
 151.18 June 30, 2011.

151.19 Sec. 9. Minnesota Statutes 2011 Supplement, section 291.03, subdivision 11, is
 151.20 amended to read:

151.21 Subd. 11. **Recapture tax.** (a) If, within three years after the decedent's death and
 151.22 before the death of the qualified heir, the qualified heir disposes of any interest in the
 151.23 qualified property, other than by a disposition to a family member or qualifying entity,
 151.24 or a family member ceases to ~~use the qualified property which was acquired or passed~~
 151.25 ~~from the decedent~~ satisfy the requirement under subdivision 9, clause (7); or 10, clause
 151.26 (5), an additional estate tax is imposed on the property. In the case of a sole proprietor, if
 151.27 the qualified heir replaces qualified small business property excluded under subdivision 9
 151.28 with similar property, then the qualified heir will not be treated as having disposed of an
 151.29 interest in the qualified property.

151.30 (b) The amount of the additional tax equals the amount of the exclusion claimed with
 151.31 respect to the qualified interest disposed of by the estate under subdivision 8, paragraph
 151.32 (d), multiplied by 16 percent.

151.33 ~~(c) The additional tax under this subdivision is due on the day which is six months~~
 151.34 ~~after the date of the disposition or cessation in paragraph (a).~~

152.1 (c) For purposes of paragraph (a), "qualifying entity" means a corporation or other
 152.2 entity that is owned by a family member or family members and, for qualified farm
 152.3 property, that is not excluded from owning agricultural land under section 500.24.

152.4 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after
 152.5 June 30, 2011.

152.6 **ARTICLE 12**

152.7 **HOMESTEAD MARKET VALUE CLEANUP**

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

152.9 **38.18 COUNTY FAIRGROUNDS; IMPROVEMENT AIDED.**

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

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

152.23 Subd. 2. **Eligible recipients.** All counties within the state, municipalities that
 152.24 prepare plans and official controls instead of a county, and districts are eligible for
 152.25 assistance under the program. Counties and districts may apply for assistance on behalf
 152.26 of other municipalities. In order to be eligible for financial assistance a county or
 152.27 municipality must agree to levy at least 0.01209 percent of ~~taxable~~ estimated market
 152.28 value for agricultural land preservation and conservation activities or otherwise spend the
 152.29 equivalent amount of local money on those activities, or spend \$15,000 of local money,
 152.30 whichever is less.

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

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

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

153.5 (b) "Municipality" means:

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

153.7 (2) an organized town;

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

153.9 (4) the University of Minnesota;

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

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

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

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

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

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

153.27 (e) "Estimated market value" means latest available estimated market value of all
153.28 property in a taxing jurisdiction, whether the property is subject to taxation, or exempt
153.29 from ad valorem taxation obtained from information which appears on abstracts filed with
153.30 the commissioner of revenue or equalized by the State Board of Equalization.

153.31 (f) "Minnesota Aid to Police Premium Report" means a form prescribed by the
153.32 commissioner for reporting by each fire and casualty insurer of all premiums received
153.33 upon direct business received by it in this state, or by its agents for it, in cash or otherwise,
153.34 during the preceding calendar year, with reference to insurance written for insuring against
153.35 the perils contained in auto insurance coverages as reported in the Minnesota business
153.36 schedule of the annual financial statement which each insurer is required to file with

154.1 the commissioner in accordance with the governing laws or rules less return premiums
154.2 and dividends.

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

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

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

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

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

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

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

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

154.21 (j) "Municipal clerk, municipal clerk-treasurer, or county auditor" means the person
154.22 who was elected or appointed to the specified position or, in the absence of the person,
154.23 another person who is designated by the applicable governing body. In a park district,
154.24 the clerk is the secretary of the board of park district commissioners. In the case of the
154.25 University of Minnesota, the clerk is that official designated by the Board of Regents.
154.26 For the Metropolitan Airports Commission, the clerk is the person designated by the
154.27 commission. For the Department of Natural Resources or the Department of Public Safety,
154.28 the clerk is the respective commissioner. For a tribal police department which exercises
154.29 state arrest powers under section 626.90, 626.91, 626.92, or 626.93, the clerk is the person
154.30 designated by the applicable American Indian tribal government.

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

154.33 Sec. 4. Minnesota Statutes 2010, section 69.021, subdivision 7, is amended to read:

154.34 Subd. 7. **Apportionment of fire state aid to municipalities and relief associations.**

154.35 (a) The commissioner shall apportion the fire state aid relative to the premiums reported

155.1 on the Minnesota Firetown Premium Reports filed under this chapter to each municipality
155.2 and/or firefighters relief association.

155.3 (b) The commissioner shall calculate an initial fire state aid allocation amount for
155.4 each municipality or fire department under paragraph (c) and a minimum fire state aid
155.5 allocation amount for each municipality or fire department under paragraph (d). The
155.6 municipality or fire department must receive the larger fire state aid amount.

155.7 (c) The initial fire state aid allocation amount is the amount available for
155.8 apportionment as fire state aid under subdivision 5, without inclusion of any additional
155.9 funding amount to support a minimum fire state aid amount under section 423A.02,
155.10 subdivision 3, allocated one-half in proportion to the population as shown in the last
155.11 official statewide federal census for each fire town and one-half in proportion to the
155.12 estimated market value of each fire town, including (1) the estimated market value of
155.13 tax-exempt property and (2) the estimated market value of natural resources lands
155.14 receiving in lieu payments under sections 477A.11 to 477A.14, but excluding the
155.15 estimated market value of minerals. In the case of incorporated or municipal fire
155.16 departments furnishing fire protection to other cities, towns, or townships as evidenced
155.17 by valid fire service contracts filed with the commissioner, the distribution must be
155.18 adjusted proportionately to take into consideration the crossover fire protection service.
155.19 Necessary adjustments must be made to subsequent apportionments. In the case of
155.20 municipalities or independent fire departments qualifying for the aid, the commissioner
155.21 shall calculate the state aid for the municipality or relief association on the basis of the
155.22 population and the estimated market value of the area furnished fire protection service
155.23 by the fire department as evidenced by duly executed and valid fire service agreements
155.24 filed with the commissioner. If one or more fire departments are furnishing contracted fire
155.25 service to a city, town, or township, only the population and estimated market value of the
155.26 area served by each fire department may be considered in calculating the state aid and
155.27 the fire departments furnishing service shall enter into an agreement apportioning among
155.28 themselves the percent of the population and the estimated market value of each service
155.29 area. The agreement must be in writing and must be filed with the commissioner.

155.30 (d) The minimum fire state aid allocation amount is the amount in addition to the
155.31 initial fire state allocation amount that is derived from any additional funding amount
155.32 to support a minimum fire state aid amount under section 423A.02, subdivision 3, and
155.33 allocated to municipalities with volunteer firefighters relief associations or covered by the
155.34 voluntary statewide lump-sum volunteer firefighter retirement plan based on the number
155.35 of active volunteer firefighters who are members of the relief association as reported
155.36 in the annual financial reporting for the calendar year 1993 to the Office of the State

156.1 Auditor, but not to exceed 30 active volunteer firefighters, so that all municipalities or
156.2 fire departments with volunteer firefighters relief associations receive in total at least a
156.3 minimum fire state aid amount per 1993 active volunteer firefighter to a maximum of
156.4 30 firefighters. If a relief association is established after calendar year 1993 and before
156.5 calendar year 2000, the number of active volunteer firefighters who are members of the
156.6 relief association as reported in the annual financial reporting for calendar year 1998
156.7 to the Office of the State Auditor, but not to exceed 30 active volunteer firefighters,
156.8 shall be used in this determination. If a relief association is established after calendar
156.9 year 1999, the number of active volunteer firefighters who are members of the relief
156.10 association as reported in the first annual financial reporting submitted to the Office of
156.11 the State Auditor, but not to exceed 20 active volunteer firefighters, must be used in this
156.12 determination. If a relief association is terminated as a result of providing retirement
156.13 coverage for volunteer firefighters by the voluntary statewide lump-sum volunteer
156.14 firefighter retirement plan under chapter 353G, the number of active volunteer firefighters
156.15 of the municipality covered by the statewide plan as certified by the executive director of
156.16 the Public Employees Retirement Association to the commissioner and the state auditor,
156.17 but not to exceed 30 active firefighters, must be used in this determination.

156.18 (e) Unless the firefighters of the applicable fire department are members of the
156.19 voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid must
156.20 be paid to the treasurer of the municipality where the fire department is located and the
156.21 treasurer of the municipality shall, within 30 days of receipt of the fire state aid, transmit
156.22 the aid to the relief association if the relief association has filed a financial report with the
156.23 treasurer of the municipality and has met all other statutory provisions pertaining to the
156.24 aid apportionment. If the firefighters of the applicable fire department are members of
156.25 the voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid
156.26 must be paid to the executive director of the Public Employees Retirement Association
156.27 and deposited in the voluntary statewide lump-sum volunteer firefighter retirement fund.

156.28 (f) The commissioner may make rules to permit the administration of the provisions
156.29 of this section.

156.30 (g) Any adjustments needed to correct prior misallocations must be made to
156.31 subsequent apportionments.

156.32 Sec. 5. Minnesota Statutes 2010, section 69.021, subdivision 8, is amended to read:

156.33 Subd. 8. **Population and estimated market value.** (a) In computations relating to
156.34 fire state aid requiring the use of population figures, only official statewide federal census

157.1 figures are to be used. Increases or decreases in population disclosed by reason of any
157.2 special census must not be taken into consideration.

157.3 (b) In calculations relating to fire state aid requiring the use of estimated market
157.4 value property figures, only the latest available estimated market value property figures
157.5 may be used.

157.6 Sec. 6. Minnesota Statutes 2010, section 88.51, subdivision 3, is amended to read:

157.7 Subd. 3. **Determination of market value.** In determining the net tax capacity of
157.8 property within any taxing district the value of the surface of lands within any auxiliary
157.9 forest therein, as determined by the county board under the provisions of section 88.48,
157.10 subdivision 3, shall, for all purposes except the levying of taxes on lands within any such
157.11 forest, be deemed the estimated market value thereof.

157.12 Sec. 7. Minnesota Statutes 2010, section 103B.245, subdivision 3, is amended to read:

157.13 Subd. 3. **Tax.** After adoption of the ordinance under subdivision 2, a local
157.14 government unit may annually levy a tax on all taxable property in the district for the
157.15 purposes for which the tax district is established. The tax may not exceed 0.02418 percent
157.16 of estimated market value on taxable property located in rural towns other than urban
157.17 towns, unless allowed by resolution of the town electors. The proceeds of the tax shall
157.18 be paid into a fund reserved for these purposes. Any proceeds remaining in the reserve
157.19 fund at the time the tax is terminated or the district is dissolved shall be transferred and
157.20 irrevocably pledged to the debt service fund of the local unit to be used solely to reduce
157.21 tax levies for bonded indebtedness of taxable property in the district.

157.22 Sec. 8. Minnesota Statutes 2010, section 103B.251, subdivision 8, is amended to read:

157.23 Subd. 8. **Tax.** (a) For the payment of principal and interest on the bonds issued
157.24 under subdivision 7 and the payment required under subdivision 6, the county shall
157.25 irrevocably pledge and appropriate the proceeds of a tax levied on all taxable property
157.26 located within the territory of the watershed management organization or subwatershed
157.27 unit for which the bonds are issued. Each year until the reserve for payment of the bonds
157.28 is sufficient to retire the bonds, the county shall levy on all taxable property in the territory
157.29 of the organization or unit, without respect to any statutory or other limitation on taxes, an
157.30 amount of taxes sufficient to pay principal and interest on the bonds and to restore any
157.31 deficiencies in reserves required to be maintained for payment of the bonds.

158.1 (b) The tax levied on rural towns other than urban towns may not exceed 0.02418
158.2 percent of ~~taxable~~ estimated market value, unless approved by resolution of the town
158.3 electors.

158.4 (c) If at any time the amounts available from the levy on property in the territory of
158.5 the organization are insufficient to pay principal and interest on the bonds when due, the
158.6 county shall make payment from any available funds in the county treasury.

158.7 (d) The amount of any taxes which are required to be levied outside of the territory
158.8 of the watershed management organization or unit or taken from the general funds of the
158.9 county to pay principal or interest on the bonds shall be reimbursed to the county from
158.10 taxes levied within the territory of the watershed management organization or unit.

158.11 Sec. 9. Minnesota Statutes 2010, section 103B.635, subdivision 2, is amended to read:

158.12 Subd. 2. **Municipal funding of district.** (a) The governing body or board of
158.13 supervisors of each municipality in the district must provide the funds necessary to meet
158.14 its proportion of the total cost determined by the board, provided the total funding from
158.15 all municipalities in the district for the costs shall not exceed an amount equal to .00242
158.16 percent of the total ~~taxable~~ estimated market value within the district, unless three-fourths
158.17 of the municipalities in the district pass a resolution concurring to the additional costs.

158.18 (b) The funds must be deposited in the treasury of the district in amounts and at
158.19 times as the treasurer of the district requires.

158.20 Sec. 10. Minnesota Statutes 2010, section 103B.691, subdivision 2, is amended to read:

158.21 Subd. 2. **Municipal funding of district.** (a) The governing body or board of
158.22 supervisors of each municipality in the district shall provide the funds necessary to
158.23 meet its proportion of the total cost to be borne by the municipalities as finally certified
158.24 by the board.

158.25 (b) The municipality's funds may be raised by any means within the authority of
158.26 the municipality. The municipalities may each levy a tax not to exceed .02418 percent of
158.27 ~~taxable~~ estimated market value on the taxable property located in the district to provide
158.28 the funds. The levy shall be within all other limitations provided by law.

158.29 (c) The funds must be deposited into the treasury of the district in amounts and at
158.30 times as the treasurer of the district requires.

158.31 Sec. 11. Minnesota Statutes 2010, section 103D.905, subdivision 2, is amended to read:

158.32 Subd. 2. **Organizational expense fund.** (a) An organizational expense fund,
158.33 consisting of an ad valorem tax levy, shall not exceed 0.01596 percent of ~~taxable~~ estimated

159.1 market value, or \$60,000, whichever is less. The money in the fund shall be used for
159.2 organizational expenses and preparation of the watershed management plan for projects.

159.3 (b) The managers may borrow from the affected counties up to 75 percent of the
159.4 anticipated funds to be collected from the organizational expense fund levy and the
159.5 counties affected may make the advancements.

159.6 (c) The advancement of anticipated funds shall be apportioned among affected
159.7 counties in the same ratio as the net tax capacity of the area of the counties within
159.8 the watershed district bears to the net tax capacity of the entire watershed district. If a
159.9 watershed district is enlarged, an organizational expense fund may be levied against the
159.10 area added to the watershed district in the same manner as provided in this subdivision.

159.11 (d) Unexpended funds collected for the organizational expense may be transferred to
159.12 the administrative fund and used for the purposes of the administrative fund.

159.13 Sec. 12. Minnesota Statutes 2010, section 103D.905, subdivision 3, is amended to read:

159.14 Subd. 3. **General fund.** A general fund, consisting of an ad valorem tax levy, may
159.15 not exceed 0.048 percent of ~~taxable~~ estimated market value, or \$250,000, whichever is
159.16 less. The money in the fund shall be used for general administrative expenses and for
159.17 the construction or implementation and maintenance of projects of common benefit to
159.18 the watershed district. The managers may make an annual levy for the general fund as
159.19 provided in section 103D.911. In addition to the annual general levy, the managers may
159.20 annually levy a tax not to exceed 0.00798 percent of ~~taxable~~ estimated market value
159.21 for a period not to exceed 15 consecutive years to pay the cost attributable to the basic
159.22 water management features of projects initiated by petition of a political subdivision
159.23 within the watershed district or by petition of at least 50 resident owners whose property
159.24 is within the watershed district.

159.25 Sec. 13. Minnesota Statutes 2010, section 103D.905, subdivision 8, is amended to read:

159.26 Subd. 8. **Survey and data acquisition fund.** (a) A survey and data acquisition fund
159.27 is established and used only if other funds are not available to the watershed district to pay
159.28 for making necessary surveys and acquiring data.

159.29 (b) The survey and data acquisition fund consists of the proceeds of a property tax
159.30 that can be levied only once every five years. The levy may not exceed 0.02418 percent of
159.31 ~~taxable~~ estimated market value.

159.32 (c) The balance of the survey and data acquisition fund may not exceed \$50,000.

160.1 (d) In a subsequent proceeding for a project where a survey has been made, the
160.2 attributable cost of the survey as determined by the managers shall be included as a part of
160.3 the cost of the work and the sum shall be repaid to the survey and data acquisition fund.

160.4 Sec. 14. Minnesota Statutes 2010, section 117.025, subdivision 7, is amended to read:

160.5 Subd. 7. **Structurally substandard.** "Structurally substandard" means a building:

160.6 (1) that was inspected by the appropriate local government and cited for one or more
160.7 enforceable housing, maintenance, or building code violations;

160.8 (2) in which the cited building code violations involve one or more of the following:

160.9 (i) a roof and roof framing element;

160.10 (ii) support walls, beams, and headers;

160.11 (iii) foundation, footings, and subgrade conditions;

160.12 (iv) light and ventilation;

160.13 (v) fire protection, including egress;

160.14 (vi) internal utilities, including electricity, gas, and water;

160.15 (vii) flooring and flooring elements; or

160.16 (viii) walls, insulation, and exterior envelope;

160.17 (3) in which the cited housing, maintenance, or building code violations have not
160.18 been remedied after two notices to cure the noncompliance; and

160.19 (4) has uncured housing, maintenance, and building code violations, satisfaction of
160.20 which would cost more than 50 percent of the ~~assessor's taxable~~ estimated market value
160.21 for the building, excluding land value, as determined under section 273.11 for property
160.22 taxes payable in the year in which the condemnation is commenced.

160.23 A local government is authorized to seek from a judge or magistrate an administrative
160.24 warrant to gain access to inspect a specific building in a proposed development or
160.25 redevelopment area upon showing of probable cause that a specific code violation has
160.26 occurred and that the violation has not been cured, and that the owner has denied the local
160.27 government access to the property. Items of evidence that may support a conclusion of
160.28 probable cause may include recent fire or police inspections, housing inspection, exterior
160.29 evidence of deterioration, or other similar reliable evidence of deterioration in the specific
160.30 building.

160.31 Sec. 15. Minnesota Statutes 2010, section 127A.48, subdivision 1, is amended to read:

160.32 Subdivision 1. **Computation.** The Department of Revenue must annually conduct
160.33 an assessment/sales ratio study of the taxable property in each county, city, town, and
160.34 school district in accordance with the procedures in subdivisions 2 and 3. Based upon the

161.1 results of this assessment/sales ratio study, the Department of Revenue must determine an
 161.2 ~~aggregate~~ equalized net tax capacity for the various classes of taxable property in each
 161.3 taxing district, the aggregate of which tax capacity shall be is designated as the adjusted
 161.4 net tax capacity. The adjusted net tax capacity must be reduced by the captured tax
 161.5 capacity of tax increment districts under section 469.177, subdivision 2, fiscal disparities
 161.6 contribution tax capacities under sections 276A.06 and 473F.08, and the tax capacity of
 161.7 transmission lines required to be subtracted from the local tax base under section 273.425;
 161.8 and increased by fiscal disparities distribution tax capacities under sections 276A.06 and
 161.9 473F.08. The adjusted net tax capacities shall be determined using the net tax capacity
 161.10 percentages in effect for the assessment year following the assessment year of the study.
 161.11 The Department of Revenue must make whatever estimates are necessary to account for
 161.12 changes in the classification system. The Department of Revenue may incur the expense
 161.13 necessary to make the determinations. The commissioner of revenue may reimburse any
 161.14 county or governmental official for requested services performed in ascertaining the
 161.15 adjusted net tax capacity. On or before March 15 annually, the Department of Revenue
 161.16 shall file with the chair of the Tax Committee of the house of representatives and the
 161.17 chair of the Committee on Taxes and Tax laws of the senate a report of adjusted net tax
 161.18 capacities for school districts. On or before June 15 annually, the Department of Revenue
 161.19 shall file its final report on the adjusted net tax capacities for school districts established
 161.20 by the previous year's assessments and the current year's net tax capacity percentages with
 161.21 the commissioner of education and each county auditor for those school districts for
 161.22 which the auditor has the responsibility for determination of local tax rates. A copy of
 161.23 the report so filed shall be mailed to the clerk of each school district involved and to the
 161.24 county assessor or supervisor of assessments of the county or counties in which each
 161.25 school district is located.

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

161.27 Sec. 16. Minnesota Statutes 2010, section 138.053, is amended to read:

161.28 **138.053 COUNTY HISTORICAL SOCIETY; TAX LEVY; CITIES OR**
 161.29 **TOWNS.**

161.30 The governing body of any home rule charter or statutory city or town may annually
 161.31 appropriate from its general fund an amount not to exceed 0.02418 percent of ~~taxable~~
 161.32 estimated market value, derived from ad valorem taxes on property or other revenues,
 161.33 to be paid to the historical society of its respective county to be used for the promotion
 161.34 of historical work and to aid in defraying the expenses of carrying on the historical

162.1 work in the county. No city or town may appropriate any funds for the benefit of any
162.2 historical society unless the society is affiliated with and approved by the Minnesota
162.3 Historical Society.

162.4 Sec. 17. Minnesota Statutes 2010, section 144F.01, subdivision 4, is amended to read:

162.5 Subd. 4. **Property tax levy authority.** The district's board may levy a tax on the
162.6 taxable real and personal property in the district. The ad valorem tax levy may not
162.7 exceed 0.048 percent of the ~~taxable~~ estimated market value of the district or \$400,000,
162.8 whichever is less. The proceeds of the levy must be used as provided in subdivision 5.
162.9 The board shall certify the levy at the times as provided under section 275.07. The board
162.10 shall provide the county with whatever information is necessary to identify the property
162.11 that is located within the district. If the boundaries include a part of a parcel, the entire
162.12 parcel shall be included in the district. The county auditors must spread, collect, and
162.13 distribute the proceeds of the tax at the same time and in the same manner as provided by
162.14 law for all other property taxes.

162.15 Sec. 18. Minnesota Statutes 2010, section 162.07, subdivision 3, is amended to read:

162.16 Subd. 3. **Computation for rural counties.** An amount equal to a levy of 0.01596
162.17 percent on each rural county's total ~~taxable~~ estimated market value for the last preceding
162.18 calendar year shall be computed and shall be subtracted from the county's total estimated
162.19 construction costs. The result thereof shall be the money needs of the county. For the
162.20 purpose of this section, "rural counties" means all counties having a population of less
162.21 than 175,000.

162.22 Sec. 19. Minnesota Statutes 2010, section 162.07, subdivision 4, is amended to read:

162.23 Subd. 4. **Computation for urban counties.** An amount equal to a levy of 0.00967
162.24 percent on each urban county's total ~~taxable~~ estimated market value for the last preceding
162.25 calendar year shall be computed and shall be subtracted from the county's total estimated
162.26 construction costs. The result thereof shall be the money needs of the county. For
162.27 the purpose of this section, "urban counties" means all counties having a population
162.28 of 175,000 or more.

162.29 Sec. 20. Minnesota Statutes 2010, section 163.04, subdivision 3, is amended to read:

162.30 Subd. 3. **Bridges within certain cities.** When the council of any statutory city or
162.31 city of the third or fourth class may determine that it is necessary to build or improve any
162.32 bridge or bridges, including approaches thereto, and any dam or retaining works connected

163.1 therewith, upon or forming a part of streets or highways either wholly or partly within
163.2 its limits, the county board shall appropriate one-half of the money as may be necessary
163.3 therefor from the county road and bridge fund, not exceeding during any year one-half
163.4 the amount of taxes paid into the county road and bridge fund during the preceding year,
163.5 on property within the corporate limits of the city. The appropriation shall be made upon
163.6 the petition of the council, which petition shall be filed by the council with the county
163.7 board prior to the fixing by the board of the annual county tax levy. The county board
163.8 shall determine the plans and specifications, shall let all necessary contracts, shall have
163.9 charge of construction, and upon its request, warrants in payment thereof shall be issued
163.10 by the county auditor, from time to time, as the construction work proceeds. Any unpaid
163.11 balance may be paid or advanced by the city. On petition of the council, the appropriations
163.12 of the county board, during not to exceed three successive years, may be made to apply
163.13 on the construction of the same items and to repay any money advanced by the city in
163.14 the construction thereof. None of the provisions of this section shall be construed to
163.15 be mandatory as applied to any city whose estimated market value exceeds \$2,100 per
163.16 capita of its population.

163.17 Sec. 21. Minnesota Statutes 2010, section 163.06, subdivision 6, is amended to read:

163.18 Subd. 6. **Expenditure in certain counties.** In any county having not less than 95
163.19 nor more than 105 full and fractional townships, and having ~~a~~ an estimated market value
163.20 of not less than \$12,000,000 nor more than \$21,000,000, ~~exclusive of money and credits,~~
163.21 the county board, by resolution, may expend the funds provided in subdivision 4 in any
163.22 organized or unorganized township or portion thereof in such county.

163.23 Sec. 22. Minnesota Statutes 2010, section 165.10, subdivision 1, is amended to read:

163.24 Subdivision 1. **Certain counties may issue and sell.** The county board of any
163.25 county having no outstanding road and bridge bonds may issue and sell county road bonds
163.26 in an amount not exceeding 0.12089 percent of the estimated market value of the taxable
163.27 property within the county ~~exclusive of money and credits,~~ for the purpose of constructing,
163.28 reconstructing, improving, or maintaining any bridge or bridges on any highway under its
163.29 jurisdiction, without submitting the matter to a vote of the electors of the county.

163.30 Sec. 23. Minnesota Statutes 2010, section 272.03, is amended by adding a subdivision
163.31 to read:

163.32 Subd. 14. **Estimated market value.** "Estimated market value" means the assessor's
163.33 determination of market value, including the effects of any orders made under section

164.1 270.12 or chapter 274, for the parcel. The provisions of section 273.032 apply for certain
164.2 uses in determining the total estimated market value for the taxing jurisdiction.

164.3 Sec. 24. Minnesota Statutes 2010, section 272.03, is amended by adding a subdivision
164.4 to read:

164.5 Subd. 15. **Taxable market value.** "Taxable market value" means estimated market
164.6 value for the parcel as reduced by market value exclusions, deferments of value, or other
164.7 adjustments, required by law, that reduce market value before the application of class rates.

164.8 Sec. 25. Minnesota Statutes 2010, section 273.032, is amended to read:

164.9 **273.032 MARKET VALUE DEFINITION.**

164.10 (a) Unless otherwise provided, for the purpose of determining any property tax
164.11 levy limitation based on market value or any limit on net debt, the issuance of bonds,
164.12 certificates of indebtedness, or capital notes based on market value, any qualification to
164.13 receive state aid based on market value, or any state aid amount based on market value,
164.14 the terms "market value," "~~taxable~~ estimated market value," and "market valuation,"
164.15 whether equalized or unequalized, mean the ~~total taxable~~ estimated market value of
164.16 taxable property within the local unit of government before any of the following or
164.17 similar adjustments for:

164.18 (1) the market value exclusions under:

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

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

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

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

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

164.25 (vi) section 273.13, subdivision 34 (homestead of a disabled veteran, spouse, or
164.26 caregiver);

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

164.28 (2) the deferment of value under:

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

164.30 (ii) the aggregate resource preservation law, section 273.1115;

164.31 (iii) the Minnesota Open Space Property Tax Law, section 273.112;

164.32 (iv) the rural preserves property tax program, section 273.114; or

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

164.34 (3) the adjustments to tax capacity for:

165.1 (i) tax increment, financing under sections 469.174 to 469.1794;
 165.2 (ii) fiscal disparity, disparities under chapter 276A or 473F; or
 165.3 (iii) powerline credit, or wind energy values, but after the limited market adjustments
 165.4 under section 273.11, subdivision 1a, and after the market value exclusions of certain
 165.5 improvements to homestead property under section 273.11, subdivision 16 under section
 165.6 273.425.

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

165.10 (c) Unless otherwise provided, "market value," "taxable estimated market value,"
 165.11 and "market valuation" for purposes of this paragraph property tax levy limitations and
 165.12 calculation of state aid, refer to the taxable estimated market value for the previous
 165.13 assessment year and for purposes of limits on net debt, the issuance of bonds, certificates of
 165.14 indebtedness, or capital notes refer to the estimated market value as last finally equalized.

165.15 ~~For the purpose of determining any net debt limit based on market value, or any limit~~
 165.16 ~~on the issuance of bonds, certificates of indebtedness, or capital notes based on market~~
 165.17 ~~value, the terms "market value," "taxable market value," and "market valuation," whether~~
 165.18 ~~equalized or unequalized, mean the total taxable market value of property within the local~~
 165.19 ~~unit of government before any adjustments for tax increment, fiscal disparity, powerline~~
 165.20 ~~credit, or wind energy values, but after the limited market value adjustments under section~~
 165.21 ~~273.11, subdivision 1a, and after the market value exclusions of certain improvements to~~
 165.22 ~~homestead property under section 273.11, subdivision 16. Unless otherwise provided,~~
 165.23 ~~"market value," "taxable market value," and "market valuation" for purposes of this~~
 165.24 ~~paragraph, mean the taxable market value as last finally equalized.~~

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

165.31 Sec. 26. Minnesota Statutes 2010, section 273.11, subdivision 1, is amended to read:

165.32 Subdivision 1. **Generally.** Except as provided in this section or section 273.17,
 165.33 subdivision 1, all property shall be valued at its market value. The market value as
 165.34 determined pursuant to this section shall be stated such that any amount under \$100 is
 165.35 rounded up to \$100 and any amount exceeding \$100 shall be rounded to the nearest \$100.

166.1 In estimating and determining such value, the assessor shall not adopt a lower or different
166.2 standard of value because the same is to serve as a basis of taxation, nor shall the assessor
166.3 adopt as a criterion of value the price for which such property would sell at a forced sale,
166.4 or in the aggregate with all the property in the town or district; but the assessor shall value
166.5 each article or description of property by itself, and at such sum or price as the assessor
166.6 believes the same to be fairly worth in money. The assessor shall take into account the
166.7 effect on the market value of property of environmental factors in the vicinity of the
166.8 property. In assessing any tract or lot of real property, the value of the land, exclusive of
166.9 structures and improvements, shall be determined, and also the value of all structures and
166.10 improvements thereon, and the aggregate value of the property, including all structures
166.11 and improvements, excluding the value of crops growing upon cultivated land. In valuing
166.12 real property upon which there is a mine or quarry, it shall be valued at such price as such
166.13 property, including the mine or quarry, would sell for at a fair, voluntary sale, for cash,
166.14 if the material being mined or quarried is not subject to taxation under section 298.015
166.15 and the mine or quarry is not exempt from the general property tax under section 298.25.
166.16 In valuing real property which is vacant, platted property shall be assessed as provided
166.17 in ~~subdivision 14~~ subdivisions 14a and 14c. All property, or the use thereof, which is
166.18 taxable under section 272.01, subdivision 2, or 273.19, shall be valued at the market
166.19 value of such property and not at the value of a leasehold estate in such property, or at
166.20 some lesser value than its market value.

166.21 Sec. 27. Minnesota Statutes 2010, section 273.124, subdivision 3a, is amended to read:

166.22 Subd. 3a. **Manufactured home park cooperative.** (a) When a manufactured home
166.23 park is owned by a corporation or association organized under chapter 308A or 308B,
166.24 and each person who owns a share or shares in the corporation or association is entitled
166.25 to occupy a lot within the park, the corporation or association may claim homestead
166.26 treatment for the park. Each lot must be designated by legal description or number, and
166.27 each lot is limited to not more than one-half acre of land.

166.28 (b) The manufactured home park shall be entitled to homestead treatment if all
166.29 of the following criteria are met:

166.30 (1) the occupant or the cooperative corporation or association is paying the ad
166.31 valorem property taxes and any special assessments levied against the land and structure
166.32 either directly, or indirectly through dues to the corporation or association; and

166.33 (2) the corporation or association organized under chapter 308A or 308B is wholly
166.34 owned by persons having a right to occupy a lot owned by the corporation or association.

167.1 (c) A charitable corporation, organized under the laws of Minnesota with no
167.2 outstanding stock, and granted a ruling by the Internal Revenue Service for 501(c)(3)
167.3 tax-exempt status, qualifies for homestead treatment with respect to a manufactured home
167.4 park if its members hold residential participation warrants entitling them to occupy a lot
167.5 in the manufactured home park.

167.6 (d) "Homestead treatment" under this subdivision means the class rate provided for
167.7 class 4c property classified under section 273.13, subdivision 25, paragraph (d), clause (5),
167.8 item (ii). The homestead market value ~~credit exclusion~~ under section ~~273.1384~~ 273.13,
167.9 subdivision 35, does not apply and the property taxes assessed against the park shall not
167.10 be included in the determination of taxes payable for rent paid under section 290A.03.

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

167.13 Sec. 28. Minnesota Statutes 2010, section 273.124, subdivision 13, is amended to read:

167.14 Subd. 13. **Homestead application.** (a) A person who meets the homestead
167.15 requirements under subdivision 1 must file a homestead application with the county
167.16 assessor to initially obtain homestead classification.

167.17 (b) The format and contents of a uniform homestead application shall be prescribed
167.18 by the commissioner of revenue. The application must clearly inform the taxpayer that
167.19 this application must be signed by all owners who occupy the property or by the qualifying
167.20 relative and returned to the county assessor in order for the property to receive homestead
167.21 treatment.

167.22 (c) Every property owner applying for homestead classification must furnish to the
167.23 county assessor the Social Security number of each occupant who is listed as an owner
167.24 of the property on the deed of record, the name and address of each owner who does not
167.25 occupy the property, and the name and Social Security number of each owner's spouse who
167.26 occupies the property. The application must be signed by each owner who occupies the
167.27 property and by each owner's spouse who occupies the property, or, in the case of property
167.28 that qualifies as a homestead under subdivision 1, paragraph (c), by the qualifying relative.

167.29 If a property owner occupies a homestead, the property owner's spouse may not
167.30 claim another property as a homestead unless the property owner and the property owner's
167.31 spouse file with the assessor an affidavit or other proof required by the assessor stating that
167.32 the property qualifies as a homestead under subdivision 1, paragraph (e).

167.33 Owners or spouses occupying residences owned by their spouses and previously
167.34 occupied with the other spouse, either of whom fail to include the other spouse's name
167.35 and Social Security number on the homestead application or provide the affidavits or

168.1 other proof requested, will be deemed to have elected to receive only partial homestead
168.2 treatment of their residence. The remainder of the residence will be classified as
168.3 nonhomestead residential. When an owner or spouse's name and Social Security number
168.4 appear on homestead applications for two separate residences and only one application is
168.5 signed, the owner or spouse will be deemed to have elected to homestead the residence for
168.6 which the application was signed.

168.7 The Social Security numbers, state or federal tax returns or tax return information,
168.8 including the federal income tax schedule F required by this section, or affidavits or other
168.9 proofs of the property owners and spouses submitted under this or another section to
168.10 support a claim for a property tax homestead classification are private data on individuals
168.11 as defined by section 13.02, subdivision 12, but, notwithstanding that section, the private
168.12 data may be disclosed to the commissioner of revenue, or, for purposes of proceeding
168.13 under the Revenue Recapture Act to recover personal property taxes owing, to the county
168.14 treasurer.

168.15 (d) If residential real estate is occupied and used for purposes of a homestead by a
168.16 relative of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in
168.17 order for the property to receive homestead status, a homestead application must be filed
168.18 with the assessor. The Social Security number of each relative and spouse of a relative
168.19 occupying the property shall be required on the homestead application filed under this
168.20 subdivision. If a different relative of the owner subsequently occupies the property, the
168.21 owner of the property must notify the assessor within 30 days of the change in occupancy.
168.22 The Social Security number of a relative or relative's spouse occupying the property
168.23 is private data on individuals as defined by section 13.02, subdivision 12, but may be
168.24 disclosed to the commissioner of revenue, or, for the purposes of proceeding under the
168.25 Revenue Recapture Act to recover personal property taxes owing, to the county treasurer.

168.26 (e) The homestead application shall also notify the property owners that the
168.27 application filed under this section will not be mailed annually and that if the property
168.28 is granted homestead status for any assessment year, that same property shall remain
168.29 classified as homestead until the property is sold or transferred to another person, or
168.30 the owners, the spouse of the owner, or the relatives no longer use the property as their
168.31 homestead. Upon the sale or transfer of the homestead property, a certificate of value must
168.32 be timely filed with the county auditor as provided under section 272.115. Failure to
168.33 notify the assessor within 30 days that the property has been sold, transferred, or that the
168.34 owner, the spouse of the owner, or the relative is no longer occupying the property as a
168.35 homestead, shall result in the penalty provided under this subdivision and the property
168.36 will lose its current homestead status.

169.1 (f) If the homestead application is not returned within 30 days, the county will send a
169.2 second application to the present owners of record. The notice of proposed property taxes
169.3 prepared under section 275.065, subdivision 3, shall reflect the property's classification. If
169.4 a homestead application has not been filed with the county by December 15, the assessor
169.5 shall classify the property as nonhomestead for the current assessment year for taxes
169.6 payable in the following year, provided that the owner may be entitled to receive the
169.7 homestead classification by proper application under section 375.192.

169.8 (g) At the request of the commissioner, each county must give the commissioner a
169.9 list that includes the name and Social Security number of each occupant of homestead
169.10 property who is the property owner, property owner's spouse, qualifying relative of a
169.11 property owner, or a spouse of a qualifying relative. The commissioner shall use the
169.12 information provided on the lists as appropriate under the law, including for the detection
169.13 of improper claims by owners, or relatives of owners, under chapter 290A.

169.14 (h) If the commissioner finds that a property owner may be claiming a fraudulent
169.15 homestead, the commissioner shall notify the appropriate counties. Within 90 days of
169.16 the notification, the county assessor shall investigate to determine if the homestead
169.17 classification was properly claimed. If the property owner does not qualify, the county
169.18 assessor shall notify the county auditor who will determine the amount of homestead
169.19 benefits that had been improperly allowed. For the purpose of this section, "homestead
169.20 benefits" means the tax reduction resulting from the classification as a homestead and the
169.21 homestead market value exclusion under section 273.13, the taconite homestead credit
169.22 under section 273.135, the ~~residential homestead~~ and agricultural homestead ~~credits~~ credit
169.23 under section 273.1384, and the supplemental homestead credit under section 273.1391.

169.24 The county auditor shall send a notice to the person who owned the affected property
169.25 at the time the homestead application related to the improper homestead was filed,
169.26 demanding reimbursement of the homestead benefits plus a penalty equal to 100 percent
169.27 of the homestead benefits. The person notified may appeal the county's determination
169.28 by serving copies of a petition for review with county officials as provided in section
169.29 278.01 and filing proof of service as provided in section 278.01 with the Minnesota Tax
169.30 Court within 60 days of the date of the notice from the county. Procedurally, the appeal
169.31 is governed by the provisions in chapter 271 which apply to the appeal of a property tax
169.32 assessment or levy, but without requiring any prepayment of the amount in controversy. If
169.33 the amount of homestead benefits and penalty is not paid within 60 days, and if no appeal
169.34 has been filed, the county auditor shall certify the amount of taxes and penalty to the county
169.35 treasurer. The county treasurer will add interest to the unpaid homestead benefits and
169.36 penalty amounts at the rate provided in section 279.03 for real property taxes becoming

170.1 delinquent in the calendar year during which the amount remains unpaid. Interest may be
170.2 assessed for the period beginning 60 days after demand for payment was made.

170.3 If the person notified is the current owner of the property, the treasurer may add the
170.4 total amount of homestead benefits, penalty, interest, and costs to the ad valorem taxes
170.5 otherwise payable on the property by including the amounts on the property tax statements
170.6 under section 276.04, subdivision 3. The amounts added under this paragraph to the ad
170.7 valorem taxes shall include interest accrued through December 31 of the year preceding
170.8 the taxes payable year for which the amounts are first added. These amounts, when added
170.9 to the property tax statement, become subject to all the laws for the enforcement of real or
170.10 personal property taxes for that year, and for any subsequent year.

170.11 If the person notified is not the current owner of the property, the treasurer may
170.12 collect the amounts due under the Revenue Recapture Act in chapter 270A, or use any of
170.13 the powers granted in sections 277.20 and 277.21 without exclusion, to enforce payment
170.14 of the homestead benefits, penalty, interest, and costs, as if those amounts were delinquent
170.15 tax obligations of the person who owned the property at the time the application related
170.16 to the improperly allowed homestead was filed. The treasurer may relieve a prior owner
170.17 of personal liability for the homestead benefits, penalty, interest, and costs, and instead
170.18 extend those amounts on the tax lists against the property as provided in this paragraph
170.19 to the extent that the current owner agrees in writing. On all demands, billings, property
170.20 tax statements, and related correspondence, the county must list and state separately the
170.21 amounts of homestead benefits, penalty, interest and costs being demanded, billed or
170.22 assessed.

170.23 (i) Any amount of homestead benefits recovered by the county from the property
170.24 owner shall be distributed to the county, city or town, and school district where the
170.25 property is located in the same proportion that each taxing district's levy was to the total
170.26 of the three taxing districts' levy for the current year. Any amount recovered attributable
170.27 to taconite homestead credit shall be transmitted to the St. Louis County auditor to be
170.28 deposited in the taconite property tax relief account. Any amount recovered that is
170.29 attributable to supplemental homestead credit is to be transmitted to the commissioner of
170.30 revenue for deposit in the general fund of the state treasury. The total amount of penalty
170.31 collected must be deposited in the county general fund.

170.32 (j) If a property owner has applied for more than one homestead and the county
170.33 assessors cannot determine which property should be classified as homestead, the county
170.34 assessors will refer the information to the commissioner. The commissioner shall make
170.35 the determination and notify the counties within 60 days.

171.1 (k) In addition to lists of homestead properties, the commissioner may ask the
171.2 counties to furnish lists of all properties and the record owners. The Social Security
171.3 numbers and federal identification numbers that are maintained by a county or city
171.4 assessor for property tax administration purposes, and that may appear on the lists retain
171.5 their classification as private or nonpublic data; but may be viewed, accessed, and used by
171.6 the county auditor or treasurer of the same county for the limited purpose of assisting the
171.7 commissioner in the preparation of microdata samples under section 270C.12.

171.8 (l) On or before April 30 each year beginning in 2007, each county must provide the
171.9 commissioner with the following data for each parcel of homestead property by electronic
171.10 means as defined in section 289A.02, subdivision 8:

171.11 (i) the property identification number assigned to the parcel for purposes of taxes
171.12 payable in the current year;

171.13 (ii) the name and Social Security number of each occupant of homestead property
171.14 who is the property owner, property owner's spouse, qualifying relative of a property
171.15 owner, or spouse of a qualifying relative;

171.16 (iii) the classification of the property under section 273.13 for taxes payable in the
171.17 current year and in the prior year;

171.18 (iv) an indication of whether the property was classified as a homestead for taxes
171.19 payable in the current year because of occupancy by a relative of the owner or by a
171.20 spouse of a relative;

171.21 (v) the property taxes payable as defined in section 290A.03, subdivision 13, for the
171.22 current year and the prior year;

171.23 (vi) the market value of improvements to the property first assessed for tax purposes
171.24 for taxes payable in the current year;

171.25 (vii) the assessor's estimated market value assigned to the property for taxes payable
171.26 in the current year and the prior year;

171.27 (viii) the taxable market value assigned to the property for taxes payable in the
171.28 current year and the prior year;

171.29 (ix) whether there are delinquent property taxes owing on the homestead;

171.30 (x) the unique taxing district in which the property is located; and

171.31 (xi) such other information as the commissioner decides is necessary.

171.32 The commissioner shall use the information provided on the lists as appropriate
171.33 under the law, including for the detection of improper claims by owners, or relatives
171.34 of owners, under chapter 290A.

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

172.1 Sec. 29. Minnesota Statutes 2010, section 273.13, subdivision 21b, is amended to read:

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

172.4 ~~(b)~~ Net tax capacity means the product of the appropriate net class rates in this
172.5 section and taxable market values.

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

172.7 Sec. 30. Minnesota Statutes 2010, section 273.1398, subdivision 3, is amended to read:

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

172.23 Sec. 31. Minnesota Statutes 2010, section 273.1398, subdivision 4, is amended to read:

172.24 Subd. 4. **Disparity reduction credit.** (a) Beginning with taxes payable in 1989,
172.25 class 4a, class 3a, and class 3b property qualifies for a disparity reduction credit if: (1)
172.26 the property is located in a border city that has an enterprise zone designated pursuant
172.27 to section 469.168, subdivision 4; (2) the property is located in a city with a population
172.28 greater than 2,500 and less than 35,000 according to the 1980 decennial census; (3) the
172.29 city is adjacent to a city in another state or immediately adjacent to a city adjacent to a city
172.30 in another state; and (4) the adjacent city in the other state has a population of greater than
172.31 5,000 and less than 75,000 according to the 1980 decennial census.

172.32 (b) The credit is an amount sufficient to reduce (i) the taxes levied on class 4a
172.33 property to 2.3 percent of the property's taxable market value and (ii) the tax on class 3a
172.34 and class 3b property to 2.3 percent of taxable market value.

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

173.4 Sec. 32. Minnesota Statutes 2010, section 275.011, subdivision 1, is amended to read:

173.5 Subdivision 1. **Determination of levy limit.** The property tax levied for any
 173.6 purpose under a special law that is not codified in Minnesota Statutes or a city charter
 173.7 provision and that is subject to a mill rate limitation imposed by the special law or city
 173.8 charter provision, excluding levies subject to mill rate limitations that use adjusted
 173.9 assessed values determined by the commissioner of revenue under section 124.2131, must
 173.10 not exceed the following amount for the years specified:

173.11 (a) for taxes payable in 1988, the product of the applicable mill rate limitation
 173.12 imposed by special law or city charter provision multiplied by the total assessed valuation
 173.13 of all taxable property subject to the tax as adjusted by the provisions of Minnesota
 173.14 Statutes 1986, sections 272.64; 273.13, subdivision 7a; and 275.49;

173.15 (b) for taxes payable in 1989, the product of (1) the property tax levy limitation for
 173.16 the taxes payable year 1988 determined under clause (a) multiplied by (2) an index for
 173.17 market valuation changes equal to the assessment year 1988 total market valuation of all
 173.18 taxable property subject to the tax divided by the assessment year 1987 total market
 173.19 valuation of all taxable property subject to the tax; and

173.20 (c) for taxes payable in 1990 and subsequent years, the product of (1) the property
 173.21 tax levy limitation for the previous year determined pursuant to this subdivision multiplied
 173.22 by (2) an index for market valuation changes equal to the total market valuation of all
 173.23 taxable property subject to the tax for the current assessment year divided by the total
 173.24 market valuation of all taxable property subject to the tax for the previous assessment year.

173.25 For the purpose of determining the property tax levy limitation for the taxes payable
 173.26 year ~~1988~~ 2013 and subsequent years under this subdivision, "total market valuation"
 173.27 means the ~~total~~ total estimated market ~~valuation~~ value of all taxable property subject to the
 173.28 tax ~~without valuation adjustments for fiscal disparities (chapters 276A and 473F), tax~~
 173.29 ~~increment financing (sections 469.174 to 469.179), or powerline credit (section 273.425)~~
 173.30 as provided under section 273.032.

173.31 Sec. 33. Minnesota Statutes 2010, section 275.077, subdivision 2, is amended to read:

173.32 Subd. 2. **Correction of levy amount.** The difference between the correct levy and
 173.33 the erroneous levy shall be added to the township levy for the subsequent levy year;
 173.34 provided that if the amount of the difference exceeds 0.12089 percent of ~~taxable~~ taxable estimated

174.1 market value, the excess shall be added to the township levy for the second and later
174.2 subsequent levy years, not to exceed an additional levy of 0.12089 percent of ~~taxable~~
174.3 estimated market value in any year, until the full amount of the difference has been levied.
174.4 The funds collected from the corrected levies shall be used to reimburse the county for the
174.5 payment required by subdivision 1.

174.6 Sec. 34. Minnesota Statutes 2010, section 275.71, subdivision 4, is amended to read:

174.7 Subd. 4. **Adjusted levy limit base.** For taxes levied in 2008 through 2010, the
174.8 adjusted levy limit base is equal to the levy limit base computed under subdivision 2
174.9 or section 275.72, multiplied by:

174.10 (1) one plus the percentage growth in the implicit price deflator, but the percentage
174.11 shall not be less than zero or exceed 3.9 percent;

174.12 (2) one plus a percentage equal to 50 percent of the percentage increase in the number
174.13 of households, if any, for the most recent 12-month period for which data is available; and

174.14 (3) one plus a percentage equal to 50 percent of the percentage increase in the
174.15 ~~taxable~~ estimated market value of the jurisdiction due to new construction of class 3
174.16 property, as defined in section 273.13, subdivision 4, except for state-assessed utility and
174.17 railroad property, for the most recent year for which data is available.

174.18 Sec. 35. Minnesota Statutes 2011 Supplement, section 276.04, subdivision 2, is
174.19 amended to read:

174.20 Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the
174.21 printing of the tax statements. The commissioner of revenue shall prescribe the form of
174.22 the property tax statement and its contents. The tax statement must not state or imply
174.23 that property tax credits are paid by the state of Minnesota. The statement must contain
174.24 a tabulated statement of the dollar amount due to each taxing authority and the amount
174.25 of the state tax from the parcel of real property for which a particular tax statement is
174.26 prepared. The dollar amounts attributable to the county, the state tax, the voter approved
174.27 school tax, the other local school tax, the township or municipality, and the total of
174.28 the metropolitan special taxing districts as defined in section 275.065, subdivision 3,
174.29 paragraph (i), must be separately stated. The amounts due all other special taxing districts,
174.30 if any, may be aggregated except that any levies made by the regional rail authorities in the
174.31 county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter
174.32 398A shall be listed on a separate line directly under the appropriate county's levy. If the
174.33 county levy under this paragraph includes an amount for a lake improvement district as
174.34 defined under sections 103B.501 to 103B.581, the amount attributable for that purpose

175.1 must be separately stated from the remaining county levy amount. In the case of Ramsey
175.2 County, if the county levy under this paragraph includes an amount for public library
175.3 service under section 134.07, the amount attributable for that purpose may be separated
175.4 from the remaining county levy amount. The amount of the tax on homesteads qualifying
175.5 under the senior citizens' property tax deferral program under chapter 290B is the total
175.6 amount of property tax before subtraction of the deferred property tax amount. The
175.7 amount of the tax on contamination value imposed under sections 270.91 to 270.98, if any,
175.8 must also be separately stated. The dollar amounts, including the dollar amount of any
175.9 special assessments, may be rounded to the nearest even whole dollar. For purposes of this
175.10 section whole odd-numbered dollars may be adjusted to the next higher even-numbered
175.11 dollar. The amount of market value excluded under section 273.11, subdivision 16, if any,
175.12 must also be listed on the tax statement.

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

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

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

175.21 (2) the property's homestead market value exclusion under section 273.13,
175.22 subdivision 35;

175.23 (3) the property's taxable market value ~~after reductions under sections 273.11,~~
175.24 ~~subdivisions 1a and 16, and 273.13, subdivision 35~~ section 272.03, subdivision 15;

175.25 (4) the property's gross tax, before credits;

175.26 (5) for homestead agricultural properties, the credit under section 273.1384;

175.27 (6) any credits received under sections 273.119; 273.1234 or 273.1235; 273.135;
175.28 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of
175.29 credit received under section 273.135 must be separately stated and identified as "taconite
175.30 tax relief"; and

175.31 (7) the net tax payable in the manner required in paragraph (a).

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

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

176.4 Sec. 36. Minnesota Statutes 2010, section 276A.01, subdivision 10, is amended to read:

176.5 Subd. 10. **Adjusted market value.** "Adjusted market value" of real and personal
176.6 property within a municipality means the ~~assessor's estimated~~ taxable market value,
176.7 as defined in section 272.03, of all real and personal property, including the value of
176.8 manufactured housing, within the municipality. ~~For purposes of sections 276A.01 to~~
176.9 ~~276A.09, the commissioner of revenue shall annually make determinations and reports~~
176.10 ~~with respect to each municipality which are comparable to those it makes for school~~
176.11 ~~districts, adjusted for sales ratios in a manner similar to the adjustments made to city and~~
176.12 ~~town net tax capacities under section 127A.48, subdivisions 1 to 6, in the same manner~~
176.13 ~~and at the same times prescribed by the subdivision. The commissioner of revenue shall~~
176.14 ~~annually determine, for each municipality, information comparable to that required by~~
176.15 ~~section 475.53, subdivision 4, for school districts, as soon as practicable after it becomes~~
176.16 ~~available. The commissioner of revenue shall then compute the equalized market value of~~
176.17 ~~property within each municipality.~~

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

176.19 Sec. 37. Minnesota Statutes 2010, section 276A.01, subdivision 12, is amended to read:

176.20 Subd. 12. **Fiscal capacity.** "Fiscal capacity" of a municipality means its ~~valuation~~
176.21 adjusted market value, determined as of January 2 of any year, divided by its population,
176.22 determined as of a date in the same year.

176.23 Sec. 38. Minnesota Statutes 2010, section 276A.01, subdivision 13, is amended to read:

176.24 Subd. 13. **Average fiscal capacity.** "Average fiscal capacity" of municipalities
176.25 means the sum of the ~~valuations~~ adjusted market values of all municipalities, determined
176.26 as of January 2 of any year, divided by the sum of their populations, determined as of
176.27 a date in the same year.

176.28 Sec. 39. Minnesota Statutes 2010, section 276A.01, subdivision 15, is amended to read:

176.29 Subd. 15. **Net tax capacity.** "Net tax capacity" means the taxable market value of
176.30 real and personal property multiplied by its net tax capacity rates in section 273.13.

177.1 Sec. 40. Minnesota Statutes 2010, section 287.08, is amended to read:

177.2 **287.08 TAX, HOW PAYABLE; RECEIPTS.**

177.3 (a) The tax imposed by sections 287.01 to 287.12 must be paid to the treasurer of
177.4 any county in this state in which the real property or some part is located at or before
177.5 the time of filing the mortgage for record. The treasurer shall endorse receipt on the
177.6 mortgage and the receipt is conclusive proof that the tax has been paid in the amount
177.7 stated and authorizes any county recorder or registrar of titles to record the mortgage. Its
177.8 form, in substance, shall be "registration tax hereon of dollars paid." If the
177.9 mortgage is exempt from taxation the endorsement shall, in substance, be "exempt from
177.10 registration tax." In either case the receipt must be signed by the treasurer. In case the
177.11 treasurer is unable to determine whether a claim of exemption should be allowed, the tax
177.12 must be paid as in the case of a taxable mortgage. For documents submitted electronically,
177.13 the endorsements and tax amount shall be affixed electronically and no signature by the
177.14 treasurer will be required. The actual payment method must be arranged in advance
177.15 between the submitter and the receiving county.

177.16 (b) The county treasurer may refund in whole or in part any mortgage registry tax
177.17 overpayment if a written application by the taxpayer is submitted to the county treasurer
177.18 within 3-1/2 years from the date of the overpayment. If the county has not issued a denial
177.19 of the application, the taxpayer may bring an action in Tax Court in the county in which
177.20 the tax was paid at any time after the expiration of six months from the time that the
177.21 application was submitted. A denial of refund may be appealed within 60 days from
177.22 the date of the denial by bringing an action in Tax Court in the county in which the tax
177.23 was paid. The action is commenced by the serving of a petition for relief on the county
177.24 treasurer, and by filing a copy with the court. The county attorney shall defend the action.
177.25 The county treasurer shall notify the treasurer of each county that has or would receive a
177.26 portion of the tax as paid.

177.27 (c) If the county treasurer determines a refund should be paid, or if a refund is
177.28 ordered by the court, the county treasurer of each county that actually received a portion
177.29 of the tax shall immediately pay a proportionate share of three percent of the refund
177.30 using any available county funds. The county treasurer of each county that received, or
177.31 would have received, a portion of the tax shall also pay their county's proportionate share
177.32 of the remaining 97 percent of the court-ordered refund on or before the 20th day of the
177.33 following month using solely the mortgage registry tax funds that would be paid to the
177.34 commissioner of revenue on that date under section 287.12. If the funds on hand under
177.35 this procedure are insufficient to fully fund 97 percent of the court-ordered refund, the
177.36 county treasurer of the county in which the action was brought shall file a claim with the

178.1 commissioner of revenue under section 16A.48 for the remaining portion of 97 percent of
178.2 the refund, and shall pay over the remaining portion upon receipt of a warrant from the
178.3 state issued pursuant to the claim.

178.4 (d) When any mortgage covers real property located in more than one county in this
178.5 state the total tax must be paid to the treasurer of the county where the mortgage is first
178.6 presented for recording, and the payment must be receipted as provided in paragraph
178.7 (a). If the principal debt or obligation secured by such a multiple county mortgage
178.8 exceeds \$10,000,000, the nonstate portion of the tax must be divided and paid over by
178.9 the county treasurer receiving it, on or before the 20th day of each month after receipt,
178.10 to the county or counties entitled in the ratio that the estimated market value of the real
178.11 property covered by the mortgage in each county bears to the estimated market value of
178.12 all the real property in this state described in the mortgage. In making the division and
178.13 payment the county treasurer shall send a statement giving the description of the real
178.14 property described in the mortgage and the estimated market value of the part located in
178.15 each county. For this purpose, the treasurer of any county may require the treasurer of
178.16 any other county to certify to the former the estimated market ~~valuation~~ value of any tract
178.17 of real property in any mortgage.

178.18 (e) The mortgagor must pay the tax imposed by sections 287.01 to 287.12. The
178.19 mortgagee may undertake to collect and remit the tax on behalf of the mortgagor. If the
178.20 mortgagee collects money from the mortgagor to remit the tax on behalf of the mortgagor,
178.21 the mortgagee has a fiduciary duty to remit the tax on behalf of the mortgagor as to the
178.22 amount of the tax collected for that purpose and the mortgagor is relieved of any further
178.23 obligation to pay the tax as to the amount collected by the mortgagee for this purpose.

178.24 Sec. 41. Minnesota Statutes 2010, section 287.23, subdivision 1, is amended to read:

178.25 Subdivision 1. **Real property outside county.** If any taxable deed or instrument
178.26 describes any real property located in more than one county in this state, the total tax must
178.27 be paid to the treasurer of the county where the document is first presented for recording,
178.28 and the payment must be receipted as provided in section 287.08. If the net consideration
178.29 exceeds \$700,000, the nonstate portion of the tax must be divided and paid over by the
178.30 county treasurer receiving it, on or before the 20th day of each month after receipt, to
178.31 the county or counties entitled in the ratio which the estimated market value of the real
178.32 property covered by the document in each county bears to the estimated market value of
178.33 all the real property in this state described in the document. In making the division and
178.34 payment the county treasurer shall send a statement to the other involved counties giving
178.35 the description of the real property described in the document and the estimated market

179.1 value of the part located in each county. The treasurer of any county may require the
179.2 treasurer of any other county to certify to the former the estimated market valuation value
179.3 of any parcel of real property for this purpose.

179.4 Sec. 42. Minnesota Statutes 2010, section 353G.08, subdivision 2, is amended to read:

179.5 Subd. 2. **Cash flow funding requirement.** If the executive director determines that
179.6 an account in the voluntary statewide lump-sum volunteer firefighter retirement plan has
179.7 insufficient assets to meet the service pensions determined payable from the account,
179.8 the executive director shall certify the amount of the potential service pension shortfall
179.9 to the municipality or municipalities and the municipality or municipalities shall make
179.10 an additional employer contribution to the account within ten days of the certification.
179.11 If more than one municipality is associated with the account, unless the municipalities
179.12 agree to a different allocation, the municipalities shall allocate the additional employer
179.13 contribution one-half in proportion to the population of each municipality and one-half in
179.14 proportion to the estimated market value of the property of each municipality.

179.15 Sec. 43. Minnesota Statutes 2010, section 365.025, subdivision 4, is amended to read:

179.16 Subd. 4. **Major purchases: notice, petition, election.** Before buying anything
179.17 under subdivision 2 that costs more than 0.24177 percent of the estimated market value of
179.18 the town, the town must follow this subdivision.

179.19 The town must publish in its official newspaper the board's resolution to pay for the
179.20 property over time. Then a petition for an election on the contract may be filed with the
179.21 clerk. The petition must be filed within ten days after the resolution is published. To
179.22 require the election the petition must be signed by a number of voters equal to ten percent
179.23 of the voters at the last regular town election. The contract then must be approved by a
179.24 majority of those voting on the question. The question may be voted on at a regular
179.25 or special election.

179.26 Sec. 44. Minnesota Statutes 2010, section 366.095, subdivision 1, is amended to read:

179.27 Subdivision 1. **Certificates of indebtedness.** The town board may issue certificates
179.28 of indebtedness within the debt limits for a town purpose otherwise authorized by law.
179.29 The certificates shall be payable in not more than ten years and be issued on the terms and
179.30 in the manner as the board may determine. If the amount of the certificates to be issued
179.31 exceeds 0.25 percent of the estimated market value of the town, they shall not be issued
179.32 for at least ten days after publication in a newspaper of general circulation in the town of
179.33 the board's resolution determining to issue them. If within that time, a petition asking for

180.1 an election on the proposition signed by voters equal to ten percent of the number of voters
180.2 at the last regular town election is filed with the clerk, the certificates shall not be issued
180.3 until their issuance has been approved by a majority of the votes cast on the question at
180.4 a regular or special election. A tax levy shall be made to pay the principal and interest
180.5 on the certificates as in the case of bonds.

180.6 Sec. 45. Minnesota Statutes 2010, section 366.27, is amended to read:

180.7 **366.27 FIREFIGHTERS' RELIEF; TAX LEVY.**

180.8 The town board of any town in this state having therein a platted portion on
180.9 which resides 1,200 or more people, and wherein a duly incorporated firefighters' relief
180.10 association is located may each year levy a tax not to exceed 0.00806 percent of ~~taxable~~
180.11 estimated market value for the benefit of the relief association.

180.12 Sec. 46. Minnesota Statutes 2010, section 368.01, subdivision 23, is amended to read:

180.13 Subd. 23. **Financing purchase of certain equipment.** The town board may issue
180.14 certificates of indebtedness within debt limits to purchase fire or police equipment or
180.15 ambulance equipment or street construction or maintenance equipment. The certificates
180.16 shall be payable in not more than five years and be issued on terms and in the manner
180.17 as the board may determine. If the amount of the certificates to be issued to finance a
180.18 purchase exceeds 0.24177 percent of the estimated market value of the town, ~~excluding~~
180.19 ~~money and credits~~, they shall not be issued for at least ten days after publication in the
180.20 official newspaper of a town board resolution determining to issue them. If before the end
180.21 of that time, a petition asking for an election on the proposition signed by voters equal
180.22 to ten percent of the number of voters at the last regular town election is filed with the
180.23 clerk, the certificates shall not be issued until the proposition of their issuance has been
180.24 approved by a majority of the votes cast on the question at a regular or special election.
180.25 A tax levy shall be made for the payment of the principal and interest on the certificates
180.26 as in the case of bonds.

180.27 Sec. 47. Minnesota Statutes 2010, section 368.47, is amended to read:

180.28 **368.47 TOWNS MAY BE DISSOLVED.**

180.29 (1) When the voters residing within a town have failed to elect any town officials for
180.30 more than ten years continuously;

180.31 (2) when a town has failed for a period of ten years to exercise any of the powers
180.32 and functions of a town;

180.33 (3) when the estimated market value of a town drops to less than \$165,000;

181.1 (4) when the tax delinquency of a town, exclusive of taxes that are delinquent or
 181.2 unpaid because they are contested in proceedings for the enforcement of taxes, amounts to
 181.3 12 percent of its market value; or

181.4 (5) when the state or federal government has acquired title to 50 percent of the
 181.5 real estate of a town,

181.6 which facts, or any of them, may be found and determined by the resolution of the county
 181.7 board of the county in which the town is located, according to the official records in the
 181.8 office of the county auditor, the county board by resolution may declare the town, naming
 181.9 it, dissolved and no longer entitled to exercise any of the powers or functions of a town.

181.10 In Cass, Itasca, and St. Louis Counties, before the dissolution is effective the voters
 181.11 of the town shall express their approval or disapproval. The town clerk shall, upon a
 181.12 petition signed by a majority of the registered voters of the town, filed with the clerk at
 181.13 least 60 days before a regular or special town election, give notice at the same time and
 181.14 in the same manner of the election that the question of dissolution of the town will be
 181.15 submitted for determination at the election. At the election the question shall be voted
 181.16 upon by a separate ballot, the terms of which shall be either "for dissolution" or "against
 181.17 dissolution." The ballot shall be deposited in a separate ballot box and the result of the
 181.18 voting canvassed, certified, and returned in the same manner and at the same time as
 181.19 other facts and returns of the election. If a majority of the votes cast at the election are
 181.20 for dissolution, the town shall be dissolved. If a majority of the votes cast at the election
 181.21 are against dissolution, the town shall not be dissolved.

181.22 When a town is dissolved under sections 368.47 to 368.49 the county shall acquire
 181.23 title to any telephone company or other business conducted by the town. The business
 181.24 shall be operated by the board of county commissioners until it can be sold. The
 181.25 subscribers or patrons of the business shall have the first opportunity of purchase. If the
 181.26 town has any outstanding indebtedness chargeable to the business, the county auditor shall
 181.27 levy a tax against the property situated in the dissolved town to pay the indebtedness
 181.28 as it becomes due.

181.29 Sec. 48. Minnesota Statutes 2010, section 370.01, is amended to read:

181.30 **370.01 CHANGE OF BOUNDARIES; CREATION OF NEW COUNTIES.**

181.31 The boundaries of counties may be changed by taking territory from a county and
 181.32 attaching it to an adjoining county, and new counties may be established out of territory of
 181.33 one or more existing counties. A new county shall contain at least 400 square miles and
 181.34 have at least 4,000 inhabitants. A proposed new county must have a total taxable estimated
 181.35 market value of at least 35 percent of (i) the total taxable estimated market value of the

182.1 existing county, or (ii) the average total ~~taxable~~ estimated market value of the existing
 182.2 counties, included in the proposition. The determination of the ~~taxable~~ estimated market
 182.3 value of a county must be made by the commissioner of revenue. An existing county shall
 182.4 not be reduced in area below 400 square miles, have less than 4,000 inhabitants, or have a
 182.5 total ~~taxable~~ estimated market value of less than that required of a new county.

182.6 No change in the boundaries of any county having an area of more than 2,500 square
 182.7 miles, whether by the creation of a new county, or otherwise, shall detach from the existing
 182.8 county any territory within 12 miles of the county seat.

182.9 Sec. 49. Minnesota Statutes 2010, section 373.40, subdivision 1, is amended to read:

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

182.12 (a) "Bonds" means an obligation as defined under section 475.51.

182.13 (b) "Capital improvement" means acquisition or betterment of public lands,
 182.14 buildings, or other improvements within the county for the purpose of a county courthouse,
 182.15 administrative building, health or social service facility, correctional facility, jail, law
 182.16 enforcement center, hospital, morgue, library, park, qualified indoor ice arena, roads and
 182.17 bridges, and the acquisition of development rights in the form of conservation easements
 182.18 under chapter 84C. An improvement must have an expected useful life of five years or
 182.19 more to qualify. "Capital improvement" does not include a recreation or sports facility
 182.20 building (such as, but not limited to, a gymnasium, ice arena, racquet sports facility,
 182.21 swimming pool, exercise room or health spa), unless the building is part of an outdoor
 182.22 park facility and is incidental to the primary purpose of outdoor recreation.

182.23 (c) "Metropolitan county" means a county located in the seven-county metropolitan
 182.24 area as defined in section 473.121 or a county with a population of 90,000 or more.

182.25 (d) "Population" means the population established by the most recent of the
 182.26 following (determined as of the date the resolution authorizing the bonds was adopted):

182.27 (1) the federal decennial census,

182.28 (2) a special census conducted under contract by the United States Bureau of the
 182.29 Census, or

182.30 (3) a population estimate made either by the Metropolitan Council or by the state
 182.31 demographer under section 4A.02.

182.32 (e) "Qualified indoor ice arena" means a facility that meets the requirements of
 182.33 section 373.43.

182.34 ~~(f) "Tax capacity" means total taxable market value, but does not include captured~~
 182.35 ~~market value.~~

183.1 Sec. 50. Minnesota Statutes 2010, section 373.40, subdivision 4, is amended to read:

183.2 Subd. 4. **Limitations on amount.** A county may not issue bonds under this section
183.3 if the maximum amount of principal and interest to become due in any year on all the
183.4 outstanding bonds issued pursuant to this section (including the bonds to be issued) will
183.5 equal or exceed 0.12 percent of ~~taxable~~ the estimated market value of property in the
183.6 county. Calculation of the limit must be made using the ~~taxable~~ estimated market value for
183.7 the taxes payable year in which the obligations are issued and sold. This section does not
183.8 limit the authority to issue bonds under any other special or general law.

183.9 Sec. 51. Minnesota Statutes 2010, section 375.167, subdivision 1, is amended to read:

183.10 Subdivision 1. **Appropriations.** Notwithstanding any contrary law, a county board
183.11 may appropriate from the general revenue fund to any nonprofit corporation a sum not
183.12 to exceed 0.00604 percent of ~~taxable~~ estimated market value to provide legal assistance
183.13 to persons who are unable to afford private legal counsel.

183.14 Sec. 52. Minnesota Statutes 2010, section 375.18, subdivision 3, is amended to read:

183.15 Subd. 3. **Courthouse.** Each county board may erect, furnish, and maintain a
183.16 suitable courthouse. No indebtedness shall be created for a courthouse in excess of an
183.17 amount equal to a levy of 0.04030 percent of ~~taxable~~ estimated market value without the
183.18 approval of a majority of the voters of the county voting on the question of issuing the
183.19 obligation at an election.

183.20 Sec. 53. Minnesota Statutes 2010, section 375.555, is amended to read:

183.21 **375.555 FUNDING.**

183.22 To implement the county emergency jobs program, the county board may expend
183.23 an amount equal to what would be generated by a levy of 0.01209 percent of ~~taxable~~
183.24 estimated market value. The money to be expended may be from any available funds
183.25 not otherwise earmarked.

183.26 Sec. 54. Minnesota Statutes 2010, section 383B.152, is amended to read:

183.27 **383B.152 BUILDING AND MAINTENANCE FUND.**

183.28 The county board may by resolution levy a tax to provide money which shall be kept
183.29 in a fund known as the county reserve building and maintenance fund. Money in the fund
183.30 shall be used solely for the construction, maintenance, and equipping of county buildings
183.31 that are constructed or maintained by the board. The levy shall not be subject to any limit
183.32 fixed by any other law or by any board of tax levy or other corresponding body, but shall

184.1 not exceed 0.02215 percent of ~~taxable~~ estimated market value, less the amount required by
184.2 chapter 475 to be levied in the year for the payment of the principal of and interest on all
184.3 bonds issued pursuant to Extra Session Laws 1967, chapter 47, section 1.

184.4 Sec. 55. Minnesota Statutes 2010, section 383B.245, is amended to read:

184.5 **383B.245 LIBRARY LEVY.**

184.6 (a) The county board may levy a tax on the taxable property within the county to
184.7 acquire, better, and construct county library buildings and branches and to pay principal
184.8 and interest on bonds issued for that purpose.

184.9 (b) The county board may by resolution adopted by a five-sevenths vote issue and
184.10 sell general obligation bonds of the county in the manner provided in sections 475.60 to
184.11 475.73. The bonds shall not be subject to the limitations of sections 475.51 to 475.59,
184.12 but the maturity years and amounts and interest rates of each series of bonds shall be
184.13 fixed so that the maximum amount of principal and interest to become due in any year,
184.14 on the bonds of that series and of all outstanding series issued by or for the purposes of
184.15 libraries, shall not exceed an amount equal to 0.01612 percent of estimated market value
184.16 of all taxable property in the county as last finally equalized before the issuance of the new
184.17 series. When the tax levy authorized in this section is collected it shall be appropriated
184.18 and credited to a debt service fund for the bonds in amounts required each year in lieu of a
184.19 countywide tax levy for the debt service fund under section 475.61.

184.20 Sec. 56. Minnesota Statutes 2010, section 383B.73, subdivision 1, is amended to read:

184.21 Subdivision 1. **Levy.** To provide funds for the purposes of the Three Rivers Park
184.22 District as set forth in its annual budget, in lieu of the levies authorized by any other
184.23 special law for such purposes, the Board of Park District Commissioners may levy
184.24 taxes on all the taxable property in the county and park district at a rate not exceeding
184.25 0.03224 percent of estimated market value. Notwithstanding section 398.16, on or before
184.26 October 1 of each year, after public hearing, the Board of Park District Commissioners
184.27 shall adopt a budget for the ensuing year and shall determine the total amount necessary
184.28 to be raised from ad valorem tax levies to meet its budget. The Board of Park District
184.29 Commissioners shall submit the budget to the county board. The county board may veto
184.30 or modify an item contained in the budget. If the county board determines to veto or to
184.31 modify an item in the budget, it must, within 15 days after the budget was submitted by
184.32 the district board, state in writing the specific reasons for its objection to the item vetoed
184.33 or the reason for the modification. The Park District Board, after consideration of the
184.34 county board's objections and proposed modifications, may reapprove a vetoed item or the

185.1 original version of an item with respect to which a modification has been proposed, by a
185.2 two-thirds majority. If the district board does not reapprove a vetoed item, the item shall
185.3 be deleted from the budget. If the district board does not reapprove the original version
185.4 of a modified item, the item shall be included in the budget as modified by the county
185.5 board. After adoption of the final budget and no later than October 1, the superintendent
185.6 of the park district shall certify to the office of the Hennepin County director of tax and
185.7 public records exercising the functions of the county auditor the total amount to be raised
185.8 from ad valorem tax levies to meet its budget for the ensuing year. The director of tax
185.9 and public records shall add the amount of any levy certified by the district to other tax
185.10 levies on the property of the county within the district for collection by the director of tax
185.11 and public records with other taxes. When collected, the director shall make settlement of
185.12 such taxes with the district in the same manner as other taxes are distributed to the other
185.13 political subdivisions in Hennepin County.

185.14 Sec. 57. Minnesota Statutes 2010, section 383E.20, is amended to read:

185.15 **383E.20 BONDING FOR COUNTY LIBRARY BUILDINGS.**

185.16 The Anoka County Board may, by resolution adopted by a four-sevenths vote, issue
185.17 and sell general obligation bonds of the county in the manner provided in chapter 475 to
185.18 acquire, better, and construct county library buildings. The bonds shall not be subject to the
185.19 requirements of sections 475.57 to 475.59. The maturity years and amounts and interest
185.20 rates of each series of bonds shall be fixed so that the maximum amount of principal and
185.21 interest to become due in any year, on the bonds of that series and of all outstanding series
185.22 issued by or for the purposes of libraries, shall not exceed an amount equal to .01 percent
185.23 of the ~~taxable~~ estimated market value of all taxable property in the county, excluding any
185.24 taxable property taxed by any city for the support of any free public library. When the tax
185.25 levy authorized in this section is collected, it shall be appropriated and credited to a debt
185.26 service fund for the bonds. The tax levy for the debt service fund under section 475.61
185.27 shall be reduced by the amount available or reasonably anticipated to be available in the
185.28 fund to make payments otherwise payable from the levy pursuant to section 475.61.

185.29 Sec. 58. Minnesota Statutes 2010, section 383E.23, is amended to read:

185.30 **383E.23 LIBRARY TAX.**

185.31 The Anoka County Board may levy a tax of not more than .01 percent of the ~~taxable~~
185.32 estimated market value of taxable property located within the county excluding any
185.33 taxable property taxed by any city for the support of any free public library, to acquire,
185.34 better, and construct county library buildings and to pay principal and interest on bonds

186.1 issued for that purpose. The tax shall be disregarded in the calculation of levies or limits
186.2 on levies provided by section 373.40, or other law.

186.3 Sec. 59. Minnesota Statutes 2010, section 385.31, is amended to read:

186.4 **385.31 PAYMENT OF COUNTY ORDERS OR WARRANTS.**

186.5 When any order or warrant drawn on the treasurer is presented for payment, if there
186.6 is money in the treasury for that purpose, the county treasurer shall redeem the same, and
186.7 write across the entire face thereof the word "redeemed," the date of the redemption, and
186.8 the treasurer's official signature. If there is not sufficient funds in the proper accounts to
186.9 pay such orders they shall be numbered and registered in their order of presentation,
186.10 and proper endorsement thereof shall be made on such orders and they shall be entitled
186.11 to payment in like order. Such orders shall bear interest at not to exceed the rate of six
186.12 percent per annum from such date of presentment. The treasurer, as soon as there is
186.13 sufficient money in the treasury, shall appropriate and set apart a sum sufficient for the
186.14 payment of the orders so presented and registered, and, if entitled to interest, issue to the
186.15 original holder a notice that interest will cease in 30 days from the date of such notice; and,
186.16 if orders thus entitled to priority of payment are not then presented, the next in order of
186.17 registry may be paid until such orders are presented. No interest shall be paid on any order,
186.18 except upon a warrant drawn by the county auditor for that purpose, giving the number
186.19 and the date of the order on account of which the interest warrant is drawn. In any county
186.20 in this state now or hereafter having ~~a~~ an estimated market value of all taxable property;
186.21 ~~exclusive of money and credits~~, of not less than \$1,033,000,000, the county treasurer, in
186.22 order to save payment of interest on county warrants drawn upon a fund in which there
186.23 shall be temporarily insufficient money in the treasury to redeem the same, may borrow
186.24 temporarily from any other fund in the county treasury in which there is a sufficient balance
186.25 to care for the needs of such fund and allow a temporary loan or transfer to any other fund,
186.26 and may pay such warrants out of such funds. Any such money so transferred and used in
186.27 redeeming such county warrants shall be returned to the fund from which drawn as soon
186.28 as money shall come in to the credit of such fund on which any such warrant was drawn
186.29 and paid as aforesaid. Any county operating on a cash basis may use a combined form of
186.30 warrant or order and check, which, when signed by the chair of the county board and by
186.31 the auditor, is an order or warrant for the payment of the claim, and, when countersigned
186.32 by the county treasurer, is a check for the payment of the amount thereof.

186.33 Sec. 60. Minnesota Statutes 2010, section 394.36, subdivision 1, is amended to read:

187.1 Subdivision 1. **Continuation of nonconformity; limitations.** Except as provided in
 187.2 subdivision 2, 3, or 4, any nonconformity, including the lawful use or occupation of land
 187.3 or premises existing at the time of the adoption of an official control under this chapter,
 187.4 may be continued, although the use or occupation does not conform to the official control.
 187.5 If the nonconformity or occupancy is discontinued for a period of more than one year, or
 187.6 any nonconforming building or structure is destroyed by fire or other peril to the extent of
 187.7 50 percent of its estimated market value, any subsequent use or occupancy of the land or
 187.8 premises shall be a conforming use or occupancy.

187.9 Sec. 61. Minnesota Statutes 2010, section 398A.04, subdivision 8, is amended to read:

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

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

187.17 Yes

187.18 No"

187.19 If a majority of those voting on the question approve or if no petition is presented
 187.20 within the prescribed time the authority may levy a tax at any annual rate not exceeding
 187.21 0.04835 percent of estimated market value of all taxable property situated within the
 187.22 municipality or municipalities named in its organization resolution. Its recording officer
 187.23 shall file, on or before September 15, in the office of the county auditor of each county
 187.24 in which territory under the jurisdiction of the authority is located a certified copy of the
 187.25 board of commissioners' resolution levying the tax, and each county auditor shall assess
 187.26 and extend upon the tax rolls of each municipality named in the organization resolution the
 187.27 portion of the tax that bears the same ratio to the whole amount that the net tax capacity of
 187.28 taxable property in that municipality bears to the net tax capacity of taxable property in
 187.29 all municipalities named in the organization resolution. Collections of the tax shall be
 187.30 remitted by each county treasurer to the treasurer of the authority. For taxes levied in 1991,
 187.31 the amount levied for light rail transit purposes under this subdivision shall not exceed 75
 187.32 percent of the amount levied in 1990 for light rail transit purposes under this subdivision.

187.33 Sec. 62. Minnesota Statutes 2010, section 401.05, subdivision 3, is amended to read:

188.1 Subd. 3. **Leasing.** (a) A county or joint powers board of a group of counties
188.2 which acquires or constructs and equips or improves facilities under this chapter may,
188.3 with the approval of the board of county commissioners of each county, enter into a
188.4 lease agreement with a city situated within any of the counties, or a county housing and
188.5 redevelopment authority established under chapter 469 or any special law. Under the lease
188.6 agreement, the city or county housing and redevelopment authority shall:

188.7 (1) construct or acquire and equip or improve a facility in accordance with plans
188.8 prepared by or at the request of a county or joint powers board of the group of counties
188.9 and approved by the commissioner of corrections; and

188.10 (2) finance the facility by the issuance of revenue bonds.

188.11 (b) The county or joint powers board of a group of counties may lease the facility
188.12 site, improvements, and equipment for a term upon rental sufficient to produce revenue
188.13 for the prompt payment of the revenue bonds and all interest accruing on them. Upon
188.14 completion of payment, the lessee shall acquire title. The real and personal property
188.15 acquired for the facility constitutes a project and the lease agreement constitutes a revenue
188.16 agreement as provided in sections 469.152 to 469.165. All proceedings by the city or
188.17 county housing and redevelopment authority and the county or joint powers board shall be
188.18 as provided in sections 469.152 to 469.165, with the following adjustments:

188.19 (1) no tax may be imposed upon the property;

188.20 (2) the approval of the project by the commissioner of employment and economic
188.21 development is not required;

188.22 (3) the Department of Corrections shall be furnished and shall record information
188.23 concerning each project as it may prescribe, in lieu of reports required on other projects to
188.24 the commissioner of employment and economic development;

188.25 (4) the rentals required to be paid under the lease agreement shall not exceed in any
188.26 year one-tenth of one percent of the estimated market value of property within the county
188.27 or group of counties as last equalized before the execution of the lease agreement;

188.28 (5) the county or group of counties shall provide for payment of all rentals due
188.29 during the term of the lease agreement in the manner required in subdivision 4;

188.30 (6) no mortgage on the facilities shall be granted for the security of the bonds, but
188.31 compliance with clause (5) may be enforced as a nondiscretionary duty of the county
188.32 or group of counties; and

188.33 (7) the county or the joint powers board of the group of counties may sublease any
188.34 part of the facilities for purposes consistent with their maintenance and operation.

189.1 Sec. 63. Minnesota Statutes 2010, section 410.32, is amended to read:

189.2 **410.32 CITIES MAY ISSUE CAPITAL NOTES FOR CAPITAL EQUIPMENT.**

189.3 (a) Notwithstanding any contrary provision of other law or charter, a home rule
189.4 charter city may, by resolution and without public referendum, issue capital notes subject
189.5 to the city debt limit to purchase capital equipment.

189.6 (b) For purposes of this section, "capital equipment" means:

189.7 (1) public safety equipment, ambulance and other medical equipment, road
189.8 construction and maintenance equipment, and other capital equipment; and

189.9 (2) computer hardware and software, whether bundled with machinery or equipment
189.10 or unbundled.

189.11 (c) The equipment or software must have an expected useful life at least as long
189.12 as the term of the notes.

189.13 (d) The notes shall be payable in not more than ten years and be issued on terms
189.14 and in the manner the city determines. The total principal amount of the capital notes
189.15 issued in a fiscal year shall not exceed 0.03 percent of the estimated market value of
189.16 taxable property in the city for that year.

189.17 (e) A tax levy shall be made for the payment of the principal and interest on the
189.18 notes, in accordance with section 475.61, as in the case of bonds.

189.19 (f) Notes issued under this section shall require an affirmative vote of two-thirds of
189.20 the governing body of the city.

189.21 (g) Notwithstanding a contrary provision of other law or charter, a home rule charter
189.22 city may also issue capital notes subject to its debt limit in the manner and subject to the
189.23 limitations applicable to statutory cities pursuant to section 412.301.

189.24 Sec. 64. Minnesota Statutes 2010, section 412.221, subdivision 2, is amended to read:

189.25 Subd. 2. **Contracts.** The council shall have power to make such contracts as may
189.26 be deemed necessary or desirable to make effective any power possessed by the council.
189.27 The city may purchase personal property through a conditional sales contract and real
189.28 property through a contract for deed under which contracts the seller is confined to the
189.29 remedy of recovery of the property in case of nonpayment of all or part of the purchase
189.30 price, which shall be payable over a period of not to exceed five years. When the contract
189.31 price of property to be purchased by contract for deed or conditional sales contract
189.32 exceeds 0.24177 percent of the estimated market value of the city, the city may not enter
189.33 into such a contract for at least ten days after publication in the official newspaper of a
189.34 council resolution determining to purchase property by such a contract; and, if before the
189.35 end of that time a petition asking for an election on the proposition signed by voters equal

190.1 to ten percent of the number of voters at the last regular city election is filed with the clerk,
190.2 the city may not enter into such a contract until the proposition has been approved by a
190.3 majority of the votes cast on the question at a regular or special election.

190.4 Sec. 65. Minnesota Statutes 2010, section 412.301, is amended to read:

190.5 **412.301 FINANCING PURCHASE OF CERTAIN EQUIPMENT.**

190.6 (a) The council may issue certificates of indebtedness or capital notes subject to the
190.7 city debt limits to purchase capital equipment.

190.8 (b) For purposes of this section, "capital equipment" means:

190.9 (1) public safety equipment, ambulance and other medical equipment, road
190.10 construction and maintenance equipment, and other capital equipment; and

190.11 (2) computer hardware and software, whether bundled with machinery or equipment
190.12 or unbundled.

190.13 (c) The equipment or software must have an expected useful life at least as long as
190.14 the terms of the certificates or notes.

190.15 (d) Such certificates or notes shall be payable in not more than ten years and shall be
190.16 issued on such terms and in such manner as the council may determine.

190.17 (e) If the amount of the certificates or notes to be issued to finance any such purchase
190.18 exceeds 0.25 percent of the estimated market value of taxable property in the city, they
190.19 shall not be issued for at least ten days after publication in the official newspaper of
190.20 a council resolution determining to issue them; and if before the end of that time, a
190.21 petition asking for an election on the proposition signed by voters equal to ten percent
190.22 of the number of voters at the last regular municipal election is filed with the clerk, such
190.23 certificates or notes shall not be issued until the proposition of their issuance has been
190.24 approved by a majority of the votes cast on the question at a regular or special election.

190.25 (f) A tax levy shall be made for the payment of the principal and interest on such
190.26 certificates or notes, in accordance with section 475.61, as in the case of bonds.

190.27 Sec. 66. Minnesota Statutes 2010, section 428A.02, subdivision 1, is amended to read:

190.28 Subdivision 1. **Ordinance.** The governing body of a city may adopt an ordinance
190.29 establishing a special service district. Only property that is classified under section 273.13
190.30 and used for commercial, industrial, or public utility purposes, or is vacant land zoned or
190.31 designated on a land use plan for commercial or industrial use and located in the special
190.32 service district, may be subject to the charges imposed by the city on the special service
190.33 district. Other types of property may be included within the boundaries of the special
190.34 service district but are not subject to the levies or charges imposed by the city on the

191.1 special service district. If 50 percent or more of the estimated market value of a parcel of
191.2 property is classified under section 273.13 as commercial, industrial, or vacant land zoned
191.3 or designated on a land use plan for commercial or industrial use, or public utility for the
191.4 current assessment year, then the entire taxable market value of the property is subject to a
191.5 service charge based on net tax capacity for purposes of sections 428A.01 to 428A.10.
191.6 The ordinance shall describe with particularity the area within the city to be included in
191.7 the district and the special services to be furnished in the district. The ordinance may not
191.8 be adopted until after a public hearing has been held on the question. Notice of the hearing
191.9 shall include the time and place of hearing, a map showing the boundaries of the proposed
191.10 district, and a statement that all persons owning property in the proposed district that
191.11 would be subject to a service charge will be given opportunity to be heard at the hearing.
191.12 Within 30 days after adoption of the ordinance under this subdivision, the governing body
191.13 shall send a copy of the ordinance to the commissioner of revenue.

191.14 Sec. 67. Minnesota Statutes 2010, section 430.102, subdivision 2, is amended to read:

191.15 Subd. 2. **Council approval; special tax levy limitation.** The council shall receive
191.16 and consider the estimate required in subdivision 1 and the items of cost after notice and
191.17 hearing before it or its appropriate committee as it considers necessary or expedient,
191.18 and shall approve the estimate, with necessary amendments. The amounts of each item
191.19 of cost estimated are then appropriated to operate, maintain, and improve the pedestrian
191.20 mall during the next fiscal year. The amount of the special tax to be charged under
191.21 subdivision 1, clause (3), must not, however, exceed 0.12089 percent of estimated market
191.22 value of taxable property in the district. The council shall make any necessary adjustment
191.23 in costs of operating and maintaining the district to keep the amount of the tax within
191.24 this limitation.

191.25 Sec. 68. Minnesota Statutes 2010, section 447.10, is amended to read:

191.26 **447.10 TAX LEVY FOR OPERATING AND MAINTAINING HOSPITAL.**

191.27 The governing body of a city of the first class owning a hospital may annually levy
191.28 a tax to operate and maintain the hospital. The tax must not exceed 0.00806 percent of
191.29 ~~taxable~~ estimated market value.

191.30 Sec. 69. Minnesota Statutes 2010, section 450.19, is amended to read:

191.31 **450.19 TOURIST CAMPING GROUNDS.**

191.32 A home rule charter or statutory city or town may establish and maintain public
191.33 tourist camping grounds. The governing body thereof may acquire by lease, purchase, or

192.1 gift, suitable lands located either within or without the corporate limits for use as public
192.2 tourist camping grounds and provide for the equipment, operation, and maintenance
192.3 of the same. The amount that may be expended for the maintenance, improvement, or
192.4 operation of tourist camping grounds shall not exceed, in any year, a sum equal to 0.00806
192.5 percent of ~~taxable~~ estimated market value.

192.6 Sec. 70. Minnesota Statutes 2010, section 450.25, is amended to read:

192.7 **450.25 MUSEUM, GALLERY, OR SCHOOL OF ARTS OR CRAFTS; TAX**
192.8 **LEVY.**

192.9 After the acquisition of any museum, gallery, or school of arts or crafts, the board
192.10 of park commissioners of the city in which it is located shall cause to be included in the
192.11 annual tax levy upon all the taxable property of the county in which the museum, gallery,
192.12 or school of arts or crafts is located, a tax of 0.00846 percent of estimated market value.
192.13 The board shall certify the levy to the county auditor and it shall be added to, and collected
192.14 with and as part of, the general, real, and personal property taxes, with like penalties and
192.15 interest, in case of nonpayment and default, and all provisions of law in respect to the
192.16 levy, collection, and enforcement of other taxes shall, so far as applicable, be followed in
192.17 respect of these taxes. All of these taxes, penalties, and interest, when collected, shall be
192.18 paid to the city treasurer of the city in which is located the museum, gallery, or school
192.19 of arts or crafts and credited to a fund to be known as the park museum fund, and shall
192.20 be used only for the purposes specified in sections 450.23 to 450.25. Any part of the
192.21 proceeds of the levy not expended for the purposes specified in section 450.24 may be
192.22 used for the erection of new buildings for the same purposes.

192.23 Sec. 71. Minnesota Statutes 2010, section 458A.10, is amended to read:

192.24 **458A.10 PROPERTY TAX.**

192.25 The commission shall annually levy a tax not to exceed 0.12089 percent of estimated
192.26 market value on all the taxable property in the transit area at a rate sufficient to produce
192.27 an amount necessary for the purposes of sections 458A.01 to 458A.15, other than the
192.28 payment of principal and interest due on any revenue bonds issued pursuant to section
192.29 458A.05. Property taxes levied under this section shall be certified by the commission to
192.30 the county auditors of the transit area, extended, assessed, and collected in the manner
192.31 provided by law for the property taxes levied by the governing bodies of cities. The
192.32 proceeds of the taxes levied under this section shall be remitted by the respective county
192.33 treasurers to the treasurer of the commission, who shall credit the same to the funds of
192.34 the commission for use for the purposes of sections 458A.01 to 458A.15 subject to any

193.1 applicable pledges or limitations on account of tax anticipation certificates or other
193.2 specific purposes. At any time after making a tax levy under this section and certifying
193.3 it to the county auditors, the commission may issue general obligation certificates of
193.4 indebtedness in anticipation of the collection of the taxes as provided by section 412.261.

193.5 Sec. 72. Minnesota Statutes 2010, section 458A.31, subdivision 1, is amended to read:

193.6 Subdivision 1. **Levy limit.** Notwithstanding anything to the contrary contained in
193.7 the charter of the city of Duluth, any ordinance thereof, or any statute applicable thereto,
193.8 limiting the amount levied in any one year for general or special purposes, the city council
193.9 of the city of Duluth shall each year levy a tax in an amount not to exceed 0.07253
193.10 percent of ~~taxable~~ estimated market value, by ordinance. An ordinance fixing the levy
193.11 shall take effect immediately upon its passage and approval. The proceeds of the levy
193.12 shall be paid into the city treasury and deposited in the operating fund provided for in
193.13 section 458A.24, subdivision 3.

193.14 Sec. 73. Minnesota Statutes 2010, section 465.04, is amended to read:

193.15 **465.04 ACCEPTANCE OF GIFTS.**

193.16 Cities of the second, third, or fourth class, having at any time ~~a~~ an estimated
193.17 market value of not more than \$41,000,000, ~~exclusive of money and credits,~~ as officially
193.18 equalized by the commissioner of revenue, either under home rule charter or under the
193.19 laws of this state, in addition to all other powers possessed by them, hereby are authorized
193.20 and empowered to receive and accept gifts and donations for the use and benefit of
193.21 such cities and the inhabitants thereof upon terms and conditions to be approved by the
193.22 governing bodies of such cities; and such cities are authorized to comply with and perform
193.23 such terms and conditions, which may include payment to the donor or donors of interest
193.24 on the value of the gift at not exceeding five percent per annum payable annually or
193.25 semiannually, during the remainder of the natural life or lives of such donor or donors.

193.26 Sec. 74. Minnesota Statutes 2010, section 469.033, subdivision 6, is amended to read:

193.27 Subd. 6. **Operation area as taxing district, special tax.** All of the territory
193.28 included within the area of operation of any authority shall constitute a taxing district for
193.29 the purpose of levying and collecting special benefit taxes as provided in this subdivision.
193.30 All of the taxable property, both real and personal, within that taxing district shall be
193.31 deemed to be benefited by projects to the extent of the special taxes levied under this
193.32 subdivision. Subject to the consent by resolution of the governing body of the city in and
193.33 for which it was created, an authority may levy a tax upon all taxable property within that

194.1 taxing district. The tax shall be extended, spread, and included with and as a part of
 194.2 the general taxes for state, county, and municipal purposes by the county auditor, to be
 194.3 collected and enforced therewith, together with the penalty, interest, and costs. As the tax,
 194.4 including any penalties, interest, and costs, is collected by the county treasurer it shall be
 194.5 accumulated and kept in a separate fund to be known as the "housing and redevelopment
 194.6 project fund." The money in the fund shall be turned over to the authority at the same time
 194.7 and in the same manner that the tax collections for the city are turned over to the city, and
 194.8 shall be expended only for the purposes of sections 469.001 to 469.047. It shall be paid
 194.9 out upon vouchers signed by the chair of the authority or an authorized representative.
 194.10 The amount of the levy shall be an amount approved by the governing body of the city, but
 194.11 shall not exceed 0.0185 percent of ~~taxable~~ estimated market value. The authority shall
 194.12 each year formulate and file a budget in accordance with the budget procedure of the city
 194.13 in the same manner as required of executive departments of the city or, if no budgets are
 194.14 required to be filed, by August 1. The amount of the tax levy for the following year shall
 194.15 be based on that budget.

194.16 Sec. 75. Minnesota Statutes 2010, section 469.034, subdivision 2, is amended to read:

194.17 Subd. 2. **General obligation revenue bonds.** (a) An authority may pledge the
 194.18 general obligation of the general jurisdiction governmental unit as additional security for
 194.19 bonds payable from income or revenues of the project or the authority. The authority
 194.20 must find that the pledged revenues will equal or exceed 110 percent of the principal and
 194.21 interest due on the bonds for each year. The proceeds of the bonds must be used for a
 194.22 qualified housing development project or projects. The obligations must be issued and
 194.23 sold in the manner and following the procedures provided by chapter 475, except the
 194.24 obligations are not subject to approval by the electors, and the maturities may extend to
 194.25 not more than 35 years for obligations sold to finance housing for the elderly and 40 years
 194.26 for other obligations issued under this subdivision. The authority is the municipality for
 194.27 purposes of chapter 475.

194.28 (b) The principal amount of the issue must be approved by the governing body of
 194.29 the general jurisdiction governmental unit whose general obligation is pledged. Public
 194.30 hearings must be held on issuance of the obligations by both the authority and the general
 194.31 jurisdiction governmental unit. The hearings must be held at least 15 days, but not more
 194.32 than 120 days, before the sale of the obligations.

194.33 (c) The maximum amount of general obligation bonds that may be issued and
 194.34 outstanding under this section equals the greater of (1) one-half of one percent of the
 194.35 ~~taxable~~ estimated market value of the general jurisdiction governmental unit whose

195.1 general obligation is pledged, or (2) \$3,000,000. In the case of county or multicounty
195.2 general obligation bonds, the outstanding general obligation bonds of all cities in the
195.3 county or counties issued under this subdivision must be added in calculating the limit
195.4 under clause (1).

195.5 (d) "General jurisdiction governmental unit" means the city in which the housing
195.6 development project is located. In the case of a county or multicounty authority, the
195.7 county or counties may act as the general jurisdiction governmental unit. In the case of
195.8 a multicounty authority, the pledge of the general obligation is a pledge of a tax on the
195.9 taxable property in each of the counties.

195.10 (e) "Qualified housing development project" means a housing development project
195.11 providing housing either for the elderly or for individuals and families with incomes not
195.12 greater than 80 percent of the median family income as estimated by the United States
195.13 Department of Housing and Urban Development for the standard metropolitan statistical
195.14 area or the nonmetropolitan county in which the project is located. The project must be
195.15 owned for the term of the bonds either by the authority or by a limited partnership or other
195.16 entity in which the authority or another entity under the sole control of the authority is
195.17 the sole general partner and the partnership or other entity must receive (1) an allocation
195.18 from the Department of Management and Budget or an entitlement issuer of tax-exempt
195.19 bonding authority for the project and a preliminary determination by the Minnesota
195.20 Housing Finance Agency or the applicable suballocator of tax credits that the project
195.21 will qualify for four percent low-income housing tax credits or (2) a reservation of nine
195.22 percent low-income housing tax credits from the Minnesota Housing Finance Agency or a
195.23 suballocator of tax credits for the project. A qualified housing development project may
195.24 admit nonelderly individuals and families with higher incomes if:

195.25 (1) three years have passed since initial occupancy;

195.26 (2) the authority finds the project is experiencing unanticipated vacancies resulting in
195.27 insufficient revenues, because of changes in population or other unforeseen circumstances
195.28 that occurred after the initial finding of adequate revenues; and

195.29 (3) the authority finds a tax levy or payment from general assets of the general
195.30 jurisdiction governmental unit will be necessary to pay debt service on the bonds if higher
195.31 income individuals or families are not admitted.

195.32 (f) The authority may issue bonds to refund bonds issued under this subdivision in
195.33 accordance with section 475.67. The finding of the adequacy of pledged revenues required
195.34 by paragraph (a) and the public hearing required by paragraph (b) shall not apply to the
195.35 issuance of refunding bonds. This paragraph applies to refunding bonds issued on and
195.36 after July 1, 1992.

196.1 Sec. 76. Minnesota Statutes 2010, section 469.053, subdivision 4, is amended to read:

196.2 Subd. 4. **Mandatory city levy.** A city shall, at the request of the port authority, levy
196.3 a tax in any year for the benefit of the port authority. The tax must not exceed 0.01813
196.4 percent of ~~taxable~~ estimated market value. The amount levied must be paid by the city
196.5 treasurer to the treasurer of the port authority, to be spent by the authority.

196.6 Sec. 77. Minnesota Statutes 2010, section 469.053, subdivision 4a, is amended to read:

196.7 Subd. 4a. **Seaway port authority levy.** A levy made under this subdivision shall
196.8 replace the mandatory city levy under subdivision 4. A seaway port authority is a special
196.9 taxing district under section 275.066 and may levy a tax in any year for the benefit of the
196.10 seaway port authority. The tax must not exceed 0.01813 percent of ~~taxable~~ estimated
196.11 market value. The county auditor shall distribute the proceeds of the property tax levy to
196.12 the seaway port authority.

196.13 Sec. 78. Minnesota Statutes 2010, section 469.053, subdivision 6, is amended to read:

196.14 Subd. 6. **Discretionary city levy.** Upon request of a port authority, the port
196.15 authority's city may levy a tax to be spent by and for its port authority. The tax must
196.16 enable the port authority to carry out efficiently and in the public interest sections 469.048
196.17 to 469.068 to create and develop industrial development districts. The levy must not be
196.18 more than 0.00282 percent of ~~taxable~~ estimated market value. The county treasurer shall
196.19 pay the proceeds of the tax to the port authority treasurer. The money may be spent by
196.20 the authority in performance of its duties to create and develop industrial development
196.21 districts. In spending the money the authority must judge what best serves the public
196.22 interest. The levy in this subdivision is in addition to the levy in subdivision 4.

196.23 Sec. 79. Minnesota Statutes 2010, section 469.107, subdivision 1, is amended to read:

196.24 Subdivision 1. **City tax levy.** A city may, at the request of the authority, levy a tax in
196.25 any year for the benefit of the authority. The tax must be not more than 0.01813 percent of
196.26 ~~taxable~~ estimated market value. The amount levied must be paid by the city treasurer to
196.27 the treasurer of the authority, to be spent by the authority.

196.28 Sec. 80. Minnesota Statutes 2010, section 469.180, subdivision 2, is amended to read:

196.29 Subd. 2. **Tax levies.** Notwithstanding any law, the county board of any county may
196.30 appropriate from the general revenue fund a sum not to exceed a county levy of 0.00080
196.31 percent of ~~taxable~~ estimated market value to carry out the purposes of this section.

197.1 Sec. 81. Minnesota Statutes 2010, section 469.187, is amended to read:

197.2 **469.187 FIRST CLASS CITY SPENDING FOR PUBLICITY; PUBLICITY**
197.3 **BOARD.**

197.4 Any city of the first class may expend money for city publicity purposes. The city
197.5 may levy a tax, not exceeding 0.00080 percent of ~~taxable~~ estimated market value. The
197.6 proceeds of the levy shall be expended in the manner and for the city publicity purposes
197.7 the council directs. The council may establish and provide for a publicity board or bureau
197.8 to administer the fund, subject to the conditions and limitations the council prescribes
197.9 by ordinance.

197.10 Sec. 82. Minnesota Statutes 2010, section 469.206, is amended to read:

197.11 **469.206 HAZARDOUS PROPERTY PENALTY.**

197.12 A city may assess a penalty up to one percent of the estimated market value of
197.13 real property, including any building located within the city that the city determines to
197.14 be hazardous as defined in section 463.15, subdivision 3. The city shall send a written
197.15 notice to the address to which the property tax statement is sent at least 90 days before it
197.16 may assess the penalty. If the owner of the property has not paid the penalty or fixed the
197.17 property within 90 days after receiving notice of the penalty, the penalty is considered
197.18 delinquent and is increased by 25 percent each 60 days the penalty is not paid and the
197.19 property remains hazardous. For the purposes of this section, a penalty that is delinquent
197.20 is considered a delinquent property tax and subject to chapters 279, 280, and 281, in the
197.21 same manner as delinquent property taxes.

197.22 Sec. 83. Minnesota Statutes 2010, section 471.24, is amended to read:

197.23 **471.24 TOWNS, STATUTORY CITIES; JOINT MAINTENANCE OF**
197.24 **CEMETERY.**

197.25 Where a statutory city or town owns and maintains an established cemetery or burial
197.26 ground, either within or without the municipal limits, the statutory city or town may, by
197.27 mutual agreement with contiguous statutory cities and towns, each having ~~a~~ an estimated
197.28 market value of not less than \$2,000,000, join together in the maintenance of such public
197.29 cemetery or burial ground for the use of the inhabitants of each of such municipalities; and
197.30 each such municipality is hereby authorized, by action of its council or governing body,
197.31 to levy a tax or make an appropriation for the annual support and maintenance of such
197.32 cemetery or burial ground; provided, the amount thus appropriated by each municipality
197.33 shall not exceed a total of \$10,000 in any one year.

198.1 Sec. 84. Minnesota Statutes 2010, section 471.571, subdivision 1, is amended to read:

198.2 Subdivision 1. **Application.** This section applies to each city in which the net tax
 198.3 capacity of real and personal property consists in part of iron ore or lands containing
 198.4 taconite or semitaconite and in which the total ~~taxable~~ estimated market value of real
 198.5 and personal property exceeds \$2,500,000.

198.6 Sec. 85. Minnesota Statutes 2010, section 471.571, subdivision 2, is amended to read:

198.7 Subd. 2. **Creation of fund, tax levy.** The governing body of the city may create a
 198.8 permanent improvement and replacement fund to be maintained by an annual tax levy.
 198.9 The governing body may levy a tax in excess of any charter limitation for the support of
 198.10 the permanent improvement and replacement fund, but not exceeding the following:

198.11 (a) in cities having a population of not more than 500 inhabitants, the lesser of \$20
 198.12 per capita or 0.08059 percent of ~~taxable~~ estimated market value;

198.13 (b) in cities having a population of more than 500 and less than ~~2500~~ 2,500, the
 198.14 greater of \$12.50 per capita or \$10,000 but not exceeding 0.08059 percent of ~~taxable~~
 198.15 estimated market value;

198.16 (c) in cities having a population of ~~more than 2500~~ 2,500 or more inhabitants,
 198.17 the greater of \$10 per capita or \$31,500 but not exceeding 0.08059 percent of ~~taxable~~
 198.18 estimated market value.

198.19 Sec. 86. Minnesota Statutes 2010, section 471.73, is amended to read:

198.20 **471.73 ACCEPTANCE OF PROVISIONS.**

198.21 In the case of any city within the class specified in section 471.72 having ~~a~~ an
 198.22 estimated market value, ~~as defined in section 471.72~~, in excess of \$37,000,000; and in the
 198.23 case of any statutory city within such class having ~~a~~ an estimated market value, ~~as defined~~
 198.24 ~~in section 471.72~~, of less than \$5,000,000; and in the case of any statutory city within such
 198.25 class which is governed by Laws 1933, chapter 211, or Laws 1937, chapter 356; and in
 198.26 the case of any statutory city within such class which is governed by Laws 1929, chapter
 198.27 208, and has ~~a~~ an estimated market value of less than \$83,000,000; and in the case of
 198.28 any school district within such class having ~~a~~ an estimated market value, ~~as defined in~~
 198.29 ~~section 471.72~~, of more than \$54,000,000; and in the case of all towns within said class;
 198.30 sections 471.71 to 471.83 apply only if the governing body of the city or statutory city, the
 198.31 board of the school district, or the town board of the town shall have adopted a resolution
 198.32 determining to issue bonds under the provisions of sections 471.71 to 471.83 or to go
 198.33 upon a cash basis in accordance with the provisions thereof.

199.1 Sec. 87. Minnesota Statutes 2010, section 473.325, subdivision 2, is amended to read:

199.2 Subd. 2. **Chapter 475 applies; exceptions.** The Metropolitan Council shall sell and
 199.3 issue the bonds in the manner provided in chapter 475, and shall have the same powers
 199.4 and duties as a municipality issuing bonds under that law, except that the approval of a
 199.5 majority of the electors shall not be required and the net debt limitations shall not apply.
 199.6 The terms of each series of bonds shall be fixed so that the amount of principal and interest
 199.7 on all outstanding and undischarged bonds, together with the bonds proposed to be issued,
 199.8 due in any year shall not exceed 0.01209 percent of estimated market value of all taxable
 199.9 property in the metropolitan area as last finally equalized prior to a proposed issue. The
 199.10 bonds shall be secured in accordance with section 475.61, subdivision 1, and any taxes
 199.11 required for their payment shall be levied by the council, shall not affect the amount or rate
 199.12 of taxes which may be levied by the council for other purposes, shall be spread against all
 199.13 taxable property in the metropolitan area and shall not be subject to limitation as to rate or
 199.14 amount. Any taxes certified by the council to the county auditors for collection shall be
 199.15 reduced by the amount received by the council from the commissioner of management and
 199.16 budget or the federal government for the purpose of paying the principal and interest on
 199.17 bonds to which the levy relates. The council shall certify the fact and amount of all money
 199.18 so received to the county auditors, and the auditors shall reduce the levies previously made
 199.19 for the bonds in the manner and to the extent provided in section 475.61, subdivision 3.

199.20 Sec. 88. Minnesota Statutes 2010, section 473.629, is amended to read:

199.21 **473.629 VALUE OF PROPERTY FOR BOND ISSUES BY SCHOOL**
 199.22 **DISTRICTS.**

199.23 As to any lands ~~to be~~ detached from any school district under ~~the provisions hereof~~
 199.24 section 473.625, notwithstanding ~~such prospective~~ the detachment, the estimated market
 199.25 value of such the detached lands and the net tax capacity of taxable properties now located
 199.26 ~~therein or thereon shall be and~~ on the lands on the date of the detachment constitute
 199.27 ~~from and after the date of the enactment hereof~~ a part of the estimated market value of
 199.28 properties upon the basis of which such used to calculate the net debt limit of the school
 199.29 district may issue its bonds. The value of such the lands for such purpose to be and other
 199.30 taxable properties for purposes of the school district's net debt limit are 33-1/3 percent of
 199.31 the estimated market value thereof as determined and certified by ~~said the~~ the assessor to ~~said~~
 199.32 the school district, and ~~it shall be the duty of such the~~ the assessor annually on or before the
 199.33 tenth day of October ~~from and after the passage hereof, to so~~ of each year, shall determine
 199.34 and certify that value; provided, however, that the value of ~~such the~~ the detached lands and
 199.35 ~~such~~ the taxable properties shall never exceed 20 percent of the estimated market value of

200.1 all properties ~~constituting and making up the basis aforesaid~~ used to calculate the net
200.2 debt limit of the school district.

200.3 Sec. 89. Minnesota Statutes 2010, section 473.661, subdivision 3, is amended to read:

200.4 Subd. 3. **Levy limit.** In any budget certified by the commissioners under this
200.5 section, the amount included for operation and maintenance shall not exceed an amount
200.6 which, when extended against the property taxable therefor under section 473.621,
200.7 subdivision 5, will require a levy at a rate of 0.00806 percent of estimated market value.
200.8 Taxes levied by the corporation shall not affect the amount or rate of taxes which may
200.9 be levied by any other local government unit within the metropolitan area under the
200.10 provisions of any charter.

200.11 Sec. 90. Minnesota Statutes 2010, section 473.667, subdivision 9, is amended to read:

200.12 Subd. 9. **Additional taxes.** Nothing herein shall prevent the commission from
200.13 levying a tax not to exceed 0.00121 percent of estimated market value on taxable property
200.14 within its taxing jurisdiction, in addition to any levies found necessary for the debt
200.15 service fund authorized by section 473.671. Nothing herein shall prevent the levy and
200.16 appropriation for purposes of the commission of any other tax on property or on any
200.17 income, transaction, or privilege, when and if authorized by law. All collections of any
200.18 taxes so levied shall be included in the revenues appropriated for the purposes referred
200.19 to in this section, unless otherwise provided in the law authorizing the levies; but no
200.20 covenant as to the continuance or as to the rate and amount of any such levy shall be made
200.21 with the holders of the commission's bonds unless specifically authorized by law.

200.22 Sec. 91. Minnesota Statutes 2010, section 473.671, is amended to read:

200.23 **473.671 LIMIT OF TAX LEVY.**

200.24 The taxes levied against the property of the metropolitan area in any one year shall
200.25 not exceed 0.00806 percent of ~~taxable~~ estimated market value, exclusive of taxes levied
200.26 to pay the principal or interest on any bonds or indebtedness of the city issued under
200.27 Laws 1943, chapter 500, and exclusive of any taxes levied to pay the share of the city for
200.28 payments on bonded indebtedness of the corporation provided for in Laws 1943, chapter
200.29 500. The levy of taxes authorized in Laws 1943, chapter 500, shall be in addition to the
200.30 maximum rate allowed to be levied to defray the cost of government under the provisions
200.31 of the charter of any city affected by Laws 1943, chapter 500.

200.32 Sec. 92. Minnesota Statutes 2010, section 473.711, subdivision 2a, is amended to read:

201.1 Subd. 2a. **Tax levy.** (a) The commission may levy a tax on all taxable property in
 201.2 the district as defined in section 473.702 to provide funds for the purposes of sections
 201.3 473.701 to 473.716. The tax shall not exceed the property tax levy limitation determined
 201.4 in this subdivision. A participating county may agree to levy an additional tax to be used
 201.5 by the commission for the purposes of sections 473.701 to 473.716 but the sum of the
 201.6 county's and commission's taxes may not exceed the county's proportionate share of
 201.7 the property tax levy limitation determined under this subdivision based on the ratio of
 201.8 its total net tax capacity to the total net tax capacity of the entire district as adjusted by
 201.9 section 270.12, subdivision 3. The auditor of each county in the district shall add the
 201.10 amount of the levy made by the district to other taxes of the county for collection by
 201.11 the county treasurer with other taxes. When collected, the county treasurer shall make
 201.12 settlement of the tax with the district in the same manner as other taxes are distributed
 201.13 to political subdivisions. No county shall levy any tax for mosquito, disease vectoring
 201.14 tick, and black gnat (*Simuliidae*) control except under this section. The levy shall be in
 201.15 addition to other taxes authorized by law.

201.16 (b) The property tax levied by the Metropolitan Mosquito Control Commission shall
 201.17 not exceed the product of (i) the commission's property tax levy limitation for the previous
 201.18 year determined under this subdivision multiplied by (ii) an index for market valuation
 201.19 changes equal to the total estimated market valuation value of all taxable property for the
 201.20 current tax payable year located within the district plus any area that has been added to the
 201.21 district since the previous year, divided by the total estimated market valuation value of all
 201.22 taxable property located within the district for the previous taxes payable year.

201.23 ~~(c) For the purpose of determining the commission's property tax levy limitation~~
 201.24 ~~under this subdivision, "total market valuation" means the total market valuation of all~~
 201.25 ~~taxable property within the district without valuation adjustments for fiscal disparities~~
 201.26 ~~(chapter 473F), tax increment financing (sections 469.174 to 469.179), and high voltage~~
 201.27 ~~transmission lines (section 273.425).~~

201.28 Sec. 93. Minnesota Statutes 2010, section 473F.02, subdivision 12, is amended to read:

201.29 Subd. 12. **Adjusted market value.** "Adjusted market value" of real and personal
 201.30 property within a municipality means the assessor's estimated taxable market value,
 201.31 as defined in section 272.03, of all real and personal property, including the value of
 201.32 manufactured housing, within the municipality, adjusted for sales ratios in a manner
 201.33 similar to the adjustments made to city and town net tax capacities. ~~For purposes~~
 201.34 ~~of sections 473F.01 to 473F.13, the commissioner of revenue shall annually make~~
 201.35 ~~determinations and reports with respect to each municipality which are comparable to~~

202.1 ~~those it makes for school districts under section 127A.48, subdivisions 1 to 6, in the same~~
 202.2 ~~manner and at the same times as are prescribed by the subdivisions. The commissioner~~
 202.3 ~~of revenue shall annually determine, for each municipality, information comparable to~~
 202.4 ~~that required by section 475.53, subdivision 4, for school districts, as soon as practicable~~
 202.5 ~~after it becomes available. The commissioner of revenue shall then compute the equalized~~
 202.6 ~~market value of property within each municipality using the aggregate sales ratios from~~
 202.7 ~~the Department of Revenue's sales ratio study.~~

202.8 Sec. 94. Minnesota Statutes 2010, section 473F.02, subdivision 14, is amended to read:

202.9 Subd. 14. **Fiscal capacity.** "Fiscal capacity" of a municipality means its ~~valuation~~
 202.10 adjusted market value, determined as of January 2 of any year, divided by its population,
 202.11 determined as of a date in the same year.

202.12 Sec. 95. Minnesota Statutes 2010, section 473F.02, subdivision 15, is amended to read:

202.13 Subd. 15. **Average fiscal capacity.** "Average fiscal capacity" of municipalities
 202.14 means the sum of the ~~valuations~~ adjusted market values of all municipalities, determined
 202.15 as of January 2 of any year, divided by the sum of their populations, determined as of
 202.16 a date in the same year.

202.17 Sec. 96. Minnesota Statutes 2010, section 473F.02, subdivision 23, is amended to read:

202.18 Subd. 23. **Net tax capacity.** "Net tax capacity" means the taxable market value of
 202.19 real and personal property multiplied by its net tax capacity rates in section 273.13.

202.20 Sec. 97. Minnesota Statutes 2010, section 475.521, subdivision 4, is amended to read:

202.21 Subd. 4. **Limitations on amount.** A municipality may not issue bonds under this
 202.22 section if the maximum amount of principal and interest to become due in any year on
 202.23 all the outstanding bonds issued under this section, including the bonds to be issued,
 202.24 will equal or exceed 0.16 percent of the ~~taxable~~ estimated market value of property
 202.25 in the municipality. Calculation of the limit must be made using the ~~taxable~~ estimated
 202.26 market value for the taxes payable year in which the obligations are issued and sold. In
 202.27 the case of a municipality with a population of 2,500 or more, the bonds are subject to
 202.28 the net debt limits under section 475.53. In the case of a shared facility in which more
 202.29 than one municipality participates, upon compliance by each participating municipality
 202.30 with the requirements of subdivision 2, the limitations in this subdivision and the net debt
 202.31 represented by the bonds shall be allocated to each participating municipality in proportion
 202.32 to its required financial contribution to the financing of the shared facility, as set forth in

203.1 the joint powers agreement relating to the shared facility. This section does not limit the
203.2 authority to issue bonds under any other special or general law.

203.3 Sec. 98. Minnesota Statutes 2010, section 475.53, subdivision 1, is amended to read:

203.4 Subdivision 1. **Generally.** Except as otherwise provided in sections 475.51 to
203.5 475.74, no municipality, except a school district or a city of the first class, shall incur or be
203.6 subject to a net debt in excess of three percent of the estimated market value of taxable
203.7 property in the municipality.

203.8 Sec. 99. Minnesota Statutes 2010, section 475.53, subdivision 3, is amended to read:

203.9 Subd. 3. **Cities first class.** Unless its charter permits a greater net debt a city of
203.10 the first class may not incur a net debt in excess of two percent of the estimated market
203.11 value of all taxable property therein. If the charter of the city permits a net debt of the city
203.12 in excess of two percent of its valuation, it may not incur a net debt in excess of 3-2/3
203.13 percent of the estimated market value of the taxable property therein.

203.14 The county auditor, at the time of preparing the tax list of the city, shall compile a
203.15 statement setting forth the total net tax capacity and the total estimated market value of
203.16 each class of taxable property in such city for such year.

203.17 Sec. 100. Minnesota Statutes 2010, section 475.53, subdivision 4, is amended to read:

203.18 Subd. 4. **School districts.** Except as otherwise provided by law, no school district
203.19 shall be subject to a net debt in excess of 15 percent of the ~~actual~~ estimated market value
203.20 of all taxable property situated within its corporate limits, as computed in accordance with
203.21 this subdivision. The county auditor of each county containing taxable real or personal
203.22 property situated within any school district shall certify to the district upon request the
203.23 estimated market value of all such property. Whenever the commissioner of revenue, in
203.24 accordance with section 127A.48, subdivisions 1 to 6, has determined that the ~~net tax~~
203.25 ~~capacity of any district furnished by county auditors is not based upon the~~ adjusted market
203.26 value of taxable property in the district exceeds the estimated market value of property
203.27 within the district, the commissioner of revenue shall certify to the district upon request
203.28 the ratio most recently ascertained to exist between ~~such~~ the estimated market value and
203.29 the ~~actual~~ adjusted market value of property within the district, and the ~~actual market~~
203.30 ~~value of property within a district, on which its debt limit under this subdivision is~~ will
203.31 be based, is (a) the value certified by the county auditors, or (b) this on the estimated
203.32 market value divided by the ratio certified by the commissioner of revenue, whichever
203.33 ~~results in a higher value.~~

204.1 Sec. 101. Minnesota Statutes 2010, section 475.58, subdivision 2, is amended to read:

204.2 Subd. 2. **Funding, refunding.** Any county, city, town, or school district whose
204.3 outstanding gross debt, including all items referred to in section 475.51, subdivision
204.4 4, exceed in amount 1.62 percent of its estimated market value may issue bonds under
204.5 this subdivision for the purpose of funding or refunding such indebtedness or any part
204.6 thereof. A list of the items of indebtedness to be funded or refunded shall be made by the
204.7 recording officer and treasurer and filed in the office of the recording officer. The initial
204.8 resolution of the governing body shall refer to this subdivision as authority for the issue,
204.9 state the amount of bonds to be issued and refer to the list of indebtedness to be funded or
204.10 refunded. This resolution shall be published once each week for two successive weeks
204.11 in a legal newspaper published in the municipality or if there be no such newspaper, in
204.12 a legal newspaper published in the county seat. Such bonds may be issued without the
204.13 submission of the question of their issue to the electors unless within ten days after the
204.14 second publication of the resolution a petition requesting such election signed by ten or
204.15 more voters who are taxpayers of the municipality, shall be filed with the recording officer.
204.16 In event such petition is filed, no bonds shall be issued hereunder unless authorized by a
204.17 majority of the electors voting on the question.

204.18 Sec. 102. Minnesota Statutes 2010, section 475.73, subdivision 1, is amended to read:

204.19 Subdivision 1. **May purchase these bonds; conditions.** Obligations sold under the
204.20 provisions of section 475.60 may be purchased by the State Board of Investment if the
204.21 obligations meet the requirements of section 11A.24, subdivision 2, upon the approval of
204.22 the attorney general as to form and execution of the application therefor, and under rules
204.23 as the board may specify, and the state board shall have authority to purchase the same
204.24 to an amount not exceeding 3.63 percent of the estimated market value of the taxable
204.25 property of the municipality, according to the last preceding assessment. The obligations
204.26 shall not run for a shorter period than one year, nor for a longer period than 30 years and
204.27 shall bear interest at a rate to be fixed by the state board but not less than two percent per
204.28 annum. Forthwith upon the delivery to the state of Minnesota of any obligations issued by
204.29 virtue thereof, the commissioner of management and budget shall certify to the respective
204.30 auditors of the various counties wherein are situated the municipalities issuing the same,
204.31 the number, denomination, amount, rate of interest and date of maturity of each obligation.

204.32 Sec. 103. Minnesota Statutes 2011 Supplement, section 477A.011, subdivision 20,
204.33 is amended to read:

205.1 Subd. 20. **City net tax capacity.** "City net tax capacity" means ~~(1) the net tax~~
 205.2 ~~capacity computed using the net tax capacity rates in section 273.13 for taxes payable~~
 205.3 ~~in the year of the aid distribution, and the market values, after the exclusion in section~~
 205.4 ~~273.13, subdivision 35, for taxes payable in the year prior to the aid distribution plus (2)~~
 205.5 ~~a city's fiscal disparities distribution tax capacity under section 276A.06, subdivision 2,~~
 205.6 ~~paragraph (b), or 473F.08, subdivision 2, paragraph (b), for taxes payable in the year prior~~
 205.7 ~~to that for which aids are being calculated. The market value utilized in computing city~~
 205.8 ~~net tax capacity shall be reduced by the sum of (1) a city's market value of commercial~~
 205.9 ~~industrial property as defined in section 276A.01, subdivision 3, or 473F.02, subdivision 3,~~
 205.10 ~~multiplied by the ratio determined pursuant to section 276A.06, subdivision 2, paragraph~~
 205.11 ~~(a), or 473F.08, subdivision 2, paragraph (a), (2) the market value of the captured value~~
 205.12 ~~of tax increment financing districts as defined in section 469.177, subdivision 2, and (3)~~
 205.13 ~~the market value of transmission lines deducted from a city's total net tax capacity under~~
 205.14 ~~section 273.425. The city net tax capacity will be computed using equalized market values~~
 205.15 the city's adjusted net tax capacity under section 273.1325.

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

205.17 Sec. 104. Minnesota Statutes 2010, section 477A.011, subdivision 32, is amended to
 205.18 read:

205.19 Subd. 32. **Commercial industrial percentage.** "Commercial industrial percentage"
 205.20 for a city is 100 times the sum of the estimated market values of all real property in the
 205.21 city classified as class 3 under section 273.13, subdivision 24, excluding public utility
 205.22 property, to the total estimated market value of all taxable real and personal property in
 205.23 the city. The estimated market values are the amounts computed before any adjustments
 205.24 for fiscal disparities under section 276A.06 or 473F.08. The estimated market values
 205.25 used for this subdivision are not equalized.

205.26 **EFFECTIVE DATE.** This section is effective for aids payable in 2014 and
 205.27 thereafter.

205.28 Sec. 105. Minnesota Statutes 2010, section 477A.0124, subdivision 2, is amended to
 205.29 read:

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

205.32 (b) "County program aid" means the sum of "county need aid," "county tax base
 205.33 equalization aid," and "county transition aid."

206.1 (c) "Age-adjusted population" means a county's population multiplied by the county
206.2 age index.

206.3 (d) "County age index" means the percentage of the population over age 65 within
206.4 the county divided by the percentage of the population over age 65 within the state, except
206.5 that the age index for any county may not be greater than 1.8 nor less than 0.8.

206.6 (e) "Population over age 65" means the population over age 65 established as of
206.7 July 15 in an aid calculation year by the most recent federal census, by a special census
206.8 conducted under contract with the United States Bureau of the Census, by a population
206.9 estimate made by the Metropolitan Council, or by a population estimate of the state
206.10 demographer made pursuant to section 4A.02, whichever is the most recent as to the stated
206.11 date of the count or estimate for the preceding calendar year and which has been certified
206.12 to the commissioner of revenue on or before July 15 of the aid calculation year. A revision
206.13 to an estimate or count is effective for these purposes only if certified to the commissioner
206.14 on or before July 15 of the aid calculation year. Clerical errors in the certification or use of
206.15 estimates and counts established as of July 15 in the aid calculation year are subject to
206.16 correction within the time periods allowed under section 477A.014.

206.17 (f) "Part I crimes" means the three-year average annual number of Part I crimes
206.18 reported for each county by the Department of Public Safety for the most recent years
206.19 available. By July 1 of each year, the commissioner of public safety shall certify to the
206.20 commissioner of revenue the number of Part I crimes reported for each county for the
206.21 three most recent calendar years available.

206.22 (g) "Households receiving food stamps" means the average monthly number of
206.23 households receiving food stamps for the three most recent years for which data is
206.24 available. By July 1 of each year, the commissioner of human services must certify to the
206.25 commissioner of revenue the average monthly number of households in the state and in
206.26 each county that receive food stamps, for the three most recent calendar years available.

206.27 (h) "County net tax capacity" means the ~~net tax capacity of the county, computed~~
206.28 ~~analogously to city net tax capacity under section 477A.011, subdivision 20~~ county's
206.29 adjusted net tax capacity under section 273.1325.

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

206.31 Sec. 106. Minnesota Statutes 2010, section 641.23, is amended to read:

206.32 **641.23 FUNDS; HOW PROVIDED.**

206.33 Before any contract is made for the erection of a county jail, sheriff's residence, or
206.34 both, the county board shall either levy a sufficient tax to provide the necessary funds, or

207.1 issue county bonds therefor in accordance with the provisions of chapter 475, provided
207.2 that no election is required if the amount of all bonds issued for this purpose and interest
207.3 on them which are due and payable in any year does not exceed an amount equal to
207.4 0.09671 percent of estimated market value of taxable property within the county, as last
207.5 determined before the bonds are issued.

207.6 Sec. 107. Minnesota Statutes 2010, section 641.24, is amended to read:

207.7 **641.24 LEASING.**

207.8 The county may, by resolution of the county board, enter into a lease agreement with
207.9 any statutory or home rule charter city situated within the county, or a county housing and
207.10 redevelopment authority established pursuant to chapter 469 or any special law whereby
207.11 the city or county housing and redevelopment authority will construct a jail or other law
207.12 enforcement facilities for the county sheriff, deputy sheriffs, and other employees of the
207.13 sheriff and other law enforcement agencies, in accordance with plans prepared by or at
207.14 the request of the county board and, when required, approved by the commissioner of
207.15 corrections and will finance it by the issuance of revenue bonds, and the county may lease
207.16 the site and improvements for a term and upon rentals sufficient to produce revenue for the
207.17 prompt payment of the bonds and all interest accruing thereon and, upon completion of
207.18 payment, will acquire title thereto. The real and personal property acquired for the jail
207.19 shall constitute a project and the lease agreement shall constitute a revenue agreement
207.20 as contemplated in chapter 469, and all proceedings shall be taken by the city or county
207.21 housing and redevelopment authority and the county in the manner and with the force and
207.22 effect provided in chapter 469; provided that:

207.23 (1) no tax shall be imposed upon or in lieu of a tax upon the property;

207.24 (2) the approval of the project by the commissioner of commerce shall not be
207.25 required;

207.26 (3) the Department of Corrections shall be furnished and shall record such
207.27 information concerning each project as it may prescribe;

207.28 (4) the rentals required to be paid under the lease agreement shall not exceed in any
207.29 year one-tenth of one percent of the estimated market value of property within the county,
207.30 as last finally equalized before the execution of the agreement;

207.31 (5) the county board shall provide for the payment of all rentals due during the term
207.32 of the lease, in the manner required in section 641.264, subdivision 2;

207.33 (6) no mortgage on the property shall be granted for the security of the bonds, but
207.34 compliance with clause (5) hereof may be enforced as a nondiscretionary duty of the
207.35 county board; and

208.1 (7) the county board may sublease any part of the jail property for purposes consistent
208.2 with the maintenance and operation of a county jail or other law enforcement facility.

208.3 Sec. 108. Minnesota Statutes 2010, section 645.44, is amended by adding a subdivision
208.4 to read:

208.5 Subd. 20. **Estimated market value.** When used in determining or calculating a
208.6 limit on taxation, spending, state aid amounts, or debt, bond, certificate of indebtedness, or
208.7 capital note issuance by or for a local government unit, "estimated market value" has the
208.8 meaning given in section 273.032.

208.9 Sec. 109. **REVISOR'S INSTRUCTION.**

208.10 The revisor of statutes shall recodify Minnesota Statutes, section 127A.48,
208.11 subdivisions 1 to 6, as section 273.1325, subdivisions 1 to 6, and change all
208.12 cross-references to the affected subdivisions accordingly.

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

208.14 Sec. 110. **REPEALER.**

208.15 Minnesota Statutes 2010, sections 273.11, subdivision 1a; 276A.01, subdivision
208.16 11; 276A.06, subdivision 10; 473F.02, subdivision 13; 473F.08, subdivision 10; and
208.17 477A.011, subdivision 21, are repealed.

208.18 Sec. 111. **EFFECTIVE DATE.**

208.19 Unless otherwise specifically provided, this article is effective the day following
208.20 final enactment for purposes of limits on net debt, the issuance of bonds, certificates of
208.21 indebtedness, and capital notes and is effective beginning for taxes payable in 2013 for
208.22 all other purposes.

208.23 **ARTICLE 13**

208.24 **MISCELLANEOUS TAXES**

208.25 Section 1. **[136A.129] GREATER MINNESOTA INTERNSHIP PROGRAM.**

208.26 Subdivision 1. **Definitions.** (a) For the purposes of this section, the terms defined in
208.27 this subdivision have the meanings given them.

208.28 (b) "Eligible employer" means a taxpayer under section 290.01 with employees
208.29 located in greater Minnesota.

209.1 (c) "Eligible institution" means a Minnesota public postsecondary institution, or a
209.2 Minnesota private, nonprofit, baccalaureate degree granting college or university.

209.3 (d) "Eligible student" means a student enrolled in an eligible institution who is a
209.4 junior or senior in a degree program or has completed one-half of the credits necessary for
209.5 an associate degree or certification.

209.6 (e) "Greater Minnesota" means the area located outside of the metropolitan area, as
209.7 defined in section 473.121, subdivision 2.

209.8 (f) "Office" means the Office of Higher Education.

209.9 Subd. 2. **Program established.** The office, in cooperation with the Department of
209.10 Employment and Economic Development, shall administer a greater Minnesota internship
209.11 grant program for eligible employers who hire interns in greater Minnesota through
209.12 eligible institutions that provide academic credit. The purpose of the program is to
209.13 encourage Minnesota businesses to:

209.14 (1) employ and provide valuable experience to Minnesota students; and

209.15 (2) foster long-term relationships between the students and greater Minnesota
209.16 employers.

209.17 Subd. 3. **Program components.** (a) An intern must be an eligible student who
209.18 has been admitted to a major program that is closely related to the intern experience
209.19 as determined by the eligible institution.

209.20 (b) To participate in the program, an eligible institution must:

209.21 (1) enter into written agreements with eligible employers to provide paid internships
209.22 that are at least 12 weeks long and located in greater Minnesota;

209.23 (2) determine that the work experience of the internship is closely related to the
209.24 eligible student's course of study; and

209.25 (3) provide academic credit for the successful completion of the internship or
209.26 ensure that it fulfills requirements necessary to complete a vocational technical education
209.27 program.

209.28 (c) To participate in the program, an eligible employer must enter into a written
209.29 agreement with an eligible institution specifying that the intern:

209.30 (1) would not have been hired without the grant described in subdivision 4;

209.31 (2) did not work for the employer prior to entering the agreement;

209.32 (3) does not replace an existing employee;

209.33 (4) has not previously participated in the program;

209.34 (5) will be employed at a location in greater Minnesota;

209.35 (6) will be paid at least minimum wage for a minimum of 16 hours per week for at
209.36 least a 12-week period; and

210.1 (7) will be supervised and evaluated by the employer.

210.2 (d) Participating eligible institutions and eligible employers must report annually to
210.3 the office. The report must include at least the following:

210.4 (1) the number of interns hired;

210.5 (2) the number of hours and weeks worked by interns; and

210.6 (3) the compensation paid to interns.

210.7 (e) An internship with clinical experience currently required for completion of
210.8 an academic program does not qualify for the greater Minnesota internship program
210.9 under this section.

210.10 **Subd. 4. Employer grants for internships; maximum limits.** (a) A grant for an
210.11 eligible employer equals 40 percent of the compensation paid to each qualifying intern,
210.12 not to exceed \$1,250. An employer may receive a grant for a maximum of five interns
210.13 in any fiscal year.

210.14 (b) The total amount of grants authorized under this section is limited to \$1,000,000
210.15 per fiscal year less administrative expense as provided in law. The office shall allocate
210.16 grants to eligible institutions for participating employers and certify to the Department of
210.17 Employment and Economic Development the amount of the grant.

210.18 **Subd. 5. Allocations to institutions.** The office shall allocate employer grants
210.19 authorized in subdivision 4 to eligible institutions. The office shall determine relevant
210.20 criteria to allocate the grants, including the geographic distribution of grants to work
210.21 locations outside the metropolitan area. Any grant amount allocated to an institution but
210.22 not used may be reallocated to other eligible institutions. The office shall allocate a portion
210.23 of any administrative fee to participating eligible institutions for their administrative costs.

210.24 **Subd. 6. Reports to the legislature.** (a) By February 1, 2013, the office and the
210.25 Department of Employment and Economic Development shall report to the legislature on
210.26 the greater Minnesota internship program. The report must include at least the following:

210.27 (1) the number and dollar amount of grants allocated to employers;

210.28 (2) the number of interns employed under the program; and

210.29 (3) the cost of administering the program.

210.30 (b) By February 1, 2014, the office and the Department of Employment and
210.31 Economic Development shall report to the legislature with an analysis of the effectiveness
210.32 of the program in stimulating businesses to hire interns and in assisting participating
210.33 interns in finding permanent career positions. The report must include the number of
210.34 students who participated in the program who were subsequently employed full-time by
210.35 the employer.

210.36 **Subd. 7. Sunset.** This section expires on June 30, 2015.

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

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

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

211.8 (1) the liability for tax; or

211.9 (2) \$115,000.

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

211.17 **EFFECTIVE DATE.** This section is effective for determinations based on calendar
211.18 year 2011 production and thereafter.

211.19 Sec. 3. Minnesota Statutes 2010, section 298.75, is amended by adding a subdivision
211.20 to read:

211.21 Subd. 12. **Tax may be imposed; Otter Tail County.** (a) If Otter Tail County
211.22 does not impose a tax under this section and approves imposition of the tax under this
211.23 subdivision, the city of Vergas in Otter Tail County may impose the aggregate materials
211.24 tax under this section.

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

211.27 (c) All provisions in this section apply to the city of Vergas, except that in lieu of the
211.28 tax proceeds under subdivision 7, all proceeds of the tax must be retained by the city.

211.29 (d) If Otter Tail County imposes an aggregate materials tax under this section, the
211.30 tax imposed by the city of Vergas under this subdivision is repealed on the effective
211.31 date of the Otter Tail County tax.

212.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of
212.2 the city of Vergas and its chief clerical officer comply with Minnesota Statutes, section
212.3 645.021, subdivisions 2 and 3.

212.4 Sec. 4. Minnesota Statutes 2010, section 469.169, is amended by adding a subdivision
212.5 to read:

212.6 Subd. 19. **Additional border city allocation; 2012.** (a) In addition to tax
212.7 reductions authorized in subdivisions 7 to 18, the commissioner shall allocate \$125,000
212.8 for tax reductions to border city enterprise zones in cities located on the western border
212.9 of the state. The commissioner shall make allocations to zones in cities on the western
212.10 border on a per capita basis. Allocations made under this subdivision may be used for
212.11 tax reductions as provided in section 469.171, or for other offsets of taxes imposed on
212.12 or remitted by businesses located in the enterprise zone, but only if the municipality
212.13 determines that the granting of the tax reduction or offset is necessary in order to retain a
212.14 business within or attract a business to the zone. The city alternatively may elect to use
212.15 any portion of the allocation provided in this paragraph for tax reductions under section
212.16 469.1732 or 469.1734.

212.17 (b) The commissioner shall allocate \$125,000 for tax reductions under section
212.18 469.1732 or 469.1734 to cities with border city enterprise zones located on the western
212.19 border of the state. The commissioner shall allocate this amount among the cities on a per
212.20 capita basis. The city alternatively may elect to use any portion of the allocation provided
212.21 in this paragraph for tax reductions as provided in section 469.171.

212.22 Sec. 5. **PURPOSE STATEMENTS; TAX EXPENDITURES.**

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

212.27 Subd. 2. **Federal conformity.** The provisions of article 8 conforming Minnesota
212.28 individual income tax to changes in federal law are intended to simplify compliance with
212.29 and administration of the individual income tax.

212.30 Subd. 3. **Employment of qualified veterans tax credit.** The provisions of article 8,
212.31 section 15, providing a tax credit for the employment of qualified veterans, are intended
212.32 to give an incentive to employers to hire returning veterans who would otherwise be
212.33 unemployed and to encourage their reintegration into the community. The standard against

213.1 which the effectiveness of the credit is to be measured is the additional number of veterans
213.2 who are hired as a result of the tax credit.

213.3 Subd. 4. **Extension of historic structure rehabilitation credit.** The provisions
213.4 of article 8, section 14, extending the sunset of the historic structure rehabilitation credit
213.5 are intended to create and retain jobs related to rehabilitation of historic structures in
213.6 Minnesota. The standard against which the effectiveness of the extension of the credit is to
213.7 be measured is the number of jobs created through the rehabilitation of historic structures
213.8 and the number of historic structures rehabilitated and placed in service.

213.9 Subd. 5. **Exemption of certain laboratory services from the health care provider**
213.10 **tax.** The provisions of article 9, section 2, exempting laboratory services on specimens
213.11 collected outside the state from the health care provider tax is intended to eliminate
213.12 a competitive disadvantage for laboratories located in Minnesota when competing to
213.13 provide services with laboratories located outside of the state.

213.14 Subd. 6. **Sales tax exemption for established religious orders.** The provisions
213.15 of article 9, section 7, exempting certain sales between a religious order and an affiliated
213.16 institute of higher education is intended to retain an existing sales tax exemption that
213.17 exists between St. John's Abbey and St. John's University after a governing restructure
213.18 between the two entities.

213.19 Subd. 7. **Sales tax exemption for nursing homes and boarding care homes.**
213.20 The provisions of article 9, section 8, exempting certain nursing homes and boarding
213.21 care homes is intended to clarify that an existing exemption for these facilities is not
213.22 affected by a recent property tax case related to defining nonprofit organizations engaged
213.23 in charitable activities.

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

213.25 Sec. 6. **BUDGET RESERVE.**

213.26 The commissioner of management and budget shall cancel \$27,900,000 to the
213.27 general fund from the budget reserve account in Minnesota Statutes, section 16A.152.

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

213.29 Sec. 7. **APPROPRIATION; GREATER MINNESOTA INTERNSHIP**
213.30 **PROGRAM.**

213.31 \$1,000,000 for fiscal year 2013 is appropriated from the general fund to the
213.32 commissioner of employment and economic development for grants under Minnesota
213.33 Statutes, section 136A.129, for employers who hire interns. Up to five percent of

214.1 the appropriation is for an administrative fee for the Office of Higher Education and
214.2 participating eligible institutions. The base for the Department of Employment and
214.3 Economic Development for the greater Minnesota internship program is \$1,000,000 in
214.4 fiscal year 2014, \$1,000,000 in fiscal year 2015, and \$0 beginning in fiscal year 2016.

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

214.6 Sec. 8. **APPROPRIATION; MINNESOTA INVESTMENT FUND.**

214.7 \$7,000,000 for fiscal year 2013 is appropriated from the general fund to the
214.8 commissioner of employment and economic development for the Minnesota investment
214.9 fund under Minnesota Statutes, section 116J.8731. The commissioner of employment
214.10 and economic development must consult with the Science and Technology Initiative
214.11 Advisory Commission established in Minnesota Statutes, section 116W.06, and must
214.12 obtain approval of a simple majority of the commission in determining how to use 25
214.13 percent of this amount. This is a onetime appropriation and is available until spent.

APPENDIX
Article locations in H0247-2

ARTICLE 1	DEPARTMENT POLICY AND TECHNICAL: INCOME AND CORPORATE FRANCHISE TAXES	Page.Ln 3.2
ARTICLE 2	DEPARTMENT POLICY AND TECHNICAL: PROPERTY TAX	Page.Ln 23.6
ARTICLE 3	DEPARTMENT POLICY AND TECHNICAL: SALES AND USE TAXES; SPECIAL TAXES	Page.Ln 47.12
ARTICLE 4	DEPARTMENT POLICY AND TECHNICAL: MINERALS	Page.Ln 55.18
ARTICLE 5	DEPARTMENT POLICY AND TECHNICAL: MISCELLANEOUS ..	Page.Ln 57.6
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ARTICLE 11	ESTATE TAXES	Page.Ln 147.10
ARTICLE 12	HOMESTEAD MARKET VALUE CLEANUP	Page.Ln 152.6
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168A.40 AUTOMOBILE THEFT PREVENTION PROGRAM.

Subd. 3. **Surcharge.** Each insurer engaged in the writing of policies of automobile insurance shall collect a surcharge, at the rate of 50 cents per vehicle for every six months of coverage, on each policy of automobile insurance providing comprehensive insurance coverage issued or renewed in this state. The surcharge may not be considered premium for any purpose, including the computation of premium tax or agents' commissions. The amount of the surcharge must be separately stated on either a billing or policy declaration sent to an insured. Insurers shall remit the revenue derived from this surcharge at least quarterly to the commissioner of public safety for purposes of the automobile theft prevention program described in section 65B.84. For purposes of this subdivision, "policy of automobile insurance" has the meaning given it in section 65B.14, covering only the following types of vehicles as defined in section 168.002:

- (1) a passenger automobile;
- (2) a pickup truck;
- (3) a van but not commuter vans as defined in section 168.126; or
- (4) a motorcycle,

except that no vehicle with a gross vehicle weight in excess of 10,000 pounds is included within this definition.

Subd. 4. **Automobile theft prevention account.** A special revenue account is created in the state treasury to be credited with the proceeds of the surcharge imposed under subdivision 3. Of the revenue in the account, \$1,300,000 each year must be transferred to the general fund. Revenues in excess of \$1,300,000 each year may be used only for the automobile theft prevention program described in section 65B.84.

270C.991 PROPERTY TAX SYSTEM BENCHMARKS AND CRITICAL INDICATORS.

Subd. 5. **Taxes Committee review and resolution.** On or before March 1, 2012, and every two years thereafter, the house of representatives and senate Taxes Committees must review the major indicators as contained in subdivision 3, and ascertain the accountability and efficiency of the property tax system. The house of representatives and senate Taxes Committees shall prepare a resolution on targets and benchmarks for use during the current biennium.

272.69 LISTING LEASED PERSONAL PROPERTY; PENALTY.

Subdivision 1. **Filing of list with commissioner.** Any person, firm, or corporation engaged in the business of leasing items of tangible personal property which are subject to personal property taxation shall file with the commissioner of revenue not later than February 15 of each year a listing of all items of personal property owned by the lessor and in possession of a lessee under a lease, rental purchase option, or similar type of agreement as of the January 2 immediately preceding. The listing shall be made on forms provided by the commissioner and shall contain a brief description of each item including the serial number, if any, the location thereof, the date of manufacture, and the manufacturer's list selling price. The commissioner may grant an extension of the filing date herein prescribed for good cause shown.

Subd. 2. **List to county assessor.** Upon receipt of the listings required by subdivision 1, the commissioner of revenue shall compile a listing of all property thus located in each county and shall forward a copy of the listing together with other pertinent data to the county assessor of the county in which the property is, or was as of January 2, located in order to aid in the proper listing and assessment thereof.

Subd. 3. **Intent; agreements between lessors and lessees.** It is the intent of this section that leased personal property which is subject to personal property taxation be assessed to and the tax paid by the lessor, notwithstanding any agreement between lessor and lessee to the contrary. Any such agreement may, however, be construed as an agreement by the lessee to indemnify the lessor for the amount of personal property taxes paid. The listing required by this section shall be in lieu of any other property tax listing required by law for property required to be listed.

Subd. 4. **Penalty.** Any person, firm, or corporation, or agent, officer, or employee thereof required by this section to file a listing of personal property who shall willfully fail to file such listing or who shall willfully or knowingly omit therefrom any item or items of personal property

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required to be listed is guilty of a gross misdemeanor. In addition, items omitted from a listing shall be treated as omitted property subject to the provisions of section 273.02.

273.11 VALUATION OF PROPERTY.

Subd. 1a. **Limited market value.** In the case of all property classified as agricultural homestead or nonhomestead, residential homestead or nonhomestead, timber, or noncommercial seasonal residential recreational, the assessor shall compare the value with the taxable portion of the value determined in the preceding assessment.

For assessment years 2004, 2005, and 2006, the amount of the increase shall not exceed the greater of (1) 15 percent of the value in the preceding assessment, or (2) 25 percent of the difference between the current assessment and the preceding assessment.

For assessment year 2007, the amount of the increase shall not exceed the greater of (1) 15 percent of the value in the preceding assessment, or (2) 33 percent of the difference between the current assessment and the preceding assessment.

For assessment year 2008, the amount of the increase shall not exceed the greater of (1) 15 percent of the value in the preceding assessment, or (2) 50 percent of the difference between the current assessment and the preceding assessment.

This limitation shall not apply to increases in value due to improvements. For purposes of this subdivision, the term "assessment" means the value prior to any exclusion under subdivision 16.

The provisions of this subdivision shall be in effect through assessment year 2008 as provided in this subdivision.

For purposes of the assessment/sales ratio study conducted under section 127A.48, and the computation of state aids paid under chapters 122A, 123A, 123B, 124D, 125A, 126C, 127A, and 477A, market values and net tax capacities determined under this subdivision and subdivision 16, shall be used.

Subd. 22. **Lead hazard market value reduction.** Owners of property classified as class 1a, 1b, 1c, 2a, 4b, 4bb, or 4d under section 273.13 may apply for a lead hazard valuation reduction, provided that the property is located in a city which has authorized valuation reductions under this subdivision. A city that authorizes reductions under this subdivision must establish guidelines for qualifying lead hazard reduction projects and must designate an agency within the city to issue certificates of completion of qualifying projects. For purposes of this subdivision, "lead hazard reduction" has the same meaning as in section 144.9501, subdivision 17.

The property owner must obtain a certificate from the agency stating (1) that the project has been completed and (2) the total cost incurred by the owner, which must be at least \$3,000. Only projects originating after July 1, 2005, and completed before July 1, 2010, qualify for a reduction under this subdivision. The property owner shall apply for the valuation reduction to the assessor on a form prescribed by the assessor accompanied by a copy of the certificate of completion from the agency.

A qualifying property is eligible for a one-year valuation reduction equal to the actual cost incurred, to a maximum of \$20,000. If a property owner applies to the assessor for the valuation reduction under this subdivision between January 1 and June 30 of any year, the reduction applies for taxes payable in the following year. If a property owner applies to the assessor for the valuation reduction under this subdivision between July 1 and December 31, the reduction applies for taxes payable in the second following year. For purposes of subdivision 1a, any additional market value resulting from the lead hazard removal must be considered an increase in value due to new construction.

276A.01 DEFINITIONS.

Subd. 11. **Valuation.** "Valuation" means the market value of real and personal property within a municipality as defined in subdivision 10.

276A.06 NET TAX CAPACITY OF GOVERNMENTAL UNIT.

Subd. 10. **Adjustment of values for other computations.** For the purpose of computing the amount or rate of any salary, aid, tax, or debt authorized, required, or limited by any provision of any law or charter, where the authorization, requirement, or limitation is related to any value or valuation of taxable property within any governmental unit, the value or net tax capacity must be adjusted to reflect the adjustments to net tax capacity effected by subdivision 2, provided that: (1) in determining the market value of commercial-industrial property or any class thereof within a governmental unit for any purpose other than section 276A.05, (a) the reduction required by this

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subdivision is that amount which bears the same proportion to the amount subtracted from the governmental unit's net tax capacity pursuant to subdivision 2, clause (a), as the market value of commercial-industrial property, or such class thereof, located within the governmental unit bears to the net tax capacity of commercial-industrial property, or such class thereof, located within the governmental unit, and (b) the increase required by this subdivision is that amount which bears the same proportion to the amount added to the governmental unit's net tax capacity pursuant to subdivision 2, clause (b), as the market value of commercial-industrial property, or such class thereof, located within the governmental unit bears to the net tax capacity of commercial-industrial property, or such class thereof, located within the governmental unit; and (2) in determining the market value of real property within a municipality for purposes of section 276A.05, the adjustment prescribed by clause (1)(a) must be made and that prescribed by clause (1)(b) must not be made.

289A.60 CIVIL PENALTIES.

Subd. 31. Accelerated payment of monthly sales tax liability; penalty for underpayment.

For payments made after September 1, 2010, if a vendor is required by section 289A.20, subdivision 4, paragraph (a), clause (2), item (i) or (ii), to make accelerated payments, then the penalty for underpayment is as follows:

(a) For those vendors that must remit a 90 percent payment by the 14th day of the month following the month in which the taxable event occurred, as an estimation of the monthly sales tax liability, including the liability of any fee or other tax that is to be reported on the same return as and paid with the chapter 297A taxes, for the month in which the taxable event occurred, the vendor shall pay a penalty equal to ten percent of the amount of liability that was required to be paid by the 14th day of the month, less the amount remitted by the 14th day of the month. The penalty must not be imposed, however, if the amount remitted by the 14th day of the month equals the least of: (1) 90 percent of the liability for the month preceding the month in which the taxable event occurred; (2) 90 percent of the liability for the same month in the previous calendar year as the month in which the taxable event occurred; or (3) 90 percent of the average monthly liability for the previous calendar year.

(b) For those vendors that, on or before the 20th day of the month in which the taxable event occurs, must remit to the commissioner a prepayment of the sales tax liability for the month in which the taxable event occurs equal to 67 percent of the liability for the previous month, including the liability of any fee or other tax that is to be reported on the same return as and paid with the chapter 297A taxes, for the month in which the taxable event occurred, the vendor shall pay a penalty equal to ten percent of the amount of liability that was required to be paid by the 20th of the month, less the amount remitted by the 20th of the month. The penalty must not be imposed, however, if the amount remitted by the 20th of the month equals the lesser of: (1) 67 percent of the liability of the same month in the previous calendar year as the month in which the taxable event occurred; or (2) an amount equal to the liability for the month in which the taxable event occurred.

473F.02 DEFINITIONS.

Subd. 13. **Valuation.** "Valuation" means the market value of real and personal property within a municipality as defined in subdivision 12.

473F.08 NET TAX CAPACITY.

Subd. 10. **Adjustment of value or net tax capacity.** For the purpose of computing the amount or rate of any salary, aid, tax, or debt authorized, required, or limited by any provision of any law or charter, where such authorization, requirement, or limitation is related in any manner to any value or valuation of taxable property within any governmental unit, such value or net tax capacity shall be adjusted to reflect the adjustments to net tax capacity effected by subdivision 2, provided that: (1) in determining the market value of commercial-industrial property or any class thereof within a governmental unit for any purpose other than section 473F.07, (a) the reduction required by this subdivision shall be that amount which bears the same proportion to the amount subtracted from the governmental unit's net tax capacity pursuant to subdivision 2, clause (a), as the market value of commercial-industrial property, or such class thereof, located within the governmental unit bears to the net tax capacity of commercial-industrial property, or such class thereof, located within the governmental unit, and (b) the increase required by this subdivision shall be that amount which bears the same proportion to the amount added to the governmental unit's net tax capacity pursuant to subdivision 2, clause (b), as the market value of commercial-industrial property, or such class thereof, located within the governmental unit bears

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to the net tax capacity of commercial-industrial property, or such class thereof, located within the governmental unit; and (2) in determining the market value of real property within a municipality for purposes of section 473F.07, the adjustment prescribed by clause (1)(a) hereof shall be made and that prescribed by clause (1)(b) hereof shall not be made.

477A.011 DEFINITIONS.

Subd. 21. **Equalized market values.** "Equalized market values" means market values that have been equalized by dividing the assessor's estimated market value for the second year prior to that in which the aid is payable by the assessment sales ratios determined by class in the assessment sales ratio study conducted by the Department of Revenue pursuant to section 127A.48 in the second year prior to that in which the aid is payable. The equalized market values equal the unequalized market values divided by the assessment sales ratio.

Laws 2009, chapter 88, article 4, section 23, as amended by Laws 2010, chapter 389, article 5, section 4

Sec. 23. ROCHESTER FOOD AND BEVERAGE TAX.

Subdivision 1. **Authorization.** Notwithstanding Minnesota Statutes, section 477A.016, or any other law or charter provision, the city of Rochester may impose a tax of one percent on the gross receipts on all sales of food and beverages by restaurants and places of refreshment, as defined by resolution of the city, that occur in the city. For purposes of this section, "food and beverages" include retail on-sale of intoxicating liquor and fermented malt beverages.

Subd. 2. **Use of proceeds.** The proceeds of this tax shall be used for (1) paying the cost of collection; (2) to pay for construction, renovation, improvement, and expansion of the Mayo Civic Center Complex and related skyway access, lighting, parking, or landscaping; and (3) for payment of any principal, interest, or premium on bonds issued to finance the construction, renovation, improvement, and expansion of the Mayo Civic Center Complex.

Subd. 3. **Imposition of the tax.** The tax under this section may only be imposed upon approval of the city governing body of a total financing package for the project.

Subd. 4. **Expiration of taxing authority.** The authority granted under subdivision 1 to the city to impose a one percent tax on food and beverages shall expire when the principal and interest on any bonds or other obligations issued prior to December 31, 2014, to finance the construction, renovation, improvement, and expansion of the Mayo Civic Center Complex and related skyway access, lighting, parking, or landscaping, and any bonds issued to refund such bonds, have been paid or at an earlier time as the city shall, by ordinance, determine. Any funds remaining after completion of the project and retirement or redemption of the bonds shall be placed in the general fund of the city.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Rochester and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3, and upon approval of the city governing body of a total financing package to renovate, improve, or expand the Mayo Civic Center Complex.