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State of Minnesota

HOUSE OF REPRESENTATIVES

SPECIAL SESSION

H. F. No. **1**

05/23/2017 Authored by Davids and Marquart  
The bill was read for the first time  
Rules suspended, urgency declared  
Read for the Second Time  
Read for the Third Time  
Bill was laid on the Table  
Bill was taken from the Table  
Passed by the House and transmitted to the Senate  
05/25/2017 Returned to the House as Amended by the Senate  
The House concurred in the Senate Amendments and repassed the bill as Amended by the Senate  
05/26/2017 Presented to Governor  
05/30/2017 Governor Approval

1.1 A bill for an act

1.2 relating to financing and operation of state and local government; making changes

1.3 to individual income, corporate franchise, estate, property, sales and use, excise,

1.4 mineral, tobacco, special, local, and other miscellaneous taxes and tax-related

1.5 provisions; providing for new income tax subtractions, additions, and credits;

1.6 providing for a Social Security subtraction; providing a student loan credit;

1.7 modifying the research and development credit; establishing a first-time home

1.8 buyer savings account program; modifying the child and dependent care credit;

1.9 modifying residency definitions; modifying estate tax exemption amount and rates;

1.10 establishing and modifying property tax exemptions and classifications; establishing

1.11 school building bond agricultural credit; modifying state general levy; modifying

1.12 certain local government aids; establishing riparian protection aid; providing

1.13 exemption from certain property taxes for a Major League Soccer stadium;

1.14 authorizing assessor accreditation waivers; modifying provisions related to

1.15 tax-forfeited land; modifying sales tax definitions and exemptions; providing sales

1.16 tax exemptions; clarifying the appropriation for certain sales tax refunds;

1.17 establishing sales tax collection duties for marketplace providers and certain

1.18 retailers; dedicating certain sales and use tax revenues from the sale of fireworks;

1.19 providing an exemption from sales and use taxes for a Major League Soccer

1.20 stadium; providing sales tax exemptions for certain construction projects; modifying

1.21 the exemption for Super Bowl admission, events, and parking; establishing 2018

1.22 Super Bowl extended alcohol service hours; providing exemptions for suite licenses

1.23 and stadium builder's licenses; authorizing certain tax increment financing authority;

1.24 authorizing and modifying certain local sales and use taxes; modifying provisions

1.25 related to taconite; modifying taxes on tobacco products and cigarettes; modifying

1.26 tax administration procedures; making minor policy, technical, and conforming

1.27 changes; requiring reports; appropriating money; amending Minnesota Statutes

1.28 2016, sections 13.51, subdivision 2; 16A.152, subdivision 2; 40A.18, subdivision

1.29 2; 69.021, subdivision 5; 84.82, subdivision 10; 84.922, subdivision 11; 86B.401,

1.30 subdivision 12; 116J.8738, subdivisions 3, 4; 128C.24; 270.071, subdivisions 2,

1.31 7, 8, by adding a subdivision; 270.072, subdivisions 2, 3, by adding a subdivision;

1.32 270.074, subdivision 1; 270.078, subdivision 1; 270.12, by adding a subdivision;

1.33 270.82, subdivision 1; 270A.03, subdivision 5; 270B.14, subdivision 1, by adding

1.34 subdivisions; 270C.171, subdivision 1; 270C.30; 270C.33, subdivisions 5, 8;

1.35 270C.34, subdivision 2; 270C.35, subdivision 3, by adding a subdivision; 270C.38,

1.36 subdivision 1; 270C.445, subdivisions 2, 3, 5a, 6, 6a, 6b, 6c, 7, 8, by adding a

1.37 subdivision; 270C.446, subdivisions 2, 3, 4, 5; 270C.447, subdivisions 1, 2, 3, by

1.38 adding a subdivision; 270C.72, subdivision 4; 270C.89, subdivision 1; 270C.9901;

1.39 271.06, subdivisions 2, 2a, 6, 7; 271.08, subdivision 1; 271.18; 272.02, subdivisions

2.1 9, 10, 86, by adding subdivisions; 272.0211, subdivision 1; 272.0213; 272.025,  
 2.2 subdivision 1; 272.029, subdivisions 2, 4, by adding a subdivision; 272.0295,  
 2.3 subdivision 4, by adding a subdivision; 272.03, subdivision 1; 272.115, subdivisions  
 2.4 2, 3; 272.162; 273.061, subdivision 7; 273.0755; 273.08; 273.121, by adding a  
 2.5 subdivision; 273.124, subdivisions 13, 13d; 273.125, subdivision 8; 273.13,  
 2.6 subdivisions 22, 23, 25, 34; 273.135, subdivision 1; 273.1384, subdivision 2;  
 2.7 273.1392, as amended; 273.1393; 273.33, subdivisions 1, 2; 273.371; 273.372,  
 2.8 subdivisions 2, 4, by adding subdivisions; 274.01, subdivision 1; 274.014,  
 2.9 subdivision 3; 274.13, subdivision 1; 274.135, subdivision 3; 275.025, subdivisions  
 2.10 1, 2, 4, by adding a subdivision; 275.065, subdivisions 1, 3; 275.07, subdivisions  
 2.11 1, 2; 275.08, subdivision 1b; 275.62, subdivision 2; 276.017, subdivision 3; 276.04,  
 2.12 subdivision 2; 278.01, subdivision 1; 279.01, subdivisions 1, 2, 3; 279.37, by  
 2.13 adding a subdivision; 281.17; 281.173, subdivision 2; 281.174, subdivision 3;  
 2.14 282.01, subdivisions 1a, 1d, 4, by adding a subdivision; 282.016; 282.018,  
 2.15 subdivision 1; 282.02; 282.04, subdivision 2; 282.241, subdivision 1; 282.322;  
 2.16 287.08; 287.2205; 289A.08, subdivisions 11, 16, by adding a subdivision; 289A.09,  
 2.17 subdivisions 1, 2; 289A.10, subdivision 1; 289A.11, subdivision 1; 289A.12,  
 2.18 subdivision 14; 289A.18, subdivision 1, by adding a subdivision; 289A.19,  
 2.19 subdivision 7; 289A.20, subdivision 2; 289A.31, subdivision 1; 289A.35; 289A.37,  
 2.20 subdivision 2; 289A.38, subdivision 6; 289A.50, subdivisions 2a, 7; 289A.60,  
 2.21 subdivisions 13, 28, by adding a subdivision; 289A.63, by adding a subdivision;  
 2.22 290.01, subdivisions 4a, 7; 290.0131, by adding a subdivision; 290.0132,  
 2.23 subdivision 21, by adding subdivisions; 290.05, subdivision 1; 290.06, subdivision  
 2.24 22, by adding subdivisions; 290.067, subdivisions 1, 2b; 290.0671, subdivision 1,  
 2.25 as amended; 290.0672, subdivision 1; 290.0674, subdivision 2, by adding a  
 2.26 subdivision; 290.068, subdivisions 1, 2; 290.0692, by adding a subdivision;  
 2.27 290.081; 290.091, subdivision 2, as amended; 290.0922, subdivision 2; 290.17,  
 2.28 subdivisions 2, 4; 290.31, subdivision 1; 290A.03, subdivisions 3, 13; 290A.10;  
 2.29 290A.19; 290C.01; 290C.02, subdivisions 1, 3, 6; 290C.03; 290C.04; 290C.05;  
 2.30 290C.055; 290C.07; 290C.08, subdivision 1; 290C.10; 290C.11; 290C.13,  
 2.31 subdivision 6; 291.005, subdivision 1, as amended; 291.016, subdivisions 2, 3;  
 2.32 291.03, subdivisions 1, 9, 11; 291.075; 295.53, subdivision 1, as amended; 295.54,  
 2.33 subdivision 2; 295.55, subdivision 6; 296A.01, subdivisions 7, 12, 33, 42, by  
 2.34 adding subdivisions; 296A.02, by adding a subdivision; 296A.07, subdivisions 1,  
 2.35 4; 296A.08, subdivision 2; 296A.15, subdivisions 1, 4; 296A.17, subdivision 3;  
 2.36 296A.19, subdivision 1; 296A.22, subdivision 9; 296A.26; 297A.61, subdivisions  
 2.37 3, 10, 34, by adding a subdivision; 297A.66, subdivisions 1, 2, 4, by adding a  
 2.38 subdivision; 297A.67, subdivisions 2, 4, 5, 6, by adding subdivisions; 297A.68,  
 2.39 subdivisions 5, 9, 19, 35a, by adding a subdivision; 297A.70, subdivisions 4, 12,  
 2.40 14, by adding subdivisions; 297A.71, subdivision 44, by adding subdivisions;  
 2.41 297A.75, subdivisions 1, 2, 3, 5; 297A.82, subdivisions 4, 4a; 297A.94; 297A.9905;  
 2.42 297B.07; 297D.02; 297E.02, subdivisions 3, 7; 297E.04, subdivision 1; 297E.05,  
 2.43 subdivision 4; 297E.06, subdivision 1; 297F.01, subdivision 13a; 297F.05,  
 2.44 subdivisions 1, 3, 3a, 4, 4a; 297F.09, subdivision 1; 297F.23; 297G.03, by adding  
 2.45 a subdivision; 297G.09, subdivision 1; 297G.22; 297H.04, subdivision 2; 297H.06,  
 2.46 subdivision 2; 297I.05, subdivision 2; 297I.10, subdivisions 1, 3; 297I.30,  
 2.47 subdivision 7, by adding a subdivision; 297I.60, subdivision 2; 298.01, subdivisions  
 2.48 3, 4, 4c; 298.227; 298.24, subdivision 1, as amended; 298.28, subdivisions 2, 5;  
 2.49 366.095, subdivision 1; 383B.117, subdivision 2; 410.32; 412.301; 414.09,  
 2.50 subdivision 2; 469.034, subdivision 2; 469.101, subdivision 1; 469.169, by adding  
 2.51 a subdivision; 469.174, subdivision 12; 469.175, subdivision 3; 469.176,  
 2.52 subdivision 4c; 469.1761, by adding a subdivision; 469.1763, subdivisions 1, 2,  
 2.53 3; 469.178, subdivision 7; 469.319, subdivision 5; 473.39, by adding subdivisions;  
 2.54 473H.09; 473H.17, subdivision 1a; 475.58, subdivision 3b; 475.60, subdivision  
 2.55 2; 477A.011, subdivisions 34, 45; 477A.0124, subdivisions 2, 4, by adding a  
 2.56 subdivision; 477A.013, subdivisions 1, 8, 9, by adding a subdivision; 477A.015;  
 2.57 477A.03, subdivisions 2a, 2b; 477A.12, subdivision 1; 477A.17; 477A.19, by  
 2.58 adding subdivisions; 504B.285, subdivision 1; 559.202, subdivision 2; 609.5316,

3.1 subdivision 3; Laws 1980, chapter 511, sections 1, subdivision 2, as amended; 2,  
 3.2 as amended; Laws 1991, chapter 291, article 8, section 27, subdivisions 3, as  
 3.3 amended, 4, as amended, 5; Laws 1996, chapter 471, article 2, section 29,  
 3.4 subdivisions 1, as amended, 4, as amended; article 3, section 51; Laws 1999,  
 3.5 chapter 243, article 4, sections 17, subdivisions 3, 5, by adding a subdivision; 18,  
 3.6 subdivision 1, as amended; Laws 2005, First Special Session chapter 3, article 5,  
 3.7 sections 38, subdivisions 2, as amended, 4, as amended; 44, subdivisions 3, as  
 3.8 amended, 4, 5, as amended; Laws 2008, chapter 154, article 9, section 21,  
 3.9 subdivision 2; Laws 2008, chapter 366, article 7, section 20; Laws 2009, chapter  
 3.10 88, article 5, section 17, as amended; Laws 2010, chapter 216, sections 12, as  
 3.11 amended; 58, as amended; Laws 2014, chapter 308, article 6, sections 8, subdivision  
 3.12 1; 9; article 9, section 94; Laws 2016, chapter 187, section 5; proposing coding  
 3.13 for new law in Minnesota Statutes, chapters 41B; 88; 273; 281; 289A; 290; 290B;  
 3.14 290C; 293; 297A; 473; 477A; proposing coding for new law as Minnesota Statutes,  
 3.15 chapter 462D; repealing Minnesota Statutes 2016, sections 136A.129; 270.074,  
 3.16 subdivision 2; 270C.445, subdivision 1; 270C.447, subdivision 4; 272.02,  
 3.17 subdivision 23; 281.22; 290.06, subdivision 36; 290.067, subdivision 2; 290.9743;  
 3.18 290.9744; 290C.02, subdivisions 5, 9; 297F.05, subdivision 1a; 477A.0124,  
 3.19 subdivision 5; 477A.20; Minnesota Rules, parts 8092.1400; 8092.2000; 8100.0700;  
 3.20 8125.1300, subpart 3.

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

3.22 **ARTICLE 1**

3.23 **INDIVIDUAL INCOME, CORPORATE FRANCHISE, AND ESTATE TAXES**

3.24 Section 1. **[41B.0391] BEGINNING FARMER PROGRAM; TAX CREDITS.**

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

3.27 (b) "Agricultural assets" means agricultural land, livestock, facilities, buildings, and  
 3.28 machinery used for farming in Minnesota.

3.29 (c) "Beginning farmer" means an individual who:

3.30 (1) is a resident of Minnesota;

3.31 (2) is seeking entry, or has entered within the last ten years, into farming;

3.32 (3) intends to farm land located within the state borders of Minnesota;

3.33 (4) is not and whose spouse is not a family member of the owner of the agricultural  
 3.34 assets from whom the beginning farmer is seeking to purchase or rent agricultural assets;

3.35 (5) is not and whose spouse is not a family member of a partner, member, shareholder,  
 3.36 or trustee of the owner of agricultural assets from whom the beginning farmer is seeking to  
 3.37 purchase or rent agricultural assets; and

3.38 (6) meets the following eligibility requirements as determined by the authority:

4.1 (i) has a net worth that does not exceed the limit provided under section 41B.03,  
4.2 subdivision 3, paragraph (a), clause (2);

4.3 (ii) provides the majority of the day-to-day physical labor and management of the farm;

4.4 (iii) has, by the judgment of the authority, adequate farming experience or demonstrates  
4.5 knowledge in the type of farming for which the beginning farmer seeks assistance from the  
4.6 authority;

4.7 (iv) demonstrates to the authority a profit potential by submitting projected earnings  
4.8 statements;

4.9 (v) asserts to the satisfaction of the authority that farming will be a significant source  
4.10 of income for the beginning farmer;

4.11 (vi) participates in a financial management program approved by the authority or the  
4.12 commissioner of agriculture;

4.13 (vii) agrees to notify the authority if the beginning farmer no longer meets the eligibility  
4.14 requirements within the three-year certification period, in which case the beginning farmer  
4.15 is no longer eligible for credits under this section; and

4.16 (viii) has other qualifications as specified by the authority.

4.17 (d) "Family member" means a family member within the meaning of the Internal Revenue  
4.18 Code, section 267(c)(4).

4.19 (e) "Farm product" means plants and animals useful to humans and includes, but is not  
4.20 limited to, forage and sod crops, oilseeds, grain and feed crops, dairy and dairy products,  
4.21 poultry and poultry products, livestock, fruits, and vegetables.

4.22 (f) "Farming" means the active use, management, and operation of real and personal  
4.23 property for the production of a farm product.

4.24 (g) "Owner of agricultural assets" means an individual, trust, or pass-through entity that  
4.25 is the owner in fee of agricultural land or has legal title to any other agricultural asset. Owner  
4.26 of agricultural assets does not mean an equipment dealer, livestock dealer defined in section  
4.27 17A.03, subdivision 7, or comparable entity that is engaged in the business of selling  
4.28 agricultural assets for profit and that is not engaged in farming as its primary business  
4.29 activity. An owner of agricultural assets approved and certified by the authority under  
4.30 subdivision 4 must notify the authority if the owner no longer meets the definition in this  
4.31 paragraph within the three year certification period and is then no longer eligible for credits  
4.32 under this section.

5.1 (h) "Resident" has the meaning given in section 290.01, subdivision 7.

5.2 (i) "Share rent agreement" means a rental agreement in which the principal consideration  
5.3 given to the owner of agricultural assets is a predetermined portion of the production of  
5.4 farm products produced from the rented agricultural assets and which provides for sharing  
5.5 production costs or risk of loss, or both.

5.6 Subd. 2. **Tax credit for owners of agricultural assets.** (a) An owner of agricultural  
5.7 assets may take a credit against the tax due under chapter 290 for the sale or rental of  
5.8 agricultural assets to a beginning farmer in the amount allocated by the authority under  
5.9 subdivision 4. An owner of agricultural assets is eligible for allocation of a credit equal to:

5.10 (1) five percent of the lesser of the sale price or the fair market value of the agricultural  
5.11 asset, up to a maximum of \$32,000;

5.12 (2) ten percent of the gross rental income in each of the first, second, and third years of  
5.13 a rental agreement, up to a maximum of \$7,000 per year; or

5.14 (3) 15 percent of the cash equivalent of the gross rental income in each of the first,  
5.15 second, and third years of a share rent agreement, up to a maximum of \$10,000 per year.

5.16 (b) A qualifying rental agreement includes cash rent of agricultural assets or a share rent  
5.17 agreement. The agricultural asset must be rented at prevailing community rates as determined  
5.18 by the authority.

5.19 (c) The credit may be claimed only after approval and certification by the authority, and  
5.20 is limited to the amount stated on the certificate issued under subdivision 4. An owner of  
5.21 agricultural assets must apply to the authority for certification and allocation of a credit, in  
5.22 a form and manner prescribed by the authority.

5.23 (d) An owner of agricultural assets or beginning farmer may terminate a rental agreement,  
5.24 including a share rent agreement, for reasonable cause upon approval of the authority. If a  
5.25 rental agreement is terminated without the fault of the owner of agricultural assets, the tax  
5.26 credits shall not be retroactively disallowed. In determining reasonable cause, the authority  
5.27 must look at which party was at fault in the termination of the agreement. If the authority  
5.28 determines the owner of agricultural assets did not have reasonable cause, the owner of  
5.29 agricultural assets must repay all credits received as a result of the rental agreement to the  
5.30 commissioner of revenue. The repayment is additional income tax for the taxable year in  
5.31 which the authority makes its decision or when a final adjudication under subdivision 5,  
5.32 paragraph (a), is made, whichever is later.

6.1 (e) The credit is limited to the liability for tax as computed under chapter 290 for the  
6.2 taxable year. If the amount of the credit determined under this section for any taxable year  
6.3 exceeds this limitation, the excess is a beginning farmer incentive credit carryover according  
6.4 to section 290.06, subdivision 37.

6.5 Subd. 3. **Beginning farmer management tax credit.** (a) A beginning farmer may take  
6.6 a credit against the tax due under chapter 290 for participating in a financial management  
6.7 program approved by the authority. A beginning farmer is eligible for allocation of a credit  
6.8 equal to 100 percent of the amount paid for participating in the program, not to exceed  
6.9 \$1,500 per year. The credit is available for up to three years while the farmer is in the  
6.10 program. The authority shall maintain a list of approved financial management programs  
6.11 and establish a procedure for approving equivalent programs that are not on the list.

6.12 (b) The credit may be claimed only after approval and certification by the authority.

6.13 (c) The credit is limited to the liability for tax as computed under chapter 290 for the  
6.14 taxable year. If the amount of the credit determined under this section for any taxable year  
6.15 exceeds this limitation, the excess is a beginning farmer management credit carryover  
6.16 according to section 290.06, subdivision 38.

6.17 Subd. 4. **Authority duties.** (a) The authority shall:

6.18 (1) approve and certify or recertify beginning farmers as eligible for the program under  
6.19 this section;

6.20 (2) approve and certify or recertify owners of agricultural assets as eligible for the tax  
6.21 credit under subdivision 2 subject to the allocation limits in paragraph (c);

6.22 (3) provide necessary and reasonable assistance and support to beginning farmers for  
6.23 qualification and participation in financial management programs approved by the authority;

6.24 (4) refer beginning farmers to agencies and organizations that may provide additional  
6.25 pertinent information and assistance; and

6.26 (5) notwithstanding section 41B.211, the Rural Finance Authority must share information  
6.27 with the commissioner of revenue to the extent necessary to administer provisions under  
6.28 this subdivision and section 290.06, subdivisions 37 and 38. The Rural Finance Authority  
6.29 must annually notify the commissioner of revenue of approval and certification or  
6.30 recertification of beginning farmers and owners of agricultural assets under this section.  
6.31 For credits under subdivision 2, the notification must include the amount of credit approved  
6.32 by the authority and stated on the credit certificate.

7.1 (b) The certification of a beginning farmer or an owner of agricultural assets under this  
7.2 section is valid for the year of the certification and the two following years, after which  
7.3 time the beginning farmer or owner of agricultural assets must apply to the authority for  
7.4 recertification.

7.5 (c) For credits for owners of agricultural assets allowed under subdivision 2, the authority  
7.6 must not allocate more than \$5,000,000 for taxable years beginning after December 31,  
7.7 2017, and before January 1, 2019, and must not allocate more than \$6,000,000 for taxable  
7.8 years beginning after December 31, 2018. The authority must allocate credits on a first-come,  
7.9 first-served basis beginning on January 1 of each year, except that recertifications for the  
7.10 second and third years of credits under subdivision 2, paragraph (a), clauses (1) and (2),  
7.11 have first priority. Any amount authorized but not allocated in any taxable year does not  
7.12 cancel and is added to the allocation for the next taxable year.

7.13 Subd. 5. Appeals of authority determinations. (a) Any decision of the authority under  
7.14 this section may be challenged as a contested case under chapter 14. The contested case  
7.15 proceeding must be initiated within 60 days of the date of written notification by the office.

7.16 (b) If a taxpayer challenges a decision of the authority under this subdivision, upon  
7.17 perfection of the appeal the authority must notify the commissioner of revenue of the  
7.18 challenge within 5 days.

7.19 (c) Nothing in this subdivision affects the commissioner of revenue's authority to audit,  
7.20 review, correct, or adjust returns claiming the credit.

7.21 Subd. 6. Report to legislature. (a) No later than February 1, 2022, the Rural Finance  
7.22 Authority, in consultation with the commissioner of revenue, must provide a report to the  
7.23 chairs and ranking minority members of the legislative committees having jurisdiction over  
7.24 agriculture, economic development, rural development, and taxes, in compliance with  
7.25 sections 3.195 and 3.197, on the beginning farmer tax credits under this section issued in  
7.26 tax years beginning after December 31, 2017, and before January 1, 2022.

7.27 (b) The report must include background information on beginning farmers in Minnesota  
7.28 and any other information the commissioner and authority find relevant to evaluating the  
7.29 effect of the credits on increasing opportunities for and the number of beginning farmers.

7.30 (c) For credits issued under subdivision 2, paragraph (a), clauses (1) to (3), the report  
7.31 must include:

7.32 (1) the number and amount of credits issued under each clause;

7.33 (2) the geographic distribution of credits issued under each clause;

8.1 (3) the type of agricultural assets for which credits were issued under clause (1);

8.2 (4) the number and geographic distribution of beginning farmers whose purchase or  
8.3 rental of assets resulted in credits for the seller or owner of the asset;

8.4 (5) the number and amount of credits disallowed under subdivision 2, paragraph (d);

8.5 (6) data on the number of beginning farmers by geographic region in calendar years  
8.6 2017 through 2021; and

8.7 (7) the number and amount of credit applications that exceeded the allocation available  
8.8 in each year.

8.9 (d) For credits issued under subdivision 3, the report must include:

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

8.11 (2) the geographic distribution of credits;

8.12 (3) a listing and description of each approved financial management program for which  
8.13 credits were issued; and

8.14 (4) a description of the approval procedure for financial management programs not on  
8.15 the list maintained by the authority, as provided in subdivision 3, paragraph (a).

8.16 Subd. 7. **Sunset.** This section expires for taxable years beginning after December 31,  
8.17 2023.

8.18 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
8.19 31, 2017.

8.20 Sec. 2. Minnesota Statutes 2016, section 289A.10, subdivision 1, is amended to read:

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

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

8.25 (2) the sum of the federal gross estate and federal adjusted taxable gifts, as defined in  
8.26 section 2001(b) of the Internal Revenue Code, made within three years of the date of the  
8.27 decedent's death exceeds \$1,200,000 for estates of decedents dying in 2014; \$1,400,000 for  
8.28 estates of decedents dying in 2015; \$1,600,000 for estates of decedents dying in 2016;  
8.29 ~~\$1,800,000~~ \$2,100,000 for estates of decedents dying in 2017; \$2,400,000 for estates of  
8.30 decedents dying in 2018; \$2,700,000 for estates of decedents dying in 2019; and \$2,000,000  
8.31 \$3,000,000 for estates of decedents dying in ~~2018~~ 2020 and thereafter.



9.1 The return must contain a computation of the Minnesota estate tax due. The return must  
9.2 be signed by the personal representative.

9.3 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents  
9.4 dying after December 31, 2016.

9.5 Sec. 3. Minnesota Statutes 2016, section 289A.19, subdivision 7, is amended to read:

9.6 Subd. 7. **Federal extensions.** When an extension of time to file a partnership, fiduciary  
9.7 income tax, or S corporation tax return is granted by the Internal Revenue Service, the  
9.8 commissioner shall grant an automatic extension to file the comparable Minnesota return  
9.9 for that period. An extension granted under this subdivision does not affect the due date for  
9.10 making payments of tax.

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

9.12 Sec. 4. Minnesota Statutes 2016, section 290.01, subdivision 4a, is amended to read:

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

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

9.18 (2) any regulated financial corporation; or a national bank organized and existing as a  
9.19 national bank association pursuant to the provisions of United States Code, title 12, chapter  
9.20 2;

9.21 (3) any other corporation organized under the laws of the United States or organized  
9.22 under the laws of this state or any other state or country that is carrying on the business of  
9.23 a financial institution. a savings association or federal savings bank as defined in United  
9.24 States Code, title 12, section 1813(b)(1);

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

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

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

9.29 (7) any corporation or other business entity that is more than 50 percent owned, directly  
9.30 or indirectly, by any person or business entity described in clauses (1) to (6), other than an  
9.31 insurance company taxable under chapter 297I;

10.1 (8) a corporation or other business entity that derives more than 50 percent of its total  
10.2 gross income for financial accounting purposes from finance leases. For the purposes of  
10.3 this clause, "gross income" means the average from the current tax year and immediately  
10.4 preceding two years and excludes gross income from incidental or occasional transactions.  
10.5 For purposes of this clause, "finance lease" means any lease transaction that is the functional  
10.6 equivalent of an extension of credit and that transfers substantially all the benefits and risks  
10.7 incident to the ownership of property, including any direct financing lease or leverage lease  
10.8 that meets the criteria of Financial Accounting Standards Board Statement No. 13, accounting  
10.9 for leases, or any other lease that is accounted for as financing by a lessor under generally  
10.10 accepted accounting principles; or

10.11 (9) any other person or business entity, other than an insurance company taxable under  
10.12 chapter 297I, that derives more than 50 percent of its gross income from activities that an  
10.13 entity described in clauses (2) to (6) or (8) is authorized to transact. For the purposes of this  
10.14 clause, gross income does not include income from nonrecurring, extraordinary items.

10.15 ~~(b) "Holding company" means any corporation registered under the Federal Bank Holding~~  
10.16 ~~Company Act of 1956, as amended, or registered as a savings and loan holding company~~  
10.17 ~~under the Federal National Housing Act, as amended, or a federal savings bank holding~~  
10.18 ~~company. The commissioner is authorized to exclude any person from the application of~~  
10.19 ~~paragraph (a), clause (9), if the person proves by clear and convincing evidence that the~~  
10.20 ~~person's income-producing activity is not in substantial competition with any person described~~  
10.21 ~~in paragraph (a), clauses (2) to (6) or (8).~~

10.22 ~~(c) "Regulated financial corporation" means an institution, the deposits or accounts of~~  
10.23 ~~which are insured under the Federal Deposit Insurance Act or by the Federal Savings and~~  
10.24 ~~Loan Insurance Corporation, any institution which is a member of a Federal Home Loan~~  
10.25 ~~Bank, any other bank or thrift institution incorporated or organized under the laws of any~~  
10.26 ~~state or any foreign country which is engaged in the business of receiving deposits, any~~  
10.27 ~~corporation organized under the provisions of United States Code, title 12, sections 611 to~~  
10.28 ~~631 (Edge Act Corporations), and any agency of a foreign depository as defined in United~~  
10.29 ~~States Code, title 12, section 3101.~~

10.30 (d) "Business of a financial institution" means:

10.31 ~~(1) the business that any corporation organized under the authority of the United States~~  
10.32 ~~or organized under the laws of this state or any other state or country does or has authority~~  
10.33 ~~to do which is substantially similar to the business which a corporation may be created to~~

11.1 ~~do under chapters 46 to 55 or any business which a corporation is authorized to do by those~~  
 11.2 ~~laws; or~~

11.3 ~~(2) the business that any corporation organized under the authority of the United States~~  
 11.4 ~~or organized under the laws of this state or any other state or country does or has authority~~  
 11.5 ~~to do if the corporation derives more than 50 percent of its gross income from lending~~  
 11.6 ~~activities (including discounting obligations) in substantial competition with the businesses~~  
 11.7 ~~described in clause (1). For purposes of this clause, the computation of the gross income of~~  
 11.8 ~~a corporation does not include income from nonrecurring, extraordinary items.~~

11.9 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 11.10 31, 2016.

11.11 Sec. 5. Minnesota Statutes 2016, section 290.01, subdivision 7, is amended to read:

11.12 Subd. 7. **Resident.** (a) The term "resident" means any individual domiciled in Minnesota,  
 11.13 except that an individual is not a "resident" for the period of time that the individual is a  
 11.14 "qualified individual" as defined in section 911(d)(1) of the Internal Revenue Code, if the  
 11.15 qualified individual notifies the county within three months of moving out of the country  
 11.16 that homestead status be revoked for the Minnesota residence of the qualified individual,  
 11.17 and the property is not classified as a homestead while the individual remains a qualified  
 11.18 individual.

11.19 (b) "Resident" also means any individual domiciled outside the state who maintains a  
 11.20 place of abode in the state and spends in the aggregate more than one-half of the tax year  
 11.21 in Minnesota, unless:

11.22 (1) the individual or the spouse of the individual is in the armed forces of the United  
 11.23 States; or

11.24 (2) the individual is covered under the reciprocity provisions in section 290.081.

11.25 For purposes of this subdivision, presence within the state for any part of a calendar day  
 11.26 constitutes a day spent in the state. Individuals shall keep adequate records to substantiate  
 11.27 the days spent outside the state.

11.28 The term "abode" means a dwelling maintained by an individual, whether or not owned  
 11.29 by the individual and whether or not occupied by the individual, and includes a dwelling  
 11.30 place owned or leased by the individual's spouse.

11.31 (c) In determining where an individual is domiciled, neither the commissioner nor any  
 11.32 court shall consider:

12.1 (1) charitable contributions made by an the individual within or without the state in  
 12.2 determining if the individual is domiciled in Minnesota;

12.3 (2) the location of the individual's attorney, certified public accountant, or financial  
 12.4 adviser; or

12.5 (3) the place of business of a financial institution at which the individual applies for any  
 12.6 new type of credit or at which the individual opens or maintains any type of account.

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

12.8 (1) "financial adviser" means:

12.9 (i) an individual or business entity engaged in business as a certified financial planner,  
 12.10 registered investment adviser, licensed insurance producer or agent, or registered securities  
 12.11 broker-dealer representative; or

12.12 (ii) a financial institution providing services related to trust or estate administration,  
 12.13 investment management, or financial planning; and

12.14 (2) "financial institution" means a financial institution as defined in section 47.015,  
 12.15 subdivision 1; a state or nationally chartered credit union; or a registered broker-dealer  
 12.16 under the Securities and Exchange Act of 1934.

12.17 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 12.18 31, 2016.

12.19 Sec. 6. Minnesota Statutes 2016, section 290.0131, is amended by adding a subdivision  
 12.20 to read:

12.21 Subd. 14. **First-time home buyer savings account.** The amount for a first-time home  
 12.22 buyer savings account required by section 462D.06, subdivision 2, is an addition.

12.23 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 12.24 31, 2016.

12.25 Sec. 7. Minnesota Statutes 2016, section 290.0132, is amended by adding a subdivision  
 12.26 to read:

12.27 Subd. 23. **Contributions to a section 529 plan.** (a) The amount equal to the contributions  
 12.28 made during the taxable year to a qualified account is a subtraction.

12.29 (b) The definitions under section 290.0684 apply for the purposes of this subdivision.

13.1 (c) The subtraction under this subdivision must not exceed \$3,000 for married couples  
13.2 filing joint returns and \$1,500 for all other filers, and is limited to individuals who do not  
13.3 claim the credit under section 290.0684.

13.4 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
13.5 31, 2016.

13.6 Sec. 8. Minnesota Statutes 2016, section 290.0132, is amended by adding a subdivision  
13.7 to read:

13.8 Subd. 24. **Discharge of indebtedness; education loans.** (a) The amount equal to the  
13.9 discharge of indebtedness of the taxpayer is a subtraction if:

13.10 (1) the indebtedness discharged is a qualified education loan; and

13.11 (2) the indebtedness was discharged under section 136A.1791, or following the taxpayer's  
13.12 completion of an income-driven repayment plan.

13.13 (b) For the purposes of this subdivision, "qualified education loan" has the meaning  
13.14 given in section 221 of the Internal Revenue Code.

13.15 (c) For purposes of this subdivision, "income-driven repayment plan" means a payment  
13.16 plan established by the United States Department of Education that sets monthly student  
13.17 loan payments based on income and family size under United States Code, title 20, section  
13.18 1087e, or similar authority and specifically includes, but is not limited to:

13.19 (1) the income-based repayment plan under United States Code, title 20, section 1098e;

13.20 (2) the income contingent repayment plan established under United States Code, title  
13.21 20, section 1087e, subsection (e); and

13.22 (3) the PAYE program or REPAYE program established by the Department of Education  
13.23 under administrative regulations.

13.24 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
13.25 31, 2016.

13.26 Sec. 9. Minnesota Statutes 2016, section 290.0132, is amended by adding a subdivision  
13.27 to read:

13.28 Subd. 25. **First-time home buyer savings account.** (a) For purposes of this subdivision,  
13.29 the terms defined in section 462D.02 have the meanings given in that section.

14.1 (b) The earnings on a first-time home buyer savings account allowed by section 462D.06,  
14.2 subdivision 1, is a subtraction.

14.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
14.4 31, 2016.

14.5 Sec. 10. Minnesota Statutes 2016, section 290.0132, is amended by adding a subdivision  
14.6 to read:

14.7 Subd. 26. **Social Security benefits.** (a) A portion of Social Security benefits is allowed  
14.8 as a subtraction. The subtraction equals the lesser of Social Security benefits or a maximum  
14.9 subtraction subject to the limits under paragraphs (b), (c), and (d).

14.10 (b) For married taxpayers filing a joint return and surviving spouses, the maximum  
14.11 subtraction equals \$4,500. The maximum subtraction is reduced by 20 percent of provisional  
14.12 income over \$77,000. In no case is the subtraction less than zero.

14.13 (c) For single or head-of-household taxpayers, the maximum subtraction equals \$3,500.  
14.14 The maximum subtraction is reduced by 20 percent of provisional income over \$60,200.  
14.15 In no case is the subtraction less than zero.

14.16 (d) For married taxpayers filing separate returns, the maximum subtraction equals \$2,250.  
14.17 The maximum subtraction is reduced by 20 percent of provisional income over \$38,500.  
14.18 In no case is the subtraction less than zero.

14.19 (e) For purposes of this subdivision, "provisional income" means modified adjusted  
14.20 gross income as defined in section 86(b)(2) of the Internal Revenue Code, plus one-half of  
14.21 the Social Security benefits received during the taxable year, and "Social Security benefits"  
14.22 has the meaning given in section 86(d)(1) of the Internal Revenue Code.

14.23 (f) The commissioner shall adjust the maximum subtraction and threshold amounts in  
14.24 paragraphs (b) to (d) by the percentage determined pursuant to the provisions of section  
14.25 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) of the Internal Revenue  
14.26 Code the word "2016" shall be substituted for the word "1992." For 2018, the commissioner  
14.27 shall then determine the percentage change from the 12 months ending on August 31, 2016,  
14.28 to the 12 months ending on August 31, 2017, and in each subsequent year, from the 12  
14.29 months ending on August 31, 2016, to the 12 months ending on August 31 of the year  
14.30 preceding the taxable year. The determination of the commissioner pursuant to this  
14.31 subdivision must not be considered a rule and is not subject to the Administrative Procedure  
14.32 Act contained in chapter 14, including section 14.386. The maximum subtraction and

15.1 threshold amounts as adjusted must be rounded to the nearest \$10 amount. If the amount  
15.2 ends in \$5, the amount is rounded up to the nearest \$10 amount.

15.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
15.4 31, 2016.

15.5 Sec. 11. **[290.0137] ACCELERATED RECOGNITION OF CERTAIN**  
15.6 **INSTALLMENT SALE GAINS.**

15.7 (a) In the case of a nonresident individual or a person who becomes a nonresident  
15.8 individual during the tax year, taxable net income shall include the allocable amount realized  
15.9 upon a sale of the assets of, or any interest in, an S corporation or partnership that operated  
15.10 in Minnesota during the year of sale, including any income or gain to be recognized in future  
15.11 years pursuant to an installment sale method of reporting under the Internal Revenue Code.

15.12 (1) For the purposes of this paragraph, an individual who becomes a nonresident of  
15.13 Minnesota in any year after an installment sale is required to recognize the full amount of  
15.14 any income or gain described in this paragraph on the individual's final Minnesota resident  
15.15 tax return to the extent that such income has not been recognized in a prior year.

15.16 (2) For the purposes of this section, "realized" has the meaning given in section 1001(b)  
15.17 of the Internal Revenue Code.

15.18 (3) For the purposes of this section, "installment sale" means any installment sale under  
15.19 section 453 of the Internal Revenue Code and any other sale that is reported utilizing a  
15.20 method of accounting authorized under subchapter E of the Internal Revenue Code that  
15.21 allows taxpayers to delay reporting or recognizing a realized gain until a future year.

15.22 (4) For the purposes of this section, "allocable amount" means the full amount to be  
15.23 apportioned to Minnesota under section 290.191 or 290.20, or the full amount to be assigned  
15.24 to Minnesota under section 290.17.

15.25 (b) Notwithstanding paragraph (a), nonresident taxpayers may elect to defer recognizing  
15.26 unrecognized installment sale gains by making an election under this paragraph. The election  
15.27 must be filed on a form to be determined or prescribed by the commissioner and must be  
15.28 filed by the due date of the individual income tax return, including any extension. Electing  
15.29 taxpayers must make an irrevocable agreement to:

15.30 (1) file Minnesota tax returns in all subsequent years when gains from the installment  
15.31 sales are recognized and reported to the Internal Revenue Service;

16.1 (2) allocate gains to the state of Minnesota as though the gains were realized in the year  
16.2 of sale under section 290.17, 290.191, or 290.20; and

16.3 (3) include all relevant federal tax documents reporting the installment sale with  
16.4 subsequent Minnesota tax returns.

16.5 (c) Income or gain recognized for Minnesota purposes pursuant to paragraph (a) must  
16.6 be excluded from taxable net income in any future year that the taxpayer files a Minnesota  
16.7 tax return to the extent that the income or gain has already been subject to tax pursuant to  
16.8 paragraph (a).

16.9 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
16.10 31, 2016.

16.11 Sec. 12. Minnesota Statutes 2016, section 290.05, subdivision 1, is amended to read:

16.12 Subdivision 1. **Exempt entities.** The following corporations, individuals, estates, trusts,  
16.13 and organizations shall be exempted from taxation under this chapter, provided that every  
16.14 such person or corporation claiming exemption under this chapter, in whole or in part, must  
16.15 establish to the satisfaction of the commissioner the taxable status of any income or activity:

16.16 (a) corporations, individuals, estates, and trusts engaged in the business of mining or  
16.17 producing iron ore and mining, producing, or refining other ores, metals, and minerals, the  
16.18 mining, production, or refining of which is subject to the occupation tax imposed by section  
16.19 298.01; but if any such corporation, individual, estate, or trust engages in any other business  
16.20 or activity or has income from any property not used in such business it shall be subject to  
16.21 this tax computed on the net income from such property or such other business or activity.  
16.22 Royalty shall not be considered as income from the business of mining or producing iron  
16.23 ore within the meaning of this section;

16.24 (b) the United States of America, the state of Minnesota or any political subdivision of  
16.25 either agencies or instrumentalities, whether engaged in the discharge of governmental or  
16.26 proprietary functions; and

16.27 (c) any insurance company, as defined in section 290.17, subdivision 4, paragraph (j),  
16.28 but including any insurance company licensed and domiciled in another state that grants,  
16.29 on a reciprocal basis, exemption from retaliatory taxes.

16.30 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
16.31 31, 2016.



17.1 Sec. 13. Minnesota Statutes 2016, section 290.06, is amended by adding a subdivision to  
17.2 read:

17.3 Subd. 2g. **First-time home buyer savings account.** (a) For purposes of this subdivision,  
17.4 the terms defined in section 462D.02 have the meanings given in that section.

17.5 (b) In addition to the tax computed under subdivision 2c, an additional amount of tax  
17.6 applies equal to the additional tax computed for the taxable year for the account holder of  
17.7 a first-time home buyer account under section 462D.06, subdivision 3.

17.8 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
17.9 31, 2016.

17.10 Sec. 14. Minnesota Statutes 2016, section 290.06, is amended by adding a subdivision to  
17.11 read:

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

17.13 (1) the definitions under section 290.0684 apply;

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

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

17.19 (4) "subtraction ratio" means the ratio of (i) the total amount of subtractions that an  
17.20 account owner claimed under section 290.0132, subdivision 23, for contributions to the  
17.21 account owner's qualified accounts to (ii) the total contributions in all taxable years to the  
17.22 account owner's qualified accounts.

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

17.26 (1) 50 percent of the product of the credit ratio and the amount of the distribution; plus

17.27 (2) 10 percent of the product of the subtraction ratio and the amount of the distribution.

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

17.30 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
17.31 31, 2016.

18.1 Sec. 15. Minnesota Statutes 2016, section 290.06, subdivision 22, is amended to read:

18.2 Subd. 22. **Credit for taxes paid to another state.** (a) A taxpayer who is liable for taxes  
18.3 based on net income to another state, as provided in paragraphs (b) through (f), upon income  
18.4 allocated or apportioned to Minnesota, is entitled to a credit for the tax paid to another state  
18.5 if the tax is actually paid in the taxable year or a subsequent taxable year. A taxpayer who  
18.6 is a resident of this state pursuant to section 290.01, subdivision 7, paragraph (b), and who  
18.7 is subject to income tax as a resident in the state of the individual's domicile is not allowed  
18.8 this credit unless the state of domicile does not allow a similar credit.

18.9 (b) For an individual, estate, or trust, the credit is determined by multiplying the tax  
18.10 payable under this chapter by the ratio derived by dividing the income subject to tax in the  
18.11 other state that is also subject to tax in Minnesota while a resident of Minnesota by the  
18.12 taxpayer's federal adjusted gross income, as defined in section 62 of the Internal Revenue  
18.13 Code, modified by the addition required by section 290.0131, subdivision 2, and the  
18.14 subtraction allowed by section 290.0132, subdivision 2, to the extent the income is allocated  
18.15 or assigned to Minnesota under sections 290.081 and 290.17.

18.16 (c) If the taxpayer is an athletic team that apportions all of its income under section  
18.17 290.17, subdivision 5, the credit is determined by multiplying the tax payable under this  
18.18 chapter by the ratio derived from dividing the total net income subject to tax in the other  
18.19 state by the taxpayer's Minnesota taxable income.

18.20 (d)(1) The credit determined under paragraph (b) or (c) shall not exceed the amount of  
18.21 tax so paid to the other state on the gross income earned within the other state subject to  
18.22 tax under this chapter, ~~nor shall~~; and

18.23 (2) the allowance of the credit does not reduce the taxes paid under this chapter to an  
18.24 amount less than what would be assessed if ~~such income amount was~~ the gross income  
18.25 earned within the other state were excluded from taxable net income.

18.26 (e) In the case of the tax assessed on a lump-sum distribution under section 290.032, the  
18.27 credit allowed under paragraph (a) is the tax assessed by the other state on the lump-sum  
18.28 distribution that is also subject to tax under section 290.032, and shall not exceed the tax  
18.29 assessed under section 290.032. To the extent the total lump-sum distribution defined in  
18.30 section 290.032, subdivision 1, includes lump-sum distributions received in prior years or  
18.31 is all or in part an annuity contract, the reduction to the tax on the lump-sum distribution  
18.32 allowed under section 290.032, subdivision 2, includes tax paid to another state that is  
18.33 properly apportioned to that distribution.

19.1 (f) If a Minnesota resident reported an item of income to Minnesota and is assessed tax  
19.2 in such other state on that same income after the Minnesota statute of limitations has expired,  
19.3 the taxpayer shall receive a credit for that year under paragraph (a), notwithstanding any  
19.4 statute of limitations to the contrary. The claim for the credit must be submitted within one  
19.5 year from the date the taxes were paid to the other state. The taxpayer must submit sufficient  
19.6 proof to show entitlement to a credit.

19.7 (g) For the purposes of this subdivision, a resident shareholder of a corporation treated  
19.8 as an "S" corporation under section 290.9725, must be considered to have paid a tax imposed  
19.9 on the shareholder in an amount equal to the shareholder's pro rata share of any net income  
19.10 tax paid by the S corporation to another state. For the purposes of the preceding sentence,  
19.11 the term "net income tax" means any tax imposed on or measured by a corporation's net  
19.12 income.

19.13 (h) For the purposes of this subdivision, a resident partner of an entity taxed as a  
19.14 partnership under the Internal Revenue Code must be considered to have paid a tax imposed  
19.15 on the partner in an amount equal to the partner's pro rata share of any net income tax paid  
19.16 by the partnership to another state. For purposes of the preceding sentence, the term "net  
19.17 income" tax means any tax imposed on or measured by a partnership's net income.

19.18 (i) For the purposes of this subdivision, "another state":

19.19 (1) includes:

19.20 (i) the District of Columbia; and

19.21 (ii) a province or territory of Canada; but

19.22 (2) excludes Puerto Rico and the several territories organized by Congress.

19.23 (j) The limitations on the credit in paragraphs (b), (c), and (d), are imposed on a state  
19.24 by state basis.

19.25 (k) For a tax imposed by a province or territory of Canada, the tax for purposes of this  
19.26 subdivision is the excess of the tax over the amount of the foreign tax credit allowed under  
19.27 section 27 of the Internal Revenue Code. In determining the amount of the foreign tax credit  
19.28 allowed, the net income taxes imposed by Canada on the income are deducted first. Any  
19.29 remaining amount of the allowable foreign tax credit reduces the provincial or territorial  
19.30 tax that qualifies for the credit under this subdivision.

19.31 (l)(1) The credit allowed to a qualifying individual under this section for tax paid to a  
19.32 qualifying state equals the credit calculated under paragraphs (b) and (d), plus the amount  
19.33 calculated by multiplying:

20.1 (i) the difference between the preliminary credit and the credit calculated under paragraphs  
20.2 (b) and (d), by

20.3 (ii) the ratio derived by dividing the income subject to tax in the qualifying state that  
20.4 consists of compensation for performance of personal or professional services by the total  
20.5 amount of income subject to tax in the qualifying state.

20.6 (2) If the amount of the credit that a qualifying individual is eligible to receive under  
20.7 clause (1) for tax paid to a qualifying state exceeds the tax due under this chapter before  
20.8 the application of the credit calculated under clause (1), the commissioner shall refund the  
20.9 excess to the qualifying individual. An amount sufficient to pay the refunds required by this  
20.10 subdivision is appropriated to the commissioner from the general fund.

20.11 (3) For purposes of this paragraph, "preliminary credit" means the credit that a qualifying  
20.12 individual is eligible to receive under paragraphs (b) and (d) for tax paid to a qualifying  
20.13 state without regard to the limitation in paragraph (d), clause (2); "qualifying individual"  
20.14 means a Minnesota resident under section 290.01, subdivision 7, paragraph (a), who received  
20.15 compensation during the taxable year for the performance of personal or professional services  
20.16 within a qualifying state; and "qualifying state" means a state with which an agreement  
20.17 under section 290.081 is not in effect for the taxable year but was in effect for a taxable  
20.18 year beginning before January 1, 2010.

20.19 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
20.20 31, 2016.

20.21 Sec. 16. Minnesota Statutes 2016, section 290.06, is amended by adding a subdivision to  
20.22 read:

20.23 Subd. 37. **Beginning farmer incentive credit.** (a) A beginning farmer incentive credit  
20.24 is allowed against the tax due under this chapter for the sale or rental of agricultural assets  
20.25 to a beginning farmer according to section 41B.0391, subdivision 2, and is limited to the  
20.26 amount stated on the certificate issued under section 41B.0391, subdivision 4.

20.27 (b) The credit may be claimed only after approval and certification by the Rural Finance  
20.28 Authority according to section 41B.0391.

20.29 (c) The credit is limited to the liability for tax, as computed under this chapter, for the  
20.30 taxable year. If the amount of the credit determined under this subdivision for any taxable  
20.31 year exceeds this limitation, the excess is a beginning farmer incentive credit carryover to  
20.32 each of the 15 succeeding taxable years. The entire amount of the excess unused credit for  
20.33 the taxable year is carried first to the earliest of the taxable years to which the credit may

21.1 be carried and then to each successive year to which the credit may be carried. The amount  
21.2 of the unused credit which may be added under this paragraph must not exceed the taxpayer's  
21.3 liability for tax, less the beginning farmer incentive credit for the taxable year.

21.4 (d) Credits allowed to a partnership, a limited liability company taxed as a partnership,  
21.5 an S corporation, or multiple owners of property are passed through to the partners, members,  
21.6 shareholders, or owners, respectively, pro rata to each based on the partner's, member's,  
21.7 shareholder's, or owner's share of the entity's assets or as specially allocated in the  
21.8 organizational documents or any other executed agreement, as of the last day of the taxable  
21.9 year.

21.10 (e) For a nonresident or part-year resident, the credit under this section must be allocated  
21.11 using the percentage calculated in section 290.06, subdivision 2c, paragraph (e).

21.12 (f) Notwithstanding the approval and certification by the Rural Finance Authority under  
21.13 section 41B.0391, the commissioner may utilize any audit and examination powers under  
21.14 chapter 270C or 289A to the extent necessary to verify that the taxpayer is eligible for the  
21.15 credit and to assess for the amount of any improperly claimed credit.

21.16 (g) This section expires at the same time and on the same terms as section 41B.0391,  
21.17 except that the expiration of this section does not affect the commissioner of revenue's  
21.18 authority to audit or power of examination and assessment for credits claimed under this  
21.19 section.

21.20 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
21.21 31, 2017.

21.22 Sec. 17. Minnesota Statutes 2016, section 290.06, is amended by adding a subdivision to  
21.23 read:

21.24 Subd. 38. **Beginning farmer management credit.** (a) A taxpayer who is a beginning  
21.25 farmer may take a credit against the tax due under this chapter for participation in a financial  
21.26 management program according to section 41B.0391, subdivision 3.

21.27 (b) The credit may be claimed only after approval and certification by the Rural Finance  
21.28 Authority according to section 41B.0391.

21.29 (c) The credit is limited to the liability for tax, as computed under this chapter, for the  
21.30 taxable year. If the amount of the credit determined under this subdivision for any taxable  
21.31 year exceeds this limitation, the excess is a beginning farmer management credit carryover  
21.32 to each of the three succeeding taxable years. The entire amount of the excess unused credit  
21.33 for the taxable year is carried first to the earliest of the taxable years to which the credit

22.1 may be carried and then to each successive year to which the credit may be carried. The  
22.2 amount of the unused credit which may be added under this paragraph must not exceed the  
22.3 taxpayer's liability for tax, less the beginning farmer management credit for the taxable  
22.4 year.

22.5 (d) For a part-year resident, the credit under this section must be allocated using the  
22.6 percentage calculated in section 290.06, subdivision 2c, paragraph (e).

22.7 (e) Notwithstanding the approval and certification by the Rural Finance Authority under  
22.8 section 41B.0391, the commissioner may utilize any audit and examination powers under  
22.9 chapter 270C or 289A to the extent necessary to verify that the taxpayer is eligible for the  
22.10 credit and to assess for the amount of any improperly claimed credit.

22.11 (f) This section expires at the same time and on the same terms as section 41B.0391,  
22.12 except that the expiration of this section does not affect the commissioner of revenue's  
22.13 authority to audit or power of examination and assessment for credits claimed under this  
22.14 section.

22.15 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
22.16 31, 2017.

22.17 Sec. 18. Minnesota Statutes 2016, section 290.067, subdivision 1, is amended to read:

22.18 Subdivision 1. **Amount of credit.** (a) A taxpayer may take as a credit against the tax  
22.19 due from the taxpayer and a spouse, if any, under this chapter an amount equal to the  
22.20 dependent care credit for which the taxpayer is eligible pursuant to the provisions of section  
22.21 21 of the Internal Revenue Code ~~subject to the limitations provided in subdivision 2~~ except  
22.22 that in determining whether the child qualified as a dependent, income received as a  
22.23 Minnesota family investment program grant or allowance to or on behalf of the child must  
22.24 not be taken into account in determining whether the child received more than half of the  
22.25 child's support from the taxpayer, and the provisions of section 32(b)(1)(D) of the Internal  
22.26 Revenue Code do not apply.

22.27 (b) If a child who has not attained the age of six years at the close of the taxable year is  
22.28 cared for at a licensed family day care home operated by the child's parent, the taxpayer is  
22.29 deemed to have paid employment-related expenses. If the child is 16 months old or younger  
22.30 at the close of the taxable year, the amount of expenses deemed to have been paid equals  
22.31 the maximum limit for one qualified individual under section 21(c) and (d) of the Internal  
22.32 Revenue Code. If the child is older than 16 months of age but has not attained the age of  
22.33 six years at the close of the taxable year, the amount of expenses deemed to have been paid

23.1 equals the amount the licensee would charge for the care of a child of the same age for the  
23.2 same number of hours of care.

23.3 (c) If a married couple:

23.4 (1) has a child who has not attained the age of one year at the close of the taxable year;

23.5 (2) files a joint tax return for the taxable year; and

23.6 (3) does not participate in a dependent care assistance program as defined in section 129  
23.7 of the Internal Revenue Code, in lieu of the actual employment related expenses paid for  
23.8 that child under paragraph (a) or the deemed amount under paragraph (b), the lesser of (i)  
23.9 the combined earned income of the couple or (ii) the amount of the maximum limit for one  
23.10 qualified individual under section 21(c) and (d) of the Internal Revenue Code will be deemed  
23.11 to be the employment related expense paid for that child. The earned income limitation of  
23.12 section 21(d) of the Internal Revenue Code shall not apply to this deemed amount. These  
23.13 deemed amounts apply regardless of whether any employment-related expenses have been  
23.14 paid.

23.15 (d) If the taxpayer is not required and does not file a federal individual income tax return  
23.16 for the tax year, no credit is allowed for any amount paid to any person unless:

23.17 (1) the name, address, and taxpayer identification number of the person are included on  
23.18 the return claiming the credit; or

23.19 (2) if the person is an organization described in section 501(c)(3) of the Internal Revenue  
23.20 Code and exempt from tax under section 501(a) of the Internal Revenue Code, the name  
23.21 and address of the person are included on the return claiming the credit.

23.22 In the case of a failure to provide the information required under the preceding sentence,  
23.23 the preceding sentence does not apply if it is shown that the taxpayer exercised due diligence  
23.24 in attempting to provide the information required.

23.25 (e) In the case of a nonresident, part-year resident, or a person who has earned income  
23.26 not subject to tax under this chapter including earned income excluded pursuant to section  
23.27 290.0132, subdivision 10, the credit determined under section 21 of the Internal Revenue  
23.28 Code must be allocated based on the ratio by which the earned income of the claimant and  
23.29 the claimant's spouse from Minnesota sources bears to the total earned income of the claimant  
23.30 and the claimant's spouse.

23.31 (f) For residents of Minnesota, the subtractions for military pay under section 290.0132,  
23.32 subdivisions 11 and 12, are not considered "earned income not subject to tax under this  
23.33 chapter."

24.1 (g) For residents of Minnesota, the exclusion of combat pay under section 112 of the  
24.2 Internal Revenue Code is not considered "earned income not subject to tax under this  
24.3 chapter."

24.4 (h) For taxpayers with federal adjusted gross income in excess of \$50,000, the credit is  
24.5 equal to the lesser of the credit otherwise calculated under this subdivision, or the amount  
24.6 equal to \$600 minus five percent of federal adjusted gross income in excess of \$50,000 for  
24.7 taxpayers with one qualified individual, or \$1,200 minus five percent of federal adjusted  
24.8 gross income in excess of \$50,000 for taxpayers with two or more qualified individuals,  
24.9 but in no case is the credit less than zero.

24.10 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
24.11 31, 2016.

24.12 Sec. 19. Minnesota Statutes 2016, section 290.067, subdivision 2b, is amended to read:

24.13 Subd. 2b. **Inflation adjustment.** The commissioner shall adjust the dollar amount of  
24.14 the income threshold at which the maximum credit begins to be reduced under subdivision  
24.15 ~~2~~ 1 by the percentage determined pursuant to the provisions of section 1(f) of the Internal  
24.16 Revenue Code, except that in section 1(f)(3)(B) the word "~~1999~~" "2016" shall be substituted  
24.17 for the word "1992." For ~~2004~~ 2018, the commissioner shall then determine the percent  
24.18 change from the 12 months ending on August 31, ~~1999~~ 2016, to the 12 months ending on  
24.19 August 31, ~~2000~~ 2017, and in each subsequent year, from the 12 months ending on August  
24.20 31, ~~1999~~ 2016, to the 12 months ending on August 31 of the year preceding the taxable  
24.21 year. The determination of the commissioner pursuant to this subdivision must not be  
24.22 considered a "rule" and is not subject to the Administrative Procedure Act contained in  
24.23 chapter 14. The threshold amount as adjusted must be rounded to the nearest \$10 amount.  
24.24 If the amount ends in \$5, the amount is rounded up to the nearest \$10 amount.

24.25 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
24.26 31, 2016.

24.27 Sec. 20. Minnesota Statutes 2016, section 290.0671, subdivision 1, as amended by Laws  
24.28 2017, chapter 1, section 6, is amended to read:

24.29 Subdivision 1. **Credit allowed.** (a) An individual who is a resident of Minnesota is  
24.30 allowed a credit against the tax imposed by this chapter equal to a percentage of earned  
24.31 income. To receive a credit, a taxpayer must be eligible for a credit under section 32 of the  
24.32 Internal Revenue Code, except that a taxpayer with no qualifying children who has attained



25.1 the age of 21, but not attained age 65 before the close of the taxable year and is otherwise  
25.2 eligible for a credit under section 32 of the Internal Revenue Code may also receive a credit.

25.3 (b) For individuals with no qualifying children, the credit equals 2.10 percent of the first  
25.4 \$6,180 of earned income. The credit is reduced by 2.01 percent of earned income or adjusted  
25.5 gross income, whichever is greater, in excess of \$8,130, but in no case is the credit less than  
25.6 zero.

25.7 (c) For individuals with one qualifying child, the credit equals 9.35 percent of the first  
25.8 \$11,120 of earned income. The credit is reduced by 6.02 percent of earned income or adjusted  
25.9 gross income, whichever is greater, in excess of \$21,190, but in no case is the credit less  
25.10 than zero.

25.11 (d) For individuals with two or more qualifying children, the credit equals 11 percent  
25.12 of the first \$18,240 of earned income. The credit is reduced by 10.82 percent of earned  
25.13 income or adjusted gross income, whichever is greater, in excess of \$25,130, but in no case  
25.14 is the credit less than zero.

25.15 (e) For a part-year resident, the credit must be allocated based on the percentage calculated  
25.16 under section 290.06, subdivision 2c, paragraph (e).

25.17 (f) For a person who was a resident for the entire tax year and has earned income not  
25.18 subject to tax under this chapter, including income excluded under section 290.0132,  
25.19 subdivision 10, the credit must be allocated based on the ratio of federal adjusted gross  
25.20 income reduced by the earned income not subject to tax under this chapter over federal  
25.21 adjusted gross income. For purposes of this paragraph, the following clauses are not  
25.22 considered "earned income not subject to tax under this chapter":

25.23 (1) the subtractions for military pay under section 290.0132, subdivisions 11 and 12;  
25.24 are not considered "earned income not subject to tax under this chapter." For the purposes  
25.25 of this paragraph;

25.26 (2) the exclusion of combat pay under section 112 of the Internal Revenue Code is not  
25.27 considered "earned income not subject to tax under this chapter."; and

25.28 (3) income derived from an Indian reservation by an enrolled member of the reservation  
25.29 while living on the reservation.

25.30 (g) For tax years beginning after December 31, 2013, the \$8,130 in paragraph (b), the  
25.31 \$21,190 in paragraph (c), and the \$25,130 in paragraph (d), after being adjusted for inflation  
25.32 under subdivision 7, are each increased by \$5,000 for married taxpayers filing joint returns.  
25.33 For tax years beginning after December 31, 2013, the commissioner shall annually adjust

26.1 the \$5,000 by the percentage determined pursuant to the provisions of section 1(f) of the  
26.2 Internal Revenue Code, except that in section 1(f)(3)(B), the word "2008" shall be substituted  
26.3 for the word "1992." For 2014, the commissioner shall then determine the percent change  
26.4 from the 12 months ending on August 31, 2008, to the 12 months ending on August 31,  
26.5 2013, and in each subsequent year, from the 12 months ending on August 31, 2008, to the  
26.6 12 months ending on August 31 of the year preceding the taxable year. The earned income  
26.7 thresholds as adjusted for inflation must be rounded to the nearest \$10. If the amount ends  
26.8 in \$5, the amount is rounded up to the nearest \$10. The determination of the commissioner  
26.9 under this subdivision is not a rule under the Administrative Procedure Act.

26.10 (h) The commissioner shall construct tables showing the amount of the credit at various  
26.11 income levels and make them available to taxpayers. The tables shall follow the schedule  
26.12 contained in this subdivision, except that the commissioner may graduate the transition  
26.13 between income brackets.

26.14 **EFFECTIVE DATE.** The amendment to paragraph (a) is effective for taxable years  
26.15 beginning after December 31, 2018. The amendment to paragraph (f) is effective for taxable  
26.16 years beginning after December 31, 2016.

26.17 Sec. 21. Minnesota Statutes 2016, section 290.0674, subdivision 2, is amended to read:

26.18 Subd. 2. **Limitations.** (a) For claimants with income not greater than \$33,500, the  
26.19 maximum credit allowed for a family is \$1,000 multiplied by the number of qualifying  
26.20 children in kindergarten through grade 12 in the family. The maximum credit for families  
26.21 with one qualifying child in kindergarten through grade 12 is reduced by \$1 for each \$4 of  
26.22 household income over \$33,500, and the maximum credit for families with two or more  
26.23 qualifying children in kindergarten through grade 12 is reduced by \$2 for each \$4 of  
26.24 household income over \$33,500, but in no case is the credit less than zero.

26.25 ~~For purposes of this section "income" has the meaning given in section 290.067,~~  
26.26 ~~subdivision 2a.~~ In the case of a married claimant, a credit is not allowed unless a joint income  
26.27 tax return is filed.

26.28 (b) For a nonresident or part-year resident, the credit determined under subdivision 1  
26.29 and the maximum credit amount in paragraph (a) must be allocated using the percentage  
26.30 calculated in section 290.06, subdivision 2c, paragraph (e).

26.31 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
26.32 31, 2016.

27.1 Sec. 22. Minnesota Statutes 2016, section 290.0674, is amended by adding a subdivision  
27.2 to read:

27.3 Subd. 2a. **Income.** (a) For purposes of this section, "income" means the sum of the  
27.4 following:

27.5 (1) federal adjusted gross income as defined in section 62 of the Internal Revenue Code;  
27.6 and

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

27.8 (i) all nontaxable income;

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

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

27.15 (iv) cash public assistance and relief;

27.16 (v) any pension or annuity (including railroad retirement benefits, all payments received  
27.17 under the federal Social Security Act, Supplemental Security Income, and veterans benefits),  
27.18 which was not exclusively funded by the claimant or spouse, or which was funded exclusively  
27.19 by the claimant or spouse and which funding payments were excluded from federal adjusted  
27.20 gross income in the years when the payments were made;

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

27.23 (vii) workers' compensation;

27.24 (viii) nontaxable strike benefits;

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

27.28 (x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of  
27.29 1986, as amended through December 31, 1995;

27.30 (xi) contributions made by the claimant to an individual retirement account, including  
27.31 a qualified voluntary employee contribution; simplified employee pension plan;

28.1 self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of  
28.2 the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal  
28.3 Revenue Code;

28.4 (xii) nontaxable scholarship or fellowship grants;

28.5 (xiii) the amount of deduction allowed under section 199 of the Internal Revenue Code;

28.6 (xiv) the amount of deduction allowed under section 220 or 223 of the Internal Revenue  
28.7 Code;

28.8 (xv) the amount deducted for tuition expenses under section 222 of the Internal Revenue  
28.9 Code; and

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

28.12 In the case of an individual who files an income tax return on a fiscal year basis, the  
28.13 term "federal adjusted gross income" means federal adjusted gross income reflected in the  
28.14 fiscal year ending in the next calendar year. Federal adjusted gross income may not be  
28.15 reduced by the amount of a net operating loss carryback or carryforward or a capital loss  
28.16 carryback or carryforward allowed for the year.

28.17 (b) "Income" does not include:

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

28.19 (2) amounts of any pension or annuity that were exclusively funded by the claimant or  
28.20 spouse if the funding payments were not excluded from federal adjusted gross income in  
28.21 the years when the payments were made;

28.22 (3) surplus food or other relief in kind supplied by a governmental agency;

28.23 (4) relief granted under chapter 290A;

28.24 (5) child support payments received under a temporary or final decree of dissolution or  
28.25 legal separation; and

28.26 (6) restitution payments received by eligible individuals and excludable interest as  
28.27 defined in section 803 of the Economic Growth and Tax Relief Reconciliation Act of 2001,  
28.28 Public Law 107-16.

29.1 Sec. 23. Minnesota Statutes 2016, section 290.068, subdivision 1, is amended to read:

29.2 Subdivision 1. **Credit allowed.** A corporation, partners in a partnership, or shareholders  
29.3 in a corporation treated as an "S" corporation under section 290.9725 are allowed a credit  
29.4 against the tax computed under this chapter for the taxable year equal to:

29.5 (a) ten percent of the first \$2,000,000 of the excess (if any) of

29.6 (1) the qualified research expenses for the taxable year, over

29.7 (2) the base amount; and

29.8 (b) ~~2.5~~ four percent on all of such excess expenses over \$2,000,000.

29.9 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
29.10 31, 2016.

29.11 Sec. 24. **[290.0682] STUDENT LOAN CREDIT.**

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

29.14 (b) "Adjusted gross income" means federal adjusted gross income as defined in section  
29.15 62 of the Internal Revenue Code.

29.16 (c) "Earned income" has the meaning given in section 32(c) of the Internal Revenue  
29.17 Code.

29.18 (d) "Eligible individual" means a resident individual with one or more qualified education  
29.19 loans related to an undergraduate or graduate degree program at a postsecondary educational  
29.20 institution.

29.21 (e) "Eligible loan payments" means the amount the eligible individual paid during the  
29.22 taxable year in principal and interest on qualified education loans.

29.23 (f) "Postsecondary educational institution" means a public or nonprofit postsecondary  
29.24 institution eligible for state student aid under section 136A.103 or, if the institution is not  
29.25 located in this state, a public or nonprofit postsecondary institution participating in the  
29.26 federal Pell Grant program under title IV of the Higher Education Act of 1965, Public Law  
29.27 89-329, as amended.

29.28 (g) "Qualified education loan" has the meaning given in section 221 of the Internal  
29.29 Revenue Code, but is limited to indebtedness incurred on behalf of the eligible individual.

29.30 Subd. 2. **Credit allowed.** (a) An eligible individual is allowed a credit against the tax  
29.31 due under this chapter.

30.1 (b) The credit for an eligible individual equals the least of:

30.2 (1) eligible loan payments minus ten percent of an amount equal to adjusted gross income  
30.3 in excess of \$10,000, but in no case less than zero;

30.4 (2) the earned income for the taxable year of the eligible individual, if any;

30.5 (3) the sum of:

30.6 (i) the interest portion of eligible loan payments made during the taxable year; and

30.7 (ii) ten percent of the original loan amount of all qualified education loans of the eligible  
30.8 individual; or

30.9 (4) \$500.

30.10 (c) For a part-year resident, the credit must be allocated based on the percentage calculated  
30.11 under section 290.06, subdivision 2c, paragraph (e).

30.12 (d) In the case of a married couple, each spouse is eligible for the credit in this section.

30.13 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
30.14 31, 2016.

30.15 Sec. 25. **[290.0684] SECTION 529 PLAN CREDIT.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

31.18 (e) The income thresholds in paragraphs (c) and (d) used to calculate the maximum  
31.19 credit must be adjusted for inflation. The commissioner shall adjust the income thresholds  
31.20 by the percentage determined under the provisions of section 1(f) of the Internal Revenue  
31.21 Code, except that in section 1(f)(3)(B) the word "2016" is substituted for the word "1992."  
31.22 For 2018, the commissioner shall then determine the percent change from the 12 months  
31.23 ending on August 31, 2016, to the 12 months ending on August 31, 2017, and in each  
31.24 subsequent year, from the 12 months ending on August 31, 2016, to the 12 months ending  
31.25 on August 31 of the year preceding the taxable year. The income thresholds as adjusted for  
31.26 inflation must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount  
31.27 is rounded up to the nearest \$10 amount. The determination of the commissioner under this  
31.28 subdivision is not subject to chapter 14, including section 14.386.

31.29 Subd. 3. Allocation. For a part-year resident, the credit must be allocated based on the  
31.30 percentage calculated under section 290.06, subdivision 2c, paragraph (e).

31.31 EFFECTIVE DATE. This section is effective for taxable years beginning after December  
31.32 31, 2016.

32.1 Sec. 26. [290.0686] CREDIT FOR ATTAINING MASTER'S DEGREE IN  
32.2 TEACHER'S LICENSURE FIELD.

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

32.5 (b) "Master's degree program" means a graduate-level program at an accredited university  
32.6 leading to a master of arts or science degree in a core content area directly related to a  
32.7 qualified teacher's licensure field. The master's degree program may not include pedagogy  
32.8 or a pedagogy component. To be eligible under this credit, a licensed elementary school  
32.9 teacher must pursue and complete a master's degree program in a core content area in which  
32.10 the teacher provides direct classroom instruction.

32.11 (c) "Qualified teacher" means a person who:

32.12 (1) holds a teaching license issued by the licensing division in the Department of  
32.13 Education on behalf of the Minnesota Board of Teaching both when the teacher begins the  
32.14 master's degree program and when the teacher completes the master's degree program;

32.15 (2) began a master's degree program after June 30, 2017; and

32.16 (3) completes the master's degree program during the taxable year.

32.17 (d) "Core content area" means the academic subject of reading, English or language arts,  
32.18 mathematics, science, foreign languages, civics and government, economics, arts, history,  
32.19 or geography.

32.20 Subd. 2. Credit allowed. (a) An individual who is a qualified teacher is allowed a credit  
32.21 against the tax imposed under this chapter. The credit equals the lesser of \$2,500 or the  
32.22 amount the individual paid for tuition, fees, books, and instructional materials necessary to  
32.23 completing the master's degree program and for which the individual did not receive  
32.24 reimbursement from an employer or scholarship.

32.25 (b) For a nonresident or a part-year resident, the credit under this subdivision must be  
32.26 allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph  
32.27 (e).

32.28 (c) A qualified teacher may claim the credit in this section only one time for each master's  
32.29 degree program completed in a core content area.

32.30 EFFECTIVE DATE. This section is effective for taxable years beginning after December  
32.31 31, 2016.



33.1 Sec. 27. Minnesota Statutes 2016, section 290.0692, is amended by adding a subdivision  
33.2 to read:

33.3 Subd. 6. **Sunset.** This section expires at the same time and on the same terms as section  
33.4 116J.8737, except that the expiration of this section does not affect the commissioner of  
33.5 revenue's authority to audit or power of examination and assessment for credits claimed  
33.6 under this section.

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

33.8 Sec. 28. Minnesota Statutes 2016, section 290.081, is amended to read:

33.9 **290.081 INCOME OF NONRESIDENTS, RECIPROCITY.**

33.10 (a) The compensation received for the performance of personal or professional services  
33.11 within this state by an individual whose residence, place of abode, and place customarily  
33.12 returned to at least once a month is in another state, shall be excluded from gross income  
33.13 to the extent such compensation is subject to an income tax imposed by the state of residence;  
33.14 provided that such state allows a similar exclusion of compensation received by residents  
33.15 of Minnesota for services performed therein.

33.16 (b) When it is deemed to be in the best interests of the people of this state, the  
33.17 commissioner may determine that the provisions of paragraph (a) shall not apply. As long  
33.18 as the provisions of paragraph (a) apply between Minnesota and Wisconsin, the provisions  
33.19 of paragraph (a) shall apply to any individual who is domiciled in Wisconsin.

33.20 (c) For the purposes of paragraph (a), whenever the Wisconsin tax on Minnesota residents  
33.21 which would have been paid Wisconsin without paragraph (a) exceeds the Minnesota tax  
33.22 on Wisconsin residents which would have been paid Minnesota without paragraph (a), or  
33.23 vice versa, then the state with the net revenue loss ~~resulting from~~ calculated under paragraph  
33.24 ~~(a)~~ (e) shall receive from the other state the amount of such loss. ~~This provision shall be~~  
33.25 ~~effective for all years beginning after December 31, 1972. The data used for computing the~~  
33.26 ~~loss to either state shall be determined on or before September 30 of the year following the~~  
33.27 ~~close of the previous calendar year.~~

33.28 ~~(d)(1) Interest is payable on all amounts calculated under paragraph (c) relating to taxable~~  
33.29 ~~years beginning after December 31, 2000. Interest accrues from July 1 of the taxable year.~~  
33.30 Payments for amounts calculated under paragraph (c) must equal one-quarter of the estimated  
33.31 annual amount and must be paid at the midpoint of each quarter, on February 15, May 15,  
33.32 August 15, and November 15.

34.1 ~~(2)~~ (e)(1) The commissioner of revenue is authorized to enter into agreements with the  
34.2 state of Wisconsin specifying the reciprocity payment due dates, conditions constituting  
34.3 delinquency, interest rates, and a method for computing interest due.

34.4 ~~(3)~~ (2) For agreements entered into before ~~October 1, 2014~~ August 1, 2018, the annual  
34.5 compensation required under paragraph (c) must equal at least the net revenue loss minus  
34.6 ~~\$1,000,000~~ up to \$3,000,000 per fiscal year.

34.7 ~~(4)~~ For agreements entered into after September 30, 2014, the annual compensation  
34.8 required under paragraph (c) must equal the net revenue loss per fiscal year.

34.9 ~~(5)~~ (3) For the purposes of ~~clauses (3) and (4)~~ this section, "net revenue loss" means the  
34.10 difference between the amount of Minnesota income taxes Minnesota forgoes by not taxing  
34.11 Wisconsin residents on income subject to reciprocity and the credit Minnesota would have  
34.12 been required to give under section 290.06, subdivision 22, to Minnesota residents working  
34.13 in Wisconsin had there not been reciprocity.

34.14 (4) All agreements must include provisions:

34.15 (i) providing for a suspension of the agreement if one party to the agreement does not  
34.16 pay in full by a time prescribed in the agreement;

34.17 (ii) setting the interest rate that will be applied, and that interest shall run from the date  
34.18 the payment is due until the day the payment is made, except that interest from the  
34.19 reconciliation payments runs from July 1 of the tax year until paid;

34.20 (iii) stating a time for annual reconciliation must be completed by October 31 of the  
34.21 year following the tax year, and the time for payment of any amounts to be completed by  
34.22 no later than December 1 of the year following the tax year;

34.23 (iv) requiring the parties to jointly conduct updated benchmark studies every five years  
34.24 beginning tax year 2018;

34.25 (v) requiring each party to the agreement to require taxpayers who request exemption  
34.26 from withholding in the state where they work to make an annual application and that a list  
34.27 of participants will be exchanged annually; and

34.28 (vi) the sum of the amount of the quarterly payments must be a reasonable estimate of  
34.29 the revenue loss as defined in item (iii).

34.30 ~~(e)~~ (f) If an agreement cannot be reached as to the amount of the loss, the commissioner  
34.31 of revenue and the taxing official of the state of Wisconsin shall each appoint a member of  
34.32 a board of arbitration and these members shall appoint the third member of the board. The

35.1 board shall select one of its members as chair. Such board may administer oaths, take  
35.2 testimony, subpoena witnesses, and require their attendance, require the production of books,  
35.3 papers and documents, and hold hearings at such places as are deemed necessary. The board  
35.4 shall then make a determination as to the amount to be paid the other state which  
35.5 determination shall be final and conclusive.

35.6 ~~(f)~~ (g) The commissioner may furnish copies of returns, reports, or other information to  
35.7 the taxing official of the state of Wisconsin, a member of the board of arbitration, or a  
35.8 consultant under joint contract with the states of Minnesota and Wisconsin for the purpose  
35.9 of making a determination as to the amount to be paid the other state under the provisions  
35.10 of this section. Prior to the release of any information under the provisions of this section,  
35.11 the person to whom the information is to be released shall sign an agreement which provides  
35.12 that the person will protect the confidentiality of the returns and information revealed thereby  
35.13 to the extent that it is protected under the laws of the state of Minnesota.

35.14 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
35.15 31, 2017.

35.16 Sec. 29. Minnesota Statutes 2016, section 290.091, subdivision 2, as amended by Laws  
35.17 2017, chapter 40, article 1, section 100, is amended to read:

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

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

35.22 (1) the taxpayer's federal alternative minimum taxable income as defined in section  
35.23 55(b)(2) of the Internal Revenue Code;

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

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

35.27 (ii) the medical expense deduction;

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

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

35.30 (3) for depletion allowances computed under section 613A(c) of the Internal Revenue  
35.31 Code, with respect to each property (as defined in section 614 of the Internal Revenue Code),  
35.32 to the extent not included in federal alternative minimum taxable income, the excess of the

36.1 deduction for depletion allowable under section 611 of the Internal Revenue Code for the  
36.2 taxable year over the adjusted basis of the property at the end of the taxable year (determined  
36.3 without regard to the depletion deduction for the taxable year);

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

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

36.9 (6) the amount of addition required by section 290.0131, subdivisions 9 to 11;

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

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

36.12 (ii) an overpayment of state income tax as provided by section 290.0132, subdivision  
36.13 3, to the extent included in federal alternative minimum taxable income;

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

36.18 (iv) amounts subtracted from federal taxable income as provided by section 290.0132,  
36.19 subdivisions 7, 9 to 15, 17, ~~and 21, 24, and 26~~; and

36.20 (v) the amount of the net operating loss allowed under section 290.095, subdivision 11,  
36.21 paragraph (c).

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

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

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

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

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

37.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
37.2 31, 2016.

37.3 Sec. 30. Minnesota Statutes 2016, section 290.17, subdivision 4, is amended to read:

37.4 Subd. 4. **Unitary business principle.** (a) If a trade or business conducted wholly within  
37.5 this state or partly within and partly without this state is part of a unitary business, the entire  
37.6 income of the unitary business is subject to apportionment pursuant to section 290.191.

37.7 Notwithstanding subdivision 2, paragraph (c), none of the income of a unitary business is  
37.8 considered to be derived from any particular source and none may be allocated to a particular  
37.9 place except as provided by the applicable apportionment formula. The provisions of this  
37.10 subdivision do not apply to business income subject to subdivision 5, income of an insurance  
37.11 company, or income of an investment company determined under section 290.36.

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

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

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

37.27 (e) Unity of ownership does not exist when two or more corporations are involved unless  
37.28 more than 50 percent of the voting stock of each corporation is directly or indirectly owned  
37.29 by a common owner or by common owners, either corporate or noncorporate, or by one or  
37.30 more of the member corporations of the group. For this purpose, the term "voting stock"  
37.31 shall include membership interests of mutual insurance holding companies formed under  
37.32 section 66A.40.

38.1 (f) The net income and apportionment factors under section 290.191 or 290.20 of foreign  
38.2 corporations and other foreign entities which are part of a unitary business shall not be  
38.3 included in the net income or the apportionment factors of the unitary business; except that  
38.4 the income and apportionment factors of a foreign entity, other than an entity treated as a  
38.5 C corporation for federal income tax purposes, that are included in the federal taxable  
38.6 income, as defined in section 63 of the Internal Revenue Code as amended through the date  
38.7 named in section 290.01, subdivision 19, of a domestic corporation, domestic entity, or  
38.8 individual must be included in determining net income and the factors to be used in the  
38.9 apportionment of net income pursuant to section 290.191 or 290.20. A foreign corporation  
38.10 or other foreign entity which is not included on a combined report and which is required to  
38.11 file a return under this chapter shall file on a separate return basis.

38.12 (g) For purposes of determining the net income of a unitary business and the factors to  
38.13 be used in the apportionment of net income pursuant to section 290.191 or 290.20, there  
38.14 must be included only the income and apportionment factors of domestic corporations or  
38.15 other domestic entities that are determined to be part of the unitary business pursuant to this  
38.16 subdivision, notwithstanding that foreign corporations or other foreign entities might be  
38.17 included in the unitary business; except that the income and apportionment factors of a  
38.18 foreign entity, other than an entity treated as a C corporation for federal income tax purposes,  
38.19 that is included in the federal taxable income, as defined in section 63 of the Internal Revenue  
38.20 Code as amended through the date named in section 290.01, subdivision 19, of a domestic  
38.21 corporation, domestic entity, or individual must be included in determining net income and  
38.22 the factors to be used in the apportionment of net income pursuant to section 290.191 or  
38.23 290.20.

38.24 (h) Each corporation or other entity, except a sole proprietorship, that is part of a unitary  
38.25 business must file combined reports as the commissioner determines. On the reports, all  
38.26 intercompany transactions between entities included pursuant to paragraph (g) must be  
38.27 eliminated and the entire net income of the unitary business determined in accordance with  
38.28 this subdivision is apportioned among the entities by using each entity's Minnesota factors  
38.29 for apportionment purposes in the numerators of the apportionment formula and the total  
38.30 factors for apportionment purposes of all entities included pursuant to paragraph (g) in the  
38.31 denominators of the apportionment formula. Except as otherwise provided by paragraph  
38.32 (f), all sales of the unitary business made within this state pursuant to section 290.191 or  
38.33 290.20 must be included on the combined report of a corporation or other entity that is a  
38.34 member of the unitary business and is subject to the jurisdiction of this state to impose tax  
38.35 under this chapter.

39.1 (i) If a corporation has been divested from a unitary business and is included in a  
 39.2 combined report for a fractional part of the common accounting period of the combined  
 39.3 report:

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

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

39.8 (j) For purposes of this subdivision, "insurance company" means an insurance company,  
 39.9 as defined in section 290.01, subdivision 5b, that is:

39.10 (1) licensed to engage in the business of insurance in Minnesota pursuant to chapter  
 39.11 60A; or

39.12 (2) domiciled and licensed to engage in the business of insurance in another state or  
 39.13 country that imposes retaliatory taxes, fines, deposits, penalties, licenses, or fees and that  
 39.14 does not grant, on a reciprocal basis, exemption from such retaliatory taxes to insurance  
 39.15 companies or their agents domiciled in Minnesota.

39.16 (k) For purposes of this subdivision, "retaliatory taxes" means taxes imposed on insurance  
 39.17 companies organized in another state or country that result from the fact that an insurance  
 39.18 company organized in the taxing jurisdiction and doing business in the other jurisdiction is  
 39.19 subject to taxes, fines, deposits, penalties, licenses, or fees in an amount exceeding that  
 39.20 imposed by the taxing jurisdiction upon an insurance company organized in the other state  
 39.21 or country and doing business to the same extent in the taxing jurisdiction.

39.22 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 39.23 31, 2016.

39.24 Sec. 31. Minnesota Statutes 2016, section 290A.03, subdivision 13, is amended to read:

39.25 Subd. 13. **Property taxes payable.** "Property taxes payable" means the property tax  
 39.26 exclusive of special assessments, penalties, and interest payable on a claimant's homestead  
 39.27 after deductions made under sections 273.135, 273.1384, 273.1391, 273.42, subdivision 2,  
 39.28 and any other state paid property tax credits in any calendar year, and after any refund  
 39.29 claimed and allowable under section 290A.04, subdivision 2h, that is first payable in the  
 39.30 year that the property tax is payable. In the case of a claimant who makes ground lease  
 39.31 payments, "property taxes payable" includes the amount of the payments directly attributable  
 39.32 to the property taxes assessed against the parcel on which the house is located. ~~No~~  
 39.33 ~~apportionment or reduction of the "property taxes payable" shall be required for the use of~~

40.1 ~~a portion of the claimant's homestead for a business purpose if the claimant does not deduct~~  
 40.2 ~~any business depreciation expenses for the use of a portion of the homestead in the~~  
 40.3 ~~determination of federal adjusted gross income.~~ Regardless of the limitations in section  
 40.4 280A(c)(5) of the Internal Revenue Code, "property taxes payable" must be apportioned or  
 40.5 reduced for the use of a portion of the claimant's homestead for a business purpose if the  
 40.6 claimant deducts any business depreciation expenses for the use of a portion of the homestead  
 40.7 or deducts expenses under section 280A of the Internal Revenue Code for a business operated  
 40.8 in the claimant's homestead. For homesteads which are manufactured homes as defined in  
 40.9 section 273.125, subdivision 8, and for homesteads which are park trailers taxed as  
 40.10 manufactured homes under section 168.012, subdivision 9, "property taxes payable" shall  
 40.11 also include 17 percent of the gross rent paid in the preceding year for the site on which the  
 40.12 homestead is located. When a homestead is owned by two or more persons as joint tenants  
 40.13 or tenants in common, such tenants shall determine between them which tenant may claim  
 40.14 the property taxes payable on the homestead. If they are unable to agree, the matter shall  
 40.15 be referred to the commissioner of revenue whose decision shall be final. Property taxes  
 40.16 are considered payable in the year prescribed by law for payment of the taxes.

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

40.24 **EFFECTIVE DATE.** This section is effective for refunds based on rent paid after  
 40.25 December 31, 2015, and property taxes payable after December 31, 2016.

40.26 Sec. 32. Minnesota Statutes 2016, section 291.005, subdivision 1, as amended by Laws  
 40.27 2017, chapter 1, section 8, is amended to read:

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

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

40.32 (2) "Federal gross estate" means the gross estate of a decedent as required to be valued  
 40.33 and otherwise determined for federal estate tax purposes under the Internal Revenue Code,  
 40.34 increased by the value of any property in which the decedent had a qualifying income interest



41.1 for life and for which an election was made under section 291.03, subdivision 1d, for  
41.2 Minnesota estate tax purposes, but was not made for federal estate tax purposes.

41.3 (3) "Internal Revenue Code" means the United States Internal Revenue Code of 1986,  
41.4 as amended through December 16, 2016.

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

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

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

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

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

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

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

41.27 (iii) a qualified work of art, as defined in section 2503(g)(2) of the Internal Revenue  
41.28 Code, owned by a nonresident decedent and that is normally kept or located in this state  
41.29 because it is on loan to an organization, qualifying as exempt from taxation under section  
41.30 501(c)(3) of the Internal Revenue Code, that is located in Minnesota, the situs of the art is  
41.31 deemed to be outside of Minnesota, notwithstanding the provisions of item (ii); and

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

42.4 For a nonresident decedent with an ownership interest in a pass-through entity with  
 42.5 assets that include real or tangible personal property, situs of the real or tangible personal  
 42.6 property, including qualified works of art, is determined as if the pass-through entity does  
 42.7 not exist and the real or tangible personal property is personally owned by the decedent. If  
 42.8 the pass-through entity is owned by a person or persons in addition to the decedent, ownership  
 42.9 of the property is attributed to the decedent in proportion to the decedent's capital ownership  
 42.10 share of the pass-through entity.

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

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

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

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

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

42.20 (v) an entity whose ownership interest securities are traded on an exchange regulated  
 42.21 by the Securities and Exchange Commission as a national securities exchange under section  
 42.22 6 of the Securities Exchange Act, United States Code, title 15, section 78f.

42.23 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents  
 42.24 dying after December 31, 2016.

42.25 Sec. 33. Minnesota Statutes 2016, section 291.016, subdivision 3, is amended to read:

42.26 Subd. 3. **Subtraction.** (a) For estates of decedents dying after December 31, 2016, a  
 42.27 subtraction is allowed in computing the Minnesota taxable estate, equal to the sum of:

42.28 (1) the exclusion amount for the year of death under paragraph (b); and

42.29 (2) the lesser of:

42.30 (i) the value of qualified small business property under section 291.03, subdivision 9,  
 42.31 and the value of qualified farm property under section 291.03, subdivision 10, or the result

43.1 ~~of \$5,000,000 minus the amount for the year of death listed in clauses (1) to (5), whichever~~  
 43.2 ~~is less, may be subtracted in computing the Minnesota taxable estate but must not reduce~~  
 43.3 ~~the Minnesota taxable estate to less than zero:~~

43.4 ~~(1) \$1,200,000 for estates of decedents dying in 2014;~~

43.5 ~~(2) \$1,400,000 for estates of decedents dying in 2015;~~

43.6 ~~(3) \$1,600,000 for estates of decedents dying in 2016;~~

43.7 ~~(4) \$1,800,000 for estates of decedents dying in 2017; and~~

43.8 ~~(5) \$2,000,000 for estates of decedents dying in 2018 and thereafter; or~~

43.9 (ii) \$5,000,000 minus the exclusion amount for the year of death under paragraph (b).

43.10 (b) The following exclusion amounts apply for the year of death:

43.11 (1) \$2,100,000 for decedents dying in 2017;

43.12 (2) \$2,400,000 for decedents dying in 2018;

43.13 (3) \$2,700,000 for decedents dying in 2019; and

43.14 (4) \$3,000,000 for decedents dying in 2020 and thereafter.

43.15 (c) The subtraction under this subdivision must not reduce the Minnesota taxable estate  
 43.16 to less than zero.

43.17 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents  
 43.18 dying after December 31, 2016.

43.19 Sec. 34. Minnesota Statutes 2016, section 291.03, subdivision 1, is amended to read:

43.20 Subdivision 1. **Tax amount.** The tax imposed must be computed by applying to the  
 43.21 Minnesota taxable estate the following schedule of rates and then the resulting amount  
 43.22 multiplied by a fraction, not greater than one, the numerator of which is the value of the  
 43.23 Minnesota gross estate plus the value of gifts under section 291.016, subdivision 2, clause  
 43.24 (3), with a Minnesota situs, and the denominator of which is the federal gross estate plus  
 43.25 the value of gifts under section 291.016, subdivision 2, clause (3):

43.26 ~~(a) For estates of decedents dying in 2014:~~

Amount of Minnesota Taxable Estate	Rate of Tax
43.27 Not over \$1,200,000	None
43.28 Over \$1,200,000 but not over \$1,400,000	nine percent of the excess over \$1,200,000
43.29 Over \$1,400,000 but not over \$3,600,000	\$18,000 plus ten percent of the excess over
43.30	\$1,400,000
43.31	

44.1	<del>Over \$3,600,000 but not over \$4,100,000</del>	<del>\$238,000 plus 10.4 percent of the excess over</del>
44.2		<del>\$3,600,000</del>
44.3	<del>Over \$4,100,000 but not over \$5,100,000</del>	<del>\$290,000 plus 11.2 percent of the excess over</del>
44.4		<del>\$4,100,000</del>
44.5	<del>Over \$5,100,000 but not over \$6,100,000</del>	<del>\$402,000 plus 12 percent of the excess over</del>
44.6		<del>\$5,100,000</del>
44.7	<del>Over \$6,100,000 but not over \$7,100,000</del>	<del>\$522,000 plus 12.8 percent of the excess over</del>
44.8		<del>\$6,100,000</del>
44.9	<del>Over \$7,100,000 but not over \$8,100,000</del>	<del>\$650,000 plus 13.6 percent of the excess over</del>
44.10		<del>\$7,100,000</del>
44.11	<del>Over \$8,100,000 but not over \$9,100,000</del>	<del>\$786,000 plus 14.4 percent of the excess over</del>
44.12		<del>\$8,100,000</del>
44.13	<del>Over \$9,100,000 but not over \$10,100,000</del>	<del>\$930,000 plus 15.2 percent of the excess over</del>
44.14		<del>\$9,100,000</del>
44.15	<del>Over \$10,100,000</del>	<del>\$1,082,000 plus 16 percent of the excess over</del>
44.16		<del>\$10,100,000</del>

44.17 (b) For estates of decedents dying in 2015:

44.18	Amount of Minnesota Taxable Estate	Rate of Tax
44.19	Not over \$1,400,000	None
44.20	Over \$1,400,000 but not over \$3,600,000	ten percent of the excess over \$1,400,000
44.21	Over \$3,600,000 but not over \$6,100,000	\$220,000 plus 12 percent of the excess over
44.22		\$3,600,000
44.23	Over \$6,100,000 but not over \$7,100,000	\$520,000 plus 12.8 percent of the excess over
44.24		\$6,100,000
44.25	Over \$7,100,000 but not over \$8,100,000	\$648,000 plus 13.6 percent of the excess over
44.26		\$7,100,000
44.27	Over \$8,100,000 but not over \$9,100,000	\$784,000 plus 14.4 percent of the excess over
44.28		\$8,100,000
44.29	Over \$9,100,000 but not over \$10,100,000	\$928,000 plus 15.2 percent of the excess over
44.30		\$9,100,000
44.31	Over \$10,100,000	\$1,080,000 plus 16 percent of the excess over
44.32		\$10,100,000

44.33 (c) For estates of decedents dying in 2016:

44.34	Amount of Minnesota Taxable Estate	Rate of Tax
44.35	Not over \$1,600,000	None
44.36	Over \$1,600,000 but not over \$2,600,000	ten percent of the excess over \$1,600,000
44.37	Over \$2,600,000 but not over \$6,100,000	\$100,000 plus 12 percent of the excess over
44.38		\$2,600,000
44.39	Over \$6,100,000 but not over \$7,100,000	\$520,000 plus 12.8 percent of the excess over
44.40		\$6,100,000
44.41	Over \$7,100,000 but not over \$8,100,000	\$648,000 plus 13.6 percent of the excess over
44.42		\$7,100,000
44.43	Over \$8,100,000 but not over \$9,100,000	\$784,000 plus 14.4 percent of the excess over
44.44		\$8,100,000
44.45	Over \$9,100,000 but not over \$10,100,000	\$928,000 plus 15.2 percent of the excess over
44.46		\$9,100,000
44.47	Over \$10,100,000	\$1,080,000 plus 16 percent of the excess over
44.48		\$10,100,000

45.1 ~~(d)~~ (a) For estates of decedents dying in 2017:

45.2	Amount of Minnesota Taxable Estate	Rate of Tax
45.3	<del>Not over \$1,800,000</del>	<del>None</del>
45.4	<del>Over \$1,800,000 but not over \$2,100,000</del>	<del>ten percent of the excess over \$1,800,000</del>
45.5	<del>Over \$2,100,000 but</del> Not over \$5,100,000	<del>\$30,000 plus 12 percent of the excess over</del>
45.6		<del>\$2,100,000</del> <u>12 percent</u>
45.7	Over \$5,100,000 but not over \$7,100,000	<del>\$390,000</del> <u>\$612,000</u> plus 12.8 percent of the
45.8		excess over \$5,100,000
45.9	Over \$7,100,000 but not over \$8,100,000	<del>\$646,000</del> <u>\$868,000</u> plus 13.6 percent of the
45.10		excess over \$7,100,000
45.11	Over \$8,100,000 but not over \$9,100,000	<del>\$782,000</del> <u>\$1,004,000</u> plus 14.4 percent of the
45.12		excess over \$8,100,000
45.13	Over \$9,100,000 but not over \$10,100,000	<del>\$926,000</del> <u>\$1,148,000</u> plus 15.2 percent of the
45.14		excess over \$9,100,000
45.15	Over \$10,100,000	<del>\$1,078,000</del> <u>\$1,300,000</u> plus 16 percent of the
45.16		excess over \$10,100,000

45.17 ~~(e)~~ (b) For estates of decedents dying in 2018 and thereafter:

45.18	Amount of Minnesota Taxable Estate	Rate of Tax
45.19	Not over <del>\$2,000,000</del> <u>\$7,100,000</u>	<del>None</del> <u>13 percent</u>
45.20	<del>Over \$2,000,000 but not over \$2,600,000</del>	<del>ten percent of the excess over \$2,000,000</del>
45.21	<del>Over \$2,600,000 but not over \$7,100,000</del>	<del>\$60,000 plus 13 percent of the excess over</del>
45.22		<del>\$2,600,000</del>
45.23	Over \$7,100,000 but not over \$8,100,000	<del>\$645,000</del> <u>\$923,000</u> plus 13.6 percent of the
45.24		excess over \$7,100,000
45.25	Over \$8,100,000 but not over \$9,100,000	<del>\$781,000</del> <u>\$1,059,000</u> plus 14.4 percent of the
45.26		excess over \$8,100,000
45.27	Over \$9,100,000 but not over \$10,100,000	<del>\$925,000</del> <u>\$1,203,000</u> plus 15.2 percent of the
45.28		excess over \$9,100,000
45.29	Over \$10,100,000	<del>\$1,077,000</del> <u>\$1,355,000</u> plus 16 percent of the
45.30		excess over \$10,100,000

45.31 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents  
 45.32 dying after December 31, 2016.

45.33 Sec. 35. Minnesota Statutes 2016, section 291.03, subdivision 11, is amended to read:

45.34 Subd. 11. **Recapture tax.** (a) If, within three years after the decedent's death and before  
 45.35 the death of the qualified heir, the qualified heir disposes of any interest in the qualified  
 45.36 property, other than by a disposition to a family member, or a family member ceases to  
 45.37 satisfy the requirement under subdivision 9, clause (7); or 10, clause (5), an additional estate  
 45.38 tax is imposed on the property. In the case of a sole proprietor, if the qualified heir replaces  
 45.39 qualified small business property excluded under subdivision 9 with similar property, then  
 45.40 the qualified heir will not be treated as having disposed of an interest in the qualified property.

46.1 (b) The amount of the additional tax equals the amount of the exclusion claimed by the  
46.2 estate under subdivision 8, paragraph (d), multiplied by 16 percent.

46.3 (c) The additional tax under this subdivision is due on the day which is six months after  
46.4 the date of the disposition or cessation in paragraph (a).

46.5 (d) The tax under this subdivision does not apply to the acquisition of title or possession  
46.6 of the qualified property by a federal, state, or local government unit, or any other entity  
46.7 with the power of eminent domain for a public purpose, as defined in section 117.025,  
46.8 subdivision 11, within the three-year holding period.

46.9 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents  
46.10 dying after June 30, 2011.

46.11 Sec. 36. **[462D.01] CITATION.**

46.12 This chapter may be cited as the "First-Time Home Buyer Savings Account Act."

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

46.14 Sec. 37. **[462D.02] DEFINITIONS.**

46.15 Subdivision 1. **Definitions.** For purposes of this chapter, the following terms have the  
46.16 meanings given.

46.17 Subd. 2. **Account holder.** "Account holder" means an individual who establishes,  
46.18 individually or jointly with one or more other individuals, a first-time home buyer savings  
46.19 account.

46.20 Subd. 3. **Allowable closing costs.** "Allowable closing costs" means a disbursement listed  
46.21 on a settlement statement for the purchase of a single-family residence in Minnesota by a  
46.22 qualified beneficiary.

46.23 Subd. 4. **Commissioner.** "Commissioner" means the commissioner of revenue.

46.24 Subd. 5. **Eligible costs.** "Eligible costs" means the down payment and allowable closing  
46.25 costs for the purchase of a single-family residence in Minnesota by a qualified beneficiary.  
46.26 Eligible costs include paying for the cost of construction of or financing the construction  
46.27 of a single-family residence.

46.28 Subd. 6. **Financial institution.** "Financial institution" means a bank, bank and trust,  
46.29 trust company with banking powers, savings bank, savings association, or credit union,  
46.30 organized under the laws of this state, any other state, or the United States; an industrial  
46.31 loan and thrift under chapter 53 or the laws of another state and authorized to accept deposits;

47.1 or a money market mutual fund registered under the federal Investment Company Act of  
47.2 1940 and regulated under rule 2a-7, promulgated by the Securities and Exchange Commission  
47.3 under that act.

47.4 Subd. 7. **First-time home buyer.** "First-time home buyer" means an individual, and if  
47.5 married, the individual's spouse, who has no present ownership interest in a principal  
47.6 residence during the three-year period ending on the earlier of:

47.7 (1) the date of the purchase of the single-family residence funded, in part, with proceeds  
47.8 from the first-time home buyer savings account; or

47.9 (2) the close of the taxable year for which a subtraction is claimed under sections  
47.10 290.0132, subdivision 25, and 462D.06.

47.11 Subd. 8. **First-time home buyer savings account.** "First-time home buyer savings  
47.12 account" or "account" means an account with a financial institution that an account holder  
47.13 designates as a first-time home buyer savings account, as provided in section 462D.03, to  
47.14 pay or reimburse eligible costs for the purchase of a single-family residence by a qualified  
47.15 beneficiary.

47.16 Subd. 9. **Internal Revenue Code.** "Internal Revenue Code" has the meaning given in  
47.17 section 290.01.

47.18 Subd. 10. **Principal residence.** "Principal residence" has the meaning given in section  
47.19 121 of the Internal Revenue Code.

47.20 Subd. 11. **Qualified beneficiary.** "Qualified beneficiary" means a first-time home buyer  
47.21 who is a Minnesota resident and is designated as the qualified beneficiary of a first-time  
47.22 home buyer savings account by the account holder.

47.23 Subd. 12. **Single-family residence.** "Single-family residence" means a single-family  
47.24 residence located in this state and owned and occupied by or to be occupied by a qualified  
47.25 beneficiary as the qualified beneficiary's principal residence, which may include a  
47.26 manufactured home, trailer, mobile home, condominium unit, townhome, or cooperative.

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

47.28 Sec. 38. **[462D.03] ESTABLISHMENT OF ACCOUNTS.**

47.29 Subdivision 1. **Accounts established.** An individual may open an account with a financial  
47.30 institution and designate the account as a first-time home buyer savings account to be used  
47.31 to pay or reimburse the designated qualified beneficiary's eligible costs.

48.1 Subd. 2. **Designation of qualified beneficiary.** (a) The account holder must designate  
48.2 a first-time home buyer as the qualified beneficiary of the account by April 15 of the year  
48.3 following the taxable year in which the account was established. The account holder may  
48.4 be the qualified beneficiary. The account holder may change the designated qualified  
48.5 beneficiary at any time, but no more than one qualified beneficiary may be designated for  
48.6 an account at any one time. For purposes of the one beneficiary restriction, a married couple  
48.7 qualifies as one beneficiary. Changing the designated qualified beneficiary of an account  
48.8 does not affect computation of the ten-year period under section 462D.06, subdivision 2.

48.9 (b) The commissioner shall establish a process for account holders to notify the state  
48.10 that permits recording of the account, the account holder or holders, any transfers under  
48.11 section 462D.04, subdivision 2, and the designated qualified beneficiary for each account.  
48.12 This may be done upon filing the account holder's income tax return or in any other way  
48.13 the commissioner determines to be appropriate.

48.14 Subd. 3. **Joint account holders.** An individual may jointly own a first-time home buyer  
48.15 account with another person if the joint account holders file a married joint income tax  
48.16 return.

48.17 Subd. 4. **Multiple accounts.** (a) An individual may be the account holder of more than  
48.18 one first-time home buyer savings account, but must not hold or own multiple accounts that  
48.19 designate the same qualified beneficiary.

48.20 (b) An individual may be designated as the qualified beneficiary on more than one  
48.21 first-time home buyer savings account.

48.22 Subd. 5. **Contributions.** Only cash may be contributed to a first-time home buyer savings  
48.23 account. Individuals other than the account holder may contribute to an account. No more  
48.24 than \$14,000 (\$28,000 for married joint filers) may be contributed in any year and no more  
48.25 than \$50,000 (\$100,000 for married joint filers) may be contributed in all years. The  
48.26 maximum amount in any account is limited to \$150,000.

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

48.28 Sec. 39. **[462D.04] ACCOUNT HOLDER RESPONSIBILITIES.**

48.29 Subdivision 1. **Expenses; reporting.** The account holder must:

48.30 (1) not use funds in a first-time home buyer savings account to pay expenses of  
48.31 administering the account, except that a service fee may be deducted from the account by  
48.32 the financial institution in which the account is held; and



49.1 (2) submit to the commissioner, in the form and manner required by the commissioner:

49.2 (i) detailed information regarding the first-time home buyer savings account, including  
 49.3 a list of transactions for the account during the taxable year and the Form 1099 issued by  
 49.4 the financial institution for the account for the taxable year; and

49.5 (ii) upon withdrawal of funds from the account, a detailed account of the eligible costs  
 49.6 for which the account funds were expended and a statement of the amount of funds remaining  
 49.7 in the account, if any.

49.8 Subd. 2. Transfers. An account holder may withdraw funds, in whole or part, from a  
 49.9 first-time home buyer savings account and deposit the funds in another first-time home  
 49.10 buyer savings account held by a different financial institution or the same financial institution.

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

49.12 Sec. 40. [462D.05] FINANCIAL INSTITUTIONS.

49.13 (a) A financial institution is not required to take any action to ensure compliance with  
 49.14 this chapter, including to:

49.15 (1) designate an account, designate qualified beneficiaries, or modify the financial  
 49.16 institution's account contracts or systems in any way;

49.17 (2) track the use of money withdrawn from a first-time home buyer savings account;

49.18 (3) allocate funds in a first-time home buyer savings account among joint account holders  
 49.19 or multiple qualified beneficiaries; or

49.20 (4) report any information to the commissioner or any other government that is not  
 49.21 otherwise required by law.

49.22 (b) A financial institution is not responsible or liable for:

49.23 (1) determining or ensuring that an account satisfies the requirements of this chapter or  
 49.24 that its funds are used for eligible costs; or

49.25 (2) reporting or remitting taxes or penalties related to the use of a first-time home buyer  
 49.26 savings account.

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

50.1 **Sec. 41. [462D.06] SUBTRACTION; ADDITION; ADDITIONAL TAX.**

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

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

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

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

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

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

50.18 Subd. 3. **Additional tax.** The account holder is liable for an additional tax equal to ten  
 50.19 percent of the addition under subdivision 2 for the taxable year. This amount must be added  
 50.20 to the amount due under section 290.06. The tax under this subdivision does not apply to:

50.21 (1) a withdrawal because of the account holder's or designated qualified beneficiary's  
 50.22 death or disability;

50.23 (2) a disbursement of assets of the account under federal bankruptcy law; and

50.24 (3) a disbursement of assets of the account under chapter 550 or 551.

50.25 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 50.26 31, 2016.

50.27 **Sec. 42. Laws 2010, chapter 216, section 12, the effective date, as amended by Laws 2016,**  
 50.28 **chapter 158, article 1, section 212, is amended to read:**

50.29 **EFFECTIVE DATE.** This section is effective for investments made after July 1, 2010,  
 50.30 for taxable years beginning after December 31, 2009, ~~and before January 1, 2017,~~ and only

51.1 applies to investments made after the qualified small business receiving the investment has  
51.2 been certified by the commissioner of employment and economic development.

51.3 **EFFECTIVE DATE; REVIVAL AND REENACTMENT.** This section is effective  
51.4 retroactively from January 1, 2015, and Laws 2010, chapter 216, section 12, as amended  
51.5 by Laws 2016, chapter 158, article 1, section 212, is revived and reenacted as of that date.

51.6 Sec. 43. **INCOME TAX RECIPROCITY BENCHMARK STUDY;**  
51.7 **APPROPRIATION.**

51.8 Subdivision 1. **Study.** (a) The Department of Revenue, in conjunction with the Wisconsin  
51.9 Department of Revenue, must, provided the conditions of paragraph (d) are satisfied, conduct  
51.10 a study to determine at least the following:

51.11 (1) the number of residents of each state who earn income from personal services in the  
51.12 other state;

51.13 (2) the total amount of income earned by residents of each state who earn income from  
51.14 personal services in the other state; and

51.15 (3) the change in tax revenue in each state if an income tax reciprocity arrangement were  
51.16 resumed between the two states under which the taxpayers were required to pay income  
51.17 taxes on the income only in their state of residence.

51.18 (b) The study must use information obtained from each state's income tax returns for  
51.19 tax year 2017 and from any other source of information the departments determine is  
51.20 necessary to complete the study.

51.21 (c) No later than March 1, 2019, the Department of Revenue must submit a report  
51.22 containing the results of the study to the governor and to the chairs and ranking minority  
51.23 members of the legislative committees having jurisdiction over taxes, in compliance with  
51.24 Minnesota Statutes, sections 3.195 and 3.197.

51.25 (d) The department shall conduct the study only if the commissioner of revenue enters  
51.26 an agreement under Minnesota Statutes, section 290.081, by April 1, 2018, and receives  
51.27 notice from the secretary of revenue that the Wisconsin Department of Revenue will fully  
51.28 participate in the study.

51.29 Subd. 2. **Appropriation.** \$300,000 in fiscal year 2018 is appropriated from the general  
51.30 fund to the commissioner of revenue for the income tax reciprocity benchmark study in  
51.31 subdivision 1. This is a onetime appropriation and is not added to the agency's base budget.

52.1 **EFFECTIVE DATE.** This section is effective the day following final enactment. The  
 52.2 appropriation in subdivision 2 is only effective if the conditions of subdivision 1, paragraph  
 52.3 (d), are satisfied.

52.4 Sec. 44. **REPEALER.**

52.5 (a) Minnesota Statutes 2016, sections 136A.129; and 290.06, subdivision 36, are repealed.

52.6 (b) Minnesota Statutes 2016, section 290.067, subdivision 2, is repealed.

52.7 **EFFECTIVE DATE.** Paragraph (a) is effective for agreements entered into after June  
 52.8 30, 2017, and for taxable years beginning after December 31, 2017. Paragraph (b) is effective  
 52.9 for taxable years beginning after December 31, 2016.

## 52.10 **ARTICLE 2**

### 52.11 **PROPERTY TAX**

52.12 Section 1. Minnesota Statutes 2016, section 40A.18, subdivision 2, is amended to read:

52.13 Subd. 2. **Allowed commercial and industrial operations.** (a) Commercial and industrial  
 52.14 operations are not allowed on land within an agricultural preserve except:

52.15 (1) small on-farm commercial or industrial operations normally associated with and  
 52.16 important to farming in the agricultural preserve area;

52.17 (2) storage use of existing farm buildings that does not disrupt the integrity of the  
 52.18 agricultural preserve; ~~and~~

52.19 (3) small commercial use of existing farm buildings for trades not disruptive to the  
 52.20 integrity of the agricultural preserve such as a carpentry shop, small scale mechanics shop,  
 52.21 and similar activities that a farm operator might conduct; and

52.22 (4) wireless communication installments and related equipment and structure capable  
 52.23 of providing technology potentially beneficial to farming activities. A property owner who  
 52.24 installs wireless communication equipment does not violate a covenant made prior to January  
 52.25 1, 2018, under section 40A.10, subdivision 1.

52.26 (b) For purposes of paragraph (a), clauses (2) and (3), "existing" ~~in clauses (2) and (3)~~  
 52.27 means existing on August 1, 1989.

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

53.1 Sec. 2. Minnesota Statutes 2016, section 270C.9901, is amended to read:

53.2 **270C.9901 ASSESSOR ACCREDITATION; WAIVER.**

53.3 Subdivision 1. Accreditation. Every individual who appraises or physically inspects  
53.4 real property for the purpose of determining its valuation or classification for property tax  
53.5 purposes must obtain licensure as an accredited Minnesota assessor from the State Board  
53.6 of Assessors by July 1, ~~2019~~ 2022, or within ~~four~~ five years of that person having become  
53.7 licensed as a certified Minnesota assessor, whichever is later.

53.8 Subd. 2. Waiver. (a) An individual may apply to the State Board of Assessors for a  
53.9 waiver from licensure as an accredited Minnesota assessor as required by subdivision 1 if  
53.10 the individual:

53.11 (1) was first licensed as a certified Minnesota assessor before July 1, 2004;

53.12 (2) has had an assessor license since July 1, 2004;

53.13 (3) has successfully passed a comprehensive examination substantially equivalent to the  
53.14 requirements by the State Board of Assessors for the accredited Minnesota assessor license  
53.15 designation before May 1, 2020; and

53.16 (4) submits an application to the State Board of Assessors no later than July 1, 2022.

53.17 The examination can only be taken once to fulfill the requirements of the waiver.

53.18 (b) The commissioner of revenue, in consultation with the State Board of Assessors and  
53.19 the Minnesota Association of Assessing Officers, must determine the contents of the waiver  
53.20 application and the comprehensive examination.

53.21 (c) A county assessor in any jurisdiction assessed by an applicant may submit additional  
53.22 information to the State Board of Assessors to be considered as part of the waiver review  
53.23 proceedings.

53.24 (d) The State Board of Assessors must not grant a waiver unless the applicant has met  
53.25 the requirements in paragraph (a) and has the ability to perform the duties of assessment  
53.26 required in each jurisdiction in which the applicant appraises or physically inspects real  
53.27 property for the purposes of determining its valuation or classification for property tax  
53.28 purposes.

53.29 (e) An individual granted a waiver under this subdivision is allowed to continue  
53.30 assessment duties at the individual's licensure level, provided the individual complies with  
53.31 the continuing education requirements for the accredited Minnesota assessor designation  
53.32 as prescribed by the State Board of Assessors.

- 54.1 (f) An individual granted a waiver under this section:
- 54.2 (1) is not considered to have achieved the designation as an accredited Minnesota assessor
- 54.3 and may not represent himself or herself as an accredited Minnesota assessor; and
- 54.4 (2) is not authorized to value income-producing property as defined in section 273.11,
- 54.5 subdivision 13, unless the individual meets the requirements of that section.
- 54.6 (g) A waiver granted by the State Board of Assessors under this section remains in effect
- 54.7 unless the individual's licensure is revoked. If the individual's licensure is revoked, the
- 54.8 waiver is void and the individual is subject to the requirements of subdivision 1.
- 54.9 (h) A decision of the State Board of Assessors to grant or deny a waiver under this
- 54.10 subdivision is final and is not subject to appeal.
- 54.11 (i) Waivers granted under this subdivision expire on June 30, 2032.
- 54.12 (j) This subdivision expires July 1, 2032.
- 54.13 **EFFECTIVE DATE.** This section is effective the day following final enactment.

54.14 Sec. 3. Minnesota Statutes 2016, section 272.02, subdivision 86, is amended to read:

54.15 Subd. 86. **Apprenticeship training facilities.** All or a portion of a building used

54.16 exclusively for a state-approved apprenticeship program through the Department of Labor

54.17 and Industry is exempt if:

54.18 (1) it is owned by a nonprofit organization or a nonprofit trust, and operated by a nonprofit

54.19 organization or a nonprofit trust;

54.20 (2) the program participants receive no compensation; and

54.21 (3) it is located:

54.22 (i) in the Minneapolis and St. Paul standard metropolitan statistical area as determined

54.23 by the 2000 federal census;

54.24 (ii) in a city outside the Minneapolis and St. Paul standard metropolitan statistical area

54.25 that has a population of 7,400 or greater according to the most recent federal census; or

54.26 (iii) in a township that has a population greater than ~~2,000~~ 1,400 but less than 3,000

54.27 determined by the 2000 federal census and the building was previously used by a school

54.28 and was exempt for taxes payable in 2010.

54.29 Use of the property for advanced skills training of incumbent workers does not disqualify

54.30 the property for the exemption under this subdivision. This exemption includes up to five

55.1 acres of the land on which the building is located and associated parking areas on that land,  
55.2 except that if the building meets the requirements of clause (3), item (iii), then the exemption  
55.3 includes up to ten acres of land on which the building is located and associated parking  
55.4 areas on that land. If a parking area associated with the facility is used for the purposes of  
55.5 the facility and for other purposes, a portion of the parking area shall be exempt in proportion  
55.6 to the square footage of the facility used for purposes of apprenticeship training.

55.7 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2018.

55.8 Sec. 4. Minnesota Statutes 2016, section 272.02, is amended by adding a subdivision to  
55.9 read:

55.10 Subd. 100. **Electric generation facility; personal property.** (a) Notwithstanding  
55.11 subdivision 9, clause (a), attached machinery and other personal property that is part of an  
55.12 electric generation facility with more than 35 megawatts and less than 40 megawatts of  
55.13 installed capacity and that meets the requirements of this subdivision is exempt from taxation  
55.14 and payments in lieu of taxation. The facility must:

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

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

55.18 (3) be located within 800 feet of an existing natural gas pipeline;

55.19 (4) satisfy a resource deficiency identified in an approved integrated resource plan filed  
55.20 under section 216B.2422;

55.21 (5) be located outside the metropolitan area as defined under section 473.121, subdivision  
55.22 2; and

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

55.26 (b) Construction of the facility must have been commenced after January 1, 2015, and  
55.27 before January 1, 2017. Property eligible for this exemption does not include electric  
55.28 transmission lines and interconnections or gas pipelines and interconnections appurtenant  
55.29 to the property or the facility.

55.30 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2018.

56.1 Sec. 5. Minnesota Statutes 2016, section 272.02, is amended by adding a subdivision to  
56.2 read:

56.3 Subd. 101. **Certain property owned by an Indian tribe.** (a) Property is exempt that:

56.4 (1) is located in a city of the first class with a population less than 100,000 as of the  
56.5 2010 federal census;

56.6 (2) was on January 1, 2016, and is for the current assessment, owned by a federally  
56.7 recognized Indian tribe, or its instrumentality, that is located within the state of Minnesota;  
56.8 and

56.9 (3) is used exclusively as a medical clinic.

56.10 (b) Property that qualifies for the exemption under this subdivision is limited to no more  
56.11 than two contiguous parcels and structures that do not exceed, in the aggregate, 30,000  
56.12 square feet. Property acquired for single-family housing, market-rate apartments, agriculture,  
56.13 or forestry does not qualify for this exemption. The exemption created by this subdivision  
56.14 expires with taxes payable in 2028.

56.15 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2018.

56.16 Sec. 6. Minnesota Statutes 2016, section 272.0213, is amended to read:

56.17 **272.0213 LEASED SEASONAL-RECREATIONAL LAND.**

56.18 (a) ~~A county board may elect, by resolution, to~~ Qualified lands, as defined in this section,  
56.19 are exempt from taxation, including the tax under section 273.19, ~~qualified lands.~~ "Qualified  
56.20 lands" for purposes of this section means property land that:

56.21 (1) is owned by a county, city, town, or the state; and

56.22 (2) is rented by the entity for noncommercial seasonal-recreational ~~or~~ noncommercial  
56.23 seasonal-recreational residential use; and, or class 1c commercial seasonal-recreational  
56.24 residential use.

56.25 ~~(3) was rented for the purposes specified in clause (2) and was exempt from taxation~~  
56.26 ~~for property taxes payable in 2008.~~

56.27 (b) Lands owned by the federal government and rented for noncommercial  
56.28 seasonal-recreational ~~or~~ noncommercial seasonal-recreational residential, or class 1c  
56.29 commercial seasonal-recreational residential use are exempt from taxation, including the  
56.30 tax under section 273.19.



57.1 **EFFECTIVE DATE.** This section is effective beginning with taxes assessed in 2018  
57.2 and payable in 2019.

57.3 Sec. 7. Minnesota Statutes 2016, section 272.03, subdivision 1, is amended to read:

57.4 Subdivision 1. **Real property.** (a) For the purposes of taxation, but not for chapter 297A,  
57.5 "real property" includes the land itself, rails, ties, and other track materials annexed to the  
57.6 land, and all buildings, structures, and improvements or other fixtures on it, bridges of bridge  
57.7 companies, and all rights and privileges belonging or appertaining to the land, and all mines,  
57.8 iron ore and taconite minerals not otherwise exempt, quarries, fossils, and trees on or under  
57.9 it.

57.10 (b) A building or structure shall include the building or structure itself, together with all  
57.11 improvements or fixtures annexed to the building or structure, which are integrated with  
57.12 and of permanent benefit to the building or structure, regardless of the present use of the  
57.13 building, and which cannot be removed without substantial damage to itself or to the building  
57.14 or structure.

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

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

57.25 (iii) The exclusion provided in clause (i) does not apply to the exterior shell of a structure  
57.26 which constitutes walls, ceilings, roofs, or floors if the shell of the structure has structural,  
57.27 insulation, or temperature control functions or provides protection from the elements, unless  
57.28 the structure is primarily used in the production of biofuels, wine, beer, distilled beverages,  
57.29 or dairy products. Such an exterior shell is included in the definition of real property even  
57.30 if it also has special functions distinct from that of a building, or if such an exterior shell is  
57.31 primarily used for the storage of ingredients or materials used in the production of biofuels,  
57.32 wine, beer, distilled beverages, or dairy products, or for the storage of finished biofuels,  
57.33 wine, beer, distilled beverages, or dairy products.

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

58.5 **EFFECTIVE DATE.** This section is effective for sales and purchases made after the  
 58.6 day of final enactment.

58.7 Sec. 8. Minnesota Statutes 2016, section 272.162, is amended to read:

58.8 **272.162 RESTRICTIONS ON TRANSFERS OF SPECIFIC PARTS.**

58.9 Subdivision 1. **Conditions restricting transfer.** When a deed or other instrument  
 58.10 conveying a parcel of land is presented to the county auditor for transfer or division under  
 58.11 sections 272.12, 272.16, and 272.161, the auditor shall not transfer or divide the land or its  
 58.12 net tax capacity in the official records and shall not certify the instrument as provided in  
 58.13 section 272.12, if:

58.14 (a) The land conveyed is less than a whole parcel of land as charged in the tax lists;

58.15 (b) The part conveyed appears within the area of application of municipal or county  
 58.16 subdivision regulations adopted and filed under section 394.35 or section 462.36, subdivision  
 58.17 1; and

58.18 (c) The part conveyed is part of or constitutes a subdivision as defined in section 462.352,  
 58.19 subdivision 12.

58.20 Subd. 2. **Conditions allowing transfer.** (a) Notwithstanding the provisions of subdivision  
 58.21 1, the county auditor may transfer or divide the land and its net tax capacity and may certify  
 58.22 the instrument if the instrument contains a certification by the clerk of the municipality or  
 58.23 designated county planning official:

58.24 ~~(a)~~ (1) that the municipality's or county's subdivision regulations do not apply;

58.25 ~~(b)~~ (2) that the subdivision has been approved by the governing body of the municipality  
 58.26 or county; or

58.27 ~~(c)~~ (3) that the restrictions on the division of taxes and filing and recording have been  
 58.28 waived by resolution of the governing body of the municipality or county in the particular  
 58.29 case because compliance would create an unnecessary hardship and failure to comply would  
 58.30 not interfere with the purpose of the regulations.

58.31 (b) If any of the conditions for certification by the municipality or county as provided  
 58.32 in this subdivision exist and the municipality or county does not certify that they exist within

59.1 24 hours after the instrument of conveyance has been presented to the clerk of the  
59.2 municipality or designated county planning official, the provisions of subdivision 1 do not  
59.3 apply.

59.4 (c) If an unexecuted instrument is presented to the municipality or county and any of  
59.5 the conditions for certification by the municipality or county as provided in this subdivision  
59.6 exist, the unexecuted instrument must be certified by the clerk of the municipality or the  
59.7 designated county planning official.

59.8 Subd. 3. **Applicability of restrictions.** (a) This section does not apply to the exceptions  
59.9 set forth in section 272.12.

59.10 (b) This section applies only to land within municipalities or counties which choose to  
59.11 be governed by its provisions. A municipality or county may choose to have this section  
59.12 apply to the property within its boundaries by filing a certified copy of a resolution of its  
59.13 governing body making that choice with the auditor and recorder of the county in which it  
59.14 is located.

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

59.16 Sec. 9. Minnesota Statutes 2016, section 273.125, subdivision 8, is amended to read:

59.17 Subd. 8. **Manufactured homes; sectional structures.** (a) In this section, "manufactured  
59.18 home" means a structure transportable in one or more sections, which is built on a permanent  
59.19 chassis, and designed to be used as a dwelling with or without a permanent foundation when  
59.20 connected to the required utilities, and contains the plumbing, heating, air conditioning, and  
59.21 electrical systems in it. Manufactured home includes any accessory structure that is an  
59.22 addition or supplement to the manufactured home and, when installed, becomes a part of  
59.23 the manufactured home.

59.24 (b) Except as provided in paragraph (c), a manufactured home that meets each of the  
59.25 following criteria must be valued and assessed as an improvement to real property, the  
59.26 appropriate real property classification applies, and the valuation is subject to review and  
59.27 the taxes payable in the manner provided for real property:

59.28 (1) the owner of the unit holds title to the land on which it is situated;

59.29 (2) the unit is affixed to the land by a permanent foundation or is installed at its location  
59.30 in accordance with the Manufactured Home Building Code in sections 327.31 to 327.34,  
59.31 and rules adopted under those sections, or is affixed to the land like other real property in  
59.32 the taxing district; and

60.1 (3) the unit is connected to public utilities, has a well and septic tank system, or is serviced  
60.2 by water and sewer facilities comparable to other real property in the taxing district.

60.3 (c) A manufactured home that meets each of the following criteria must be assessed at  
60.4 the rate provided by the appropriate real property classification but must be treated as  
60.5 personal property, and the valuation is subject to review and the taxes payable in the manner  
60.6 provided in this section:

60.7 (1) the owner of the unit is a lessee of the land under the terms of a lease, or the unit is  
60.8 located in a manufactured home park but is not the homestead of the park owner;

60.9 (2) the unit is affixed to the land by a permanent foundation or is installed at its location  
60.10 in accordance with the Manufactured Home Building Code contained in sections 327.31 to  
60.11 327.34, and the rules adopted under those sections, or is affixed to the land like other real  
60.12 property in the taxing district; and

60.13 (3) the unit is connected to public utilities, has a well and septic tank system, or is serviced  
60.14 by water and sewer facilities comparable to other real property in the taxing district.

60.15 (d) Sectional structures must be valued and assessed as an improvement to real property  
60.16 if the owner of the structure holds title to the land on which it is located or is a qualifying  
60.17 lessee of the land under section 273.19. In this paragraph "sectional structure" means a  
60.18 building or structural unit that has been in whole or substantial part manufactured or  
60.19 constructed at an off-site location to be wholly or partially assembled on site alone or with  
60.20 other units and attached to a permanent foundation.

60.21 (e) The commissioner of revenue may adopt rules under the Administrative Procedure  
60.22 Act to establish additional criteria for the classification of manufactured homes and sectional  
60.23 structures under this subdivision.

60.24 (f) A storage shed, deck, or similar improvement constructed on property that is leased  
60.25 or rented as a site for a manufactured home, sectional structure, park trailer, or travel trailer  
60.26 is taxable as provided in this section. In the case of property that is leased or rented as a site  
60.27 for a travel trailer, a storage shed, deck, or similar improvement on the site that is considered  
60.28 personal property under this paragraph is taxable only if its total estimated market value is  
60.29 over ~~\$1,000~~ \$10,000. The property is taxable as personal property to the lessee of the site  
60.30 if it is not owned by the owner of the site. The property is taxable as real estate if it is owned  
60.31 by the owner of the site. As a condition of permitting the owner of the manufactured home,  
60.32 sectional structure, park trailer, or travel trailer to construct improvements on the leased or  
60.33 rented site, the owner of the site must obtain the permanent home address of the lessee or

61.1 user of the site. The site owner must provide the name and address to the assessor upon  
61.2 request.

61.3 **EFFECTIVE DATE.** This section is effective beginning for property taxes assessed  
61.4 in 2018.

61.5 Sec. 10. Minnesota Statutes 2016, section 273.13, subdivision 22, is amended to read:

61.6 Subd. 22. **Class 1.** (a) Except as provided in subdivision 23 and in paragraphs (b) and  
61.7 (c), real estate which is residential and used for homestead purposes is class 1a. In the case  
61.8 of a duplex or triplex in which one of the units is used for homestead purposes, the entire  
61.9 property is deemed to be used for homestead purposes. The market value of class 1a property  
61.10 must be determined based upon the value of the house, garage, and land.

61.11 The first \$500,000 of market value of class 1a property has a net classification rate of  
61.12 one percent of its market value; and the market value of class 1a property that exceeds  
61.13 \$500,000 has a classification rate of 1.25 percent of its market value.

61.14 (b) Class 1b property includes homestead real estate or homestead manufactured homes  
61.15 used for the purposes of a homestead by:

61.16 (1) any person who is blind as defined in section 256D.35, or the blind person and the  
61.17 blind person's spouse;

61.18 (2) any person who is permanently and totally disabled or by the disabled person and  
61.19 the disabled person's spouse; or

61.20 (3) the surviving spouse of a permanently and totally disabled veteran homesteading a  
61.21 property classified under this paragraph for taxes payable in 2008.

61.22 Property is classified and assessed under clause (2) only if the government agency or  
61.23 income-providing source certifies, upon the request of the homestead occupant, that the  
61.24 homestead occupant satisfies the disability requirements of this paragraph, and that the  
61.25 property is not eligible for the valuation exclusion under subdivision 34.

61.26 Property is classified and assessed under paragraph (b) only if the commissioner of  
61.27 revenue or the county assessor certifies that the homestead occupant satisfies the requirements  
61.28 of this paragraph.

61.29 Permanently and totally disabled for the purpose of this subdivision means a condition  
61.30 which is permanent in nature and totally incapacitates the person from working at an  
61.31 occupation which brings the person an income. The first \$50,000 market value of class 1b  
61.32 property has a net classification rate of .45 percent of its market value. The remaining market

62.1 value of class 1b property has a classification rate using the rates for class 1a or class 2a  
62.2 property, whichever is appropriate, of similar market value.

62.3 (c) Class 1c property is commercial use real and personal property that abuts public  
62.4 water as defined in section 103G.005, subdivision 15, or abuts a state trail administered by  
62.5 the Department of Natural Resources, and is devoted to temporary and seasonal residential  
62.6 occupancy for recreational purposes but not devoted to commercial purposes for more than  
62.7 250 days in the year preceding the year of assessment, and that includes a portion used as  
62.8 a homestead by the owner, which includes a dwelling occupied as a homestead by a  
62.9 shareholder of a corporation that owns the resort, a partner in a partnership that owns the  
62.10 resort, or a member of a limited liability company that owns the resort even if the title to  
62.11 the homestead is held by the corporation, partnership, or limited liability company. For  
62.12 purposes of this paragraph, property is devoted to a commercial purpose on a specific day  
62.13 if any portion of the property, excluding the portion used exclusively as a homestead, is  
62.14 used for residential occupancy and a fee is charged for residential occupancy. Class 1c  
62.15 property must contain three or more rental units. A "rental unit" is defined as a cabin,  
62.16 condominium, townhouse, sleeping room, or individual camping site equipped with water  
62.17 and electrical hookups for recreational vehicles. Class 1c property must provide recreational  
62.18 activities such as the rental of ice fishing houses, boats and motors, snowmobiles, downhill  
62.19 or cross-country ski equipment; provide marina services, launch services, or guide services;  
62.20 or sell bait and fishing tackle. Any unit in which the right to use the property is transferred  
62.21 to an individual or entity by deeded interest, or the sale of shares or stock, no longer qualifies  
62.22 for class 1c even though it may remain available for rent. A camping pad offered for rent  
62.23 by a property that otherwise qualifies for class 1c is also class 1c, regardless of the term of  
62.24 the rental agreement, as long as the use of the camping pad does not exceed 250 days. If  
62.25 the same owner owns two separate parcels that are located in the same township, and one  
62.26 of those properties is classified as a class 1c property and the other would be eligible to be  
62.27 classified as a class 1c property if it was used as the homestead of the owner, both properties  
62.28 will be assessed as a single class 1c property; for purposes of this sentence, properties are  
62.29 deemed to be owned by the same owner if each of them is owned by a limited liability  
62.30 company, and both limited liability companies have the same membership. The portion of  
62.31 the property used as a homestead is class 1a property under paragraph (a). The remainder  
62.32 of the property is classified as follows: the first \$600,000 of market value is tier I, the next  
62.33 \$1,700,000 of market value is tier II, and any remaining market value is tier III. The  
62.34 classification rates for class 1c are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III, 1.25  
62.35 percent. Owners of real and personal property devoted to temporary and seasonal residential  
62.36 occupancy for recreation purposes in which all or a portion of the property was devoted to

63.1 commercial purposes for not more than 250 days in the year preceding the year of assessment  
63.2 desiring classification as class 1c, must submit a declaration to the assessor designating the  
63.3 cabins or units occupied for 250 days or less in the year preceding the year of assessment  
63.4 by January 15 of the assessment year. Those cabins or units and a proportionate share of  
63.5 the land on which they are located must be designated as class 1c as otherwise provided.  
63.6 The remainder of the cabins or units and a proportionate share of the land on which they  
63.7 are located must be designated as class 3a commercial. The owner of property desiring  
63.8 designation as class 1c property must provide guest registers or other records demonstrating  
63.9 that the units for which class 1c designation is sought were not occupied for more than 250  
63.10 days in the year preceding the assessment if so requested. The portion of a property operated  
63.11 as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5)  
63.12 other nonresidential facility operated on a commercial basis not directly related to temporary  
63.13 and seasonal residential occupancy for recreation purposes does not qualify for class 1c.

63.14 (d) Class 1d property includes structures that meet all of the following criteria:

63.15 (1) the structure is located on property that is classified as agricultural property under  
63.16 section 273.13, subdivision 23;

63.17 (2) the structure is occupied exclusively by seasonal farm workers during the time when  
63.18 they work on that farm, and the occupants are not charged rent for the privilege of occupying  
63.19 the property, provided that use of the structure for storage of farm equipment and produce  
63.20 does not disqualify the property from classification under this paragraph;

63.21 (3) the structure meets all applicable health and safety requirements for the appropriate  
63.22 season; and

63.23 (4) the structure is not salable as residential property because it does not comply with  
63.24 local ordinances relating to location in relation to streets or roads.

63.25 The market value of class 1d property has the same classification rates as class 1a property  
63.26 under paragraph (a).

63.27 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2018  
63.28 for taxes payable in 2019.

63.29 Sec. 11. Minnesota Statutes 2016, section 273.13, subdivision 23, is amended to read:

63.30 Subd. 23. **Class 2.** (a) An agricultural homestead consists of class 2a agricultural land  
63.31 that is homesteaded, along with any class 2b rural vacant land that is contiguous to the class  
63.32 2a land under the same ownership. The market value of the house and garage and immediately  
63.33 surrounding one acre of land has the same classification rates as class 1a or 1b property

64.1 under subdivision 22. The value of the remaining land including improvements up to the  
64.2 first tier valuation limit of agricultural homestead property has a classification rate of 0.5  
64.3 percent of market value. The remaining property over the first tier has a classification rate  
64.4 of one percent of market value. For purposes of this subdivision, the "first tier valuation  
64.5 limit of agricultural homestead property" and "first tier" means the limit certified under  
64.6 section 273.11, subdivision 23.

64.7 (b) Class 2a agricultural land consists of parcels of property, or portions thereof, that  
64.8 are agricultural land and buildings. Class 2a property has a classification rate of one percent  
64.9 of market value, unless it is part of an agricultural homestead under paragraph (a). Class 2a  
64.10 property must also include any property that would otherwise be classified as 2b, but is  
64.11 interspersed with class 2a property, including but not limited to sloughs, wooded wind  
64.12 shelters, acreage abutting ditches, ravines, rock piles, land subject to a setback requirement,  
64.13 and other similar land that is impractical for the assessor to value separately from the rest  
64.14 of the property or that is unlikely to be able to be sold separately from the rest of the property.

64.15 An assessor may classify the part of a parcel described in this subdivision that is used  
64.16 for agricultural purposes as class 2a and the remainder in the class appropriate to its use.

64.17 (c) Class 2b rural vacant land consists of parcels of property, or portions thereof, that  
64.18 are unplatted real estate, rural in character and not used for agricultural purposes, including  
64.19 land used for growing trees for timber, lumber, and wood and wood products, that is not  
64.20 improved with a structure. The presence of a minor, ancillary nonresidential structure as  
64.21 defined by the commissioner of revenue does not disqualify the property from classification  
64.22 under this paragraph. Any parcel of 20 acres or more improved with a structure that is not  
64.23 a minor, ancillary nonresidential structure must be split-classified, and ten acres must be  
64.24 assigned to the split parcel containing the structure. Class 2b property has a classification  
64.25 rate of one percent of market value unless it is part of an agricultural homestead under  
64.26 paragraph (a), or qualifies as class 2c under paragraph (d).

64.27 (d) Class 2c managed forest land consists of no less than 20 and no more than 1,920  
64.28 acres statewide per taxpayer that is being managed under a forest management plan that  
64.29 meets the requirements of chapter 290C, but is not enrolled in the sustainable forest resource  
64.30 management incentive program. It has a classification rate of .65 percent, provided that the  
64.31 owner of the property must apply to the assessor in order for the property to initially qualify  
64.32 for the reduced rate and provide the information required by the assessor to verify that the  
64.33 property qualifies for the reduced rate. If the assessor receives the application and information  
64.34 before May 1 in an assessment year, the property qualifies beginning with that assessment  
64.35 year. If the assessor receives the application and information after April 30 in an assessment



65.1 year, the property may not qualify until the next assessment year. The commissioner of  
65.2 natural resources must concur that the land is qualified. The commissioner of natural  
65.3 resources shall annually provide county assessors verification information on a timely basis.  
65.4 The presence of a minor, ancillary nonresidential structure as defined by the commissioner  
65.5 of revenue does not disqualify the property from classification under this paragraph.

65.6 (e) Agricultural land as used in this section means:

65.7 (1) contiguous acreage of ten acres or more, used during the preceding year for  
65.8 agricultural purposes; or

65.9 (2) contiguous acreage used during the preceding year for an intensive livestock or  
65.10 poultry confinement operation, provided that land used only for pasturing or grazing does  
65.11 not qualify under this clause.

65.12 "Agricultural purposes" as used in this section means the raising, cultivation, drying, or  
65.13 storage of agricultural products for sale, or the storage of machinery or equipment used in  
65.14 support of agricultural production by the same farm entity. For a property to be classified  
65.15 as agricultural based only on the drying or storage of agricultural products, the products  
65.16 being dried or stored must have been produced by the same farm entity as the entity operating  
65.17 the drying or storage facility. "Agricultural purposes" also includes enrollment in a local  
65.18 conservation program or the Reinvest in Minnesota program under sections 103F.501 to  
65.19 103F.535 or the federal Conservation Reserve Program as contained in Public Law 99-198  
65.20 or a similar state or federal conservation program if the property was classified as agricultural  
65.21 (i) under this subdivision for taxes payable in 2003 because of its enrollment in a qualifying  
65.22 program and the land remains enrolled or (ii) in the year prior to its enrollment. For purposes  
65.23 of this section, a local conservation program means a program administered by a town,  
65.24 statutory or home rule charter city, or county, including a watershed district, water  
65.25 management organization, or soil and water conservation district, in which landowners  
65.26 voluntarily enroll land and receive incentive payments equal to at least \$50 per acre in  
65.27 exchange for use or other restrictions placed on the land. In order for property to qualify  
65.28 under the local conservation program provision, a taxpayer must apply to the assessor by  
65.29 February 1 of the assessment year and must submit the information required by the assessor,  
65.30 including but not limited to a copy of the program requirements, the specific agreement  
65.31 between the land owner and the local agency, if applicable, and a map of the conservation  
65.32 area. Agricultural classification shall not be based upon the market value of any residential  
65.33 structures on the parcel or contiguous parcels under the same ownership.

66.1 "Contiguous acreage," for purposes of this paragraph, means all of, or a contiguous  
66.2 portion of, a tax parcel as described in section 272.193, or all of, or a contiguous portion  
66.3 of, a set of contiguous tax parcels under that section that are owned by the same person.

66.4 (f) Agricultural land under this section also includes:

66.5 (1) contiguous acreage that is less than ten acres in size and exclusively used in the  
66.6 preceding year for raising or cultivating agricultural products; or

66.7 (2) contiguous acreage that contains a residence and is less than 11 acres in size, if the  
66.8 contiguous acreage exclusive of the house, garage, and surrounding one acre of land was  
66.9 used in the preceding year for one or more of the following three uses:

66.10 (i) for an intensive grain drying or storage operation, or for intensive machinery or  
66.11 equipment storage activities used to support agricultural activities on other parcels of property  
66.12 operated by the same farming entity;

66.13 (ii) as a nursery, provided that only those acres used intensively to produce nursery stock  
66.14 are considered agricultural land; or

66.15 (iii) for intensive market farming; for purposes of this paragraph, "market farming"  
66.16 means the cultivation of one or more fruits or vegetables or production of animal or other  
66.17 agricultural products for sale to local markets by the farmer or an organization with which  
66.18 the farmer is affiliated.

66.19 "Contiguous acreage," for purposes of this paragraph, means all of a tax parcel as  
66.20 described in section 272.193, or all of a set of contiguous tax parcels under that section that  
66.21 are owned by the same person.

66.22 (g) Land shall be classified as agricultural even if all or a portion of the agricultural use  
66.23 of that property is the leasing to, or use by another person for agricultural purposes.

66.24 Classification under this subdivision is not determinative for qualifying under section  
66.25 273.111.

66.26 (h) The property classification under this section supersedes, for property tax purposes  
66.27 only, any locally administered agricultural policies or land use restrictions that define  
66.28 minimum or maximum farm acreage.

66.29 (i) The term "agricultural products" as used in this subdivision includes production for  
66.30 sale of:

67.1 (1) livestock, dairy animals, dairy products, poultry and poultry products, fur-bearing  
67.2 animals, horticultural and nursery stock, fruit of all kinds, vegetables, forage, grains, bees,  
67.3 and apiary products by the owner;

67.4 (2) ~~fish-bred~~ aquacultural products for sale and consumption, as defined under section  
67.5 17.47, if the ~~fish-breeding~~ aquaculture occurs on land zoned for agricultural use;

67.6 (3) the commercial boarding of horses, which may include related horse training and  
67.7 riding instruction, if the boarding is done on property that is also used for raising pasture  
67.8 to graze horses or raising or cultivating other agricultural products as defined in clause (1);

67.9 (4) property which is owned and operated by nonprofit organizations used for equestrian  
67.10 activities, excluding racing;

67.11 (5) game birds and waterfowl bred and raised (i) on a game farm licensed under section  
67.12 97A.105, provided that the annual licensing report to the Department of Natural Resources,  
67.13 which must be submitted annually by March 30 to the assessor, indicates that at least 500  
67.14 birds were raised or used for breeding stock on the property during the preceding year and  
67.15 that the owner provides a copy of the owner's most recent schedule F; or (ii) for use on a  
67.16 shooting preserve licensed under section 97A.115;

67.17 (6) insects primarily bred to be used as food for animals;

67.18 (7) trees, grown for sale as a crop, including short rotation woody crops, and not sold  
67.19 for timber, lumber, wood, or wood products; and

67.20 (8) maple syrup taken from trees grown by a person licensed by the Minnesota  
67.21 Department of Agriculture under chapter 28A as a food processor.

67.22 (j) If a parcel used for agricultural purposes is also used for commercial or industrial  
67.23 purposes, including but not limited to:

67.24 (1) wholesale and retail sales;

67.25 (2) processing of raw agricultural products or other goods;

67.26 (3) warehousing or storage of processed goods; and

67.27 (4) office facilities for the support of the activities enumerated in clauses (1), (2), and  
67.28 (3),

67.29 the assessor shall classify the part of the parcel used for agricultural purposes as class 1b,  
67.30 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use.

67.31 The grading, sorting, and packaging of raw agricultural products for first sale is considered  
67.32 an agricultural purpose. A greenhouse or other building where horticultural or nursery

68.1 products are grown that is also used for the conduct of retail sales must be classified as  
68.2 agricultural if it is primarily used for the growing of horticultural or nursery products from  
68.3 seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products.  
68.4 Use of a greenhouse or building only for the display of already grown horticultural or nursery  
68.5 products does not qualify as an agricultural purpose.

68.6 (k) The assessor shall determine and list separately on the records the market value of  
68.7 the homestead dwelling and the one acre of land on which that dwelling is located. If any  
68.8 farm buildings or structures are located on this homesteaded acre of land, their market value  
68.9 shall not be included in this separate determination.

68.10 (l) Class 2d airport landing area consists of a landing area or public access area of a  
68.11 privately owned public use airport. It has a classification rate of one percent of market value.  
68.12 To qualify for classification under this paragraph, a privately owned public use airport must  
68.13 be licensed as a public airport under section 360.018. For purposes of this paragraph, "landing  
68.14 area" means that part of a privately owned public use airport properly cleared, regularly  
68.15 maintained, and made available to the public for use by aircraft and includes runways,  
68.16 taxiways, aprons, and sites upon which are situated landing or navigational aids. A landing  
68.17 area also includes land underlying both the primary surface and the approach surfaces that  
68.18 comply with all of the following:

68.19 (i) the land is properly cleared and regularly maintained for the primary purposes of the  
68.20 landing, taking off, and taxiing of aircraft; but that portion of the land that contains facilities  
68.21 for servicing, repair, or maintenance of aircraft is not included as a landing area;

68.22 (ii) the land is part of the airport property; and

68.23 (iii) the land is not used for commercial or residential purposes.

68.24 The land contained in a landing area under this paragraph must be described and certified  
68.25 by the commissioner of transportation. The certification is effective until it is modified, or  
68.26 until the airport or landing area no longer meets the requirements of this paragraph. For  
68.27 purposes of this paragraph, "public access area" means property used as an aircraft parking  
68.28 ramp, apron, or storage hangar, or an arrival and departure building in connection with the  
68.29 airport.

68.30 (m) Class 2e consists of land with a commercial aggregate deposit that is not actively  
68.31 being mined and is not otherwise classified as class 2a or 2b, provided that the land is not  
68.32 located in a county that has elected to opt-out of the aggregate preservation program as  
68.33 provided in section 273.1115, subdivision 6. It has a classification rate of one percent of  
68.34 market value. To qualify for classification under this paragraph, the property must be at

69.1 least ten contiguous acres in size and the owner of the property must record with the county  
69.2 recorder of the county in which the property is located an affidavit containing:

69.3 (1) a legal description of the property;

69.4 (2) a disclosure that the property contains a commercial aggregate deposit that is not  
69.5 actively being mined but is present on the entire parcel enrolled;

69.6 (3) documentation that the conditional use under the county or local zoning ordinance  
69.7 of this property is for mining; and

69.8 (4) documentation that a permit has been issued by the local unit of government or the  
69.9 mining activity is allowed under local ordinance. The disclosure must include a statement  
69.10 from a registered professional geologist, engineer, or soil scientist delineating the deposit  
69.11 and certifying that it is a commercial aggregate deposit.

69.12 For purposes of this section and section 273.1115, "commercial aggregate deposit"  
69.13 means a deposit that will yield crushed stone or sand and gravel that is suitable for use as  
69.14 a construction aggregate; and "actively mined" means the removal of top soil and overburden  
69.15 in preparation for excavation or excavation of a commercial deposit.

69.16 (n) When any portion of the property under this subdivision or subdivision 22 begins to  
69.17 be actively mined, the owner must file a supplemental affidavit within 60 days from the  
69.18 day any aggregate is removed stating the number of acres of the property that is actively  
69.19 being mined. The acres actively being mined must be (1) valued and classified under  
69.20 subdivision 24 in the next subsequent assessment year, and (2) removed from the aggregate  
69.21 resource preservation property tax program under section 273.1115, if the land was enrolled  
69.22 in that program. Copies of the original affidavit and all supplemental affidavits must be  
69.23 filed with the county assessor, the local zoning administrator, and the Department of Natural  
69.24 Resources, Division of Land and Minerals. A supplemental affidavit must be filed each  
69.25 time a subsequent portion of the property is actively mined, provided that the minimum  
69.26 acreage change is five acres, even if the actual mining activity constitutes less than five  
69.27 acres.

69.28 (o) The definitions prescribed by the commissioner under paragraphs (c) and (d) are not  
69.29 rules and are exempt from the rulemaking provisions of chapter 14, and the provisions in  
69.30 section 14.386 concerning exempt rules do not apply.

69.31 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2018.

70.1 Sec. 12. Minnesota Statutes 2016, section 273.13, subdivision 25, is amended to read:

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

70.9 (b) Class 4b includes:

70.10 (1) residential real estate containing less than four units that does not qualify as class  
70.11 4bb, other than seasonal residential recreational property;

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

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

70.15 (4) unimproved property that is classified residential as determined under subdivision  
70.16 33.

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

70.18 (c) Class 4bb includes:

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

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

70.23 (3) a condominium-type storage unit having an individual property identification number  
70.24 that is not used for a commercial purpose.

70.25 Class 4bb property has the same classification rates as class 1a property under subdivision  
70.26 22.

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

70.30 (d) Class 4c property includes:

71.1 (1) except as provided in subdivision 22, paragraph (c), real and personal property  
71.2 devoted to commercial temporary and seasonal residential occupancy for recreation purposes,  
71.3 for not more than 250 days in the year preceding the year of assessment. For purposes of  
71.4 this clause, property is devoted to a commercial purpose on a specific day if any portion of  
71.5 the property is used for residential occupancy, and a fee is charged for residential occupancy.  
71.6 Class 4c property under this clause must contain three or more rental units. A "rental unit"  
71.7 is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site  
71.8 equipped with water and electrical hookups for recreational vehicles. A camping pad offered  
71.9 for rent by a property that otherwise qualifies for class 4c under this clause is also class 4c  
71.10 under this clause regardless of the term of the rental agreement, as long as the use of the  
71.11 camping pad does not exceed 250 days. In order for a property to be classified under this  
71.12 clause, either (i) the business located on the property must provide recreational activities,  
71.13 at least 40 percent of the annual gross lodging receipts related to the property must be from  
71.14 business conducted during 90 consecutive days, and either (A) at least 60 percent of all paid  
71.15 bookings by lodging guests during the year must be for periods of at least two consecutive  
71.16 nights; or (B) at least 20 percent of the annual gross receipts must be from charges for  
71.17 providing recreational activities, or (ii) the business must contain 20 or fewer rental units,  
71.18 and must be located in a township or a city with a population of 2,500 or less located outside  
71.19 the metropolitan area, as defined under section 473.121, subdivision 2, that contains a portion  
71.20 of a state trail administered by the Department of Natural Resources. For purposes of item  
71.21 (i)(A), a paid booking of five or more nights shall be counted as two bookings. Class 4c  
71.22 property also includes commercial use real property used exclusively for recreational  
71.23 purposes in conjunction with other class 4c property classified under this clause and devoted  
71.24 to temporary and seasonal residential occupancy for recreational purposes, up to a total of  
71.25 two acres, provided the property is not devoted to commercial recreational use for more  
71.26 than 250 days in the year preceding the year of assessment and is located within two miles  
71.27 of the class 4c property with which it is used. In order for a property to qualify for  
71.28 classification under this clause, the owner must submit a declaration to the assessor  
71.29 designating the cabins or units occupied for 250 days or less in the year preceding the year  
71.30 of assessment by January 15 of the assessment year. Those cabins or units and a proportionate  
71.31 share of the land on which they are located must be designated class 4c under this clause  
71.32 as otherwise provided. The remainder of the cabins or units and a proportionate share of  
71.33 the land on which they are located will be designated as class 3a. The owner of property  
71.34 desiring designation as class 4c property under this clause must provide guest registers or  
71.35 other records demonstrating that the units for which class 4c designation is sought were not  
71.36 occupied for more than 250 days in the year preceding the assessment if so requested. The

72.1 portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center  
72.2 or meeting room, and (5) other nonresidential facility operated on a commercial basis not  
72.3 directly related to temporary and seasonal residential occupancy for recreation purposes  
72.4 does not qualify for class 4c. For the purposes of this paragraph, "recreational activities"  
72.5 means renting ice fishing houses, boats and motors, snowmobiles, downhill or cross-country  
72.6 ski equipment; providing marina services, launch services, or guide services; or selling bait  
72.7 and fishing tackle;

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

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

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

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

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

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

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

72.25 For purposes of this clause:

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

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

72.30 (C) a "nonprofit community service oriented organization" means any corporation,  
72.31 society, association, foundation, or institution organized and operated exclusively for  
72.32 charitable, religious, fraternal, civic, or educational purposes, and which is exempt from



73.1 federal income taxation pursuant to section 501(c)(3), (8), (10), or (19) of the Internal  
73.2 Revenue Code; and

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

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

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

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

73.23 (5)(i) manufactured home parks as defined in section 327.14, subdivision 3, excluding  
73.24 manufactured home parks described in ~~section 273.124, subdivision 3a~~ items (ii) and (iii),  
73.25 ~~and~~ (ii) manufactured home parks as defined in section 327.14, subdivision 3, that are  
73.26 described in section 273.124, subdivision 3a, and (iii) class I manufactured home parks as  
73.27 defined in section 327C.01, subdivision 13;

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

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

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

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

74.5 If a hangar classified under this clause is sold after June 30, 2000, a bill of sale must be  
74.6 filed by the new owner with the assessor of the county where the property is located within  
74.7 60 days of the sale;

74.8 (8) a privately owned noncommercial aircraft storage hangar not exempt under section  
74.9 272.01, subdivision 2, and the land on which it is located, provided that:

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

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

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

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

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

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

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

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

74.27 (10) real property up to a maximum of three acres and operated as a restaurant as defined  
74.28 under section 157.15, subdivision 12, provided it: (i) is located on a lake as defined under  
74.29 section 103G.005, subdivision 15, paragraph (a), clause (3); and (ii) is either devoted to  
74.30 commercial purposes for not more than 250 consecutive days, or receives at least 60 percent  
74.31 of its annual gross receipts from business conducted during four consecutive months. Gross  
74.32 receipts from the sale of alcoholic beverages must be included in determining the property's

75.1 qualification under item (ii). The property's primary business must be as a restaurant and  
75.2 not as a bar. Gross receipts from gift shop sales located on the premises must be excluded.  
75.3 Owners of real property desiring 4c classification under this clause must submit an annual  
75.4 declaration to the assessor by February 1 of the current assessment year, based on the  
75.5 property's relevant information for the preceding assessment year;

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

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

75.18 Class 4c property has a classification rate of 1.5 percent of market value, except that (i)  
75.19 each parcel of noncommercial seasonal residential recreational property under clause (12)  
75.20 has the same classification rates as class 4bb property, (ii) manufactured home parks assessed  
75.21 under clause (5), item (i), have the same classification rate as class 4b property, ~~and~~ the  
75.22 market value of manufactured home parks assessed under clause (5), item (ii), ~~has~~ have a  
75.23 classification rate of 0.75 percent if more than 50 percent of the lots in the park are occupied  
75.24 by shareholders in the cooperative corporation or association and a classification rate of  
75.25 one percent if 50 percent or less of the lots are so occupied, and class I manufactured home  
75.26 parks as defined in section 327C.01, subdivision 13, have a classification rate of 1.0 percent,  
75.27 (iii) commercial-use seasonal residential recreational property and marina recreational land  
75.28 as described in clause (11), has a classification rate of one percent for the first \$500,000 of  
75.29 market value, and 1.25 percent for the remaining market value, (iv) the market value of  
75.30 property described in clause (4) has a classification rate of one percent, (v) the market value  
75.31 of property described in clauses (2), (6), and (10) has a classification rate of 1.25 percent,  
75.32 ~~and~~ (vi) that portion of the market value of property in clause (9) qualifying for class 4c  
75.33 property has a classification rate of 1.25 percent, and (vii) property qualifying for  
75.34 classification under clause (3) that is owned or operated by a congressionally chartered  
75.35 veterans organization has a classification rate of one percent. The commissioner of veterans

76.1 affairs must provide a list of congressionally chartered veterans organizations to the  
76.2 commissioner of revenue by June 30, 2017, and by January 1, 2018, and each year thereafter.

76.3 (e) Class 4d property is qualifying low-income rental housing certified to the assessor  
76.4 by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion of  
76.5 the units in the building qualify as low-income rental housing units as certified under section  
76.6 273.128, subdivision 3, only the proportion of qualifying units to the total number of units  
76.7 in the building qualify for class 4d. The remaining portion of the building shall be classified  
76.8 by the assessor based upon its use. Class 4d also includes the same proportion of land as  
76.9 the qualifying low-income rental housing units are to the total units in the building. For all  
76.10 properties qualifying as class 4d, the market value determined by the assessor must be based  
76.11 on the normal approach to value using normal unrestricted rents.

76.12 (f) The first tier of market value of class 4d property has a classification rate of 0.75  
76.13 percent. The remaining value of class 4d property has a classification rate of 0.25 percent.  
76.14 For the purposes of this paragraph, the "first tier of market value of class 4d property" means  
76.15 the market value of each housing unit up to the first tier limit. For the purposes of this  
76.16 paragraph, all class 4d property value must be assigned to individual housing units. The  
76.17 first tier limit is \$100,000 for assessment year 2014. For subsequent years, the limit is  
76.18 adjusted each year by the average statewide change in estimated market value of property  
76.19 classified as class 4a and 4d under this section for the previous assessment year, excluding  
76.20 valuation change due to new construction, rounded to the nearest \$1,000, provided, however,  
76.21 that the limit may never be less than \$100,000. Beginning with assessment year 2015, the  
76.22 commissioner of revenue must certify the limit for each assessment year by November 1  
76.23 of the previous year.

76.24 **EFFECTIVE DATE.** (a) Except as provided in paragraphs (b) and (c), this section is  
76.25 effective beginning with taxes assessed in 2017 and payable in 2018.

76.26 (b) The amendment to paragraph (d), clause (5), and the amendment to item (ii) of the  
76.27 unlettered paragraph after paragraph (d), clause (12), are effective for taxes payable in 2019  
76.28 and thereafter, but only become effective if the class I manufactured home park program  
76.29 in chapter 327C is enacted during the 2017 legislative session.

76.30 (c) The amendment to paragraph (c), clause (3), is effective beginning with taxes payable  
76.31 in 2019.

77.1 Sec. 13. Minnesota Statutes 2016, section 273.13, subdivision 34, is amended to read:

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

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

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

77.14 (c) If a disabled veteran qualifying for a valuation exclusion under paragraph (b), clause  
77.15 (2), predeceases the veteran's spouse, and if upon the death of the veteran the spouse holds  
77.16 the legal or beneficial title to the homestead and permanently resides there, the exclusion  
77.17 shall carry over to the benefit of the veteran's spouse for the current taxes payable year and  
77.18 for eight additional taxes payable years or until such time as the spouse remarries, or sells,  
77.19 transfers, or otherwise disposes of the property, whichever comes first. Qualification under  
77.20 this paragraph requires an ~~annual~~ application under paragraph (h), and a spouse must notify  
77.21 the assessor if there is a change in the spouse's marital status, ownership of the property, or  
77.22 use of the property as a permanent residence.

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

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

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

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

78.7 (h) To qualify for a valuation exclusion under this subdivision a property owner must  
78.8 apply to the assessor by July 1 ~~of each assessment year, except that an annual reapplication~~  
78.9 ~~is not required once a property has been accepted for a valuation exclusion under paragraph~~  
78.10 ~~(a) and qualifies for the benefit described in paragraph (b), clause (2), and the property~~  
78.11 ~~continues to qualify until there is a change in ownership~~ of the first assessment year for  
78.12 which the exclusion is sought. For an application received after July 1 ~~of any calendar year,~~  
78.13 the exclusion shall become effective for the following assessment year. Except as provided  
78.14 in paragraph (c), the owner of a property that has been accepted for a valuation exclusion  
78.15 must notify the assessor if there is a change in ownership of the property or in the use of  
78.16 the property as a homestead.

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

78.19 (j) For purposes of this subdivision:

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

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

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

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

78.27 (k) If a veteran dying after December 31, 2011, did not apply for or receive the exclusion  
78.28 under paragraph (b), clause (2), before dying, the veteran's spouse is entitled to the benefit  
78.29 under paragraph (b), clause (2), for eight taxes payable years or until the spouse remarries  
78.30 or sells, transfers, or otherwise disposes of the property if:

78.31 (1) the spouse files a first-time application within two years of the death of the service  
78.32 member or by June 1, 2019, whichever is later;

79.1 (2) upon the death of the veteran, the spouse holds the legal or beneficial title to the  
 79.2 homestead and permanently resides there;

79.3 (3) the veteran met the honorable discharge requirements of paragraph (a); and

79.4 (4) the United States Department of Veterans Affairs certifies that:

79.5 (i) the veteran met the total (100 percent) and permanent disability requirement under  
 79.6 paragraph (b), clause (2); or

79.7 (ii) the spouse has been awarded dependency and indemnity compensation.

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

79.12 (m) By July 1, the county veterans service officer must certify the disability rating and  
 79.13 permanent address of each veteran receiving the benefit under paragraph (b) to the assessor.

79.14 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2018,  
 79.15 provided that, for taxes payable in 2018, the first-time application required under paragraph  
 79.16 (k) is due by August 1, 2017.

79.17 Sec. 14. Minnesota Statutes 2016, section 275.025, subdivision 1, is amended to read:

79.18 Subdivision 1. **Levy amount.** The state general levy is levied against  
 79.19 commercial-industrial property and seasonal residential recreational property, as defined  
 79.20 in this section. The state general levy ~~base amount is \$592,000,000~~ for commercial-industrial  
 79.21 property is \$784,590,000 for taxes payable in 2002 2018 and thereafter. For taxes payable  
 79.22 in subsequent years, the levy base amount is increased each year by multiplying the levy  
 79.23 base amount for the prior year by the sum of one plus the rate of increase, if any, in the  
 79.24 implicit price deflator for government consumption expenditures and gross investment for  
 79.25 state and local governments prepared by the Bureau of Economic Analysts of the United  
 79.26 States Department of Commerce for the 12-month period ending March 31 of the year prior  
 79.27 to the year the taxes are payable. The state general levy for seasonal-recreational property  
 79.28 is \$44,190,000 for taxes payable in 2018 and thereafter. The tax under this section is not  
 79.29 treated as a local tax rate under section 469.177 and is not the levy of a governmental unit  
 79.30 under chapters 276A and 473F.

79.31 The commissioner shall increase or decrease the preliminary or final rate for a year as  
 79.32 necessary to account for errors and tax base changes that affected a preliminary or final rate

80.1 for either of the two preceding years. Adjustments are allowed to the extent that the necessary  
80.2 information is available to the commissioner at the time the rates for a year must be certified,  
80.3 and for the following reasons:

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

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

80.6 (3) an increase or decrease in taxable value for commercial-industrial or seasonal  
80.7 residential recreational property reported on the abstracts of tax lists submitted under section  
80.8 275.29 that was not reported on the abstracts of assessment submitted under section 270C.89  
80.9 for the same year.

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

80.12 **EFFECTIVE DATE.** This section is effective for taxes payable in 2018 and thereafter.

80.13 Sec. 15. Minnesota Statutes 2016, section 275.025, subdivision 2, is amended to read:

80.14 Subd. 2. **Commercial-industrial tax capacity.** For the purposes of this section,  
80.15 "commercial-industrial tax capacity" means the tax capacity of all taxable property classified  
80.16 as class 3 or class 5(1) under section 273.13, ~~except for~~ excluding:

80.17 (1) the tax capacity attributable to the first \$100,000 of market value of each parcel of  
80.18 commercial-industrial property as defined under section 273.13, subdivision 24, clauses (1)  
80.19 and (2);

80.20 (2) electric generation attached machinery under class 3; and

80.21 (3) property described in section 473.625.

80.22 County commercial-industrial tax capacity amounts are not adjusted for the captured  
80.23 net tax capacity of a tax increment financing district under section 469.177, subdivision 2,  
80.24 the net tax capacity of transmission lines deducted from a local government's total net tax  
80.25 capacity under section 273.425, or fiscal disparities contribution and distribution net tax  
80.26 capacities under chapter 276A or 473F. For purposes of this subdivision, the procedures  
80.27 for determining eligibility for tier 1 under section 273.13, subdivision 24, clauses (1) and  
80.28 (2), shall apply in determining the portion of a property eligible to be considered within the  
80.29 first \$100,000 of market value.

80.30 **EFFECTIVE DATE.** This section is effective for taxes payable in 2018 and thereafter.



81.1 Sec. 16. Minnesota Statutes 2016, section 275.025, subdivision 4, is amended to read:

81.2 Subd. 4. **Apportionment and levy of state general tax.** ~~Ninety-five percent of~~ The  
81.3 state general tax must be levied by applying a uniform rate to all commercial-industrial tax  
81.4 capacity and ~~five percent of the state general tax must be levied by applying~~ a uniform rate  
81.5 to all seasonal residential recreational tax capacity. On or before October 1 each year, the  
81.6 commissioner of revenue shall certify the preliminary state general levy rates to each county  
81.7 auditor that must be used to prepare the notices of proposed property taxes for taxes payable  
81.8 in the following year. By January 1 of each year, the commissioner shall certify the final  
81.9 state general levy ~~rate~~ rates to each county auditor that shall be used in spreading taxes.

81.10 **EFFECTIVE DATE.** This section is effective for taxes payable in 2018 and thereafter.

81.11 Sec. 17. Minnesota Statutes 2016, section 275.025, is amended by adding a subdivision  
81.12 to read:

81.13 Subd. 5. **Underserved municipalities distribution.** (a) Any municipality that:

81.14 (1) lies wholly or partially within the metropolitan area as defined under section 473.121,  
81.15 subdivision 2, but outside the transit taxing district as defined under section 473.446,  
81.16 subdivision 2; and

81.17 (2) has a net fiscal disparities contribution equal to or greater than eight percent of its  
81.18 total taxable net tax capacity,

81.19 is eligible for a distribution from the proceeds of the state general levy imposed on taxpayers  
81.20 within the municipality.

81.21 (b) The distribution is equal to (1) the municipality's net tax capacity tax rate, times (2)  
81.22 the municipality's net fiscal disparities contribution in excess of eight percent of its total  
81.23 taxable net tax capacity; provided, however, that the distribution may not exceed the tax  
81.24 under this section imposed on taxpayers within the municipality. The amount of the  
81.25 distribution to each municipality must be determined by the commissioner of revenue and  
81.26 certified to each affected municipality and county by September 1 of the year in which taxes  
81.27 are payable.

81.28 (c) The distribution under this subdivision must be paid to the qualifying municipality  
81.29 by the treasurer of the home county of the municipality by December 1 of the year the taxes  
81.30 are payable. The amounts distributed under this subdivision must be deducted from the  
81.31 settlement of the state general levy for the taxes payable year under section 276.112.

81.32 (d) For purposes of this subdivision, the following terms have the meanings given.

82.1 (1) "Municipality" means a home rule or statutory city, or a town, except that in the case  
 82.2 of a city that lies only partially within the metropolitan area, municipality means the portion  
 82.3 of the city lying within the metropolitan area.

82.4 (2) "Net fiscal disparities contribution" means a municipality's fiscal disparities  
 82.5 contribution tax capacity minus its distribution net tax capacity.

82.6 (3) "Total taxable net tax capacity" means the total net tax capacity of all properties in  
 82.7 the municipality under section 273.13 minus (i) the net fiscal disparities contribution, and  
 82.8 (ii) the municipality's tax increment captured net tax capacity.

82.9 **EFFECTIVE DATE.** This section is effective for taxes payable in 2018 and thereafter.

82.10 Sec. 18. Minnesota Statutes 2016, section 275.065, subdivision 1, is amended to read:

82.11 Subdivision 1. **Proposed levy.** (a) Notwithstanding any law or charter to the contrary,  
 82.12 on or before September 30, each county ~~and each~~, home rule charter or statutory city, town,  
 82.13 and special taxing district, excluding the Metropolitan Council and the Metropolitan Mosquito  
 82.14 Control Commission, shall certify to the county auditor the proposed property tax levy for  
 82.15 taxes payable in the following year. For towns, the final certified levy shall also be considered  
 82.16 the proposed levy.

82.17 (b) Notwithstanding any law or charter to the contrary, on or before September 15, ~~each~~  
 82.18 ~~town and each special taxing district~~ the Metropolitan Council and the Metropolitan Mosquito  
 82.19 Control Commission shall adopt and certify to the county auditor a proposed property tax  
 82.20 levy for taxes payable in the following year. ~~For towns, the final certified levy shall also be~~  
 82.21 ~~considered the proposed levy.~~

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

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

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

83.1 (d) If the board of estimate and taxation or any similar board that establishes maximum  
 83.2 tax levies for taxing jurisdictions within a first class city certifies the maximum property  
 83.3 tax levies for funds under its jurisdiction by charter to the county auditor by the date specified  
 83.4 in paragraph (a), the city shall be deemed to have certified its levies for those taxing  
 83.5 jurisdictions.

83.6 (e) For purposes of this section, "special taxing district" means a special taxing district  
 83.7 as defined in section 275.066. Intermediate school districts that levy a tax under chapter  
 83.8 124 or 136D, joint powers boards established under sections 123A.44 to 123A.446, and  
 83.9 Common School Districts No. 323, Franconia, and No. 815, Prinsburg, are also special  
 83.10 taxing districts for purposes of this section.

83.11 (f) At the meeting at which a taxing authority, other than a town, adopts its proposed  
 83.12 tax levy under this subdivision, the taxing authority shall announce the time and place of  
 83.13 its subsequent regularly scheduled meetings at which the budget and levy will be discussed  
 83.14 and at which the public will be allowed to speak. The time and place of those meetings must  
 83.15 be included in the proceedings or summary of proceedings published in the official newspaper  
 83.16 of the taxing authority under section 123B.09, 375.12, or 412.191.

83.17 **EFFECTIVE DATE.** This section is effective beginning with proposed levy  
 83.18 certifications for taxes payable in 2018.

83.19 Sec. 19. Minnesota Statutes 2016, section 275.07, subdivision 1, is amended to read:

83.20 Subdivision 1. **Certification of levy.** (a) Except as provided under paragraph (b), the  
 83.21 taxes voted by cities, counties, school districts, and special districts shall be certified by the  
 83.22 proper authorities to the county auditor on or before five working days after December 20  
 83.23 in each year. A town must certify the levy adopted by the town board to the county auditor  
 83.24 by September ~~15~~ 30 each year. If the town board modifies the levy at a special town meeting  
 83.25 after September ~~15~~ 30, the town board must recertify its levy to the county auditor on or  
 83.26 before five working days after December 20. If a city, town, county, school district, or  
 83.27 special district fails to certify its levy by that date, its levy shall be the amount levied by it  
 83.28 for the preceding year.

83.29 (b)(i) The taxes voted by counties under sections 103B.241, 103B.245, and 103B.251  
 83.30 shall be separately certified by the county to the county auditor on or before five working  
 83.31 days after December 20 in each year. The taxes certified shall not be reduced by the county  
 83.32 auditor by the aid received under section 273.1398, subdivision 3. If a county fails to certify  
 83.33 its levy by that date, its levy shall be the amount levied by it for the preceding year.

84.1 (ii) For purposes of the proposed property tax notice under section 275.065 and the  
 84.2 property tax statement under section 276.04, for the first year in which the county implements  
 84.3 the provisions of this paragraph, the county auditor shall reduce the county's levy for the  
 84.4 preceding year to reflect any amount levied for water management purposes under clause  
 84.5 (i) included in the county's levy.

84.6 **EFFECTIVE DATE.** This section is effective beginning with proposed levy  
 84.7 certifications for taxes payable in 2018.

84.8 Sec. 20. Minnesota Statutes 2016, section 276.017, subdivision 3, is amended to read:

84.9 Subd. 3. ~~United States Postal Service postmark~~ **Proof of timely payment.** The  
 84.10 postmark or registration mark of the United States Postal Service qualifies as proof of timely  
 84.11 mailing ~~for this section. If the payment is sent by United States registered mail, the date of~~  
 84.12 ~~registration is the postmark date. If the payment is sent by United States certified mail, the~~  
 84.13 ~~date of the United States Postal Service postmark on the receipt given to the person presenting~~  
 84.14 ~~the payment for delivery is the date of mailing.~~ Mailing, or the time of mailing, may also  
 84.15 be established by a delivery service's records or other available evidence except that. The  
 84.16 postmark of a private postage meter or an electronic stamp purchased online may not be  
 84.17 used as proof of a timely mailing made under this section.

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

84.19 Sec. 21. Minnesota Statutes 2016, section 279.01, subdivision 1, is amended to read:

84.20 Subdivision 1. **Due dates; penalties.** ~~Except as provided in subdivisions 3 to 5, on May~~  
 84.21 ~~16 or 21 days after the postmark date on the envelope containing the property tax statement,~~  
 84.22 ~~whichever is later, a penalty accrues and thereafter is charged upon all unpaid taxes on real~~  
 84.23 ~~estate on the current lists in the hands of the county treasurer. The (a) When the taxes against~~  
 84.24 any tract or lot exceed \$100, one-half of the amount of tax due must be paid prior to May  
 84.25 16, and the remaining one-half must be paid prior to the following October 16. If either tax  
 84.26 amount is unpaid as of its due date, a penalty is imposed at a rate of two percent on homestead  
 84.27 property ~~until May 31~~ and four percent on nonhomestead property. If complete payment  
 84.28 has not been made by the first day of the month following either due date, an additional  
 84.29 penalty of two percent on June 1. The penalty on nonhomestead property is at a rate of four  
 84.30 percent until May 31 homestead property and eight four percent on June 1. This penalty  
 84.31 ~~does not accrue until June 1 of each year, or 21 days after the postmark date on the envelope~~  
 84.32 ~~containing the property tax statements, whichever is later, on commercial use real property~~  
 84.33 ~~used for seasonal residential recreational purposes and classified as class 1e or 4e, and on~~

85.1 ~~other commercial use real property classified as class 3a, provided that over 60 percent of~~  
85.2 ~~the gross income earned by the enterprise on the class 3a property is earned during the~~  
85.3 ~~months of May, June, July, and August. In order for the first half of the tax due on class 3a~~  
85.4 ~~property to be paid after May 15 and before June 1, or 21 days after the postmark date on~~  
85.5 ~~the envelope containing the property tax statement, whichever is later, without penalty, the~~  
85.6 ~~owner of the property must attach an affidavit to the payment attesting to compliance with~~  
85.7 ~~the income provision of this subdivision nonhomestead property is imposed. Thereafter,~~  
85.8 ~~for both homestead and nonhomestead property, on the first day of each subsequent month~~  
85.9 ~~beginning July 1, up to and including October 1 following through December, an additional~~  
85.10 ~~penalty of one percent for each month accrues and is charged on all such unpaid taxes~~  
85.11 ~~provided that if the due date was extended beyond May 15 as the result of any delay in~~  
85.12 ~~mailing property tax statements no additional penalty shall accrue if the tax is paid by the~~  
85.13 ~~extended due date. If the tax is not paid by the extended due date, then all penalties that~~  
85.14 ~~would have accrued if the due date had been May 15 shall be charged. When the taxes~~  
85.15 ~~against any tract or lot exceed \$100, one-half thereof may be paid prior to May 16 or 21~~  
85.16 ~~days after the postmark date on the envelope containing the property tax statement, whichever~~  
85.17 ~~is later; and, if so paid, no penalty attaches; the remaining one-half may be paid at any time~~  
85.18 ~~prior to October 16 following, without penalty; but, if not so paid, then a penalty of two~~  
85.19 ~~percent accrues thereon for homestead property and a penalty of four percent on~~  
85.20 ~~nonhomestead property. Thereafter, for homestead property, on the first day of November~~  
85.21 ~~an additional penalty of four percent accrues and on the first day of December following,~~  
85.22 ~~an additional penalty of two percent accrues and is charged on all such unpaid taxes.~~  
85.23 ~~Thereafter, for nonhomestead property, on the first day of November and December~~  
85.24 ~~following, an additional penalty of four percent for each month accrues and is charged on~~  
85.25 ~~all such unpaid taxes. If one-half of such taxes are not paid prior to May 16 or 21 days after~~  
85.26 ~~the postmark date on the envelope containing the property tax statement, whichever is later,~~  
85.27 ~~the same may be paid at any time prior to October 16, with accrued penalties to the date of~~  
85.28 ~~payment added, and thereupon no penalty attaches to the remaining one-half until October~~  
85.29 ~~16 following the penalty must not exceed eight percent in the case of homestead property,~~  
85.30 ~~or 12 percent in the case of nonhomestead property.~~

85.31 (b) If the property tax statement was not postmarked prior to April 25, the first half  
85.32 payment due date in paragraph (a) shall be 21 days from the postmark date of the property  
85.33 tax statement, and all penalties referenced in paragraph (a) shall be determined with regard  
85.34 to the later due date.

86.1 (c) In the case of a tract or lot with taxes of \$100 or less, the due date and penalties as  
86.2 specified in paragraph (a) or (b) for the first half payment shall apply to the entire amount  
86.3 of the tax due.

86.4 (d) For commercial use real property used for seasonal residential recreational purposes  
86.5 and classified as class 1c or 4c, and on other commercial use real property classified as class  
86.6 3a, provided that over 60 percent of the gross income earned by the enterprise on the class  
86.7 3a property is earned during the months of May, June, July, and August, the first half  
86.8 payment is due prior to June 1. For a class 3a property to qualify for the later due date, the  
86.9 owner of the property must attach an affidavit to the payment attesting to compliance with  
86.10 the income requirements of this paragraph.

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

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

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

86.23 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2018.

86.24 Sec. 22. Minnesota Statutes 2016, section 279.01, subdivision 2, is amended to read:

86.25 Subd. 2. **Abatement of penalty.** (a) The county board may, with the concurrence of the  
86.26 county treasurer, delegate to the county treasurer the power to abate the penalty provided  
86.27 for late payment of taxes in the current year. Notwithstanding section 270C.86, if any county  
86.28 board so elects, the county treasurer may abate the penalty on finding that the imposition  
86.29 of the penalty would be unjust and unreasonable.

86.30 (b) The county treasurer shall abate the penalty provided for late payment of taxes in  
86.31 the current year if the property tax payment is delivered by mail to the county treasurer and  
86.32 the envelope containing the payment is postmarked by the United States Postal Service  
86.33 within one business day of the due date prescribed under this section, but only if the property

87.1 owner requesting the abatement has not previously received an abatement of penalty for  
 87.2 late payment of tax under this paragraph. If the envelope containing the payment does not  
 87.3 contain a postmark of the United States Postal Service, or the postmark is illegible, proof  
 87.4 of mailing within one business day of the due date may be provided by affidavit of the  
 87.5 property owner requesting the abatement.

87.6 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2018 and  
 87.7 thereafter.

87.8 Sec. 23. Minnesota Statutes 2016, section 279.01, subdivision 3, is amended to read:

87.9 Subd. 3. **Agricultural property.** ~~(a)~~ In the case of class 1b agricultural homestead, class  
 87.10 2a agricultural homestead property, ~~and class 2a agricultural nonhomestead property, and~~  
 87.11 class 2b rural vacant land that is part of an agricultural homestead, no penalties shall attach  
 87.12 to the second one-half property tax payment as provided in this section if paid by November  
 87.13 15. ~~Thereafter for class 1b agricultural homestead and class 2a homestead property, on~~  
 87.14 ~~November 16 following, a penalty of six percent shall accrue and be charged on all such~~  
 87.15 ~~unpaid taxes and on December 1 following, an additional two percent shall be charged on~~  
 87.16 ~~all such unpaid taxes. Thereafter for class 2a agricultural nonhomestead property, on~~  
 87.17 ~~November 16 following, a penalty of eight percent shall accrue and be charged on all such~~  
 87.18 ~~unpaid taxes and on December 1 following, an additional four percent shall be charged on~~  
 87.19 ~~all such unpaid taxes, penalties shall attach as provided in subdivision 1.~~

87.20 If the owner of class 1b agricultural homestead or class 2a agricultural property receives  
 87.21 a consolidated property tax statement that shows only an aggregate of the taxes and special  
 87.22 assessments due on that property and on other property not classified as class 1b agricultural  
 87.23 homestead or class 2a agricultural property, the aggregate tax and special assessments shown  
 87.24 due on the property by the consolidated statement will be due on November 15.

87.25 ~~(b) Notwithstanding paragraph (a), for taxes payable in 2010 and 2011, for any class 2b~~  
 87.26 ~~property that was subject to a second-half due date of November 15 for taxes payable in~~  
 87.27 ~~2009, the county shall not impose, or if imposed, shall abate penalty amounts in excess of~~  
 87.28 ~~those that would apply as if the second-half due date were November 15.~~

87.29 **EFFECTIVE DATE.** (a) Except as provided in paragraph (b), this section is effective  
 87.30 beginning with taxes payable in 2018.

87.31 (b) The provisions in this section applicable to class 2b rural vacant land are effective  
 87.32 beginning with taxes payable in 2019.

88.1 Sec. 24. Minnesota Statutes 2016, section 279.37, is amended by adding a subdivision to  
88.2 read:

88.3 Subd. 1b. **Conditions.** The county auditor may offer on a voluntary basis financial  
88.4 literacy counseling as part of entering into a confession of judgment. The county auditor  
88.5 may fund the financial literacy counseling using the fee in subdivision 8. The counseling  
88.6 shall not be at taxpayer expense.

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

88.8 Sec. 25. Minnesota Statutes 2016, section 281.17, is amended to read:

88.9 **281.17 PERIOD FOR OF REDEMPTION.**

88.10 (a) Except for properties described in paragraphs (b) and (c), or properties for which the  
88.11 period of redemption has been limited under sections 281.173 and 281.174, the following  
88.12 periods for period of redemption apply.

88.13 ~~The period of redemption for all lands sold to the state at a tax judgment sale shall be~~  
88.14 ~~three years from the date of sale to the state of Minnesota.~~

88.15 ~~The period of redemption for homesteaded lands as defined in section 273.13, subdivision~~  
88.16 ~~22, located in a targeted neighborhood as defined in Laws 1987, chapter 386, article 6,~~  
88.17 ~~section 4, and sold to the state at a tax judgment sale is three years from the date of sale.~~

88.18 (b) The period of redemption for all lands located in a targeted neighborhood community  
88.19 as defined in Laws 1987, chapter 386, article 6, section 4 section 469.201, subdivision 10,  
88.20 except homesteaded lands as defined in section 273.13, subdivision 22, is one year from  
88.21 the date of sale.

88.22 (c) The period of redemption for all real property constituting a mixed municipal solid  
88.23 waste disposal facility that is a qualified facility under section 115B.39, subdivision 1, is  
88.24 one year from the date of the sale to the state of Minnesota.

88.25 (d) In determining the period of redemption, the county must use the property's  
88.26 classification and homestead classification for the assessment year on which the tax judgment  
88.27 is based. Any change in the property's classification or homestead classification after the  
88.28 assessment year on which the tax judgment is based does not affect the period of redemption.

88.29 **EFFECTIVE DATE.** This section is effective for tax judgment sales occurring after  
88.30 January 1, 2018.



89.1 Sec. 26. Minnesota Statutes 2016, section 281.173, subdivision 2, is amended to read:

89.2 Subd. 2. **Summons and complaint.** Any city, county, housing and redevelopment  
89.3 authority, port authority, or economic development authority, in which the premises are  
89.4 located may commence an action in district court to reduce the period otherwise allowed  
89.5 for redemption under this chapter. The action must be commenced by the filing of a  
89.6 complaint, naming as defendants the record fee owners or the owner's personal representative,  
89.7 or the owner's heirs as determined by a court of competent jurisdiction, contract for deed  
89.8 purchasers, mortgagees, assigns of any of the above, the taxpayers as shown on the records  
89.9 of the county auditor, the Internal Revenue Service of the United States and the Revenue  
89.10 Department of the state of Minnesota if tax liens against the owners or contract for deed  
89.11 purchasers have been recorded or filed; and any other person the plaintiff determines should  
89.12 be made a party. The action shall be filed in district court for the county in which the premises  
89.13 are located. The complaint must identify the premises by legal description. The complaint  
89.14 must allege (1) that the premises are abandoned, (2) that the tax judgment sale pursuant to  
89.15 section 280.01 has been made, and (3) notice of expiration of the time for redemption has  
89.16 not been given.

89.17 The complaint must request an order reducing the redemption period to five weeks.  
89.18 When the complaint has been filed, the court shall issue a summons commanding the person  
89.19 or persons named in the complaint to appear before the court on a day and at a place stated  
89.20 in the summons. The appearance date shall be not less than 15 nor more than 25 days from  
89.21 the date of the issuing of the summons. A copy of the filed complaint must be attached to  
89.22 the summons.

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

89.24 Sec. 27. Minnesota Statutes 2016, section 281.174, subdivision 3, is amended to read:

89.25 Subd. 3. **Summons and complaint.** Any city, county, housing and redevelopment  
89.26 authority, port authority, or economic development authority in which the property is located  
89.27 may commence an action in district court to reduce the period otherwise allowed for  
89.28 redemption under this chapter from the date of the requested order. The action must be  
89.29 commenced by the filing of a complaint, naming as defendants the record fee owners or the  
89.30 owner's personal representative, or the owner's heirs as determined by a court of competent  
89.31 jurisdiction, contract for deed purchasers, mortgagees, assigns of any of the above, the  
89.32 taxpayers as shown on the records of the county auditor, the Internal Revenue Service of  
89.33 the United States and the revenue department of the state of Minnesota if tax liens against  
89.34 the owners or contract for deed purchasers have been recorded or filed, and any other person

90.1 the plaintiff determines should be made a party. The action shall be filed in district court  
90.2 for the county in which the property is located. The complaint must identify the property  
90.3 by legal description. The complaint must allege (1) that the property is vacant, (2) that the  
90.4 tax judgment sale under section 280.01 has been made, and (3) notice of expiration of the  
90.5 time for redemption has not been given.

90.6 The complaint must request an order reducing the redemption period to five weeks.  
90.7 When the complaint has been filed, the court shall issue a summons commanding the person  
90.8 or persons named in the complaint to appear before the court on a day and at a place stated  
90.9 in the summons. The appearance date shall be not less than 15 nor more than 25 days from  
90.10 the date of the issuing of the summons, except that, when the United States of America is  
90.11 a party, the date shall be set in accordance with applicable federal law. A copy of the filed  
90.12 complaint must be attached to the summons.

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

90.14 Sec. 28. **[281.231] MAINTENANCE; EXPENDITURE OF PUBLIC FUNDS.**

90.15 If the county auditor provides notice as required by section 281.23, the state, agency,  
90.16 political subdivision, or other entity that becomes the fee owner or manager of a property  
90.17 as a result of forfeiture due to nonpayment of real property taxes is not required to expend  
90.18 public funds to maintain any servitude, agreement, easement, or other encumbrance affecting  
90.19 the property. The fee owner or manager of a property may, at its discretion, spend public  
90.20 funds necessary for the maintenance, security, or management of the property.

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

90.22 Sec. 29. **[281.70] LIMITED RIGHT OF ENTRY.**

90.23 Subdivision 1. **Limited right of entry.** If premises described in a real estate tax judgment  
90.24 sale are vacant or unoccupied, the county auditor or a person acting on behalf of the county  
90.25 auditor may, but is not obligated to, enter the premises to protect the premises from waste  
90.26 or trespass until the county auditor is notified that the premises are occupied. An affidavit  
90.27 of the sheriff, the county auditor, or a person acting on behalf of the county auditor describing  
90.28 the premises and stating that the premises are vacant and unoccupied is prima facie evidence  
90.29 of the facts stated in the affidavit. If the affidavit contains a legal description of the premises,  
90.30 the affidavit may be recorded in the office of the county recorder or the registrar of titles in  
90.31 the county where the premises are located.

91.1 Subd. 2. **Authorized actions.** (a) The county auditor may take one or more of the  
 91.2 following actions to protect the premises from waste or trespass:

91.3 (1) install or change locks on doors and windows;

91.4 (2) board windows; and

91.5 (3) other actions to prevent or minimize damage to the premises from the elements,  
 91.6 vandalism, trespass, or other illegal activities.

91.7 (b) If the county auditor installs or changes locks on premises under paragraph (a), the  
 91.8 county auditor must promptly deliver a key to the premises to the taxpayer or any person  
 91.9 lawfully claiming a right of occupancy upon request.

91.10 Subd. 3. **Costs.** Costs incurred by the county auditor in protecting the premises from  
 91.11 waste or trespass under this section may be added to the delinquent taxes due. The costs  
 91.12 may bear interest to the extent provided, and interest may be added to the delinquent taxes  
 91.13 due.

91.14 Subd. 4. **Scope.** The actions authorized under this section are in addition to, and do not  
 91.15 limit or replace, any other rights or remedies available to the county auditor under Minnesota  
 91.16 law.

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

91.18 Sec. 30. Minnesota Statutes 2016, section 282.01, subdivision 4, is amended to read:

91.19 Subd. 4. **Sale; method; requirements; effects.** (a) The sale authorized under  
 91.20 subdivision 3 must be conducted by the county auditor at the county seat of the county in  
 91.21 which the parcels lie, except that in St. Louis and Koochiching Counties, the sale may be  
 91.22 conducted in any county facility within the county. The sale must not be for less than the  
 91.23 appraised value except as provided in subdivision 7a. The parcels must be sold for cash  
 91.24 only, unless the county board of the county has adopted a resolution providing for their sale  
 91.25 on terms, in which event the resolution controls with respect to the sale. When the sale is  
 91.26 made on terms other than for cash only (1) a payment of at least ten percent of the purchase  
 91.27 price must be made at the time of purchase, and the balance must be paid in no more than  
 91.28 ten equal annual installments, or (2) the payments must be made in accordance with county  
 91.29 board policy, but in no event may the board require more than 12 installments annually,  
 91.30 and the contract term must not be for more than ten years. Standing timber or timber products  
 91.31 must not be removed from these lands until an amount equal to the appraised value of all  
 91.32 standing timber or timber products on the lands at the time of purchase has been paid by  
 91.33 the purchaser. If a parcel of land bearing standing timber or timber products is sold at public

92.1 auction for more than the appraised value, the amount bid in excess of the appraised value  
92.2 must be allocated between the land and the timber in proportion to their respective appraised  
92.3 values. In that case, standing timber or timber products must not be removed from the land  
92.4 until the amount of the excess bid allocated to timber or timber products has been paid in  
92.5 addition to the appraised value of the land. The purchaser is entitled to immediate possession,  
92.6 subject to the provisions of any existing valid lease made in behalf of the state.

92.7 (b) For sales occurring on or after July 1, 1982, the unpaid balance of the purchase price  
92.8 is subject to interest at the rate determined pursuant to section 549.09. The unpaid balance  
92.9 of the purchase price for sales occurring after December 31, 1990, is subject to interest at  
92.10 the rate determined in section 279.03, subdivision 1a. The interest rate is subject to change  
92.11 each year on the unpaid balance in the manner provided for rate changes in section 549.09  
92.12 or 279.03, subdivision 1a, whichever, is applicable. Interest on the unpaid contract balance  
92.13 on sales occurring before July 1, 1982, is payable at the rate applicable to the sale at the  
92.14 time that the sale occurred.

92.15 (c) Notwithstanding subdivision 7, a county board may by resolution provide for the  
92.16 listing and sale of individual parcels by other means, including through a real estate broker.  
92.17 However, if the buyer under this paragraph could have repurchased a parcel of property  
92.18 under section 282.012 or 282.241, that buyer may not purchase that same parcel of property  
92.19 at the sale under this subdivision for a purchase price less than the sum of all taxes,  
92.20 assessments, penalties, interest, and costs due at the time of forfeiture computed under  
92.21 section 282.251, and any special assessments for improvements certified as of the date of  
92.22 sale. This subdivision shall be liberally construed to encourage the sale and utilization of  
92.23 tax-forfeited land in order to eliminate nuisances and dangerous conditions and to increase  
92.24 compliance with land use ordinances.

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

92.26 Sec. 31. Minnesota Statutes 2016, section 282.01, is amended by adding a subdivision to  
92.27 read:

92.28 Subd. 13. **Online auction.** A county board, or a county auditor if the auditor has been  
92.29 delegated such authority under section 282.135, may sell tax-forfeited lands through an  
92.30 online auction. When an online auction is used to sell tax-forfeited lands, the county auditor  
92.31 shall post a physical notice of the online auction and shall publish a notice of the online  
92.32 auction on its Web site not less than ten days before the online auction begins, in addition  
92.33 to any other notice required.

93.1 **EFFECTIVE DATE.** This section is effective for sales of tax-forfeited property that  
 93.2 occur on or after August 1, 2017.

93.3 Sec. 32. Minnesota Statutes 2016, section 282.016, is amended to read:

93.4 **282.016 PROHIBITED PURCHASERS.**

93.5 (a) A county auditor, county treasurer, county attorney, court administrator of the district  
 93.6 court, county assessor, supervisor of assessments, deputy or clerk or an employee of such  
 93.7 officer, a commissioner for tax-forfeited lands or an assistant to such commissioner, must  
 93.8 not become a purchaser, either personally or as an agent or attorney for another person, of  
 93.9 the properties offered for sale under the provisions of this chapter in the county for which  
 93.10 the person performs duties. ~~A person prohibited from purchasing property under this section  
 93.11 must not directly or indirectly have another person purchase it on behalf of the prohibited  
 93.12 purchaser for the prohibited purchaser's benefit or gain.~~

93.13 (b) Notwithstanding paragraph (a), such officer, deputy, clerk, or employee or  
 93.14 commissioner for tax-forfeited lands or assistant to such commissioner may (1) purchase  
 93.15 lands owned by that official at the time the state became the absolute owner thereof or (2)  
 93.16 bid upon and purchase forfeited property offered for sale under the alternate sale procedure  
 93.17 described in section 282.01, subdivision 7a.

93.18 (c) In addition to the persons identified in paragraph (a), a county auditor may prohibit  
 93.19 other persons and entities from becoming a purchaser, either personally or as an agent or  
 93.20 attorney for another person or entity, of the properties offered for sale under this chapter in  
 93.21 the following circumstances: (1) the person or entity owns another property within the  
 93.22 county for which there are delinquent taxes owing; (2) the person or entity has held a rental  
 93.23 license in the county and the license has been revoked within the last five years; or (3) the  
 93.24 person or entity has been the vendee of a contract for purchase of a property offered for sale  
 93.25 under this chapter, which contract has been canceled within the last five years.

93.26 (d) A person prohibited from purchasing property under this section must not directly  
 93.27 or indirectly have another person purchase it on behalf of the prohibited purchaser for the  
 93.28 prohibited purchaser's benefit or gain.

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

93.30 Sec. 33. Minnesota Statutes 2016, section 282.018, subdivision 1, is amended to read:

93.31 Subdivision 1. **Land on or adjacent to public waters.** (a) All land which is the property  
 93.32 of the state as a result of forfeiture to the state for nonpayment of taxes, regardless of whether

94.1 the land is held in trust for taxing districts, and which borders on or is adjacent to meandered  
94.2 lakes and other public waters and watercourses, and the live timber growing or being thereon,  
94.3 is hereby withdrawn from sale except as hereinafter provided. The authority having  
94.4 jurisdiction over the timber on any such lands may sell the timber as otherwise provided by  
94.5 law for cutting and removal under such conditions as the authority may prescribe in  
94.6 accordance with approved, sustained yield forestry practices. The authority having jurisdiction  
94.7 over the timber shall reserve such timber and impose such conditions as the authority deems  
94.8 necessary for the protection of watersheds, wildlife habitat, shorelines, and scenic features.  
94.9 Within the area in Cook, Lake, and St. Louis counties described in the Act of Congress  
94.10 approved July 10, 1930 (46 Stat. 1020), the timber on tax-forfeited lands shall be subject  
94.11 to like restrictions as are now imposed by that act on federal lands.

94.12 (b) Of all tax-forfeited land bordering on or adjacent to meandered lakes and other public  
94.13 waters and watercourses and so withdrawn from sale, a strip two rods in width, the ordinary  
94.14 high-water mark being the waterside boundary thereof, and the land side boundary thereof  
94.15 being a line drawn parallel to the ordinary high-water mark and two rods distant landward  
94.16 therefrom, hereby is reserved for public travel thereon, and whatever the conformation of  
94.17 the shore line or conditions require, the authority having jurisdiction over such lands shall  
94.18 reserve a wider strip for such purposes.

94.19 (c) Any tract or parcel of land which has 150 feet or less of waterfront may be sold by  
94.20 the authority having jurisdiction over the land, in the manner otherwise provided by law  
94.21 for the sale of such lands, if the authority determines that it is in the public interest to do  
94.22 so. If the authority having jurisdiction over the land is not the commissioner of natural  
94.23 resources, the land may not be offered for sale without the prior approval of the commissioner  
94.24 of natural resources.

94.25 (d) Where the authority having jurisdiction over lands withdrawn from sale under this  
94.26 section is not the commissioner of natural resources, the authority may submit proposals  
94.27 for disposition of the lands to the commissioner. The commissioner of natural resources  
94.28 shall evaluate the lands and their public benefits and make recommendations on the proposed  
94.29 dispositions to the committees of the legislature with jurisdiction over natural resources.  
94.30 The commissioner shall include any recommendations of the commissioner for disposition  
94.31 of lands withdrawn from sale under this section over which the commissioner has jurisdiction.  
94.32 The commissioner's recommendations may include a public sale, sale to a private party,  
94.33 acquisition by the Department of Natural Resources for public purposes, or a cooperative  
94.34 management agreement with, or transfer to, another unit of government.

95.1 (e) Notwithstanding this subdivision, a county may sell property governed by this section  
 95.2 upon written authorization from the commissioner of natural resources. Prior to the sale or  
 95.3 conveyance of lands under this subdivision, the county board must give notice of its intent  
 95.4 to meet for that purpose as provided in section 282.01, subdivision 1.

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

95.6 Sec. 34. Minnesota Statutes 2016, section 282.02, is amended to read:

95.7 **282.02 LIST OF LANDS FOR SALE; NOTICE; ONLINE AUCTIONS**  
 95.8 **PERMITTED.**

95.9 (a) Immediately after classification and appraisal of the land, and after approval by the  
 95.10 commissioner of natural resources when required pursuant to section 282.01, subdivision  
 95.11 3, the county board shall provide and file with the county auditor a list of parcels of land to  
 95.12 be offered for sale. This list shall contain a description of the parcels of land and the appraised  
 95.13 value thereof. The auditor shall publish a notice of the intended public sale of such parcels  
 95.14 of land and a copy of the resolution of the county board fixing the terms of the sale, if other  
 95.15 than for cash only, by publication once a week for two weeks in the official newspaper of  
 95.16 the county, the last publication to be not less than ten days previous to the commencement  
 95.17 of the sale.

95.18 (b) The notice shall include the parcel's description and appraised value. The notice shall  
 95.19 also indicate the amount of any special assessments which may be the subject of a  
 95.20 reassessment or new assessment or which may result in the imposition of a fee or charge  
 95.21 pursuant to sections 429.071, subdivision 4, 435.23, and 444.076. The county auditor shall  
 95.22 also mail notice to the owners of land adjoining the parcel to be sold. For purposes of this  
 95.23 section, "owner" means the taxpayer as listed in the records of the county auditor.

95.24 (c) If the county board of ~~St. Louis or Koochiing Counties~~ determines that the sale  
 95.25 shall take place in a county facility other than the courthouse, the notice shall specify the  
 95.26 facility and its location. If the county board determines that the sale shall take place as an  
 95.27 online auction under section 282.01, subdivision 13, the notice shall specify the auction  
 95.28 Web site and the date of the auction.

95.29 **EFFECTIVE DATE.** This section is effective for sales of tax-forfeited property that  
 95.30 occur on or after August 1, 2017.

96.1 Sec. 35. Minnesota Statutes 2016, section 282.04, subdivision 2, is amended to read:

96.2 Subd. 2. **Rights before sale; improvements, insurance, demolition.** (a) Before the  
96.3 sale of a parcel of forfeited land the county auditor may, with the approval of the county  
96.4 board of commissioners, provide for the repair and improvement of any building or structure  
96.5 located upon the parcel, and may provide for maintenance of tax-forfeited lands, if it is  
96.6 determined by the county board that such repairs, improvements, or maintenance are  
96.7 necessary for the operation, use, preservation, and safety of the building or structure.

96.8 (b) If so authorized by the county board, the county auditor may insure the building or  
96.9 structure against loss or damage resulting from fire or windstorm, may purchase workers'  
96.10 compensation insurance to insure the county against claims for injury to the persons employed  
96.11 in the building or structure by the county, and may insure the county, its officers and  
96.12 employees against claims for injuries to persons or property because of the management,  
96.13 use, or operation of the building or structure.

96.14 (c) The county auditor may, with the approval of the county board, provide:

96.15 (1) for the demolition of the building or structure, which has been determined by the  
96.16 county board to be especially liable to fire or so situated as to endanger life or limb or other  
96.17 buildings or property in the vicinity because of age, dilapidated condition, defective chimney,  
96.18 defective electric wiring, any gas connection, heating apparatus, or other defect; and

96.19 (2) for the sale of salvaged materials from the building or structure.

96.20 (d) Notwithstanding any law to the contrary, the county auditor, with the approval of  
96.21 the county board, may provide for the sale of ~~abandoned personal property.~~ The or disposal  
96.22 of personal property remaining after the certificate under section 281.23, subdivision 9, has  
96.23 been recorded. The county auditor must make reasonable efforts to provide at least 28 days'  
96.24 notice of the sale or disposal to the former owner, taxpayer, and any occupants at the time  
96.25 of forfeiture. A sale may be made by the sheriff using the procedures for the sale of  
96.26 abandoned property in section 345.15 or by the county auditor using the procedures for the  
96.27 sale of abandoned property in section 504B.271 a sale procedure approved by the county  
96.28 board. A county may contract with a third party to assist with removal, disposal, or sale of  
96.29 personal property. The net proceeds from any sale of the personal property, salvaged  
96.30 materials, timber or other products, or leases made under this law must be deposited in the  
96.31 forfeited tax sale fund and must be distributed in the same manner as if the parcel had been  
96.32 sold.

96.33 (e) The county auditor, with the approval of the county board, may provide for the  
96.34 demolition of any structure on tax-forfeited lands, if in the opinion of the county board, the



97.1 county auditor, and the land commissioner, if there is one, the sale of the land with the  
 97.2 structure on it, or the continued existence of the structure by reason of age, dilapidated  
 97.3 condition or excessive size as compared with nearby structures, will result in a material  
 97.4 lessening of net tax capacities of real estate in the vicinity of the tax-forfeited lands, or if  
 97.5 the demolition of the structure or structures will aid in disposing of the tax-forfeited property.

97.6 (f) Before the sale of a parcel of forfeited land located in an urban area, the county auditor  
 97.7 may with the approval of the county board provide for the grading of the land by filling or  
 97.8 the removal of any surplus material from it. If the physical condition of forfeited lands is  
 97.9 such that a reasonable grading of the lands is necessary for the protection and preservation  
 97.10 of the property of any adjoining owner, the adjoining property owner or owners may apply  
 97.11 to the county board to have the grading done. If, after considering the application, the county  
 97.12 board believes that the grading will enhance the value of the forfeited lands commensurate  
 97.13 with the cost involved, it may approve it, and the work must be performed under the  
 97.14 supervision of the county or city engineer, as the case may be, and the expense paid from  
 97.15 the forfeited tax sale fund.

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

97.17 Sec. 36. Minnesota Statutes 2016, section 282.241, subdivision 1, is amended to read:

97.18 Subdivision 1. **Repurchase requirements.** The owner at the time of forfeiture, or the  
 97.19 owner's heirs, devisees, or representatives, or any person to whom the right to pay taxes  
 97.20 was given by statute, mortgage, or other agreement, may repurchase any parcel of land  
 97.21 claimed by the state to be forfeited to the state for taxes unless before the time repurchase  
 97.22 is made the parcel is sold under installment payments, or otherwise, by the state as provided  
 97.23 by law, or is under mineral prospecting permit or lease, or proceedings have been commenced  
 97.24 by the state or any of its political subdivisions or by the United States to condemn the parcel  
 97.25 of land. The parcel of land may be repurchased for the sum of all delinquent taxes and  
 97.26 assessments computed under section 282.251, together with penalties, interest, and costs,  
 97.27 that accrued or would have accrued if the parcel of land had not forfeited to the state. Except  
 97.28 for property which was homesteaded on the date of forfeiture, repurchase is permitted during  
 97.29 ~~one year~~ six months only from the date of forfeiture, and in any case only after the adoption  
 97.30 of a resolution by the board of county commissioners determining that by repurchase undue  
 97.31 hardship or injustice resulting from the forfeiture will be corrected, or that permitting the  
 97.32 repurchase will promote the use of the lands that will best serve the public interest. If the  
 97.33 county board has good cause to believe that a repurchase installment payment plan for a  
 97.34 particular parcel is unnecessary and not in the public interest, the county board may require

98.1 as a condition of repurchase that the entire repurchase price be paid at the time of repurchase.  
 98.2 A repurchase is subject to any easement, lease, or other encumbrance granted by the state  
 98.3 before the repurchase, and if the land is located within a restricted area established by any  
 98.4 county under Laws 1939, chapter 340, the repurchase must not be permitted unless the  
 98.5 resolution approving the repurchase is adopted by the unanimous vote of the board of county  
 98.6 commissioners.

98.7 The person seeking to repurchase under this section shall pay all maintenance costs  
 98.8 incurred by the county auditor during the time the property was tax-forfeited.

98.9 **EFFECTIVE DATE.** This section is effective January 1, 2018.

98.10 Sec. 37. Minnesota Statutes 2016, section 282.322, is amended to read:

98.11 **282.322 FORFEITED LANDS LIST.**

98.12 The county board of any county may file a list of forfeited lands with the county auditor,  
 98.13 if the board is of the opinion that such lands may be acquired by the state or any municipal  
 98.14 subdivision ~~thereof~~ of the state for public purposes. Upon the filing of ~~such~~ the list of  
 98.15 forfeited lands, the county auditor shall withhold said lands from repurchase. If no proceeding  
 98.16 ~~shall be~~ is started to acquire such lands by the state or some municipal subdivision ~~thereof~~  
 98.17 of the state within one year after the filing of ~~such~~ the list of forfeited lands, the county  
 98.18 board shall withdraw ~~said~~ the list and thereafter, if the property was classified as  
 98.19 nonhomestead at the time of forfeiture, the owner shall have ~~one year~~ not more than six  
 98.20 months in which to repurchase.

98.21 **EFFECTIVE DATE.** This section is effective January 1, 2018.

98.22 Sec. 38. Minnesota Statutes 2016, section 473H.09, is amended to read:

98.23 **473H.09 EARLY TERMINATION.**

98.24 Subdivision 1. Public emergency. Termination of an agricultural preserve earlier than  
 98.25 a date derived through application of section 473H.08 may be permitted ~~only~~ in the event  
 98.26 of a public emergency upon petition from the owner or authority to the governor. The  
 98.27 determination of a public emergency shall be by the governor through executive order  
 98.28 pursuant to sections 4.035 and 12.01 to 12.46. The executive order shall identify the preserve,  
 98.29 the reasons requiring the action and the date of termination.

98.30 Subd. 2. Death of owner. (a) Within 365 days of the death of an owner, an owner's  
 98.31 spouse, or other qualifying person, the surviving owner may elect to terminate the agricultural  
 98.32 preserve and the covenant allowing the land to be enrolled as an agricultural preserve by

99.1 notifying the authority on a form provided by the commissioner of agriculture. Termination  
99.2 of a covenant under this subdivision must be executed and acknowledged in the manner  
99.3 required by law to execute and acknowledge a deed.

99.4 (b) For purposes of this subdivision, the following definitions apply:

99.5 (1) "qualifying person" includes a partner, shareholder, trustee for a trust that the decedent  
99.6 was the settlor or a beneficiary of, or member of an entity permitted to own agricultural  
99.7 land and engage in farming under section 500.24 that owned the agricultural preserve; and

99.8 (2) "surviving owner" includes the executor of the estate of the decedent, trustee for a  
99.9 trust that the decedent was the settlor or a beneficiary of, or an entity permitted to own farm  
99.10 land under section 500.24 of which the decedent was a partner, shareholder, or member.

99.11 (c) When an agricultural preserve is terminated under this subdivision, the property is  
99.12 subject to additional taxes in an amount equal to 50 percent of the taxes actually levied  
99.13 against the property for the current taxes payable year. The additional taxes are extended  
99.14 against the property on the tax list for taxes payable in the current year. The additional taxes  
99.15 must be distributed among the jurisdictions levying taxes on the property in proportion to  
99.16 the current year's taxes.

99.17 **EFFECTIVE DATE.** This section is effective July 1, 2017.

99.18 Sec. 39. Minnesota Statutes 2016, section 473H.17, subdivision 1a, is amended to read:

99.19 Subd. 1a. **Allowed commercial and industrial operations.** (a) Commercial and industrial  
99.20 operations are not allowed on land within an agricultural preserve except:

99.21 (1) small on-farm commercial or industrial operations normally associated with and  
99.22 important to farming in the agricultural preserve area;

99.23 (2) storage use of existing farm buildings that does not disrupt the integrity of the  
99.24 agricultural preserve; ~~and~~

99.25 (3) small commercial use of existing farm buildings for trades not disruptive to the  
99.26 integrity of the agricultural preserve such as a carpentry shop, small scale mechanics shop,  
99.27 and similar activities that a farm operator might conduct; and

99.28 (4) wireless communication installments and related equipment and structure capable  
99.29 of providing technology potentially beneficial to farming activities. A property owner who  
99.30 installs wireless communication equipment does not violate a covenant made prior to January  
99.31 1, 2018, under section 473H.05, subdivision 1.

100.1 (b) For purposes of paragraph (a), clauses (2) and (3), "existing" in paragraph (a), clauses  
 100.2 (2) and (3), means existing on August 1, 1987.

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

100.4 Sec. 40. Minnesota Statutes 2016, section 504B.285, subdivision 1, is amended to read:

100.5 Subdivision 1. **Grounds.** (a) The person entitled to the premises may recover possession  
 100.6 by eviction when:

100.7 (1) any person holds over real property:

100.8 (i) after a sale of the property on an execution or judgment; ~~or~~

100.9 (ii) after the expiration of the time for redemption on foreclosure of a mortgage, or after  
 100.10 termination of contract to convey the property; or

100.11 (iii) after the expiration of the time for redemption on a real estate tax judgment sale;

100.12 (2) any person holds over real property after termination of the time for which it is  
 100.13 demised or leased to that person or to the persons under whom that person holds possession,  
 100.14 contrary to the conditions or covenants of the lease or agreement under which that person  
 100.15 holds, or after any rent becomes due according to the terms of such lease or agreement; or

100.16 (3) any tenant at will holds over after the termination of the tenancy by notice to quit.

100.17 (b) A landlord may not commence an eviction action against a tenant or authorized  
 100.18 occupant solely on the basis that the tenant or authorized occupant has been the victim of  
 100.19 any of the acts listed in section 504B.206, subdivision 1, paragraph (a). Nothing in this  
 100.20 paragraph should be construed to prohibit an eviction action based on a breach of the lease.

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

100.22 Sec. 41. Laws 1996, chapter 471, article 3, section 51, is amended to read:

100.23 Sec. 51. **RECREATION LEVY FOR SAWYER BY CARLTON COUNTY.**

100.24 Subdivision 1. **Levy authorized.** Notwithstanding other law to the contrary, the Carlton  
 100.25 county board of commissioners may levy in and for the unorganized township of Sawyer  
 100.26 an amount up to \$1,500 annually for recreational purposes, ~~beginning with taxes payable~~  
 100.27 ~~in 1997 and ending with taxes payable in 2006.~~

100.28 ~~Subd. 2. **Effective date.** This section is effective June 1, 1996, without local approval.~~

101.1 **EFFECTIVE DATE.** This section applies to taxes payable in 2018 and thereafter, and  
101.2 is effective the day after the Carlton County Board of Commissioners and its chief clerical  
101.3 officer timely complete their compliance with section 645.021, subdivisions 2 and 3.

101.4 Sec. 42. **SOCCER STADIUM PROPERTY TAX EXEMPTION; SPECIAL**  
101.5 **ASSESSMENT.**

101.6 Any real or personal property acquired, owned, leased, controlled, used, or occupied by  
101.7 the city of St. Paul for the primary purpose of providing a stadium for a Major League  
101.8 Soccer team is declared to be acquired, owned, leased, controlled, used, and occupied for  
101.9 public, governmental, and municipal purposes, and is exempt from ad valorem taxation by  
101.10 the state or any political subdivision of the state, provided that the properties are subject to  
101.11 special assessments levied by a political subdivision for a local improvement in amounts  
101.12 proportionate to and not exceeding the special benefit received by the properties from the  
101.13 improvement. In determining the special benefit received by the properties, no possible use  
101.14 of any of the properties in any manner different from their intended use for providing a  
101.15 Major League Soccer stadium at the time may be considered. Notwithstanding Minnesota  
101.16 Statutes, section 272.01, subdivision 2, or 273.19, real or personal property subject to a  
101.17 lease or use agreement between the city and another person for uses related to the purposes  
101.18 of the operation of the stadium and related parking facilities is exempt from taxation  
101.19 regardless of the length of the lease or use agreement. This section, insofar as it provides  
101.20 an exemption or special treatment, does not apply to any real property that is leased for  
101.21 residential, business, or commercial development or other purposes different from those  
101.22 necessary to the provision and operation of the stadium.

101.23 **EFFECTIVE DATE.** This section is effective upon approval by the St. Paul City  
101.24 Council and compliance with Minnesota Statutes, section 645.021.

101.25 Sec. 43. **REPEALER.**

101.26 (a) Minnesota Statutes 2016, section 281.22, is repealed.

101.27 (b) Minnesota Statutes 2016, section 272.02, subdivision 23, is repealed.

101.28 **EFFECTIVE DATE.** Paragraph (a) is effective the day following final enactment.  
101.29 Paragraph (b) is effective beginning with taxes payable in 2016, provided that nothing in  
101.30 paragraph (b) shall cause property that the assessor classified as exempt for property taxes  
101.31 payable in 2016 or 2017 to lose its exempt status for taxes payable in those years.

102.1

**ARTICLE 3**

102.2

**SALES AND USE TAXES**

102.3

**Section 1. [88.068] VOLUNTEER FIRE ASSISTANCE GRANT ACCOUNT.**

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A volunteer fire assistance grant account is established in the special revenue fund. Sales taxes allocated under section 297A.94, for making grants under section 88.067, must be deposited in the special revenue fund and credited to the volunteer fire assistance grant account. Money in the account, including interest, is appropriated to the commissioner for making grants under that section.

102.9

102.10

**EFFECTIVE DATE.** This section is effective beginning with deposits made in fiscal year 2018.

102.11

Sec. 2. Minnesota Statutes 2016, section 116J.8738, subdivision 3, is amended to read:

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Subd. 3. **Certification of qualified business.** (a) A business may apply to the commissioner for certification as a qualified business under this section. The commissioner shall specify the form of the application, the manner and times for applying, and the information required to be included in the application. The commissioner may impose an application fee in an amount sufficient to defray the commissioner's cost of processing certifications. Application fees are deposited in the greater Minnesota business expansion administration account in the special revenue fund. A business must file a copy of its application with the chief clerical officer of the city at the same time it applies to the commissioner. For an agricultural processing facility located outside the boundaries of a city, the business must file a copy of the application with the county auditor.

102.22

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

102.23

(1) satisfies the requirements of subdivision 2;

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102.25

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

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102.28

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

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The commissioner must act on an application within 90 days after its filing. Failure by the commissioner to take action within the 90-day period is deemed approval of the application.

103.1 (c) The business must increase the number of full-time equivalent employees in greater  
 103.2 Minnesota from the time the business subsidy agreement is executed by two employees or  
 103.3 ten percent, whichever is greater.

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

103.11 (e) Certification of a qualified business is effective for the seven-year period beginning  
 103.12 on the first day of the calendar month immediately following the date that the commissioner  
 103.13 informs the business of the award of the benefit unless the qualified business is investing  
 103.14 at least \$200,000,000 over a ten-year period. Certification for a qualified business investing  
 103.15 at least \$200,000,000 over a ten-year period is effective for the ten-year period beginning  
 103.16 on the first day of the calendar month immediately following the date that the commissioner  
 103.17 informs the business of the award of the benefit.

103.18 **EFFECTIVE DATE.** This section is effective July 1, 2017.

103.19 Sec. 3. Minnesota Statutes 2016, section 116J.8738, subdivision 4, is amended to read:

103.20 Subd. 4. **Available tax incentives.** A qualified business is entitled to a sales tax  
 103.21 exemption, up to ~~\$2,000,000~~ \$5,000,000 annually and ~~\$10,000,000~~ \$40,000,000 during the  
 103.22 total period of the agreement, as provided in section 297A.68, subdivision 44, for purchases  
 103.23 made during the period the business was certified as a qualified business under this section.  
 103.24 The commissioner has discretion to set the maximum amounts of the annual and total sales  
 103.25 tax exemption allowed for each qualifying business as part of the business subsidy agreement.

103.26 **EFFECTIVE DATE.** This section is effective July 1, 2017.

103.27 Sec. 4. Minnesota Statutes 2016, section 128C.24, is amended to read:

103.28 **128C.24 LEAGUE FUNDS TRANSFER.**

103.29 Beginning July 1, 2007, the Minnesota State High School League shall annually determine  
 103.30 the sales tax savings attributable to section 297A.70, subdivision ~~4~~ 11a, and annually  
 103.31 transfer that amount to a nonprofit charitable foundation created for the purpose of promoting  
 103.32 high school extracurricular activities. The funds must be used by the foundation to make

104.1 grants to fund, assist, recognize, or promote high school students' participation in  
104.2 extracurricular activities. The first priority for funding will be grants for scholarships to  
104.3 individuals to offset athletic fees. The foundation must equitably award grants based on  
104.4 considerations of gender balance, school size, and geographic location, to the extent feasible.

104.5 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
104.6 30, 2017, and before July 1, 2027.

104.7 Sec. 5. Minnesota Statutes 2016, section 297A.61, subdivision 3, is amended to read:

104.8 Subd. 3. **Sale and purchase.** (a) "Sale" and "purchase" include, but are not limited to,  
104.9 each of the transactions listed in this subdivision. In applying the provisions of this chapter,  
104.10 the terms "tangible personal property" and "retail sale" include the taxable services listed  
104.11 in paragraph (g), clause (6), items (i) to (vi) and (viii), and the provision of these taxable  
104.12 services, unless specifically provided otherwise. Services performed by an employee for  
104.13 an employer are not taxable. Services performed by a partnership or association for another  
104.14 partnership or association are not taxable if one of the entities owns or controls more than  
104.15 80 percent of the voting power of the equity interest in the other entity. Services performed  
104.16 between members of an affiliated group of corporations are not taxable. For purposes of  
104.17 the preceding sentence, "affiliated group of corporations" means those entities that would  
104.18 be classified as members of an affiliated group as defined under United States Code, title  
104.19 26, section 1504, disregarding the exclusions in section 1504(b).

104.20 (b) Sale and purchase include:

104.21 (1) any transfer of title or possession, or both, of tangible personal property, whether  
104.22 absolutely or conditionally, for a consideration in money or by exchange or barter; and

104.23 (2) the leasing of or the granting of a license to use or consume, for a consideration in  
104.24 money or by exchange or barter, tangible personal property, other than a manufactured  
104.25 home used for residential purposes for a continuous period of 30 days or more.

104.26 (c) Sale and purchase include the production, fabrication, printing, or processing of  
104.27 tangible personal property for a consideration for consumers who furnish either directly or  
104.28 indirectly the materials used in the production, fabrication, printing, or processing.

104.29 (d) Sale and purchase include the preparing for a consideration of food. Notwithstanding  
104.30 section 297A.67, subdivision 2, taxable food includes, but is not limited to, the following:

104.31 (1) prepared food sold by the retailer;

104.32 (2) soft drinks;



105.1 (3) candy; and

105.2 (4) dietary supplements; ~~and~~.

105.3 ~~(5) all food sold through vending machines.~~

105.4 (e) A sale and a purchase includes the furnishing for a consideration of electricity, gas,  
105.5 water, or steam for use or consumption within this state.

105.6 (f) A sale and a purchase includes the transfer for a consideration of prewritten computer  
105.7 software whether delivered electronically, by load and leave, or otherwise.

105.8 (g) A sale and a purchase includes the furnishing for a consideration of the following  
105.9 services:

105.10 (1) the privilege of admission to places of amusement, recreational areas, or athletic  
105.11 events, and the making available of amusement devices, tanning facilities, reducing salons,  
105.12 steam baths, health clubs, and spas or athletic facilities;

105.13 (2) lodging and related services by a hotel, rooming house, resort, campground, motel,  
105.14 or trailer camp, including furnishing the guest of the facility with access to telecommunication  
105.15 services, and the granting of any similar license to use real property in a specific facility,  
105.16 other than the renting or leasing of it for a continuous period of 30 days or more under an  
105.17 enforceable written agreement that may not be terminated without prior notice and including  
105.18 accommodations intermediary services provided in connection with other services provided  
105.19 under this clause;

105.20 (3) nonresidential parking services, whether on a contractual, hourly, or other periodic  
105.21 basis, except for parking at a meter;

105.22 (4) the granting of membership in a club, association, or other organization if:

105.23 (i) the club, association, or other organization makes available for the use of its members  
105.24 sports and athletic facilities, without regard to whether a separate charge is assessed for use  
105.25 of the facilities; and

105.26 (ii) use of the sports and athletic facility is not made available to the general public on  
105.27 the same basis as it is made available to members.

105.28 Granting of membership means both onetime initiation fees and periodic membership dues.  
105.29 Sports and athletic facilities include golf courses; tennis, racquetball, handball, and squash  
105.30 courts; basketball and volleyball facilities; running tracks; exercise equipment; swimming  
105.31 pools; and other similar athletic or sports facilities;

106.1 (5) delivery of aggregate materials by a third party, excluding delivery of aggregate  
106.2 material used in road construction; and delivery of concrete block by a third party if the  
106.3 delivery would be subject to the sales tax if provided by the seller of the concrete block.  
106.4 For purposes of this clause, "road construction" means construction of:

106.5 (i) public roads;

106.6 (ii) cartways; and

106.7 (iii) private roads in townships located outside of the seven-county metropolitan area  
106.8 up to the point of the emergency response location sign; and

106.9 (6) services as provided in this clause:

106.10 (i) laundry and dry cleaning services including cleaning, pressing, repairing, altering,  
106.11 and storing clothes, linen services and supply, cleaning and blocking hats, and carpet,  
106.12 drapery, upholstery, and industrial cleaning. Laundry and dry cleaning services do not  
106.13 include services provided by coin operated facilities operated by the customer;

106.14 (ii) motor vehicle washing, waxing, and cleaning services, including services provided  
106.15 by coin operated facilities operated by the customer, and rustproofing, undercoating, and  
106.16 towing of motor vehicles;

106.17 (iii) building and residential cleaning, maintenance, and disinfecting services and pest  
106.18 control and exterminating services;

106.19 (iv) detective, security, burglar, fire alarm, and armored car services; but not including  
106.20 services performed within the jurisdiction they serve by off-duty licensed peace officers as  
106.21 defined in section 626.84, subdivision 1, or services provided by a nonprofit organization  
106.22 or any organization at the direction of a county for monitoring and electronic surveillance  
106.23 of persons placed on in-home detention pursuant to court order or under the direction of the  
106.24 Minnesota Department of Corrections;

106.25 (v) pet grooming services;

106.26 (vi) lawn care, fertilizing, mowing, spraying and sprigging services; garden planting  
106.27 and maintenance; tree, bush, and shrub pruning, bracing, spraying, and surgery; indoor plant  
106.28 care; tree, bush, shrub, and stump removal, except when performed as part of a land clearing  
106.29 contract as defined in section 297A.68, subdivision 40; and tree trimming for public utility  
106.30 lines. Services performed under a construction contract for the installation of shrubbery,  
106.31 plants, sod, trees, bushes, and similar items are not taxable;

107.1 (vii) massages, except when provided by a licensed health care facility or professional  
107.2 or upon written referral from a licensed health care facility or professional for treatment of  
107.3 illness, injury, or disease; and

107.4 (viii) the furnishing of lodging, board, and care services for animals in kennels and other  
107.5 similar arrangements, but excluding veterinary and horse boarding services.

107.6 (h) A sale and a purchase includes the furnishing for a consideration of tangible personal  
107.7 property or taxable services by the United States or any of its agencies or instrumentalities,  
107.8 or the state of Minnesota, its agencies, instrumentalities, or political subdivisions.

107.9 (i) A sale and a purchase includes the furnishing for a consideration of  
107.10 telecommunications services, ancillary services associated with telecommunication services,  
107.11 and pay television services. Telecommunication services include, but are not limited to, the  
107.12 following services, as defined in section 297A.669: air-to-ground radiotelephone service,  
107.13 mobile telecommunication service, postpaid calling service, prepaid calling service, prepaid  
107.14 wireless calling service, and private communication services. The services in this paragraph  
107.15 are taxed to the extent allowed under federal law.

107.16 (j) A sale and a purchase includes the furnishing for a consideration of installation if the  
107.17 installation charges would be subject to the sales tax if the installation were provided by  
107.18 the seller of the item being installed.

107.19 (k) A sale and a purchase includes the rental of a vehicle by a motor vehicle dealer to a  
107.20 customer when (1) the vehicle is rented by the customer for a consideration, or (2) the motor  
107.21 vehicle dealer is reimbursed pursuant to a service contract as defined in section 59B.02,  
107.22 subdivision 11.

107.23 (l) A sale and a purchase includes furnishing for a consideration of specified digital  
107.24 products or other digital products or granting the right for a consideration to use specified  
107.25 digital products or other digital products on a temporary or permanent basis and regardless  
107.26 of whether the purchaser is required to make continued payments for such right. Wherever  
107.27 the term "tangible personal property" is used in this chapter, other than in subdivisions 10  
107.28 and 38, the provisions also apply to specified digital products, or other digital products,  
107.29 unless specifically provided otherwise or the context indicates otherwise.

107.30 (m) The sale of the privilege of admission under section 297A.61, subdivision 3,  
107.31 paragraph (g), clause (1), to a place of amusement, recreational area, or athletic event  
107.32 includes all charges included in the privilege of admission's sales price, without deduction  
107.33 for amenities that may be provided, unless the amenities are separately stated and the

108.1 purchaser of the privilege of admission is entitled to add or decline the amenities, and the  
 108.2 amenities are not otherwise taxable.

108.3 **EFFECTIVE DATE.** The amendment to paragraph (d) is effective for sales and  
 108.4 purchases made after June 30, 2017. The amendment adding paragraph (m) is effective the  
 108.5 day following final enactment.

108.6 Sec. 6. Minnesota Statutes 2016, section 297A.61, subdivision 10, is amended to read:

108.7 Subd. 10. **Tangible personal property.** (a) "Tangible personal property" means personal  
 108.8 property that can be seen, weighed, measured, felt, or touched, or that is in any other manner  
 108.9 perceptible to the senses. "Tangible personal property" includes, but is not limited to,  
 108.10 electricity, water, gas, steam, and prewritten computer software.

108.11 (b) Tangible personal property does not include:

108.12 ~~(1) large ponderous machinery and equipment used in a business or production activity~~  
 108.13 ~~which at common law would be considered to be real property;~~

108.14 ~~(2) (1) property which is subject to an ad valorem property tax;~~

108.15 ~~(3) (2) property described in section 272.02, subdivision 9, clauses (a) to (d);~~

108.16 ~~(4) (3) property described in section 272.03, subdivision 2, clauses (3) and (5); and~~

108.17 ~~(5) (4) specified digital products, or other digital products, transferred electronically.~~

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

108.19 Sec. 7. Minnesota Statutes 2016, section 297A.61, subdivision 34, is amended to read:

108.20 Subd. 34. **Taxable food sold through vending machines.** "Taxable food sold through  
 108.21 vending machines" means taxable food under section 297A.61, subdivision 3, paragraph  
 108.22 (d), dispensed from a machine or other device that accepts payment including honor  
 108.23 payments.

108.24 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
 108.25 30, 2017.

108.26 Sec. 8. Minnesota Statutes 2016, section 297A.61, is amended by adding a subdivision to  
 108.27 read:

108.28 Subd. 58. **Real property.** (a) "Real property" includes:

108.29 (1) the land itself;

109.1 (2) buildings and structures constructed or erected on the land and intended to be  
 109.2 permanent; and

109.3 (3) improvements and fixtures if incorporated into and intended to be of a permanent  
 109.4 benefit to a building or structure given its present use, and that cannot be removed without  
 109.5 causing substantial damage to the building or structure.

109.6 (b) Real property does not include tools, implements, machinery, and equipment attached  
 109.7 or installed into real property for use in the business or production activity conducted thereon,  
 109.8 that qualify for exemption under section 297A.68, regardless of size, weight, or method of  
 109.9 incorporation into the real property.

109.10 (c) If the exclusion provided in paragraph (b) does not apply, then the definition in  
 109.11 paragraph (a) must be used to determine whether tools, implements, machinery, or equipment  
 109.12 are real property.

109.13 **EFFECTIVE DATE.** This section is effective for sales and purchases made after the  
 109.14 day following final enactment.

109.15 Sec. 9. Minnesota Statutes 2016, section 297A.66, subdivision 1, is amended to read:

109.16 Subdivision 1. **Definitions.** (a) To the extent allowed by the United States Constitution  
 109.17 and the laws of the United States, "retailer maintaining a place of business in this state," or  
 109.18 a similar term, means a retailer:

109.19 (1) having or maintaining within this state, directly or by a subsidiary or an affiliate, an  
 109.20 office, place of distribution, sales, storage, or sample room or place, warehouse, or other  
 109.21 place of business, including the employment of a resident of this state who works from a  
 109.22 home office in this state; or

109.23 (2) having a representative, including, but not limited to, an affiliate, agent, salesperson,  
 109.24 canvasser, ~~or~~ marketplace provider, solicitor, or other third party operating in this state  
 109.25 under the authority of the retailer or its subsidiary, for any purpose, including the repairing,  
 109.26 selling, delivering, installing, facilitating sales, processing sales, or soliciting of orders for  
 109.27 the retailer's goods or services, or the leasing of tangible personal property located in this  
 109.28 state, whether the place of business or agent, representative, affiliate, salesperson, canvasser,  
 109.29 or solicitor is located in the state permanently or temporarily, or whether or not the retailer,  
 109.30 subsidiary, or affiliate is authorized to do business in this state. A retailer is represented by  
 109.31 a marketplace provider in this state if the retailer makes sales in this state facilitated by a  
 109.32 marketplace provider that maintains a place of business in this state.

110.1 (b) "Destination of a sale" means the location to which the retailer makes delivery of  
110.2 the property sold, or causes the property to be delivered, to the purchaser of the property,  
110.3 or to the agent or designee of the purchaser. The delivery may be made by any means,  
110.4 including the United States Postal Service or a for-hire carrier.

110.5 (c) "Marketplace provider" means any person who facilitates a retail sale by a retailer  
110.6 by:

110.7 (1) listing or advertising for sale by the retailer in any forum, tangible personal property,  
110.8 services, or digital goods that are subject to tax under this chapter; and

110.9 (2) either directly or indirectly through agreements or arrangements with third parties  
110.10 collecting payment from the customer and transmitting that payment to the retailer regardless  
110.11 of whether the marketplace provider receives compensation or other consideration in  
110.12 exchange for its services.

110.13 (d) "Total taxable retail sales" means the gross receipts from the sale of all tangible  
110.14 goods, services, and digital goods subject to sales and use tax under this chapter.

110.15 Sec. 10. Minnesota Statutes 2016, section 297A.66, subdivision 2, is amended to read:

110.16 Subd. 2. **Retailer maintaining place of business in this state.** (a) Except as provided  
110.17 in paragraph (b), a retailer maintaining a place of business in this state who makes retail  
110.18 sales in Minnesota or to a destination in Minnesota shall collect sales and use taxes and  
110.19 remit them to the commissioner under section 297A.77.

110.20 (b) A retailer with total taxable retail sales to customers in this state of less than \$10,000  
110.21 in the 12-month period ending on the last day of the most recently completed calendar  
110.22 quarter is not required to collect and remit sales tax if it is determined to be a retailer  
110.23 maintaining a place of business in the state solely because it made sales through one or more  
110.24 marketplace providers. The provisions of this paragraph do not apply to a retailer that is or  
110.25 was registered to collect sales and use tax in this state.

110.26 Sec. 11. Minnesota Statutes 2016, section 297A.66, subdivision 4, is amended to read:

110.27 Subd. 4. **Affiliated entities.** (a) An entity is an "affiliate" of the retailer for purposes of  
110.28 subdivision 1, paragraph (a), if the entity:

110.29 (1) ~~the entity~~ uses its facilities or employees in this state to advertise, promote, or facilitate  
110.30 the establishment or maintenance of a market for sales of items by the retailer to purchasers  
110.31 in this state or for the provision of services to the retailer's purchasers in this state, such as

111.1 accepting returns of purchases for the retailer, providing assistance in resolving customer  
111.2 complaints of the retailer, or providing other services; ~~and~~

111.3 (2) the retailer and the entity are related parties. has the same or a similar business name  
111.4 to the retailer and sells, from a location or locations in this state, tangible personal property,  
111.5 digital goods, or services, taxable under this chapter, that are similar to that sold by the  
111.6 retailer;

111.7 (3) maintains an office, distribution facility, salesroom, warehouse, storage place, or  
111.8 other similar place of business in this state to facilitate the delivery of tangible personal  
111.9 property, digital goods, or services sold by the retailer to its customers in this state;

111.10 (4) maintains a place of business in this state and uses trademarks, service marks, or  
111.11 trade names in this state that are the same or substantially similar to those used by the retailer,  
111.12 and that use is done with the express or implied consent of the holder of the marks or names;

111.13 (5) delivers, installs, or assembles tangible personal property in this state, or performs  
111.14 maintenance or repair services on tangible personal property in this state, for tangible  
111.15 personal property sold by the retailer;

111.16 (6) facilitates the delivery of tangible personal property to customers of the retailer by  
111.17 allowing the customers to pick up tangible personal property sold by the retailer at a place  
111.18 of business the entity maintains in this state; or

111.19 (7) shares management, business systems, business practices, or employees with the  
111.20 retailer, or engages in intercompany transactions with the retailer related to the activities  
111.21 that establish or maintain the market in this state of the retailer.

111.22 (b) Two entities are related parties under this section if one of the entities meets at least  
111.23 one of the following tests with respect to the other entity:

111.24 (1) one or both entities is a corporation, and one entity and any party related to that entity  
111.25 in a manner that would require an attribution of stock from the corporation to the party or  
111.26 from the party to the corporation under the attribution rules of section 318 of the Internal  
111.27 Revenue Code owns directly, indirectly, beneficially, or constructively at least 50 percent  
111.28 of the value of the corporation's outstanding stock;

111.29 (2) one or both entities is a partnership, estate, or trust and any partner or beneficiary,  
111.30 and the partnership, estate, or trust and its partners or beneficiaries own directly, indirectly,  
111.31 beneficially, or constructively, in the aggregate, at least 50 percent of the profits, capital,  
111.32 stock, or value of the other entity or both entities; ~~or~~

112.1 (3) an individual stockholder and the members of the stockholder's family (as defined  
112.2 in section 318 of the Internal Revenue Code) owns directly, indirectly, beneficially, or  
112.3 constructively, in the aggregate, at least 50 percent of the value of both entities' outstanding  
112.4 stock;

112.5 (4) the entities are related within the meaning of subsections (b) and (c) of section 267  
112.6 or 707(b)(1) of the Internal Revenue Code; or

112.7 (5) the entities have one or more ownership relationships and the relationships were  
112.8 designed with a principal purpose of avoiding the application of this section.

112.9 (c) An entity is an affiliate under the provisions of this subdivision if the requirements  
112.10 of paragraphs (a) and (b) are met during any part of the 12-month period ending on the first  
112.11 day of the month before the month in which the sale was made.

112.12 Sec. 12. Minnesota Statutes 2016, section 297A.66, is amended by adding a subdivision  
112.13 to read:

112.14 **Subd. 4b. Collection and remittance requirements for marketplace providers and**  
112.15 **marketplace retailers.** (a) A marketplace provider shall collect sales and use taxes and  
112.16 remit them to the commissioner under section 297A.77 for all facilitated sales for a retailer,  
112.17 and is subject to audit on the retail sales it facilitates unless either:

112.18 (1) the retailer provides a copy of the retailer's registration to collect sales and use tax  
112.19 in this state to the marketplace provider before the marketplace provider facilitates a sale;  
112.20 or

112.21 (2) upon inquiry by the marketplace provider or its agent, the commissioner discloses  
112.22 that the retailer is registered to collect sales and use taxes in this state.

112.23 (b) Nothing in this subdivision shall be construed to interfere with the ability of a  
112.24 marketplace provider and a retailer to enter into an agreement regarding fulfillment of the  
112.25 requirements of this chapter.

112.26 (c) A marketplace provider is not liable under this subdivision for failure to file and  
112.27 collect and remit sales and use taxes if the marketplace provider demonstrates that the error  
112.28 was due to incorrect or insufficient information given to the marketplace provider by the  
112.29 retailer. This paragraph does not apply if the marketplace provider and the marketplace  
112.30 retailer are related as defined in subdivision 4, paragraph (b).



113.1 Sec. 13. Minnesota Statutes 2016, section 297A.67, subdivision 2, is amended to read:

113.2 Subd. 2. **Food and food ingredients.** Except as otherwise provided in this subdivision,  
113.3 food and food ingredients are exempt. For purposes of this subdivision, "food" and "food  
113.4 ingredients" mean substances, whether in liquid, concentrated, solid, frozen, dried, or  
113.5 dehydrated form, that are sold for ingestion or chewing by humans and are consumed for  
113.6 their taste or nutritional value. Food and food ingredients exempt under this subdivision do  
113.7 not include candy, soft drinks, ~~food sold through vending machines~~, dietary supplements,  
113.8 and prepared foods. Food and food ingredients do not include alcoholic beverages and  
113.9 tobacco. For purposes of this subdivision, "alcoholic beverages" means beverages that are  
113.10 suitable for human consumption and contain one-half of one percent or more of alcohol by  
113.11 volume. For purposes of this subdivision, "tobacco" means cigarettes, cigars, chewing or  
113.12 pipe tobacco, or any other item that contains tobacco. For purposes of this subdivision,  
113.13 "dietary supplements" means any product, other than tobacco, intended to supplement the  
113.14 diet that:

113.15 (1) contains one or more of the following dietary ingredients:

113.16 (i) a vitamin;

113.17 (ii) a mineral;

113.18 (iii) an herb or other botanical;

113.19 (iv) an amino acid;

113.20 (v) a dietary substance for use by humans to supplement the diet by increasing the total  
113.21 dietary intake; and

113.22 (vi) a concentrate, metabolite, constituent, extract, or combination of any ingredient  
113.23 described in items (i) to (v);

113.24 (2) is intended for ingestion in tablet, capsule, powder, softgel, gelcap, or liquid form,  
113.25 or if not intended for ingestion in such form, is not represented as conventional food and is  
113.26 not represented for use as a sole item of a meal or of the diet; and

113.27 (3) is required to be labeled as a dietary supplement, identifiable by the supplement facts  
113.28 box found on the label and as required pursuant to Code of Federal Regulations, title 21,  
113.29 section 101.36.

113.30 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
113.31 30, 2017.

114.1 Sec. 14. Minnesota Statutes 2016, section 297A.67, subdivision 4, is amended to read:

114.2 Subd. 4. **Exempt meals at residential facilities.** Prepared food, candy, and soft drinks  
114.3 served to patients, inmates, or persons residing at hospitals, sanitariums, nursing homes,  
114.4 senior citizen homes, and correctional, detention, and detoxification facilities are exempt.  
114.5 Taxable food sold through vending machines is not exempt.

114.6 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
114.7 30, 2017.

114.8 Sec. 15. Minnesota Statutes 2016, section 297A.67, subdivision 5, is amended to read:

114.9 Subd. 5. **Exempt meals at schools.** Prepared food, candy, and soft drinks served at  
114.10 public and private elementary, middle, or secondary schools as defined in section 120A.05  
114.11 are exempt. Prepared food, candy, and soft drinks served to students at a college, university,  
114.12 or private career school under a board contract are exempt. Taxable food sold through  
114.13 vending machines is not exempt.

114.14 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
114.15 30, 2017.

114.16 Sec. 16. Minnesota Statutes 2016, section 297A.67, subdivision 6, is amended to read:

114.17 Subd. 6. **Other exempt meals.** (a) Prepared food, candy, and soft drinks purchased for  
114.18 and served exclusively to individuals who are 60 years of age or over and their spouses or  
114.19 to disabled persons and their spouses by governmental agencies, nonprofit organizations,  
114.20 or churches, or pursuant to any program funded in whole or in part through United States  
114.21 Code, title 42, sections 3001 through 3045, wherever delivered, prepared, or served, are  
114.22 exempt. Taxable food sold through vending machines is not exempt.

114.23 (b) Prepared food, candy, and soft drinks purchased for and served exclusively to children  
114.24 who are less than 14 years of age or disabled children who are less than 16 years of age and  
114.25 who are attending a child care or early childhood education program, are exempt if they  
114.26 are:

114.27 (1) purchased by a nonprofit child care facility that is exempt under section 297A.70,  
114.28 subdivision 4, and that primarily serves families with income of 250 percent or less of  
114.29 federal poverty guidelines; and

114.30 (2) prepared at the site of the child care facility.

115.1 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
115.2 30, 2017.

115.3 Sec. 17. Minnesota Statutes 2016, section 297A.67, is amended by adding a subdivision  
115.4 to read:

115.5 Subd. 34. **Precious metal bullion.** (a) Precious metal bullion is exempt. For purposes  
115.6 of this subdivision, "precious metal bullion" means bars or rounds that consist of 99.9 percent  
115.7 or more by weight of either gold, silver, platinum, or palladium and are marked with weight,  
115.8 purity, and content.

115.9 (b) The exemption under this subdivision does not apply to sales and purchases of  
115.10 jewelry, works of art, or scrap metal.

115.11 (c) The intent of this subdivision is to eliminate the difference in tax treatment between  
115.12 the sale of precious metal bullion and the sale of stock, bullion ETFs, bonds, and other  
115.13 investment instruments.

115.14 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
115.15 30, 2017.

115.16 Sec. 18. Minnesota Statutes 2016, section 297A.67, is amended by adding a subdivision  
115.17 to read:

115.18 Subd. 35. **Suite licenses.** The sale of the privilege of admission under section 297A.61,  
115.19 subdivision 3, paragraph (g), clause (1), to a place of amusement or athletic event does not  
115.20 include consideration paid for a license to use a private suite, private skybox, or private box  
115.21 seat, and the sale of the license is exempt provided that: (1) the lessee may use the private  
115.22 suite, private skybox, or private box seat by mutual arrangement with the lessor on days  
115.23 when there is no amusement or athletic event; and (2) the sales price for the privilege of  
115.24 admission is separately stated and is equal to or greater than the highest priced general  
115.25 admission ticket for the closest seat not in the private suite, private skybox, or private box  
115.26 seat.

115.27 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
115.28 30, 2017.

116.1 Sec. 19. Minnesota Statutes 2016, section 297A.67, is amended by adding a subdivision  
116.2 to read:

116.3 Subd. 36. **Stadium builder's licenses.** The sale of the privilege of admission under  
116.4 section 297A.61, subdivision 3, paragraph (g), clause (1), does not include consideration  
116.5 paid for a stadium builder's license authorized under section 473J.15, subdivision 14, and  
116.6 the sale of the license is exempt.

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

116.8 Sec. 20. Minnesota Statutes 2016, section 297A.68, subdivision 5, is amended to read:

116.9 Subd. 5. **Capital equipment.** (a) Capital equipment is exempt.

116.10 "Capital equipment" means machinery and equipment purchased or leased, and used in  
116.11 this state by the purchaser or lessee primarily for manufacturing, fabricating, mining, or  
116.12 refining tangible personal property to be sold ultimately at retail if the machinery and  
116.13 equipment are essential to the integrated production process of manufacturing, fabricating,  
116.14 mining, or refining. Capital equipment also includes machinery and equipment used primarily  
116.15 to electronically transmit results retrieved by a customer of an online computerized data  
116.16 retrieval system.

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

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

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

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

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

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

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

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

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

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

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

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

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

117.9 (3) building materials, except for materials included in paragraph (b), clauses (6) and  
117.10 (7);

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

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

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

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

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

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

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

117.29 (d) For purposes of this subdivision:

117.30 (1) "Equipment" means independent devices or tools separate from machinery but  
117.31 essential to an integrated production process, including computers and computer software,

118.1 used in operating, controlling, or regulating machinery and equipment; and any subunit or  
118.2 assembly comprising a component of any machinery or accessory or attachment parts of  
118.3 machinery, such as tools, dies, jigs, patterns, and molds.

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

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

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

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

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

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

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

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

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

119.3 (11) This subdivision does not apply to telecommunications equipment as provided in  
119.4 subdivision 35a, and does not apply to wire, cable, ~~fiber, or poles, or conduit~~ for  
119.5 telecommunications services.

119.6 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
119.7 30, 2017.

119.8 Sec. 21. Minnesota Statutes 2016, section 297A.68, subdivision 9, is amended to read:

119.9 Subd. 9. **Super Bowl admissions and related events.** (a) The granting of the privilege  
119.10 of admission to a world championship football game sponsored by the National Football  
119.11 League ~~is~~ and to related events sponsored by the National Football League or its affiliates,  
119.12 or the Minnesota Super Bowl Host Committee, are exempt.

119.13 (b) The sale of nonresidential parking by the National Football League for attendance  
119.14 at a world championship football game sponsored by the National Football League and for  
119.15 related events sponsored by the National Football League or its affiliates, or the Minnesota  
119.16 Super Bowl Host Committee, is exempt. Purchases of nonresidential parking services by  
119.17 the Super Bowl Host Committee are purchases made exempt for resale.

119.18 (c) For the purposes of this subdivision:

119.19 (1) "related events sponsored by the National Football League or its affiliates" includes  
119.20 but is not limited to preparatory advance visits, NFL Experience, NFL Tailgate, NFL On  
119.21 Location, and NFL House; and

119.22 (2) "affiliates" does not include National Football League teams.

119.23 **EFFECTIVE DATE.** The amendments to this section are effective for sales and  
119.24 purchases made after June 30, 2016, and before March 1, 2018.

119.25 Sec. 22. Minnesota Statutes 2016, section 297A.68, subdivision 19, is amended to read:

119.26 Subd. 19. **Petroleum products.** The following petroleum products are exempt:

119.27 (1) products upon which a tax has been imposed and paid under chapter 296A, and for  
119.28 which no refund has been or will be allowed because the buyer used the fuel for nonhighway  
119.29 use;

120.1 (2) products that are used in the improvement of agricultural land by constructing,  
120.2 maintaining, and repairing drainage ditches, tile drainage systems, grass waterways, water  
120.3 impoundment, and other erosion control structures;

120.4 (3) products purchased by a transit system receiving financial assistance under section  
120.5 174.24, 256B.0625, subdivision 17, or 473.384;

120.6 (4) products purchased by an ambulance service licensed under chapter 144E;

120.7 (5) products used in a passenger snowmobile, as defined in section 296A.01, subdivision  
120.8 39, for off-highway business use as part of the operations of a resort as provided under  
120.9 section 296A.16, subdivision 2, clause (2);

120.10 (6) products purchased by a state or a political subdivision of a state for use in motor  
120.11 vehicles exempt from registration under section 168.012, subdivision 1, paragraph (b);

120.12 (7) products purchased by providers of transportation to recipients of medical assistance  
120.13 home and community-based services waivers enrolled in day programs, including adult day  
120.14 care, family adult day care, day treatment and habilitation, prevocational services, and  
120.15 structured day services; ~~or~~

120.16 (8) products used in a motor vehicle used exclusively as a mobile medical unit for the  
120.17 provision of medical or dental services by a federally qualified health center, as defined  
120.18 under title 19 of the federal Social Security Act, as amended by Section 4161 of the Omnibus  
120.19 Budget Reconciliation Act of 1990; or

120.20 (9) special fuel used for one of the following purposes:

120.21 (i) to power a refrigeration unit mounted on a licensed motor vehicle, provided that the  
120.22 unit has an engine separate from the one used to propel the vehicle and the fuel is used  
120.23 exclusively for the unit;

120.24 (ii) to power an unlicensed motor vehicle that is used solely or primarily to move  
120.25 semitrailers within a cargo yard, warehouse facility, or intermodal facility; or

120.26 (iii) to operate a power take-off unit or auxiliary engine in or on a licensed motor vehicle,  
120.27 whether or not the unit or engine is fueled from the same or a different fuel tank as that  
120.28 from which the motor vehicle is fueled.

120.29 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
120.30 30, 2017.



121.1 Sec. 23. Minnesota Statutes 2016, section 297A.68, subdivision 35a, is amended to read:

121.2 Subd. 35a. **Telecommunications or pay television services machinery and equipment.**

121.3 (a) Telecommunications or pay television services machinery and equipment purchased or  
121.4 leased for use directly by a telecommunications or pay television services provider primarily  
121.5 in the provision of telecommunications or pay television services that are ultimately to be  
121.6 sold at retail are exempt, regardless of whether purchased by the owner, a contractor, or a  
121.7 subcontractor.

121.8 (b) For purposes of this subdivision, "telecommunications or pay television machinery  
121.9 and equipment" includes, but is not limited to:

121.10 (1) machinery, equipment, and fixtures utilized in receiving, initiating, amplifying,  
121.11 processing, transmitting, retransmitting, recording, switching, or monitoring  
121.12 telecommunications or pay television services, such as computers, transformers, amplifiers,  
121.13 routers, bridges, repeaters, multiplexers, and other items performing comparable functions;

121.14 (2) machinery, equipment, and fixtures used in the transportation of telecommunications  
121.15 or pay television services, such as radio transmitters and receivers, satellite equipment,  
121.16 microwave equipment, fiber, conduit, and other transporting media, but not wire, cable,  
121.17 ~~fiber, or poles, or conduit~~;

121.18 (3) ancillary machinery, equipment, and fixtures that regulate, control, protect, or enable  
121.19 the machinery in clauses (1) and (2) to accomplish its intended function, such as auxiliary  
121.20 power supply, test equipment, towers, heating, ventilating, and air conditioning equipment  
121.21 necessary to the operation of the telecommunications or pay television equipment; and  
121.22 software necessary to the operation of the telecommunications or pay television equipment;  
121.23 and

121.24 (4) repair and replacement parts, including accessories, whether purchased as spare parts,  
121.25 repair parts, or as upgrades or modifications to qualified machinery or equipment.

121.26 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
121.27 30, 2017.

121.28 Sec. 24. Minnesota Statutes 2016, section 297A.68, is amended by adding a subdivision  
121.29 to read:

121.30 **Subd. 45. Jukebox music.** The purchase of music, either as a digital audio work or in  
121.31 tangible form such as a record or compact disc, by operators that provide the service of  
121.32 making available jukeboxes as amusement devices, as provided in section 297A.61,

122.1 subdivision 3, paragraph (g), clause (1), is exempt if the music is used exclusively for the  
122.2 jukebox.

122.3 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
122.4 30, 2017.

122.5 Sec. 25. Minnesota Statutes 2016, section 297A.70, subdivision 4, is amended to read:

122.6 Subd. 4. **Sales to nonprofit groups.** (a) All sales, except those listed in paragraph (b),  
122.7 to the following "nonprofit organizations" are exempt:

122.8 (1) a corporation, society, association, foundation, or institution organized and operated  
122.9 exclusively for charitable, religious, or educational purposes if the item purchased is used  
122.10 in the performance of charitable, religious, or educational functions; ~~and~~

122.11 (2) any senior citizen group or association of groups that:

122.12 (i) in general limits membership to persons who are either age 55 or older, or physically  
122.13 disabled;

122.14 (ii) is organized and operated exclusively for pleasure, recreation, and other nonprofit  
122.15 purposes, not including housing, no part of the net earnings of which inures to the benefit  
122.16 of any private shareholders; and

122.17 (iii) is an exempt organization under section 501(c) of the Internal Revenue Code; and

122.18 (3) an organization that qualifies for an exemption for memberships under subdivision  
122.19 12 if the item is purchased and used in the performance of the organization's mission.

122.20 For purposes of this subdivision, charitable purpose includes the maintenance of a cemetery  
122.21 owned by a religious organization.

122.22 (b) This exemption does not apply to the following sales:

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

122.27 (2) construction materials purchased by tax-exempt entities or their contractors to be  
122.28 used in constructing buildings or facilities that will not be used principally by the tax-exempt  
122.29 entities;

122.30 (3) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause (2),  
122.31 and prepared food, candy, soft drinks, and alcoholic beverages as defined in section 297A.67,

123.1 subdivision 2, except wine purchased by an established religious organization for sacramental  
123.2 purposes or as allowed under subdivision 9a; and

123.3 (4) leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except as  
123.4 provided in paragraph (c).

123.5 (c) This exemption applies to the leasing of a motor vehicle as defined in section 297B.01,  
123.6 subdivision 11, only if the vehicle is:

123.7 (1) a truck, as defined in section 168.002, a bus, as defined in section 168.002, or a  
123.8 passenger automobile, as defined in section 168.002, if the automobile is designed and used  
123.9 for carrying more than nine persons including the driver; and

123.10 (2) intended to be used primarily to transport tangible personal property or individuals,  
123.11 other than employees, to whom the organization provides service in performing its charitable,  
123.12 religious, or educational purpose.

123.13 (d) A limited liability company also qualifies for exemption under this subdivision if

123.14 (1) it consists of a sole member that would qualify for the exemption, and (2) the items  
123.15 purchased qualify for the exemption.

123.16 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
123.17 30, 2017.

123.18 Sec. 26. Minnesota Statutes 2016, section 297A.70, is amended by adding a subdivision  
123.19 to read:

123.20 **Subd. 11a. Minnesota State High School League tickets and admissions.** Tickets and  
123.21 admissions to games, events, and activities sponsored by the Minnesota State High School  
123.22 League under chapter 128C are exempt.

123.23 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
123.24 30, 2017, and before July 1, 2027.

123.25 Sec. 27. Minnesota Statutes 2016, section 297A.70, subdivision 12, is amended to read:

123.26 **Subd. 12. YMCA, YWCA, and JCC, and similar memberships.** (a) The sale of  
123.27 memberships, meaning both onetime initiation fees and periodic membership dues, to an  
123.28 association incorporated under section 315.44 or an organization defined under section  
123.29 315.51, or a nonprofit organization offering similar services are exempt. However, all  
123.30 separate charges made for the privilege of having access to and the use of the association's  
123.31 sports and athletic facilities are taxable.

124.1 (b) For purposes of this subdivision, a "nonprofit organization offering similar services"  
124.2 means an exempt organization under section 501(c)(3) of the Internal Revenue Code, whose  
124.3 mission is to support youth and families through a variety of activities, including membership  
124.4 allowing access to athletic facilities, and who provide free or reduced-price memberships  
124.5 to seniors or low-income persons or families.

124.6 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
124.7 30, 2017.

124.8 Sec. 28. Minnesota Statutes 2016, section 297A.70, subdivision 14, is amended to read:

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

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

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

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

124.18 (1) it does not apply to admission charges for events involving bingo or other gambling  
124.19 activities or to charges for use of amusement devices involving bingo or other gambling  
124.20 activities;

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

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

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

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

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

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

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

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

125.18 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
125.19 30, 2017.

125.20 Sec. 29. Minnesota Statutes 2016, section 297A.70, is amended by adding a subdivision  
125.21 to read:

125.22 **Subd. 21. Ice arenas and rinks.** Sales to organizations that exist primarily for the purpose  
125.23 of operating ice arenas or rinks that are part of the Duluth Heritage Sports Center and are  
125.24 used for youth and high school programs are exempt if the organization is a private, nonprofit  
125.25 corporation exempt from federal income taxation under section 501(c)(3) of the Internal  
125.26 Revenue Code.

125.27 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
125.28 30, 2017.

125.29 Sec. 30. Minnesota Statutes 2016, section 297A.71, subdivision 44, is amended to read:

125.30 Subd. 44. **Building materials, capital projects.** (a) Materials and supplies used or  
125.31 consumed in and equipment incorporated into the construction or improvement of a capital

126.1 project funded partially or wholly under section 297A.9905 are exempt, provided that the  
126.2 project has either:

126.3 (1) a total construction cost of at least \$40,000,000 within a 24-month period; or

126.4 (2) a total construction cost of at least \$100,000,000 for a sports facility project, including  
126.5 infrastructure costs, if construction contracts are signed, that begins after July 1, 2016, and  
126.6 before December 31, 2017.

126.7 (b) Materials and supplies used or consumed in and equipment incorporated into the  
126.8 construction, remodeling, expansion, or improvement of an ice arena or other buildings or  
126.9 facilities owned and operated by the city of Plymouth are exempt. For purposes of this  
126.10 paragraph, "facilities" include municipal streets and facilities associated with streets including  
126.11 but not limited to lighting, curbs and gutters, and sidewalks. The total amount of refund on  
126.12 all building materials, supplies, and equipment that the city may apply for under this  
126.13 paragraph is \$2,500,000.

126.14 (c) The tax on purchases exempt under ~~this provision~~ paragraph (a), clause (1), and  
126.15 paragraph (b), must be imposed and collected as if the rate under section 297A.62,  
126.16 subdivision 1, applied and then refunded in the manner provided in section 297A.75.  
126.17 Notwithstanding section 289A.40, the city of Plymouth must file for refund by December  
126.18 31, 2017, for sales tax paid on all eligible purchases under paragraph (b) made prior to  
126.19 December 31, 2015.

126.20 (d) The exemption under paragraph (a), clause (2), expires one year after the date that  
126.21 the first major sports game is played at the sports facility.

126.22 (e) For purposes of paragraph (a), clause (2), the term "infrastructure" means plazas,  
126.23 parking structures, transit facilities, rights-of-way, sidewalks, pedestrian bridges, bicycle  
126.24 paths, skyways, tunnels, lighting, landscaping, drainage improvements, utilities, sewer, and  
126.25 other such facilities and improvements that are:

126.26 (1) on land controlled by the city of St. Paul, when construction is complete;

126.27 (2) located within the sports facility site within the boundary of Snelling Avenue to the  
126.28 east, University Avenue to the north, marked Interstate Highway 94 to the south, and Pascal  
126.29 Street to the west, in St. Paul, Minnesota; and

126.30 (3) designed to facilitate public access to or to serve only the sports facility, and not to  
126.31 provide access to or serve any adjoining commercial or residential properties.

126.32 **EFFECTIVE DATE.** (a) The amendment adding paragraph (b) and to paragraph (c) is  
126.33 effective retroactively for sales and purchases made after January 1, 2013.

127.1 (b) The amendment adding paragraphs (d) and (e) and to paragraph (a) is effective the  
127.2 day following final enactment.

127.3 Sec. 31. Minnesota Statutes 2016, section 297A.71, is amended by adding a subdivision  
127.4 to read:

127.5 Subd. 49. **Properties destroyed by fire.** Building materials and supplies used in, and  
127.6 equipment incorporated into, the construction or replacement of real property that is located  
127.7 in Madelia affected by the fire on February 3, 2016, are exempt. The tax must be imposed  
127.8 and collected as if the rate under section 297A.62, subdivision 1, applied and then refunded  
127.9 in the manner provided in section 297A.75.

127.10 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases  
127.11 made after December 31, 2015, and before July 1, 2018.

127.12 Sec. 32. Minnesota Statutes 2016, section 297A.71, is amended by adding a subdivision  
127.13 to read:

127.14 Subd. 50. **Properties destroyed by fire.** (a) Building materials and supplies used in,  
127.15 and equipment incorporated into, the construction or replacement of real property that is  
127.16 located in Melrose affected by the fire on September 8, 2016, are exempt.

127.17 (b) For sales and purchases made after September 30, 2016, and before July 1, 2017,  
127.18 the tax must be imposed and collected as if the rate under section 297A.62, subdivision 1,  
127.19 applied and then refunded in the manner provided in section 297A.75.

127.20 **EFFECTIVE DATE.** Paragraph (a) is effective retroactively for sales and purchases  
127.21 made after September 30, 2016, and before January 1, 2019. Paragraph (b) is effective for  
127.22 sales and purchases made after September 30, 2016, and before July 1, 2017.

127.23 Sec. 33. Minnesota Statutes 2016, section 297A.75, subdivision 1, is amended to read:

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

127.27 (1) building materials for an agricultural processing facility exempt under section  
127.28 297A.71, subdivision 13;

127.29 (2) building materials for mineral production facilities exempt under section 297A.71,  
127.30 subdivision 14;

127.31 (3) building materials for correctional facilities under section 297A.71, subdivision 3;

- 128.1 (4) building materials used in a residence for disabled veterans exempt under section  
128.2 297A.71, subdivision 11;
- 128.3 (5) elevators and building materials exempt under section 297A.71, subdivision 12;
- 128.4 (6) materials and supplies for qualified low-income housing under section 297A.71,  
128.5 subdivision 23;
- 128.6 (7) materials, supplies, and equipment for municipal electric utility facilities under  
128.7 section 297A.71, subdivision 35;
- 128.8 (8) equipment and materials used for the generation, transmission, and distribution of  
128.9 electrical energy and an aerial camera package exempt under section 297A.68, subdivision  
128.10 37;
- 128.11 (9) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, paragraph  
128.12 (a), clause (10);
- 128.13 (10) materials, supplies, and equipment for construction or improvement of projects and  
128.14 facilities under section 297A.71, subdivision 40;
- 128.15 (11) materials, supplies, and equipment for construction, improvement, or expansion  
128.16 of:
- 128.17 (i) an aerospace defense manufacturing facility exempt under Minnesota Statutes 2014,  
128.18 section 297A.71, subdivision 42;
- 128.19 (ii) a biopharmaceutical manufacturing facility exempt under section 297A.71, subdivision  
128.20 45;
- 128.21 (iii) a research and development facility exempt under Minnesota Statutes 2014, section  
128.22 297A.71, subdivision 46; and
- 128.23 (iv) an industrial measurement manufacturing and controls facility exempt under  
128.24 Minnesota Statutes 2014, section 297A.71, subdivision 47;
- 128.25 (12) enterprise information technology equipment and computer software for use in a  
128.26 qualified data center exempt under section 297A.68, subdivision 42;
- 128.27 (13) materials, supplies, and equipment for qualifying capital projects under section  
128.28 297A.71, subdivision 44, paragraph (a), clause (1), and paragraph (b);
- 128.29 (14) items purchased for use in providing critical access dental services exempt under  
128.30 section 297A.70, subdivision 7, paragraph (c); ~~and~~



129.1 (15) items and services purchased under a business subsidy agreement for use or  
 129.2 consumption primarily in greater Minnesota exempt under section 297A.68, subdivision  
 129.3 44;

129.4 (16) building materials, equipment, and supplies for constructing or replacing real  
 129.5 property exempt under section 297A.71, subdivision 49; and

129.6 (17) building materials, equipment, and supplies for constructing or replacing real  
 129.7 property exempt under section 297A.71, subdivision 50, paragraph (b).

129.8 **EFFECTIVE DATE.** (a) The amendment to clause (13) is effective retroactively for  
 129.9 sales and purchases made after January 1, 2013.

129.10 (b) The amendment adding clause (16) is effective retroactively for sales and purchases  
 129.11 made after December 31, 2015.

129.12 (c) The amendment adding clause (17) is effective retroactively for sales and purchases  
 129.13 made after September 30, 2016.

129.14 Sec. 34. Minnesota Statutes 2016, section 297A.75, subdivision 2, is amended to read:

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

129.18 (1) for subdivision 1, clauses (1), (2), and (14), the applicant must be the purchaser;

129.19 (2) for subdivision 1, clause (3), the applicant must be the governmental subdivision;

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

129.22 (4) for subdivision 1, clause (5), the applicant must be the owner of the homestead  
 129.23 property;

129.24 (5) for subdivision 1, clause (6), the owner of the qualified low-income housing project;

129.25 (6) for subdivision 1, clause (7), the applicant must be a municipal electric utility or a  
 129.26 joint venture of municipal electric utilities;

129.27 (7) for subdivision 1, clauses (8), (11), (12), and (15), the owner of the qualifying  
 129.28 business; ~~and~~

129.29 (8) for subdivision 1, clauses (9), (10), and (13), the applicant must be the governmental  
 129.30 entity that owns or contracts for the project or facility;

130.1 (9) for subdivision 1, clause (16), the applicant must be the owner or developer of the  
130.2 building or project; and

130.3 (10) for subdivision 1, clause (17), the applicant must be the owner or developer of the  
130.4 building or project.

130.5 **EFFECTIVE DATE.** (a) The amendment adding clause (9) is effective retroactively  
130.6 for sales and purchases made after December 31, 2015.

130.7 (b) The amendment adding clause (10) is effective retroactively for sales and purchases  
130.8 made after September 30, 2016.

130.9 Sec. 35. Minnesota Statutes 2016, section 297A.75, subdivision 3, is amended to read:

130.10 Subd. 3. **Application.** (a) The application must include sufficient information to permit  
130.11 the commissioner to verify the tax paid. If the tax was paid by a contractor, subcontractor,  
130.12 or builder, under subdivision 1, clauses (3) to (13); or (15); to (17), the contractor,  
130.13 subcontractor, or builder must furnish to the refund applicant a statement including the cost  
130.14 of the exempt items and the taxes paid on the items unless otherwise specifically provided  
130.15 by this subdivision. The provisions of sections 289A.40 and 289A.50 apply to refunds under  
130.16 this section.

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

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

130.20 Sec. 36. Minnesota Statutes 2016, section 297A.75, subdivision 5, is amended to read:

130.21 Subd. 5. **Appropriation.** (a) The amount required to make the refunds is annually  
130.22 appropriated to the commissioner.

130.23 (b) For fiscal years 2018 and 2019 only, revenues dedicated under the Minnesota  
130.24 Constitution, article XI, section 15, shall not be reduced for any portion of the refunds paid  
130.25 for the following exemptions:

130.26 (1) the exemption under section 297A.71, subdivision 44, paragraph (b);

130.27 (2) the expansion of the exemption under section 297A.68, subdivision 44, due to sections  
130.28 2 and 3; and

130.29 (3) the exemptions in section 297A.71, subdivisions 49 and 50.

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

131.1 Sec. 37. Minnesota Statutes 2016, section 297A.94, is amended to read:

131.2 **297A.94 DEPOSIT OF REVENUES.**

131.3 (a) Except as provided in this section, the commissioner shall deposit the revenues,  
131.4 including interest and penalties, derived from the taxes imposed by this chapter in the state  
131.5 treasury and credit them to the general fund.

131.6 (b) The commissioner shall deposit taxes in the Minnesota agricultural and economic  
131.7 account in the special revenue fund if:

131.8 (1) the taxes are derived from sales and use of property and services purchased for the  
131.9 construction and operation of an agricultural resource project; and

131.10 (2) the purchase was made on or after the date on which a conditional commitment was  
131.11 made for a loan guaranty for the project under section 41A.04, subdivision 3.

131.12 The commissioner of management and budget shall certify to the commissioner the date on  
131.13 which the project received the conditional commitment. The amount deposited in the loan  
131.14 guaranty account must be reduced by any refunds and by the costs incurred by the Department  
131.15 of Revenue to administer and enforce the assessment and collection of the taxes.

131.16 (c) The commissioner shall deposit the revenues, including interest and penalties, derived  
131.17 from the taxes imposed on sales and purchases included in section 297A.61, subdivision 3,  
131.18 paragraph (g), clauses (1) and (4), in the state treasury, and credit them as follows:

131.19 (1) first to the general obligation special tax bond debt service account in each fiscal  
131.20 year the amount required by section 16A.661, subdivision 3, paragraph (b); and

131.21 (2) after the requirements of clause (1) have been met, the balance to the general fund.

131.22 (d) The commissioner shall deposit the revenues, including interest and penalties,  
131.23 collected under section 297A.64, subdivision 5, in the state treasury and credit them to the  
131.24 general fund. By July 15 of each year the commissioner shall transfer to the highway user  
131.25 tax distribution fund an amount equal to the excess fees collected under section 297A.64,  
131.26 subdivision 5, for the previous calendar year.

131.27 (e) 72.43 percent of the revenues, including interest and penalties, transmitted to the  
131.28 commissioner under section 297A.65, must be deposited by the commissioner in the state  
131.29 treasury as follows:

131.30 (1) 50 percent of the receipts must be deposited in the heritage enhancement account in  
131.31 the game and fish fund, and may be spent only on activities that improve, enhance, or protect

132.1 fish and wildlife resources, including conservation, restoration, and enhancement of land,  
132.2 water, and other natural resources of the state;

132.3 (2) 22.5 percent of the receipts must be deposited in the natural resources fund, and may  
132.4 be spent only for state parks and trails;

132.5 (3) 22.5 percent of the receipts must be deposited in the natural resources fund, and may  
132.6 be spent only on metropolitan park and trail grants;

132.7 (4) three percent of the receipts must be deposited in the natural resources fund, and  
132.8 may be spent only on local trail grants; and

132.9 (5) two percent of the receipts must be deposited in the natural resources fund, and may  
132.10 be spent only for the Minnesota Zoological Garden, the Como Park Zoo and Conservatory,  
132.11 and the Duluth Zoo.

132.12 (f) The revenue dedicated under paragraph (e) may not be used as a substitute for  
132.13 traditional sources of funding for the purposes specified, but the dedicated revenue shall  
132.14 supplement traditional sources of funding for those purposes. Land acquired with money  
132.15 deposited in the game and fish fund under paragraph (e) must be open to public hunting  
132.16 and fishing during the open season, except that in aquatic management areas or on lands  
132.17 where angling easements have been acquired, fishing may be prohibited during certain times  
132.18 of the year and hunting may be prohibited. At least 87 percent of the money deposited in  
132.19 the game and fish fund for improvement, enhancement, or protection of fish and wildlife  
132.20 resources under paragraph (e) must be allocated for field operations.

132.21 (g) The commissioner must deposit the revenues, including interest and penalties minus  
132.22 any refunds, derived from the sale of items regulated under section 624.20, subdivision 1,  
132.23 that may be sold to persons 18 years old or older and that are not prohibited from use by  
132.24 the general public under section 624.21, in the state treasury and credit:

132.25 (1) 25 percent to the volunteer fire assistance grant account established under section  
132.26 88.068;

132.27 (2) 25 percent to the fire safety account established under section 297I.06, subdivision  
132.28 3; and

132.29 (3) the remainder to the general fund.

132.30 For purposes of this paragraph, the percentage of total sales and use tax revenue derived  
132.31 from the sale of items regulated under section 624.20, subdivision 1, that are allowed to be  
132.32 sold to persons 18 years old or older and are not prohibited from use by the general public

133.1 under section 624.21, is a set percentage of the total sales and use tax revenues collected in  
133.2 the state, with the percentage determined under section 39.

133.3 ~~(g)~~ (h) The revenues deposited under paragraphs (a) to ~~(f)~~ (g) do not include the revenues,  
133.4 including interest and penalties, generated by the sales tax imposed under section 297A.62,  
133.5 subdivision 1a, which must be deposited as provided under the Minnesota Constitution,  
133.6 article XI, section 15.

133.7 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
133.8 December 31, 2017.

133.9 Sec. 38. Minnesota Statutes 2016, section 297A.9905, is amended to read:

133.10 **297A.9905 USE OF LOCAL TAX REVENUES BY CITIES OF THE FIRST CLASS.**

133.11 (a) Notwithstanding section 297A.99, or other general or special law or charter provision,  
133.12 if the revenues from any local tax imposed on retail sales under special law by a city of the  
133.13 first class exceeds the amount needed to fund the uses authorized in the special law, the city  
133.14 may expend the excess revenue from the tax to fund other capital projects of regional  
133.15 significance.

133.16 (b) For purposes of this section:

133.17 (1) "city of the first class" has the meaning given in section 410.01; and

133.18 (2) "capital project of regional significance" means construction, expansion, or renovation  
133.19 of a sports facility or convention or civic center, ~~that has a construction cost of at least~~  
133.20 ~~\$40,000,000~~ that meets the requirements of section 297A.71, subdivision 44, paragraph (a).

133.21 **EFFECTIVE DATE.** This section is effective for sales and purchases made after the  
133.22 day of final enactment.

133.23 Sec. 39. **CALCULATION OF THE PERCENT OF SALES TAX REVENUE**  
133.24 **ATTRIBUTABLE TO THE SALE OF CERTAIN FIREWORKS-RELATED ITEMS.**

133.25 By December 1, 2017, the commissioner of revenue must estimate the percentage of  
133.26 total sales tax revenues collected in calendar year 2016 that is attributable to the sales and  
133.27 purchases of items regulated under Minnesota Statutes, section 624.20, subdivision 1, that  
133.28 are allowed to be sold to persons 18 years old or older and that are not prohibited from use  
133.29 by the general public under section 624.21. When making the determination, the  
133.30 commissioner may consult with representatives from producers and retailers, industry trade  
133.31 groups, and the most recently available national and state information. The commissioner's

134.1 decision is final. The commissioner's determination under this section is not a rule and is  
134.2 not subject to Minnesota Statutes, chapter 14, including section 14.386.

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

134.4 Sec. 40. **SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS USED**  
134.5 **BY A NONPROFIT ECONOMIC DEVELOPMENT CORPORATION.**

134.6 Subdivision 1. **Exemption; refund.** Materials and supplies used or consumed in and  
134.7 equipment incorporated into the construction of a retail development consisting of retail  
134.8 space for a grocery store, fueling center, and other retail space by a nonprofit economic  
134.9 development corporation that is an exempt organization under section 501(c)(3) of the  
134.10 Internal Revenue Code are exempt from sales and use tax under Minnesota Statutes, chapter  
134.11 297A, provided that the development is located in a city with no grocery store and the city  
134.12 is at least 20 miles from another city with a grocery store. The exemption applies to materials,  
134.13 supplies, and equipment purchased after January 1, 2013, and before January 1, 2017. The  
134.14 tax must be imposed and collected as if the rate in Minnesota Statutes, section 297A.62,  
134.15 applied and the nonprofit economic development corporation must apply for the refund of  
134.16 the tax in the same manner as provided under Minnesota Statutes, section 297A.75,  
134.17 subdivision 1, clause (11). Notwithstanding Minnesota Statutes, section 289A.40, the  
134.18 economic development corporation must file for refund by December 31, 2017, for the sales  
134.19 and use tax paid on all eligible purchases under this section.

134.20 Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1,  
134.21 including refunds that would otherwise reduce the revenues transferred from the general  
134.22 fund as required under the Minnesota Constitution, article XI, section 15, is appropriated  
134.23 from the general fund to the commissioner of revenue.

134.24 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
134.25 applies retroactively to sales and purchases made after January 1, 2013, and before January  
134.26 1, 2017.

134.27 Sec. 41. **CERTAIN REIMBURSEMENT AUTHORIZED; CONSIDERED**  
134.28 **OPERATING OR CAPITAL EXPENSES.**

134.29 Subdivision 1. **Reimbursement authorized.** (a) An amount equivalent to the taxes paid  
134.30 under Minnesota Statutes, chapter 297A, and any local taxes administered by the Department  
134.31 of Revenue, on purchases of tangible personal property, nonresidential parking services,  
134.32 and lodging, as these terms are defined in Minnesota Statutes, chapter 297A, used and  
134.33 consumed in connection with Super Bowl LII or related events sponsored by the National

135.1 Football League or its affiliates, will be reimbursed by the Minnesota Sports Facilities  
135.2 Authority up to \$1,600,000, if made after June 30, 2016, and before March 1, 2018. Only  
135.3 purchases made by the Minnesota Super Bowl Host Committee, the National Football  
135.4 League or its affiliates, or their employees or independent contractors, qualify to be  
135.5 reimbursed under this section.

135.6 (b) For purposes of this subdivision:

135.7 (1) "employee or independent contractor" means only those employees or independent  
135.8 contractors that make qualifying purchases that are reimbursed by the Minnesota Super  
135.9 Bowl Host Committee or the National Football League or its affiliates; and

135.10 (2) "related events sponsored by the National Football League or its affiliates" includes  
135.11 but is not limited to preparatory advance visits, NFL Experience, NFL Tailgate, NFL Honors,  
135.12 and NFL House.

135.13 Subd. 2. **Operating reserve and capital reserve fund.** Notwithstanding the requirements  
135.14 of Minnesota Statutes, section 473J.13, subdivisions 2 and 4, up to \$1,600,000 of the balance  
135.15 in the operating reserve or capital reserve fund may be used for the purposes of paying  
135.16 reimbursements authorized under subdivision 1.

135.17 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
135.18 30, 2016, and before March 1, 2018.

135.19 Sec. 42. **REIMBURSEMENTS TO CERTAIN CONSTITUTIONALLY DEDICATED**  
135.20 **FUNDS FOR EXPANDED SALES TAX EXEMPTIONS.**

135.21 The commissioner of management and budget, by June 15 in fiscal years 2018 and 2019  
135.22 only, shall increase the revenues transferred from the general fund as required under the  
135.23 Minnesota Constitution, article XI, section 15, by an amount equal to the estimated amount  
135.24 of reduction to these revenues for that fiscal year due to the enactment of new sales tax  
135.25 exemptions or the expansion of existing sales tax exemptions provided in sections 5 to 8,  
135.26 13 to 21, 23 to 29, and 33, the amendments to paragraph (a) and adding paragraph (d) to  
135.27 Minnesota Statutes, section 297A.71, subdivision 44, in section 30, and changes in tobacco  
135.28 taxes under Minnesota Statutes, chapter 297F, in article 9. The commissioner of revenue  
135.29 shall make the estimate of this revenue reduction by June 1 of each fiscal year and inform  
135.30 the commissioner of management and budget. In addition, the commissioner must increase  
135.31 the revenues transferred from the general fund as required under the Minnesota Constitution,  
135.32 article XI, section 15, by \$30,000 in fiscal year 2017 to reflect the reduction in those funds

136.1 in that year due to sections 6 and 8. The appropriations under this section are onetime and  
136.2 not added to the base budget.

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

136.4 Sec. 43. **SEVERABILITY.**

136.5 If any provision of sections 9 to 12 or the application thereof is held invalid, such  
136.6 invalidity shall not affect the provisions or applications of the sections that can be given  
136.7 effect without the invalid provisions or applications.

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

136.9 Sec. 44. **EFFECTIVE DATE.**

136.10 (a) The provisions of sections 9 to 12 are effective at the earlier of:

136.11 (1) a decision by the United States Supreme Court modifying its decision in Quill Corp.  
136.12 v. North Dakota, 504 U.S. 298 (1992) so that a state may require retailers without a physical  
136.13 presence in the state to collect and remit sales tax; or

136.14 (2) July 1, 2019.

136.15 (b) Notwithstanding paragraph (a) or the provisions of sections 9 to 12, if a federal law  
136.16 is enacted authorizing a state to impose a requirement to collect and remit sales tax on  
136.17 retailers without a physical presence in the state, the commissioner must enforce the  
136.18 provisions of this section and sections 9 to 12 to the extent allowed under federal law.

136.19 (c) The commissioner of revenue shall notify the revisor of statutes when either of the  
136.20 provisions in paragraph (a) or (b) apply.

## 136.21 **ARTICLE 4**

### 136.22 **AIDS AND CREDITS**

136.23 Section 1. Minnesota Statutes 2016, section 273.1384, subdivision 2, is amended to read:

136.24 Subd. 2. **Agricultural homestead market value credit.** Property classified as agricultural  
136.25 homestead under section 273.13, subdivision 23, paragraph (a), is eligible for an agricultural  
136.26 credit. The credit is computed using the property's agricultural credit market value, defined  
136.27 for this purpose as the property's market value excluding the market value of the house,  
136.28 garage, and immediately surrounding one acre of land. The credit is equal to 0.3 percent of  
136.29 the first \$115,000 of the property's agricultural credit market value plus 0.1 percent of the  
136.30 property's agricultural credit market value in excess of \$115,000, subject to a maximum



137.1 credit of \$490. In the case of property that is classified as part homestead and part  
137.2 nonhomestead solely because not all the owners occupy or farm the property, not all the  
137.3 owners have qualifying relatives occupying or farming the property, or solely because not  
137.4 all the spouses of owners occupy the property, the credit ~~must be initially~~ is computed as  
137.5 ~~if that nonhomestead agricultural land was also classified as agricultural homestead and~~  
137.6 ~~then prorated~~ on the amount of agricultural credit market value corresponding to the  
137.7 owner-occupant's percentage of ownership homestead. The percentage of homestead is  
137.8 equal to 100 divided by the number of owners of the property, or, in the case of a trust, the  
137.9 number of grantors of the trust that owns the property.

137.10 **EFFECTIVE DATE.** This section is effective for taxes payable in 2019 and thereafter.

137.11 Sec. 2. **[273.1387] SCHOOL BUILDING BOND AGRICULTURAL CREDIT.**

137.12 Subdivision 1. **Eligibility.** All class 2a, 2b, and 2c property under section 273.13,  
137.13 subdivision 23, other than property consisting of the house, garage, and immediately  
137.14 surrounding one acre of land of an agricultural homestead, is eligible to receive the credit  
137.15 under this section.

137.16 Subd. 2. **Credit amount.** For each qualifying property, the school building bond  
137.17 agricultural credit is equal to 40 percent of the property's eligible net tax capacity multiplied  
137.18 by the school debt tax rate determined under section 275.08, subdivision 1b.

137.19 Subd. 3. **Credit reimbursements.** The county auditor shall determine the tax reductions  
137.20 allowed under this section within the county for each taxes payable year and shall certify  
137.21 that amount to the commissioner of revenue as a part of the abstracts of tax lists submitted  
137.22 under section 275.29. Any prior year adjustments shall also be certified on the abstracts of  
137.23 tax lists. The commissioner shall review the certifications for accuracy, and may make such  
137.24 changes as are deemed necessary, or return the certification to the county auditor for  
137.25 correction. The credit under this section must be used to reduce the school district net tax  
137.26 capacity-based property tax as provided in section 273.1393.

137.27 Subd. 4. **Payment.** The commissioner of revenue shall certify the total of the tax  
137.28 reductions granted under this section for each taxes payable year within each school district  
137.29 to the commissioner of education, who shall pay the reimbursement amounts to each school  
137.30 district as provided in section 273.1392.

137.31 Subd. 5. **Appropriation.** An amount sufficient to make the payments required by this  
137.32 section is annually appropriated from the general fund to the commissioner of education.

137.33 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2018.

138.1 Sec. 3. Minnesota Statutes 2016, section 273.1392, as amended by Laws 2017, chapter  
138.2 40, article 1, section 93, is amended to read:

138.3 **273.1392 PAYMENT; SCHOOL DISTRICTS.**

138.4 The amounts of bovine tuberculosis credit reimbursements under section 273.113;  
138.5 conservation tax credits under section 273.119; disaster or emergency reimbursement under  
138.6 sections 273.1231 to 273.1235; agricultural credits under ~~section~~ sections 273.1384 and  
138.7 273.1387; aids and credits under section 273.1398; enterprise zone property credit payments  
138.8 under section 469.171; and metropolitan agricultural preserve reduction under section  
138.9 473H.10 for school districts, shall be certified to the Department of Education by the  
138.10 Department of Revenue. The amounts so certified shall be paid according to section 127A.45,  
138.11 subdivisions 9, 10, and 13.

138.12 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2018.

138.13 Sec. 4. Minnesota Statutes 2016, section 273.1393, is amended to read:

138.14 **273.1393 COMPUTATION OF NET PROPERTY TAXES.**

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

138.17 (1) disaster credit as provided in sections 273.1231 to 273.1235;

138.18 (2) powerline credit as provided in section 273.42;

138.19 (3) agricultural preserves credit as provided in section 473H.10;

138.20 (4) enterprise zone credit as provided in section 469.171;

138.21 (5) disparity reduction credit;

138.22 (6) conservation tax credit as provided in section 273.119;

138.23 (7) the school bond credit as provided in section 273.1387;

138.24 (8) agricultural credit as provided in section 273.1384;

138.25 ~~(8)~~ (9) taconite homestead credit as provided in section 273.135;

138.26 ~~(9)~~ (10) supplemental homestead credit as provided in section 273.1391; and

138.27 ~~(10)~~ (11) the bovine tuberculosis zone credit, as provided in section 273.113.

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

138.29 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2018.

139.1 Sec. 5. Minnesota Statutes 2016, section 275.065, subdivision 3, is amended to read:

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

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

139.9 (c) The notice must inform taxpayers that it contains the amount of property taxes each  
139.10 taxing authority proposes to collect for taxes payable the following year. In the case of a  
139.11 town, or in the case of the state general tax, the final tax amount will be its proposed tax.  
139.12 The notice must clearly state for each city that has a population over 500, county, school  
139.13 district, regional library authority established under section 134.201, and metropolitan taxing  
139.14 districts as defined in paragraph (i), the time and place of a meeting for each taxing authority  
139.15 in which the budget and levy will be discussed and public input allowed, prior to the final  
139.16 budget and levy determination. The taxing authorities must provide the county auditor with  
139.17 the information to be included in the notice on or before the time it certifies its proposed  
139.18 levy under subdivision 1. The public must be allowed to speak at that meeting, which must  
139.19 occur after November 24 and must not be held before 6:00 p.m. It must provide a telephone  
139.20 number for the taxing authority that taxpayers may call if they have questions related to the  
139.21 notice and an address where comments will be received by mail, except that no notice  
139.22 required under this section shall be interpreted as requiring the printing of a personal  
139.23 telephone number or address as the contact information for a taxing authority. If a taxing  
139.24 authority does not maintain public offices where telephone calls can be received by the  
139.25 authority, the authority may inform the county of the lack of a public telephone number and  
139.26 the county shall not list a telephone number for that taxing authority.

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

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

140.1 (2) the items listed below, shown separately by county, city or town, and state general  
140.2 tax, agricultural homestead credit under section 273.1384, school building bond agricultural  
140.3 credit under section 273.1387, voter approved school levy, other local school levy, and the  
140.4 sum of the special taxing districts, and as a total of all taxing authorities:

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

140.6 (ii) the proposed tax amount.

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

140.10 In the case of a town or the state general tax, the final tax shall also be its proposed tax  
140.11 unless the town changes its levy at a special town meeting under section 365.52. If a school  
140.12 district has certified under section 126C.17, subdivision 9, that a referendum will be held  
140.13 in the school district at the November general election, the county auditor must note next  
140.14 to the school district's proposed amount that a referendum is pending and that, if approved  
140.15 by the voters, the tax amount may be higher than shown on the notice. In the case of the  
140.16 city of Minneapolis, the levy for Minneapolis Park and Recreation shall be listed separately  
140.17 from the remaining amount of the city's levy. In the case of the city of St. Paul, the levy for  
140.18 the St. Paul Library Agency must be listed separately from the remaining amount of the  
140.19 city's levy. In the case of Ramsey County, any amount levied under section 134.07 may be  
140.20 listed separately from the remaining amount of the county's levy. In the case of a parcel  
140.21 where tax increment or the fiscal disparities areawide tax under chapter 276A or 473F  
140.22 applies, the proposed tax levy on the captured value or the proposed tax levy on the tax  
140.23 capacity subject to the areawide tax must each be stated separately and not included in the  
140.24 sum of the special taxing districts; and

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

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

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

140.32 (1) special assessments;

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

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

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

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

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

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

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

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

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

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

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

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

141.31 (1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325, 473.446,  
141.32 473.521, 473.547, or 473.834;

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

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

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

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

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

142.15 (2) population growth and decline;

142.16 (3) state or federal government action; and

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

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

142.23 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2018.

142.24 Sec. 6. Minnesota Statutes 2016, section 275.07, subdivision 2, is amended to read:

142.25 Subd. 2. **School district in more than one county levies; special requirements.** (a) In  
142.26 school districts lying in more than one county, the clerk shall certify the tax levied to the  
142.27 auditor of the county in which the administrative offices of the school district are located.

142.28 (b) **The district must identify the portion of the school district levy that is levied for debt**  
142.29 **service at the time the levy is certified under this section. For the purposes of this paragraph,**  
142.30 **"levied for debt service" means levies authorized under sections 123B.53, 123B.535, and**  
142.31 **123B.55, as adjusted by sections 126C.46 and 126C.48, net of any debt excess levy reductions**

143.1 under section 475.61, subdivision 4, excluding debt service amounts necessary for repayment  
143.2 of other postemployment benefits under section 475.52, subdivision 6.

143.3 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2018.

143.4 Sec. 7. Minnesota Statutes 2016, section 275.08, subdivision 1b, is amended to read:

143.5 Subd. 1b. **Computation of tax rates.** (a) The amounts certified to be levied against net  
143.6 tax capacity under section 275.07 by an individual local government unit shall be divided  
143.7 by the total net tax capacity of all taxable properties within the local government unit's  
143.8 taxing jurisdiction. The resulting ratio, the local government's local tax rate, multiplied by  
143.9 each property's net tax capacity shall be each property's net tax capacity tax for that local  
143.10 government unit before reduction by any credits.

143.11 (b) The auditor must also determine the school debt tax rate for each school district equal  
143.12 to (1) the school debt service levy certified under section 275.07, subdivision 2, divided by  
143.13 (2) the total net tax capacity of all taxable property within the district.

143.14 (c) Any amount certified to the county auditor to be levied against market value shall  
143.15 be divided by the total referendum market value of all taxable properties within the taxing  
143.16 district. The resulting ratio, the taxing district's new referendum tax rate, multiplied by each  
143.17 property's referendum market value shall be each property's new referendum tax before  
143.18 reduction by any credits. For the purposes of this subdivision, "referendum market value"  
143.19 means the market value as defined in section 126C.01, subdivision 3.

143.20 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2018.

143.21 Sec. 8. Minnesota Statutes 2016, section 276.04, subdivision 2, is amended to read:

143.22 Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the printing of  
143.23 the tax statements. The commissioner of revenue shall prescribe the form of the property  
143.24 tax statement and its contents. The tax statement must not state or imply that property tax  
143.25 credits are paid by the state of Minnesota. The statement must contain a tabulated statement  
143.26 of the dollar amount due to each taxing authority and the amount of the state tax from the  
143.27 parcel of real property for which a particular tax statement is prepared. The dollar amounts  
143.28 attributable to the county, the state tax, the voter approved school tax, the other local school  
143.29 tax, the township or municipality, and the total of the metropolitan special taxing districts  
143.30 as defined in section 275.065, subdivision 3, paragraph (i), must be separately stated. The  
143.31 amounts due all other special taxing districts, if any, may be aggregated except that any  
143.32 levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin,

144.1 Ramsey, Scott, or Washington under chapter 398A shall be listed on a separate line directly  
144.2 under the appropriate county's levy. If the county levy under this paragraph includes an  
144.3 amount for a lake improvement district as defined under sections 103B.501 to 103B.581,  
144.4 the amount attributable for that purpose must be separately stated from the remaining county  
144.5 levy amount. In the case of Ramsey County, if the county levy under this paragraph includes  
144.6 an amount for public library service under section 134.07, the amount attributable for that  
144.7 purpose may be separated from the remaining county levy amount. The amount of the tax  
144.8 on homesteads qualifying under the senior citizens' property tax deferral program under  
144.9 chapter 290B is the total amount of property tax before subtraction of the deferred property  
144.10 tax amount. The amount of the tax on contamination value imposed under sections 270.91  
144.11 to 270.98, if any, must also be separately stated. The dollar amounts, including the dollar  
144.12 amount of any special assessments, may be rounded to the nearest even whole dollar. For  
144.13 purposes of this section whole odd-numbered dollars may be adjusted to the next higher  
144.14 even-numbered dollar. The amount of market value excluded under section 273.11,  
144.15 subdivision 16, if any, must also be listed on the tax statement.

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

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

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

144.24 (2) the property's homestead market value exclusion under section 273.13, subdivision  
144.25 35;

144.26 (3) the property's taxable market value under section 272.03, subdivision 15;

144.27 (4) the property's gross tax, before credits;

144.28 (5) for ~~homestead~~ agricultural properties, the ~~credit~~ credits under ~~section~~ sections  
144.29 273.1384 and 273.1387;

144.30 (6) any credits received under sections 273.119; 273.1234 or 273.1235; 273.135;  
144.31 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of credit  
144.32 received under section 273.135 must be separately stated and identified as "taconite tax  
144.33 relief"; and



145.1 (7) the net tax payable in the manner required in paragraph (a).

145.2 (d) If the county uses envelopes for mailing property tax statements and if the county  
145.3 agrees, a taxing district may include a notice with the property tax statement notifying  
145.4 taxpayers when the taxing district will begin its budget deliberations for the current year,  
145.5 and encouraging taxpayers to attend the hearings. If the county allows notices to be included  
145.6 in the envelope containing the property tax statement, and if more than one taxing district  
145.7 relative to a given property decides to include a notice with the tax statement, the county  
145.8 treasurer or auditor must coordinate the process and may combine the information on a  
145.9 single announcement.

145.10 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2018.

145.11 Sec. 9. Minnesota Statutes 2016, section 469.169, is amended by adding a subdivision to  
145.12 read:

145.13 **Subd. 20. Additional border city allocations.** (a) In addition to the tax reductions  
145.14 authorized in subdivisions 12 to 19, the commissioner shall allocate \$3,000,000 for tax  
145.15 reductions to border city enterprise zones in cities located on the western border of the state.  
145.16 The commissioner shall allocate this amount among cities on a per capita basis. Allocations  
145.17 under this subdivision may be used for tax reductions under sections 469.171, 469.1732,  
145.18 and 469.1734, or for other offsets of taxes imposed on or remitted by businesses located in  
145.19 the enterprise zone, but only if the municipality determines that the granting of the tax  
145.20 reduction or offset is necessary to retain a business within or attract a business to the zone.

145.21 (b) The allocations under this subdivision do not cancel or expire, but remain available  
145.22 until used by the city.

145.23 **EFFECTIVE DATE.** This section is effective July 1, 2017.

145.24 Sec. 10. Minnesota Statutes 2016, section 477A.011, subdivision 34, is amended to read:

145.25 Subd. 34. **City revenue need.** (a) For a city with a population equal to or greater than  
145.26 10,000, "city revenue need" is 1.15 times the sum of (1) 4.59 times the pre-1940 housing  
145.27 percentage; plus (2) 0.622 times the percent of housing built between 1940 and 1970; plus  
145.28 (3) 169.415 times the jobs per capita; plus (4) the sparsity adjustment; plus (5) 307.664.

145.29 (b) For a city with a population equal to or greater than 2,500 and less than 10,000, "city  
145.30 revenue need" is 1.15 times the sum of (1) 572.62; plus (2) 5.026 times the pre-1940 housing  
145.31 percentage; minus (3) 53.768 times household size; plus (4) 14.022 times peak population  
145.32 decline; plus (5) the sparsity adjustment.

146.1 (c) For a city with a population less than 2,500, "city revenue need" is the sum of (1)  
146.2 410 plus; (2) 0.367 times the city's population over 100; plus (3) the sparsity adjustment.  
146.3 The city revenue need for a city under this paragraph shall not exceed 630 plus the city's  
146.4 sparsity adjustment.

146.5 (d) For a city with a population of at least 2,500 but less than 3,000, the "city revenue  
146.6 need" equals (1) the transition factor times the city's revenue need calculated in paragraph  
146.7 (b); plus (2) 630 times the difference between one and the transition factor. For a city with  
146.8 a population of at least 10,000 but less than ~~10,500~~ 11,000, the "city revenue need" equals  
146.9 (1) the transition factor times the city's revenue need calculated in paragraph (a); plus (2)  
146.10 the city's revenue need calculated under the formula in paragraph (b) times the difference  
146.11 between one and the transition factor. For purposes of the first sentence of this paragraph  
146.12 "transition factor" is 0.2 percent times the amount that the city's population exceeds the  
146.13 ~~minimum threshold in either of the first two sentences.~~ For purposes of the second sentence  
146.14 of this paragraph, "transition factor" is 0.1 percent times the amount that the city's population  
146.15 exceeds the minimum threshold.

146.16 (e) The city revenue need cannot be less than zero.

146.17 (f) For calendar year 2015 and subsequent years, the city revenue need for a city, as  
146.18 determined in paragraphs (a) to (e), is multiplied by the ratio of the annual implicit price  
146.19 deflator for government consumption expenditures and gross investment for state and local  
146.20 governments as prepared by the United States Department of Commerce, for the most  
146.21 recently available year to the 2013 implicit price deflator for state and local government  
146.22 purchases.

146.23 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2018  
146.24 and thereafter.

146.25 Sec. 11. Minnesota Statutes 2016, section 477A.011, subdivision 45, is amended to read:

146.26 Subd. 45. **Sparsity adjustment.** For a city with a population of 10,000 or more, the  
146.27 sparsity adjustment is 100 for any city with an average population density less than 150 per  
146.28 square mile, according to the most recent federal census; ~~and.~~ For a city with a population  
146.29 less than 10,000, the sparsity adjustment is 200 for any city with an average population  
146.30 density less than 30 per square mile, according to the most recent federal census. The sparsity  
146.31 adjustment is zero for all other cities.

146.32 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2018  
146.33 and thereafter.

147.1 Sec. 12. Minnesota Statutes 2016, section 477A.0124, subdivision 4, is amended to read:

147.2 Subd. 4. **County tax-base equalization aid.** (a) For 2006 and subsequent years, the  
147.3 money appropriated to county tax-base equalization aid each calendar year, after the payment  
147.4 under paragraph (f), shall be apportioned among the counties according to each county's  
147.5 tax-base equalization aid factor.

147.6 (b) A county's tax-base equalization aid factor is equal to the amount by which (i) ~~\$185~~  
147.7 \$190 times the county's population, exceeds (ii) ~~9.45~~ nine percent of the county's net tax  
147.8 capacity.

147.9 (c) In the case of a county with a population less than 10,000, the factor determined in  
147.10 paragraph (b) shall be multiplied by a factor of three.

147.11 (d) In the case of a county with a population greater than or equal to 10,000, but less  
147.12 than 12,500, the factor determined in paragraph (b) shall be multiplied by a factor of two.

147.13 (e) In the case of a county with a population greater than 500,000, the factor determined  
147.14 in paragraph (b) shall be multiplied by a factor of 0.25.

147.15 (f) ~~Before the money appropriated to county base equalization aid is apportioned among~~  
147.16 ~~the counties as provided in paragraph (a), an amount up to \$73,259 is allocated annually to~~  
147.17 ~~Anoka County and up to \$59,664 is annually allocated to Washington County for the county~~  
147.18 ~~to pay postretirement costs of health insurance premiums for court employees. The allocation~~  
147.19 ~~under this paragraph is in addition to the allocations under paragraphs (a) to (e). Beginning~~  
147.20 with aid payable in 2019, the amount under paragraph (b), item (i), shall be increased by  
147.21 the ratio of the statewide net tax capacity per capita to the statewide net tax capacity per  
147.22 capita in the 2016 assessment year, provided that in no case shall the ratio be less than one  
147.23 or the ratio in the prior year, whichever is greater. The amount shall be rounded to the nearest  
147.24 \$10. The statewide net tax capacity per capita shall be calculated using the most recent  
147.25 population available for the relevant assessment year at the time of the calculation of the  
147.26 aid by the commissioner under section 477A.014.

147.27 (g) For distributions in 2018 and subsequent years, the allocation to a county under  
147.28 paragraphs (a) to (e) shall not be less than:

147.29 (1) an amount equal to 0.27 percent of the total appropriation available for that year  
147.30 under section 477A.03, subdivision 2b, paragraph (b); or

147.31 (2) 95 percent of the tax base equalization aid for the county in the prior year, whichever  
147.32 is greater.

148.1 If the sum of aids payable to counties under this subdivision exceeds the limit under section  
148.2 477A.03, subdivision 2b, paragraph (b), the distribution for those counties whose aid amounts  
148.3 exceed their minimum aid must be proportionately reduced so that the amount of aid  
148.4 distributed under this subdivision does not exceed the limit in section 477A.03, subdivision  
148.5 2b, paragraph (b).

148.6 **EFFECTIVE DATE.** This section is effective for aids payable in 2018 and thereafter.

148.7 Sec. 13. Minnesota Statutes 2016, section 477A.0124, is amended by adding a subdivision  
148.8 to read:

148.9 Subd. 7. **County aid calculations.** Data used in calculating aids to counties under this  
148.10 section shall be the most recently available data as of January 1 in the year in which the aid  
148.11 is calculated.

148.12 **EFFECTIVE DATE.** This section is effective beginning with aid payable in 2018.

148.13 Sec. 14. **[477A.0126] REIMBURSEMENT TO COUNTIES AND TRIBES FOR**  
148.14 **CERTAIN OUT-OF-HOME PLACEMENTS.**

148.15 Subdivision 1. **Definition.** For purposes of this section, "out-of-home placement" means  
148.16 24-hour substitute care for an Indian child as defined by section 260C.007, subdivision 21,  
148.17 away from the child's parent or guardian and for whom the county or tribal social services  
148.18 agency has been assigned responsibility for the child's placement and care, which includes  
148.19 placement in foster care under section 260C.007, subdivision 18.

148.20 Subd. 2. **Determination of nonfederal share of costs.** (a) By July 1, 2017, and each  
148.21 June 1 thereafter, each county shall report the following information to the commissioner  
148.22 of human services:

148.23 (1) the amount paid out of the county's social service agency budget for out-of-home  
148.24 placement of Indian children in the calendar year immediately preceding the year in which  
148.25 the report was made; and

148.26 (2) the number of days foster care maintenance payments were made for each Indian  
148.27 child the calendar year immediately preceding the year in which the report was made.

148.28 (b) The commissioner of human services shall prescribe the format of the report. By  
148.29 July 15, 2017, and each July 1 thereafter, the commissioner of human services shall certify  
148.30 to the commissioner of revenue and to the legislative committees with jurisdiction over  
148.31 local government aids and out-of-home placement funding the data reported under this  
148.32 subdivision and whether it accurately reflects total expenditures by counties for out-of-home

149.1 placement costs of Indian children. The commissioner of human services shall also certify  
149.2 to the commissioner of revenue the reimbursement amounts received from the federal  
149.3 government for out-of-home placement costs for the previous calendar year received by  
149.4 each initiative tribe under section 256.01, subdivision 14b.

149.5 (c) Until the commissioner of human services develops another mechanism for collecting  
149.6 and verifying data on out-of-home placements of Indian children, the data collected under  
149.7 this subdivision must be used to calculate payments under subdivision 3.

149.8 Subd. 3. **Aid for counties.** (a) For aids payable in calendar year 2018 and thereafter, the  
149.9 Department of Revenue shall reimburse each county the county's proportionate share of the  
149.10 appropriation in subdivision 7 that remains after the aid for tribes in subdivision 4 has been  
149.11 paid.

149.12 (b) Each county's proportionate share is based on the county's nonfederal share of the  
149.13 cost for out-of-home placement of Indian children for the calendar year that was certified  
149.14 by the commissioner of human services under subdivision 2, paragraph (b), provided that:

149.15 (1) the commissioner of human services certifies to the commissioner of revenue that  
149.16 accurate data are available to make the aid determination under this section; and

149.17 (2) the commissioner of human services certifies to the commissioner of revenue that  
149.18 the county is in substantial compliance with the compliance review system developed in  
149.19 accordance with subdivision 6.

149.20 (c) If the commissioner of human services determines that a county is substantially out  
149.21 of compliance with the Indian Child Welfare Act or the Minnesota Indian Family Preservation  
149.22 Act, as determined under subdivision 6, the commissioner of human services shall provide  
149.23 written notice to the county of its noncompliance, and what actions are necessary by the  
149.24 county to improve and maintain compliance.

149.25 (d) If the county remains substantially out of compliance with the Indian Child Welfare  
149.26 Act or the Minnesota Indian Family Preservation Act as determined by the commissioner  
149.27 of human services under subdivision 6 for a second consecutive year, the county shall be  
149.28 eligible for 50 percent of the aid under this section beginning with the next certification and  
149.29 until the commissioner of human services certifies to the commissioner of revenue that the  
149.30 county is in substantial compliance and is eligible for the aid payment. The commissioner  
149.31 of human services shall certify to the commissioner of revenue by July 1 of each year which  
149.32 counties are eligible for an aid reduction in the following year.

150.1 Subd. 4. **Aid for tribes.** For aids payable in 2018 and thereafter, the amount of  
150.2 reimbursement to each initiative tribe under section 256.01, subdivision 14b, shall be the  
150.3 greater of:

150.4 (1) five percent of the reimbursement amount received from the federal government for  
150.5 out-of-home placement costs for the previous calendar year that was certified under  
150.6 subdivision 2, paragraph (b); or

150.7 (2) \$200,000.

150.8 Subd. 5. **Payments.** The commissioner of revenue must compute the amount of the  
150.9 reimbursement aid payable to each county and tribe under this section. On or before August  
150.10 1 of each year, the commissioner shall certify the amount to be paid to each county and  
150.11 tribe in the following year. The commissioner shall pay reimbursement aid annually at the  
150.12 times provided in section 477A.015.

150.13 Subd. 6. **Indian Child Welfare Act compliance system review.** (a) By January 1, 2018,  
150.14 the commissioner of human services, in consultation with counties and tribes, shall develop  
150.15 a system to review county compliance with the Indian Child Welfare Act and the Minnesota  
150.16 Indian Family Preservation Act. The system may include, but is not limited to, the cases to  
150.17 be reviewed, the criteria to be reviewed to demonstrate compliance, the rate of noncompliance  
150.18 and the coordinating penalty, the program improvement plan, and training.

150.19 (b) The commissioner of human services shall provide continuous review of cases  
150.20 reported by counties for aid payments under this section for compliance with the Indian  
150.21 Child Welfare Act and the Minnesota Indian Family Preservation Act.

150.22 (c) The determination made by the commissioner of human services regarding a county's  
150.23 compliance or noncompliance with the Indian Child Welfare Act and the Minnesota Indian  
150.24 Family Preservation Act shall be final.

150.25 Subd. 7. **Appropriation.** (a) \$5,000,000 is annually appropriated to the commissioner  
150.26 of revenue from the general fund to pay aid under this section.

150.27 (b) \$390,000 is appropriated annually from the general fund to the commissioner of  
150.28 human services to implement subdivision 6.

150.29 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2018,  
150.30 except the appropriation in subdivision 7, paragraph (b), is effective beginning with fiscal  
150.31 year 2019.

151.1 Sec. 15. Minnesota Statutes 2016, section 477A.013, subdivision 8, is amended to read:

151.2 Subd. 8. **City formula aid.** (a) For aids payable in ~~2015~~ 2018 and thereafter, the formula  
151.3 aid for a city is equal to ~~the sum of (1) its formula aid in the previous year and (2) the product~~  
151.4 ~~of (i) (1) the difference between its unmet need and its formula certified aid in the previous~~  
151.5 ~~year and before any aid adjustment under subdivision 13, and (ii) (2) the aid gap percentage.~~

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

151.9 ~~(c) No city may have a formula aid amount less than zero. The aid gap percentage must~~  
151.10 ~~be the same for all cities subject to paragraph (a).~~

151.11 ~~(d) (b)~~ The applicable aid gap percentage must be calculated by the Department of  
151.12 Revenue so that the total of the aid under subdivision 9 equals the total amount available  
151.13 for aid under section 477A.03. The aid gap percentage must be the same for all cities subject  
151.14 to paragraph (a). Data used in calculating aids to cities under sections 477A.011 to 477A.013  
151.15 shall be the most recently available data as of January 1 in the year in which the aid is  
151.16 calculated.

151.17 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2018  
151.18 and thereafter.

151.19 Sec. 16. Minnesota Statutes 2016, section 477A.013, subdivision 9, is amended to read:

151.20 Subd. 9. **City aid distribution.** (a) In calendar year ~~2014~~ 2018 and thereafter, ~~each city~~  
151.21 if a city's certified aid before any aid adjustment under subdivision 13 for the previous year  
151.22 is less than its current unmet need, the city shall receive an aid distribution equal to the sum  
151.23 of (1) its certified aid in the previous year before any aid adjustment under subdivision 13,  
151.24 (2) the city formula aid under subdivision 8, and (2) (3) its aid adjustment under subdivision  
151.25 13.

151.26 (b) For aids payable in ~~2015~~ 2018 and thereafter, if a city's certified aid before any aid  
151.27 adjustment under subdivision 13 for the previous year is equal to or greater than its current  
151.28 unmet need, the total aid for a city must not be less than is equal to the greater of (1) its  
151.29 unmet need plus any aid adjustment under subdivision 13, or (2) the amount it was certified  
151.30 to receive in the previous year minus the lesser of \$10 multiplied by its population, or five  
151.31 percent of its net levy in the year prior to the aid distribution. No city may have a total aid  
151.32 amount less than \$0.

152.1 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2018  
152.2 and thereafter.

152.3 Sec. 17. Minnesota Statutes 2016, section 477A.015, is amended to read:

152.4 **477A.015 PAYMENT DATES.**

152.5 (a) The commissioner of revenue shall make the payments of local government aid to  
152.6 affected taxing authorities in two installments on July 20 and December 26 annually.

152.7 (b) Notwithstanding paragraph (a), for aids payable in 2019 only, the commissioner of  
152.8 revenue shall make payments of the aid payable under section 477A.013, subdivision 9, in  
152.9 three installments as follows: (1) 14.6 percent of the aid shall be paid on June 15, 2019; (2)  
152.10 35.4 percent of the aid shall be paid on July 20, 2019; and (3) 50 percent of the aid shall be  
152.11 paid on December 26, 2019.

152.12 (c) When the commissioner of public safety determines that a local government has  
152.13 suffered financial hardship due to a natural disaster, the commissioner of public safety shall  
152.14 notify the commissioner of revenue, who shall make payments of aids under sections  
152.15 477A.011 to 477A.014, which are otherwise due on December 26, as soon as is practical  
152.16 after the determination is made but not before July 20.

152.17 (d) The commissioner may pay all or part of the payments of aids under sections  
152.18 477A.011 to 477A.014, which are due on December 26 at any time after August 15 if a  
152.19 local government requests such payment as being necessary for meeting its cash flow needs.

152.20 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2019.

152.21 Sec. 18. **[477A.0175] AID REDUCTIONS FOR OPERATING AN UNAUTHORIZED**  
152.22 **DIVERSION PROGRAM.**

152.23 **Subdivision 1. Penalty for operating an unauthorized diversion program.**

152.24 Notwithstanding any other law to the contrary, a county or city that operated a pretrial  
152.25 diversion program that a court determines was not authorized under section 169.999 or  
152.26 another statute or law must have its aid under sections 477A.011 to 477A.03 reduced by  
152.27 the amount of fees paid by participants into the program for the years in which the program  
152.28 operated. A court shall report any order that enjoins a county or city from operating a pretrial  
152.29 diversion program to the state auditor as required under subdivision 2. The state auditor  
152.30 shall determine the amount of fees collected under the diversion program and notify the  
152.31 commissioner of the amount. The commissioner shall reduce the county program aid paid  
152.32 to a county or the local government aid paid to a city by this amount beginning with the



153.1 first aid payment made after receiving notice of the reduction amount. No aid payment may  
153.2 be less than zero but the amount of the reduction that cannot be made out of that payment  
153.3 shall be applied to future payments until the total amount has been deducted.

153.4 Subd. 2. **Court challenge to authority to operate a pretrial diversion program.** Any  
153.5 taxpayer may challenge a city or county operation of a pretrial diversion program by filing  
153.6 a declaratory judgment action or seeking other appropriate relief in the district court for the  
153.7 county where the city is located or in any other court of competent jurisdiction. If the court  
153.8 finds that the county or city has exceeded its authority under law in operating the pretrial  
153.9 diversion program, the court must transmit a copy of the court order to the state auditor.

153.10 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
153.11 applies beginning with aid payments under Minnesota Statutes, section 477A.015 in calendar  
153.12 year 2018.

153.13 Sec. 19. Minnesota Statutes 2016, section 477A.03, subdivision 2a, is amended to read:

153.14 Subd. 2a. **Cities.** ~~The total aid paid under section 477A.013, subdivision 9, is~~  
153.15 ~~\$516,898,012 for aids payable in 2015.~~ For aids payable in 2016 and thereafter 2017, the  
153.16 total aid paid under section 477A.013, subdivision 9, is \$519,398,012. For aids payable in  
153.17 2018 and thereafter, the total aid paid under section 477A.013, subdivision 9, is  
153.18 \$534,398,012.

153.19 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2018  
153.20 and thereafter.

153.21 Sec. 20. Minnesota Statutes 2016, section 477A.03, subdivision 2b, is amended to read:

153.22 Subd. 2b. **Counties.** (a) For aids payable in ~~2014 and thereafter~~ 2018 through 2024, the  
153.23 total aid payable under section 477A.0124, subdivision 3, is \$103,795,000, of which  
153.24 \$3,000,000 shall be allocated as required under Laws 2014, chapter 150, article 4, section  
153.25 6. For aids payable in 2025 and thereafter, the total aid payable under section 477A.0124,  
153.26 subdivision 3, is \$100,795,000. Each calendar year, \$500,000 of this appropriation shall be  
153.27 retained by the commissioner of revenue to make reimbursements to the commissioner of  
153.28 management and budget for payments made under section 611.27. The reimbursements  
153.29 shall be to defray the additional costs associated with court-ordered counsel under section  
153.30 611.27. Any retained amounts not used for reimbursement in a year shall be included in the  
153.31 next distribution of county need aid that is certified to the county auditors for the purpose  
153.32 of property tax reduction for the next taxes payable year.

154.1 (b) For aids payable in ~~2014~~ 2018 and thereafter, the total aid under section 477A.0124,  
154.2 subdivision 4, is ~~\$104,909,575~~ \$130,873,444. The commissioner of revenue shall transfer  
154.3 to the commissioner of management and budget \$207,000 annually for the cost of preparation  
154.4 of local impact notes as required by section 3.987, and other local government activities.  
154.5 The commissioner of revenue shall transfer to the commissioner of education \$7,000 annually  
154.6 for the cost of preparation of local impact notes for school districts as required by section  
154.7 3.987. The commissioner of revenue shall deduct the amounts transferred under this  
154.8 paragraph from the appropriation under this paragraph. The amounts transferred are  
154.9 appropriated to the commissioner of management and budget and the commissioner of  
154.10 education respectively.

154.11 **EFFECTIVE DATE.** This section is effective for aids payable in 2018 and thereafter.

154.12 Sec. 21. **[477A.09] MAXIMUM EFFORT LOAN AID.**

154.13 (a) For fiscal years 2018 to 2022, each school district with a maximum effort loan under  
154.14 sections 126C.61 to 126C.72, outstanding as of June 30, 2016, is eligible for an aid payment  
154.15 equal to one-fifth of the amount of interest that was paid on the loan between December 1,  
154.16 1990, and June 30, 2016. A school district with a maximum effort capital loan outstanding  
154.17 as of June 30, 2017, is eligible for an annual aid payment equal to one-fifth of the estimated  
154.18 amount of interest that will be paid by the district on the loan between June 30, 2017, and  
154.19 June 30, 2021. Aid payments under this section must be used to reduce current year property  
154.20 taxes levied on net tax capacity within the district or to reduce future years' tax levies by:

154.21 (1) retaining payments made under this section in the district's debt redemption fund for  
154.22 up to 20 years, notwithstanding the two-year limit under section 475.61, subdivision 3; or

154.23 (2) financing a defeasance of any future payments on outstanding bonded debt.

154.24 (b) Aid under this section must be paid in fiscal years 2018 to 2022. An amount sufficient  
154.25 to make aid payments under this section is annually appropriated from the general fund to  
154.26 the commissioner of education.

154.27 **EFFECTIVE DATE.** This section is effective for fiscal years 2018 to 2022.

154.28 Sec. 22. Minnesota Statutes 2016, section 477A.12, subdivision 1, is amended to read:

154.29 Subdivision 1. **Types of land; payments.** The following amounts are annually  
154.30 appropriated to the commissioner of natural resources from the general fund for transfer to  
154.31 the commissioner of revenue. The commissioner of revenue shall pay the transferred funds

155.1 to counties as required by sections 477A.11 to 477A.14. The amounts, based on the acreage  
155.2 as of July 1 of each year prior to the payment year, are:

155.3 (1) \$5.133 multiplied by the total number of acres of acquired natural resources land or,  
155.4 at the county's option three-fourths of one percent of the appraised value of all acquired  
155.5 natural resources land in the county, whichever is greater;

155.6 (2) \$5.133, multiplied by the total number of acres of transportation wetland or, at the  
155.7 county's option, three-fourths of one percent of the appraised value of all transportation  
155.8 wetland in the county, whichever is greater;

155.9 (3) \$5.133, multiplied by the total number of acres of wildlife management land, or, at  
155.10 the county's option, three-fourths of one percent of the appraised value of all wildlife  
155.11 management land in the county, whichever is greater;

155.12 (4) 50 percent of the dollar amount as determined under clause (1), multiplied by the  
155.13 number of acres of military refuge land in the county;

155.14 (5) ~~\$1.50~~ \$2, multiplied by the number of acres of county-administered other natural  
155.15 resources land in the county;

155.16 (6) \$5.133, multiplied by the total number of acres of land utilization project land in the  
155.17 county;

155.18 (7) ~~\$1.50~~ \$2, multiplied by the number of acres of commissioner-administered other  
155.19 natural resources land in the county; and

155.20 (8) without regard to acreage, and notwithstanding the rules adopted under section  
155.21 84A.55, \$300,000 for local assessments under section 84A.55, subdivision 9, that shall be  
155.22 divided and distributed to the counties containing state-owned lands within a conservation  
155.23 area in proportion to each county's percentage of the total annual ditch assessments.

155.24 **EFFECTIVE DATE.** This section is effective for payments made in calendar year 2018  
155.25 and thereafter.

155.26 Sec. 23. Minnesota Statutes 2016, section 477A.17, is amended to read:

155.27 **477A.17 LAKE VERMILION-SOUDAN UNDERGROUND MINE STATE PARK;**  
155.28 **ANNUAL PAYMENTS.**

155.29 (a) In lieu of the payment amount provided under section 477A.12, subdivision 1, clause  
155.30 (1), the county shall receive an annual payment for state-owned land within the boundary  
155.31 of Lake Vermilion-Soudan Underground Mine State Park, established in section 85.012,  
155.32 subdivision 38a, equal to 1.5 percent of the appraised value of the state-owned land.

156.1 (b) For the purposes of this section, the appraised value of the land acquired for Lake  
156.2 Vermilion-Soudan Underground Mine State Park for the first five years after acquisition  
156.3 shall be the purchase price of the land, plus the value of any portion of the land that is  
156.4 acquired by donation. Thereafter, the appraised value of the state-owned land shall be as  
156.5 determined under section 477A.12, subdivision 3, except that the appraised value of the  
156.6 state-owned land within the park shall not be reduced below the 2010 appraised value of  
156.7 the land.

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

156.13 (d) Except as provided in this section, the payments shall be made as provided in sections  
156.14 477A.11 to 477A.13.

156.15 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2017.  
156.16 For aids payable in 2017, the commissioner of natural resources must recertify the amounts  
156.17 under this section to the commissioner of revenue by June 15, 2017.

156.18 Sec. 24. **[477A.21] RIPARIAN PROTECTION AID.**

156.19 **Subdivision 1. Definitions.** For purposes of this section, the following terms have the  
156.20 meanings given:

156.21 (1) "buffer protection map" has the meaning given under section 103F.48, subdivision  
156.22 1; and

156.23 (2) "public watercourses" means public waters and public drainage systems subject to  
156.24 riparian protection requirements under section 103F.48.

156.25 **Subd. 2. Certifications to commissioner.** (a) The Board of Water and Soil Resources  
156.26 must certify to the commissioner of revenue, on or before July 1 each year, which counties  
156.27 and watershed districts have affirmed their jurisdiction under section 103F.48 and the  
156.28 proportion of centerline miles of public watercourses, and miles of public drainage system  
156.29 ditches on the buffer protection map, within each county and each watershed district within  
156.30 the county with affirmed jurisdiction.

156.31 (b) On or before July 1 each year, the commissioner of natural resources shall certify to  
156.32 the commissioner of revenue the statewide and countywide number of centerline miles of

157.1 public watercourses and miles of public drainage system ditches on the buffer protection  
157.2 map.

157.3 Subd. 3. **Distribution.** (a) A county that is certified under subdivision 2, or that portion  
157.4 of a county containing a watershed district certified under subdivision 2, is eligible to receive  
157.5 aid under this section to enforce and implement the riparian protection and water quality  
157.6 practices under section 103F.48. Each county's preliminary aid amount is equal to the  
157.7 proportion calculated under paragraph (b) multiplied by the appropriation received each  
157.8 year by the commissioner for purposes of payments under this section.

157.9 (b) The commissioner must compute each county's proportion. A county's proportion is  
157.10 equal to the ratio of the sum in clause (1) to the sum in clause (2):

157.11 (1) the sum of the total number of acres in the county classified as class 2a under section  
157.12 273.13, subdivision 23, the countywide number of centerline miles of public watercourses  
157.13 on the buffer protection map, and the countywide number of miles of public drainage system  
157.14 ditches on the buffer protection map; and

157.15 (2) the sum of the statewide total number of acres classified as class 2a under section  
157.16 273.13, subdivision 23, the statewide total number of centerline miles of public watercourses  
157.17 on the buffer protection map, and the statewide total number of public drainage system  
157.18 miles on the buffer protection map.

157.19 (c) Aid to a county must not be greater than \$200,000 or less than \$50,000. If the sum  
157.20 of the preliminary aids payable to counties under paragraph (a) is greater or less than the  
157.21 appropriation received by the commissioner, the commissioner of revenue must calculate  
157.22 the percentage of adjustment necessary so that the total of the aid under paragraph (a) equals  
157.23 the total amount received by the commissioner, subject to the minimum and maximum  
157.24 amounts specified in this paragraph. The minimum and maximum amounts under this  
157.25 paragraph must be adjusted by the ratio of the actual amount appropriated to \$10,000,000.

157.26 (d) If only a portion of a county is certified as eligible to receive aid under subdivision  
157.27 2, the aid otherwise payable to that county under this section must be multiplied by a fraction,  
157.28 the numerator of which is the buffer protection map miles of the certified watershed districts  
157.29 contained within the county and the denominator of which is the total buffer protection map  
157.30 miles of the county.

157.31 (e) Any aid that would otherwise be paid to a county or portion of a county that is not  
157.32 certified under subdivision 2 shall be paid to the Board of Water and Soil Resources for  
157.33 enforcing and implementing the riparian protection and water quality practices under section  
157.34 103F.48.

158.1 Subd. 4. **Payments.** The commissioner of revenue must compute the amount of riparian  
158.2 protection aid payable to each eligible county and to the Board of Water and Soil Resources  
158.3 under this section. On or before August 1 each year, the commissioner must certify the  
158.4 amount to be paid to each county and the Board of Water and Soil Resources in the following  
158.5 year, except that the payments for 2017 must be certified by July 15, 2017. The commissioner  
158.6 must pay riparian protection aid to counties and to the Board of Water and Soil Resources  
158.7 in the same manner and at the same time as aid payments under section 477A.015.

158.8 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
158.9 applies to aids payable in 2017 and thereafter.

158.10 Sec. 25. **[477A.22] APPROPRIATION; RIPARIAN PROTECTION AID.**

158.11 \$6,000,000 in fiscal year 2018 and \$8,000,000 in each fiscal year thereafter is  
158.12 appropriated from the general fund to the commissioner of revenue for riparian protection  
158.13 aid payments under Minnesota Statutes, section 477A.21. These amounts may be in addition  
158.14 to other appropriations for the same purpose. Notwithstanding Minnesota Statutes, section  
158.15 477A.21, subdivisions 3 and 4, the fiscal year 2018 appropriation may be paid only to  
158.16 counties. Unexpended funds from fiscal year 2018 are available in fiscal year 2019.

158.17 **EFFECTIVE DATE.** This section is effective for aids payable in 2017 and thereafter.

158.18 Sec. 26. **BASE YEAR FORMULA AID FOR NEWLY INCORPORATED CITY.**

158.19 For a city that incorporated on October 13, 2015, and first qualifies for aid under  
158.20 Minnesota Statutes, section 477A.013, subdivisions 8 and 9, in 2017, the city's certified aid  
158.21 for 2017, used in calculating aid payable in 2018, shall be deemed to equal \$95 multiplied  
158.22 by its 2014 population.

158.23 **EFFECTIVE DATE.** This section is effective for aids payable in 2018.

158.24 Sec. 27. **2013 CITY AID PENALTY FORGIVENESS; CITY OF OSLO.**

158.25 Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Oslo  
158.26 shall receive the portion of its aid payment for calendar year 2013 under Minnesota Statutes,  
158.27 section 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision  
158.28 3, provided that the state auditor certifies to the commissioner of revenue that it received  
158.29 audited financial statements from the city for calendar year 2012 by December 31, 2013.  
158.30 The commissioner of revenue shall make a payment of \$37,473.50 with the first payment  
158.31 of aids under Minnesota Statutes, section 477A.015. \$37,473.50 is appropriated from the  
158.32 general fund to the commissioner of revenue in fiscal year 2018 to make this payment.

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

159.2 Sec. 28. **2014 AID PENALTY FORGIVENESS.**

159.3 (a) Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the cities of  
159.4 Dundee, Jeffers, and Woodstock shall receive all of their calendar year 2014 aid payment  
159.5 that was withheld under Minnesota Statutes, section 477A.017, subdivision 3, provided that  
159.6 the state auditor certifies to the commissioner of revenue that the city complied with all  
159.7 reporting requirements under Minnesota Statutes, section 477A.017, subdivision 3, for  
159.8 calendar years 2013 and 2014 by June 1, 2015.

159.9 (b) The commissioner of revenue shall make payment to each city no later than July 20,  
159.10 2017. Up to \$101,570 in fiscal year 2018 is appropriated from the general fund to the  
159.11 commissioner of revenue to make the payments under this section.

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

159.13 Sec. 29. **CITY OF TAYLORS FALLS; DEVELOPMENT ZONE.**

159.14 Subdivision 1. **Authorization.** The governing body of the city of Taylors Falls may  
159.15 designate all or any part of the city as a development zone under Minnesota Statutes, section  
159.16 469.1731.

159.17 Subd. 2. **Application of general law.** (a) Minnesota Statutes, sections 469.1731 to  
159.18 469.1735, apply to the development zones designated under this section. The governing  
159.19 body of the city may exercise the powers granted under Minnesota Statutes, sections 469.1731  
159.20 to 469.1735, including powers that apply outside of the zones.

159.21 (b) The allocation under subdivision 3 for purposes of Minnesota Statutes, section  
159.22 469.1735, subdivision 2, is appropriated to the commissioner of revenue.

159.23 Subd. 3. **Allocation of state tax reductions.** (a) The cumulative total amount of the  
159.24 state portion of the tax reductions for all years of the program under Minnesota Statutes,  
159.25 sections 469.1731 to 469.1735, for the city of Taylors Falls, is limited to \$50,000. To provide  
159.26 the authority under this section, the amount of the allocation for border cities under Minnesota  
159.27 Statutes, section 469.169, in this act is reduced by \$50,000.

159.28 (b) This allocation may be used for tax reductions provided in Minnesota Statutes, section  
159.29 469.1732 or 469.1734, or for reimbursements under Minnesota Statutes, section 469.1735,  
159.30 subdivision 3, but only if the governing body of the city of Taylors Falls determines that  
159.31 the tax reduction or offset is necessary to enable a business to expand within the city or to  
159.32 attract a business to the city.

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

160.4 **EFFECTIVE DATE.** This section is effective July 1, 2017, and does not require local  
160.5 approval pursuant to Minnesota Statutes, section 645.023, subdivision 1, paragraph (a).

160.6 Sec. 30. **REPORT ON RENT CONSTITUTING PROPERTY TAXES.**

160.7 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have  
160.8 the meaning given.

160.9 (b) "Commissioner" means the commissioner of revenue.

160.10 (c) "Renter property tax refund" means the refund for renters allowed under Minnesota  
160.11 Statutes, chapter 290A.

160.12 Subd. 2. **Report required.** (a) By March 1, 2018, the commissioner must report to the  
160.13 committees of the house of representatives and senate with jurisdiction over taxes on the  
160.14 percentage of rent constituting property taxes used in determining the renter property tax  
160.15 refund. The report must be in compliance with Minnesota Statutes, sections 3.195 and 3.197.

160.16 (b) The report must include estimates of rent constituting property tax for the following  
160.17 geographic regions:

160.18 (1) the city of Minneapolis;

160.19 (2) the city of St. Paul;

160.20 (3) the counties of Anoka; Dakota; Hennepin, excluding the city of Minneapolis; and  
160.21 Ramsey, excluding the city of St. Paul; and

160.22 (4) the remainder of the state.

160.23 The commissioner must prepare the estimates by determining the property taxes attributable  
160.24 to rental units for which renters submitted claims for the renter property tax refund based  
160.25 on rent paid in 2016. The commissioner must match the property ID number or parcel  
160.26 number on form CRP filed with the claim to property tax data for taxes payable in 2016.  
160.27 The commissioner must then calculate the percentage of rent constituting property taxes  
160.28 using the rent amount reported on form CRP, adjusted by the total number of months the  
160.29 unit was rented and the number of rental units on the property. The estimates for each  
160.30 geographic region must be rounded to the nearest one-tenth of one percentage point.

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



161.1 Sec. 31. **APPROPRIATION; FIRE REMEDIATION GRANTS.**

161.2 \$1,392,258 is appropriated in fiscal year 2018 from the general fund to the commissioner  
161.3 of public safety for grants to remediate the effects of fires in the city of Melrose on September  
161.4 8, 2016. The commissioner must allocate the grants as follows:

161.5 (1) \$1,296,458 to the city of Melrose; and

161.6 (2) \$95,800 to Stearns County.

161.7 A grant recipient must use the money appropriated under this section for remediation  
161.8 costs, including disaster recovery, infrastructure, reimbursement for emergency personnel  
161.9 costs, reimbursement for equipment costs, and reimbursements for property tax abatements,  
161.10 incurred by public or private entities as a result of the fires. This is a onetime appropriation  
161.11 and is available until June 30, 2018.

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

161.13 Sec. 32. **APPROPRIATION.**

161.14 \$600,000 in fiscal year 2018 and \$600,000 in fiscal year 2019 are appropriated from the  
161.15 general fund to the commissioner of revenue for a grant to Wadena County that shall be  
161.16 paid on July 20, 2017, and July 20, 2018. These are onetime appropriations.

161.17 **EFFECTIVE DATE.** This section is effective July 1, 2017.

161.18 Sec. 33. **REPEALER.**

161.19 (a) Minnesota Statutes 2016, section 477A.0124, subdivision 5, is repealed.

161.20 (b) Minnesota Statutes 2016, section 477A.20, is repealed.

161.21 **EFFECTIVE DATE.** Paragraph (a) is effective beginning with aids payable in 2018.

161.22 Paragraph (b) is effective the day following final enactment.

161.23 **ARTICLE 5**

161.24 **LOCAL OPTION SALES AND USE TAXES**

161.25 Section 1. Laws 1980, chapter 511, section 1, subdivision 2, as amended by Laws 1991,  
161.26 chapter 291, article 8, section 22, Laws 1998, chapter 389, article 8, section 25, Laws 2003,  
161.27 First Special Session chapter 21, article 8, section 11, Laws 2008, chapter 154, article 5,  
161.28 section 2, and Laws 2014, chapter 308, article 3, section 21, is amended to read:

162.1 Subd. 2. (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other law,  
162.2 ordinance, or city charter provision to the contrary, the city of Duluth may, by ordinance,  
162.3 impose an additional sales tax of up to one and three-quarter percent on sales transactions  
162.4 which are described in Minnesota Statutes 2000, section 297A.01, subdivision 3, clause (c).  
162.5 The imposition of this tax shall not be subject to voter referendum under either state law or  
162.6 city charter provisions. When the city council determines that the taxes imposed under this  
162.7 paragraph at a rate of three-quarters of one percent and other sources of revenue produce  
162.8 revenue sufficient to pay debt service on bonds in the principal amount of \$40,285,000 plus  
162.9 issuance and discount costs, issued for capital improvements at the Duluth Entertainment  
162.10 and Convention Center, which include a new arena, the rate of tax under this subdivision  
162.11 must be reduced by three-quarters of one percent.

162.12 (b) In addition to the tax in paragraph (a) and notwithstanding Minnesota Statutes, section  
162.13 477A.016, or any other law, ordinance, or city charter provision to the contrary, the city of  
162.14 Duluth may, by ordinance, impose an additional sales tax of up to one-half of one percent  
162.15 on sales transactions which are described in Minnesota Statutes 2000, section 297A.01,  
162.16 subdivision 3, clause (c). This tax expires when the city council determines that the tax  
162.17 imposed under this paragraph, along with the tax imposed under section 22, paragraph (b),  
162.18 has produced revenues sufficient to pay the debt service on bonds in a principal amount of  
162.19 no more than \$18,000,000, plus issuance and discount costs, to finance capital improvements  
162.20 to public facilities to support tourism and recreational activities in that portion of the city  
162.21 west of ~~34th~~ 14th Avenue West and the area south of and including Skyline Parkway.

162.22 (c) The city of Duluth may sell and issue up to \$18,000,000 in general obligation bonds  
162.23 under Minnesota Statutes, chapter 475, plus an additional amount to pay for the costs of  
162.24 issuance and any premiums. The proceeds may be used to finance capital improvements to  
162.25 public facilities that support tourism and recreational activities in the portion of the city  
162.26 west of ~~34th~~ 14th Avenue West and the area south of and including Skyline Parkway, as  
162.27 described in paragraph (b). The issuance of the bonds is subject to the provisions of  
162.28 Minnesota Statutes, chapter 475, except no election shall be required unless required by the  
162.29 city charter. The bonds shall not be included in computing net debt. The revenues from the  
162.30 taxes that the city of Duluth may impose under paragraph (b) and under section 22, paragraph  
162.31 (b), may be pledged to pay principal of and interest on such bonds.

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

163.1 Sec. 2. Laws 1980, chapter 511, section 2, as amended by Laws 1998, chapter 389, article  
163.2 8, section 26, Laws 2003, First Special Session chapter 21, article 8, section 12, and Laws  
163.3 2014, chapter 308, article 3, section 22, is amended to read:

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

163.5 (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other law, or ordinance,  
163.6 or city charter provision to the contrary, the city of Duluth may, by ordinance, impose an  
163.7 additional tax of one percent upon the gross receipts from the sale of lodging for periods of  
163.8 less than 30 days in hotels and motels located in the city. The tax shall be collected in the  
163.9 same manner as the tax set forth in the Duluth city charter, section 54(d), paragraph one.  
163.10 The imposition of this tax shall not be subject to voter referendum under either state law or  
163.11 city charter provisions.

163.12 (b) In addition to the tax in paragraph (a) and notwithstanding Minnesota Statutes, section  
163.13 477A.016, or any other law, ordinance, or city charter provision to the contrary, the city of  
163.14 Duluth may, by ordinance, impose an additional sales tax of up to one-half of one percent  
163.15 on the gross receipts from the sale of lodging for periods of less than 30 days in hotels and  
163.16 motels located in the city. This tax expires when the city council first determines that the  
163.17 tax imposed under this paragraph, along with the tax imposed under section 21, paragraph  
163.18 (b), has produced revenues sufficient to pay the debt service on bonds in a principal amount  
163.19 of no more than \$18,000,000, plus issuance and discount costs, to finance capital  
163.20 improvements to public facilities to support tourism and recreational activities in that portion  
163.21 of the city west of ~~34th~~ 14th Avenue West and the area south of and including Skyline  
163.22 Parkway.

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

163.26 Sec. 3. Laws 1991, chapter 291, article 8, section 27, subdivision 3, as amended by Laws  
163.27 1998, chapter 389, article 8, section 28, Laws 2008, chapter 366, article 7, section 9, and  
163.28 Laws 2009, chapter 88, article 4, section 14, is amended to read:

163.29 Subd. 3. **Use of revenues.** (a) Revenues received from taxes authorized by subdivisions  
163.30 1 and 2 shall be used by the city to pay the cost of collecting the tax and to pay all or a  
163.31 portion of the expenses of constructing and improving facilities as part of an urban  
163.32 revitalization project in downtown Mankato known as Riverfront 2000. Authorized expenses  
163.33 include, but are not limited to, acquiring property and paying relocation expenses related  
163.34 to the development of Riverfront 2000 and related facilities, and securing or paying debt

164.1 service on bonds or other obligations issued to finance the construction of Riverfront 2000  
164.2 and related facilities. For purposes of this section, "Riverfront 2000 and related facilities"  
164.3 means a civic-convention center, an arena, a riverfront park, a technology center and related  
164.4 educational facilities, and all publicly owned real or personal property that the governing  
164.5 body of the city determines will be necessary to facilitate the use of these facilities, including  
164.6 but not limited to parking, skyways, pedestrian bridges, lighting, and landscaping. It also  
164.7 includes the performing arts theatre and the Southern Minnesota Women's Hockey Exposition  
164.8 Center, for use by Minnesota State University, Mankato.

164.9 (b) Notwithstanding Minnesota Statutes, section 297A.99, subdivision 3, and as approved  
164.10 by voters at the November 8, 2016, general election, the city may by ordinance also use  
164.11 revenues from taxes authorized under subdivisions 1 and 2, up to a maximum of \$47,000,000,  
164.12 plus associated bond costs, to pay all or a portion of the expenses of the following capital  
164.13 projects:

164.14 (1) construction and improvements to regional recreational facilities including existing  
164.15 hockey and curling rinks, a baseball park, youth athletic fields and facilities, the municipal  
164.16 swimming pool including improvements to make the pool compliant with the Americans  
164.17 with Disabilities Act, and indoor regional athletic facilities;

164.18 (2) improvements to flood control and the levee system;

164.19 (3) water quality improvement projects in Blue Earth and Nicollet Counties;

164.20 (4) expansion of the regional transit building and related multimodal transit  
164.21 improvements;

164.22 (5) regional public safety and emergency communications improvements and equipment;  
164.23 and

164.24 (6) matching funds for improvements to publicly owned regional facilities including a  
164.25 historic museum, supportive housing, and a senior center.

164.26 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
164.27 city of Mankato and its chief clerical officer comply with Minnesota Statutes, section  
164.28 645.021, subdivisions 2 and 3.

165.1 Sec. 4. Laws 1991, chapter 291, article 8, section 27, subdivision 4, as amended by Laws  
165.2 2005, First Special Session chapter 3, article 5, section 25, and Laws 2008, chapter 366,  
165.3 article 7, section 10, is amended to read:

165.4 Subd. 4. **Expiration of taxing authority and expenditure limitation.** The authority  
165.5 granted by subdivisions 1 and 2 to the city to impose a sales tax and an excise tax shall  
165.6 expire ~~on~~ at the earlier of when revenues are sufficient to pay off the bonds, including  
165.7 interest and all other associated bond costs authorized under subdivision 5, or December  
165.8 31, ~~2022~~ 2038.

165.9 **EFFECTIVE DATE.** This section is effective the day following final enactment without  
165.10 local approval pursuant to Minnesota Statutes, section 645.023, subdivision 1.

165.11 Sec. 5. Laws 1991, chapter 291, article 8, section 27, subdivision 5, is amended to read:

165.12 Subd. 5. **Bonds.** (a) The city of Mankato may issue general obligation bonds of the city  
165.13 in an amount not to exceed \$25,000,000 for Riverfront 2000 and related facilities, without  
165.14 election under Minnesota Statutes, chapter 475, on the question of issuance of the bonds or  
165.15 a tax to pay them. The debt represented by bonds issued for Riverfront 2000 and related  
165.16 facilities shall not be included in computing any debt limitations applicable to the city of  
165.17 Mankato, and the levy of taxes required by section 475.61 to pay principal of and interest  
165.18 on the bonds shall not be subject to any levy limitation or be included in computing or  
165.19 applying any levy limitation applicable to the city.

165.20 (b) The city of Mankato may issue general obligation bonds of the city in an amount not  
165.21 to exceed \$47,000,000 for the projects listed under subdivision 3, paragraph (b), without  
165.22 election under Minnesota Statutes, chapter 475, on the question of issuance of the bonds or  
165.23 a tax to pay them. The debt represented by bonds under this paragraph shall not be included  
165.24 in computing any debt limitations applicable to the city of Mankato, and the levy of taxes  
165.25 required by Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds,  
165.26 and shall not be subject to any levy limitation or be included in computing or applying any  
165.27 levy limitation applicable to the city. The city may use tax revenue in excess of one year's  
165.28 principal interest reserve for intended annual bond payments to pay all or a portion of the  
165.29 cost of capital improvements authorized in subdivision 3.

165.30 **EFFECTIVE DATE.** This section is effective the day following final enactment without  
165.31 local approval pursuant to Minnesota Statutes, section 645.023, subdivision 1.

166.1 Sec. 6. Laws 1996, chapter 471, article 2, section 29, subdivision 1, as amended by Laws  
166.2 2006, chapter 259, article 3, section 3, and Laws 2011, First Special Session chapter 7,  
166.3 article 4, section 4, is amended to read:

166.4 Subdivision 1. **Sales tax authorized.** (a) Notwithstanding Minnesota Statutes, section  
166.5 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of  
166.6 Hermantown may, by ordinance, impose an additional sales tax of up to one percent on  
166.7 sales transactions taxable pursuant to Minnesota Statutes, chapter 297A, that occur within  
166.8 the city. The proceeds of the tax imposed under this section must be used to meet the costs  
166.9 of:

166.10 (1) extending a sewer interceptor line;

166.11 (2) construction of a booster pump station, reservoirs, and related improvements to the  
166.12 water system; and

166.13 (3) construction of a building containing a police and fire station and an administrative  
166.14 services facility.

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

166.18 (c) As approved by the voters at the November 8, 2016, general election, the proceeds  
166.19 under this section may also be used to meet the costs of debt service payments for  
166.20 construction of the Hermantown Wellness Center.

166.21 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
166.22 city of Hermantown and its chief clerical officer comply with Minnesota Statutes, section  
166.23 645.021, subdivisions 2 and 3.

166.24 Sec. 7. Laws 1996, chapter 471, article 2, section 29, subdivision 4, as amended by Laws  
166.25 2006, chapter 259, article 3, section 4, is amended to read:

166.26 Subd. 4. **Termination.** The tax authorized under this section terminates ~~on March 31,~~  
166.27 ~~2026~~ at the earlier of (1) December 31, 2036, or (2) when the Hermantown City Council  
166.28 first determines that sufficient funds have been received from the tax to fund the costs,  
166.29 including bonds and associated bond costs for the uses specified in subdivision 1. Any funds  
166.30 remaining after completion of the improvements and retirement or redemption of the bonds  
166.31 may be placed in the general fund of the city.

167.1 **EFFECTIVE DATE.** This section is effective the day following final enactment without  
167.2 local approval pursuant to Minnesota Statutes, section 645.023, subdivision 1.

167.3 Sec. 8. Laws 1999, chapter 243, article 4, section 17, subdivision 3, is amended to read:

167.4 Subd. 3. **Use of revenues.** (a) Revenues received from taxes authorized by subdivisions  
167.5 1 and 2 must be used by the city to pay the cost of collecting the taxes and to pay for  
167.6 construction and improvement of a civic and community center and recreational facilities  
167.7 to serve all ages, including seniors and youth. Authorized expenses include, but are not  
167.8 limited to, acquiring property, paying construction and operating expenses related to the  
167.9 development of an authorized facility, funding facilities replacement reserves, and paying  
167.10 debt service on bonds or other obligations issued to finance the construction or expansion  
167.11 of an authorized facility. The capital expenses for all projects authorized under this  
167.12 subdivision that may be paid with these taxes are limited to \$9,000,000, plus an amount  
167.13 equal to the costs related to issuance of the bonds and funding facilities replacement reserves.

167.14 (b) Notwithstanding Minnesota Statutes, section 297A.99, subdivision 3, and as approved  
167.15 by the voters at the November 8, 2016, general election, the city of New Ulm may by  
167.16 ordinance also use revenues from taxes authorized under subdivisions 1 and 2, up to a  
167.17 maximum of \$14,800,000, plus associated bond costs, to pay all or a portion of the expenses  
167.18 of the following capital projects:

167.19 (1) constructing an indoor water park and making safety improvements to the existing  
167.20 recreational center pool;

167.21 (2) constructing an indoor playground, a wellness center, and a gymnastics facility;

167.22 (3) constructing a winter multipurpose dome;

167.23 (4) making improvements to Johnson Park Grandstand; and

167.24 (5) making improvements to the entrance road and parking at Hermann Heights Park.

167.25 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
167.26 city of New Ulm and its chief clerical officer comply with Minnesota Statutes, section  
167.27 645.021, subdivisions 2 and 3.

167.28 Sec. 9. Laws 1999, chapter 243, article 4, section 17, is amended by adding a subdivision  
167.29 to read:

167.30 Subd. 4a. **Bonding authority; additional use and extension of tax.** As approved by  
167.31 the voters at the November 8, 2016, general election, and in addition to the bonds issued

168.1 under subdivision 4, the city of New Ulm may issue general obligation bonds of the city in  
168.2 an amount not to exceed \$14,800,000 for the projects listed in subdivision 3, paragraph (b).  
168.3 The debt represented by bonds under this subdivision shall not be included in computing  
168.4 any debt limitations applicable to the city of New Ulm, and the levy of taxes required by  
168.5 Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds, and shall  
168.6 not be subject to any levy limitation or be included in computing or applying any levy  
168.7 limitation applicable to the city.

168.8 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
168.9 city of New Ulm and its chief clerical officer comply with Minnesota Statutes, section  
168.10 645.021, subdivisions 2 and 3.

168.11 Sec. 10. Laws 1999, chapter 243, article 4, section 17, subdivision 5, is amended to read:

168.12 Subd. 5. **Termination of taxes.** The taxes imposed under subdivisions 1 and 2 expire  
168.13 when the city council determines that sufficient funds have been received from the taxes to  
168.14 finance the capital and administrative costs for the acquisition, construction, and improvement  
168.15 of facilities described in subdivision 3, including the additional use of revenues under  
168.16 subdivision 3, paragraph (b), as approved by the voters at the November 8, 2016, general  
168.17 election, and to prepay or retire at maturity the principal, interest, and premium due on any  
168.18 bonds issued for the facilities under ~~subdivision 4~~ subdivisions 4 and 4a. Any funds remaining  
168.19 after completion of the project and retirement or redemption of the bonds may be placed in  
168.20 the general fund of the city. The taxes imposed under subdivisions 1 and 2 may expire at  
168.21 an earlier time if the city so determines by ordinance.

168.22 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
168.23 city of New Ulm and its chief clerical officer comply with Minnesota Statutes, section  
168.24 645.021, subdivisions 2 and 3.

168.25 Sec. 11. Laws 1999, chapter 243, article 4, section 18, subdivision 1, as amended by Laws  
168.26 2008, chapter 366, article 7, section 12, is amended to read:

168.27 Subdivision 1. **Sales and use tax.** (a) Notwithstanding Minnesota Statutes, section  
168.28 477A.016, or any other provision of law, ordinance, or city charter, if approved by the city  
168.29 voters at the first municipal general election held after the date of final enactment of this  
168.30 act or at a special election held November 2, 1999, the city of Proctor may impose by  
168.31 ordinance a sales and use tax of up to one-half of one percent for the purposes specified in  
168.32 subdivision 3. The provisions of Minnesota Statutes, section 297A.99, govern the imposition,  
168.33 administration, collection, and enforcement of the tax authorized under this subdivision.



169.1 (b) Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of  
169.2 law, ordinance, or city charter, the city of Proctor may impose by ordinance an additional  
169.3 sales and use tax of up to one-half of one percent as approved by the voters at the November  
169.4 4, 2014, election. The revenues received from the additional tax must be used for the purposes  
169.5 specified in subdivision 3, paragraph (b).

169.6 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
169.7 city of Proctor and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
169.8 subdivisions 2 and 3.

169.9 Sec. 12. Laws 2005, First Special Session chapter 3, article 5, section 38, subdivision 2,  
169.10 as amended by Laws 2006, chapter 259, article 3, section 6, is amended to read:

169.11 Subd. 2. **Use of revenues.** The proceeds of the tax imposed under this section shall be  
169.12 used to pay for ~~lake~~ water quality improvement projects as detailed in the Shell Rock River  
169.13 watershed plan and as directed by the Shell Rock River Watershed Board. Notwithstanding  
169.14 any provision of statute, other law, or city charter to the contrary, the city shall transfer all  
169.15 revenues from the tax imposed under subdivision 1, as soon as they are received, to the  
169.16 Shell Rock River Watershed District. ~~The city is not required to review the intended uses~~  
169.17 ~~of the revenues by the watershed district, nor is the watershed district required to submit to~~  
169.18 ~~the city proposed budgets, statements, or invoices explaining the intended uses of the~~  
169.19 ~~revenues as a prerequisite for the transfer of the revenues.~~ The Shell Rock River Watershed  
169.20 District shall appear before the city of Albert Lea City Council on a biannual basis to present  
169.21 a report of its activities, expenditures, and intended uses of the city sales tax revenue.

169.22 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
169.23 city of Albert Lea and its chief clerical officer comply with Minnesota Statutes, section  
169.24 645.021, subdivisions 2 and 3.

169.25 Sec. 13. Laws 2005, First Special Session chapter 3, article 5, section 38, subdivision 4,  
169.26 as amended by Laws 2014, chapter 308, article 3, section 23, is amended to read:

169.27 Subd. 4. **Termination of taxes.** The taxes imposed under this section expire at the earlier  
169.28 of (1) ~~15~~ 30 years after the taxes are first imposed, or (2) when the city council first  
169.29 determines that the amount of revenues raised to pay for the projects under subdivision 2,  
169.30 shall meet or exceed the sum of ~~\$15,000,000~~ \$30,000,000. Any funds remaining after  
169.31 completion of the projects may be placed in the general fund of the city.

170.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
170.2 city of Albert Lea and its chief clerical officer comply with Minnesota Statutes, section  
170.3 645.021, subdivisions 2 and 3.

170.4 Sec. 14. Laws 2005, First Special Session chapter 3, article 5, section 44, subdivision 3,  
170.5 as amended by Laws 2014, chapter 308, article 7, section 3, is amended to read:

170.6 Subd. 3. **Use of revenues.** (a) Revenues received from taxes authorized by subdivisions  
170.7 1 and 2 must be used by the city (1) to pay the cost of collecting and administering the taxes  
170.8 and; (2) to pay for the costs of a community center complex and; (3) to make renovations  
170.9 to the Memorial Auditorium; and (4) to construct public athletic facilities, provided that  
170.10 this use of the tax is subject to the same restrictions that apply to the issuance of debt provided  
170.11 in subdivision 4, paragraph (c). Authorized expenses include, but are not limited to, acquiring  
170.12 property and paying construction expenses related to these improvements, and paying debt  
170.13 service on bonds or other obligations issued to finance acquisition and construction of these  
170.14 improvements.

170.15 (b) Notwithstanding Minnesota Statutes, section 297A.99, subdivisions 2 and 3, if the  
170.16 city decides to extend the taxes in subdivisions 1 and 2, as allowed under subdivision 5,  
170.17 paragraph (b), the city must use any amounts in excess of the amounts necessary to meet  
170.18 the obligations under paragraph (a) to pay the city's share of debt service on bonds issued  
170.19 under Minnesota Statutes, section 469.194, to fund the Lewis and Clark Regional Water  
170.20 System Project.

170.21 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
170.22 city of Worthington and its chief clerical officer comply with Minnesota Statutes, section  
170.23 645.021, subdivisions 2 and 3.

170.24 Sec. 15. Laws 2005, First Special Session chapter 3, article 5, section 44, subdivision 4,  
170.25 is amended to read:

170.26 Subd. 4. **Bonding authority.** (a) If the tax authorized under subdivision 1 is approved  
170.27 by the voters, the city may issue bonds under Minnesota Statutes, chapter 475, to pay capital  
170.28 and administrative expenses for the improvements described in subdivision 3 in an amount  
170.29 that does not exceed ~~\$6,000,000~~ \$7,300,000. An election to approve the bonds under  
170.30 Minnesota Statutes, section 475.58, is not required.

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

171.1 (c) If the Worthington City Council intends to issue debt after June 30, 2017, for the  
171.2 purposes of this subdivision, it must pass a resolution stating the intent to issue debt and  
171.3 proposing a public hearing. The resolution must be published for two successive weeks in  
171.4 the official newspaper of the city together with a notice setting a date for the public hearing.  
171.5 The hearing must be held at least two weeks, but not more than four weeks, after the first  
171.6 publication after passage of the resolution. Following the public hearing, if the city adopts  
171.7 a resolution confirming its intention to issue additional debt, that resolution must also be  
171.8 published in the official newspaper of the city, but the resolution is not effective for 30 days.  
171.9 If within 30 days after publication of the resolution confirming the city's intention to issue  
171.10 additional debt a petition signed by voters equal in number to ten percent of the votes cast  
171.11 in the city in the last general election requesting a vote on the proposed resolution is filed  
171.12 with the county auditor, the resolution is not effective until it has been submitted to the  
171.13 voters in a general or special election and a majority of the votes cast on the question of  
171.14 approving the resolution are in the affirmative. The commissioner of revenue shall prepare  
171.15 a suggested form of question to be presented at the election.

171.16 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
171.17 city of Worthington and its chief clerical officer comply with Minnesota Statutes, section  
171.18 645.021, subdivisions 2 and 3.

171.19 Sec. 16. Laws 2005, First Special Session chapter 3, article 5, section 44, subdivision 5,  
171.20 as amended by Laws 2014, chapter 308, article 7, section 4, is amended to read:

171.21 Subd. 5. **Termination of taxes.** (a) The taxes imposed under subdivisions 1 and 2 expire  
171.22 at the earlier of (1) ten years, or (2) when the city council determines that the amount of  
171.23 revenue received from the taxes is sufficient to pay for the projects under subdivision 3  
171.24 equals or exceeds ~~\$6,000,000~~ \$7,300,000 plus the additional amount needed to pay the costs  
171.25 related to issuance of bonds under subdivision 4, including interest on the bonds. Any funds  
171.26 remaining after completion of the project and retirement or redemption of the bonds shall  
171.27 be placed in a capital project fund of the city. The taxes imposed under subdivisions 1 and  
171.28 2 may expire at an earlier time if the city so determines by ordinance.

171.29 (b) Notwithstanding paragraph (a), the city council may, by ordinance, extend the taxes  
171.30 imposed under subdivisions 1 and 2 through December 31, 2039, provided that all additional  
171.31 revenues that exceed those necessary to fund the projects and associated financing costs  
171.32 listed in subdivision 3, paragraph (a), are committed to pay debt service on bonds issued  
171.33 under Minnesota Statutes, section 469.194, to fund the Lewis and Clark Regional Water  
171.34 System Project.

172.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
172.2 city of Worthington and its chief clerical officer comply with Minnesota Statutes, section  
172.3 645.021, subdivisions 2 and 3.

172.4 Sec. 17. Laws 2008, chapter 366, article 7, section 20, is amended to read:

172.5 **Sec. 20. CITY OF NORTH MANKATO; TAXES AUTHORIZED.**

172.6 Subdivision 1. **Sales and use tax authorized.** Notwithstanding Minnesota Statutes,  
172.7 section 477A.016, or any other provision of law, ordinance, or city charter, pursuant to the  
172.8 approval of the voters on November 7, 2006, the city of North Mankato may impose by  
172.9 ordinance a sales and use tax of one-half of one percent for the purposes specified in  
172.10 subdivision 2. The provisions of Minnesota Statutes, section 297A.99, govern the imposition,  
172.11 administration, collection, and enforcement of the taxes authorized under this subdivision.

172.12 Subd. 2. **Use of revenues.** Revenues received from the tax authorized by subdivision 1  
172.13 must be used to pay all or part of the capital costs of the following projects:

172.14 (1) the local share of the Trunk Highway 14/County State-Aid Highway 41 interchange  
172.15 project;

172.16 (2) development of regional parks and hiking and biking trails, including construction  
172.17 of indoor regional athletic facilities;

172.18 (3) expansion of the North Mankato Taylor Library;

172.19 (4) riverfront redevelopment; and

172.20 (5) lake improvement projects.

172.21 The total amount of revenues from the tax in subdivision 1 that may be used to fund  
172.22 these projects is ~~\$6,000,000~~ \$15,000,000 plus any associated bond costs.

172.23 Subd. 2a. **Authorization to extend the tax.** Notwithstanding Minnesota Statutes, section  
172.24 297A.99, subdivision 3, the North Mankato city council may, by resolution, extend the tax  
172.25 authorized under subdivision 1 to cover an additional \$9,000,000 in bonds, plus associated  
172.26 bond costs, to fund the projects in subdivision 2 pursuant to voter approval to extend the  
172.27 tax at the November 8, 2016, general election.

172.28 Subd. 3. **Bonds.** (a) The city of North Mankato, pursuant to the approval of the voters  
172.29 at the November 7, 2006 referendum authorizing the imposition of the taxes in this section,  
172.30 may issue bonds under Minnesota Statutes, chapter 475, to pay capital and administrative  
172.31 expenses for the projects described in subdivision 2, in an amount that does not exceed

173.1 \$6,000,000. A separate election to approve the bonds under Minnesota Statutes, section  
173.2 475.58, is not required.

173.3 (b) The city of North Mankato, pursuant to approval of the voters at the November 8,  
173.4 2016, referendum extending the tax to provide additional revenue to be spent for the projects  
173.5 in subdivision 2, may issue additional bonds under Minnesota Statutes, chapter 475, to pay  
173.6 capital and administrative expenses for those projects in an amount that does not exceed  
173.7 \$9,000,000. A separate election to approve the bonds under Minnesota Statutes, section  
173.8 475.58, is not required.

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

173.12 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires ~~when the~~  
173.13 ~~city council determines that the amount of revenues received from the taxes to pay for the~~  
173.14 ~~projects under subdivision 2 first equals or exceeds \$6,000,000 plus the additional amount~~  
173.15 ~~needed to pay the costs related to issuance of bonds under subdivision 3, including interest~~  
173.16 ~~on the bonds~~ at the earlier of December 31, 2038, or when revenues from the taxes first  
173.17 equal or exceed \$15,000,000 plus the additional amount needed to pay costs related to  
173.18 issuance of bonds under subdivision 3, including interest. Any funds remaining after  
173.19 completion of the projects and retirement or redemption of the bonds shall be placed in a  
173.20 capital facilities and equipment replacement fund of the city. The tax imposed under  
173.21 subdivision 1 may expire at an earlier time if the city so determines by ordinance.

173.22 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
173.23 city of North Mankato and its chief clerical officer comply with Minnesota Statutes, section  
173.24 645.021, subdivisions 2 and 3.

173.25 Sec. 18. **CITY OF EAST GRAND FORKS; TAXES AUTHORIZED.**

173.26 Subdivision 1. Sales and use tax authorization. Notwithstanding Minnesota Statutes,  
173.27 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city  
173.28 charter, and as approved by the voters at a special election on March 7, 2016, the city of  
173.29 East Grand Forks may impose, by ordinance, a sales and use tax of up to one percent for  
173.30 the purposes specified in subdivision 2. Except as otherwise provided in this section, the  
173.31 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
173.32 collection, and enforcement of the tax authorized under this subdivision.

174.1 Subd. 2. Use of sales and use tax revenues. The revenues derived from the tax authorized  
174.2 under subdivision 1 must be used by the city of East Grand Forks to pay the costs of  
174.3 collecting and administering the tax and to finance the capital and administrative costs of  
174.4 improvement to the city public swimming pool. Authorized expenses include, but are not  
174.5 limited to, paying construction expenses related to the renovation and the development of  
174.6 these facilities and improvements, and securing and paying debt service on bonds issued  
174.7 under subdivision 3 or other obligations issued to finance improvement of the public  
174.8 swimming pool in the city of East Grand Forks

174.9 Subd. 3. Bonding authority. (a) The city of East Grand Forks may issue bonds under  
174.10 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities  
174.11 authorized in subdivision 2. The aggregate principal amount of bonds issued under this  
174.12 subdivision may not exceed \$2,820,000, plus an amount to be applied to the payment of  
174.13 the costs of issuing the bonds. The bonds may be paid from or secured by any funds available  
174.14 to the city of East Grand Forks, including the tax authorized under subdivision 1. The  
174.15 issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60  
174.16 and 275.61.

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

174.21 Subd. 4. Termination of taxes. The tax imposed under subdivision 1 expires at the later  
174.22 of: (1) five years after the tax is first imposed; or (2) when the city council determines that  
174.23 \$2,820,000 has been received from the tax to pay for the cost of the projects authorized  
174.24 under subdivision 2, plus an amount sufficient to pay the costs related to issuance of the  
174.25 bonds authorized under subdivision 3, including interest on the bonds. Any funds remaining  
174.26 after payment of all such costs and retirement or redemption of the bonds shall be placed  
174.27 in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier  
174.28 time if the city so determines by ordinance.

174.29 EFFECTIVE DATE. This section is effective the day after the governing body of the  
174.30 city of East Grand Forks and its chief clerical officer comply with Minnesota Statutes,  
174.31 section 645.021, subdivisions 2 and 3.

174.32 Sec. 19. CITY OF FAIRMONT; LOCAL TAX AUTHORIZED.

174.33 Subdivision 1. Sales and use tax authorization. Notwithstanding Minnesota Statutes,  
174.34 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city

175.1 charter, and as approved by the voters at the general election of November 8, 2016, the city  
175.2 of Fairmont may impose, by ordinance, a sales and use tax of one-half of one percent for  
175.3 the purposes specified in subdivision 2. Except as otherwise provided in this section, the  
175.4 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
175.5 collection, and enforcement of the tax authorized under this subdivision.

175.6 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
175.7 under subdivision 1 must be used by the city of Fairmont to pay the costs of collecting and  
175.8 administering the tax and to finance the capital and administrative costs of constructing and  
175.9 funding recreational amenities, trails, and a community center. The total that may be raised  
175.10 from the tax to pay for these projects is limited to \$15,000,000, plus the costs related to the  
175.11 issuance and paying debt service on bonds for these projects.

175.12 Subd. 3. **Bonding authority.** (a) The city of Fairmont may issue bonds under Minnesota  
175.13 Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in  
175.14 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may  
175.15 not exceed \$15,000,000, plus an amount to be applied to the payment of the costs of issuing  
175.16 the bonds. The bonds may be paid from or secured by any funds available to the city of  
175.17 Fairmont, including the tax authorized under subdivision 1. The issuance of bonds under  
175.18 this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

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

175.23 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
175.24 earlier of: (1) 25 years after the tax is first imposed; or (2) when the city council determines  
175.25 that \$15,000,000, plus an amount sufficient to pay the costs related to issuing the bonds  
175.26 authorized under subdivision 3, including interest on the bonds, has been received from the  
175.27 tax to pay for the cost of the projects authorized under subdivision 2. Any funds remaining  
175.28 after payment of all such costs and retirement or redemption of the bonds shall be placed  
175.29 in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier  
175.30 time if the city so determines by ordinance.

175.31 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
175.32 city of Fairmont and its chief clerical officer comply with Minnesota Statutes, section  
175.33 645.021, subdivisions 2 and 3.

176.1 Sec. 20. **CITY OF FERGUS FALLS; TAXES AUTHORIZED.**

176.2 **Subdivision 1. Sales and use tax authorized.** Notwithstanding Minnesota Statutes,  
176.3 section 297A.99, subdivision 1, section 477A.016, or any other law, ordinance, or city  
176.4 charter, and as approved by the voters at the November 8, 2016, general election, the city  
176.5 of Fergus Falls may impose, by ordinance, a sales and use tax of up to one-half of one  
176.6 percent for the purposes specified in subdivision 2. Except as otherwise provided in this  
176.7 section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition,  
176.8 administration, collection, and enforcement of the tax authorized under this subdivision.

176.9 **Subd. 2. Use of sales and use tax revenues.** The revenues from the tax authorized under  
176.10 subdivision 1 must be used by the city of Fergus Falls to pay the costs of collecting and  
176.11 administering the tax and securing and paying debt service on bonds issued to finance all  
176.12 or part of the costs of the expansion and betterment of the Fergus Falls Public Library located  
176.13 at 205 East Hampden Avenue in the city of Fergus Falls.

176.14 **Subd. 3. Bonding authority.** (a) The city of Fergus Falls may issue bonds under  
176.15 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the project  
176.16 authorized in subdivision 2. The aggregate principal amount of bonds issued under this  
176.17 subdivision may not exceed \$9,800,000, plus an amount applied to the payment of costs of  
176.18 issuing the bonds. The bonds may be paid from or secured by any funds available to the  
176.19 city of Fergus Falls, including the tax authorized under subdivision 1. The issuance of bonds  
176.20 under this subdivision is not subject to Minnesota Statutes, section 275.60 and 275.61.

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

176.25 **Subd. 4. Termination of taxes.** The tax imposed under subdivision 1 expires at the  
176.26 earlier of: (1) 12 years after the tax is first imposed, or (2) when the city council determines  
176.27 that \$9,800,000 has been received from the tax to pay for the cost of the project authorized  
176.28 under subdivision 2, plus an amount sufficient to pay the costs related to the issuance of the  
176.29 bonds authorized under subdivision 3, including interest on the bonds. Any funds remaining  
176.30 after payment of all such costs and retirement or redemption of the bonds shall be placed  
176.31 in the general fund of the city. The tax imposed under subdivision 1 may expire at any  
176.32 earlier time if the city so determines by ordinance.



177.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
177.2 city of Fergus Falls and its chief clerical officer comply with Minnesota Statutes, section  
177.3 645.021, subdivisions 2 and 3.

177.4 Sec. 21. **CITY OF MOOSE LAKE; TAXES AUTHORIZED.**

177.5 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
177.6 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,  
177.7 as approved by the voters at the November 6, 2012, general election, the city of Moose Lake  
177.8 may impose, by ordinance, a sales and use tax of up to one-half of one percent for the  
177.9 purposes specified in subdivision 2. Except as otherwise provided in this section, the  
177.10 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
177.11 collection, and enforcement of the tax authorized under this subdivision.

177.12 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
177.13 under subdivision 1 must be used by the city of Moose Lake to pay the costs of collecting  
177.14 and administering the tax and to finance the costs of: (1) improvements to the city's park  
177.15 system; (2) street and related infrastructure improvements; and (3) municipal arena  
177.16 improvements. Authorized costs include construction and engineering costs and associated  
177.17 bond costs.

177.18 Subd. 3. **Bonding authority.** The city of Moose Lake may issue bonds under Minnesota  
177.19 Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in  
177.20 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may  
177.21 not exceed \$3,000,000, plus an amount to be applied to the payment of the costs of issuing  
177.22 the bonds. The bonds may be paid from or secured by any funds available to the city of  
177.23 Moose Lake, including the tax authorized under subdivision 1. The issuance of bonds under  
177.24 this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

177.25 The bonds are not included in computing any debt limitation applicable to the city of  
177.26 Moose Lake, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal  
177.27 and interest on the bonds is not subject to any levy limitation. A separate election to approve  
177.28 the bonds under Minnesota Statutes, section 475.58, is not required.

177.29 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
177.30 earlier of: (1) 20 years after the tax is first imposed; or (2) when the city council determines  
177.31 that \$3,000,000 has been received from the tax to pay for the cost of the projects authorized  
177.32 under subdivision 2, plus an amount sufficient to pay the costs related to issuance of the  
177.33 bonds authorized under subdivision 3, including interest on the bonds. Any funds remaining  
177.34 after payment of all such costs and retirement or redemption of the bonds shall be placed

178.1 in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier  
178.2 time if the city so determines by ordinance.

178.3 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
178.4 city of Moose Lake and its chief clerical officer comply with Minnesota Statutes, section  
178.5 645.021, subdivisions 2 and 3.

178.6 Sec. 22. **CITY OF NEW LONDON; TAX AUTHORIZED.**

178.7 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
178.8 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city  
178.9 charter, and as approved by the voters at the general election of November 8, 2016, the city  
178.10 of New London may impose, by ordinance, a sales and use tax of one-half of one percent  
178.11 for the purposes specified in subdivision 2. Except as otherwise provided in this section,  
178.12 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
178.13 collection, and enforcement of the tax authorized under this subdivision.

178.14 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
178.15 under subdivision 1 must be used by the city of New London to pay the costs of collecting  
178.16 and administering the tax and to finance the capital and administrative costs of the following  
178.17 projects:

178.18 (1) construction and equipping of a new library and community room;

178.19 (2) construction of an ambulance bay at the fire hall; and

178.20 (3) improvements to the New London Senior Citizen Center.

178.21 The total that may be raised from the tax to pay for these projects is limited to \$872,000  
178.22 plus the costs related to the issuance and paying debt service on bonds for these projects.

178.23 Subd. 3. **Bonding authority.** (a) The city of New London may issue bonds under  
178.24 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities  
178.25 authorized in subdivision 2. The aggregate principal amount of bonds issued under this  
178.26 subdivision may not exceed \$872,000, plus an amount to be applied to the payment of the  
178.27 costs of issuing the bonds. The bonds may be paid from or secured by any funds available  
178.28 to the city of New London, including the tax authorized under subdivision 1. The issuance  
178.29 of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and  
178.30 275.61.

178.31 (b) The bonds are not included in computing any debt limitation applicable to the city  
178.32 of New London, and any levy of taxes under Minnesota Statutes, section 475.61, to pay

179.1 principal and interest on the bonds is not subject to any levy limitation. A separate election  
179.2 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

179.3 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
179.4 earlier of: (1) 20 years after the tax is first imposed; or (2) when the city council determines  
179.5 that \$872,000, plus an amount sufficient to pay the costs related to issuing the bonds  
179.6 authorized under subdivision 3, including interest on the bonds, has been received from the  
179.7 tax to pay for the cost of the projects authorized under subdivision 2. Any funds remaining  
179.8 after payment of all such costs and retirement or redemption of the bonds shall be placed  
179.9 in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier  
179.10 time if the city so determines by ordinance.

179.11 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
179.12 city of New London and its chief clerical officer comply with Minnesota Statutes, section  
179.13 645.021, subdivisions 2 and 3.

179.14 Sec. 23. **CITY OF SLEEPY EYE; LODGING TAX.**

179.15 Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law,  
179.16 ordinance, or city charter, the city council for the city of Sleepy Eye may impose, by  
179.17 ordinance, a tax of up to two percent on the gross receipts subject to the lodging tax under  
179.18 Minnesota Statutes, section 469.190. This tax is in addition to any tax imposed under  
179.19 Minnesota Statutes, section 469.190, and the total tax imposed under that section and this  
179.20 provision must not exceed five percent. Revenue from the tax imposed under this section  
179.21 may only be used for the same purposes as a tax imposed under Minnesota Statutes, section  
179.22 469.190.

179.23 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
179.24 city of Sleepy Eye and its chief clerical officer comply with Minnesota Statutes, section  
179.25 645.021, subdivisions 2 and 3.

179.26 Sec. 24. **CITY OF SPICER; TAX AUTHORIZED.**

179.27 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
179.28 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city  
179.29 charter, and as approved by the voters at the general election of November 8, 2016, the city  
179.30 of Spicer may impose, by ordinance, a sales and use tax of one-half of one percent for the  
179.31 purposes specified in subdivision 2. Except as otherwise provided in this section, the  
179.32 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
179.33 collection, and enforcement of the tax authorized under this subdivision.

180.1 Subd. 2. Use of sales and use tax revenues. The revenues derived from the tax authorized  
180.2 under subdivision 1 must be used by the city of Spicer to pay the costs of collecting and  
180.3 administering the tax and to finance the capital and administrative costs of the following  
180.4 projects:

180.5 (1) pedestrian public safety improvements such as a pedestrian bridge or crosswalk  
180.6 signals at marked Trunk Highway 23;

180.7 (2) park and trail capital improvements including signage for bicycle share the road  
180.8 improvements and replacement of playground and related facilities; and

180.9 (3) capital improvements to regional community facilities such as the Dethelfs roof and  
180.10 window replacement and the Pioneerland branch library roof replacement.

180.11 Subd. 3. Bonding authority. (a) The city of Spicer may issue bonds under Minnesota  
180.12 Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in  
180.13 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may  
180.14 not exceed \$800,000, plus an amount to be applied to the payment of the costs of issuing  
180.15 the bonds. The bonds may be paid from or secured by any funds available to the city of  
180.16 Spicer, including the tax authorized under subdivision 1. The issuance of bonds under this  
180.17 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

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

180.22 Subd. 4. Termination of taxes. The tax imposed under subdivision 1 expires at the  
180.23 earlier of: (1) ten years after the tax is first imposed; (2) December 31, 2027; or (3) when  
180.24 the city council determines that \$800,000, plus an amount sufficient to pay the costs related  
180.25 to issuing the bonds authorized under subdivision 3, including interest on the bonds, has  
180.26 been received from the tax to pay for the cost of the projects authorized under subdivision  
180.27 2. All funds not used to pay collection and administration costs of the tax must be used for  
180.28 projects listed in subdivision 2. The tax imposed under subdivision 1 may expire at an earlier  
180.29 time if the city so determines by ordinance.

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

181.1 **Sec. 25. CITY OF WALKER; LOCAL TAXES AUTHORIZED.**

181.2 **Subdivision 1. Sales and use tax authorized.** Notwithstanding Minnesota Statutes,  
181.3 section 477A.016, or any ordinance, city charter, or other provision of law, pursuant to the  
181.4 approval of the voters at the general election on November 6, 2012, the city of Walker may  
181.5 impose by ordinance a sales and use tax of 1-1/2 percent for the purposes specified in  
181.6 subdivision 2. The provisions of Minnesota Statutes, section 297A.99, govern the imposition,  
181.7 administration, collection, and enforcement of the taxes authorized under this subdivision.

181.8 **Subd. 2. Use of revenues.** Revenues received from the tax authorized by subdivision 1  
181.9 must be used to pay all or part of the capital and administrative costs of underground utility,  
181.10 street, curb, gutter, and sidewalk improvements in the city of Walker as outlined in the 2012  
181.11 capital improvement plan of the engineer of the city of Walker.

181.12 **Subd. 3. Bonding authority.** The city of Walker, pursuant to the approval of the voters  
181.13 at the November 6, 2012, referendum authorizing the imposition of the taxes in this section,  
181.14 may issue bonds under Minnesota Statutes, chapter 475, to pay capital and administrative  
181.15 expenses for the projects described in subdivision 2, in an amount that does not exceed  
181.16 \$20,000,000. A separate election to approve the bonds under Minnesota Statutes, section  
181.17 475.58, is not required.

181.18 **Subd. 4. Termination of tax.** (a) The tax authorized under subdivision 1 terminates at  
181.19 the earlier of:

181.20 (1) 20 years after the date of initial imposition of the tax; or

181.21 (2) when the city council determines that sufficient funds have been raised from the tax  
181.22 to finance the capital and administrative costs of the improvements described in subdivision  
181.23 2, plus the additional amount needed to pay the costs related to issuance of bonds under  
181.24 subdivision 3, including interest on the bonds.

181.25 (b) Any funds remaining after completion of the projects specified in subdivision 2 and  
181.26 retirement or redemption of bonds in subdivision 3 shall be placed in the general fund of  
181.27 the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so  
181.28 determines by ordinance.

181.29 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
181.30 city of Walker and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
181.31 subdivisions 2 and 3.

182.1 **Sec. 26. CLAY COUNTY; TAX AUTHORIZED.**

182.2 **Subdivision 1. Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
182.3 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law or ordinance, and as  
182.4 approved by the voters at the November 8, 2016, general election, Clay County may impose,  
182.5 by ordinance, a sales and use tax of up to one-half of one percent for the purposes specified  
182.6 in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota  
182.7 Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement  
182.8 of the tax authorized under this subdivision.

182.9 **Subd. 2. Use of sales and use tax revenues.** The revenues derived from the tax authorized  
182.10 under subdivision 1 must be used by Clay County to pay the costs of collecting and  
182.11 administering the tax and to finance the capital and administrative costs of constructing and  
182.12 equipping a new correctional facility, law enforcement center, and related parking facility.  
182.13 Authorized expenses include but are not limited to paying design, development, and  
182.14 construction costs related to these facilities and improvements, and securing and paying  
182.15 debt service on bonds issued under subdivision 3 or other obligations issued to finance the  
182.16 facilities listed in this subdivision.

182.17 **Subd. 3. Bonding authority.** Clay County may issue bonds under Minnesota Statutes,  
182.18 chapter 475, to finance all or a portion of the costs of the facilities authorized in subdivision  
182.19 2. The aggregate principal amount of bonds issued under this subdivision may not exceed  
182.20 \$52,000,000, plus an amount to be applied to the payment of the costs of issuing the bonds.  
182.21 The bonds may be paid from or secured by any funds available to Clay County, including  
182.22 the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not  
182.23 subject to Minnesota Statutes, sections 275.60 and 275.61.

182.24 **Subd. 4. Termination of taxes.** The tax imposed under subdivision 1 expires at the  
182.25 earlier of: (1) 20 years after the tax is first imposed; or (2) when the county board determines  
182.26 that \$52,000,000, plus an amount sufficient to pay the costs related to issuance of the bonds  
182.27 authorized under subdivision 3, including interest on the bonds, has been received from the  
182.28 tax to pay for the cost of the projects authorized under subdivision 2. Any funds remaining  
182.29 after payment of all such costs and retirement or redemption of the bonds shall be placed  
182.30 in the general fund of the county. The tax imposed under subdivision 1 may expire at an  
182.31 earlier time if the county so determines by ordinance.

182.32 **EFFECTIVE DATE.** This section is effective the day after the governing body of Clay  
182.33 County and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
182.34 subdivisions 2 and 3.

183.1 Sec. 27. **GARRISON, KATHIO, WEST MILLE LACS LAKE SANITARY**  
183.2 **DISTRICT; TAXES AUTHORIZED.**

183.3 **Subdivision 1. Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
183.4 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, and as approved by  
183.5 the voters at the November 8, 2016, general election, the Garrison, Kathio, West Mille Lacs  
183.6 Lake Sanitary District may impose, by majority vote of the governing body of the district,  
183.7 a sales and use tax of up to one percent for the purposes specified in subdivision 2. Except  
183.8 as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,  
183.9 govern the imposition, administration, collection, and enforcement of the tax authorized  
183.10 under this subdivision.

183.11 **Subd. 2. Use of sales and use tax revenues.** The revenues derived from the tax authorized  
183.12 under subdivision 1 must be used by the Garrison, Kathio, West Mille Lacs Lake Sanitary  
183.13 District to pay the costs of collecting and administering the tax and to repay general obligation  
183.14 revenue notes issued or other debt incurred for the construction of the wastewater collection  
183.15 system through the Minnesota Public Facilities Authority, general obligation disposal system  
183.16 bonds issued to finance the expense incurred in financing construction of sewer system  
183.17 improvements, and notes payable issued for costs associated with the sewer services  
183.18 agreement between the Garrison, Kathio, West Mille Lacs Lake Sanitary District and ML  
183.19 Wastewater Inc., and any other costs associated with system maintenance and improvements,  
183.20 including extension of the system to unserved customers as determined by the governing  
183.21 body of the district.

183.22 **Subd. 3. Bonds.** The Garrison, Kathio, West Mille Lacs Lake Sanitary District, pursuant  
183.23 to the approval of the voters at the November 8, 2016, referendum authorizing the imposition  
183.24 of the tax under this section, may issue general obligation disposal system bonds for financing  
183.25 construction of sewer system improvements without a separate election required under  
183.26 Minnesota Statutes, section 442.25 or 475.58. The amount of bonds that may be issued  
183.27 without a separate election is equal to \$10,000,000 minus the amount of the tax revenue  
183.28 under this section committed to repay other notes as allowed under subdivision 2.

183.29 **Subd. 4. Termination of taxes.** The tax imposed under subdivision 1 expires at the  
183.30 earlier of: (1) 20 years after the tax is first imposed; or (2) when the governing body of the  
183.31 Garrison, Kathio, West Mille Lacs Lake Sanitary District determines that \$10,000,000 has  
183.32 been received from the tax to pay for the costs authorized under subdivision 2. Any funds  
183.33 remaining after payment of all such costs and retirement or redemption of the bonds shall  
183.34 be placed in the general fund of the district. The tax imposed under subdivision 1 may expire  
183.35 at an earlier time if the governing body of the district so determines.

184.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
 184.2 Garrison, Kathio, West Mille Lacs Lake Sanitary District and its chief clerical officer comply  
 184.3 with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

184.4 Sec. 28. **EFFECTIVE DATE; VALIDATION OF PRIOR ACT.**

184.5 Notwithstanding the time limits in Minnesota Statutes, section 645.021, the city of  
 184.6 Proctor may approve Laws 2008, chapter 366, article 7, section 13, and Laws 2010, chapter  
 184.7 389, article 5, sections 1 and 2, and file its approval with the secretary of state by January  
 184.8 1, 2015. If approved under this paragraph, actions undertaken by the city pursuant to the  
 184.9 approval of the voters on November 2, 2010, and otherwise in accordance with those laws  
 184.10 are validated.

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

## 184.12 **ARTICLE 6**

### 184.13 **TAX INCREMENT FINANCING**

184.14 Section 1. Minnesota Statutes 2016, section 469.174, subdivision 12, is amended to read:

184.15 Subd. 12. **Economic development district.** "Economic development district" means a  
 184.16 type of tax increment financing district which consists of any project, or portions of a project,  
 184.17 which the authority finds to be in the public interest because:

184.18 (1) it will discourage commerce, industry, or manufacturing from moving their operations  
 184.19 to another state or municipality; ~~or~~

184.20 (2) it will result in increased employment in the state; ~~or~~

184.21 (3) it will result in preservation and enhancement of the tax base of the state; or

184.22 (4) it satisfies the requirements of a workforce housing project under section 469.176,  
 184.23 subdivision 4c, paragraph (d).

184.24 **EFFECTIVE DATE.** This section is effective for districts for which the request for  
 184.25 certification was made after June 30, 2017.

184.26 Sec. 2. Minnesota Statutes 2016, section 469.175, subdivision 3, is amended to read:

184.27 Subd. 3. **Municipality approval.** (a) A county auditor shall not certify the original net  
 184.28 tax capacity of a tax increment financing district until the tax increment financing plan  
 184.29 proposed for that district has been approved by the municipality in which the district is  
 184.30 located. If an authority that proposes to establish a tax increment financing district and the



185.1 municipality are not the same, the authority shall apply to the municipality in which the  
185.2 district is proposed to be located and shall obtain the approval of its tax increment financing  
185.3 plan by the municipality before the authority may use tax increment financing. The  
185.4 municipality shall approve the tax increment financing plan only after a public hearing  
185.5 thereon after published notice in a newspaper of general circulation in the municipality at  
185.6 least once not less than ten days nor more than 30 days prior to the date of the hearing. The  
185.7 published notice must include a map of the area of the district from which increments may  
185.8 be collected and, if the project area includes additional area, a map of the project area in  
185.9 which the increments may be expended. The hearing may be held before or after the approval  
185.10 or creation of the project or it may be held in conjunction with a hearing to approve the  
185.11 project.

185.12 (b) Before or at the time of approval of the tax increment financing plan, the municipality  
185.13 shall make the following findings, and shall set forth in writing the reasons and supporting  
185.14 facts for each determination:

185.15 (1) that the proposed tax increment financing district is a redevelopment district, a  
185.16 renewal or renovation district, a housing district, a soils condition district, or an economic  
185.17 development district; if the proposed district is a redevelopment district or a renewal or  
185.18 renovation district, the reasons and supporting facts for the determination that the district  
185.19 meets the criteria of section 469.174, subdivision 10, paragraph (a), clauses (1) and (2), or  
185.20 subdivision 10a, must be documented in writing and retained and made available to the  
185.21 public by the authority until the district has been terminated;

185.22 (2) that, in the opinion of the municipality:

185.23 (i) the proposed development or redevelopment would not reasonably be expected to  
185.24 occur solely through private investment within the reasonably foreseeable future; and

185.25 (ii) the increased market value of the site that could reasonably be expected to occur  
185.26 without the use of tax increment financing would be less than the increase in the market  
185.27 value estimated to result from the proposed development after subtracting the present value  
185.28 of the projected tax increments for the maximum duration of the district permitted by the  
185.29 plan. The requirements of this item do not apply if the district is a housing district;

185.30 (3) that the tax increment financing plan conforms to the general plan for the development  
185.31 or redevelopment of the municipality as a whole;

185.32 (4) that the tax increment financing plan will afford maximum opportunity, consistent  
185.33 with the sound needs of the municipality as a whole, for the development or redevelopment  
185.34 of the project by private enterprise;

186.1 (5) that the municipality elects the method of tax increment computation set forth in  
186.2 section 469.177, subdivision 3, paragraph (b), if applicable.

186.3 (c) When the municipality and the authority are not the same, the municipality shall  
186.4 approve or disapprove the tax increment financing plan within 60 days of submission by  
186.5 the authority. When the municipality and the authority are not the same, the municipality  
186.6 may not amend or modify a tax increment financing plan except as proposed by the authority  
186.7 pursuant to subdivision 4. Once approved, the determination of the authority to undertake  
186.8 the project through the use of tax increment financing and the resolution of the governing  
186.9 body shall be conclusive of the findings therein and of the public need for the financing.

186.10 (d) For a district that is subject to the requirements of paragraph (b), clause (2), item  
186.11 (ii), the municipality's statement of reasons and supporting facts must include all of the  
186.12 following:

186.13 (1) an estimate of the amount by which the market value of the site will increase without  
186.14 the use of tax increment financing;

186.15 (2) an estimate of the increase in the market value that will result from the development  
186.16 or redevelopment to be assisted with tax increment financing; and

186.17 (3) the present value of the projected tax increments for the maximum duration of the  
186.18 district permitted by the tax increment financing plan.

186.19 (e) For purposes of this subdivision, "site" means the parcels on which the development  
186.20 or redevelopment to be assisted with tax increment financing will be located.

186.21 (f) Before or at the time of approval of the tax increment financing plan for a district to  
186.22 be used to fund a workforce housing project under section 469.176, subdivision 4c, paragraph  
186.23 (d), the municipality shall make the following findings and set forth in writing the reasons  
186.24 and supporting facts for each determination:

186.25 (1) the city is located outside of the metropolitan area, as defined in section 473.121,  
186.26 subdivision 2;

186.27 (2) the average vacancy rate for rental housing located in the municipality and in any  
186.28 statutory or home rule charter city located within 15 miles or less of the boundaries of the  
186.29 municipality has been three percent or less for at least the immediately preceding two-year  
186.30 period;

186.31 (3) at least one business located in the municipality or within 15 miles of the municipality  
186.32 that employs a minimum of 20 full-time equivalent employees in aggregate has provided a

187.1 written statement to the municipality indicating that the lack of available rental housing has  
187.2 impeded the ability of the business to recruit and hire employees; and

187.3 (4) the municipality and the development authority intend to use increments from the  
187.4 district for the development of rental housing to serve employees of businesses located in  
187.5 the municipality or surrounding area.

187.6 (g) The county auditor may not certify the original tax capacity of an economic  
187.7 development tax increment financing district for a workforce housing project if the request  
187.8 for certification is made after June 30, 2027.

187.9 **EFFECTIVE DATE.** This section is effective for districts for which the request for  
187.10 certification was made after June 30, 2017.

187.11 Sec. 3. Minnesota Statutes 2016, section 469.176, subdivision 4c, is amended to read:

187.12 Subd. 4c. **Economic development districts.** (a) Revenue derived from tax increment  
187.13 from an economic development district may not be used to provide improvements, loans,  
187.14 subsidies, grants, interest rate subsidies, or assistance in any form to developments consisting  
187.15 of buildings and ancillary facilities, if more than 15 percent of the buildings and facilities  
187.16 (determined on the basis of square footage) are used for a purpose other than:

187.17 (1) the manufacturing or production of tangible personal property, including processing  
187.18 resulting in the change in condition of the property;

187.19 (2) warehousing, storage, and distribution of tangible personal property, excluding retail  
187.20 sales;

187.21 (3) research and development related to the activities listed in clause (1) or (2);

187.22 (4) telemarketing if that activity is the exclusive use of the property;

187.23 (5) tourism facilities; ~~or~~

187.24 (6) space necessary for and related to the activities listed in clauses (1) to (5); or

187.25 (7) a workforce housing project that satisfies the requirements of paragraph (d).

187.26 (b) Notwithstanding the provisions of this subdivision, revenues derived from tax  
187.27 increment from an economic development district may be used to provide improvements,  
187.28 loans, subsidies, grants, interest rate subsidies, or assistance in any form for up to 15,000  
187.29 square feet of any separately owned commercial facility located within the municipal  
187.30 jurisdiction of a small city, if the revenues derived from increments are spent only to assist  
187.31 the facility directly or for administrative expenses, the assistance is necessary to develop

188.1 the facility, and all of the increments, except those for administrative expenses, are spent  
188.2 only for activities within the district.

188.3 (c) A city is a small city for purposes of this subdivision if the city was a small city in  
188.4 the year in which the request for certification was made and applies for the rest of the  
188.5 duration of the district, regardless of whether the city qualifies or ceases to qualify as a  
188.6 small city.

188.7 (d) A project qualifies as a workforce housing project under this subdivision if:

188.8 (1) increments from the district are used exclusively to assist in the acquisition of  
188.9 property; construction of improvements; and provision of loans or subsidies, grants, interest  
188.10 rate subsidies, public infrastructure, and related financing costs for rental housing  
188.11 developments in the municipality;

188.12 (2) the governing body of the municipality made the findings for the project required  
188.13 by section 469.175, subdivision 3, paragraph (f); and

188.14 (3) the governing bodies of the county and the school district, following receipt, review,  
188.15 and discussion of the materials required by section 469.175, subdivision 2, for the tax  
188.16 increment financing district, have each approved the tax increment financing plan, by  
188.17 resolution.

188.18 **EFFECTIVE DATE.** This section is effective for districts for which the request for  
188.19 certification was made after June 30, 2017.

188.20 Sec. 4. Minnesota Statutes 2016, section 469.1761, is amended by adding a subdivision  
188.21 to read:

188.22 **Subd. 5. Income limits; Minnesota Housing Finance Agency challenge program.**

188.23 For a project receiving a loan or grant from the Minnesota Housing Finance Agency challenge  
188.24 program under section 462A.33, the income limits under section 462A.33 are substituted  
188.25 for the applicable income limits for the project under subdivision 2 or 3.

188.26 **EFFECTIVE DATE.** This section is effective for districts for which the request for  
188.27 certification was made after June 30, 2017.

188.28 Sec. 5. Minnesota Statutes 2016, section 469.1763, subdivision 1, is amended to read:

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

189.1 (b) "Activities" means acquisition of property, clearing of land, site preparation, soils  
189.2 correction, removal of hazardous waste or pollution, installation of utilities, construction  
189.3 of public or private improvements, and other similar activities, but only to the extent that  
189.4 tax increment revenues may be spent for such purposes under other law.

189.5 (c) "Third party" means an entity other than (1) the person receiving the benefit of  
189.6 assistance financed with tax increments, or (2) the municipality or the development authority  
189.7 or other person substantially under the control of the municipality.

189.8 (d) "Revenues derived from tax increments paid by properties in the district" means only  
189.9 tax increment as defined in section 469.174, subdivision 25, clause (1), and does not include  
189.10 tax increment as defined in section 469.174, subdivision 25, clauses (2), ~~(3)~~, and ~~(4)~~ to (5).

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

189.12 Sec. 6. Minnesota Statutes 2016, section 469.1763, subdivision 2, is amended to read:

189.13 Subd. 2. **Expenditures outside district.** (a) For each tax increment financing district,  
189.14 an amount equal to at least 75 percent of the total revenue derived from tax increments paid  
189.15 by properties in the district must be expended on activities in the district or to pay bonds,  
189.16 to the extent that the proceeds of the bonds were used to finance activities in the district or  
189.17 to pay, or secure payment of, debt service on credit enhanced bonds. For districts, other  
189.18 than redevelopment districts for which the request for certification was made after June 30,  
189.19 1995, the in-district percentage for purposes of the preceding sentence is 80 percent. Not  
189.20 more than 25 percent of the total revenue derived from tax increments paid by properties  
189.21 in the district may be expended, through a development fund or otherwise, on activities  
189.22 outside of the district but within the defined geographic area of the project except to pay,  
189.23 or secure payment of, debt service on credit enhanced bonds. For districts, other than  
189.24 redevelopment districts for which the request for certification was made after June 30, 1995,  
189.25 the pooling percentage for purposes of the preceding sentence is 20 percent. The ~~revenue~~  
189.26 revenues derived from tax increments ~~for~~ paid by properties in the district that are expended  
189.27 on costs under section 469.176, subdivision 4h, paragraph (b), may be deducted first before  
189.28 calculating the percentages that must be expended within and without the district.

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

189.31 (c) All administrative expenses are for activities outside of the district, except that if the  
189.32 only expenses for activities outside of the district under this subdivision are for the purposes

190.1 described in paragraph (d), administrative expenses will be considered as expenditures for  
190.2 activities in the district.

190.3 (d) The authority may elect, in the tax increment financing plan for the district, to increase  
190.4 by up to ten percentage points the permitted amount of expenditures for activities located  
190.5 outside the geographic area of the district under paragraph (a). As permitted by section  
190.6 469.176, subdivision 4k, the expenditures, including the permitted expenditures under  
190.7 paragraph (a), need not be made within the geographic area of the project. Expenditures  
190.8 that meet the requirements of this paragraph are legally permitted expenditures of the district,  
190.9 notwithstanding section 469.176, subdivisions 4b, 4c, and 4j. To qualify for the increase  
190.10 under this paragraph, the expenditures must:

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

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

190.16 (3) be used to:

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

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

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

190.20 (4) be used to develop housing:

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

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

190.23 or

190.24 (B) \$200,000 for municipalities located in the metropolitan area, as defined in section  
190.25 473.121, or \$125,000 for all other municipalities; and

190.26 (ii) if the expenditures are used to pay the cost of site acquisition, relocation, demolition  
190.27 of existing structures, site preparation, and pollution abatement on one or more parcels, if  
190.28 the parcel contains a residence containing one to four family dwelling units that has been  
190.29 vacant for six or more months and is in foreclosure as defined in section 325N.10, subdivision  
190.30 7, but without regard to whether the residence is the owner's principal residence, and only  
190.31 after the redemption period has expired.

191.1 (e) The authority under paragraph (d), clause (4), expires on December 31, 2016.  
191.2 Increments may continue to be expended under this authority after that date, if they are used  
191.3 to pay bonds or binding contracts that would qualify under subdivision 3, paragraph (a), if  
191.4 December 31, 2016, is considered to be the last date of the five-year period after certification  
191.5 under that provision.

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

191.7 Sec. 7. Minnesota Statutes 2016, section 469.1763, subdivision 3, is amended to read:

191.8 Subd. 3. **Five-year rule.** (a) Revenues derived from tax increments paid by properties  
191.9 in the district are considered to have been expended on an activity within the district under  
191.10 subdivision 2 only if one of the following occurs:

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

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

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

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

191.26 (5) expenditures are made for housing purposes as permitted by subdivision 2, paragraphs  
191.27 (b) and (d), or for public infrastructure purposes within a zone as permitted by subdivision  
191.28 2, paragraph (e).

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

191.31 (c) For a redevelopment district or a renewal and renovation district certified after June  
191.32 30, 2003, and before April 20, 2009, the five-year periods described in paragraph (a) are

192.1 extended to ten years after certification of the district. For a redevelopment district certified  
192.2 after April 20, 2009, and before June 30, 2012, the five-year periods described in paragraph  
192.3 (a) are extended to eight years after certification of the district. This extension is provided  
192.4 primarily to accommodate delays in development activities due to unanticipated economic  
192.5 circumstances.

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

192.7 Sec. 8. Minnesota Statutes 2016, section 469.178, subdivision 7, is amended to read:

192.8 Subd. 7. **Interfund loans.** (a) The authority or municipality may advance or loan money  
192.9 to finance expenditures under section 469.176, subdivision 4, from its general fund or any  
192.10 other fund under which it has legal authority to do so.

192.11 (b) Not later than 60 days after money is transferred, advanced, or spent, whichever is  
192.12 earliest, the loan or advance must be authorized; by resolution of the governing body or of  
192.13 the authority, whichever has jurisdiction over the fund from which the advance or loan is  
192.14 authorized; before money is transferred, advanced, or spent, whichever is earliest.

192.15 (c) The resolution may generally grant to the municipality or the authority the power to  
192.16 make interfund loans under one or more tax increment financing plans or for one or more  
192.17 districts. The resolution may be adopted before or after the adoption of the tax increment  
192.18 financing plan or the creation of the tax increment financing district from which the advance  
192.19 or loan is to be repaid.

192.20 (d) The terms and conditions for repayment of the loan must be provided in writing and  
192.21 The written terms and conditions may be in any form, but must include, at a minimum, the  
192.22 principal amount, the interest rate, and maximum term. Written terms may be modified or  
192.23 amended in writing by the municipality or the authority before the latest decertification of  
192.24 any tax increment financing district from which the interfund loan is to be repaid. The  
192.25 maximum rate of interest permitted to be charged is limited to the greater of the rates  
192.26 specified under section 270C.40 or 549.09 as of the date the loan or advance is authorized,  
192.27 unless the written agreement states that the maximum interest rate will fluctuate as the  
192.28 interest rates specified under section 270C.40 or 549.09 are from time to time adjusted.  
192.29 Loans or advances may be structured as draw-down or line-of-credit obligations of the  
192.30 lending fund.

192.31 (e) The authority shall report in the annual report submitted under section 469.175,  
192.32 subdivision 6:

192.33 (1) the amount of any interfund loan or advance made in a calendar year; and



193.1 (2) any amendment of an interfund loan or advance made in a calendar year.

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

193.4 Sec. 9. Laws 2008, chapter 154, article 9, section 21, subdivision 2, is amended to read:

193.5 Subd. 2. **Special rules.** (a) If the city elects, upon the adoption of the tax increment  
193.6 financing plan for a district, the rules under this section apply to a redevelopment district,  
193.7 renewal and renovation district, economic development district, soil condition district, or  
193.8 a soil deficiency district established by the city or a development authority of the city in the  
193.9 project area.

193.10 (b) Prior to or upon the adoption of the first tax increment plan subject to the special  
193.11 rules under this subdivision, the city must find by resolution that parcels consisting of at  
193.12 least 80 percent of the acreage of the project area (excluding street and railroad right of  
193.13 way) are characterized by one or more of the following conditions:

193.14 (1) peat or other soils with geotechnical deficiencies that impair development of  
193.15 residential or commercial buildings or infrastructure;

193.16 (2) soils or terrain that requires substantial filling in order to permit the development of  
193.17 commercial or residential buildings or infrastructure;

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

193.19 (4) quarries or similar resource extraction sites;

193.20 (5) floodway; and

193.21 (6) substandard buildings within the meaning of Minnesota Statutes, section 469.174,  
193.22 subdivision 10.

193.23 (c) For the purposes of paragraph (b), clauses (1) through (5), a parcel is deemed to be  
193.24 characterized by the relevant condition if at least 70 percent of the area of the parcel contains  
193.25 the relevant condition. For the purposes of paragraph (b), clause (6), a parcel is deemed to  
193.26 be characterized by substandard buildings if the buildings occupy at least 30 percent of the  
193.27 area of the parcel.

193.28 (d) The four-year rule under Minnesota Statutes, section 469.176, subdivision 6, is  
193.29 extended to nine years for any district. The five-year rule under Minnesota Statutes, section  
193.30 469.1763, subdivision 3, is extended to ten years for any district, and section 469.1763,  
193.31 subdivision 4, does not apply to any district.

194.1 (e) Notwithstanding anything to the contrary in section 469.1763, subdivision 2, paragraph  
194.2 (a), not more than 80 percent of the total revenue derived from tax increments paid by  
194.3 properties in any district (measured over the life of the district) may be expended on activities  
194.4 outside the district but within the project area.

194.5 (f) For a soil deficiency district:

194.6 (1) increments may be collected through 20 years after the receipt by the authority of  
194.7 the first increment from the district; and

194.8 (2) except as otherwise provided in this subdivision, increments may be used only to:

194.9 (i) acquire parcels on which the improvements described in item (ii) will occur;

194.10 (ii) pay for the cost of correcting the unusual terrain or soil deficiencies and the additional  
194.11 cost of installing public improvements directly caused by the deficiencies; and

194.12 (iii) pay for the administrative expenses of the authority allocable to the district.

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

194.16 (h) Increments from any district may not be used to pay the costs of landfill closure or  
194.17 public infrastructure located on the following parcels within the plat known as Burnsville  
194.18 Amphitheater: Lot 1, Block 1; Lots 1 and 2, Block 2; and Outlots A, B, C and D.

194.19 (i) The authority to approve tax increment financing plans to establish tax increment  
194.20 financing districts under this section expires on December 31, ~~2018~~ 2020.

194.21 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
194.22 city of Burnsville and its chief clerical officer comply with Minnesota Statutes, section  
194.23 645.021, subdivisions 2 and 3.

194.24 Sec. 10. Laws 2009, chapter 88, article 5, section 17, as amended by Laws 2010, chapter  
194.25 382, section 84, is amended to read:

194.26 Sec. 17. **SEAWAY PORT AUTHORITY OF DULUTH; TAX INCREMENT**  
194.27 **FINANCING DISTRICT; SPECIAL RULES.**

194.28 (a) If the Seaway Port Authority of Duluth adopts a tax increment financing plan and  
194.29 the governing body of the city of Duluth approves the plan for the tax increment financing  
194.30 district consisting of one or more parcels identified as: 010-2730-00010; 010-2730-00020;  
194.31 010-2730-00040; 010-2730-00050; 010-2730-00070; 010-2730-00080; 010-2730-00090;

195.1 010-2730-00100; 010-02730-00120; 010-02730-00130; 010-02730-00140; 010-2730-00160;  
195.2 010-2730-00180; 010-2730-00200; 010-2730-00300; 010-02730-00320; 010-2746-01250;  
195.3 010-2746-1330; 010-2746-01340; 010-2746-01350; 010-2746-1440; 010-2746-1380;  
195.4 010-2746-01490; 010-2746-01500; 010-2746-01510; 010-2746-01520; 010-2746-01530;  
195.5 010-2746-01540; 010-2746-01550; 010-2746-01560; 010-2746-01570; 010-2746-01580;  
195.6 010-2746-01590; 010-3300-4560; 010-3300-4565; 010-3300-04570; 010-3300-04580;  
195.7 010-3300-04640; 010-3300-04645; and 010-3300-04650, the five-year rule under Minnesota  
195.8 Statutes, section 469.1763, subdivision 3, that activities must be undertaken within a five-year  
195.9 period from the date of certification of the tax increment financing district, must be  
195.10 considered to be met if the activities are undertaken within five years after the date all  
195.11 qualifying parcels are delisted from the Federal Superfund list.

195.12 (b) The requirements of Minnesota Statutes, section 469.1763, subdivision 4, beginning  
195.13 in the sixth year following certification of the district requirement, will begin in the sixth  
195.14 year following the date all qualifying parcels are delisted from the Federal Superfund list.

195.15 (c) The action required under Minnesota Statutes, section 469.176, subdivision 6, are  
195.16 satisfied if the action is commenced within four years after the date all qualifying parcels  
195.17 are delisted from the Federal Superfund list and evidence of the action required is submitted  
195.18 to the county auditor by February 1 of the fifth year following the year in which all qualifying  
195.19 parcels are delisted from the Federal Superfund list.

195.20 (d) For purposes of this section, "qualifying parcels" means United States Steel parcels  
195.21 listed in paragraph (a) and shown by the Minnesota Pollution Control Agency as part of the  
195.22 USS St. Louis River-U.S. Steel Superfund Site (USEPA OU 02) that are included in the  
195.23 tax increment financing district.

195.24 (e) In addition to the reporting requirements of Minnesota Statutes, section 469.175,  
195.25 subdivision 5, the Seaway Port Authority of Duluth shall report the status of all parcels  
195.26 listed in paragraph (a) and shown as part of the USS St. Louis River-U.S. Steel Superfund  
195.27 Site (USEPA OU 02). The status report must show the parcel numbers, the listed or delisted  
195.28 status, and if delisted, the delisting date.

195.29 (f) Notwithstanding Minnesota Statutes, section 469.178, subdivision 7, or any other  
195.30 law to the contrary, the Seaway Port Authority of Duluth may establish an interfund loan  
195.31 program before approval of the tax increment financing plan for or the establishment of the  
195.32 district authorized by this section. The authority may make loans under this program. The  
195.33 proceeds of the loans may be used for any permitted use of increments under this law or  
195.34 Minnesota Statutes, section 469.176, for the district and may be repaid with increments

196.1 from the district established under this section. This paragraph applies to any action  
196.2 authorized by the Seaway Port Authority of Duluth on or after March 25, 2010.

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

196.6 Sec. 11. Laws 2014, chapter 308, article 6, section 8, subdivision 1, is amended to read:

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

196.11 (b) The authority to request certification of districts under this section expires on ~~June~~  
196.12 ~~30, 2017~~ December 31, 2019.

196.13 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
196.14 city of Edina and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
196.15 subdivisions 2 and 3.

196.16 Sec. 12. Laws 2014, chapter 308, article 6, section 9, is amended to read:

196.17 **Sec. 9. CITY OF MAPLE GROVE; TAX INCREMENT FINANCING DISTRICT.**

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

196.20 (b) "City" means the city of Maple Grove.

196.21 (c) "Project area" means all or a portion of the area in the city commencing at a point  
196.22 130 feet East and 120 feet North of the southwest corner of the Southeast Quarter of Section  
196.23 23, Township 119, Range 22, Hennepin County, said point being on the easterly right-of-way  
196.24 line of Hemlock Lane; thence northerly along said easterly right-of-way line of Hemlock  
196.25 Lane to a point on the west line of the east one-half of the Southeast Quarter of section 23,  
196.26 thence south along said west line a distance of 1,200 feet; thence easterly to the east line of  
196.27 Section 23, 1,030 feet North from the southeast corner thereof; thence South 74 degrees  
196.28 East 1,285 feet; thence East a distance of 1,000 feet; thence North 59 degrees West a distance  
196.29 of 650 feet; thence northerly to a point on the northerly right-of-way line of 81st Avenue  
196.30 North, 650 feet westerly measured at right angles, from the east line of the Northwest Quarter  
196.31 of Section 24; thence North 13 degrees West a distance of 795 feet; thence West to the west  
196.32 line of the Southeast Quarter of the Northwest Quarter of Section 24; thence North 55

197.1 degrees West to the south line of the Northwest Quarter of the Northwest Quarter of Section  
197.2 24; thence West along said south line to the east right-of-way line of Zachary Lane; thence  
197.3 North along the east right-of-way line of Zachary Lane to the southwest corner of Lot 1,  
197.4 Block 1, Metropolitan Industrial Park 5th Addition; thence East along the south line of said  
197.5 Lot 1 to the northeast corner of Outlot A, Metropolitan Industrial Park 5th Addition; thence  
197.6 South along the east line of said Outlot A and its southerly extension to the south right-of-way  
197.7 line of County State-Aid Highway (CSAH) 109; thence easterly along the south right-of-way  
197.8 line of CSAH 109 to the east line of the Northwest Quarter of the Northeast Quarter of  
197.9 Section 24; thence South along said east line to the north line of the South Half of the  
197.10 Northeast Quarter of Section 24; thence East along said north line to the westerly right-of-way  
197.11 line of Jefferson Highway North; thence southerly along the westerly right-of-way line of  
197.12 Jefferson Highway to the centerline of CSAH 130; thence continuing South along the west  
197.13 right-of-way line of Pilgrim Lane North to the westerly extension of the north line of Outlot  
197.14 A, Park North Fourth Addition; thence easterly along the north line of Outlot A, Park North  
197.15 Fourth Addition to the northeast corner of said Outlot A; thence southerly along the east  
197.16 line of said Outlot A to the southeast corner of said Outlot A; thence easterly along the south  
197.17 line of Lot 1, Block 1, Park North Fourth Addition to the westerly right-of-way line of State  
197.18 Highway 169; thence southerly, southwesterly, westerly, and northwesterly along the  
197.19 westerly right-of-way line of State Highway 169 and the northerly right-of-way line of  
197.20 Interstate 694 to its intersection with the southerly extension of the easterly right-of-way  
197.21 line of Zachary Lane North; thence northerly along the easterly right-of-way line of Zachary  
197.22 Lane North and its northerly extension to the north right-of-way line of CSAH 130; thence  
197.23 westerly, southerly, northerly, southwesterly, and northwesterly to the point of beginning  
197.24 and there terminating, provided that the project area includes the rights-of-way for all present  
197.25 and future highway interchanges abutting the area described in this paragraph, and may  
197.26 include any additional property necessary to cause the property included in the tax increment  
197.27 financing district to consist of complete parcels.

197.28 (d) "Soil deficiency district" means a type of tax increment financing district consisting  
197.29 of a portion of the project area in which the city finds by resolution that the following  
197.30 conditions exist:

197.31 (1) unusual terrain or soil deficiencies that occurred over 80 percent of the acreage in  
197.32 the district require substantial filling, grading, or other physical preparation for use; and

197.33 (2) the estimated cost of the physical preparation under clause (1), but excluding costs  
197.34 directly related to roads as defined in Minnesota Statutes, section 160.01, and local  
197.35 improvements as described in Minnesota Statutes, sections 429.021, subdivision 1, clauses

198.1 (1) to (7), (11), and (12), and 430.01, exceeds the fair market value of the land before  
198.2 completion of the preparation.

198.3 Subd. 2. **Special rules.** (a) If the city elects, upon the adoption of the tax increment  
198.4 financing plan for a district, the rules under this section apply to a redevelopment district,  
198.5 renewal and renovation district, soil condition district, or soil deficiency district established  
198.6 by the city or a development authority of the city in the project area.

198.7 (b) Prior to or upon the adoption of the first tax increment plan subject to the special  
198.8 rules under this subdivision, the city must find by resolution that parcels consisting of at  
198.9 least 80 percent of the acreage of the project area, excluding street and railroad rights-of-way,  
198.10 are characterized by one or more of the following conditions:

198.11 (1) peat or other soils with geotechnical deficiencies that impair development of  
198.12 commercial buildings or infrastructure;

198.13 (2) soils or terrain that require substantial filling in order to permit the development of  
198.14 commercial buildings or infrastructure;

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

198.16 (4) quarries or similar resource extraction sites;

198.17 (5) floodway; and

198.18 (6) substandard buildings, within the meaning of Minnesota Statutes, section 469.174,  
198.19 subdivision 10.

198.20 (c) For the purposes of paragraph (b), clauses (1) to (5), a parcel is characterized by the  
198.21 relevant condition if at least 70 percent of the area of the parcel contains the relevant  
198.22 condition. For the purposes of paragraph (b), clause (6), a parcel is characterized by  
198.23 substandard buildings if substandard buildings occupy at least 30 percent of the area of the  
198.24 parcel.

198.25 (d) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is  
198.26 extended to eight years for any district, and Minnesota Statutes, section 469.1763, subdivision  
198.27 4, does not apply to any district.

198.28 (e) Notwithstanding any provision to the contrary in Minnesota Statutes, section 469.1763,  
198.29 subdivision 2, paragraph (a), not more than 40 percent of the total revenue derived from tax  
198.30 increments paid by properties in any district, measured over the life of the district, may be  
198.31 expended on activities outside the district but within the project area.

198.32 (f) For a soil deficiency district:

199.1 (1) increments may be collected through 20 years after the receipt by the authority of  
199.2 the first increment from the district;

199.3 (2) increments may be used only to:

199.4 (i) acquire parcels on which the improvements described in item (ii) will occur;

199.5 (ii) pay for the cost of correcting the unusual terrain or soil deficiencies and the additional  
199.6 cost of installing public improvements directly caused by the deficiencies; and

199.7 (iii) pay for the administrative expenses of the authority allocable to the district; and

199.8 (3) any parcel acquired with increments from the district must be sold at no less than  
199.9 their fair market value.

199.10 (g) Increments spent for any infrastructure costs, whether inside a district or outside a  
199.11 district but within the project area, are deemed to satisfy the requirements of Minnesota  
199.12 Statutes, section 469.176, subdivision 4j.

199.13 (h) The authority to approve tax increment financing plans to establish tax increment  
199.14 financing districts under this section expires June 30, 2020.

199.15 (i) Notwithstanding the restrictions in paragraph (f), clause (2), the city may use  
199.16 increments from a soil deficiency district to acquire parcels and for other infrastructure costs  
199.17 either inside or outside of the district, but within the project area, if the acquisition or  
199.18 infrastructure is for a qualified development. For purposes of this paragraph, a development  
199.19 is a qualified development only if all of the following requirements are satisfied:

199.20 (1) the city finds, by resolution, that the land acquisition and infrastructure are undertaken  
199.21 primarily to serve the development;

199.22 (2) the city has a binding, written commitment and adequate financial assurances from  
199.23 the developer that the development will be constructed; and

199.24 (3) the development does not consist of retail trade or housing improvements.

199.25 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
199.26 city of Maple Grove and its chief clerical officer comply with Minnesota Statutes, section  
199.27 645.021, subdivisions 2 and 3.

199.28 **Sec. 13. CITY OF ANOKA; GREENS OF ANOKA TIF DISTRICT.**

199.29 For purposes of Minnesota Statutes, section 469.1763, subdivision 3, paragraph (c), the  
199.30 city of Anoka's Greens of Anoka redevelopment tax increment financing district is deemed  
199.31 to be certified on June 29, 2012, rather than its actual certification date of July 2, 2012, and

200.1 the provisions of Minnesota Statutes, section 469.1763, subdivisions 3 and 4, apply as if  
200.2 the district were certified on that date.

200.3 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
200.4 city of Anoka and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
200.5 subdivisions 2 and 3.

200.6 **Sec. 14. CITY OF COON RAPIDS; TIF DISTRICT 6-1; PORT RIVERWALK.**

200.7 Notwithstanding the provisions of Minnesota Statutes, section 469.176, subdivision 1b,  
200.8 or any other law to the contrary, the city of Coon Rapids may collect tax increment from  
200.9 District 6-1 Port Riverwalk through December 31, 2038.

200.10 **EFFECTIVE DATE.** This section is effective upon compliance by the governing bodies  
200.11 of the city of Coon Rapids, Anoka County, and Independent School District No. 11 with  
200.12 the requirements of Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021,  
200.13 subdivisions 2 and 3.

200.14 **Sec. 15. CITY OF COTTAGE GROVE; TIF DISTRICT 1-12; GATEWAY NORTH.**

200.15 The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that activities  
200.16 must be undertaken within a five-year period from the date of certification of a tax increment  
200.17 financing district, is considered to be met for Tax Increment Financing District No. 1-12  
200.18 (Gateway North), administered by the Cottage Grove Economic Development Authority,  
200.19 if the activities are undertaken prior to January 1, 2017.

200.20 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
200.21 city of Cottage Grove and its chief clerical officer comply with Minnesota Statutes, section  
200.22 645.021, subdivisions 2 and 3.

200.23 **Sec. 16. CITY OF EDINA; APPROVAL OF 2014 SPECIAL LAW.**

200.24 Notwithstanding the provisions of Minnesota Statutes, section 645.021, subdivision 3,  
200.25 the chief clerical officer of the city of Edina may file with the secretary of state certificate  
200.26 of approval of Laws 2014, chapter 308, article 6, section 8, by December 31, 2016, and, if  
200.27 the certificate is so filed and the requirements of Minnesota Statutes, section 645.021,  
200.28 subdivision 3, are otherwise complied with, the special law is deemed approved, and all  
200.29 actions taken by the city before the effective date of this section in reliance on Laws 2014,  
200.30 chapter 308, article 6, section 8, are deemed consistent with Laws 2014, chapter 308, article  
200.31 6, section 8, and this act.



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

201.2 Sec. 17. **CITY OF MOORHEAD; TIF DISTRICT; FIRST AVENUE NORTH.**

201.3 For purposes of Minnesota Statutes, section 469.1763, subdivision 3, paragraph (c), the  
201.4 city of Moorhead's 1st Avenue North (Central Corridors) Redevelopment Tax Increment  
201.5 Financing District is deemed to be certified on June 29, 2012, rather than its actual  
201.6 certification date of July 12, 2012, and Minnesota Statutes, section 469.1763, subdivisions  
201.7 3 and 4, apply as if the district were certified on that date.

201.8 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
201.9 city of Moorhead and its chief clerical officer comply with Minnesota Statutes, section  
201.10 645.021, subdivisions 2 and 3.

201.11 Sec. 18. **CITY OF RICHFIELD; EXTENSION OF CEDAR AVENUE TIF**  
201.12 **DISTRICT.**

201.13 Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, or any other law  
201.14 to the contrary, the city of Richfield and the Housing and Redevelopment Authority in and  
201.15 for the city of Richfield may elect to extend the duration limit of the redevelopment tax  
201.16 increment financing district known as the Cedar Avenue Tax Increment Financing District  
201.17 established by Laws 2005, chapter 152, article 2, section 25, by ten years.

201.18 **EFFECTIVE DATE.** This section is effective upon compliance by the governing bodies  
201.19 of the city of Richfield, Hennepin County, and Independent School District No. 280 with  
201.20 the requirements of Minnesota Statutes, sections 469.1782, subdivision 2; and 645.021,  
201.21 subdivisions 2 and 3.

201.22 Sec. 19. **CITY OF RICHFIELD; LYNDALE GARDENS TIF DISTRICT;**  
201.23 **FIVE-YEAR RULE EXTENSION.**

201.24 The requirements of Minnesota Statutes, section 469.1763, subdivision 3, that activities  
201.25 must be undertaken within a five-year period from the date of certification of a tax increment  
201.26 financing district, are considered to be met for the Lyndale Gardens Tax Increment Financing  
201.27 District established by the city of Richfield and the housing and redevelopment authority  
201.28 in and for the city of Richfield if the activities are undertaken within seven years from the  
201.29 date of certification.

202.1 **EFFECTIVE DATE.** This section is effective the day after the city of Richfield and  
202.2 its chief clerical officer comply with Minnesota Statutes, sections 469.1782, subdivision 2,  
202.3 and 645.021, subdivisions 2 and 3.

202.4 Sec. 20. **CITY OF SOUTH ST. PAUL; EXTENSION OF TIME TO ADOPT**  
202.5 **INTERFUND LOAN RESOLUTION FOR 4TH AVENUE VILLAGE TIF DISTRICT.**

202.6 Notwithstanding Minnesota Statutes, section 469.178, subdivision 7, the governing body  
202.7 of the South St. Paul Economic Development Authority, successor to the Housing and  
202.8 Redevelopment Authority in and for the city of South St. Paul, may retroactively approve  
202.9 a previously established interfund loan for the 4th Avenue Village Tax Increment District  
202.10 in the city of South St. Paul if the governing body adopts a resolution approving that loan  
202.11 by August 1, 2017, and if the requirements of Minnesota Statutes, section 469.178,  
202.12 subdivision 7, are otherwise complied with, the interfund loan authorization is deemed to  
202.13 satisfy Minnesota Statutes, section 469.178, subdivision 7.

202.14 **EFFECTIVE DATE.** This section is effective without local approval under Minnesota  
202.15 Statutes, section 645.023, subdivision 1, paragraph (a), on the day following final enactment.

202.16 Sec. 21. **CITY OF ST. LOUIS PARK; ELMWOOD VILLAGE TIF DISTRICT;**  
202.17 **POOLING PERCENTAGE INCREASE.**

202.18 For purposes of the Elmwood Village Tax Increment Financing District in the city of  
202.19 St. Louis Park, including the duration extension authorized by Laws 2009, chapter 88, article  
202.20 5, section 19, the permitted percentage of increments that may be expended on activities  
202.21 outside the district under Minnesota Statutes, section 469.1763, subdivision 2, is increased  
202.22 to 30 percent for the district.

202.23 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
202.24 city of St. Louis Park and its chief clerical officer comply with Minnesota Statutes, section  
202.25 645.021, subdivisions 2 and 3.

202.26 Sec. 22. **CITY OF ST. PAUL; FORD SITE REDEVELOPMENT TIF DISTRICT.**

202.27 (a) For purposes of computing the duration limits under Minnesota Statutes, section  
202.28 469.176, subdivision 1b, the housing and redevelopment authority of the city of St. Paul  
202.29 may waive receipt of increment for the Ford Site Redevelopment Tax Increment Financing  
202.30 District. This authority is limited to the first four years of increment or increments derived  
202.31 from taxes payable in 2023, whichever occurs first.

203.1 (b) If the city elects to waive receipt of increment under paragraph (a), for purposes of  
203.2 applying any limits based on when the district was certified under Minnesota Statutes,  
203.3 section 469.176, subdivision 6, or 469.1763, the date of certification for the district is deemed  
203.4 to be January 2 of the property tax assessment year for which increment is first received  
203.5 under the waiver.

203.6 **EFFECTIVE DATE.** This section is effective July 1, 2017, without local approval  
203.7 under Minnesota Statutes, section 645.023, subdivision 1, paragraph (a).

203.8 Sec. 23. **WASHINGTON COUNTY; NEWPORT REDROCK CROSSING PROJECT**  
203.9 **TIF DISTRICT; SPECIAL RULES AUTHORIZATION.**

203.10 (a) If Washington County elects, upon the adoption of a tax increment financing plan  
203.11 for a district, the rules under this section apply to one or more tax increment financing  
203.12 districts established by the county or the community development agency of the county.  
203.13 The area within which the tax increment districts may be created is located in the city of  
203.14 Newport and is south of marked Interstate Highway 494, north of 15th Street extended to  
203.15 the Mississippi River, east of the Mississippi River, and west of marked Trunk Highway  
203.16 61 and the adjacent rights-of-way and shall be referred to as the "Newport Red Rock Crossing  
203.17 Project Area" or "project area."

203.18 (b) The requirements for qualifying a redevelopment district under Minnesota Statutes,  
203.19 section 469.174, subdivision 10, do not apply to the parcels identified by parcel identification  
203.20 numbers: 2602822440051, 260282244050, 260282244049, 260282244048, 2602822440046,  
203.21 2602822440045, 260282244044, 2602822440043, 2602822440026, 2602822440025,  
203.22 260282244024, and 2602822440023, which are deemed substandard for the purpose of  
203.23 qualifying the district as a redevelopment district.

203.24 (c) Increments spent outside a district shall only be spent within the project area and on  
203.25 costs described in Minnesota Statutes, section 469.176, subdivision 4j.

203.26 (d) Notwithstanding anything to the contrary in Minnesota Statutes, section 469.1763,  
203.27 subdivision 2, paragraph (a), not more than 30 percent of the total revenue derived from tax  
203.28 increments paid by properties in any district, measured over the life of the district, may be  
203.29 expended on activities outside the district but within the project area. The five-year rule  
203.30 under Minnesota Statutes, section 469.1763, subdivision 3, applies as if the limit is nine  
203.31 years.

203.32 (e) The authority to approve a tax increment financing plan and to establish a tax  
203.33 increment financing district under this section expires December 31, 2027.

204.1 **EFFECTIVE DATE.** This section is effective and shall retroactively include the  
 204.2 redevelopment district in the project area approved by Washington County on November  
 204.3 8, 2016, upon approval by the governing body of the city of Newport and upon compliance  
 204.4 by Washington County and its chief clerical officer with Minnesota Statutes, section 645.021,  
 204.5 subdivisions 2 and 3.

204.6 Sec. 24. **CITY OF WAYZATA; TIF DISTRICT 3; WIDSTEN.**

204.7 (a) The requirements of Minnesota Statutes, section 469.1763, subdivision 3, that  
 204.8 activities must be undertaken within a five-year period from the date of certification of a  
 204.9 tax increment financing district, are considered to be met for Tax Increment Financing  
 204.10 District 3 (Widsten) in the city of Wayzata if the revenues derived from tax increments from  
 204.11 the district are expended for any project contemplated by the original tax increment financing  
 204.12 plan for the district, including, without limitation, a municipal parking ramp within the  
 204.13 district.

204.14 (b) The requirements of Minnesota Statutes, section 469.1763, subdivision 4, do not  
 204.15 apply to the district if the revenues derived from tax increment from the district are expended  
 204.16 for any project contemplated by the original tax increment financing plan for the district,  
 204.17 including, without limitation, a municipal parking ramp within the district.

204.18 **EFFECTIVE DATE.** This section is effective upon compliance by the chief clerical  
 204.19 officer of the governing body of the city of Wayzata with the requirements of Minnesota  
 204.20 Statutes, section 645.021, subdivisions 2 and 3.

## 204.21 **ARTICLE 7**

### 204.22 **PUBLIC FINANCE**

204.23 Section 1. Minnesota Statutes 2016, section 366.095, subdivision 1, is amended to read:

204.24 Subdivision 1. **Certificates of indebtedness.** The town board may issue certificates of  
 204.25 indebtedness within the debt limits for a town purpose otherwise authorized by law. The  
 204.26 certificates shall be payable in not more than ten years and be issued on the terms and in  
 204.27 the manner as the board may determine, provided that notes issued for projects that eliminate  
 204.28 R-22, as defined in section 240A.09, paragraph (b), clause (2), must be payable in not more  
 204.29 than 20 years. If the amount of the certificates to be issued exceeds 0.25 percent of the  
 204.30 estimated market value of the town, they shall not be issued for at least ten days after  
 204.31 publication in a newspaper of general circulation in the town of the board's resolution  
 204.32 determining to issue them. If within that time, a petition asking for an election on the  
 204.33 proposition signed by voters equal to ten percent of the number of voters at the last regular

205.1 town election is filed with the clerk, the certificates shall not be issued until their issuance  
205.2 has been approved by a majority of the votes cast on the question at a regular or special  
205.3 election. A tax levy shall be made to pay the principal and interest on the certificates as in  
205.4 the case of bonds.

205.5 Sec. 2. Minnesota Statutes 2016, section 383B.117, subdivision 2, is amended to read:

205.6 Subd. 2. **Equipment acquisition; capital notes.** The board may, by resolution and  
205.7 without public referendum, issue capital notes within existing debt limits for the purpose  
205.8 of purchasing ambulance and other medical equipment, road construction or maintenance  
205.9 equipment, public safety equipment and other capital equipment having an expected useful  
205.10 life at least equal to the term of the notes issued. The notes shall be payable in not more  
205.11 than ten years and shall be issued on terms and in a manner as the board determines, provided  
205.12 that notes issued for projects that eliminate R-22, as defined in section 240A.09, paragraph  
205.13 (b), clause (2), must be payable in not more than 20 years. The total principal amount of  
205.14 the notes issued for any fiscal year shall not exceed one percent of the total annual budget  
205.15 for that year and shall be issued solely for the purchases authorized in this subdivision. A  
205.16 tax levy shall be made for the payment of the principal and interest on such notes as in the  
205.17 case of bonds. For purposes of this subdivision, "equipment" includes computer hardware  
205.18 and software, whether bundled with machinery or equipment or unbundled. For purposes  
205.19 of this subdivision, the term "medical equipment" includes computer hardware and software  
205.20 and other intellectual property for use in medical diagnosis, medical procedures, research,  
205.21 record keeping, billing, and other hospital applications, together with application development  
205.22 services and training related to the use of the computer hardware and software and other  
205.23 intellectual property, all without regard to their useful life. For purposes of determining the  
205.24 amount of capital notes which the county may issue in any year, the budget of the county  
205.25 and Hennepin Healthcare System, Inc. shall be combined and the notes issuable under this  
205.26 subdivision shall be in addition to obligations issuable under section 373.01, subdivision  
205.27 3.

205.28 Sec. 3. Minnesota Statutes 2016, section 410.32, is amended to read:

205.29 **410.32 CITIES MAY ISSUE CAPITAL NOTES FOR CAPITAL EQUIPMENT.**

205.30 (a) Notwithstanding any contrary provision of other law or charter, a home rule charter  
205.31 city may, by resolution and without public referendum, issue capital notes subject to the  
205.32 city debt limit to purchase capital equipment.

205.33 (b) For purposes of this section, "capital equipment" means:

206.1 (1) public safety equipment, ambulance and other medical equipment, road construction  
206.2 and maintenance equipment, and other capital equipment; and

206.3 (2) computer hardware and software, whether bundled with machinery or equipment or  
206.4 unbundled, together with application development services and training related to the use  
206.5 of the computer hardware and software.

206.6 (c) The equipment or software must have an expected useful life at least as long as the  
206.7 term of the notes.

206.8 (d) The notes shall be payable in not more than ten years and be issued on terms and in  
206.9 the manner the city determines, provided that notes issued for projects that eliminate R-22,  
206.10 as defined in section 240A.09, paragraph (b), clause (2), must be payable in not more than  
206.11 20 years. The total principal amount of the capital notes issued in a fiscal year shall not  
206.12 exceed 0.03 percent of the estimated market value of taxable property in the city for that  
206.13 year.

206.14 (e) A tax levy shall be made for the payment of the principal and interest on the notes,  
206.15 in accordance with section 475.61, as in the case of bonds.

206.16 (f) Notes issued under this section shall require an affirmative vote of two-thirds of the  
206.17 governing body of the city.

206.18 (g) Notwithstanding a contrary provision of other law or charter, a home rule charter  
206.19 city may also issue capital notes subject to its debt limit in the manner and subject to the  
206.20 limitations applicable to statutory cities pursuant to section 412.301.

206.21 Sec. 4. Minnesota Statutes 2016, section 412.301, is amended to read:

206.22 **412.301 FINANCING PURCHASE OF CERTAIN EQUIPMENT.**

206.23 (a) The council may issue certificates of indebtedness or capital notes subject to the city  
206.24 debt limits to purchase capital equipment.

206.25 (b) For purposes of this section, "capital equipment" means:

206.26 (1) public safety equipment, ambulance and other medical equipment, road construction  
206.27 and maintenance equipment, and other capital equipment; and

206.28 (2) computer hardware and software, whether bundled with machinery or equipment or  
206.29 unbundled, together with application development services and training related to the use  
206.30 of the computer hardware or software.

207.1 (c) The equipment or software must have an expected useful life at least as long as the  
207.2 terms of the certificates or notes.

207.3 (d) Such certificates or notes shall be payable in not more than ten years and shall be  
207.4 issued on such terms and in such manner as the council may determine, provided, however,  
207.5 that notes issued for projects that eliminate R-22, as defined in section 240A.09, paragraph  
207.6 (b), clause (2), must be payable in not more than 20 years.

207.7 (e) If the amount of the certificates or notes to be issued to finance any such purchase  
207.8 exceeds 0.25 percent of the estimated market value of taxable property in the city, they shall  
207.9 not be issued for at least ten days after publication in the official newspaper of a council  
207.10 resolution determining to issue them; and if before the end of that time, a petition asking  
207.11 for an election on the proposition signed by voters equal to ten percent of the number of  
207.12 voters at the last regular municipal election is filed with the clerk, such certificates or notes  
207.13 shall not be issued until the proposition of their issuance has been approved by a majority  
207.14 of the votes cast on the question at a regular or special election.

207.15 (f) A tax levy shall be made for the payment of the principal and interest on such  
207.16 certificates or notes, in accordance with section 475.61, as in the case of bonds.

207.17 Sec. 5. Minnesota Statutes 2016, section 469.034, subdivision 2, is amended to read:

207.18 Subd. 2. **General obligation revenue bonds.** (a) An authority may pledge the general  
207.19 obligation of the general jurisdiction governmental unit as additional security for bonds  
207.20 payable from income or revenues of the project or the authority. The authority must find  
207.21 that the pledged revenues will equal or exceed 110 percent of the principal and interest due  
207.22 on the bonds for each year. The proceeds of the bonds must be used for a qualified housing  
207.23 development project or projects. The obligations must be issued and sold in the manner and  
207.24 following the procedures provided by chapter 475, except the obligations are not subject to  
207.25 approval by the electors, and the maturities may extend to not more than 35 years for  
207.26 obligations sold to finance housing for the elderly and 40 years for other obligations issued  
207.27 under this subdivision. The authority is the municipality for purposes of chapter 475.

207.28 (b) The principal amount of the issue must be approved by the governing body of the  
207.29 general jurisdiction governmental unit whose general obligation is pledged. Public hearings  
207.30 must be held on issuance of the obligations by both the authority and the general jurisdiction  
207.31 governmental unit. The hearings must be held at least 15 days, but not more than 120 days,  
207.32 before the sale of the obligations.

208.1 (c) The maximum amount of general obligation bonds that may be issued and outstanding  
208.2 under this section equals the greater of (1) one-half of one percent of the estimated market  
208.3 value of the general jurisdiction governmental unit whose general obligation is pledged, or  
208.4 (2) ~~\$3,000,000~~ \$5,000,000. In the case of county or multicounty general obligation bonds,  
208.5 the outstanding general obligation bonds of all cities in the county or counties issued under  
208.6 this subdivision must be added in calculating the limit under clause (1).

208.7 (d) "General jurisdiction governmental unit" means the city in which the housing  
208.8 development project is located. In the case of a county or multicounty authority, the county  
208.9 or counties may act as the general jurisdiction governmental unit. In the case of a multicounty  
208.10 authority, the pledge of the general obligation is a pledge of a tax on the taxable property  
208.11 in each of the counties.

208.12 (e) "Qualified housing development project" means a housing development project  
208.13 providing housing either for the elderly or for individuals and families with incomes not  
208.14 greater than 80 percent of the median family income as estimated by the United States  
208.15 Department of Housing and Urban Development for the standard metropolitan statistical  
208.16 area or the nonmetropolitan county in which the project is located. The project must be  
208.17 owned for the term of the bonds either by the authority or by a limited partnership or other  
208.18 entity in which the authority or another entity under the sole control of the authority is the  
208.19 sole general partner and the partnership or other entity must receive (1) an allocation from  
208.20 the Department of Management and Budget or an entitlement issuer of tax-exempt bonding  
208.21 authority for the project and a preliminary determination by the Minnesota Housing Finance  
208.22 Agency or the applicable suballocator of tax credits that the project will qualify for four  
208.23 percent low-income housing tax credits or (2) a reservation of nine percent low-income  
208.24 housing tax credits from the Minnesota Housing Finance Agency or a suballocator of tax  
208.25 credits for the project. A qualified housing development project may admit nonelderly  
208.26 individuals and families with higher incomes if:

208.27 (1) three years have passed since initial occupancy;

208.28 (2) the authority finds the project is experiencing unanticipated vacancies resulting in  
208.29 insufficient revenues, because of changes in population or other unforeseen circumstances  
208.30 that occurred after the initial finding of adequate revenues; and

208.31 (3) the authority finds a tax levy or payment from general assets of the general jurisdiction  
208.32 governmental unit will be necessary to pay debt service on the bonds if higher income  
208.33 individuals or families are not admitted.



209.1 (f) The authority may issue bonds to refund bonds issued under this subdivision in  
209.2 accordance with section 475.67. The finding of the adequacy of pledged revenues required  
209.3 by paragraph (a) and the public hearing required by paragraph (b) shall not apply to the  
209.4 issuance of refunding bonds. This paragraph applies to refunding bonds issued on and after  
209.5 July 1, 1992.

209.6 Sec. 6. Minnesota Statutes 2016, section 469.101, subdivision 1, is amended to read:

209.7 Subdivision 1. **Establishment.** An economic development authority may create and  
209.8 define the boundaries of economic development districts at any place or places within the  
209.9 city, except that the district boundaries must be contiguous, and may use the powers granted  
209.10 in sections 469.090 to 469.108 to carry out its purposes. First the authority must hold a  
209.11 public hearing on the matter. At least ten days before the hearing, the authority shall publish  
209.12 notice of the hearing in a ~~daily~~ newspaper of general circulation in the city. Also, the authority  
209.13 shall find that an economic development district is proper and desirable to establish and  
209.14 develop within the city.

209.15 Sec. 7. Minnesota Statutes 2016, section 473.39, is amended by adding a subdivision to  
209.16 read:

209.17 Subd. 1u. **Obligations.** In addition to other authority in this section, the council may  
209.18 issue certificates of indebtedness, bonds, or other obligations under this section in an amount  
209.19 not exceeding \$126,000,000 for capital expenditures as prescribed in the council's transit  
209.20 capital improvement program and for related costs, including the costs of issuance and sale  
209.21 of the obligations. Of this authorization, after July 1, 2017, the council may issue certificates  
209.22 of indebtedness, bonds, or other obligations in an amount not exceeding \$82,100,000, and  
209.23 after July 1, 2018, the council may issue certificates of indebtedness, bonds, or other  
209.24 obligations in an additional amount not exceeding \$43,900,000.

209.25 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
209.26 applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

209.27 Sec. 8. Minnesota Statutes 2016, section 473.39, is amended by adding a subdivision to  
209.28 read:

209.29 Subd. 6. **Limitation; light rail transit.** The council is prohibited from expending any  
209.30 proceeds from certificates of indebtedness, bonds, or other obligations under this section  
209.31 for project development, land acquisition, or construction to (1) establish a light rail transit

210.1 line; or (2) expand a light rail transit line, including by extending a line or adding additional  
210.2 stops.

210.3 **EFFECTIVE DATE.** This section applies to the expenditures made after the day  
210.4 following final enactment, but does not apply to amounts expended under binding contracts  
210.5 entered into before March 25, 2017. This section applies in the counties of Anoka, Carver,  
210.6 Dakota, Hennepin, Ramsey, Scott, and Washington.

210.7 Sec. 9. Minnesota Statutes 2016, section 475.58, subdivision 3b, is amended to read:

210.8 Subd. 3b. **Street reconstruction and bituminous overlays.** (a) A municipality may,  
210.9 without regard to the election requirement under subdivision 1, issue and sell obligations  
210.10 for street reconstruction or bituminous overlays, if the following conditions are met:

210.11 (1) the streets are reconstructed or overlaid under a street reconstruction or overlay plan  
210.12 that describes the street reconstruction or overlay to be financed, the estimated costs, and  
210.13 any planned reconstruction or overlay of other streets in the municipality over the next five  
210.14 years, and the plan and issuance of the obligations has been approved by a vote of ~~at~~ a  
210.15 two-thirds majority of the members of the governing body present at the meeting following  
210.16 a public hearing for which notice has been published in the official newspaper at least ten  
210.17 days but not more than 28 days prior to the hearing; and

210.18 (2) if a petition requesting a vote on the issuance is signed by voters equal to five percent  
210.19 of the votes cast in the last municipal general election and is filed with the municipal clerk  
210.20 within 30 days of the public hearing, the municipality may issue the bonds only after  
210.21 obtaining the approval of a majority of the voters voting on the question of the issuance of  
210.22 the obligations. If the municipality elects not to submit the question to the voters, the  
210.23 municipality shall not propose the issuance of bonds under this section for the same purpose  
210.24 and in the same amount for a period of 365 days from the date of receipt of the petition. If  
210.25 the question of issuing the bonds is submitted and not approved by the voters, the provisions  
210.26 of section 475.58, subdivision 1a, shall apply.

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

210.29 (c) For purposes of this subdivision, street reconstruction and bituminous overlays  
210.30 includes utility replacement and relocation and other activities incidental to the street  
210.31 reconstruction, turn lanes and other improvements having a substantial public safety function,  
210.32 realignments, other modifications to intersect with state and county roads, and the local  
210.33 share of state and county road projects. For purposes of this subdivision, "street

211.1 reconstruction" includes expenditures for street reconstruction that have been incurred by  
211.2 a municipality before approval of a street reconstruction plan, if such expenditures are  
211.3 included in a street reconstruction plan approved on or before the date of the public hearing  
211.4 under paragraph (a), clause (1), regarding issuance of bonds for such expenditures.

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

211.9 Sec. 10. Minnesota Statutes 2016, section 475.60, subdivision 2, is amended to read:

211.10 Subd. 2. **Requirements waived.** The requirements as to public sale shall not apply:

211.11 (1) to obligations issued under the provisions of a home rule charter or of a law  
211.12 specifically authorizing a different method of sale, or authorizing them to be issued in such  
211.13 manner or on such terms and conditions as the governing body may determine;

211.14 (2) to obligations sold by an issuer in an amount not exceeding the total sum of  
211.15 \$1,200,000 in any 12-month period;

211.16 (3) to obligations issued by a governing body other than a school board in anticipation  
211.17 of the collection of taxes or other revenues appropriated for expenditure in a single year, if  
211.18 sold in accordance with the most favorable of two or more proposals solicited privately;

211.19 (4) to obligations sold to any board, department, or agency of the United States of  
211.20 America or of the state of Minnesota, in accordance with rules or regulations promulgated  
211.21 by such board, department, or agency;

211.22 (5) to obligations issued to fund pension and retirement fund liabilities under section  
211.23 475.52, subdivision 6, obligations issued with tender options under section 475.54,  
211.24 subdivision 5a, crossover refunding obligations referred to in section 475.67, subdivision  
211.25 13, and any issue of obligations comprised in whole or in part of obligations bearing interest  
211.26 at a rate or rates which vary periodically referred to in section 475.56;

211.27 (6) to obligations to be issued for a purpose, in a manner, and upon terms and conditions  
211.28 authorized by law, if the governing body of the municipality, on the advice of bond counsel  
211.29 or special tax counsel, determines that interest on the obligations cannot be represented to  
211.30 be excluded from gross income for purposes of federal income taxation;

211.31 (7) to obligations issued in the form of an installment purchase contract, lease purchase  
211.32 agreement, or other similar agreement;

212.1 (8) to obligations sold under a bond reinvestment program; and

212.2 (9) if the municipality has retained an independent ~~financial advisor~~ municipal adviser,  
212.3 obligations which the governing body determines shall be sold by private negotiation.

212.4

## ARTICLE 8

212.5

### TAX ADMINISTRATION

212.6 Section 1. Minnesota Statutes 2016, section 271.06, subdivision 2a, is amended to read:

212.7 Subd. 2a. **Timely mailing treated as timely filing.** (a) If, after the period prescribed by  
212.8 subdivision 2, the original notice of appeal, proof of service upon the commissioner, and  
212.9 filing fee are delivered by United States mail to the Tax Court administrator or the court  
212.10 administrator of district court acting as court administrator of the Tax Court, then the date  
212.11 of filing is the date of the United States postmark stamped on the envelope or other  
212.12 appropriate wrapper in which the notice of appeal, proof of service upon the commissioner,  
212.13 and filing fee are mailed.

212.14 (b) This subdivision applies only if the postmark date falls within the period prescribed  
212.15 by subdivision 2 and the original notice of appeal, proof of service upon the commissioner,  
212.16 and filing fee are, within the time prescribed by subdivision 2, deposited in the mail in the  
212.17 United States in an envelope or other appropriate wrapper, postage prepaid, properly  
212.18 addressed to the Tax Court administrator or the court administrator of district court acting  
212.19 as court administrator of the Tax Court.

212.20 (c) Only the postmark of the United States Postal Service qualifies as proof of timely  
212.21 mailing under this subdivision. Private postage meters do not qualify as proof of timely  
212.22 filing under this subdivision. If the original notice of appeal, proof of service upon the  
212.23 commissioner, and filing fee are sent by United States registered mail, the date of registration  
212.24 is the postmark date. If the original notice of appeal, proof of service upon the commissioner,  
212.25 and filing fee are sent by United States certified mail and the sender's receipt is postmarked  
212.26 by the postal employee to whom the envelope containing the original notice of appeal, proof  
212.27 of service upon the commissioner, and filing fee is presented, the date of the United States  
212.28 postmark on the receipt is the postmark date. If the envelope or other wrapper in which the  
212.29 notice of appeal, proof of service upon the commissioner, and filing fee are mailed does  
212.30 not contain a postmark of the United States Postal Service but is delivered by United States  
212.31 mail to the Tax Court administrator or the court administrator of the district court acting as  
212.32 court administrator of the Tax Court, then the date of mailing qualifies as timely filed under  
212.33 this subdivision, if proof of mailing within the time prescribed by subdivision 2 is provided

213.1 by affidavit of the petitioner or counsel and a dated receipt from the United States Postal  
213.2 Service.

213.3 (d) A reference in this section to the United States mail must be treated as including a  
213.4 reference to any designated delivery service and a reference in this section to a postmark  
213.5 by the United States Postal Service must be treated as including a reference to any date  
213.6 recorded or marked by any designated delivery service in accordance with section 7502(f)  
213.7 of the Internal Revenue Code.

213.8 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
213.9 applies to notices mailed after June 30, 2017.

213.10 Sec. 2. Minnesota Statutes 2016, section 271.06, subdivision 6, is amended to read:

213.11 Subd. 6. **Hearings; determination of issues; default.** (a) The Tax Court shall hear,  
213.12 consider, and determine without a jury every appeal de novo. A Tax Court judge may  
213.13 empanel an advisory jury upon the judge's motion. The Tax Court shall hold a public hearing  
213.14 in every case. All such parties shall have an opportunity to offer evidence and arguments  
213.15 at the hearing; provided, that the order of the commissioner or the appropriate unit of  
213.16 government in every case shall be prima facie valid. When an appeal to the Tax Court has  
213.17 been taken from an order or determination of the commissioner or from the appropriate unit  
213.18 of government, the proceeding shall be an original proceeding in the nature of a suit to set  
213.19 aside or modify the order or determination. In case no appellant shall appear the Tax Court  
213.20 shall enter its order affirming the order of the commissioner of revenue or the appropriate  
213.21 unit of government from which the appeal was taken. If the Department of Revenue's sales  
213.22 ratio study is introduced in Tax Court as evidence, the sales ratio data from the study shall  
213.23 be admissible as evidence only as provided in section 278.05, subdivision 4.

213.24 (b) The commissioner, the taxpayer, and any other party to an appeal to the Tax Court  
213.25 may file all necessary notices, documents, and other necessary information with the Tax  
213.26 Court in a manner approved by the Tax Court.

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

213.28 Sec. 3. Minnesota Statutes 2016, section 271.08, subdivision 1, is amended to read:

213.29 Subdivision 1. **Written order.** The Tax Court, except in Small Claims Division, shall  
213.30 determine every appeal by written order containing findings of fact and the decision of the  
213.31 Tax Court. A memorandum of the grounds of the decision shall be appended. Notice of the  
213.32 entry of the order and of the substance of the decision shall be mailed to all parties. A motion

214.1 for rehearing, which includes a motion for amended findings of fact, conclusions of law,  
214.2 or a new trial, must be served by the moving party within ~~15~~ 30 days after mailing of the  
214.3 notice by the court as specified in this subdivision, and the motion must be heard within 30  
214.4 days thereafter, unless the time for hearing is extended by the court within the 30-day period  
214.5 for good cause shown.

214.6 **EFFECTIVE DATE.** This section is effective for petitions and appeals filed after June  
214.7 30, 2017.

214.8 Sec. 4. Minnesota Statutes 2016, section 271.18, is amended to read:

214.9 **271.18 EX-JUDGES NOT TO REPRESENT CLIENTS; EXCEPTION;**  
214.10 **VIOLATION.**

214.11 No judge ~~or employee~~ of the Tax Court, except referees appointed for the Small Claims  
214.12 Division, shall, within one year after the office or employment has terminated, act as counsel,  
214.13 attorney, or agent ~~for a taxpayer~~ in connection with any claim or proceeding pending ~~in the~~  
214.14 ~~department of revenue~~ or in the Tax Court at the time of termination. No judge, referee, or  
214.15 employee shall, at any time after the termination of the office or employment, act as counsel,  
214.16 attorney, or agent in connection with any claim or proceeding of which the person terminated  
214.17 has knowledge which was acquired in the course of a term of office or employment in the  
214.18 Tax Court. Any violation of the provisions of this section shall be a gross misdemeanor.

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

## 214.20 **ARTICLE 9**

### 214.21 **TOBACCO TAXES**

214.22 Section 1. Minnesota Statutes 2016, section 297F.01, subdivision 13a, is amended to read:

214.23 Subd. 13a. **Premium cigar.** "Premium cigar" means any cigar that is hand-constructed  
214.24 ~~and hand-rolled~~, has a wrapper that is made entirely from whole tobacco leaf, has a filler  
214.25 and binder that is made entirely of tobacco, except for adhesives or other materials used to  
214.26 maintain size, texture, or flavor, and has a wholesale price of no less than \$2.

214.27 **EFFECTIVE DATE.** This section is effective July 1, 2017.

214.28 Sec. 2. Minnesota Statutes 2016, section 297F.05, subdivision 1, is amended to read:

214.29 Subdivision 1. **Rates; cigarettes.** A tax is imposed upon the sale of cigarettes in this  
214.30 state, upon having cigarettes in possession in this state with intent to sell, upon any person

215.1 engaged in business as a distributor, and upon the use or storage by consumers, at the rate  
215.2 of ~~14.5~~ 15.2 mills, or ~~14.15~~ 15.2 cents, on each cigarette.

215.3 **EFFECTIVE DATE.** This section is effective July 1, 2017.

215.4 Sec. 3. Minnesota Statutes 2016, section 297F.05, subdivision 3, is amended to read:

215.5 Subd. 3. **Rates; tobacco products.** (a) Except as provided in paragraphs (b) and (c) and  
215.6 subdivision 3a, a tax is imposed upon all tobacco products in this state and upon any person  
215.7 engaged in business as a distributor, at the rate of 95 percent of the wholesale sales price  
215.8 of the tobacco products. The tax is imposed at the time the distributor:

215.9 (1) brings, or causes to be brought, into this state from outside the state tobacco products  
215.10 for sale;

215.11 (2) makes, manufactures, or fabricates tobacco products in this state for sale in this state;

215.12 or

215.13 (3) ships or transports tobacco products to retailers in this state, to be sold by those  
215.14 retailers.

215.15 (b) ~~Notwithstanding paragraph (a),~~ A ~~minimum~~ tax equal to the greater of the tax imposed  
215.16 under paragraph (a) or a minimum tax equal to the rate imposed on a pack of 20 cigarettes  
215.17 weighing not more than three pounds per thousand, as established under subdivision 1, is  
215.18 imposed on each container of moist snuff weighing not more than 1.2 ounces. When more  
215.19 than one container subject to tax under this paragraph is packaged together, each container  
215.20 is subject to the minimum tax.

215.21 (c) Except as provided in paragraph (b), a tax equal to the greater of the tax imposed  
215.22 under paragraph (a) or a minimum tax equal to the rate imposed on a pack of 20 cigarettes  
215.23 weighing not more than three pounds per thousand, as established under subdivision 1,  
215.24 multiplied by the number of ounces of moist snuff in the container, divided by 1.2, is imposed  
215.25 on each container of moist snuff weighing more than 1.2 ounces.

215.26 (d) For purposes of this subdivision, a "container" means the smallest a consumer-size  
215.27 can, package, or other container that is marketed or packaged by the manufacturer, distributor,  
215.28 or retailer for separate sale to a retail purchaser. When more than one container is packaged  
215.29 together, each container is subject to tax.

215.30 **EFFECTIVE DATE.** This section is effective July 1, 2017.

216.1 Sec. 4. Minnesota Statutes 2016, section 297F.05, subdivision 3a, is amended to read:

216.2 Subd. 3a. **Rates; premium cigars.** (a) A tax is imposed upon all premium cigars in this  
216.3 state and upon any person engaged in business as a tobacco product distributor, at the lesser  
216.4 of:

216.5 (1) the rate of 95 percent of the wholesale sales price of the premium cigars; or

216.6 (2) ~~\$3.50~~ \$0.50 per premium cigar.

216.7 (b) The tax imposed under paragraph (a) is imposed at the time the tobacco products  
216.8 distributor:

216.9 (1) brings, or causes to be brought, into this state from outside the state premium cigars  
216.10 for sale;

216.11 (2) makes, manufactures, or fabricates premium cigars in this state for sale in this state;  
216.12 or

216.13 (3) ships or transports premium cigars to retailers in this state, to be sold by those retailers.

216.14 **EFFECTIVE DATE.** This section is effective for cigars brought into the state or  
216.15 manufactured in the state on or after July 1, 2017.

216.16 Sec. 5. Minnesota Statutes 2016, section 297F.05, subdivision 4, is amended to read:

216.17 Subd. 4. **Use tax; tobacco products.** Except as provided in subdivision 4a, a tax is  
216.18 imposed upon the use or storage by consumers of tobacco products in this state, and upon  
216.19 such consumers, at the rate of 95 percent of the cost to the consumer of the tobacco products  
216.20 or the minimum tax under subdivision 3, paragraph (b) or (c), whichever is greater.

216.21 **EFFECTIVE DATE.** This section is effective July 1, 2017.

216.22 Sec. 6. Minnesota Statutes 2016, section 297F.05, subdivision 4a, is amended to read:

216.23 Subd. 4a. **Use tax; premium cigars.** A tax is imposed upon the use or storage by  
216.24 consumers of all premium cigars in this state, and upon such consumers, at the lesser of:

216.25 (1) the rate of 95 percent of the cost to the consumer of the premium cigars; or

216.26 (2) ~~\$3.50~~ \$0.50 per premium cigar.

216.27 **EFFECTIVE DATE.** This section is effective for cigars for which the consumer has  
216.28 acquired title to, or possession of, on or after July 1, 2017.



217.1 Sec. 7. **REPEALER.**

217.2 Minnesota Statutes 2016, section 297F.05, subdivision 1a, is repealed.

217.3 **EFFECTIVE DATE.** This section is effective July 1, 2017.

217.4 **ARTICLE 10**

217.5 **SUSTAINABLE FOREST INCENTIVE ACT**

217.6 Section 1. Minnesota Statutes 2016, section 290C.01, is amended to read:

217.7 **290C.01 PURPOSE.**

217.8 It is the policy of this state to promote sustainable forest resource management on the  
 217.9 state's public and private lands. ~~Recognizing that~~ The state's private forests comprise  
 217.10 approximately one-half of the state forest land resources, that healthy and robust forest land  
 217.11 provides significant benefits to the state of Minnesota, and that ad. These forests play a  
 217.12 critical role in protecting water quality and soil resources, and provide extensive wildlife  
 217.13 habitat, diverse recreational experiences, and significant forest products that support the  
 217.14 state's economy. Ad valorem property taxes represent a significant annual cost that can  
 217.15 discourage long-term forest management investments. In order to foster silviculture  
 217.16 investments and retain these forests for their economic and ecological benefits, this chapter,  
 217.17 hereafter referred to as the "Sustainable Forest Incentive Act," is enacted to encourage the  
 217.18 state's private forest landowners to make a long-term commitment to sustainable forest  
 217.19 management.

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

217.21 Sec. 2. Minnesota Statutes 2016, section 290C.02, subdivision 1, is amended to read:

217.22 Subdivision 1. **Application.** When used in sections 290C.01 to ~~290C.11~~ 290C.13, the  
 217.23 terms in this section have the meanings given them.

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

217.25 Sec. 3. Minnesota Statutes 2016, section 290C.02, subdivision 3, is amended to read:

217.26 Subd. 3. **Claimant.** (a) "Claimant" means:

217.27 (1) a person, as that term is defined in section 290.01, subdivision 2, who owns forest  
 217.28 land in Minnesota and files an application authorized by the Sustainable Forest Incentive  
 217.29 Act;

218.1 (2) a purchaser or grantee if property enrolled in the program was sold or transferred  
 218.2 after the original application was filed and prior to the annual incentive payment being  
 218.3 made; or

218.4 (3) an owner of land previously covered by an auxiliary forest contract that automatically  
 218.5 qualifies for inclusion in the Sustainable Forest Incentive Act program pursuant to section  
 218.6 88.49, subdivision 9a, or 88.491, subdivision 2.

218.7 ~~The purchaser or grantee must notify the commissioner in writing of the sale or transfer~~  
 218.8 ~~of the property.~~ (b) Owners of land that qualifies for inclusion pursuant to section 88.49,  
 218.9 subdivision 9a, or 88.491, subdivision 2, must notify the commissioner in writing of the  
 218.10 expiration of the auxiliary forest contract or land trade with a governmental unit and submit  
 218.11 an application to the commissioner by ~~August 15~~ July 1 in order to be eligible to receive a  
 218.12 payment by October 1 of that same year. For purposes of section 290C.11, claimant also  
 218.13 includes any person bound by the covenant required in section 290C.04.

218.14 ~~(b)~~ (c) No more than one claimant is entitled to a payment under this chapter with respect  
 218.15 to any tract, parcel, or piece of land enrolled under this chapter that has been assigned the  
 218.16 same parcel identification number. When enrolled forest land is owned by two or more  
 218.17 persons, the owners must determine between them which person is eligible to claim the  
 218.18 payments provided under sections 290C.01 to ~~290C.11~~ 290C.13. In the case of property  
 218.19 sold or transferred, the former owner and the purchaser or grantee must determine between  
 218.20 them which person is eligible to claim the payments provided under sections 290C.01 to  
 218.21 ~~290C.11~~ 290C.13. The owners, transferees, or grantees must notify the commissioner in  
 218.22 writing which person is eligible to claim the payments.

218.23 **EFFECTIVE DATE.** This section is effective for certifications and applications due  
 218.24 in 2018 and thereafter.

218.25 Sec. 4. Minnesota Statutes 2016, section 290C.02, subdivision 6, is amended to read:

218.26 Subd. 6. **Forest land.** "Forest land" means land containing a minimum of 20 contiguous  
 218.27 acres for which the owner has implemented a forest management plan that was prepared or  
 218.28 updated within the past ten years by an approved plan writer. For purposes of this subdivision,  
 218.29 acres are considered to be contiguous even if they are separated by a road, waterway, railroad  
 218.30 track, or other similar intervening property. At least 50 percent of the contiguous acreage  
 218.31 must meet the definition of forest land in section 88.01, subdivision 7. For the purposes of  
 218.32 sections 290C.01 to ~~290C.11~~ 290C.13, forest land does not include (i) land used for  
 218.33 residential or agricultural purposes, (ii) land enrolled in the reinvest in Minnesota program,  
 218.34 a state or federal conservation reserve or easement reserve program under sections 103F.501

219.1 to 103F.531, the Minnesota agricultural property tax law under section 273.111, or land  
 219.2 subject to agricultural land preservation controls or restrictions as defined in section 40A.02  
 219.3 or under the Metropolitan Agricultural Preserves Act under chapter 473H, (iii) ~~land exceeding~~  
 219.4 ~~60,000 acres that is subject to a single conservation easement funded under section 97A.056~~  
 219.5 ~~or a comparable permanent easement conveyed to a governmental or nonprofit entity; (iv)~~  
 219.6 any land that becomes subject to a conservation easement funded under section 97A.056  
 219.7 or a comparable permanent easement conveyed to a governmental or nonprofit entity after  
 219.8 May 30, 2013; or ~~(v)~~ (iv) land improved with a structure;<sub>2</sub> pavement, other than a paved  
 219.9 trail under easement, lease, or terminable license to the state of Minnesota or a political  
 219.10 subdivision; sewer;<sub>2</sub> campsite;<sub>2</sub> or any road, other than a township road, used for purposes  
 219.11 not prescribed in the forest management plan.

219.12 **EFFECTIVE DATE; APPLICATION.** This section is effective for applications made  
 219.13 in 2018 and thereafter, except the repeal of the exclusion of land under item (iii) is effective  
 219.14 retroactively for payments due under Minnesota Statutes, section 290C.08, beginning for  
 219.15 payments due to be made in 2014. In order to qualify for retroactive payments, the following  
 219.16 requirements must be met: (1) the owner of land exceeding 60,000 acres that is subject to  
 219.17 a single conservation easement funded under Minnesota Statutes, section 97A.056 or a  
 219.18 comparable permanent easement conveyed to a governmental or nonprofit entity, must  
 219.19 submit an application to the commissioner of revenue, in a form and manner and at a time  
 219.20 acceptable to the commissioner, establishing that the affected property and its use met the  
 219.21 requirement of Minnesota Statutes, chapter 290C, as amended by this section; (2) the owner  
 219.22 and each county in which the land is located must certify to the commissioner that no  
 219.23 petitions challenging the market value of the property are pending under Minnesota Statutes,  
 219.24 chapter 278; and (3) the requirements of clauses (1) and (2) must be satisfied by October  
 219.25 1, 2017. No interest accrues on payment under this section for periods before November 1,  
 219.26 2017.

219.27 Sec. 5. Minnesota Statutes 2016, section 290C.03, is amended to read:

219.28 **290C.03 ELIGIBILITY REQUIREMENTS.**

219.29 (a) Land may be enrolled in the sustainable forest incentive program under this chapter  
 219.30 if all of the following conditions are met:

219.31 (1) the land consists of at least 20 contiguous acres and at least 50 percent of the land  
 219.32 must meet the definition of forest land in section 88.01, subdivision 7, during the enrollment;

219.33 (2) a forest management plan for the land must be prepared by an approved plan writer  
 219.34 and implemented during the period in which the land is enrolled;

220.1 (3) timber harvesting and forest management guidelines must be used in conjunction  
220.2 with any timber harvesting or forest management activities conducted on the land during  
220.3 the period in which the land is enrolled;

220.4 (4) the land must be enrolled for a minimum of eight years;

220.5 (5) there are no delinquent property taxes on the land; ~~and~~

220.6 (6) claimants enrolling more than 1,920 acres or enrolling any land that is subject to a  
220.7 conservation easement funded under section 97A.056, or a comparable permanent easement  
220.8 conveyed to a governmental or nonprofit entity in the sustainable forest incentive program  
220.9 must allow year-round, nonmotorized access to fish and wildlife resources and motorized  
220.10 access on established and maintained roads and trails, unless the road or trail is temporarily  
220.11 closed for safety, natural resource, or road damage reasons on enrolled land except within  
220.12 one-fourth mile of a permanent dwelling or during periods of high fire hazard as determined  
220.13 by the commissioner of natural resources;

220.14 (7) the claimant has registered the forest management plan under clause (2) with the  
220.15 commissioner of natural resources, who has determined that the land meets qualifications  
220.16 for enrollment and has issued the claimant a registration number; and

220.17 (8) no portion of the tax parcel containing the enrolled land is classified as class 2c  
220.18 managed forest land.

220.19 (b) Claimants required to allow access under paragraph (a), clause (6), do not by that  
220.20 action:

220.21 (1) extend any assurance that the land is safe for any purpose;

220.22 (2) confer upon the person the legal status of an invitee or licensee to whom a duty of  
220.23 care is owed; or

220.24 (3) assume responsibility for or incur liability for any injury to the person or property  
220.25 caused by an act or omission of the person.

220.26 (c) The commissioner of natural resources shall annually provide county assessors  
220.27 verification information regarding plan registration under paragraph (a), clause (7), on a  
220.28 timely basis.

220.29 (d) A minimum of three acres must be excluded from enrolled land when the land is  
220.30 improved with a structure that is not a minor, ancillary, and nonresidential structure.

221.1 (e) An entire tax parcel is ineligible to be enrolled in the program if land contained within  
 221.2 the parcel does not meet the definition of forest land in section 290C.02, subdivision 6, for  
 221.3 any of the following reasons:

221.4 (1) the land is subject to the Minnesota agricultural property tax under section 273.111;  
 221.5 or

221.6 (2) the land is subject to agricultural land preservation controls or restrictions as defined  
 221.7 in section 40A.02, or the Metropolitan Agricultural Preserves Act under chapter 473H.

221.8 (f) Any acres enrolled in a state or federal conservation reserve or easement program  
 221.9 under sections 103F.501 to 103F.531 are ineligible for inclusion in the program under this  
 221.10 chapter.

221.11 **EFFECTIVE DATE.** This section is effective for certifications and applications due  
 221.12 in 2018 and thereafter.

221.13 Sec. 6. Minnesota Statutes 2016, section 290C.04, is amended to read:

221.14 **290C.04 APPLICATIONS.**

221.15 (a) A landowner may apply to enroll forest land for the sustainable forest incentive  
 221.16 program under this chapter. The claimant must complete, sign, and submit an application  
 221.17 to the commissioner by ~~September 30~~ October 31 in order for the land to become eligible  
 221.18 beginning in the next year. The application shall be on a form prescribed by the ~~commissioner~~  
 221.19 commissioners of revenue and natural resources and must include the information the  
 221.20 ~~commissioner deems~~ commissioners deem necessary. At a minimum, the application must  
 221.21 show the following information for the land and the claimant: (i) the claimant's Social  
 221.22 Security number or state or federal business tax registration number and date of birth, (ii)  
 221.23 the claimant's address, (iii) the claimant's signature, (iv) the county's parcel identification  
 221.24 numbers for the tax parcels that completely contain the claimant's forest land that is sought  
 221.25 to be enrolled, (v) the number of acres eligible for enrollment in the program, (vi) the  
 221.26 approved plan writer's signature and identification number, ~~and~~ (vii) proof, in a form specified  
 221.27 by the commissioner, that the claimant has executed and acknowledged in the manner  
 221.28 required by law for a deed, and recorded, a covenant that the land is not and shall not be  
 221.29 developed in a manner inconsistent with the requirements and conditions of this chapter,  
 221.30 and (viii) a registration number for the forest management plan, issued by the commissioner  
 221.31 of natural resources. The covenant shall state in writing that the covenant is binding on the  
 221.32 claimant and the claimant's successor or assignee, and that it runs with the land for a period  
 221.33 of not less than eight years unless the claimant requests termination of the covenant after a

222.1 reduction in payments due to changes in the payment formula under section 290C.07 or as  
 222.2 a result of executive action, the amount of payment a claimant is eligible to receive under  
 222.3 section 290C.07 is reduced or limited. The commissioner shall specify the form of the  
 222.4 covenant and provide copies upon request. The covenant must include a legal description  
 222.5 that encompasses all the forest land that the claimant wishes to enroll under this section or  
 222.6 the certificate of title number for that land if it is registered land. The commissioner of  
 222.7 natural resources shall record the area eligible for enrollment into the Sustainable Forest  
 222.8 Incentive Act as electronic geospatial data, as defined in section 16E.30, subdivision 10.

222.9 (b) The commissioner shall provide by electronic means data sufficient for the  
 222.10 commissioner of natural resources to determine whether the land qualifies for enrollment.  
 222.11 The commissioner must make the data available within 30 days of receipt of the application  
 222.12 filed by the claimant or by October 1, whichever is sooner. The commissioner of natural  
 222.13 resources must notify the commissioner whether the land qualifies for enrollment within  
 222.14 30 days of the data being available, and if the land qualifies for enrollment, the commissioner  
 222.15 of natural resources shall specify the number of qualifying acres per tax parcel.

222.16 ~~(b) In all cases,~~ (c) The commissioner shall notify the claimant within 90 days after  
 222.17 receipt of a completed application that either the land has or has not been approved for  
 222.18 enrollment. A claimant whose application is denied may appeal the denial as provided in  
 222.19 section 290C.13.

222.20 ~~(e)~~ (d) Within 90 days after the denial of an application, or within 90 days after the final  
 222.21 resolution of any appeal related to the denial, the commissioner shall execute and  
 222.22 acknowledge a document releasing the land from the covenant required under this chapter.  
 222.23 The document must be mailed to the claimant and is entitled to be recorded.

222.24 ~~(d)~~ (e) The Social Security numbers collected from individuals under this section are  
 222.25 private data as provided in section 13.355. The federal business tax registration number and  
 222.26 date of birth data collected under this section are also private data on individuals or nonpublic  
 222.27 data, as defined in section 13.02, subdivisions 9 and 12, but may be shared with county  
 222.28 assessors for purposes of tax administration and with county treasurers for purposes of the  
 222.29 revenue recapture under chapter 270A.

222.30 **EFFECTIVE DATE.** This section is effective for certifications and applications due  
 222.31 in 2018 and thereafter.

222.32 Sec. 7. Minnesota Statutes 2016, section 290C.05, is amended to read:

222.33 **290C.05 ANNUAL CERTIFICATION AND MONITORING.**

223.1 (a) On or before July 1 May 15 of each year, beginning with the year after the original  
223.2 claimant has received an approved application, the commissioner shall send each claimant  
223.3 enrolled under the sustainable forest incentive program a certification form. For purposes  
223.4 of this section, the original claimant is the person that filed the first application under section  
223.5 290C.04 to enroll the land in the program current property owner on record, or the person  
223.6 designated by the owners in the case of multiple ownership. The claimant must sign and  
223.7 return the certification, attesting to the commissioner by July 1 of that same year, and (1)  
223.8 attest that the requirements and conditions for continued enrollment in the program are  
223.9 currently being met, and must return the signed certification form to the commissioner by  
223.10 August 15 of that same year (2) provide a report in the form and manner determined by the  
223.11 commissioner of natural resources describing the management practices that have been  
223.12 carried out on the enrolled property during the prior year. If the claimant does not return an  
223.13 annual certification form by the due date, the provisions in section 290C.11 apply. The  
223.14 commissioner of natural resources must verify that the land meets program requirements.

223.15 (b) The commissioner must provide the certification form and annual report described  
223.16 in paragraph (a), clause (2), to the commissioner of natural resources by August 1.

223.17 (c) The commissioner of natural resources must conduct annual monitoring of a subset  
223.18 of claimants, excluding land also enrolled in a conservation easement program. Claimants  
223.19 will be selected for monitoring based on reported violations, annual certification, and random  
223.20 selections. Monitoring will be conducted on ten percent of claimants as of July 1 of each  
223.21 year. Monitoring may include, but is not limited to, a site visit by a Department of Natural  
223.22 Resources or contracted forester. The commissioner of natural resources must develop a  
223.23 monitoring form to record the monitoring data.

223.24 **EFFECTIVE DATE.** Paragraphs (a) and (b) are effective for certifications and  
223.25 applications due in 2018 and thereafter. Paragraph (c) is effective July 1, 2019.

223.26 Sec. 8. Minnesota Statutes 2016, section 290C.055, is amended to read:

223.27 **290C.055 LENGTH OF COVENANT.**

223.28 (a) The covenant remains in effect for a minimum of eight years. Claimants enrolling  
223.29 any land that is subject to a conservation easement funded under section 97A.056 or a  
223.30 comparable permanent easement conveyed to a governmental or nonprofit entity must enroll  
223.31 their land under a covenant with a minimum duration of eight years. All other claimants  
223.32 may choose to enroll their land under a covenant with a minimum duration of eight, 20, or  
223.33 50 years. If land is removed the claimant requests removal of land from the program before  
223.34 it has been enrolled for four years one-half the number of years of the covenant's duration,

224.1 the covenant remains in effect for ~~eight years~~ the entire duration of the covenant from the  
224.2 date recorded.

224.3 (b) If land that has been enrolled for ~~four years~~ one-half the number of years of the  
224.4 covenant's minimum duration or more is removed from the program for any reason, there  
224.5 is a waiting period before the covenant terminates. The covenant terminates on January 1  
224.6 of the fifth, 11th, or 26th calendar year for the eight-, 20- or 50-year minimum covenant,  
224.7 respectively, that begins after the date that:

224.8 (1) the commissioner receives notification from the claimant that the claimant wishes  
224.9 to remove the land from the program under section 290C.10; or

224.10 (2) the date that the land is removed from the program under section 290C.11.

224.11 (c) Notwithstanding the other provisions of this section, the covenant is terminated:

224.12 (1) at the same time that the land is removed from the program due to acquisition of title  
224.13 or possession for a public purpose under section 290C.10; or

224.14 (2) at the request of the claimant ~~after~~ (i) if there is a reduction in payments due to  
224.15 changes in the payment formula under section 290C.07; or (ii) if, as a result of executive  
224.16 action, the amount of payment a claimant is eligible to receive under section 290C.07 is  
224.17 reduced or limited.

224.18 **EFFECTIVE DATE.** This section is effective for certifications and applications due  
224.19 in 2018 and thereafter.

224.20 Sec. 9. Minnesota Statutes 2016, section 290C.07, is amended to read:

224.21 **290C.07 CALCULATION OF INCENTIVE PAYMENT.**

224.22 (a) An approved claimant under the sustainable forest incentive program is eligible to  
224.23 receive an annual payment for each acre of enrolled land, excluding any acre improved with  
224.24 a paved trail under easement, lease, or terminable license to the state of Minnesota or a  
224.25 political subdivision. The payment shall equal ~~\$7 per acre for each acre enrolled in the~~  
224.26 ~~sustainable forest incentive program.~~ a percentage of the property tax that would be paid  
224.27 on the land determined by using the previous year's statewide average total tax rate for all  
224.28 taxes levied within townships and unorganized territories, the estimated market value per  
224.29 acre as calculated in section 290C.06, and a class rate of one percent as follows: (1) for  
224.30 claimants enrolling land that is subject to a conservation easement funded under section  
224.31 97A.056 or a comparable permanent easement conveyed to a governmental or nonprofit  
224.32 entity before May 31, 2013, 25 percent; (2) for claimants enrolling land that is not subject



225.1 to a conservation easement under an eight-year covenant, 65 percent; (3) for claimants  
225.2 enrolling land that is not subject to a conservation easement under a 20-year covenant, 90  
225.3 percent; and (4) for claimants enrolling land that is not subject to a conservation easement  
225.4 under a 50-year covenant, 115 percent.

225.5 (b) The calculated payment must not increase or decrease by more than ten percent  
225.6 relative to the payment received for the previous year. In no case may the payment be less  
225.7 than the amount paid to the claimant for the land enrolled in the program in 2017. If an  
225.8 eligible claimant elects to change the length of the covenant on enrolled land on or before  
225.9 May 15, 2019, the limits under this paragraph do not apply and the claimant must receive  
225.10 payment in the amount corresponding to the new covenant length as calculated under  
225.11 paragraph (a).

225.12 (c) In addition to the payments provided under this section, a claimant enrolling more  
225.13 than 1,920 acres shall be allowed an additional payment per acre equal to the amount  
225.14 prescribed in paragraph (a), clause (1), for all acres of enrolled land on which public access  
225.15 is allowed, as required under section 290C.03, paragraph (a), clause (6), excluding any land  
225.16 subject to a conservation easement funded under section 97A.056, or a permanent easement  
225.17 conveyed to a governmental or nonprofit entity that is required to allow for public access  
225.18 under section 290C.03, paragraph (a), clause (6).

225.19 **EFFECTIVE DATE.** This section is effective for calculations made in 2018 and  
225.20 thereafter.

225.21 Sec. 10. Minnesota Statutes 2016, section 290C.08, subdivision 1, is amended to read:

225.22 Subdivision 1. **Annual payment.** An incentive payment for each acre of enrolled land  
225.23 will be made annually to each claimant in the amount determined under section 290C.07.  
225.24 By September 15 of each year, the commissioner of natural resources must certify to the  
225.25 commissioner the lands eligible for payment. The incentive payment shall be paid by the  
225.26 commissioner on or before October 1 each year based on the certifications due ~~August 15~~  
225.27 July 1 of that year. Interest at the annual rate determined under section 270C.40 shall be  
225.28 included with any incentive payment not paid by the later of October 1 of the year the  
225.29 certification was due, or 45 days after the completed certification was returned or filed if  
225.30 the commissioner accepts a certification filed after ~~August 15~~ July 1 of the taxes payable  
225.31 year as the resolution of an appeal.

225.32 **EFFECTIVE DATE.** This section is effective for certifications and applications due  
225.33 in 2018 and thereafter.

226.1 Sec. 11. Minnesota Statutes 2016, section 290C.10, is amended to read:

226.2 **290C.10 WITHDRAWAL PROCEDURES.**

226.3 ~~An approved claimant~~ (a) The current owner of land enrolled under the sustainable forest  
226.4 incentive program for a minimum of ~~four years~~ one-half the number of years of the covenant's  
226.5 minimum duration may notify the commissioner of the intent to terminate enrollment. Within  
226.6 90 days of receipt of notice to terminate enrollment, the commissioner shall inform the  
226.7 claimant in writing, acknowledging receipt of this notice and indicating the effective date  
226.8 of termination from the sustainable forest incentive program. Termination of enrollment in  
226.9 the sustainable forest incentive program occurs on January 1 of the ~~fifth~~ calendar year ~~that~~  
226.10 ~~begins after~~ following receipt by the commissioner of the termination notice, but no earlier  
226.11 than January 1 of the fifth, 11th, or 26th calendar year for the eight-, 20-, or 50-year  
226.12 respective minimum covenant, subject to the applicable covenant duration period under  
226.13 section 290C.055. After the commissioner issues an effective date of termination, a claimant  
226.14 wishing to continue the land's enrollment in the sustainable forest incentive program beyond  
226.15 the termination date must apply for enrollment as prescribed in section 290C.04. A claimant  
226.16 who withdraws a parcel of land from this program may not reenroll the parcel for a period  
226.17 of three years. Within 90 days after the termination date, the commissioner shall execute  
226.18 and acknowledge a document releasing the land from the covenant required under this  
226.19 chapter. The document must be mailed to the claimant and is entitled to be recorded.

226.20 (b) Notwithstanding paragraph (a), on request of the claimant, the commissioner may  
226.21 allow early withdrawal from the Sustainable Forest Incentive Act without penalty when the  
226.22 state of Minnesota, any local government unit, or any other entity which has the power of  
226.23 eminent domain acquires title or possession to the land for a public purpose ~~notwithstanding~~  
226.24 ~~the provisions of this section.~~ In the case of ~~such~~ an eligible acquisition under this paragraph,  
226.25 the commissioner shall execute and acknowledge a document releasing the land acquired  
226.26 by the state, local government unit, or other entity from the covenant.

226.27 (c) Notwithstanding paragraph (a), upon request of the claimant, the commissioner shall  
226.28 allow early withdrawal from the Sustainable Forest Incentive Act without penalty when a  
226.29 government or nonprofit entity acquires a permanent conservation easement on the enrolled  
226.30 property and the conservation easement is at least as restrictive as the covenant required  
226.31 under section 290C.04. The commissioner of natural resources must notify the commissioner  
226.32 of lands acquired under this paragraph that are eligible for withdrawal. In the case of an  
226.33 eligible easement acquisition under this paragraph, the commissioner shall execute and  
226.34 acknowledge a document releasing the land subject to the easement from the covenant.

227.1 (d) Notwithstanding paragraph (a), upon request of the claimant, the commissioner shall  
227.2 allow early withdrawal from the Sustainable Forest Incentive Act without penalty for land  
227.3 that is subject to fee or easement acquisition or lease to the state of Minnesota or a political  
227.4 subdivision of the state for the public purpose of a paved trail. The commissioner of natural  
227.5 resources must notify the commissioner of lands acquired under this paragraph that are  
227.6 eligible for withdrawal. In the case of an eligible fee or easement acquisition or lease under  
227.7 this paragraph, the commissioner shall execute and acknowledge a document releasing the  
227.8 land subject to fee or easement acquisition or lease by the state or political subdivision of  
227.9 the state.

227.10 (e) All other enrolled land must remain in the program.

227.11 **EFFECTIVE DATE.** The amendments adding paragraphs (c) and (d) are effective the  
227.12 day following final enactment. The amendments to paragraphs (a), (b), and (e) are effective  
227.13 for notifications made in 2018 and thereafter.

227.14 Sec. 12. **[290C.101] TRANSFER OF OWNERSHIP.**

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

227.17 (b) "New owner" means a prospective purchaser or grantee.

227.18 (c) "Owner" means a grantor or seller.

227.19 Subd. 2. **Notification to commissioner.** (a) An owner must notify the commissioner if  
227.20 the owner transfers any or all of the owner's land enrolled in the sustainable forest incentive  
227.21 program to one or more new owners within 60 days of the transfer of title to the property.  
227.22 The notification must include the legal descriptions of the transferred property, the tax parcel  
227.23 numbers, and the name and address of the new owner. If transfer of ownership is a result  
227.24 of the death of the claimant, the provisions of section 290C.12 apply.

227.25 (b) Upon notification, the commissioner shall inform the new owner of the restrictions  
227.26 of the covenant required by section 290C.04 and the withdrawal procedures under section  
227.27 290C.10. In order for the new owner to receive payments pursuant to this chapter, the new  
227.28 owner must file an application and register a new forest management plan with the  
227.29 commissioner of natural resources within two years from the date the title of the property  
227.30 was transferred to remain eligible.

227.31 Subd. 3. **Termination of enrollment.** The commissioner will terminate enrollment  
227.32 according to the procedure in section 290C.10 for failure of the new owner to register a  
227.33 forest management plan within the time period of subdivision 2, paragraph (b).

228.1 **EFFECTIVE DATE.** This section is effective for transfers of ownership after June 30,  
228.2 2017.

228.3 Sec. 13. Minnesota Statutes 2016, section 290C.11, is amended to read:

228.4 **290C.11 PENALTIES FOR REMOVAL.**

228.5 (a) If the commissioner determines that land enrolled in the sustainable forest incentive  
228.6 program is in violation of the conditions for enrollment as specified in section 290C.03, or  
228.7 upon notification by the commissioner of natural resources that land enrolled is in violation  
228.8 of the conditions for enrollment, the commissioner shall notify the ~~claimant~~ current owner  
228.9 of the land of the intent to remove ~~all~~ the tax parcel of the enrolled land where the violation  
228.10 has occurred from the sustainable forest incentive program. The penalties described under  
228.11 paragraph (c) apply. The ~~claimant~~ current owner has 60 days to appeal this determination  
228.12 under the provisions of section 290C.13.

228.13 (b) If the commissioner determines the land is to be removed from the sustainable forest  
228.14 incentive program due to the construction or addition of an improvement to the property,  
228.15 the ~~claimant~~ owner of the tax parcel that is in violation is liable for payment to the  
228.16 commissioner in the amount equal to; (1) the payments ~~received~~ issued related to the enrolled  
228.17 tax parcel under this chapter for the ~~previous four-year period~~ number of years the land has  
228.18 been bound by the covenant, or one-half the covenant length, whichever is less, plus interest;  
228.19 and (2) 25 percent of the estimated market value of the property as reclassified under section  
228.20 273.13 due to the structure being on the tax parcel, as determined by the assessor.

228.21 (c) If the commissioner of natural resources determines that the land is used for purposes  
228.22 other than forestry purposes, the commissioner of natural resources shall notify the  
228.23 commissioner of revenue, who shall notify the current owner of the tax parcel that is in  
228.24 violation that the current owner is liable to the commissioner in an amount equal to: (1) 30  
228.25 percent of the estimated market value as property reclassified under section 273.13, due to  
228.26 the change in use, as determined by the assessor; and (2) the payments issued related to the  
228.27 enrolled tax parcel under this chapter for the number of years the land has been bound by  
228.28 the covenant, or one-half the covenant length, whichever is less, plus interest.

228.29 (d) The claimant has 90 days to satisfy the payment for removal of land from the  
228.30 sustainable forest incentive program under this section. If the penalty is not paid within the  
228.31 90-day period under this paragraph, the commissioner shall certify the amount to the county  
228.32 auditor for collection as a part of the general ad valorem real property taxes on the land in  
228.33 the following taxes payable year.

229.1 **EFFECTIVE DATE.** This section is effective for certifications and applications due  
229.2 in 2018 and thereafter.

229.3 Sec. 14. Minnesota Statutes 2016, section 290C.13, subdivision 6, is amended to read:

229.4 Subd. 6. **Determination of appeal.** On the basis of applicable law and available  
229.5 information, the commissioner shall determine the validity, if any, in whole or in part, of  
229.6 the appeal and notify the claimant of the decision. This notice must be in writing and contain  
229.7 the basis for the determination. The commissioner shall consult with the commissioner of  
229.8 natural resources when an appeal relates to the use of the property for forestry or nonforestry  
229.9 purposes and for appeals related to forest management plans.

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

229.11 Sec. 15. **SUSTAINABLE FOREST INCENTIVE ACT; TRANSITION PROVISION.**

229.12 (a) For lands enrolled in the Sustainable Forest Incentive Act on or before December  
229.13 31, 2017, the owner of enrolled lands may elect through May 15, 2019, and without penalty,  
229.14 to change the length of a covenant, if eligible, under Minnesota Statutes, section 290C.055.  
229.15 The owner of the enrolled land must provide notice to the commissioner of revenue of its  
229.16 intent to change the length of its covenant.

229.17 (b) For lands enrolled in the Sustainable Forest Incentive Act on or before December  
229.18 31, 2017, the owner of enrolled land must comply with the changes made in the act by  
229.19 certifications due in 2019, as required under Minnesota Statutes, section 290C.05.

229.20 (c) For lands enrolled in the Sustainable Forest Incentive Act on or before December  
229.21 31, 2017, the owner may elect through July 1, 2018, and without penalty, to withdraw land  
229.22 subject to a conservation easement funded under section 97A.056, or a comparable permanent  
229.23 easement conveyed to a governmental or nonprofit entity, on which public access is not  
229.24 required, so long as the total acreage of the land withdrawn is 1,920 acres or less. The owner  
229.25 of the enrolled land must provide notice to the commissioner of revenue of its intent to  
229.26 withdraw land from the program.

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

229.28 Sec. 16. **ADMINISTRATIVE APPROPRIATION.**

229.29 \$215,000 in fiscal year 2018 and \$312,000 in fiscal year 2019 are appropriated from the  
229.30 general fund to the commissioner of natural resources for administering this article. \$312,000

230.1 shall be added to the base appropriations to the Department of Natural Resources for fiscal  
 230.2 years 2020 and 2021.

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

230.4 Sec. 17. **REPEALER.**

230.5 Minnesota Statutes 2016, section 290C.02, subdivisions 5 and 9, are repealed.

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

230.7

## ARTICLE 11

230.8

### MISCELLANEOUS

230.9 Section 1. Minnesota Statutes 2016, section 16A.152, subdivision 2, is amended to read:

230.10 Subd. 2. **Additional revenues; priority.** (a) If on the basis of a forecast of general fund  
 230.11 revenues and expenditures, the commissioner of management and budget determines that  
 230.12 there will be a positive unrestricted budgetary general fund balance at the close of the  
 230.13 biennium, the commissioner of management and budget must allocate money to the following  
 230.14 accounts and purposes in priority order:

230.15 (1) the cash flow account established in subdivision 1 until that account reaches  
 230.16 \$350,000,000;

230.17 (2) the budget reserve account established in subdivision 1a until that account reaches  
 230.18 \$1,596,522,000;

230.19 (3) the amount necessary to increase the aid payment schedule for school district aids  
 230.20 and credits payments in section 127A.45 to not more than 90 percent rounded to the nearest  
 230.21 tenth of a percent without exceeding the amount available and with any remaining funds  
 230.22 deposited in the budget reserve; ~~and~~

230.23 (4) the amount necessary to restore all or a portion of the net aid reductions under section  
 230.24 127A.441 and to reduce the property tax revenue recognition shift under section 123B.75,  
 230.25 subdivision 5, by the same amount; and

230.26 (5) the clean water fund established in section 114D.50 until \$22,000,000 has been  
 230.27 transferred into the fund.

230.28 (b) The amounts necessary to meet the requirements of this section are appropriated  
 230.29 from the general fund within two weeks after the forecast is released or, in the case of  
 230.30 transfers under paragraph (a), clauses (3) and (4), as necessary to meet the appropriations  
 230.31 schedules otherwise established in statute.

231.1 (c) The commissioner of management and budget shall certify the total dollar amount  
 231.2 of the reductions under paragraph (a), clauses (3) and (4), to the commissioner of education.  
 231.3 The commissioner of education shall increase the aid payment percentage and reduce the  
 231.4 property tax shift percentage by these amounts and apply those reductions to the current  
 231.5 fiscal year and thereafter.

231.6 (d) Paragraph (a), clause (5), expires after the entire amount of the transfer has been  
 231.7 made.

231.8 Sec. 2. Minnesota Statutes 2016, section 287.08, is amended to read:

231.9 **287.08 TAX, HOW PAYABLE; RECEIPTS.**

231.10 (a) The tax imposed by sections 287.01 to 287.12 must be paid to the treasurer of any  
 231.11 county in this state in which the real property or some part is located at or before the time  
 231.12 of filing the mortgage for record. The treasurer shall endorse receipt on the mortgage and  
 231.13 the receipt is conclusive proof that the tax has been paid in the amount stated and authorizes  
 231.14 any county recorder or registrar of titles to record the mortgage. Its form, in substance, shall  
 231.15 be "registration tax hereon of ..... dollars paid." If the mortgage is exempt from  
 231.16 taxation the endorsement shall, in substance, be "exempt from registration tax." In either  
 231.17 case the receipt must be signed by the treasurer. In case the treasurer is unable to determine  
 231.18 whether a claim of exemption should be allowed, the tax must be paid as in the case of a  
 231.19 taxable mortgage. For documents submitted electronically, the endorsements and tax amount  
 231.20 shall be affixed electronically and no signature by the treasurer will be required. The actual  
 231.21 payment method must be arranged in advance between the submitter and the receiving  
 231.22 county.

231.23 (b) The county treasurer may refund in whole or in part any mortgage registry tax  
 231.24 overpayment if a written application by the taxpayer is submitted to the county treasurer  
 231.25 within 3-1/2 years from the date of the overpayment. If the county has not issued a denial  
 231.26 of the application, the taxpayer may bring an action in Tax Court in the county in which  
 231.27 the tax was paid at any time after the expiration of six months from the time that the  
 231.28 application was submitted. A denial of refund may be appealed within 60 days from the  
 231.29 date of the denial by bringing an action in Tax Court in the county in which the tax was  
 231.30 paid. The action is commenced by the serving of a petition for relief on the county treasurer,  
 231.31 and by filing a copy with the court. The county attorney shall defend the action. The county  
 231.32 treasurer shall notify the treasurer of each county that has or would receive a portion of the  
 231.33 tax as paid.

232.1 (c) If the county treasurer determines a refund should be paid, or if a refund is ordered  
232.2 by the court, the county treasurer of each county that actually received a portion of the tax  
232.3 shall immediately pay a proportionate share of three percent of the refund using any available  
232.4 county funds. The county treasurer of each county that received, or would have received,  
232.5 a portion of the tax shall also pay their county's proportionate share of the remaining 97  
232.6 percent of the court-ordered refund on or before the 20th day of the following month using  
232.7 solely the mortgage registry tax funds that would be paid to the commissioner of revenue  
232.8 on that date under section 287.12. If the funds on hand under this procedure are insufficient  
232.9 to fully fund 97 percent of the court-ordered refund, the county treasurer of the county in  
232.10 which the action was brought shall file a claim with the commissioner of revenue under  
232.11 section 16A.48 for the remaining portion of 97 percent of the refund, and shall pay over the  
232.12 remaining portion upon receipt of a warrant from the state issued pursuant to the claim.

232.13 (d) When any mortgage covers real property located in more than one county in this  
232.14 state the total tax must be paid to the treasurer of the county where the mortgage is first  
232.15 presented for recording, and the payment must be receipted as provided in paragraph (a).  
232.16 If the principal debt or obligation secured by such a multiple county mortgage exceeds  
232.17 \$10,000,000, the nonstate portion of the tax must be ~~divided and paid over by the county~~  
232.18 ~~treasurer receiving it, on or before the 20th day of each month after receipt, to the county~~  
232.19 ~~or counties entitled~~ remitted by the county treasurer receiving the tax to the commissioner  
232.20 of revenue with the state tax due under section 287.12. The commissioner shall determine  
232.21 the nonstate portion of the tax owed to each county in the ratio that the estimated market  
232.22 value of the real property covered by the mortgage in each county bears to the estimated  
232.23 market value of all the real property in this state described in the mortgage. The commissioner  
232.24 shall pay each county within 60 days of receiving the tax from the county that collected the  
232.25 tax. In making the division and payment the ~~county treasurer~~ commissioner of revenue shall  
232.26 send a statement giving the description of the real property described in the mortgage and  
232.27 the estimated market value of the part located in each county. For this purpose, the ~~treasurer~~  
232.28 of any county commissioner of revenue may require the treasurer of any ~~other~~ county to  
232.29 certify to the former the estimated market value of any tract of real property in any mortgage  
232.30 in the county.

232.31 (e) The mortgagor must pay the tax imposed by sections 287.01 to 287.12. The mortgagee  
232.32 may undertake to collect and remit the tax on behalf of the mortgagor. If the mortgagee  
232.33 collects money from the mortgagor to remit the tax on behalf of the mortgagor, the mortgagee  
232.34 has a fiduciary duty to remit the tax on behalf of the mortgagor as to the amount of the tax



233.1 collected for that purpose and the mortgagor is relieved of any further obligation to pay the  
233.2 tax as to the amount collected by the mortgagee for this purpose.

233.3 **EFFECTIVE DATE.** This section is effective for tax collected after June 30, 2017.

233.4 Sec. 3. Minnesota Statutes 2016, section 295.53, subdivision 1, as amended by Laws 2017,  
233.5 chapter 40, article 1, section 102, is amended to read:

233.6 Subdivision 1. **Exemptions.** (a) The following payments are excluded from the gross  
233.7 revenues subject to the hospital, surgical center, or health care provider taxes under sections  
233.8 295.50 to 295.59:

233.9 (1) payments received for services provided under the Medicare program, including  
233.10 payments received from the government, and organizations governed by sections 1833 and  
233.11 1876 of title XVIII of the federal Social Security Act, United States Code, title 42, section  
233.12 1395, and enrollee deductibles, coinsurance, and co-payments, whether paid by the Medicare  
233.13 enrollee or by a Medicare supplemental coverage as defined in section 62A.011, subdivision  
233.14 3, clause (10), or by Medicaid payments under title XIX of the federal Social Security Act.  
233.15 Payments for services not covered by Medicare are taxable;

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

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

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

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

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

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

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

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

234.5 (10) payments received from any governmental agency for services benefiting the public,  
234.6 not including payments made by the government in its capacity as an employer or insurer  
234.7 or payments made by the government for services provided under the MinnesotaCare  
234.8 program or the medical assistance program governed by title XIX of the federal Social  
234.9 Security Act, United States Code, title 42, sections 1396 to 1396v;

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

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

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

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

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

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

234.28 (c) Supplemental or enhanced payments authorized under section 256B.19, subdivision  
234.29 1c, 256B.196, or 256B.197 are excluded from gross revenues subject to the tax under sections  
234.30 295.50 to 295.59.

234.31 **EFFECTIVE DATE.** This section is effective retroactively for gross revenues received  
234.32 on or after July 1, 2016.

235.1 Sec. 4. Minnesota Statutes 2016, section 296A.01, subdivision 7, is amended to read:

235.2 Subd. 7. **Aviation gasoline.** "Aviation gasoline" means any gasoline that is ~~capable of~~  
235.3 ~~use for the purpose of producing or generating~~ used to produce or generate power for  
235.4 propelling internal combustion engine aircraft, that meets the specifications in ASTM  
235.5 specification D910-11, and that either.

235.6 Aviation gasoline includes any gasoline:

235.7 (1) is invoiced and billed by a producer, manufacturer, refiner, or blender to a distributor  
235.8 or dealer, by a distributor to a dealer or consumer, or by a dealer to consumer, as "aviation  
235.9 gasoline" that meets specifications in ASTM specification D910-16 or any other ASTM  
235.10 specification as gasoline appropriate for use in producing or generating power for propelling  
235.11 internal combustion engine aircraft; or

235.12 (2) ~~whether or not invoiced and billed as provided in clause (1), is received, sold, stored,~~  
235.13 ~~or withdrawn from storage by any person, to be used for the purpose of producing or~~  
235.14 ~~generating power for propelling internal combustion engine aircraft~~ sold to a dealer of  
235.15 aviation gasoline for dispensing directly into the fuel tank of an aircraft.

235.16 **EFFECTIVE DATE.** This section is effective the day following final enactment except  
235.17 that the change to clause (2) is effective for sales and purchases made after June 30, 2017.

235.18 Sec. 5. Minnesota Statutes 2016, section 296A.01, subdivision 12, is amended to read:

235.19 Subd. 12. **Compressed natural gas or CNG.** "Compressed natural gas" or "CNG"  
235.20 means natural gas, primarily methane, condensed under high pressure and stored in specially  
235.21 designed storage tanks at between 2,000 and 3,600 pounds per square inch. For purposes  
235.22 of this chapter, the energy content of CNG is considered to be ~~1,000~~ 900 BTUs per cubic  
235.23 foot.

235.24 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
235.25 30, 2017.

235.26 Sec. 6. Minnesota Statutes 2016, section 296A.01, is amended by adding a subdivision to  
235.27 read:

235.28 Subd. 13a. **Dealer of aviation gasoline.** "Dealer of aviation gasoline" means any person  
235.29 who sells gasoline on the premises of an airport as defined under section 360.013, subdivision  
235.30 39, to be dispensed directly into the fuel tank of an aircraft.

236.1 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
236.2 30, 2017.

236.3 Sec. 7. Minnesota Statutes 2016, section 296A.07, subdivision 4, is amended to read:

236.4 Subd. 4. **Exemptions.** The provisions of subdivision 1 do not apply to gasoline or  
236.5 denatured ethanol purchased by:

236.6 (1) a transit system or transit provider receiving financial assistance or reimbursement  
236.7 under section 174.24, 256B.0625, subdivision 17, or 473.384;

236.8 (2) providers of transportation to recipients of medical assistance home and  
236.9 community-based services waivers enrolled in day programs, including adult day care,  
236.10 family adult day care, day treatment and habilitation, prevocational services, and structured  
236.11 day services;

236.12 (3) an ambulance service licensed under chapter 144E;

236.13 (4) providers of medical or dental services by a federally qualified health center, as  
236.14 defined under title 19 of the Social Security Act, as amended by Section 4161 of the Omnibus  
236.15 Budget Reconciliation Act of 1990, with a motor vehicle used exclusively as a mobile  
236.16 medical unit; ~~or~~

236.17 (5) a licensed distributor to be delivered to a terminal for use in blending; or

236.18 (6) a dealer of aviation gasoline, but only to the extent that the gasoline is intended to  
236.19 be dispensed directly into the fuel tank of an aircraft.

236.20 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
236.21 30, 2017.

236.22 Sec. 8. Minnesota Statutes 2016, section 296A.08, subdivision 2, is amended to read:

236.23 Subd. 2. **Rate of tax.** The special fuel excise tax is imposed at the following rates:

236.24 (a) Liquefied petroleum gas or propane is taxed at the rate of 18.75 cents per gallon.

236.25 (b) Liquefied natural gas is taxed at the rate of 15 cents per gallon.

236.26 (c) Compressed natural gas is taxed at the rate of ~~\$2.174~~ \$1.974 per thousand cubic feet;  
236.27 or 25 cents per gasoline equivalent. For purposes of this paragraph, "gasoline equivalent,"  
236.28 as defined by the National Conference on Weights and Measures, is 5.66 pounds of natural  
236.29 gas or 126.67 cubic feet.

237.1 (d) All other special fuel is taxed at the same rate as the gasoline excise tax as specified  
237.2 in section 296A.07, subdivision 2. The tax is payable in the form and manner prescribed  
237.3 by the commissioner.

237.4 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
237.5 30, 2017.

237.6 Sec. 9. Minnesota Statutes 2016, section 296A.15, subdivision 1, is amended to read:

237.7 Subdivision 1. **Monthly gasoline report; shrinkage allowance.** (a) Except as provided  
237.8 in paragraph (e), on or before the 23rd day of each month, every person who is required to  
237.9 pay a gasoline tax shall file with the commissioner a report, in the form and manner  
237.10 prescribed by the commissioner, showing the number of gallons of petroleum products  
237.11 received by the reporter during the preceding calendar month, and other information the  
237.12 commissioner may require. A written report is deemed to have been filed as required in this  
237.13 subdivision if postmarked on or before the 23rd day of the month in which the tax is payable.

237.14 (b) The number of gallons of gasoline must be reported in United States standard liquid  
237.15 gallons, 231 cubic inches, except that the commissioner may upon written application and  
237.16 for cause shown permit the distributor to report the number of gallons of gasoline as corrected  
237.17 to a temperature of 60-degrees Fahrenheit. If the application is granted, all gasoline covered  
237.18 in the application and allowed by the commissioner must continue to be reported by the  
237.19 distributor on the adjusted basis for a period of one year from the date of the granting of  
237.20 the application. The number of gallons of petroleum products other than gasoline must be  
237.21 reported as originally invoiced. Each report must show separately the number of gallons of  
237.22 aviation gasoline received by the reporter during each calendar month and the number of  
237.23 gallons of gasoline sold to a dealer of aviation gasoline during each calendar month.

237.24 (c) Each report must also include the amount of gasoline tax on gasoline received by  
237.25 the reporter during the preceding month. In computing the tax a deduction of 2.5 percent  
237.26 of the quantity of gasoline received by a distributor shall be made for evaporation and loss.  
237.27 At the time of reporting, the reporter shall submit satisfactory evidence that one-third of the  
237.28 2.5 percent deduction has been credited or paid to dealers on quantities sold to them.

237.29 (d) Each report shall contain a confession of judgment for the amount of the tax shown  
237.30 due to the extent not timely paid.

237.31 (e) Under certain circumstances and with the approval of the commissioner, taxpayers  
237.32 may be allowed to file reports annually.

238.1 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
238.2 30, 2017.

238.3 Sec. 10. Minnesota Statutes 2016, section 296A.15, subdivision 4, is amended to read:

238.4 Subd. 4. **Failure to use or sell for intended purpose; report required.** (a) Any person  
238.5 who buys aviation gasoline, including from a dealer of aviation gasoline, or special fuel for  
238.6 aircraft use, and who has paid the excise taxes due directly or indirectly through the amount  
238.7 of the tax being included in the price, or otherwise, and uses said gasoline or special fuel  
238.8 in motor vehicles or knowingly sells it to any person for use in motor vehicles shall, on or  
238.9 before the 23rd day of the month following that in which such gasoline or special fuel was  
238.10 so used or sold, report the fact of the use or sale to the commissioner in the form and manner  
238.11 prescribed by the commissioner.

238.12 (b) Any person who buys gasoline ~~other than aviation gasoline~~ and who has paid the  
238.13 motor vehicle gasoline excise tax directly or indirectly through the amount of the tax being  
238.14 included in the price of the gasoline, or otherwise, who knowingly sells such gasoline to  
238.15 any person to be used for the purpose of producing or generating power for propelling  
238.16 aircraft, or who receives, stores, or withdraws from storage gasoline to be used for that  
238.17 purpose, shall, on or before the 23rd day of the month following that in which such gasoline  
238.18 was so sold, stored, or withdrawn from storage, report the fact of the sale, storage, or  
238.19 withdrawal from storage to the commissioner in the form and manner prescribed by the  
238.20 commissioner.

238.21 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
238.22 30, 2017.

238.23 Sec. 11. Minnesota Statutes 2016, section 296A.17, subdivision 3, is amended to read:

238.24 Subd. 3. **Refund on graduated basis.** Any person who has directly or indirectly paid  
238.25 the excise tax on aviation gasoline or special fuel for aircraft use provided for by this chapter  
238.26 and has either paid the airflight property tax under section 270.072 or is an aerial applicator  
238.27 with a category B, general aerial license, under section 18B.33, shall, as to all such aviation  
238.28 gasoline and special fuel received, stored, or withdrawn from storage by the person in this  
238.29 state in any calendar year and not sold or otherwise disposed of to others, or intended for  
238.30 sale or other disposition to others, on which such tax has been so paid, be entitled to the  
238.31 following graduated reductions in such tax for that calendar year, to be obtained by means  
238.32 of the following refunds:

239.1 (1) on each gallon of ~~such~~ aviation gasoline or special fuel up to 50,000 gallons, all but  
 239.2 five cents per gallon;

239.3 (2) on each gallon of ~~such~~ aviation gasoline or special fuel above 50,000 gallons and  
 239.4 not more than 150,000 gallons, all but two cents per gallon;

239.5 (3) on each gallon of ~~such~~ aviation gasoline or special fuel above 150,000 gallons and  
 239.6 not more than 200,000 gallons, all but one cent per gallon;

239.7 (4) on each gallon of ~~such~~ aviation gasoline or special fuel above 200,000, all but one-half  
 239.8 cent per gallon.

239.9 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
 239.10 30, 2017.

239.11 Sec. 12. Minnesota Statutes 2016, section 296A.19, subdivision 1, is amended to read:

239.12 Subdivision 1. **Retention.** All distributors, dealers, special fuel dealers, bulk purchasers,  
 239.13 dealers of aviation gasoline, and all users of special fuel shall keep a true and accurate record  
 239.14 of all purchases, transfers, sales, and use of petroleum products and special fuel, including  
 239.15 copies of all sales tickets issued, in a form and manner approved by the commissioner, and  
 239.16 shall retain all such records for 3-1/2 years.

239.17 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
 239.18 30, 2017.

239.19 Sec. 13. Minnesota Statutes 2016, section 297G.03, is amended by adding a subdivision  
 239.20 to read:

239.21 **Subd. 6. Small winery credit.** (a) A qualified winery producing wine or cider is entitled  
 239.22 to a tax credit equal to the excise tax due under subdivision 1, paragraphs (b) to (g), on the  
 239.23 wine or cider sold in any fiscal year beginning July 1. A qualified winery may take the credit  
 239.24 on the 18th day of each month, but the total credit allowed may not exceed, in any fiscal  
 239.25 year, the lesser of:

239.26 (1) the liability for tax; or

239.27 (2) \$136,275.

239.28 (b) For purposes of this subdivision, "qualified winery" means a winery, whether or not  
 239.29 located in this state, that manufactured fewer than 75,000 gallons of wine and cider in the  
 239.30 calendar year immediately preceding the fiscal year for which the credit under this  
 239.31 subdivision is claimed.

240.1 (c) By February 15 of each year, beginning in 2019, the commissioner of revenue shall  
240.2 provide a report to the chairs and ranking minority members of the legislative committees  
240.3 having jurisdiction over taxes that includes the following information for the previous fiscal  
240.4 year, regarding the credit authorized under this subdivision:

240.5 (1) the total amount of the tax expenditure for the credit, including the amount of credits  
240.6 claimed by Minnesota small wineries and out-of-state small wineries; and

240.7 (2) the number of claimants for the credit, including the number of Minnesota small  
240.8 wineries and the number of out-of-state small wineries.

240.9 **EFFECTIVE DATE.** This section is effective for tax due on sales of wine or cider  
240.10 made after December 31, 2017.

240.11 Sec. 14. Minnesota Statutes 2016, section 297H.04, subdivision 2, is amended to read:

240.12 Subd. 2. **Rate.** (a) Commercial generators that generate nonmixed municipal solid waste  
240.13 shall pay a solid waste management tax of 60 cents per noncompacted cubic yard of periodic  
240.14 waste collection capacity purchased by the generator, based on the size of the container for  
240.15 the nonmixed municipal solid waste, the actual volume, or the weight-to-volume conversion  
240.16 schedule in paragraph (c). However, the tax must be calculated by the waste management  
240.17 service provider using the same method for calculating the waste management service fee  
240.18 so that both are calculated according to container capacity, actual volume, or weight.

240.19 (b) Notwithstanding section 297H.02, a residential generator that generates nonmixed  
240.20 municipal solid waste shall pay a solid waste management tax in the same manner as provided  
240.21 in paragraph (a).

240.22 (c) The weight-to-volume conversion schedule for:

240.23 (1) construction debris as defined in section 115A.03, subdivision 7, is ~~one ton equals~~  
240.24 ~~3.33 cubic yards, or \$2 per ton~~ equal to 60 cents per cubic yard. The commissioner of  
240.25 revenue, after consultation with the commissioner of the Pollution Control Agency, shall  
240.26 determine and may publish by notice a conversion schedule for construction debris;

240.27 (2) industrial waste as defined in section 115A.03, subdivision 13a, is equal to 60 cents  
240.28 per cubic yard. The commissioner of revenue after consultation with the commissioner of  
240.29 the Pollution Control Agency, shall determine, and may publish by notice, a conversion  
240.30 schedule for various industrial wastes; and



241.1 (3) infectious waste as defined in section 116.76, subdivision 12, and pathological waste  
241.2 as defined in section 116.76, subdivision 14, is 150 pounds equals one cubic yard, or 60  
241.3 cents per 150 pounds.

241.4 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
241.5 30, 2017.

241.6 Sec. 15. Minnesota Statutes 2016, section 298.227, is amended to read:

241.7 **298.227 TACONITE ECONOMIC DEVELOPMENT FUND.**

241.8 (a) An amount equal to that distributed pursuant to each taconite producer's taxable  
241.9 production and qualifying sales under section 298.28, subdivision 9a, shall be held by the  
241.10 Iron Range Resources and Rehabilitation Board in a separate taconite economic development  
241.11 fund for each taconite and direct reduced ore producer. Money from the fund for each  
241.12 producer shall be released by the commissioner after review by a joint committee consisting  
241.13 of an equal number of representatives of the salaried employees and the nonsalaried  
241.14 production and maintenance employees of that producer. The District 11 director of the  
241.15 United States Steelworkers of America, on advice of each local employee president, shall  
241.16 select the employee members. In nonorganized operations, the employee committee shall  
241.17 be elected by the nonsalaried production and maintenance employees. The review must be  
241.18 completed no later than six months after the producer presents a proposal for expenditure  
241.19 of the funds to the committee. The funds held pursuant to this section may be released only  
241.20 for workforce development and associated public facility improvement, concurrent  
241.21 reclamation, or for acquisition of plant and stationary mining equipment and facilities for  
241.22 the producer or for research and development in Minnesota on new mining, or taconite,  
241.23 iron, or steel production technology, but only if the producer provides a matching expenditure  
241.24 equal to the amount of the distribution to be used for the same purpose beginning with  
241.25 distributions in 2014. Effective for proposals for expenditures of money from the fund  
241.26 beginning May 26, 2007, the commissioner may not release the funds before the next  
241.27 scheduled meeting of the board. If a proposed expenditure is not approved by the board,  
241.28 the funds must be deposited in the Taconite Environmental Protection Fund under sections  
241.29 298.222 to 298.225. If a producer uses money which has been released from the fund prior  
241.30 to May 26, 2007 to procure haulage trucks, mobile equipment, or mining shovels, and the  
241.31 producer removes the piece of equipment from the taconite tax relief area defined in section  
241.32 273.134 within ten years from the date of receipt of the money from the fund, a portion of  
241.33 the money granted from the fund must be repaid to the taconite economic development  
241.34 fund. The portion of the money to be repaid is 100 percent of the grant if the equipment is

242.1 removed from the taconite tax relief area within 12 months after receipt of the money from  
242.2 the fund, declining by ten percent for each of the subsequent nine years during which the  
242.3 equipment remains within the taconite tax relief area. If a taconite production facility is sold  
242.4 after operations at the facility had ceased, any money remaining in the fund for the former  
242.5 producer may be released to the purchaser of the facility on the terms otherwise applicable  
242.6 to the former producer under this section. If a producer fails to provide matching funds for  
242.7 a proposed expenditure within six months after the commissioner approves release of the  
242.8 funds, the funds are available for release to another producer in proportion to the distribution  
242.9 provided and under the conditions of this section. Any portion of the fund which is not  
242.10 released by the commissioner within one year of its deposit in the fund shall be divided  
242.11 between the taconite environmental protection fund created in section 298.223 and the  
242.12 Douglas J. Johnson economic protection trust fund created in section 298.292 for placement  
242.13 in their respective special accounts. Two-thirds of the unreleased funds shall be distributed  
242.14 to the taconite environmental protection fund and one-third to the Douglas J. Johnson  
242.15 economic protection trust fund.

242.16 (b)(i) Notwithstanding the requirements of paragraph (a), setting the amount of  
242.17 distributions and the review process, an amount equal to ten cents per taxable ton of  
242.18 production in 2007, for distribution in 2008 only, that would otherwise be distributed under  
242.19 paragraph (a), may be used for a loan or grant for the cost of providing for a value-added  
242.20 wood product facility located in the taconite tax relief area and in a county that contains a  
242.21 city of the first class. This amount must be deducted from the distribution under paragraph  
242.22 (a) for which a matching expenditure by the producer is not required. The granting of the  
242.23 loan or grant is subject to approval by the board. If the money is provided as a loan, interest  
242.24 must be payable on the loan at the rate prescribed in section 298.2213, subdivision 3. (ii)  
242.25 Repayments of the loan and interest, if any, must be deposited in the taconite environment  
242.26 protection fund under sections 298.222 to 298.225. If a loan or grant is not made under this  
242.27 paragraph by July 1, 2012, the amount that had been made available for the loan under this  
242.28 paragraph must be transferred to the taconite environment protection fund under sections  
242.29 298.222 to 298.225. (iii) Money distributed in 2008 to the fund established under this section  
242.30 that exceeds ten cents per ton is available to qualifying producers under paragraph (a) on a  
242.31 pro rata basis.

242.32 (c) Repayment or transfer of money to the taconite environmental protection fund under  
242.33 paragraph (b), item (ii), must be allocated by the Iron Range Resources and Rehabilitation  
242.34 Board for public works projects in house legislative districts in the same proportion as  
242.35 taxable tonnage of production in 2007 in each house legislative district, for distribution in

243.1 2008, bears to total taxable tonnage of production in 2007, for distribution in 2008.  
243.2 Notwithstanding any other law to the contrary, expenditures under this paragraph do not  
243.3 require approval by the governor. For purposes of this paragraph, "house legislative districts"  
243.4 means the legislative districts in existence on May 15, 2009.

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

243.6 Sec. 16. **[473.1467] NO SPENDING FOR CERTAIN RAIL PROJECTS.**

243.7 (a) Except as provided in paragraph (b), the council must not spend or use any money  
243.8 for any costs related to studying the feasibility of, planning for, designing, engineering,  
243.9 acquiring property or constructing facilities for or related to, or development or operation  
243.10 of intercity or interregional passenger rail facilities or operations between the city of  
243.11 Rochester or locations in its metropolitan area and any location in the metropolitan area, as  
243.12 defined in section 473.121, subdivision 2.

243.13 (b) The restrictions under this section do not apply to:

243.14 (1) funds the council obtains from contributions, grants, or other voluntary payments  
243.15 made by nongovernmental entities from private sources; or

243.16 (2) expenditures made after enactment of a law that explicitly adds the intercity or  
243.17 interregional passenger rail project for which the expenditures are made to the statewide  
243.18 freight and passenger rail plan under section 174.03, subdivision 1b.

243.19 **EFFECTIVE DATE; APPLICATION.** This section is effective the day following  
243.20 final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey,  
243.21 Scott, and Washington.

243.22 Sec. 17. Laws 2010, chapter 216, section 58, as amended by Laws 2010, chapter 347,  
243.23 article 7, section 1, and Laws 2010, chapter 389, article 7, section 20, is amended to read:

243.24 Sec. 58. **2010 DISTRIBUTIONS ONLY.**

243.25 For distributions in 2010 only, a special fund is established to receive the sum of the  
243.26 following amounts that otherwise would be allocated under Minnesota Statutes, section  
243.27 298.28, subdivision 6. The following amounts are allocated to St. Louis County acting as  
243.28 the fiscal agent for the recipients for the specific purposes:

243.29 (1) 0.764 cent per ton must be paid to Northern Minnesota Dental to provide incentives  
243.30 for at least two dentists to establish dental practices in high-need areas of the taconite tax  
243.31 relief area;

- 244.1 (2) 0.955 cent per ton must be paid to the city of Virginia for repairs and geothermal  
244.2 heat at the Olcott Park Greenhouse/Virginia Commons project;
- 244.3 (3) 0.796 cent per ton must be paid to the city of Virginia for health and safety repairs  
244.4 at the Miners Memorial;
- 244.5 (4) 1.114 cents per ton must be paid to the city of Eveleth for the reconstruction of  
244.6 Highway 142/Grant and Park Avenues;
- 244.7 (5) 0.478 cent per ton must be paid to the Greenway Joint Recreation Board for upgrades  
244.8 and capital improvements to the public arena in Coleraine;
- 244.9 (6) 0.796 cent per ton must be paid to the city of Calumet for water treatment and  
244.10 pumphouse modifications;
- 244.11 (7) 0.159 cent per ton must be paid to the city of Bovey for residential and commercial  
244.12 claims for water damage due to water and flood-related damage caused by the Canisteo Pit;
- 244.13 (8) 0.637 cent per ton must be paid to the city of Nashwauk for a community and child  
244.14 care center;
- 244.15 (9) 0.637 cent per ton must be paid to the city of Keewatin for water and sewer upgrades;
- 244.16 (10) 0.637 cent per ton must be paid to the city of Marble for the city hall and library  
244.17 project;
- 244.18 (11) 0.955 cent per ton must be paid to the city of Grand Rapids for extension of water  
244.19 and sewer services for Lakewood Housing;
- 244.20 (12) 0.159 cent per ton must be paid to the city of Grand Rapids for exhibits at the  
244.21 Children's Museum;
- 244.22 (13) 0.637 cent per ton must be paid to the city of Grand Rapids for Block 20/21 soil  
244.23 corrections. This amount must be matched by local sources;
- 244.24 (14) 0.605 cent per ton must be paid to the city of Aitkin for three water loops;
- 244.25 (15) 0.048 cent per ton must be paid to the city of Aitkin for signage;
- 244.26 (16) 0.159 cent per ton must be paid to Aitkin County for a trail;
- 244.27 (17) 0.637 cent per ton must be paid to the city of Cohasset for the Beiers Road railroad  
244.28 crossing;
- 244.29 (18) 0.088 cent per ton must be paid to the town of Clinton for expansion and striping  
244.30 of the community center parking lot;

- 245.1 (19) 0.398 cent per ton must be paid to the city of Kinney for water line replacement;
- 245.2 (20) 0.796 cent per ton must be paid to the city of Gilbert for infrastructure improvements,  
245.3 milling, and overlay for Summit Street between Alaska Avenue and Highway 135;
- 245.4 (21) 0.318 cent per ton must be paid to the city of Gilbert for sanitary sewer main  
245.5 replacements and improvements in the Northeast Lower Alley area;
- 245.6 (22) 0.637 cent per ton must be paid to the town of White for replacement of the Stepetz  
245.7 Road culvert;
- 245.8 (23) 0.796 cent per ton must be paid to the city of Buhl for reconstruction of Sharon  
245.9 Street and associated infrastructure;
- 245.10 (24) 0.796 cent per ton must be paid to the city of Mountain Iron for site improvements  
245.11 at the Park Ridge development;
- 245.12 (25) 0.796 cent per ton must be paid to the city of Mountain Iron for infrastructure and  
245.13 site preparation for its renewable and sustainable energy park;
- 245.14 (26) 0.637 cent per ton must be paid to the city of Biwabik for sanitary sewer  
245.15 improvements;
- 245.16 (27) 0.796 cent per ton must be paid to the city of Aurora for alley and road rebuilding  
245.17 for the Summit Addition;
- 245.18 (28) 0.955 cent per ton must be paid to the city of Silver Bay for bioenergy facility  
245.19 improvements;
- 245.20 (29) 0.318 cent per ton must be paid to the city of Grand Marais for water and sewer  
245.21 infrastructure improvements;
- 245.22 (30) 0.318 cent per ton must be paid to the city of Orr for airport, water, and sewer  
245.23 improvements;
- 245.24 (31) 0.716 cent per ton must be paid to the city of Cook for street and bridge  
245.25 improvements and land purchase, provided that if the city sells or otherwise disposes of any  
245.26 of the land purchased with the money provided under this clause within a period of ~~ten~~ five  
245.27 years after it was purchased, the city must transfer a portion of the proceeds of the sale equal  
245.28 to the amount of the purchase price paid from the money provided under this clause to the  
245.29 commissioner of Iron Range Resources and Rehabilitation for deposit in the taconite  
245.30 environmental protection fund to be used for the purposes of the fund under Minnesota  
245.31 Statutes, section 298.223;

246.1 (32) 0.955 cent per ton must be paid to the city of Ely for street, water, and sewer  
246.2 improvements;

246.3 (33) 0.318 cent per ton must be paid to the city of Tower for water and sewer  
246.4 improvements;

246.5 (34) 0.955 cent per ton must be paid to the city of Two Harbors for water and sewer  
246.6 improvements;

246.7 (35) 0.637 cent per ton must be paid to the city of Babbitt for water and sewer  
246.8 improvements;

246.9 (36) 0.096 cent per ton must be paid to the township of Duluth for infrastructure  
246.10 improvements;

246.11 (37) 0.096 cent per ton must be paid to the township of Tofte for infrastructure  
246.12 improvements;

246.13 (38) 3.184 cents per ton must be paid to the city of Hibbing for sewer improvements;

246.14 (39) 1.273 cents per ton must be paid to the city of Chisholm for NW Area Project  
246.15 infrastructure improvements;

246.16 (40) 0.318 cent per ton must be paid to the city of Chisholm for health and safety  
246.17 improvements at the athletic facility;

246.18 (41) 0.796 cent per ton must be paid to the city of Hoyt Lakes for residential street  
246.19 improvements;

246.20 (42) 0.796 cent per ton must be paid to the Bois Forte Indian Reservation for infrastructure  
246.21 related to a housing development;

246.22 (43) 0.159 cent per ton must be paid to Balkan Township for building improvements;

246.23 (44) 0.159 cent per ton must be paid to the city of Grand Rapids for a grant to a nonprofit  
246.24 for a signage kiosk;

246.25 (45) 0.318 cent per ton must be paid to the city of Crane Lake for sanitary sewer lines  
246.26 and adjacent development near County State-Aid Highway 24; and

246.27 (46) 0.159 cent per ton must be paid to the city of Chisholm to rehabilitate historic wall  
246.28 infrastructure around the athletic complex.

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

247.1 Sec. 18. **CLARIFYING AUTHORITY TO USE PREVIOUSLY DISTRIBUTED**  
247.2 **TACONITE TAX PROCEEDS.**

247.3 The commissioner of Iron Range Resources and Rehabilitation may use any unspent  
247.4 amounts allocated under Minnesota Statutes 2014, section 298.2961, subdivision 5, clause  
247.5 (19), remaining as of May 22, 2016, for the specific purposes identified in that section.  
247.6 Notwithstanding Minnesota Statutes, section 298.28, subdivision 11, paragraph (a), or any  
247.7 other law to the contrary, interest accrued on this amount shall also be distributed to the  
247.8 recipient. Amounts under this section are available until expended and do not lapse or cancel  
247.9 under Minnesota Statutes, section 16A.28.

247.10 **EFFECTIVE DATE.** This section is effective retroactively from May 22, 2016.

247.11 Sec. 19. **SPECIAL CLOSING TIMES; 2018 SUPER BOWL.**

247.12 During the 2018 National Football League Super Bowl at U.S. Bank Stadium, licensing  
247.13 jurisdictions that issue on-sale intoxicating liquor licenses under Minnesota Statutes, chapter  
247.14 340A, may, at their discretion, issue special permits for service of alcohol through extended  
247.15 hours lasting until 4:00 a.m. each day. This section is subject to the following conditions:

247.16 (1) only holders of an existing on-sale intoxicating liquor license or a 3.2 malt liquor  
247.17 license are eligible for later closing hours;

247.18 (2) later closing hours apply only during the period from 12:00 p.m. on February 2,  
247.19 2018, through 4:00 a.m. on February 5, 2018;

247.20 (3) local licensing jurisdictions issuing special permits to operate with extended hours  
247.21 during the days listed in clause (2) may charge a fee up to but not to exceed \$250 for a  
247.22 permit. In the process of issuing a permit under this section, the licensing jurisdiction may  
247.23 limit approval to specified geographic, zoning, or license classifications within its jurisdiction;  
247.24 and

247.25 (4) this section expires at 4:01 a.m. on February 5, 2018.

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

247.27 Sec. 20. **APPROPRIATION CANCELLATION.**

247.28 All unspent funds, estimated to be \$7,100,000, for a grant or forgivable loan to Hoyt  
247.29 Lakes pursuant to Laws 2014, chapter 312, article 2, section 2, subdivision 6, are canceled  
247.30 to the Minnesota 21st century fund on June 1, 2017.

248.1 Sec. 21. **APPROPRIATIONS.**

248.2 In addition to other amounts appropriated, \$2,500,000 in fiscal year 2018 and \$2,500,000  
248.3 in fiscal year 2019 are appropriated from the general fund to the commissioner of revenue  
248.4 to administer this act.

248.5 Sec. 22. **HEALTH CARE ACCESS FUND TRANSFER.**

248.6 On July 1, 2019, the commissioner of management and budget shall transfer \$7,200,000  
248.7 from the general fund to the health care access fund. This is a onetime transfer.

248.8 Sec. 23. **REPEALER.**

248.9 Minnesota Rules, part 8125.1300, subpart 3, is repealed.

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

248.11 **ARTICLE 12**248.12 **DEPARTMENT OF REVENUE 2015-2016 SALES SUPPRESSION PROVISIONS**

248.13 Section 1. **[289A.14] USE OF AUTOMATED SALES SUPPRESSION DEVICES;**  
248.14 **DEFINITIONS.**

248.15 (a) For the purposes of sections 289A.60, subdivision 32, 289A.63, subdivision 12, and  
248.16 609.5316, subdivision 3, the following terms have the meanings given.

248.17 (b) "Automated sales suppression device" or "zapper" means a software program, carried  
248.18 on any tangible medium, or accessed through any other means, that falsifies the electronic  
248.19 records of electronic cash registers and other point-of-sale systems including, but not limited  
248.20 to, transaction data and transaction reports.

248.21 (c) "Electronic cash register" means a device that keeps a register or supporting documents  
248.22 through the means of an electronic device or computer system designed to record transaction  
248.23 data for the purpose of computing, compiling, or processing retail sales transaction data in  
248.24 whatever manner.

248.25 (d) "Phantom-ware" means hidden preinstalled or later-installed programming option  
248.26 embedded in the operating system of an electronic cash register or hardwired into the  
248.27 electronic cash register that can be used to create a virtual second electronic cash register  
248.28 or may eliminate or manipulate transaction records that may or may not be preserved in  
248.29 digital formats to represent the true or manipulated record of transactions in the electronic  
248.30 cash register.



249.1 (e) "Transaction data" includes items purchased by a customer, the price of each item,  
249.2 the taxability determination for each item, a segregated tax amount for each of the taxed  
249.3 items, the date and time of the purchase, the name, address, and identification number of  
249.4 the vendor, and the receipt or invoice number of the transaction.

249.5 (f) "Transaction report" means a report documenting, but not limited to, the sales, taxes  
249.6 collected, media totals, and discount voids at an electronic cash register that is printed on  
249.7 cash register tape at the end of a day or shift, or a report documenting every action at an  
249.8 electronic cash register that is stored electronically.

249.9 **EFFECTIVE DATE.** This section is effective for activities enumerated in Minnesota  
249.10 Statutes, section 289A.63, subdivision 12, or 289A.60, subdivision 32, that occur on or after  
249.11 August 1, 2017.

249.12 Sec. 2. Minnesota Statutes 2016, section 289A.60, is amended by adding a subdivision to  
249.13 read:

249.14 Subd. 32. **Sales suppression.** (a) A person who:

249.15 (1) sells;

249.16 (2) transfers;

249.17 (3) develops;

249.18 (4) manufactures; or

249.19 (5) possesses with the intent to sell or transfer

249.20 an automated sales suppression device, zapper, phantom-ware, or similar device capable of  
249.21 being used to commit tax fraud or suppress sales is liable for a civil penalty calculated under  
249.22 paragraph (b).

249.23 (b) The amount of the civil penalty equals the greater of (1) \$2,000, or (2) the total  
249.24 amount of all taxes and penalties due that are attributable to the use of any automated sales  
249.25 suppression device, zapper, phantom-ware, or similar device facilitated by the sale, transfer,  
249.26 development, or manufacture of the automated sales suppression device, zapper,  
249.27 phantom-ware, or similar device by the person.

249.28 (c) The definitions in section 289A.14 apply to this subdivision.

249.29 (d) This subdivision does not apply to the commissioner, a person acting at the direction  
249.30 of the commissioner, an agent of the commissioner, law enforcement agencies, or  
249.31 postsecondary education institutions that possess an automated sales suppression device,

250.1 zapper, or phantom-ware for study to combat the evasion of taxes by use of the automated  
250.2 sales suppression devices, zappers, or phantom-ware.

250.3 **EFFECTIVE DATE.** This section is effective for activities enumerated that occur on  
250.4 or after August 1, 2017.

250.5 Sec. 3. Minnesota Statutes 2016, section 289A.63, is amended by adding a subdivision to  
250.6 read:

250.7 Subd. 12. **Felony.** (a) A person who sells, purchases, installs, transfers, develops,  
250.8 manufactures, or uses an automated sales suppression device, zapper, phantom-ware, or  
250.9 similar device knowing that the device or phantom-ware is capable of being used to commit  
250.10 tax fraud or suppress sales is guilty of a felony and may be sentenced to imprisonment for  
250.11 not more than five years or to a payment of a fine of not more than \$10,000, or both.

250.12 (b) An automated sales suppression device, zapper, phantom-ware, and any other device  
250.13 containing an automated sales suppression, zapper, or phantom-ware device or software is  
250.14 contraband and subject to forfeiture under section 609.5316.

250.15 (c) The definitions in section 289A.14 apply to this subdivision.

250.16 (d) This subdivision does not apply to the commissioner, a person acting at the direction  
250.17 of the commissioner, an agent of the commissioner, law enforcement agencies, or  
250.18 postsecondary education institutions that possess an automated sales suppression device,  
250.19 zapper, or phantom-ware for study to combat the evasion of taxes by use of the automated  
250.20 sales suppression devices, zappers, or phantom-ware.

250.21 **EFFECTIVE DATE.** This section is effective for activities enumerated that occur on  
250.22 or after August 1, 2017.

250.23 Sec. 4. Minnesota Statutes 2016, section 609.5316, subdivision 3, is amended to read:

250.24 Subd. 3. **Weapons, telephone cloning paraphernalia, automated sales suppression**  
250.25 **devices, and bullet-resistant vests.** Weapons used are contraband and must be summarily  
250.26 forfeited to the appropriate agency upon conviction of the weapon's owner or possessor for  
250.27 a controlled substance crime; for any offense of this chapter or chapter 624, or for a violation  
250.28 of an order for protection under section 518B.01, subdivision 14. Bullet-resistant vests, as  
250.29 defined in section 609.486, worn or possessed during the commission or attempted  
250.30 commission of a crime are contraband and must be summarily forfeited to the appropriate  
250.31 agency upon conviction of the owner or possessor for a controlled substance crime or for  
250.32 any offense of this chapter. Telephone cloning paraphernalia used in a violation of section

251.1 609.894, and automated sales suppression devices, phantom-ware, and other devices  
 251.2 containing an automated sales suppression or phantom-ware device or software used in  
 251.3 violation of section 289A.63, subdivision 12, are contraband and must be summarily forfeited  
 251.4 to the appropriate agency upon a conviction.

251.5 **EFFECTIVE DATE.** This section is effective for activities enumerated in Minnesota  
 251.6 Statutes, section 289A.63, subdivision 12, that occur on or after August 1, 2017.

## 251.7 **ARTICLE 13**

### 251.8 **DEPARTMENT OF REVENUE 2015-2016 POLICY AND TECHNICAL** 251.9 **PROVISIONS; INCOME, CORPORATE FRANCHISE, AND ESTATE TAXES**

251.10 Section 1. Minnesota Statutes 2016, section 289A.08, subdivision 11, is amended to read:

251.11 Subd. 11. **Information included in income tax return.** (a) The return must state:

251.12 (1) the name of the taxpayer, or taxpayers, if the return is a joint return, and the address  
 251.13 of the taxpayer in the same name or names and same address as the taxpayer has used in  
 251.14 making the taxpayer's income tax return to the United States;

251.15 (2) the date or dates of birth of the taxpayer or taxpayers;

251.16 (3) the Social Security number of the taxpayer, or taxpayers, if a Social Security number  
 251.17 has been issued by the United States with respect to the taxpayers; and

251.18 (4) the amount of the taxable income of the taxpayer as it appears on the federal return  
 251.19 for the taxable year to which the Minnesota state return applies.

251.20 (b) The taxpayer must attach to the taxpayer's Minnesota state income tax return a copy  
 251.21 of the federal income tax return that the taxpayer has filed or is about to file for the period;  
 251.22 ~~unless the taxpayer is eligible to telefile the federal return and does file the Minnesota return~~  
 251.23 ~~by telefiling.~~

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

251.25 Sec. 2. Minnesota Statutes 2016, section 289A.08, subdivision 16, is amended to read:

251.26 Subd. 16. **Tax refund or return preparers; electronic filing; paper filing fee imposed.**

251.27 (a) A "tax ~~refund or return~~ preparer" or "preparer," as defined in section ~~289A.60, subdivision~~  
 251.28 ~~13, paragraph (f),~~ 270C.445, subdivision 2, who is a tax return preparer for purposes of  
 251.29 section 6011(e) of the Internal Revenue Code, and who reasonably expects to prepare more  
 251.30 than ten Minnesota individual income, corporate franchise, S corporation, partnership, or  
 251.31 fiduciary income tax returns for the prior ~~calendar~~ year must file all Minnesota individual

252.1 income, corporate franchise, S corporation, partnership, or fiduciary income tax returns  
252.2 prepared for that ~~calendar~~ year by electronic means.

252.3 (b) Paragraph (a) does not apply to a return if the taxpayer has indicated on the return  
252.4 that the taxpayer did not want the return filed by electronic means.

252.5 (c) For each return that is not filed electronically by a tax ~~refund or return~~ preparer or  
252.6 preparer under this subdivision, including returns filed under paragraph (b), a paper filing  
252.7 fee of \$5 is imposed upon the preparer. The fee is collected from the preparer in the same  
252.8 manner as income tax. The fee does not apply to returns that the commissioner requires to  
252.9 be filed in paper form.

252.10 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
252.11 31, 2016, except the change from the definition of "tax refund or return preparer" to "tax  
252.12 preparer" or "preparer" is effective for taxable years beginning after December 31, 2017.

252.13 Sec. 3. Minnesota Statutes 2016, section 289A.09, subdivision 2, is amended to read:

252.14 Subd. 2. **Withholding statement.** (a) A person required to deduct and withhold from  
252.15 an employee a tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, or  
252.16 who would have been required to deduct and withhold a tax under section 290.92, subdivision  
252.17 2a or 3, or persons required to withhold tax under section 290.923, subdivision 2, determined  
252.18 without regard to section 290.92, subdivision 19, if the employee or payee had claimed no  
252.19 more than one withholding exemption, or who paid wages or made payments not subject  
252.20 to withholding under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, to an  
252.21 employee or person receiving royalty payments in excess of \$600, or who has entered into  
252.22 a voluntary withholding agreement with a payee under section 290.92, subdivision 20, must  
252.23 give every employee or person receiving royalty payments in respect to the remuneration  
252.24 paid by the person to the employee or person receiving royalty payments during the calendar  
252.25 year, on or before January 31 of the succeeding year, or, if employment is terminated before  
252.26 the close of the calendar year, within 30 days after the date of receipt of a written request  
252.27 from the employee if the 30-day period ends before January 31, a written statement showing  
252.28 the following:

252.29 (1) name of the person;

252.30 (2) the name of the employee or payee and the employee's or payee's Social Security  
252.31 account number;

252.32 (3) the total amount of wages as that term is defined in section 290.92, subdivision 1,  
252.33 paragraph (1); the total amount of remuneration subject to withholding under section 290.92,

253.1 subdivision 20; the amount of sick pay as required under section 6051(f) of the Internal  
253.2 Revenue Code; and the amount of royalties subject to withholding under section 290.923,  
253.3 subdivision 2; and

253.4 (4) the total amount deducted and withheld as tax under section 290.92, subdivision 2a  
253.5 or 3, or 290.923, subdivision 2.

253.6 (b) The statement required to be furnished by paragraph (a) with respect to any  
253.7 remuneration must be furnished at those times, must contain the information required, and  
253.8 must be in the form the commissioner prescribes.

253.9 (c) The commissioner may prescribe rules providing for reasonable extensions of time,  
253.10 not in excess of 30 days, to employers or payers required to give the statements to their  
253.11 employees or payees under this subdivision.

253.12 (d) A duplicate of any statement made under this subdivision and in accordance with  
253.13 rules prescribed by the commissioner, ~~along with a reconciliation in the form the~~  
253.14 ~~commissioner prescribes of the statements for the calendar year, including a reconciliation~~  
253.15 ~~of the quarterly returns required to be filed under subdivision 1,~~ must be filed with the  
253.16 commissioner on or before ~~February 28~~ January 31 of the year after the payments were  
253.17 made.

253.18 (e) If an employer cancels the employer's Minnesota withholding account number required  
253.19 by section 290.92, subdivision 24, the information required by paragraph (d), must be filed  
253.20 with the commissioner within 30 days of the end of the quarter in which the employer  
253.21 cancels its account number.

253.22 (f) The employer must submit the statements required to be sent to the commissioner ~~in~~  
253.23 ~~the same manner required to satisfy the federal reporting requirements of section 6011(e)~~  
253.24 ~~of the Internal Revenue Code and the regulations issued under it. An employer must submit~~  
253.25 ~~statements to the commissioner required by this section by electronic means if the employer~~  
253.26 ~~is required to send more than 25 statements to the commissioner, even though the employer~~  
253.27 ~~is not required to submit the returns federally by electronic means. For statements issued~~  
253.28 ~~for wages paid in 2011 and after, the threshold is ten. All statements issued for withholding~~  
253.29 ~~required under section 290.92 are aggregated for purposes of determining whether the~~  
253.30 ~~electronic submission threshold is met. The commissioner shall prescribe the content, format,~~  
253.31 and manner of the statement pursuant to section 270C.30.

253.32 (g) A "third-party bulk filer" as defined in section 290.92, subdivision 30, paragraph  
253.33 (a), clause (2), must submit the returns required by this subdivision and subdivision 1,  
253.34 paragraph (a), with the commissioner by electronic means.

254.1 **EFFECTIVE DATE.** This section is effective for statements required to be sent to the  
254.2 commissioner after December 31, 2017, except that the date change in paragraph (d) is  
254.3 effective for wages paid after December 31, 2016.

254.4 Sec. 4. Minnesota Statutes 2016, section 289A.12, subdivision 14, is amended to read:

254.5 Subd. 14. ~~Regulated investment companies; Reporting exempt interest and~~  
254.6 ~~exempt-interest dividends.~~ (a) A regulated investment company paying \$10 or more in  
254.7 exempt-interest dividends to an individual who is a resident of Minnesota, or any person  
254.8 receiving \$10 or more of exempt interest or exempt-interest dividends and paying as nominee  
254.9 to an individual who is a resident of Minnesota, must make a return indicating the amount  
254.10 of the exempt interest or exempt-interest dividends, the name, address, and Social Security  
254.11 number of the recipient, and any other information that the commissioner specifies. The  
254.12 return must be provided to the ~~shareholder~~ recipient by February 15 of the year following  
254.13 the year of the payment. The return provided to the ~~shareholder~~ recipient must include a  
254.14 clear statement, in the form prescribed by the commissioner, that the exempt interest or  
254.15 exempt-interest dividends must be included in the computation of Minnesota taxable income.  
254.16 By June 1 of each year, the ~~regulated investment company~~ payer must file a copy of the  
254.17 return with the commissioner.

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

254.19 (1) "Exempt-interest dividends" mean exempt-interest dividends as defined in section  
254.20 852(b)(5) of the Internal Revenue Code, but does not include the portion of exempt-interest  
254.21 dividends that are not required to be added to federal taxable income under section 290.0131,  
254.22 subdivision 2, paragraph (b).

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

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

254.30 **EFFECTIVE DATE.** This section is effective for reports required to be filed after  
254.31 December 31, 2017.

255.1 Sec. 5. Minnesota Statutes 2016, section 289A.18, is amended by adding a subdivision to  
255.2 read:

255.3 Subd. 2a. **Annual withholding returns; eligible employers.** (a) An employer who  
255.4 deducts and withholds an amount required to be withheld by section 290.92 may file an  
255.5 annual return and make an annual payment of the amount required to be deducted and  
255.6 withheld for that calendar year if the employer has received a notification under paragraph  
255.7 (b). The ability to elect to file an annual return continues through the year following the  
255.8 year where an employer is required to deduct and withhold more than \$500.

255.9 (b) The commissioner is authorized to determine which employers are eligible to file  
255.10 an annual return and to notify employers who newly qualify to file an annual return because  
255.11 the amount an employer is required to deduct and withhold for that calendar year is \$500  
255.12 or less based on the most recent period of four consecutive quarters for which the  
255.13 commissioner has compiled data on that employer's withholding tax for that period. At the  
255.14 time of notification, eligible employers may still decide to file returns and make deposits  
255.15 quarterly. An employer who decides to file returns and make deposits quarterly is required  
255.16 to make all returns and deposits required by this chapter and, notwithstanding paragraph  
255.17 (a), is subject to all applicable penalties for failing to do so.

255.18 (c) If, at the end of any calendar month other than the last month of the calendar year,  
255.19 the aggregate amount of undeposited tax withheld by an employer who has elected to file  
255.20 an annual return exceeds \$500, the employer must deposit the aggregate amount with the  
255.21 commissioner within 30 days of the end of the calendar month.

255.22 (d) If an employer who has elected to file an annual return ceases to pay wages for which  
255.23 withholding is required, the employer must file a final return and deposit any undeposited  
255.24 tax within 30 days of the end of the calendar month following the month in which the  
255.25 employer ceased paying wages.

255.26 (e) An employer not subject to paragraph (c) or (d) who elects to file an annual return  
255.27 must file the return and pay the tax not previously deposited before February 1 of the year  
255.28 following the year in which the tax was withheld.

255.29 (f) A notification to an employer regarding eligibility to file an annual return under  
255.30 Minnesota Rules, part 8092.1400, is considered a notification under paragraph (a).

255.31 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
255.32 31, 2016.

256.1 Sec. 6. Minnesota Statutes 2016, section 289A.20, subdivision 2, is amended to read:

256.2 Subd. 2. **Withholding from wages, entertainer withholding, withholding from**  
256.3 **payments to out-of-state contractors, and withholding by partnerships, small business**  
256.4 **corporations, trusts.** (a) Except as provided in section 289A.18, subdivision 2a, a tax  
256.5 required to be deducted and withheld during the quarterly period must be paid on or before  
256.6 the last day of the month following the close of the quarterly period, unless an earlier time  
256.7 for payment is provided. A tax required to be deducted and withheld from compensation  
256.8 of an entertainer and from a payment to an out-of-state contractor must be paid on or before  
256.9 the date the return for such tax must be filed under section 289A.18, subdivision 2. Taxes  
256.10 required to be deducted and withheld by partnerships, S corporations, and trusts must be  
256.11 paid on a quarterly basis as estimated taxes under section 289A.25 for partnerships and  
256.12 trusts and under section 289A.26 for S corporations.

256.13 (b) An employer who, during the previous quarter, withheld more than \$1,500 of tax  
256.14 under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, must deposit tax  
256.15 withheld under those sections with the commissioner within the time allowed to deposit the  
256.16 employer's federal withheld employment taxes under Code of Federal Regulations, title 26,  
256.17 section 31.6302-1, as amended through December 31, 2001, without regard to the safe  
256.18 harbor or de minimis rules in paragraph (f) or the one-day rule in paragraph (c)(3). Taxpayers  
256.19 must submit a copy of their federal notice of deposit status to the commissioner upon request  
256.20 by the commissioner.

256.21 (c) The commissioner may prescribe by rule other return periods or deposit requirements.  
256.22 In prescribing the reporting period, the commissioner may classify payors according to the  
256.23 amount of their tax liability and may adopt an appropriate reporting period for the class that  
256.24 the commissioner judges to be consistent with efficient tax collection. In no event will the  
256.25 duration of the reporting period be more than one year.

256.26 (d) If less than the correct amount of tax is paid to the commissioner, proper adjustments  
256.27 with respect to both the tax and the amount to be deducted must be made, without interest,  
256.28 in the manner and at the times the commissioner prescribes. If the underpayment cannot be  
256.29 adjusted, the amount of the underpayment will be assessed and collected in the manner and  
256.30 at the times the commissioner prescribes.

256.31 (e) If the aggregate amount of the tax withheld is \$10,000 or more in a fiscal year ending  
256.32 June 30, the employer must remit each required deposit for wages paid in all subsequent  
256.33 calendar years by electronic means.



257.1 (f) A third-party bulk filer as defined in section 290.92, subdivision 30, paragraph (a),  
257.2 clause (2), who remits withholding deposits must remit all deposits by electronic means as  
257.3 provided in paragraph (e), regardless of the aggregate amount of tax withheld during a fiscal  
257.4 year for all of the employers.

257.5 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
257.6 31, 2016.

257.7 Sec. 7. Minnesota Statutes 2016, section 289A.31, subdivision 1, is amended to read:

257.8 Subdivision 1. **Individual income, fiduciary income, mining company, corporate**  
257.9 **franchise, and entertainment taxes.** (a) Individual income, fiduciary income, mining  
257.10 company, and corporate franchise taxes, and interest and penalties, must be paid by the  
257.11 taxpayer upon whom the tax is imposed, except in the following cases:

257.12 (1) The tax due from a decedent for that part of the taxable year in which the decedent  
257.13 died during which the decedent was alive and the taxes, interest, and penalty due for the  
257.14 prior years must be paid by the decedent's personal representative, if any. If there is no  
257.15 personal representative, the taxes, interest, and penalty must be paid by the transferees, as  
257.16 defined in section 270C.58, subdivision 3, to the extent they receive property from the  
257.17 decedent;

257.18 (2) The tax due from an infant or other incompetent person must be paid by the person's  
257.19 guardian or other person authorized or permitted by law to act for the person;

257.20 (3) The tax due from the estate of a decedent must be paid by the estate's personal  
257.21 representative;

257.22 (4) The tax due from a trust, including those within the definition of a corporation, as  
257.23 defined in section 290.01, subdivision 4, must be paid by a trustee; and

257.24 (5) The tax due from a taxpayer whose business or property is in charge of a receiver,  
257.25 trustee in bankruptcy, assignee, or other conservator, must be paid by the person in charge  
257.26 of the business or property so far as the tax is due to the income from the business or property.

257.27 (b) Entertainment taxes are the joint and several liability of the entertainer and the  
257.28 entertainment entity. The payor is liable to the state for the payment of the tax required to  
257.29 be deducted and withheld under section 290.9201, subdivision 7, and is not liable to the  
257.30 entertainer for the amount of the payment.

257.31 (c) The ~~tax~~ taxes imposed under ~~section~~ sections 289A.35 and 290.0922 on partnerships  
257.32 is ~~are~~ the joint and several liability of the partnership and the general partners.

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

258.2 Sec. 8. Minnesota Statutes 2016, section 289A.35, is amended to read:

258.3 **289A.35 ASSESSMENTS ON RETURNS.**

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

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

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

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

258.19 ~~(b)~~ (e) The commissioner may audit and adjust the taxpayer's computation of tax under  
258.20 chapter 291. In the case of a return filed pursuant to section 289A.10, the commissioner  
258.21 shall notify the estate no later than nine months after the filing date, as provided by section  
258.22 289A.38, subdivision 2, whether the return is under examination or the return has been  
258.23 processed as filed.

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

258.25 Sec. 9. Minnesota Statutes 2016, section 290.0672, subdivision 1, is amended to read:

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

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

258.29 (1) qualifies for a deduction under section 213 of the Internal Revenue Code, disregarding  
258.30 the 7.5 percent adjusted gross income test; or meets the requirements given in section 62A.46;  
258.31 or provides similar coverage issued under the laws of another jurisdiction; and

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

259.2 (3) has been offered in compliance with the inflation protection requirements of section  
259.3 62S.23.

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

259.5 (d) "Premiums deducted in determining federal taxable income" means the lesser of (1)  
259.6 long-term care insurance premiums that qualify as deductions under section 213 of the  
259.7 Internal Revenue Code; and (2) the total amount deductible for medical care under section  
259.8 213 of the Internal Revenue Code.

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

259.11 Sec. 10. Minnesota Statutes 2016, section 290.068, subdivision 2, is amended to read:

259.12 Subd. 2. **Definitions.** For purposes of this section, the following terms have the meanings  
259.13 given.

259.14 (a) "Qualified research expenses" means (i) qualified research expenses and basic research  
259.15 payments as defined in section 41(b) and (e) of the Internal Revenue Code, except it does  
259.16 not include expenses incurred for qualified research or basic research conducted outside  
259.17 the state of Minnesota pursuant to section 41(d) and (e) of the Internal Revenue Code; and  
259.18 (ii) contributions to a nonprofit corporation established and operated pursuant to the  
259.19 provisions of chapter 317A for the purpose of promoting the establishment and expansion  
259.20 of business in this state, provided the contributions are invested by the nonprofit corporation  
259.21 for the purpose of providing funds for small, technologically innovative enterprises in  
259.22 Minnesota during the early stages of their development.

259.23 (b) "Qualified research" means qualified research as defined in section 41(d) of the  
259.24 Internal Revenue Code, except that the term does not include qualified research conducted  
259.25 outside the state of Minnesota.

259.26 (c) "Base amount" means base amount as defined in section 41(c) of the Internal Revenue  
259.27 Code, except that the average annual gross receipts and aggregate gross receipts must be  
259.28 calculated using Minnesota sales or receipts under section 290.191 and the definitions  
259.29 contained in ~~clauses~~ paragraphs (a) and (b) shall apply.

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

260.1 Sec. 11. Minnesota Statutes 2016, section 290.17, subdivision 2, is amended to read:

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

260.5 (a)(1) Subject to paragraphs (a)(2) and (a)(3), income from wages as defined in section  
260.6 3401(a) and (f) of the Internal Revenue Code is assigned to this state if, and to the extent  
260.7 that, the work of the employee is performed within it; all other income from such sources  
260.8 is treated as income from sources without this state.

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

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

260.13 (i) The amount of income to be assigned to Minnesota for an individual who is a  
260.14 nonresident salaried athletic team employee shall be determined by using a fraction in which  
260.15 the denominator contains the total number of days in which the individual is under a duty  
260.16 to perform for the employer, and the numerator is the total number of those days spent in  
260.17 Minnesota. For purposes of this paragraph, off-season training activities, unless conducted  
260.18 at the team's facilities as part of a team imposed program, are not included in the total number  
260.19 of duty days. Bonuses earned as a result of play during the regular season or for participation  
260.20 in championship, play-off, or all-star games must be allocated under the formula. Signing  
260.21 bonuses are not subject to allocation under the formula if they are not conditional on playing  
260.22 any games for the team, are payable separately from any other compensation, and are  
260.23 nonrefundable; and

260.24 (ii) The amount of income to be assigned to Minnesota for an individual who is a  
260.25 nonresident, and who is an athlete or entertainer not listed in clause (i), for that person's  
260.26 athletic or entertainment performance in Minnesota shall be determined by assigning to this  
260.27 state all income from performances or athletic contests in this state.

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

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

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

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

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

261.17 Gain on the sale of goodwill or income from a covenant not to compete that is connected  
261.18 with a business operating all or partially in Minnesota is allocated to this state to the extent  
261.19 that the income from the business in the year preceding the year of sale was ~~assignable~~  
261.20 allocable to Minnesota under subdivision 3.

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

261.25 (d) Income from winnings on a bet made by an individual while in Minnesota is assigned  
261.26 to this state. In this paragraph, "bet" has the meaning given in section 609.75, subdivision  
261.27 2, as limited by section 609.75, subdivision 3, clauses (1), (2), and (3).

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

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

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

262.1 Sec. 12. Minnesota Statutes 2016, section 290.31, subdivision 1, is amended to read:

262.2 Subdivision 1. **Partners, not partnership, subject to tax.** Except as provided under  
262.3 section 289A.35, paragraph (b), a partnership as such shall not be subject to the income tax  
262.4 imposed by this chapter, but is subject to the tax imposed under section 290.0922. Persons  
262.5 carrying on business as partners shall be liable for income tax only in their separate or  
262.6 individual capacities.

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

262.8 Sec. 13. Minnesota Statutes 2016, section 290A.19, is amended to read:

262.9 **290A.19 OWNER OR MANAGING AGENT TO FURNISH RENT CERTIFICATE.**

262.10 (a) The owner or managing agent of any property for which rent is paid for occupancy  
262.11 as a homestead must furnish a certificate of rent paid to a person who is a renter on December  
262.12 31, in the form prescribed by the commissioner. If the renter moves before December 31,  
262.13 the owner or managing agent may give the certificate to the renter at the time of moving,  
262.14 or mail the certificate to the forwarding address if an address has been provided by the  
262.15 renter. The certificate must be made available to the renter before February 1 of the year  
262.16 following the year in which the rent was paid. The owner or managing agent must retain a  
262.17 duplicate of each certificate or an equivalent record showing the same information for a  
262.18 period of three years. The duplicate or other record must be made available to the  
262.19 commissioner upon request.

262.20 (b) The commissioner may require the owner or managing agent, through a simple  
262.21 process, to furnish to the commissioner on or before March 1 a copy of each certificate of  
262.22 rent paid furnished to a renter for rent paid in the prior year, in the content, format, and  
262.23 manner prescribed by the commissioner pursuant to section 270C.30. Prior to implementation,  
262.24 the commissioner, after consulting with representatives of owners or managing agents, shall  
262.25 develop an implementation and administration plan for the requirements of this paragraph  
262.26 that attempts to minimize financial burdens, administration and compliance costs, and takes  
262.27 into consideration existing systems of owners and managing agents.

262.28 (c) For the purposes of this section, "owner" includes a park owner as defined under  
262.29 section 327C.01, subdivision 6, and "property" includes a lot as defined under section  
262.30 327C.01, subdivision 3.

262.31 **EFFECTIVE DATE.** This section is effective for certificates of rent paid furnished to  
262.32 a renter for rent paid after December 31, 2016.

263.1 Sec. 14. Minnesota Statutes 2016, section 291.016, subdivision 2, is amended to read:

263.2 Subd. 2. **Additions.** The following amounts, to the extent deducted in computing or  
263.3 otherwise excluded from the federal taxable estate, must be added in computing the  
263.4 Minnesota taxable estate:

263.5 (1) the amount of the deduction for state death taxes allowed under section 2058 of the  
263.6 Internal Revenue Code;

263.7 (2) the amount of the deduction for foreign death taxes allowed under section 2053(d)  
263.8 of the Internal Revenue Code; and

263.9 (3) the aggregate amount of taxable gifts as defined in section 2503 of the Internal  
263.10 Revenue Code, made by the decedent within three years of the date of death. For purposes  
263.11 of this clause, the amount of the addition equals the value of the gift under section 2512 of  
263.12 the Internal Revenue Code and excludes any value of the gift included in the federal estate.

263.13 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents  
263.14 dying after June 30, 2013.

263.15 Sec. 15. Minnesota Statutes 2016, section 291.03, subdivision 9, is amended to read:

263.16 Subd. 9. **Qualified small business property.** Property satisfying all of the following  
263.17 requirements is qualified small business property:

263.18 (1) The value of the property was included in the federal adjusted taxable estate.

263.19 (2) The property consists of the assets of a trade or business or shares of stock or other  
263.20 ownership interests in a corporation or other entity engaged in a trade or business. Shares  
263.21 of stock in a corporation or an ownership interest in another type of entity do not qualify  
263.22 under this subdivision if the shares or ownership interests are traded on a public stock  
263.23 exchange at any time during the three-year period ending on the decedent's date of death.  
263.24 For purposes of this subdivision, an ownership interest includes the interest the decedent is  
263.25 deemed to own under sections 2036, 2037, and 2038 of the Internal Revenue Code.

263.26 (3) During the taxable year that ended before the decedent's death, the trade or business  
263.27 must not have been a passive activity within the meaning of section 469(c) of the Internal  
263.28 Revenue Code, and the decedent or the decedent's spouse must have materially participated  
263.29 in the trade or business within the meaning of section 469(h) of the Internal Revenue Code,  
263.30 excluding section 469(h)(3) of the Internal Revenue Code and any other provision provided  
263.31 by United States Treasury Department regulation that substitutes material participation in

264.1 prior taxable years for material participation in the taxable year that ended before the  
264.2 decedent's death.

264.3 (4) The gross annual sales of the trade or business were \$10,000,000 or less for the last  
264.4 taxable year that ended before the date of the death of the decedent.

264.5 (5) The property does not ~~consist of~~ include:

264.6 (i) cash;

264.7 (ii) cash equivalents;

264.8 (iii) publicly traded securities; or

264.9 (iv) any assets not used in the operation of the trade or business.

264.10 (6) For property consisting of shares of stock or other ownership interests in an entity,  
264.11 the value of ~~cash, cash equivalents, publicly traded securities, or assets not used in the~~  
264.12 ~~operation of the trade or business held by the corporation or other entity~~ items described in  
264.13 clause (5) must be ~~deducted from the value of the property qualifying under this subdivision~~  
264.14 ~~in proportion to the decedent's share of ownership of the entity on the date of death~~ excluded  
264.15 in the valuation of the decedent's interest in the entity.

264.16 ~~(6)~~ (7) The decedent continuously owned the property, including property the decedent  
264.17 is deemed to own under sections 2036, 2037, and 2038 of the Internal Revenue Code, for  
264.18 the three-year period ending on the date of death of the decedent. In the case of a sole  
264.19 proprietor, if the property replaced similar property within the three-year period, the  
264.20 replacement property will be treated as having been owned for the three-year period ending  
264.21 on the date of death of the decedent.

264.22 ~~(7)~~ (8) For three years following the date of death of the decedent, the trade or business  
264.23 is not a passive activity within the meaning of section 469(c) of the Internal Revenue Code,  
264.24 and a family member materially participates in the operation of the trade or business within  
264.25 the meaning of section 469(h) of the Internal Revenue Code, excluding section 469(h)(3)  
264.26 of the Internal Revenue Code and any other provision provided by United States Treasury  
264.27 Department regulation that substitutes material participation in prior taxable years for  
264.28 material participation in the three years following the date of death of the decedent.

264.29 ~~(8)~~ (9) The estate and the qualified heir elect to treat the property as qualified small  
264.30 business property and agree, in the form prescribed by the commissioner, to pay the recapture  
264.31 tax under subdivision 11, if applicable.



265.1 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents  
265.2 dying after June 30, 2011.

265.3 Sec. 16. Minnesota Statutes 2016, section 291.03, subdivision 11, is amended to read:

265.4 Subd. 11. **Recapture tax.** (a) If, within three years after the decedent's death and before  
265.5 the death of the qualified heir, the qualified heir disposes of any interest in the qualified  
265.6 property, other than by a disposition to a family member, or a family member ceases to  
265.7 satisfy the requirement under subdivision 9, clause (7); or 10, clause (5), an additional estate  
265.8 tax is imposed on the property. In the case of a sole proprietor, if the qualified heir replaces  
265.9 qualified small business property excluded under subdivision 9 with similar property, then  
265.10 the qualified heir will not be treated as having disposed of an interest in the qualified property.

265.11 (b) The amount of the additional tax equals the amount of the exclusion claimed by the  
265.12 estate under subdivision 8, paragraph (d), multiplied by 16 percent.

265.13 (c) The additional tax under this subdivision is due on the day which is six months after  
265.14 the date of the disposition or cessation in paragraph (a).

265.15 (d) This subdivision shall not apply as a result of any of the following:

265.16 (1) a portion of qualified farm property consisting of less than one-fifth of the acreage  
265.17 of the property is reclassified as class 2b property under section 273.13, subdivision 23, and  
265.18 the qualified heir has not substantially altered the reclassified property during the three-year  
265.19 holding period; or

265.20 (2) a portion of qualified farm property classified as 2a property at the death of the  
265.21 decedent pursuant to section 273.13, subdivision 23, paragraph (a), consisting of a residence,  
265.22 garage, and immediately surrounding one acre of land is reclassified as 4bb property during  
265.23 the three-year holding period, and the qualified heir has not substantially altered the property.

265.24 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents  
265.25 dying after June 30, 2011.

265.26 Sec. 17. **REPEALER.**

265.27 (a) Minnesota Rules, part 8092.1400, is repealed.

265.28 (b) Minnesota Rules, part 8092.2000, is repealed.

265.29 **EFFECTIVE DATE.** Paragraph (a) is effective for taxable years beginning after  
265.30 December 31, 2016, except that notifications from the Department of Revenue to employers

266.1 regarding eligibility to file an annual return for taxes withheld in calendar year 2017 remain  
266.2 in force. Paragraph (b) is effective the day following final enactment.

266.3 **ARTICLE 14**

266.4 **DEPARTMENT OF REVENUE 2015-2016 POLICY AND TECHNICAL**  
266.5 **PROVISIONS; SPECIAL TAXES AND SALES AND USE TAXES**

266.6 Section 1. Minnesota Statutes 2016, section 69.021, subdivision 5, is amended to read:

266.7 Subd. 5. **Calculation of state aid.** (a) The amount of fire state aid available for  
266.8 apportionment, before the addition of the minimum fire state aid allocation amount under  
266.9 subdivision 7, is equal to 107 percent of the amount of premium taxes paid to the state upon  
266.10 the fire, lightning, sprinkler leakage, and extended coverage premiums reported to the  
266.11 commissioner by insurers on the Minnesota Firetown Premium Report. This amount must  
266.12 be reduced by the amount required to pay the state auditor's costs and expenses of the audits  
266.13 or exams of the firefighters relief associations.

266.14 The total amount for apportionment in respect to fire state aid must not be less than two  
266.15 percent of the premiums reported to the commissioner by insurers on the Minnesota Firetown  
266.16 Premium Report after subtracting the following amounts:

266.17 (1) the amount required to pay the state auditor's costs and expenses of the audits or  
266.18 exams of the firefighters relief associations; and

266.19 (2) one percent of the premiums reported by ~~town and farmers'~~ township mutual insurance  
266.20 companies and mutual property and casualty companies with total assets of \$5,000,000 or  
266.21 less.

266.22 (b) The total amount for apportionment as police state aid is equal to 104 percent of the  
266.23 amount of premium taxes paid to the state on the premiums reported to the commissioner  
266.24 by insurers on the Minnesota Aid to Police Premium Report. The total amount for  
266.25 apportionment in respect to the police state aid program must not be less than two percent  
266.26 of the amount of premiums reported to the commissioner by insurers on the Minnesota Aid  
266.27 to Police Premium Report.

266.28 (c) The commissioner shall calculate the percentage of increase or decrease reflected in  
266.29 the apportionment over or under the previous year's available state aid using the same  
266.30 premiums as a basis for comparison.

266.31 (d) In addition to the amount for apportionment of police state aid under paragraph (b),  
266.32 each year \$100,000 must be apportioned for police state aid. An amount sufficient to pay  
266.33 this increase is annually appropriated from the general fund.

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

267.2 Sec. 2. Minnesota Statutes 2016, section 289A.38, subdivision 6, is amended to read:

267.3 Subd. 6. **Omission in excess of 25 percent.** Additional taxes may be assessed within  
267.4 6-1/2 years after the due date of the return or the date the return was filed, whichever is  
267.5 later, if:

267.6 (1) the taxpayer omits from gross income an amount properly includable in it that is in  
267.7 excess of 25 percent of the amount of gross income stated in the return;

267.8 (2) the taxpayer omits from a sales, use, or withholding tax return, or a return for a tax  
267.9 imposed under section 295.52, an amount of taxes in excess of 25 percent of the taxes  
267.10 reported in the return; or

267.11 (3) the taxpayer omits from the gross estate assets in excess of 25 percent of the gross  
267.12 estate reported in the return.

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

267.14 Sec. 3. Minnesota Statutes 2016, section 290.0922, subdivision 2, is amended to read:

267.15 Subd. 2. **Exemptions.** The following entities are exempt from the tax imposed by this  
267.16 section:

267.17 (1) corporations exempt from tax under section 290.05;

267.18 (2) real estate investment trusts;

267.19 (3) regulated investment companies or a fund thereof; and

267.20 (4) entities having a valid election in effect under section 860D(b) of the Internal Revenue  
267.21 Code;

267.22 (5) ~~town and farmers'~~ township mutual insurance companies;

267.23 (6) cooperatives organized under chapter 308A or 308B that provide housing exclusively  
267.24 to persons age 55 and over and are classified as homesteads under section 273.124,  
267.25 subdivision 3; and

267.26 (7) a qualified business as defined under section 469.310, subdivision 11, if for the  
267.27 taxable year all of its property is located in a job opportunity building zone designated under  
267.28 section 469.314 and all of its payroll is a job opportunity building zone payroll under section  
267.29 469.310.

268.1 Entities not specifically exempted by this subdivision are subject to tax under this section,  
268.2 notwithstanding section 290.05.

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

268.4 Sec. 4. Minnesota Statutes 2016, section 295.54, subdivision 2, is amended to read:

268.5 Subd. 2. **Pharmacy refund.** A pharmacy may claim an annual refund against the total  
268.6 amount of tax, if any, the pharmacy owes during that calendar year under section 295.52,  
268.7 subdivision 4. The refund shall equal the amount paid by the pharmacy to a wholesale drug  
268.8 distributor subject to tax under section 295.52, subdivision 3, for legend drugs delivered by  
268.9 the pharmacy outside of Minnesota, multiplied by the tax percentage specified in section  
268.10 295.52, subdivision 3. If the amount of the refund exceeds the tax liability of the pharmacy  
268.11 under section 295.52, subdivision 4, the commissioner shall provide the pharmacy with a  
268.12 refund equal to the excess amount. Each qualifying pharmacy must apply for the refund on  
268.13 the annual return as ~~provided under section 295.55, subdivision 5~~ prescribed by the  
268.14 commissioner, on or before March 15 of the year following the calendar year the legend  
268.15 drugs were delivered outside Minnesota. The refund ~~must be claimed within 18 months~~  
268.16 ~~from the date the drugs were delivered outside of Minnesota~~ shall not be allowed if the  
268.17 initial claim for refund is filed more than one year after the original due date of the return.  
268.18 Interest on refunds paid under this subdivision will begin to accrue 60 days after the date a  
268.19 claim for refund is filed. For purposes of this subdivision, the date a claim is filed is the due  
268.20 date of the return if a return is due or the date of the actual claim for refund, whichever is  
268.21 later.

268.22 **EFFECTIVE DATE.** This section is effective for qualifying legend drugs delivered  
268.23 outside Minnesota after December 31, 2016.

268.24 Sec. 5. Minnesota Statutes 2016, section 296A.01, is amended by adding a subdivision to  
268.25 read:

268.26 Subd. 9a. **Bulk storage or bulk storage facility.** "Bulk storage" or "bulk storage facility"  
268.27 means a single property, or contiguous or adjacent properties used for a common purpose  
268.28 and owned or operated by the same person, on or in which are located one or more stationary  
268.29 tanks that are used singularly or in combination for the storage or containment of more than  
268.30 1,100 gallons of petroleum.

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

269.1 Sec. 6. Minnesota Statutes 2016, section 296A.01, subdivision 33, is amended to read:

269.2 Subd. 33. **Motor fuel.** "Motor fuel" means a liquid or gaseous form of fuel, regardless  
269.3 of its composition or properties, used to propel a motor vehicle.

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

269.5 Sec. 7. Minnesota Statutes 2016, section 296A.01, subdivision 42, is amended to read:

269.6 Subd. 42. **Petroleum products.** "Petroleum products" means all of the products defined  
269.7 in subdivisions 2, 7, 8, 8a, 8b, 10, 14, 16, 19, 20, 22 to 26, 28, 32, and 35.

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

269.9 Sec. 8. Minnesota Statutes 2016, section 296A.07, subdivision 1, is amended to read:

269.10 Subdivision 1. **Tax imposed.** There is imposed an excise tax on gasoline, gasoline  
269.11 blended with ethanol, and agricultural alcohol gasoline used in producing and generating  
269.12 power for propelling motor vehicles used on the public highways of this state. The tax is  
269.13 imposed on the first licensed distributor who received the product in Minnesota. For purposes  
269.14 of this section, gasoline is defined in section 296A.01, subdivisions 8b, 10, 18, 20, 23, 24,  
269.15 25, 32, and 34. The tax is payable at the time and in the form and manner prescribed by the  
269.16 commissioner. The tax is payable at the rates specified in subdivision 3, subject to the  
269.17 exceptions and reductions specified in section 296A.17.

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

269.19 Sec. 9. Minnesota Statutes 2016, section 297A.82, subdivision 4, is amended to read:

269.20 Subd. 4. **Exemptions.** (a) The following transactions are exempt from the tax imposed  
269.21 in this chapter to the extent provided.

269.22 (b) The purchase or use of aircraft previously registered in Minnesota by a corporation  
269.23 or partnership is exempt if the transfer constitutes a transfer within the meaning of section  
269.24 351 or 721 of the Internal Revenue Code.

269.25 (c) The sale to or purchase, storage, use, or consumption by a licensed aircraft dealer of  
269.26 an aircraft for which a commercial use permit has been issued pursuant to section 360.654  
269.27 is exempt, if the aircraft is resold while the permit is in effect.

269.28 (d) Air flight equipment when sold to, or purchased, stored, used, or consumed by airline  
269.29 companies, as defined in section 270.071, subdivision 4, is exempt. For purposes of this  
269.30 subdivision, "air flight equipment" includes airplanes and parts necessary for the repair and

270.1 maintenance of such air flight equipment, and flight simulators, but does not include ~~airplanes~~  
270.2 aircraft with a gross maximum takeoff weight of less than 30,000 pounds that are used on  
270.3 intermittent or irregularly timed flights.

270.4 (e) Sales of, and the storage, distribution, use, or consumption of aircraft, as defined in  
270.5 section 360.511 and approved by the Federal Aviation Administration, and which the seller  
270.6 delivers to a purchaser outside Minnesota or which, without intermediate use, is shipped or  
270.7 transported outside Minnesota by the purchaser are exempt, but only if the purchaser is not  
270.8 a resident of Minnesota and provided that the aircraft is not thereafter returned to a point  
270.9 within Minnesota, except in the course of interstate commerce or isolated and occasional  
270.10 use, and will be registered in another state or country upon its removal from Minnesota.  
270.11 This exemption applies even if the purchaser takes possession of the aircraft in Minnesota  
270.12 and uses the aircraft in the state exclusively for training purposes for a period not to exceed  
270.13 ten days prior to removing the aircraft from this state.

270.14 (f) The sale or purchase of the following items that relate to aircraft operated under  
270.15 Federal Aviation Regulations, Parts 91 and 135, and associated installation charges:  
270.16 equipment and parts necessary for repair and maintenance of aircraft; and equipment and  
270.17 parts to upgrade and improve aircraft.

270.18 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
270.19 December 31, 2017.

270.20 Sec. 10. Minnesota Statutes 2016, section 297A.82, subdivision 4a, is amended to read:

270.21 Subd. 4a. **Deposit in state airports fund.** Tax revenue, including interest and penalties,  
270.22 collected from the sale or purchase of an aircraft taxable under this chapter must be deposited  
270.23 in the state airports fund established in section 360.017. For purposes of this subdivision,  
270.24 "revenue" does not include the revenue, including interest and penalties, generated by the  
270.25 sales tax imposed under section 297A.62, subdivision 1a, which must be deposited as  
270.26 provided under article XI, section 15, of the Minnesota Constitution.

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

270.28 Sec. 11. Minnesota Statutes 2016, section 297E.02, subdivision 7, is amended to read:

270.29 Subd. 7. **Untaxed gambling product.** (a) In addition to penalties or criminal sanctions  
270.30 imposed by this chapter, a person, organization, or business entity possessing or selling a  
270.31 pull-tab, electronic pull-tab game, raffle board, or tipboard upon which the tax imposed by  
270.32 this chapter has not been paid is liable for a tax of six percent of the ideal gross of each

271.1 pull-tab, electronic pull-tab game, raffle board, or tipboard. The tax on a partial deal must  
271.2 be assessed as if it were a full deal.

271.3 (b) In addition to penalties and criminal sanctions imposed by this chapter, a person (1)  
271.4 not licensed by the board who conducts bingo, linked bingo, electronic linked bingo, raffles,  
271.5 or paddlewheel games, or (2) who conducts gambling prohibited under sections 609.75 to  
271.6 609.763, other than activities subject to tax under section 297E.03, is liable for a tax of six  
271.7 percent of the gross receipts from that activity.

271.8 (c) The tax ~~must~~ may be assessed by the commissioner. An assessment must be considered  
271.9 a jeopardy assessment or jeopardy collection as provided in section 270C.36. The  
271.10 commissioner shall assess the tax based on personal knowledge or information available to  
271.11 the commissioner. The commissioner shall mail to the taxpayer at the taxpayer's last known  
271.12 address, or serve in person, a written notice of the amount of tax, demand its immediate  
271.13 payment, and, if payment is not immediately made, collect the tax by any method described  
271.14 in chapter 270C, except that the commissioner need not await the expiration of the times  
271.15 specified in chapter 270C. The tax assessed by the commissioner is presumed to be valid  
271.16 and correctly determined and assessed. The burden is upon the taxpayer to show its  
271.17 incorrectness or invalidity. The tax imposed under this subdivision does not apply to gambling  
271.18 that is exempt from taxation under subdivision 2.

271.19 (d) A person, organization, or business entity conducting gambling activity under this  
271.20 subdivision must file monthly tax returns with the commissioner, in the form required by  
271.21 the commissioner. The returns must be filed on or before the 20th day of the month following  
271.22 the month in which the gambling activity occurred. The tax imposed by this section is due  
271.23 and payable at the time when the returns are required to be filed.

271.24 (e) Notwithstanding any law to the contrary, neither the commissioner nor a public  
271.25 employee may reveal facts contained in a tax return filed with the commissioner of revenue  
271.26 as required by this subdivision, nor can any information contained in the report or return  
271.27 be used against the tax obligor in any criminal proceeding, unless independently obtained,  
271.28 except in connection with a proceeding involving taxes due under this section, or as provided  
271.29 in section 270C.055, subdivision 1. However, this paragraph does not prohibit the  
271.30 commissioner from publishing statistics that do not disclose the identity of tax obligors or  
271.31 the contents of particular returns or reports. Any person violating this paragraph is guilty  
271.32 of a gross misdemeanor.

271.33 **EFFECTIVE DATE.** This section is effective for games played or purchased after June  
271.34 30, 2017.

272.1 Sec. 12. Minnesota Statutes 2016, section 297H.06, subdivision 2, is amended to read:

272.2 Subd. 2. **Materials.** The tax is not imposed upon charges to generators of mixed municipal  
272.3 solid waste or upon the volume of nonmixed municipal solid waste for waste management  
272.4 services to manage the following materials:

272.5 (1) mixed municipal solid waste and nonmixed municipal solid waste generated outside  
272.6 of Minnesota;

272.7 (2) recyclable materials that are separated for recycling by the generator, collected  
272.8 separately from other waste, and recycled, to the extent the price of the service for handling  
272.9 recyclable material is separately itemized on a bill to the generator;

272.10 (3) recyclable nonmixed municipal solid waste that is separated for recycling by the  
272.11 generator, collected separately from other waste, delivered to a waste facility for the purpose  
272.12 of recycling, and recycled;

272.13 (4) industrial waste, when it is transported to a facility owned and operated by the same  
272.14 person that generated it;

272.15 (5) mixed municipal solid waste from a recycling facility that separates or processes  
272.16 recyclable materials and reduces the volume of the waste by at least 85 percent, provided  
272.17 that the exempted waste is managed separately from other waste;

272.18 (6) recyclable materials that are separated from mixed municipal solid waste by the  
272.19 generator, collected and delivered to a waste facility that recycles at least 85 percent of its  
272.20 waste, and are collected with mixed municipal solid waste that is segregated in leakproof  
272.21 bags, provided that the mixed municipal solid waste does not exceed five percent of the  
272.22 total weight of the materials delivered to the facility and is ultimately delivered to a waste  
272.23 facility identified as a preferred waste management facility in county solid waste plans  
272.24 under section 115A.46;

272.25 (7) source-separated compostable ~~waste~~ materials, if the ~~waste is~~ materials are delivered  
272.26 to a facility exempted as described in this clause. To initially qualify for an exemption, a  
272.27 facility must apply for an exemption in its application for a new or amended solid waste  
272.28 permit to the Pollution Control Agency. The first time a facility applies to the agency it  
272.29 must certify in its application that it will comply with the criteria in items (i) to (v) and the  
272.30 commissioner of the agency shall so certify to the commissioner of revenue who must grant  
272.31 the exemption. The facility must annually apply to the agency for certification to renew its  
272.32 exemption for the following year. The application must be filed according to the procedures  
272.33 of, and contain the information required by, the agency. The commissioner of revenue shall



273.1 grant the exemption if the commissioner of the Pollution Control Agency finds and certifies  
 273.2 to the commissioner of revenue that based on an evaluation of the composition of incoming  
 273.3 waste and residuals and the quality and use of the product:

273.4 (i) generators separate materials at the source;

273.5 (ii) the separation is performed in a manner appropriate to the technology specific to the  
 273.6 facility that:

273.7 (A) maximizes the quality of the product;

273.8 (B) minimizes the toxicity and quantity of ~~residuals~~ rejects; and

273.9 (C) provides an opportunity for significant improvement in the environmental efficiency  
 273.10 of the operation;

273.11 (iii) the operator of the facility educates generators, in coordination with each county  
 273.12 using the facility, about separating the waste to maximize the quality of the waste stream  
 273.13 for technology specific to the facility;

273.14 (iv) process ~~residuals~~ rejects do not exceed 15 percent of the weight of the total material  
 273.15 delivered to the facility; and

273.16 (v) the final product is accepted for use;

273.17 (8) waste and waste by-products for which the tax has been paid; and

273.18 (9) daily cover for landfills that has been approved in writing by the Minnesota Pollution  
 273.19 Control Agency.

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

273.21 Sec. 13. Minnesota Statutes 2016, section 297I.05, subdivision 2, is amended to read:

273.22 Subd. 2. ~~Town and farmers'~~ **Township mutual insurance.** A tax is imposed on ~~town~~  
 273.23 ~~and farmers'~~ township mutual insurance companies. The rate of tax is equal to one percent  
 273.24 of gross premiums less return premiums on all direct business received by the insurer or  
 273.25 agents of the insurer in Minnesota, in cash or otherwise, during the year.

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

273.27 Sec. 14. Minnesota Statutes 2016, section 297I.10, subdivision 1, is amended to read:

273.28 Subdivision 1. **Cities of the first class.** (a) The commissioner shall order and direct a  
 273.29 surcharge to be collected of two percent of the fire, lightning, and sprinkler leakage gross  
 273.30 premiums, less return premiums, on all direct business received by any licensed foreign or

274.1 domestic fire insurance company on property in a city of the first class, or by its agents for  
274.2 it, in cash or otherwise.

274.3 (b) By July 31 and December 31 of each year, the commissioner of ~~management and~~  
274.4 ~~budget~~ shall pay to each city of the first class a warrant for an amount equal to the total  
274.5 amount of the surcharge on the premiums collected within that city since the previous  
274.6 payment.

274.7 (c) The treasurer of the city shall place the money received under this subdivision in a  
274.8 special account or fund to defray all or a portion of the employer contribution requirement  
274.9 of public employees police and fire plan coverage for city firefighters.

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

274.11 Sec. 15. Minnesota Statutes 2016, section 297I.10, subdivision 3, is amended to read:

274.12 Subd. 3. **Appropriation.** The amount necessary to make the payments required under  
274.13 this section is appropriated to the commissioner of ~~management and budget~~ from the general  
274.14 fund.

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

274.16 Sec. 16. Minnesota Statutes 2016, section 298.01, subdivision 4c, is amended to read:

274.17 Subd. 4c. **Special deductions; net operating loss.** ~~(a)~~ For purposes of determining  
274.18 taxable income under subdivision 4, the provisions of sections 290.0133, subdivisions 7  
274.19 and 9, and 290.0134, subdivisions 7 and 9, are not used to determine taxable income.

274.20 ~~(b) The amount of net operating loss incurred in a taxable year beginning before January~~  
274.21 ~~1, 1990, that may be carried over to a taxable year beginning after December 31, 1989, is~~  
274.22 ~~the amount of net operating loss carryover determined in the calculation of the hypothetical~~  
274.23 ~~corporate franchise tax under Minnesota Statutes 1988, sections 298.40 and 298.402.~~

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

274.25

## ARTICLE 15

274.26

### DEPARTMENT OF REVENUE 2015-2016 POLICY AND TECHNICAL PROVISIONS; PROPERTY TAX

274.27

274.28 Section 1. Minnesota Statutes 2016, section 13.51, subdivision 2, is amended to read:

275.1 Subd. 2. **Income property assessment data.** The following data collected by political  
275.2 subdivisions and the state from individuals or business entities concerning income properties  
275.3 are classified as private or nonpublic data pursuant to section 13.02, subdivisions 9 and 12:

275.4 (a) detailed income and expense figures;

275.5 (b) average vacancy factors;

275.6 (c) verified net rentable areas or net usable areas, whichever is appropriate;

275.7 (d) anticipated income and expenses;

275.8 (e) projected vacancy factors; and

275.9 (f) lease information.

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

275.11 Sec. 2. Minnesota Statutes 2016, section 270.071, subdivision 2, is amended to read:

275.12 Subd. 2. **Air commerce.** ~~(a)~~ "Air commerce" means the transportation by aircraft of  
275.13 persons or property for hire in interstate, intrastate, or international transportation on regularly  
275.14 scheduled flights or on intermittent or irregularly timed flights by airline companies and  
275.15 includes transportation by any airline company making three or more flights in or out of  
275.16 Minnesota, or within Minnesota, during a calendar year.

275.17 ~~(b) "Air commerce" includes but is not limited to an intermittent or irregularly timed~~  
275.18 ~~flight, a flight arranged at the convenience of an airline and the person contracting for the~~  
275.19 ~~transportation, or a charter flight. It includes any airline company making three or more~~  
275.20 ~~flights in or out of Minnesota during a calendar year.~~

275.21 ~~(c) "Air commerce" does not include casual transportation for hire by aircraft commonly~~  
275.22 ~~owned and used for private air flight purposes if the person furnishing the transportation~~  
275.23 ~~does not hold out to be engaged regularly in transportation for hire.~~

275.24 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

275.25 Sec. 3. Minnesota Statutes 2016, section 270.071, subdivision 7, is amended to read:

275.26 Subd. 7. **Flight property.** "Flight property" means all aircraft and flight equipment used  
275.27 in connection therewith, including spare flight equipment. Flight property also includes  
275.28 computers and computer software used in operating, controlling, or regulating aircraft and  
275.29 flight equipment. Flight property does not include aircraft with a maximum takeoff weight  
275.30 of less than 30,000 pounds.

276.1 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

276.2 Sec. 4. Minnesota Statutes 2016, section 270.071, subdivision 8, is amended to read:

276.3 Subd. 8. **Person.** "Person" means any an individual, corporation, firm, copartnership,  
 276.4 company, or association, and includes any guardian, trustee, executor, administrator, receiver,  
 276.5 conservator, or any person acting in any fiduciary capacity therefor trust, estate, fiduciary,  
 276.6 partnership, company, corporation, limited liability company, association, governmental  
 276.7 unit or agency, public or private organization of any kind, or other legal entity.

276.8 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

276.9 Sec. 5. Minnesota Statutes 2016, section 270.071, is amended by adding a subdivision to  
 276.10 read:

276.11 Subd. 10. **Intermittent or irregularly timed flights.** "Intermittently or irregularly timed  
 276.12 flights" means any flight in which the departure time, departure location, and arrival location  
 276.13 are specifically negotiated with the customer or the customer's representative, including but  
 276.14 not limited to charter flights.

276.15 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

276.16 Sec. 6. Minnesota Statutes 2016, section 270.072, subdivision 2, is amended to read:

276.17 Subd. 2. **Assessment of flight property.** Flight property that is owned by, or is leased,  
 276.18 loaned, or otherwise made available to an airline company operating in Minnesota shall be  
 276.19 assessed and appraised annually by the commissioner with reference to its value on January  
 276.20 2 of the assessment year in the manner prescribed by sections 270.071 to 270.079. ~~Aircraft~~  
 276.21 ~~with a gross weight of less than 30,000 pounds and used on intermittent or irregularly timed~~  
 276.22 ~~flights shall be excluded from the provisions of sections 270.071 to 270.079.~~

276.23 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

276.24 Sec. 7. Minnesota Statutes 2016, section 270.072, subdivision 3, is amended to read:

276.25 Subd. 3. **Report by airline company.** (a) Each year, on or before July 1, every airline  
 276.26 company engaged in air commerce in this state shall file with the commissioner a report  
 276.27 under oath setting forth specifically the information prescribed by the commissioner to  
 276.28 enable the commissioner to make the assessment required in sections 270.071 to 270.079,  
 276.29 unless the commissioner determines that the airline company ~~or person should be excluded~~

277.1 ~~from is exempt from filing because its activities do not constitute air commerce as defined~~  
277.2 ~~herein.~~

277.3 (b) The commissioner shall prescribe the content, format, and manner of the report  
277.4 pursuant to section 270C.30, except that a "law administered by the commissioner" includes  
277.5 the property tax laws. If a report is made by electronic means, the taxpayer's signature is  
277.6 defined pursuant to section 270C.304, except that a "law administered by the commissioner"  
277.7 includes the property tax laws.

277.8 **EFFECTIVE DATE.** The amendment to paragraph (a) is effective for reports filed in  
277.9 2018 and thereafter. The amendment adding paragraph (b) is effective the day following  
277.10 final enactment.

277.11 Sec. 8. Minnesota Statutes 2016, section 270.072, is amended by adding a subdivision to  
277.12 read:

277.13 Subd. 3a. **Commissioner filed reports.** If an airline company fails to file a report required  
277.14 by subdivision 3, the commissioner may, from information in the commissioner's possession  
277.15 or obtainable by the commissioner, make and file a report for the airline company, or may  
277.16 issue a notice of net tax capacity and tax under section 270.075, subdivision 2.

277.17 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

277.18 Sec. 9. Minnesota Statutes 2016, section 270.12, is amended by adding a subdivision to  
277.19 read:

277.20 Subd. 6. **Reassessment orders.** If the State Board of Equalization determines that a  
277.21 considerable amount of property has been undervalued or overvalued compared to like  
277.22 property such that the assessment is grossly unfair or inequitable, the State Board of  
277.23 Equalization may, pursuant to its responsibilities under subdivisions 2 and 3, issue orders  
277.24 to the county assessor to reassess all parcels or an identified set of parcels in a county.

277.25 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

277.26 Sec. 10. Minnesota Statutes 2016, section 270C.89, subdivision 1, is amended to read:

277.27 Subdivision 1. **Initial report.** Each county assessor shall file by April 1 with the  
277.28 commissioner a copy of the abstract that will be acted upon by the local and county boards  
277.29 of review. The abstract must list the real and personal property in the county itemized by  
277.30 assessment districts. The assessor of each county in the state shall file with the commissioner,  
277.31 within ten working days following final action of the local board of review or equalization

278.1 and within five days following final action of the county board of equalization, any changes  
 278.2 made by the local or county board. The information must be filed in the manner prescribed  
 278.3 by the commissioner. ~~It must be accompanied by a printed or typewritten copy of the~~  
 278.4 ~~proceedings of the appropriate board.~~

278.5 **EFFECTIVE DATE.** This section is effective for local and county boards of appeal  
 278.6 and equalization meetings held in 2017 and thereafter.

278.7 Sec. 11. Minnesota Statutes 2016, section 272.02, subdivision 9, is amended to read:

278.8 Subd. 9. **Personal property; exceptions.** Except for the taxable personal property  
 278.9 enumerated below, all personal property and the property described in section 272.03,  
 278.10 subdivision 1, paragraphs (c) and (d), shall be exempt.

278.11 The following personal property shall be taxable:

278.12 (a) personal property which is part of (1) an electric generating, transmission, or  
 278.13 distribution system ~~or~~; (2) a pipeline system transporting or distributing ~~water, gas, crude~~  
 278.14 ~~oil, or petroleum~~ products; or (3) mains and pipes used in the distribution of steam or hot  
 278.15 or chilled water for heating or cooling buildings and structures;

278.16 (b) railroad docks and wharves which are part of the operating property of a railroad  
 278.17 company as defined in section 270.80;

278.18 (c) personal property defined in section 272.03, subdivision 2, clause (3);

278.19 (d) leasehold or other personal property interests which are taxed pursuant to section  
 278.20 272.01, subdivision 2; 273.124, subdivision 7; or 273.19, subdivision 1; or any other law  
 278.21 providing the property is taxable as if the lessee or user were the fee owner;

278.22 (e) manufactured homes and sectional structures, including storage sheds, decks, and  
 278.23 similar removable improvements constructed on the site of a manufactured home, sectional  
 278.24 structure, park trailer or travel trailer as provided in section 273.125, subdivision 8, paragraph  
 278.25 (f); and

278.26 (f) flight property as defined in section 270.071.

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

278.28 Sec. 12. Minnesota Statutes 2016, section 272.029, subdivision 2, is amended to read:

278.29 Subd. 2. **Definitions.** (a) For the purposes of this section, ~~the term~~:

279.1 (1) "wind energy conversion system" has the meaning given in section 216C.06,  
279.2 subdivision 19, and also includes a substation that is used and owned by one or more wind  
279.3 energy conversion facilities;

279.4 (2) "large scale wind energy conversion system" means a wind energy conversion system  
279.5 of more than 12 megawatts, as measured by the nameplate capacity of the system or as  
279.6 combined with other systems as provided in paragraph (b);

279.7 (3) "medium scale wind energy conversion system" means a wind energy conversion  
279.8 system of over two and not more than 12 megawatts, as measured by the nameplate capacity  
279.9 of the system or as combined with other systems as provided in paragraph (b); and

279.10 (4) "small scale wind energy conversion system" means a wind energy conversion system  
279.11 of two megawatts and under, as measured by the nameplate capacity of the system or as  
279.12 combined with other systems as provided in paragraph (b).

279.13 (b) For systems installed and contracted for after January 1, 2002, the total size of a  
279.14 wind energy conversion system under this subdivision shall be determined according to this  
279.15 paragraph. Unless the systems are interconnected with different distribution systems, the  
279.16 nameplate capacity of one wind energy conversion system shall be combined with the  
279.17 nameplate capacity of any other wind energy conversion system that is:

279.18 (1) located within five miles of the wind energy conversion system;

279.19 (2) constructed within the same ~~calendar year~~ 12-month period as the wind energy  
279.20 conversion system; and

279.21 (3) under common ownership.

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

279.24 (c) In making a determination under paragraph (b), the commissioner of commerce may  
279.25 determine that two wind energy conversion systems are under common ownership when  
279.26 the underlying ownership structure contains similar persons or entities, even if the ownership  
279.27 shares differ between the two systems. Wind energy conversion systems are not under  
279.28 common ownership solely because the same person or entity provided equity financing for  
279.29 the systems.

279.30 **EFFECTIVE DATE.** This section is effective for reports filed in 2018 and thereafter.

280.1 Sec. 13. Minnesota Statutes 2016, section 272.029, is amended by adding a subdivision  
280.2 to read:

280.3 Subd. 8. **Extension.** The commissioner may, for good cause, extend the time for filing  
280.4 the report required by subdivision 4. The extension must not exceed 15 days.

280.5 **EFFECTIVE DATE.** This section is effective for reports filed in 2018 and thereafter.

280.6 Sec. 14. Minnesota Statutes 2016, section 273.061, subdivision 7, is amended to read:

280.7 Subd. 7. **Division of duties between local and county assessor.** The duty of the duly  
280.8 appointed local assessor shall be to view and appraise the value of all property as provided  
280.9 by law, but all the book work shall be done by the county assessor, or the assessor's assistants,  
280.10 and the value of all property subject to assessment and taxation shall be determined by the  
280.11 county assessor, except as otherwise hereinafter provided. If directed by the county assessor,  
280.12 the local assessor ~~shall~~ must perform the duties enumerated in subdivision 8, clause (16),  
280.13 and must enter construction and valuation data into the records in the manner prescribed  
280.14 by the county assessor.

280.15 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

280.16 Sec. 15. Minnesota Statutes 2016, section 273.08, is amended to read:

280.17 **273.08 ASSESSOR'S DUTIES.**

280.18 The assessor shall actually view, and determine the market value of each tract or lot of  
280.19 real property listed for taxation, including the value of all improvements and structures  
280.20 thereon, at maximum intervals of five years and shall enter the value opposite each  
280.21 description. When directed by the county assessor, local assessors must enter construction  
280.22 and valuation data into the records in the manner prescribed by the county assessor.

280.23 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

280.24 Sec. 16. Minnesota Statutes 2016, section 273.121, is amended by adding a subdivision  
280.25 to read:

280.26 Subd. 3. **Compliance.** A county assessor, or a city assessor having the powers of a  
280.27 county assessor, who does not comply with the timely notice requirement under subdivision  
280.28 1 must:

280.29 (1) mail an additional valuation notice to each person who was not provided timely  
280.30 notice; and



281.1 (2) convene a supplemental local board of appeal and equalization or local review session  
281.2 no sooner than ten days after sending the additional notices required by clause (1).

281.3 **EFFECTIVE DATE.** This section is effective for valuation notices sent in 2018 and  
281.4 thereafter.

281.5 Sec. 17. Minnesota Statutes 2016, section 273.13, subdivision 22, is amended to read:

281.6 Subd. 22. **Class 1.** (a) Except as provided in subdivision 23 and in paragraphs (b) and  
281.7 (c), real estate which is residential and used for homestead purposes is class 1a. In the case  
281.8 of a duplex or triplex in which one of the units is used for homestead purposes, the entire  
281.9 property is deemed to be used for homestead purposes. The market value of class 1a property  
281.10 must be determined based upon the value of the house, garage, and land.

281.11 The first \$500,000 of market value of class 1a property has a net classification rate of  
281.12 one percent of its market value; and the market value of class 1a property that exceeds  
281.13 \$500,000 has a classification rate of 1.25 percent of its market value.

281.14 (b) Class 1b property includes homestead real estate or homestead manufactured homes  
281.15 used for the purposes of a homestead by:

281.16 (1) any person who is blind as defined in section 256D.35, or the blind person and the  
281.17 blind person's spouse;

281.18 (2) any person who is permanently and totally disabled or by the disabled person and  
281.19 the disabled person's spouse; or

281.20 (3) the surviving spouse of a permanently and totally disabled veteran homesteading a  
281.21 property classified under this paragraph for taxes payable in 2008.

281.22 Property is classified and assessed under clause (2) only if the government agency or  
281.23 income-providing source certifies, upon the request of the homestead occupant, that the  
281.24 homestead occupant satisfies the disability requirements of this paragraph, and that the  
281.25 property is not eligible for the valuation exclusion under subdivision 34.

281.26 Property is classified and assessed under paragraph (b) only if the commissioner of  
281.27 revenue or the county assessor certifies that the homestead occupant satisfies the requirements  
281.28 of this paragraph.

281.29 Permanently and totally disabled for the purpose of this subdivision means a condition  
281.30 which is permanent in nature and totally incapacitates the person from working at an  
281.31 occupation which brings the person an income. The first \$50,000 market value of class 1b  
281.32 property has a net classification rate of .45 percent of its market value. The remaining market

282.1 value of class 1b property ~~has a classification rate using the rates for~~ is classified as class  
282.2 1a or class 2a property, whichever is appropriate, ~~of similar market value.~~

282.3 (c) Class 1c property is commercial use real and personal property that abuts public  
282.4 water as defined in section 103G.005, subdivision 15, and is devoted to temporary and  
282.5 seasonal residential occupancy for recreational purposes but not devoted to commercial  
282.6 purposes for more than 250 days in the year preceding the year of assessment, and that  
282.7 includes a portion used as a homestead by the owner, which includes a dwelling occupied  
282.8 as a homestead by a shareholder of a corporation that owns the resort, a partner in a  
282.9 partnership that owns the resort, or a member of a limited liability company that owns the  
282.10 resort even if the title to the homestead is held by the corporation, partnership, or limited  
282.11 liability company. For purposes of this paragraph, property is devoted to a commercial  
282.12 purpose on a specific day if any portion of the property, excluding the portion used  
282.13 exclusively as a homestead, is used for residential occupancy and a fee is charged for  
282.14 residential occupancy. Class 1c property must contain three or more rental units. A "rental  
282.15 unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual camping  
282.16 site equipped with water and electrical hookups for recreational vehicles. Class 1c property  
282.17 must provide recreational activities such as the rental of ice fishing houses, boats and motors,  
282.18 snowmobiles, downhill or cross-country ski equipment; provide marina services, launch  
282.19 services, or guide services; or sell bait and fishing tackle. Any unit in which the right to use  
282.20 the property is transferred to an individual or entity by deeded interest, or the sale of shares  
282.21 or stock, no longer qualifies for class 1c even though it may remain available for rent. A  
282.22 camping pad offered for rent by a property that otherwise qualifies for class 1c is also class  
282.23 1c, regardless of the term of the rental agreement, as long as the use of the camping pad  
282.24 does not exceed 250 days. If the same owner owns two separate parcels that are located in  
282.25 the same township, and one of those properties is classified as a class 1c property and the  
282.26 other would be eligible to be classified as a class 1c property if it was used as the homestead  
282.27 of the owner, both properties will be assessed as a single class 1c property; for purposes of  
282.28 this sentence, properties are deemed to be owned by the same owner if each of them is  
282.29 owned by a limited liability company, and both limited liability companies have the same  
282.30 membership. The portion of the property used as a homestead is class 1a property under  
282.31 paragraph (a). The remainder of the property is classified as follows: the first \$600,000 of  
282.32 market value is tier I, the next \$1,700,000 of market value is tier II, and any remaining  
282.33 market value is tier III. The classification rates for class 1c are: tier I, 0.50 percent; tier II,  
282.34 1.0 percent; and tier III, 1.25 percent. Owners of real and personal property devoted to  
282.35 temporary and seasonal residential occupancy for recreation purposes in which all or a  
282.36 portion of the property was devoted to commercial purposes for not more than 250 days in

283.1 the year preceding the year of assessment desiring classification as class 1c, must submit a  
 283.2 declaration to the assessor designating the cabins or units occupied for 250 days or less in  
 283.3 the year preceding the year of assessment by January 15 of the assessment year. Those  
 283.4 cabins or units and a proportionate share of the land on which they are located must be  
 283.5 designated as class 1c as otherwise provided. The remainder of the cabins or units and a  
 283.6 proportionate share of the land on which they are located must be designated as class 3a  
 283.7 commercial. The owner of property desiring designation as class 1c property must provide  
 283.8 guest registers or other records demonstrating that the units for which class 1c designation  
 283.9 is sought were not occupied for more than 250 days in the year preceding the assessment  
 283.10 if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop,  
 283.11 (4) conference center or meeting room, and (5) other nonresidential facility operated on a  
 283.12 commercial basis not directly related to temporary and seasonal residential occupancy for  
 283.13 recreation purposes does not qualify for class 1c.

283.14 (d) Class 1d property includes structures that meet all of the following criteria:

283.15 (1) the structure is located on property that is classified as agricultural property under  
 283.16 section 273.13, subdivision 23;

283.17 (2) the structure is occupied exclusively by seasonal farm workers during the time when  
 283.18 they work on that farm, and the occupants are not charged rent for the privilege of occupying  
 283.19 the property, provided that use of the structure for storage of farm equipment and produce  
 283.20 does not disqualify the property from classification under this paragraph;

283.21 (3) the structure meets all applicable health and safety requirements for the appropriate  
 283.22 season; and

283.23 (4) the structure is not salable as residential property because it does not comply with  
 283.24 local ordinances relating to location in relation to streets or roads.

283.25 The market value of class 1d property has the same classification rates as class 1a property  
 283.26 under paragraph (a).

283.27 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

283.28 Sec. 18. Minnesota Statutes 2016, section 273.33, subdivision 1, is amended to read:

283.29 Subdivision 1. **Listing and assessment in county.** The personal property of express,  
 283.30 stage and transportation companies, and of pipeline companies engaged in the business of  
 283.31 transporting ~~natural gas, gasoline, crude oil, or other petroleum products,~~ except as otherwise  
 283.32 provided by law, shall be listed and assessed in the county, town or district where the same  
 283.33 is usually kept.

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

284.2 Sec. 19. Minnesota Statutes 2016, section 273.33, subdivision 2, is amended to read:

284.3 Subd. 2. **Listing and assessment by commissioner.** The personal property, consisting  
284.4 of the pipeline system of mains, pipes, and equipment attached thereto, of pipeline companies  
284.5 and others engaged in the operations or business of transporting ~~natural gas, gasoline, crude~~  
284.6 ~~oil, or other petroleum~~ products by pipelines, shall be listed with and assessed by the  
284.7 commissioner of revenue and the values provided to the city or county assessor by order.  
284.8 This subdivision shall not apply to the assessment of the products transported through the  
284.9 pipelines nor to the lines of local commercial gas companies engaged primarily in the  
284.10 business of distributing gas products to consumers at retail nor to pipelines used by the  
284.11 owner thereof to supply ~~natural gas or other petroleum~~ products exclusively for such owner's  
284.12 own consumption and not for resale to others. If more than 85 percent of the ~~natural gas or~~  
284.13 ~~other petroleum~~ products actually transported over the pipeline is used for the owner's own  
284.14 consumption and not for resale to others, then this subdivision shall not apply; provided,  
284.15 however, that in that event, the pipeline shall be assessed in proportion to the percentage  
284.16 of gas products actually transported over such pipeline that is not used for the owner's own  
284.17 consumption. On or before August 1, the commissioner shall certify to the auditor of each  
284.18 county, the amount of such personal property assessment against each company in each  
284.19 district in which such property is located. If the commissioner determines that the amount  
284.20 of personal property assessment certified on or before August 1 is in error, the commissioner  
284.21 may issue a corrected certification on or before October 1. The commissioner may correct  
284.22 errors that are merely clerical in nature until December 31.

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

284.24 Sec. 20. Minnesota Statutes 2016, section 273.372, subdivision 2, is amended to read:

284.25 Subd. 2. **Contents and filing of petition.** (a) In all appeals to court that are required to  
284.26 be brought against the commissioner under this section, the petition initiating the appeal  
284.27 must be served on the commissioner and must be filed with the Tax Court in Ramsey County,  
284.28 as provided in paragraph (b) or (c).

284.29 (b) If the appeal to court is from an order of the commissioner, it must be brought under  
284.30 chapter 271 and filed within the time period prescribed in section 271.06, subdivision 2,  
284.31 except that when the provisions of this section conflict with chapter 271 or 278, this section  
284.32 prevails. In addition, the petition must include all the parcels encompassed by that order  
284.33 which the petitioner claims have been partially, unfairly, or unequally assessed, assessed

285.1 at a valuation greater than their real or actual value, misclassified, or are exempt. For this  
285.2 purpose, an order of the commissioner is either (1) a certification or notice of value by the  
285.3 commissioner for property described in subdivision 1, or (2) the final determination by the  
285.4 commissioner of either an administrative appeal conference or informal administrative  
285.5 appeal described in subdivision 4.

285.6 (c) If the appeal is from the tax that results from implementation of the commissioner's  
285.7 order, certification, or recommendation, it must be brought under chapter 278, and the  
285.8 provisions in that chapter apply, except that service shall be on the commissioner only and  
285.9 not on the local officials specified in section 278.01, subdivision 1, and if any other provision  
285.10 of this section conflicts with chapter 278, this section prevails. In addition, the petition must  
285.11 include either all the utility parcels or all the railroad parcels in the state in which the  
285.12 petitioner claims an interest and which the petitioner claims have been partially, unfairly,  
285.13 or unequally assessed, assessed at a valuation greater than their real or actual value,  
285.14 misclassified, or are exempt.

285.15 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

285.16 Sec. 21. Minnesota Statutes 2016, section 273.372, subdivision 4, is amended to read:

285.17 Subd. 4. **Administrative appeals.** (a) Companies that submit the reports under section  
285.18 270.82 or 273.371 by the date specified in that section, or by the date specified by the  
285.19 commissioner in an extension, may appeal administratively to the commissioner prior to  
285.20 bringing an action in court.

285.21 (b) Companies ~~that must submit reports under section 270.82 must submit~~ file a written  
285.22 request ~~to~~ for an appeal with the commissioner ~~for a conference~~ within ~~ten~~ 30 days after  
285.23 the notice date of the commissioner's valuation certification or other notice to the company;  
285.24 ~~or by June 15, whichever is earlier.~~ For purposes of this section, "notice date" means the  
285.25 notice date of the valuation certification, commissioner's order, recommendation, or other  
285.26 notice.

285.27 (c) ~~Companies that submit reports under section 273.371 must submit a written request~~  
285.28 ~~to the commissioner for a conference within ten days after the date of the commissioner's~~  
285.29 ~~valuation certification or notice to the company, or by July 1, whichever is earlier.~~ The  
285.30 appeal need not be in any particular form but must contain the following information:

285.31 (1) name and address of the company;

285.32 (2) the date;

285.33 (3) its Minnesota identification number;

286.1 (4) the assessment year or period involved;

286.2 (5) the findings in the valuation that the company disputes;

286.3 (6) a summary statement specifying its reasons for disputing each item; and

286.4 (7) the signature of the company's duly authorized agent or representative.

286.5 (d) When requested in writing and within the time allowed for filing an administrative  
 286.6 appeal, the commissioner may extend the time for filing an appeal for a period of not more  
 286.7 than 15 days from the expiration of the time for filing the appeal.

286.8 ~~(d)~~ (e) The commissioner shall conduct the conference either in person or by telephone  
 286.9 upon the commissioner's entire files and records and such further information as may be  
 286.10 offered. The conference must be held no later than 20 days after the date of the  
 286.11 ~~commissioner's valuation certification or notice to the company, or by the date specified by~~  
 286.12 ~~the commissioner in an extension~~ request for an appeal. Within 30 days after the  
 286.13 conference the commissioner shall make a final determination of the matter and shall notify  
 286.14 the company promptly of the determination. The conference is not a contested case hearing  
 286.15 subject to chapter 14.

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

286.22 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

286.23 Sec. 22. Minnesota Statutes 2016, section 273.372, is amended by adding a subdivision  
 286.24 to read:

286.25 **Subd. 5. Agreement determining valuation.** When it appears to be in the best interest  
 286.26 of the state, the commissioner may settle any matter under consideration regarding an appeal  
 286.27 filed under this section. The agreement must be in writing and signed by the commissioner  
 286.28 and the company or the company's authorized representative. The agreement is final and  
 286.29 conclusive, and except upon a showing of fraud, malfeasance, or misrepresentation of a  
 286.30 material fact, the case may not be reopened as to the matters agreed upon.

286.31 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

287.1 Sec. 23. Minnesota Statutes 2016, section 273.372, is amended by adding a subdivision  
287.2 to read:

287.3 Subd. 6. **Dismissal of administrative appeal.** If a taxpayer files an administrative appeal  
287.4 from an order of the commissioner and also files an appeal to the tax court for that same  
287.5 order of the commissioner, the administrative appeal is dismissed and the commissioner is  
287.6 no longer required to make the determination of appeal under subdivision 4.

287.7 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2017.

287.8 Sec. 24. **[273.88] EQUALIZATION OF PUBLIC UTILITY STRUCTURES.**

287.9 After making the apportionment provided in Minnesota Rules, part 8100.0600, the  
287.10 commissioner must equalize the values of the operating structures to the level accepted by  
287.11 the State Board of Equalization if the appropriate sales ratio for each county, as conducted  
287.12 by the Department of Revenue pursuant to section 270.12, subdivision 2, clause (6), is  
287.13 outside the range accepted by the State Board of Equalization. The commissioner must not  
287.14 equalize the value of the operating structures if the sales ratio determined pursuant to this  
287.15 subdivision is within the range accepted by the State Board of Equalization.

287.16 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2017.

287.17 Sec. 25. Minnesota Statutes 2016, section 274.01, subdivision 1, is amended to read:

287.18 Subdivision 1. **Ordinary board; meetings, deadlines, grievances.** (a) The town board  
287.19 of a town, or the council or other governing body of a city, is the local board of appeal and  
287.20 equalization except (1) in cities whose charters provide for a board of equalization or (2)  
287.21 in any city or town that has transferred its local board of review power and duties to the  
287.22 county board as provided in subdivision 3. The county assessor shall fix a day and time  
287.23 when ~~the board~~ or the local board of equalization shall meet in the assessment districts of  
287.24 the county. Notwithstanding any law or city charter to the contrary, a city board of  
287.25 equalization shall be referred to as a local board of appeal and equalization. On or before  
287.26 February 15 of each year the assessor shall give written notice of the time to the city or  
287.27 town clerk. Notwithstanding the provisions of any charter to the contrary, the meetings must  
287.28 be held between April 1 and May 31 each year. The clerk shall give published and posted  
287.29 notice of the meeting at least ten days before the date of the meeting.

287.30 The board shall meet either at a central location within the county or at the office of the  
287.31 clerk to review the assessment and classification of property in the town or city. No changes  
287.32 in valuation or classification which are intended to correct errors in judgment by the county

288.1 assessor may be made by the county assessor after the board has adjourned in those cities  
288.2 or towns that hold a local board of review; however, corrections of errors that are merely  
288.3 clerical in nature or changes that extend homestead treatment to property are permitted after  
288.4 adjournment until the tax extension date for that assessment year. The changes must be fully  
288.5 documented and maintained in the assessor's office and must be available for review by any  
288.6 person. A copy of the changes made during this period in those cities or towns that hold a  
288.7 local board of review must be sent to the county board no later than December 31 of the  
288.8 assessment year.

288.9 (b) The board shall determine whether the taxable property in the town or city has been  
288.10 properly placed on the list and properly valued by the assessor. If real or personal property  
288.11 has been omitted, the board shall place it on the list with its market value, and correct the  
288.12 assessment so that each tract or lot of real property, and each article, parcel, or class of  
288.13 personal property, is entered on the assessment list at its market value. No assessment of  
288.14 the property of any person may be raised unless the person has been duly notified of the  
288.15 intent of the board to do so. On application of any person feeling aggrieved, the board shall  
288.16 review the assessment or classification, or both, and correct it as appears just. The board  
288.17 may not make an individual market value adjustment or classification change that would  
288.18 benefit the property if the owner or other person having control over the property has refused  
288.19 the assessor access to inspect the property and the interior of any buildings or structures as  
288.20 provided in section 273.20. A board member shall not participate in any actions of the board  
288.21 which result in market value adjustments or classification changes to property owned by  
288.22 the board member, the spouse, parent, stepparent, child, stepchild, grandparent, grandchild,  
288.23 brother, sister, uncle, aunt, nephew, or niece of a board member, or property in which a  
288.24 board member has a financial interest. The relationship may be by blood or marriage.

288.25 (c) A local board may reduce assessments upon petition of the taxpayer but the total  
288.26 reductions must not reduce the aggregate assessment made by the county assessor by more  
288.27 than one percent. If the total reductions would lower the aggregate assessments made by  
288.28 the county assessor by more than one percent, none of the adjustments may be made. The  
288.29 assessor shall correct any clerical errors or double assessments discovered by the board  
288.30 without regard to the one percent limitation.

288.31 (d) A local board does not have authority to grant an exemption or to order property  
288.32 removed from the tax rolls.

288.33 (e) A majority of the members may act at the meeting, and adjourn from day to day until  
288.34 they finish hearing the cases presented. The assessor shall attend and take part in the  
288.35 proceedings, but must not vote. The county assessor, or an assistant delegated by the county



289.1 assessor shall attend the meetings. The board shall list separately all omitted property added  
289.2 to the list by the board and all items of property increased or decreased, with the market  
289.3 value of each item of property, added or changed by the board. The county assessor shall  
289.4 enter all changes made by the board.

289.5 (f) Except as provided in subdivision 3, if a person fails to appear in person, by counsel,  
289.6 or by written communication before the board after being duly notified of the board's intent  
289.7 to raise the assessment of the property, or if a person feeling aggrieved by an assessment  
289.8 or classification fails to apply for a review of the assessment or classification, the person  
289.9 may not appear before the county board of appeal and equalization for a review. This  
289.10 paragraph does not apply if an assessment was made after the local board meeting, as  
289.11 provided in section 273.01, or if the person can establish not having received notice of  
289.12 market value at least five days before the local board meeting.

289.13 (g) The local board must complete its work and adjourn within 20 days from the time  
289.14 of convening stated in the notice of the clerk, unless a longer period is approved by the  
289.15 commissioner of revenue. No action taken after that date is valid. All complaints about an  
289.16 assessment or classification made after the meeting of the board must be heard and  
289.17 determined by the county board of equalization. A nonresident may, at any time, before the  
289.18 meeting of the board file written objections to an assessment or classification with the county  
289.19 assessor. The objections must be presented to the board at its meeting by the county assessor  
289.20 for its consideration.

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

289.22 Sec. 26. Minnesota Statutes 2016, section 274.13, subdivision 1, is amended to read:

289.23 Subdivision 1. **Members; meetings; rules for equalizing assessments.** The county  
289.24 commissioners, or a majority of them, with the county auditor, or, if the auditor cannot be  
289.25 present, the deputy county auditor, or, if there is no deputy, the court administrator of the  
289.26 district court, shall form a board for the equalization of the assessment of the property of  
289.27 the county, including the property of all cities whose charters provide for a board of  
289.28 equalization. This board shall be referred to as the county board of appeal and equalization.  
289.29 The board shall meet annually, on the date specified in section 274.14, at the office of the  
289.30 auditor. Each member shall take an oath to fairly and impartially perform duties as a member.  
289.31 Members shall not participate in any actions of the board which result in market value  
289.32 adjustments or classification changes to property owned by the board member, the spouse,  
289.33 parent, stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, aunt,  
289.34 nephew, or niece of a board member, or property in which a board member has a financial

290.1 interest. The relationship may be by blood or marriage. The board shall examine and compare  
290.2 the returns of the assessment of property of the towns or districts, and equalize them so that  
290.3 each tract or lot of real property and each article or class of personal property is entered on  
290.4 the assessment list at its market value, subject to the following rules:

290.5 (1) The board shall raise the valuation of each tract or lot of real property which in its  
290.6 opinion is returned below its market value to the sum believed to be its market value. The  
290.7 board must first give notice of intention to raise the valuation to the person in whose name  
290.8 it is assessed, if the person is a resident of the county. The notice must fix a time and place  
290.9 for a hearing.

290.10 (2) The board shall reduce the valuation of each tract or lot which in its opinion is returned  
290.11 above its market value to the sum believed to be its market value.

290.12 (3) The board shall raise the valuation of each class of personal property which in its  
290.13 opinion is returned below its market value to the sum believed to be its market value. It  
290.14 shall raise the aggregate value of the personal property of individuals, firms, or corporations,  
290.15 when it believes that the aggregate valuation, as returned, is less than the market value of  
290.16 the taxable personal property possessed by the individuals, firms, or corporations, to the  
290.17 sum it believes to be the market value. The board must first give notice to the persons of  
290.18 intention to do so. The notice must set a time and place for a hearing.

290.19 (4) The board shall reduce the valuation of each class of personal property that is returned  
290.20 above its market value to the sum it believes to be its market value. Upon complaint of a  
290.21 party aggrieved, the board shall reduce the aggregate valuation of the individual's personal  
290.22 property, or of any class of personal property for which the individual is assessed, which  
290.23 in its opinion has been assessed at too large a sum, to the sum it believes was the market  
290.24 value of the individual's personal property of that class.

290.25 (5) The board must not reduce the aggregate value of all the property of its county, as  
290.26 submitted to the county board of equalization, with the additions made by the auditor under  
290.27 this chapter, by more than one percent of its whole valuation. The board may raise the  
290.28 aggregate valuation of real property, and of each class of personal property, of the county,  
290.29 or of any town or district of the county, when it believes it is below the market value of the  
290.30 property, or class of property, to the aggregate amount it believes to be its market value.

290.31 (6) The board shall change the classification of any property which in its opinion is not  
290.32 properly classified.

290.33 (7) The board does not have the authority to grant an exemption or to order property  
290.34 removed from the tax rolls.

291.1 (8) The board may not make an individual market value adjustment or classification  
291.2 change that would benefit property if the owner or other person having control over the  
291.3 property has refused the assessor access to inspect the property and the interior of any  
291.4 buildings or structures as provided in section 273.20.

291.5 **EFFECTIVE DATE.** This section is effective for county board of appeal and  
291.6 equalization meetings in 2018 and thereafter.

291.7 Sec. 27. Minnesota Statutes 2016, section 275.065, subdivision 1, is amended to read:

291.8 Subdivision 1. **Proposed levy.** (a) Notwithstanding any law or charter to the contrary,  
291.9 on or before September 30, each county and each home rule charter or statutory city shall  
291.10 certify to the county auditor the proposed property tax levy for taxes payable in the following  
291.11 year.

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

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

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

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

291.27 (d) If the board of estimate and taxation or any similar board that establishes maximum  
291.28 tax levies for taxing jurisdictions within a first class city certifies the maximum property  
291.29 tax levies for funds under its jurisdiction by charter to the county auditor by the date specified  
291.30 in paragraph (a), the city shall be deemed to have certified its levies for those taxing  
291.31 jurisdictions.

291.32 (e) For purposes of this section, "special taxing district" means a special taxing district  
291.33 as defined in section 275.066. Intermediate school districts that levy a tax under chapter

292.1 124 or 136D, joint powers boards established under sections 123A.44 to 123A.446, and  
 292.2 Common School Districts No. 323, Franconia, and No. 815, Prinsburg, are also special  
 292.3 taxing districts for purposes of this section.

292.4 (f) At the meeting at which a taxing authority, other than a town, adopts its proposed  
 292.5 tax levy under this subdivision, the taxing authority shall announce the time and place of  
 292.6 ~~its~~ any subsequent regularly scheduled meetings at which the budget and levy will be  
 292.7 discussed and at which the public will be allowed to speak. The time and place of those  
 292.8 meetings must be included in the proceedings or summary of proceedings published in the  
 292.9 official newspaper of the taxing authority under section 123B.09, 375.12, or 412.191.

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

292.11 Sec. 28. Minnesota Statutes 2016, section 275.62, subdivision 2, is amended to read:

292.12 Subd. 2. **Local governments required to report.** For purposes of this section, "local  
 292.13 governmental unit" means a county, home rule charter or statutory city with a population  
 292.14 greater than 2,500, ~~a town with a population greater than 5,000, or a home rule charter or~~  
 292.15 ~~statutory city or town that receives a distribution from the taconite municipal aid account~~  
 292.16 ~~in the levy year.~~

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

292.18 Sec. 29. Minnesota Statutes 2016, section 278.01, subdivision 1, is amended to read:

292.19 Subdivision 1. **Determination of validity.** (a) Any person having personal property, or  
 292.20 any estate, right, title, or interest in or lien upon any parcel of land, who claims that such  
 292.21 property has been partially, unfairly, or unequally assessed in comparison with other property  
 292.22 in the (1) city, or (2) county, or (3) in the case of a county containing a city of the first class,  
 292.23 the portion of the county excluding the first class city, or that the parcel has been assessed  
 292.24 at a valuation greater than its real or actual value, or that the tax levied against the same is  
 292.25 illegal, in whole or in part, or has been paid, or that the property is exempt from the tax so  
 292.26 levied, may have the validity of the claim, defense, or objection determined by the district  
 292.27 court of the county in which the tax is levied or by the Tax Court by serving one copy of a  
 292.28 petition for such determination upon the county auditor, one copy on the county attorney,  
 292.29 one copy on the county treasurer, and three copies on the county assessor. The county  
 292.30 assessor shall immediately forward one copy of the petition to the appropriate governmental  
 292.31 authority in a home rule charter or statutory city or town in which the property is located if  
 292.32 that city or town employs its own certified assessor. A copy of the petition shall also be

293.1 forwarded by the assessor to the school board of the school district in which the property  
293.2 is located.

293.3 (b) In counties where the office of county treasurer has been combined with the office  
293.4 of county auditor, the county may elect to require the petitioner to serve the number of  
293.5 copies as determined by the county. The county assessor shall immediately forward one  
293.6 copy of the petition to the appropriate governmental authority in a home rule charter or  
293.7 statutory city or town in which the property is located if that city or town employs its own  
293.8 certified assessor. A list of petitioned properties, including the name of the petitioner, the  
293.9 identification number of the property, and the estimated market value, shall be sent on or  
293.10 before the first day of July by the county auditor/treasurer to the school board of the school  
293.11 district in which the property is located.

293.12 (c) For all counties, the petitioner must file the copies with proof of service, in the office  
293.13 of the court administrator of the district court on or before April 30 of the year in which the  
293.14 tax becomes payable. A petition for determination under this section may be transferred by  
293.15 the district court to the Tax Court. An appeal may also be taken to the Tax Court under  
293.16 chapter 271 at any time following receipt of the valuation notice that county assessors or  
293.17 city assessors having the powers of a county assessor are required by section 273.121 to  
293.18 send to persons whose property is to be included on the assessment roll that year, but prior  
293.19 to May 1 of the year in which the taxes are payable.

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

293.21 Sec. 30. Minnesota Statutes 2016, section 282.01, subdivision 1a, is amended to read:

293.22 Subd. 1a. **Conveyance to public entities.** (a) Upon written request from a state agency  
293.23 or a governmental subdivision of the state, a parcel of unsold tax-forfeited land must be  
293.24 withheld from sale or lease to others for a maximum of six months. The request must be  
293.25 submitted to the county auditor. Upon receipt, the county auditor must withhold the parcel  
293.26 from sale or lease to any other party for six months, and must confirm the starting date of  
293.27 the six-month withholding period to the requesting agency or subdivision. If the request is  
293.28 from a governmental subdivision of the state, the governmental subdivision must pay the  
293.29 maintenance costs incurred by the county during the period the parcel is withheld. The  
293.30 county board may approve a sale or conveyance to the requesting party during the  
293.31 withholding period. A conveyance of the property to the requesting party terminates the  
293.32 withholding period.

293.33 A governmental subdivision of the state must not make, and a county auditor must not  
293.34 act upon, a second request to withhold a parcel from sale or lease within 18 months of a

294.1 previous request for that parcel. A county may reject a request made under this paragraph  
294.2 if the request is made more than 30 days after the county has given notice to the requesting  
294.3 state agency or governmental subdivision of the state that the county intends to sell or  
294.4 otherwise dispose of the property.

294.5 (b) Nonconservation tax-forfeited lands may be sold by the county board, for their market  
294.6 value as determined by the county board, to an organized or incorporated governmental  
294.7 subdivision of the state for any public purpose for which the subdivision is authorized to  
294.8 acquire property. When the term "market value" is used in this section, it means an estimate  
294.9 of the full and actual market value of the parcel as determined by the county board, but in  
294.10 making this determination, the board and the persons employed by or under contract with  
294.11 the board in order to perform, conduct, or assist in the determination, are exempt from the  
294.12 licensure requirements of chapter 82B.

294.13 (c) Nonconservation tax-forfeited lands may be ~~released from the trust in favor of the~~  
294.14 ~~taxing districts on application to~~ sold by the county board by, for their market value as  
294.15 determined by the county board, to a state agency for an authorized use at not less than their  
294.16 ~~market value as determined by the county board~~ any public purpose for which the agency  
294.17 is authorized to acquire property.

294.18 (d) Nonconservation tax-forfeited lands may be sold by the county board to an organized  
294.19 or incorporated governmental subdivision of the state or state agency for less than their  
294.20 market value if:

294.21 (1) the county board determines that a sale at a reduced price is in the public interest  
294.22 because a reduced price is necessary to provide an incentive to correct the blighted conditions  
294.23 that make the lands undesirable in the open market, or the reduced price will lead to the  
294.24 development of affordable housing; and

294.25 (2) the governmental subdivision or state agency has documented its specific plans for  
294.26 correcting the blighted conditions or developing affordable housing, and the specific law  
294.27 or laws that empower it to acquire real property in furtherance of the plans.

294.28 If the sale under this paragraph is to a governmental subdivision of the state, the  
294.29 commissioner of revenue must convey the property on behalf of the state by quitclaim deed.  
294.30 If the sale under this paragraph is to a state agency, the property is released from the trust  
294.31 in favor of the taxing districts and the commissioner of revenue must issue a conveyance  
294.32 ~~document that releases the property from the trust in favor of the taxing districts~~ convey the  
294.33 property on behalf of the state by quitclaim deed to the agency.

295.1 (e) Nonconservation tax-forfeited land held in trust in favor of the taxing districts may  
295.2 be conveyed by the commissioner of revenue in the name of the state to a governmental  
295.3 subdivision for an authorized public use, if an application is submitted to the commissioner  
295.4 which includes a statement of facts as to the use to be made of the tract and the favorable  
295.5 recommendation of the county board. For the purposes of this paragraph, "authorized public  
295.6 use" means a use that allows an indefinite segment of the public to physically use and enjoy  
295.7 the property in numbers appropriate to its size and use, or is for a public service facility.  
295.8 Authorized public uses as defined in this paragraph are limited to:

295.9 (1) a road, or right-of-way for a road;

295.10 (2) a park that is both available to, and accessible by, the public that contains  
295.11 improvements such as campgrounds, playgrounds, athletic fields, trails, or shelters;

295.12 (3) trails for walking, bicycling, snowmobiling, or other recreational purposes, along  
295.13 with a reasonable amount of surrounding land maintained in its natural state;

295.14 (4) transit facilities for buses, light rail transit, commuter rail or passenger rail, including  
295.15 transit ways, park-and-ride lots, transit stations, maintenance and garage facilities, and other  
295.16 facilities related to a public transit system;

295.17 (5) public beaches or boat launches;

295.18 (6) public parking;

295.19 (7) civic recreation or conference facilities; and

295.20 (8) public service facilities such as fire halls, police stations, lift stations, water towers,  
295.21 sanitation facilities, water treatment facilities, and administrative offices.

295.22 No monetary compensation or consideration is required for the conveyance, except as  
295.23 provided in subdivision 1g, but the conveyance is subject to the conditions provided in law,  
295.24 including, but not limited to, the reversion provisions of subdivisions 1c and 1d.

295.25 (f) The commissioner of revenue shall convey a parcel of nonconservation tax-forfeited  
295.26 land to a local governmental subdivision of the state by quitclaim deed on behalf of the state  
295.27 upon the favorable recommendation of the county board if the governmental subdivision  
295.28 has certified to the board that prior to forfeiture the subdivision was entitled to the parcel  
295.29 under a written development agreement or instrument, but the conveyance failed to occur  
295.30 prior to forfeiture. No compensation or consideration is required for, and no conditions  
295.31 attach to, the conveyance.

296.1 (g) The commissioner of revenue shall convey a parcel of nonconservation tax-forfeited  
296.2 land to the association of a common interest community by quitclaim deed upon the favorable  
296.3 recommendation of the county board if the association certifies to the board that prior to  
296.4 forfeiture the association was entitled to the parcel under a written agreement, but the  
296.5 conveyance failed to occur prior to forfeiture. No compensation or consideration is required  
296.6 for, and no conditions attach to, the conveyance.

296.7 (h) Conservation tax-forfeited land may be sold to a governmental subdivision of the  
296.8 state for less than its market value for either: (1) creation or preservation of wetlands; (2)  
296.9 drainage or storage of storm water under a storm water management plan; or (3) preservation,  
296.10 or restoration and preservation, of the land in its natural state. The deed must contain a  
296.11 restrictive covenant limiting the use of the land to one of these purposes for 30 years or  
296.12 until the property is reconveyed back to the state in trust. At any time, the governmental  
296.13 subdivision may reconvey the property to the state in trust for the taxing districts. The deed  
296.14 of reconveyance is subject to approval by the commissioner of revenue. No part of a purchase  
296.15 price determined under this paragraph shall be refunded upon a reconveyance, but the  
296.16 amount paid for a conveyance under this paragraph may be taken into account by the county  
296.17 board when setting the terms of a future sale of the same property to the same governmental  
296.18 subdivision under paragraph (b) or (d). If the lands are unplatted and located outside of an  
296.19 incorporated municipality and the commissioner of natural resources determines there is a  
296.20 mineral use potential, the sale is subject to the approval of the commissioner of natural  
296.21 resources.

296.22 (i) A park and recreation board in a city of the first class is a governmental subdivision  
296.23 for the purposes of this section.

296.24 (j) Tax-forfeited land held in trust in favor of the taxing districts may be conveyed by  
296.25 the commissioner of revenue in the name of the state to a governmental subdivision for a  
296.26 school forest under section 89.41. An application that includes a statement of facts as to the  
296.27 use to be made of the tract and the favorable recommendation of the county board and the  
296.28 commissioner of natural resources must be submitted to the commissioner of revenue. No  
296.29 monetary compensation or consideration is required for the conveyance, but the conveyance  
296.30 is subject to the conditional use and reversion provisions of subdivisions 1c and 1d, paragraph  
296.31 (e). At any time, the governmental subdivision may reconvey the property back to the state  
296.32 in trust for the taxing districts. The deed of reconveyance is subject to approval by the  
296.33 commissioner of revenue.

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



297.1 Sec. 31. Minnesota Statutes 2016, section 282.01, subdivision 1d, is amended to read:

297.2 Subd. 1d. **Reverter for failure to use; conveyance to state.** (a) After three years from  
297.3 the date of any conveyance of tax-forfeited land to a governmental subdivision for an  
297.4 authorized public use as provided in this section, regardless of when the deed for the  
297.5 authorized public use was executed, if the governmental subdivision has failed to put the  
297.6 land to that use, or abandons that use, the governing body of the subdivision must: (1) with  
297.7 the approval of the county board, purchase the property for an authorized public purpose  
297.8 at the present market value as determined by the county board, or (2) authorize the proper  
297.9 officers to convey the land, or the part of the land not required for an authorized public use,  
297.10 to the state of Minnesota in trust for the taxing districts. If the governing body purchases  
297.11 the property under clause (1), the commissioner of revenue shall, upon proper application  
297.12 submitted by the county auditor and upon the reconveyance of the land subject to the  
297.13 conditional use deed to the state, convey the property on behalf of the state by quitclaim  
297.14 deed to the subdivision free of a use restriction and the possibility of reversion or  
297.15 defeasement. If the governing body decides to reconvey the property to the state under this  
297.16 clause, the officers shall execute a deed of conveyance immediately. The conveyance is  
297.17 subject to the approval of the commissioner and its form must be approved by the attorney  
297.18 general. For 15 years from the date of the conveyance, there is no failure to put the land to  
297.19 the authorized public use and no abandonment of that use if a formal plan of the governmental  
297.20 subdivision, including, but not limited to, a comprehensive plan or land use plan, shows an  
297.21 intended future use of the land for the authorized public use.

297.22 (b) Property held by a governmental subdivision of the state under a conditional use  
297.23 deed executed under this section by the commissioner of revenue on or after January 1,  
297.24 2007, may be acquired by that governmental subdivision after 15 years from the date of the  
297.25 conveyance if the commissioner determines upon written application from the subdivision  
297.26 that the subdivision has in fact put the property to the authorized public use for which it  
297.27 was conveyed, and the subdivision has made a finding that it has no current plans to change  
297.28 the use of the lands. Prior to conveying the property, the commissioner shall inquire whether  
297.29 the county board where the land is located objects to a conveyance of the property to the  
297.30 subdivision without conditions and without further act by or obligation of the subdivision.  
297.31 If the county does not object within 60 days, and the commissioner makes a favorable  
297.32 determination, the commissioner shall issue a quitclaim deed on behalf of the state  
297.33 unconditionally conveying the property to the governmental subdivision. For purposes of  
297.34 this paragraph, demonstration of an intended future use for the authorized public use in a

298.1 formal plan of the governmental subdivision does not constitute use for that authorized  
298.2 public use.

298.3 (c) Property held by a governmental subdivision of the state under a conditional use  
298.4 deed executed under this section by the commissioner of revenue before January 1, 2007,  
298.5 is released from the use restriction and possibility of reversion on January 1, 2022, if the  
298.6 county board records a resolution describing the land and citing this paragraph. The county  
298.7 board may authorize the county treasurer to deduct the amount of the recording fees from  
298.8 future settlements of property taxes to the subdivision.

298.9 (d) Except for tax-forfeited land conveyed to establish a school forest under section  
298.10 89.41, property conveyed under a conditional use deed executed under this section by the  
298.11 commissioner of revenue, regardless of when the deed for the authorized public use was  
298.12 executed, is released from the use restriction and reverter, and any use restriction or reverter  
298.13 for which no declaration of reversion has been recorded with the county recorder or registrar  
298.14 of titles, as appropriate, is nullified on the later of: (1) January 1, 2015; (2) 30 years from  
298.15 the date the deed was acknowledged; or (3) final resolution of an appeal to district court  
298.16 under subdivision 1e, if a lis pendens related to the appeal is recorded in the office of the  
298.17 county recorder or registrar of titles, as appropriate, prior to January 1, 2015.

298.18 (e) Notwithstanding paragraphs (a) to (d), tax-forfeited land conveyed to establish a  
298.19 school forest under section 89.41 is subject to a perpetual conditional use deed and reverter.  
298.20 The property reverts to the state in trust for the taxing districts by operation of law if the  
298.21 commissioner of natural resources determines and reports to the commissioner of revenue  
298.22 under section 89.41, subdivision 3, that the governmental subdivision has failed to use the  
298.23 land for school forest purposes for three consecutive years. The commissioner of revenue  
298.24 shall record a declaration of reversion for land that has reverted under this paragraph.

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

298.26 Sec. 32. Minnesota Statutes 2016, section 477A.013, is amended by adding a subdivision  
298.27 to read:

298.28 **Subd. 14. Communication by electronic mail.** Prior to receiving aid pursuant to this  
298.29 section, a city must register an official electronic mail address with the commissioner, which  
298.30 the commissioner may use as an exclusive means to communicate with the city.

298.31 **EFFECTIVE DATE.** This section is effective for aids payable in 2018 and thereafter.

299.1 Sec. 33. Minnesota Statutes 2016, section 477A.19, is amended by adding a subdivision  
299.2 to read:

299.3 Subd. 3a. **Certification.** On or before June 1 of each year, the commissioner of natural  
299.4 resources shall certify to the commissioner of revenue the number of watercraft launches  
299.5 and the number of watercraft trailer parking spaces in each county.

299.6 **EFFECTIVE DATE.** This section is effective for aids payable in 2018 and thereafter.

299.7 Sec. 34. Minnesota Statutes 2016, section 477A.19, is amended by adding a subdivision  
299.8 to read:

299.9 Subd. 3b. **Certification.** On or before June 1 of each year, the commissioner of natural  
299.10 resources shall certify to the commissioner of revenue the counties that complied with the  
299.11 requirements of subdivision 3 the prior year and are eligible to receive aid under this section.

299.12 **EFFECTIVE DATE.** This section is effective for aids payable in 2018 and thereafter.

299.13 Sec. 35. Minnesota Statutes 2016, section 559.202, subdivision 2, is amended to read:

299.14 Subd. 2. **Exception.** This section does not apply to sales made under chapter 282 or if  
299.15 the purchaser is represented throughout the transaction by either:

299.16 (1) a person licensed to practice law in this state; or

299.17 (2) a person licensed as a real estate broker or salesperson under chapter 82, provided  
299.18 that the representation does not create a dual agency, as that term is defined in section 82.55,  
299.19 subdivision 6.

299.20 **EFFECTIVE DATE.** This section is effective for sales of tax-forfeited land occurring  
299.21 the day following final enactment and thereafter.

299.22 Sec. 36. Laws 2014, chapter 308, article 9, section 94, is amended to read:

299.23 Sec. 94. **REPEALER.**

299.24 (a) Minnesota Statutes 2012, sections 273.1398, subdivision 4b; 290.01, subdivision  
299.25 19e; 290.0674, subdivision 3; 290.191, subdivision 4; and 290.33, and Minnesota Rules,  
299.26 part 8007.0200, are repealed.

299.27 (b) Minnesota Statutes 2012, sections 16D.02, subdivisions 5 and 8; 16D.11, subdivision  
299.28 2; 270C.53; 270C.991, subdivision 4; 272.02, subdivisions 1, 1a, 43, 48, 51, 53, 67, 72, and  
299.29 82; ~~272.027, subdivision 2~~; 272.031; 273.015, subdivision 1; 273.03, subdivision 3; 273.075;  
299.30 273.13, subdivision 21a; 273.1383; 273.1386; 273.80; 275.77; 279.32; 281.173, subdivision

300.1 8; 281.174, subdivision 8; 281.328; 282.10; 282.23; 287.20, subdivision 4; 287.27,  
300.2 subdivision 2; 290.01, subdivisions 4b and 20e; 295.52, subdivision 7; 297A.666; 297A.71,  
300.3 subdivisions 4, 5, 7, 9, 10, 17, 18, 20, 32, and 41; 297F.08, subdivision 11; 297H.10,  
300.4 subdivision 2; 469.174, subdivision 10c; 469.175, subdivision 2b; 469.176, subdivision 1i;  
300.5 469.177, subdivision 10; 477A.0124, subdivisions 1 and 6; and 505.173, Minnesota Statutes  
300.6 2013 Supplement, section 273.1103, Laws 1993, chapter 375, article 9, section 47, and  
300.7 Minnesota Rules, parts 8002.0200, subpart 8; 8100.0800; and 8130.7500, subpart 7, are  
300.8 repealed.

300.9 (c) Minnesota Statutes 2012, section 469.1764, is repealed.

300.10 (d) Minnesota Statutes 2012, sections 289A.56, subdivision 7; 297A.68, subdivision 38;  
300.11 469.330; 469.331; 469.332; 469.333; 469.334; 469.335; 469.336; 469.337; 469.338; 469.339;  
300.12 469.340, subdivisions 1, 2, 3, and 5; and 469.341, and Minnesota Statutes 2013 Supplement,  
300.13 section 469.340, subdivision 4, are repealed.

300.14 (e) Minnesota Statutes 2012, section 290.06, subdivisions 30 and 31, are repealed.

300.15 **EFFECTIVE DATE.** This section is effective retroactively from May 20, 2014, and  
300.16 pursuant to Minnesota Statutes, section 645.36, Minnesota Statutes, section 272.027,  
300.17 subdivision 2, is revived and reenacted as of that date.

300.18 Sec. 37. **REPEALER.**

300.19 (a) Minnesota Statutes 2016, section 281.22, is repealed.

300.20 (b) Minnesota Rules, part 8100.0700, is repealed.

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

300.22 Paragraph (b) is effective for assessment year 2017 and thereafter.

## 300.23 **ARTICLE 16**

### 300.24 **DEPARTMENT OF REVENUE 2015-2016 POLICY AND TECHNICAL** 300.25 **PROVISIONS; MISCELLANEOUS**

300.26 Section 1. Minnesota Statutes 2016, section 270.82, subdivision 1, is amended to read:

300.27 Subdivision 1. **Annual report required.** Every railroad company doing business in  
300.28 Minnesota shall annually file with the commissioner on or before March 31 a report under  
300.29 oath setting forth the information prescribed by the commissioner to enable the commissioner  
300.30 to make the valuation and equalization required by sections 270.80 to 270.87. The  
300.31 commissioner shall prescribe the content, format, and manner of the report pursuant to  
300.32 section 270C.30, except that a "law administered by the commissioner" includes the property

301.1 tax laws. If a report is made by electronic means, the taxpayer's signature is defined pursuant  
301.2 to section 270C.304, except that a "law administered by the commissioner" includes the  
301.3 property tax laws.

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

301.5 Sec. 2. Minnesota Statutes 2016, section 270A.03, subdivision 5, is amended to read:

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

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

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

301.21 (1) for an unmarried debtor, an income of ~~\$8,800~~ \$12,560 or less;

301.22 (2) for a debtor with one dependent, an income of ~~\$11,270~~ \$16,080 or less;

301.23 (3) for a debtor with two dependents, an income of ~~\$13,330~~ \$19,020 or less;

301.24 (4) for a debtor with three dependents, an income of ~~\$15,120~~ \$21,580 or less;

301.25 (5) for a debtor with four dependents, an income of ~~\$15,950~~ \$22,760 or less; and

301.26 (6) for a debtor with five or more dependents, an income of ~~\$16,630~~ \$23,730 or less.

301.27 For purposes of this paragraph, "debtor" means the individual whose income, together  
301.28 with the income of the individual's spouse, other than a separated spouse, brings the  
301.29 individual within the income provisions of this paragraph. For purposes of this paragraph,  
301.30 a spouse, other than a separated spouse, shall be considered a dependent.

302.1 (c) The commissioner shall adjust the income amounts in paragraph (b) by the percentage  
302.2 determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except  
302.3 that in section 1(f)(3)(B) the word "~~1999~~ 2014" shall be substituted for the word "1992."  
302.4 For ~~2001~~ 2016, the commissioner shall then determine the percent change from the 12  
302.5 months ending on August 31, ~~1999~~ 2014, to the 12 months ending on August 31, ~~2000~~ 2015,  
302.6 and in each subsequent year, from the 12 months ending on August 31, ~~1999~~ 2014, to the  
302.7 12 months ending on August 31 of the year preceding the taxable year. The determination  
302.8 of the commissioner pursuant to this subdivision shall not be considered a "rule" and shall  
302.9 not be subject to the Administrative Procedure Act contained in chapter 14. The income  
302.10 amount as adjusted must be rounded to the nearest \$10 amount. If the amount ends in \$5,  
302.11 the amount is rounded up to the nearest \$10 amount.

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

302.14 **EFFECTIVE DATE.** The section is effective retroactively for debts incurred after  
302.15 December 31, 2014.

302.16 Sec. 3. Minnesota Statutes 2016, section 270B.14, subdivision 1, is amended to read:

302.17 Subdivision 1. **Disclosure to commissioner of human services.** (a) On the request of  
302.18 the commissioner of human services, the commissioner shall disclose return information  
302.19 regarding taxes imposed by chapter 290, and claims for refunds under chapter 290A, to the  
302.20 extent provided in paragraph (b) and for the purposes set forth in paragraph (c).

302.21 (b) Data that may be disclosed are limited to data relating to the identity, whereabouts,  
302.22 employment, income, and property of a person owing or alleged to be owing an obligation  
302.23 of child support.

302.24 (c) The commissioner of human services may request data only for the purposes of  
302.25 carrying out the child support enforcement program and to assist in the location of parents  
302.26 who have, or appear to have, deserted their children. Data received may be used only as set  
302.27 forth in section 256.978.

302.28 (d) The commissioner shall provide the records and information necessary to administer  
302.29 the supplemental housing allowance to the commissioner of human services.

302.30 (e) At the request of the commissioner of human services, the commissioner of revenue  
302.31 shall electronically match the Social Security numbers and names of participants in the  
302.32 telephone assistance plan operated under sections 237.69 to 237.71, with those of property

303.1 tax refund filers, and determine whether each participant's household income is within the  
303.2 eligibility standards for the telephone assistance plan.

303.3 (f) The commissioner may provide records and information collected under sections  
303.4 295.50 to 295.59 to the commissioner of human services for purposes of the Medicaid  
303.5 Voluntary Contribution and Provider-Specific Tax Amendments of 1991, Public Law  
303.6 102-234. Upon the written agreement by the United States Department of Health and Human  
303.7 Services to maintain the confidentiality of the data, the commissioner may provide records  
303.8 and information collected under sections 295.50 to 295.59 to the Centers for Medicare and  
303.9 Medicaid Services section of the United States Department of Health and Human Services  
303.10 for purposes of meeting federal reporting requirements.

303.11 (g) The commissioner may provide records and information to the commissioner of  
303.12 human services as necessary to administer the early refund of refundable tax credits.

303.13 (h) The commissioner may disclose information to the commissioner of human services  
303.14 as necessary to verify income for income verification for eligibility and premium payment  
303.15 under the MinnesotaCare program, under section 256L.05, subdivision 2, as well as the  
303.16 medical assistance program under chapter 256B.

303.17 (i) The commissioner may disclose information to the commissioner of human services  
303.18 necessary to verify whether applicants or recipients for the Minnesota family investment  
303.19 program, general assistance, food support, Minnesota supplemental aid program, and child  
303.20 care assistance have claimed refundable tax credits under chapter 290 and the property tax  
303.21 refund under chapter 290A, and the amounts of the credits.

303.22 (j) The commissioner may disclose information to the commissioner of human services  
303.23 necessary to verify income for purposes of calculating parental contribution amounts under  
303.24 section 252.27, subdivision 2a.

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

303.26 Sec. 4. Minnesota Statutes 2016, section 270C.30, is amended to read:

303.27 **270C.30 RETURNS AND OTHER DOCUMENTS; FORMAT; FURNISHING.**

303.28 Except as otherwise provided by law, the commissioner shall prescribe the content ~~and,~~  
303.29 format, and manner of all returns and other forms required to be filed under a law  
303.30 administered by the commissioner, and may furnish them subject to charge on application.

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

304.1 Sec. 5. Minnesota Statutes 2016, section 270C.33, subdivision 5, is amended to read:

304.2 Subd. 5. **Prohibition against collection during appeal period of an order.** No collection  
304.3 action can be taken on an order of assessment, or any other order imposing a liability,  
304.4 including the filing of liens under section 270C.63, and no late payment penalties may be  
304.5 imposed when a return has been filed for the tax type and period upon which the order is  
304.6 based, during the appeal period of an order. The appeal period of an order ends: (1) 60 days  
304.7 after the ~~order has been mailed to the taxpayer~~ notice date designated by the commissioner  
304.8 on the order; (2) if an administrative appeal is filed under section 270C.35, 60 days after  
304.9 the notice date designated by the commissioner on the written determination of the  
304.10 administrative appeal; (3) if an appeal to Tax Court is filed under chapter 271, when the  
304.11 decision of the Tax Court is made; or (4) if an appeal to Tax Court is filed and the appeal  
304.12 is based upon a constitutional challenge to the tax, 60 days after final determination of the  
304.13 appeal. This subdivision does not apply to a jeopardy assessment under section 270C.36,  
304.14 or a jeopardy collection under section 270C.36.

304.15 **EFFECTIVE DATE.** This section is effective for orders dated after December 31,  
304.16 2017.

304.17 Sec. 6. Minnesota Statutes 2016, section 270C.33, subdivision 8, is amended to read:

304.18 Subd. 8. **Sufficiency of notice.** An assessment of tax made by the commissioner, sent  
304.19 postage prepaid by United States mail to the taxpayer at the taxpayer's last known address,  
304.20 or sent by electronic mail to the taxpayer's last known electronic mailing address as provided  
304.21 for in section 325L.08, is sufficient even if the taxpayer is deceased or is under a legal  
304.22 disability, or, in the case of a corporation, has terminated its existence, unless the  
304.23 commissioner has been provided with a new address by a party authorized to receive notices  
304.24 of assessment. Notice of an assessment is sufficient if it is sent on or before the notice date  
304.25 designated by the commissioner on the assessment.

304.26 **EFFECTIVE DATE.** This section is effective for assessments dated after December  
304.27 31, 2017.

304.28 Sec. 7. Minnesota Statutes 2016, section 270C.34, subdivision 2, is amended to read:

304.29 Subd. 2. **Procedure.** (a) A request for abatement of penalty under subdivision 1 or  
304.30 section 289A.60, subdivision 4, or a request for abatement of interest or additional tax  
304.31 charge, must be filed with the commissioner within 60 days of the notice date of the notice  
304.32 ~~was mailed to the taxpayer's last known address, stating that a penalty has been imposed or~~  
304.33 additional tax charge. For purposes of this section, "notice date" means the notice date



305.1 designated by the commissioner on the order or other notice that a penalty or additional tax  
305.2 charge has been imposed.

305.3 (b) If the commissioner issues an order denying a request for abatement of penalty,  
305.4 interest, or additional tax charge, the taxpayer may file an administrative appeal as provided  
305.5 in section 270C.35 or appeal to Tax Court as provided in section 271.06.

305.6 (c) If the commissioner does not issue an order on the abatement request within 60 days  
305.7 from the date the request is received, the taxpayer may appeal to Tax Court as provided in  
305.8 section 271.06.

305.9 **EFFECTIVE DATE.** This section is effective for orders and notices dated after  
305.10 December 31, 2017.

305.11 Sec. 8. Minnesota Statutes 2016, section 270C.35, subdivision 3, is amended to read:

305.12 Subd. 3. **Notice date.** For purposes of this section, ~~the term~~ "notice date" means the  
305.13 notice date of designated by the commissioner on the order adjusting the tax or order denying  
305.14 a request for abatement, or, in the case of a denied refund, the notice date of designated by  
305.15 the commissioner on the notice of denial.

305.16 **EFFECTIVE DATE.** This section is effective for orders and notices dated after  
305.17 December 31, 2017.

305.18 Sec. 9. Minnesota Statutes 2016, section 270C.35, is amended by adding a subdivision to  
305.19 read:

305.20 Subd. 11. **Dismissal of administrative appeal.** If a taxpayer files an administrative  
305.21 appeal for an order of the commissioner and also files an appeal to the Tax Court for that  
305.22 same order of the commissioner, the administrative appeal is dismissed and the commissioner  
305.23 is no longer required to make a determination of appeal under subdivision 6.

305.24 **EFFECTIVE DATE.** This section is effective for all administrative appeals filed after  
305.25 June 30, 2017.

305.26 Sec. 10. Minnesota Statutes 2016, section 270C.38, subdivision 1, is amended to read:

305.27 Subdivision 1. **Sufficient notice.** (a) If no method of notification of a written  
305.28 determination or action of the commissioner is otherwise specifically provided for by law,  
305.29 notice of the determination or action sent postage prepaid by United States mail to the  
305.30 taxpayer or other person affected by the determination or action at the taxpayer's or person's  
305.31 last known address, is sufficient. If the taxpayer or person being notified is deceased or is

306.1 under a legal disability, or, in the case of a corporation being notified that has terminated  
306.2 its existence, notice to the last known address of the taxpayer, person, or corporation is  
306.3 sufficient, unless the department has been provided with a new address by a party authorized  
306.4 to receive notices from the commissioner.

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

306.9 (c) Notice of a determination or action of the commissioner is sufficient if it is sent on  
306.10 or before the notice date designated by the commissioner on the notice.

306.11 **EFFECTIVE DATE.** This section is effective for notices dated after December 31,  
306.12 2017.

306.13 Sec. 11. Minnesota Statutes 2016, section 270C.72, subdivision 4, is amended to read:

306.14 Subd. 4. **Licensing authority; duties.** All licensing authorities must require the applicant  
306.15 to provide the applicant's Social Security number or individual taxpayer identification  
306.16 number and Minnesota business identification number, as applicable, on all license  
306.17 applications. Upon request of the commissioner, the licensing authority must provide the  
306.18 commissioner with a list of all applicants, including the name, address, business name and  
306.19 address, and Social Security number; or individual taxpayer identification number and  
306.20 business identification number, as applicable, of each applicant. The commissioner may  
306.21 request from a licensing authority a list of the applicants no more than once each calendar  
306.22 year.

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

306.24 Sec. 12. Minnesota Statutes 2016, section 271.06, subdivision 2, is amended to read:

306.25 Subd. 2. **Time; notice; intervention.** Except as otherwise provided by law, within 60  
306.26 days after the notice of the making and filing date of an order of the commissioner of revenue,  
306.27 the appellant, or the appellant's attorney, shall serve a notice of appeal upon the commissioner  
306.28 and file the original, with proof of such service, with the Tax Court administrator or with  
306.29 the court administrator of district court acting as court administrator of the Tax Court;  
306.30 provided, that the Tax Court, for cause shown, may by written order extend the time for  
306.31 appealing for an additional period not exceeding 30 days. For purposes of this section,  
306.32 "notice date" means the notice date designated by the commissioner on the order. The notice

307.1 of appeal shall be in the form prescribed by the Tax Court. Within five days after receipt,  
307.2 the commissioner shall transmit a copy of the notice of appeal to the attorney general. The  
307.3 attorney general shall represent the commissioner, if requested, upon all such appeals except  
307.4 in cases where the attorney general has appealed in behalf of the state, or in other cases  
307.5 where the attorney general deems it against the interests of the state to represent the  
307.6 commissioner, in which event the attorney general may intervene or be substituted as an  
307.7 appellant in behalf of the state at any stage of the proceedings.

307.8 Upon a final determination of any other matter over which the court is granted jurisdiction  
307.9 under section 271.01, subdivision 5, the taxpayer or the taxpayer's attorney shall file a  
307.10 petition or notice of appeal as provided by law with the court administrator of district court,  
307.11 acting in the capacity of court administrator of the Tax Court, with proof of service of the  
307.12 petition or notice of appeal as required by law and within the time required by law. As used  
307.13 in this subdivision, "final determination" includes a notice of assessment and equalization  
307.14 for the year in question received from the local assessor, an order of the local board of  
307.15 equalization, or an order of a county board of equalization.

307.16 The Tax Court shall prescribe a filing system so that the notice of appeal or petition filed  
307.17 with the district court administrator acting as court administrator of the Tax Court is  
307.18 forwarded to the Tax Court administrator. In the case of an appeal or a petition concerning  
307.19 property valuation for which the assessor, a local board of equalization, a county board of  
307.20 equalization or the commissioner of revenue has issued an order, the officer issuing the  
307.21 order shall be notified of the filing of the appeal. The notice of appeal or petition shall be  
307.22 in the form prescribed by the Tax Court.

307.23 **EFFECTIVE DATE.** This section is effective for orders dated after December 31,  
307.24 2017.

307.25 Sec. 13. Minnesota Statutes 2016, section 271.06, subdivision 7, is amended to read:

307.26 Subd. 7. **Rules.** Except as provided in section 278.05, subdivision 6, the Rules of  
307.27 Evidence and Civil Procedure for the district court of Minnesota shall govern the procedures  
307.28 in the Tax Court, where practicable. The Rules of Civil Procedure do not apply to alter the  
307.29 60-day period of time to file a notice of appeal provided in subdivision 2. The Tax Court  
307.30 may adopt rules under chapter 14.

307.31 **EFFECTIVE DATE.** This section is effective for orders dated after December 31,  
307.32 2017.

308.1 Sec. 14. Minnesota Statutes 2016, section 272.02, subdivision 10, is amended to read:

308.2 Subd. 10. **Personal property used for pollution control.** Personal property used  
308.3 primarily for the abatement and control of air, water, or land pollution is exempt to the  
308.4 extent that it is so used, and real property is exempt if it is used primarily for abatement and  
308.5 control of air, water, or land pollution as part of an agricultural operation, as a part of a  
308.6 centralized treatment and recovery facility operating under a permit issued by the Minnesota  
308.7 Pollution Control Agency pursuant to chapters 115 and 116 and Minnesota Rules, parts  
308.8 7001.0500 to 7001.0730, and 7045.0020 to 7045.1030, as a wastewater treatment facility  
308.9 and for the treatment, recovery, and stabilization of metals, oils, chemicals, water, sludges,  
308.10 or inorganic materials from hazardous industrial wastes, or as part of an electric generation  
308.11 system. For purposes of this subdivision, personal property includes ponderous machinery  
308.12 and equipment used in a business or production activity that at common law is considered  
308.13 real property.

308.14 Any taxpayer requesting exemption of all or a portion of any real property or any  
308.15 equipment or device, or part thereof, operated primarily for the control or abatement of air,  
308.16 water, or land pollution shall file an application with the commissioner of revenue. The  
308.17 commissioner shall develop an electronic means to notify interested parties when electric  
308.18 power generation facilities have filed an application. The commissioner shall prescribe the  
308.19 content, format, and manner of the application pursuant to section 270C.30, except that a  
308.20 "law administered by the commissioner" includes the property tax laws, and if an application  
308.21 is made by electronic means, the taxpayer's signature is defined pursuant to section 270C.304,  
308.22 except that a "law administered by the commissioner" includes the property tax laws. The  
308.23 Minnesota Pollution Control Agency shall upon request of the commissioner furnish  
308.24 information and advice to the commissioner.

308.25 The information and advice furnished by the Minnesota Pollution Control Agency must  
308.26 include statements as to whether the equipment, device, or real property meets a standard,  
308.27 rule, criteria, guideline, policy, or order of the Minnesota Pollution Control Agency, and  
308.28 whether the equipment, device, or real property is installed or operated in accordance with  
308.29 it. On determining that property qualifies for exemption, the commissioner shall issue an  
308.30 order exempting the property from taxation. The commissioner shall develop an electronic  
308.31 means to notify interested parties when the commissioner has issued an order exempting  
308.32 property from taxation under this subdivision. The equipment, device, or real property shall  
308.33 continue to be exempt from taxation as long as the order issued by the commissioner remains  
308.34 in effect.

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

309.1 Sec. 15. Minnesota Statutes 2016, section 272.0211, subdivision 1, is amended to read:

309.2 Subdivision 1. **Efficiency determination and certification.** An owner or operator of a  
309.3 new or existing electric power generation facility, excluding wind energy conversion systems,  
309.4 may apply to the commissioner of revenue for a market value exclusion on the property as  
309.5 provided for in this section. This exclusion shall apply only to the market value of the  
309.6 equipment of the facility, and shall not apply to the structures and the land upon which the  
309.7 facility is located. The commissioner of revenue shall prescribe the ~~forms~~ content, format,  
309.8 manner, and procedures for this application pursuant to section 270C.30, except that a "law  
309.9 administered by the commissioner" includes the property tax laws. If an application is made  
309.10 by electronic means, the taxpayer's signature is defined pursuant to section 270C.304, except  
309.11 that a "law administered by the commissioner" includes the property tax laws. Upon receiving  
309.12 the application, the commissioner of revenue shall: (1) request the commissioner of commerce  
309.13 to make a determination of the efficiency of the applicant's electric power generation facility;  
309.14 and (2) shall develop an electronic means to notify interested parties when electric power  
309.15 generation facilities have filed an application. The commissioner of commerce shall calculate  
309.16 efficiency as the ratio of useful energy outputs to energy inputs, expressed as a percentage,  
309.17 based on the performance of the facility's equipment during normal full load operation. The  
309.18 commissioner must include in this formula the energy used in any on-site preparation of  
309.19 materials necessary to convert the materials into the fuel used to generate electricity, such  
309.20 as a process to gasify petroleum coke. The commissioner shall use the Higher Heating Value  
309.21 (HHV) for all substances in the commissioner's efficiency calculations, except for wood  
309.22 for fuel in a biomass-eligible project under section 216B.2424; for these instances, the  
309.23 commissioner shall adjust the heating value to allow for energy consumed for evaporation  
309.24 of the moisture in the wood. The applicant shall provide the commissioner of commerce  
309.25 with whatever information the commissioner deems necessary to make the determination.  
309.26 Within 30 days of the receipt of the necessary information, the commissioner of commerce  
309.27 shall certify the findings of the efficiency determination to the commissioner of revenue  
309.28 and to the applicant. The commissioner of commerce shall determine the efficiency of the  
309.29 facility and certify the findings of that determination to the commissioner of revenue every  
309.30 two years thereafter from the date of the original certification.

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

309.32 Sec. 16. Minnesota Statutes 2016, section 272.025, subdivision 1, is amended to read:

309.33 Subdivision 1. **Statement of exemption.** (a) Except in the case of property owned by  
309.34 the state of Minnesota or any political subdivision thereof, and property exempt from taxation

310.1 under section 272.02, subdivisions 9, 10, 13, 15, 18, 20, and 22 to 25, and at the times  
310.2 provided in subdivision 3, a taxpayer claiming an exemption from taxation on property  
310.3 described in section 272.02, subdivisions 2 to 33, must file a statement of exemption with  
310.4 the assessor of the assessment district in which the property is located.

310.5 (b) A taxpayer claiming an exemption from taxation on property described in section  
310.6 272.02, subdivision 10, must file a statement of exemption with the commissioner of revenue,  
310.7 on or before February 15 of each year for which the taxpayer claims an exemption.

310.8 (c) In case of sickness, absence or other disability or for good cause, the assessor or the  
310.9 commissioner may extend the time for filing the statement of exemption for a period not to  
310.10 exceed 60 days.

310.11 (d) The commissioner of revenue shall prescribe the ~~form and contents~~ content, format,  
310.12 and manner of the statement of exemption pursuant to section 270C.30, except that a "law  
310.13 administered by the commissioner" includes the property tax laws.

310.14 (e) If a statement is made by electronic means, the taxpayer's signature is defined pursuant  
310.15 to section 270C.304, except that a "law administered by the commissioner" includes the  
310.16 property tax laws.

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

310.18 Sec. 17. Minnesota Statutes 2016, section 272.029, subdivision 4, is amended to read:

310.19 Subd. 4. **Reports.** (a) An owner of a wind energy conversion system subject to tax under  
310.20 subdivision 3 shall file a report with the commissioner of revenue annually on or before  
310.21 ~~February 1~~ January 15 detailing the amount of electricity in kilowatt-hours that was produced  
310.22 by the wind energy conversion system for the previous calendar year. The commissioner  
310.23 shall prescribe the ~~form~~ content, format, and manner of the report pursuant to section  
310.24 270C.30, except that a "law administered by the commissioner" includes the property tax  
310.25 laws. The report must contain the information required by the commissioner to determine  
310.26 the tax due to each county under this section for the current year. If an owner of a wind  
310.27 energy conversion system subject to taxation under this section fails to file the report by  
310.28 the due date, the commissioner of revenue shall determine the tax based upon the nameplate  
310.29 capacity of the system multiplied by a capacity factor of 60 percent.

310.30 (b) If a report is made by electronic means, the taxpayer's signature is defined pursuant  
310.31 to section 270C.304, except that a "law administered by the commissioner" includes the  
310.32 property tax laws.

311.1 ~~(b)~~ (c) On or before February 28, the commissioner of revenue shall notify the owner  
 311.2 of the wind energy conversion systems of the tax due to each county for the current year  
 311.3 and shall certify to the county auditor of each county in which the systems are located the  
 311.4 tax due from each owner for the current year.

311.5 **EFFECTIVE DATE.** This section is effective the day following final enactment, except  
 311.6 that the amendment in paragraph (a) moving the date to file the report is effective for reports  
 311.7 filed in 2018 and thereafter.

311.8 Sec. 18. Minnesota Statutes 2016, section 272.0295, subdivision 4, is amended to read:

311.9 Subd. 4. **Reports.** An owner of a solar energy generating system subject to tax under  
 311.10 this section shall file a report with the commissioner of revenue annually on or before  
 311.11 January 15 detailing the amount of electricity in megawatt-hours that was produced by the  
 311.12 system in the previous calendar year. The commissioner shall prescribe the ~~form~~ content,  
 311.13 format, and manner of the report pursuant to section 270C.30. The report must contain the  
 311.14 information required by the commissioner to determine the tax due to each county under  
 311.15 this section for the current year. If an owner of a solar energy generating system subject to  
 311.16 taxation under this section fails to file the report by the due date, the commissioner of  
 311.17 revenue shall determine the tax based upon the nameplate capacity of the system multiplied  
 311.18 by a capacity factor of 30 percent.

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

311.20 Sec. 19. Minnesota Statutes 2016, section 272.115, subdivision 2, is amended to read:

311.21 Subd. 2. **Form; information required.** The certificate of value shall require such facts  
 311.22 and information as may be determined by the commissioner to be reasonably necessary in  
 311.23 the administration of the state education aid formulas. ~~The form~~ commissioner shall prescribe  
 311.24 the content, format, and manner of the certificate of value ~~shall be prescribed by the~~  
 311.25 ~~Department of Revenue which shall provide an adequate supply of forms to each county~~  
 311.26 ~~auditor~~ pursuant to section 270C.30, except that a "law administered by the commissioner"  
 311.27 includes the property tax laws.

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

311.29 Sec. 20. Minnesota Statutes 2016, section 273.124, subdivision 13, is amended to read:

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

312.1 (b) ~~The format and contents of a uniform homestead application shall be prescribed by~~  
312.2 ~~the commissioner of revenue.~~ The commissioner shall prescribe the content, format, and  
312.3 manner of the homestead application required to be filed under this chapter pursuant to  
312.4 section 270C.30. The application must clearly inform the taxpayer that this application must  
312.5 be signed by all owners who occupy the property or by the qualifying relative and returned  
312.6 to the county assessor in order for the property to receive homestead treatment.

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

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

312.18 Owners or spouses occupying residences owned by their spouses and previously occupied  
312.19 with the other spouse, either of whom fail to include the other spouse's name and Social  
312.20 Security number on the homestead application or provide the affidavits or other proof  
312.21 requested, will be deemed to have elected to receive only partial homestead treatment of  
312.22 their residence. The remainder of the residence will be classified as nonhomestead residential.  
312.23 When an owner or spouse's name and Social Security number appear on homestead  
312.24 applications for two separate residences and only one application is signed, the owner or  
312.25 spouse will be deemed to have elected to homestead the residence for which the application  
312.26 was signed.

312.27 (d) If residential real estate is occupied and used for purposes of a homestead by a relative  
312.28 of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in order for  
312.29 the property to receive homestead status, a homestead application must be filed with the  
312.30 assessor. The Social Security number of each relative and spouse of a relative occupying  
312.31 the property shall be required on the homestead application filed under this subdivision. If  
312.32 a different relative of the owner subsequently occupies the property, the owner of the property  
312.33 must notify the assessor within 30 days of the change in occupancy. The Social Security  
312.34 number of a relative or relative's spouse occupying the property is private data on individuals  
312.35 as defined by section 13.02, subdivision 12, but may be disclosed to the commissioner of



313.1 revenue, or, for the purposes of proceeding under the Revenue Recapture Act to recover  
313.2 personal property taxes owing, to the county treasurer.

313.3 (e) The homestead application shall also notify the property owners that if the property  
313.4 is granted homestead status for any assessment year, that same property shall remain  
313.5 classified as homestead until the property is sold or transferred to another person, or the  
313.6 owners, the spouse of the owner, or the relatives no longer use the property as their  
313.7 homestead. Upon the sale or transfer of the homestead property, a certificate of value must  
313.8 be timely filed with the county auditor as provided under section 272.115. Failure to notify  
313.9 the assessor within 30 days that the property has been sold, transferred, or that the owner,  
313.10 the spouse of the owner, or the relative is no longer occupying the property as a homestead,  
313.11 shall result in the penalty provided under this subdivision and the property will lose its  
313.12 current homestead status.

313.13 (f) If a homestead application has not been filed with the county by December 15, the  
313.14 assessor shall classify the property as nonhomestead for the current assessment year for  
313.15 taxes payable in the following year, provided that the owner may be entitled to receive the  
313.16 homestead classification by proper application under section 375.192.

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

313.18 Sec. 21. Minnesota Statutes 2016, section 273.371, is amended to read:

313.19 **273.371 REPORTS OF UTILITY COMPANIES.**

313.20 Subdivision 1. **Report required.** Every electric light, power, gas, water, express, stage,  
313.21 ~~and~~ transportation ~~company~~, and pipeline company doing business in Minnesota shall  
313.22 annually file with the commissioner on or before March 31 a report under oath setting forth  
313.23 the information prescribed by the commissioner to enable the commissioner to make  
313.24 valuations, recommended valuations, and equalization required under sections 273.33,  
313.25 273.35, 273.36, 273.37, and 273.3711. The commissioner shall prescribe the content, format,  
313.26 and manner of the report pursuant to section 270C.30, except that a "law administered by  
313.27 the commissioner" includes the property tax laws. If all the required information is not  
313.28 available on March 31, the company ~~or pipeline~~ shall file the information that is available  
313.29 on or before March 31, and the balance of the information as soon as it becomes available.  
313.30 If a report is made by electronic means, the taxpayer's signature is defined pursuant to section  
313.31 270C.304, except that a "law administered by the commissioner" includes the property tax  
313.32 laws.

314.1 Subd. 2. **Extension.** The commissioner for good cause may extend the time for filing  
314.2 the report required by subdivision 1. The extension ~~may~~ must not exceed 15 days.

314.3 Subd. 3. **Reports filed by the commissioner.** If a company fails to file a report required  
314.4 by subdivision 1, the commissioner may, from information in the commissioner's possession  
314.5 or obtainable by the commissioner, make and file a report for the company or make the  
314.6 valuations, recommended valuations, and equalizations required under sections 273.33,  
314.7 273.35 to 273.37, and 273.3711.

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

314.9 Sec. 22. Minnesota Statutes 2016, section 287.2205, is amended to read:

314.10 **287.2205 TAX-FORFEITED LAND.**

314.11 Before a state deed for tax-forfeited land may be issued, the deed tax must be paid by  
314.12 the purchaser of tax-forfeited land whether the purchase is the result of a public auction or  
314.13 private sale or a repurchase of tax-forfeited land. State agencies and local units of government  
314.14 that acquire tax-forfeited land by purchase or any other means are subject to this section.  
314.15 The deed tax is \$1.65 for a conveyance of tax-forfeited lands to a governmental subdivision  
314.16 for an authorized public use under section 282.01, subdivision 1a, for a school forest under  
314.17 section 282.01, subdivision 1a, or for redevelopment purposes under section 282.01,  
314.18 subdivision 1b.

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

314.20 Sec. 23. Minnesota Statutes 2016, section 289A.08, is amended by adding a subdivision  
314.21 to read:

314.22 Subd. 17. **Format.** The commissioner shall prescribe the content, format, and manner  
314.23 of the returns and other documents pursuant to section 270C.30. This does not authorize  
314.24 the commissioner to require individual income taxpayers to file individual income tax returns  
314.25 electronically.

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

314.27 Sec. 24. Minnesota Statutes 2016, section 289A.09, subdivision 1, is amended to read:

314.28 Subdivision 1. **Returns.** (a) An employer who is required to deduct and withhold tax  
314.29 under section 290.92, subdivision 2a or 3, and a person required to deduct and withhold tax  
314.30 under section 290.923, subdivision 2, must file a return with the commissioner for each  
314.31 quarterly period unless otherwise prescribed by the commissioner.

315.1 (b) A person or corporation required to make deposits under section 290.9201, subdivision  
315.2 8, must file an entertainer withholding tax return with the commissioner.

315.3 (c) A person required to withhold an amount under section 290.9705, subdivision 1,  
315.4 must file a return.

315.5 (d) A partnership required to deduct and withhold tax under section 290.92, subdivision  
315.6 4b, must file a return.

315.7 (e) An S corporation required to deduct and withhold tax under section 290.92,  
315.8 subdivision 4c, must also file a return.

315.9 (f) ~~Returns must be filed in the form and manner, and contain the information prescribed~~  
315.10 ~~by the commissioner.~~ The commissioner shall prescribe the content, format, and manner  
315.11 of the returns pursuant to section 270C.30. Every return for taxes withheld must be signed  
315.12 by the employer, entertainment entity, contract payor, partnership, or S corporation, or a  
315.13 designee.

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

315.15 Sec. 25. Minnesota Statutes 2016, section 289A.11, subdivision 1, is amended to read:

315.16 Subdivision 1. **Return required.** (a) Except as provided in section 289A.18, subdivision  
315.17 4, for the month in which taxes imposed by chapter 297A are payable, or for which a return  
315.18 is due, a return for the preceding reporting period must be filed with the commissioner ~~in~~  
315.19 ~~the form and manner the commissioner prescribes.~~ The commissioner shall prescribe the  
315.20 content, format, and manner of the returns pursuant to section 270C.30. A person making  
315.21 sales at retail at two or more places of business may file a consolidated return subject to  
315.22 rules prescribed by the commissioner. In computing the dollar amount of items on the return,  
315.23 the amounts are rounded off to the nearest whole dollar, disregarding amounts less than 50  
315.24 cents and increasing amounts of 50 cents to 99 cents to the next highest dollar.

315.25 (b) Notwithstanding this subdivision, a person who is not required to hold a sales tax  
315.26 permit under chapter 297A and who makes annual purchases, for use in a trade or business,  
315.27 of less than \$18,500, or a person who is not required to hold a sales tax permit and who  
315.28 makes purchases for personal use, that are subject to the use tax imposed by section 297A.63,  
315.29 may file an annual use tax return ~~on a form prescribed by the commissioner.~~ The  
315.30 commissioner shall prescribe the content, format, and manner of the return pursuant to  
315.31 section 270C.30. If a person who qualifies for an annual use tax reporting period is required  
315.32 to obtain a sales tax permit or makes use tax purchases, for use in a trade or business, in  
315.33 excess of \$18,500 during the calendar year, the reporting period must be considered ended

316.1 at the end of the month in which the permit is applied for or the purchase in excess of  
316.2 \$18,500 is made and a return must be filed for the preceding reporting period.

316.3 (c) Notwithstanding ~~paragraph~~ paragraphs (a) and (b), a person prohibited by the person's  
316.4 religious beliefs from using electronics shall be allowed to file by mail, without any additional  
316.5 fees. The filer must notify the commissioner of revenue of the intent to file by mail on a  
316.6 form prescribed by the commissioner. A return filed under this paragraph must be postmarked  
316.7 no later than the day the return is due in order to be considered filed on a timely basis.

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

316.9 Sec. 26. Minnesota Statutes 2016, section 289A.18, subdivision 1, is amended to read:

316.10 Subdivision 1. **Individual income, fiduciary income, corporate franchise, and**  
316.11 **entertainment taxes; partnership and S corporation returns; information returns;**  
316.12 **mining company returns.** The returns required to be made under sections 289A.08 and  
316.13 289A.12 must be filed at the following times:

316.14 (1) returns made on the basis of the calendar year must be filed on April 15 following  
316.15 the close of the calendar year, except that returns of corporations and partnerships must be  
316.16 filed on the due date for filing the federal income tax return;

316.17 (2) returns made on the basis of the fiscal year must be filed on the 15th day of the fourth  
316.18 month following the close of the fiscal year, except that returns of corporations and  
316.19 partnerships must be filed on the due date for filing the federal income tax return;

316.20 (3) returns for a fractional part of a year must be filed on the due date for filing the  
316.21 federal income tax return;

316.22 (4) in the case of a final return of a decedent for a fractional part of a year, the return  
316.23 must be filed on the 15th day of the fourth month following the close of the 12-month period  
316.24 that began with the first day of that fractional part of a year;

316.25 (5) in the case of the return of a cooperative association, returns must be filed on or  
316.26 before the 15th day of the ninth month following the close of the taxable year;

316.27 (6) if a corporation has been divested from a unitary group and files a return for a  
316.28 fractional part of a year in which it was a member of a unitary business that files a combined  
316.29 report under section 290.17, subdivision 4, the divested corporation's return must be filed  
316.30 on the 15th day of the third month following the close of the common accounting period  
316.31 that includes the fractional year;

317.1 (7) returns of entertainment entities must be filed on April 15 following the close of the  
317.2 calendar year;

317.3 (8) returns required to be filed under section 289A.08, subdivision 4, must be filed on  
317.4 the 15th day of the fifth month following the close of the taxable year;

317.5 (9) returns of mining companies must be filed on May 1 following the close of the  
317.6 calendar year; and

317.7 (10) returns required to be filed with the commissioner under section 289A.12,  
317.8 subdivision 2, 4 to 10, or 16 must be filed within 30 days after being demanded by the  
317.9 commissioner.

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

317.11 Sec. 27. Minnesota Statutes 2016, section 289A.37, subdivision 2, is amended to read:

317.12 Subd. 2. **Erroneous refunds.** ~~An erroneous refund is considered an underpayment of~~  
317.13 ~~tax on the date made. An assessment of a deficiency arising out of an erroneous refund may~~  
317.14 ~~be made at any time within two years from the making of the refund. If part of the refund~~  
317.15 ~~was induced by fraud or misrepresentation of a material fact, the assessment may be made~~  
317.16 ~~at any time.~~ (a) Except as provided in paragraph (b), an erroneous refund occurs when the  
317.17 commissioner issues a payment to a person that exceeds the amount the person is entitled  
317.18 to receive under law. An erroneous refund is considered an underpayment of tax on the date  
317.19 issued.

317.20 (b) To the extent that the amount paid does not exceed the amount claimed by the  
317.21 taxpayer, an erroneous refund does not include the following:

317.22 (1) any amount of a refund or credit paid pursuant to a claim for refund filed by a  
317.23 taxpayer, including but not limited to refunds of claims made under section 290.06,  
317.24 subdivision 23; 290.067; 290.0671; 290.0672; 290.0674; 290.0675; 290.0677; 290.068;  
317.25 290.0681; or 290.0692; or chapter 290A; or

317.26 (2) any amount paid pursuant to a claim for refund of an overpayment of tax filed by a  
317.27 taxpayer.

317.28 (c) The commissioner may make an assessment to recover an erroneous refund at any  
317.29 time within two years from the issuance of the erroneous refund. If all or part of the erroneous  
317.30 refund was induced by fraud or misrepresentation of a material fact, the assessment may  
317.31 be made at any time.

318.1 (d) Assessments of amounts that are not erroneous refunds under paragraph (b) must be  
318.2 conducted under section 289A.38.

318.3 **EFFECTIVE DATE.** This section is effective July 1, 2017.

318.4 Sec. 28. Minnesota Statutes 2016, section 289A.50, subdivision 7, is amended to read:

318.5 Subd. 7. **Remedies.** (a) If the taxpayer is notified by the commissioner that the refund  
318.6 claim is denied in whole or in part, the taxpayer may:

318.7 (1) file an administrative appeal as provided in section 270C.35, or an appeal with the  
318.8 Tax Court, within 60 days after ~~issuance~~ the notice date of the commissioner's notice of  
318.9 denial; or

318.10 (2) file an action in the district court to recover the refund.

318.11 (b) An action in the district court on a denied claim for refund must be brought within  
318.12 18 months of the notice date of the denial of the claim by the commissioner. For the purposes  
318.13 of this section, "notice date" has the meaning given in section 270C.35, subdivision 3.

318.14 (c) No action in the district court or the Tax Court shall be brought within six months  
318.15 of the filing of the refund claim unless the commissioner denies the claim within that period.

318.16 (d) If a taxpayer files a claim for refund and the commissioner has not issued a denial  
318.17 of the claim, the taxpayer may bring an action in the district court or the Tax Court at any  
318.18 time after the expiration of six months from the time the claim was filed.

318.19 (e) The commissioner and the taxpayer may agree to extend the period for bringing an  
318.20 action in the district court.

318.21 (f) An action for refund of tax by the taxpayer must be brought in the district court of  
318.22 the district in which lies the county of the taxpayer's residence or principal place of business.  
318.23 In the case of an estate or trust, the action must be brought at the principal place of its  
318.24 administration. Any action may be brought in the district court for Ramsey County.

318.25 **EFFECTIVE DATE.** This section is effective for claims for refund denied after  
318.26 December 31, 2017.

318.27 Sec. 29. **[290B.11] FORMS.**

318.28 The commissioner shall prescribe the content, format, and manner of all forms and other  
318.29 documents required to be filed under this chapter pursuant to section 270C.30.

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

319.1 Sec. 30. **[293.15] FORMS.**

319.2 The commissioner shall prescribe the content, format, and manner of all forms and other  
319.3 documents required to be filed under this chapter pursuant to section 270C.30.

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

319.5 Sec. 31. Minnesota Statutes 2016, section 295.55, subdivision 6, is amended to read:

319.6 Subd. 6. **Form of returns.** ~~The estimated payments and annual return must contain the~~  
319.7 ~~information and be in the form prescribed by the commissioner.~~ The commissioner shall  
319.8 prescribe the content, format, and manner of the estimated payment forms and annual return  
319.9 pursuant to section 270C.30.

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

319.11 Sec. 32. Minnesota Statutes 2016, section 296A.02, is amended by adding a subdivision  
319.12 to read:

319.13 Subd. 5. **Forms.** The commissioner shall prescribe the content, format, and manner of  
319.14 all forms and other documents required to be filed under this chapter pursuant to section  
319.15 270C.30.

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

319.17 Sec. 33. Minnesota Statutes 2016, section 296A.22, subdivision 9, is amended to read:

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

319.21 (b) A request for abatement of penalty must be filed with the commissioner within 60  
319.22 days of the notice date of the notice stating that a penalty has been imposed was mailed to  
319.23 ~~the taxpayer's last known address.~~ For purposes of this section, "notice date" means the  
319.24 notice date designated by the commissioner on the order or other notice that a penalty has  
319.25 been imposed.

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

320.1 **EFFECTIVE DATE.** This section is effective for orders and notices dated after  
320.2 December 31, 2017.

320.3 Sec. 34. Minnesota Statutes 2016, section 296A.26, is amended to read:

320.4 **296A.26 JUDICIAL REVIEW; APPEAL TO TAX COURT.**

320.5 In lieu of an administrative appeal under section 270C.35, any person aggrieved by an  
320.6 order of the commissioner fixing a tax, penalty, or interest under this chapter may, within  
320.7 60 days from the notice date of the notice of the order, appeal to the Tax Court in the manner  
320.8 provided under section 271.06. For purposes of this section, "notice date" means the notice  
320.9 date designated by the commissioner on the order fixing a tax, penalty, or interest.

320.10 **EFFECTIVE DATE.** This section is effective for orders dated after December 31,  
320.11 2017.

320.12 Sec. 35. Minnesota Statutes 2016, section 297D.02, is amended to read:

320.13 **297D.02 ADMINISTRATION.**

320.14 The commissioner of revenue shall administer this chapter. The commissioner shall  
320.15 prescribe the content, format, and manner of all forms and other documents required to be  
320.16 filed under this chapter pursuant to section 270C.30. Payments required by this chapter  
320.17 must be made to the commissioner on the form provided by the commissioner. Tax obligors  
320.18 are not required to give their name, address, Social Security number, or other identifying  
320.19 information on the form. The commissioner shall collect all taxes under this chapter.

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

320.21 Sec. 36. Minnesota Statutes 2016, section 297E.02, subdivision 3, is amended to read:

320.22 Subd. 3. **Collection; disposition.** (a) Taxes imposed by this section are due and payable  
320.23 to the commissioner when the gambling tax return is required to be filed. Distributors must  
320.24 file their monthly sales figures with the commissioner on a form prescribed by the  
320.25 commissioner. Returns covering the taxes imposed under this section must be filed with  
320.26 the commissioner on or before the 20th day of the month following the close of the previous  
320.27 calendar month. ~~The commissioner may require that the returns be filed via magnetic media~~  
320.28 ~~or electronic data transfer.~~ The commissioner shall prescribe the content, format, and manner  
320.29 of returns or other documents pursuant to section 270C.30. The proceeds, along with the  
320.30 revenue received from all license fees and other fees under sections 349.11 to 349.191,



321.1 349.211, and 349.213, must be paid to the commissioner of management and budget for  
321.2 deposit in the general fund.

321.3 (b) The sales tax imposed by chapter 297A on the sale of pull-tabs and tipboards by the  
321.4 distributor is imposed on the retail sales price. The retail sale of pull-tabs or tipboards by  
321.5 the organization is exempt from taxes imposed by chapter 297A and is exempt from all  
321.6 local taxes and license fees except a fee authorized under section 349.16, subdivision 8.

321.7 (c) One-half of one percent of the revenue deposited in the general fund under paragraph  
321.8 (a), is appropriated to the commissioner of human services for the compulsive gambling  
321.9 treatment program established under section 245.98. One-half of one percent of the revenue  
321.10 deposited in the general fund under paragraph (a), is appropriated to the commissioner of  
321.11 human services for a grant to the state affiliate recognized by the National Council on  
321.12 Problem Gambling to increase public awareness of problem gambling, education and training  
321.13 for individuals and organizations providing effective treatment services to problem gamblers  
321.14 and their families, and research relating to problem gambling. Money appropriated by this  
321.15 paragraph must supplement and must not replace existing state funding for these programs.

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

321.17 Sec. 37. Minnesota Statutes 2016, section 297E.04, subdivision 1, is amended to read:

321.18 Subdivision 1. **Reports of sales.** A manufacturer who sells gambling product for use or  
321.19 resale in this state, or for receipt by a person or entity in this state, shall file with the  
321.20 commissioner, on a form prescribed by the commissioner, a report of gambling product  
321.21 sold to any person in the state, including the established governing body of an Indian tribe  
321.22 recognized by the United States Department of the Interior. The report must be filed monthly  
321.23 on or before the 20th day of the month succeeding the month in which the sale was made.  
321.24 ~~The commissioner may require that the report be submitted via magnetic media or electronic~~  
321.25 ~~data transfer.~~ The commissioner shall prescribe the content, format, and manner of returns  
321.26 or other documents pursuant to section 270C.30. The commissioner may inspect the premises,  
321.27 books, records, and inventory of a manufacturer without notice during the normal business  
321.28 hours of the manufacturer. A person violating this section is guilty of a misdemeanor.

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

321.30 Sec. 38. Minnesota Statutes 2016, section 297E.05, subdivision 4, is amended to read:

321.31 Subd. 4. **Reports.** A distributor shall report monthly to the commissioner, on a form the  
321.32 commissioner prescribes, its sales of each type of gambling product. This report must be

322.1 filed monthly on or before the 20th day of the month succeeding the month in which the  
322.2 sale was made. ~~The commissioner may require that a distributor submit the monthly report~~  
322.3 ~~and invoices required in this subdivision via magnetic media or electronic data transfer.~~  
322.4 The commissioner shall prescribe the content, format, and manner of returns or other  
322.5 documents pursuant to section 270C.30.

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

322.7 Sec. 39. Minnesota Statutes 2016, section 297E.06, subdivision 1, is amended to read:

322.8 Subdivision 1. **Reports.** An organization must file with the commissioner, on a form  
322.9 prescribed by the commissioner, a report showing all gambling activity conducted by that  
322.10 organization for each month. Gambling activity includes all gross receipts, prizes, all  
322.11 gambling taxes owed or paid to the commissioner, all gambling expenses, and all lawful  
322.12 purpose and board-approved expenditures. The report must be filed with the commissioner  
322.13 on or before the 20th day of the month following the month in which the gambling activity  
322.14 takes place. ~~The commissioner may require that the reports be filed via magnetic media or~~  
322.15 ~~electronic data transfer.~~ The commissioner shall prescribe the content, format, and manner  
322.16 of returns or other documents pursuant to section 270C.30.

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

322.18 Sec. 40. Minnesota Statutes 2016, section 297F.09, subdivision 1, is amended to read:

322.19 Subdivision 1. **Monthly return; cigarette distributor.** On or before the 18th day of  
322.20 each calendar month, a distributor with a place of business in this state shall file a return  
322.21 with the commissioner showing the quantity of cigarettes manufactured or brought in from  
322.22 outside the state or purchased during the preceding calendar month and the quantity of  
322.23 cigarettes sold or otherwise disposed of in this state and outside this state during that month.  
322.24 A licensed distributor outside this state shall in like manner file a return showing the quantity  
322.25 of cigarettes shipped or transported into this state during the preceding calendar month.  
322.26 ~~Returns must be made in the form and manner prescribed by~~ The commissioner shall  
322.27 prescribe the content, format, and manner of returns pursuant to section 270C.30, and the  
322.28 returns must contain any other information required by the commissioner. The return must  
322.29 be accompanied by a remittance for the full unpaid tax liability shown by it. For distributors  
322.30 subject to the accelerated tax payment requirements in subdivision 10, the return for the  
322.31 May liability is due two business days before June 30th of the year and the return for the  
322.32 June liability is due on or before August 18th of the year.

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

323.1 Sec. 41. Minnesota Statutes 2016, section 297F.23, is amended to read:

323.2 **297F.23 JUDICIAL REVIEW.**

323.3 In lieu of an administrative appeal under section 270C.35, a person aggrieved by an  
 323.4 order of the commissioner fixing a tax, penalty, or interest under this chapter may, within  
 323.5 60 days from the notice date of the notice of the order, appeal to the Tax Court in the manner  
 323.6 provided under section 271.06. For purposes of this section, "notice date" means the notice  
 323.7 date designated by the commissioner on the order fixing a tax, penalty, or interest.

323.8 **EFFECTIVE DATE.** This section is effective for orders dated after December 31,  
 323.9 2017.

323.10 Sec. 42. Minnesota Statutes 2016, section 297G.09, subdivision 1, is amended to read:

323.11 Subdivision 1. **Monthly returns; manufacturers, wholesalers, brewers, or importers.**

323.12 On or before the 18th day of each calendar month following the month in which a licensed  
 323.13 manufacturer or wholesaler first sells wine and distilled spirits within the state, or a brewer  
 323.14 or importer first sells or imports fermented malt beverages, or a wholesaler knowingly  
 323.15 acquires title to or possession of untaxed fermented malt beverages, the licensed  
 323.16 manufacturer, wholesaler, brewer, or importer liable for the excise tax must file a return  
 323.17 with the commissioner, and in addition must keep records and render reports as required  
 323.18 by the commissioner. ~~Returns must be made in a form and manner prescribed by the~~  
 323.19 ~~commissioner, and~~ The commissioner shall prescribe the content, format, and manner of  
 323.20 returns pursuant to section 270C.30. The returns must contain any other information required  
 323.21 by the commissioner. Returns must be accompanied by a remittance for the full unpaid tax  
 323.22 liability. Returns must be filed regardless of whether a tax is due.

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

323.24 Sec. 43. Minnesota Statutes 2016, section 297G.22, is amended to read:

323.25 **297G.22 JUDICIAL REVIEW.**

323.26 In lieu of an administrative appeal under this chapter, a person aggrieved by an order of  
 323.27 the commissioner fixing a tax, penalty, or interest under this chapter may, within 60 days  
 323.28 from ~~the date of the notice~~ date of the order, appeal to the Tax Court in the manner provided  
 323.29 under section 271.06. For purposes of this section, "notice date" means the notice date  
 323.30 designated by the commissioner on the order fixing a tax, penalty, or interest.

323.31 **EFFECTIVE DATE.** This section is effective for orders dated after December 31,  
 323.32 2017.

324.1 Sec. 44. Minnesota Statutes 2016, section 297I.30, is amended by adding a subdivision  
324.2 to read:

324.3 Subd. 11. **Format.** The commissioner shall prescribe the content, format, and manner  
324.4 of returns or other documents pursuant to section 270C.30.

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

324.6 Sec. 45. Minnesota Statutes 2016, section 297I.60, subdivision 2, is amended to read:

324.7 Subd. 2. **Remedies.** (a) If the taxpayer is notified that the refund claim is denied in whole  
324.8 or in part, the taxpayer may contest the denial by:

324.9 (1) filing an administrative appeal with the commissioner under section 270C.35;

324.10 (2) filing an appeal in Tax Court within 60 days of the notice date of the ~~notice~~ of denial;  
324.11 or

324.12 (3) filing an action in the district court to recover the refund.

324.13 (b) An action in the district court must be brought within 18 months following of the  
324.14 notice date of the ~~notice~~ of denial. For purposes of this section, "notice date" has the meaning  
324.15 given in section 270C.35, subdivision 3. An action for refund of tax or surcharge must be  
324.16 brought in the district court of the district in which lies the taxpayer's principal place of  
324.17 business or in the District Court for Ramsey County. If a taxpayer files a claim for refund  
324.18 and the commissioner has not issued a denial of the claim, the taxpayer may bring an action  
324.19 in the district court or the Tax Court at any time after the expiration of six months from the  
324.20 time the claim was filed.

324.21 **EFFECTIVE DATE.** This section is effective for claims for refund denied after  
324.22 December 31, 2017.

324.23 Sec. 46. Minnesota Statutes 2016, section 469.319, subdivision 5, is amended to read:

324.24 Subd. 5. **Waiver authority.** (a) The commissioner may waive all or part of a repayment  
324.25 required under subdivision 1, if the commissioner, in consultation with the commissioner  
324.26 of employment and economic development and appropriate officials from the local  
324.27 government units in which the qualified business is located, determines that requiring  
324.28 repayment of the tax is not in the best interest of the state or the local government units and  
324.29 the business ceased operating as a result of circumstances beyond its control including, but  
324.30 not limited to:

324.31 (1) a natural disaster;

325.1 (2) unforeseen industry trends; or

325.2 (3) loss of a major supplier or customer.

325.3 (b)(1) The commissioner shall waive repayment required under subdivision 1a if the  
325.4 commissioner has waived repayment by the operating business under subdivision 1, unless  
325.5 the person that received benefits without having to operate a business in the zone was a  
325.6 contributing factor in the qualified business becoming subject to repayment under subdivision  
325.7 1;

325.8 (2) the commissioner shall waive the repayment required under subdivision 1a, even if  
325.9 the repayment has not been waived for the operating business if:

325.10 (i) the person that received benefits without having to operate a business in the zone and  
325.11 the business that operated in the zone are not related parties as defined in section 267(b) of  
325.12 the Internal Revenue Code of 1986, as amended through December 31, 2007; and

325.13 (ii) actions of the person were not a contributing factor in the qualified business becoming  
325.14 subject to repayment under subdivision 1.

325.15 (c) Requests for waiver must be made no later than 60 days after the earlier of the notice  
325.16 date of an order issued under subdivision 4, paragraph (d), or the date of a tax statement  
325.17 issued under subdivision 4, paragraph (c). For purposes of this section, "notice date" means  
325.18 the notice date designated by the commissioner on the order.

325.19 **EFFECTIVE DATE.** This section is effective for orders of the commissioner of revenue  
325.20 dated after December 31, 2017.

325.21 Sec. 47. Laws 2016, chapter 187, section 5, the effective date, is amended to read:

325.22 **EFFECTIVE DATE.** This section is effective for orders and notices dated after  
325.23 ~~September 30, 2015~~ December 31, 2017.

325.24 **EFFECTIVE DATE.** This section is effective retroactively from September 30, 2015.

## 325.25 ARTICLE 17

### 325.26 DEPARTMENT OF REVENUE INDIVIDUAL INCOME, CORPORATE 325.27 FRANCHISE, AND ESTATE TAX TECHNICAL PROVISIONS

325.28 Section 1. Minnesota Statutes 2016, section 290.0132, subdivision 21, is amended to read:

325.29 Subd. 21. **Military service pension; retirement pay.** To the extent included in federal  
325.30 taxable income, compensation received from a pension or other retirement pay from the  
325.31 federal government for service in the military, as computed under United States Code, title

326.1 10, sections 1401 to 1414, 1447 to 1455, and 12733, is a subtraction. The subtraction ~~must~~  
326.2 ~~not include any amount used to claim the credit allowed under section 290.0677~~ is limited  
326.3 to individuals who do not claim the credit under section 290.0677.

326.4 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
326.5 after December 31, 2015.

326.6 Sec. 2. Minnesota Statutes 2016, section 290A.03, subdivision 3, is amended to read:

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

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

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

326.10 (i) all nontaxable income;

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

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

326.17 (iv) cash public assistance and relief;

326.18 (v) any pension or annuity (including railroad retirement benefits, all payments received  
326.19 under the federal Social Security Act, Supplemental Security Income, and veterans benefits),  
326.20 which was not exclusively funded by the claimant or spouse, or which was funded exclusively  
326.21 by the claimant or spouse and which funding payments were excluded from federal adjusted  
326.22 gross income in the years when the payments were made;

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

326.25 (vii) workers' compensation;

326.26 (viii) nontaxable strike benefits;

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

326.30 (x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of  
326.31 1986, as amended through December 31, 1995;

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

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

327.9 (xiii) nontaxable scholarship or fellowship grants;

327.10 (xiv) the amount of deduction allowed under section 199 of the Internal Revenue Code;

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

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

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

327.17 In the case of an individual who files an income tax return on a fiscal year basis, the  
327.18 term "federal adjusted gross income" shall mean federal adjusted gross income reflected in  
327.19 the fiscal year ending in the calendar year. Federal adjusted gross income shall not be reduced  
327.20 by the amount of a net operating loss carryback or carryforward or a capital loss carryback  
327.21 or carryforward allowed for the year.

327.22 (b) "Income" does not include:

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

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

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

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

327.32 (5) relief granted under this chapter;

328.1 (6) child support payments received under a temporary or final decree of dissolution or  
328.2 legal separation; or

328.3 (7) restitution payments received by eligible individuals and excludable interest as  
328.4 defined in section 803 of the Economic Growth and Tax Relief Reconciliation Act of 2001,  
328.5 Public Law 107-16.

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

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

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

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

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

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

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

328.15 (d) For purposes of this subdivision, the "exemption amount" means the exemption  
328.16 amount under section 151(d) of the Internal Revenue Code for the taxable year for which  
328.17 the income is reported; "retirement base amount" means the deductible amount for the  
328.18 taxable year for the claimant and spouse under section 219(b)(5)(A) of the Internal Revenue  
328.19 Code, adjusted for inflation as provided in section 219(b)(5)(~~D~~)(C) of the Internal Revenue  
328.20 Code, without regard to whether the claimant or spouse claimed a deduction; and "traditional  
328.21 or Roth style retirement account or plan" means retirement plans under sections 401, 403,  
328.22 408, 408A, and 457 of the Internal Revenue Code.

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

328.24 Sec. 3. Minnesota Statutes 2016, section 290A.10, is amended to read:

328.25 **290A.10 PROOF OF TAXES PAID.**

328.26 ~~Every~~ If requested by the commissioner of revenue, a claimant who files a claim for  
328.27 relief for property taxes payable shall ~~include with the claim~~ provide a property tax statement  
328.28 or a reproduction thereof in a form deemed satisfactory by the commissioner of revenue  
328.29 indicating that there are no delinquent property taxes on the homestead. Indication on the  
328.30 property tax statement from the county treasurer that there are no delinquent taxes on the  
328.31 homestead shall be sufficient proof. Taxes included in a confession of judgment under



329.1 section 277.23 or 279.37 shall not constitute delinquent taxes as long as the claimant is  
329.2 current on the payments required to be made under section 277.23 or 279.37.

329.3 **EFFECTIVE DATE.** This section is effective for refunds based on rent paid after  
329.4 December 31, 2015, and property taxes payable after December 31, 2016.

329.5 Sec. 4. Minnesota Statutes 2016, section 291.075, is amended to read:

329.6 **291.075 SPECIAL USE VALUATION OF QUALIFIED PROPERTY.**

329.7 If, after the final determination of the tax imposed by this chapter, the property valued  
329.8 pursuant to section 2032A of the Internal Revenue Code is disposed of or fails to qualify  
329.9 and an additional tax is imposed pursuant to section 2032A(c), any increase in ~~the credit~~  
329.10 ~~for state death taxes~~ federal gross or taxable estate shall be reported to the commissioner  
329.11 within 90 days ~~after final determination of the increased credit of the federal adjustment.~~  
329.12 Upon notification the commissioner may assess an additional tax in accordance with section  
329.13 291.03, subdivision 1.

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

329.15 Sec. 5. **REPEALER.**

329.16 Minnesota Statutes 2016, sections 290.9743; and 290.9744, are repealed.

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

329.18

## ARTICLE 18

329.19 **DEPARTMENT OF REVENUE PROPERTY TAX AND LOCAL GOVERNMENT**  
329.20 **AID TECHNICAL PROVISIONS**

329.21 Section 1. Minnesota Statutes 2016, section 270.078, subdivision 1, is amended to read:

329.22 Subdivision 1. **Conformance to federal law.** If any provision of sections 270.071 to  
329.23 270.079 is contrary to any provision of any law of the United States of America, hereinafter  
329.24 enacted, providing for or relating to the ad valorem taxation by a state of aircraft or flying  
329.25 equipment of an airline company, such provision shall be of no effect and the commissioner  
329.26 is authorized and directed to prescribe by rule such provisions as may be necessary to make  
329.27 sections 270.071 to 270.079 conform to the federal act and to effectuate the purposes of  
329.28 sections 270.071 to 270.079, provided such rules do not prescribe a rate of taxation higher  
329.29 than that provided in section 270.075 or a net tax capacity based on a percentage higher  
329.30 than that provided in section 270.074, subdivision ~~2~~ 3.

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

330.1 Sec. 2. Minnesota Statutes 2016, section 273.135, subdivision 1, is amended to read:

330.2 Subdivision 1. **Reduction in tax; tax relief area.** The property tax to be paid in respect  
330.3 to property taxable within a tax relief area as defined in section 273.134, paragraph (b), on  
330.4 homestead property, as otherwise determined by law and regardless of the market value of  
330.5 the property, and on nonhomestead portions of property classified as both homestead and  
330.6 nonhomestead property as provided in section 273.124, subdivision 11, for all purposes  
330.7 shall be reduced in the amount prescribed by subdivision 2, subject to the limitations  
330.8 contained therein.

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

330.10 Sec. 3. Minnesota Statutes 2016, section 414.09, subdivision 2, is amended to read:

330.11 Subd. 2. **Transmittal of order.** The chief administrative law judge shall see that copies  
330.12 of the order are mailed to all parties entitled to mailed notice of hearing under subdivision  
330.13 1, the secretary of state, ~~the Department of Revenue,~~ the state demographer, individual  
330.14 property owners if initiated in that manner, affected county auditor, and any other party of  
330.15 record. The affected county auditor shall record the order against the affected property.

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

330.17 Sec. 4. Minnesota Statutes 2016, section 477A.0124, subdivision 2, is amended to read:

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

330.20 (b) "County program aid" means the sum of "county need aid," "county tax base  
330.21 equalization aid," and "county transition aid."

330.22 (c) "Age-adjusted population" means a county's population multiplied by the county age  
330.23 index.

330.24 (d) "County age index" means the percentage of the population ~~over~~ over age 65 and over  
330.25 within the county divided by the percentage of the population over age 65 and over within  
330.26 the state, except that the age index for any county may not be greater than 1.8 nor less than  
330.27 0.8.

330.28 (e) "Population ~~over~~ over age 65 and over" means the population ~~over~~ over age 65 and over  
330.29 established as of July 15 in an aid calculation year by the most recent federal census, by a  
330.30 special census conducted under contract with the United States Bureau of the Census, by a  
330.31 population estimate made by the Metropolitan Council, or by a population estimate of the

331.1 state demographer made pursuant to section 4A.02, whichever is the most recent as to the  
331.2 stated date of the count or estimate for the preceding calendar year and which has been  
331.3 certified to the commissioner of revenue on or before July 15 of the aid calculation year. A  
331.4 revision to an estimate or count is effective for these purposes only if certified to the  
331.5 commissioner on or before July 15 of the aid calculation year. Clerical errors in the  
331.6 certification or use of estimates and counts established as of July 15 in the aid calculation  
331.7 year are subject to correction within the time periods allowed under section 477A.014.

331.8 (f) "Part I crimes" means the three-year average annual number of Part I crimes reported  
331.9 for each county by the Department of Public Safety for the most recent years available. By  
331.10 July 1 of each year, the commissioner of public safety shall certify to the commissioner of  
331.11 revenue the number of Part I crimes reported for each county for the three most recent  
331.12 calendar years available.

331.13 (g) "Households receiving food stamps" means the average monthly number of  
331.14 households receiving food stamps for the three most recent years for which data is available.  
331.15 By July 1 of each year, the commissioner of human services must certify to the commissioner  
331.16 of revenue the average monthly number of households in the state and in each county that  
331.17 receive food stamps, for the three most recent calendar years available.

331.18 (h) "County net tax capacity" means the county's adjusted net tax capacity under section  
331.19 273.1325.

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

331.21 Sec. 5. Minnesota Statutes 2016, section 477A.013, subdivision 1, is amended to read:

331.22 Subdivision 1. **Towns.** (a) In 2014 and thereafter, each town is eligible for a distribution  
331.23 under this subdivision equal to the product of (i) its agricultural property factor, (ii) its town  
331.24 area factor, (iii) its population factor, and (iv) 0.0045. As used in this subdivision, the  
331.25 following terms have the meanings given them:

331.26 (1) "agricultural property factor" means the ratio of the adjusted net tax capacity of  
331.27 agricultural property located in a town, ~~divided by~~ to the adjusted net tax capacity of all  
331.28 other property located in the town. The agricultural property factor cannot exceed eight;

331.29 (2) "agricultural property" means property classified under section 273.13, as homestead  
331.30 and nonhomestead agricultural property, rural vacant land, and noncommercial seasonal  
331.31 recreational property;

332.1 (3) "town area factor" means the most recent estimate of total acreage, not to exceed  
 332.2 50,000 acres, located in the township available as of July 1 in the aid calculation year,  
 332.3 estimated or established by:

332.4 (i) the United States Bureau of the Census;

332.5 (ii) the State Land Management Information Center; or

332.6 (iii) the secretary of state; and

332.7 (4) "population factor" means the square root of the towns' population.

332.8 (b) If the sum of the aids payable to all towns under this subdivision exceeds the limit  
 332.9 under section 477A.03, subdivision 2c, the distribution to each town must be reduced  
 332.10 proportionately so that the total amount of aids distributed under this section does not exceed  
 332.11 the limit in section 477A.03, subdivision 2c.

332.12 (c) Data used in calculating aids to towns under this subdivision, other than acreage,  
 332.13 shall be the most recently available data as of January 1 in the year in which the aid is  
 332.14 calculated.

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

332.16

## ARTICLE 19

332.17

### DEPARTMENT OF REVENUE SALES AND USE, AND SPECIAL TAXES

332.18

#### TECHNICAL PROVISIONS

332.19 Section 1. Minnesota Statutes 2016, section 270C.171, subdivision 1, is amended to read:

332.20 Subdivision 1. **Definitions.** (a) If a special law grants a local government unit or group  
 332.21 of units the authority to impose a local tax other than sales tax, including but not limited to  
 332.22 taxes such as lodging, entertainment, admissions, or food and beverage taxes, and the  
 332.23 Department of Revenue either has agreed to or is required to administer the tax, such that  
 332.24 the tax is reported and paid with the chapter 297A taxes, then ~~the local government unit or~~  
 332.25 ~~group of units must adopt each definition term used in the special law~~ is defined as follows:

332.26 (1) ~~the definition must be identical to the definition found~~ as defined in chapter 297A  
 332.27 or in Minnesota Rules, chapter 8130; or

332.28 (2) if the specific term is not defined either in chapter 297A or in Minnesota Rules,  
 332.29 chapter 8130, then ~~the definition must be~~ defined consistent with the position of the  
 332.30 Department of Revenue as to the extent of the tax base.

333.1 (b) This subdivision does not apply to terms that are defined by the authorizing special  
333.2 law.

333.3 (c) This subdivision applies notwithstanding whether a local government unit or group  
333.4 of units adopts consistent definitions into local law.

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

333.6 Sec. 2. Minnesota Statutes 2016, section 298.01, subdivision 3, is amended to read:

333.7 Subd. 3. **Occupation tax; other ores.** Every person engaged in the business of mining,  
333.8 refining, or producing ores, metals, or minerals in this state, except iron ore or taconite  
333.9 concentrates, shall pay an occupation tax to the state of Minnesota as provided in this  
333.10 subdivision. For purposes of this subdivision, mining includes the application of  
333.11 hydrometallurgical processes. Hydrometallurgical processes are processes that extract the  
333.12 ores, metals, or minerals, by use of aqueous solutions that leach, concentrate, and recover  
333.13 the ore, metal, or mineral. The tax is determined in the same manner as the tax imposed by  
333.14 section 290.02, except that sections 290.05, subdivision 1, clause (a), 290.17, subdivision  
333.15 4, and 290.191, subdivision 2, do not apply, and the occupation tax must be computed by  
333.16 applying to taxable income the rate of 2.45 percent. ~~A person subject to occupation tax~~  
333.17 ~~under this section shall apportion its net income on the basis of the percentage obtained by~~  
333.18 ~~taking the sum of:~~

333.19 ~~(1) 75 percent of the percentage which the sales made within this state in connection~~  
333.20 ~~with the trade or business during the tax period are of the total sales wherever made in~~  
333.21 ~~connection with the trade or business during the tax period;~~

333.22 ~~(2) 12.5 percent of the percentage which the total tangible property used by the taxpayer~~  
333.23 ~~in this state in connection with the trade or business during the tax period is of the total~~  
333.24 ~~tangible property, wherever located, used by the taxpayer in connection with the trade or~~  
333.25 ~~business during the tax period; and~~

333.26 ~~(3) 12.5 percent of the percentage which the taxpayer's total payrolls paid or incurred~~  
333.27 ~~in this state or paid in respect to labor performed in this state in connection with the trade~~  
333.28 ~~or business during the tax period are of the taxpayer's total payrolls paid or incurred in~~  
333.29 ~~connection with the trade or business during the tax period.~~

333.30 The tax is in addition to all other taxes.

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

334.1 Sec. 3. Minnesota Statutes 2016, section 298.01, subdivision 4, is amended to read:

334.2 Subd. 4. **Occupation tax; iron ore; taconite concentrates.** A person engaged in the  
334.3 business of mining or producing of iron ore, taconite concentrates or direct reduced ore in  
334.4 this state shall pay an occupation tax to the state of Minnesota. The tax is determined in the  
334.5 same manner as the tax imposed by section 290.02, except that sections 290.05, subdivision  
334.6 1, clause (a), 290.17, subdivision 4, and 290.191, subdivision 2, do not apply, and the  
334.7 occupation tax shall be computed by applying to taxable income the rate of 2.45 percent.  
334.8 ~~A person subject to occupation tax under this section shall apportion its net income on the~~  
334.9 ~~basis of the percentage obtained by taking the sum of:~~

334.10 ~~(1) 75 percent of the percentage which the sales made within this state in connection~~  
334.11 ~~with the trade or business during the tax period are of the total sales wherever made in~~  
334.12 ~~connection with the trade or business during the tax period;~~

334.13 ~~(2) 12.5 percent of the percentage which the total tangible property used by the taxpayer~~  
334.14 ~~in this state in connection with the trade or business during the tax period is of the total~~  
334.15 ~~tangible property, wherever located, used by the taxpayer in connection with the trade or~~  
334.16 ~~business during the tax period; and~~

334.17 ~~(3) 12.5 percent of the percentage which the taxpayer's total payrolls paid or incurred~~  
334.18 ~~in this state or paid in respect to labor performed in this state in connection with the trade~~  
334.19 ~~or business during the tax period are of the taxpayer's total payrolls paid or incurred in~~  
334.20 ~~connection with the trade or business during the tax period.~~

334.21 The tax is in addition to all other taxes.

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

334.23 Sec. 4. Minnesota Statutes 2016, section 298.24, subdivision 1, as amended by Laws 2017,  
334.24 chapter 40, article 1, section 107, is amended to read:

334.25 Subdivision 1. **Imposed; calculation.** (a) For concentrate produced in 2013, there is  
334.26 imposed upon taconite and iron sulphides, and upon the mining and quarrying thereof, and  
334.27 upon the production of iron ore concentrate therefrom, and upon the concentrate so produced,  
334.28 a tax of \$2.56 per gross ton of merchantable iron ore concentrate produced therefrom. ~~The~~  
334.29 ~~tax is also imposed upon other iron-bearing material.~~

334.30 (b) For concentrates produced in 2014 and subsequent years, the tax rate shall be equal  
334.31 to the preceding year's tax rate plus an amount equal to the preceding year's tax rate multiplied  
334.32 by the percentage increase in the implicit price deflator from the fourth quarter of the second  
334.33 preceding year to the fourth quarter of the preceding year. "Implicit price deflator" means

335.1 the implicit price deflator for the gross domestic product prepared by the Bureau of Economic  
335.2 Analysis of the United States Department of Commerce.

335.3 (c) An additional tax is imposed equal to three cents per gross ton of merchantable iron  
335.4 ore concentrate for each one percent that the iron content of the product exceeds 72 percent,  
335.5 when dried at 212 degrees Fahrenheit.

335.6 (d) The tax on taconite and iron sulphides shall be imposed on the average of the  
335.7 production for the current year and the previous two years. The rate of the tax imposed will  
335.8 be the current year's tax rate. This clause shall not apply in the case of the closing of a  
335.9 taconite facility if the property taxes on the facility would be higher if this clause and section  
335.10 298.25 were not applicable. ~~The tax on other iron-bearing material shall be imposed on the~~  
335.11 ~~current year production.~~

335.12 (e) The tax under paragraph (a) is also imposed upon other iron-bearing material. The  
335.13 tax on other iron-bearing material shall be imposed on the current year production. The rate  
335.14 of the tax imposed is the current year's tax rate.

335.15 ~~(e)~~ (f) If the tax or any part of the tax imposed by this subdivision is held to be  
335.16 unconstitutional, a tax of \$2.56 per gross ton of merchantable iron ore concentrate produced  
335.17 shall be imposed.

335.18 ~~(f)~~ (g) Consistent with the intent of this subdivision to impose a tax based upon the  
335.19 weight of merchantable iron ore concentrate, the commissioner of revenue may indirectly  
335.20 determine the weight of merchantable iron ore concentrate included in fluxed pellets by  
335.21 subtracting the weight of the limestone, dolomite, or olivine derivatives or other basic flux  
335.22 additives included in the pellets from the weight of the pellets. For purposes of this paragraph,  
335.23 "fluxed pellets" are pellets produced in a process in which limestone, dolomite, olivine, or  
335.24 other basic flux additives are combined with merchantable iron ore concentrate. No  
335.25 subtraction from the weight of the pellets shall be allowed for binders, mineral and chemical  
335.26 additives other than basic flux additives, or moisture.

335.27 ~~(g)~~ (h)(1) Notwithstanding any other provision of this subdivision, for the first two years  
335.28 of a plant's commercial production of direct reduced ore from ore mined in this state, no  
335.29 tax is imposed under this section. For the third year of a plant's commercial production of  
335.30 direct reduced ore, the rate to be applied to direct reduced ore is 25 percent of the rate  
335.31 otherwise determined under this subdivision. For the fourth commercial production year,  
335.32 the rate is 50 percent of the rate otherwise determined under this subdivision; for the fifth  
335.33 commercial production year, the rate is 75 percent of the rate otherwise determined under  
335.34 this subdivision; and for all subsequent commercial production years, the full rate is imposed.

336.1 (2) Subject to clause (1), production of direct reduced ore in this state is subject to the  
336.2 tax imposed by this section, but if that production is not produced by a producer of taconite,  
336.3 iron sulfides, or other iron-bearing material, the production of taconite, iron sulfides, or  
336.4 other iron-bearing material, that is consumed in the production of direct reduced ~~iron~~ ore  
336.5 in this state is not subject to the tax imposed by this section on taconite, iron sulfides, or  
336.6 other iron-bearing material.

336.7 (3) Notwithstanding any other provision of this subdivision, no tax is imposed on direct  
336.8 reduced ore under this section during the facility's noncommercial production of direct  
336.9 reduced ore. The taconite or iron sulphides consumed in the noncommercial production of  
336.10 direct reduced ore is subject to the tax imposed by this section on taconite and iron sulphides.  
336.11 Three-year average production of direct reduced ore does not include production of direct  
336.12 reduced ore in any noncommercial year.

336.13 (4) Three-year average production for a direct reduced ore facility that has noncommercial  
336.14 production is the average of the commercial production of direct reduced ore for the current  
336.15 year and the previous two commercial years.

336.16 (5) As used in this paragraph, "commercial production" means production of more than  
336.17 50,000 tons of direct reduced ore in the current year or in any prior year, and "noncommercial  
336.18 production" means production of 50,000 tons or less of direct reduced ore in any year.

336.19 (6) This paragraph applies only to plants for which all environmental permits have been  
336.20 obtained and construction has begun before July 1, 2008.

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

336.22 Sec. 5. Minnesota Statutes 2016, section 298.28, subdivision 2, is amended to read:

336.23 Subd. 2. **City or town where quarried or produced.** (a) 4.5 cents per gross ton of  
336.24 merchantable iron ore concentrate, hereinafter referred to as "taxable ton," plus the amount  
336.25 provided in paragraph (c), must be allocated to the city or town in the county in which the  
336.26 lands from which taconite was mined or quarried were located or within which the  
336.27 concentrate was produced. If the mining, quarrying, and concentration, or different steps  
336.28 in either thereof are carried on in more than one taxing district, the commissioner shall  
336.29 apportion equitably the proceeds of the part of the tax going to cities and towns among such  
336.30 subdivisions upon the basis of attributing 50 percent of the proceeds of the tax to the operation  
336.31 of mining or quarrying the taconite, and the remainder to the concentrating plant and to the  
336.32 processes of concentration, and with respect to each thereof giving due consideration to the  
336.33 relative extent of such operations performed in each such taxing district. The commissioner's



337.1 order making such apportionment shall be subject to review by the Tax Court at the instance  
337.2 of any of the interested taxing districts, in the same manner as other orders of the  
337.3 commissioner.

337.4 (b)(1) Four cents per taxable ton shall be allocated to cities and organized townships  
337.5 affected by mining because their boundaries are within three miles of a taconite mine pit  
337.6 that:

337.7 (i) was actively mined by LTV Steel Mining Company in 1999; or

337.8 (ii) has been actively mined in at least one of the prior three years.

337.9 (2) If a city or town is located near more than one mine meeting ~~these~~ the criteria under  
337.10 this paragraph, the city or town is eligible to receive aid calculated from only the mine  
337.11 producing the largest taxable tonnage. When more than one municipality qualifies for aid  
337.12 based on one company's production, the aid must be apportioned among the municipalities  
337.13 in proportion to their populations. The amounts distributed under this paragraph to each  
337.14 municipality must be used for infrastructure improvement projects.

337.15 (c) The amount that would have been computed for the current year under Minnesota  
337.16 Statutes 2008, section 126C.21, subdivision 4, for a school district shall be distributed to  
337.17 the cities and townships within the school district in the proportion that their taxable net tax  
337.18 capacity within the school district bears to the taxable net tax capacity of the school district  
337.19 for property taxes payable in the year prior to distribution.

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

337.21 Sec. 6. Minnesota Statutes 2016, section 298.28, subdivision 5, is amended to read:

337.22 Subd. 5. **Counties.** (a) 21.05 cents per taxable ton for distributions in 2015 through 2023,  
337.23 and 26.05 cents per taxable ton for distributions beginning in 2024, is allocated to counties  
337.24 to be distributed, based upon certification by the commissioner of revenue, under paragraphs  
337.25 (b) to (d).

337.26 (b) 10.525 cents per taxable ton shall be distributed to the county in which the taconite  
337.27 is mined or quarried or in which the concentrate is produced, less any amount which is to  
337.28 be distributed pursuant to paragraph (c). The apportionment formula prescribed in subdivision  
337.29 2 is the basis for the distribution.

337.30 (c) If 1.0 cent per taxable ton of the tax distributed to the counties under paragraph (b)  
337.31 shall be paid to a county that received a distribution under this section in 2000 because there  
337.32 was located in the county an electric power plant owned by and providing the primary source

338.1 of power for a taxpayer mining and concentrating taconite is located in a different county  
 338.2 ~~other than the county in which the mining and the concentrating processes are conducted,~~  
 338.3 ~~one cent per taxable ton of the tax distributed to the counties pursuant to paragraph (b) and~~  
 338.4 ~~imposed on and collected from such taxpayer shall be paid to the county in which the power~~  
 338.5 ~~plant is located.~~

338.6 (d) 10.525 cents per taxable ton for distributions in 2015 through 2023, and 15.525 cents  
 338.7 per taxable ton for distributions beginning in 2024, shall be paid to the county from which  
 338.8 the taconite was mined, quarried or concentrated to be deposited in the county road and  
 338.9 bridge fund. If the mining, quarrying and concentrating, or separate steps in any of those  
 338.10 processes are carried on in more than one county, the commissioner shall follow the  
 338.11 apportionment formula prescribed in subdivision 2.

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

338.13

## ARTICLE 20

338.14

### DEPARTMENT OF REVENUE PROPERTY TAX AND LOCAL GOVERNMENT AID POLICY PROVISIONS

338.15

338.16 Section 1. Minnesota Statutes 2016, section 270.074, subdivision 1, is amended to read:

338.17 Subdivision 1. **Valuation.** The commissioner shall determine the market valuation of  
 338.18 all flight property operated or used by every airline company in air commerce in this state.  
 338.19 The valuation apportioned to this state of such flight property shall be the proportion of the  
 338.20 total valuation thereof determined on the basis of the total of the following percentages:

338.21 ~~(1) 33-1/3 percent of the percentage which the total tonnage of passengers, express and~~  
 338.22 ~~freight first received by the airline company in this state during the preceding calendar year~~  
 338.23 ~~plus the total tonnage of passengers, express and freight finally discharged by it within this~~  
 338.24 ~~state during the preceding calendar year is of the total of such tonnage first received by the~~  
 338.25 ~~airline company or finally discharged by it, within and without this state during the preceding~~  
 338.26 ~~calendar year.~~

338.27 ~~(2) 33-1/3 percent of the percentage which, in equated plane hours, the total time of all~~  
 338.28 ~~aircraft of the airline company in flight in this state during the preceding calendar year, is~~  
 338.29 ~~of the total of such time in flight within and without this state during the preceding calendar~~  
 338.30 ~~year.~~

338.31 ~~(3) 33-1/3~~ (1) 50 percent of the percentage which the number of revenue ton miles of  
 338.32 passengers, mail, express and freight flown by the airline company within this state during

339.1 the preceding calendar year is of the total number of such miles flown by it within and  
 339.2 without this state during the preceding calendar year.

339.3 (2) 50 percent of the percentage that the total departures performed by the airline company  
 339.4 within this state during the preceding calendar year is of the total departures performed  
 339.5 within and without this state during the preceding calendar year.

339.6 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

339.7 Sec. 2. Minnesota Statutes 2016, section 272.025, subdivision 1, is amended to read:

339.8 Subdivision 1. **Statement of exemption.** (a) Except in the case of property owned by  
 339.9 the state of Minnesota or any political subdivision thereof, ~~and property exempt from taxation~~  
 339.10 ~~under section 272.02, subdivisions 9, 10, 13, 15, 18, 20, and 22 to 25, and at the times~~  
 339.11 ~~provided in subdivision 3,~~ a taxpayer claiming an exemption from taxation on property  
 339.12 described in section 272.02, ~~subdivisions 2 to 33,~~ must file a statement of exemption with  
 339.13 the assessor of the assessment district in which the property is located. By January 2, 2018,  
 339.14 and each third year thereafter, the commissioner of revenue shall publish on its Web site a  
 339.15 list of the exemptions for which a taxpayer claiming an exemption must file a statement of  
 339.16 exemption. The commissioner's requirement that a taxpayer file a statement of exemption  
 339.17 pursuant to this subdivision shall not be considered a rule and is not subject to the  
 339.18 Administrative Procedure Act, chapter 14.

339.19 (b) A taxpayer claiming an exemption from taxation on property described in section  
 339.20 272.02, subdivision 10, must file a statement of exemption with the commissioner of revenue,  
 339.21 on or before February 15 of each year for which the taxpayer claims an exemption.

339.22 (c) In case of sickness, absence or other disability or for good cause, the assessor or the  
 339.23 commissioner may extend the time for filing the statement of exemption for a period not to  
 339.24 exceed 60 days.

339.25 (d) The commissioner of revenue shall prescribe the form and contents of the statement  
 339.26 of exemption.

339.27 **EFFECTIVE DATE.** This section is effective for applications for exemption submitted  
 339.28 in 2018 and thereafter.

339.29 Sec. 3. Minnesota Statutes 2016, section 272.0295, is amended by adding a subdivision  
 339.30 to read:

339.31 Subd. 8. **Extension.** The commissioner may, for good cause, extend the time for filing  
 339.32 the report required by subdivision 4. The extension must not exceed 15 days.

340.1 **EFFECTIVE DATE.** This section is effective for reports filed in 2018 and thereafter.

340.2 Sec. 4. Minnesota Statutes 2016, section 272.115, subdivision 3, is amended to read:

340.3 Subd. 3. **Copies transmitted; homestead status.** The county auditor shall transmit ~~two~~  
340.4 ~~true copies~~ of the certificate of value to the assessor who shall insert into the certificate of  
340.5 value the most recent market value and when available, the year of original construction of  
340.6 each parcel of property ~~on both copies,~~ and shall transmit ~~one copy~~ the certificate of value  
340.7 to the Department of Revenue. Upon the request of a city council located within the county,  
340.8 a copy of each certificate of value for property located in that city shall be made available  
340.9 to the governing body of the city. The assessor shall remove the homestead classification  
340.10 for the following assessment year from a property which is sold or transferred, unless the  
340.11 grantee or the person to whom the property is transferred completes a homestead application  
340.12 under section 273.124, subdivision 13, and qualifies for homestead status.

340.13 **EFFECTIVE DATE.** This section is effective for certificates of value filed after  
340.14 December 31, 2017.

340.15 Sec. 5. Minnesota Statutes 2016, section 273.0755, is amended to read:

340.16 **273.0755 TRAINING AND EDUCATION OF PROPERTY TAX PERSONNEL.**

340.17 (a) Beginning with the four-year period starting on July 1, 2000, every person licensed  
340.18 by the state Board of Assessors at the Accredited Minnesota Assessor level or higher, shall  
340.19 successfully complete a weeklong Minnesota laws course sponsored by the Department of  
340.20 Revenue at least once in every four-year period. An assessor need not attend the course if  
340.21 they successfully pass the test for the course.

340.22 (b) The commissioner of revenue may require that each county, and each city for which  
340.23 the city assessor performs the duties of county assessor, have (i) a person on the assessor's  
340.24 staff who is certified by the Department of Revenue in sales ratio calculations, (ii) an officer  
340.25 or employee who is certified by the Department of Revenue in tax calculations, and (iii) an  
340.26 officer or employee who is certified by the Department of Revenue in the proper preparation  
340.27 of abstracts of assessment. The commissioner of revenue may require that each county have  
340.28 an officer or employee who is certified by the Department of Revenue in the proper  
340.29 preparation of abstracts of tax lists. Certifications under this paragraph expire after four  
340.30 years.

340.31 (c) Beginning with the four-year educational licensing period starting on July 1, 2004,  
340.32 every Minnesota assessor licensed by the State Board of Assessors must attend and participate

341.1 in a seminar that focuses on ethics, professional conduct and the need for standardized  
341.2 assessment practices developed and presented by the commissioner of revenue. This  
341.3 requirement must be met at least once in every subsequent four-year period. This requirement  
341.4 applies to all assessors licensed for one year or more in the four-year period.

341.5 (d) When the commissioner of revenue determines that an individual or board that  
341.6 performs functions related to property tax administration has performed those functions in  
341.7 a manner that is not uniform or equitable, the commissioner may require that the individual  
341.8 or members of the board complete supplemental training. The commissioner may not require  
341.9 that an individual complete more than 32 hours of supplemental training pursuant to this  
341.10 paragraph. If the individual is required to complete supplemental training due to that  
341.11 individual's membership on a local or county board of appeal and equalization, the  
341.12 commissioner may not require that the individual complete more than two hours of  
341.13 supplemental training.

341.14 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

341.15 Sec. 6. Minnesota Statutes 2016, section 273.124, subdivision 13, is amended to read:

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

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

341.24 (c) Every property owner applying for homestead classification must furnish to the  
341.25 county assessor the Social Security number of each occupant who is listed as an owner of  
341.26 the property on the deed of record, the name and address of each owner who does not occupy  
341.27 the property, and the name and Social Security number of each owner's spouse ~~who occupies~~  
341.28 ~~the property~~. The application must be signed by each owner who occupies the property and  
341.29 by each owner's spouse who occupies the property, or, in the case of property that qualifies  
341.30 as a homestead under subdivision 1, paragraph (c), by the qualifying relative.

341.31 If a property owner occupies a homestead, the property owner's spouse may not claim  
341.32 another property as a homestead unless the property owner and the property owner's spouse

342.1 file with the assessor an affidavit or other proof required by the assessor stating that the  
342.2 property qualifies as a homestead under subdivision 1, paragraph (e).

342.3 Owners or spouses occupying residences owned by their spouses and previously occupied  
342.4 with the other spouse, either of whom fail to include the other spouse's name and Social  
342.5 Security number on the homestead application or provide the affidavits or other proof  
342.6 requested, will be deemed to have elected to receive only partial homestead treatment of  
342.7 their residence. The remainder of the residence will be classified as nonhomestead residential.  
342.8 When an owner or spouse's name and Social Security number appear on homestead  
342.9 applications for two separate residences and only one application is signed, the owner or  
342.10 spouse will be deemed to have elected to homestead the residence for which the application  
342.11 was signed.

342.12 (d) If residential real estate is occupied and used for purposes of a homestead by a relative  
342.13 of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in order for  
342.14 the property to receive homestead status, a homestead application must be filed with the  
342.15 assessor. The Social Security number of each relative occupying the property and the name  
342.16 and Social Security number of the spouse of a relative occupying the property shall be  
342.17 required on the homestead application filed under this subdivision. If a different relative of  
342.18 the owner subsequently occupies the property, the owner of the property must notify the  
342.19 assessor within 30 days of the change in occupancy. The Social Security number of a relative  
342.20 occupying the property or relative's the spouse of a relative occupying the property is private  
342.21 data on individuals as defined by section 13.02, subdivision 12, but may be disclosed to the  
342.22 commissioner of revenue, or, for the purposes of proceeding under the Revenue Recapture  
342.23 Act to recover personal property taxes owing, to the county treasurer.

342.24 (e) The homestead application shall also notify the property owners that if the property  
342.25 is granted homestead status for any assessment year, that same property shall remain  
342.26 classified as homestead until the property is sold or transferred to another person, or the  
342.27 owners, the spouse of the owner, or the relatives no longer use the property as their  
342.28 homestead. Upon the sale or transfer of the homestead property, a certificate of value must  
342.29 be timely filed with the county auditor as provided under section 272.115. Failure to notify  
342.30 the assessor within 30 days that the property has been sold, transferred, or that the owner,  
342.31 the spouse of the owner, or the relative is no longer occupying the property as a homestead,  
342.32 shall result in the penalty provided under this subdivision and the property will lose its  
342.33 current homestead status.

342.34 (f) If a homestead application has not been filed with the county by December 15, the  
342.35 assessor shall classify the property as nonhomestead for the current assessment year for

343.1 taxes payable in the following year, provided that the owner may be entitled to receive the  
343.2 homestead classification by proper application under section 375.192.

343.3 **EFFECTIVE DATE.** This section is effective for applications for homestead filed in  
343.4 2018 and thereafter.

343.5 Sec. 7. Minnesota Statutes 2016, section 273.124, subdivision 13d, is amended to read:

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

343.9 (1) the property identification number assigned to the parcel for purposes of taxes payable  
343.10 in the current year;

343.11 (2) the name and Social Security number of each occupant of homestead property who  
343.12 is the property owner, ~~property owner's spouse,~~ or qualifying relative of a property owner,  
343.13 and the spouse of the property owner who occupies homestead property or spouse of a  
343.14 qualifying relative of a property owner who occupies homestead property;

343.15 (3) the classification of the property under section 273.13 for taxes payable in the current  
343.16 year and in the prior year;

343.17 (4) an indication of whether the property was classified as a homestead for taxes payable  
343.18 in the current year because of occupancy by a relative of the owner or by a spouse of a  
343.19 relative;

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

343.22 (6) the market value of improvements to the property first assessed for tax purposes for  
343.23 taxes payable in the current year;

343.24 (7) the assessor's estimated market value assigned to the property for taxes payable in  
343.25 the current year and the prior year;

343.26 (8) the taxable market value assigned to the property for taxes payable in the current  
343.27 year and the prior year;

343.28 (9) whether there are delinquent property taxes owing on the homestead;

343.29 (10) the unique taxing district in which the property is located; and

343.30 (11) such other information as the commissioner decides is necessary.

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

344.4 **EFFECTIVE DATE.** This section is effective for applications for homestead filed in  
344.5 2018 and thereafter.

344.6 Sec. 8. Minnesota Statutes 2016, section 274.014, subdivision 3, is amended to read:

344.7 Subd. 3. **Proof of compliance; transfer of duties.** (a) Any city or town that conducts  
344.8 local boards of appeal and equalization meetings must ~~provide proof to the county assessor~~  
344.9 ~~by February 1 that it is in compliance~~ comply with the training requirements of subdivision  
344.10 2 by February 1, by having at least one member who has attended an appeals and equalization  
344.11 course described in subdivision 2 within the last four years. ~~This notice must also verify~~  
344.12 ~~that there was a quorum of voting members at each meeting of the board of appeal and~~  
344.13 ~~equalization in the previous year.~~ A city or town that does not comply with these requirements  
344.14 is deemed to have transferred its board of appeal and equalization powers to the county for  
344.15 a minimum of two assessment years, beginning with the current year's assessment and  
344.16 continuing thereafter unless the powers are reinstated under paragraph (c).

344.17 (b) The county shall notify the taxpayers when the board of appeal and equalization for  
344.18 a city or town has been transferred to the county under this subdivision and, prior to the  
344.19 meeting time of the county board of equalization, the county shall make available to those  
344.20 taxpayers a procedure for a review of the assessments, including, but not limited to, open  
344.21 book meetings. This alternate review process shall take place in April and May.

344.22 (c) A local board whose powers are transferred to the county under this subdivision may  
344.23 be reinstated by resolution of the governing body of the city or town and upon proof of  
344.24 compliance with the requirements of subdivision 2. The resolution and proofs must be  
344.25 provided to the county assessor by February 1 in order to be effective for the following  
344.26 year's assessment.

344.27 (d) A local board whose powers are transferred to the county under this subdivision may  
344.28 continue to employ a local assessor and is not deemed to have transferred its powers to  
344.29 make assessments.

344.30 **EFFECTIVE DATE.** This section is effective for board of appeal and equalization  
344.31 meetings held in 2018 and thereafter.



345.1 Sec. 9. Minnesota Statutes 2016, section 274.135, subdivision 3, is amended to read:

345.2 Subd. 3. **Proof of compliance; transfer of duties.** (a) Any county that conducts county  
345.3 boards of appeal and equalization meetings must ~~provide proof to the commissioner by~~  
345.4 ~~December 1, 2009, and each year thereafter, that it is in compliance~~ comply with the training  
345.5 requirements of subdivision 2 by February 1, by having at least one member who has attended  
345.6 an appeals and equalization course described in subdivision 2 within the last four years.  
345.7 ~~Beginning in 2009, this notice must also verify that there was a quorum of voting members~~  
345.8 ~~at each meeting of the board of appeal and equalization in the current year.~~ A county that  
345.9 does not comply with these requirements is deemed to have transferred its board of appeal  
345.10 and equalization powers to the special board of equalization appointed pursuant to section  
345.11 274.13, subdivision 2, for a minimum of two assessment years, beginning with the ~~following~~  
345.12 current year's assessment and continuing thereafter unless the powers are reinstated under  
345.13 paragraph (c). A county that does not comply with the requirements of subdivision 2 and  
345.14 has not appointed a special board of equalization shall appoint a special board of equalization  
345.15 before the following year's assessment.

345.16 (b) The county shall notify the taxpayers when the board of appeal and equalization for  
345.17 a county has been transferred to the special board of equalization under this subdivision  
345.18 and, prior to the meeting time of the special board of equalization, the county shall make  
345.19 available to those taxpayers a procedure for a review of the assessments, including, but not  
345.20 limited to, open book meetings. This alternate review process must take place in April and  
345.21 May.

345.22 (c) A county board whose powers are transferred to the special board of equalization  
345.23 under this subdivision may be reinstated by resolution of the county board and upon proof  
345.24 of compliance with the requirements of subdivision 2. The resolution and proofs must be  
345.25 provided to the commissioner by ~~December~~ February 1 in order to be effective for the  
345.26 ~~following current~~ current year's assessment.

345.27 (d) If a person who was entitled to appeal to the county board of appeal and equalization  
345.28 or to the county special board of equalization is not able to do so in a particular year because  
345.29 the county board or special board did not meet the quorum and training requirements in this  
345.30 section and section 274.13, or because the special board was not appointed, that person may  
345.31 instead appeal to the commissioner of revenue, provided that the appeal is received by the  
345.32 commissioner prior to August 1. The appeal is not subject to either chapter 14 or section  
345.33 270C.92. The commissioner must issue an appropriate order to the county assessor in  
345.34 response to each timely appeal, either upholding or changing the valuation or classification  
345.35 of the property. Prior to October 1 of each year, the commissioner must charge and bill the

346.1 county where the property is located \$500 for each tax parcel covered by an order issued  
 346.2 under this paragraph in that year. Amounts received by the commissioner under this paragraph  
 346.3 must be deposited in the state's general fund. If payment of a billed amount is not received  
 346.4 by the commissioner before December 1 of the year when billed, the commissioner must  
 346.5 deduct that unpaid amount from any state aid the commissioner would otherwise pay to the  
 346.6 county under chapter 477A in the next year. Late payments may either be returned to the  
 346.7 county uncashed and undeposited or may be accepted. If a late payment is accepted, the  
 346.8 state aid paid to the county under chapter 477A must be adjusted within 12 months to  
 346.9 eliminate any reduction that occurred because the payment was late. Amounts needed to  
 346.10 make these adjustments are included in the appropriation under section 477A.03, subdivision  
 346.11 2.

346.12 **EFFECTIVE DATE.** This section is effective for board of appeal and equalization  
 346.13 meetings held in 2018 and thereafter.

346.14 Sec. 10. **REPEALER.**

346.15 Minnesota Statutes 2016, section 270.074, subdivision 2, is repealed.

346.16 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

## 346.17 **ARTICLE 21**

### 346.18 **DEPARTMENT OF REVENUE SALES AND USE, AND SPECIAL TAXES POLICY** 346.19 **PROVISIONS**

346.20 Section 1. Minnesota Statutes 2016, section 84.82, subdivision 10, is amended to read:

346.21 Subd. 10. **Proof of sales tax payment; collection and refund.** (a) A person applying  
 346.22 for initial registration of a snowmobile must provide a ~~snowmobile purchaser's certificate,~~  
 346.23 ~~showing a complete description of the snowmobile, the seller's name and address, the full~~  
 346.24 ~~purchase price of the snowmobile, and the trade-in allowance, if any. The certificate must~~  
 346.25 ~~include information showing either~~ receipt, invoice, or other document to prove that:

346.26 (1) ~~that the sales and use tax under chapter 297A was paid or;~~

346.27 (2) ~~the purchase was exempt from tax under chapter 297A. The commissioner of public~~  
 346.28 ~~safety, in consultation with the commissioner and the commissioner of revenue, shall~~  
 346.29 ~~prescribe the form of the certificate. The certificate is not required if the applicant provides~~  
 346.30 ~~a receipt, invoice, or other document that shows; or~~

346.31 (3) the snowmobile was purchased from a retailer that is maintaining a place of business  
 346.32 in this state as defined in section 297A.66, subdivision 1, and is a dealer.

347.1 (b) The commissioner or authorized deputy registrars, acting as agents of the  
 347.2 commissioner of revenue under an agreement between the commissioner and the  
 347.3 commissioner of revenue, as provided in section 297A.825:

347.4 (1) must collect use tax from the applicant if the applicant does not provide the proof  
 347.5 required under paragraph (a); and

347.6 (2) are authorized to issue refunds of use tax paid to them in error.

347.7 (c) Subdivision 11 does not apply to refunds under this subdivision.

347.8 **EFFECTIVE DATE.** This section is effective for snowmobiles registered after June  
 347.9 30, 2017.

347.10 Sec. 2. Minnesota Statutes 2016, section 84.922, subdivision 11, is amended to read:

347.11 Subd. 11. **Proof of sales tax payment; collection and refund.** (a) A person applying  
 347.12 for initial registration in Minnesota of an all-terrain vehicle ~~shall~~ must provide a purchaser's  
 347.13 ~~certificate showing a complete description of the all-terrain vehicle, the seller's name and~~  
 347.14 ~~address, the full purchase price of the all-terrain vehicle, and the trade-in allowance, if any.~~  
 347.15 ~~The certificate also must include information showing either~~ receipt, invoice, or other  
 347.16 document to prove that:

347.17 (1) the sales and use tax under chapter 297A was paid; ~~or;~~

347.18 (2) the purchase was exempt from tax under chapter 297A. ~~The certificate is not required~~  
 347.19 ~~if the applicant provides a receipt, invoice, or other document that shows;~~ or

347.20 (3) the all-terrain vehicle was purchased from a retailer that is maintaining a place of  
 347.21 business in this state as defined in section 297A.66, subdivision 1, and is a dealer.

347.22 (b) The commissioner or authorized deputy registrars, acting as agents of the  
 347.23 commissioner of revenue under an agreement between the commissioner and the  
 347.24 commissioner of revenue, as provided in section 297A.825:

347.25 (1) must collect use tax from the applicant if the applicant does not provide the proof  
 347.26 required under paragraph (a); and

347.27 (2) are authorized to issue refunds of use tax paid to them in error.

347.28 (c) Subdivision 12 does not apply to refunds under this subdivision.

347.29 **EFFECTIVE DATE.** This section is effective for all-terrain vehicles registered after  
 347.30 June 30, 2017.

348.1 Sec. 3. Minnesota Statutes 2016, section 86B.401, subdivision 12, is amended to read:

348.2 Subd. 12. **Proof of sales tax payment; collection and refund.** (a) A person applying  
348.3 for initial licensing of a watercraft must provide a watercraft purchaser's certificate, showing  
348.4 a complete description of the watercraft, the seller's name and address, the full purchase  
348.5 price of the watercraft, and the trade-in allowance, if any. The certificate must include  
348.6 information showing either receipt, invoice, or other document to prove that:

348.7 (1) ~~that~~ the sales and use tax under chapter 297A was paid ~~or~~;

348.8 (2) the purchase was exempt from tax under chapter 297A. ~~The commissioner of public~~  
348.9 ~~safety, in consultation with the commissioner and the commissioner of revenue, shall~~  
348.10 ~~prescribe the form of the certificate. The certificate is not required if the applicant provides~~  
348.11 ~~a receipt, invoice, or other document that shows; or~~

348.12 (3) the watercraft was purchased from a retailer that is maintaining a place of business  
348.13 in this state as defined in section 297A.66, subdivision 1, and is a dealer.

348.14 (b) The commissioner or authorized deputy registrars, acting as agents of the  
348.15 commissioner of revenue under an agreement between the commissioner and the  
348.16 commissioner of revenue, as provided in section 297A.825:

348.17 (1) must collect use tax from the applicant if the applicant does not provide the proof  
348.18 required under paragraph (a); and

348.19 (2) are authorized to issue refunds of use tax paid to them in error.

348.20 (c) Section 86B.415, subdivision 11, does not apply to refunds under this subdivision.

348.21 **EFFECTIVE DATE.** This section is effective for watercraft licensed after June 30,  
348.22 2017.

348.23 Sec. 4. Minnesota Statutes 2016, section 270B.14, is amended by adding a subdivision to  
348.24 read:

348.25 Subd. 20. **Department of Natural Resources; authorized deputy registrars of motor**  
348.26 **vehicles.** The commissioner may disclose return information related to the taxes imposed  
348.27 by chapter 297A to the Department of Natural Resources or an authorized deputy registrar  
348.28 of motor vehicles only:

348.29 (1) if the commissioner has an agreement with the commissioner of natural resources  
348.30 under section 297A.825, subdivision 1; and

349.1 (2) to the extent necessary for the Department of Natural Resources or an authorized  
349.2 deputy registrar of motor vehicles, as agents for the commissioner, to verify that the  
349.3 applicable sales or use tax has been paid or that a sales tax exemption applies on the purchase  
349.4 of a snowmobile, all-terrain vehicle, or watercraft, and to administer sections 84.82,  
349.5 subdivision 10; 84.922, subdivision 11; 86B.401, subdivision 12; and 297A.825, regarding  
349.6 either their collection of use tax or their issuance of refunds to applicants of use tax paid to  
349.7 them in error.

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

349.9 Sec. 5. Minnesota Statutes 2016, section 270B.14, is amended by adding a subdivision to  
349.10 read:

349.11 **Subd. 21. Department of Transportation.** The commissioner may disclose return  
349.12 information related to the taxes imposed by chapter 297A to the Department of Transportation  
349.13 only:

349.14 (1) if the commissioner has an agreement with the commissioner of transportation under  
349.15 section 297A.82, subdivision 7; and

349.16 (2) to the extent necessary for the Department of Transportation, as agent for the  
349.17 commissioner, to verify that the applicable sales or use tax has been paid or that a sales tax  
349.18 exemption applies on the lease, purchase, or sale of an aircraft by an individual or business  
349.19 who owns and operates the aircraft that must be registered or licensed in Minnesota under  
349.20 section 360.018, and to otherwise administer section 297A.82, regarding the collection of  
349.21 tax by the Department of Transportation.

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

349.23 Sec. 6. Minnesota Statutes 2016, section 289A.50, subdivision 2a, is amended to read:

349.24 **Subd. 2a. Refund of sales tax to purchasers.** (a) If a vendor has collected from a  
349.25 purchaser a tax on a transaction that is not subject to the tax imposed by chapter 297A, the  
349.26 purchaser may apply directly to the commissioner for a refund under this section if:

349.27 (1) the purchaser is currently registered or was registered during the period of the claim,  
349.28 to collect and remit the sales tax or to remit the use tax; and

349.29 (2) either

349.30 (i) the amount of the refund to be applied for exceeds \$500, or

350.1 (ii) the amount of the refund to be applied for does not exceed \$500, but the purchaser  
 350.2 also applies for a capital equipment claim at the same time, and the total of the two refunds  
 350.3 exceeds \$500.

350.4 (b) The purchaser may not file more than two applications for refund under this  
 350.5 subdivision in a calendar year.

350.6 (c) Refunds shall not be issued for sales for resale where the vendor has a published no  
 350.7 resale policy.

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

350.9 **Sec. 7. [297A.825] SNOWMOBILES; ALL-TERRAIN VEHICLES; WATERCRAFT;**  
 350.10 **PAYMENT OF TAXES; REFUNDS.**

350.11 **Subdivision 1. Agreement with commissioners of natural resources and public**  
 350.12 **safety; collection and refunds.** The commissioner may enter into an agreement with the  
 350.13 commissioner of natural resources, in consultation with the commissioner of public safety,  
 350.14 that provides that:

350.15 (1) the commissioner of natural resources and authorized deputy registrars of motor  
 350.16 vehicles must collect use tax on snowmobiles, all-terrain vehicles, and watercraft from  
 350.17 persons applying for initial registration or license of the item unless the applicant provides  
 350.18 a receipt, invoice, or other document to prove that:

350.19 (i) sales tax was paid on the purchase;

350.20 (ii) the purchase was exempt under this chapter;

350.21 (iii) use tax was paid to the commissioner in a form prescribed by the commissioner; or

350.22 (iv) the item was purchased from a retailer that is maintaining a place of business in this  
 350.23 state as defined in section 297A.66, subdivision 1, and is a dealer as defined in section  
 350.24 84.81, subdivision 10; 84.92, subdivision 3; or 86B.005, subdivision 4; and

350.25 (2) the commissioner of natural resources and authorized deputy registrars of motor  
 350.26 vehicles are authorized to issue refunds of use tax paid to them in error, meaning that either  
 350.27 the sales or use tax had already been paid or that the purchase was exempt from tax under  
 350.28 this chapter.

350.29 **Subd. 2. Agents.** For the purposes of collecting or refunding the tax under this section,  
 350.30 the commissioner of natural resources and authorized deputy registrars of motor vehicles  
 350.31 are the agents of the commissioner and are subject to, and must strictly comply with, all  
 350.32 rules consistent with this chapter prescribed by the commissioner.

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

351.2 Sec. 8. Minnesota Statutes 2016, section 297B.07, is amended to read:

351.3 **297B.07 PRESUMPTIONS.**

351.4 **Subdivision 1. Presumption; sale and registration.** For the purpose of the proper  
351.5 administration of ~~Laws 1971, chapter 853~~ this chapter, and to prevent evasion of the tax,  
351.6 the following presumptions shall apply:

351.7 (a) Evidence that a motor vehicle was sold for delivery in this state shall be prima facie  
351.8 evidence that it was sold for use in this state.

351.9 (b) When an application for registration plates for a motor vehicle is received by the  
351.10 motor vehicle registrar within 30 days of the date it was purchased or acquired by the  
351.11 purchaser, it shall be presumed, until the contrary is shown by the purchaser, that it was  
351.12 purchased or acquired for use in this state. This presumption shall apply whether or not such  
351.13 vehicle was previously titled or registered in another state.

351.14 **Subd. 2. Presumption; ownership.** (a) When a business entity not organized under the  
351.15 laws of this state owns a motor vehicle that is under the control of a Minnesota resident, it  
351.16 is presumed that the Minnesota resident is the owner of the motor vehicle if two or more  
351.17 of the following are true:

351.18 (1) the business entity lacks a specific business activity or purpose other than the  
351.19 avoidance of tax;

351.20 (2) the business entity maintains no physical location in the jurisdiction where it is  
351.21 organized;

351.22 (3) the business entity earns de minimis or no revenue;

351.23 (4) the business entity maintains minimal or no business records;

351.24 (5) the business entity fails to employ individual persons and provide those persons with  
351.25 federal income tax W-2 wage and tax statements; or

351.26 (6) the business entity fails to file federal income tax returns or fails to file a required  
351.27 state tax return where it is organized.

351.28 (b) For purposes of this subdivision, a motor vehicle is under the control of a Minnesota  
351.29 resident if the Minnesota resident:

351.30 (1) is a partner, member, or shareholder of the business entity;

351.31 (2) is insured to drive the vehicle; and

352.1 (3) operates or stores the vehicle in Minnesota for any period of time.

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

352.3 Sec. 9. Minnesota Statutes 2016, section 297I.30, subdivision 7, is amended to read:

352.4 Subd. 7. **Surcharge.** ~~(a) By April 30 of each year, every company required to pay the~~  
 352.5 ~~surecharge under section 297I.10, subdivision 1, shall file a return for the five-month period~~  
 352.6 ~~ending March 31 in the form prescribed by the commissioner.~~

352.7 ~~(b)~~ (a) By June 30 of each year, every company required to pay the surcharge under  
 352.8 section 297I.10, subdivision 1, shall file a return for the ~~two-month~~ seven-month period  
 352.9 ending May 31 in the form prescribed by the commissioner.

352.10 ~~(c)~~ (b) By November 30 of each year, every company required to pay the surcharge  
 352.11 under section 297I.10, subdivision 1, shall file a return for the five-month period ending  
 352.12 October 31 in the form prescribed by the commissioner.

352.13 **EFFECTIVE DATE.** This section is effective for returns due after October 31, 2017.

352.14 Sec. 10. **REPEALER.**

352.15 Minnesota Rules, part 8125.1300, subpart 3, is repealed.

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

## 352.17 **ARTICLE 22**

### 352.18 **DEPARTMENT OF REVENUE PAID PREPARER POLICY PROVISIONS**

352.19 Section 1. Minnesota Statutes 2016, section 270C.445, subdivision 2, is amended to read:

352.20 Subd. 2. **Definitions.** (a) For purposes of this section and sections 270C.4451 to  
 352.21 270C.447, the following terms have the meanings given.

352.22 (b) "Advertise" means to solicit business through any means or medium.

352.23 (c) "Client" means ~~an individual~~ a person for whom a tax preparer performs or agrees  
 352.24 to perform tax preparation services.

352.25 (d) "Facilitate" means to individually or in conjunction or cooperation with another  
 352.26 person:

352.27 (1) accept an application for a refund anticipation loan;

352.28 (2) pay to a client the proceeds, through direct deposit, a negotiable instrument, or any  
 352.29 other means, of a refund anticipation loan; or



353.1 (3) offer, arrange, process, provide, or in any other manner act to allow the making of,  
353.2 a refund anticipation loan.

353.3 ~~(e) "Person" means an individual, corporation, partnership, limited liability company,~~  
353.4 ~~association, trustee, or other legal entity.~~

353.5 ~~(f)~~ (e) "Refund anticipation check" means a negotiable instrument provided to a client  
353.6 by the tax preparer or another person, which is issued from the proceeds of a taxpayer's  
353.7 federal or state income tax refund or both and represents the net of the refund minus the tax  
353.8 preparation fee and any other fees. A refund anticipation check includes a refund transfer.

353.9 ~~(g)~~ (f) "Refund anticipation loan" means a loan or any other extension of credit, whether  
353.10 provided by the tax preparer or another entity such as a financial institution, in anticipation  
353.11 of, and whose payment is secured by, a client's federal or state income tax refund or both.

353.12 ~~(h)~~ (g) "Tax preparation services" means services provided for a fee or other consideration  
353.13 compensation to a client to:

353.14 (1) assist with preparing or filing ~~state or federal individual income tax returns~~ a return;

353.15 (2) assume final responsibility for completed work on ~~an individual income tax~~ a return  
353.16 on which preliminary work has been done by another; ~~or~~

353.17 (3) sign or include on a return the preparer tax identification number required under  
353.18 section 6109(a)(4) of the Internal Revenue Code; or

353.19 ~~(3)~~ (4) facilitate the provision of a refund anticipation loans and loan or a refund  
353.20 anticipation checks check.

353.21 ~~(i)~~ (h) "Tax preparer" or "preparer" means a person providing tax preparation services  
353.22 ~~subject to this section.~~ except:

353.23 (1) an employee who prepares their employer's return;

353.24 (2) any fiduciary, or the regular employees of a fiduciary, while acting on behalf of the  
353.25 fiduciary estate, testator, trustor, grantor, or beneficiaries of them;

353.26 (3) nonprofit organizations providing tax preparation services under the Internal Revenue  
353.27 Service Volunteer Income Tax Assistance Program or Tax Counseling for the Elderly  
353.28 Program;

353.29 (4) a person who merely furnishes typing, reproducing, or other mechanical assistance;

353.30 (5) a third-party bulk filer as defined in section 290.92, subdivision 30, that is currently  
353.31 registered with the commissioner; and

354.1 (6) a certified service provider as defined in section 297A.995, subdivision 2, paragraph  
 354.2 (c), that provides all of the sales tax functions for a retailer not maintaining a place of  
 354.3 business in this state as described in section 297A.66.

354.4 (i) Except as otherwise provided, "return" means:

354.5 (1) a return as defined in section 270C.01, subdivision 8;

354.6 (2) a claim for refund of an overpayment;

354.7 (3) a claim filed pursuant to chapter 290A; and

354.8 (4) a claim for a credit filed under section 290.0677, subdivision 1.

354.9 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
 354.10 31, 2017.

354.11 Sec. 2. Minnesota Statutes 2016, section 270C.445, subdivision 3, is amended to read:

354.12 Subd. 3. **Standards of conduct.** No tax preparer shall:

354.13 (1) without good cause fail to promptly, diligently, and without unreasonable delay  
 354.14 complete a client's ~~tax~~ return;

354.15 (2) obtain the signature of a client to a ~~tax~~ return or authorizing document that contains  
 354.16 blank spaces to be filled in after it has been signed;

354.17 (3) fail to sign a client's ~~tax~~ return when ~~payment~~ compensation for services rendered  
 354.18 has been made;

354.19 (4) fail to provide on a client's return the preparer tax identification number when required  
 354.20 under section 6109(a)(4) of the Internal Revenue Code or section 289A.60, subdivision 28;

354.21 ~~(4)~~ (5) fail or refuse to give a client a copy of any document requiring the client's signature  
 354.22 within a reasonable time after the client signs the document;

354.23 ~~(5)~~ (6) fail to retain for at least four years a copy of ~~individual income tax~~ a client's  
 354.24 returns;

354.25 ~~(6)~~ (7) fail to maintain a confidential relationship with clients or former clients;

354.26 ~~(7)~~ (8) fail to take commercially reasonable measures to safeguard a client's nonpublic  
 354.27 personal information;

354.28 ~~(8)~~ (9) make, authorize, publish, disseminate, circulate, or cause to make, either directly  
 354.29 or indirectly, any false, deceptive, or misleading statement or representation relating to or  
 354.30 in connection with the offering or provision of tax preparation services;

- 355.1 ~~(9)~~ (10) require a client to enter into a loan arrangement in order to complete a ~~tax~~ client's  
355.2 return;
- 355.3 ~~(10)~~ (11) claim credits or deductions on a client's ~~tax~~ return for which the tax preparer  
355.4 knows or reasonably should know the client does not qualify;
- 355.5 (12) report a household income on a client's claim filed under chapter 290A that the tax  
355.6 preparer knows or reasonably should know is not accurate;
- 355.7 (13) engage in any conduct that is subject to a penalty under section 289A.60, subdivision  
355.8 13, 20, 20a, 26, or 28;
- 355.9 (14) whether or not acting as a taxpayer representative, fail to conform to the standards  
355.10 of conduct required by Minnesota Rules, part 8052.0300, subpart 4;
- 355.11 (15) whether or not acting as a taxpayer representative, engage in any conduct that is  
355.12 incompetent conduct under Minnesota Rules, part 8052.0300, subpart 5;
- 355.13 (16) whether or not acting as a taxpayer representative, engage in any conduct that is  
355.14 disreputable conduct under Minnesota Rules, part 8052.0300, subpart 6;
- 355.15 ~~(11)~~ (17) charge, offer to accept, or accept a fee based upon a percentage of an anticipated  
355.16 refund for tax preparation services;
- 355.17 ~~(12)~~ (18) under any circumstances, withhold or fail to return to a client a document  
355.18 provided by the client for use in preparing the client's ~~tax~~ return;
- 355.19 ~~(13)~~ (19) establish an account in the preparer's name to receive a client's refund through  
355.20 a direct deposit or any other instrument unless the client's name is also on the account,  
355.21 except that a taxpayer may assign the portion of a refund representing the Minnesota  
355.22 education credit available under section 290.0674 to a bank account without the client's  
355.23 name, as provided under section 290.0679;
- 355.24 ~~(14)~~ (20) fail to act in the best interests of the client;
- 355.25 ~~(15)~~ (21) fail to safeguard and account for any money handled for the client;
- 355.26 ~~(16)~~ (22) fail to disclose all material facts of which the preparer has knowledge which  
355.27 might reasonably affect the client's rights and interests;
- 355.28 ~~(17)~~ (23) violate any provision of section 332.37;
- 355.29 ~~(18)~~ (24) include any of the following in any document provided or signed in connection  
355.30 with the provision of tax preparation services:
- 355.31 (i) a hold harmless clause;

356.1 (ii) a confession of judgment or a power of attorney to confess judgment against the  
356.2 client or appear as the client in any judicial proceeding;

356.3 (iii) a waiver of the right to a jury trial, if applicable, in any action brought by or against  
356.4 a debtor;

356.5 (iv) an assignment of or an order for payment of wages or other compensation for  
356.6 services;

356.7 (v) a provision in which the client agrees not to assert any claim or defense otherwise  
356.8 available;

356.9 (vi) a waiver of any provision of this section or a release of any obligation required to  
356.10 be performed on the part of the tax preparer; or

356.11 (vii) a waiver of the right to injunctive, declaratory, or other equitable relief or relief on  
356.12 a class basis; or

356.13 ~~(19)~~ (25) if making, providing, or facilitating a refund anticipation loan, fail to provide  
356.14 all disclosures required by the federal Truth in Lending Act, United States Code, title 15,  
356.15 in a form that may be retained by the client.

356.16 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
356.17 31, 2017.

356.18 Sec. 3. Minnesota Statutes 2016, section 270C.445, subdivision 5a, is amended to read:

356.19 Subd. 5a. **Nongame wildlife checkoff.** A tax preparer must give written notice of the  
356.20 option to contribute to the nongame wildlife management account in section 290.431 to  
356.21 corporate clients that file an income tax return and to individual clients who file an income  
356.22 tax return or ~~property tax refund claim form~~ under chapter 290A. This notification must be  
356.23 included with information sent to the client at the same time as the preliminary worksheets  
356.24 or other documents used in preparing the client's return and must include a line for displaying  
356.25 contributions.

356.26 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
356.27 31, 2017.

356.28 Sec. 4. Minnesota Statutes 2016, section 270C.445, subdivision 6, is amended to read:

356.29 Subd. 6. **Enforcement; administrative order; penalties; cease and desist.** (a) The  
356.30 commissioner may impose an administrative penalty of not more than \$1,000 per violation  
356.31 of subdivision 3, ~~3a, 4, 5, or 5b~~ or 5, or section 270C.4451, provided that a penalty may not

357.1 be imposed for any conduct ~~that is also subject to the~~ for which a tax return preparer penalties  
357.2 ~~in~~ penalty is imposed under section 289A.60, subdivision 13. The commissioner may  
357.3 terminate a tax preparer's authority to transmit returns electronically to the state, if the  
357.4 commissioner determines the tax preparer engaged in a pattern and practice of violating  
357.5 this section. Imposition of a penalty under this ~~subdivision~~ paragraph is subject to the  
357.6 contested case procedure under chapter 14. The commissioner shall collect the penalty in  
357.7 the same manner as the income tax. There is no right to make a claim for refund under  
357.8 section 289A.50 of the penalty imposed under this paragraph. Penalties imposed under this  
357.9 ~~subdivision~~ paragraph are public data.

357.10 (b) In addition to the penalty under paragraph (a), if the commissioner determines that  
357.11 a tax preparer has violated subdivision 3 or 5, or section 270C.4451, the commissioner may  
357.12 issue an administrative order to the tax preparer requiring the tax preparer to cease and  
357.13 desist from committing the violation. The administrative order may include an administrative  
357.14 penalty provided in paragraph (a).

357.15 (c) If the commissioner issues an administrative order under paragraph (b), the  
357.16 commissioner must send the order to the tax preparer addressed to the last known address  
357.17 of the tax preparer.

357.18 (d) A cease and desist order under paragraph (b) must:

357.19 (1) describe the act, conduct, or practice committed and include a reference to the law  
357.20 that the act, conduct, or practice violates; and

357.21 (2) provide notice that the tax preparer may request a hearing as provided in this  
357.22 subdivision.

357.23 (e) Within 30 days after the commissioner issues an administrative order under paragraph  
357.24 (b), the tax preparer may request a hearing to review the commissioner's action. The request  
357.25 for hearing must be made in writing and must be served on the commissioner at the address  
357.26 specified in the order. The hearing request must specifically state the reasons for seeking  
357.27 review of the order. The date on which a request for hearing is served by mail is the postmark  
357.28 date on the envelope in which the request for hearing is mailed.

357.29 (f) If a tax preparer does not timely request a hearing regarding an administrative order  
357.30 issued under paragraph (b), the order becomes a final order of the commissioner and is not  
357.31 subject to review by any court or agency.

358.1 (g) If a tax preparer timely requests a hearing regarding an administrative order issued  
358.2 under paragraph (b), the hearing must be commenced within ten days after the commissioner  
358.3 receives the request for a hearing.

358.4 (h) A hearing timely requested under paragraph (e) is subject to the contested case  
358.5 procedure under chapter 14, as modified by this subdivision. The administrative law judge  
358.6 must issue a report containing findings of fact, conclusions of law, and a recommended  
358.7 order within ten days after the completion of the hearing, the receipt of late-filed exhibits,  
358.8 or the submission of written arguments, whichever is later.

358.9 (i) Within five days of the date of the administrative law judge's report issued under  
358.10 paragraph (h), any party aggrieved by the administrative law judge's report may submit  
358.11 written exceptions and arguments to the commissioner. Within 15 days after receiving the  
358.12 administrative law judge's report, the commissioner must issue an order vacating, modifying,  
358.13 or making final the administrative order.

358.14 (j) The commissioner and the tax preparer requesting a hearing may by agreement  
358.15 lengthen any time periods prescribed in paragraphs (g) to (i).

358.16 (k) An administrative order issued under paragraph (b) is in effect until it is modified  
358.17 or vacated by the commissioner or an appellate court. The administrative hearing provided  
358.18 by paragraphs (e) to (i) and any appellate judicial review as provided in chapter 14 constitute  
358.19 the exclusive remedy for a tax preparer aggrieved by the order.

358.20 (l) The commissioner may impose an administrative penalty, in addition to the penalty  
358.21 under paragraph (a), up to \$5,000 per violation of a cease and desist order issued under  
358.22 paragraph (b). Imposition of a penalty under this paragraph is subject to the contested case  
358.23 procedure under chapter 14. Within 30 days after the commissioner imposes a penalty under  
358.24 this paragraph, the tax preparer assessed the penalty may request a hearing to review the  
358.25 penalty order. The request for hearing must be made in writing and must be served on the  
358.26 commissioner at the address specified in the order. The hearing request must specifically  
358.27 state the reasons for seeking review of the order. The cease and desist order issued under  
358.28 paragraph (b) is not subject to review in a proceeding to challenge the penalty order under  
358.29 this paragraph. The date on which a request for hearing is served by mail is the postmark  
358.30 date on the envelope in which the request for hearing is mailed. If the tax preparer does not  
358.31 timely request a hearing, the penalty order becomes a final order of the commissioner and  
358.32 is not subject to review by any court or agency. A penalty imposed by the commissioner  
358.33 under this paragraph may be collected and enforced by the commissioner as an income tax

359.1 liability. There is no right to make a claim for refund under section 289A.50 of the penalty  
359.2 imposed under this paragraph. A penalty imposed under this paragraph is public data.

359.3 (m) If a tax preparer violates a cease and desist order issued under paragraph (b), the  
359.4 commissioner may terminate the tax preparer's authority to transmit returns electronically  
359.5 to the state. Termination under this paragraph is public data.

359.6 (n) A cease and desist order issued under paragraph (b) is public data when it is a final  
359.7 order.

359.8 (o) Notwithstanding any other law, the commissioner may impose a penalty or take other  
359.9 action under this subdivision against a tax preparer, with respect to a return, within the  
359.10 period to assess tax on that return as provided by section 289A.38.

359.11 (p) Notwithstanding any other law, the imposition of a penalty or any other action against  
359.12 a tax preparer under this subdivision, other than with respect to a return, must be taken by  
359.13 the commissioner within five years of the violation of statute.

359.14 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
359.15 31, 2017.

359.16 Sec. 5. Minnesota Statutes 2016, section 270C.445, subdivision 6a, is amended to read:

359.17 Subd. 6a. **Exchange of data; State Board of Accountancy.** The State Board of  
359.18 Accountancy shall refer to the commissioner complaints it receives about tax preparers who  
359.19 are not subject to the jurisdiction of the State Board of Accountancy and who are alleged  
359.20 to have violated the provisions of ~~subdivisions 3, 3a, 4, 4a, 4b, 5, and 5b~~ this section, except  
359.21 subdivision 5a, or section 270C.4451.

359.22 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
359.23 31, 2017.

359.24 Sec. 6. Minnesota Statutes 2016, section 270C.445, subdivision 6b, is amended to read:

359.25 Subd. 6b. **Exchange of data; Lawyers Board of Professional Responsibility.** The  
359.26 Lawyers Board of Professional Responsibility may refer to the commissioner complaints  
359.27 it receives about tax preparers who are not subject to its jurisdiction and who are alleged to  
359.28 have violated the provisions of ~~subdivisions 3, 3a, 4, 4a, 4b, 5, and 5b~~ this section, except  
359.29 subdivision 5a, or section 270C.4451.

359.30 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
359.31 31, 2017.

360.1 Sec. 7. Minnesota Statutes 2016, section 270C.445, subdivision 6c, is amended to read:

360.2 Subd. 6c. **Exchange of data; commissioner.** The commissioner shall refer information  
360.3 and complaints about tax preparers who are alleged to have violated the provisions of  
360.4 ~~subdivisions 3, 3a, 4, 4a, 4b, 5, and 5b~~ this section, except subdivision 5a, or section  
360.5 270C.4451, to:

360.6 (1) the State Board of Accountancy, if the tax preparer is under its jurisdiction; and

360.7 (2) the Lawyers Board of Professional Responsibility, if the tax preparer is under its  
360.8 jurisdiction.

360.9 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
360.10 31, 2017.

360.11 Sec. 8. Minnesota Statutes 2016, section 270C.445, subdivision 7, is amended to read:

360.12 Subd. 7. **Enforcement; civil actions.** (a) Any violation of this section or section  
360.13 270C.4451 is an unfair, deceptive, and unlawful trade practice within the meaning of section  
360.14 8.31. An action taken under this section is in the public interest.

360.15 (b) A client may bring a civil action seeking redress for a violation of this section in the  
360.16 conciliation or the district court of the county in which unlawful action is alleged to have  
360.17 been committed or where the respondent resides or has a principal place of business.

360.18 (c) A court finding for the plaintiff must award:

360.19 (1) actual damages;

360.20 (2) incidental and consequential damages;

360.21 (3) statutory damages of twice the sum of: (i) the tax preparation fees; and (ii) if the  
360.22 plaintiff violated ~~subdivision 3a, 4, or 5b~~ section 270C.4451, subdivision 1, 2, or 5, all  
360.23 interest and fees for a refund anticipation loan;

360.24 (4) reasonable attorney fees;

360.25 (5) court costs; and

360.26 (6) any other equitable relief as the court considers appropriate.

360.27 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
360.28 31, 2017.



361.1 Sec. 9. Minnesota Statutes 2016, section 270C.445, subdivision 8, is amended to read:

361.2 Subd. 8. **Limited exemptions.** (a) Except as provided in paragraph (b), the provisions  
 361.3 of this section, except for subdivisions 3a, 4, and 5b, subdivisions 3; 5; 5a; 6, paragraphs  
 361.4 (a) to (n); and 7, do not apply to:

361.5 (1) an attorney admitted to practice under section 481.01;

361.6 (2) a registered accounting practitioner, a registered accounting practitioner firm, a  
 361.7 certified public accountant, or other person who is subject to the jurisdiction of the State  
 361.8 Board of Accountancy a certified public accountant firm, licensed in accordance with chapter  
 361.9 326A;

361.10 (3) an enrolled agent who has passed the special enrollment examination administered  
 361.11 by the Internal Revenue Service; ~~or~~

361.12 (4) ~~anyone~~ a person who provides, or assists in providing, tax preparation services within  
 361.13 the scope of duties as an employee or supervisor under the direction or supervision of a  
 361.14 person who is exempt under this subdivision; or

361.15 (5) a person acting as a supervisor to a tax preparer who is exempt under this subdivision.

361.16 (b) The provisions of subdivisions 3; 6, paragraphs (a) to (n); and 7, apply to a tax  
 361.17 preparer who would otherwise be exempt under paragraph (a) if the tax preparer has:

361.18 (1) had a professional license suspended or revoked for cause, not including a failure to  
 361.19 pay a professional licensing fee, by any authority of any state, territory, or possession of  
 361.20 the United States, including a commonwealth, or the District of Columbia, any federal court  
 361.21 of record, or any federal agency, body, or board;

361.22 (2) irrespective of whether an appeal has been taken, been convicted of any crime  
 361.23 involving dishonesty or breach of trust;

361.24 (3) been censured, suspended, or disbarred under United States Treasury Department  
 361.25 Circular 230;

361.26 (4) been sanctioned by a court of competent jurisdiction, whether in a civil or criminal  
 361.27 proceeding, including suits for injunctive relief, relating to any taxpayer's tax liability or  
 361.28 the tax preparer's own tax liability, for:

361.29 (i) instituting or maintaining proceedings primarily for delay;

361.30 (ii) advancing frivolous or groundless arguments; or

361.31 (iii) failing to pursue available administrative remedies; or

362.1 (5) demonstrated a pattern of willful disreputable conduct by:

362.2 (i) failing to file a return that the tax preparer was required to file annually for two of  
362.3 the three immediately preceding tax periods; or

362.4 (ii) failing to file a return that the tax preparer was required to file more frequently than  
362.5 annually for three of the six immediately preceding tax periods.

362.6 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
362.7 31, 2017.

362.8 Sec. 10. Minnesota Statutes 2016, section 270C.445, is amended by adding a subdivision  
362.9 to read:

362.10 Subd. 10. **Powers additional.** The powers and authority granted in this section are in  
362.11 addition to all other powers of the commissioner. The use of the powers granted in this  
362.12 section does not preclude the use of any other power or authority of the commissioner.

362.13 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
362.14 31, 2017.

362.15 Sec. 11. Minnesota Statutes 2016, section 270C.446, subdivision 2, is amended to read:

362.16 Subd. 2. **Required and excluded tax preparers.** (a) Subject to the limitations of  
362.17 paragraph (b), the commissioner must publish lists of tax preparers as defined in section  
362.18 ~~289A.60, subdivision 13, paragraph (f)~~ 270C.445, subdivision 2, paragraph (h), who have  
362.19 been:

362.20 (1) convicted under section 289A.63 for returns or claims prepared as a tax preparer or;

362.21 (2) assessed penalties in excess of \$1,000 under section 289A.60, subdivision 13,  
362.22 paragraph (a)-<sub>2</sub>;

362.23 (3) convicted for identity theft under section 609.527, or a similar statute, for a return  
362.24 filed with the commissioner, the Internal Revenue Service, or another state;

362.25 (4) assessed a penalty under section 270C.445, subdivision 6, paragraph (a), in excess  
362.26 of \$1,000;

362.27 (5) issued a cease and desist order under section 270C.445, subdivision 6, paragraph  
362.28 (b), that has become a final order; or

362.29 (6) assessed a penalty under section 270C.445, subdivision 6, paragraph (l), for violating  
362.30 a cease and desist order.

363.1 (b) For the purposes of this section, tax preparers are not subject to publication if:

363.2 (1) an administrative or court action contesting ~~the~~ or appealing a penalty described in  
 363.3 paragraph (a), clause (2), (4), or (6), has been filed or served and is unresolved at the time  
 363.4 when notice would be given under subdivision 3;

363.5 (2) an appeal period to contest ~~the~~ a penalty described in paragraph (a), clause (2), (4),  
 363.6 or (6), has not expired; ~~or~~

363.7 (3) the commissioner has been notified that the tax preparer is deceased;

363.8 (4) an appeal period to contest a cease and desist order issued under section 270C.445,  
 363.9 subdivision 6, paragraph (b), has not expired;

363.10 (5) an administrative or court action contesting or appealing a cease and desist order  
 363.11 issued under section 270C.445, subdivision 6, paragraph (b), has been filed or served and  
 363.12 is unresolved at the time when notice would be given under subdivision 3;

363.13 (6) a direct appeal of a conviction described in paragraph (a), clause (1) or (3), has been  
 363.14 filed or served and is unresolved at the time when the notice would be given under  
 363.15 subdivision 3; or

363.16 (7) an appeal period to contest a conviction described in paragraph (a), clause (1) or (3),  
 363.17 has not expired.

363.18 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
 363.19 31, 2017.

363.20 Sec. 12. Minnesota Statutes 2016, section 270C.446, subdivision 3, is amended to read:

363.21 Subd. 3. **Notice to tax preparer.** (a) At least 30 days before publishing the name of a  
 363.22 tax preparer subject to penalty publication under this section, the commissioner shall mail  
 363.23 a written notice to the tax preparer, detailing the amount and nature of each penalty basis  
 363.24 for the publication and the intended publication of the information listed in subdivision 4  
 363.25 related to the penalty. The notice must be mailed by first class and certified mail sent to the  
 363.26 tax preparer addressed to the last known address of the tax preparer. The notice must include  
 363.27 information regarding the exceptions listed in subdivision 2, paragraph (b), and must state  
 363.28 that the tax preparer's information will not be published if the tax preparer provides  
 363.29 information establishing that subdivision 2, paragraph (b), prohibits publication of the tax  
 363.30 preparer's name.

363.31 (b) Thirty days after the notice is mailed and if the tax preparer has not proved to the  
 363.32 commissioner that subdivision 2, paragraph (b), prohibits publication, the commissioner

364.1 may publish in a list of tax preparers subject to penalty the information about the tax preparer  
364.2 that is listed in subdivision 4.

364.3 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
364.4 31, 2017.

364.5 Sec. 13. Minnesota Statutes 2016, section 270C.446, subdivision 4, is amended to read:

364.6 Subd. 4. **Form of list.** The list may be published by any medium or method. The list  
364.7 must contain the name, associated business name or names, address or addresses, and  
364.8 violation or violations ~~for which a penalty was imposed of~~ that make each tax preparer  
364.9 subject to ~~penalty~~ publication.

364.10 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
364.11 31, 2017.

364.12 Sec. 14. Minnesota Statutes 2016, section 270C.446, subdivision 5, is amended to read:

364.13 Subd. 5. **Removal from list.** The commissioner shall remove the name of a tax preparer  
364.14 from the list of tax preparers published under this section:

364.15 (1) when the commissioner determines that the name was included on the list in error;

364.16 (2) within ~~90 days~~ three years after the preparer has demonstrated to the commissioner  
364.17 that the preparer fully paid all fines and penalties imposed, served any suspension, satisfied  
364.18 any sentence imposed, successfully completed any probationary period imposed, and  
364.19 successfully completed any remedial actions required by the commissioner, the State Board  
364.20 of Accountancy, or the Lawyers Board of Professional Responsibility; or

364.21 (3) when the commissioner has been notified that the tax preparer is deceased.

364.22 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
364.23 31, 2017.

364.24 Sec. 15. Minnesota Statutes 2016, section 270C.447, subdivision 1, is amended to read:

364.25 Subdivision 1. **Commencement of action.** (a) Whenever it appears to the commissioner  
364.26 that a tax preparer doing business in Minnesota has engaged in any conduct described in  
364.27 subdivision 2, a civil action in the name of the state of Minnesota may be commenced to  
364.28 ~~enjoin any person who is a tax return preparer doing business in this state from further~~  
364.29 ~~engaging in any conduct described in subdivision 2~~ the conduct and enforce compliance.

364.30 (b) An action under this subdivision must be brought by the attorney general in:

365.1 (1) the district court for the judicial district of the tax return preparer's residence or  
 365.2 principal place of business, or in which the;

365.3 (2) the district court for the judicial district of the residence of any taxpayer with respect  
 365.4 to whose tax return the action is brought resides; or

365.5 (3) Ramsey County District Court.

365.6 (c) The court may exercise its jurisdiction over the action separate and apart from any  
 365.7 other action brought by the state of Minnesota against the tax return preparer or any taxpayer.  
 365.8 The court must grant a permanent injunction or other appropriate relief if the commissioner  
 365.9 shows that the person has engaged in conduct constituting a violation of a law administered  
 365.10 by the commissioner or a cease and desist order issued by the commissioner. The  
 365.11 commissioner shall not be required to show irreparable harm.

365.12 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
 365.13 31, 2017.

365.14 Sec. 16. Minnesota Statutes 2016, section 270C.447, subdivision 2, is amended to read:

365.15 Subd. 2. **Injunction prohibiting specific conduct.** In an action under subdivision 1,  
 365.16 the court may enjoin the person from further engaging in that conduct if the court finds that  
 365.17 a tax return preparer has:

365.18 (1) engaged in any conduct subject to a civil penalty under section 289A.60 ~~or~~, a criminal  
 365.19 penalty under section 289A.63, or a criminal penalty under section 609.527 or a similar  
 365.20 statute for a return filed with the commissioner, the Internal Revenue Service, or another  
 365.21 state;

365.22 (2) misrepresented the preparer's eligibility to practice before the Department of Revenue,  
 365.23 ~~or otherwise~~ misrepresented the preparer's experience or education as a tax return preparer;

365.24 (3) guaranteed the payment of any tax refund or the allowance of any tax credit; ~~or~~

365.25 (4) violated a cease and desist order issued by the commissioner; or

365.26 ~~(4)~~ (5) engaged in any other fraudulent or deceptive conduct that substantially interferes  
 365.27 with the proper administration of a law administered by the commissioner, and injunctive  
 365.28 relief is appropriate to prevent the recurrence of that conduct;

365.29 ~~the court may enjoin the person from further engaging in that conduct.~~

365.30 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
 365.31 31, 2017.

366.1 Sec. 17. Minnesota Statutes 2016, section 270C.447, subdivision 3, is amended to read:

366.2 Subd. 3. **Injunction prohibiting all business activities.** If the court finds that a tax  
366.3 ~~return~~ preparer has continually or repeatedly engaged in conduct described in subdivision  
366.4 2, and that an injunction prohibiting that conduct would not be sufficient to prevent the  
366.5 person's interference with the proper administration of a law administered by the  
366.6 commissioner, the court may enjoin the person from acting as a tax ~~return~~ preparer. The  
366.7 court may not enjoin the employer of a tax ~~return~~ preparer for conduct described in  
366.8 subdivision 2 engaged in by one or more of the employer's employees unless the employer  
366.9 was also actively involved in that conduct.

366.10 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
366.11 31, 2017.

366.12 Sec. 18. Minnesota Statutes 2016, section 270C.447, is amended by adding a subdivision  
366.13 to read:

366.14 Subd. 3a. **Enforcement of cease and desist orders.** (a) Whenever the commissioner  
366.15 under subdivision 1 or 3 seeks to enforce compliance with a cease and desist order, the court  
366.16 must consider the allegations in the cease and desist order conclusively established if the  
366.17 order is a final order.

366.18 (b) If the court finds the tax preparer was not in compliance with a cease and desist order,  
366.19 the court may impose a further civil penalty against the tax preparer for contempt in an  
366.20 amount up to \$10,000 for each violation and may grant any other relief the court determines  
366.21 is just and proper in the circumstances. A civil penalty imposed by a court under this section  
366.22 may be collected and enforced by the commissioner as an income tax liability.

366.23 (c) The court may not require the commissioner to post a bond in an action or proceeding  
366.24 under this section.

366.25 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
366.26 31, 2017.

366.27 Sec. 19. Minnesota Statutes 2016, section 289A.60, subdivision 13, is amended to read:

366.28 Subd. 13. **Penalties for tax ~~return~~ preparers.** (a) If an understatement of liability with  
366.29 respect to a return or claim for refund is due to a reckless disregard of laws and rules or  
366.30 willful attempt in any manner to understate the liability for a tax by a person who is a tax  
366.31 ~~return~~ preparer with respect to the return or claim, the person shall pay to the commissioner  
366.32 a penalty of \$500. If a part of a ~~property tax refund~~ claim filed under section 290.0677,

367.1 subdivision 1, or chapter 290A is excessive due to a reckless disregard or willful attempt  
367.2 in any manner to overstate the claim for relief allowed ~~under chapter 290A~~ by a person who  
367.3 is a tax ~~refund or return~~ preparer, the ~~person~~ tax preparer shall pay to the commissioner a  
367.4 penalty of \$500 with respect to the claim. These penalties may not be assessed against the  
367.5 employer of a tax ~~return~~ preparer unless the employer was actively involved in the reckless  
367.6 disregard or willful attempt to understate the liability for a tax or to overstate the claim for  
367.7 refund. These penalties are income tax liabilities and may be assessed at any time as provided  
367.8 in section 289A.38, subdivision 5.

367.9 (b) A civil action in the name of the state of Minnesota may be commenced to enjoin  
367.10 any person who is a tax ~~return~~ preparer doing business in this state as provided in section  
367.11 270C.447.

367.12 (c) The commissioner may terminate or suspend a tax preparer's authority to transmit  
367.13 returns electronically to the state, if the commissioner determines that the tax preparer has  
367.14 engaged in a pattern and practice of conduct in violation of paragraph (a) of this subdivision  
367.15 or has been convicted under section 289A.63.

367.16 (d) For purposes of this subdivision, the term "understatement of liability" means an  
367.17 understatement of the net amount payable with respect to a tax imposed by state tax law,  
367.18 or an overstatement of the net amount creditable or refundable with respect to a tax. The  
367.19 determination of whether or not there is an understatement of liability must be made without  
367.20 regard to any administrative or judicial action involving the taxpayer. For purposes of this  
367.21 subdivision, the amount determined for underpayment of estimated tax under either section  
367.22 289A.25 or 289A.26 is not considered an understatement of liability.

367.23 (e) For purposes of this subdivision, the term "overstatement of claim" means an  
367.24 overstatement of the net amount refundable with respect to a claim for ~~property tax relief~~  
367.25 ~~provided by~~ filed under section 290.0677, subdivision 1, or chapter 290A. The determination  
367.26 of whether or not there is an overstatement of a claim must be made without regard to  
367.27 administrative or judicial action involving the claimant.

367.28 (f) For purposes of this section, the term "~~tax refund or return preparer~~" means an  
367.29 ~~individual who prepares for compensation, or who employs one or more individuals to~~  
367.30 ~~prepare for compensation, a return of tax, or a claim for refund of tax. The preparation of~~  
367.31 ~~a substantial part of a return or claim for refund is treated as if it were the preparation of~~  
367.32 ~~the entire return or claim for refund. An individual is not considered a tax return preparer~~  
367.33 ~~merely because the individual:~~

367.34 (1) ~~gives typing, reproducing, or other mechanical assistance;~~

368.1 ~~(2) prepares a return or claim for refund of the employer, or an officer or employee of~~  
 368.2 ~~the employer, by whom the individual is regularly and continuously employed;~~

368.3 ~~(3) prepares a return or claim for refund of any person as a fiduciary for that person; or~~

368.4 ~~(4) prepares a claim for refund for a taxpayer in response to a tax order issued to the~~  
 368.5 ~~taxpayer. "tax preparer" or "preparer" has the meaning given in section 270C.445, subdivision~~  
 368.6 ~~2, paragraph (h).~~

368.7 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
 368.8 31, 2017.

368.9 Sec. 20. Minnesota Statutes 2016, section 289A.60, subdivision 28, is amended to read:

368.10 Subd. 28. **Preparer identification number.** ~~Any Minnesota individual income tax return~~  
 368.11 ~~or claim for refund prepared by a "tax refund or return preparer" as defined in subdivision~~  
 368.12 ~~13, paragraph (f), shall bear the identification number the preparer is required to use federally~~  
 368.13 ~~under section 6109(a)(4) of the Internal Revenue Code. (a) Each of the following that is~~  
 368.14 ~~prepared by a tax preparer must include the tax preparer's tax identification number:~~

368.15 (1) a tax return required to be filed under this chapter;

368.16 (2) a claim filed under section 290.0677, subdivision 1, or chapter 290A; and

368.17 (3) a claim for refund of an overpayment.

368.18 (b) A tax preparer is not required to include their preparer tax identification number on  
 368.19 a filing if the number is not required in the forms or filing requirements provided by the  
 368.20 commissioner.

368.21 (c) A tax refund or return preparer who prepares a Minnesota individual income tax  
 368.22 return or claim for refund and fails to include the required preparer tax identification number  
 368.23 on the return or claim as required by this section is subject to a penalty of \$50 for each  
 368.24 failure.

368.25 (d) A tax preparer who fails to include the preparer tax identification number as required  
 368.26 by this section, and who is required to have a valid preparer tax identification number issued  
 368.27 under section 6109(a)(4) of the Internal Revenue Code, but does not have one, is subject to  
 368.28 a \$500 penalty for each failure. A tax preparer subject to the penalty in this paragraph is  
 368.29 not subject to the penalty in paragraph (c).

368.30 (e) For the purposes of this subdivision, "tax preparer" has the meaning given in section  
 368.31 270C.445, subdivision 2, paragraph (h), and "preparer tax identification number" means



369.1 the number the tax preparer is required to use federally under section 6109(a)(4) of the  
 369.2 Internal Revenue Code.

369.3 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
 369.4 31, 2017.

369.5 Sec. 21. **REVISOR'S INSTRUCTION.**

369.6 (a) The revisor of statutes shall renumber the provisions of Minnesota Statutes listed in  
 369.7 column A to the references listed in column B.

	<u>Column A</u>	<u>Column B</u>
369.8		
369.9	<u>270C.445, subdivision 3a</u>	<u>270C.4451, subdivision 1</u>
369.10	<u>270C.445, subdivision 4</u>	<u>270C.4451, subdivision 2</u>
369.11	<u>270C.445, subdivision 4a</u>	<u>270C.4451, subdivision 3</u>
369.12	<u>270C.445, subdivision 4b</u>	<u>270C.4451, subdivision 4</u>
369.13	<u>270C.445, subdivision 5b</u>	<u>270C.4451, subdivision 5</u>

369.14 (b) The revisor shall make necessary cross-reference changes in Minnesota Statutes and  
 369.15 Minnesota Rules consistent with the renumbering of Minnesota Statutes, section 270C.445,  
 369.16 subdivisions 3a, 4, 4a, 4b, and 5b.

369.17 (c) The revisor shall publish the statutory derivations of the laws renumbered in this act  
 369.18 in Laws of Minnesota and report the derivations in Minnesota Statutes.

369.19 (d) If Minnesota Statutes, section 270C.445, subdivisions 3a, 4, 4a, 4b, and 5b, are further  
 369.20 amended in the 2017 legislative session, the revisor shall codify the amendments in a manner  
 369.21 consistent with this act. The revisor may make necessary changes to sentence structure to  
 369.22 preserve the meaning of the text.

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

369.24 Sec. 22. **REPEALER.**

369.25 Minnesota Statutes 2016, sections 270C.445, subdivision 1; and 270C.447, subdivision  
 369.26 4, are repealed.

369.27 **EFFECTIVE DATE.** This section is effective for claims and returns filed after December  
 369.28 31, 2017.

APPENDIX  
Article locations in 171-H0001-1

	INDIVIDUAL INCOME, CORPORATE FRANCHISE, AND	
ARTICLE 1	ESTATE TAXES .....	Page.Ln 3.22
ARTICLE 2	PROPERTY TAX .....	Page.Ln 52.10
ARTICLE 3	SALES AND USE TAXES .....	Page.Ln 102.1
ARTICLE 4	AIDS AND CREDITS .....	Page.Ln 136.21
ARTICLE 5	LOCAL OPTION SALES AND USE TAXES .....	Page.Ln 161.23
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**136A.129 GREATER MINNESOTA INTERNSHIP PROGRAM.**

Subdivision 1. **Definitions.** (a) For the purposes of this section, the terms defined in this subdivision have the meanings given to them.

(b) "Eligible employer" means a taxpayer under section 290.01 with employees located in greater Minnesota.

(c) "Eligible institution" means a Minnesota public postsecondary institution or a Minnesota private, nonprofit, baccalaureate, or graduate degree-granting college or university.

(d) "Eligible student" means a student enrolled in an eligible institution who has completed one-half of the credits necessary for the respective degree or certification, including a graduate degree.

(e) "Greater Minnesota" means the area of the state outside of the counties of Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington, and Wright.

Subd. 2. **Program established.** The office shall administer a greater Minnesota internship program through eligible institutions to provide credit at the eligible institution for internships and tax credits for eligible employers who hire interns for employment in greater Minnesota.

Subd. 3. **Program components.** (a) An intern must be an eligible student who has been admitted to a major program that is related to the intern experience as determined by the eligible institution.

(b) To participate in the program, an eligible institution must:

(1) enter into written agreements with eligible employers to provide internships that are at least eight weeks long and located in greater Minnesota; and

(2) provide academic credit for the successful completion of the internship or ensure that it fulfills requirements necessary to complete a vocational technical education program.

(c) To participate in the program, an eligible employer must enter into a written agreement with an eligible institution specifying that the intern:

(1) would not have been hired without the tax credit described in subdivision 4;

(2) did not work for the employer in the same or a similar job prior to entering the agreement;

(3) does not replace an existing employee;

(4) has not previously participated in the program;

(5) will be employed at a location in greater Minnesota;

(6) will be paid at least minimum wage for a minimum of 16 hours per week for a period of at least eight weeks; and

(7) will be supervised and evaluated by the employer.

(d) The written agreement between the eligible institution and the eligible employer must certify a credit amount to the employer, not to exceed \$2,000 per intern. The total dollar amount of credits that an eligible institution certifies to eligible employers in a calendar year may not exceed the amount of its allocation under subdivision 4.

(e) Participating eligible institutions and eligible employers must report annually to the office. The report must include at least the following:

(1) the number of interns hired;

(2) the number of hours and weeks worked by interns; and

(3) the compensation paid to interns.

(f) An internship required to complete an academic program does not qualify for the greater Minnesota internship program under this section.

Subd. 4. **Tax credit allowed.** An employer is entitled to a tax credit as provided in section 290.06, subdivision 36. The total amount of credits allocated in a calendar year must not exceed \$2,000,000. The office shall determine relevant criteria to allocate the tax credits including the geographic distribution of credits to work locations outside the metropolitan area, and shall allocate credits to eligible institutions that meet the criteria on a first-come, first-served basis. Any credits allocated to an institution but not used may be reallocated to eligible institutions. The office shall allocate a portion of the administrative fee under section 290.06, subdivision 36, to participating eligible institutions for their administrative costs.

Subd. 5. **Reports to the legislature.** (a) By February 1, 2016, the office and the Department of Revenue shall report to the legislature on the greater Minnesota internship program. The report must include at least the following:

(1) the number and dollar amount of credits allowed;

(2) the number of interns employed under the program; and

(3) the cost of administering the program.

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(b) By February 1, 2017, the office and the Department of Revenue shall report to the legislature with an analysis of the effectiveness of the program in stimulating businesses to hire interns and in assisting participating interns in finding permanent career positions. This report must include the number of students who participated in the program who were subsequently employed full-time by the employer.

**270.074 VALUATION OF FLIGHT PROPERTY; METHODS OF APPORTIONMENT; RATIO OF TAX.**

Subd. 2. **Other apportionment methods.** The method prescribed by subdivision 1 shall be presumed to determine fairly and correctly the value of the flight property of an airline allocable to this state. Any airline aggrieved by the valuation of the flight property or the application to its case of the apportionment methods prescribed by subdivision 1, may petition the commissioner for determination of the valuation or the apportionment thereof to this state by the use of some other method. Thereupon, if the commissioner finds that the application of the methods prescribed by subdivision 1 will be unjust to the airline, the commissioner may allow the use of the methods so petitioned for by the airline, or may determine the valuation or apportionment thereof by other methods if satisfied that such other methods will fairly reflect such valuation or apportionment thereof.

**270C.445 TAX PREPARATION SERVICES.**

Subdivision 1. **Scope.** This section applies to a person who provides tax preparation services, except:

- (1) a person who provides tax preparation services for fewer than ten clients in a calendar year;
- (2) a person who provides tax preparation services only to immediate family members. For the purposes of this section, "immediate family members" means a spouse, parent, grandparent, child, or sibling;
- (3) an employee who prepares a tax return for an employer's business;
- (4) any fiduciary, or the regular employees of a fiduciary, while acting on behalf of the fiduciary estate, testator, trustor, grantor, or beneficiaries of them; and
- (5) nonprofit organizations providing tax preparation services under the Internal Revenue Service Volunteer Income Tax Assistance Program or Tax Counseling for the Elderly Program.

**270C.447 LEGAL ACTION TO ENJOIN TAX RETURN PREPARER.**

Subd. 4. **Tax return preparer.** For purposes of this section, the term "tax return preparer" means an individual who prepares for compensation, or who employs one or more individuals to prepare for compensation, a return of tax or a claim for refund of tax. The preparation of a substantial part of a return or claim for refund is treated as if it were the preparation of the entire return or claim for refund. An individual is not considered a tax return preparer merely because the individual:

- (1) gives typing, reproducing, or other mechanical assistance;
- (2) prepares a return or claim for refund of the employer, or an officer or employee of the employer, by whom the individual is regularly and continuously employed;
- (3) prepares a return or claim for refund of any person as a fiduciary for that person; or
- (4) prepares a claim for refund for a taxpayer in response to a tax order issued to the taxpayer.

**272.02 EXEMPT PROPERTY.**

Subd. 23. **Agricultural containment facilities.** Containment tanks, cache basins, and that portion of the structure needed for the containment facility used to confine agricultural chemicals as defined in section 18D.01, subdivision 3, as required by the commissioner of agriculture under chapter 18B or 18C, are exempt.

**281.22 COUNTY AUDITOR TO GIVE NOTICE.**

**281.22 COUNTY AUDITOR TO GIVE NOTICE.**

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In case any parcel of land bid in for the state at any tax judgment sale heretofore held has not been sold or assigned to an actual purchaser by one year before the expiration of the stated period of redemption of such parcel, it shall be the duty of the county auditor thereupon forthwith to give notice of expiration of the time for redemption of such parcel, as herein provided. Such notice shall be given and all other things done with respect to all such parcels, as provided by section 281.23, except that the notice shall state that the time for redemption will expire one year after service of notice and the filing of proof thereof, instead of 60 days. Otherwise, all the provisions of section 281.23 shall apply to and govern the corresponding matters under this section.

The time for redemption of any parcel of land as to which notice of expiration has been given, as provided in this section, shall expire one year after the giving of such notice and the filing of proof thereof in the office of the county auditor, unless such parcel shall theretofore be assigned to an actual purchaser, as herein provided.

#### **281.22 COUNTY AUDITOR TO GIVE NOTICE.**

In case any parcel of land bid in for the state at any tax judgment sale heretofore held has not been sold or assigned to an actual purchaser by one year before the expiration of the stated period of redemption of such parcel, it shall be the duty of the county auditor thereupon forthwith to give notice of expiration of the time for redemption of such parcel, as herein provided. Such notice shall be given and all other things done with respect to all such parcels, as provided by section 281.23, except that the notice shall state that the time for redemption will expire one year after service of notice and the filing of proof thereof, instead of 60 days. Otherwise, all the provisions of section 281.23 shall apply to and govern the corresponding matters under this section.

The time for redemption of any parcel of land as to which notice of expiration has been given, as provided in this section, shall expire one year after the giving of such notice and the filing of proof thereof in the office of the county auditor, unless such parcel shall theretofore be assigned to an actual purchaser, as herein provided.

#### **290.06 RATES OF TAX; CREDITS.**

Subd. 36. **Greater Minnesota internship credit.** (a) A taxpayer who is an eligible employer may take a credit against the tax due under this chapter equal to the lesser of:

(1) 40 percent of the compensation paid to an intern qualifying under the program established under section 136A.129, but not to exceed \$2,000 per intern; or

(2) the amount certified to the taxpayer by an eligible institution out of the institution's allocation of credits for the calendar year, as provided in section 136A.129.

(b) Credits allowed to a partnership, a limited liability company taxed as a partnership, an S corporation, or multiple owners of property are passed through to the partners, members, shareholders, or owners, respectively, pro rata to each partner, member, shareholder, or owner based on their share of the entity's income for the taxable year.

(c) If the amount of credit which the taxpayer is eligible to receive under this subdivision exceeds the taxpayer's tax liability under this chapter, the commissioner of revenue shall refund the excess to the taxpayer.

(d) An amount necessary to pay claims for refund provided in this subdivision is appropriated from the general fund to the commissioner of revenue.

(e) An amount equal to one percent of the total amount of the credits authorized under section 136A.129, subdivision 4, for an administrative fee for the Office of Higher Education and participating eligible institutions is appropriated from the general fund to the commissioner of revenue, for a transfer to the Office of Higher Education.

(f) For purposes of this subdivision, the terms "eligible employer" and "eligible institution" have the meanings given in section 136A.129.

#### **290.067 DEPENDENT CARE CREDIT.**

Subd. 2. **Limitations.** The credit for expenses incurred for the care of each dependent shall not exceed \$720 in any taxable year, and the total credit for all dependents of a claimant shall not exceed \$1,440 in a taxable year. The maximum total credit shall be reduced according to the amount of the income of the claimant and a spouse, if any, as follows:

income up to \$18,040, \$720 maximum for one dependent, \$1,440 for all dependents;

income over \$18,040, the maximum credit for one dependent shall be reduced by \$18 for every \$350 of additional income, \$36 for all dependents.

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The commissioner shall construct and make available to taxpayers tables showing the amount of the credit at various levels of income and expenses. The tables shall follow the schedule contained in this subdivision, except that the commissioner may graduate the transitions between expenses and income brackets.

#### **290.9743 ELECTION BY FASIT.**

An entity having a valid election as a financial asset securitization investment trust in effect for a taxable year under section 860L(a) of the Internal Revenue Code shall not be subject to the taxes imposed by this chapter, except the tax imposed under section 290.92.

#### **290.9744 FASIT INCOME TAXABLE TO HOLDERS OF INTERESTS.**

The income of a financial asset securitization investment trust is taxable to the holders of interests in the financial asset securitization investment trust as provided in sections 860H to 860L of the Internal Revenue Code. The income of the holders must be computed under the provisions of this chapter.

#### **290C.02 DEFINITIONS.**

Subd. 5. **Current use value.** "Current use value" means the statewide average annual income per acre, multiplied by 90 percent and divided by the capitalization rate determined under subdivision 9. The statewide net annual income shall be a weighted average based on the most recent data as of July 1 of the computation year on stumpage prices and annual tree growth rates and acreage by cover type provided by the Department of Natural Resources and the United States Department of Agriculture Forest Service North Central Research Station.

Subd. 9. **Capitalization rate.** By July 1 of each year, the commissioner shall determine a statewide capitalization rate for use under this chapter. The rate shall be the average annual effective interest rate for St. Paul on new loans under the Farm Credit Bank system calculated under section 2032A(e)(7)(A) of the Internal Revenue Code.

#### **297F.05 RATES OF TAX; PERSONAL DEBT.**

Subd. 1a. **Annual indexing.** (a) Each year the commissioner shall adjust the tax rates under subdivision 1, including any adjustment made in prior years under this subdivision, by multiplying the mill rates for the current calendar year by an adjustment factor and rounding the result to the nearest mill. The adjustment factor equals the in-lieu sales tax rate that applies to the following calendar year divided by the in-lieu sales tax rate for the current calendar year. For purposes of this subdivision, "in-lieu sales tax rate" means the tax rate established under section 297F.25, subdivision 1. For purposes of the calculations under this subdivision to be made in any year in which an increase in the federal or state excise tax on cigarettes is implemented, the commissioner shall exclude from the calculated average price for the current year an amount equal to any increase in the state or federal excise tax rate.

(b) The commissioner shall publish the resulting rate by November 1 and the rate applies to sales made on or after January 1 of the following year.

(c) The determination of the commissioner under this subdivision is not a rule and is not subject to the Administrative Procedure Act in chapter 14.

#### **477A.0124 COUNTY PROGRAM AID.**

Subd. 5. **County transition aid.** A county is eligible to receive the transition aid it received in 2007.

#### **477A.20 DEBT SERVICE AID; LEWIS AND CLARK JOINT POWERS BOARD.**

(a) The Lewis and Clark Joint Powers Board is eligible to receive an aid distribution under this section equal to (1) the principal and interest payable in the succeeding calendar year for bonds issued under section 469.194 minus the sum of (2) the combined adjusted net tax capacity of Rock County and Nobles County for the assessment year prior to the aid payable year multiplied by 1.5 percent and (3) 50 percent of any federal aid received to fund the project in the calendar year. The board shall certify to the commissioner of revenue any federal aid allocated to the project for the calendar year and the principal and interest due in the succeeding calendar year by June 1 of the aid payable year. The commissioner of revenue shall calculate the aid payable

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under this section and certify the amount payable before July 1 of the aid distribution year. The commissioner shall pay the aid under this section to the board at the times specified for payments of local government aid in section 477A.015. An amount sufficient to pay the state aid authorized under this section is annually appropriated to the commissioner from the general fund.

(b) The board must allocate the aid to the municipalities issuing bonds under section 469.194 in proportion to their principal and interest payments.

(c) If the deduction under paragraph (a), clause (3), eliminates the aid payment under this section in a calendar year, then the excess of the deduction must be carried over and used to reduce the principal and interest in the succeeding year or years used to calculate aid under paragraph (a).

(d) If federal grants and aid received for the project, not deducted under paragraph (a), clause (3), exceed the total debt service payments for bonds issued under section 469.194, other than payments made with state aid under this section, the joint powers board must repay any excess to the commissioner of revenue for deposit in the general fund. The repayment may not exceed the sum of state aid payments under this section and any other grants made by the state for the project.

(e) This section expires at the earlier of January 1, 2039, or when the bonds authorized under section 469.194 have been paid or defeased.

**8092.1400 ANNUAL RETURNS.**

Subpart 1. **General rule.** If an employer deducts and withholds an amount required by Minnesota Statutes, chapter 290, for a base year and the amount required is \$500 or less, the employer, for the qualifying year, may elect to file an annual return and make an annual payment of the amount required to be deducted and withheld in that calendar year and is thereafter relieved from filing quarterly returns and making quarterly payments. The annual return and payment are due on or before February 28 of the calendar year following the calendar year the amounts were deducted and withheld. The annual return will serve as the reconciliation required in Minnesota Statutes, section 289A.09, subdivision 2, paragraph (d), for those employers who have elected to file an annual return. The Department of Revenue, applying the criteria of this part, will annually determine which employers are eligible to file an annual return and notify those employers who qualify. Employers who have not filed all withholding tax returns required for the base year are not eligible to file an annual return. Only those employers so notified by the Department of Revenue are eligible to elect to file an annual return. At the time of notification, eligible employers may still elect to file returns and make deposits quarterly. Employers who make such election are required to make all returns and deposits required by Minnesota Statutes, chapter 289A, and will be subject to all applicable penalties.

Subp. 2. **Base year.** "Base year" means the most recent period of four consecutive quarters for which the Department of Revenue has compiled data on all employers withholding tax for that period. The first base year is the four-consecutive quarter period beginning January 1990 and ending December 1990.

Subp. 3. **Qualifying year.** "Qualifying year" means the calendar year for which the Department of Revenue notifies the employer that it is eligible to file an annual return. The first qualifying year is the 1992 calendar year.

Subp. 4. **Accelerated deposits.** If, at the end of any calendar month other than the last month of the calendar year, the aggregate amount of undeposited withholding tax withheld by an employer who has elected to file an annual return exceeds \$500, the employer must deposit the aggregate amount with the Department of Revenue within 30 days after the close of the calendar month.

Notwithstanding any other provision of this part, employers are subject to the eighth-monthly period deposit requirements of Minnesota Statutes, section 289A.20.

In the event an employer who has elected to file an annual return pursuant to this part permanently ceases to pay wages for which withholding of tax is required, the employer must file a final return and deposit any undeposited tax on or before the last day of the month following the month in which the discontinuance of such activity occurred.

Subp. 5. **Maximum withholding amount.** The commissioner of revenue shall annually recalculate the maximum withholding amount for annual filing, using the percentage calculated pursuant to Minnesota Statutes, section 290.06, subdivision 2d, paragraph (b). If the maximum withholding amount so calculated is more than \$100 above the maximum withholding amount for annual filing then in effect, the maximum withholding amount for annual filing must be increased by \$100. If the maximum withholding amount so calculated is less than \$100 above the maximum withholding amount then in effect, there shall be no change in the maximum withholding amount then in effect. When the maximum withholding amount is adjusted by the commissioner under this subpart, the maximum withholding amounts referred to in subparts 1 and 4 must be adjusted by the same amount by the commissioner.

**8092.2000 CONTRACTS WITH STATE; WITHHOLDING; CERTIFICATION.**

Minnesota Statutes, section 270C.66 provides that no department of the state of Minnesota nor any political or governmental subdivision thereof shall make final settlement with any contractor, under a contract requiring the employment of employees for wages by said contractor, until satisfactory showing is furnished to said department or governmental subdivision that the contractor in question has complied with the withholding provisions of Minnesota Statutes, section 290.92. The statute further provides that a certificate issued by the commissioner of revenue shall satisfy this requirement.

The provisions of the statute are prospective in their effect and apply only to contracts executed after April 7, 1961. To facilitate the obtaining of the certification provided for by Minnesota Statutes, section 270C.66 the commissioner has made available form IC134. This form is in two parts, the first section thereof is in the form of an affidavit to be executed by a prime contractor or subcontractor and the second portion thereof is the commissioner's certification. The



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affidavit portion of the form in any event requires that certain identifying information be set forth by the affiant such as the name of the contractor, the address, withholding identification number, the number of the contract or contracts involved and the name of the department of the state or governmental subdivision with whom the contractor has contracted. The affidavit itself is divided into two parts A and B and it is intended that part A will be executed by both a prime contractor or subcontractor with respect to the employees of such prime contractor or subcontractor.

Part B of said affidavit is to be executed only by a prime contractor who has utilized subcontractors in completing a contract with the state or governmental subdivision thereof. In such a case it is contemplated that each subcontractor will execute part A of the affidavit on form IC134 and obtain from the commissioner certification with respect to such subcontractor's own employees. This copy of form IC134 certified to with respect to the subcontractor's employees will be given to the prime contractor who should keep such affidavit and certification in the prime contractor's own files. When the prime contractor has received such an affidavit and certification from all of the subcontractors on the contract, the prime contractor will then be in a position to execute part B of the affidavit as well as part A and obtain a certification from the commissioner as to the prime contractor's own employees. This form IC134, when both parts A and B have been executed by the prime contractor and certified to by the commissioner, should then be delivered to the department or governmental subdivision in satisfaction of the requirements of Minnesota Statutes, section 270C.66.

The withholding section of the Department of Revenue will process these affidavits and any requests for form IC134 or inquiries relative to their use and application should be directed to this part.

#### **8100.0700 EQUALIZATION.**

Subpart 1. **In general.** After the apportionment of value referred to in part 8100.0600 has been made, the values of structures valued by the commissioner must be equalized to coincide with the assessment levels of commercial and industrial property within each respective county receiving a share of the apportioned utilities value. This equalization will be accomplished through the use of an assessment/sales ratio.

Subp. 2. **Assessment/sales ratio computation.** A comprehensive assessment/sales ratio study compiled annually by the sales ratio section of the Local Government Services Division of the Department of Revenue will be used in this computation. The portions of this study which will be used for purposes of this part are known as the "County Commercial and Industrial Sales Ratio."

This commercial and industrial (C & I) sales ratio is computed through an analysis of the certificates of real estate value filed by the buyers or sellers of commercial or industrial property within each county. The information contained on these certificates of real estate value is compiled pursuant to requests, standards, and methods set forth by the Minnesota Department of Revenue acting upon recommendations of the Minnesota Legislature. The most recent C & I study available will be used for purposes of this part.

The median C & I sales ratio from this County Commercial and Industrial Sales Ratio study will be used as a basis to estimate the current year C & I median ratio for each county.

The process used to estimate this current year median ratio will be as follows:

The State Board of Equalization abstract of market value will be examined. The current estimated market value of commercial and industrial property within each county will be taken from this abstract. The amount of the value of new commercial and industrial construction ("new" meaning since the last assessment period), as well as the value of commercial and industrial property which has changed classification (for example, commercial to tax exempt property) will also be taken from the abstract. The value of new construction will then be deducted from the estimated market value, resulting in a net estimated current year market value for commercial and industrial property within the county. The value of commercial and industrial property which has changed classification will be deducted from the previous years estimated market value to arrive at a net estimated previous year market value for commercial and industrial property within the county. The net current year value will be compared to the net previous year's estimated market value for commercial and industrial property within the county and the difference between the two values noted. This difference will be divided by the previous year's net estimated market value for commercial and industrial property to find the percentage of increase, or decrease, in assessment level for each year. This percent of change will be applied to the most recent C & I median ratio to estimate the current year's C & I median ratio. An example of this calculation for a typical county is shown below.

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1990 E.M.V. for Commercial and Industrial Property	\$12,000,000	
Less: New Construction	1,500,000	
1990 Net E.M.V. for C & I property		\$ 10,500,000
1989 E.M.V. for C & I property	\$10,250,000	
Less: Classification changes	250,000	
1989 Net E.M.V. for C & I property		10,000,000
Difference 1989 vs 1990 E.M.V.		500,000
Percent of change (500,000/10,000,000)		5%
1989 Median C & I ratio		88%
1990 Estimated Median C & I ratio (88% x 105%)		92.4%

This same calculation is performed for each Minnesota county. If there are five or fewer valid sales of commercial and industrial property within a county during the study period, these few sales are insufficient to form the basis for a meaningful C & I ratio. Therefore, the median assessment/sales ratio to be used for purposes of the example computation in this subpart will not be the median C & I ratio but will be the weighted median ratio of all property classes within the county for which a sales ratio is available. This weighted median ratio is computed in the same manner using the same procedures and standards as the C & I ratio. In addition, the example computation in this subpart will not be performed using the commercial and industrial estimated market value but will use the estimated market value for all property within the county. All other aspects of the calculations are identical except for this substitution.

Class of Property	Amount of Value	Percent of Value	Median Ratio	Weighted Median Ratio
Residential	\$ 20,000,000	20%	86%	17.00%
Agricultural	55,000,000	55%	95%	52.25%
Seasonal - Recreational	5,000,000	5%	90%	4.50%
Commercial Industrial	20,000,000	20%	85%	17.00%
Total	\$100,000,000	100%		90.75%

Subp. 3. **Application of the estimated current year median assessment/sales ratio.** After the estimated current year median ratio has been calculated under subpart 2, it is used to adjust the apportioned estimated market value of utility structures valued by the commissioner. The value of these structures is reduced by the difference between 95 percent and the median ratio as adjusted in subpart 2. This is done by subtracting the current year median ratio, as adjusted, from the 95 percent provided for in Minnesota Statutes, section 278.05, subdivision 4, to arrive at an equalization factor. The estimated market value of utility structures is multiplied by the equalization factor to arrive at the reduction amount. The reduction amount is subtracted from the estimated market value of the utility structures to arrive at the equalized market value of structures. In no instance will any adjustment be made if, after comparing the current year median sales ratio as adjusted to the assessment level of utility structures, the difference between the two is ten percent or less. An example of this adjustment is as follows:

	County A	County B
Estimated Level of Assessment for Utility Property*	100.00%	100.00%
95 percent provided for in Minnesota Statutes, section 278.05, subdivision 4	95.00%	95.00%
County Commercial/Industrial Sales Ratio	87.00%	93.00%

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Equalization Factor	8.00%	0.00%
Estimated Market Value of Structures	1,000,000	1,000,000
Reduction in Value	80,000	0
Equalized Market Value of Structures	920,000	1,000,000**

\*For purposes of this example, assume that utility property is assessed at 100 percent of market value.

\*\*No adjustment is made because the Estimated Current Year Median Sales Ratio is within ten percent of the assessment level of utility property.

All utilities operating within a particular county will be equalized at the same percentage. No adjustment for equalization will be made to machinery or personal property.

These equalized estimated market values of utility structures valued by the commissioner will be forwarded to the county assessor denoting specific utility companies and taxing districts together with personal property and machinery values pursuant to Minnesota Statutes.

**8125.1300 REFUNDS AND CREDITS.**

Subp. 3. **Gasoline used in aircraft.** Refunds for gasoline, other than aviation gasoline, purchased and used to produce or generate power for propelling aircraft shall be issued only to those claimants who have received approval to use such gasoline from the Federal Aviation Administration as evidenced by a supplemental type certificate.

**8125.1300 REFUNDS AND CREDITS.**

Subp. 3. **Gasoline used in aircraft.** Refunds for gasoline, other than aviation gasoline, purchased and used to produce or generate power for propelling aircraft shall be issued only to those claimants who have received approval to use such gasoline from the Federal Aviation Administration as evidenced by a supplemental type certificate.