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State of Minnesota

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HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. **1938**

02/16/2023 Authored by Gomez
The bill was read for the first time and referred to the Committee on Rules and Legislative Administration
02/21/2023 Adoption of Report: Re-referred to the Committee on Taxes
04/20/2023 Adoption of Report: Amended and re-referred to the Committee on Ways and Means
04/24/2023 Adoption of Report: Placed on the General Register as Amended
Read for the Second Time

1.1 A bill for an act

1.2 relating to financing and operation of state and local government; modifying

1.3 provisions governing individual income and corporate franchise taxes, federal

1.4 conformity, property taxes, certain state aid and credit programs, sales and use

1.5 taxes, minerals taxes, tax increment financing, certain local taxes, provisions related

1.6 to public finance, and various other taxes and tax-related provisions; modifying

1.7 income tax credits; modifying existing and proposing new subtractions; modifying

1.8 provisions related to the taxation of pass-through entities; providing for certain

1.9 federal tax conformity; modifying individual income tax rates; modifying provisions

1.10 related to reporting of corporate income; providing a onetime refundable rebate

1.11 credit; providing for conformity to certain federal tax provisions; modifying

1.12 property tax exemptions, classifications, and refunds; modifying local government

1.13 aid calculations; establishing soil and water conservation district aid; providing

1.14 for certain sales tax exemptions and providing new definitions; modifying taconite

1.15 taxes and distributions; converting the renter's property tax refund into a refundable

1.16 individual income tax credit; modifying provisions related to tax increment

1.17 financing and allowing certain special local provisions; modifying certain local

1.18 taxes; establishing tourism improvement special taxing districts; requiring reports;

1.19 appropriating money; amending Minnesota Statutes 2022, sections 3.8855,

1.20 subdivisions 4, 7; 6.495, subdivision 3; 10A.31, subdivisions 1, 3; 13.46,

1.21 subdivision 2; 41B.0391, subdivisions 1, 2, 4, 7; 116U.27, subdivisions 1, 4, 7;

1.22 118A.04, subdivision 5; 123B.61; 168B.07, subdivision 3; 256J.45, subdivision

1.23 2; 256L.15, subdivision 1a; 270A.03, subdivision 2; 270B.12, subdivision 8;

1.24 270B.14, subdivision 1; 270C.13, subdivision 1; 270C.19, subdivisions 1, 2;

1.25 270C.445, subdivisions 2, 3; 270C.446, subdivision 2; 270C.52, subdivision 2;

1.26 272.01, subdivision 2; 272.02, subdivisions 24, 73, 98, by adding a subdivision;

1.27 273.11, subdivision 12; 273.124, subdivisions 6, 13, 13a, 13c, 13d, 14; 273.1245,

1.28 subdivision 1; 273.13, subdivisions 25, 34, 35; 273.1315, subdivision 2; 273.1341;

1.29 273.1392; 275.065, subdivisions 3, 3b, 4; 278.01, subdivision 1; 279.03, subdivision

1.30 1a; 282.261, subdivision 2; 289A.02, subdivision 7, as amended; 289A.08,

1.31 subdivisions 7, as amended, 7a, as amended, by adding subdivisions; 289A.18,

1.32 subdivision 5; 289A.38, subdivision 4; 289A.382, subdivision 2; 289A.50, by

1.33 adding a subdivision; 289A.56, subdivision 6; 289A.60, subdivisions 12, 13, 28;

1.34 290.01, subdivisions 19, as amended, 31, as amended; 290.0132, subdivisions 4,

1.35 24, 26, 27, by adding subdivisions; 290.0133, subdivision 6; 290.0134, subdivision

1.36 18, by adding a subdivision; 290.06, subdivisions 2c, as amended, 2d, 22, 39;

1.37 290.067; 290.0671, as amended; 290.0674; 290.0677, subdivision 1; 290.0682,

1.38 subdivision 2, by adding a subdivision; 290.0685, subdivision 1, by adding a

2.1 subdivision; 290.0686; 290.091, subdivision 2, as amended; 290.17, subdivision
 2.2 4, by adding a subdivision; 290.21, subdivision 9; 290.92, subdivision 20; 290.9705,
 2.3 subdivision 1; 290A.02; 290A.03, subdivisions 3, 6, 8, 12, 13, 15, as amended, by
 2.4 adding a subdivision; 290A.04, subdivisions 1, 2, 2h, 4, 5; 290A.05; 290A.07,
 2.5 subdivision 2a; 290A.08; 290A.09; 290A.091; 290A.13; 290A.19; 290A.25;
 2.6 290B.03, subdivision 1; 290B.04, subdivisions 3, 4; 290B.05, subdivision 1;
 2.7 291.005, subdivision 1, as amended; 295.50, subdivision 4; 296A.083, subdivision
 2.8 3; 297A.61, subdivision 29, by adding subdivisions; 297A.67, subdivisions 2, 7;
 2.9 297A.68, subdivisions 4, 25; 297A.70, subdivisions 2, 4, 18, 19; 297E.02,
 2.10 subdivision 6; 297E.021, subdivision 4; 297H.13, subdivision 2; 297I.20,
 2.11 subdivision 4; 298.015; 298.018, subdivisions 1, 1a; 298.28, subdivisions 5, 7a,
 2.12 by adding a subdivision; 298.296, subdivision 4; 299C.76, subdivisions 1, 2;
 2.13 327C.02, subdivision 5; 349.11; 349.12, subdivisions 12b, 12c, by adding a
 2.14 subdivision; 366.095, subdivision 1; 373.01, subdivision 3; 383B.117, subdivision
 2.15 2; 410.32; 412.301; 462A.05, subdivision 24; 462A.38; 469.033, subdivision 6;
 2.16 469.053, subdivisions 4, 6; 469.107, subdivision 1; 469.174, subdivision 14, by
 2.17 adding a subdivision; 469.175, subdivision 6; 469.176, subdivisions 3, 4; 469.1761,
 2.18 subdivision 1; 469.1763, subdivisions 2, 3, 4, 6; 469.1771, subdivisions 2, 2a, 3;
 2.19 474A.02, subdivisions 22b, 23a; 475.54, subdivision 1; 477A.011, subdivision 34,
 2.20 by adding subdivisions; 477A.0124, subdivision 2; 477A.013, subdivisions 8, 9;
 2.21 477A.03, subdivisions 2a, 2b, by adding a subdivision; 477A.12, subdivisions 1,
 2.22 3, by adding a subdivision; 477A.30; 477B.01, subdivisions 5, 10, 11, by adding
 2.23 subdivisions; 477B.02, subdivisions 2, 3, 5, 8, 9, 10, by adding a subdivision;
 2.24 477B.03, subdivisions 2, 3, 4, 5, 7; 477B.04, subdivision 1, by adding a subdivision;
 2.25 477C.02, subdivision 4; 477C.03, subdivisions 2, 5; 477C.04, by adding a
 2.26 subdivision; 514.972, subdivision 5; Laws 1971, chapter 773, section 1, subdivision
 2.27 2, as amended; Laws 1980, chapter 511, sections 1, subdivision 2, as amended; 2,
 2.28 as amended; Laws 2006, chapter 259, article 11, section 3, as amended; Laws
 2.29 2008, chapter 366, article 5, sections 26, as amended; 36, subdivisions 1, 3, as
 2.30 amended; article 7, section 17; article 17, section 6; Laws 2014, chapter 308, article
 2.31 6, section 12, subdivision 2; Laws 2023, chapter 1, section 15; proposing coding
 2.32 for new law in Minnesota Statutes, chapters 16A; 181; 290; 477A; proposing
 2.33 coding for new law as Minnesota Statutes, chapter 428B; repealing Minnesota
 2.34 Statutes 2022, sections 270A.04, subdivision 5; 290.01, subdivision 19i; 290.0131,
 2.35 subdivision 18; 290.0132, subdivision 33; 290A.03, subdivisions 9, 11; 290A.04,
 2.36 subdivision 2a; 290A.23, subdivision 1; 477A.011, subdivisions 30a, 38, 42, 45;
 2.37 477A.013, subdivision 13; 477A.16, subdivisions 1, 2, 3; 477B.02, subdivision 4;
 2.38 477B.03, subdivision 6.

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

2.40 **ARTICLE 1**

2.41 **INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES**

2.42 Section 1. Minnesota Statutes 2022, section 13.46, subdivision 2, is amended to read:

2.43 Subd. 2. **General.** (a) Data on individuals collected, maintained, used, or disseminated
 2.44 by the welfare system are private data on individuals, and shall not be disclosed except:

2.45 (1) according to section 13.05;

2.46 (2) according to court order;

2.47 (3) according to a statute specifically authorizing access to the private data;

3.1 (4) to an agent of the welfare system and an investigator acting on behalf of a county,
3.2 the state, or the federal government, including a law enforcement person or attorney in the
3.3 investigation or prosecution of a criminal, civil, or administrative proceeding relating to the
3.4 administration of a program;

3.5 (5) to personnel of the welfare system who require the data to verify an individual's
3.6 identity; determine eligibility, amount of assistance, and the need to provide services to an
3.7 individual or family across programs; coordinate services for an individual or family;
3.8 evaluate the effectiveness of programs; assess parental contribution amounts; and investigate
3.9 suspected fraud;

3.10 (6) to administer federal funds or programs;

3.11 (7) between personnel of the welfare system working in the same program;

3.12 (8) to the Department of Revenue to assess parental contribution amounts for purposes
3.13 of section 252.27, subdivision 2a, administer and evaluate tax refund or tax credit programs
3.14 and to identify individuals who may benefit from these programs. The following information
3.15 may be disclosed under this paragraph: an individual's and their dependent's names, dates
3.16 of birth, Social Security numbers, income, addresses, and other data as required, upon
3.17 request by the Department of Revenue. Disclosures by the commissioner of revenue to the
3.18 commissioner of human services for the purposes described in this clause are governed by
3.19 section 270B.14, subdivision 1. Tax refund or tax credit programs include, but are not limited
3.20 to, the dependent care credit under section 290.067, the Minnesota child and working family
3.21 credit under section 290.0671, the property tax refund and rental credit under section
3.22 290A.04, and the Minnesota education credit under section 290.0674;

3.23 (9) between the Department of Human Services, the Department of Employment and
3.24 Economic Development, and when applicable, the Department of Education, for the following
3.25 purposes:

3.26 (i) to monitor the eligibility of the data subject for unemployment benefits, for any
3.27 employment or training program administered, supervised, or certified by that agency;

3.28 (ii) to administer any rehabilitation program or child care assistance program, whether
3.29 alone or in conjunction with the welfare system;

3.30 (iii) to monitor and evaluate the Minnesota family investment program or the child care
3.31 assistance program by exchanging data on recipients and former recipients of Supplemental
3.32 Nutrition Assistance Program (SNAP) benefits, cash assistance under chapter 256, 256D,

4.1 256J, or 256K, child care assistance under chapter 119B, medical programs under chapter
4.2 256B or 256L, or a medical program formerly codified under chapter 256D; and

4.3 (iv) to analyze public assistance employment services and program utilization, cost,
4.4 effectiveness, and outcomes as implemented under the authority established in Title II,
4.5 Sections 201-204 of the Ticket to Work and Work Incentives Improvement Act of 1999.
4.6 Health records governed by sections 144.291 to 144.298 and "protected health information"
4.7 as defined in Code of Federal Regulations, title 45, section 160.103, and governed by Code
4.8 of Federal Regulations, title 45, parts 160-164, including health care claims utilization
4.9 information, must not be exchanged under this clause;

4.10 (10) to appropriate parties in connection with an emergency if knowledge of the
4.11 information is necessary to protect the health or safety of the individual or other individuals
4.12 or persons;

4.13 (11) data maintained by residential programs as defined in section 245A.02 may be
4.14 disclosed to the protection and advocacy system established in this state according to Part
4.15 C of Public Law 98-527 to protect the legal and human rights of persons with developmental
4.16 disabilities or other related conditions who live in residential facilities for these persons if
4.17 the protection and advocacy system receives a complaint by or on behalf of that person and
4.18 the person does not have a legal guardian or the state or a designee of the state is the legal
4.19 guardian of the person;

4.20 (12) to the county medical examiner or the county coroner for identifying or locating
4.21 relatives or friends of a deceased person;

4.22 (13) data on a child support obligor who makes payments to the public agency may be
4.23 disclosed to the Minnesota Office of Higher Education to the extent necessary to determine
4.24 eligibility under section 136A.121, subdivision 2, clause (5);

4.25 (14) participant Social Security numbers and names collected by the telephone assistance
4.26 program may be disclosed to the Department of Revenue to conduct an electronic data
4.27 match with the property tax refund database to determine eligibility under section 237.70,
4.28 subdivision 4a;

4.29 (15) the current address of a Minnesota family investment program participant may be
4.30 disclosed to law enforcement officers who provide the name of the participant and notify
4.31 the agency that:

4.32 (i) the participant:

5.1 (A) is a fugitive felon fleeing to avoid prosecution, or custody or confinement after
5.2 conviction, for a crime or attempt to commit a crime that is a felony under the laws of the
5.3 jurisdiction from which the individual is fleeing; or

5.4 (B) is violating a condition of probation or parole imposed under state or federal law;

5.5 (ii) the location or apprehension of the felon is within the law enforcement officer's
5.6 official duties; and

5.7 (iii) the request is made in writing and in the proper exercise of those duties;

5.8 (16) the current address of a recipient of general assistance may be disclosed to probation
5.9 officers and corrections agents who are supervising the recipient and to law enforcement
5.10 officers who are investigating the recipient in connection with a felony level offense;

5.11 (17) information obtained from a SNAP applicant or recipient households may be
5.12 disclosed to local, state, or federal law enforcement officials, upon their written request, for
5.13 the purpose of investigating an alleged violation of the Food and Nutrition Act, according
5.14 to Code of Federal Regulations, title 7, section 272.1(c);

5.15 (18) the address, Social Security number, and, if available, photograph of any member
5.16 of a household receiving SNAP benefits shall be made available, on request, to a local, state,
5.17 or federal law enforcement officer if the officer furnishes the agency with the name of the
5.18 member and notifies the agency that:

5.19 (i) the member:

5.20 (A) is fleeing to avoid prosecution, or custody or confinement after conviction, for a
5.21 crime or attempt to commit a crime that is a felony in the jurisdiction the member is fleeing;

5.22 (B) is violating a condition of probation or parole imposed under state or federal law;
5.23 or

5.24 (C) has information that is necessary for the officer to conduct an official duty related
5.25 to conduct described in subitem (A) or (B);

5.26 (ii) locating or apprehending the member is within the officer's official duties; and

5.27 (iii) the request is made in writing and in the proper exercise of the officer's official duty;

5.28 (19) the current address of a recipient of Minnesota family investment program, general
5.29 assistance, or SNAP benefits may be disclosed to law enforcement officers who, in writing,
5.30 provide the name of the recipient and notify the agency that the recipient is a person required
5.31 to register under section 243.166, but is not residing at the address at which the recipient is
5.32 registered under section 243.166;

6.1 (20) certain information regarding child support obligors who are in arrears may be
6.2 made public according to section 518A.74;

6.3 (21) data on child support payments made by a child support obligor and data on the
6.4 distribution of those payments excluding identifying information on obligees may be
6.5 disclosed to all obligees to whom the obligor owes support, and data on the enforcement
6.6 actions undertaken by the public authority, the status of those actions, and data on the income
6.7 of the obligor or obligee may be disclosed to the other party;

6.8 (22) data in the work reporting system may be disclosed under section 256.998,
6.9 subdivision 7;

6.10 (23) to the Department of Education for the purpose of matching Department of Education
6.11 student data with public assistance data to determine students eligible for free and
6.12 reduced-price meals, meal supplements, and free milk according to United States Code,
6.13 title 42, sections 1758, 1761, 1766, 1766a, 1772, and 1773; to allocate federal and state
6.14 funds that are distributed based on income of the student's family; and to verify receipt of
6.15 energy assistance for the telephone assistance plan;

6.16 (24) the current address and telephone number of program recipients and emergency
6.17 contacts may be released to the commissioner of health or a community health board as
6.18 defined in section 145A.02, subdivision 5, when the commissioner or community health
6.19 board has reason to believe that a program recipient is a disease case, carrier, suspect case,
6.20 or at risk of illness, and the data are necessary to locate the person;

6.21 (25) to other state agencies, statewide systems, and political subdivisions of this state,
6.22 including the attorney general, and agencies of other states, interstate information networks,
6.23 federal agencies, and other entities as required by federal regulation or law for the
6.24 administration of the child support enforcement program;

6.25 (26) to personnel of public assistance programs as defined in section 256.741, for access
6.26 to the child support system database for the purpose of administration, including monitoring
6.27 and evaluation of those public assistance programs;

6.28 (27) to monitor and evaluate the Minnesota family investment program by exchanging
6.29 data between the Departments of Human Services and Education, on recipients and former
6.30 recipients of SNAP benefits, cash assistance under chapter 256, 256D, 256J, or 256K, child
6.31 care assistance under chapter 119B, medical programs under chapter 256B or 256L, or a
6.32 medical program formerly codified under chapter 256D;

7.1 (28) to evaluate child support program performance and to identify and prevent fraud
7.2 in the child support program by exchanging data between the Department of Human Services,
7.3 Department of Revenue under section 270B.14, subdivision 1, paragraphs (a) and (b),
7.4 without regard to the limitation of use in paragraph (c), Department of Health, Department
7.5 of Employment and Economic Development, and other state agencies as is reasonably
7.6 necessary to perform these functions;

7.7 (29) counties and the Department of Human Services operating child care assistance
7.8 programs under chapter 119B may disseminate data on program participants, applicants,
7.9 and providers to the commissioner of education;

7.10 (30) child support data on the child, the parents, and relatives of the child may be
7.11 disclosed to agencies administering programs under titles IV-B and IV-E of the Social
7.12 Security Act, as authorized by federal law;

7.13 (31) to a health care provider governed by sections 144.291 to 144.298, to the extent
7.14 necessary to coordinate services;

7.15 (32) to the chief administrative officer of a school to coordinate services for a student
7.16 and family; data that may be disclosed under this clause are limited to name, date of birth,
7.17 gender, and address;

7.18 (33) to county correctional agencies to the extent necessary to coordinate services and
7.19 diversion programs; data that may be disclosed under this clause are limited to name, client
7.20 demographics, program, case status, and county worker information; or

7.21 (34) between the Department of Human Services and the Metropolitan Council for the
7.22 following purposes:

7.23 (i) to coordinate special transportation service provided under section 473.386 with
7.24 services for people with disabilities and elderly individuals funded by or through the
7.25 Department of Human Services; and

7.26 (ii) to provide for reimbursement of special transportation service provided under section
7.27 473.386.

7.28 The data that may be shared under this clause are limited to the individual's first, last, and
7.29 middle names; date of birth; residential address; and program eligibility status with expiration
7.30 date for the purposes of informing the other party of program eligibility.

7.31 (b) Information on persons who have been treated for drug or alcohol abuse may only
7.32 be disclosed according to the requirements of Code of Federal Regulations, title 42, sections
7.33 2.1 to 2.67.

8.1 (c) Data provided to law enforcement agencies under paragraph (a), clause (15), (16),
8.2 (17), or (18), or paragraph (b), are investigative data and are confidential or protected
8.3 nonpublic while the investigation is active. The data are private after the investigation
8.4 becomes inactive under section 13.82, subdivision 7, clause (a) or (b).

8.5 (d) Mental health data shall be treated as provided in subdivisions 7, 8, and 9, but are
8.6 not subject to the access provisions of subdivision 10, paragraph (b).

8.7 For the purposes of this subdivision, a request will be deemed to be made in writing if
8.8 made through a computer interface system.

8.9 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
8.10 31, 2022.

8.11 Sec. 2. Minnesota Statutes 2022, section 41B.0391, subdivision 1, is amended to read:

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

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

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

8.17 (1) is a resident of Minnesota;

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

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

8.20 (4) except as provided in subdivision 2, is not and whose spouse is not a family member
8.21 of the owner of the agricultural assets from whom the beginning farmer is seeking to purchase
8.22 or rent agricultural assets;

8.23 (5) except as provided in subdivision 2, is not and whose spouse is not a family member
8.24 of a partner, member, shareholder, or trustee of the owner of agricultural assets from whom
8.25 the beginning farmer is seeking to purchase or rent agricultural assets; and

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

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

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

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

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

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

9.8 (vi) is enrolled in or has completed within ten years of their first year of farming a
9.9 financial management program approved by the authority or the commissioner of agriculture;

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

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

9.14 The authority may waive the requirement in item (vi) if the participant requests a waiver
9.15 and has a four-year degree in an agricultural program or related field, reasonable agricultural
9.16 job-related experience, or certification as an adult farm management instructor.

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

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

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

9.24 (g) "Owner of agricultural assets" means an individual, trust, or pass-through entity that
9.25 is the owner in fee of agricultural land or has legal title to any other agricultural asset. Owner
9.26 of agricultural assets does not mean an equipment dealer, livestock dealer defined in section
9.27 17A.03, subdivision 7, or comparable entity that is engaged in the business of selling
9.28 agricultural assets for profit and that is not engaged in farming as its primary business
9.29 activity. An owner of agricultural assets approved and certified by the authority under
9.30 subdivision 4 must notify the authority if the owner no longer meets the definition in this
9.31 paragraph within the three year certification period and is then no longer eligible for credits
9.32 under this section.

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

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

10.6 (j) "Underserved farmer or rancher" means a farmer or rancher who is a veteran, limited
10.7 resource producer, or who is living in a high poverty area as those terms are defined and
10.8 implemented by the secretary of the United States Department of Agriculture pursuant to
10.9 Public Law 117-169, section 22007.

10.10 EFFECTIVE DATE. This section is effective for taxable years beginning after December
10.11 31, 2022.

10.12 Sec. 3. Minnesota Statutes 2022, section 41B.0391, subdivision 2, is amended to read:

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

10.17 (1) ~~five~~ eight percent of the lesser of the sale price or the fair market value of the
10.18 agricultural asset, up to a maximum of ~~\$32,000~~ \$50,000;

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

10.21 (3) 15 percent of the cash equivalent of the gross rental income in each of the first,
10.22 second, and third years of a share rent agreement, up to a maximum of \$10,000 per year.

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

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

10.30 (d) An owner of agricultural assets or beginning farmer may terminate a rental agreement,
10.31 including a share rent agreement, for reasonable cause upon approval of the authority. If a
10.32 rental agreement is terminated without the fault of the owner of agricultural assets, the tax

11.1 credits shall not be retroactively disallowed. In determining reasonable cause, the authority
11.2 must look at which party was at fault in the termination of the agreement. If the authority
11.3 determines the owner of agricultural assets did not have reasonable cause, the owner of
11.4 agricultural assets must repay all credits received as a result of the rental agreement to the
11.5 commissioner of revenue. The repayment is additional income tax for the taxable year in
11.6 which the authority makes its decision or when a final adjudication under subdivision 5,
11.7 paragraph (a), is made, whichever is later.

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

11.12 (f) For purposes of the credit for the sale of agricultural land only, the family member
11.13 definitional exclusions in subdivision 1, paragraph (c), clauses (4) and (5), do not apply.
11.14 For a sale to a family member to qualify for the credit, the sales price of the agricultural
11.15 land must equal or exceed the assessed value of the land as of the date of the sale. For
11.16 purposes of this paragraph, "sale to a family member" means a sale to a beginning farmer
11.17 in which the beginning farmer or the beginning farmer's spouse is a family member of:

11.18 (1) the owner of the agricultural land; or

11.19 (2) a partner, member, shareholder, or trustee of the owner of the agricultural land.

11.20 (g) For a sale to an underserved farmer or rancher, the credit rate under paragraph (a),
11.21 clause (1), is twelve percent rather than eight percent.

11.22 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
11.23 31, 2022.

11.24 Sec. 4. Minnesota Statutes 2022, section 41B.0391, subdivision 4, is amended to read:

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

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

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

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

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

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

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

12.14 (c) For credits for owners of agricultural assets allowed under subdivision 2, the authority
12.15 must not allocate more than ~~\$5,000,000 for taxable years beginning after December 31,~~
12.16 ~~2017, and before January 1, 2019, and must not allocate more than \$6,000,000 for taxable~~
12.17 ~~years beginning after December 31, 2018, and before January 1, 2032.~~ The authority must
12.18 allocate credits on a first-come, first-served basis beginning on January 1 of each year,
12.19 except that recertifications for the second and third years of credits under subdivision 2,
12.20 paragraph (a), clauses ~~(1) and (2)~~ and (3), have first priority. For each taxable year, 50
12.21 percent of newly allocated credits must be allocated to underserved farmers or ranchers.
12.22 Any portion of a taxable year's newly allocated credits that is reserved for underserved
12.23 farmers or ranchers that is not allocated by September 30 of the taxable year is available
12.24 for allocation to other credit applications beginning on October 1. Any amount authorized
12.25 but not allocated in any taxable year does not cancel and is added to the allocation for the
12.26 next taxable year.

12.27 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
12.28 31, 2022.

12.29 Sec. 5. Minnesota Statutes 2022, section 41B.0391, subdivision 7, is amended to read:

12.30 Subd. 7. **Sunset.** This section expires for taxable years beginning after December 31,
12.31 ~~2023~~ 2031.

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

13.1 Sec. 6. Minnesota Statutes 2022, section 116U.27, subdivision 1, is amended to read:

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

13.4 (b) "Allocation certificate" means a certificate issued by the commissioner to a taxpayer
13.5 upon receipt of an initial application for a credit for a project that has not yet been completed.

13.6 (c) "Application" means the application for a credit under subdivision 4.

13.7 (d) "Commissioner" means the commissioner of employment and economic development.

13.8 (e) "Credit certificate" means a certificate issued by the commissioner upon submission
13.9 of the cost verification report in subdivision 4, paragraph (e).

13.10 (f) "Eligible production costs" means eligible production costs as defined in section
13.11 116U.26, paragraph (b), clause (1), incurred in Minnesota that are directly attributable to
13.12 the production of a film project in Minnesota.

13.13 (g) "Film" has the meaning given in section 116U.26, paragraph (b), clause (2).

13.14 (h) "Project" means a film:

13.15 (1) that includes the promotion of Minnesota;

13.16 (2) for which the taxpayer has expended at least \$1,000,000 in ~~the taxable year~~ a
13.17 consecutive 12-month period beginning when expenditures are first paid in Minnesota for
13.18 eligible production costs; and

13.19 (3) to the extent practicable, that employs Minnesota residents.

13.20 (i) "Promotion of Minnesota" or "promotion" means visible display of a static or animated
13.21 logo, approved by the commissioner and lasting approximately five seconds, that promotes
13.22 Minnesota within its presentation in the end credits before the below-the-line crew crawl
13.23 for the life of the project.

13.24 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
13.25 31, 2022.

13.26 Sec. 7. Minnesota Statutes 2022, section 116U.27, subdivision 4, is amended to read:

13.27 Subd. 4. **Applications; allocations.** (a) To qualify for a credit under this section, a
13.28 taxpayer must submit to the commissioner an application for a credit in the form prescribed
13.29 by the commissioner, in consultation with the commissioner of revenue.

14.1 (b) Upon approving an application for a credit that meets the requirements of this section,
14.2 the commissioner shall issue allocation certificates that:

14.3 (1) verify eligibility for the credit;

14.4 (2) state the amount of credit anticipated for the eligible project, with the credit amount
14.5 up to 25 percent of eligible project costs; and

14.6 (3) state the taxable year in which the credit is allocated.

14.7 The commissioner must consult with the Minnesota Film and TV Board prior to issuing an
14.8 allocation certificate.

14.9 (c) The commissioner must not issue allocation certificates for more than ~~\$4,950,000~~
14.10 \$24,950,000 of credits each year. If the entire amount is not allocated in that taxable year,
14.11 any remaining amount is available for allocation for the four following taxable years until
14.12 the entire allocation has been made. The commissioner must not award any credits for
14.13 taxable years beginning after December 31, ~~2024~~ 2032, and any unallocated amounts cancel
14.14 on that date.

14.15 (d) The commissioner must allocate credits on a first-come, first-served basis.

14.16 (e) Upon completion of a project, the taxpayer shall submit to the commissioner a report
14.17 prepared by an independent certified public accountant licensed in the state of Minnesota
14.18 to verify the amount of eligible production costs related to the project. The report must be
14.19 prepared in accordance with generally accepted accounting principles. Upon receipt and
14.20 review of the cost verification report, the commissioner shall determine the final amount
14.21 of eligible production costs and issue a credit certificate to the taxpayer. The credit may not
14.22 exceed the anticipated credit amount on the allocation certificate. If the credit is less than
14.23 the anticipated amount on the allocation credit, the difference is returned to the amount
14.24 available for allocation under paragraph (c). To claim the credit under section 290.06,
14.25 subdivision 39, or 297I.20, subdivision 4, a taxpayer must include a copy of the credit
14.26 certificate as part of the taxpayer's return.

14.27 **EFFECTIVE DATE.** This section is effective for allocation certificates issued after
14.28 December 31, 2022.

14.29 Sec. 8. Minnesota Statutes 2022, section 116U.27, subdivision 7, is amended to read:

14.30 Subd. 7. **Expiration.** Subdivisions 1 to 5 expire January 1, ~~2025~~ 2033, for taxable years
14.31 beginning after December 31, ~~2024~~ 2032.

15.1 **EFFECTIVE DATE.** This section is effective for allocation certificates issued after
15.2 December 31, 2022.

15.3 Sec. 9. Minnesota Statutes 2022, section 168B.07, subdivision 3, is amended to read:

15.4 Subd. 3. **Retrieval of contents.** (a) For purposes of this subdivision:

15.5 (1) "contents" does not include any permanently affixed mechanical or nonmechanical
15.6 automobile parts; automobile body parts; or automobile accessories, including audio or
15.7 video players; and

15.8 (2) "relief based on need" includes, but is not limited to, receipt of MFIP and Diversionary
15.9 Work Program, medical assistance, general assistance, emergency general assistance,
15.10 Minnesota supplemental aid, MSA-emergency assistance, MinnesotaCare, Supplemental
15.11 Security Income, energy assistance, emergency assistance, Supplemental Nutrition Assistance
15.12 Program (SNAP) benefits, earned income tax credit, or Minnesota child and working family
15.13 tax credit.

15.14 (b) A unit of government or impound lot operator shall establish reasonable procedures
15.15 for retrieval of vehicle contents, and may establish reasonable procedures to protect the
15.16 safety and security of the impound lot and its personnel.

15.17 (c) At any time before the expiration of the waiting periods provided in section 168B.051,
15.18 a registered owner who provides documentation from a government or nonprofit agency or
15.19 legal aid office that the registered owner is homeless, receives relief based on need, or is
15.20 eligible for legal aid services, has the unencumbered right to retrieve any and all contents
15.21 without charge and regardless of whether the registered owner pays incurred charges or
15.22 fees, transfers title, or reclaims the vehicle.

15.23 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
15.24 31, 2022.

15.25 Sec. 10. **[181.141] SEXUAL HARASSMENT OR ABUSE SETTLEMENT; PAYMENT**
15.26 **AS SEVERANCE OR WAGES PROHIBITED.**

15.27 In a sexual harassment or abuse settlement between an employer and an employee, when
15.28 there is a financial settlement provided, the financial settlement cannot be provided as wages
15.29 or severance pay to the employee regardless of whether the settlement includes a
15.30 nondisclosure agreement.

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

16.1 Sec. 11. Minnesota Statutes 2022, section 256J.45, subdivision 2, is amended to read:

16.2 Subd. 2. **General information.** The MFIP orientation must consist of a presentation
16.3 that informs caregivers of:

16.4 (1) the necessity to obtain immediate employment;

16.5 (2) the work incentives under MFIP, including the availability of the federal earned
16.6 income tax credit and the Minnesota child and working family tax credit;

16.7 (3) the requirement to comply with the employment plan and other requirements of the
16.8 employment and training services component of MFIP, including a description of the range
16.9 of work and training activities that are allowable under MFIP to meet the individual needs
16.10 of participants;

16.11 (4) the consequences for failing to comply with the employment plan and other program
16.12 requirements, and that the county agency may not impose a sanction when failure to comply
16.13 is due to the unavailability of child care or other circumstances where the participant has
16.14 good cause under subdivision 3;

16.15 (5) the rights, responsibilities, and obligations of participants;

16.16 (6) the types and locations of child care services available through the county agency;

16.17 (7) the availability and the benefits of the early childhood health and developmental
16.18 screening under sections 121A.16 to 121A.19; 123B.02, subdivision 16; and 123B.10;

16.19 (8) the caregiver's eligibility for transition year child care assistance under section
16.20 119B.05;

16.21 (9) the availability of all health care programs, including transitional medical assistance;

16.22 (10) the caregiver's option to choose an employment and training provider and information
16.23 about each provider, including but not limited to, services offered, program components,
16.24 job placement rates, job placement wages, and job retention rates;

16.25 (11) the caregiver's option to request approval of an education and training plan according
16.26 to section 256J.53;

16.27 (12) the work study programs available under the higher education system;

16.28 (13) information about the 60-month time limit exemptions under the family violence
16.29 waiver and referral information about shelters and programs for victims of family violence;
16.30 and

16.31 (14) information about the income exclusions under section 256P.06, subdivision 2.

17.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
17.2 31, 2022.

17.3 Sec. 12. Minnesota Statutes 2022, section 256L.15, subdivision 1a, is amended to read:

17.4 Subd. 1a. **Payment options.** The commissioner may offer the following payment options
17.5 to an enrollee:

17.6 (1) payment by check;

17.7 (2) payment by credit card;

17.8 (3) payment by recurring automatic checking withdrawal;

17.9 (4) payment by onetime electronic transfer of funds;

17.10 (5) payment by wage withholding with the consent of the employer and the employee;

17.11 or

17.12 (6) payment by using state tax refund payments.

17.13 At application or reapplication, a MinnesotaCare applicant or enrollee may authorize
17.14 the commissioner to use the Revenue Recapture Act in chapter 270A to collect funds from
17.15 the applicant's or enrollee's refund for the purposes of meeting all or part of the applicant's
17.16 or enrollee's MinnesotaCare premium obligation. The applicant or enrollee may authorize
17.17 the commissioner to apply for the state child and working family tax credit on behalf of the
17.18 applicant or enrollee. The setoff due under this subdivision shall not be subject to the \$10
17.19 fee under section 270A.07, subdivision 1.

17.20 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
17.21 31, 2022.

17.22 Sec. 13. Minnesota Statutes 2022, section 289A.08, subdivision 7, as amended by Laws
17.23 2023, chapter 1, section 2, is amended to read:

17.24 Subd. 7. **Composite income tax returns for nonresident partners, shareholders, and**
17.25 **beneficiaries.** (a) The commissioner may allow a partnership with nonresident partners to
17.26 file a composite return and to pay the tax on behalf of nonresident partners who have no
17.27 other Minnesota source income. This composite return must include the names, addresses,
17.28 Social Security numbers, income allocation, and tax liability for the nonresident partners
17.29 electing to be covered by the composite return.

17.30 (b) The computation of a partner's tax liability must be determined by multiplying the
17.31 income allocated to that partner by the highest rate used to determine the tax liability for

18.1 individuals under section 290.06, subdivision 2c. Nonbusiness deductions, standard
18.2 deductions, or personal exemptions are not allowed.

18.3 (c) The partnership must submit a request to use this composite return filing method for
18.4 nonresident partners. The requesting partnership must file a composite return in the form
18.5 prescribed by the commissioner of revenue. The filing of a composite return is considered
18.6 a request to use the composite return filing method.

18.7 (d) The electing partner must not have any Minnesota source income other than the
18.8 income from the partnership, other electing partnerships, and other qualifying entities
18.9 electing to file and pay the pass-through entity tax under subdivision 7a. If it is determined
18.10 that the electing partner has other Minnesota source income, the inclusion of the income
18.11 and tax liability for that partner under this provision will not constitute a return to satisfy
18.12 the requirements of subdivision 1. The tax paid for the individual as part of the composite
18.13 return is allowed as a payment of the tax by the individual on the date on which the composite
18.14 return payment was made. If the electing nonresident partner has no other Minnesota source
18.15 income, filing of the composite return is a return for purposes of subdivision 1.

18.16 (e) This subdivision does not negate the requirement that an individual pay estimated
18.17 tax if the individual's liability would exceed the requirements set forth in section 289A.25.
18.18 The individual's liability to pay estimated tax is, however, satisfied when the partnership
18.19 pays composite estimated tax in the manner prescribed in section 289A.25.

18.20 (f) If an electing partner's share of the partnership's gross income from Minnesota sources
18.21 is less than the filing requirements for a nonresident under this subdivision, the tax liability
18.22 is zero. However, a statement showing the partner's share of gross income must be included
18.23 as part of the composite return.

18.24 (g) The election provided in this subdivision is only available to a partner who has no
18.25 other Minnesota source income and who is either (1) a full-year nonresident individual or
18.26 (2) a trust or estate that does not claim a deduction under either section 651 or 661 of the
18.27 Internal Revenue Code.

18.28 (h) A corporation defined in section 290.9725 and its nonresident shareholders may
18.29 make an election under this paragraph. The provisions covering the partnership apply to
18.30 the corporation and the provisions applying to the partner apply to the shareholder.

18.31 (i) Estates and trusts distributing current income only and the nonresident individual
18.32 beneficiaries of the estates or trusts may make an election under this paragraph. The
18.33 provisions covering the partnership apply to the estate or trust. The provisions applying to
18.34 the partner apply to the beneficiary.

19.1 (j) For the purposes of this subdivision, "income" ~~means the partner's share of federal~~
 19.2 ~~adjusted gross income from the partnership modified by the additions provided in section~~
 19.3 ~~290.0131, subdivisions 8 to 10, 16, and 17, and the subtractions provided in: (1) section~~
 19.4 ~~290.0132, subdivisions 9, 27, 28, and 31, to the extent the amount is assignable or allocable~~
 19.5 ~~to Minnesota under section 290.17; and (2) section 290.0132, subdivision 14. The subtraction~~
 19.6 ~~allowed under section 290.0132, subdivision 9, is only allowed on the composite tax~~
 19.7 ~~computation to the extent the electing partner would have been allowed the subtraction. has~~
 19.8 ~~the meaning given in section 290.01, subdivision 19, paragraph (h).~~

19.9 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
 19.10 31, 2022.

19.11 Sec. 14. Minnesota Statutes 2022, section 289A.08, subdivision 7a, as amended by Laws
 19.12 2023, chapter 1, section 3, is amended to read:

19.13 Subd. 7a. **Pass-through entity tax.** (a) For the purposes of this subdivision, the following
 19.14 terms have the meanings given:

19.15 (1) "income" has the meaning given in ~~subdivision 7, paragraph (j), modified by the~~
 19.16 ~~addition provided in section 290.0131, subdivision 5, and the subtraction provided in section~~
 19.17 ~~290.0132, subdivision 3, except that the provisions that apply to a partnership apply to a~~
 19.18 ~~qualifying entity and the provisions that apply to a partner apply to a qualifying owner. The~~
 19.19 ~~income of both a resident and nonresident qualifying owner is allocated and assigned to~~
 19.20 ~~this state as provided for nonresident partners and shareholders under sections 290.17,~~
 19.21 ~~290.191, and 290.20 section 290.01, subdivision 19, paragraphs (i) and (j);~~

19.22 (2) "qualifying entity" means a partnership, limited liability company taxed as a
 19.23 partnership or S corporation, or S corporation including a qualified subchapter S subsidiary
 19.24 organized under section 1361(b)(3)(B) of the Internal Revenue Code that has at least one
 19.25 qualifying owner. Qualifying entity does not include a ~~partnership, limited liability company,~~
 19.26 ~~or corporation that has a partnership, limited liability company other than a disregarded~~
 19.27 ~~entity, or corporation as a partner, member, or shareholder publicly traded partnership, as~~
 19.28 ~~defined in section 7704 of the Internal Revenue Code; and~~

19.29 (3) "qualifying owner" means:

19.30 (i) a resident or nonresident individual or estate that is a partner, member, or shareholder
 19.31 of a qualifying entity; ~~or~~

19.32 (ii) a resident or nonresident trust that is a shareholder of a qualifying entity that is an
 19.33 S corporation; or

20.1 (iii) a disregarded entity that has a qualifying owner as its single owner.

20.2 (b) For taxable years beginning after December 31, 2020, ~~in which the taxes of a~~
20.3 ~~qualifying owner are limited under section 164(b)(6)(B) of the Internal Revenue Code,~~ a
20.4 qualifying entity may elect to file a return and pay the pass-through entity tax imposed under
20.5 paragraph (c). The election:

20.6 (1) must be made on or before the due date or extended due date of the qualifying entity's
20.7 pass-through entity tax return;

20.8 (2) must exclude partners, members, shareholders, or owners who are not qualifying
20.9 owners;

20.10 ~~(2)~~ (3) may only be made by qualifying owners who collectively hold more than a 50
20.11 percent ~~of the ownership interest~~ interests in the qualifying entity held by qualifying owners;

20.12 ~~(3)~~ (4) is binding on all qualifying owners who have an ownership interest in the
20.13 qualifying entity; and

20.14 ~~(4)~~ (5) once made is irrevocable for the taxable year.

20.15 (c) Subject to the election in paragraph (b), a pass-through entity tax is imposed on a
20.16 qualifying entity in an amount equal to the sum of the tax liability of each qualifying owner.

20.17 (d) The amount of a qualifying owner's tax liability under paragraph (c) is the amount
20.18 of the qualifying owner's income multiplied by the highest tax rate for individuals under
20.19 section 290.06, subdivision 2c. When making this determination:

20.20 (1) nonbusiness deductions, standard deductions, or personal exemptions are not allowed;
20.21 and

20.22 (2) a credit or deduction is allowed only to the extent allowed to the qualifying owner.

20.23 (e) The amount of each credit and deduction used to determine a qualifying owner's tax
20.24 liability under paragraph (d) must also be used to determine that qualifying owner's income
20.25 tax liability under chapter 290.

20.26 (f) This subdivision does not negate the requirement that a qualifying owner pay estimated
20.27 tax if the qualifying owner's tax liability would exceed the requirements set forth in section
20.28 289A.25. The qualifying owner's liability to pay estimated tax on the qualifying owner's
20.29 tax liability as determined under paragraph (d) is, however, satisfied when the qualifying
20.30 entity pays estimated tax in the manner prescribed in section 289A.25 for composite estimated
20.31 tax.

21.1 (g) A qualifying owner's adjusted basis in the interest in the qualifying entity, and the
21.2 treatment of distributions, is determined as if the election to pay the pass-through entity tax
21.3 under paragraph (b) is not made.

21.4 (h) To the extent not inconsistent with this subdivision, for purposes of this chapter, a
21.5 pass-through entity tax return must be treated as a composite return and a qualifying entity
21.6 filing a pass-through entity tax return must be treated as a partnership filing a composite
21.7 return.

21.8 (i) The provisions of subdivision 17 apply to the election to pay the pass-through entity
21.9 tax under this subdivision.

21.10 (j) If a nonresident qualifying owner of a qualifying entity making the election to file
21.11 and pay the tax under this subdivision has no other Minnesota source income, filing of the
21.12 pass-through entity tax return is a return for purposes of subdivision 1, provided that the
21.13 nonresident qualifying owner must not have any Minnesota source income other than the
21.14 income from the qualifying entity, other electing qualifying entities, and other partnerships
21.15 electing to file a composite return under subdivision 7. If it is determined that the nonresident
21.16 qualifying owner has other Minnesota source income, the inclusion of the income and tax
21.17 liability for that owner under this provision will not constitute a return to satisfy the
21.18 requirements of subdivision 1. The tax paid for the qualifying owner as part of the
21.19 pass-through entity tax return is allowed as a payment of the tax by the qualifying owner
21.20 on the date on which the pass-through entity tax return payment was made.

21.21 (k) Once a credit is claimed by a qualifying owner under section 290.06, subdivision
21.22 40, a qualifying entity cannot receive a refund for tax paid under this subdivision for any
21.23 amounts claimed under that section by the qualifying owners. Once a credit is claimed under
21.24 section 290.06, subdivision 40, any refund must be claimed in conjunction with a return
21.25 filed by the qualifying owner.

21.26 (l) This section expires at the same time and on the same terms as section 164(b)(6)(B)
21.27 of the Internal Revenue Code, except that the expiration of this section does not affect the
21.28 commissioner's authority to audit or power of examination and assessments for credits
21.29 claimed under this section.

21.30 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
21.31 after December 31, 2022.

22.1 Sec. 15. Minnesota Statutes 2022, section 289A.382, subdivision 2, is amended to read:

22.2 Subd. 2. **Reporting and payment requirements for partnerships and tiered**

22.3 **partners.** (a) Except for when an audited partnership makes the election in subdivision 3,
22.4 and except for negative federal adjustments required under federal law taken into account
22.5 by the partnership in the partnership return for the adjustment or other year, all final federal
22.6 adjustments of an audited partnership must comply with paragraph (b) and each direct
22.7 partner of the audited partnership, other than a tiered partner, must comply with paragraph
22.8 (c).

22.9 (b) No later than 90 days after the final determination date, the audited partnership must:

22.10 (1) file a completed federal adjustments report, including all partner-level information
22.11 required under section 289A.12, subdivision 3, with the commissioner;

22.12 (2) notify each of its direct partners of their distributive share of the final federal
22.13 adjustments;

22.14 (3) file an amended composite report for all direct partners who were included in a
22.15 composite return under section 289A.08, subdivision 7, in the reviewed year, and pay the
22.16 additional amount that would have been due had the federal adjustments been reported
22.17 properly as required; ~~and~~

22.18 (4) file amended withholding reports for all direct partners who were or should have
22.19 been subject to nonresident withholding under section 290.92, subdivision 4b, in the reviewed
22.20 year, and pay the additional amount that would have been due had the federal adjustments
22.21 been reported properly as required; and

22.22 (5) file an amended pass-through entity tax report for all direct partners who were
22.23 included in a pass-through entity tax return under section 289A.08, subdivision 7a, in the
22.24 reviewed year, and pay the additional amount that would have been due had the federal
22.25 adjustments been reported properly as required.

22.26 (c) No later than 180 days after the final determination date, each direct partner, other
22.27 than a tiered partner, that is subject to a tax administered under this chapter, other than the
22.28 sales tax, must:

22.29 (1) file a federal adjustments report reporting their distributive share of the adjustments
22.30 reported to them under paragraph (b), clause (2); and

22.31 (2) pay any additional amount of tax due as if the final federal adjustment had been
22.32 properly reported, plus any penalty and interest due under this chapter, and less any credit

23.1 for related amounts paid or withheld and remitted on behalf of the direct partner under
23.2 paragraph (b), clauses (3) and (4).

23.3 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
23.4 after December 31, 2020.

23.5 Sec. 16. Minnesota Statutes 2022, section 290.01, subdivision 19, as amended by Laws
23.6 2023, chapter 1, section 4, is amended to read:

23.7 Subd. 19. **Net income.** (a) For a trust or estate taxable under section 290.03, and a
23.8 corporation taxable under section 290.02, the term "net income" means the federal taxable
23.9 income, as defined in section 63 of the Internal Revenue Code of 1986, as amended through
23.10 the date named in this subdivision, incorporating the federal effective dates of changes to
23.11 the Internal Revenue Code and any elections made by the taxpayer in accordance with the
23.12 Internal Revenue Code in determining federal taxable income for federal income tax
23.13 purposes, and with the modifications provided in sections 290.0131 to 290.0136.

23.14 (b) For an individual, the term "net income" means federal adjusted gross income with
23.15 the modifications provided in sections 290.0131, 290.0132, and 290.0135 to 290.0137.

23.16 (c) In the case of a regulated investment company or a fund thereof, as defined in section
23.17 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment
23.18 company taxable income as defined in section 852(b)(2) of the Internal Revenue Code,
23.19 except that:

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

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

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

23.29 (d) The net income of a real estate investment trust as defined and limited by section
23.30 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust
23.31 taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

24.1 (e) The net income of a designated settlement fund as defined in section 468B(d) of the
24.2 Internal Revenue Code means the gross income as defined in section 468B(b) of the Internal
24.3 Revenue Code.

24.4 (f) The Internal Revenue Code of 1986, as amended through December 15, 2022, applies
24.5 for taxable years beginning after December 31, 1996.

24.6 (g) Except as otherwise provided, references to the Internal Revenue Code in this
24.7 subdivision and sections 290.0131 to 290.0136 mean the code in effect for purposes of
24.8 determining net income for the applicable year.

24.9 (h) In the case of a partnership electing to file a composite return under section 289A.08,
24.10 subdivision 7, income means the partner's share of federal adjusted gross income from the
24.11 partnership modified by the additions provided in section 290.0131, subdivisions 8 to 10,
24.12 16, and 17, and the subtractions provided in: (1) section 290.0132, subdivisions 9, 27, and
24.13 28, to the extent the amount is assignable or allocable to Minnesota under section 290.17;
24.14 and (2) section 290.0132, subdivision 14. The subtraction allowed under section 290.0132,
24.15 subdivision 9, is only allowed on the composite tax computation to the extent the electing
24.16 partner would have been allowed the subtraction.

24.17 (i) In the case of a qualifying entity electing to pay the pass-through entity tax under
24.18 section 289A.08, subdivision 7a, income means the qualifying owner's share of federal
24.19 adjusted gross income from the qualifying entity modified by the additions provided in
24.20 section 290.0131, subdivisions 5, 8 to 10, 16, and 17, and the subtractions provided in: (1)
24.21 section 290.0132, subdivisions 3, 9, 27, and 28, to the extent the amount is assignable or
24.22 allocable to Minnesota under section 290.17; and (2) section 290.0132, subdivision 14. The
24.23 subtraction allowed under section 290.0132, subdivision 9, is only allowed on the
24.24 pass-through entity tax computation to the extent the qualifying owners would have been
24.25 allowed the subtraction.

24.26 (j) The income of a resident qualifying owner of a qualifying entity that is a partnership
24.27 or limited liability company taxed as a partnership under the Internal Revenue Code is not
24.28 subject to allocation outside this state as provided for resident individuals under section
24.29 290.17, subdivision 1, paragraph (a). The income of a nonresident qualifying owner of a
24.30 qualifying entity and the income of a resident qualifying owner of a qualifying entity that
24.31 is an S corporation, including a qualified subchapter S subsidiary organized under section
24.32 1361(b)(3)(B) of the Internal Revenue Code, are allocated and assigned to this state as
24.33 provided for nonresident partners and shareholders under sections 290.17, 290.191, and
24.34 290.20.

25.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
 25.2 31, 2022.

25.3 Sec. 17. Minnesota Statutes 2022, section 290.0132, subdivision 4, is amended to read:

25.4 Subd. 4. **Education expenses.** (a) Subject to the limits in paragraph (b), the following
 25.5 amounts paid to others for each qualifying child are a subtraction:

25.6 (1) education-related expenses; plus

25.7 (2) tuition and fees paid to attend a school described in section 290.0674, ~~subdivision 1~~
 25.8 subdivision 1a, paragraph (c), clause (4), that are not included in education-related expenses;
 25.9 less

25.10 (3) any amount used to claim the credit under section 290.0674.

25.11 (b) The maximum subtraction allowed under this subdivision is:

25.12 (1) \$1,625 for each qualifying child in kindergarten through grade 6; and

25.13 (2) \$2,500 for each qualifying child in grades 7 through 12.

25.14 (c) The definitions in section 290.0674, ~~subdivision 1~~ subdivision 1a, apply to this
 25.15 subdivision.

25.16 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
 25.17 31, 2022.

25.18 Sec. 18. Minnesota Statutes 2022, section 290.0132, subdivision 24, is amended to read:

25.19 Subd. 24. ~~Discharge of indebtedness; education loans~~ **Student loan discharges.** (a)
 25.20 ~~The amount equal to the discharge of indebtedness of the~~ qualified student loan discharge
 25.21 of a taxpayer is a subtraction if:

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

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

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

25.27 ~~(c) For purposes of this subdivision, "income-driven repayment plan" means a payment~~
 25.28 ~~plan established by the United States Department of Education that sets monthly student~~
 25.29 ~~loan payments based on income and family size under United States Code, title 20, section~~
 25.30 ~~1087e, or similar authority and specifically includes, but is not limited to:~~

26.1 (b) For the purposes of this subdivision, "qualified student loan discharge" means a
26.2 discharge of indebtedness eligible for the exclusion from gross income under section 9675
26.3 of Public Law 117-2. A discharge of indebtedness that occurred after December 31, 2025,
26.4 but otherwise qualifies for the exclusion under that section is a qualified student loan
26.5 discharge.

26.6 (c) "Qualified student loan discharge" includes but is not limited to a discharge of
26.7 indebtedness under:

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

26.9 (2) the income contingent repayment plan established under United States Code, title
26.10 20, section 1087e, subsection (e); ~~and~~

26.11 (3) the PAYE program or REPAYE program established by the Department of Education
26.12 under administrative regulations; and

26.13 (4) section 136A.1791.

26.14 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
26.15 31, 2022.

26.16 Sec. 19. Minnesota Statutes 2022, section 290.0132, subdivision 26, is amended to read:

26.17 Subd. 26. **Social Security benefits.** ~~(a) A portion of taxable Social Security benefits is~~
26.18 ~~allowed as a subtraction. The taxpayer is allowed a subtraction equals~~ equal to the greater
26.19 of the simplified subtraction allowed under paragraph (b) or the alternate subtraction
26.20 determined under paragraphs (e) to (h).

26.21 (b) A taxpayer's simplified subtraction equals the amount of taxable social security
26.22 benefits, as reduced under paragraphs (c) and (d).

26.23 (c) For a taxpayer other than a married taxpayer filing a separate return with adjusted
26.24 gross income above the phaseout threshold, the simplified subtraction is reduced by ten
26.25 percent for each \$2,000 of adjusted gross income, or fraction thereof, in excess of the
26.26 phaseout threshold. The phaseout threshold equals:

26.27 (1) \$100,000 for a married taxpayer filing a joint return or surviving spouse; or

26.28 (2) \$78,000 for a single or head of household taxpayer.

26.29 (d) For a married taxpayer filing a separate return, the simplified subtraction is reduced
26.30 by ten percent for each \$1,000 of adjusted gross income, or fraction thereof, in excess of

27.1 the phaseout threshold for a married joint filer under paragraph (c), clause (1), as adjusted
 27.2 for inflation under paragraph (j).

27.3 (e) A taxpayer's alternate subtraction equals the lesser of taxable Social Security benefits
 27.4 or a maximum subtraction subject to the limits under paragraphs ~~(b), (c), and (d)~~ (f), (g),
 27.5 and (h).

27.6 ~~(b) (f)~~ For married taxpayers filing a joint return and surviving spouses, the maximum
 27.7 subtraction under paragraph (c) equals \$5,150 \$5,840. The maximum subtraction is reduced
 27.8 by 20 percent of provisional income over ~~\$78,180~~ \$88,630. In no case is the subtraction
 27.9 less than zero.

27.10 ~~(e) (g)~~ For single or head-of-household taxpayers, the maximum subtraction under
 27.11 paragraph (c) equals \$4,020 \$4,560. The maximum subtraction is reduced by 20 percent of
 27.12 provisional income over ~~\$61,080~~ \$69,250. In no case is the subtraction less than zero.

27.13 ~~(d) (h)~~ For married taxpayers filing separate returns, the maximum subtraction under
 27.14 paragraph (c) equals one-half the maximum subtraction for joint returns under paragraph
 27.15 ~~(b) (d).~~ The maximum subtraction is reduced by 20 percent of provisional income over
 27.16 one-half the threshold amount specified in paragraph ~~(b) (d).~~ In no case is the subtraction
 27.17 less than zero.

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

27.22 ~~(f) (j)~~ The commissioner shall adjust the ~~maximum subtraction and phaseout~~ threshold
 27.23 amounts in paragraphs ~~(b) to (c)~~ and (d) as provided in section 270C.22. The statutory year
 27.24 is taxable year ~~2019~~ 2023. The maximum subtraction and threshold amounts as adjusted
 27.25 must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount is rounded
 27.26 up to the nearest \$10 amount.

27.27 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
 27.28 31, 2022.

27.29 Sec. 20. Minnesota Statutes 2022, section 290.0132, subdivision 27, is amended to read:

27.30 Subd. 27. **Deferred foreign income.** The amount of deferred foreign income ~~recognized~~
 27.31 ~~because of~~ under section 965 of the Internal Revenue Code is a subtraction.

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

28.1 Sec. 21. Minnesota Statutes 2022, section 290.0132, is amended by adding a subdivision
28.2 to read:

28.3 Subd. 34. **Damages for sexual harassment or abuse.** The amount of damages received
28.4 under a sexual harassment or abuse claim that is not excluded from gross income under
28.5 section 104(a)(2) of the Internal Revenue Code because the damages are not received on
28.6 account of personal physical injuries or physical sickness is a subtraction.

28.7 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
28.8 31, 2022.

28.9 Sec. 22. Minnesota Statutes 2022, section 290.0132, is amended by adding a subdivision
28.10 to read:

28.11 Subd. 35. **Qualified retirement benefits.** (a) The amount of qualified public pension
28.12 income is a subtraction. The subtraction in this section is limited to:

28.13 (1) \$25,000 for a married taxpayer filing a joint return or surviving spouse; or

28.14 (2) \$12,500 for all other filers.

28.15 (b) For a taxpayer with adjusted gross income above the phaseout threshold, the
28.16 subtraction is reduced by ten percent for each \$2,000 of adjusted gross income, or fraction
28.17 thereof, in excess of the threshold. The phaseout threshold equals:

28.18 (1) \$100,000 for a married taxpayer filing a joint return or surviving spouse;

28.19 (2) \$78,000 for a single or head of household taxpayer; or

28.20 (3) for a married taxpayer filing a separate return, half the amount for a married taxpayer
28.21 filing a joint return.

28.22 (c) For the purposes of this section, "qualified public pension income" means any amount
28.23 received:

28.24 (1) by a former basic member or the survivor of a former basic member, as an annuity
28.25 or survivor benefit, from a pension plan governed by chapter 353, 353E, 354, or 354A,
28.26 provided that the annuity or benefit is based on service for which the member or survivor
28.27 is not also receiving Social Security benefits;

28.28 (2) as an annuity or survivor benefit from the legislators plan under chapter 3A, the State
28.29 Patrol retirement plan under chapter 352B, or the public employees police and fire plan
28.30 under sections 353.63 to 353.666, provided that the annuity or benefit is based on service
28.31 for which the member or survivor is not also receiving Social Security benefits;

29.1 (3) from any retirement system administered by the federal government that is based on
29.2 service for which the recipient or the recipient's survivor is not also receiving Social Security
29.3 benefits; or

29.4 (4) from a public retirement system of or created by another state or any of its political
29.5 subdivisions, or the District of Columbia, if the income tax laws of the other state or district
29.6 permit a similar deduction or exemption or a reciprocal deduction or exemption of a
29.7 retirement or pension benefit received from a public retirement system of or created by this
29.8 state or any political subdivision of this state.

29.9 (d) The commissioner must annually adjust the subtraction limits in paragraph (a) and
29.10 the phaseout thresholds in paragraph (b), as provided in section 270C.22. The statutory year
29.11 is taxable year 2023.

29.12 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
29.13 31, 2022.

29.14 Sec. 23. Minnesota Statutes 2022, section 290.0132, is amended by adding a subdivision
29.15 to read:

29.16 Subd. 36. **Subpart F income.** For a unitary business, as defined in section 290.17,
29.17 subdivision 4, paragraph (b), the amount of subpart F income included in gross income
29.18 under section 951 of the Internal Revenue Code is a subtraction.

29.19 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
29.20 31, 2023.

29.21 Sec. 24. Minnesota Statutes 2022, section 290.0133, subdivision 6, is amended to read:

29.22 Subd. 6. **Special deductions.** The amount of any special deductions under sections 241
29.23 to 247, and 250, ~~and 965~~ of the Internal Revenue Code is an addition.

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

29.25 Sec. 25. Minnesota Statutes 2022, section 290.0134, subdivision 18, is amended to read:

29.26 Subd. 18. **Deferred foreign income.** The amount of deferred foreign income ~~recognized~~
29.27 ~~because of~~ under section 965 of the Internal Revenue Code is a subtraction.

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

30.1 Sec. 26. Minnesota Statutes 2022, section 290.0134, is amended by adding a subdivision
30.2 to read:

30.3 Subd. 21. **Subpart F income.** For a unitary business, as defined in section 290.17,
30.4 subdivision 4, paragraph (b), the amount of subpart F income included in gross income
30.5 under section 951 of the Internal Revenue Code is a subtraction.

30.6 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
30.7 31, 2023.

30.8 Sec. 27. Minnesota Statutes 2022, section 290.06, subdivision 2c, as amended by Laws
30.9 2023, chapter 1, section 15, is amended to read:

30.10 Subd. 2c. **Schedules of rates for individuals, estates, and trusts.** (a) The income taxes
30.11 imposed by this chapter upon married individuals filing joint returns and surviving spouses
30.12 as defined in section 2(a) of the Internal Revenue Code must be computed by applying to
30.13 their taxable net income the following schedule of rates:

30.14 (1) On the first ~~\$38,770~~ \$43,950, 5.35 percent;

30.15 (2) On all over ~~\$38,770~~ \$43,950, but not over ~~\$154,020~~ \$174,610, 6.8 percent;

30.16 (3) On all over ~~\$154,020~~ \$174,610, but not over ~~\$269,010~~ \$304,970, 7.85 percent;

30.17 (4) On all over ~~\$269,010~~ \$304,970, but not over \$1,000,000, 9.85 percent; and

30.18 (5) On all over \$1,000,000, 10.85 percent.

30.19 Married individuals filing separate returns, estates, and trusts must compute their income
30.20 tax by applying the above rates to their taxable income, except that the income brackets
30.21 will be one-half of the above amounts after the adjustment required in subdivision 2d.

30.22 (b) The income taxes imposed by this chapter upon unmarried individuals must be
30.23 computed by applying to taxable net income the following schedule of rates:

30.24 (1) On the first ~~\$26,520~~ \$30,070, 5.35 percent;

30.25 (2) On all over ~~\$26,520~~ \$30,070, but not over ~~\$87,110~~ \$98,760, 6.8 percent;

30.26 (3) On all over ~~\$87,110~~ \$98,760, but not over ~~\$161,720~~ \$183,340, 7.85 percent;

30.27 (4) On all over ~~\$161,720~~ \$183,340, but not over \$600,000, 9.85 percent; and

30.28 (5) On all over \$600,000, 10.85 percent.

31.1 (c) The income taxes imposed by this chapter upon unmarried individuals qualifying as
31.2 a head of household as defined in section 2(b) of the Internal Revenue Code must be
31.3 computed by applying to taxable net income the following schedule of rates:

31.4 (1) On the first ~~\$32,650~~ \$37,010, 5.35 percent;

31.5 (2) On all over ~~\$32,650~~ \$37,010, but not over ~~\$131,190~~ \$148,730, 6.8 percent;

31.6 (3) On all over ~~\$131,190~~ \$148,730, but not over ~~\$214,980~~ \$243,720, 7.85 percent;

31.7 (4) On all over ~~\$214,980~~ \$243,720, but not over \$800,000, 9.85 percent; and

31.8 (5) On all over \$800,000, 10.85 percent.

31.9 (d) In lieu of a tax computed according to the rates set forth in this subdivision, the tax
31.10 of any individual taxpayer whose taxable net income for the taxable year is less than an
31.11 amount determined by the commissioner must be computed in accordance with tables
31.12 prepared and issued by the commissioner of revenue based on income brackets of not more
31.13 than \$100. The amount of tax for each bracket shall be computed at the rates set forth in
31.14 this subdivision, provided that the commissioner may disregard a fractional part of a dollar
31.15 unless it amounts to 50 cents or more, in which case it may be increased to \$1.

31.16 (e) An individual who is not a Minnesota resident for the entire year must compute the
31.17 individual's Minnesota income tax as provided in this subdivision. After the application of
31.18 the nonrefundable credits provided in this chapter, the tax liability must then be multiplied
31.19 by a fraction in which:

31.20 (1) the numerator is the individual's Minnesota source federal adjusted gross income as
31.21 defined in section 62 of the Internal Revenue Code and increased by:

31.22 (i) the additions required under sections 290.0131, subdivisions 2, 6, 8 to 10, 16, and
31.23 17, and 290.0137, paragraph (a); and reduced by

31.24 (ii) the Minnesota assignable portion of the subtraction for United States government
31.25 interest under section 290.0132, subdivision 2, the subtractions under sections 290.0132,
31.26 subdivisions 9, ~~10~~, 14, 15, ~~17~~, 18, 27, and 31, and 290.0137, paragraph (c), after applying
31.27 the allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

31.28 (2) the denominator is the individual's federal adjusted gross income as defined in section
31.29 62 of the Internal Revenue Code, increased by:

31.30 (i) the additions required under sections 290.0131, subdivisions 2, 6, 8 to 10, 16, and
31.31 17, and 290.0137, paragraph (a); and reduced by

32.1 (ii) the subtractions under sections 290.0132, subdivisions 2, 9, ~~10~~, 14, 15, ~~17~~, 18, 27,
32.2 and 31, and 290.0137, paragraph (c).

32.3 (f) If an individual who is not a Minnesota resident for the entire year is a qualifying
32.4 owner of a qualifying entity that elects to pay tax as provided in section 289A.08, subdivision
32.5 7a, paragraph (b), the individual must compute the individual's Minnesota income tax as
32.6 provided in paragraph (e), and also must include, to the extent attributed to the electing
32.7 qualifying entity:

32.8 (1) in paragraph (e), clause (1), item (i), and paragraph (e), clause (2), item (i), the
32.9 addition under section 290.0131, subdivision 5; and

32.10 (2) in paragraph (e), clause (1), item (ii), and paragraph (e), clause (2), item (ii), the
32.11 subtraction under section 290.0132, subdivision 3.

32.12 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
32.13 31, 2022.

32.14 Sec. 28. Minnesota Statutes 2022, section 290.06, subdivision 2d, is amended to read:

32.15 Subd. 2d. **Inflation adjustment of brackets.** The commissioner shall annually adjust
32.16 the minimum and maximum dollar amounts for each rate bracket for which a tax is imposed
32.17 in subdivision 2c as provided in section 270C.22. The statutory year is taxable year ~~2019~~
32.18 2023. The rate applicable to any rate bracket must not be changed. The dollar amounts
32.19 setting forth the tax shall be adjusted to reflect the changes in the rate brackets. The rate
32.20 brackets as adjusted must be rounded to the nearest \$10 amount. If the rate bracket ends in
32.21 \$5, it must be rounded up to the nearest \$10 amount. The commissioner shall determine the
32.22 rate bracket for married filing separate returns after this adjustment is done. The rate bracket
32.23 for married filing separate must be one-half of the rate bracket for married filing joint.

32.24 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
32.25 31, 2023.

32.26 Sec. 29. Minnesota Statutes 2022, section 290.06, subdivision 39, is amended to read:

32.27 Subd. 39. **Film production credit.** (a) A taxpayer, including a taxpayer to whom a credit
32.28 has been assigned under section 116U.27, subdivision 3, may claim a credit against the tax
32.29 imposed by this chapter equal to the amount certified on a credit certificate under section
32.30 116U.27, subject to the limitations in this subdivision.

32.31 (b) The credit is limited to the liability for tax, as computed under this chapter, for the
32.32 taxable year. If the amount of the credit determined under this subdivision for any taxable

33.1 year exceeds this limitation, the excess is a film production credit carryover to each of the
33.2 five succeeding taxable years. The entire amount of the excess unused credit for the taxable
33.3 year is carried first to the earliest of the taxable years to which the credit may be carried
33.4 and then to each successive year to which the credit may be carried. The amount of the
33.5 unused credit that may be added under this paragraph must not exceed the taxpayer's liability
33.6 for tax, less any film production credit for the taxable year.

33.7 (c) Credits allowed to a partnership, a limited liability company taxed as a partnership,
33.8 or an S corporation are passed through to the partners, members, shareholders, or owners,
33.9 respectively, pro rata to each based on the partner's, member's, shareholder's, or owner's
33.10 share of the entity's assets, or as specially allocated in the organizational documents or any
33.11 other executed agreement, as of the last day of the taxable year.

33.12 (d) Notwithstanding the approval and certification by the commissioner of employment
33.13 and economic development under section 116U.27, the commissioner may utilize any audit
33.14 and examination powers under chapter 270C or 289A to the extent necessary to verify that
33.15 the taxpayer is eligible for the credit and to assess the amount of any improperly claimed
33.16 credit. The commissioner may only assess the original recipient of the credit certificate for
33.17 the amount of improperly claimed credits. The commissioner may not assess a credit
33.18 certificate assignee for any amount of improperly claimed credits, and an assignee's claim
33.19 for credit is not affected by the commissioner's assessment of improperly claimed credits
33.20 against the assignor.

33.21 (e) This subdivision expires January 1, ~~2025~~ 2033, for taxable years beginning after
33.22 December 31, ~~2024~~ 2032, except that the expiration of this section does not affect the
33.23 commissioner of revenue's authority to audit or power of examination and assessment for
33.24 credits claimed under this subdivision.

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

33.26 Sec. 30. Minnesota Statutes 2022, section 290.067, is amended to read:

33.27 **290.067 DEPENDENT CARE CREDIT.**

33.28 Subdivision 1. **Amount of credit.** (a) A taxpayer may take as a credit against the tax
33.29 due from the taxpayer and a spouse, if any, under this chapter an amount equal to the
33.30 dependent care credit for which the taxpayer is eligible pursuant to the provisions of section
33.31 21 of the Internal Revenue Code except that in determining whether the child qualified as
33.32 a dependent, income received as a Minnesota family investment program grant or allowance

34.1 to or on behalf of the child must not be taken into account in determining whether the child
34.2 received more than half of the child's support from the taxpayer.

34.3 (b) If a child who has not attained the age of six years at the close of the taxable year is
34.4 cared for at a licensed family day care home operated by the child's parent, the taxpayer is
34.5 deemed to have paid employment-related expenses. If the child is 16 months old or younger
34.6 at the close of the taxable year, the amount of expenses deemed to have been paid equals
34.7 the maximum limit for one qualified individual under section 21(c) and (d) of the Internal
34.8 Revenue Code. If the child is older than 16 months of age but has not attained the age of
34.9 six years at the close of the taxable year, the amount of expenses deemed to have been paid
34.10 equals the amount the licensee would charge for the care of a child of the same age for the
34.11 same number of hours of care.

34.12 (c) If a ~~married couple~~ taxpayer:

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

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

34.16 ~~(3)~~ (2) does not participate in a dependent care assistance program as defined in section
34.17 129 of the Internal Revenue Code, in lieu of the actual employment related expenses paid
34.18 for that child under paragraph (a) or the deemed amount under paragraph (b), the lesser of
34.19 (i) the combined earned income of the couple or (ii) the amount of the maximum limit for
34.20 one qualified individual under section 21(c) and (d) of the Internal Revenue Code will be
34.21 deemed to be the employment related expense paid for that child. The earned income
34.22 limitation of section 21(d) of the Internal Revenue Code shall not apply to this deemed
34.23 amount. These deemed amounts apply regardless of whether any employment-related
34.24 expenses have been paid.

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

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

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

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

35.4 (e) In the case of a nonresident, part-year resident, ~~or a person who has earned income~~
35.5 ~~not subject to tax under this chapter including earned income excluded pursuant to section~~
35.6 ~~290.0132, subdivision 10,~~ the credit determined under section 21 of the Internal Revenue
35.7 Code must be allocated based on the ratio by which the earned income of the claimant and
35.8 the claimant's spouse from Minnesota sources bears to the total earned income of the claimant
35.9 and the claimant's spouse.

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

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

35.16 (h) For taxpayers with federal adjusted gross income in excess of \$52,230, the credit is
35.17 equal to the lesser of the credit otherwise calculated under this subdivision, or the amount
35.18 equal to \$600 minus five percent of federal adjusted gross income in excess of \$52,230 for
35.19 taxpayers with one qualified individual, or \$1,200 minus five percent of federal adjusted
35.20 gross income in excess of \$52,230 for taxpayers with two or more qualified individuals,
35.21 but in no case is the credit less than zero.

35.22 Subd. 2b. **Inflation adjustment.** The commissioner shall annually adjust the dollar
35.23 amount of the income threshold at which the maximum credit begins to be reduced under
35.24 subdivision 1 as provided in section 270C.22. The statutory year is taxable year 2019.

35.25 Subd. 3. **Credit to be refundable.** If the amount of credit which a claimant would be
35.26 eligible to receive pursuant to this subdivision exceeds the claimant's tax liability under
35.27 chapter 290, the excess amount of the credit shall be refunded to the claimant by the
35.28 commissioner of revenue. The amount needed to pay the refunds required by this section
35.29 is appropriated to the commissioner from the general fund.

35.30 Subd. 4. **Right to file claim.** The right to file a claim under this section shall be personal
35.31 to the claimant and shall not survive death, but such right may be exercised on behalf of a
35.32 claimant by the claimant's legal guardian or attorney-in-fact. When a claimant dies after
35.33 having filed a timely claim the amount thereof shall be disbursed to another member of the
35.34 household as determined by the commissioner of revenue. If the claimant was the only

36.1 member of a household, the claim may be paid to the claimant's personal representative,
36.2 but if neither is appointed and qualified within two years of the filing of the claim, the
36.3 amount of the claim shall escheat to the state.

36.4 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
36.5 31, 2022.

36.6 Sec. 31. Minnesota Statutes 2022, section 290.0671, as amended by Laws 2023, chapter
36.7 1, section 16, is amended to read:

36.8 **290.0671 MINNESOTA CHILD AND WORKING FAMILY CREDIT.**

36.9 Subdivision 1. **Credit allowed.** (a) An individual who is a resident of Minnesota is
36.10 allowed a credit against the tax imposed by this chapter ~~equal to a percentage of earned~~
36.11 ~~income, as provided in this section.~~ To receive a credit, a taxpayer must be eligible for a
36.12 credit under section 32 of the Internal Revenue Code, except that:

36.13 (1) a taxpayer with no qualifying children who has attained the age of ~~19, but not attained~~
36.14 ~~age 65~~ 18 before the close of the taxable year and is otherwise eligible for a credit under
36.15 section 32 of the Internal Revenue Code may also receive a credit; ~~and~~

36.16 (2) a taxpayer who is otherwise eligible for a credit under section 32 of the Internal
36.17 Revenue Code remains eligible for the credit even if the taxpayer's earned income or adjusted
36.18 gross income exceeds the income limitation under section 32 of the Internal Revenue Code;

36.19 (3) section 32(m) of the Internal Revenue Code does not apply; and

36.20 (4) a taxpayer eligible for a child credit under paragraph (c) whose earned income is
36.21 insufficient to earn a credit under section 32 of the Internal Revenue Code may receive a
36.22 credit.

36.23 (b) A taxpayer's credit under this section equals the sum of the taxpayer's child credit
36.24 under paragraph (c) and the taxpayer's working family credit amount under paragraph (d),
36.25 subject to the reduction under paragraph (e).

36.26 (c) A taxpayer's child credit equals \$1,175 for each qualified child of the taxpayer.

36.27 (d) A taxpayer's working family credit equals four percent of the first \$12,500 of earned
36.28 income.

36.29 (e) The combined amount under paragraph (b) is reduced by 9 percent of earned income
36.30 or adjusted gross income, whichever is greater, in excess of:

36.31 (1) \$35,000 for a married taxpayer filing a joint return; or

37.1 (2) \$28,000 for all other filers.

37.2 ~~(b) For individuals with no qualifying children, the credit equals 3.9 percent of the first~~
37.3 ~~\$7,150 of earned income. The credit is reduced by 2.0 percent of earned income or adjusted~~
37.4 ~~gross income, whichever is greater, in excess of the phaseout threshold, but in no case is~~
37.5 ~~the credit less than zero.~~

37.6 ~~(c) For individuals with one qualifying child, the credit equals 9.35 percent of the first~~
37.7 ~~\$11,950 of earned income. The credit is reduced by 6.0 percent of earned income or adjusted~~
37.8 ~~gross income, whichever is greater, in excess of the phaseout threshold, but in no case is~~
37.9 ~~the credit less than zero.~~

37.10 ~~(d) For individuals with two qualifying children, the credit equals 11 percent of the first~~
37.11 ~~\$19,600 of earned income. The credit is reduced by 10.5 percent of earned income or adjusted~~
37.12 ~~gross income, whichever is greater, in excess of the phaseout threshold, but in no case is~~
37.13 ~~the credit less than zero.~~

37.14 ~~(e) For individuals with three or more qualifying children, the credit equals 12.5 percent~~
37.15 ~~of the first \$20,000 of earned income. The credit is reduced by 10.5 percent of earned income~~
37.16 ~~or adjusted gross income, whichever is greater, in excess of the phaseout threshold, but in~~
37.17 ~~no case is the credit less than zero.~~

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

37.20 (g) For a person who was a resident for the entire tax year and has earned income not
37.21 subject to tax under this chapter, ~~including income excluded under section 290.0132,~~
37.22 ~~subdivision 10,~~ the credit must be allocated based on the ratio of federal adjusted gross
37.23 income reduced by the earned income not subject to tax under this chapter over federal
37.24 adjusted gross income. For purposes of this paragraph, the following clauses are not
37.25 considered "earned income not subject to tax under this chapter":

37.26 (1) the subtractions for military pay under section 290.0132, subdivisions 11 and 12;

37.27 (2) the exclusion of combat pay under section 112 of the Internal Revenue Code; and

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

37.30 (h) For the purposes of this section, the phaseout threshold equals:

37.31 ~~(1) \$14,570 for married taxpayers filing joint returns with no qualifying children;~~

37.32 ~~(2) \$8,730 for all other taxpayers with no qualifying children;~~

38.1 ~~(3) \$28,610 for married taxpayers filing joint returns with one qualifying child;~~

38.2 ~~(4) \$22,770 for all other taxpayers with one qualifying child;~~

38.3 ~~(5) \$32,840 for married taxpayers filing joint returns with two qualifying children;~~

38.4 ~~(6) \$27,000 for all other taxpayers with two qualifying children;~~

38.5 ~~(7) \$33,140 for married taxpayers filing joint returns with three or more qualifying~~
38.6 ~~children; and~~

38.7 ~~(8) \$27,300 for all other taxpayers with three or more qualifying children.~~

38.8 ~~(i)~~ (h) The commissioner shall construct tables showing the amount of the credit at
38.9 various income levels and make them available to taxpayers. The tables shall follow the
38.10 schedule contained in this subdivision, except that the commissioner may graduate the
38.11 transition between income brackets.

38.12 Subd. 1a. **Definitions.** For purposes of this section, the ~~term~~ following terms have the
38.13 meanings given:

38.14 (1) "qualifying child " has the meaning given in section 32(c) of the Internal Revenue
38.15 Code; except section 32(m) does not apply; and

38.16 (2) "earned income of the lesser-earning spouse" has the meaning given in section
38.17 290.0675, subdivision 1, paragraph (d).

38.18 Subd. 2. **Credit name.** The credit allowed by this section shall be known as the
38.19 "Minnesota child and working family credit."

38.20 Subd. 4. **Credit refundable.** If the amount of credit which the claimant is eligible to
38.21 receive under this section exceeds the claimant's tax liability under this chapter, the
38.22 commissioner shall refund the excess to the claimant.

38.23 Subd. 5. **Calculation assistance.** Upon request of the individual and submission of the
38.24 necessary information, in the form prescribed by the commissioner, the Department of
38.25 Revenue shall calculate the credit on behalf of the individual.

38.26 Subd. 6. **Appropriation.** An amount sufficient to pay the refunds required by this section
38.27 is appropriated to the commissioner from the general fund.

38.28 Subd. 7. **Inflation adjustment.** The commissioner shall annually adjust the earned
38.29 income amounts used to calculate the working family credit, the child credit amounts, and
38.30 the phase-out thresholds in subdivision 1 as provided in section 270C.22. The statutory year
38.31 is taxable year ~~2019~~ 2023.

39.1 Subd. 8. **Advance payment of credits.** (a) The commissioner of revenue may establish
 39.2 a process to allow taxpayers to elect to receive one or more advance payments of the credit
 39.3 under this section. The amount of advance payments must be based on the taxpayer and
 39.4 commissioner's estimate of the amount of credits for which the taxpayer would be eligible
 39.5 in the taxable year beginning in the calendar year in which the payments were made. The
 39.6 commissioner must not distribute advance payments to a taxpayer who does not elect to
 39.7 receive advance payments.

39.8 (b) The amount of a taxpayer's credit under this section for the taxable year is reduced
 39.9 by the amount of advance payments received by the taxpayer in the calendar year during
 39.10 which the taxable year began. If a taxpayer's advance payments exceeded the credit the
 39.11 taxpayer was eligible to receive for the taxable year, the taxpayer's liability for tax is increased
 39.12 by the difference between the amount of advance payments received and the credit amount.

39.13 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
 39.14 31, 2022.

39.15 Sec. 32. Minnesota Statutes 2022, section 290.0674, is amended to read:

39.16 **290.0674 MINNESOTA EDUCATION CREDIT.**

39.17 Subdivision 1. ~~Credit allowed; definitions.~~ An individual is allowed a credit against
 39.18 the tax imposed by this chapter in an amount equal to 75 percent of the amount paid for
 39.19 education-related expenses for a qualifying child in kindergarten through grade 12.

39.20 Subd. 1a. **Definitions.** (a) For purposes of this section, the following terms have the
 39.21 meanings given them.

39.22 (b) "Dependent" means a dependent, as defined in sections 151 and 152 of the Internal
 39.23 Revenue Code.

39.24 (c) "Education-related expenses" means:

39.25 (1) ~~qualifying instructional fees or tuition for instruction by an instructor under section~~
 39.26 ~~120A.22, subdivision 10, clause (1), (2), (3), (4), or (5), or a member of the Minnesota~~
 39.27 ~~Music Teachers Association, and who is not a lineal ancestor or sibling of the dependent~~
 39.28 ~~for instruction outside the regular school day or school year, including tutoring, driver's~~
 39.29 ~~education offered as part of school curriculum, regardless of whether it is taken from a~~
 39.30 ~~public or private entity or summer camps, in grade or age appropriate curricula that~~
 39.31 ~~supplement curricula and instruction available during the regular school year, that assists a~~
 39.32 ~~dependent to improve knowledge of core curriculum areas or to expand knowledge and~~
 39.33 ~~skills under the required academic standards under section 120B.021, subdivision 1, and~~

40.1 ~~the world languages standards under section 120B.022, subdivision 1, and that do not include~~
40.2 ~~the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such~~
40.3 ~~tenets, doctrines, or worship;~~

40.4 (2) expenses for textbooks, including books and other instructional materials and
40.5 equipment purchased or leased for use in elementary and secondary schools in teaching
40.6 only those subjects legally and commonly taught in public elementary and secondary schools
40.7 in this state. "Textbooks" does not include instructional books and materials used in the
40.8 teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such
40.9 tenets, doctrines, or worship, nor does it include books or materials for extracurricular
40.10 activities including sporting events, musical or dramatic events, speech activities, driver's
40.11 education, or similar programs;

40.12 (3) a maximum expense of \$200 per family for personal computer hardware, excluding
40.13 single purpose processors, and educational software that assists a dependent to improve
40.14 knowledge of core curriculum areas or to expand knowledge and skills under the required
40.15 academic standards under section 120B.021, subdivision 1, and the elective standard under
40.16 section 120B.022, subdivision 1, clause (2), purchased for use in the taxpayer's home and
40.17 not used in a trade or business regardless of whether the computer is required by the
40.18 dependent's school; and

40.19 (4) the amount paid to others for transportation of a qualifying child attending an
40.20 elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa,
40.21 or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory
40.22 attendance laws, which is not operated for profit, and which adheres to the provisions of
40.23 the Civil Rights Act of 1964 and chapter 363A. Amounts under this clause exclude any
40.24 expense the taxpayer incurred in using the taxpayer's or the qualifying child's vehicle.

40.25 (d) "Exemption amount" means the dependent exemption amount under section 290.0121,
40.26 subdivision 1, paragraph (b), as adjusted for inflation under section 290.0121, subdivision
40.27 3.

40.28 (e) "Qualified instructor" means an individual who is not a lineal ancestor or sibling of
40.29 the dependent and who is:

40.30 (1) an instructor under section 120A.22, subdivision 10, clause (1), (2), (3), (4), or (5);
40.31 or

40.32 (2) a member of the Minnesota Music Teachers Association.

41.1 ~~For purposes of this section,~~ (f) "Qualifying child" has the meaning given in section
41.2 32(c)(3) of the Internal Revenue Code.

41.3 (g) "Qualifying instructional fees or tuition" means fees or tuition for instruction by a
41.4 qualified instructor outside the regular school day or school year, and that does not include
41.5 the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such
41.6 tenets, doctrines, or worship, including:

41.7 (1) driver's education offered as part of school curriculum, regardless of whether it is
41.8 taken from a public or private entity; or

41.9 (2) tutoring or summer camps that:

41.10 (i) are in grade or age appropriate curricula that supplement curricula and instruction
41.11 available during the regular school year;

41.12 (ii) assist a dependent to improve knowledge of core curriculum areas; or

41.13 (iii) expand knowledge and skills under:

41.14 (A) the required academic standards under section 120B.021, subdivision 1; and

41.15 (B) the world languages standards under section 120B.022, subdivision 1.

41.16 Subd. 2. **Limitations.** (a) For claimants with adjusted gross income not greater than
41.17 ~~\$33,500~~ \$70,000, the maximum credit allowed for a family is ~~\$1,000~~ \$1,500 multiplied by
41.18 the number of qualifying children in kindergarten through grade 12 in the family. The
41.19 maximum credit for families with one qualifying child in kindergarten through grade 12 is
41.20 reduced by \$1 for each \$4 of ~~household~~ adjusted gross income over ~~\$33,500~~ \$70,000, and
41.21 the maximum credit for families with two or more qualifying children in kindergarten
41.22 through grade 12 is reduced by \$2 for each \$4 of ~~household~~ adjusted gross income over
41.23 ~~\$33,500~~ \$70,000, but in no case is the credit less than zero.

41.24 (b) For claimants with three or more dependents, the adjusted gross income thresholds
41.25 under paragraph (a) are increased as follows:

41.26 (1) for claimants with three dependents, the thresholds are increased by the exemption
41.27 amount;

41.28 (2) for claimants with four dependents, the thresholds are increased by the exemption
41.29 amount, multiplied by two; and

41.30 (3) for claimants with five or more dependents, the thresholds are increased by the
41.31 exemption amount times three.

42.1 ~~(b)~~ (c) In the case of a married claimant, a credit is not allowed unless a joint income
42.2 tax return is filed.

42.3 ~~(e)~~ (d) For a nonresident or part-year resident, the credit determined under subdivision
42.4 1 and the maximum credit amount in paragraph (a) must be allocated using the percentage
42.5 calculated in section 290.06, subdivision 2c, paragraph (e).

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

42.8 ~~(1) federal adjusted gross income as defined in section 62 of the Internal Revenue Code;~~
42.9 ~~and~~

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

42.11 ~~(i) all nontaxable income;~~

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

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

42.18 ~~(iv) cash public assistance and relief;~~

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

42.24 ~~(vi) interest received from the federal or a state government or any instrumentality or~~
42.25 ~~political subdivision thereof;~~

42.26 ~~(vii) workers' compensation;~~

42.27 ~~(viii) nontaxable strike benefits;~~

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

43.1 ~~(x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of~~
43.2 ~~1986, as amended through December 31, 1995;~~

43.3 ~~(xi) contributions made by the claimant to an individual retirement account, including~~
43.4 ~~a qualified voluntary employee contribution; simplified employee pension plan;~~
43.5 ~~self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of~~
43.6 ~~the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal~~
43.7 ~~Revenue Code;~~

43.8 ~~(xii) nontaxable scholarship or fellowship grants;~~

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

43.10 ~~(xiv) the amount of deduction allowed under section 220 or 223 of the Internal Revenue~~
43.11 ~~Code;~~

43.12 ~~(xv) the amount deducted for tuition expenses under section 222 of the Internal Revenue~~
43.13 ~~Code; and~~

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

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

43.21 ~~(b) "Income" does not include:~~

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

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

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

43.27 ~~(4) relief granted under chapter 290A;~~

43.28 ~~(5) child support payments received under a temporary or final decree of dissolution or~~
43.29 ~~legal separation; and~~

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

44.4 Subd. 4. **Credit to be refundable.** If the amount of credit that the claimant is eligible
44.5 to receive under this section exceeds the claimant's tax liability under this chapter, the
44.6 commissioner shall refund the excess to the claimant.

44.7 Subd. 5. **Appropriation.** An amount sufficient to pay the refunds required by this section
44.8 is appropriated to the commissioner from the general fund.

44.9 Subd. 6. **Inflation adjustment.** The commissioner shall annually adjust the adjusted
44.10 gross income amounts in subdivision 2, as provided in section 270C.22. The statutory year
44.11 is taxable year 2023.

44.12 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
44.13 31, 2022.

44.14 Sec. 33. Minnesota Statutes 2022, section 290.0677, subdivision 1, is amended to read:

44.15 Subdivision 1. **Credit allowed; current military service.** (a) An individual is allowed
44.16 a credit against the tax due under this chapter equal to \$59 for each month or portion thereof
44.17 that the individual was in active military service in a designated area after September 11,
44.18 2001, and before January 1, 2009, while a Minnesota domiciliary.

44.19 (b) An individual is allowed a credit against the tax due under this chapter equal to \$120
44.20 for each month or portion thereof that the individual was in active military service in a
44.21 designated area after December 31, 2008, while a Minnesota domiciliary.

44.22 (c) For active service performed after September 11, 2001, and before December 31,
44.23 2006, the individual may claim the credit in the taxable year beginning after December 31,
44.24 2005, and before January 1, 2007.

44.25 (d) For active service performed after December 31, 2006, the individual may claim the
44.26 credit for the ~~taxable~~ calendar year in which the active service was performed.

44.27 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
44.28 31, 2022.

44.29 Sec. 34. Minnesota Statutes 2022, section 290.0682, subdivision 2, is amended to read:

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

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

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

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

45.5 (3) the sum of:

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

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

45.9 (4) ~~\$500~~ \$1,000.

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

45.12 (d) In the case of a married couple, each spouse is eligible for the credit in this section.
45.13 For the purposes of paragraph (b), for married taxpayers filing joint returns, each spouse's
45.14 adjusted gross income equals the spouse's percentage share of the couple's earned income,
45.15 multiplied by the couple's combined adjusted gross income.

45.16 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
45.17 31, 2022.

45.18 Sec. 35. Minnesota Statutes 2022, section 290.0682, is amended by adding a subdivision
45.19 to read:

45.20 **Subd. 3. Credit refundable; appropriation.** (a) If the amount of credit which a claimant
45.21 is eligible to receive under this section exceeds the claimant's tax liability under this chapter,
45.22 the commissioner shall refund the excess to the claimant.

45.23 (b) An amount sufficient to pay the refunds required by this section is appropriated to
45.24 the commissioner from the general fund.

45.25 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
45.26 31, 2022.

45.27 Sec. 36. Minnesota Statutes 2022, section 290.0685, subdivision 1, is amended to read:

45.28 Subdivision 1. **Credit allowed.** (a) An eligible individual is allowed a credit against the
45.29 tax imposed by this chapter equal to \$2,000 for each ~~birth for which a certificate of birth~~
45.30 ~~resulting in stillbirth has been issued under section 144.2151~~ stillbirth. The credit under this

46.1 section is allowed only in the taxable year in which the stillbirth occurred ~~and if the child~~
46.2 ~~would have been a dependent of the taxpayer as defined in section 152 of the Internal~~
46.3 ~~Revenue Code.~~

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

46.6 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
46.7 after December 31, 2015.

46.8 Sec. 37. Minnesota Statutes 2022, section 290.0685, is amended by adding a subdivision
46.9 to read:

46.10 Subd. 1a. **Definitions.** (a) For purposes of this section, the following terms have the
46.11 meanings given, unless the context clearly indicates otherwise.

46.12 (b) "Certificate of birth" means the printed certificate of birth resulting in stillbirth issued
46.13 under section 144.2151 or for a birth occurring in another state or country a similar certificate
46.14 issued under that state's or country's law.

46.15 (c) "Eligible individual" means an individual who is:

46.16 (1)(i) a resident; or

46.17 (ii) the nonresident spouse of a resident who is a member of armed forces of the United
46.18 States or the United Nations; and

46.19 (2)(i) the individual who gave birth resulting in stillbirth and is listed as a parent on the
46.20 certificate of birth;

46.21 (ii) if no individual meets the requirements of clause (i) for a stillbirth that occurs in this
46.22 state, then the first parent listed on the certificate of birth resulting in still birth; or

46.23 (iii) the individual who gave birth resulting in stillbirth for a birth outside of this state
46.24 for which no certificate of birth was issued.

46.25 (d) "Stillbirth" means a birth for which a fetal death report would be required under
46.26 section 144.222, subdivision 1, if the birth occurred in this state.

46.27 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
46.28 after December 31, 2015.

47.1 Sec. 38. Minnesota Statutes 2022, section 290.0686, is amended to read:

47.2 **290.0686 CREDIT FOR ATTAINING MASTER'S DEGREE IN TEACHER'S**
47.3 **LICENSURE FIELD.**

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

47.6 (b) "Master's degree program" means a graduate-level program at an accredited university
47.7 leading to a master of arts or science degree in either a core content area directly related to
47.8 a qualified teacher's licensure field or in special education. Except for a special education
47.9 program, the master's degree program may not include pedagogy or a pedagogy component.
47.10 To be eligible under this credit, a licensed elementary school teacher must pursue and
47.11 complete a master's degree program in either a core content area in which the teacher provides
47.12 direct classroom instruction or in special education.

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

47.14 (1) holds a qualifying teaching license ~~issued by the licensing division in the Department~~
47.15 ~~of Education on behalf of the Professional Educator Licensing and Standards Board both~~
47.16 ~~when the teacher begins the master's degree program and when the teacher completes the~~
47.17 master's degree program;

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

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

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

47.23 (e) "Special education" means a program of study directly related to licensure in
47.24 developmental disabilities, early childhood special education, deaf and hard of hearing
47.25 education, blind and visually impaired education, emotional or behavioral disorders, autism
47.26 spectrum disorders, or learning disabilities.

47.27 (f) "Qualifying teaching license" means a license issued by the licensing division in the
47.28 Department of Education on behalf of the Professional Educator Licensing and Standards
47.29 Board.

47.30 Subd. 2. **Credit allowed.** (a) An individual who is a qualified teacher is allowed a credit
47.31 against the tax imposed under this chapter. The credit equals the lesser of \$2,500 or the
47.32 amount the individual paid for tuition, fees, books, and instructional materials necessary to

48.1 completing the master's degree program and for which the individual did not receive
48.2 reimbursement from an employer or scholarship.

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

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

48.8 (d) An individual who completed a master's degree program in special education during
48.9 the taxable year but did not have a qualifying teaching license when the individual completed
48.10 the program may claim the credit under this section if the individual receives a qualifying
48.11 license within six months of completing the program. A credit claimed under this paragraph
48.12 must be claimed in the taxable year in which the individual received the qualifying teaching
48.13 license.

48.14 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
48.15 31, 2022.

48.16 Sec. 39. **[290.0694] CREDIT FOR SALES OF MANUFACTURED HOME PARKS**
48.17 **TO COOPERATIVES.**

48.18 Subdivision 1. Definitions. (a) For purposes of this section, the following definitions
48.19 have the meanings given.

48.20 (b) "Qualified property" means a manufactured home park in Minnesota classified as
48.21 4c(5)(i) or 4c(5)(iii) under section 273.13, subdivision 25, paragraph (d).

48.22 (c) "Qualified seller" means a taxpayer, as defined under section 290.01, subdivision 6,
48.23 who sells qualified property to: (1) a corporation or association organized under chapter
48.24 308A or 308B, where each person who owns a share or shares in the corporation or
48.25 association would be entitled to occupy a lot within the qualified property after the sale; or
48.26 (2) a nonprofit or a representative acting on behalf of residents, as defined by section
48.27 327C.015, subdivision 13, who purchases the property on behalf of residents who intend
48.28 to form a corporation or association as described in clause (1).

48.29 Subd. 2. Credit allowed; carryforward. (a) A qualified seller is allowed a credit against
48.30 the tax imposed under this chapter. The credit equals five percent of the amount of the sale
48.31 price of the qualified property.

49.1 (b) If the amount of the credit under this section exceeds the taxpayer's liability for tax
49.2 under this chapter, the excess is a credit carryover to each of the five succeeding taxable
49.3 years. The entire amount of the excess unused credit for the taxable year must be carried
49.4 first to the earliest of the taxable years to which the credit may be carried and then to each
49.5 successive year to which the credit may be carried. The amount of the unused credit that
49.6 may be added under this paragraph may not exceed the taxpayer's liability for tax, less any
49.7 credit for the current taxable year.

49.8 (c) For residents and part-year residents, the credit must be allocated based on the
49.9 percentage calculated under section 290.06, subdivision 2c, paragraph (e).

49.10 Subd. 3. **Partnerships; multiple owners.** Credits granted to a partnership, a limited
49.11 liability company taxed as a partnership, an S corporation, or multiple owners of property
49.12 are passed through to the partners, members, shareholders, or owners, respectively, pro rata
49.13 to each partner, member, shareholder, or owner based on their share of the entity's assets
49.14 or as specially allocated in their organizational documents or any other executed document,
49.15 as of the last day of the taxable year.

49.16 Subd. 4. **Sunset.** This section expires January 1, 2031, for taxable years beginning after
49.17 December 31, 2030.

49.18 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
49.19 31, 2022.

49.20 Sec. 40. Minnesota Statutes 2022, section 290.091, subdivision 2, as amended by Laws
49.21 2023, chapter 1, section 18, is amended to read:

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

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

49.26 (1) the taxpayer's federal alternative minimum taxable income as defined in section
49.27 55(b)(1)(D) of the Internal Revenue Code;

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

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

49.31 (ii) the medical expense deduction;

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

- 50.1 (iv) the impairment-related work expenses of a person with a disability;
- 50.2 (3) for depletion allowances computed under section 613A(c) of the Internal Revenue
50.3 Code, with respect to each property (as defined in section 614 of the Internal Revenue Code),
50.4 to the extent not included in federal alternative minimum taxable income, the excess of the
50.5 deduction for depletion allowable under section 611 of the Internal Revenue Code for the
50.6 taxable year over the adjusted basis of the property at the end of the taxable year (determined
50.7 without regard to the depletion deduction for the taxable year);
- 50.8 (4) to the extent not included in federal alternative minimum taxable income, the amount
50.9 of the tax preference for intangible drilling cost under section 57(a)(2) of the Internal Revenue
50.10 Code determined without regard to subparagraph (E);
- 50.11 (5) to the extent not included in federal alternative minimum taxable income, the amount
50.12 of interest income as provided by section 290.0131, subdivision 2;
- 50.13 (6) the amount of addition required by section 290.0131, subdivisions 9, 10, and 16;
- 50.14 (7) the deduction allowed under section 199A of the Internal Revenue Code, to the extent
50.15 not included in the addition required under clause (6); and
- 50.16 (8) to the extent not included in federal alternative minimum taxable income, the amount
50.17 of foreign-derived intangible income deducted under section 250 of the Internal Revenue
50.18 Code;
- 50.19 less the sum of the amounts determined under the following:
- 50.20 (i) interest income as defined in section 290.0132, subdivision 2;
- 50.21 (ii) an overpayment of state income tax as provided by section 290.0132, subdivision
50.22 3, to the extent included in federal alternative minimum taxable income;
- 50.23 (iii) the amount of investment interest paid or accrued within the taxable year on
50.24 indebtedness to the extent that the amount does not exceed net investment income, as defined
50.25 in section 163(d)(4) of the Internal Revenue Code. Interest does not include amounts deducted
50.26 in computing federal adjusted gross income;
- 50.27 (iv) amounts subtracted from federal taxable or adjusted gross income as provided by
50.28 section 290.0132, subdivisions 7, 9 to 15, 17, 21, 24, 26 to 29, ~~and~~ 31, 34, and 35;
- 50.29 (v) the amount of the net operating loss allowed under section 290.095, subdivision 11,
50.30 paragraph (c); and
- 50.31 (vi) the amount allowable as a Minnesota itemized deduction under section 290.0122,
50.32 subdivision 7.

51.1 In the case of an estate or trust, alternative minimum taxable income must be computed
51.2 as provided in section 59(c) of the Internal Revenue Code, except alternative minimum
51.3 taxable income must be increased by the addition in section 290.0131, subdivision 16.

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

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

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

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

51.12 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
51.13 31, 2022.

51.14 Sec. 41. Minnesota Statutes 2022, section 290.17, subdivision 4, is amended to read:

51.15 Subd. 4. **Unitary business principle.** (a) If a trade or business conducted wholly within
51.16 this state or partly within and partly without this state is part of a unitary business, the entire
51.17 worldwide income of the unitary business is subject to apportionment pursuant to section
51.18 290.191. Notwithstanding subdivision 2, paragraph (c), none of the income of a unitary
51.19 business is considered to be derived from any particular source and none may be allocated
51.20 to a particular place except as provided by the applicable apportionment formula. The
51.21 provisions of this subdivision do not apply to business income subject to subdivision 5,
51.22 income of an insurance company, or income of an investment company determined under
51.23 section 290.36.

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

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

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

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

52.12 ~~(f) The net income and apportionment factors under section 290.191 or 290.20 of foreign~~
52.13 ~~corporations and other foreign entities, but excluding a disqualified captive insurance~~
52.14 ~~company, which are part of a unitary business shall not be included in the net income or~~
52.15 ~~the apportionment factors of the unitary business; except that the income and apportionment~~
52.16 ~~factors of a foreign entity, other than an entity treated as a C corporation for federal income~~
52.17 ~~tax purposes, that are included in the federal taxable income, as defined in section 63 of the~~
52.18 ~~Internal Revenue Code as amended through the date named in section 290.01, subdivision~~
52.19 ~~19, of a domestic corporation, domestic entity, or individual must be included in determining~~
52.20 ~~net income and the factors to be used in the apportionment of net income pursuant to section~~
52.21 ~~290.191 or 290.20. A foreign corporation or other foreign entity which is not included on~~
52.22 ~~a combined report and which is required to file a return under this chapter shall file on a~~
52.23 ~~separate return basis.~~

52.24 ~~(g)~~ (f) For purposes of determining the net income of a unitary business and the factors
52.25 to be used in the apportionment of net income pursuant to section 290.191 or 290.20, there
52.26 must be included ~~only~~ the income and apportionment factors of domestic and foreign
52.27 corporations or other domestic and foreign entities that are determined to be part of the
52.28 unitary business pursuant to this subdivision, ~~notwithstanding that foreign corporations or~~
52.29 ~~other foreign entities might be included in the unitary business; except that the income and~~
52.30 ~~apportionment factors of a foreign entity, other than an entity treated as a C corporation for~~
52.31 ~~federal income tax purposes, that is included in the federal taxable income, as defined in~~
52.32 ~~section 63 of the Internal Revenue Code as amended through the date named in section~~
52.33 ~~290.01, subdivision 19, of a domestic corporation, domestic entity, or individual must be~~
52.34 ~~included in determining net income and the factors to be used in the apportionment of net~~
52.35 ~~income pursuant to section 290.191 or 290.20. For foreign corporations and other foreign~~

53.1 entities not subject to a federal income tax filing requirement under United States Code,
53.2 title 26, subtitle A, net income must be determined as required under section 290.01,
53.3 subdivision 19.

53.4 ~~(h)~~ (g) Each corporation or other entity, except a sole proprietorship, that is part of a
53.5 unitary business must file combined reports as the commissioner determines. On the reports,
53.6 all intercompany transactions between entities included pursuant to paragraph ~~(g)~~ (f) must
53.7 be eliminated and the entire net income of the unitary business determined in accordance
53.8 with this subdivision is apportioned among the entities by using each entity's Minnesota
53.9 factors for apportionment purposes in the numerators of the apportionment formula and the
53.10 total factors for apportionment purposes of all entities included pursuant to paragraph ~~(g)~~
53.11 (f) in the denominators of the apportionment formula. Except as otherwise provided by
53.12 paragraph (f), all sales of the unitary business made within this state pursuant to section
53.13 290.191 or 290.20 must be included on the combined report of a corporation or other entity
53.14 that is a member of the unitary business and is subject to the jurisdiction of this state to
53.15 impose tax under this chapter.

53.16 ~~(h)~~ (h) If a corporation has been divested from a unitary business and is included in a
53.17 combined report for a fractional part of the common accounting period of the combined
53.18 report:

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

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

53.23 ~~(i)~~ (i) For purposes of this subdivision, "insurance company" means an insurance
53.24 company, as defined in section 290.01, subdivision 5b, that is not a disqualified captive
53.25 insurance company.

53.26 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
53.27 31, 2023.

53.28 Sec. 42. Minnesota Statutes 2022, section 290.17, is amended by adding a subdivision to
53.29 read:

53.30 **Subd. 4a. Foreign corporations and other foreign entities.** (a) For purposes of imposing
53.31 a tax under this chapter, the federal taxable income of a foreign corporation or other foreign
53.32 entity must be computed as follows:

54.1 (1) a profit and loss statement must be prepared in the currency in which the books of
54.2 account of the foreign corporation or other foreign entity are regularly maintained;

54.3 (2) except as determined by the commissioner, adjustments must be made to the profit
54.4 and loss statement to conform the statement to the accounting principles generally accepted
54.5 in the United States for the preparation of those statements;

54.6 (3) adjustments must be made to the profit and loss statement to conform it to the tax
54.7 accounting standards required by the commissioner;

54.8 (4) unless otherwise authorized by the commissioner, the profit and loss statement of
54.9 each member of the combined group, and the apportionment factors related to the combined
54.10 group, whether domestic or foreign, must be converted into United States dollars; and

54.11 (5) income apportioned to this state must be expressed in United States dollars.

54.12 (b) Notwithstanding paragraph (a), if the commissioner determines that the information
54.13 required in the statements under that paragraph may only be obtained through a burdensome
54.14 effort and expense, the commissioner may allow reasonable approximations of the
54.15 information.

54.16 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
54.17 31, 2023.

54.18 Sec. 43. Minnesota Statutes 2022, section 290.21, subdivision 9, is amended to read:

54.19 Subd. 9. **Controlled foreign corporations.** The net income of a ~~domestic~~ nonunitary
54.20 corporation that is included pursuant to section 951 of the Internal Revenue Code is dividend
54.21 income.

54.22 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
54.23 31, 2023, except the stricken language is effective the day following final enactment.

54.24 Sec. 44. Minnesota Statutes 2022, section 297I.20, subdivision 4, is amended to read:

54.25 Subd. 4. **Film production credit.** (a) A taxpayer may claim a credit against the premiums
54.26 tax imposed under this chapter equal to the amount indicated on the credit certificate
54.27 statement issued to the company under section 116U.27. If the amount of the credit exceeds
54.28 the taxpayer's liability for tax under this chapter, the excess is a credit carryover to each of
54.29 the five succeeding taxable years. The entire amount of the excess unused credit for the
54.30 taxable year must be carried first to the earliest of the taxable years to which the credit may
54.31 be carried and then to each successive year to which the credit may be carried. This credit

55.1 does not affect the calculation of fire state aid under section 477B.03 and police state aid
55.2 under section 477C.03.

55.3 (b) This subdivision expires January 1, ~~2025~~ 2033, for taxable years beginning after and
55.4 premiums received after December 31, ~~2024~~ 2032.

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

55.6 Sec. 45. Minnesota Statutes 2022, section 514.972, subdivision 5, is amended to read:

55.7 Subd. 5. **Access to certain items.** (a) Any occupant may remove from the self-storage
55.8 facility personal papers and health aids upon demand made to any of the persons listed in
55.9 section 514.976, subdivision 1.

55.10 (b) An occupant who provides documentation from a government or nonprofit agency
55.11 or legal aid office that the occupant is a recipient of relief based on need, is eligible for legal
55.12 aid services, or is a survivor of domestic violence or sexual assault may remove, in addition
55.13 to the items provided in paragraph (a), personal clothing of the occupant and the occupant's
55.14 dependents and tools of the trade that are necessary for the livelihood of the occupant that
55.15 has a market value not to exceed \$125 per item.

55.16 (c) The occupant shall present a list of the items and may remove the items during the
55.17 facility's ordinary business hours prior to the sale authorized by section 514.973. If the
55.18 owner unjustifiably denies the occupant access for the purpose of removing the items
55.19 specified in this subdivision, the occupant is entitled to request relief from the court for an
55.20 order allowing access to the storage space for removal of the specified items. The self-service
55.21 storage facility is liable to the occupant for the costs, disbursements, and attorney fees
55.22 expended by the occupant to obtain this order.

55.23 (d) For the purposes of this subdivision, "relief based on need" includes but is not limited
55.24 to receipt of a benefit from the Minnesota family investment program and diversionary
55.25 work program, medical assistance, general assistance, emergency general assistance,
55.26 Minnesota supplemental aid, Minnesota supplemental aid housing assistance, MinnesotaCare,
55.27 Supplemental Security Income, energy assistance, emergency assistance, Supplemental
55.28 Nutrition Assistance Program benefits, earned income tax credit, or Minnesota child and
55.29 working family tax credit. Relief based on need can also be proven by providing
55.30 documentation from a legal aid organization that the individual is receiving legal aid
55.31 assistance, or by providing documentation from a government agency, nonprofit, or housing
55.32 assistance program that the individual is receiving assistance due to domestic violence or
55.33 sexual assault.

56.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
56.2 31, 2022.

56.3 Sec. 46. **ONE-TIME REFUNDABLE CREDIT PAYMENT.**

56.4 Subdivision 1. **Credit allowed; eligibility.** (a) For taxable years beginning after December
56.5 31, 2020, and before January 1, 2022, an individual is allowed a credit against the tax
56.6 imposed under Minnesota Statutes, chapter 290. The credit equals \$550 for a married
56.7 taxpayer filing a joint return and \$275 for a single filer, head of household, or married
56.8 taxpayer filing a separate return.

56.9 (b) For an individual, or a married couple filing a joint income tax return, with a
56.10 dependent, as defined in sections 151 and 152 of the Internal Revenue Code, the credit is
56.11 increased by \$275 per dependent up to a maximum additional credit of \$825.

56.12 (c) The credit is not available to an individual who:

56.13 (1) was not a resident of Minnesota, as defined in Minnesota Statutes, section 290.01,
56.14 subdivision 7, during any part of 2021;

56.15 (2) is a dependent, as defined in sections 151 and 152 of the Internal Revenue Code, for
56.16 2021; or

56.17 (3) had adjusted gross income, as defined in Minnesota Statutes, section 290.01,
56.18 subdivision 21a, for taxable years beginning in 2021 greater than:

56.19 (i) \$150,000 for a married taxpayer filing a joint return; and

56.20 (ii) \$75,000 for all other income tax filers.

56.21 (d) For an individual who is a Minnesota resident for only part of 2021, or for a married
56.22 couple filing a joint return where one or both individuals were not Minnesota residents for
56.23 all of 2021, the credit equals the credit allowed under paragraphs (a) to (c) multiplied by
56.24 the percentage calculated under Minnesota Statutes, section 290.06, subdivision 2c, paragraph
56.25 (e).

56.26 (e) If the amount of the credit under this subdivision exceeds the individual's or the
56.27 married couple's liability for tax under Minnesota Statutes, chapter 290, the commissioner
56.28 shall refund the excess to the taxpayer.

56.29 Subd. 2. **Internal Revenue Code.** The definitions in Minnesota Statutes, section 290.01,
56.30 apply to this section.

57.1 Subd. 3. **Data classification.** Data classified as nonpublic data or private data on
57.2 individuals, including return information, as defined in Minnesota Statutes, section 270B.01,
57.3 subdivision 3, may be shared or disclosed between the commissioner of revenue and any
57.4 third-party vendor contracted with under this section, to the extent necessary to administer
57.5 this section.

57.6 Subd. 4. **Credit not subject to recapture.** The commissioner of revenue must not apply,
57.7 and must not certify to another agency to apply, a refund based on a credit under this section,
57.8 to any unpaid tax or nontax debt.

57.9 Subd. 5. **Not income.** (a) A refund of a credit under this section is not considered income
57.10 in determining Minnesota income tax, Minnesota income tax credits, the Minnesota property
57.11 tax refund, or the Minnesota senior citizen property tax deferral.

57.12 (b) Notwithstanding any law to the contrary, the credit under this section must not be
57.13 considered income, assets, or personal property for purposes of determining eligibility or
57.14 recertifying eligibility for:

57.15 (1) child care assistance programs under Minnesota Statutes, chapter 119B;

57.16 (2) general assistance, Minnesota supplemental aid, and food support under Minnesota
57.17 Statutes, chapter 256D;

57.18 (3) housing support under Minnesota Statutes, chapter 256I;

57.19 (4) the Minnesota family investment program and diversionary work program under
57.20 Minnesota Statutes, chapter 256J; and

57.21 (5) economic assistance programs under Minnesota Statutes, chapter 256P.

57.22 (c) The commissioner of human services must not consider a credit under this section
57.23 as income or assets under Minnesota Statutes, section 256B.056, subdivision 1a, paragraph
57.24 (a); 3; or 3c, or for persons with eligibility determined under Minnesota Statutes, section
57.25 256B.057, subdivision 3, 3a, or 3b.

57.26 Subd. 6. **Simplified filing process.** The commissioner of revenue must establish a
57.27 simplified filing process through which a taxpayer who did not file an individual income
57.28 tax return due to a lack of a requirement to file may file a return and claim the credit under
57.29 this section. The filing process and forms may be in the form or manner determined by the
57.30 commissioner, but must be designed to reduce the complexity of the filing process and the
57.31 time needed to file for individuals without a filing requirement.

58.1 Subd. 7. **Appropriation.** The amount necessary to make the refunds based on credits
58.2 payable under this section is appropriated to the commissioner of revenue from the general
58.3 fund. This appropriation is available until June 30, 2025.

58.4 Subd. 8. **Distribution of refunds.** To the extent feasible, the commissioner of revenue
58.5 must directly distribute any refunds owed as a result of this section to eligible taxpayers
58.6 who filed a return for a taxable year beginning after December 31, 2020, or before January
58.7 1, 2022. A taxpayer who is eligible for a credit but did not file a return may file a return
58.8 and claim the credit, subject to the provisions of Minnesota Statutes, section 289A.40.

58.9 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
58.10 after December 31, 2020, and before January 1, 2022.

58.11 Sec. 47. **SUBTRACTION; CERTAIN UNEMPLOYMENT COMPENSATION.**

58.12 (a) For the purposes of this section, "subtraction" has the meaning given in Minnesota
58.13 Statutes, section 290.0132, subdivision 1, and the rules in that subdivision apply for this
58.14 section.

58.15 (b) Unemployment compensation received by individuals in taxable years beginning
58.16 after December 31, 2020, and before January 1, 2022, as a result of the decision issued by
58.17 the Minnesota Court of Appeals, 956 N.W. 2d 1, filed February 22, 2021, is a subtraction.

58.18 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
58.19 after December 31, 2020, and before January 1, 2022.

58.20 Sec. 48. **EXTENSION OF STATUTE OF LIMITATIONS; CREDIT FOR PARENTS**
58.21 **OF STILLBORN CHILDREN.**

58.22 Notwithstanding any law to the contrary, a taxpayer whose tax liability changes as a
58.23 result of the retroactive changes to Minnesota Statutes, section 290.0685 in this act, may
58.24 file an amended return by December 31, 2023. The commissioner may review and assess
58.25 the return of a taxpayer covered by this provision for the later of:

58.26 (1) the periods under Minnesota Statutes, sections 289A.38, 289A.39, subdivision 3,
58.27 and 289A.40; or

58.28 (2) one year from the time the amended return is filed as a result of a change in tax
58.29 liability under this section.

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

59.1 Sec. 49. **REPEALER.**

59.2 Minnesota Statutes 2022, sections 290.01, subdivision 19i; and 290.0131, subdivision
59.3 18, are repealed.

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

59.5 **ARTICLE 2**

59.6 **FEDERAL CONFORMITY**

59.7 Section 1. Minnesota Statutes 2022, section 289A.02, subdivision 7, as amended by Laws
59.8 2023, chapter 1, section 1, is amended to read:

59.9 Subd. 7. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal
59.10 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December~~
59.11 ~~15, 2022~~ March 1, 2023.

59.12 **EFFECTIVE DATE.** This section is effective the day following final enactment, except
59.13 the changes incorporated by federal changes are effective retroactively at the same time the
59.14 changes were effective for federal purposes.

59.15 Sec. 2. Minnesota Statutes 2022, section 290.01, subdivision 19, as amended by Laws
59.16 2023, chapter 1, section 4, is amended to read:

59.17 Subd. 19. **Net income.** (a) For a trust or estate taxable under section 290.03, and a
59.18 corporation taxable under section 290.02, the term "net income" means the federal taxable
59.19 income, as defined in section 63 of the Internal Revenue Code of 1986, as amended through
59.20 the date named in this subdivision, incorporating the federal effective dates of changes to
59.21 the Internal Revenue Code and any elections made by the taxpayer in accordance with the
59.22 Internal Revenue Code in determining federal taxable income for federal income tax
59.23 purposes, and with the modifications provided in sections 290.0131 to 290.0136.

59.24 (b) For an individual, the term "net income" means federal adjusted gross income with
59.25 the modifications provided in sections 290.0131, 290.0132, and 290.0135 to 290.0137.

59.26 (c) In the case of a regulated investment company or a fund thereof, as defined in section
59.27 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment
59.28 company taxable income as defined in section 852(b)(2) of the Internal Revenue Code,
59.29 except that:

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

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

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

60.8 (d) The net income of a real estate investment trust as defined and limited by section
60.9 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust
60.10 taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

60.11 (e) The net income of a designated settlement fund as defined in section 468B(d) of the
60.12 Internal Revenue Code means the gross income as defined in section 468B(b) of the Internal
60.13 Revenue Code.

60.14 (f) The Internal Revenue Code of 1986, as amended through ~~December 15, 2022~~ March
60.15 1, 2023, applies for taxable years beginning after December 31, 1996.

60.16 (g) Except as otherwise provided, references to the Internal Revenue Code in this
60.17 subdivision and sections 290.0131 to 290.0136 mean the code in effect for purposes of
60.18 determining net income for the applicable year.

60.19 **EFFECTIVE DATE.** This section is effective the day following final enactment, except
60.20 the changes incorporated by federal changes are effective retroactively at the same time the
60.21 changes were effective for federal purposes.

60.22 Sec. 3. Minnesota Statutes 2022, section 290.01, subdivision 31, as amended by Laws
60.23 2023, chapter 1, section 5, is amended to read:

60.24 Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal
60.25 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December~~
60.26 ~~15, 2022~~ March 1, 2023. Internal Revenue Code also includes any uncodified provision in
60.27 federal law that relates to provisions of the Internal Revenue Code that are incorporated
60.28 into Minnesota law.

60.29 **EFFECTIVE DATE.** This section is effective the day following final enactment, except
60.30 the changes incorporated by federal changes are effective retroactively at the same time the
60.31 changes were effective for federal purposes.

61.1 Sec. 4. Minnesota Statutes 2022, section 290.06, subdivision 2c, as amended by Laws
61.2 2023, chapter 1, section 15, is amended to read:

61.3 Subd. 2c. **Schedules of rates for individuals, estates, and trusts.** (a) The income taxes
61.4 imposed by this chapter upon married individuals filing joint returns and surviving spouses
61.5 as defined in section 2(a) of the Internal Revenue Code must be computed by applying to
61.6 their taxable net income the following schedule of rates:

61.7 (1) On the first \$38,770, 5.35 percent;

61.8 (2) On all over \$38,770, but not over \$154,020, 6.8 percent;

61.9 (3) On all over \$154,020, but not over \$269,010, 7.85 percent;

61.10 (4) On all over \$269,010, 9.85 percent.

61.11 Married individuals filing separate returns, estates, and trusts must compute their income
61.12 tax by applying the above rates to their taxable income, except that the income brackets
61.13 will be one-half of the above amounts after the adjustment required in subdivision 2d.

61.14 (b) The income taxes imposed by this chapter upon unmarried individuals must be
61.15 computed by applying to taxable net income the following schedule of rates:

61.16 (1) On the first \$26,520, 5.35 percent;

61.17 (2) On all over \$26,520, but not over \$87,110, 6.8 percent;

61.18 (3) On all over \$87,110, but not over \$161,720, 7.85 percent;

61.19 (4) On all over \$161,720, 9.85 percent.

61.20 (c) The income taxes imposed by this chapter upon unmarried individuals qualifying as
61.21 a head of household as defined in section 2(b) of the Internal Revenue Code must be
61.22 computed by applying to taxable net income the following schedule of rates:

61.23 (1) On the first \$32,650, 5.35 percent;

61.24 (2) On all over \$32,650, but not over \$131,190, 6.8 percent;

61.25 (3) On all over \$131,190, but not over \$214,980, 7.85 percent;

61.26 (4) On all over \$214,980, 9.85 percent.

61.27 (d) In lieu of a tax computed according to the rates set forth in this subdivision, the tax
61.28 of any individual taxpayer whose taxable net income for the taxable year is less than an
61.29 amount determined by the commissioner must be computed in accordance with tables
61.30 prepared and issued by the commissioner of revenue based on income brackets of not more

62.1 than \$100. The amount of tax for each bracket shall be computed at the rates set forth in
62.2 this subdivision, provided that the commissioner may disregard a fractional part of a dollar
62.3 unless it amounts to 50 cents or more, in which case it may be increased to \$1.

62.4 (e) An individual who is not a Minnesota resident for the entire year must compute the
62.5 individual's Minnesota income tax as provided in this subdivision. After the application of
62.6 the nonrefundable credits provided in this chapter, the tax liability must then be multiplied
62.7 by a fraction in which:

62.8 (1) the numerator is the individual's Minnesota source federal adjusted gross income as
62.9 defined in section 62 of the Internal Revenue Code and increased by:

62.10 (i) the additions required under sections 290.0131, subdivisions 2, 6, 8 to 10, 16, ~~and~~
62.11 17, 19, and 20, and 290.0137, paragraph (a); and reduced by

62.12 (ii) the Minnesota assignable portion of the subtraction for United States government
62.13 interest under section 290.0132, subdivision 2, the subtractions under sections 290.0132,
62.14 subdivisions 9, 10, 14, 15, 17, 18, 27, ~~and 31, and 32~~, and 290.0137, paragraph (c), after
62.15 applying the allocation and assignability provisions of section 290.081, clause (a), or 290.17;
62.16 and

62.17 (2) the denominator is the individual's federal adjusted gross income as defined in section
62.18 62 of the Internal Revenue Code, increased by:

62.19 (i) the additions required under sections 290.0131, subdivisions 2, 6, 8 to 10, 16, ~~and~~
62.20 17, 19, and 20, and 290.0137, paragraph (a); and reduced by

62.21 (ii) the subtractions under sections 290.0132, subdivisions 2, 9, 10, 14, 15, 17, 18, 27,
62.22 ~~and 31, and 32~~, and 290.0137, paragraph (c).

62.23 (f) If an individual who is not a Minnesota resident for the entire year is a qualifying
62.24 owner of a qualifying entity that elects to pay tax as provided in section 289A.08, subdivision
62.25 7a, paragraph (b), the individual must compute the individual's Minnesota income tax as
62.26 provided in paragraph (e), and also must include, to the extent attributed to the electing
62.27 qualifying entity:

62.28 (1) in paragraph (e), clause (1), item (i), and paragraph (e), clause (2), item (i), the
62.29 addition under section 290.0131, subdivision 5; and

62.30 (2) in paragraph (e), clause (1), item (ii), and paragraph (e), clause (2), item (ii), the
62.31 subtraction under section 290.0132, subdivision 3.

63.1 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
63.2 after December 31, 2018.

63.3 Sec. 5. Minnesota Statutes 2022, section 290A.03, subdivision 15, as amended by Laws
63.4 2023, chapter 1, section 20, is amended to read:

63.5 Subd. 15. **Internal Revenue Code.** "Internal Revenue Code" means the Internal Revenue
63.6 Code of 1986, as amended through ~~December 15, 2022~~ March 1, 2023.

63.7 **EFFECTIVE DATE.** This section is effective beginning with refunds based on rent
63.8 paid in 2023 and property taxes payable in 2024.

63.9 Sec. 6. Minnesota Statutes 2022, section 291.005, subdivision 1, as amended by Laws
63.10 2023, chapter 1, section 21, is amended to read:

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

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

63.15 (2) "Federal gross estate" means the gross estate of a decedent as required to be valued
63.16 and otherwise determined for federal estate tax purposes under the Internal Revenue Code,
63.17 increased by the value of any property in which the decedent had a qualifying income interest
63.18 for life and for which an election was made under section 291.03, subdivision 1d, for
63.19 Minnesota estate tax purposes, but was not made for federal estate tax purposes.

63.20 (3) "Internal Revenue Code" means the United States Internal Revenue Code of 1986,
63.21 as amended through ~~December 15, 2022~~ March 1, 2023.

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

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

63.28 (6) "Personal representative" means the executor, administrator or other person appointed
63.29 by the court to administer and dispose of the property of the decedent. If there is no executor,
63.30 administrator or other person appointed, qualified, and acting within this state, then any
63.31 person in actual or constructive possession of any property having a situs in this state which

64.1 is included in the federal gross estate of the decedent shall be deemed to be a personal
64.2 representative to the extent of the property and the Minnesota estate tax due with respect
64.3 to the property.

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

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

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

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

64.13 (iii) a qualified work of art, as defined in section 2503(g)(2) of the Internal Revenue
64.14 Code, owned by a nonresident decedent and that is normally kept or located in this state
64.15 because it is on loan to an organization, qualifying as exempt from taxation under section
64.16 501(c)(3) of the Internal Revenue Code, that is located in Minnesota, the situs of the art is
64.17 deemed to be outside of Minnesota, notwithstanding the provisions of item (ii); and

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

64.21 For a nonresident decedent with an ownership interest in a pass-through entity with
64.22 assets that include real or tangible personal property, situs of the real or tangible personal
64.23 property, including qualified works of art, is determined as if the pass-through entity does
64.24 not exist and the real or tangible personal property is personally owned by the decedent. If
64.25 the pass-through entity is owned by a person or persons in addition to the decedent, ownership
64.26 of the property is attributed to the decedent in proportion to the decedent's capital ownership
64.27 share of the pass-through entity.

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

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

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

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

65.4 (iv) a trust to the extent the property is includable in the decedent's federal gross estate;
65.5 but excludes

65.6 (v) an entity whose ownership interest securities are traded on an exchange regulated
65.7 by the Securities and Exchange Commission as a national securities exchange under section
65.8 6 of the Securities Exchange Act, United States Code, title 15, section 78f.

65.9 **EFFECTIVE DATE.** This section is effective the day following final enactment, except
65.10 the changes incorporated by federal changes are effective retroactively at the same time the
65.11 changes were effective for federal purposes.

65.12 Sec. 7. Laws 2023, chapter 1, section 15, the effective date, is amended to read:

65.13 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
65.14 after December 31, ~~2022~~ 2019.

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

65.16 Sec. 8. **REPEALER.**

65.17 Minnesota Statutes 2022, section 290.0132, subdivision 33, as added by Laws 2023,
65.18 chapter 1, section 12, is repealed.

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

65.20 **ARTICLE 3**

65.21 **PROPERTY TAXES**

65.22 Section 1. Minnesota Statutes 2022, section 272.01, subdivision 2, is amended to read:

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

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

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

66.5 (2) except as provided in paragraph (c), property of an airport owned by a city, town,
 66.6 county, or group thereof ~~which~~ that is:

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

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

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

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

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

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

66.18 (4) except as provided in paragraph (d), property constituting or used as a passenger
 66.19 check-in area or ticket sale counter, boarding area, or luggage claim area in connection with
 66.20 a public airport ~~but not the airports owned or operated by the Metropolitan Airports~~
 66.21 ~~Commission or cities of over 50,000 population or an airport authority therein. Real estate~~
 66.22 ~~owned by a municipality in connection with the operation of a public airport and leased or~~
 66.23 ~~used for agricultural purposes is not exempt;~~

66.24 (5) property leased, loaned, or otherwise made available to a private individual,
 66.25 corporation, or association under a cooperative farming agreement made pursuant to section
 66.26 97A.135; or

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

66.29 (c) The exception from taxation provided in paragraph (b), clause (2), does not apply
 66.30 to:

66.31 (1) property located at an airport owned or operated by:

66.32 (i) the Metropolitan Airports Commission; or

67.1 (ii) a city of over 50,000 population according to the most recent federal census or such
67.2 a city's airport authority, except that, when calculating the tax imposed by this subdivision
67.3 for property taxes payable in 2024 through 2035, the net tax capacity of such property is
67.4 reduced by 50 percent if it is owned or operated by a city of over 50,000 but under 150,000
67.5 in population according to the most recent federal census or by such a city's airport authority;
67.6 or

67.7 (2) hangars leased by a private individual, association, or corporation in connection with
67.8 a business conducted for profit other than an aviation-related business.

67.9 (d) The exception from taxation provided in paragraph (b), clause (4), does not apply
67.10 to:

67.11 (1) the property described in paragraph (b), clause (4), at airports that are owned or
67.12 operated by:

67.13 (i) the Metropolitan Airports Commission; or

67.14 (ii) a city of over 50,000 population or an airport authority therein, except that, when
67.15 calculating the tax imposed by this subdivision for property taxes payable in 2024 through
67.16 2035, the net tax capacity of such property is reduced by 50 percent if it is owned or operated
67.17 by a city of over 50,000 but under 150,000 in population according to the most recent federal
67.18 census or by such a city's airport authority; or

67.19 (2) real estate owned by a municipality in connection with the operation of a public
67.20 airport and leased or used for agricultural purposes.

67.21 ~~(e)~~ (e) Taxes imposed by this subdivision are payable as in the case of personal property
67.22 taxes and shall be assessed to the lessees or users of real or personal property in the same
67.23 manner as taxes assessed to owners of real or personal property, except that such taxes shall
67.24 not become a lien against the property. When due, the taxes shall constitute a debt due from
67.25 the lessee or user to the state, township, city, county, and school district for which the taxes
67.26 were assessed and shall be collected in the same manner as personal property taxes. If
67.27 property subject to the tax imposed by this subdivision is leased or used jointly by two or
67.28 more persons, each lessee or user shall be jointly and severally liable for payment of the
67.29 tax.

67.30 ~~(d)~~ (f) The tax on real property of the federal government, the state or any of its political
67.31 subdivisions that is leased, loaned, or otherwise made available to a private individual,
67.32 association, or corporation and becomes taxable under this subdivision or other provision

68.1 of law must be assessed and collected as a personal property assessment. The taxes do not
68.2 become a lien against the real property.

68.3 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
68.4 in 2024.

68.5 Sec. 2. Minnesota Statutes 2022, section 272.02, subdivision 24, is amended to read:

68.6 Subd. 24. **Solar energy generating systems.** Personal property consisting of solar energy
68.7 generating systems, as defined in section 272.0295, is exempt. If the real property upon
68.8 which a solar energy generating system is located is used primarily for solar energy
68.9 production subject to the production tax under section 272.0295, the real property shall be
68.10 classified as class 3a. If the real property upon which a solar energy generating system is
68.11 located is not used primarily for solar energy production subject to the production tax under
68.12 section 272.0295, the real property shall be classified without regard to the system. If real
68.13 property contains more than one solar energy generating system that cannot be combined
68.14 with the nameplate capacity of another solar energy generating system for the purposes of
68.15 the production tax under section 272.0295, but is in aggregate over one megawatt, then the
68.16 real property upon which the systems are located shall be classified as class 3a.

68.17 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
68.18 in 2024 and thereafter.

68.19 Sec. 3. Minnesota Statutes 2022, section 272.02, subdivision 98, is amended to read:

68.20 Subd. 98. **Certain property owned by an Indian tribe.** (a) Property is exempt that:

68.21 (1) was classified as 3a under section 273.13, subdivision 24, for taxes payable in 2013;

68.22 (2) is located in a city of the first class with a population greater than 300,000 as of the
68.23 2010 federal census;

68.24 (3) was on January 2, 2012, and is for the current assessment owned by a federally
68.25 recognized Indian tribe, or its instrumentality, that is located within the state of Minnesota;
68.26 and

68.27 (4) is used exclusively for tribal purposes or institutions of purely public charity as
68.28 defined in subdivision 7.

68.29 (b) For purposes of this subdivision, a "tribal purpose" means a public purpose as defined
68.30 in subdivision 8 and includes noncommercial tribal government activities. Property that
68.31 qualifies for the exemption under this subdivision is limited to no more than two contiguous

69.1 parcels and structures that do not exceed in the aggregate 20,000 square feet. Property
69.2 acquired for single-family housing, market-rate apartments, agriculture, or forestry does
69.3 not qualify for this exemption. ~~The exemption created by~~ This subdivision expires with
69.4 taxes payable in ~~2024~~ 2034.

69.5 (c) Property exempt under this section is exempt from the requirements of section
69.6 272.025. Upon the written request of an assessor, all books and records relating to the
69.7 ownership or use of the property which are reasonably necessary to verify that the property
69.8 qualifies for exemption shall be made available to the assessor.

69.9 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2023 and
69.10 thereafter.

69.11 Sec. 4. Minnesota Statutes 2022, section 272.02, is amended by adding a subdivision to
69.12 read:

69.13 Subd. 105. **Elderly living facility.** An elderly living facility is exempt from taxation if
69.14 it meets all of the following requirements:

69.15 (1) the facility is located in a city of the first class with a population of fewer than
69.16 110,000;

69.17 (2) the facility is owned and operated by a nonprofit organization with tax exempt status
69.18 under section 501(c)(3) of the Internal Revenue Code;

69.19 (3) construction of the facility was completed between January 1, 1963, and January 1,
69.20 1964;

69.21 (4) the facility is an assisted living facility licensed by the state of Minnesota;

69.22 (5) residents of the facility must be (i) at least 55 years of age, or (ii) disabled; and

69.23 (6) at least 30 percent of the units in the facility are occupied by persons whose annual
69.24 income does not exceed 50 percent of the median family income for the area.

69.25 For assessment year 2022 only, an exemption application under this section must be filed
69.26 with the county assessor by June 15, 2023.

69.27 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2023.

69.28 Sec. 5. Minnesota Statutes 2022, section 273.11, subdivision 12, is amended to read:

69.29 Subd. 12. **Community land trusts.** (a) A community land trust, as defined under chapter
69.30 462A, is (i) a community-based nonprofit corporation organized under chapter 317A, which

70.1 qualifies for tax exempt status under 501(c)(3), or (ii) a "city" as defined in section 462C.02,
70.2 subdivision 6, which has received funding from the Minnesota housing finance agency for
70.3 purposes of the community land trust program. The Minnesota Housing Finance Agency
70.4 shall set the criteria for community land trusts.

70.5 (b) Before the community land trust can rent or sell a unit to an applicant, the community
70.6 land trust shall verify to the satisfaction of the administering agency or the city that the
70.7 family income of each person or family applying for a unit in the community land trust
70.8 building is within the income criteria provided in section 462A.30, subdivision 9. The
70.9 administering agency or the city shall verify to the satisfaction of the county assessor that
70.10 the occupant meets the income criteria under section 462A.30, subdivision 9. The property
70.11 tax benefits under paragraph (c) shall be granted only to property owned or rented by persons
70.12 or families within the qualifying income limits. The family income criteria and verification
70.13 is only necessary at the time of initial occupancy in the property.

70.14 (c) A unit which is owned by the occupant and used as a homestead by the occupant
70.15 qualifies for homestead treatment as class 1a under section 273.13, subdivision 22, or class
70.16 4d if the requirements of section 273.13, subdivision 25, paragraph (e), clause (2), are met.
70.17 A unit which is rented by the occupant and used as a homestead by the occupant shall be
70.18 class 4a or 4b property, under section 273.13, subdivision 25, whichever is applicable. Any
70.19 remaining portion of the property not used for residential purposes shall be classified by
70.20 the assessor in the appropriate class based upon the use of that portion of the property owned
70.21 by the community land trust. The land upon which the building is located shall be assessed
70.22 at the same classification rate as the units within the building, provided that if the building
70.23 contains some units assessed as class 1a or class 4d and some units assessed as class 4a or
70.24 4b, the market value of the land will be assessed in the same proportions as the value of the
70.25 building.

70.26 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2024
70.27 and thereafter.

70.28 Sec. 6. Minnesota Statutes 2022, section 273.124, subdivision 6, is amended to read:

70.29 Subd. 6. **Leasehold cooperatives.** When one or more dwellings or one or more buildings
70.30 which each contain several dwelling units is owned by a nonprofit corporation subject to
70.31 the provisions of chapter 317A and qualifying under section 501(c)(3) or 501(c)(4) of the
70.32 Internal Revenue Code, or a limited partnership which corporation or partnership operates
70.33 the property in conjunction with a cooperative association, and has received public financing,
70.34 homestead treatment may be claimed by the cooperative association on behalf of the members

71.1 of the cooperative for each dwelling unit occupied by a member of the cooperative. The
71.2 cooperative association must provide the assessor with the Social Security numbers or
71.3 individual taxpayer identification numbers of those members. To qualify for the treatment
71.4 provided by this subdivision, the following conditions must be met:

71.5 (a) the cooperative association must be organized under chapter 308A or 308B and all
71.6 voting members of the board of directors must be resident tenants of the cooperative and
71.7 must be elected by the resident tenants of the cooperative;

71.8 (b) the cooperative association must have a lease for occupancy of the property for a
71.9 term of at least 20 years, which permits the cooperative association, while not in default on
71.10 the lease, to participate materially in the management of the property, including material
71.11 participation in establishing budgets, setting rent levels, and hiring and supervising a
71.12 management agent;

71.13 (c) to the extent permitted under state or federal law, the cooperative association must
71.14 have a right under a written agreement with the owner to purchase the property if the owner
71.15 proposes to sell it; if the cooperative association does not purchase the property it is offered
71.16 for sale, the owner may not subsequently sell the property to another purchaser at a price
71.17 lower than the price at which it was offered for sale to the cooperative association unless
71.18 the cooperative association approves the sale;

71.19 (d) a minimum of 40 percent of the cooperative association's members must have incomes
71.20 at or less than 60 percent of area median gross income as determined by the United States
71.21 Secretary of Housing and Urban Development under section 142(d)(2)(B) of the Internal
71.22 Revenue Code. For purposes of this clause, "member income" means the income of a member
71.23 existing at the time the member acquires cooperative membership;

71.24 (e) if a limited partnership owns the property, it must include as the managing general
71.25 partner a nonprofit organization operating under the provisions of chapter 317A and
71.26 qualifying under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code and the limited
71.27 partnership agreement must provide that the managing general partner have sufficient powers
71.28 so that it materially participates in the management and control of the limited partnership;

71.29 (f) prior to becoming a member of a leasehold cooperative described in this subdivision,
71.30 a person must have received notice that (1) describes leasehold cooperative property in plain
71.31 language, including but not limited to the effects of classification under this subdivision on
71.32 rents, property taxes and tax credits or refunds, and operating expenses, and (2) states that
71.33 copies of the articles of incorporation and bylaws of the cooperative association, the lease
71.34 between the owner and the cooperative association, a sample sublease between the

72.1 cooperative association and a tenant, and, if the owner is a partnership, a copy of the limited
72.2 partnership agreement, can be obtained upon written request at no charge from the owner,
72.3 and the owner must send or deliver the materials within seven days after receiving any
72.4 request;

72.5 (g) if a dwelling unit of a building was occupied on the 60th day prior to the date on
72.6 which the unit became leasehold cooperative property described in this subdivision, the
72.7 notice described in paragraph (f) must have been sent by first class mail to the occupant of
72.8 the unit at least 60 days prior to the date on which the unit became leasehold cooperative
72.9 property. For purposes of the notice under this paragraph, the copies of the documents
72.10 referred to in paragraph (f) may be in proposed version, provided that any subsequent
72.11 material alteration of those documents made after the occupant has requested a copy shall
72.12 be disclosed to any occupant who has requested a copy of the document. Copies of the
72.13 articles of incorporation and certificate of limited partnership shall be filed with the secretary
72.14 of state after the expiration of the 60-day period unless the change to leasehold cooperative
72.15 status does not proceed;

72.16 (h) the county attorney of the county in which the property is located must certify to the
72.17 assessor that the property meets the requirements of this subdivision;

72.18 (i) the public financing received must be from at least one of the following sources:

72.19 (1) tax increment financing proceeds used for the acquisition or rehabilitation of the
72.20 building or interest rate write-downs relating to the acquisition of the building;

72.21 (2) government issued bonds exempt from taxes under section 103 of the Internal Revenue
72.22 Code, the proceeds of which are used for the acquisition or rehabilitation of the building;

72.23 (3) programs under section 221(d)(3), 202, or 236, of Title II of the National Housing
72.24 Act;

72.25 (4) rental housing program funds under Section 8 of the United States Housing Act of
72.26 1937, as amended, or the market rate family graduated payment mortgage program funds
72.27 administered by the Minnesota Housing Finance Agency that are used for the acquisition
72.28 or rehabilitation of the building;

72.29 (5) low-income housing credit under section 42 of the Internal Revenue Code;

72.30 (6) public financing provided by a local government used for the acquisition or
72.31 rehabilitation of the building, including grants or loans from (i) federal community
72.32 development block grants; (ii) HOME block grants; or (iii) residential rental bonds issued
72.33 under chapter 474A; or

73.1 (7) other rental housing program funds provided by the Minnesota Housing Finance
73.2 Agency for the acquisition or rehabilitation of the building;

73.3 (j) at the time of the initial request for homestead classification or of any transfer of
73.4 ownership of the property, the governing body of the municipality in which the property is
73.5 located must hold a public hearing and make the following findings:

73.6 (1) that the granting of the homestead treatment of the apartment's units will facilitate
73.7 safe, clean, affordable housing for the cooperative members that would otherwise not be
73.8 available absent the homestead designation;

73.9 (2) that the owner has presented information satisfactory to the governing body showing
73.10 that the savings garnered from the homestead designation of the units will be used to reduce
73.11 tenant's rents or provide a level of furnishing or maintenance not possible absent the
73.12 designation; and

73.13 (3) that the requirements of paragraphs (b), (d), and (i) have been met.

73.14 Homestead treatment must be afforded to units occupied by members of the cooperative
73.15 association and the units must be assessed as provided in subdivision 3, provided that any
73.16 unit not so occupied shall be classified and assessed pursuant to the appropriate class. No
73.17 more than three acres of land may, for assessment purposes, be included with each dwelling
73.18 unit that qualifies for homestead treatment under this subdivision.

73.19 When dwelling units no longer qualify under this subdivision, the current owner must
73.20 notify the assessor within 60 days. Failure to notify the assessor within 60 days shall result
73.21 in the loss of benefits under this subdivision for taxes payable in the year that the failure is
73.22 discovered. For these purposes, "benefits under this subdivision" means the difference in
73.23 the net tax capacity of the units which no longer qualify as computed under this subdivision
73.24 and as computed under the otherwise applicable law, times the local tax rate applicable to
73.25 the building for that taxes payable year. Upon discovery of a failure to notify, the assessor
73.26 shall inform the auditor of the difference in net tax capacity for the building or buildings in
73.27 which units no longer qualify, and the auditor shall calculate the benefits under this
73.28 subdivision. Such amount, plus a penalty equal to 100 percent of that amount, shall then be
73.29 demanded of the building's owner. The property owner may appeal the county's determination
73.30 by serving copies of a petition for review with county officials as provided in section 278.01
73.31 and filing a proof of service as provided in section 278.01 with the Minnesota Tax Court
73.32 within 60 days of the date of the notice from the county. The appeal shall be governed by
73.33 the Tax Court procedures provided in chapter 271, for cases relating to the tax laws as
73.34 defined in section 271.01, subdivision 5; disregarding sections 273.125, subdivision 5, and

74.1 278.03, but including section 278.05, subdivision 2. If the amount of the benefits under this
74.2 subdivision and penalty are not paid within 60 days, and if no appeal has been filed, the
74.3 county auditor shall certify the amount of the benefit and penalty to the succeeding year's
74.4 tax list to be collected as part of the property taxes on the affected buildings.

74.5 **EFFECTIVE DATE.** This section is effective retroactively for homestead applications
74.6 filed in 2023 and thereafter.

74.7 Sec. 7. Minnesota Statutes 2022, section 273.124, subdivision 13, is amended to read:

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

74.11 (b) The commissioner shall prescribe the content, format, and manner of the homestead
74.12 application required to be filed under this chapter pursuant to section 270C.30. The
74.13 application must clearly inform the taxpayer that this application must be signed by all
74.14 owners who occupy the property or by the qualifying relative and returned to the county
74.15 assessor in order for the property to receive homestead treatment.

74.16 (c) Every property owner applying for homestead classification must furnish to the
74.17 county assessor the Social Security number or individual taxpayer identification number of
74.18 each occupant who is listed as an owner of the property on the deed of record, the name
74.19 and address of each owner who does not occupy the property, and the name and Social
74.20 Security number or individual taxpayer identification number of the spouse of each occupying
74.21 owner. The application must be signed by each owner who occupies the property and by
74.22 each owner's spouse who occupies the property, or, in the case of property that qualifies as
74.23 a homestead under subdivision 1, paragraph (c), by the qualifying relative.

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

74.28 Owners or spouses occupying residences owned by their spouses and previously occupied
74.29 with the other spouse, either of whom fail to include the other spouse's name and Social
74.30 Security number or individual taxpayer identification number on the homestead application
74.31 or provide the affidavits or other proof requested, will be deemed to have elected to receive
74.32 only partial homestead treatment of their residence. The remainder of the residence will be
74.33 classified as nonhomestead residential. When an owner or spouse's name and Social Security

75.1 number or individual taxpayer identification number appear on homestead applications for
75.2 two separate residences and only one application is signed, the owner or spouse will be
75.3 deemed to have elected to homestead the residence for which the application was signed.

75.4 (d) If residential real estate is occupied and used for purposes of a homestead by a relative
75.5 of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in order for
75.6 the property to receive homestead status, a homestead application must be filed with the
75.7 assessor. The Social Security number or individual taxpayer identification number of each
75.8 relative occupying the property and the name and Social Security number or individual
75.9 taxpayer identification number of the spouse of a relative occupying the property shall be
75.10 required on the homestead application filed under this subdivision. If a different relative of
75.11 the owner subsequently occupies the property, the owner of the property must notify the
75.12 assessor within 30 days of the change in occupancy. The Social Security number or individual
75.13 taxpayer identification number of a relative occupying the property or the spouse of a relative
75.14 occupying the property is private data on individuals as defined by section 13.02, subdivision
75.15 12, but may be disclosed to the commissioner of revenue, or, for the purposes of proceeding
75.16 under the Revenue Recapture Act to recover personal property taxes owing, to the county
75.17 treasurer.

75.18 (e) The homestead application shall also notify the property owners that if the property
75.19 is granted homestead status for any assessment year, that same property shall remain
75.20 classified as homestead until the property is sold or transferred to another person, or the
75.21 owners, the spouse of the owner, or the relatives no longer use the property as their
75.22 homestead. Upon the sale or transfer of the homestead property, a certificate of value must
75.23 be timely filed with the county auditor as provided under section 272.115. Failure to notify
75.24 the assessor within 30 days that the property has been sold, transferred, or that the owner,
75.25 the spouse of the owner, or the relative is no longer occupying the property as a homestead,
75.26 shall result in the penalty provided under this subdivision and the property will lose its
75.27 current homestead status.

75.28 (f) If a homestead application has not been filed with the county by December 31, the
75.29 assessor shall classify the property as nonhomestead for the current assessment year for
75.30 taxes payable in the following year, provided that the owner may be entitled to receive the
75.31 homestead classification by proper application under section 375.192.

75.32 **EFFECTIVE DATE.** This section is effective retroactively for homestead applications
75.33 filed in 2023 and thereafter.

76.1 Sec. 8. Minnesota Statutes 2022, section 273.124, subdivision 13a, is amended to read:

76.2 Subd. 13a. **Occupant list.** At the request of the commissioner, each county must give
76.3 the commissioner a list that includes the name and Social Security number or individual
76.4 taxpayer identification number of each occupant of homestead property who is the property
76.5 owner, property owner's spouse, qualifying relative of a property owner, or a spouse of a
76.6 qualifying relative. The commissioner shall use the information provided on the lists as
76.7 appropriate under the law, including for the detection of improper claims by owners, or
76.8 relatives of owners, under chapter 290A.

76.9 **EFFECTIVE DATE.** This section is effective for homestead data provided to the
76.10 commissioner in 2024 and thereafter.

76.11 Sec. 9. Minnesota Statutes 2022, section 273.124, subdivision 13c, is amended to read:

76.12 Subd. 13c. **Property lists.** In addition to lists of homestead properties, the commissioner
76.13 may ask the counties to furnish lists of all properties and the record owners. The Social
76.14 Security numbers, individual taxpayer identification numbers, and federal identification
76.15 numbers that are maintained by a county or city assessor for property tax administration
76.16 purposes, and that may appear on the lists retain their classification as private or nonpublic
76.17 data; but may be viewed, accessed, and used by the county auditor or treasurer of the same
76.18 county for the limited purpose of assisting the commissioner in the preparation of microdata
76.19 samples under section 270C.12. The commissioner shall use the information provided on
76.20 the lists as appropriate under the law, including for the detection of improper claims by
76.21 owners, or relatives of owners, under chapter 290A.

76.22 **EFFECTIVE DATE.** This section is effective for homestead data provided to the
76.23 commissioner in 2024 and thereafter.

76.24 Sec. 10. Minnesota Statutes 2022, section 273.124, subdivision 13d, is amended to read:

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

76.28 (1) the property identification number assigned to the parcel for purposes of taxes payable
76.29 in the current year;

76.30 (2) the name and Social Security number or individual taxpayer identification number
76.31 of each occupant of homestead property who is the property owner or qualifying relative

77.1 of a property owner, and the spouse of the property owner who occupies homestead property
77.2 or spouse of a qualifying relative of a property owner who occupies homestead property;

77.3 (3) the classification of the property under section 273.13 for taxes payable in the current
77.4 year and in the prior year;

77.5 (4) an indication of whether the property was classified as a homestead for taxes payable
77.6 in the current year because of occupancy by a relative of the owner or by a spouse of a
77.7 relative;

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

77.10 (6) the market value of improvements to the property first assessed for tax purposes for
77.11 taxes payable in the current year;

77.12 (7) the assessor's estimated market value assigned to the property for taxes payable in
77.13 the current year and the prior year;

77.14 (8) the taxable market value assigned to the property for taxes payable in the current
77.15 year and the prior year;

77.16 (9) whether there are delinquent property taxes owing on the homestead;

77.17 (10) the unique taxing district in which the property is located; and

77.18 (11) such other information as the commissioner decides is necessary.

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

77.22 **EFFECTIVE DATE.** This section is effective for homestead data provided to the
77.23 commissioner in 2024 and thereafter.

77.24 Sec. 11. Minnesota Statutes 2022, section 273.124, subdivision 14, is amended to read:

77.25 Subd. 14. **Agricultural homesteads; special provisions.** (a) Real estate of less than ten
77.26 acres that is the homestead of its owner must be classified as class 2a under section 273.13,
77.27 subdivision 23, paragraph (a), if:

77.28 (1) the parcel on which the house is located is contiguous on at least two sides to (i)
77.29 agricultural land, (ii) land owned or administered by the United States Fish and Wildlife
77.30 Service, or (iii) land administered by the Department of Natural Resources on which in lieu
77.31 taxes are paid under sections 477A.11 to 477A.14 or section 477A.17;

78.1 (2) its owner also owns a noncontiguous parcel of agricultural land that is at least 20
78.2 acres;

78.3 (3) the noncontiguous land is located not farther than four townships or cities, or a
78.4 combination of townships or cities from the homestead; and

78.5 (4) the agricultural use value of the noncontiguous land and farm buildings is equal to
78.6 at least 50 percent of the market value of the house, garage, and one acre of land.

78.7 Homesteads initially classified as class 2a under the provisions of this paragraph shall
78.8 remain classified as class 2a, irrespective of subsequent changes in the use of adjoining
78.9 properties, as long as the homestead remains under the same ownership, the owner owns a
78.10 noncontiguous parcel of agricultural land that is at least 20 acres, and the agricultural use
78.11 value qualifies under clause (4). Homestead classification under this paragraph is limited
78.12 to property that qualified under this paragraph for the 1998 assessment.

78.13 (b)(i) Agricultural property shall be classified as the owner's homestead, to the same
78.14 extent as other agricultural homestead property, if all of the following criteria are met:

78.15 (1) the agricultural property consists of at least 40 acres including undivided government
78.16 lots and correctional 40's;

78.17 (2) the owner, the owner's spouse, or a grandchild, child, sibling, or parent of the owner
78.18 or of the owner's spouse, is actively farming the agricultural property, either on the person's
78.19 own behalf as an individual or on behalf of a partnership operating a family farm, family
78.20 farm corporation, joint family farm venture, or limited liability company of which the person
78.21 is a partner, shareholder, or member;

78.22 (3) both the owner of the agricultural property and the person who is actively farming
78.23 the agricultural property under clause (2), are Minnesota residents;

78.24 (4) neither the owner nor the spouse of the owner claims another agricultural homestead
78.25 in Minnesota; and

78.26 (5) neither the owner nor the person actively farming the agricultural property lives
78.27 farther than four townships or cities, or a combination of four townships or cities, from the
78.28 agricultural property, except that if the owner or the owner's spouse is required to live in
78.29 employer-provided housing, the owner or owner's spouse, whichever is actively farming
78.30 the agricultural property, may live more than four townships or cities, or combination of
78.31 four townships or cities from the agricultural property.

78.32 The relationship under this paragraph may be either by blood or marriage.

79.1 (ii) Property containing the residence of an owner who owns qualified property under
79.2 clause (i) shall be classified as part of the owner's agricultural homestead, if that property
79.3 is also used for noncommercial storage or drying of agricultural crops.

79.4 (iii) As used in this paragraph, "agricultural property" means class 2a property and any
79.5 class 2b property that is contiguous to and under the same ownership as the class 2a property.

79.6 (c) Noncontiguous land shall be included as part of a homestead under section 273.13,
79.7 subdivision 23, paragraph (a), only if the homestead is classified as class 2a and the detached
79.8 land is located in the same township or city, or not farther than four townships or cities or
79.9 combination thereof from the homestead. Any taxpayer of these noncontiguous lands must
79.10 notify the county assessor that the noncontiguous land is part of the taxpayer's homestead,
79.11 and, if the homestead is located in another county, the taxpayer must also notify the assessor
79.12 of the other county.

79.13 (d) Agricultural land used for purposes of a homestead and actively farmed by a person
79.14 holding a vested remainder interest in it must be classified as a homestead under section
79.15 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a, any other
79.16 dwellings on the land used for purposes of a homestead by persons holding vested remainder
79.17 interests who are actively engaged in farming the property, and up to one acre of the land
79.18 surrounding each homestead and reasonably necessary for the use of the dwelling as a home,
79.19 must also be assessed class 2a.

79.20 (e) Agricultural land and buildings that were class 2a homestead property under section
79.21 273.13, subdivision 23, paragraph (a), for the 1997 assessment shall remain classified as
79.22 agricultural homesteads for subsequent assessments if:

79.23 (1) the property owner abandoned the homestead dwelling located on the agricultural
79.24 homestead as a result of the April 1997 floods;

79.25 (2) the property is located in the county of Polk, Clay, Kittson, Marshall, Norman, or
79.26 Wilkin;

79.27 (3) the agricultural land and buildings remain under the same ownership for the current
79.28 assessment year as existed for the 1997 assessment year and continue to be used for
79.29 agricultural purposes;

79.30 (4) the dwelling occupied by the owner is located in Minnesota and is within 30 miles
79.31 of one of the parcels of agricultural land that is owned by the taxpayer; and

79.32 (5) the owner notifies the county assessor that the relocation was due to the 1997 floods,
79.33 and the owner furnishes the assessor any information deemed necessary by the assessor in

80.1 verifying the change in dwelling. Further notifications to the assessor are not required if the
80.2 property continues to meet all the requirements in this paragraph and any dwellings on the
80.3 agricultural land remain uninhabited.

80.4 (f) Agricultural land and buildings that were class 2a homestead property under section
80.5 273.13, subdivision 23, paragraph (a), for the 1998 assessment shall remain classified
80.6 agricultural homesteads for subsequent assessments if:

80.7 (1) the property owner abandoned the homestead dwelling located on the agricultural
80.8 homestead as a result of damage caused by a March 29, 1998, tornado;

80.9 (2) the property is located in the county of Blue Earth, Brown, Cottonwood, Le Sueur,
80.10 Nicollet, Nobles, or Rice;

80.11 (3) the agricultural land and buildings remain under the same ownership for the current
80.12 assessment year as existed for the 1998 assessment year;

80.13 (4) the dwelling occupied by the owner is located in this state and is within 50 miles of
80.14 one of the parcels of agricultural land that is owned by the taxpayer; and

80.15 (5) the owner notifies the county assessor that the relocation was due to a March 29,
80.16 1998, tornado, and the owner furnishes the assessor any information deemed necessary by
80.17 the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the
80.18 owner must notify the assessor by December 1, 1998. Further notifications to the assessor
80.19 are not required if the property continues to meet all the requirements in this paragraph and
80.20 any dwellings on the agricultural land remain uninhabited.

80.21 (g) Agricultural property of a family farm corporation, joint family farm venture, family
80.22 farm limited liability company, or partnership operating a family farm as described under
80.23 subdivision 8 shall be classified homestead, to the same extent as other agricultural homestead
80.24 property, if all of the following criteria are met:

80.25 (1) the property consists of at least 40 acres including undivided government lots and
80.26 correctional 40's;

80.27 (2) a shareholder, member, or partner of that entity is actively farming the agricultural
80.28 property;

80.29 (3) that shareholder, member, or partner who is actively farming the agricultural property
80.30 is a Minnesota resident;

80.31 (4) neither that shareholder, member, or partner, nor the spouse of that shareholder,
80.32 member, or partner claims another agricultural homestead in Minnesota; and

81.1 (5) that shareholder, member, or partner does not live farther than four townships or
81.2 cities, or a combination of four townships or cities, from the agricultural property.

81.3 Homestead treatment applies under this paragraph even if:

81.4 (i) the shareholder, member, or partner of that entity is actively farming the agricultural
81.5 property on the shareholder's, member's, or partner's own behalf; or

81.6 (ii) the family farm is operated by a family farm corporation, joint family farm venture,
81.7 partnership, or limited liability company other than the family farm corporation, joint family
81.8 farm venture, partnership, or limited liability company that owns the land, provided that:

81.9 (A) the shareholder, member, or partner of the family farm corporation, joint family
81.10 farm venture, partnership, or limited liability company that owns the land who is actively
81.11 farming the land is a shareholder, member, or partner of the family farm corporation, joint
81.12 family farm venture, partnership, or limited liability company that is operating the farm;
81.13 and

81.14 (B) more than half of the shareholders, members, or partners of each family farm
81.15 corporation, joint family farm venture, partnership, or limited liability company are persons
81.16 or spouses of persons who are a qualifying relative under section 273.124, subdivision 1,
81.17 paragraphs (c) and (d).

81.18 Homestead treatment applies under this paragraph for property leased to a family farm
81.19 corporation, joint farm venture, limited liability company, or partnership operating a family
81.20 farm if legal title to the property is in the name of an individual who is a member, shareholder,
81.21 or partner in the entity.

81.22 (h) To be eligible for the special agricultural homestead under this subdivision, an initial
81.23 full application must be submitted to the county assessor where the property is located.
81.24 Owners and the persons who are actively farming the property shall be required to complete
81.25 only a one-page abbreviated version of the application in each subsequent year provided
81.26 that none of the following items have changed since the initial application:

81.27 (1) the day-to-day operation, administration, and financial risks remain the same;

81.28 (2) the owners and the persons actively farming the property continue to live within the
81.29 four townships or city criteria and are Minnesota residents;

81.30 (3) the same operator of the agricultural property is listed with the Farm Service Agency;

81.31 (4) a Schedule F or equivalent income tax form was filed for the most recent year;

81.32 (5) the property's acreage is unchanged; and

82.1 (6) none of the property's acres have been enrolled in a federal or state farm program
82.2 since the initial application.

82.3 The owners and any persons who are actively farming the property must include the
82.4 appropriate Social Security numbers or individual taxpayer identification numbers, and sign
82.5 and date the application. If any of the specified information has changed since the full
82.6 application was filed, the owner must notify the assessor, and must complete a new
82.7 application to determine if the property continues to qualify for the special agricultural
82.8 homestead. The commissioner of revenue shall prepare a standard reapplication form for
82.9 use by the assessors.

82.10 (i) Agricultural land and buildings that were class 2a homestead property under section
82.11 273.13, subdivision 23, paragraph (a), for the 2007 assessment shall remain classified
82.12 agricultural homesteads for subsequent assessments if:

82.13 (1) the property owner abandoned the homestead dwelling located on the agricultural
82.14 homestead as a result of damage caused by the August 2007 floods;

82.15 (2) the property is located in the county of Dodge, Fillmore, Houston, Olmsted, Steele,
82.16 Wabasha, or Winona;

82.17 (3) the agricultural land and buildings remain under the same ownership for the current
82.18 assessment year as existed for the 2007 assessment year;

82.19 (4) the dwelling occupied by the owner is located in this state and is within 50 miles of
82.20 one of the parcels of agricultural land that is owned by the taxpayer; and

82.21 (5) the owner notifies the county assessor that the relocation was due to the August 2007
82.22 floods, and the owner furnishes the assessor any information deemed necessary by the
82.23 assessor in verifying the change in homestead dwelling. For taxes payable in 2009, the
82.24 owner must notify the assessor by December 1, 2008. Further notifications to the assessor
82.25 are not required if the property continues to meet all the requirements in this paragraph and
82.26 any dwellings on the agricultural land remain uninhabited.

82.27 (j) Agricultural land and buildings that were class 2a homestead property under section
82.28 273.13, subdivision 23, paragraph (a), for the 2008 assessment shall remain classified as
82.29 agricultural homesteads for subsequent assessments if:

82.30 (1) the property owner abandoned the homestead dwelling located on the agricultural
82.31 homestead as a result of the March 2009 floods;

82.32 (2) the property is located in the county of Marshall;

83.1 (3) the agricultural land and buildings remain under the same ownership for the current
83.2 assessment year as existed for the 2008 assessment year and continue to be used for
83.3 agricultural purposes;

83.4 (4) the dwelling occupied by the owner is located in Minnesota and is within 50 miles
83.5 of one of the parcels of agricultural land that is owned by the taxpayer; and

83.6 (5) the owner notifies the county assessor that the relocation was due to the 2009 floods,
83.7 and the owner furnishes the assessor any information deemed necessary by the assessor in
83.8 verifying the change in dwelling. Further notifications to the assessor are not required if the
83.9 property continues to meet all the requirements in this paragraph and any dwellings on the
83.10 agricultural land remain uninhabited.

83.11 **EFFECTIVE DATE.** This section is effective retroactively for homestead applications
83.12 filed in 2023 and thereafter.

83.13 Sec. 12. Minnesota Statutes 2022, section 273.1245, subdivision 1, is amended to read:

83.14 Subdivision 1. **Private or nonpublic data.** The following data are private or nonpublic
83.15 data as defined in section 13.02, subdivisions 9 and 12, when they are submitted to a county
83.16 or local assessor under section 273.124, 273.13, or another section, to support a claim for
83.17 the property tax homestead classification under section 273.13, or other property tax
83.18 classification or benefit:

83.19 (1) Social Security numbers;

83.20 (2) individual taxpayer identification numbers;

83.21 ~~(2)~~ (3) copies of state or federal income tax returns; and

83.22 ~~(3)~~ (4) state or federal income tax return information, including the federal income tax
83.23 schedule F.

83.24 **EFFECTIVE DATE.** This section is effective retroactively for homestead applications
83.25 filed in 2023 and thereafter.

83.26 Sec. 13. Minnesota Statutes 2022, section 273.13, subdivision 25, is amended to read:

83.27 Subd. 25. **Class 4.** (a) Class 4a is residential real estate containing four or more units
83.28 and used or held for use by the owner or by the tenants or lessees of the owner as a residence
83.29 for rental periods of 30 days or more, excluding property qualifying for class 4d. Class 4a
83.30 also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt
83.31 under section 272.02, and contiguous property used for hospital purposes, without regard

84.1 to whether the property has been platted or subdivided. The market value of class 4a property
84.2 has a classification rate of 1.25 percent.

84.3 (b) Class 4b includes:

84.4 (1) residential real estate containing less than four units, including property rented as a
84.5 short-term rental property for more than 14 days in the preceding year, that does not qualify
84.6 as class 4bb, other than seasonal residential recreational property;

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

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

84.10 (4) unimproved property that is classified residential as determined under subdivision
84.11 33.

84.12 For the purposes of this paragraph, "short-term rental property" means nonhomestead
84.13 residential real estate rented for periods of less than 30 consecutive days.

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

84.15 (c) Class 4bb includes:

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

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

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

84.22 Class 4bb property has the same classification rates as class 1a property under subdivision
84.23 22.

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

84.27 (d) Class 4c property includes:

84.28 (1) except as provided in subdivision 22, paragraph (c), real and personal property
84.29 devoted to commercial temporary and seasonal residential occupancy for recreation purposes,
84.30 for not more than 250 days in the year preceding the year of assessment. For purposes of
84.31 this clause, property is devoted to a commercial purpose on a specific day if any portion of

85.1 the property is used for residential occupancy, and a fee is charged for residential occupancy.
85.2 Class 4c property under this clause must contain three or more rental units. A "rental unit"
85.3 is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site
85.4 equipped with water and electrical hookups for recreational vehicles. A camping pad offered
85.5 for rent by a property that otherwise qualifies for class 4c under this clause is also class 4c
85.6 under this clause regardless of the term of the rental agreement, as long as the use of the
85.7 camping pad does not exceed 250 days. In order for a property to be classified under this
85.8 clause, either (i) the business located on the property must provide recreational activities,
85.9 at least 40 percent of the annual gross lodging receipts related to the property must be from
85.10 business conducted during 90 consecutive days, and either (A) at least 60 percent of all paid
85.11 bookings by lodging guests during the year must be for periods of at least two consecutive
85.12 nights; or (B) at least 20 percent of the annual gross receipts must be from charges for
85.13 providing recreational activities, or (ii) the business must contain 20 or fewer rental units,
85.14 and must be located in a township or a city with a population of 2,500 or less located outside
85.15 the metropolitan area, as defined under section 473.121, subdivision 2, that contains a portion
85.16 of a state trail administered by the Department of Natural Resources. For purposes of item
85.17 (i)(A), a paid booking of five or more nights shall be counted as two bookings. Class 4c
85.18 property also includes commercial use real property used exclusively for recreational
85.19 purposes in conjunction with other class 4c property classified under this clause and devoted
85.20 to temporary and seasonal residential occupancy for recreational purposes, up to a total of
85.21 two acres, provided the property is not devoted to commercial recreational use for more
85.22 than 250 days in the year preceding the year of assessment and is located within two miles
85.23 of the class 4c property with which it is used. In order for a property to qualify for
85.24 classification under this clause, the owner must submit a declaration to the assessor
85.25 designating the cabins or units occupied for 250 days or less in the year preceding the year
85.26 of assessment by January 15 of the assessment year. Those cabins or units and a proportionate
85.27 share of the land on which they are located must be designated class 4c under this clause
85.28 as otherwise provided. The remainder of the cabins or units and a proportionate share of
85.29 the land on which they are located will be designated as class 3a. The owner of property
85.30 desiring designation as class 4c property under this clause must provide guest registers or
85.31 other records demonstrating that the units for which class 4c designation is sought were not
85.32 occupied for more than 250 days in the year preceding the assessment if so requested. The
85.33 portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center
85.34 or meeting room, and (5) other nonresidential facility operated on a commercial basis not
85.35 directly related to temporary and seasonal residential occupancy for recreation purposes
85.36 does not qualify for class 4c. For the purposes of this paragraph, "recreational activities"

86.1 means renting ice fishing houses, boats and motors, snowmobiles, downhill or cross-country
86.2 ski equipment; providing marina services, launch services, or guide services; or selling bait
86.3 and fishing tackle;

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

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

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

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

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

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

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

86.21 For purposes of this clause:

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

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

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

86.31 (D) "revenue-producing activities" shall include but not be limited to property or that
86.32 portion of the property that is used as an on-sale intoxicating liquor or 3.2 percent malt

87.1 liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling
87.2 alley, a retail store, gambling conducted by organizations licensed under chapter 349, an
87.3 insurance business, or office or other space leased or rented to a lessee who conducts a
87.4 for-profit enterprise on the premises.

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

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

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

87.19 (5)(i) manufactured home parks as defined in section 327.14, subdivision 3, excluding
87.20 manufactured home parks described in items (ii) and (iii), (ii) manufactured home parks as
87.21 defined in section 327.14, subdivision 3, that are described in section 273.124, subdivision
87.22 3a, and (iii) class I manufactured home parks as defined in section 327C.015, subdivision
87.23 2;

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

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

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

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

88.1 If a hangar classified under this clause is sold after June 30, 2000, a bill of sale must be
88.2 filed by the new owner with the assessor of the county where the property is located within
88.3 60 days of the sale;

88.4 (8) a privately owned noncommercial aircraft storage hangar not exempt under section
88.5 272.01, subdivision 2, and the land on which it is located, provided that:

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

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

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

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

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

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

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

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

88.23 (10) real property up to a maximum of three acres and operated as a restaurant as defined
88.24 under section 157.15, subdivision 12, provided it: (i) is located on a lake as defined under
88.25 section 103G.005, subdivision 15, paragraph (a), clause (3); and (ii) is either devoted to
88.26 commercial purposes for not more than 250 consecutive days, or receives at least 60 percent
88.27 of its annual gross receipts from business conducted during four consecutive months. Gross
88.28 receipts from the sale of alcoholic beverages must be included in determining the property's
88.29 qualification under item (ii). The property's primary business must be as a restaurant and
88.30 not as a bar. Gross receipts from gift shop sales located on the premises must be excluded.
88.31 Owners of real property desiring 4c classification under this clause must submit an annual
88.32 declaration to the assessor by February 1 of the current assessment year, based on the
88.33 property's relevant information for the preceding assessment year;

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

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

89.13 Class 4c property has a classification rate of 1.5 percent of market value, except that (i)
89.14 each parcel of noncommercial seasonal residential recreational property under clause (12)
89.15 has the same classification rates as class 4bb property, (ii) manufactured home parks assessed
89.16 under clause (5), item (i), have the same classification rate as class 4b property, the market
89.17 value of manufactured home parks assessed under clause (5), item (ii), have a classification
89.18 rate of 0.75 percent if more than 50 percent of the lots in the park are occupied by
89.19 shareholders in the cooperative corporation or association and a classification rate of one
89.20 percent if 50 percent or less of the lots are so occupied, and class I manufactured home
89.21 parks as defined in section 327C.015, subdivision 2, have a classification rate of 1.0 percent,
89.22 (iii) commercial-use seasonal residential recreational property and marina recreational land
89.23 as described in clause (11), has a classification rate of one percent for the first \$500,000 of
89.24 market value, and 1.25 percent for the remaining market value, (iv) the market value of
89.25 property described in clause (4) has a classification rate of one percent, (v) the market value
89.26 of property described in clauses (2), (6), and (10) has a classification rate of 1.25 percent,
89.27 (vi) that portion of the market value of property in clause (9) qualifying for class 4c property
89.28 has a classification rate of 1.25 percent, and (vii) property qualifying for classification under
89.29 clause (3) that is owned or operated by a congressionally chartered veterans organization
89.30 has a classification rate of one percent. The commissioner of veterans affairs must provide
89.31 a list of congressionally chartered veterans organizations to the commissioner of revenue
89.32 by June 30, 2017, and by January 1, 2018, and each year thereafter.

89.33 (e) Class 4d property ~~is~~ includes:

89.34 (1) qualifying low-income rental housing certified to the assessor by the Housing Finance
89.35 Agency under section 273.128, subdivision 3. If only a portion of the units in the building

90.1 qualify as low-income rental housing units as certified under section 273.128, subdivision
90.2 3, only the proportion of qualifying units to the total number of units in the building qualify
90.3 for class 4d(1). The remaining portion of the building shall be classified by the assessor
90.4 based upon its use. Class 4d(1) also includes the same proportion of land as the qualifying
90.5 low-income rental housing units are to the total units in the building. For all properties
90.6 qualifying as class 4d(1), the market value determined by the assessor must be based on the
90.7 normal approach to value using normal unrestricted rents; and

90.8 (2) a unit that is owned by the occupant and used as a homestead by the occupant, and
90.9 otherwise meets all the requirements for community land trust property under section 273.11,
90.10 subdivision 12, provided that by December 31 of each assessment year, the community land
90.11 trust certifies to the assessor that (i) the community land trust owns the real property on
90.12 which the unit is located, and (ii) the unit owner is a member in good standing of the
90.13 community land trust. For all units qualifying as class 4d(2), the market value determined
90.14 by the assessor must be based on the normal approach to value without regard to any
90.15 restrictions that apply because the unit is a community land trust property.

90.16 (f) The first tier of market value of class 4d(1) property has a classification rate of 0.75
90.17 percent. The remaining value of class 4d(1) property has a classification rate of 0.25 percent.
90.18 For the purposes of this paragraph, the "first tier of market value of class 4d(1) property"
90.19 means the market value of each housing unit up to the first tier limit. For the purposes of
90.20 this paragraph, all class 4d property value must be assigned to individual housing units. The
90.21 first tier limit is \$100,000 for assessment years 2022 and 2023. For subsequent assessment
90.22 years, the limit is adjusted each year by the average statewide change in estimated market
90.23 value of property classified as class 4a and 4d under this section for the previous assessment
90.24 year, excluding valuation change due to new construction, rounded to the nearest \$1,000,
90.25 provided, however, that the limit may never be less than \$100,000. Beginning with
90.26 assessment year 2015, the commissioner of revenue must certify the limit for each assessment
90.27 year by November 1 of the previous year. Class 4d(2) property has a classification rate of
90.28 0.75 percent.

90.29 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2024
90.30 and thereafter.

90.31 Sec. 14. Minnesota Statutes 2022, section 273.13, subdivision 34, is amended to read:

90.32 Subd. 34. **Homestead of veteran with a disability or family caregiver.** (a) All or a
90.33 portion of the market value of property owned by a veteran and serving as the veteran's
90.34 homestead under this section is excluded in determining the property's taxable market value

91.1 if the veteran has a service-connected disability of 70 percent or more as certified by the
91.2 United States Department of Veterans Affairs. To qualify for exclusion under this subdivision,
91.3 the veteran must have been honorably discharged from the United States armed forces, as
91.4 indicated by United States Government Form DD214 or other official military discharge
91.5 papers.

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

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

91.10 (c) If a veteran with a disability qualifying for a valuation exclusion under paragraph
91.11 (b), clause (2), predeceases the veteran's spouse, and if upon the death of the veteran the
91.12 spouse holds the legal or beneficial title to the homestead and permanently resides there,
91.13 the exclusion shall carry over to the benefit of the veteran's spouse until such time as the
91.14 spouse remarries, or sells, transfers, or otherwise disposes of the property, except as otherwise
91.15 provided in paragraph (n). Qualification under this paragraph requires an application under
91.16 paragraph (h), and a spouse must notify the assessor if there is a change in the spouse's
91.17 marital status, ownership of the property, or use of the property as a permanent residence.

91.18 (d) If the spouse of a member of any branch or unit of the United States armed forces
91.19 who dies due to a service-connected cause while serving honorably in active service, as
91.20 indicated on United States Government Form DD1300 or DD2064, holds the legal or
91.21 beneficial title to a homestead and permanently resides there, the spouse is entitled to the
91.22 benefit described in paragraph (b), clause (2), until such time as the spouse remarries or
91.23 sells, transfers, or otherwise disposes of the property, except as otherwise provided in
91.24 paragraph (n).

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

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

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

92.1 (h) To qualify for a valuation exclusion under this subdivision a property owner must
92.2 apply to the assessor by December 31 of the first assessment year for which the exclusion
92.3 is sought. Except as provided in paragraph (c), the owner of a property that has been accepted
92.4 for a valuation exclusion must notify the assessor if there is a change in ownership of the
92.5 property or in the use of the property as a homestead.

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

92.8 (j) For purposes of this subdivision:

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

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

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

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

92.16 (k) If a veteran ~~dying after December 31, 2011~~, did not apply for or receive the exclusion
92.17 under paragraph (b), clause (2), before dying, or the exclusion under paragraph (b), clause
92.18 (2), did not exist at the time of the veterans death, the veteran's spouse is entitled to the
92.19 benefit under paragraph (b), clause (2), until the spouse remarries or sells, transfers, or
92.20 otherwise disposes of the property, except as otherwise provided in paragraph (n), if:

92.21 (1) the spouse files a first-time application ~~within two years of the death of the service~~
92.22 ~~member or by June 1, 2019, whichever is later~~;

92.23 (2) upon the death of the veteran, the spouse holds the legal or beneficial title to the
92.24 homestead and permanently resides there;

92.25 (3) the veteran met the honorable discharge requirements of paragraph (a); and

92.26 (4) the United States Department of Veterans Affairs certifies that:

92.27 (i) the veteran met the total (100 percent) and permanent disability requirement under
92.28 paragraph (b), clause (2); or

92.29 (ii) the spouse has been awarded dependency and indemnity compensation.

92.30 (l) The purpose of this provision of law providing a level of homestead property tax
92.31 relief for veterans with a disability, their primary family caregivers, and their surviving

93.1 spouses is to help ease the burdens of war for those among our state's citizens who bear
93.2 those burdens most heavily.

93.3 (m) By July 1, the county veterans service officer must certify the disability rating and
93.4 permanent address of each veteran receiving the benefit under paragraph (b) to the assessor.

93.5 (n) A spouse who received the benefit in paragraph (c), (d), or (k) but no longer holds
93.6 the legal or beneficial title to the property may continue to receive the exclusion for a
93.7 property other than the property for which the exclusion was initially granted until the spouse
93.8 remarries or sells, transfers, or otherwise disposes of the property, provided that:

93.9 (1) the spouse applies under paragraph (h) for the continuation of the exclusion allowed
93.10 under this paragraph;

93.11 (2) the spouse holds the legal or beneficial title to the property for which the continuation
93.12 of the exclusion is sought under this paragraph, and permanently resides there;

93.13 (3) the estimated market value of the property for which the exclusion is sought under
93.14 this paragraph is less than or equal to the estimated market value of the property that first
93.15 received the exclusion, based on the value of each property on the date of the sale of the
93.16 property that first received the exclusion; and

93.17 (4) the spouse has not previously received the benefit under this paragraph for a property
93.18 other than the property for which the exclusion is sought.

93.19 (o) If a spouse had previously received the exclusion under paragraph (c) or (d) and the
93.20 exclusion expired prior to taxes payable in 2020, the spouse may reapply under this section
93.21 for the exclusion under paragraph (c) or (d).

93.22 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2023.

93.23 Sec. 15. Minnesota Statutes 2022, section 273.13, subdivision 35, is amended to read:

93.24 Subd. 35. **Homestead market value exclusion.** (a) Prior to determining a property's
93.25 net tax capacity under this section, property classified as 4d(2) under subdivision 25,
93.26 paragraph (e), clause (2), class 1a or 1b under subdivision 22, and the portion of property
93.27 classified as class 2a under subdivision 23 consisting of the house, garage, and surrounding
93.28 one acre of land, shall be eligible for a market value exclusion as determined under paragraph
93.29 (b).

93.30 (b) For a homestead valued at ~~\$76,000~~ \$80,300 or less, the exclusion is 40 percent of
93.31 market value. For a homestead valued between ~~\$76,000~~ \$80,300 and ~~\$413,800~~ \$437,100,
93.32 the exclusion is ~~\$30,400~~ \$32,120 minus nine percent of the valuation over ~~\$76,000~~ \$80,300.

94.1 For a homestead valued at ~~\$413,800~~ \$437,100 or more, there is no valuation exclusion. The
94.2 valuation exclusion shall be rounded to the nearest whole dollar, and may not be less than
94.3 zero.

94.4 (c) Any valuation exclusions or adjustments under section 273.11 shall be applied prior
94.5 to determining the amount of the valuation exclusion under this subdivision.

94.6 (d) In the case of a property that is classified as part homestead and part nonhomestead,
94.7 (i) the exclusion shall apply only to the homestead portion of the property, but (ii) if a portion
94.8 of a property is classified as nonhomestead solely because not all the owners occupy the
94.9 property, not all the owners have qualifying relatives occupying the property, or solely
94.10 because not all the spouses of owners occupy the property, the exclusion amount shall be
94.11 initially computed as if that nonhomestead portion were also in the homestead class and
94.12 then prorated to the owner-occupant's percentage of ownership. For the purpose of this
94.13 section, when an owner-occupant's spouse does not occupy the property, the percentage of
94.14 ownership for the owner-occupant spouse is one-half of the couple's ownership percentage.

94.15 **EFFECTIVE DATE.** This section is effective for assessment year 2024 and thereafter.

94.16 Sec. 16. Minnesota Statutes 2022, section 273.1315, subdivision 2, is amended to read:

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

94.22 (1) the information necessary to verify that, on or before June 30 of the filing year, the
94.23 property owner or the owner's spouse satisfies the requirements of section 273.13, subdivision
94.24 22, paragraph (b), for class 1b classification; and

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

94.26 (b) The declaration must be filed on or before October 1 to be effective for property
94.27 taxes payable during the succeeding calendar year. The Social Security numbers, individual
94.28 taxpayer identification numbers, and income and medical information received from the
94.29 property owner pursuant to this subdivision are private data on individuals as defined in
94.30 section 13.02. If approved by the assessor, the declaration remains in effect until the property
94.31 no longer qualifies under section 273.13, subdivision 22, paragraph (b). Failure to notify
94.32 the assessor within 30 days that the property no longer qualifies under that paragraph because
94.33 of a sale, change in occupancy, or change in the status or condition of an occupant shall

95.1 result in the penalty provided in section 273.124, subdivision 13b, computed on the basis
95.2 of the class 1b benefits for the property, and the property shall lose its current class 1b
95.3 classification.

95.4 **EFFECTIVE DATE.** This section is effective retroactively for homestead applications
95.5 filed in 2023 and thereafter.

95.6 Sec. 17. Minnesota Statutes 2022, section 275.065, subdivision 3, is amended to read:

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

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

95.14 (c) The notice must inform taxpayers that it contains the amount of property taxes each
95.15 taxing authority proposes to collect for taxes payable the following year. In the case of a
95.16 town, or in the case of the state general tax, the final tax amount will be its proposed tax.
95.17 The notice must clearly state for each city that has a population over 500, county, school
95.18 district, regional library authority established under section 134.201, metropolitan taxing
95.19 districts as defined in paragraph (i), and fire protection and emergency medical services
95.20 special taxing districts established under section 144F.01, the time and place of a meeting
95.21 for each taxing authority in which the budget and levy will be discussed and public input
95.22 allowed, prior to the final budget and levy determination. The taxing authorities must provide
95.23 the county auditor with the information to be included in the notice on or before the time it
95.24 certifies its proposed levy under subdivision 1. The public must be allowed to speak at that
95.25 meeting, which must occur after November 24 and must not be held before 6:00 p.m. It
95.26 must provide a website address and a telephone number for the taxing authority that taxpayers
95.27 may call if they have questions related to the notice and an address where comments will
95.28 be received by mail, except that no notice required under this section shall be interpreted
95.29 as requiring the printing of a personal telephone number or address as the contact information
95.30 for a taxing authority. If a taxing authority does not maintain a website or public offices
95.31 where telephone calls can be received by the authority, the authority may inform the county
95.32 of the lack of a public website or telephone number and the county shall not list a website
95.33 or telephone number for that taxing authority.

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

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

96.7 (2) the items listed below, shown separately by county, city or town, and state general
96.8 tax, agricultural homestead credit under section 273.1384, school building bond agricultural
96.9 credit under section 273.1387, voter approved school levy, other local school levy, and the
96.10 sum of the special taxing districts, and as a total of all taxing authorities:

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

96.12 (ii) the proposed tax amount.

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

96.16 In the case of a town or the state general tax, the final tax shall also be its proposed tax
96.17 unless the town changes its levy at a special town meeting under section 365.52. If a school
96.18 district has certified under section 126C.17, subdivision 9, that a referendum will be held
96.19 in the school district at the November general election, the county auditor must note next
96.20 to the school district's proposed amount that a referendum is pending and that, if approved
96.21 by the voters, the tax amount may be higher than shown on the notice. In the case of the
96.22 city of Minneapolis, the levy for Minneapolis Park and Recreation shall be listed separately
96.23 from the remaining amount of the city's levy. In the case of the city of St. Paul, the levy for
96.24 the St. Paul Library Agency must be listed separately from the remaining amount of the
96.25 city's levy. In the case of Ramsey County, any amount levied under section 134.07 may be
96.26 listed separately from the remaining amount of the county's levy. In the case of a parcel
96.27 where tax increment or the fiscal disparities areawide tax under chapter 276A or 473F
96.28 applies, the proposed tax levy on the captured value or the proposed tax levy on the tax
96.29 capacity subject to the areawide tax must each be stated separately and not included in the
96.30 sum of the special taxing districts; and

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

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

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

97.6 (1) special assessments;

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

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

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

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

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

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

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

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

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

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

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

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

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

98.6 (1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325, 473.446,
98.7 473.521, 473.547, or 473.834;

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

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

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

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

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

98.22 (2) population growth and decline;

98.23 (3) state or federal government action; and

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

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

98.30 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
98.31 in 2024.

99.1 Sec. 18. Minnesota Statutes 2022, section 275.065, subdivision 3b, is amended to read:

99.2 Subd. 3b. **Notice of proposed property taxes required supplemental information.** ~~(a)~~

99.3 The county auditor must prepare ~~a separate statement~~ supplemental information to be
99.4 delivered with the notice of proposed taxes described in subdivision 3. The ~~statement~~
99.5 information must fit on one sheet of paper and contain ~~for each parcel~~:

99.6 ~~(1) for the county, city or township,~~ all home rule charter or statutory cities and school
99.7 ~~district in which the parcel lies~~ districts within the county, the certified levy for the current
99.8 taxes payable year, the proposed levy for taxes payable in the following year, and the increase
99.9 or decrease between these two amounts, expressed as a percentage; and each listed separately.

99.10 ~~(2) summary budget information listed in paragraph (b).~~

99.11 ~~(b) Summary budget information must contain budget data from the county, city, and~~
99.12 ~~school district that proposes a property tax levy on the parcel for taxes payable the following~~
99.13 ~~year. For the school district, the summary budget data must include the information provided~~
99.14 ~~to the public under section 123B.10, subdivision 1, paragraph (b), for the current year and~~
99.15 ~~prior year. For the county and city, the reported summary budget data must contain the same~~
99.16 ~~information, in the same categories, and in the same format as provided to the Office of the~~
99.17 ~~State Auditor as required by section 6.745. The statement must provide the governmental~~
99.18 ~~revenues and current expenditures information in clauses (1) and (2) for the taxing authority's~~
99.19 ~~budget for taxes payable the following year and the taxing authority's budget from taxes~~
99.20 ~~payable in the current year, as well as the percent change between the two years. The city~~
99.21 ~~must provide the county auditor with the summary budget data at the same time as the~~
99.22 ~~information required under subdivision 3. Only cities with a population of at least 500 are~~
99.23 ~~required to report the data described in this paragraph. If a city with a population over 500~~
99.24 ~~fails to report the required information to the county auditor, the county auditor must list~~
99.25 ~~the city as "budget information not reported" on the portion of the statement dedicated to~~
99.26 ~~the city's budget information. The statement may take the same format as the annual summary~~
99.27 ~~budget report for cities and counties issued by the Office of the State Auditor. The summary~~
99.28 ~~budget data must include:~~

99.29 ~~(1) a governmental revenues category, including and separately stating:~~

99.30 ~~(i) "property taxes" defined as property taxes levied on an assessed valuation of real~~
99.31 ~~property and personal property, if applicable, by the city and county, including fiscal~~
99.32 ~~disparities;~~

100.1 ~~(ii) "special assessments" defined as levies made against certain properties to defray all~~
100.2 ~~or part of the costs of a specific improvement, such as new sewer and water mains, deemed~~
100.3 ~~to benefit primarily those properties;~~

100.4 ~~(iii) "state general purpose aid" defined as aid received from the state that has no~~
100.5 ~~restrictions on its use, including local government aid, county program aid, and market~~
100.6 ~~value credits; and~~

100.7 ~~(iv) "state categorical aid" defined as revenues received for a specific purpose, such as~~
100.8 ~~streets and highways, fire relief, and flood control, including but not limited to police and~~
100.9 ~~fire state aid and out-of-home placement aid; and~~

100.10 ~~(2) a current expenditures category, including and separately stating:~~

100.11 ~~(i) "general government" defined as administration costs of city or county governments,~~
100.12 ~~including salaries of officials and maintenance of buildings;~~

100.13 ~~(ii) "public safety" defined as costs related to the protection of persons and property,~~
100.14 ~~such as police, fire, ambulance services, building inspections, animal control, and flood~~
100.15 ~~control;~~

100.16 ~~(iii) "streets and highways" defined as costs associated with the maintenance and repair~~
100.17 ~~of local highways, streets, bridges, and street equipment, such as patching, seal coating,~~
100.18 ~~street lighting, street cleaning, and snow removal;~~

100.19 ~~(iv) "sanitation" defined as costs of refuse collection and disposal, recycling, and weed~~
100.20 ~~and pest control;~~

100.21 ~~(v) "human services" defined as activities designed to provide public assistance and~~
100.22 ~~institutional care for individuals economically unable to provide for themselves;~~

100.23 ~~(vi) "health" defined as costs of the maintenance of vital statistics, restaurant inspection,~~
100.24 ~~communicable disease control, and various health services and clinics;~~

100.25 ~~(vii) "culture and recreation" defined as costs of libraries, park maintenance, mowing,~~
100.26 ~~planting, removal of trees, festivals, bands, museums, community centers, cable television,~~
100.27 ~~baseball fields, and organized recreation activities;~~

100.28 ~~(viii) "conservation of natural resources" defined as the conservation and development~~
100.29 ~~of natural resources, including agricultural and forestry programs and services, weed~~
100.30 ~~inspection services, and soil and water conservation services;~~

100.31 ~~(ix) "economic development and housing" defined as costs for development and~~
100.32 ~~redevelopment activities in blighted or otherwise economically disadvantaged areas, including~~

101.1 ~~low-interest loans, cleanup of hazardous sites, rehabilitation of substandard housing and~~
101.2 ~~other physical facilities, and other assistance to those wanting to provide housing and~~
101.3 ~~economic opportunity within a disadvantaged area; and~~

101.4 ~~(x) "all other current expenditures" defined as costs not classified elsewhere, such as~~
101.5 ~~airport expenditures, cemeteries, unallocated insurance costs, unallocated pension costs,~~
101.6 ~~and public transportation costs.~~

101.7 ~~(e) If a taxing authority reporting this data does not have revenues or expenditures in a~~
101.8 ~~category listed in paragraph (b), then the taxing authority must designate the amount as "0"~~
101.9 ~~for that specific category.~~

101.10 ~~(d) The supplemental statement information provided under this subdivision must be~~
101.11 ~~sent in electronic form or by email if the taxpayer requests an electronic version of the notice~~
101.12 ~~of proposed property taxes under subdivision 3, paragraph (a).~~

101.13 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
101.14 in 2024.

101.15 Sec. 19. Minnesota Statutes 2022, section 275.065, subdivision 4, is amended to read:

101.16 Subd. 4. **Costs.** If the reasonable cost of the county auditor's services and the cost of
101.17 preparing and mailing the notice required in this section exceed the amount distributed to
101.18 the county by the commissioner of revenue to administer this section, the county may require
101.19 the taxing authority ~~must~~ to reimburse the county for the excess cost. The excess cost must
101.20 be apportioned between taxing jurisdictions as follows:

101.21 (1) one-third is allocated to the county;

101.22 (2) one-third is allocated to cities and towns within the county; and

101.23 (3) one-third is allocated to school districts within the county.

101.24 The amounts in clause (2) must be further apportioned among the cities and towns in
101.25 the proportion that the number of parcels in the city and town bears to the number of parcels
101.26 in all the cities and towns within the county. The amount in clause (3) must be further
101.27 apportioned among the school districts in the proportion that the number of parcels in the
101.28 school district bears to the number of parcels in all school districts within the county.

101.29 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
101.30 in 2024.

102.1 Sec. 20. Minnesota Statutes 2022, section 290A.03, subdivision 6, is amended to read:

102.2 Subd. 6. **Homestead.** "Homestead" means the dwelling occupied as the claimant's
102.3 principal residence and so much of the land surrounding it, not exceeding ten acres, as is
102.4 reasonably necessary for use of the dwelling as a home and any other property used for
102.5 purposes of a homestead as defined in section 273.13, subdivision 22, ~~except~~ or section
102.6 273.13, subdivision 25, paragraph (e), clause (2). For agricultural land assessed as part of
102.7 a homestead pursuant to section 273.13, subdivision 23, "homestead" is limited to the house
102.8 and garage and immediately surrounding one acre of land. The homestead may be owned
102.9 or rented and may be a part of a multidwelling or multipurpose building and the land on
102.10 which it is built. A manufactured home, as defined in section 273.125, subdivision 8, or a
102.11 park trailer taxed as a manufactured home under section 168.012, subdivision 9, assessed
102.12 as personal property may be a dwelling for purposes of this subdivision.

102.13 **EFFECTIVE DATE.** This section is effective for refund claims based on taxes payable
102.14 in 2025 and thereafter.

102.15 Sec. 21. Minnesota Statutes 2022, section 290B.03, subdivision 1, is amended to read:

102.16 Subdivision 1. **Program qualifications.** The qualifications for the senior citizens'
102.17 property tax deferral program are as follows:

102.18 (1) the property must be owned and occupied as a homestead by a person 65 years of
102.19 age or older. In the case of a married couple, at least one of the spouses must be at least 65
102.20 years old at the time the first property tax deferral is granted, regardless of whether the
102.21 property is titled in the name of one spouse or both spouses, or titled in another way that
102.22 permits the property to have homestead status, and the other spouse must be at least 62 years
102.23 of age;

102.24 (2) the total household income of the qualifying homeowners, as defined in section
102.25 290A.03, subdivision 5, for the calendar year preceding the year of the initial application
102.26 may not exceed ~~\$60,000~~ \$96,000;

102.27 (3) the homestead must have been owned and occupied as the homestead of at least one
102.28 of the qualifying homeowners for at least ~~15~~ five years prior to the year the initial application
102.29 is filed;

102.30 (4) there are no state or federal tax liens or judgment liens on the homesteaded property;

102.31 (5) there are no mortgages or other liens on the property that secure future advances,
102.32 except for those subject to credit limits that result in compliance with clause (6); and

103.1 (6) the total unpaid balances of debts secured by mortgages and other liens on the
103.2 property, including unpaid and delinquent special assessments and interest and any delinquent
103.3 property taxes, penalties, and interest, but not including property taxes payable during the
103.4 year or debts secured by a residential PACE lien, as defined in section 216C.435, subdivision
103.5 10d, does not exceed 75 percent of the assessor's estimated market value for the year.

103.6 EFFECTIVE DATE. This section is effective for applications for deferral of taxes
103.7 payable in 2024 and thereafter.

103.8 Sec. 22. Minnesota Statutes 2022, section 290B.04, subdivision 3, is amended to read:

103.9 Subd. 3. **Excess-income certification by taxpayer.** A taxpayer whose initial application
103.10 has been approved under subdivision 2 shall notify the commissioner of revenue in writing
103.11 by July 1 if the taxpayer's household income for the preceding calendar year exceeded
103.12 ~~\$60,000~~ \$96,000. The certification must state the homeowner's total household income for
103.13 the previous calendar year. No property taxes may be deferred under this chapter in any
103.14 year following the year in which a program participant filed or should have filed an
103.15 excess-income certification under this subdivision, unless the participant has filed a
103.16 resumption of eligibility certification as described in subdivision 4.

103.17 EFFECTIVE DATE. This section is effective for applications for deferral of taxes
103.18 payable in 2024 and thereafter.

103.19 Sec. 23. Minnesota Statutes 2022, section 290B.04, subdivision 4, is amended to read:

103.20 Subd. 4. **Resumption of eligibility certification by taxpayer.** A taxpayer who has
103.21 previously filed an excess-income certification under subdivision 3 may resume program
103.22 participation if the taxpayer's household income for a subsequent year is ~~\$60,000~~ \$96,000
103.23 or less. If the taxpayer chooses to resume program participation, the taxpayer must notify
103.24 the commissioner of revenue in writing by July 1 of the year following a calendar year in
103.25 which the taxpayer's household income is ~~\$60,000~~ \$96,000 or less. The certification must
103.26 state the taxpayer's total household income for the previous calendar year. Once a taxpayer
103.27 resumes participation in the program under this subdivision, participation will continue until
103.28 the taxpayer files a subsequent excess-income certification under subdivision 3 or until
103.29 participation is terminated under section 290B.08, subdivision 1.

103.30 EFFECTIVE DATE. This section is effective for applications for deferral of taxes
103.31 payable in 2024 and thereafter.

104.1 Sec. 24. Minnesota Statutes 2022, section 290B.05, subdivision 1, is amended to read:

104.2 Subdivision 1. **Determination by commissioner.** The commissioner shall determine
104.3 each qualifying homeowner's "annual maximum property tax amount" following approval
104.4 of the homeowner's initial application and following the receipt of a resumption of eligibility
104.5 certification. The "annual maximum property tax amount" equals three percent of the
104.6 homeowner's total household income for the year preceding either the initial application or
104.7 the resumption of eligibility certification, whichever is applicable. Following approval of
104.8 the initial application, the commissioner shall determine the qualifying homeowner's
104.9 "maximum allowable deferral." No tax may be deferred relative to the appropriate assessment
104.10 year for any homeowner whose total household income for the previous year exceeds
104.11 ~~\$60,000~~ \$96,000. No tax shall be deferred in any year in which the homeowner does not
104.12 meet the program qualifications in section 290B.03. The maximum allowable total deferral
104.13 is equal to 75 percent of the assessor's estimated market value for the year, less the balance
104.14 of any mortgage loans and other amounts secured by liens against the property at the time
104.15 of application, including any unpaid and delinquent special assessments and interest and
104.16 any delinquent property taxes, penalties, and interest, but not including property taxes
104.17 payable during the year.

104.18 **EFFECTIVE DATE.** This section is effective for applications for deferral of taxes
104.19 payable in 2024 and thereafter.

104.20 Sec. 25. **NORTHWEST MINNESOTA MULTI-COUNTY HOUSING AND**
104.21 **REDEVELOPMENT AUTHORITY; LEVY AUTHORITY.**

104.22 Notwithstanding any law to the contrary, Laws 2008, chapter 366, article 5, section 33,
104.23 the effective date, as amended by Laws 2013, chapter 143, article 4, section 35, and Laws
104.24 2019, First Special Session chapter 6, article 4, section 31, is effective for taxes levied in
104.25 2008, payable in 2009, and is repealed effective for taxes levied in 2033, payable in 2034,
104.26 and thereafter.

104.27 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
104.28 Northwest Minnesota Multi-County Housing and Redevelopment Authority and its chief
104.29 clerical officer comply with the requirements of Minnesota Statutes, section 645.021,
104.30 subdivisions 2 and 3.

105.1

ARTICLE 4

105.2

PROPERTY TAX AIDS, CREDITS, AND REFUNDS

105.3

Section 1. Minnesota Statutes 2022, section 273.1392, is amended to read:

105.4

273.1392 PAYMENT; SCHOOL DISTRICTS.

105.5

The amounts of bovine tuberculosis credit reimbursements under section 273.113;

105.6

conservation tax credits under section 273.119; disaster or emergency reimbursement under

105.7

sections 273.1231 to 273.1235; agricultural credits under sections 273.1384 and 273.1387;

105.8

aids and credits under section 273.1398; enterprise zone property credit payments under

105.9

section 469.171; ~~and~~ metropolitan agricultural preserve reduction under section 473H.10;

105.10

and electric generation transition aid under section 477A.25 for school districts, shall be

105.11

certified to the Department of Education by the Department of Revenue. The amounts so

105.12

certified shall be paid according to section 127A.45, subdivisions 9, 10, and 13.

105.13

EFFECTIVE DATE. This section is effective July 1, 2024.

105.14

Sec. 2. Minnesota Statutes 2022, section 290A.04, subdivision 2, is amended to read:

105.15

Subd. 2. **Homeowners; homestead credit refund.** A claimant whose property taxes

105.16

payable are in excess of the percentage of the household income stated below shall pay an

105.17

amount equal to the percent of income shown for the appropriate household income level

105.18

along with the percent to be paid by the claimant of the remaining amount of property taxes

105.19

payable. The state refund equals the amount of property taxes payable that remain, up to

105.20

the state refund amount shown below.

105.21

Maximum

105.22

Percent Paid by

State

105.23

Household Income

Percent of Income

Claimant

Refund

105.24

~~\$0 to 1,739~~

~~15 percent~~

~~2,770~~

105.25

\$0 to 2,079

1.0 percent

10 percent

\$ 3,310

105.26

~~1,740 to 3,459~~

~~15 percent~~

~~2,770~~

105.27

2,080 to 4,139

1.1 percent

10 percent

\$ 3,310

105.28

~~3,460 to 5,239~~

~~15 percent~~

~~2,770~~

105.29

4,140 to 6,269

1.2 percent

10 percent

\$ 3,310

105.30

~~5,240 to 6,989~~

~~20 percent~~

~~2,770~~

105.31

6,270 to 8,369

1.3 percent

15 percent

\$ 3,310

105.32

~~6,990 to 8,719~~

~~20 percent~~

~~2,770~~

105.33

8,370 to 10,439

1.4 percent

15 percent

\$ 3,310

105.34

~~8,720 to 12,219~~

~~20 percent~~

~~2,770~~

105.35

10,440 to 14,619

1.5 percent

15 percent

\$ 3,310

106.1	12,220 to 13,949		20 percent	2,770
106.2	<u>14,620 to 16,689</u>	1.6 percent	<u>15 percent</u>	\$ <u>3,310</u>
106.3	13,950 to 15,709		20 percent	2,770
106.4	<u>16,690 to 18,799</u>	1.7 percent	<u>15 percent</u>	\$ <u>3,310</u>
106.5	15,710 to 17,449		20 percent	2,770
106.6	<u>18,800 to 20,879</u>	1.8 percent	<u>15 percent</u>	\$ <u>3,310</u>
106.7	17,450 to 19,179		25 percent	2,770
106.8	<u>20,880 to 22,949</u>	1.9 percent	<u>20 percent</u>	\$ <u>3,310</u>
106.9	19,180 to 24,429		25 percent	2,770
106.10	<u>22,950 to 29,239</u>	2.0 percent	<u>20 percent</u>	\$ <u>3,310</u>
106.11	24,430 to 26,169		30 percent	2,770
106.12	<u>29,240 to 31,319</u>	2.0 percent	<u>25 percent</u>	\$ <u>3,310</u>
106.13	26,170 to 29,669		30 percent	2,770
106.14	<u>31,320 to 35,509</u>	2.0 percent	<u>25 percent</u>	\$ <u>3,310</u>
106.15	29,670 to 41,859		35 percent	2,770
106.16	<u>35,510 to 50,099</u>	2.0 percent	<u>30 percent</u>	\$ <u>3,310</u>
106.17	41,860 to 61,049		35 percent	2,240
106.18	<u>50,100 to 73,059</u>	2.0 percent	<u>30 percent</u>	\$ <u>2,680</u>
106.19	61,050 to 69,769		40 percent	1,960
106.20	<u>73,060 to 83,499</u>	2.0 percent	<u>35 percent</u>	\$ <u>2,350</u>
106.21	69,770 to 78,499		40 percent	1,620
106.22	<u>83,500 to 93,939</u>	2.1 percent	<u>35 percent</u>	\$ <u>1,940</u>
106.23	78,500 to 87,219		40 percent	1,450
106.24	<u>93,940 to 104,379</u>	2.2 percent	<u>35 percent</u>	\$ <u>1,740</u>
106.25	87,220 to 95,939		40 percent	1,270
106.26	<u>104,380 to 114,819</u>	2.3 percent	<u>35 percent</u>	\$ <u>1,520</u>
106.27	95,940 to 101,179		45 percent	1,070
106.28	<u>114,820 to 121,089</u>	2.4 percent	<u>40 percent</u>	\$ <u>1,280</u>
106.29	101,180 to 104,689		45 percent	890
106.30	<u>121,090 to 125,289</u>	2.5 percent	<u>40 percent</u>	\$ <u>1,070</u>
106.31	104,690 to 108,919		50 percent	730
106.32	<u>125,290 to 130,349</u>	2.5 percent	<u>45 percent</u>	\$ <u>870</u>
106.33	108,920 to 113,149		50 percent	540
106.34	<u>130,350 to 135,409</u>	2.5 percent	<u>45 percent</u>	\$ <u>650</u>

106.35 The payment made to a claimant shall be the amount of the state refund calculated under
 106.36 this subdivision. No payment is allowed if the claimant's household income is ~~\$113,150~~
 106.37 \$135,410 or more.

106.38 **EFFECTIVE DATE.** This section is effective for claims based on property taxes payable
 106.39 in 2024 and following years.

107.1 Sec. 3. Minnesota Statutes 2022, section 290A.04, subdivision 4, is amended to read:

107.2 Subd. 4. **Inflation adjustment.** The commissioner shall annually adjust the dollar
107.3 amounts of the income thresholds and the maximum refunds under subdivisions 2 and 2a
107.4 as provided in section 270C.22. The statutory year for subdivision 2 is 2023. The statutory
107.5 year for subdivision 2a is 2018.

107.6 **EFFECTIVE DATE.** This section is effective for claims based on property taxes payable
107.7 in 2025 and thereafter.

107.8 Sec. 4. Minnesota Statutes 2022, section 477A.011, is amended by adding a subdivision
107.9 to read:

107.10 Subd. 3b. **Population age 65 and over.** "Population age 65 and over" means the
107.11 population age 65 and over established as of July 15 in an aid calculation year by the most
107.12 recent federal census, by a special census conducted under contract with the United States
107.13 Bureau of the Census, by a population estimate made by the Metropolitan Council, or by a
107.14 population estimate of the state demographer made pursuant to section 4A.02, whichever
107.15 is the most recent as to the stated date of the count or estimate for the preceding calendar
107.16 year and which has been certified to the commissioner of revenue on or before July 15 of
107.17 the aid calculation year. A revision to an estimate or count is effective for these purposes
107.18 only if certified to the commissioner on or before July 15 of the aid calculation year. Clerical
107.19 errors in the certification or use of estimates and counts established as of July 15 in the aid
107.20 calculation year are subject to correction within the time periods allowed under section
107.21 477A.014.

107.22 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024
107.23 and thereafter.

107.24 Sec. 5. Minnesota Statutes 2022, section 477A.011, is amended by adding a subdivision
107.25 to read:

107.26 Subd. 3c. **Transformed population.** "Transformed population" means the logarithm to
107.27 the base 10 of the population.

107.28 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024
107.29 and thereafter.

108.1 Sec. 6. Minnesota Statutes 2022, section 477A.011, subdivision 34, is amended to read:

108.2 Subd. 34. **City revenue need.** (a) For a city with a population equal to or greater than
108.3 10,000, "city revenue need" is 1.15 times the sum of (1) ~~4.59~~ 8.572 times the pre-1940
108.4 housing percentage; plus (2) ~~0.622 times the percent of housing built between 1940 and~~
108.5 ~~1970~~ 11.494 times the city age index; plus (3) ~~169.415 times the jobs per capita~~ 5.719 times
108.6 the commercial industrial utility percentage; plus (4) ~~the sparsity adjustment~~ 9.484 times
108.7 peak population decline; plus (5) ~~307.664~~ 293.056.

108.8 (b) For a city with a population equal to or greater than 2,500 and less than 10,000, "city
108.9 revenue need" is 1.15 times the sum of (1) ~~572.62~~ 497.308; plus (2) ~~5.026~~ 6.667 times the
108.10 pre-1940 housing percentage; ~~minus~~ plus (3) ~~53.768 times household size~~ 9.215 times the
108.11 commercial industrial utility percentage; plus (4) ~~14.022~~ 16.081 times peak population
108.12 decline; ~~plus (5) the sparsity adjustment.~~

108.13 (c) For a city with a population less than 2,500, "city revenue need" is the sum of (1)
108.14 ~~410~~ 196.487; plus (2) ~~0.367~~ 220.877 times the city's transformed population over 100; ~~plus~~
108.15 ~~(3) the sparsity adjustment. The city revenue need for a city under this paragraph shall not~~
108.16 ~~exceed 630 plus the city's sparsity adjustment.~~

108.17 (d) For a city with a population of at least 2,500 but less than 3,000, the "city revenue
108.18 need" equals (1) the transition factor times the city's revenue need calculated in paragraph
108.19 (b); plus (2) ~~630~~ the city's revenue need calculated under the formula in paragraph (c) times
108.20 the difference between one and the transition factor. For a city with a population of at least
108.21 10,000 but less than 11,000, the "city revenue need" equals (1) the transition factor times
108.22 the city's revenue need calculated in paragraph (a); plus (2) the city's revenue need calculated
108.23 under the formula in paragraph (b) times the difference between one and the transition
108.24 factor. For purposes of the first sentence of this paragraph "transition factor" is 0.2 percent
108.25 times the amount that the city's population exceeds the minimum threshold. For purposes
108.26 of the second sentence of this paragraph, "transition factor" is 0.1 percent times the amount
108.27 that the city's population exceeds the minimum threshold.

108.28 (e) The city revenue need cannot be less than zero.

108.29 (f) For calendar year ~~2015~~ 2024 and subsequent years, the city revenue need for a city,
108.30 as determined in paragraphs (a) to (e), is multiplied by the ratio of the annual implicit price
108.31 deflator for government consumption expenditures and gross investment for state and local
108.32 governments as prepared by the United States Department of Commerce, for the most
108.33 recently available year to the ~~2013~~ 2022 implicit price deflator for state and local government
108.34 purchases.

109.1 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024
109.2 and thereafter.

109.3 Sec. 7. Minnesota Statutes 2022, section 477A.011, is amended by adding a subdivision
109.4 to read:

109.5 Subd. 46. **City age index.** "City age index" means 100 times the ratio of (1) the population
109.6 age 65 and over within the city, to (2) the population of the city.

109.7 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024
109.8 and thereafter.

109.9 Sec. 8. Minnesota Statutes 2022, section 477A.011, is amended by adding a subdivision
109.10 to read:

109.11 Subd. 47. **Commercial industrial utility percentage.** The "commercial industrial utility
109.12 percentage" for a city is 100 times the ratio of (1) the sum of the estimated market values
109.13 of all real and personal property in the city classified as class 3 under section 273.13,
109.14 subdivision 24, to (2) the total market value of all taxable real and personal property in the
109.15 city. The market values are the amounts computed before any adjustments for fiscal
109.16 disparities under section 276A.06 or 473F.08. The market values used for this subdivision
109.17 are not equalized.

109.18 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024
109.19 and thereafter.

109.20 Sec. 9. Minnesota Statutes 2022, section 477A.0124, subdivision 2, is amended to read:

109.21 Subd. 2. **Definitions.** (a) For the purposes of this section, the following terms have the
109.22 meanings given them.

109.23 (b) "County program aid" means the sum of "county need aid," "county tax base
109.24 equalization aid," and "county transition aid."

109.25 (c) "Age-adjusted population" means a county's population multiplied by the county age
109.26 index.

109.27 (d) "County age index" means the percentage of the population age 65 and over within
109.28 the county divided by the percentage of the population age 65 and over within the state,
109.29 except that the age index for any county may not be greater than 1.8 nor less than 0.8.

109.30 (e) "Population age 65 and over" ~~means the population age 65 and over established as~~
109.31 ~~of July 15 in an aid calculation year by the most recent federal census, by a special census~~

110.1 ~~conducted under contract with the United States Bureau of the Census, by a population~~
110.2 ~~estimate made by the Metropolitan Council, or by a population estimate of the state~~
110.3 ~~demographer made pursuant to section 4A.02, whichever is the most recent as to the stated~~
110.4 ~~date of the count or estimate for the preceding calendar year and which has been certified~~
110.5 ~~to the commissioner of revenue on or before July 15 of the aid calculation year. A revision~~
110.6 ~~to an estimate or count is effective for these purposes only if certified to the commissioner~~
110.7 ~~on or before July 15 of the aid calculation year. Clerical errors in the certification or use of~~
110.8 ~~estimates and counts established as of July 15 in the aid calculation year are subject to~~
110.9 ~~correction within the time periods allowed under section 477A.014~~ has the meaning given
110.10 in section 477A.011, subdivision 3b.

110.11 (f) "Part I crimes" means the three-year average annual number of Part I crimes reported
110.12 for each county by the Department of Public Safety for the most recent years available. By
110.13 July 1 of each year, the commissioner of public safety shall certify to the commissioner of
110.14 revenue the number of Part I crimes reported for each county for the three most recent
110.15 calendar years available.

110.16 (g) "Households receiving Supplemental Nutrition Assistance Program (SNAP) benefits"
110.17 means the average monthly number of households receiving SNAP benefits for the three
110.18 most recent years for which data is available. By July 1 of each year, the commissioner of
110.19 human services must certify to the commissioner of revenue the average monthly number
110.20 of households in the state and in each county that receive SNAP benefits, for the three most
110.21 recent calendar years available.

110.22 (h) "County net tax capacity" means the county's adjusted net tax capacity under section
110.23 273.1325.

110.24 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024
110.25 and thereafter.

110.26 Sec. 10. Minnesota Statutes 2022, section 477A.013, subdivision 8, is amended to read:

110.27 Subd. 8. **City formula aid.** (a) For aids payable in ~~2018~~ 2024 and thereafter, the formula
110.28 aid for a city is equal to the product of (1) the difference between its unmet need and its
110.29 certified aid in the previous year ~~and before any aid adjustment under subdivision 13,~~ and
110.30 (2) the aid gap percentage.

110.31 (b) The applicable aid gap percentage must be calculated by the Department of Revenue
110.32 so that the total of the aid under subdivision 9 equals the total amount available for aid under
110.33 section 477A.03. The aid gap percentage must be the same for all cities subject to paragraph

111.1 (a). Data used in calculating aids to cities under sections 477A.011 to 477A.013 shall be
111.2 the most recently available data as of January 1 in the year in which the aid is calculated.

111.3 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024
111.4 and thereafter.

111.5 Sec. 11. Minnesota Statutes 2022, section 477A.013, subdivision 9, is amended to read:

111.6 Subd. 9. **City aid distribution.** (a) In calendar year ~~2018~~ 2024 and thereafter, if a city's
111.7 certified aid ~~before any aid adjustment under subdivision 13~~ for the previous year is less
111.8 than its current unmet need, the city shall receive an aid distribution equal to the sum of (1)
111.9 its certified aid in the previous year ~~before any aid adjustment under subdivision 13, and~~
111.10 (2) the city formula aid under subdivision 8, ~~and (3) its aid adjustment under subdivision~~
111.11 ~~13.~~

111.12 (b) ~~For aids payable in 2020 only, no city's aid amount before any adjustment under~~
111.13 ~~subdivision 13 may be less than its pay 2019 certified aid amount, less any aid adjustment~~
111.14 ~~under subdivision 13 for that year.~~ For aids payable in ~~2020~~ 2024 and thereafter, if a city's
111.15 certified aid ~~before any aid adjustment under subdivision 13~~ for the previous year is equal
111.16 to or greater than its current unmet need, the total aid for a city is equal to the greater of (1)
111.17 its unmet need ~~plus any aid adjustment under subdivision 13~~, or (2) the amount it was
111.18 certified to receive in the previous year minus the ~~sum of (i) any adjustment under subdivision~~
111.19 ~~13 that was paid in the previous year but has expired, and (ii) the lesser of (i) \$10 multiplied~~
111.20 ~~by its population, or (ii) five percent of its net levy in the year prior to the aid distribution.~~
111.21 No city may have a total aid amount less than \$0.

111.22 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024
111.23 and thereafter.

111.24 Sec. 12. Minnesota Statutes 2022, section 477A.03, subdivision 2a, is amended to read:

111.25 Subd. 2a. **Cities.** ~~For aids payable in 2016 and 2017, the total aid paid under section~~
111.26 ~~477A.013, subdivision 9, is \$519,398,012. For aids payable in 2018 and 2019, the total aid~~
111.27 ~~paid under section 477A.013, subdivision 9, is \$534,398,012. For aids payable in 2020, the~~
111.28 ~~total aid paid under section 477A.013, subdivision 9, is \$560,398,012. For aids payable in~~
111.29 ~~2021 and thereafter through 2023, the total aid payable under section 477A.013, subdivision~~
111.30 ~~9, is \$564,398,012. For aids payable in 2024 and thereafter, the total aid payable under~~
111.31 ~~section 477A.013, subdivision 9, is \$664,398,012, multiplied by the inflation adjustment~~
111.32 ~~under subdivision 6.~~

112.1 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024
112.2 and thereafter.

112.3 Sec. 13. Minnesota Statutes 2022, section 477A.03, subdivision 2b, is amended to read:

112.4 Subd. 2b. **Counties.** (a) ~~For aids payable in 2018 and 2019, the total aid payable under~~
112.5 ~~section 477A.0124, subdivision 3, is \$103,795,000, of which \$3,000,000 shall be allocated~~
112.6 ~~as required under Laws 2014, chapter 150, article 4, section 6. For aids payable in 2020,~~
112.7 ~~the total aid payable under section 477A.0124, subdivision 3, is \$116,795,000, of which~~
112.8 ~~\$3,000,000 shall be allocated as required under Laws 2014, chapter 150, article 4, section~~
112.9 ~~6. For aids payable in 2021 through 2024~~ 2023, the total aid payable under section
112.10 477A.0124, subdivision 3, is \$118,795,000, of which \$3,000,000 shall be allocated as
112.11 required under Laws 2014, chapter 150, article 4, section 6. For aids payable in 2024, the
112.12 total aid payable under section 477A.0124, subdivision 3, is \$163,679,459, of which
112.13 \$3,000,000 shall be allocated as required under Laws 2014, chapter 150, article 4, section
112.14 6. For aids payable in 2025 and thereafter, the total aid payable under section 477A.0124,
112.15 subdivision 3, is \$115,795,000 \$160,679,459, multiplied by the inflation adjustment under
112.16 subdivision 6. On or before the first installment date provided in section 477A.015, paragraph
112.17 (a), \$500,000 of this appropriation shall be transferred each year by the commissioner of
112.18 revenue to the Board of Public Defense for the payment of services under section 611.27.
112.19 Any transferred amounts not expended or encumbered in a fiscal year shall be certified by
112.20 the Board of Public Defense to the commissioner of revenue on or before October 1 and
112.21 shall be included in the next certification of county need aid.

112.22 (b) ~~For aids payable in 2018 and 2019, the total aid under section 477A.0124, subdivision~~
112.23 ~~4, is \$130,873,444. For aids payable in 2020, the total aid under section 477A.0124,~~
112.24 ~~subdivision 4, is \$143,873,444. For aids payable in 2021 and thereafter~~ through 2023, the
112.25 total aid under section 477A.0124, subdivision 4, is \$145,873,444. For aids payable in 2024
112.26 and thereafter, the total aid under section 477A.0124, subdivision 4, is \$200,988,985,
112.27 multiplied by the inflation adjustment under subdivision 6. The commissioner of revenue
112.28 shall transfer to the Legislative Budget Office \$207,000 annually for the cost of preparation
112.29 of local impact notes as required by section 3.987, and other local government activities.
112.30 The commissioner of revenue shall transfer to the commissioner of education \$7,000 annually
112.31 for the cost of preparation of local impact notes for school districts as required by section
112.32 3.987. The commissioner of revenue shall deduct the amounts transferred under this
112.33 paragraph from the appropriation under this paragraph. The amounts transferred are
112.34 appropriated to the Legislative Coordinating Commission and the commissioner of education
112.35 respectively.

113.1 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024
113.2 and thereafter.

113.3 Sec. 14. Minnesota Statutes 2022, section 477A.03, is amended by adding a subdivision
113.4 to read:

113.5 Subd. 6. **Inflation adjustment.** In 2026 and thereafter, the amounts paid under
113.6 subdivisions 2a and 2b must be increased by an amount equal to one plus the sum of (1)
113.7 the percentage increase in the implicit price deflator for government expenditures and gross
113.8 investment for state and local government purchases as prepared by the United States
113.9 Department of Commerce for the 12-month period ending March 31 of the previous calendar
113.10 year, and (2) the percentage increase in total city population for the most recently available
113.11 years as of January 15 of the current year. The percentage increase in this subdivision must
113.12 not be less than 2.5 percent or greater than five percent.

113.13 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024
113.14 and thereafter.

113.15 Sec. 15. Minnesota Statutes 2022, section 477A.12, subdivision 1, is amended to read:

113.16 Subdivision 1. **Types of land; payments.** The following amounts are annually
113.17 appropriated to the commissioner of natural resources from the general fund for transfer to
113.18 the commissioner of revenue. The commissioner of revenue shall pay the transferred funds
113.19 to counties as required by sections 477A.11 to 477A.14. The amounts, based on the acreage
113.20 as of July 1 of each year prior to the payment year, are:

113.21 (1) \$5.133 multiplied by the total number of acres of acquired natural resources land or,
113.22 at the county's option three-fourths of one percent of the appraised value of all acquired
113.23 natural resources land in the county, whichever is greater;

113.24 (2) \$5.133, multiplied by the total number of acres of transportation wetland or, at the
113.25 county's option, three-fourths of one percent of the appraised value of all transportation
113.26 wetland in the county, whichever is greater;

113.27 (3) \$5.133, multiplied by the total number of acres of wildlife management land, or, at
113.28 the county's option, three-fourths of one percent of the appraised value of all wildlife
113.29 management land in the county, whichever is greater;

113.30 (4) 50 percent of the dollar amount as determined under clause (1), multiplied by the
113.31 number of acres of military refuge land in the county;

114.1 (5) ~~\$2~~ \$3, multiplied by the number of acres of county-administered other natural
114.2 resources land in the county;

114.3 (6) \$5.133, multiplied by the total number of acres of land utilization project land in the
114.4 county;

114.5 (7) ~~\$2~~ \$3, multiplied by the number of acres of commissioner-administered other natural
114.6 resources land in the county; ~~and~~

114.7 (8) \$0.18, multiplied by the total number of acres in the county eligible for payment
114.8 under clauses (1) to (7), provided that the total number of acres in the county eligible for
114.9 payment under clauses (1) to (7) is equal to or greater than 25 percent of the total acreage
114.10 in the county;

114.11 (9) \$0.08, multiplied by the total number of acres in the county eligible for payment
114.12 under clauses (1) to (7), provided that the total number of acres in the county eligible for
114.13 payment under clauses (1) to (7) is equal to or greater than ten percent, but less than 25
114.14 percent of the total acreage in the county; and

114.15 (10) without regard to acreage, and notwithstanding the rules adopted under section
114.16 84A.55, \$300,000 for local assessments under section 84A.55, subdivision 9, that shall be
114.17 divided and distributed to the counties containing state-owned lands within a conservation
114.18 area in proportion to each county's percentage of the total annual ditch assessments.

114.19 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2024.

114.20 Sec. 16. Minnesota Statutes 2022, section 477A.12, subdivision 3, is amended to read:

114.21 Subd. 3. **Determination of appraised value.** For the purposes of this section, the
114.22 appraised value of acquired natural resources land is the purchase price until the next six-year
114.23 appraisal required under this subdivision. The appraised value of acquired natural resources
114.24 land received as a donation is the value determined for the commissioner of natural resources
114.25 by a licensed appraiser, or the county assessor's estimated market value if no appraisal is
114.26 done. The appraised value must be determined by the county assessor every six years, except
114.27 that the appraised value shall not be less than the 2022 or subsequent appraised value, if it
114.28 is higher. All reappraisals shall be done in the same year as county assessors are required
114.29 to assess exempt land under section 273.18.

114.30 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2024.

115.1 Sec. 17. Minnesota Statutes 2022, section 477A.12, is amended by adding a subdivision
115.2 to read:

115.3 Subd. 4. **Adjustment.** The commissioner of revenue shall annually adjust the amounts
115.4 in subdivision 1, clauses (1) to (10), as provided in section 270C.22, subdivision 1, except
115.5 as provided in this subdivision. To determine the dollar amounts for payments in calendar
115.6 year 2025, the commissioner shall determine the percentage change in the index for the
115.7 12-month period ending on August 31, 2024, and increase each of the unrounded dollar
115.8 amounts in section 477A.12, subdivision 1, by that percentage change. For each subsequent
115.9 year, the commissioner shall increase the dollar amounts by the percentage change in the
115.10 index from August 31 of the year preceding the statutory year, to August 31 of the year
115.11 preceding the taxable year. The commissioner shall round the amounts as adjusted to the
115.12 nearest tenth of a cent.

115.13 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2024.

115.14 Sec. 18. **[477A.23] SOIL AND WATER CONSERVATION DISTRICT AID.**

115.15 Subdivision 1. **Definitions.** For purposes of this section, the following terms have the
115.16 meanings given:

115.17 (1) "adjusted population" means the cube root of the district's population, according to
115.18 the most recent federal decennial census;

115.19 (2) "nonpublic lands" means "real property" as defined by section 272.03 that is not
115.20 owned by the federal government, the state, or a local government unit; and

115.21 (3) "soil and water conservation district" means a district created by chapter 103C, and
115.22 that is implementing the duties under that chapter as determined by the Board of Water and
115.23 Soil Resources as of the board's certification to the commissioner of revenue required by
115.24 subdivision 4.

115.25 Subd. 2. **Purpose.** The purpose of this section is to provide ongoing financial support
115.26 to soil and water conservation districts to aid in the execution of chapter 103C and other
115.27 duties and services prescribed by statute.

115.28 Subd. 3. **Distribution.** The Board of Water and Soil Resources must calculate the amount
115.29 of aid to be distributed to the certified soil and water conservation districts from the
115.30 appropriation in subdivision 7 as follows:

115.31 (1) 70 percent of the appropriation must be distributed equally among the districts;

116.1 (2) 20 percent of the appropriation must be distributed proportionally among the districts
116.2 according to the amount of nonpublic land located in a district as compared to the amount
116.3 of nonpublic land in the state; and

116.4 (3) ten percent of the appropriation must be distributed proportionally among the districts
116.5 based on the adjusted population of each district, divided by the sum of the adjusted
116.6 population for all districts.

116.7 Subd. 4. **Certification to commissioner.** On or before June 1 each year, the Board of
116.8 Water and Soil Resources must certify to the commissioner of revenue the soil and water
116.9 conservation districts that will receive a payment under this section and the amount of each
116.10 payment.

116.11 Subd. 5. **Use of proceeds.** (a) Notwithstanding section 103C.401, subdivision 2, a soil
116.12 and water conservation district that receives a distribution under this section must use the
116.13 proceeds to implement chapter 103C and other duties and services as prescribed by statute.

116.14 (b) The board of each soil and water conservation district must establish, by resolution,
116.15 annual guidelines for using payments received under this section. Current year guidelines
116.16 and guidelines from the year immediately prior must be posted on the district's website.

116.17 (c) A soil and water conservation district that receives a payment under this section may
116.18 use the proceeds directly or may appropriate any portion of the payment to a governmental
116.19 unit with which the district has a cooperative agreement under section 103C.231. Any
116.20 payment received under this section and appropriated by the district must be used as required
116.21 under this subdivision.

116.22 Subd. 6. **Payments.** The commissioner of revenue must distribute soil and water
116.23 conservation district aid in the same manner and at the same times as aid payments provided
116.24 under section 477A.015.

116.25 Subd. 7. **Appropriation.** For aids payable in 2023 and 2024, \$22,000,000 is appropriated
116.26 in each year from the general fund to the commissioner of revenue to make the payments
116.27 required under this section. For aids payable in 2025 and thereafter, \$14,000,000 is annually
116.28 appropriated from the general fund to the commissioner of revenue to make the payments
116.29 required under this section.

116.30 Subd. 8. **Aid amount corrections.** If there is a clerical error made in calculating an aid
116.31 payment under this section, the Board of Water and Soil Resources shall recertify the correct
116.32 amounts to the commissioner of revenue and communicate the error and the corrected

117.1 amount to the affected soil and water conservation district as soon as practical after the error
117.2 is discovered.

117.3 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2023 and
117.4 thereafter.

117.5 Sec. 19. **[477A.24] ELECTRIC GENERATION TRANSITION AID.**

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

117.8 (b) "Electric generating unit" means a single generating unit at an electric generating
117.9 plant powered by coal, nuclear, or natural gas.

117.10 (c) "Electric generation property" means taxable property of an electric generating plant
117.11 owned by a public utility, as defined in section 216B.02, subdivision 4, that is powered by
117.12 coal, nuclear, or natural gas and located in an eligible taxing jurisdiction.

117.13 (d) "Eligible taxing jurisdiction" means a county, home rule charter or statutory city,
117.14 town, or school district.

117.15 (e) "Unit base year" means the assessment year in which the assessed value of electric
117.16 generation property is reduced due to the retirement of the electric generating unit.

117.17 (f) "Unit differential" means (1) the tax capacity of electric generation property in the
117.18 assessment year preceding the unit base year, minus (2) the tax capacity of electric generation
117.19 property in the unit base year. The unit differential may not be less than zero. The unit
117.20 differential equals zero if the tax capacity of electric generation property in the eligible
117.21 taxing jurisdiction in the assessment year preceding the unit base year is less than four
117.22 percent of the total net tax capacity of the eligible taxing jurisdiction in that year, as adjusted
117.23 under section 473F.08, subdivision 2, or 276A.06, subdivision 2, as applicable, except that,
117.24 in an eligible taxing jurisdiction with multiple electric generating units, only the unit
117.25 differential calculated upon the first retirement of an electric generating unit in that
117.26 jurisdiction following the effective date of this section is subject to the reduction under this
117.27 sentence.

117.28 Subd. 2. **Required notification.** Notwithstanding the requirements of Minnesota Rules,
117.29 chapter 8100, a public utility must notify the commissioner when the public utility expects
117.30 to retire an electric generating unit and remove that unit from the property tax base. The
117.31 notification must be in the form and manner determined by the commissioner, include
117.32 information required by the commissioner to calculate transition aid under this section, and
117.33 be filed together with the reports required under section 273.371.

118.1 Subd. 3. **Unit transition amount.** (a) The initial unit transition amount equals the product
118.2 of (1) the unit differential, times (2) the jurisdiction's tax rate for taxes payable in the unit
118.3 base year.

118.4 (b) The unit transition amount for the year following the unit base year, or in the year
118.5 as provided under subdivision 7, equals the initial unit transition amount. Unit transition
118.6 amounts in subsequent years must be reduced each year by an amount equal to five percent
118.7 of the initial unit transition amount. If the unit transition amount attributable to any unit is
118.8 less than \$5,000 in any year, the unit transition amount for that unit equals zero.

118.9 Subd. 4. **Electric generation transition aid.** Electric generation transition aid for an
118.10 eligible taxing jurisdiction equals the sum of the unit transition amounts for that jurisdiction.

118.11 Subd. 5. **Aid elimination.** (a) Notwithstanding subdivision 4, beginning for aid in the
118.12 year after the year in which the jurisdiction first qualified for aid, aid for an eligible taxing
118.13 jurisdiction equals zero if the commissioner determines that the eligible taxing jurisdiction's
118.14 total net tax capacity in the assessment year preceding the aid calculation year is greater
118.15 than the product of:

118.16 (1) 90 percent of the jurisdiction's total net tax capacity in the assessment year preceding
118.17 the aid calculation year in which the jurisdiction first qualified for aid under this section;
118.18 times

118.19 (2) the greater of one or the ratio of (i) the statewide total net tax capacity of real and
118.20 personal property in the assessment year preceding the aid calculation year to (ii) the
118.21 statewide total net tax capacity of real and personal property in the assessment year preceding
118.22 the aid calculation year in which the jurisdiction first qualified for aid under this section.

118.23 (b) For the purposes of this subdivision, "net tax capacity" means net tax capacity as
118.24 adjusted under section 473F.08, subdivision 2, or 276A.06, subdivision 2, as applicable.

118.25 (c) If aid to a jurisdiction attributable to a previous unit retirement has been eliminated
118.26 under this subdivision, the jurisdiction may qualify for aid under this section for subsequent
118.27 unit retirements.

118.28 Subd. 6. **Commissioner's duties; payment schedule.** (a) The commissioner of revenue
118.29 shall compute the amount of electric generation transition aid payable to each jurisdiction
118.30 under this section. The portion of aid to an eligible taxing jurisdiction that consists of the
118.31 initial unit transition amount under subdivision 3, paragraph (a), must be certified on or
118.32 before May 1 in the year the aid is payable. The portion of aid to an eligible taxing
118.33 jurisdiction that consists of the unit transition amount under subdivision 3, paragraph (b),

119.1 must be certified by August 1 of each year for aids payable in the following calendar year.
119.2 The commissioner shall pay aid to each jurisdiction other than school districts annually at
119.3 the times provided in section 477A.015. Aids to school districts must be certified to the
119.4 commissioner of education and paid under section 273.1392.

119.5 (b) The commissioner of revenue may require counties to provide any data that the
119.6 commissioner deems necessary to administer this section.

119.7 Subd. 7. **Aid for prior unit retirements.** An electric generating unit with a unit base
119.8 year after 2016 but before 2023 must be counted for the purpose of calculating aid under
119.9 this section. For a unit eligible to be counted under this subdivision and for the purpose of
119.10 the schedule of amounts under subdivision 3, paragraph (b), the unit base year is 2023.

119.11 Subd. 8. **Appropriation.** An amount sufficient to make the aid payments required by
119.12 this section to eligible taxing jurisdictions other than school districts is annually appropriated
119.13 from the general fund to the commissioner of revenue. An amount sufficient to make the
119.14 aid payments required by this section for school districts is annually appropriated from the
119.15 general fund to the commissioner of education.

119.16 **EFFECTIVE DATE.** This section is effective for aids payable in 2024 and thereafter.

119.17 Sec. 20. Minnesota Statutes 2022, section 477A.30, is amended to read:

119.18 **477A.30 LOCAL HOMELESS PREVENTION AID.**

119.19 Subdivision 1. **Definitions.** For purposes of this section, the following terms have the
119.20 meanings given:

119.21 (1) "city" means a statutory or home rule charter city;

119.22 (2) "distribution factor" means the total number of students experiencing homelessness
119.23 in a county in the current school year and the previous two school years divided by the total
119.24 number of students experiencing homelessness in all counties in the current school year and
119.25 the previous two school years; and

119.26 (3) "families" means families and persons 24 years of age or younger.

119.27 Subd. 2. **Purpose.** The purpose of this section is to help local governments and Tribal
119.28 governments ensure no child is homeless within a local jurisdiction by keeping families
119.29 from losing housing and helping those experiencing homelessness find housing.

119.30 Subd. 3. **County distribution.** (a) A county's initial local homeless prevention aid
119.31 amount equals the greater of: (1) \$5,000; or (2)(i) five percent of the money appropriated
119.32 ~~to local homeless prevention aid under this section~~ subdivision 6, paragraph (a), times (ii)

120.1 the ratio of the population of the county to the population of all counties. For the purpose
120.2 of this paragraph, "population" means the population estimate used to calculate aid under
120.3 section 477A.0124 for the same aid payable year.

120.4 (b) The amount of the appropriation in subdivision 6, paragraph (a), remaining after the
120.5 allocation under paragraph (a) must be allocated to counties by multiplying each county's
120.6 distribution factor by the total distribution available under this paragraph. Distribution
120.7 factors must be based on the most recent counts of students experiencing homelessness in
120.8 each county, as certified by the commissioner of education to the commissioner of revenue
120.9 by July 1 of the year the aid is certified to the counties under subdivision 5.

120.10 (c) A county's total local homeless prevention aid equals the sum of the amounts under
120.11 paragraphs (a) and (b).

120.12 Subd. 3a. Tribal governments distribution. The total local homeless prevention aid
120.13 distributed to Tribal governments equals the amount appropriated under subdivision 6,
120.14 paragraph (b).

120.15 Subd. 4. Use of proceeds. (a) Counties and Tribal governments that receive a distribution
120.16 under this section must use the proceeds to fund new or existing family homeless prevention
120.17 and assistance projects or programs. These projects or programs may be administered by a
120.18 county, a group of contiguous counties jointly acting together, a city, a group of contiguous
120.19 cities jointly acting together, a ~~Tribe~~ Tribal government, a group of ~~Tribes~~ Tribal
120.20 governments, or a community-based nonprofit organization. Each project or program must
120.21 include plans for:

120.22 (1) targeting families with children who are eligible for a prekindergarten through grade
120.23 12 academic program and are:

120.24 (i) living in overcrowded conditions in their current housing;

120.25 (ii) paying more than 50 percent of their income for rent; or

120.26 (iii) lacking a fixed, regular, and adequate nighttime residence;

120.27 (2) targeting unaccompanied youth in need of an alternative residential setting;

120.28 (3) connecting families with the social services necessary to maintain the families'
120.29 stability in their homes, including but not limited to housing navigation, legal representation,
120.30 and family outreach; and

120.31 (4) one or more of the following:

121.1 (i) providing rental assistance for a specified period of time which may exceed 24 months;
121.2 or

121.3 (ii) providing support and case management services to improve housing stability,
121.4 including but not limited to housing navigation and family outreach.

121.5 ~~(b) Counties may choose not to spend all or a portion of the distribution under this~~
121.6 ~~section. Any unspent funds must be returned to the commissioner of revenue by December~~
121.7 ~~31 of the year following the year that the aid was received. Any funds returned to the~~
121.8 ~~commissioner under this paragraph must be added to the overall distribution of aids certified~~
121.9 ~~under this section in the following year. Any unspent funds returned to the commissioner~~
121.10 ~~after the expiration under subdivision 8 are canceled to the general fund~~ By December 31
121.11 of the calendar year following the calendar year that the aid was received, any funds unspent
121.12 by a county under this section must be sent to the Continuum of Care of which the county
121.13 is a member.

121.14 Subd. 5. **Payments.** The commissioner of revenue must compute the amount of local
121.15 homeless prevention aid payable to each county and Tribal government under this section.
121.16 On or before August 1 of each year, the commissioner shall certify the amount to be paid
121.17 to each county and Tribal government in the following year. The commissioner shall pay
121.18 local homeless prevention aid annually at the times provided in section 477A.015. For aids
121.19 payable in 2023 only, the commissioner must recalculate and recertify the aid under this
121.20 section by July 15, 2023.

121.21 Subd. 6. **Appropriation.** ~~\$20,000,000~~ (a) \$35,200,000 is annually appropriated from
121.22 the general fund to the commissioner of revenue to make payments to counties required
121.23 under this section.

121.24 (b) \$4,800,000 is annually appropriated from the general fund to the commissioner of
121.25 revenue to make payments to Tribal governments required under this section.

121.26 Subd. 7. **Report.** (a) No later than January 15, 2025, the commissioner of revenue must
121.27 produce a report on projects and programs funded by counties and Tribal governments under
121.28 this section. The report must include a list of the projects and programs, the number of
121.29 people served by each, and an assessment of how each project and program impacts people
121.30 who are currently experiencing homelessness or who are at risk of experiencing
121.31 homelessness, as reported by the counties and Tribal governments to the commissioner by
121.32 December 31 each year on a form prescribed by the commissioner. The commissioner must
121.33 provide a copy of the report to the chairs and ranking minority members of the legislative

122.1 committees with jurisdiction over property taxes and services for persons experiencing
122.2 homelessness.

122.3 (b) The report in paragraph (a) must be updated every two years and the commissioner
122.4 of revenue must provide copies of the updated reports to the chairs and ranking minority
122.5 members of the legislative committees with jurisdiction over property taxes and services
122.6 for persons experiencing homelessness by January 15 of the year the report is due. Report
122.7 requirements under this subdivision expire following the report which includes the final
122.8 distribution preceding the expiration in subdivision 8.

122.9 Subd. 8. **Expiration.** Distributions under this section expire after aids payable in ~~2028~~
122.10 2031 have been distributed.

122.11 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2023 and
122.12 thereafter.

122.13 Sec. 21. **[477A.31] MAHNOMEN PROPERTY TAX REIMBURSEMENT AID.**

122.14 Subdivision 1. **Aid appropriation.** (a) The commissioner of revenue shall make
122.15 reimbursement aid payments to compensate for the loss of property tax revenue related to
122.16 the trust conversion application of the Shooting Star Casino. The commissioner shall pay
122.17 the county of Mahnomen, \$900,000; the city of Mahnomen, \$320,000; and Independent
122.18 School District No. 432, Mahnomen, \$140,000.

122.19 (b) The payments shall be made annually on July 20.

122.20 Subd. 2. **Appropriation.** An amount sufficient to pay reimbursement aid under this
122.21 section is annually appropriated from the general fund to the commissioner of revenue.

122.22 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024
122.23 and thereafter.

122.24 Sec. 22. **[477A.35] LOCAL AFFORDABLE HOUSING AID.**

122.25 Subdivision 1. **Purpose.** The purpose of this section is to help eligible Tribal Nations
122.26 and local governments to develop and preserve affordable housing within their jurisdictions
122.27 in order to keep families from losing housing and to help those experiencing homelessness
122.28 find housing.

122.29 Subd. 2. **Definitions.** For the purposes of this section, the following terms have the
122.30 meanings given:

123.1 (1) "city distribution factor" means the number of households in a tier I city that are
123.2 cost-burdened divided by the total number of households that are cost-burdened in Minnesota
123.3 tier I cities. The number of cost-burdened households shall be determined using the most
123.4 recent estimates or experimental estimates provided by the American Community Survey
123.5 of the United States Census Bureau as of May 1 of the aid calculation year;

123.6 (2) "cost-burdened household" means a household in which gross rent is 30 percent or
123.7 more of household income or in which homeownership costs are 30 percent or more of
123.8 household income;

123.9 (3) "county distribution factor" means the number of households in a county that are
123.10 cost-burdened divided by the total number of households in Minnesota that are cost-burdened.
123.11 The number of cost-burdened households shall be determined using the most recent estimates
123.12 or experimental estimates provided by the American Community Survey of the United
123.13 States Census Bureau as of May 1 of the aid calculation year;

123.14 (4) "population" has the meaning given in section 477A.011, subdivision 3;

123.15 (5) "tier I city" means a statutory or home rule charter city that is a city of the first,
123.16 second, or third class; and

123.17 (6) "tier II city" means a statutory or home rule charter city that is a city of the fourth
123.18 class.

123.19 Subd. 3. **Distribution.** (a) Each county shall receive the sum of:

123.20 (1) \$6,000; plus

123.21 (2) the product of:

123.22 (i) the county distribution factor; multiplied by

123.23 (ii) the total amount available to counties under this section minus the product of clause

123.24 (1) multiplied by the number of Minnesota counties.

123.25 (b) The commissioner of revenue shall determine the amount of funding available to a
123.26 tier I city under this section by multiplying the city's city distribution factor and the amount
123.27 of funding available to tier I cities under this section.

123.28 Subd. 4. **Grants to tier II cities.** (a) The commissioner of the Minnesota Housing Finance
123.29 Agency shall establish a program to award grants of at least \$25,000 to tier II cities. The
123.30 agency shall develop program guidelines and criteria in consultation with the League of
123.31 Minnesota Cities.

124.1 (b) The agency shall attempt to award grants in approximately equal amounts to tier II
124.2 cities outside and within the metropolitan area. Among comparable proposals, the agency
124.3 shall prioritize grants to tier II cities that have a higher proportion of cost-burdened
124.4 households.

124.5 (c) A grantee must use its grant on a qualifying project.

124.6 (d) In making grants, the agency shall determine the circumstances, terms, and conditions
124.7 under which all or any portion thereof will be repaid and shall determine the appropriate
124.8 security should repayment be required. Any repaid funds shall be returned to the account
124.9 or accounts established pursuant to paragraph (e).

124.10 (e) The agency shall establish a bookkeeping account or accounts in the housing
124.11 development fund for money distributed to the agency for grants under this subdivision. By
124.12 May 1 of each year, the Minnesota Housing Finance Agency shall report to the Department
124.13 of Revenue on the amount in the account or accounts.

124.14 Subd. 5. **Qualifying projects.** (a) Qualifying projects shall include projects designed
124.15 for the purpose of construction, acquisition, rehabilitation, demolition or removal of existing
124.16 structures, construction financing, permanent financing, interest rate reduction, refinancing,
124.17 and gap financing of housing to provide affordable housing to households that have incomes
124.18 which do not exceed, for homeownership projects, 115 percent of the greater of state or
124.19 area median income as determined by the United States Department of Housing and Urban
124.20 Development, and for rental housing projects, 80 percent of the greater of state or area
124.21 median income as determined by the United States Department of Housing and Urban
124.22 Development, except that the housing developed or rehabilitated with funds under this
124.23 section must be affordable to the local work force.

124.24 (b) Gap financing is either:

124.25 (1) the difference between the costs of the property, including acquisition, demolition,
124.26 rehabilitation, and construction, and the market value of the property upon sale; or

124.27 (2) the difference between the cost of the property and the amount the targeted household
124.28 can afford for housing, based on industry standards and practices.

124.29 (c) If money distributed under this section is used for demolition or removal of existing
124.30 structures, the cleared land must be used for the construction of housing to be owned or
124.31 rented by persons who meet the income limits of paragraph (a).

124.32 (d) For a nonmetropolitan county or for a city that is not located in a metropolitan county,
124.33 as defined by section 473.121, subdivision 4, a qualifying project shall include a rental

125.1 housing project exceeding the income limits established in paragraph (a) if the applicable
125.2 unit of local government submits, with the annual report required under subdivision 7, the
125.3 following:

125.4 (1) a letter of support from at least one employer of at least 20 full-time employees that
125.5 is located either inside or within 25 miles of the applicable local government. The letter
125.6 must indicate that the lack of available housing has impeded the employer's ability to recruit
125.7 and hire employees, the number of full-time employees, the median wage of full-time
125.8 employees, and the distance from the applicable local government; and

125.9 (2) a signed resolution from the applicable local government identifying the project
125.10 being developed and certifying that the project will be affordable to employees earning
125.11 median wages from the employer or employers who provided letters of support.

125.12 (e) For a Tribal Nation, a qualifying project includes emergency rental assistance for a
125.13 household earning less than 80 percent of statewide median household income, as determined
125.14 by the United States Department of Housing and Urban Development, as adjusted for
125.15 household size.

125.16 Subd. 6. **Use of proceeds.** (a) Any funds distributed under this section must be spent on
125.17 a qualifying project. If a tier I city or county demonstrates to the Minnesota Housing Finance
125.18 Agency that the tier I city or county cannot expend funds on a qualifying project by the
125.19 deadline imposed by paragraph (b) due to factors outside the control of the tier I city or
125.20 county, funds shall be considered spent on a qualifying project if the funds are transferred
125.21 to a local housing trust fund. Funds transferred to a local housing trust fund must be spent
125.22 on a project or household that meets the affordability requirements of subdivision 5,
125.23 paragraph (a).

125.24 (b) Any funds must be returned to the commissioner of revenue if the funds are not spent
125.25 by December 31 in the third year following the year after the aid was received.

125.26 Subd. 7. **Administration.** (a) The commissioner of revenue must compute the amount
125.27 of aid payable to each aid recipient under this section. Beginning with aids payable in
125.28 calendar year 2024, before computing the amount of aid for counties and after receiving
125.29 the report required by subdivision 4, paragraph (e), the commissioner shall compute the
125.30 amount necessary to increase the amount in the account or accounts established under that
125.31 paragraph to \$3,400,000. The amount calculated under the preceding sentence shall be
125.32 deducted from the amount available to counties for the purposes of certifying the amount
125.33 of aid to be paid to counties in the following year. By August 1 of each year, the
125.34 commissioner must certify the amount to be paid to each aid recipient in the following year.

126.1 The commissioner must pay local affordable housing aid annually at the times provided in
126.2 section 477A.015. Before paying the first installment of aid annually, the commissioner of
126.3 revenue shall transfer to the Minnesota Housing Finance Agency from the funds available
126.4 for counties, for deposit in the account or accounts established under subdivision 4, paragraph
126.5 (e), the amount computed in the prior year to be necessary to increase the amount in the
126.6 account or accounts established under that paragraph to \$3,400,000.

126.7 (b) Beginning in 2025, aid recipients shall submit a report annually, no later than
126.8 December 1 of each year, to the Minnesota Housing Finance Agency. The report shall
126.9 include documentation of the location of any unspent funds distributed under this section
126.10 and of qualifying projects completed or planned with funds under this section. If an aid
126.11 recipient fails to submit a report, fails to spend funds within the timeline imposed under
126.12 subdivision 6, paragraph (b), or uses funds for a project that does not qualify under this
126.13 section, the Minnesota Housing Finance Agency shall notify the Department of Revenue
126.14 and the aid recipient must repay funds under paragraph (c) by February 15 of the following
126.15 year.

126.16 (c) By May 15, after receiving notice from the Minnesota Housing Finance Agency, an
126.17 aid recipient must repay to the commissioner of revenue funds the aid recipient received
126.18 under this section if the aid recipient:

126.19 (1) fails to spend the funds within the time allowed under subdivision 6, paragraph (b);

126.20 (2) spends the funds on anything other than a qualifying project; or

126.21 (3) fails to submit a report documenting use of the funds.

126.22 (d) The commissioner of revenue must stop distributing funds to an aid recipient that
126.23 the Minnesota Housing Finance Agency reports to have, in three consecutive years, failed
126.24 to use funds, misused funds, or failed to report on its use of funds.

126.25 (e) The commissioner may resume distributing funds to an aid recipient to which the
126.26 commissioner has stopped payments once the Minnesota Housing Finance Agency certifies
126.27 that the aid recipient has submitted documentation of plans for a qualifying project.

126.28 (f) By June 1, any funds repaid to the commissioner of revenue by tier I cities under
126.29 paragraph (c) must be added to the overall distribution of aids certified under this section
126.30 for tier I cities in the following year. By June 1, any funds repaid to the commissioner of
126.31 revenue by counties under paragraph (c) must be added to the overall distribution of aids
126.32 certified under this section for counties in the following year. By June 1, any funds repaid
126.33 to the commissioner of revenue by Tribal Nations under paragraph (c) must be added to the

127.1 overall distribution of aids certified under this section for Tribal Nations in the following
127.2 year.

127.3 (g) In order to receive a distribution under this section, a Tribal Nation must certify to
127.4 the commissioner of revenue the most recent estimate of the total number of enrolled
127.5 members of the Tribal Nation. The information must be annually certified by March 1 in
127.6 the form prescribed by the commissioner of revenue.

127.7 Subd. 8. **County consultation with cities.** A county that receives funding under this
127.8 section shall regularly consult with the cities in the jurisdictions of which its qualifying
127.9 projects are planned or located.

127.10 Subd. 9. **Appropriations.** (a) \$24,000,000 is annually appropriated from the general
127.11 fund to the commissioner of revenue to make payments to counties as required under this
127.12 section.

127.13 (b) \$6,800,000 is annually appropriated from the general fund to the commissioner of
127.14 revenue to make payments to tier I cities as required under this section.

127.15 (c) \$4,200,000 is annually appropriated from the general fund to the commissioner of
127.16 revenue to make payments to eligible Tribal Nations as required under this section.

127.17 (d) In fiscal years 2024 and 2025 only, an additional \$10,200,000 is annually appropriated
127.18 from the general fund to the commissioner of revenue to make payments to counties as
127.19 required under this section. In fiscal years 2024 and 2025 only, an additional \$3,000,000 is
127.20 annually appropriated from the general fund to the commissioner of revenue to make
127.21 payments to tier I cities as required under this section. In fiscal years 2024 and 2025 only,
127.22 an additional \$1,800,000 is annually appropriated from the general fund to the commissioner
127.23 of revenue to make payments to eligible Tribal Nations as required under this section. In
127.24 fiscal years 2024 and 2025 only, the commissioner shall transfer from the funds available
127.25 to counties to the Minnesota Housing Finance Agency a sum sufficient to increase the
127.26 amount in the account or accounts established under subdivision 4, paragraph (e), to
127.27 \$4,900,000. For aids payable in 2023 only, the commissioner may compute the amount of
127.28 aid to be paid to aid recipients as late as August 1, 2023, and may make payments of aid
127.29 under this section in one installment on December 26.

127.30 **EFFECTIVE DATE.** This section is effective beginning with aids payable in calendar
127.31 year 2023.

128.1 Sec. 23. Laws 2006, chapter 259, article 11, section 3, as amended by Laws 2008, chapter
128.2 154, article 1, section 4, and Laws 2013, chapter 143, article 2, section 33, is amended to
128.3 read:

128.4 Sec. 3. **MAHNOMEN COUNTY; COUNTY, CITY, SCHOOL DISTRICT,**
128.5 **PROPERTY TAX REIMBURSEMENT.**

128.6 Subdivision 1. **Aid appropriation.** (a) \$1,200,000 is appropriated annually from the
128.7 general fund to the commissioner of revenue to be used to make payments to compensate
128.8 for the loss of property tax revenue related to the trust conversion application of the Shooting
128.9 Star Casino. The commissioner shall pay the county of Mahnomen, \$900,000; the city of
128.10 Mahnomen, \$160,000; and Independent School District No. 432, Mahnomen, \$140,000.
128.11 The payments shall be made on July 20, of 2013 and each subsequent year.

128.12 (b) This section expires after aids payable year 2023.

128.13 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024
128.14 and thereafter.

128.15 Sec. 24. **STUDY OF STATE-OWNED LAKESHORE.**

128.16 No later than January 31, 2025, the commissioner of revenue, in consultation with the
128.17 Department of Natural Resources and counties, must produce a report on valuation methods
128.18 used to value the acreage and shoreline areas within all commissioner-administered and
128.19 county-administered other natural resources land, as defined in Minnesota Statutes, section
128.20 477A.11, subdivision 4. The report must comply with the requirements of Minnesota Statutes,
128.21 sections 3.195 and 3.197. The report must include, by county, the most recent assessed
128.22 value and acreage, as required under Minnesota Statutes, section 273.18, paragraph (b),
128.23 aggregated by parcels abutting lakes identified by a Department of Natural Resources
128.24 Division of Waters Lake Number and by parcels not abutting lakes identified by a Department
128.25 of Natural Resources Division of Waters Lake Number. Counties must report to the
128.26 commissioner of revenue any necessary data by December 30, 2023. The commissioner
128.27 must provide a copy of the report to the chairs and ranking minority members of the
128.28 legislative committees with jurisdiction over taxes and property taxation by January 31,
128.29 2025.

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

129.1 Sec. 25. **ONETIME INCREASE IN THE RENTER'S CREDIT AND HOMESTEAD**
129.2 **CREDIT STATE REFUND.**

129.3 Subdivision 1. **Homestead credit refund.** For claims filed based on taxes payable in
129.4 2023, the commissioner shall increase by 13.8 percent the refund otherwise payable under
129.5 Minnesota Statutes, section 290A.04, subdivision 2.

129.6 Subd. 2. **Renter's credit increase.** For claims filed based on rent paid in 2022, the
129.7 commissioner shall increase by 13.8 percent the refund otherwise payable under Minnesota
129.8 Statutes, section 290A.04, subdivision 2a.

129.9 Subd. 3. **No notification of appeal rights.** In adjusting homestead credit refunds and
129.10 renter property tax refunds under this section, the commissioner is not required to provide
129.11 information concerning appeal rights that ordinarily must be provided whenever the
129.12 commissioner adjusts refunds payable under Minnesota Statutes, chapter 290. Taxpayers
129.13 retain all rights to appeal adjustments under this section.

129.14 Subd. 4. **Appropriation.** The amount necessary to make the payments required under
129.15 this section is appropriated from the general fund to the commissioner of revenue.

129.16 **EFFECTIVE DATE.** This section is effective only for refunds based on rent paid in
129.17 2022 and property taxes payable in 2023.

129.18 Sec. 26. **TARGETING PROPERTY TAX REFUND; TEMPORARY INCREASE**
129.19 **FOR PROPERTY TAXES PAYABLE IN 2023.**

129.20 Notwithstanding any law to the contrary, for refunds based on property taxes payable
129.21 in 2023, the refund calculated under Minnesota Statutes, section 290A.04, subdivision 2h,
129.22 must be calculated by substituting:

129.23 (1) six percent for 12 percent; and

129.24 (2) \$2,500 for \$1,000.

129.25 **EFFECTIVE DATE.** This section is effective for refunds based on property taxes
129.26 payable in 2023 only.

129.27 Sec. 27. **2021 AID PENALTY FORGIVENESS; CITY OF ECHO.**

129.28 Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Echo
129.29 must receive its aid payment for calendar year 2021 under Minnesota Statutes, section
129.30 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision 3,
129.31 and its small city assistance payment for calendar year 2021 under Minnesota Statutes,

130.1 section 162.145, that was withheld under Minnesota Statutes, section 162.145, subdivision
130.2 3, paragraph (c), provided that the state auditor certifies to the commissioner of revenue
130.3 that it received the annual financial reporting form for 2020 from the city by June 1, 2023.
130.4 The commissioner of revenue must make a payment of \$46,060 to the city by June 30, 2023.

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

130.6 **Sec. 28. 2021 AID PENALTY FORGIVENESS; CITY OF MORTON.**

130.7 Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Morton
130.8 must receive its aid payment for calendar year 2021 under Minnesota Statutes, section
130.9 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision 3,
130.10 and its small city assistance payment for calendar year 2021 under Minnesota Statutes,
130.11 section 162.145, that was withheld under Minnesota Statutes, section 162.145, subdivision
130.12 3, paragraph (c), provided that the state auditor certifies to the commissioner of revenue
130.13 that it received the annual financial reporting form for 2020 from the city by June 1, 2023.
130.14 The commissioner of revenue must make a payment of \$79,476 to the city by June 30, 2023.

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

130.16 **Sec. 29. REPEALER.**

130.17 Minnesota Statutes 2022, sections 477A.011, subdivisions 30a, 38, 42, and 45; 477A.013,
130.18 subdivision 13; and 477A.16, subdivisions 1, 2, and 3, are repealed.

130.19 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024
130.20 and thereafter.

130.21 **ARTICLE 5**

130.22 **SALES AND USE TAXES**

130.23 **Section 1.** Minnesota Statutes 2022, section 297A.61, is amended by adding a subdivision
130.24 to read:

130.25 **Subd. 59. Cannabis.** "Cannabis" means any species of the genus cannabis plant, or any
130.26 mixture or preparation of any species of the genus cannabis plant, including whole plant
130.27 extracts and resins.

130.28 **EFFECTIVE DATE.** This section is effective the day following final enactment, except
130.29 if a bill styled as H.F. No. 100 is finally enacted at the 2023 regular session then this section
130.30 does not take effect.

131.1 Sec. 2. Minnesota Statutes 2022, section 297A.61, is amended by adding a subdivision to
131.2 read:

131.3 Subd. 60. **Adult-use cannabis.** "Adult-use cannabis" means cannabis, including cannabis
131.4 extracts and resins, that produces or is advertised as producing intoxicating or mood-altering
131.5 effects when consumed by any route of administration. Adult-use cannabis does not include
131.6 a product dispensed by a registered medical cannabis manufacturer under sections 152.22
131.7 to 152.37.

131.8 **EFFECTIVE DATE.** This section is effective the day following final enactment, except
131.9 if a bill styled as H.F. No. 100 is finally enacted at the 2023 regular session then this section
131.10 does not take effect.

131.11 Sec. 3. Minnesota Statutes 2022, section 297A.61, is amended by adding a subdivision to
131.12 read:

131.13 Subd. 61. **Adult-use cannabis product.** "Adult-use cannabis product" means a cannabis
131.14 product that produces or is advertised as producing intoxicating or mood-altering effects
131.15 when consumed by any route of administration. Adult-use cannabis product does not include
131.16 a product dispensed by a registered medical cannabis manufacturer under sections 152.22
131.17 to 152.37.

131.18 **EFFECTIVE DATE.** This section is effective the day following final enactment, except
131.19 if a bill styled as H.F. No. 100 is finally enacted at the 2023 regular session then this section
131.20 does not take effect.

131.21 Sec. 4. Minnesota Statutes 2022, section 297A.67, subdivision 2, is amended to read:

131.22 **Subd. 2. Food and food ingredients.** Except as otherwise provided in this subdivision,
131.23 food and food ingredients are exempt. For purposes of this subdivision, "food" and "food
131.24 ingredients" mean substances, whether in liquid, concentrated, solid, frozen, dried, or
131.25 dehydrated form, that are sold for ingestion or chewing by humans and are consumed for
131.26 their taste or nutritional value. Food and food ingredients exempt under this subdivision do
131.27 not include candy, soft drinks, dietary supplements, and prepared foods. Food and food
131.28 ingredients do not include alcoholic beverages and tobacco. Food and food ingredients do
131.29 not include adult-use cannabis and adult-use cannabis products. For purposes of this
131.30 subdivision, "alcoholic beverages" means beverages that are suitable for human consumption
131.31 and contain one-half of one percent or more of alcohol by volume. For purposes of this
131.32 subdivision, "tobacco" means cigarettes, cigars, chewing or pipe tobacco, or any other item

132.1 that contains tobacco. For purposes of this subdivision, "dietary supplements" means any
132.2 product, other than tobacco, intended to supplement the diet that:

132.3 (1) contains one or more of the following dietary ingredients:

132.4 (i) a vitamin;

132.5 (ii) a mineral;

132.6 (iii) an herb or other botanical;

132.7 (iv) an amino acid;

132.8 (v) a dietary substance for use by humans to supplement the diet by increasing the total
132.9 dietary intake; and

132.10 (vi) a concentrate, metabolite, constituent, extract, or combination of any ingredient
132.11 described in items (i) to (v);

132.12 (2) is intended for ingestion in tablet, capsule, powder, softgel, gelcap, or liquid form,
132.13 or if not intended for ingestion in such form, is not represented as conventional food and is
132.14 not represented for use as a sole item of a meal or of the diet; and

132.15 (3) is required to be labeled as a dietary supplement, identifiable by the supplement facts
132.16 box found on the label and as required pursuant to Code of Federal Regulations, title 21,
132.17 section 101.36.

132.18 **EFFECTIVE DATE.** This section is effective the day following final enactment, except
132.19 if a bill styled as H.F. No. 100 is finally enacted at the 2023 regular session then this section
132.20 does not take effect.

132.21 Sec. 5. Minnesota Statutes 2022, section 297A.67, subdivision 7, is amended to read:

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

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

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

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

132.29 (4) prosthetic devices;

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

133.1 (6) mobility enhancing equipment;

133.2 (7) prescription corrective eyeglasses; and

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

133.4 (b) Items purchased in transactions covered by:

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

133.7 (2) Medicaid as defined under title XIX of the Social Security Act, United States Code,
133.8 title 42, section 1396, et seq.

133.9 (c) For purposes of this subdivision:

133.10 (1) "Drug" means a compound, substance, or preparation, and any component of a
133.11 compound, substance, or preparation, other than food and food ingredients, dietary
133.12 supplements, adult-use cannabis, adult-use cannabis products, or alcoholic beverages that
133.13 is:

133.14 (i) recognized in the official United States Pharmacopoeia, official Homeopathic
133.15 Pharmacopoeia of the United States, or official National Formulary, and supplement to any
133.16 of them;

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

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

133.20 (2) "Durable medical equipment" means equipment, including repair and replacement
133.21 parts, including single-patient use items, but not including mobility enhancing equipment,
133.22 that:

133.23 (i) can withstand repeated use;

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

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

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

133.27 For purposes of this clause, "repair and replacement parts" includes all components or
133.28 attachments used in conjunction with the durable medical equipment, including repair and
133.29 replacement parts which are for single patient use only.

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

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

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

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

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

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

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

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

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

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

134.23 Prosthetic device does not include corrective eyeglasses.

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

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

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

134.29 (8) A transaction is covered by Medicare or Medicaid if any portion of the cost of the
134.30 item purchased in the transaction is paid for or reimbursed by the federal government or
134.31 the state of Minnesota pursuant to the Medicare or Medicaid program, by a private insurance

135.1 company administering the Medicare or Medicaid program on behalf of the federal
135.2 government or the state of Minnesota, or by a managed care organization for the benefit of
135.3 a patient enrolled in a prepaid program that furnishes medical services in lieu of conventional
135.4 Medicare or Medicaid coverage pursuant to agreement with the federal government or the
135.5 state of Minnesota.

135.6 **EFFECTIVE DATE.** This section is effective the day following final enactment, except
135.7 if a bill styled as H.F. No. 100 is finally enacted at the 2023 regular session then this section
135.8 does not take effect.

135.9 Sec. 6. Minnesota Statutes 2022, section 297A.68, subdivision 25, is amended to read:

135.10 Subd. 25. **Sale of property used in a trade or business.** (a) The sale of tangible personal
135.11 property primarily used in a trade or business is exempt if the sale is not made in the normal
135.12 course of business of selling that kind of property and if one of the following conditions is
135.13 satisfied:

135.14 (1) the sale occurs in a transaction subject to or described in section 118, 331, 332, 336,
135.15 337, 338, 351, 355, 368, 721, 731, 1031, or 1033 of the Internal Revenue Code, as amended
135.16 through December 16, 2016;

135.17 (2) the sale is between members of a controlled group as defined in section 1563(a) of
135.18 the Internal Revenue Code;

135.19 (3) the sale is between a sole member of a disregarded limited liability company and the
135.20 disregarded limited liability company;

135.21 ~~(3)~~ (4) the sale is a sale of farm machinery;

135.22 ~~(4)~~ (5) the sale is a farm auction sale;

135.23 ~~(5)~~ (6) the sale is a sale of substantially all of the assets of a trade or business; or

135.24 ~~(6)~~ (7) the total amount of gross receipts from the sale of trade or business property made
135.25 during the calendar month of the sale and the preceding 11 calendar months does not exceed
135.26 \$1,000.

135.27 The use, storage, distribution, or consumption of tangible personal property acquired as
135.28 a result of a sale exempt under this subdivision is also exempt.

135.29 (b) For purposes of this subdivision, the following terms have the meanings given.

135.30 (1) "Disregarded limited liability company" means a limited liability company that is
135.31 disregarded as an entity separate from its owner under the Internal Revenue Code.

136.1 ~~(1)~~ (2) A "farm auction" is a public auction conducted by a licensed auctioneer if
136.2 substantially all of the property sold consists of property used in the trade or business of
136.3 farming and property not used primarily in a trade or business.

136.4 ~~(2)~~ (3) "Trade or business" includes the assets of a separate division, branch, or
136.5 identifiable segment of a trade or business if, before the sale, the income and expenses
136.6 attributable to the separate division, branch, or identifiable segment could be separately
136.7 ascertained from the books of account or record (the lease or rental of an identifiable segment
136.8 does not qualify for the exemption).

136.9 ~~(3)~~ (4) A "sale of substantially all of the assets of a trade or business" must occur as a
136.10 single transaction or a series of related transactions within the 12-month period beginning
136.11 on the date of the first sale of assets intended to qualify for the exemption provided in
136.12 paragraph (a), clause (5).

136.13 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
136.14 30, 2023.

136.15 Sec. 7. Minnesota Statutes 2022, section 297A.70, subdivision 2, is amended to read:

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

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

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

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

136.27 (4) notwithstanding paragraph (d), the sales and purchases by the Metropolitan Council
136.28 of vehicles and repair parts to equip operations provided for in section 473.4051 are exempt
136.29 through December 31, 2016;

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

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

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

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

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

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

137.14 (4) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause (2),
137.15 and prepared food, candy, soft drinks, ~~and~~ alcoholic beverages as defined in section 297A.67,
137.16 subdivision 2, adult-use cannabis, and adult-use cannabis products except for lodging,
137.17 prepared food, candy, soft drinks, ~~and~~ alcoholic beverages, adult-use cannabis, and adult-use
137.18 cannabis products purchased directly by the United States or its agencies or instrumentalities;
137.19 or

137.20 (5) goods or services purchased by a local government as inputs to a liquor store, gas
137.21 or electric utility, solid waste hauling service, solid waste recycling service, landfill, golf
137.22 course, marina, campground, cafe, or laundromat.

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

137.26 (d) For purposes of the exemption granted under this subdivision, "local governments"
137.27 has the following meaning:

137.28 (1) for the period prior to January 1, 2017, local governments means statutory or home
137.29 rule charter cities, counties, and townships; and

137.30 (2) beginning January 1, 2017, local governments means statutory or home rule charter
137.31 cities, counties, and townships; special districts as defined under section 6.465; any
137.32 instrumentality of a statutory or home rule charter city, county, or township as defined in
137.33 section 471.59; and any joint powers board or organization created under section 471.59.

138.1 **EFFECTIVE DATE.** This section is effective the day following final enactment, except
138.2 if a bill styled as H.F. No. 100 is finally enacted at the 2023 regular session then this section
138.3 does not take effect.

138.4 Sec. 8. Minnesota Statutes 2022, section 297A.70, subdivision 4, is amended to read:

138.5 Subd. 4. **Sales to nonprofit groups.** (a) All sales, except those listed in paragraph (b),
138.6 to the following "nonprofit organizations" are exempt:

138.7 (1) a corporation, society, association, foundation, or institution organized and operated
138.8 exclusively for charitable, religious, or educational purposes if the item purchased is used
138.9 in the performance of charitable, religious, or educational functions;

138.10 (2) any senior citizen group or association of groups that:

138.11 (i) in general limits membership to persons who are either age 55 or older, or persons
138.12 with a physical disability;

138.13 (ii) is organized and operated exclusively for pleasure, recreation, and other nonprofit
138.14 purposes, not including housing, no part of the net earnings of which inures to the benefit
138.15 of any private shareholders; and

138.16 (iii) is an exempt organization under section 501(c) of the Internal Revenue Code; and

138.17 (3) an organization that qualifies for an exemption for memberships under subdivision
138.18 12 if the item is purchased and used in the performance of the organization's mission.

138.19 For purposes of this subdivision, charitable purpose includes the maintenance of a cemetery
138.20 owned by a religious organization.

138.21 (b) This exemption does not apply to the following sales:

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

138.26 (2) construction materials purchased by tax-exempt entities or their contractors to be
138.27 used in constructing buildings or facilities that will not be used principally by the tax-exempt
138.28 entities;

138.29 (3) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause (2),
138.30 and prepared food, candy, soft drinks, and alcoholic beverages as defined in section 297A.67,
138.31 subdivision 2, except wine purchased by an established religious organization for sacramental

139.1 purposes or as allowed under subdivision 9a, adult-use cannabis, and adult-use cannabis
139.2 products; and

139.3 (4) leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except as
139.4 provided in paragraph (c).

139.5 (c) This exemption applies to the leasing of a motor vehicle as defined in section 297B.01,
139.6 subdivision 11, only if the vehicle is:

139.7 (1) a truck, as defined in section 168.002, a bus, as defined in section 168.002, or a
139.8 passenger automobile, as defined in section 168.002, if the automobile is designed and used
139.9 for carrying more than nine persons including the driver; and

139.10 (2) intended to be used primarily to transport tangible personal property or individuals,
139.11 other than employees, to whom the organization provides service in performing its charitable,
139.12 religious, or educational purpose.

139.13 (d) A limited liability company also qualifies for exemption under this subdivision if

139.14 (1) it consists of a sole member that would qualify for the exemption, and (2) the items
139.15 purchased qualify for the exemption.

139.16 **EFFECTIVE DATE.** This section is effective the day following final enactment, except
139.17 if a bill styled as H.F. No. 100 is finally enacted at the 2023 regular session then this section
139.18 does not take effect.

139.19 Sec. 9. Minnesota Statutes 2022, section 297A.70, subdivision 18, is amended to read:

139.20 Subd. 18. **Nursing homes and boarding care homes.** (a) All sales, except those listed
139.21 in paragraph (b), to a nursing home licensed under section 144A.02 or a boarding care home
139.22 certified as a nursing facility under title 19 of the Social Security Act are exempt if the
139.23 facility:

139.24 (1) is exempt from federal income taxation pursuant to section 501(c)(3) of the Internal
139.25 Revenue Code; and

139.26 (2) is certified to participate in the medical assistance program under title 19 of the Social
139.27 Security Act, or certifies to the commissioner that it does not discharge residents due to the
139.28 inability to pay.

139.29 (b) This exemption does not apply to the following sales:

139.30 (1) building, construction, or reconstruction materials purchased by a contractor or a
139.31 subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed

140.1 maximum price covering both labor and materials for use in the construction, alteration, or
140.2 repair of a building or facility;

140.3 (2) construction materials purchased by tax-exempt entities or their contractors to be
140.4 used in constructing buildings or facilities that will not be used principally by the tax-exempt
140.5 entities;

140.6 (3) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause (2),
140.7 and prepared food, candy, soft drinks, ~~and~~ alcoholic beverages as defined in section 297A.67,
140.8 subdivision 2, adult-use cannabis, and adult-use cannabis products; and

140.9 (4) leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except as
140.10 provided in paragraph (c).

140.11 (c) This exemption applies to the leasing of a motor vehicle as defined in section 297B.01,
140.12 subdivision 11, only if the vehicle is:

140.13 (1) a truck, as defined in section 168.002; a bus, as defined in section 168.002; or a
140.14 passenger automobile, as defined in section 168.002, if the automobile is designed and used
140.15 for carrying more than nine persons including the driver; and

140.16 (2) intended to be used primarily to transport tangible personal property or residents of
140.17 the nursing home or boarding care home.

140.18 **EFFECTIVE DATE.** This section is effective the day following final enactment, except
140.19 if a bill styled as H.F. No. 100 is finally enacted at the 2023 regular session then this section
140.20 does not take effect.

140.21 Sec. 10. Minnesota Statutes 2022, section 297A.70, subdivision 19, is amended to read:

140.22 Subd. 19. **Nonprofit snowmobile clubs; machinery and equipment.** (a) The following
140.23 sales to an eligible nonprofit snowmobile club are exempt:

140.24 (1) sales of tangible personal property, including grooming machines, attachments, other
140.25 associated accessories, and repair parts, to a nonprofit snowmobile club that is used primarily
140.26 and directly for the grooming of state or grant-in-aid snowmobile trails are exempt. The
140.27 exemption applies to grooming machines, attachments, other associated accessories, and
140.28 repair parts.; and

140.29 (2) sales of materials and supplies used or consumed in, and equipment incorporated
140.30 into, the construction, reconstruction, maintenance, or improvement of state or grant-in-aid
140.31 snowmobile trails, completed by the nonprofit snowmobile club.

141.1 (b) A nonprofit snowmobile club is eligible for the exemption under this subdivision if
141.2 it received, in the current year or in the previous three-year period, a state grant-in-aid
141.3 maintenance and grooming grant administered by the Department of Natural Resources by
141.4 applying for the grant with a local unit of government sponsor.

141.5 (c) The exemption under paragraph (a), clause (2), expires July 1, 2027, for sales and
141.6 purchases made after June 30, 2027.

141.7 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
141.8 30, 2023.

141.9 **Sec. 11. SALES AND USE TAX EXEMPTION; CERTAIN NATURAL GAS FEES.**

141.10 Subdivision 1. **Exemption.** Notwithstanding Minnesota Statutes, section 297A.67,
141.11 subdivision 15, clause (2), fees related to natural gas sold for residential use to customers
141.12 who were metered and billed as residential users and who used natural gas for their primary
141.13 source of residential heat are exempt from sales and use tax imposed under Minnesota
141.14 Statutes, chapter 297A for purposes of the billing periods May to October, provided that:

141.15 (1) the fee for the natural gas is subject to a cost recovery plan for the price increase in
141.16 natural gas during the period February 13, 2021, to February 17, 2021, identified in docket
141.17 G-999/CI-21-135 before the Minnesota Public Utilities Commission; and

141.18 (2) the fee is separately stated and labeled as a fee pursuant to a cost recovery plan under
141.19 clause (1).

141.20 Subd. 2. **Application; refund.** (a) By October 1, 2023, each utility must apply to the
141.21 commissioner of revenue for a refund of sales taxes collected and remitted pursuant to
141.22 Minnesota Statutes, section 297A.77, on fees for sales and purchases of natural gas subject
141.23 to a cost recovery plan under subdivision 1, clause (1), that were added to residential
141.24 customers' bills for the period beginning September 1, 2021, and ending June 30, 2023.

141.25 (b) The provisions of Minnesota Statutes, section 289A.50, subdivision 2, except for
141.26 paragraph (c), apply to refunds issued under this subdivision. For purposes of this subdivision,
141.27 "utility" means a utility subject to the cost recovery plan under subdivision 1, clause (1).
141.28 Within 90 days after the date the commissioner issues the refund under Minnesota Statutes,
141.29 section 289A.50, subdivision 2, paragraph (a), to the utility, the utility must provide a plan
141.30 to the Minnesota Public Utilities Commission for crediting taxes exempt under subdivision
141.31 1 to residential customers.

142.1 (c) The plan must be approved by the Minnesota Public Utilities Commission. Any
142.2 amount not refunded or credited to a residential customer by a utility within 60 days of
142.3 approval of the plan must be returned to the commissioner by the utility.

142.4 **EFFECTIVE DATE.** This section is effective retroactively for fees applied to sales
142.5 and purchases of natural gas that are billed from September 1, 2021, to December 31, 2026.

142.6 Sec. 12. **TEMPORARY SALES TAX EXEMPTION FOR CONSTRUCTION**
142.7 **MATERIALS; CERTAIN ENTITIES.**

142.8 Subdivision 1. **Exemption; refund.** (a) Materials and supplies used or consumed in and
142.9 equipment incorporated into the construction, reconstruction, repair, maintenance, or
142.10 improvement of buildings or facilities used principally by the following entities are exempt
142.11 if purchased after June 30, 2021, and before January 1, 2025:

142.12 (1) school districts, as defined under Minnesota Statutes, section 297A.70, subdivision
142.13 2, paragraph (c);

142.14 (2) local governments, as defined under Minnesota Statutes, section 297A.70, subdivision
142.15 2, paragraph (d);

142.16 (3) hospitals and nursing homes owned and operated by political subdivisions of the
142.17 state, as described under Minnesota Statutes, section 297A.70, subdivision 2, paragraph (a),
142.18 clause (3);

142.19 (4) county law libraries under Minnesota Statutes, chapter 134A, and public libraries,
142.20 regional public library systems, and multicounty, multitype library systems, as defined in
142.21 Minnesota Statutes, section 134.001;

142.22 (5) nonprofit groups, as defined under Minnesota Statutes, section 297A.70, subdivision
142.23 4;

142.24 (6) hospitals, outpatient surgical centers, and critical access dental providers, as defined
142.25 under Minnesota Statutes, section 297A.70, subdivision 7; and

142.26 (7) nursing homes and boarding care homes, as defined under Minnesota Statutes, section
142.27 297A.70, subdivision 18.

142.28 (b) Materials and supplies used or consumed in and equipment incorporated into the
142.29 construction, reconstruction, repair, maintenance, or improvement of public infrastructure
142.30 of any kind, including but not limited to roads, bridges, culverts, drinking water facilities,
142.31 and wastewater facilities, purchased by a contractor, subcontractor, or builder as part of a

143.1 contract with the following entities are exempt if purchased after June 30, 2021, and before
143.2 January 1, 2025:

143.3 (1) school districts, as defined under Minnesota Statutes, section 297A.70, subdivision
143.4 2, paragraph (c); or

143.5 (2) local governments, as defined under Minnesota Statutes, section 297A.70, subdivision
143.6 2, paragraph (d).

143.7 (c) The tax on purchases exempt under this section must be imposed and collected as if
143.8 the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied and then refunded
143.9 in the manner provided in Minnesota Statutes, section 297A.75. Claims for refund for sales
143.10 tax paid on eligible purchases must be filed by February 28, 2025. Refunds for eligible
143.11 purchases must not be issued before June 30, 2023, or after June 30, 2025.

143.12 Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1
143.13 is appropriated from the general fund to the commissioner of revenue.

143.14 **EFFECTIVE DATE.** This section is effective retroactively from July 1, 2021, and
143.15 applies to sales and purchases made after June 30, 2021, and before January 1, 2025.

143.16 Sec. 13. **CITY OF CHANHASSEN; SALES TAX EXEMPTION FOR**
143.17 **CONSTRUCTION MATERIALS.**

143.18 Subdivision 1. **Exemption; refund.** (a) Materials and supplies used or consumed in and
143.19 equipment incorporated into the construction, reconstruction, upgrade, expansion, renovation,
143.20 or remodeling of a new city hall and senior center, council chambers, and park amenities
143.21 in the city of Chanhassen are exempt from sales and use tax under Minnesota Statutes,
143.22 chapter 297A, provided that the materials, supplies, and equipment are purchased after
143.23 December 31, 2024, and before February 1, 2027.

143.24 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section
143.25 297A.62, subdivision 1, applied and then refunded in the same manner provided in Minnesota
143.26 Statutes, section 297A.75, subdivision 1, clause (17).

143.27 Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1
143.28 is appropriated from the general fund to the commissioner of revenue.

143.29 **EFFECTIVE DATE.** This section is effective the day following final enactment and
143.30 applies to sales and purchases made after December 31, 2024, and before February 1, 2027.

144.1 **Sec. 14. CITY OF EDINA; SALES TAX EXEMPTION FOR CONSTRUCTION**
144.2 **MATERIALS.**

144.3 **Subdivision 1. Exemption; refund.** (a) Materials and supplies used or consumed in and
144.4 equipment incorporated into the construction, reconstruction, upgrade, expansion, renovation,
144.5 or remodeling of a community health and safety center in the city of Edina are exempt from
144.6 sales and use tax under Minnesota Statutes, chapter 297A, provided that the materials,
144.7 supplies, and equipment are purchased after December 31, 2024, and before January 1,
144.8 2026.

144.9 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section
144.10 297A.62, subdivision 1, applied and then refunded in the same manner provided in Minnesota
144.11 Statutes, section 297A.75, subdivision 1, clause (17).

144.12 **Subd. 2. Appropriation.** The amount required to pay the refunds under subdivision 1
144.13 is appropriated from the general fund to the commissioner of revenue.

144.14 **EFFECTIVE DATE.** This section is effective the day following final enactment and
144.15 applies to sales and purchases made after December 31, 2024, and before January 1, 2026.

144.16 **Sec. 15. ELY PUBLIC SCHOOLS; SALES TAX EXEMPTION FOR**
144.17 **CONSTRUCTION MATERIALS.**

144.18 **Subdivision 1. Exemption; refund.** (a) Materials and supplies used in and equipment
144.19 incorporated into the following projects in Independent School District No. 696, Ely Public
144.20 Schools, are exempt from sales and use tax imposed under Minnesota Statutes, chapter
144.21 297A, if materials, supplies, and equipment are purchased after May 1, 2019, and before
144.22 July 1, 2021:

144.23 (1) renovations to the elementary school building and high school building; and

144.24 (2) construction of a building that connects the elementary school and high school
144.25 buildings containing classrooms, a common area, a gymnasium, and administrative offices.

144.26 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section
144.27 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects
144.28 under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible
144.29 purchases must not be issued until after June 30, 2023.

144.30 **Subd. 2. Appropriation.** The amount required to pay the refunds under subdivision 1
144.31 is appropriated from the general fund to the commissioner of revenue.

145.1 **EFFECTIVE DATE.** This section is effective retroactively from May 2, 2019, and
145.2 applies to sales and purchases made after May 1, 2019, and before July 1, 2021.

145.3 Sec. 16. **HIBBING PUBLIC SCHOOLS; SALES TAX EXEMPTION FOR**
145.4 **CONSTRUCTION MATERIALS.**

145.5 Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment
145.6 incorporated into the following projects in the city of Hibbing are exempt from sales and
145.7 use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and
145.8 equipment are purchased after May 1, 2019, and before July 1, 2021:

145.9 (1) the addition of an Early Childhood Family Education Center to an existing elementary
145.10 school; and

145.11 (2) improvements to an existing athletic facility in Independent School District No. 701,
145.12 Hibbing Public Schools.

145.13 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section
145.14 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects
145.15 under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible
145.16 purchases must not be issued until after June 30, 2023.

145.17 Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1
145.18 is appropriated from the general fund to the commissioner of revenue.

145.19 **EFFECTIVE DATE.** This section is effective retroactively from May 2, 2019, and
145.20 applies to sales and purchases made after May 1, 2019, and before July 1, 2021.

145.21 Sec. 17. **MINNEAPOLIS-ST. PAUL INTERNATIONAL AIRPORT; SALES TAX**
145.22 **EXEMPTION FOR CONSTRUCTION MATERIALS.**

145.23 Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment
145.24 incorporated into the construction, reconstruction, repair, maintenance, or improvement of
145.25 public infrastructure at the Minneapolis-St. Paul International Airport purchased by a
145.26 contractor or subcontractor are exempt from sales and use tax imposed under Minnesota
145.27 Statutes, chapter 297A, if materials, supplies, and equipment are purchased after December
145.28 31, 2024, and before January 1, 2028.

145.29 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section
145.30 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects
145.31 under Minnesota Statutes, section 297A.75, subdivision 1, clause (17).

146.1 Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1
146.2 is appropriated from the general fund to the commissioner of revenue.

146.3 **EFFECTIVE DATE.** This section is effective the day following final enactment and
146.4 applies to purchases made after December 31, 2024, and before January 1, 2028.

146.5 Sec. 18. **CITY OF MOORHEAD; SALES TAX EXEMPTION FOR**
146.6 **CONSTRUCTION MATERIALS.**

146.7 Subdivision 1. **Exemption; refund.** (a) Materials and supplies used or consumed in and
146.8 equipment incorporated into the construction, reconstruction, upgrade, expansion, renovation,
146.9 or remodeling of a regional library and community center in the city of Moorhead are exempt
146.10 from sales and use tax under Minnesota Statutes, chapter 297A, provided that the materials,
146.11 supplies, and equipment are purchased after December 31, 2024, and before April 1, 2027.

146.12 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section
146.13 297A.62, subdivision 1, applied and then refunded in the same manner provided in Minnesota
146.14 Statutes, section 297A.75, subdivision 1, clause (17).

146.15 Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1
146.16 is appropriated from the general fund to the commissioner of revenue.

146.17 **EFFECTIVE DATE.** This section is effective the day following final enactment and
146.18 applies to sales and purchases made after December 31, 2024, and before April 1, 2027.

146.19 Sec. 19. **CITY OF OAKDALE; SALES TAX EXEMPTION FOR CONSTRUCTION**
146.20 **MATERIALS.**

146.21 Subdivision 1. **Exemption; refund.** (a) Materials and supplies used or consumed in and
146.22 equipment incorporated into the construction of a new public works facility in the city of
146.23 Oakdale are exempt from sales and use tax under Minnesota Statutes, chapter 297A, provided
146.24 that the materials, supplies, and equipment are purchased after December 31, 2024, and
146.25 before January 1, 2027.

146.26 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section
146.27 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects
146.28 under Minnesota Statutes, section 297A.75, subdivision 1, clause (17).

146.29 Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1
146.30 is appropriated from the general fund to the commissioner of revenue.

147.1 **EFFECTIVE DATE.** This section is effective the day following final enactment and
147.2 applies to sales and purchases made after December 31, 2024, and before January 1, 2027.

147.3 Sec. 20. **CITY OF RAMSEY; SALES TAX EXEMPTION FOR CONSTRUCTION**
147.4 **MATERIALS.**

147.5 Subdivision 1. **Exemption; refund.** (a) Materials and supplies used or consumed in and
147.6 equipment incorporated into the construction, reconstruction, upgrade, expansion, renovation,
147.7 or remodeling of a new water treatment plant in the city of Ramsey are exempt from sales
147.8 and use tax under Minnesota Statutes, chapter 297A, provided that the materials, supplies,
147.9 and equipment are purchased after December 31, 2024, and before January 1, 2026.

147.10 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section
147.11 297A.62, subdivision 1, applied and then refunded in the same manner provided in Minnesota
147.12 Statutes, section 297A.75, subdivision 1, clause (17).

147.13 Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1
147.14 is appropriated from the general fund to the commissioner of revenue.

147.15 **EFFECTIVE DATE.** This section is effective the day following final enactment and
147.16 applies to sales and purchases made after December 31, 2024, and before January 1, 2026.

147.17 Sec. 21. **RED LAKE COUNTY SCHOOL DISTRICT; SALES TAX EXEMPTION**
147.18 **FOR CONSTRUCTION MATERIALS.**

147.19 Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment
147.20 incorporated into the construction of a new school in Independent School District No. 2906,
147.21 Red Lake County School District, are exempt from sales and use tax imposed under
147.22 Minnesota Statutes, chapter 297A, if materials, supplies, and equipment are purchased after
147.23 December 31, 2020, and before July 1, 2021, and after December 31, 2024, and before
147.24 January 1, 2026.

147.25 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section
147.26 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects
147.27 under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible
147.28 purchases must not be issued until after June 30, 2023.

147.29 Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1
147.30 is appropriated from the general fund to the commissioner of revenue.

148.1 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2021, and
148.2 applies to sales and purchases made after December 31, 2020, and before July 1, 2021, and
148.3 after December 31, 2024, and before January 1, 2026.

148.4 Sec. 22. **RED ROCK CENTRAL SCHOOL DISTRICT; SALES TAX EXEMPTION**
148.5 **FOR CONSTRUCTION MATERIALS.**

148.6 Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment
148.7 incorporated into the construction of a new prekindergarten through grade 12 learning
148.8 facility in Independent School District No. 2884, Red Rock Central School District, are
148.9 exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if materials,
148.10 supplies, and equipment are purchased after December 31, 2024, and before July 1, 2025.

148.11 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section
148.12 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects
148.13 under Minnesota Statutes, section 297A.75, subdivision 1, clause (17).

148.14 Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1
148.15 is appropriated from the general fund to the commissioner of revenue.

148.16 **EFFECTIVE DATE.** This section is effective the day following final enactment and
148.17 applies to sales and purchases made after December 31, 2024, and before July 1, 2025.

148.18 Sec. 23. **ROCK RIDGE PUBLIC SCHOOLS; SALES TAX EXEMPTION FOR**
148.19 **CONSTRUCTION MATERIALS.**

148.20 Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment
148.21 incorporated into the construction of two new elementary school buildings and a new high
148.22 school building in Independent School District No. 2909, Rock Ridge Public Schools, are
148.23 exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if materials,
148.24 supplies, and equipment are purchased after May 1, 2019, and before July 1, 2021.

148.25 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section
148.26 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects
148.27 under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible
148.28 purchases must not be issued until after June 30, 2023.

148.29 Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1
148.30 is appropriated from the general fund to the commissioner of revenue.

148.31 **EFFECTIVE DATE.** This section is effective retroactively from May 2, 2019, and
148.32 applies to sales and purchases made after May 1, 2019, and before July 1, 2021.

149.1 **Sec. 24. CITY OF SPRING GROVE; SALES TAX EXEMPTION FOR**
149.2 **CONSTRUCTION MATERIALS AND CAPITAL EQUIPMENT.**

149.3 **Subdivision 1. Exemption; refund. (a) The sale and purchase of the following items**
149.4 **are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if the**
149.5 **items are used to repair, replace, or otherwise recover from real and personal property**
149.6 **damage that occurred during the fire on December 22, 2022, in the city of Spring Grove:**

149.7 **(1) building materials and supplies used or consumed in, and equipment incorporated**
149.8 **into, the construction, replacement, or repair of real property; and**

149.9 **(2) capital equipment to replace equipment destroyed in the fire.**

149.10 **(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section**
149.11 **297A.62, subdivision 1, applied and then refunded in the same manner provided for projects**
149.12 **under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). The exemption under**
149.13 **paragraph (a) applies to sales and purchases made after December 22, 2022, and before**
149.14 **January 1, 2028. Refunds for eligible purchases must not be issued until after June 30, 2023.**

149.15 **Subd. 2. Appropriation. The amount required to pay the refunds under subdivision 1**
149.16 **is appropriated from the general fund to the commissioner of revenue.**

149.17 **EFFECTIVE DATE. This section is effective retroactively from December 23, 2022,**
149.18 **and applies to sales and purchases made after December 22, 2022, and before January 1,**
149.19 **2028.**

149.20 **Sec. 25. SPRINGFIELD SCHOOL DISTRICT; SALES TAX EXEMPTION FOR**
149.21 **CONSTRUCTION MATERIALS.**

149.22 **Subdivision 1. Exemption; refund. (a) Materials and supplies used in and equipment**
149.23 **incorporated into the following projects for Independent School District No. 85, Springfield**
149.24 **School District, are exempt from sales and use tax imposed under Minnesota Statutes,**
149.25 **chapter 297A, if materials, supplies, and equipment are purchased after December 31, 2024,**
149.26 **and before July 1, 2025:**

149.27 **(1) construction of a main secure entrance;**

149.28 **(2) construction of a required tornado storm shelter and related safety, security, and**
149.29 **accessibility improvements;**

149.30 **(3) installation of HVAC improvements;**

149.31 **(4) renovation and interior modifications necessary to convert the existing elementary**
149.32 **school gymnasium for use for career and technical education trades and an auto shop; and**

150.1 (5) addition of a new school gymnasium, including the construction and improvement
150.2 of new locker rooms, and the renovation and repurposing of existing locker rooms for use
150.3 for cafeteria improvements and school programming needs.

150.4 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section
150.5 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects
150.6 under Minnesota Statutes, section 297A.75, subdivision 1, clause (17).

150.7 Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1
150.8 is appropriated from the general fund to the commissioner of revenue.

150.9 **EFFECTIVE DATE.** This section is effective the day following final enactment and
150.10 applies to sales and purchases made after December 31, 2024, and before July 1, 2025.

150.11 Sec. 26. **CITY OF WAYZATA; SALES TAX EXEMPTION FOR CONSTRUCTION**
150.12 **MATERIALS.**

150.13 Subdivision 1. **Exemption; refund.** (a) Materials and supplies used or consumed in and
150.14 equipment incorporated into the following projects in the city of Wayzata are exempt from
150.15 sales and use tax under Minnesota Statutes, chapter 297A, provided that the materials,
150.16 supplies, and equipment are purchased after March 31, 2020, and before July 1, 2021:

150.17 (1) expansion and remodeling of Depot Park;

150.18 (2) construction of community docks for purposes of access from Lake Minnetonka;

150.19 (3) construction of a lakeside boardwalk of approximately 1,500 lineal feet;

150.20 (4) shoreline restoration, including installation of native plants, trees, and natural habitat;

150.21 (5) restoration of Section Foreman House, including installation of a learning center to
150.22 provide indoor and outdoor classroom and community space;

150.23 (6) construction of Eco Park, including shoreline restoration and marsh and water quality
150.24 improvement, a pier extension of the lakeside boardwalk, and creation of eco-living
150.25 classrooms;

150.26 (7) construction of a public plaza with a restroom, 9/11 memorial, interactive water
150.27 display, and gathering space;

150.28 (8) construction of a regional multiuse trail; and

150.29 (9) construction of railroad crossings.

150.30 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section
150.31 297A.62, subdivision 1, applied and then refunded in the same manner provided in Minnesota

151.1 Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible purchases must
151.2 not be issued until after June 30, 2023.

151.3 Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1
151.4 is appropriated from the general fund to the commissioner of revenue.

151.5 **EFFECTIVE DATE.** This section is effective retroactively from April 1, 2020, and
151.6 applies to sales and purchases made after March 31, 2020, and before July 1, 2021.

151.7 Sec. 27. **CITY OF WOODBURY; SALES TAX EXEMPTION FOR**
151.8 **CONSTRUCTION MATERIALS.**

151.9 Subdivision 1. **Exemption; refund.** (a) Materials and supplies used or consumed in and
151.10 equipment incorporated into the construction, reconstruction, upgrade, expansion, renovation,
151.11 or remodeling of the Central Park project in the city of Woodbury are exempt from sales
151.12 and use tax under Minnesota Statutes, chapter 297A, provided that the materials, supplies,
151.13 and equipment are purchased after December 31, 2024, and before January 1, 2026.

151.14 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section
151.15 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects
151.16 under Minnesota Statutes, section 297A.75, subdivision 1, clause (17).

151.17 Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1
151.18 is appropriated from the general fund to the commissioner of revenue.

151.19 **EFFECTIVE DATE.** This section is effective the day following final enactment and
151.20 applies to sales and purchases made after December 31, 2024, and before January 1, 2026.

151.21 **ARTICLE 6**

151.22 **MINERALS TAXES**

151.23 Section 1. Minnesota Statutes 2022, section 272.02, subdivision 73, is amended to read:

151.24 **Subd. 73. Property subject to taconite production tax or ~~net~~ gross proceeds tax.** (a)
151.25 Real and personal property described in section 298.25 is exempt to the extent the tax on
151.26 taconite and iron sulphides under section 298.24 is described in section 298.25 as being in
151.27 lieu of other taxes on such property. This exemption applies for taxes payable in each year
151.28 that the tax under section 298.24 is payable with respect to such property.

151.29 (b) Deposits of mineral, metal, or energy resources the mining of which is subject to
151.30 taxation or the minimum payment under section 298.015 are exempt.

152.1 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2023.

152.2 Sec. 2. Minnesota Statutes 2022, section 273.1341, is amended to read:

152.3 **273.1341 TACONITE ASSISTANCE AREA.**

152.4 A "taconite assistance area" means the geographic area that falls within the boundaries
152.5 of a school district that contains:

152.6 (1) a municipality in which the assessed valuation of unmined iron ore on May 1, 1941,
152.7 was not less than 40 percent of the assessed valuation of all real property; ~~or~~

152.8 (2) a municipality in which on January 1, 1977, or the applicable assessment date, there
152.9 is a taconite concentrating plant or where taconite is mined or quarried or where there is
152.10 located an electric generating plant which qualifies as a taconite facility; or

152.11 (3) a municipality:

152.12 (i) that is located in a county that contains a school district described in clause (1) or
152.13 (2); and

152.14 (ii) where active mining of materials subject to the tax under section 298.015, subdivision
152.15 1, is occurring, or where a mine subject to the minimum payment under section 298.015,
152.16 subdivision 3, is located.

152.17 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
152.18 31, 2022.

152.19 Sec. 3. Minnesota Statutes 2022, section 297A.68, subdivision 4, is amended to read:

152.20 Subd. 4. **Taconite, other ores, metals, or minerals; production materials.** Mill liners,
152.21 grinding rods, and grinding balls that are substantially consumed in the production of taconite
152.22 or other ores, metals, or minerals are exempt when sold to or stored, used, or consumed by
152.23 persons taxed under the in-lieu or ~~net gross~~ proceeds provisions of chapter 298.

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

152.25 Sec. 4. Minnesota Statutes 2022, section 298.015, is amended to read:

152.26 **298.015 ~~NET GROSS~~ PROCEEDS TAX ON MINING.**

152.27 Subdivision 1. **Tax imposed.** A person engaged in the business of mining shall pay to
152.28 the state of Minnesota for distribution as provided in section 298.018 a ~~net gross~~ proceeds
152.29 tax equal to ~~two~~ 0.4 percent of the ~~net gross~~ proceeds from mining in Minnesota. The tax
152.30 applies to all ores, metals, and minerals mined, extracted, produced, or refined within the

153.1 state of Minnesota except for sand, silica sand, gravel, building stone, crushed rock,
153.2 limestone, granite, dimension granite, dimension stone, horticultural peat, clay, soil, iron
153.3 ore, and taconite concentrates. The tax is in addition to all other taxes provided for by law.

153.4 Subd. 2. **Net Gross proceeds.** For purposes of this section, the term "~~net proceeds~~"
153.5 "gross proceeds" means the gross proceeds from mining, as defined in section 298.016, ~~less~~
153.6 ~~the deductions for purposes of determining taxable income under section 298.01, subdivision~~
153.7 ~~3b, applied to the mining, production, processing, beneficiation, smelting, or refining of~~
153.8 ~~metal or mineral products. No other credits or deductions shall apply to this tax.~~

153.9 Subd. 3. **Minimum payment.** (a) A person who has obtained all required permits to
153.10 mine all ores and metals, except for sand, silica sand, gravel, building stone, crushed rock,
153.11 limestone, granite, dimension granite, dimension stone, horticultural peat, clay, soil, iron
153.12 ore, and iron concentrates, is annually subject to the minimum payment under this
153.13 subdivision, unless:

153.14 (1) the tax imposed on the individual under subdivision 1 in a given year is greater than
153.15 zero; or

153.16 (2) the person demonstrates to the commissioner of revenue that it is legally prohibited
153.17 from engaging in the business of mining under a permit it has obtained.

153.18 (b) The annual minimum payment under this subdivision is (1) \$2,000,000, multiplied
153.19 by (2) the number of months in a calendar year the individual is subject to the minimum
153.20 payment under this subdivision, as determined under paragraph (a), divided by 12.

153.21 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
153.22 31, 2022.

153.23 Sec. 5. Minnesota Statutes 2022, section 298.018, subdivision 1, is amended to read:

153.24 Subdivision 1. **Within taconite assistance area.** (a) The proceeds of the tax paid under
153.25 sections 298.015 and 298.016 on ores, metals, or minerals mined or extracted within the
153.26 taconite assistance area defined in section 273.1341, shall be allocated as follows:

153.27 (1) except as provided under paragraph (b), five percent to the city or town within which
153.28 the minerals or energy resources are mined or extracted, or within which the concentrate
153.29 was produced. If the mining and concentration, or different steps in either process, are
153.30 carried on in more than one taxing district, the commissioner shall apportion equitably the
153.31 proceeds among the cities and towns by attributing 50 percent of the proceeds of the tax to
153.32 the operation of mining or extraction, and the remainder to the concentrating plant and to

154.1 the processes of concentration, and with respect to each thereof giving due consideration
154.2 to the relative extent of the respective operations performed in each taxing district;

154.3 (2) ten percent to the taconite municipal aid account to be distributed as provided in
154.4 section 298.282, subdivisions 1 and 2, on the dates provided under this section;

154.5 (3) ten percent to the school district within which the minerals or energy resources are
154.6 mined or extracted, or within which the concentrate was produced. If the mining and
154.7 concentration, or different steps in either process, are carried on in more than one school
154.8 district, distribution among the school districts must be based on the apportionment formula
154.9 prescribed in clause (1);

154.10 (4) 20 percent to a group of school districts comprised of those school districts wherein
154.11 the mineral or energy resource was mined or extracted or in which there is a qualifying
154.12 municipality as defined by section 273.134, paragraph (b), in direct proportion to school
154.13 district indexes as follows: for each school district, its pupil units determined under section
154.14 126C.05 for the prior school year shall be multiplied by the ratio of the average adjusted
154.15 net tax capacity per pupil unit for school districts receiving aid under this clause as calculated
154.16 pursuant to chapters 122A, 126C, and 127A for the school year ending prior to distribution
154.17 to the adjusted net tax capacity per pupil unit of the district. Each district shall receive that
154.18 portion of the distribution which its index bears to the sum of the indices for all school
154.19 districts that receive the distributions;

154.20 (5) ~~20~~ ten percent to the county within which the minerals or energy resources are mined
154.21 or extracted, or within which the concentrate was produced. If the mining and concentration,
154.22 or different steps in either process, are carried on in more than one county, distribution
154.23 among the counties must be based on the apportionment formula prescribed in clause (1),
154.24 provided that any county receiving distributions under this clause shall pay one percent of
154.25 its proceeds to the Range Association of Municipalities and Schools;

154.26 (6) ~~20~~ five percent to St. Louis County acting as the counties' fiscal agent to be distributed
154.27 as provided in sections 273.134 to 273.136;

154.28 (7) ~~five~~ 20 percent to the commissioner of Iron Range resources and rehabilitation for
154.29 the purposes of section 298.22;

154.30 (8) three percent to the Douglas J. Johnson economic protection trust fund; ~~and~~

154.31 (9) seven percent to the taconite environmental protection fund; and

154.32 (10) ten percent to the commissioner of Iron Range resources and rehabilitation for
154.33 capital improvements to Giants Ridge Recreation Area.

155.1 (b) If the materials or energy resources are mined, extracted, or concentrated in School
155.2 District No. 2711, Mesabi East, then the amount under paragraph (a), clause (1), must instead
155.3 be distributed pursuant to this paragraph. The cities of Aurora, Babbitt, Ely, and Hoyt Lakes
155.4 must each receive 20 percent of the amount. The city of Biwabik and Embarrass Township
155.5 must each receive ten percent of the amount.

155.6 (c) For the first five years that tax paid under section 298.015, subdivisions 1 and 2, is
155.7 distributed under this subdivision, ten percent of the total proceeds distributed in each year
155.8 must first be distributed pursuant to this paragraph. The remaining 90 percent of the total
155.9 proceeds distributed in each of those years must be distributed as outlined in paragraph (a).
155.10 Of the amount available under this paragraph, the cities of Aurora, Babbitt, Ely, and Hoyt
155.11 Lakes must each receive 20 percent. Of the amount available under this paragraph, the city
155.12 of Biwabik and Embarrass Township must each receive ten percent.

155.13 **EFFECTIVE DATE.** This section is effective for distributions beginning after December
155.14 31, 2022.

155.15 Sec. 6. Minnesota Statutes 2022, section 298.018, subdivision 1a, is amended to read:

155.16 Subd. 1a. **Distribution date.** The proceeds of the tax allocated under subdivision 1 shall
155.17 be distributed on December 15 each year. Any payment of proceeds received after December
155.18 15 shall be distributed on the next ~~net~~ gross proceeds tax distribution date.

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

155.20 Sec. 7. Minnesota Statutes 2022, section 298.28, subdivision 5, is amended to read:

155.21 Subd. 5. **Counties.** (a) ~~21.05 cents per taxable ton for distributions in 2015 through 2023,~~
155.22 ~~and 26.05 cents per taxable ton for distributions beginning in 2024,~~ is allocated to counties
155.23 to be distributed, based upon certification by the commissioner of revenue, under paragraphs
155.24 (b) to (d).

155.25 (b) 10.525 cents per taxable ton shall be distributed to the county in which the taconite
155.26 is mined or quarried or in which the concentrate is produced, less any amount which is to
155.27 be distributed pursuant to paragraph (c). The apportionment formula prescribed in subdivision
155.28 2 is the basis for the distribution.

155.29 (c) 1.0 cent per taxable ton of the tax distributed to the counties under paragraph (b)
155.30 shall be paid to a county that received a distribution under this section in 2000 because there
155.31 was located in the county an electric power plant owned by and providing the primary source
155.32 of power for a taxpayer mining and concentrating taconite in a different county.

156.1 (d) 10.525 cents per taxable ton ~~for distributions in 2015 through 2023, and 15.525 cents~~
156.2 ~~per taxable ton for distributions beginning in 2024~~, shall be paid to the county from which
156.3 the taconite was mined, quarried or concentrated to be deposited in the county road and
156.4 bridge fund. If the mining, quarrying and concentrating, or separate steps in any of those
156.5 processes are carried on in more than one county, the commissioner shall follow the
156.6 apportionment formula prescribed in subdivision 2.

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

156.8 Sec. 8. Minnesota Statutes 2022, section 298.28, subdivision 7a, is amended to read:

156.9 Subd. 7a. **Iron Range school consolidation and cooperatively operated school**
156.10 **account.** (a) The following amounts must be allocated to the commissioner of Iron Range
156.11 resources and rehabilitation to be deposited in the Iron Range school consolidation and
156.12 cooperatively operated school account that is hereby created:

156.13 (1)~~(i)~~ for distributions beginning in 2015 ~~through 2023~~, ten cents per taxable ton of the
156.14 tax imposed under section 298.24; ~~and~~

156.15 ~~(ii) for distributions beginning in 2024, five cents per taxable ton of the tax imposed~~
156.16 ~~under section 298.24;~~

156.17 (2) the amount as determined under section 298.17, paragraph (b), clause (3); and

156.18 (3) any other amount as provided by law.

156.19 (b) Expenditures from this account may be approved as ongoing annual expenditures
156.20 and shall be made only to provide disbursements to assist school districts with the payment
156.21 of bonds that were issued for qualified school projects, or for any other school disbursement
156.22 as approved by the commissioner of Iron Range resources and rehabilitation after consultation
156.23 with the Iron Range Resources and Rehabilitation Board. For purposes of this section,
156.24 "qualified school projects" means school projects within the taconite assistance area as
156.25 defined in section 273.1341, that were (1) approved, by referendum, after April 3, 2006;
156.26 and (2) approved by the commissioner of education pursuant to section 123B.71.

156.27 (c) Beginning in fiscal year 2019, the disbursement to school districts for payments for
156.28 bonds issued under section 123A.482, subdivision 9, must be increased each year to offset
156.29 any reduction in debt service equalization aid that the school district qualifies for in that
156.30 year, under section 123B.53, subdivision 6, compared with the amount the school district
156.31 qualified for in fiscal year 2018.

157.1 (d) No expenditure under this section shall be made unless approved by the commissioner
157.2 of Iron Range resources and rehabilitation after consultation with the Iron Range Resources
157.3 and Rehabilitation Board.

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

157.5 Sec. 9. Minnesota Statutes 2022, section 298.28, is amended by adding a subdivision to
157.6 read:

157.7 Subd. 16. **Transfer.** Of the amount annually distributed to the Douglas J. Johnson
157.8 Economic Protection Trust Fund under this section, \$3,500,000 shall be transferred to the
157.9 Iron Range school consolidation and cooperatively operated school account under subdivision
157.10 7a. Any remaining amount of the amount annually distributed to the Douglas J. Johnson
157.11 Economic Protection Trust Fund shall be transferred to the Iron Range resources and
157.12 rehabilitation account under subdivision 7. The transfers under this subdivision must be
157.13 made within ten days of the August payment.

157.14 **EFFECTIVE DATE.** This section is effective beginning with production year 2023.

157.15 Sec. 10. Minnesota Statutes 2022, section 298.296, subdivision 4, is amended to read:

157.16 Subd. 4. **Temporary loan authority.** (a) After consultation with the advisory board,
157.17 the commissioner may use up to \$7,500,000 from the corpus of the trust for loans, loan
157.18 guarantees, grants, or equity investments as provided in this subdivision. The money would
157.19 be available for loans for construction and equipping of facilities constituting (1) a value
157.20 added iron products plant, which may be either a new plant or a facility incorporated into
157.21 an existing plant that produces iron upgraded to a minimum of 75 percent iron content or
157.22 any iron alloy with a total minimum metallic content of 90 percent; or (2) a new mine or
157.23 minerals processing plant for any mineral subject to the ~~net~~ gross proceeds tax imposed
157.24 under section 298.015. A loan or loan guarantee under this paragraph may not exceed
157.25 \$5,000,000 for any facility.

157.26 (b) Additionally, the commissioner, after consultation with the advisory board, may use
157.27 up to \$5,500,000 from the corpus of the trust for additional grants, loans, loan guarantees,
157.28 or equity investments for the purposes set forth in paragraph (a).

157.29 (c) The commissioner, after consultation with the advisory board, may require that the
157.30 fund receive an equity percentage in any project to which it contributes under this section.

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

158.1 **Sec. 11. TRANSFER 2023 DISTRIBUTION ONLY; DOUGLAS J. JOHNSON**
158.2 **ECONOMIC PROTECTION TRUST FUND.**

158.3 Of the funds distributed to the Douglas J. Johnson Economic Protection Trust Fund
158.4 under Minnesota Statutes, section 298.28, for the 2023 distribution only, an amount equal
158.5 to \$3,500,000 shall be transferred from the Douglas J. Johnson Economic Protection Trust
158.6 Fund to the Iron Range school consolidation and cooperatively operated school account
158.7 under Minnesota Statutes, section 298.28, subdivision 7a. The transfer must be made within
158.8 ten days of the August 2023 payment.

158.9 **EFFECTIVE DATE.** This section is effective the day following final enactment and
158.10 applies only to the 2023 distribution.

158.11 **Sec. 12. TRANSFER 2023 DISTRIBUTION ONLY; PROPERTY TAX RELIEF**
158.12 **ACCOUNT.**

158.13 (a) The fund established under Minnesota Statutes, section 298.28, subdivision 7, shall
158.14 receive the excess balance remaining in the fund established under Minnesota Statutes,
158.15 section 298.28, subdivision 6, after the distribution of amounts required under Minnesota
158.16 Statutes, section 298.28, subdivision 6, for the 2023 distribution. The transfer amount under
158.17 this section must not exceed \$6,000,000 and must be made within ten days of the August
158.18 2023 payment. The commissioner of Iron Range resources and rehabilitation must distribute
158.19 these transferred funds as outlined in this section. The uses listed are not subject to review
158.20 or recommendation by the Iron Range Resources and Rehabilitation Board. The commissioner
158.21 must distribute the funds for the following uses:

158.22 (1) \$250,000 to St. Louis County for a grant to the St. Louis County Agricultural Society
158.23 for construction and furnishing of a facility to house a food booth and equipment for the
158.24 St. Louis County 4-H Club;

158.25 (2) \$100,000 to Alborn Snow Devils, Inc., for trail grooming costs and equipment;

158.26 (3) \$300,000 to School District No. 2142, St. Louis County Schools, for the purchase
158.27 and installation of lights at the Cherry School baseball and softball fields;

158.28 (4) \$150,000 to the Seitaniemi Housebarn and Sisu Heritage Site for facility upgrades;

158.29 (5) \$600,000 to the city of Aurora for downtown beautification projects, as outlined in
158.30 paragraph (c);

158.31 (6) \$500,000 to School District No. 2142, St. Louis County Schools, for wastewater
158.32 upgrades at the South Ridge School;

159.1 (7) \$500,000 to the city of Mountain Iron for the Outdoor Recreation Center;

159.2 (8) \$100,000 to the city of Buhl for capital improvements to city hall;

159.3 (9) \$150,000 to School District No. 712, Mountain Iron-Buhl Public School, for fitness
159.4 equipment and capital upgrades to the fitness center;

159.5 (10) \$100,000 to the Mesabi Sno Voyageurs Snowmobile Club for trail grooming costs
159.6 and equipment;

159.7 (11) \$100,000 to the PathBlazers Snowmobile Club for trail grooming costs and
159.8 equipment;

159.9 (12) \$100,000 to the Ely Igloo Snowmobile Club for trail grooming costs and equipment;

159.10 (13) \$100,000 to the Voyageur Trail Society, Inc. for trail grooming costs and equipment;

159.11 (14) \$200,000 to Veterans On The Lake Resort for cabin accessibility upgrades, a
159.12 handicap dock, tennis court repaving, and replacement of an underground power cable;

159.13 (15) \$650,000 to School District No. 2142, St. Louis County Schools, for wastewater
159.14 upgrades at the North Woods School;

159.15 (16) \$200,000 to the City of Babbitt for capital improvements to city owned buildings;

159.16 (17) \$750,000 to the Boundary Waters Care Center for capital equipment purchases;

159.17 (18) \$800,000 to the Cook County Historical Society to predesign, design, construct,
159.18 furnish, and equip the renovation of the following historic Cook County sites: (i) the Cook
159.19 County History Museum; (ii) the Johnson Heritage Post Art Gallery; (iii) the Bally
159.20 Blacksmith Shop; (iv) the St. Francis Xavier Church, also known as the Chippewa City
159.21 Church; and (v) 1930s Nee-Gee Fishing Tug and Fish House; and to complete design for
159.22 and to construct, furnish, and equip a new collections storage facility in Cook County;

159.23 (19) \$100,000 to the Virginia Community Foundation for the Mesabi Fit Coalition to
159.24 rehabilitate the former Mesabi Family YMCA building;

159.25 (20) \$50,000 to the United States Hockey Hall of Fame Museum, Inc., for capital
159.26 improvements;

159.27 (21) \$100,000 to the Ranger Snowmobile & ATV Club for trail grooming costs and
159.28 equipment; and

159.29 (22) \$100,000 to the Crane Lake Voyageurs Snowmobile Club for trail grooming costs
159.30 and equipment.

160.1 (b) If the amount of the transfer under paragraph (a) is less than \$6,000,000, each of the
160.2 uses in paragraph (a), clauses (1) to (19), must be proportionally reduced so that the total
160.3 amount distributed under those clauses does not exceed the amount of the transfer.

160.4 (c) The city of Aurora must use the funds received under this section for improvements
160.5 to city-owned property in the downtown area and to establish a grant program to businesses
160.6 for front entrance enhancements and exterior storefront improvements. The grants may
160.7 award no more than \$25,000 to a business. All improvements under this paragraph must be
160.8 made along St. Louis County State-Aid Highway 100 (3rd Avenue North and Main Street),
160.9 from marked Trunk Highway 135 to St. Louis County State-Aid Highway 110.

160.10 (d) The funds under paragraph (a), clause (19), must only be distributed if the Virginia
160.11 Community Foundation purchases the former Mesabi Family YMCA building.

160.12 **EFFECTIVE DATE.** This section is effective the day following final enactment and
160.13 applies only to the 2023 distribution.

160.14 **ARTICLE 7**

160.15 **RENTER'S CREDIT**

160.16 Section 1. Minnesota Statutes 2022, section 10A.31, subdivision 1, is amended to read:

160.17 Subdivision 1. **Designation.** An individual resident of this state who files an income tax
160.18 ~~return or a renter and~~, homeowner property tax refund return, or simplified return under
160.19 section 289A.08, subdivision 13a, with the commissioner of revenue may designate on their
160.20 original return that \$5 be paid from the general fund of the state into the state elections
160.21 campaign account. ~~If a husband and wife~~ spouses file a joint return, each spouse may
160.22 designate that \$5 be paid. No individual is allowed to designate \$5 more than once in any
160.23 year. The taxpayer may designate that the amount be paid into the account of a political
160.24 party or into the general account.

160.25 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
160.26 31, 2023.

160.27 Sec. 2. Minnesota Statutes 2022, section 10A.31, subdivision 3, is amended to read:

160.28 Subd. 3. **Form.** The commissioner of revenue must provide on the first page of the
160.29 income tax form ~~and the renter and~~, homeowner property tax refund return, and simplified
160.30 return under section 289A.08, subdivision 13a, a space for the individual to indicate a wish
160.31 to pay \$5 (\$10 if filing a joint return) from the general fund of the state to finance election

161.1 campaigns. The form must also contain language prepared by the commissioner that permits
161.2 the individual to direct the state to pay the \$5 (or \$10 if filing a joint return) to: (1) one of
161.3 the major political parties; (2) any minor political party that qualifies under subdivision 3a;
161.4 or (3) all qualifying candidates as provided by subdivision 7. The ~~renter and~~ homeowner
161.5 property tax refund return must include instructions that the individual filing the return may
161.6 designate \$5 on the return only if the individual has not designated \$5 on the income tax
161.7 return or simplified return under section 289A.08, subdivision 13a.

161.8 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
161.9 31, 2023.

161.10 Sec. 3. Minnesota Statutes 2022, section 13.46, subdivision 2, is amended to read:

161.11 Subd. 2. **General.** (a) Data on individuals collected, maintained, used, or disseminated
161.12 by the welfare system are private data on individuals, and shall not be disclosed except:

161.13 (1) according to section 13.05;

161.14 (2) according to court order;

161.15 (3) according to a statute specifically authorizing access to the private data;

161.16 (4) to an agent of the welfare system and an investigator acting on behalf of a county,
161.17 the state, or the federal government, including a law enforcement person or attorney in the
161.18 investigation or prosecution of a criminal, civil, or administrative proceeding relating to the
161.19 administration of a program;

161.20 (5) to personnel of the welfare system who require the data to verify an individual's
161.21 identity; determine eligibility, amount of assistance, and the need to provide services to an
161.22 individual or family across programs; coordinate services for an individual or family;
161.23 evaluate the effectiveness of programs; assess parental contribution amounts; and investigate
161.24 suspected fraud;

161.25 (6) to administer federal funds or programs;

161.26 (7) between personnel of the welfare system working in the same program;

161.27 (8) to the Department of Revenue to assess parental contribution amounts for purposes
161.28 of section 252.27, subdivision 2a, administer and evaluate tax refund or tax credit programs
161.29 and to identify individuals who may benefit from these programs. The following information
161.30 may be disclosed under this paragraph: an individual's and their dependent's names, dates
161.31 of birth, Social Security numbers, income, addresses, and other data as required, upon
161.32 request by the Department of Revenue. Disclosures by the commissioner of revenue to the

162.1 commissioner of human services for the purposes described in this clause are governed by
162.2 section 270B.14, subdivision 1. Tax refund or tax credit programs include, but are not limited
162.3 to, the dependent care credit under section 290.067, the Minnesota working family credit
162.4 under section 290.0671, the property tax refund ~~and rental credit~~ under section 290A.04,
162.5 and the Minnesota education credit under section 290.0674;

162.6 (9) between the Department of Human Services, the Department of Employment and
162.7 Economic Development, and when applicable, the Department of Education, for the following
162.8 purposes:

162.9 (i) to monitor the eligibility of the data subject for unemployment benefits, for any
162.10 employment or training program administered, supervised, or certified by that agency;

162.11 (ii) to administer any rehabilitation program or child care assistance program, whether
162.12 alone or in conjunction with the welfare system;

162.13 (iii) to monitor and evaluate the Minnesota family investment program or the child care
162.14 assistance program by exchanging data on recipients and former recipients of Supplemental
162.15 Nutrition Assistance Program (SNAP) benefits, cash assistance under chapter 256, 256D,
162.16 256J, or 256K, child care assistance under chapter 119B, medical programs under chapter
162.17 256B or 256L, or a medical program formerly codified under chapter 256D; and

162.18 (iv) to analyze public assistance employment services and program utilization, cost,
162.19 effectiveness, and outcomes as implemented under the authority established in Title II,
162.20 Sections 201-204 of the Ticket to Work and Work Incentives Improvement Act of 1999.
162.21 Health records governed by sections 144.291 to 144.298 and "protected health information"
162.22 as defined in Code of Federal Regulations, title 45, section 160.103, and governed by Code
162.23 of Federal Regulations, title 45, parts 160-164, including health care claims utilization
162.24 information, must not be exchanged under this clause;

162.25 (10) to appropriate parties in connection with an emergency if knowledge of the
162.26 information is necessary to protect the health or safety of the individual or other individuals
162.27 or persons;

162.28 (11) data maintained by residential programs as defined in section 245A.02 may be
162.29 disclosed to the protection and advocacy system established in this state according to Part
162.30 C of Public Law 98-527 to protect the legal and human rights of persons with developmental
162.31 disabilities or other related conditions who live in residential facilities for these persons if
162.32 the protection and advocacy system receives a complaint by or on behalf of that person and
162.33 the person does not have a legal guardian or the state or a designee of the state is the legal
162.34 guardian of the person;

163.1 (12) to the county medical examiner or the county coroner for identifying or locating
163.2 relatives or friends of a deceased person;

163.3 (13) data on a child support obligor who makes payments to the public agency may be
163.4 disclosed to the Minnesota Office of Higher Education to the extent necessary to determine
163.5 eligibility under section 136A.121, subdivision 2, clause (5);

163.6 (14) participant Social Security numbers and names collected by the telephone assistance
163.7 program may be disclosed to the Department of Revenue to conduct an electronic data
163.8 match with the property tax refund database to determine eligibility under section 237.70,
163.9 subdivision 4a;

163.10 (15) the current address of a Minnesota family investment program participant may be
163.11 disclosed to law enforcement officers who provide the name of the participant and notify
163.12 the agency that:

163.13 (i) the participant:

163.14 (A) is a fugitive felon fleeing to avoid prosecution, or custody or confinement after
163.15 conviction, for a crime or attempt to commit a crime that is a felony under the laws of the
163.16 jurisdiction from which the individual is fleeing; or

163.17 (B) is violating a condition of probation or parole imposed under state or federal law;

163.18 (ii) the location or apprehension of the felon is within the law enforcement officer's
163.19 official duties; and

163.20 (iii) the request is made in writing and in the proper exercise of those duties;

163.21 (16) the current address of a recipient of general assistance may be disclosed to probation
163.22 officers and corrections agents who are supervising the recipient and to law enforcement
163.23 officers who are investigating the recipient in connection with a felony level offense;

163.24 (17) information obtained from a SNAP applicant or recipient households may be
163.25 disclosed to local, state, or federal law enforcement officials, upon their written request, for
163.26 the purpose of investigating an alleged violation of the Food and Nutrition Act, according
163.27 to Code of Federal Regulations, title 7, section 272.1(c);

163.28 (18) the address, Social Security number, and, if available, photograph of any member
163.29 of a household receiving SNAP benefits shall be made available, on request, to a local, state,
163.30 or federal law enforcement officer if the officer furnishes the agency with the name of the
163.31 member and notifies the agency that:

163.32 (i) the member:

164.1 (A) is fleeing to avoid prosecution, or custody or confinement after conviction, for a
164.2 crime or attempt to commit a crime that is a felony in the jurisdiction the member is fleeing;

164.3 (B) is violating a condition of probation or parole imposed under state or federal law;
164.4 or

164.5 (C) has information that is necessary for the officer to conduct an official duty related
164.6 to conduct described in subitem (A) or (B);

164.7 (ii) locating or apprehending the member is within the officer's official duties; and

164.8 (iii) the request is made in writing and in the proper exercise of the officer's official duty;

164.9 (19) the current address of a recipient of Minnesota family investment program, general
164.10 assistance, or SNAP benefits may be disclosed to law enforcement officers who, in writing,
164.11 provide the name of the recipient and notify the agency that the recipient is a person required
164.12 to register under section 243.166, but is not residing at the address at which the recipient is
164.13 registered under section 243.166;

164.14 (20) certain information regarding child support obligors who are in arrears may be
164.15 made public according to section 518A.74;

164.16 (21) data on child support payments made by a child support obligor and data on the
164.17 distribution of those payments excluding identifying information on obligees may be
164.18 disclosed to all obligees to whom the obligor owes support, and data on the enforcement
164.19 actions undertaken by the public authority, the status of those actions, and data on the income
164.20 of the obligor or obligee may be disclosed to the other party;

164.21 (22) data in the work reporting system may be disclosed under section 256.998,
164.22 subdivision 7;

164.23 (23) to the Department of Education for the purpose of matching Department of Education
164.24 student data with public assistance data to determine students eligible for free and
164.25 reduced-price meals, meal supplements, and free milk according to United States Code,
164.26 title 42, sections 1758, 1761, 1766, 1766a, 1772, and 1773; to allocate federal and state
164.27 funds that are distributed based on income of the student's family; and to verify receipt of
164.28 energy assistance for the telephone assistance plan;

164.29 (24) the current address and telephone number of program recipients and emergency
164.30 contacts may be released to the commissioner of health or a community health board as
164.31 defined in section 145A.02, subdivision 5, when the commissioner or community health
164.32 board has reason to believe that a program recipient is a disease case, carrier, suspect case,
164.33 or at risk of illness, and the data are necessary to locate the person;

165.1 (25) to other state agencies, statewide systems, and political subdivisions of this state,
165.2 including the attorney general, and agencies of other states, interstate information networks,
165.3 federal agencies, and other entities as required by federal regulation or law for the
165.4 administration of the child support enforcement program;

165.5 (26) to personnel of public assistance programs as defined in section 256.741, for access
165.6 to the child support system database for the purpose of administration, including monitoring
165.7 and evaluation of those public assistance programs;

165.8 (27) to monitor and evaluate the Minnesota family investment program by exchanging
165.9 data between the Departments of Human Services and Education, on recipients and former
165.10 recipients of SNAP benefits, cash assistance under chapter 256, 256D, 256J, or 256K, child
165.11 care assistance under chapter 119B, medical programs under chapter 256B or 256L, or a
165.12 medical program formerly codified under chapter 256D;

165.13 (28) to evaluate child support program performance and to identify and prevent fraud
165.14 in the child support program by exchanging data between the Department of Human Services,
165.15 Department of Revenue under section 270B.14, subdivision 1, paragraphs (a) and (b),
165.16 without regard to the limitation of use in paragraph (c), Department of Health, Department
165.17 of Employment and Economic Development, and other state agencies as is reasonably
165.18 necessary to perform these functions;

165.19 (29) counties and the Department of Human Services operating child care assistance
165.20 programs under chapter 119B may disseminate data on program participants, applicants,
165.21 and providers to the commissioner of education;

165.22 (30) child support data on the child, the parents, and relatives of the child may be
165.23 disclosed to agencies administering programs under titles IV-B and IV-E of the Social
165.24 Security Act, as authorized by federal law;

165.25 (31) to a health care provider governed by sections 144.291 to 144.298, to the extent
165.26 necessary to coordinate services;

165.27 (32) to the chief administrative officer of a school to coordinate services for a student
165.28 and family; data that may be disclosed under this clause are limited to name, date of birth,
165.29 gender, and address;

165.30 (33) to county correctional agencies to the extent necessary to coordinate services and
165.31 diversion programs; data that may be disclosed under this clause are limited to name, client
165.32 demographics, program, case status, and county worker information; or

166.1 (34) between the Department of Human Services and the Metropolitan Council for the
166.2 following purposes:

166.3 (i) to coordinate special transportation service provided under section 473.386 with
166.4 services for people with disabilities and elderly individuals funded by or through the
166.5 Department of Human Services; and

166.6 (ii) to provide for reimbursement of special transportation service provided under section
166.7 473.386.

166.8 The data that may be shared under this clause are limited to the individual's first, last, and
166.9 middle names; date of birth; residential address; and program eligibility status with expiration
166.10 date for the purposes of informing the other party of program eligibility.

166.11 (b) Information on persons who have been treated for drug or alcohol abuse may only
166.12 be disclosed according to the requirements of Code of Federal Regulations, title 42, sections
166.13 2.1 to 2.67.

166.14 (c) Data provided to law enforcement agencies under paragraph (a), clause (15), (16),
166.15 (17), or (18), or paragraph (b), are investigative data and are confidential or protected
166.16 nonpublic while the investigation is active. The data are private after the investigation
166.17 becomes inactive under section 13.82, subdivision 7, clause (a) or (b).

166.18 (d) Mental health data shall be treated as provided in subdivisions 7, 8, and 9, but are
166.19 not subject to the access provisions of subdivision 10, paragraph (b).

166.20 For the purposes of this subdivision, a request will be deemed to be made in writing if
166.21 made through a computer interface system.

166.22 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
166.23 31, 2023.

166.24 Sec. 4. Minnesota Statutes 2022, section 270B.12, subdivision 8, is amended to read:

166.25 Subd. 8. **County assessors; homestead classification and ~~renter~~ renter's credit.** The
166.26 commissioner may disclose names and Social Security numbers of individuals who have
166.27 applied for both homestead classification under section 273.13 and a ~~property tax refund~~
166.28 ~~as a renter under chapter 290A~~ renter's credit under section 290.0693 for the purpose of and
166.29 to the extent necessary to administer section 290A.25.

166.30 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2024
166.31 and following years.

167.1 Sec. 5. Minnesota Statutes 2022, section 270B.14, subdivision 1, is amended to read:

167.2 Subdivision 1. **Disclosure to commissioner of human services.** (a) On the request of
167.3 the commissioner of human services, the commissioner shall disclose return information
167.4 regarding taxes imposed by chapter 290, and claims for refunds under chapter 290A, to the
167.5 extent provided in paragraph (b) and for the purposes set forth in paragraph (c).

167.6 (b) Data that may be disclosed are limited to data relating to the identity, whereabouts,
167.7 employment, income, and property of a person owing or alleged to be owing an obligation
167.8 of child support.

167.9 (c) The commissioner of human services may request data only for the purposes of
167.10 carrying out the child support enforcement program and to assist in the location of parents
167.11 who have, or appear to have, deserted their children. Data received may be used only as set
167.12 forth in section 256.978.

167.13 (d) The commissioner shall provide the records and information necessary to administer
167.14 the supplemental housing allowance to the commissioner of human services.

167.15 (e) At the request of the commissioner of human services, the commissioner of revenue
167.16 shall electronically match the Social Security numbers and names of participants in the
167.17 telephone assistance plan operated under sections 237.69 to 237.71, with those of property
167.18 tax refund filers under chapter 290A or renter's credit filers under section 290.0693, and
167.19 determine whether each participant's household income is within the eligibility standards
167.20 for the telephone assistance plan.

167.21 (f) The commissioner may provide records and information collected under sections
167.22 295.50 to 295.59 to the commissioner of human services for purposes of the Medicaid
167.23 Voluntary Contribution and Provider-Specific Tax Amendments of 1991, Public Law
167.24 102-234. Upon the written agreement by the United States Department of Health and Human
167.25 Services to maintain the confidentiality of the data, the commissioner may provide records
167.26 and information collected under sections 295.50 to 295.59 to the Centers for Medicare and
167.27 Medicaid Services section of the United States Department of Health and Human Services
167.28 for purposes of meeting federal reporting requirements.

167.29 (g) The commissioner may provide records and information to the commissioner of
167.30 human services as necessary to administer the early refund of refundable tax credits.

167.31 (h) The commissioner may disclose information to the commissioner of human services
167.32 as necessary for income verification for eligibility and premium payment under the

168.1 MinnesotaCare program, under section 256L.05, subdivision 2, as well as the medical
168.2 assistance program under chapter 256B.

168.3 (i) The commissioner may disclose information to the commissioner of human services
168.4 necessary to verify whether applicants or recipients for the Minnesota family investment
168.5 program, general assistance, the Supplemental Nutrition Assistance Program (SNAP),
168.6 Minnesota supplemental aid program, and child care assistance have claimed refundable
168.7 tax credits under chapter 290 and the property tax refund under chapter 290A, and the
168.8 amounts of the credits.

168.9 (j) The commissioner may disclose information to the commissioner of human services
168.10 necessary to verify income for purposes of calculating parental contribution amounts under
168.11 section 252.27, subdivision 2a.

168.12 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
168.13 31, 2023.

168.14 Sec. 6. Minnesota Statutes 2022, section 270C.445, subdivision 2, is amended to read:

168.15 Subd. 2. **Definitions.** (a) For purposes of this section and sections 270C.4451 to
168.16 270C.447, the following terms have the meanings given.

168.17 (b) "Advertise" means to solicit business through any means or medium.

168.18 (c) "Client" means a person for whom a tax preparer performs or agrees to perform tax
168.19 preparation services.

168.20 (d) "Facilitate" means to individually or in conjunction or cooperation with another
168.21 person:

168.22 (1) accept an application for a refund anticipation loan;

168.23 (2) pay to a client the proceeds, through direct deposit, a negotiable instrument, or any
168.24 other means, of a refund anticipation loan; or

168.25 (3) offer, arrange, process, provide, or in any other manner act to allow the making of,
168.26 a refund anticipation loan.

168.27 (e) "Refund anticipation check" means a negotiable instrument provided to a client by
168.28 the tax preparer or another person, which is issued from the proceeds of a taxpayer's federal
168.29 or state income tax refund or both and represents the net of the refund minus the tax
168.30 preparation fee and any other fees. A refund anticipation check includes a refund transfer.

169.1 (f) "Refund anticipation loan" means a loan or any other extension of credit, whether
169.2 provided by the tax preparer or another entity such as a financial institution, in anticipation
169.3 of, and whose payment is secured by, a client's federal or state income tax refund or both.

169.4 (g) "Tax preparation services" means services provided for compensation to a client to:

169.5 (1) assist with preparing or filing a return;

169.6 (2) assume final responsibility for completed work on a return on which preliminary
169.7 work has been done by another;

169.8 (3) sign or include on a return the preparer tax identification number required under
169.9 section 6109(a)(4) of the Internal Revenue Code; or

169.10 (4) facilitate the provision of a refund anticipation loan or a refund anticipation check.

169.11 (h) "Tax preparer" or "preparer" means a person providing tax preparation services
169.12 except:

169.13 (1) an employee who prepares their employer's return;

169.14 (2) any fiduciary, or the regular employees of a fiduciary, while acting on behalf of the
169.15 fiduciary estate, testator, trustor, grantor, or beneficiaries of them;

169.16 (3) nonprofit organizations providing tax preparation services under the Internal Revenue
169.17 Service Volunteer Income Tax Assistance Program or Tax Counseling for the Elderly
169.18 Program;

169.19 (4) a person who merely furnishes typing, reproducing, or other mechanical assistance;

169.20 (5) a third-party bulk filer as defined in section 290.92, subdivision 30, that is currently
169.21 registered with the commissioner; and

169.22 (6) a certified service provider as defined in section 297A.995, subdivision 2, paragraph
169.23 (c), that provides all of the sales tax functions for a retailer not maintaining a place of
169.24 business in this state as described in section 297A.66.

169.25 (i) Except as otherwise provided, "return" means:

169.26 (1) a return as defined in section 270C.01, subdivision 8;

169.27 (2) a claim for refund of an overpayment;

169.28 (3) a claim filed pursuant to chapter 290A; ~~and~~

169.29 (4) a claim for a credit filed under section 290.0677, subdivision 1; and

169.30 (5) a simplified return under section 289A.08, subdivision 13a.

170.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
170.2 31, 2023.

170.3 Sec. 7. Minnesota Statutes 2022, section 270C.445, subdivision 3, is amended to read:

170.4 Subd. 3. **Standards of conduct.** No tax preparer shall:

170.5 (1) without good cause fail to promptly, diligently, and without unreasonable delay
170.6 complete a client's return;

170.7 (2) obtain the signature of a client to a return or authorizing document that contains
170.8 blank spaces to be filled in after it has been signed;

170.9 (3) fail to sign a client's return when compensation for services rendered has been made;

170.10 (4) fail to provide on a client's return the preparer tax identification number when required
170.11 under section 6109(a)(4) of the Internal Revenue Code or section 289A.60, subdivision 28;

170.12 (5) fail or refuse to give a client a copy of any document requiring the client's signature
170.13 within a reasonable time after the client signs the document;

170.14 (6) fail to retain for at least four years a copy of a client's returns;

170.15 (7) fail to maintain a confidential relationship with clients or former clients;

170.16 (8) fail to take commercially reasonable measures to safeguard a client's nonpublic
170.17 personal information;

170.18 (9) make, authorize, publish, disseminate, circulate, or cause to make, either directly or
170.19 indirectly, any false, deceptive, or misleading statement or representation relating to or in
170.20 connection with the offering or provision of tax preparation services;

170.21 (10) require a client to enter into a loan arrangement in order to complete a client's return;

170.22 (11) claim credits or deductions on a client's return for which the tax preparer knows or
170.23 reasonably should know the client does not qualify;

170.24 (12) report a household income on a client's claim filed under chapter 290A that the tax
170.25 preparer knows or reasonably should know is not accurate;

170.26 (13) engage in any conduct that is subject to a penalty under section 289A.60, subdivision
170.27 13, 20, 20a, 26, or 28;

170.28 (14) whether or not acting as a taxpayer representative, fail to conform to the standards
170.29 of conduct required by Minnesota Rules, part 8052.0300, subpart 4;

171.1 (15) whether or not acting as a taxpayer representative, engage in any conduct that is
171.2 incompetent conduct under Minnesota Rules, part 8052.0300, subpart 5;

171.3 (16) whether or not acting as a taxpayer representative, engage in any conduct that is
171.4 disreputable conduct under Minnesota Rules, part 8052.0300, subpart 6;

171.5 (17) charge, offer to accept, or accept a fee based upon a percentage of an anticipated
171.6 refund for tax preparation services;

171.7 (18) under any circumstances, withhold or fail to return to a client a document provided
171.8 by the client for use in preparing the client's return;

171.9 (19) take control or ownership of a client's refund by any means, including:

171.10 (i) directly or indirectly endorsing or otherwise negotiating a check or other refund
171.11 instrument, including an electronic version of a check;

171.12 (ii) directing an electronic or direct deposit of the refund into an account unless the
171.13 client's name is on the account; and

171.14 (iii) establishing or using an account in the preparer's name to receive a client's refund
171.15 through a direct deposit or any other instrument unless the client's name is also on the
171.16 account, except that a taxpayer may assign the portion of a refund representing the Minnesota
171.17 education credit available under section 290.0674 to a bank account without the client's
171.18 name, as provided under section 290.0679;

171.19 (20) fail to act in the best interests of the client;

171.20 (21) fail to safeguard and account for any money handled for the client;

171.21 (22) fail to disclose all material facts of which the preparer has knowledge which might
171.22 reasonably affect the client's rights and interests;

171.23 (23) violate any provision of section 332.37;

171.24 (24) include any of the following in any document provided or signed in connection
171.25 with the provision of tax preparation services:

171.26 (i) a hold harmless clause;

171.27 (ii) a confession of judgment or a power of attorney to confess judgment against the
171.28 client or appear as the client in any judicial proceeding;

171.29 (iii) a waiver of the right to a jury trial, if applicable, in any action brought by or against
171.30 a debtor;

172.1 (iv) an assignment of or an order for payment of wages or other compensation for
172.2 services;

172.3 (v) a provision in which the client agrees not to assert any claim or defense otherwise
172.4 available;

172.5 (vi) a waiver of any provision of this section or a release of any obligation required to
172.6 be performed on the part of the tax preparer; or

172.7 (vii) a waiver of the right to injunctive, declaratory, or other equitable relief or relief on
172.8 a class basis; ~~or~~

172.9 (25) if making, providing, or facilitating a refund anticipation loan, fail to provide all
172.10 disclosures required by the federal Truth in Lending Act, United States Code, title 15, in a
172.11 form that may be retained by the client; or

172.12 (26) report a household income on a claim for a credit under section 289A.08, subdivision
172.13 13a, that the tax preparer knows or reasonably should know is not accurate.

172.14 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
172.15 31, 2023.

172.16 Sec. 8. Minnesota Statutes 2022, section 289A.08, is amended by adding a subdivision to
172.17 read:

172.18 **Subd. 13a. Simplified filing process for taxpayers without a filing requirement.** The
172.19 commissioner must establish a simplified individual income tax return through which a
172.20 taxpayer without a requirement to file an individual income tax return may file a return to
172.21 claim refundable income tax credits. The form must include any credits the commissioner
172.22 determines that taxpayers without a requirement to file are likely to claim. The credits on
172.23 the form may include but are not limited to the dependent care credit under section 290.067,
172.24 the child and working family credit under section 290.0671, the education credit under
172.25 section 290.0674, the student loan credit under section 290.0682, and the renter's credit
172.26 under section 290.0693.

172.27 (b) The filing process and forms may be in the form or manner determined by the
172.28 commissioner, but must be designed to reduce the complexity of the filing process and the
172.29 time needed to file for individuals without an income tax liability.

172.30 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
172.31 31, 2023.

173.1 Sec. 9. Minnesota Statutes 2022, section 289A.18, subdivision 5, is amended to read:

173.2 Subd. 5. **Property tax refund claims.** A claim for a refund based on property taxes
173.3 payable must be filed with the commissioner on or before August 15 of the year in which
173.4 the property taxes are due and payable. ~~Any claim for refund based on rent paid must be~~
173.5 ~~filed on or before August 15 of the year following the year in which the rent was paid.~~

173.6 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2025 and
173.7 thereafter.

173.8 Sec. 10. Minnesota Statutes 2022, section 289A.38, subdivision 4, is amended to read:

173.9 Subd. 4. **Property tax refund.** For purposes of computing the limitation under this
173.10 section, the due date of the property tax refund return as provided for in chapter 290A is
173.11 the due date for an income tax return covering ~~the year in which the rent was paid or the~~
173.12 year preceding the year in which the property taxes are payable.

173.13 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2024
173.14 and following years.

173.15 Sec. 11. Minnesota Statutes 2022, section 289A.56, subdivision 6, is amended to read:

173.16 Subd. 6. **Property tax refunds under chapter 290A.** ~~(a) When a renter is owed a~~
173.17 ~~property tax refund, an unpaid refund bears interest after August 14, or 60 days after the~~
173.18 ~~refund claim was made, whichever is later, until the date the refund is paid.~~

173.19 ~~(b) When any other~~ a claimant is owed a property tax refund under chapter 290A, the
173.20 unpaid refund bears interest after September 29, or 60 days after the refund claim was made,
173.21 whichever is later, until the date the refund is paid.

173.22 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2024
173.23 and following years.

173.24 Sec. 12. Minnesota Statutes 2022, section 289A.60, subdivision 12, is amended to read:

173.25 Subd. 12. **Penalties relating to property tax refunds.** (a) If it is determined that a
173.26 property tax refund claim is excessive and was negligently prepared, a claimant is liable
173.27 for a penalty of ten percent of the disallowed claim. If the claim has been paid, the amount
173.28 disallowed must be recovered by assessment and collection.

173.29 (b) An owner who without reasonable cause fails to give a certificate of rent ~~constituting~~
173.30 ~~property tax~~ paid to a renter, as required by ~~section~~ sections 290.0693, subdivision 4, and
173.31 290A.19, paragraph (a), is liable to the commissioner for a penalty of \$100 for each failure.

174.1 (c) If the owner or managing agent knowingly gives rent certificates that report total
174.2 rent constituting property taxes in excess of the amount of actual rent constituting property
174.3 taxes paid on the rented part of a property, the owner or managing agent is liable for a
174.4 penalty equal to the greater of (1) \$100 or (2) 50 percent of the excess that is reported. An
174.5 overstatement of rent constituting property taxes is presumed to be knowingly made if it
174.6 exceeds by ten percent or more the actual rent constituting property taxes.

174.7 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2024
174.8 and following years.

174.9 Sec. 13. Minnesota Statutes 2022, section 289A.60, subdivision 13, is amended to read:

174.10 Subd. 13. **Penalties for tax preparers.** (a) If an understatement of liability with respect
174.11 to a return or claim for refund is due to a reckless disregard of laws and rules or willful
174.12 attempt in any manner to understate the liability for a tax by a person who is a tax preparer
174.13 with respect to the return or claim, the person shall pay to the commissioner a penalty of
174.14 \$500. If a part of a claim filed under section 290.0677, subdivision 1; 290.0693; or chapter
174.15 290A is excessive due to a reckless disregard or willful attempt in any manner to overstate
174.16 the claim allowed by a person who is a tax preparer, the tax preparer shall pay to the
174.17 commissioner a penalty of \$500 with respect to the claim. These penalties may not be
174.18 assessed against the employer of a tax preparer unless the employer was actively involved
174.19 in the reckless disregard or willful attempt to understate the liability for a tax or to overstate
174.20 the claim for refund. These penalties are income tax liabilities and may be assessed at any
174.21 time as provided in section 289A.38, subdivision 5.

174.22 (b) A civil action in the name of the state of Minnesota may be commenced to enjoin
174.23 any person who is a tax preparer doing business in this state as provided in section 270C.447.

174.24 (c) The commissioner may terminate or suspend a tax preparer's authority to transmit
174.25 returns electronically to the state, if the commissioner determines that the tax preparer has
174.26 engaged in a pattern and practice of conduct in violation of paragraph (a) of this subdivision
174.27 or has been convicted under section 289A.63.

174.28 (d) For purposes of this subdivision, the term "understatement of liability" means an
174.29 understatement of the net amount payable with respect to a tax imposed by state tax law,
174.30 or an overstatement of the net amount creditable or refundable with respect to a tax. The
174.31 determination of whether or not there is an understatement of liability must be made without
174.32 regard to any administrative or judicial action involving the taxpayer. For purposes of this
174.33 subdivision, the amount determined for underpayment of estimated tax under either section
174.34 289A.25 or 289A.26 is not considered an understatement of liability.

175.1 (e) For purposes of this subdivision, the term "overstatement of claim" means an
175.2 overstatement of the net amount refundable with respect to a claim filed under section
175.3 290.0677, subdivision 1, or 289A.08, subdivision 13a, or chapter 290A. The determination
175.4 of whether or not there is an overstatement of a claim must be made without regard to
175.5 administrative or judicial action involving the claimant.

175.6 (f) For purposes of this section, the term "tax preparer" or "preparer" has the meaning
175.7 given in section 270C.445, subdivision 2, paragraph (h).

175.8 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
175.9 31, 2023.

175.10 Sec. 14. Minnesota Statutes 2022, section 289A.60, subdivision 28, is amended to read:

175.11 Subd. 28. **Preparer identification number.** (a) Each of the following that is prepared
175.12 by a tax preparer must include the tax preparer's tax identification number:

175.13 (1) a tax return required to be filed under this chapter;

175.14 (2) a claim filed under section 290.0677, subdivision 1, or 289A.08, subdivision 13a,
175.15 or chapter 290A; and

175.16 (3) a claim for refund of an overpayment.

175.17 (b) A tax preparer is not required to include their preparer tax identification number on
175.18 a filing if the number is not required in the forms or filing requirements provided by the
175.19 commissioner.

175.20 (c) A tax preparer who fails to include the preparer tax identification number as required
175.21 by this section is subject to a penalty of \$50 for each failure.

175.22 (d) A tax preparer who fails to include the preparer tax identification number as required
175.23 by this section, and who is required to have a valid preparer tax identification number issued
175.24 under section 6109(a)(4) of the Internal Revenue Code, but does not have one, is subject to
175.25 a \$500 penalty for each failure. A tax preparer subject to the penalty in this paragraph is
175.26 not subject to the penalty in paragraph (c).

175.27 (e) For the purposes of this subdivision, "tax preparer" has the meaning given in section
175.28 270C.445, subdivision 2, paragraph (h), and "preparer tax identification number" means
175.29 the number the tax preparer is required to use federally under section 6109(a)(4) of the
175.30 Internal Revenue Code.

175.31 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
175.32 31, 2023.

176.1 Sec. 15. [290.0693] RENTER'S CREDIT.

176.2 Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have
176.3 the meanings given.

176.4 (b) "Dependent" means any individual who is considered a dependent under sections
176.5 151 and 152 of the Internal Revenue Code.

176.6 (c) "Disability" has the meaning given in section 290A.03, subdivision 10.

176.7 (d) "Exemption amount" means the exemption amount under section 290.0121,
176.8 subdivision 1, paragraph (b).

176.9 (e) "Gross rent" means rent paid for the right of occupancy, at arm's length, of a
176.10 homestead, exclusive of charges for any medical services furnished by the landlord as a
176.11 part of the rental agreement, whether expressly set out in the rental agreement or not. The
176.12 gross rent of a resident of a nursing home or intermediate care facility is \$600 per month.
176.13 The gross rent of a resident of an adult foster care home is \$930 per month. The commissioner
176.14 shall annually adjust the amounts in this paragraph as provided in section 270C.22. The
176.15 statutory year is 2023. If the landlord and tenant have not dealt with each other at arm's
176.16 length and the commissioner determines that the gross rent charged was excessive, the
176.17 commissioner may adjust the gross rent to a reasonable amount for purposes of this section.

176.18 (f) "Homestead" has the meaning given in section 290A.03, subdivision 6.

176.19 (g) "Household" has the meaning given in section 290A.03, subdivision 4.

176.20 (h) "Household income" means all income received by all persons of a household in a
176.21 taxable year while members of the household, other than income of a dependent.

176.22 (i) "Income" means adjusted gross income, minus:

176.23 (1) for the taxpayer's first dependent, the exemption amount multiplied by 1.4;

176.24 (2) for the taxpayer's second dependent, the exemption amount multiplied by 1.3;

176.25 (3) for the taxpayer's third dependent, the exemption amount multiplied by 1.2;

176.26 (4) for the taxpayer's fourth dependent, the exemption amount multiplied by 1.1;

176.27 (5) for the taxpayer's fifth dependent, the exemption amount; and

176.28 (6) if the taxpayer or taxpayer's spouse had a disability or attained the age of 65 on or
176.29 before the close of the taxable year, the exemption amount.

176.30 (j) "Rent constituting property taxes" means 17 percent of the gross rent actually paid
176.31 in cash, or its equivalent, or the portion of rent paid in lieu of property taxes, in any taxable

177.1 year by a claimant for the right of occupancy of the claimant's Minnesota homestead in the
 177.2 taxable year, and which rent constitutes the basis, in the succeeding taxable year of a claim
 177.3 for a credit under this section by the claimant. If an individual occupies a homestead with
 177.4 another person or persons not related to the individual as the individual's spouse or as
 177.5 dependents, and the other person or persons are residing at the homestead under a rental or
 177.6 lease agreement with the individual, the amount of rent constituting property tax for the
 177.7 individual equals that portion not covered by the rental agreement.

177.8 Subd. 2. Credit allowed; refundable. (a) An individual is allowed a credit against the
 177.9 tax due under this chapter equal to the amount that rent constituting property taxes exceeds
 177.10 the percentage of the household income of the claimant specified in subdivision 3 in the
 177.11 taxable year in which the rent was paid as specified in that subdivision.

177.12 (b) If the amount of credit which a taxpayer is eligible to receive under this section
 177.13 exceeds the taxpayer's liability for tax under this chapter, the commissioner shall refund the
 177.14 excess to the taxpayer.

177.15 Subd. 3. Renters. (a) A taxpayer whose rent constituting property taxes exceeds the
 177.16 percentage of the household income stated below must pay an amount equal to the percent
 177.17 of income shown for the appropriate household income level along with the percent paid
 177.18 by claimant of the remaining amount of rent constituting property taxes. The credit under
 177.19 subdivision 2 equals the amount of rent constituting property taxes that remain, up to the
 177.20 maximum credit amount shown below.

177.21			<u>Percent paid by</u>	
177.22	<u>Household Income</u>	<u>Percent of Income</u>	<u>claimant</u>	<u>Maximum Credit</u>
177.23	<u>\$0 to 6,479</u>	<u>1.0 percent</u>	<u>5 percent</u>	<u>\$ 2,640</u>
177.24	<u>6,480 to 8,609</u>	<u>1.0 percent</u>	<u>10 percent</u>	<u>\$ 2,640</u>
177.25	<u>8,610 to 10,759</u>	<u>1.1 percent</u>	<u>10 percent</u>	<u>\$ 2,570</u>
177.26	<u>10,760 to 15,089</u>	<u>1.2 percent</u>	<u>10 percent</u>	<u>\$ 2,510</u>
177.27	<u>15,090 to 19,399</u>	<u>1.3 percent</u>	<u>15 percent</u>	<u>\$ 2,430</u>
177.28	<u>19,400 to 21,539</u>	<u>1.4 percent</u>	<u>15 percent</u>	<u>\$ 2,370</u>
177.29	<u>21,540 to 23,679</u>	<u>1.4 percent</u>	<u>20 percent</u>	<u>\$ 2,310</u>
177.30	<u>23,680 to 28,009</u>	<u>1.5 percent</u>	<u>20 percent</u>	<u>\$ 2,240</u>
177.31	<u>28,010 to 30,159</u>	<u>1.6 percent</u>	<u>20 percent</u>	<u>\$ 2,180</u>
177.32	<u>30,160 to 32,309</u>	<u>1.7 percent</u>	<u>25 percent</u>	<u>\$ 2,180</u>
177.33	<u>32,310 to 36,629</u>	<u>1.8 percent</u>	<u>25 percent</u>	<u>\$ 2,180</u>
177.34	<u>36,630 to 38,769</u>	<u>1.9 percent</u>	<u>30 percent</u>	<u>\$ 2,180</u>
177.35	<u>38,770 to 45,229</u>	<u>2.0 percent</u>	<u>30 percent</u>	<u>\$ 2,180</u>
177.36	<u>45,230 to 51,689</u>	<u>2.0 percent</u>	<u>35 percent</u>	<u>\$ 2,180</u>

178.1	<u>51,690 to 60,319</u>	<u>2.0 percent</u>	<u>40 percent</u>	<u>\$ 2,180</u>
178.2	<u>60,320 to 62,459</u>	<u>2.0 percent</u>	<u>45 percent</u>	<u>\$ 1,980</u>
178.3	<u>62,460 to 64,619</u>	<u>2.0 percent</u>	<u>45 percent</u>	<u>\$ 1,780</u>
178.4	<u>64,620 to 66,789</u>	<u>2.0 percent</u>	<u>45 percent</u>	<u>\$ 1,510</u>
178.5	<u>66,790 to 68,929</u>	<u>2.0 percent</u>	<u>50 percent</u>	<u>\$ 1,320</u>
178.6	<u>68,930 to 71,089</u>	<u>2.0 percent</u>	<u>50 percent</u>	<u>\$ 1,190</u>
178.7	<u>71,090 to 73,239</u>	<u>2.0 percent</u>	<u>50 percent</u>	<u>\$ 660</u>
178.8	<u>73,240 to 75,389</u>	<u>2.0 percent</u>	<u>50 percent</u>	<u>\$ 260</u>

178.9 The credit is the amount calculated under this subdivision. No credit is allowed if the
 178.10 taxpayer's household income is \$75,389 or more.

178.11 (b) The commissioner must annually adjust the dollar amounts of the income thresholds
 178.12 and the maximum refunds in paragraph (a), as provided in section 270C.22. The statutory
 178.13 year is 2024.

178.14 (c) The commissioner shall construct and make available to taxpayers a comprehensive
 178.15 table showing the rent constituting property taxes to be paid and refund allowed at various
 178.16 levels of income and assessment. The table shall follow the schedule of income percentages,
 178.17 maximums, and other provisions specified in paragraph (a), except that the commissioner
 178.18 may graduate the transition between income brackets. All refunds shall be computed in
 178.19 accordance with tables prepared and issued by the commissioner.

178.20 Subd. 4. **Owner or managing agent to furnish rent certificate.** (a) The owner or
 178.21 managing agent of any property for which rent is paid for occupancy as a homestead must
 178.22 furnish a certificate of rent paid to a person who is a renter on December 31, in the form
 178.23 prescribed by the commissioner. If the renter moves before December 31, the owner or
 178.24 managing agent may give the certificate to the renter at the time of moving, or mail the
 178.25 certificate to the forwarding address if an address has been provided by the renter. The
 178.26 certificate must be made available to the renter before February 1 of the year following the
 178.27 year in which the rent was paid. The owner or managing agent must retain a duplicate of
 178.28 each certificate or an equivalent record showing the same information for a period of four
 178.29 years. The duplicate or other record must be made available to the commissioner upon
 178.30 request.

178.31 (b) The commissioner may require the owner or managing agent, through a simple
 178.32 process, to furnish to the commissioner on or before January 31 a copy of each certificate
 178.33 of rent paid furnished to a renter for rent paid in the prior year. The commissioner shall
 178.34 prescribe the content, format, and manner of the form pursuant to section 270C.30. The
 178.35 commissioner may require the Social Security number, individual taxpayer identification

179.1 number, federal employer identification number, or Minnesota taxpayer identification
179.2 number of the owner or managing agent who is required to furnish a certificate of rent paid
179.3 under this paragraph. Before implementation, the commissioner, after consulting with
179.4 representatives of owners or managing agents, shall develop an implementation and
179.5 administration plan for the requirements of this paragraph that attempts to minimize financial
179.6 burdens, administration and compliance costs, and takes into consideration existing systems
179.7 of owners and managing agents.

179.8 Subd. 5. **Eligibility; residency.** (a) A taxpayer is eligible for the credit under this section
179.9 if the taxpayer is an individual, other than a dependent, as defined under sections 151 and
179.10 152 of the Internal Revenue Code, disregarding section 152(b)(3) of the Internal Revenue
179.11 Code, who filed for a credit and who was a resident of this state during the taxable year for
179.12 which the credit was claimed.

179.13 (b) In the case of a credit for rent constituting property taxes of a part-year Minnesota
179.14 resident, the household income and rent constituting property taxes reflected in this
179.15 computation shall be for the period of Minnesota residency only. Any rental expenses paid
179.16 that may be reflected in arriving at federal adjusted gross income cannot be utilized for this
179.17 computation.

179.18 (c) When two individuals of a household are able to meet the qualifications to claim a
179.19 credit under this section, the individuals may determine among them as to which individual
179.20 may claim the credit. If the individuals are unable to agree, the matter shall be referred to
179.21 the commissioner of revenue whose decision shall be final.

179.22 (d) To claim a credit under this section, the taxpayer must have resided in a rented or
179.23 leased unit on which ad valorem taxes or payments made in lieu of ad valorem taxes,
179.24 including payments of special assessments imposed in lieu of ad valorem taxes, are payable
179.25 at some time during the taxable year for which the taxpayer claimed the credit.

179.26 Subd. 6. **Residents of nursing homes, intermediate care facilities, long-term care**
179.27 **facilities, or facilities accepting housing support payments.** (a) A taxpayer must not claim
179.28 a credit under this section if the taxpayer is a resident of a nursing home, intermediate care
179.29 facility, long-term residential facility, or a facility that accepts housing support payments
179.30 whose rent constituting property taxes is paid pursuant to the Supplemental Security Income
179.31 program under title XVI of the Social Security Act, the Minnesota supplemental aid program
179.32 under sections 256D.35 to 256D.54, the medical assistance program pursuant to title XIX
179.33 of the Social Security Act, or the housing support program under chapter 256I.

180.1 (b) If only a portion of the rent constituting property taxes is paid by these programs,
180.2 the resident is eligible for a credit, but the credit calculated must be multiplied by a fraction,
180.3 the numerator of which is adjusted gross income, reduced by the total amount of income
180.4 from the above sources other than vendor payments under the medical assistance program
180.5 and the denominator of which is adjusted gross income, plus vendor payments under the
180.6 medical assistance program, to determine the allowable credit.

180.7 (c) Notwithstanding paragraphs (a) and (b), if the taxpayer was a resident of the nursing
180.8 home, intermediate care facility, long-term residential facility, or facility for which the rent
180.9 was paid for the claimant by the housing support program for only a portion of the taxable
180.10 year covered by the claim, the taxpayer may compute rent constituting property taxes by
180.11 disregarding the rent constituting property taxes from the nursing home or facility and may
180.12 use only that amount of rent constituting property taxes or property taxes payable relating
180.13 to that portion of the year when the taxpayer was not in the facility. The taxpayer's household
180.14 income is the income for the entire taxable year covered by the claim.

180.15 Subd. 7. **Credit for unmarried taxpayers residing in the same household.** If a
180.16 homestead is occupied by two or more renters who are not married to each other, the rent
180.17 shall be deemed to be paid equally by each renter, and separate claims shall be filed by each
180.18 renter. The income of each renter shall be each renter's household income for purposes of
180.19 computing the amount of credit to be allowed.

180.20 Subd. 8. **One claimant per household.** Only one taxpayer per household per year is
180.21 entitled to claim a credit under this section. In the case of a married taxpayer filing a separate
180.22 return, only one spouse may claim the credit under this section. The credit amount for the
180.23 spouse that claims the credit must be calculated based on household income and not solely
180.24 on the income of the spouse.

180.25 Subd. 9. **Proof of claim.** (a) Every taxpayer claiming a credit under this section shall
180.26 supply to the commissioner of revenue, in support of the claim, proof of eligibility under
180.27 this section, including but not limited to amount of rent paid, name and address of owner
180.28 or managing agent of property rented, changes in household membership, and household
180.29 income.

180.30 (b) Taxpayers with a disability shall submit proof of disability in the form and manner
180.31 as the commissioner prescribes. The department may require examination and certification
180.32 by the taxpayer's physician or by a physician designated by the commissioner. The cost of
180.33 any examination shall be borne by the taxpayer, unless the examination proves the disability,
180.34 in which case the cost of the examination shall be borne by the commissioner.

181.1 (c) A determination of disability of a taxpayer by the Social Security Administration
181.2 under Title II or Title XVI of the Social Security Act shall constitute presumptive proof of
181.3 disability.

181.4 Subd. 10. **No relief allowed in certain cases.** No claim for a credit under this section
181.5 shall be allowed if the commissioner determines that the claimant received tenancy to the
181.6 homestead primarily for the purpose of receiving a credit under this section and not for bona
181.7 fide residence purposes.

181.8 Subd. 11. **Appropriation.** The amount necessary to pay the refunds under this section
181.9 is appropriated from the general fund to the commissioner.

181.10 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
181.11 31, 2023.

181.12 Sec. 16. Minnesota Statutes 2022, section 290A.02, is amended to read:

181.13 **290A.02 PURPOSE.**

181.14 The purpose of this chapter is to provide property tax relief to certain persons who own
181.15 ~~or rent~~ their homesteads.

181.16 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2024
181.17 and following years.

181.18 Sec. 17. Minnesota Statutes 2022, section 290A.03, subdivision 3, is amended to read:

181.19 Subd. 3. **Income.** (a) "Income" means the sum of the following:

181.20 (1) federal adjusted gross income as defined in the Internal Revenue Code; and

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

181.22 (i) all nontaxable income;

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

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

181.29 (iv) cash public assistance and relief;

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

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

182.8 (vii) workers' compensation;

182.9 (viii) nontaxable strike benefits;

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

182.13 (x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of
182.14 1986, as amended through December 31, 1995;

182.15 (xi) contributions made by the claimant to an individual retirement account, including
182.16 a qualified voluntary employee contribution; simplified employee pension plan;
182.17 self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of
182.18 the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal
182.19 Revenue Code, to the extent the sum of amounts exceeds the retirement base amount for
182.20 the claimant and spouse;

182.21 (xii) to the extent not included in federal adjusted gross income, distributions received
182.22 by the claimant or spouse from a traditional or Roth style retirement account or plan;

182.23 (xiii) nontaxable scholarship or fellowship grants;

182.24 (xiv) alimony received to the extent not included in the recipient's income;

182.25 (xv) the amount of deduction allowed under section 220 or 223 of the Internal Revenue
182.26 Code;

182.27 (xvi) the amount deducted for tuition expenses under section 222 of the Internal Revenue
182.28 Code; and

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

182.31 In the case of an individual who files an income tax return on a fiscal year basis, the
182.32 term "federal adjusted gross income" shall mean federal adjusted gross income reflected in

183.1 the fiscal year ending in the calendar year. Federal adjusted gross income shall not be reduced
183.2 by the amount of a net operating loss carryback or carryforward or a capital loss carryback
183.3 or carryforward allowed for the year.

183.4 (b) "Income" does not include:

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

183.6 (2) amounts of any pension or annuity which was exclusively funded by the claimant
183.7 or spouse and which funding payments were not excluded from federal adjusted gross
183.8 income in the years when the payments were made;

183.9 (3) to the extent included in federal adjusted gross income, amounts contributed by the
183.10 claimant or spouse to a traditional or Roth style retirement account or plan, but not to exceed
183.11 the retirement base amount reduced by the amount of contributions excluded from federal
183.12 adjusted gross income, but not less than zero;

183.13 (4) surplus food or other relief in kind supplied by a governmental agency;

183.14 (5) relief granted under this chapter;

183.15 (6) child support payments received under a temporary or final decree of dissolution or
183.16 legal separation;

183.17 (7) restitution payments received by eligible individuals and excludable interest as
183.18 defined in section 803 of the Economic Growth and Tax Relief Reconciliation Act of 2001,
183.19 Public Law 107-16;

183.20 (8) alimony paid; or

183.21 (9) veterans disability compensation paid under title 38 of the United States Code.

183.22 (c) The sum of the following amounts may be subtracted from income:

183.23 (1) for the claimant's first dependent, the exemption amount multiplied by 1.4;

183.24 (2) for the claimant's second dependent, the exemption amount multiplied by 1.3;

183.25 (3) for the claimant's third dependent, the exemption amount multiplied by 1.2;

183.26 (4) for the claimant's fourth dependent, the exemption amount multiplied by 1.1;

183.27 (5) for the claimant's fifth dependent, the exemption amount; and

183.28 (6) if the claimant or claimant's spouse had a disability or attained the age of 65 on or
183.29 before December 31 of the year for which the taxes were levied ~~or rent paid~~, the exemption
183.30 amount.

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

184.2 (1) "exemption amount" means the exemption amount under section 290.0121,
184.3 subdivision 1, paragraph (b), for the taxable year for which the income is reported;

184.4 (2) "retirement base amount" means the deductible amount for the taxable year for the
184.5 claimant and spouse under section 219(b)(5)(A) of the Internal Revenue Code, adjusted for
184.6 inflation as provided in section 219(b)(5)(C) of the Internal Revenue Code, without regard
184.7 to whether the claimant or spouse claimed a deduction; and

184.8 (3) "traditional or Roth style retirement account or plan" means retirement plans under
184.9 sections 401, 403, 408, 408A, and 457 of the Internal Revenue Code.

184.10 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2024
184.11 and following years.

184.12 Sec. 18. Minnesota Statutes 2022, section 290A.03, subdivision 6, is amended to read:

184.13 Subd. 6. **Homestead.** "Homestead" means the dwelling occupied as the claimant's
184.14 principal residence and so much of the land surrounding it, not exceeding ten acres, as is
184.15 reasonably necessary for use of the dwelling as a home and any other property used for
184.16 purposes of a homestead as defined in section 273.13, subdivision 22, except for agricultural
184.17 land assessed as part of a homestead pursuant to section 273.13, subdivision 23, "homestead"
184.18 is limited to the house and garage and immediately surrounding one acre of land. The
184.19 homestead may be owned ~~or rented and may be~~ as a part of a multidwelling or multipurpose
184.20 building and the land on which it is built. A manufactured home, as defined in section
184.21 273.125, subdivision 8, or a park trailer taxed as a manufactured home under section 168.012,
184.22 subdivision 9, assessed as personal property may be a dwelling for purposes of this
184.23 subdivision.

184.24 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2024
184.25 and following years.

184.26 Sec. 19. Minnesota Statutes 2022, section 290A.03, subdivision 8, is amended to read:

184.27 Subd. 8. **Claimant.** ~~(a)~~ "Claimant" means a person, other than a dependent, as defined
184.28 under sections 151 and 152 of the Internal Revenue Code disregarding section 152(b)(3)
184.29 of the Internal Revenue Code, who filed a claim authorized by this chapter and who was a
184.30 resident of this state as provided in chapter 290 during the calendar year for which the claim
184.31 for relief was filed.

185.1 ~~(b) In the case of a claim relating to rent constituting property taxes, the claimant shall~~
185.2 ~~have resided in a rented or leased unit on which ad valorem taxes or payments made in lieu~~
185.3 ~~of ad valorem taxes, including payments of special assessments imposed in lieu of ad valorem~~
185.4 ~~taxes, are payable at some time during the calendar year covered by the claim.~~

185.5 ~~(c) "Claimant" shall not include a resident of a nursing home, intermediate care facility,~~
185.6 ~~long-term residential facility, or a facility that accepts housing support payments whose~~
185.7 ~~rent constituting property taxes is paid pursuant to the Supplemental Security Income~~
185.8 ~~program under title XVI of the Social Security Act, the Minnesota supplemental aid program~~
185.9 ~~under sections 256D.35 to 256D.54, the medical assistance program pursuant to title XIX~~
185.10 ~~of the Social Security Act, or the housing support program under chapter 256I.~~

185.11 ~~If only a portion of the rent constituting property taxes is paid by these programs, the~~
185.12 ~~resident shall be a claimant for purposes of this chapter, but the refund calculated pursuant~~
185.13 ~~to section 290A.04 shall be multiplied by a fraction, the numerator of which is income as~~
185.14 ~~defined in subdivision 3, paragraphs (a) and (b), reduced by the total amount of income~~
185.15 ~~from the above sources other than vendor payments under the medical assistance program~~
185.16 ~~and the denominator of which is income as defined in subdivision 3, paragraphs (a) and (b),~~
185.17 ~~plus vendor payments under the medical assistance program, to determine the allowable~~
185.18 ~~refund pursuant to this chapter.~~

185.19 ~~(d) Notwithstanding paragraph (c), if the claimant was a resident of the nursing home,~~
185.20 ~~intermediate care facility, long-term residential facility, or facility for which the rent was~~
185.21 ~~paid for the claimant by the housing support program for only a portion of the calendar year~~
185.22 ~~covered by the claim, the claimant may compute rent constituting property taxes by~~
185.23 ~~disregarding the rent constituting property taxes from the nursing home or facility and use~~
185.24 ~~only that amount of rent constituting property taxes or property taxes payable relating to~~
185.25 ~~that portion of the year when the claimant was not in the facility. The claimant's household~~
185.26 ~~income is the income for the entire calendar year covered by the claim.~~

185.27 ~~(e) In the case of a claim for rent constituting property taxes of a part-year Minnesota~~
185.28 ~~resident, the income and rent reflected in this computation shall be for the period of~~
185.29 ~~Minnesota residency only. Any rental expenses paid which may be reflected in arriving at~~
185.30 ~~federal adjusted gross income cannot be utilized for this computation. When two individuals~~
185.31 ~~of a household are able to meet the qualifications for a claimant, they may determine among~~
185.32 ~~them as to who the claimant shall be. If they are unable to agree, the matter shall be referred~~
185.33 ~~to the commissioner of revenue whose decision shall be final. If a homestead property owner~~
185.34 ~~was a part-year Minnesota resident, the income reflected in the computation made pursuant~~

186.1 to section 290A.04 shall be for the entire calendar year, including income not assignable to
186.2 Minnesota.

186.3 ~~(f) If a homestead is occupied by two or more renters, who are not married to each other,~~
186.4 ~~the rent shall be deemed to be paid equally by each, and separate claims shall be filed by~~
186.5 ~~each. The income of each shall be each renter's household income for purposes of computing~~
186.6 ~~the amount of credit to be allowed.~~

186.7 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2024
186.8 and following years.

186.9 Sec. 20. Minnesota Statutes 2022, section 290A.03, subdivision 12, is amended to read:

186.10 Subd. 12. **Gross rent.** (a) "Gross rent" means rent paid for the right of occupancy, at
186.11 arm's length, of a site on which a homestead, ~~exclusive of charges for any medical services~~
186.12 ~~furnished by the landlord as a part of the rental agreement, whether expressly set out in the~~
186.13 ~~rental agreement or not~~ which is a manufactured home is located.

186.14 ~~(b) The gross rent of a resident of a nursing home or intermediate care facility is \$500~~
186.15 ~~per month. The gross rent of a resident of an adult foster care home is \$780 per month. The~~
186.16 ~~commissioner shall annually adjust the amounts in this paragraph as provided in section~~
186.17 ~~270C.22. The statutory year is 2018.~~

186.18 ~~(e)~~ (b) If the landlord and tenant have not dealt with each other at arm's length and the
186.19 commissioner determines that the gross rent charged was excessive, the commissioner may
186.20 adjust the gross rent to a reasonable amount for purposes of this chapter.

186.21 ~~(d)~~ (c) Any amount paid by a claimant residing in property assessed pursuant to section
186.22 273.124, subdivision 3, 4, 5, or 6 for occupancy in that property ~~shall be excluded from~~
186.23 ~~gross rent for purposes of this chapter. However, property taxes imputed to the homestead~~
186.24 ~~of the claimant or the dwelling unit occupied by the claimant that qualifies for homestead~~
186.25 ~~treatment pursuant to section 273.124, subdivision 3, 4, 5, or 6 shall be included within the~~
186.26 term "property taxes payable" as defined in subdivision 13, to the extent allowed,
186.27 notwithstanding the fact that ownership is not in the name of the claimant.

186.28 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2024
186.29 and following years.

186.30 Sec. 21. Minnesota Statutes 2022, section 290A.03, subdivision 13, is amended to read:

186.31 Subd. 13. **Property taxes payable.** "Property taxes payable" means the property tax
186.32 exclusive of special assessments, penalties, and interest payable on a claimant's homestead

187.1 after deductions made under sections 273.135, 273.1384, 273.1391, 273.42, subdivision 2,
187.2 and any other state paid property tax credits in any calendar year, and after any refund
187.3 claimed and allowable under section 290A.04, subdivision 2h, that is first payable in the
187.4 year that the property tax is payable. In the case of a claimant who makes ground lease
187.5 payments, "property taxes payable" includes the amount of the payments directly attributable
187.6 to the property taxes assessed against the parcel on which the house is located. Regardless
187.7 of the limitations in section 280A(c)(5) of the Internal Revenue Code, "property taxes
187.8 payable" must be apportioned or reduced for the use of a portion of the claimant's homestead
187.9 for a business purpose if the claimant deducts any business depreciation expenses for the
187.10 use of a portion of the homestead or deducts expenses under section 280A of the Internal
187.11 Revenue Code for a business operated in the claimant's homestead. For ~~homesteads which~~
187.12 ~~are manufactured homes as defined in section 273.125, subdivision 8, including~~ manufactured
187.13 ~~homes located in a manufactured home community owned by a cooperative organized under~~
187.14 ~~chapter 308A or 308B, and park trailers taxed as manufactured homes under section 168.012,~~
187.15 ~~subdivision 9,~~ "property taxes payable" shall also include 17 percent of the gross rent paid
187.16 in the preceding year for the site on which the homestead is located. When a homestead is
187.17 owned by two or more persons as joint tenants or tenants in common, such tenants shall
187.18 determine between them which tenant may claim the property taxes payable on the
187.19 homestead. If they are unable to agree, the matter shall be referred to the commissioner of
187.20 revenue whose decision shall be final. Property taxes are considered payable in the year
187.21 prescribed by law for payment of the taxes.

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

187.29 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2024
187.30 and following years.

187.31 Sec. 22. Minnesota Statutes 2022, section 290A.03, is amended by adding a subdivision
187.32 to read:

187.33 **Subd. 16. Manufactured home.** "Manufactured home" means homesteads that are
187.34 manufactured homes as defined in section 273.125, subdivision 8, including manufactured

188.1 homes located in a manufactured home community owned by a cooperative organized under
188.2 chapter 308A or 308B, and park trailers taxed as manufactured homes under section 168.012,
188.3 subdivision 9.

188.4 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2024
188.5 and following years.

188.6 Sec. 23. Minnesota Statutes 2022, section 290A.04, subdivision 1, is amended to read:

188.7 Subdivision 1. **Refund.** A refund shall be allowed each claimant in the amount that
188.8 property taxes payable ~~or rent constituting property taxes~~ exceed the percentage of the
188.9 household income of the claimant specified in subdivision 2 ~~or 2a~~ in the year for which the
188.10 taxes were levied ~~or in the year in which the rent was paid~~ as specified in subdivision 2 ~~or~~
188.11 ~~2a~~. If the amount of property taxes payable ~~or rent constituting property taxes~~ is equal to
188.12 or less than the percentage of the household income of the claimant specified in subdivision
188.13 ~~2 or 2a~~ in the year for which the taxes were levied ~~or in the year in which the rent was paid~~,
188.14 the claimant shall not be eligible for a state refund pursuant to this section.

188.15 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2024
188.16 and following years.

188.17 Sec. 24. Minnesota Statutes 2022, section 290A.04, subdivision 2h, is amended to read:

188.18 Subd. 2h. **Additional refund.** (a) If the gross property taxes payable on a homestead
188.19 increase more than 12 percent over the property taxes payable in the prior year on the same
188.20 property that is owned and occupied by the same owner on January 2 of both years, and the
188.21 amount of that increase is \$100 or more, a claimant who is a homeowner shall be allowed
188.22 an additional refund equal to 60 percent of the amount of the increase over the greater of
188.23 12 percent of the prior year's property taxes payable or \$100. This subdivision shall not
188.24 apply to any increase in the gross property taxes payable attributable to improvements made
188.25 to the homestead after the assessment date for the prior year's taxes. This subdivision shall
188.26 not apply to any increase in the gross property taxes payable attributable to the termination
188.27 of valuation exclusions under section 273.11, subdivision 16.

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

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

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

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

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

189.12 Sec. 25. Minnesota Statutes 2022, section 290A.04, subdivision 5, is amended to read:

189.13 Subd. 5. ~~Combined renter and homeowner refund~~ **Homeowner refund and renter's**
189.14 **credit.** ~~In the case of a claimant who is entitled to a refund in a calendar year for claims~~
189.15 ~~based both on rent constituting property taxes and property taxes payable, the refund~~
189.16 ~~allowable equals the sum of the refunds allowable.~~ **A claimant is allowed to make a claim**
189.17 **for refund under this chapter in addition to any credit the claimant is eligible for under**
189.18 **section 290.0693.**

189.19 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2024
189.20 **and following years.**

189.21 Sec. 26. Minnesota Statutes 2022, section 290A.05, is amended to read:

189.22 **290A.05 COMBINED HOUSEHOLD INCOME; RENTAL AGREEMENTS AND**
189.23 **REDUCTION OF PROPERTY TAXES PAYABLE.**

189.24 (a) If a person occupies a homestead with another person not related to the person as
189.25 the person's spouse, excluding dependents, roomers or boarders on contract, and has property
189.26 tax payable with respect to the homestead, the household income of the claimant or claimants
189.27 for the purpose of computing the refund allowed by section 290A.04 shall include the total
189.28 income received by the other persons residing in the homestead. For purposes of this section,
189.29 "dependent" includes a parent of the claimant or spouse who lives in the claimant's homestead
189.30 and does not have an ownership interest in the homestead.

190.1 (b) If a person occupies a homestead with another person or persons not related to the
190.2 person as the person's spouse or as dependents, ~~the property tax payable or rent constituting~~
190.3 ~~property tax shall be reduced as follows:~~

190.4 If and the other person or persons are residing at the homestead under a rental or lease
190.5 agreement with the homeowner, the amount of property tax payable ~~or rent constituting~~
190.6 ~~property tax shall be equals~~ that portion not covered by the rental agreement.

190.7 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2024
190.8 and property taxes payable in 2024, and following years.

190.9 Sec. 27. Minnesota Statutes 2022, section 290A.07, subdivision 2a, is amended to read:

190.10 Subd. 2a. **Time of payment to ~~renter or~~ manufactured home homeowner.** A claimant
190.11 who is ~~a renter or~~ a homeowner who occupies a manufactured home, as defined in section
190.12 273.125, subdivision 8, paragraph (c), or a park trailer taxed as a manufactured home under
190.13 section 168.012, subdivision 9, shall receive full payment after August 1 and before August
190.14 15 or 60 days after receipt of the application, whichever is later.

190.15 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2024
190.16 and following years.

190.17 Sec. 28. Minnesota Statutes 2022, section 290A.08, is amended to read:

190.18 **290A.08 ONE CLAIMANT PER HOUSEHOLD.**

190.19 Only one claimant per household per year is entitled to relief under this chapter. Payment
190.20 of the claim for relief may be made payable to the spouses as one claimant. The
190.21 commissioner, upon written request, may issue separate checks, to the spouses for one-half
190.22 of the relief provided the original check has not been issued or has been returned. Individuals
190.23 related as spouses who were married during the year may elect to file a joint claim which
190.24 shall include each spouse's income, ~~rent constituting property taxes,~~ and property taxes
190.25 payable. Spouses who were married for the entire year and were domiciled in the same
190.26 household for the entire year must file a joint claim. The maximum dollar amount allowable
190.27 for a joint claim shall not exceed the amount that one person could receive.

190.28 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2024
190.29 and following years.

191.1 Sec. 29. Minnesota Statutes 2022, section 290A.09, is amended to read:

191.2 **290A.09 PROOF OF CLAIM.**

191.3 (a) Every claimant shall supply to the commissioner of revenue, in support of the claim,
191.4 proof of eligibility under this chapter, including but not limited to amount of ~~rent paid or~~
191.5 ~~property taxes accrued, name and address of owner or managing agent of property rented,~~
191.6 changes in homestead, household membership, household income, size and nature of property
191.7 claimed as a homestead.

191.8 (b) For manufactured homes, every claimant shall supply to the commissioner of revenue
191.9 the name and address of the owner or managing agent of the property rented.

191.10 (c) Persons with a disability filing claims shall submit proof of disability in the form
191.11 and manner as the commissioner may prescribe. The department may require examination
191.12 and certification by the claimant's physician or by a physician designated by the
191.13 commissioner. The cost of any examination shall be borne by the claimant, unless the
191.14 examination proves the disability, in which case the cost of the examination shall be borne
191.15 by the commissioner.

191.16 (d) A determination of disability of a claimant by the Social Security Administration
191.17 under Title II or Title XVI of the Social Security Act shall constitute presumptive proof of
191.18 disability.

191.19 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2024
191.20 and following years.

191.21 Sec. 30. Minnesota Statutes 2022, section 290A.091, is amended to read:

191.22 **290A.091 CLAIMS OF TENANTS IN LEASEHOLD COOPERATIVES.**

191.23 The cooperative manager of a leasehold cooperative shall furnish a statement to each
191.24 tenant by March 31 of the year in which the property tax is payable showing each unit's
191.25 share of the gross property tax and each unit's share of any property tax credits. Each tenant
191.26 may apply for a property tax refund under this chapter as a homeowner based on each
191.27 tenant's share of property taxes. The tenant may not ~~include any rent constituting property~~
191.28 ~~taxes paid on that unit~~ claim the renter's credit under section 290.0693. For the purposes of
191.29 this section, a leasehold cooperative is formed on the day that leasehold cooperative status
191.30 is granted by the appropriate county official.

191.31 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2024
191.32 and following years.

192.1 Sec. 31. Minnesota Statutes 2022, section 290A.13, is amended to read:

192.2 **290A.13 NO RELIEF ALLOWED IN CERTAIN CASES.**

192.3 No claim for relief under this chapter shall be allowed if the commissioner determines
192.4 that the claimant received title ~~or tenancy~~ to the homestead primarily for the purpose of
192.5 receiving benefits under this chapter and not for bona fide residence purposes.

192.6 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2024
192.7 and following years.

192.8 Sec. 32. Minnesota Statutes 2022, section 290A.19, is amended to read:

192.9 **290A.19 OWNER OR MANAGING AGENT TO FURNISH RENT CERTIFICATE.**

192.10 (a) The park owner ~~or managing agent of any~~ of a property for which rent is paid for
192.11 occupancy as a homestead must furnish a certificate of rent paid to a person who is a renter
192.12 on December 31, in the form prescribed by the commissioner. If the renter moves before
192.13 December 31, the park owner ~~or managing agent~~ may give the certificate to the renter at
192.14 the time of moving, or mail the certificate to the forwarding address if an address has been
192.15 provided by the renter. The certificate must be made available to the renter before February
192.16 1 of the year following the year in which the rent was paid. The park owner ~~or managing~~
192.17 ~~agent~~ must retain a duplicate of each certificate or an equivalent record showing the same
192.18 information for a period of three years. The duplicate or other record must be made available
192.19 to the commissioner upon request.

192.20 (b) The commissioner may require the park owner ~~or managing agent~~, through a simple
192.21 process, to furnish to the commissioner on or before March 1 a copy of each certificate of
192.22 rent paid furnished to a renter for rent paid in the prior year. The commissioner shall prescribe
192.23 the content, format, and manner of the form pursuant to section 270C.30. The commissioner
192.24 may require the Social Security number, individual taxpayer identification number, federal
192.25 employer identification number, or Minnesota taxpayer identification number of the park
192.26 owner who is required to furnish a certificate of rent paid under this paragraph. Prior to
192.27 implementation, the commissioner, after consulting with representatives of park owners ~~or~~
192.28 ~~managing agents~~, shall develop an implementation and administration plan for the
192.29 requirements of this paragraph that attempts to minimize financial burdens, administration
192.30 and compliance costs, and takes into consideration existing systems of park owners ~~and~~
192.31 ~~managing agents~~.

193.1 (c) For the purposes of this section, ~~"owner" includes~~ "park owner" means a park owner
193.2 as defined under section 327C.015, subdivision 9, and "property" includes a lot as defined
193.3 under section 327C.015, subdivision 6.

193.4 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2024
193.5 and following years.

193.6 Sec. 33. Minnesota Statutes 2022, section 290A.25, is amended to read:

193.7 **290A.25 VERIFICATION OF SOCIAL SECURITY OR INDIVIDUAL TAXPAYER**
193.8 **IDENTIFICATION NUMBERS.**

193.9 Annually, the commissioner of revenue shall furnish a list to the county assessor
193.10 containing the names and Social Security or individual taxpayer identification numbers of
193.11 persons who have applied for both homestead classification under section 273.13 and a
193.12 ~~property tax refund as a renter under this chapter~~ renter's credit under section 290.0693.

193.13 Within 90 days of the notification, the county assessor shall investigate to determine if
193.14 the homestead classification was improperly claimed. If the property owner does not qualify,
193.15 the county assessor shall notify the county auditor who will determine the amount of
193.16 homestead benefits that has been improperly allowed. For the purpose of this section,
193.17 "homestead benefits" has the meaning given in section 273.124, subdivision 13b. The county
193.18 auditor shall send a notice to persons who owned the affected property at the time the
193.19 homestead application related to the improper homestead was filed, demanding
193.20 reimbursement of the homestead benefits plus a penalty equal to 100 percent of the homestead
193.21 benefits. The person notified may appeal the county's determination with the Minnesota
193.22 Tax Court within 60 days of the date of the notice from the county as provided in section
193.23 273.124, subdivision 13b.

193.24 If the amount of homestead benefits and penalty is not paid within 60 days, and if no
193.25 appeal has been filed, the county auditor shall certify the amount of taxes and penalty to
193.26 the county treasurer. The county treasurer will add interest to the unpaid homestead benefits
193.27 and penalty amounts at the rate provided for delinquent personal property taxes for the
193.28 period beginning 60 days after demand for payment was made until payment. If the person
193.29 notified is the current owner of the property, the treasurer may add the total amount of
193.30 benefits, penalty, interest, and costs to the real estate taxes otherwise payable on the property
193.31 in the following year. If the person notified is not the current owner of the property, the
193.32 treasurer may collect the amounts due under the Revenue Recapture Act in chapter 270A,
193.33 or use any of the powers granted in sections 277.20 and 277.21 without exclusion, to enforce
193.34 payment of the benefits, penalty, interest, and costs, as if those amounts were delinquent

194.1 tax obligations of the person who owned the property at the time the application related to
194.2 the improperly allowed homestead was filed. The treasurer may relieve a prior owner of
194.3 personal liability for the benefits, penalty, interest, and costs, and instead extend those
194.4 amounts on the tax lists against the property for taxes payable in the following year to the
194.5 extent that the current owner agrees in writing.

194.6 Any amount of homestead benefits recovered by the county from the property owner
194.7 shall be distributed to the county, city or town, and school district where the property is
194.8 located in the same proportion that each taxing district's levy was to the total of the three
194.9 taxing districts' levy for the current year. Any amount recovered attributable to taconite
194.10 homestead credit shall be transmitted to the St. Louis County auditor to be deposited in the
194.11 taconite property tax relief account. Any amount recovered that is attributable to supplemental
194.12 homestead credit is to be transmitted to the commissioner of revenue for deposit in the
194.13 general fund of the state treasury. The total amount of penalty collected must be deposited
194.14 in the county general fund.

194.15 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2024
194.16 and following years.

194.17 Sec. 34. Minnesota Statutes 2022, section 327C.02, subdivision 5, is amended to read:

194.18 Subd. 5. **Written notice required.** A prospective resident, before being asked to sign
194.19 a rental agreement, must be given the following notice printed verbatim in boldface type
194.20 of a minimum size of ten points. The notice must be provided with the park residency
194.21 application. The notice must be posted in a conspicuous and public location in the park:

194.22 "IMPORTANT NOTICE

194.23 State law provides special rules for the owners, residents, and prospective residents of
194.24 manufactured home parks.

194.25 You may keep your home in the park as long as the park is in operation and you meet
194.26 your financial obligations, obey state and local laws which apply to the park, obey reasonable
194.27 park rules, do not substantially annoy or endanger the other residents or substantially
194.28 endanger park personnel and do not substantially damage the park premises. You may not
194.29 be evicted or have your rent increased or your services cut for complaining to the park owner
194.30 or to a governmental official.

194.31 If you receive an eviction notice and do not leave the park, the park owner may take you
194.32 to court. If you lose in court, a sheriff may remove you and your home from the park within

195.1 seven days. Or, the court may require you to leave the park within seven days but give you
195.2 60 days to sell the home within the park.

195.3 If you receive an eviction notice for a new or amended rule and the court finds the rule
195.4 to be reasonable and not a substantial modification of your original agreement, the court
195.5 will not order you to leave but will order you to comply with the rule within ten days. If
195.6 you do not comply within the time given or if you violate the rule at a later time, you will
195.7 be subject to eviction.

195.8 All park rules and policies must be reasonable. Your rent may not be increased more
195.9 than twice a year. Changes made in park rules after you become a park resident will not
195.10 apply to you if they substantially change your original agreement.

195.11 The park may not charge you an entrance fee.

195.12 The park may require a security deposit, but the deposit must not amount to more than
195.13 two months rent.

195.14 You have a right to sell the home in the park. But the sale is not final until the park
195.15 owner approves the buyer as a new resident, and you must advise in writing anyone who
195.16 wants to buy your home that the sale is subject to final approval by the park owner.

195.17 The park must provide to you, in writing, the procedures and criteria used to evaluate a
195.18 prospective resident. If your application is denied, you can request, in writing, the reason
195.19 why.

195.20 You must also disclose in writing certain safety information about your home to anyone
195.21 who wants to buy it in the park. You must give this information to the buyer before the sale,
195.22 in writing, on the form that is attached to this notice. You must completely and accurately
195.23 fill out the form and you and the buyer should each keep a copy.

195.24 Your rental agreement and the park rules contain important information about your rights
195.25 and duties. Read them carefully and keep a copy.

195.26 You must be given a copy of the shelter or evacuation plan for the park. This document
195.27 contains information on where to seek shelter in times of severe weather conditions. You
195.28 should carefully review the plan and keep a copy.

195.29 By February 1 of each year, the park must give you a certificate of rent ~~constituting~~
195.30 property taxes paid as required by ~~Minnesota Statutes, section~~ sections 290.0693, subdivision
195.31 4, and 290A.19.

196.1 For further information concerning your rights, consult a private attorney. The state law
196.2 governing the rental of lots in manufactured home parks may also be enforced by the
196.3 Minnesota Attorney General."

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

196.5 Sec. 35. Minnesota Statutes 2022, section 462A.05, subdivision 24, is amended to read:

196.6 Subd. 24. **Housing for elderly, persons with physical or developmental disabilities,**
196.7 **and single parent families.** (a) It may engage in housing programs for low- and
196.8 moderate-income elderly, persons with physical or developmental disabilities, or single
196.9 parent families in the case of home sharing programs, as defined by the agency, to provide
196.10 grants or loans, with or without interest, for:

196.11 (1) accessibility improvements to residences occupied by elderly persons;

196.12 (2) housing sponsors, as defined by the agency, of home sharing programs to match
196.13 existing homeowners with prospective tenants who will contribute either rent or services
196.14 to the homeowner, where either the homeowner or the prospective tenant is elderly, a person
196.15 with physical or developmental disabilities, or the head of a single parent family;

196.16 (3) the construction of or conversion of existing buildings into structures for occupancy
196.17 by the elderly that contain from three to 12 private sleeping rooms with shared cooking
196.18 facilities and common space; and

196.19 (4) housing sponsors, as defined by the agency, to demonstrate the potential for home
196.20 equity conversion in Minnesota for the elderly, in both rural and urban areas, and to determine
196.21 the need in those equity conversions for consumer safeguards.

196.22 (b) In making the grants or loans, the agency shall determine the terms and conditions
196.23 of repayment and the appropriate security, if any, should repayment be required. The agency
196.24 may provide technical assistance to sponsors of home sharing programs or may contract or
196.25 delegate the provision of the technical assistance in accordance with section 462A.07,
196.26 subdivision 12.

196.27 (c) Housing sponsors who receive funding through these programs shall provide
196.28 homeowners and tenants participating in a home sharing program with information regarding
196.29 their rights and obligations as they relate to federal and state tax law including, but not
196.30 limited to, taxable rental income, homestead classification under chapter 273, the renter's
196.31 credit under section 290.0693, and the property tax refund act under chapter 290A.

197.1 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2024
197.2 and following years.

197.3 Sec. 36. **TAX CREDIT OUTREACH; APPROPRIATION.**

197.4 (a) \$2,194,000 in fiscal year 2024 and \$2,193,000 in fiscal year 2025 are appropriated
197.5 from the general fund to the commissioner of revenue to make grants to one or more eligible
197.6 organizations. An eligible organization receiving a grant must use the funds to:

197.7 (1) publicize and promote the availability of eligible credits to taxpayers likely to be
197.8 eligible for those credits; or

197.9 (2) provide taxpayer assistance services.

197.10 (b) For the purposes of this section the following terms have the meanings given:

197.11 (1) "eligible credit" means a credit targeting low-income taxpayers, including but not
197.12 limited to the credits under sections 290.0693 and 290.0671 and chapter 290A;

197.13 (2) "eligible organization" means a nonprofit organization or federally recognized Indian
197.14 Tribe with experience serving demographic groups or geographic regions that have
197.15 historically had low rates of participation in eligible credits. Eligible organization includes
197.16 but is not limited to organizations qualifying under section 7526A(e)(2)(B) of the Internal
197.17 Revenue Code; and

197.18 (3) "taxpayer assistance services" means accounting and tax preparation services provided
197.19 by volunteers to low-income, elderly, and disadvantaged Minnesota residents to help them
197.20 file federal and state income tax returns and Minnesota property tax refund claims and to
197.21 provide personal representation before the Department of Revenue and Internal Revenue
197.22 Service.

197.23 (c) The base for this appropriation is \$2,671,000 in fiscal years 2026 and thereafter.

197.24 Sec. 37. **REPEALER.**

197.25 Minnesota Statutes 2022, sections 290A.03, subdivisions 9 and 11; 290A.04, subdivision
197.26 2a; and 290A.23, subdivision 1, are repealed.

197.27 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2024
197.28 and following years.

198.1

ARTICLE 8

198.2

TAX INCREMENT FINANCING

198.3 Section 1. Minnesota Statutes 2022, section 469.174, subdivision 14, is amended to read:

198.4 Subd. 14. **Administrative expenses.** (a) "Administrative expenses" or "administrative
198.5 costs" means all documented expenditures of an authority other than or municipality,
198.6 including but not limited to:

198.7 (1) amounts paid for services provided by bond counsel, fiscal consultants, and economic
198.8 development consultants;

198.9 (2) allocated expenses and staff time of the authority or municipality for administering
198.10 a project, including but not limited to preparing the tax increment financing plan, negotiating
198.11 and preparing agreements, accounting for segregated funds of the district, preparing and
198.12 submitting required reporting for the district, and reviewing and monitoring compliance
198.13 with sections 469.174 to 469.1794;

198.14 (3) amounts paid to publish annual disclosures and provide notices under section 469.175;

198.15 (4) amounts to provide for the usual and customary maintenance and operation of
198.16 properties purchased with tax increments, including necessary reserves for repairs and the
198.17 cost of any insurance;

198.18 (5) amounts allocated or paid to prepare a development action response plan for a soils
198.19 condition district or hazardous substance subdistrict; and

198.20 (6) amounts used to pay bonds, interfund loans, or other financial obligations to the
198.21 extent those obligations were used to finance costs described in clauses (1) to (5).

198.22 (b) Administrative expenses and administrative costs do not include:

198.23 (1) amounts paid for the purchase of land and buildings;

198.24 (2) amounts paid to contractors or others providing materials and services, ~~including~~
198.25 ~~architectural and engineering services~~, directly connected with the physical development
198.26 of the real property in the project, including architectural and engineering services and
198.27 materials and services for demolition, soil correction, and the construction or installation
198.28 of public improvements;

198.29 (3) relocation benefits paid to or services provided for persons residing or businesses
198.30 located in the project;

199.1 ~~(4) amounts used to pay principal or interest on, fund a reserve for, or sell at a discount~~
199.2 ~~bonds issued pursuant to section 469.178; or~~

199.3 ~~(5) (4) amounts paid for property taxes or payments in lieu of taxes; and~~

199.4 (5) amounts used to pay principal or interest on, fund a reserve for, or sell at a discount
199.5 bonds issued pursuant to section 469.178 or other financial obligations to the extent those
199.6 obligations were used to finance costs described in clauses (1) to (3) (4).

199.7 ~~For districts for which the requests for certifications were made before August 1, 1979,~~
199.8 ~~or after June 30, 1982, "administrative expenses" includes amounts paid for services provided~~
199.9 ~~by bond counsel, fiscal consultants, and planning or economic development consultants.~~

199.10 This definition does not apply to administrative expenses or administrative costs referenced
199.11 under section 469.176, subdivision 4h.

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

199.14 Sec. 2. Minnesota Statutes 2022, section 469.174, is amended by adding a subdivision to
199.15 read:

199.16 Subd. 30. **Pay-as-you-go contract and note.** "Pay-as-you-go contract and note" means
199.17 a written note or contractual obligation under which all of the following apply:

199.18 (1) the note or contractual obligation evidences an authority's commitment to reimburse
199.19 a developer, property owner, or note holder for the payment of costs of activities, including
199.20 any interest on unreimbursed costs;

199.21 (2) the reimbursement is made from tax increment revenues identified in the note or
199.22 contractual obligation as received by a municipality or authority as taxes are paid; and

199.23 (3) the risk that available tax increments may be insufficient to fully reimburse the costs
199.24 is borne by the developer, property owner, or note holder.

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

199.26 Sec. 3. Minnesota Statutes 2022, section 469.175, subdivision 6, is amended to read:

199.27 **Subd. 6. Annual financial reporting.** (a) The state auditor shall develop a uniform
199.28 system of accounting and financial reporting for tax increment financing districts. The
199.29 system of accounting and financial reporting shall, as nearly as possible:

199.30 (1) provide for full disclosure of the sources and uses of tax increments of the district;

200.1 (2) permit comparison and reconciliation with the affected local government's accounts
200.2 and financial reports;

200.3 (3) permit auditing of the funds expended on behalf of a district, including a single
200.4 district that is part of a multidistrict project or that is funded in part or whole through the
200.5 use of a development account funded with tax increments from other districts or with other
200.6 public money;

200.7 (4) be consistent with generally accepted accounting principles.

200.8 (b) The authority must annually submit to the state auditor a financial report in compliance
200.9 with paragraph (a). Copies of the report must also be provided to the county auditor and to
200.10 the governing body of the municipality, if the authority is not the municipality. To the extent
200.11 necessary to permit compliance with the requirement of financial reporting, the county and
200.12 any other appropriate local government unit or private entity must provide the necessary
200.13 records or information to the authority or the state auditor as provided by the system of
200.14 accounting and financial reporting developed pursuant to paragraph (a). The authority must
200.15 submit the annual report for a year on or before August 1 of the next year.

200.16 (c) The annual financial report must also include the following items:

200.17 (1) the original net tax capacity of the district and any subdistrict under section 469.177,
200.18 subdivision 1;

200.19 (2) the net tax capacity for the reporting period of the district and any subdistrict;

200.20 (3) the captured net tax capacity of the district;

200.21 (4) any fiscal disparity deduction from the captured net tax capacity under section
200.22 469.177, subdivision 3;

200.23 (5) the captured net tax capacity retained for tax increment financing under section
200.24 469.177, subdivision 2, paragraph (b), clause (1);

200.25 (6) any captured net tax capacity distributed among affected taxing districts under section
200.26 469.177, subdivision 2, paragraph (b), clause (2);

200.27 (7) the type of district;

200.28 (8) the date the municipality approved the tax increment financing plan and the date of
200.29 approval of any modification of the tax increment financing plan, the approval of which
200.30 requires notice, discussion, a public hearing, and findings under subdivision 4, paragraph
200.31 (a);

201.1 (9) the date the authority first requested certification of the original net tax capacity of
201.2 the district and the date of the request for certification regarding any parcel added to the
201.3 district;

201.4 (10) the date the county auditor first certified the original net tax capacity of the district
201.5 and the date of certification of the original net tax capacity of any parcel added to the district;

201.6 (11) the ~~month and~~ year in which the authority has received or anticipates it will receive
201.7 the first increment from the district;

201.8 (12) the date the district must be decertified;

201.9 (13) for the reporting period and prior years of the district, the actual amount received
201.10 from, at least, the following categories:

201.11 (i) tax increments paid by the captured net tax capacity retained for tax increment
201.12 financing under section 469.177, subdivision 2, paragraph (b), clause (1), but excluding any
201.13 excess taxes;

201.14 (ii) tax increments that are interest or other investment earnings on or from tax increments;

201.15 (iii) tax increments that are proceeds from the sale or lease of property, tangible or
201.16 intangible, purchased by the authority with tax increments;

201.17 (iv) tax increments that are repayments of loans or other advances made by the authority
201.18 with tax increments;

201.19 (v) bond proceeds; and

201.20 (vi) the agricultural homestead market value credit paid to the authority under section
201.21 273.1384;

201.22 (14) for the reporting period and for the prior years of the district, the actual amount
201.23 expended for, at least, the following categories:

201.24 (i) acquisition of land and buildings through condemnation or purchase;

201.25 (ii) site improvements or preparation costs;

201.26 (iii) installation of public utilities, parking facilities, streets, roads, sidewalks, or other
201.27 similar public improvements;

201.28 (iv) administrative costs, including the allocated cost of the authority; and

201.29 (v) for housing districts, construction of affordable housing;

202.1 (15) the amount of any payments for activities and improvements located outside of the
202.2 district that are paid for or financed with tax increments;

202.3 (16) the amount of payments of principal and interest that are made during the reporting
202.4 period on any nondefeased:

202.5 (i) general obligation tax increment financing bonds; and

202.6 (ii) other tax increment financing bonds, including pay-as-you-go contracts and notes;

202.7 (17) the principal amount, at the end of the reporting period, of any nondefeased:

202.8 (i) general obligation tax increment financing bonds; and

202.9 (ii) other tax increment financing bonds, including pay-as-you-go contracts and notes;

202.10 (18) the amount of principal and interest payments that are due for the current calendar
202.11 year on any nondefeased:

202.12 (i) general obligation tax increment financing bonds; and

202.13 (ii) other tax increment financing bonds, including pay-as-you-go contracts and notes;

202.14 (19) if the fiscal disparities contribution under chapter 276A or 473F for the district is
202.15 computed under section 469.177, subdivision 3, paragraph (a), the amount of total increased
202.16 property taxes to be paid from outside the tax increment financing district; and

202.17 (20) any additional information the state auditor may require.

202.18 (d) The reporting requirements imposed by this subdivision apply to districts certified
202.19 before, on, and after August 1, 1979.

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

202.21 Sec. 4. Minnesota Statutes 2022, section 469.176, subdivision 3, is amended to read:

202.22 Subd. 3. **Limitation on administrative expenses.** (a) For districts for which certification
202.23 was requested before August 1, 2001, no tax increment shall be used to pay any
202.24 administrative expenses for a project which exceed ten percent of the total estimated tax
202.25 increment expenditures authorized by the tax increment financing plan or ten percent of the
202.26 total tax increment expenditures for the project net of any amounts returned to the county
202.27 auditor as excess increment; as returned increment under section 469.1763, subdivision 4,
202.28 paragraph (g); or as remedies under section 469.1771, subdivision 2, whichever is less.

202.29 (b) For districts for which certification was requested after July 31, 2001, no tax increment
202.30 may be used to pay any administrative expenses for a project which exceed ten percent of

203.1 total estimated tax increment expenditures authorized by the tax increment financing plan
203.2 or ten percent of the total tax increments, as defined in section 469.174, subdivision 25,
203.3 clause (1), from received for the district net of any amounts returned to the county auditor
203.4 as excess increment; as returned increment under section 469.1763, subdivision 4, paragraph
203.5 (g); or as remedies under section 469.1771, subdivision 2, whichever is less.

203.6 (c) Increments used to pay the county's administrative expenses under subdivision 4h
203.7 are not subject to the percentage limits in this subdivision.

203.8 (d) Increments defined under section 469.174, subdivision 25, clause (2), used for
203.9 administrative expenses described under section 469.174, subdivision 14, paragraph (a),
203.10 clause (4), are not subject to the percentage limits in this subdivision.

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

203.13 Sec. 5. Minnesota Statutes 2022, section 469.176, subdivision 4, is amended to read:

203.14 Subd. 4. **Limitation on use of tax increment; general rule.** All revenues derived from
203.15 tax increment shall be used in accordance with the tax increment financing plan. The revenues
203.16 shall be used solely for the following purposes: (1) to pay the principal of and interest on
203.17 bonds issued to finance a project; (2) by a rural development financing authority for the
203.18 purposes stated in section 469.142_; by a port authority or municipality exercising the powers
203.19 of a port authority to finance or otherwise pay the cost of redevelopment pursuant to sections
203.20 469.048 to 469.068_; by an economic development authority to finance or otherwise pay
203.21 the cost of redevelopment pursuant to sections 469.090 to 469.108_; by a housing and
203.22 redevelopment authority or economic development authority to finance or otherwise pay
203.23 public redevelopment costs pursuant to sections 469.001 to 469.047_; by a municipality or
203.24 economic development authority to finance or otherwise pay the capital and administration
203.25 costs of a development district pursuant to sections 469.124 to 469.133_; by a municipality
203.26 or authority to finance or otherwise pay the costs of developing and implementing a
203.27 development action response plan_; by a municipality or redevelopment agency to finance
203.28 or otherwise pay premiums for insurance or other security guaranteeing the payment when
203.29 due of principal of and interest on the bonds pursuant to chapter 462C, sections 469.152 to
203.30 469.165, or both, or to accumulate and maintain a reserve securing the payment when due
203.31 of the principal of and interest on the bonds pursuant to chapter 462C, sections 469.152 to
203.32 469.165, or both, which revenues in the reserve shall not exceed, subsequent to the fifth
203.33 anniversary of the date of issue of the first bond issue secured by the reserve, an amount

204.1 equal to 20 percent of the aggregate principal amount of the outstanding and nondefeased
204.2 bonds secured by the reserve; and (3) to pay administrative expenses.

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

204.5 Sec. 6. Minnesota Statutes 2022, section 469.1761, subdivision 1, is amended to read:

204.6 Subdivision 1. **Requirement imposed.** (a) In order for a tax increment financing district
204.7 to qualify as a housing district:

204.8 (1) the income limitations provided in this section must be satisfied if the district is
204.9 located either in a metropolitan county as defined by section 473.121, subdivision 4, or in
204.10 a city with a population greater than 50,000; and

204.11 (2) no more than 20 percent of the square footage of buildings that receive assistance
204.12 from tax increments may consist of commercial, retail, or other nonresidential uses.

204.13 (b) The requirements imposed by this section apply to property receiving assistance
204.14 financed with tax increments, including interest reduction, land transfers at less than the
204.15 authority's cost of acquisition, utility service or connections, roads, parking facilities, or
204.16 other subsidies. The provisions of this section do not apply to districts located in a targeted
204.17 area as defined in section 462C.02, subdivision 9, clause (e).

204.18 (c) For purposes of the requirements of paragraph (a), the authority may elect to treat
204.19 an addition to an existing structure as a separate building if:

204.20 (1) construction of the addition begins more than three years after construction of the
204.21 existing structure was completed; and

204.22 (2) for an addition that does not meet the requirements of paragraph (a), clause (2), if it
204.23 is treated as a separate building, the addition was not contemplated by the tax increment
204.24 financing plan which includes the existing structure.

204.25 Sec. 7. Minnesota Statutes 2022, section 469.1763, subdivision 2, is amended to read:

204.26 Subd. 2. **Expenditures outside district.** (a) For each tax increment financing district,
204.27 an amount equal to at least 75 percent of the total revenue derived from tax increments paid
204.28 by properties in the district must be expended on activities in the district or to pay bonds,
204.29 to the extent that the proceeds of the bonds were used to finance activities in the district or
204.30 to pay, or secure payment of, debt service on credit enhanced bonds. For districts, other
204.31 than redevelopment districts for which the request for certification was made after June 30,

205.1 1995, the in-district percentage for purposes of the preceding sentence is 80 percent. Not
205.2 more than 25 percent of the total revenue derived from tax increments paid by properties
205.3 in the district may be expended, through a development fund or otherwise, on activities
205.4 outside of the district but within the defined geographic area of the project except to pay,
205.5 or secure payment of, debt service on credit enhanced bonds. For districts, other than
205.6 redevelopment districts for which the request for certification was made after June 30, 1995,
205.7 the pooling percentage for purposes of the preceding sentence is 20 percent. The revenues
205.8 derived from tax increments paid by properties in the district that are expended on costs
205.9 under section 469.176, subdivision 4h, ~~paragraph (b)~~, may be deducted first before calculating
205.10 the percentages that must be expended within and without the district.

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

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

205.17 (d) The authority may elect, in the tax increment financing plan for the district, to increase
205.18 by up to ten percentage points the permitted amount of expenditures for activities located
205.19 outside the geographic area of the district under paragraph (a). As permitted by section
205.20 469.176, subdivision 4k, the expenditures, including the permitted expenditures under
205.21 paragraph (a), need not be made within the geographic area of the project. Expenditures
205.22 that meet the requirements of this paragraph are legally permitted expenditures of the district,
205.23 notwithstanding section 469.176, subdivisions 4b, 4c, and 4j. To qualify for the increase
205.24 under this paragraph, the expenditures must:

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

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

205.30 (3) be used to:

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

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

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

206.1 (4) be used to develop housing:

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

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

206.4 or

206.5 (B) \$200,000 for municipalities located in the metropolitan area, as defined in section

206.6 473.121, or \$125,000 for all other municipalities; and

206.7 (ii) if the expenditures are used to pay the cost of site acquisition, relocation, demolition

206.8 of existing structures, site preparation, and pollution abatement on one or more parcels, if

206.9 the parcel contains a residence containing one to four family dwelling units that has been

206.10 vacant for six or more months and is in foreclosure as defined in section 325N.10, subdivision

206.11 7, but without regard to whether the residence is the owner's principal residence, and only

206.12 after the redemption period has expired; or

206.13 (5) to assist owner-occupied housing that meets the requirements of section 469.1761,

206.14 subdivision 2.

206.15 (e) The authority under paragraph (d), clause (4), expires on December 31, 2016.

206.16 Increments may continue to be expended under this authority after that date, if they are used

206.17 to pay bonds or binding contracts that would qualify under subdivision 3, paragraph (a), if

206.18 December 31, 2016, is considered to be the last date of the five-year period after certification

206.19 under that provision.

206.20 (f) For purposes of determining whether the minimum percentage of expenditures for

206.21 activities in the district and maximum percentages of expenditures allowed on activities

206.22 outside the district have been met under this subdivision, any amounts returned to the county

206.23 auditor as excess increment, as returned increment under subdivision 4, paragraph (g), or

206.24 as remedies under section 469.1771, subdivision 2, shall first be subtracted from the total

206.25 revenues derived from tax increments paid by properties in the district. Any other amounts

206.26 returned to the county auditor for purposes other than a remedy under section 469.1771,

206.27 subdivision 3, are considered to be expenditures for activities in the district.

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

206.29 applies to all districts with a request for certification date after April 30, 1990, except that

206.30 paragraph (f) shall apply to districts decertifying after December 31, 2023.

207.1 Sec. 8. Minnesota Statutes 2022, section 469.1763, subdivision 3, is amended to read:

207.2 Subd. 3. **Five-year rule.** (a) Revenues derived from tax increments paid by properties
207.3 in the district ~~that are considered to have been~~ expended on an activity within the district
207.4 ~~under~~ will instead be considered to have been expended on an activity outside the district
207.5 for purposes of subdivision 2 only if one of the following occurs unless:

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

207.8 (2) bonds, the proceeds of which must be used to finance the activity, are issued and
207.9 sold to a third party before or within five years after certification of the district, the revenues
207.10 are spent to repay the bonds, and the proceeds of the bonds either are, on the date of issuance,
207.11 reasonably expected to be spent before the end of the later of (i) the five-year period, or (ii)
207.12 a reasonable temporary period within the meaning of the use of that term under section
207.13 148(c)(1) of the Internal Revenue Code, or are deposited in a reasonably required reserve
207.14 or replacement fund;

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

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

207.21 (5) ~~expenditures are made~~ revenues are spent for housing purposes as ~~permitted~~ described
207.22 by subdivision 2, ~~paragraphs~~ paragraph (b) ~~and (d)~~, or for public infrastructure purposes
207.23 ~~within a zone as permitted by subdivision 2, paragraph (e).~~

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

207.26 (c) For a redevelopment district or a renewal and renovation district certified after June
207.27 30, 2003, and before April 20, 2009, the five-year periods described in paragraph (a) are
207.28 extended to ten years after certification of the district. For a redevelopment district certified
207.29 after April 20, 2009, and before June 30, 2012, the five-year periods described in paragraph
207.30 (a) are extended to eight years after certification of the district. This extension is provided
207.31 primarily to accommodate delays in development activities due to unanticipated economic
207.32 circumstances.

208.1 (d) For a redevelopment district that was certified after December 31, 2017, and before
208.2 June 30, 2020, the five-year periods described in paragraph (a) are extended to eight years
208.3 after certification of the district.

208.4 EFFECTIVE DATE. This section is effective the day following final enactment and
208.5 applies to all districts with a request for certification date after April 30, 1990.

208.6 Sec. 9. Minnesota Statutes 2022, section 469.1763, subdivision 4, is amended to read:

208.7 Subd. 4. **Use of revenues for decertification.** ~~(a) In each year beginning with the sixth~~
208.8 ~~year following certification of the district, or beginning with the ninth year following~~
208.9 ~~certification of the district for districts whose five-year rule is extended to eight years under~~
208.10 ~~subdivision 3, paragraph (d), if the applicable in-district percent of the revenues derived~~
208.11 ~~from tax increments paid by properties in the district exceeds the amount of expenditures~~
208.12 ~~that have been made for costs permitted under subdivision 3, an amount equal to the~~
208.13 ~~difference between the in-district percent of the revenues derived from tax increments paid~~
208.14 ~~by properties in the district and the amount of expenditures that have been made for costs~~
208.15 ~~permitted under subdivision 3 must be used and only used to pay or defease the following~~
208.16 ~~or be set aside to pay the following:~~

208.17 ~~(1) outstanding bonds, as defined in subdivision 3, paragraphs (a), clause (2), and (b);~~

208.18 ~~(2) contracts, as defined in subdivision 3, paragraph (a), clauses (3) and (4);~~

208.19 ~~(3) credit enhanced bonds to which the revenues derived from tax increments are pledged,~~
208.20 ~~but only to the extent that revenues of the district for which the credit enhanced bonds were~~
208.21 ~~issued are insufficient to pay the bonds and to the extent that the increments from the~~
208.22 ~~applicable pooling percent share for the district are insufficient; or~~

208.23 ~~(4) the amount provided by the tax increment financing plan to be paid under subdivision~~
208.24 ~~2, paragraphs (b), (d), and (e).~~

208.25 ~~(b) The~~ (a) Beginning with the sixth year following certification of the district, or
208.26 beginning with the year following the extended period for districts whose five-year period
208.27 is extended under subdivision 3, paragraphs (c) and (d), a district must be decertified and
208.28 the pledge of tax increment discharged when the outstanding bonds have been defeased and
208.29 when sufficient money has been set aside to pay, based on the product of the applicable
208.30 in-district percentage multiplied by the increment to be cumulative revenues derived from
208.31 tax increments paid by properties in the district that have been collected through the end of
208.32 the calendar year, equals or exceeds an amount sufficient to pay the following amounts:

209.1 ~~(1) contractual~~ any costs and obligations as defined described in subdivision 3, paragraph
209.2 paragraphs (a), clauses (3) and (4); and (b), excluding those under a qualifying pay-as-you-go
209.3 contract and note;

209.4 ~~(2) the amount specified in the tax increment financing plan for activities qualifying~~
209.5 ~~under subdivision 2, paragraph (b), that have not been funded with the proceeds of bonds~~
209.6 ~~qualifying under paragraph (a), clause (1); and~~

209.7 ~~(3) the additional expenditures permitted by the tax increment financing plan for housing~~
209.8 ~~activities under an election under subdivision 2, paragraph (d), that have not been funded~~
209.9 ~~with the proceeds of bonds qualifying under paragraph (a), clause (1).~~

209.10 (2) any accrued interest on the costs and obligations in clause (1), payable in accordance
209.11 with the terms thereof; and

209.12 (3) any administrative expenses falling within the exception in subdivision 2, paragraph
209.13 (c).

209.14 (b) For districts with an outstanding qualifying pay-as-you-go contract and note, the
209.15 required decertification under paragraph (a) is deferred until the end of the remaining term
209.16 of the last outstanding qualifying pay-as-you-go contract and note, and the applicable
209.17 in-district percentage of cumulative revenues derived from tax increments paid by properties
209.18 in the district are sufficient to pay the obligations identified in subdivision 3, paragraphs
209.19 (a) and (b), provided that the deferral shall not exceed the district's duration limit under
209.20 section 469.176. During the deferral, beginning at the time paragraph (a) would otherwise
209.21 require decertification, the authority must annually either:

209.22 (1) remove from the district, by the end of the year, all parcels that will no longer have
209.23 their tax increment revenue pledged or subject to a qualifying pay-as-you-go contract and
209.24 note or other costs and obligations described in subdivision 3, paragraphs (a) and (b), after
209.25 the end of the year; or

209.26 (2) use the applicable in-district percentage of revenues derived from tax increments
209.27 paid by those parcels to prepay an outstanding qualifying pay-as-you-go contract and note
209.28 of the district or other costs and obligations described in subdivision 3, paragraphs (a) and
209.29 (b), or to accumulate and use revenues derived from tax increments paid by those parcels
209.30 as permitted under paragraph (i).

209.31 The authority must remove any parcels as required by this paragraph by modification
209.32 of the tax increment financing plan and notify the county auditor of the removed parcels by
209.33 the end of the same calendar year. Notwithstanding section 469.175, subdivision 4,

210.1 paragraphs (b), clause (1), and (e), the notice, discussion, public hearing, and findings
210.2 required for approval of the original plan are not required for such a modification.

210.3 (c) Notwithstanding paragraph (a) or (b), if tax increment was pledged prior to August
210.4 1, 2023, to a bond other than a pay-as-you-go contract and note or interfund loan, and the
210.5 proceeds of the bond were used solely or in part to pay authorized costs for activities outside
210.6 the district, the requirement to decertify under paragraph (a) or remove parcels under
210.7 paragraph (b) shall not apply prior to the bond being fully paid or defeased.

210.8 (d) For purposes of this subdivision, "applicable in-district percentage" means the
210.9 percentage of tax increment revenue that is restricted for expenditures within the district,
210.10 as determined under subdivision 2, paragraphs (a) and (d), for the district.

210.11 (e) For purposes of this subdivision, "qualifying pay-as-you-go contract and note" means
210.12 a pay-as-you-go contract and note that is considered to be for activities within the district
210.13 under subdivision 3, paragraph (a).

210.14 (f) For purposes of this subdivision, the reference in paragraph (a) to cumulative revenues
210.15 derived from tax increments paid by properties in the district through the end of the calendar
210.16 year shall include any final settlement distributions made in the following January. For
210.17 purposes of the calculation in paragraph (a), any amounts returned to the county auditor as
210.18 excess increment or as remedies under section 469.1771, subdivision 2, shall first be
210.19 subtracted from the cumulative revenues derived from tax increments paid by properties in
210.20 the district.

210.21 (g) The timing and implementation of a decertification pursuant to paragraphs (a) and
210.22 (b) shall be subject to the following:

210.23 (1) when a decertification is required under paragraph (a) and not deferred under
210.24 paragraph (b), the authority must, as soon as practical and no later than the final settlement
210.25 distribution date of January 25 as identified in section 276.111 for the property taxes payable
210.26 in the calendar year identified in paragraph (a), make the decertification by resolution
210.27 effective for the end of the calendar year identified in paragraph (a), and communicate the
210.28 decertification to the county auditor;

210.29 (2) when a decertification is deferred under paragraph (b), the authority must, by
210.30 December 31 of the year in which the last qualifying pay-as-you-go contract and note reaches
210.31 termination, make the decertification by resolution effective for the end of that calendar
210.32 year and communicate the decertification to the county auditor;

211.1 (3) if the county auditor is unable to prevent tax increments from being calculated for
211.2 taxes payable in the year following the year for which the decertification is made effective,
211.3 the county auditor may redistribute the tax increments in the same manner as excess
211.4 increments under section 469.176, subdivision 2, paragraph (c), clause (4), without first
211.5 distributing them to the authority; and

211.6 (4) if tax increments are distributed to an authority for a taxes payable year after the year
211.7 for which the decertification was required to be effective, the authority must return the
211.8 amount of the distributions to the county auditor for redistribution in the same manner as
211.9 excess increments under section 469.176, subdivision 2, paragraph (c), clause (4).

211.10 (h) The provisions of this subdivision do not apply to a housing district.

211.11 (i) Notwithstanding anything to the contrary in paragraph (a) or (b), if an authority has
211.12 made the election in the tax increment financing plan for the district under subdivision 2,
211.13 paragraph (d), then the requirement to decertify under paragraph (a) or remove parcels under
211.14 paragraph (b) shall not apply prior to such time that the accumulated revenues derived from
211.15 tax increments paid by properties in the district that are eligible to be expended for housing
211.16 purposes described under subdivision 2, paragraph (d), equals the lesser of the amount the
211.17 authority is permitted to expend for housing purposes described under subdivision 2,
211.18 paragraph (d), or the amount authorized for such purposes in the tax increment financing
211.19 plan. Increment revenues collected after the district would have decertified under paragraph
211.20 (a) or from parcels which otherwise would be subject to removal under paragraph (b), absent
211.21 the exception of this paragraph, shall be used solely for housing purposes as described in
211.22 subdivision 2, paragraph (d).

211.23 **EFFECTIVE DATE.** This section is effective the day following final enactment and
211.24 applies to all districts with a request for certification after April 30, 1990, except that the
211.25 requirements under paragraph (b) to remove parcels or use revenues from such parcels as
211.26 prescribed in paragraph (b) apply only to districts for which the request for certification
211.27 was made after the day following final enactment.

211.28 Sec. 10. Minnesota Statutes 2022, section 469.1763, subdivision 6, is amended to read:

211.29 Subd. 6. **Pooling permitted for deficits.** (a) This subdivision applies only to districts
211.30 for which the request for certification was made before August 1, 2001, and without regard
211.31 to whether the request for certification was made prior to August 1, 1979.

211.32 (b) The municipality for the district may transfer available increments from another tax
211.33 increment financing district located in the municipality, if the transfer is necessary to

212.1 eliminate a deficit in the district to which the increments are transferred. The municipality
212.2 may transfer increments as provided by this subdivision without regard to whether the
212.3 transfer or expenditure is authorized by the tax increment financing plan for the district
212.4 from which the transfer is made. A deficit in the district for purposes of this subdivision
212.5 means the lesser of the following two amounts:

212.6 (1)~~(i)~~ the amount due during the calendar year to pay preexisting obligations of the
212.7 district; minus the sum of

212.8 ~~(ii)~~ (i) the total increments collected or to be collected from properties located within
212.9 the district that are available for the calendar year including amounts collected in prior years
212.10 that are currently available; plus

212.11 ~~(iii)~~ (ii) total increments from properties located in other districts in the municipality
212.12 including amounts collected in prior years that are available to be used to meet the district's
212.13 obligations under this section, excluding this subdivision, or other provisions of law; or

212.14 (2) the reduction in increments collected from properties located in the district for the
212.15 calendar year as a result of the changes in classification rates in Laws 1997, chapter 231,
212.16 article 1; Laws 1998, chapter 389, article 2; and Laws 1999, chapter 243, and Laws 2001,
212.17 First Special Session chapter 5, or the elimination of the general education tax levy under
212.18 Laws 2001, First Special Session chapter 5.

212.19 The authority may compute the deficit amount under clause (1) only (without regard to
212.20 the limit under clause (2)) if the authority makes an irrevocable commitment, by resolution,
212.21 to use increments from the district to which increments are to be transferred and any
212.22 transferred increments are only used to pay preexisting obligations and administrative
212.23 expenses for the district that are required to be paid under section 469.176, subdivision 4h,
212.24 paragraph (a).

212.25 (c) A preexisting obligation means:

212.26 (1) bonds issued and sold before August 1, 2001, or bonds issued pursuant to a binding
212.27 contract requiring the issuance of bonds entered into before July 1, 2001, and bonds issued
212.28 to refund such bonds or to reimburse expenditures made in conjunction with a signed
212.29 contractual agreement entered into before August 1, 2001, to the extent that the bonds are
212.30 secured by a pledge of increments from the tax increment financing district; and

212.31 (2) binding contracts entered into before August 1, 2001, to the extent that the contracts
212.32 require payments secured by a pledge of increments from the tax increment financing district.

213.1 (d) The municipality may require a development authority, other than a seaway port
213.2 authority, to transfer available increments including amounts collected in prior years that
213.3 are currently available for any of its tax increment financing districts in the municipality to
213.4 make up an insufficiency in another district in the municipality, regardless of whether the
213.5 district was established by the development authority or another development authority.
213.6 This authority applies notwithstanding any law to the contrary, but applies only to a
213.7 development authority that:

213.8 (1) was established by the municipality; or

213.9 (2) the governing body of which is appointed, in whole or part, by the municipality or
213.10 an officer of the municipality or which consists, in whole or part, of members of the
213.11 governing body of the municipality. The municipality may use this authority only after it
213.12 has first used all available increments of the receiving development authority to eliminate
213.13 the insufficiency and exercised any permitted action under section 469.1792, subdivision
213.14 3, for preexisting districts of the receiving development authority to eliminate the
213.15 insufficiency.

213.16 (e) The authority under this subdivision to spend tax increments outside of the area of
213.17 the district from which the tax increments were collected:

213.18 (1) is an exception to the restrictions under section 469.176, subdivisions 4b, 4c, 4d, 4e,
213.19 4i, and 4j; the expenditure limits under section 469.176, subdivision 1c; and the other
213.20 provisions of this section; and the percentage restrictions under subdivision 2 must be
213.21 calculated after deducting increments spent under this subdivision from the total increments
213.22 for the district; and

213.23 (2) applies notwithstanding the provisions of the Tax Increment Financing Act in effect
213.24 for districts for which the request for certification was made before June 30, 1982, or any
213.25 other law to the contrary.

213.26 (f) If a preexisting obligation requires the development authority to pay an amount that
213.27 is limited to the increment from the district or a specific development within the district and
213.28 if the obligation requires paying a higher amount to the extent that increments are available,
213.29 the municipality may determine that the amount due under the preexisting obligation equals
213.30 the higher amount and may authorize the transfer of increments under this subdivision to
213.31 pay up to the higher amount. The existence of a guarantee of obligations by the individual
213.32 or entity that would receive the payment under this paragraph is disregarded in the
213.33 determination of eligibility to pool under this subdivision. The authority to transfer increments

214.1 under this paragraph may only be used to the extent that the payment of all other preexisting
214.2 obligations in the municipality due during the calendar year have been satisfied.

214.3 (g) For transfers of increments made in calendar year 2005 and later, the reduction in
214.4 increments as a result of the elimination of the general education tax levy for purposes of
214.5 paragraph (b), clause (2), for a taxes payable year equals the general education tax rate for
214.6 the school district under Minnesota Statutes 2000, section 273.1382, subdivision 1, for taxes
214.7 payable in 2001, multiplied by the captured tax capacity of the district for the current taxes
214.8 payable year.

214.9 **EFFECTIVE DATE.** This section is effective the day following final enactment and
214.10 applies only to districts for which the request for certification was made before August 1,
214.11 2001, and without regard to whether the request for certification was made prior to August
214.12 1, 1979.

214.13 Sec. 11. Minnesota Statutes 2022, section 469.1771, subdivision 2, is amended to read:

214.14 Subd. 2. **Collection of increment.** If an authority includes or retains a parcel of property
214.15 in a tax increment financing district that does not qualify for inclusion or retention within
214.16 the district, the authority must pay to the county auditor an amount of money equal to the
214.17 increment collected from the property for the year or years. The property must be eliminated
214.18 from the original and captured tax capacity of the district effective for the current property
214.19 tax assessment year. ~~This subdivision does not apply to a failure to decertify a district at~~
214.20 ~~the end of the duration limit specified in the tax increment financing plan.~~

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

214.22 Sec. 12. Minnesota Statutes 2022, section 469.1771, subdivision 2a, is amended to read:

214.23 Subd. 2a. **Suspension of distribution of tax increment.** (a) If an authority fails to make
214.24 a disclosure or to submit a report containing the information required by section 469.175,
214.25 subdivisions 5 and 6, regarding a tax increment financing district within the time provided
214.26 in section 469.175, subdivisions 5 and 6, the state auditor shall mail to the authority a written
214.27 notice that it or the municipality has failed to make the required disclosure or to submit a
214.28 required report with respect to a particular district. The state auditor shall mail the notice
214.29 on or before the third Tuesday of August of the year in which the disclosure or report was
214.30 required to be made or submitted. The notice must describe the consequences of failing to
214.31 disclose or submit a report as provided in paragraph (b). If the state auditor has not received
214.32 a copy of a disclosure or a report described in this paragraph on or before the first day of
214.33 October of the year in which the disclosure or report was required to be made or submitted,

215.1 the state auditor shall mail a written notice to the county auditor to hold the distribution of
215.2 tax increment from a particular district.

215.3 (b) Upon receiving written notice from the state auditor to hold the distribution of tax
215.4 increment, the county auditor shall hold: all tax increment that otherwise would be distributed
215.5 after receipt of the notice, until further notified under paragraph (c).

215.6 ~~(1) 100 percent of the amount of tax increment that otherwise would be distributed, if~~
215.7 ~~the distribution is made after the first day of October but during the year in which the~~
215.8 ~~disclosure or report was required to be made or submitted; or~~

215.9 ~~(2) 100 percent of the amount of tax increment that otherwise would be distributed, if~~
215.10 ~~the distribution is made after December 31 of the year in which the disclosure or report was~~
215.11 ~~required to be made or submitted.~~

215.12 (c) Upon receiving the copy of the disclosure and all of the reports described in paragraph
215.13 (a) with respect to a district regarding which the state auditor has mailed to the county
215.14 auditor a written notice to hold distribution of tax increment, the state auditor shall mail to
215.15 the county auditor a written notice lifting the hold and authorizing the county auditor to
215.16 distribute to the authority or municipality any tax increment that the county auditor had held
215.17 pursuant to paragraph (b). The state auditor shall mail the written notice required by this
215.18 paragraph within five working days after receiving the last outstanding item. The county
215.19 auditor shall distribute the tax increment to the authority or municipality within 15 working
215.20 days after receiving the written notice required by this paragraph.

215.21 (d) Notwithstanding any law to the contrary, any interest that accrues on tax increment
215.22 while it is being held by the county auditor pursuant to paragraph (b) is not tax increment
215.23 and may be retained by the county.

215.24 (e) For purposes of sections 469.176, subdivisions 1a to 1g, and 469.177, subdivision
215.25 11, tax increment being held by the county auditor pursuant to paragraph (b) is considered
215.26 distributed to or received by the authority or municipality as of the time that it would have
215.27 been distributed or received but for paragraph (b).

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

215.29 Sec. 13. Minnesota Statutes 2022, section 469.1771, subdivision 3, is amended to read:

215.30 Subd. 3. **Expenditure of increment.** If an authority expends revenues derived from tax
215.31 increments, including the proceeds of tax increment bonds, (1) for a purpose that is not a
215.32 permitted project under ~~section 469.176~~ sections 469.174 to 469.1794, (2) for a purpose
215.33 that is not permitted under ~~section 469.176~~ sections 469.174 to 469.1794 for the district

216.1 from which the increment was received, or (3) on activities outside of the geographic area
216.2 in which the revenues may be expended under this chapter, the authority must pay to the
216.3 county auditor an amount equal to the expenditures made in violation of the law.

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

216.5 Sec. 14. Laws 2008, chapter 366, article 5, section 26, as amended by Laws 2013, chapter
216.6 143, article 9, section 11, and Laws 2019, First Special Session chapter 6, article 7, section
216.7 2, is amended to read:

216.8 **Sec. 26. BLOOMINGTON TAX INCREMENT FINANCING; FIVE-YEAR RULE.**

216.9 (a) The requirements of Minnesota Statutes, section 469.1763, subdivision 3, that
216.10 activities must be undertaken within a five-year period from the date of certification of a
216.11 tax increment financing district, are increased to a ~~21-year~~ 26-year period for the Port
216.12 Authority of the City of Bloomington's Tax Increment Financing District No. 1-I,
216.13 Bloomington Central Station. The requirements of Minnesota Statutes, section 469.1763,
216.14 subdivision 4, apply to the district in each year beginning with the 27th year following
216.15 certification of the district.

216.16 (b) Notwithstanding the provisions of Minnesota Statutes, section 469.176, or any other
216.17 law to the contrary, the city of Bloomington and its port authority may extend the duration
216.18 limits of the district for a period through December 31, 2039.

216.19 (c) Notwithstanding the provisions of Minnesota Statutes, section 469.176, or any other
216.20 law to the contrary, the city of Bloomington and its port authority may extend the duration
216.21 limits of undeveloped parcels within District No. 1-I for a period through December 31,
216.22 2049. For the purposes of this paragraph, "undeveloped parcels" means any parcel that does
216.23 not have a building on it as of the effective date of this section.

216.24 ~~(e)~~ (d) Effective for taxes payable in 2014, tax increment for the district must be computed
216.25 using the current local tax rate, notwithstanding the provisions of Minnesota Statutes, section
216.26 469.177, subdivision 1a.

216.27 **EFFECTIVE DATE.** This section is effective upon compliance by the city of
216.28 Bloomington, Hennepin County, and Independent School District No. 271 with the
216.29 requirements of Minnesota Statutes, section 469.1782, subdivision 2.

217.1 Sec. 15. Laws 2008, chapter 366, article 5, section 36, subdivision 1, is amended to read:

217.2 Subdivision 1. **Authorization.** Notwithstanding the provisions of any other law, upon
217.3 approval of the governing body of the city of St. Paul, the Housing and Redevelopment
217.4 Authority of the city of St. Paul may establish a redevelopment tax increment financing
217.5 district comprised of the properties included in the existing downtown and Seventh Place
217.6 tax increment district (County #82). Notwithstanding Minnesota Statutes, section 469.177,
217.7 subdivision 6, if certification of the district is requested by July 31, 2008, the certification
217.8 will be recognized by the county auditor in determining local tax rates for taxes payable in
217.9 2009 and subsequent years. The district created under this section terminates December 31,
217.10 ~~2023~~ 2033. The city may create the district under this section only if it enters into an
217.11 agreement with Ramsey County to pay the county annually out of the increment from this
217.12 district an amount equal to the tax that would have been payable to the county on the captured
217.13 tax capacity of the district had the district not been created.

217.14 **EFFECTIVE DATE.** This section is effective the day after the governing bodies of St.
217.15 Paul, Ramsey County, and Independent School District No. 625 comply with the requirements
217.16 of Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021, subdivisions 2 and
217.17 3.

217.18 Sec. 16. Laws 2008, chapter 366, article 5, section 36, subdivision 3, as amended by Laws
217.19 2014, chapter 150, article 5, section 5, is amended to read:

217.20 Subd. 3. **Authorized expenditures.** Tax increment from the district may be expended
217.21 only to pay principal and interest on bond obligations issued by the city of St. Paul in 2009
217.22 for the RiverCentre Arena, including payment of principal and interest on any bonds issued
217.23 to repay the bonds or loans, as amended in 2014, but only through taxes payable year 2023.
217.24 Commencing with taxes payable year 2024, tax increments from the district may be expended
217.25 to facilitate capital improvements within the city's RiverCentre complex, including but not
217.26 limited to the St. Paul RiverCentre, Xcel Energy Center, Roy Wilkins Auditorium, and St.
217.27 Paul RiverCentre Parking Ramp and adjacent areas controlled by the city. All such
217.28 expenditures are deemed to be activities within the district under Minnesota Statutes, section
217.29 469.1763, subdivisions 2, 3, and 4.

217.30 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
217.31 city of St. Paul and its chief clerical officer comply with Minnesota Statutes, section 645.021,
217.32 subdivisions 2 and 3.

218.1 Sec. 17. Laws 2014, chapter 308, article 6, section 12, subdivision 2, is amended to read:

218.2 Subd. 2. **Special rules.** (a) If the city elects, upon the adoption of the tax increment
218.3 financing plan for a district, the rules under this section apply to a redevelopment district,
218.4 renewal and renovation district, soil condition district, or soil deficiency district established
218.5 by the city or a development authority of the city in the project area.

218.6 (b) Prior to or upon the adoption of the first tax increment plan subject to the special
218.7 rules under this subdivision, the city must find by resolution that parcels consisting of at
218.8 least 80 percent of the acreage of the project area, excluding street and railroad rights-of-way,
218.9 are characterized by one or more of the following conditions:

218.10 (1) peat or other soils with geotechnical deficiencies that impair development of
218.11 commercial buildings or infrastructure;

218.12 (2) soils or terrain that require substantial filling in order to permit the development of
218.13 commercial buildings or infrastructure;

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

218.15 (4) quarries or similar resource extraction sites;

218.16 (5) floodway; and

218.17 (6) substandard buildings, within the meaning of Minnesota Statutes, section 469.174,
218.18 subdivision 10.

218.19 (c) For the purposes of paragraph (b), clauses (1) to (5), a parcel is characterized by the
218.20 relevant condition if at least 70 percent of the area of the parcel contains the relevant
218.21 condition. For the purposes of paragraph (b), clause (6), a parcel is characterized by
218.22 substandard buildings if substandard buildings occupy at least 30 percent of the area of the
218.23 parcel.

218.24 (d) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is
218.25 extended to ~~eight~~ 12 years for any district; the five-year rule under Minnesota Statutes,
218.26 section 469.175, subdivision 4, paragraph (f), is extended to nine years for any district; and
218.27 Minnesota Statutes, section 469.1763, subdivision 4, does not apply to any district.

218.28 (e) Notwithstanding any provision to the contrary in Minnesota Statutes, section 469.1763,
218.29 subdivision 2, paragraph (a), not more than 40 percent of the total revenue derived from tax
218.30 increments paid by properties in any district, measured over the life of the district, may be
218.31 expended on activities outside the district but within the project area.

218.32 (f) For a soil deficiency district:

219.1 (1) increments may be collected through 20 years after the receipt by the authority of
219.2 the first increment from the district;

219.3 (2) increments may be used only to:

219.4 (i) acquire parcels on which the improvements described in item (ii) will occur;

219.5 (ii) pay for the cost of correcting the unusual terrain or soil deficiencies and the additional
219.6 cost of installing public improvements directly caused by the deficiencies; and

219.7 (iii) pay for the administrative expenses of the authority allocable to the district; and

219.8 (3) any parcel acquired with increments from the district must be sold at no less than
219.9 their fair market value.

219.10 (g) Increments spent for any infrastructure costs, whether inside a district or outside a
219.11 district but within the project area, are deemed to satisfy the requirements of Minnesota
219.12 Statutes, section 469.176, subdivision 4j.

219.13 (h) The authority to approve tax increment financing plans to establish tax increment
219.14 financing districts under this section expires June 30, 2020.

219.15 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
219.16 city of Savage and its chief clerical officer comply with Minnesota Statutes, section 645.021,
219.17 subdivisions 2 and 3.

219.18 **Sec. 18. CITY OF CHATFIELD; TAX INCREMENT FINANCING AUTHORITY;**
219.19 **ECONOMIC DEVELOPMENT AUTHORIZATION.**

219.20 Notwithstanding Minnesota Statutes, section 469.176, subdivision 4c, paragraph (b), or
219.21 any other law to the contrary, the city of Chatfield, or its economic development authority,
219.22 may establish an economic development district to construct a multilevel hotel on Mill
219.23 Creek Road and Division Street NW, south of Trunk Highway 30, in the city of Chatfield,
219.24 Olmsted County, provided that the first floor of the hotel not exceed 15,000 square feet.
219.25 For purposes of this section, "first floor" means the floor at street level where the public is
219.26 permitted to enter and exit.

219.27 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
219.28 city of Chatfield and its chief clerical officer comply with the requirements of Minnesota
219.29 Statutes, section 645.021, subdivisions 2 and 3.

220.1 **Sec. 19. CITY OF DULUTH; TAX INCREMENT FINANCING AUTHORITY.**

220.2 **Subdivision 1. Establishment.** Under the special rules established in subdivision 2, the
220.3 city of Duluth or its economic development authority may establish one or more
220.4 redevelopment districts located wholly within the city of Duluth, St. Louis County,
220.5 Minnesota, limited to the area bordered on the northeast by Slip 3 and the Pier B Resort
220.6 property line extended northwest to Interstate Highway 35, on the southeast by the Duluth
220.7 Harbor, on the southwest by the Compass Minerals property line extended northwest to
220.8 Interstate Highway 35, and on the northwest by Interstate Highway 35, together with adjacent
220.9 roads and rights-of-way.

220.10 **Subd. 2. Special rules.** For any tax increment financing district established under this
220.11 section, the following special rules apply:

220.12 (1) the district is deemed to meet all the requirements of Minnesota Statutes, section
220.13 469.174, subdivision 10;

220.14 (2) expenditures incurred in connection with the development of the property described
220.15 in subdivision 1 are deemed to meet the requirements of Minnesota Statutes, section 469.176,
220.16 subdivision 4j; and

220.17 (3) eligible expenditures include without limitation seawalls and pier facings adjacent
220.18 to the boundaries of such district.

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

220.22 **Sec. 20. CITY OF DULUTH; TAX INCREMENT FINANCING DURATION**
220.23 **EXTENSION.**

220.24 Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, or any other law
220.25 to the contrary, the city of Duluth or its economic development authority may extend the
220.26 duration limit of a district established under section 19 by ten years.

220.27 **EFFECTIVE DATE.** This section is effective upon compliance by the city of Duluth,
220.28 St. Louis County, and Independent School District No. 709 with the requirements of
220.29 Minnesota Statutes, section 469.1782, subdivision 2.

221.1 **Sec. 21. CITY OF DULUTH; TAX INCREMENT FINANCING DISTRICT;**
221.2 **SPECIAL RULES.**

221.3 **Subdivision 1. Establishment.** Under the special rules established in subdivision 2, the
221.4 economic development authority of the city of Duluth or the city of Duluth may establish
221.5 one or more redevelopment districts located wholly within the area of the city of Duluth,
221.6 St. Louis County, Minnesota, limited to the area classified as the Medical Regional Exchange
221.7 District and East 1st Street Corridor as bounded by: East 6th Street from North 3rd Avenue
221.8 East to North 7th Avenue East; North 7th Avenue East from East 6th Street to East 3rd
221.9 Street; East 3rd Street from North 7th Avenue East to North 12th Avenue East; North 12th
221.10 Avenue East from East 3rd Street straight through the Duluth Rose Garden to the Lake
221.11 Superior Waterfront; the Lake Superior waterfront from the Duluth Rose Garden at North
221.12 12th Avenue East to Lake Place Park at North 3rd Avenue East; North 3rd Avenue East
221.13 from Lake Place Park at the Lake Superior waterfront to East Superior Street; East Superior
221.14 Street from North 3rd Avenue East to North Lake Avenue; North Lake Avenue from East
221.15 Superior Street to East 2nd Street; East 2nd Street from North Lake Avenue to North 3rd
221.16 Avenue East; North 3rd Avenue East from East 2nd Street to East 6th Street.

221.17 **Subd. 2. Special rules.** If the city or authority establishes a redevelopment tax increment
221.18 financing district under this section, the requirements, definitions, limitations, or restrictions
221.19 in the following statutes do not apply: Minnesota Statutes, sections 469.174, subdivision
221.20 10; and 469.176, subdivisions 4j, 4l, and 5; 469.1763, subdivisions 2, 3, and 4.

221.21 **Subd. 3. Expiration.** The provisions of subdivision 2 expire for increment expended
221.22 after December 31, 2051. After that date, the provisions of Minnesota Statutes, section
221.23 469.1763, subdivision 4, apply to any remaining unspent or unobligated increment.

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

221.27 **Sec. 22. CITY OF FRIDLEY; TAX INCREMENT FINANCING DISTRICT;**
221.28 **SPECIAL RULES.**

221.29 **Subdivision 1. Transfer of increment.** Notwithstanding Minnesota Statutes, section
221.30 469.176, subdivision 4j, the city of Fridley, or its economic development authority, may
221.31 transfer tax increment accumulated from Fridley Tax Increment Financing District No. 20
221.32 to the Fridley Housing and Redevelopment Authority for the purposes authorized in
221.33 subdivision 2. Only increment allowed to be expended outside of the district pursuant to
221.34 Minnesota Statutes, section 469.1763, subdivision 2, may be transferred under this section.

222.1 Subd. 2. **Allowable use.** Tax increment transferred under subdivision 1 must be used
222.2 only to:

222.3 (1) make grants, loans, and loan guarantees for the development, rehabilitation, or
222.4 financing of housing; or

222.5 (2) match other funds from federal, state, or private resources for housing projects.

222.6 Subd. 3. **Annual financial reporting.** Tax increment transferred under this section is
222.7 subject to the annual reporting requirements under Minnesota Statutes, section 469.175,
222.8 subdivision 6.

222.9 Subd. 4. **Legislative reports.** By February 1, 2024, and February 1, 2026, the city of
222.10 Fridley must issue a report to the chairs and ranking minority members of the legislative
222.11 committees with jurisdiction over taxes and property taxes. Each report must include detailed
222.12 information relating to each program financed with increment transferred under this section.

222.13 Subd. 5. **Expiration.** The authority to make transfers under subdivision 1 expires
222.14 December 31, 2026.

222.15 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
222.16 city of Fridley and its chief clerical officer comply with the requirements of Minnesota
222.17 Statutes, section 645.021, subdivisions 2 and 3.

222.18 Sec. 23. **CITY OF LAFAYETTE; SMALL CITY DESIGNATION.**

222.19 For the purposes of Minnesota Statutes, section 469.176, subdivision 4c, the city of
222.20 Lafayette is a small city.

222.21 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
222.22 city of Lafayette and its chief clerical officer comply with Minnesota Statutes, section
222.23 645.021, subdivisions 2 and 3.

222.24 Sec. 24. **CITY OF NICOLLET; SMALL CITY DESIGNATION.**

222.25 For the purposes of Minnesota Statutes, section 469.176, subdivision 4c, the city of
222.26 Nicollet is a small city.

222.27 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
222.28 city of Nicollet and its chief clerical officer comply with Minnesota Statutes, section 645.021,
222.29 subdivisions 2 and 3.

223.1 **Sec. 25. CITY OF PLYMOUTH; TAX INCREMENT FINANCING AUTHORITY.**

223.2 **Subdivision 1. Establishment.** Under the special rules established in subdivision 2, the
223.3 city of Plymouth may establish one or more redevelopment districts located wholly within
223.4 the city of Plymouth, Hennepin County, Minnesota, limited to the following parcels identified
223.5 by tax identification numbers: 34-119-22-44-0002, 03-118-22-12-0002, 03-118-22-11-0007,
223.6 02-118-22-22-0005, and 03-118-22-14-0032, together with adjacent roads and rights of
223.7 way.

223.8 **Subd. 2. Special rules.** If the city establishes a tax increment financing district under
223.9 this section, the following special rules apply:

223.10 (1) the district is deemed to meet all the requirements of Minnesota Statutes, section
223.11 469.174, subdivision 10;

223.12 (2) the five-year rule period under Minnesota Statutes, section 469.1763, subdivision 3,
223.13 is extended to ten years and the six-year rule under Minnesota Statutes, section 469.1763,
223.14 subdivision 4, applies to the district in each year beginning with the 11th year following
223.15 certification of the district;

223.16 (3) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district;
223.17 and

223.18 (4) not more than 75 percent of increments generated from the district may be expended
223.19 on improvements to Chankahda Trail, formerly known as Hennepin County Road 47, outside
223.20 the project area, and all such expenditures are deemed expended on activities within the
223.21 district for the purposes of Minnesota Statutes, section 469.1763.

223.22 **Subd. 3. Expiration.** The authority to approve a tax increment financing plan to establish
223.23 a tax increment financing district under this section expires December 31, 2030.

223.24 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
223.25 city of Plymouth and its chief clerical officer comply with Minnesota Statutes, section
223.26 645.021, subdivisions 2 and 3.

223.27 **Sec. 26. CITY OF SHAKOPEE; TAX INCREMENT FINANCING DISTRICT.**

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

223.30 (b) "City" means the city of Shakopee.

223.31 (c) "Project area" means the following parcels, identified by parcel identification number:
223.32 279160102, 279160110, 279170020, and 279160120.

224.1 (d) "Soil deficiency district" means a type of tax increment financing district consisting
224.2 of a portion of the project area in which the city finds by resolution that the following
224.3 conditions exist:

224.4 (1) unusual terrain or soil deficiencies that occurred over 70 percent of the acreage in
224.5 the district require substantial filling, grading, or other physical preparation for use; and

224.6 (2) the estimated cost of the physical preparation under clause (1), excluding costs
224.7 directly related to roads as defined in Minnesota Statutes, section 160.01, and local
224.8 improvements as described in Minnesota Statutes, sections 429.021, subdivision 1, other
224.9 than clauses (8) to (10), and 430.01, exceeds the fair market value of the land before
224.10 completion of the preparation.

224.11 Subd. 2. **Special rules.** (a) If the city elects, upon the adoption of the tax increment
224.12 financing plan for a district, the rules under this section apply to a redevelopment district,
224.13 renewal and renovation district, soil condition district, or soil deficiency district established
224.14 by the city or a development authority of the city in the project area. The city, or a
224.15 development authority acting on its behalf, may establish one or more soil deficiency districts
224.16 within the project area.

224.17 (b) Prior to or upon the adoption of the first tax increment plan subject to the special
224.18 rules under this subdivision, the city must find by resolution that parcels consisting of at
224.19 least 70 percent of the acreage of the project area, excluding street and railroad rights-of-way,
224.20 are characterized by one or more of the following conditions:

224.21 (1) peat or other soils with geotechnical deficiencies that impair development of
224.22 residential or commercial buildings or infrastructure;

224.23 (2) soils or terrain that requires substantial filling in order to permit the development of
224.24 residential or commercial buildings or infrastructure;

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

224.26 (4) quarries or similar resource extraction sites;

224.27 (5) floodways; and

224.28 (6) substandard buildings, within the meaning of Minnesota Statutes, section 469.174,
224.29 subdivision 10.

224.30 (c) For the purposes of paragraph (b), clauses (1) to (5), a parcel is characterized by the
224.31 relevant condition if at least 60 percent of the area of the parcel contains the relevant
224.32 condition. For the purposes of paragraph (b), clause (6), a parcel is characterized by

225.1 substandard buildings if substandard buildings occupy at least 30 percent of the area of the
225.2 parcel.

225.3 (d) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is
225.4 extended to ten years for any district, and the period under Minnesota Statutes, section
225.5 469.1763, subdivision 4, is extended to 11 years.

225.6 (e) Notwithstanding any provision to the contrary in Minnesota Statutes, section 469.1763,
225.7 subdivision 2, paragraph (a), not more than 80 percent of the total revenue derived from tax
225.8 increments paid by properties in any district, measured over the life of the district, may be
225.9 expended on activities outside the district but within the project area.

225.10 (f) For a soil deficiency district:

225.11 (1) increments may be collected through 20 years after the receipt by the authority of
225.12 the first increment from the district; and

225.13 (2) except as otherwise provided in this subdivision, increments may be used only to:

225.14 (i) acquire parcels on which the improvements described in item (ii) will occur;

225.15 (ii) pay for the cost of correcting the unusual terrain or soil deficiencies and the additional
225.16 cost of installing public improvements directly caused by the deficiencies; and

225.17 (iii) pay for the administrative expenses of the authority allocable to the district.

225.18 (g) The authority to approve tax increment financing plans to establish tax increment
225.19 financing districts under this section expires December 31, 2026.

225.20 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
225.21 city of Shakopee and its chief clerical officer comply with the requirements of Minnesota
225.22 Statutes, section 645.021, subdivisions 2 and 3.

225.23 **Sec. 27. CITY OF SPICER; SMALL CITY DESIGNATION.**

225.24 For the purposes of Minnesota Statutes, section 469.176, subdivision 4c, the city of
225.25 Spicer is a small city.

225.26 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
225.27 city of Spicer and its chief clerical officer comply with Minnesota Statutes, section 645.021,
225.28 subdivisions 2 and 3.

226.1 **Sec. 28. CITY OF WEST SAINT PAUL; TAX INCREMENT FINANCING**

226.2 **AUTHORITY.**

226.3 **Subdivision 1. Establishment.** Under the special rules established in subdivision 2, the
226.4 economic development authority of the city of West Saint Paul or the city of West Saint
226.5 Paul may establish one or more redevelopment tax increment financing districts consisting
226.6 of the parcels in the city of West Saint Paul, Dakota County, Minnesota, currently identified
226.7 with the following parcel identification numbers: 42-83680-01-011, 42-11561-00-010,
226.8 42-11561-01-010, 42-11560-01-021, 42-11561-00-020, 42-11560-01-022, as the same may
226.9 be replatted or reconfigured, together with adjacent roads and rights-of-way.

226.10 **Subd. 2. Special rules.** If the city or authority establishes one or more tax increment
226.11 financing districts under this section, the following special rules apply:

226.12 (1) the districts are deemed to meet all the requirements of Minnesota Statutes, section
226.13 469.174, subdivision 10; and

226.14 (2) expenditures incurred in connection with the development of the property described
226.15 in subdivision 1 are deemed to meet the requirements of Minnesota Statutes, section 469.176,
226.16 subdivision 4j.

226.17 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
226.18 city of West Saint Paul and its chief clerical officer comply with Minnesota Statutes, section
226.19 645.021, subdivisions 2 and 3.

226.20 **Sec. 29. CITY OF WOODBURY; TAX INCREMENT FINANCING DISTRICT**
226.21 **NO. 13; EXPENDITURES ALLOWED; DURATION EXTENSION.**

226.22 (a) Notwithstanding Minnesota Statutes, section 469.1763, subdivision 2, or any other
226.23 law to the contrary, the city of Woodbury may expend increments generated from Tax
226.24 Increment Financing District No. 13 for the maintenance, and facility and infrastructure
226.25 upgrades to Central Park. All such expenditures are deemed expended on activities within
226.26 the district.

226.27 (b) Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, the city of
226.28 Woodbury may elect to extend the duration of Tax Increment Financing District No. 13 by
226.29 five years.

226.30 **EFFECTIVE DATE.** Paragraph (a) is effective the day after the governing body of the
226.31 city of Woodbury and its chief clerical officer comply with the requirements of Minnesota
226.32 Statutes, section 645.021, subdivisions 2 and 3. Paragraph (b) is effective upon compliance

227.1 by the city of Woodbury, Washington County, and Independent School District No. 833
227.2 with the requirements of Minnesota Statutes, section 469.1782, subdivision 2.

227.3 **ARTICLE 9**

227.4 **LOCAL TAXES**

227.5 Section 1. Laws 1980, chapter 511, section 1, subdivision 2, as amended by Laws 1991,
227.6 chapter 291, article 8, section 22, Laws 1998, chapter 389, article 8, section 25, Laws 2003,
227.7 First Special Session chapter 21, article 8, section 11, Laws 2008, chapter 154, article 5,
227.8 section 2, Laws 2014, chapter 308, article 3, section 21, and Laws 2017, First Special Session
227.9 chapter 1, article 5, section 1, is amended to read:

227.10 Subd. 2. (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other law,
227.11 ordinance, or city charter provision to the contrary, the city of Duluth may, by ordinance,
227.12 impose an additional sales tax of up to one and three-quarter percent on sales transactions
227.13 which are described in Minnesota Statutes 2000, section 297A.01, subdivision 3, clause (c).
227.14 The imposition of this tax shall not be subject to voter referendum under either state law or
227.15 city charter provisions. When the city council determines that the taxes imposed under this
227.16 paragraph at a rate of three-quarters of one percent and other sources of revenue produce
227.17 revenue sufficient to pay debt service on bonds in the principal amount of \$40,285,000 plus
227.18 issuance and discount costs, issued for capital improvements at the Duluth Entertainment
227.19 and Convention Center, which include a new arena, the rate of tax under this subdivision
227.20 must be reduced by three-quarters of one percent.

227.21 (b) In addition to the tax in paragraph (a) and notwithstanding Minnesota Statutes, section
227.22 477A.016, or any other law, ordinance, or city charter provision to the contrary, the city of
227.23 Duluth may, by ordinance, impose an additional sales tax of up to one-half of one percent
227.24 on sales transactions which are described in Minnesota Statutes 2000, section 297A.01,
227.25 subdivision 3, clause (c). This tax expires when the city council determines that the tax
227.26 imposed under this paragraph, along with the tax imposed under section 22, paragraph (b),
227.27 has produced revenues sufficient to pay the debt service on bonds in a principal amount of
227.28 no more than ~~\$18,000,000~~ \$54,000,000, plus issuance and discount costs, to finance capital
227.29 improvements to public facilities to support tourism and recreational activities in that portion
227.30 of the city west of 14th Avenue West and the area south of and including Skyline Parkway,
227.31 and capital improvements to parks-based public athletic facilities to support sports tourism.

227.32 (c) The city of Duluth may sell and issue up to ~~\$18,000,000~~ \$54,000,000 in general
227.33 obligation bonds under Minnesota Statutes, chapter 475, plus an additional amount to pay

228.1 for the costs of issuance and any premiums. The proceeds may be used to finance capital
228.2 improvements to public facilities that support tourism and recreational activities in the
228.3 portion of the city west of 14th Avenue West and the area south of and including Skyline
228.4 Parkway and capital improvements to parks-based public athletic facilities to support sports
228.5 tourism, as described in paragraph (b). The issuance of the bonds is subject to the provisions
228.6 of Minnesota Statutes, chapter 475, except no election shall be required unless required by
228.7 the city charter. The bonds shall not be included in computing net debt. The revenues from
228.8 the taxes that the city of Duluth may impose under paragraph (b) and under section 22,
228.9 paragraph (b), may be pledged to pay principal of and interest on such bonds.

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

228.13 Sec. 2. Laws 1980, chapter 511, section 2, as amended by Laws 1998, chapter 389, article
228.14 8, section 26, Laws 2003, First Special Session chapter 21, article 8, section 12, Laws 2014,
228.15 chapter 308, article 3, section 22, and Laws 2017, First Special Session chapter 1, article
228.16 5, section 2, is amended to read:

228.17 **Sec. 2. CITY OF DULUTH; TAX ON RECEIPTS BY HOTELS AND MOTELS.**

228.18 (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other law, or ordinance,
228.19 or city charter provision to the contrary, the city of Duluth may, by ordinance, impose an
228.20 additional tax of one percent upon the gross receipts from the sale of lodging for periods of
228.21 less than 30 days in hotels and motels located in the city. The tax shall be collected in the
228.22 same manner as the tax set forth in the Duluth city charter, section 54(d), paragraph one.
228.23 The imposition of this tax shall not be subject to voter referendum under either state law or
228.24 city charter provisions.

228.25 (b) In addition to the tax in paragraph (a) and notwithstanding Minnesota Statutes, section
228.26 477A.016, or any other law, ordinance, or city charter provision to the contrary, the city of
228.27 Duluth may, by ordinance, impose an additional sales tax of up to one-half of one percent
228.28 on the gross receipts from the sale of lodging for periods of less than 30 days in hotels and
228.29 motels located in the city. This tax expires when the city council first determines that the
228.30 tax imposed under this paragraph, along with the tax imposed under section 21, paragraph
228.31 (b), has produced revenues sufficient to pay the debt service on bonds in a principal amount
228.32 of no more than ~~\$18,000,000~~ \$54,000,000, plus issuance and discount costs, to finance
228.33 capital improvements to public facilities to support tourism and recreational activities in

229.1 that portion of the city west of 14th Avenue West and the area south of and including Skyline
229.2 Parkway, and capital improvements to parks-based public athletic facilities to support sports
229.3 tourism.

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

229.7 Sec. 3. Laws 2008, chapter 366, article 7, section 17, is amended to read:

229.8 Sec. 17. **COOK COUNTY; LODGING AND ADMISSIONS TAXES TAX.**

229.9 Subdivision 1. **Lodging tax.** Notwithstanding Minnesota Statutes, section 477A.016,
229.10 or any other provision of law, ordinance, or city charter, the Board of Commissioners of
229.11 Cook County may impose, by ordinance, a tax of up to one percent on the gross receipts
229.12 subject to the lodging tax under Minnesota Statutes, section 469.190. This tax is in addition
229.13 to any tax imposed under Minnesota Statutes, section 469.190, and the total tax imposed
229.14 under that section and this provision must not exceed four percent.

229.15 ~~Subd. 2. **Admissions and recreation tax.** Notwithstanding Minnesota Statutes, section~~
229.16 ~~477A.016, or any other provision of law, ordinance, or city charter, the Board of~~
229.17 ~~Commissioners of Cook County may impose, by ordinance, a tax of up to three percent on~~
229.18 ~~admissions to entertainment and recreational facilities and rental of recreation equipment.~~

229.19 Subd. 3. **Use of taxes.** The ~~taxes~~ tax imposed in ~~subdivisions~~ subdivision 1 and 2 must
229.20 be used to fund a new Cook County Event and Visitors Bureau as established by the Board
229.21 of Commissioners of Cook County. The Board of Commissioners of Cook County must
229.22 annually review the budget of the Cook County Event and Visitors Bureau. The event and
229.23 visitors bureau may not receive revenues raised from the ~~taxes~~ tax imposed in ~~subdivisions~~
229.24 subdivision 1 and 2 until the board of commissioners approves the annual budget.

229.25 Subd. 4. **Termination.** The ~~taxes~~ tax imposed in ~~subdivisions~~ subdivision 1 and 2
229.26 ~~terminate~~ terminates 30 years after ~~they are~~ it is first imposed.

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

230.1

ARTICLE 10

230.2

PUBLIC FINANCE

230.3 Section 1. Minnesota Statutes 2022, section 118A.04, subdivision 5, is amended to read:

230.4 Subd. 5. **Time deposits.** Funds may be invested in time deposits that are fully insured
230.5 by the Federal Deposit Insurance Corporation, the National Association of Credit Unions,
230.6 or bankers acceptances of United States banks.

230.7 Sec. 2. Minnesota Statutes 2022, section 123B.61, is amended to read:

230.8 **123B.61 PURCHASE OF CERTAIN EQUIPMENT.**

230.9 The board of a district may issue general obligation certificates of indebtedness or capital
230.10 notes subject to the district debt limits to: (a) purchase vehicles, computers, telephone
230.11 systems, cable equipment, photocopy and office equipment, technological equipment for
230.12 instruction, and other capital equipment having an expected useful life at least as long as
230.13 the terms of the certificates or notes; (b) purchase computer hardware and software, without
230.14 regard to its expected useful life, whether bundled with machinery or equipment or
230.15 unbundled, together with application development services and training related to the use
230.16 of the computer; and (c) prepay special assessments. The certificates or notes must be
230.17 payable in not more than ~~ten~~ 20 years and must be issued on the terms and in the manner
230.18 determined by the board, ~~except that certificates or notes issued to prepay special assessments~~
230.19 ~~must be payable in not more than 20 years.~~ The certificates or notes may be issued by
230.20 resolution and without the requirement for an election. The certificates or notes are general
230.21 obligation bonds for purposes of section 126C.55. A tax levy must be made for the payment
230.22 of the principal and interest on the certificates or notes, in accordance with section 475.61,
230.23 as in the case of bonds. The sum of the tax levies under this section and section 123B.62
230.24 for each year must not exceed the lesser of the amount of the district's total operating capital
230.25 revenue or the sum of the district's levy in the general and community service funds excluding
230.26 the adjustments under this section for the year preceding the year the initial debt service
230.27 levies are certified. The district's general fund levy for each year must be reduced by the
230.28 sum of (1) the amount of the tax levies for debt service certified for each year for payment
230.29 of the principal and interest on the certificates or notes issued under this section as required
230.30 by section 475.61, (2) the amount of the tax levies for debt service certified for each year
230.31 for payment of the principal and interest on bonds issued under section 123B.62, and (3)
230.32 any excess amount in the debt redemption fund used to retire bonds, certificates, or notes
230.33 issued under this section or section 123B.62 after April 1, 1997, other than amounts used

231.1 to pay capitalized interest. If the district's general fund levy is less than the amount of the
231.2 reduction, the balance shall be deducted first from the district's community service fund
231.3 levy, and next from the district's general fund or community service fund levies for the
231.4 following year. A district using an excess amount in the debt redemption fund to retire the
231.5 certificates or notes shall report the amount used for this purpose to the commissioner by
231.6 July 15 of the following fiscal year. A district having an outstanding capital loan under
231.7 section 126C.69 must not use an excess amount in the debt redemption fund to retire the
231.8 certificates or notes.

231.9 Sec. 3. Minnesota Statutes 2022, section 366.095, subdivision 1, is amended to read:

231.10 Subdivision 1. **Certificates of indebtedness.** The town board may issue certificates of
231.11 indebtedness within the debt limits for a town purpose otherwise authorized by law, including
231.12 projects that eliminate R-22, as defined in section 240A.09, paragraph (b), clause (2). The
231.13 certificates shall be payable in not more than ~~ten~~ 20 years and be issued on the terms and
231.14 in the manner as determined by the board ~~may determine, provided that notes issued for~~
231.15 ~~projects that eliminate R-22, as defined in section 240A.09, paragraph (b), clause (2), must~~
231.16 ~~be payable in not more than 20 years.~~ If the amount of the certificates to be issued exceeds
231.17 0.25 percent of the estimated market value of the town, they shall not be issued for at least
231.18 ten days after publication in a newspaper of general circulation in the town of the board's
231.19 resolution determining to issue them. If within that time, a petition asking for an election
231.20 on the proposition signed by voters equal to ten percent of the number of voters at the last
231.21 regular town election is filed with the clerk, the certificates shall not be issued until their
231.22 issuance has been approved by a majority of the votes cast on the question at a regular or
231.23 special election. A tax levy shall be made to pay the principal and interest on the certificates
231.24 as in the case of bonds.

231.25 Sec. 4. Minnesota Statutes 2022, section 373.01, subdivision 3, is amended to read:

231.26 Subd. 3. **Capital notes.** (a) A county board may, by resolution and without referendum,
231.27 issue capital notes subject to the county debt limit to purchase capital equipment useful for
231.28 county purposes that has an expected useful life at least equal to the term of the notes. The
231.29 notes shall be payable in not more than ~~ten~~ 20 years and shall be issued on the terms and in
231.30 a the manner determined by the board ~~determines~~. A tax levy shall be made for payment of
231.31 the principal and interest on the notes, in accordance with section 475.61, as in the case of
231.32 bonds.

231.33 (b) For purposes of this subdivision, "capital equipment" means:

232.1 (1) public safety, ambulance, road construction or maintenance, and medical equipment;
232.2 ~~and~~

232.3 (2) computer hardware and software, whether bundled with machinery or equipment or
232.4 unbundled, together with application development services and training related to the use
232.5 of the computer hardware or software; and

232.6 (3) projects that eliminate R-22, as defined in section 240A.09, paragraph (b), clause
232.7 (2).

232.8 Sec. 5. Minnesota Statutes 2022, section 383B.117, subdivision 2, is amended to read:

232.9 Subd. 2. **Equipment acquisition; capital notes.** The board may, by resolution and
232.10 without public referendum, issue capital notes within existing debt limits for the purpose
232.11 of purchasing ambulance and other medical equipment, road construction or maintenance
232.12 equipment, public safety equipment, including projects that eliminate R-22, as defined in
232.13 section 240A.09, paragraph (b), clause (2), and other capital equipment having an expected
232.14 useful life at least equal to the term of the notes issued. The notes shall be payable in not
232.15 more than ~~ten~~ 20 years and shall be issued on the terms and in a the manner as determined
232.16 by the board ~~determines, provided that notes issued for projects that eliminate R-22, as~~
232.17 ~~defined in section 240A.09, paragraph (b), clause (2), must be payable in not more than 20~~
232.18 ~~years.~~ The total principal amount of the notes issued for any fiscal year shall not exceed
232.19 one percent of the total annual budget for that year and shall be issued solely for the purchases
232.20 authorized in this subdivision. A tax levy shall be made for the payment of the principal
232.21 and interest on such notes as in the case of bonds. For purposes of this subdivision,
232.22 "equipment" includes computer hardware and software, whether bundled with machinery
232.23 or equipment or unbundled. For purposes of this subdivision, the term "medical equipment"
232.24 includes computer hardware and software and other intellectual property for use in medical
232.25 diagnosis, medical procedures, research, record keeping, billing, and other hospital
232.26 applications, together with application development services and training related to the use
232.27 of the computer hardware and software and other intellectual property, all without regard
232.28 to their useful life. For purposes of determining the amount of capital notes which the county
232.29 may issue in any year, the budget of the county and Hennepin Healthcare System, Inc. shall
232.30 be combined and the notes issuable under this subdivision shall be in addition to obligations
232.31 issuable under section 373.01, subdivision 3.

233.1 Sec. 6. Minnesota Statutes 2022, section 410.32, is amended to read:

233.2 **410.32 CITIES MAY ISSUE CAPITAL NOTES FOR CAPITAL EQUIPMENT.**

233.3 (a) Notwithstanding any contrary provision of other law or charter, a home rule charter
233.4 city may, by resolution and without public referendum, issue capital notes subject to the
233.5 city debt limit to purchase capital equipment.

233.6 (b) For purposes of this section, "capital equipment" means:

233.7 (1) public safety equipment, ambulance and other medical equipment, road construction
233.8 and maintenance equipment, and other capital equipment; ~~and~~

233.9 (2) computer hardware and software, whether bundled with machinery or equipment or
233.10 unbundled, together with application development services and training related to the use
233.11 of the computer hardware and software; and

233.12 (3) projects that eliminate R-22, as defined in section 240A.09, paragraph (b), clause
233.13 (2).

233.14 (c) The equipment or software must have an expected useful life at least as long as the
233.15 term of the notes.

233.16 (d) The notes shall be payable in not more than ~~ten~~ 20 years and be issued on the terms
233.17 and in the manner determined by the city ~~determines, provided that notes issued for projects~~
233.18 ~~that eliminate R-22, as defined in section 240A.09, paragraph (b), clause (2), must be payable~~
233.19 ~~in not more than 20 years.~~ The total principal amount of the capital notes issued in a fiscal
233.20 year shall not exceed 0.03 percent of the estimated market value of taxable property in the
233.21 city for that year.

233.22 (e) A tax levy shall be made for the payment of the principal and interest on the notes,
233.23 in accordance with section 475.61, as in the case of bonds.

233.24 (f) Notes issued under this section shall require an affirmative vote of two-thirds of the
233.25 governing body of the city.

233.26 (g) Notwithstanding a contrary provision of other law or charter, a home rule charter
233.27 city may also issue capital notes subject to its debt limit in the manner and subject to the
233.28 limitations applicable to statutory cities pursuant to section 412.301.

234.1 Sec. 7. Minnesota Statutes 2022, section 412.301, is amended to read:

234.2 **412.301 FINANCING PURCHASE OF CERTAIN EQUIPMENT.**

234.3 (a) The council may issue certificates of indebtedness or capital notes subject to the city
234.4 debt limits to purchase capital equipment.

234.5 (b) For purposes of this section, "capital equipment" means:

234.6 (1) public safety equipment, ambulance and other medical equipment, road construction
234.7 and maintenance equipment, and other capital equipment; ~~and~~

234.8 (2) computer hardware and software, whether bundled with machinery or equipment or
234.9 unbundled, together with application development services and training related to the use
234.10 of the computer hardware or software; and

234.11 (3) projects that eliminate R-22, as defined in section 240A.09, paragraph (b), clause
234.12 (2).

234.13 (c) The equipment or software must have an expected useful life at least as long as the
234.14 terms of the certificates or notes.

234.15 (d) Such certificates or notes shall be payable in not more than ~~ten~~ 20 years and shall
234.16 be issued on ~~such~~ the terms and in ~~such~~ the manner as determined by the council may
234.17 ~~determine, provided, however, that notes issued for projects that eliminate R-22, as defined~~
234.18 ~~in section 240A.09, paragraph (b), clause (2), must be payable in not more than 20 years.~~

234.19 (e) If the amount of the certificates or notes to be issued to finance any such purchase
234.20 exceeds 0.25 percent of the estimated market value of taxable property in the city, they shall
234.21 not be issued for at least ten days after publication in the official newspaper of a council
234.22 resolution determining to issue them; and if before the end of that time, a petition asking
234.23 for an election on the proposition signed by voters equal to ten percent of the number of
234.24 voters at the last regular municipal election is filed with the clerk, such certificates or notes
234.25 shall not be issued until the proposition of their issuance has been approved by a majority
234.26 of the votes cast on the question at a regular or special election.

234.27 (f) A tax levy shall be made for the payment of the principal and interest on such
234.28 certificates or notes, in accordance with section 475.61, as in the case of bonds.

234.29 Sec. 8. Minnesota Statutes 2022, section 469.033, subdivision 6, is amended to read:

234.30 Subd. 6. **Operation area as taxing district, special tax.** All of the territory included
234.31 within the area of operation of any authority shall constitute a taxing district for the purpose
234.32 of levying and collecting special benefit taxes as provided in this subdivision. All of the

235.1 taxable property, both real and personal, within that taxing district shall be deemed to be
235.2 benefited by projects to the extent of the special taxes levied under this subdivision. Subject
235.3 to the consent by resolution of the governing body of the city in and for which it was created,
235.4 an authority may levy a tax upon all taxable property within that taxing district. The tax
235.5 shall be extended, spread, and included with and as a part of the general taxes for state,
235.6 county, and municipal purposes by the county auditor, to be collected and enforced therewith,
235.7 together with the penalty, interest, and costs. As the tax, including any penalties, interest,
235.8 and costs, is collected by the county treasurer it shall be accumulated and kept in a separate
235.9 fund to be known as the "housing and redevelopment project fund." The money in the fund
235.10 shall be turned over to the authority at the same time and in the same manner that the tax
235.11 collections for the city are turned over to the city, and shall be expended only for the purposes
235.12 of sections 469.001 to 469.047. It shall be paid out upon vouchers signed by the chair of
235.13 the authority or an authorized representative. The amount of the levy shall be an amount
235.14 approved by the governing body of the city, but shall not exceed 0.0185 percent of estimated
235.15 market value. The authority shall each year formulate and file a budget in accordance with
235.16 the budget procedure of the city in the same manner as required of executive departments
235.17 of the city or, if no budgets are required to be filed, by August 1. The amount of the tax
235.18 levy for the following year shall be based on that budget. The requirements of section
235.19 275.067 apply to a housing and redevelopment authority that has not previously certified a
235.20 levy.

235.21 Sec. 9. Minnesota Statutes 2022, section 469.053, subdivision 4, is amended to read:

235.22 Subd. 4. **Mandatory city levy.** A city shall, at the request of the port authority, levy a
235.23 tax in any year for the benefit of the port authority. The tax must not exceed 0.01813 percent
235.24 of estimated market value. The amount levied must be paid by the city treasurer to the
235.25 treasurer of the port authority, to be spent by the authority. The requirements of section
235.26 275.067 apply to a port authority that has not previously certified a levy.

235.27 Sec. 10. Minnesota Statutes 2022, section 469.053, subdivision 6, is amended to read:

235.28 Subd. 6. **Discretionary city levy.** Upon request of a port authority, the port authority's
235.29 city may levy a tax to be spent by and for its port authority. The tax must enable the port
235.30 authority to carry out efficiently and in the public interest sections 469.048 to 469.068 to
235.31 create and develop industrial development districts. The levy must not be more than 0.00282
235.32 percent of estimated market value. The county treasurer shall pay the proceeds of the tax
235.33 to the port authority treasurer. The money may be spent by the authority in performance of
235.34 its duties to create and develop industrial development districts. In spending the money the

236.1 authority must judge what best serves the public interest. The levy in this subdivision is in
236.2 addition to the levy in subdivision 4. The requirements of section 275.067 apply to a port
236.3 authority that has not previously certified a levy.

236.4 Sec. 11. Minnesota Statutes 2022, section 469.107, subdivision 1, is amended to read:

236.5 Subdivision 1. **City tax levy.** A city may, at the request of the authority, levy a tax in
236.6 any year for the benefit of the authority. The tax must be not more than 0.01813 percent of
236.7 estimated market value. The amount levied must be paid by the city treasurer to the treasurer
236.8 of the authority, to be spent by the authority. The requirements of section 275.067 apply to
236.9 an economic development authority that has not previously certified a levy.

236.10 Sec. 12. Minnesota Statutes 2022, section 474A.02, subdivision 22b, is amended to read:

236.11 Subd. 22b. **Public facilities project.** "Public facilities project" means ~~any publicly owned~~
236.12 ~~facility, or a facility that is used for district heating or cooling,~~ whether publicly or privately
236.13 owned, that is eligible to be financed with the proceeds of public facilities bonds as defined
236.14 under section 474A.02, subdivision 23a.

236.15 Sec. 13. Minnesota Statutes 2022, section 474A.02, subdivision 23a, is amended to read:

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

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

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

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

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

236.30 (c) "mortgage bonds";

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

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

237.5 (f) "redevelopment bonds";

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

237.8 (h) "enterprise zone facility bonds" issued to finance facilities located within
237.9 empowerment zones or enterprise communities, as authorized under Public Law 103-66,
237.10 section 13301.

237.11 Sec. 14. Minnesota Statutes 2022, section 475.54, subdivision 1, is amended to read:

237.12 Subdivision 1. **In installments; exception; annual limit.** Except as provided in
237.13 subdivision 3, 5a, 15, or 17, or as expressly authorized in another law, all obligations of
237.14 each issue shall mature or be subject to mandatory sinking fund redemption in installments,
237.15 the first not later than three years and the last not later than 30 years from the date of the
237.16 issue; or 40 years or the useful life of the asset, whichever is less, for ~~municipal water and~~
237.17 ~~wastewater treatment systems and~~ essential community facilities financed or guaranteed by
237.18 the United States Department of Agriculture and municipal water and wastewater treatment
237.19 systems. No amount of principal of the issue payable in any calendar year shall exceed an
237.20 amount equal to the smallest amount payable in any preceding calendar year ending three
237.21 years or more after the issue date multiplied:

237.22 (1) by five, in the case of obligations maturing not later than 25 years from the date of
237.23 issue; and

237.24 (2) by six, in the case of obligations maturing 25 years or later from the date of issue.

237.25

ARTICLE 11

237.26

PURPOSE STATEMENTS

237.27 Section 1. **STATEMENT OF INTENT; TAX EXPENDITURE PURPOSE**
237.28 **STATEMENTS.**

237.29 The intent of this article is to identify purpose statements for the tax expenditures
237.30 identified, in accordance with Minnesota Statutes, section 3.192. The purpose statements
237.31 in this article include purpose statements for tax expenditures in this act, as well as purpose

238.1 statements that were included in proposed legislation, but were omitted from the legislation
238.2 that enacted the expenditures. The provisions of this article are intended to provide context
238.3 for evaluating the effectiveness of the tax expenditures referenced and are not intended to
238.4 have a substantive effect on the meaning or administration of the laws referenced.

238.5 Sec. 2. **TAX EXPENDITURE PURPOSE STATEMENTS.**

238.6 Subdivision 1. **Intent.** In accordance with the requirements in Minnesota Statutes, section
238.7 3.192, the purpose and goals for the tax expenditures in this act are listed in this section.

238.8 Subd. 2. **Individual income and corporate franchise tax expenditures.** (a) The purpose
238.9 of the credit in article 1, sections 2 to 5, is to continue to encourage the rental and sales of
238.10 agricultural assets to beginning farmers. The standard against which effectiveness is to be
238.11 measured is the increase in the number of beginning farmers in the state or an increase in
238.12 the amount of agricultural products produced by those farmers.

238.13 (b) The purpose of the credit in article 1, sections 6 to 8, 29, and 44, is to continue to
238.14 encourage investment in Minnesota film productions. The standard against which
238.15 effectiveness is to be measured is the increase in the number of these productions and people
238.16 employed in the state's film industry.

238.17 (c) The purpose of the subtraction in article 1, sections 10 and 21, is to ensure that
238.18 settlements for sexual harassment and abuse are not taxed in Minnesota. The standard against
238.19 which effectiveness is to be measured is an increase in the number of individuals claiming
238.20 this subtraction.

238.21 (d) The purpose of the tax expenditure in article 1, section 22, providing a subtraction
238.22 for a portion of public pension benefits, is to provide additional income to retirees receiving
238.23 the pension benefits covered by the subtraction and equalize the tax treatment of Social
238.24 Security income and public pension income based on service for which an employee did
238.25 not earn Social Security. The standards of effectiveness against which the expenditure is to
238.26 be measured are the increase in after-tax income of taxpayers who claimed the subtraction,
238.27 and the average tax rate applied to the pension benefits of those claiming the subtraction
238.28 and comparable individuals with Social Security income.

238.29 (e) The purpose of the subtraction in article 1, section 39, is to encourage sales of
238.30 manufactured home parks to manufactured home park cooperatives. The standard against
238.31 which effectiveness is to be measured is an increase in the number of parks owned by
238.32 cooperatives.

239.1 (f) The purpose of the subtraction in article 1, section 47, is to provide a retroactive
239.2 subtraction for certain unemployment compensation to individuals who were denied
239.3 compensation in 2021. The standard against which effectiveness is to be measured is an
239.4 increase in the amount of this subtraction claimed retroactively.

239.5 Subd. 3. **Property tax purpose statements.** (a) The purpose of the exemption in article
239.6 3, section 1, for certain airport hangars used in the manufacture of aircraft and the net tax
239.7 capacity reduction for certain airport property is to promote the development of aircraft
239.8 manufacturing operations in cities with a population under 150,000. The standard against
239.9 which effectiveness is to be measured is the number of aircraft manufacturing operations
239.10 in the state in cities with a population under 150,000.

239.11 (b) The purpose of extending the exemption in article 3, section 3, is to continue to
239.12 reduce the tax burden on property that is owned by the Minnesota Chippewa Tribe and used
239.13 for public purposes or for institutions of purely public charity. The standard against which
239.14 effectiveness is to be measured is the amount of property tax paid by this property compared
239.15 to the amount of tax that would be paid by the property if it did not receive the exemption.

239.16 (c) The purpose of the exemption established in article 3, section 4, is to reduce the tax
239.17 burden on an elderly living facility that is owned and operated by a nonprofit organization
239.18 which provides care for persons whose annual income is less than 50 percent of the median
239.19 income for the area. The standard against which effectiveness is to be measured is the
239.20 amount of property tax paid by this property compared to the amount of tax that would be
239.21 paid by the property if it did not receive the exemption.

239.22 (d) The purpose of the creation of the 4d(2) property tax classification in article 3, section
239.23 13, is to reduce the tax burden on community land trust property that is owned and used as
239.24 a homestead by the occupant. The standard against which effectiveness is to be measured
239.25 is the amount of property tax paid by community land trust units that qualify for homestead
239.26 compared to the amount of tax that would be paid by the properties if they were classified
239.27 as 1a residential homesteads.

239.28 Subd. 4. **Sales tax purpose statements.** (a) The purpose of the exemption in article 5,
239.29 section 6, is to create parity between disregarded limited liability companies and other
239.30 companies that receive an exemption for isolated and occasional sales of tangible personal
239.31 property not made in the normal course of business of selling that kind of property. The
239.32 standard against which effectiveness is to be measured is the number of sales between a
239.33 sole member of a disregarded limited liability company and the disregarded limited liability
239.34 company.

240.1 (b) The purpose of the exemption in article 5, section 10, to reduce the cost to nonprofit
240.2 organizations for materials and equipment used to maintain state or grant-in-aid snowmobile
240.3 trails. The standard against which effectiveness is to be measured is the increase in available
240.4 funds that can be used by the nonprofit organizations for snowmobile trail grooming and
240.5 maintenance.

240.6 (c) The purpose of the exemption in article 5, section 11, is to hold harmless the taxpayers
240.7 who used natural gas for their primary source of residential heat whose fees are subject to
240.8 a cost recovery plan for the price increase in natural gas during the period February 13,
240.9 2021, to February 17, 2021. The standard against which effectiveness is to be measured is
240.10 the credit in the amount of exempt taxes provided by the utilities to residential customer
240.11 accounts.

240.12 (d) The purpose of the exemptions in article 5, sections 12 to 27, is to reduce the cost
240.13 of local government construction projects. The standard against which effectiveness is to
240.14 be measured is the decrease in the growth in local property taxes in these communities.

240.15 Subd. 5. **Renter's credit purpose statement.** The purpose of the tax expenditure in
240.16 article 7, establishing an income tax credit for renters, is to reduce the property taxes paid
240.17 by renters who have high property taxes relative to their incomes. The standard or goal
240.18 against which its effectiveness may be measured is the reduction in the effective tax rate
240.19 paid by credit recipients, as measured by the amount of property taxes paid, net of refunds,
240.20 as a share of income.

240.21 Sec. 3. **PURPOSE STATEMENTS; 2019 OMNIBUS TAX BILL.**

240.22 Subdivision 1. **Source of purpose statements.** The purpose statements in this section
240.23 were originally included in the 2019 bill styled as House File 2125, the third engrossment,
240.24 in the 91st Legislature. The tax expenditures referenced were enacted in Laws 2019, First
240.25 Special Session chapter 6.

240.26 Subd. 2. **Sales tax purpose statements.** (a) The purpose of the exemption in Minnesota
240.27 Statutes, section 297A.67, subdivision 37, is to level the playing field for costs between
240.28 local governments and private entities of managing invasive species in lakes. The goal is
240.29 an increase in the number of lakes where invasive species are being controlled.

240.30 (b) The purpose of the exemption in Minnesota Statutes, section 297A.70, subdivision
240.31 10, paragraph (c), is to reduce the cost of providing education on the state's farming history.
240.32 The goal is to decrease the public cost of access to this facility.

241.1 (c) The purpose of the exemption in Minnesota Statutes, section 297A.70, subdivision
241.2 20, is to decrease maintenance costs for the ice arena. The goal is to increase local recreation
241.3 opportunities and reduce local participation costs.

241.4 (d) The purpose of the exemption in Minnesota Statutes, section 297A.70, subdivision
241.5 21, is to help county agricultural societies maintain county fairgrounds. The goal is to
241.6 increase spending on fairground maintenance and capital improvements.

241.7 (e) The purpose of the exemptions in Minnesota Statutes, section 297A.71, subdivision
241.8 50, is to encourage rebuilding in the damaged area of each city. The goal is to have these
241.9 properties returned to the tax rolls at the same or greater value.

241.10 (f) The purpose of the exemptions in Minnesota Statutes, section 297A.71, subdivision
241.11 51, is to encourage rebuilding in the damaged area of each city. The goal is to have these
241.12 properties returned to the tax rolls at the same or greater value.

241.13 (g) The purpose of the exemption in Minnesota Statutes, section 297A.71, subdivision
241.14 52, is to reduce the cost of providing local public services in these communities. The goal
241.15 is to decrease the growth in local property taxes and service fees in these communities.

241.16 **Subd. 3. Income and corporate franchise tax purpose statements.** (a) The purpose
241.17 and goal of the tax expenditure under Minnesota Statutes, sections 290.0132, subdivision
241.18 29; 290.0134, subdivision 18; 290.0921, subdivisions 2 and 3; relating to disallowed expenses
241.19 under section 280E of the Internal Revenue Code, is to provide equitable state tax treatment
241.20 between medical cannabis manufacturers that are not allowed to deduct their business
241.21 expenses under the Internal Revenue Code and manufacturers of other goods who may
241.22 deduct these expenses.

241.23 (b) The purpose of the tax expenditures under Minnesota Statutes, section 116J.8737,
241.24 subdivision 1, relating to the minimum qualified investment threshold for minority-, veteran-,
241.25 or women-owned businesses; subdivision 5, relating to the \$10,000,000 allocation for taxable
241.26 years beginning after December 31, 2018, and before January 1, 2020, and beginning after
241.27 December 31, 2020, and before January 1, 2022; and subdivision 12, relating to the extension
241.28 of the sunset date; is to encourage investment in innovative small businesses in Minnesota
241.29 and the goal of the these expenditures is to increase the number of these businesses in the
241.30 state, the number of people employed by these businesses in the state, the productivity of
241.31 these businesses, or the sales of these businesses.

242.1 Sec. 4. **PURPOSE STATEMENTS; 2017 OMNIBUS TAX BILL.**

242.2 **Subdivision 1. Source of purpose statements.** The purpose statements in this section
242.3 were originally included in the 2015 bill styled as House File 848, the third engrossment,
242.4 in the 89th Legislature. The tax expenditures referenced were enacted in Laws 2017, First
242.5 Special Session chapter 1.

242.6 **Subd. 2. Sales tax purpose statements.** (a) The provision of Minnesota Statutes, section
242.7 297A.67, subdivision 34, is intended to provide equitable tax treatment for different types
242.8 of investments. The standard against which effectiveness is to be measured is the increase
242.9 in precious metal bullion sold in the state and in number of coin and precious metal trade
242.10 shows held in the state.

242.11 (b) The provisions of Minnesota Statutes, section 297A.70, subdivision 14, are intended
242.12 to increase the ability of the nonprofit to provide opportunities for educating the public on
242.13 the history of farming. The standard against which effectiveness is to be measured is an
242.14 increase in the percent of the organization's budget being used for direct spending for its
242.15 mission.

242.16 **Subd. 3. Income and corporate franchise tax purpose statements.** (a) The provisions
242.17 of Minnesota Statutes, section 290.0132, subdivision 26, are intended to attract to Minnesota
242.18 recipients of Social Security benefits and to retain those already present, by providing a
242.19 phased-in subtraction of Social Security benefits. The standard against which effectiveness
242.20 is to be measured is the change over time in the number of Social Security recipients in
242.21 Minnesota, after adjusting for demographic changes.

242.22 (b) The provisions of Minnesota Statutes, section 290.0132, subdivision 23, and
242.23 Minnesota Statutes, section 290.0684, are intended to increase saving for higher education
242.24 expenses. The standard against which effectiveness is to be measured is the change over
242.25 time, as tracked by the Minnesota Office of Higher Education, in: (1) the estimated number
242.26 of Minnesota residents making contributions to the Minnesota College Savings Plan; and
242.27 (2) the amount contributed.

242.28 (c) The modifications to Minnesota Dependent Care Credit amending Minnesota Statutes,
242.29 section 290.067, subdivision 1, and repealing Minnesota Statutes, section 290.067,
242.30 subdivision 2, modifying the limitations for claiming the credit, are intended to simplify
242.31 the dependent care credit by tying it more closely to the federal credit and to recognize an
242.32 increased burden in dependent care expenses as a cost of workforce participation for parents.
242.33 The standard against which effectiveness is to be measured is the change in the error rate

243.1 on claims for dependent care credits and the change in the average credit amount claimed
243.2 by parents in the income range eligible for the credit under present law.

243.3 (d) The provisions of Minnesota Statutes, section 290.0686, are intended to improve the
243.4 quality of teaching in Minnesota kindergarten through grade 12 schools by encouraging
243.5 teachers to obtain master's degrees in the subject areas they teach. The standard against
243.6 which effectiveness is to be measured is the change over time in the number of kindergarten
243.7 through grade 12 classroom teachers with master's degrees in the subject area that they
243.8 teach.

243.9 (e) The provisions of Minnesota Statutes, section 290.0682, are intended to reduce the
243.10 debt burden of recent graduates of higher education programs and to reduce and potentially
243.11 reverse the current net demographic loss of young adults in Minnesota. The standard against
243.12 which effectiveness is to be measured is the change over time in the number of young adults
243.13 choosing to move to or remain in Minnesota, as measured by the state demographer.

243.14 (f) The purpose of the tax expenditures under Minnesota Statutes, sections 290.01,
243.15 subdivision 19; 289A.02, subdivision 7; 290.01, subdivision 31; and 290A.03, subdivision
243.16 15; conforming Minnesota individual income, corporate franchise, and estate taxes to changes
243.17 in federal law through December 16, 2016, are intended to simplify compliance with and
243.18 administration of those taxes. The standard against which effectiveness is to be measured
243.19 is the reduction in the number of income tax forms and text in the instructions for taxpayers
243.20 resulting from this provision.

243.21 Subd. 4. **Other purpose statements.** (a) The provisions in Minnesota Statutes, section
243.22 290.06, subdivision 38, are intended to reduce the effect of school bond referenda on owners
243.23 of agricultural property. The standard against which the effectiveness of the credit is to be
243.24 measured is the amount of property tax reductions provided to owners of agricultural land.

243.25 (b) The provisions in Minnesota Statutes, section 298.24, subdivision 1, are intended to
243.26 encourage the production of direct reduced ore and the establishment of more direct reduced
243.27 ore production facilities in Minnesota. The standard against which this effectiveness is to
243.28 be measured is the amount of direct reduced ore produced and the number of producers of
243.29 direct reduced ore before and after enactment.

243.30 Sec. 5. **PURPOSE STATEMENTS; 2017 TAX CONFORMITY BILL.**

243.31 Subdivision 1. **Source of purpose statements.** The purpose statements in this section
243.32 were originally included in the 2015 bill styled as House File 848, the third engrossment,

244.1 in the 89th Legislature. The tax expenditure referenced was enacted in Laws 2017, chapter
244.2 1.

244.3 Subd. 2. **Income and corporate franchise tax purpose statements.** The purpose of
244.4 the tax expenditures under Minnesota Statutes, sections 290.01, subdivision 19; 289A.02,
244.5 subdivision 7; 290.01, subdivision 31; and 290A.03, subdivision 15; conforming Minnesota
244.6 individual income, corporate franchise, and estate taxes to changes in federal law through
244.7 December 16, 2016, are intended to simplify compliance with and administration of those
244.8 taxes. The standard against which effectiveness is to be measured is the reduction in the
244.9 number of income tax forms and text in the instructions for taxpayers resulting from this
244.10 provision.

244.11 Sec. 6. **PURPOSE STATEMENTS; 2016 OMNIBUS SUPPLEMENTAL SPENDING**
244.12 **BILL.**

244.13 Subdivision 1. **Source of purpose statements.** The purpose statements in this section
244.14 were originally included in the 2015 bill styled as House File 848, the third engrossment,
244.15 in the 89th Legislature. The tax expenditure referenced was enacted in Laws 2016, chapter
244.16 189.

244.17 Subd. 2. **Income and corporate franchise tax purpose statements.** The provisions of
244.18 Minnesota Statutes, section 290.0132, subdivision 21, are intended to attract to Minnesota
244.19 military retirees, and to retain those already present, by allowing a subtraction from income
244.20 tied to the number of years of military service provided. The standard against which
244.21 effectiveness is to be measured is the change over time in the number of military retirees
244.22 in Minnesota.

244.23 Sec. 7. **PURPOSE STATEMENTS; 2014 OMNIBUS TAX BILL.**

244.24 Subdivision 1. **Source of purpose statements.** The purpose statements in this section
244.25 were originally included in the 2014 bill styled as House File 3167, the third engrossment,
244.26 in the 89th Legislature. The tax expenditures referenced were enacted in Laws 2014, chapter
244.27 308.

244.28 Subd. 2. **Sales tax purpose statements.** (a) The provision of Minnesota Statutes, section
244.29 297A.68, subdivision 3a, defining certain coin-operated amusement devices as sales for
244.30 resale is intended to reduce tax pyramiding by exempting an input to a taxable service.

244.31 (b) The provision of Minnesota Statutes, section 297A.70, subdivision 2, paragraph (b),
244.32 clause (5), modifying the sales tax on certain local government purchases is intended to

245.1 reduce the cost of providing local government services, remove a barrier for
245.2 intergovernmental cooperation, and reduce existing compliance and administration costs
245.3 for local governments.

245.4 (c) The provisions of Minnesota Statutes, section 297A.70, subdivision 13, raising the
245.5 limit on tax exempt fund-raising by nonprofit organizations are intended to reflect the impact
245.6 on inflation over time on the limit and reduce compliance costs for groups that exceed the
245.7 limit.

245.8 (d) The provision of Minnesota Statutes, section 297G.03, subdivision 5, allowing a
245.9 microdistillery credit is to relieve small distillers of the burden of paying excise tax on the
245.10 distribution of free samples of their products and to encourage the development and marketing
245.11 of products by niche distillers in the state.

245.12 Subd. 3. **Income and corporate franchise tax purpose statements.** The modifications
245.13 to the National Guard subtraction contained in Laws 2014, chapter 308, article 4, section
245.14 12, are intended to provide equitable tax treatment to Minnesota residents who are members
245.15 of the National Guard and serve full time in Active Guard/Reserve status by allowing an
245.16 income tax subtraction for military pay equivalent to that allowed under Minnesota Statutes
245.17 2014, section 290.01, subdivision 19b, clause (11), now codified as Minnesota Statutes,
245.18 section 290.0132, subdivision 11, for Minnesota residents who serve full time in the armed
245.19 forces of the United States.

245.20 Subd. 4. **Other purpose statements.** The purpose of the tax expenditure under Minnesota
245.21 Statutes, section 291.005, subdivision 1, clause (8), item (iii), deeming certain qualified art
245.22 on loan to Minnesota nonprofit entities as property with a situs outside Minnesota under
245.23 the estate tax is intended to prevent the Minnesota estate tax from discouraging nonresident
245.24 owners of art from loaning it to Minnesota nonprofit museums.

245.25 **ARTICLE 12**

245.26 **MISCELLANEOUS**

245.27 Section 1. Minnesota Statutes 2022, section 3.8855, subdivision 4, is amended to read:

245.28 Subd. 4. **Duties.** (a) ~~In the first~~ For not more than three years after the commission is
245.29 established, the commission must complete an initial review of the state's tax expenditures.
245.30 The initial review must identify the purpose of each of the state's tax expenditures, if none
245.31 was identified in the enacting legislation in accordance with section 3.192. The commission
245.32 may also identify metrics for evaluating the effectiveness of an expenditure.

246.1 (b) In each year following the initial review under paragraph (a), the commission must
246.2 review and evaluate Minnesota's tax expenditures on a regular, rotating basis. The
246.3 commission must establish a review schedule that ensures each tax expenditure will be
246.4 reviewed by the commission at least once every ten years. The commission may review
246.5 expenditures affecting similar constituencies or policy areas in the same year, but the
246.6 commission must review a subset of the tax expenditures within each tax type each year.
246.7 To the extent possible, the commission must review a similar number of tax expenditures
246.8 within each tax type each year. The commission may decide not to review a tax expenditure
246.9 that is adopted by reference to federal law.

246.10 (c) Before December 1 of the year a tax expenditure is included in a commission report,
246.11 the commission must hold a public hearing on the expenditure, including but not limited to
246.12 a presentation of the review components in subdivision 5.

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

246.14 Sec. 2. Minnesota Statutes 2022, section 3.8855, subdivision 7, is amended to read:

246.15 Subd. 7. **Report to legislature.** (a) By December 15 of each year, the commission must
246.16 submit a written report to the legislative committees with jurisdiction over tax policy. The
246.17 report must detail the results of the commission's review of tax expenditures ~~in~~ for the
246.18 ~~previous calendar~~ year, including the review components detailed in subdivision 5.

246.19 (b) Notwithstanding paragraph (a), during the period of initial review under subdivision
246.20 4, the report may be limited to the purpose statements and metrics for evaluating the
246.21 effectiveness of expenditures, as identified by the commission. The report may also include
246.22 relevant publicly available data on an expenditure.

246.23 (c) The report may include any additional information the commission deems relevant
246.24 to the review of an expenditure.

246.25 (d) The legislative committees with jurisdiction over tax policy must hold a public
246.26 hearing on the report during the regular legislative session in the year following the year in
246.27 which the report was submitted.

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

246.29 Sec. 3. **[16A.067] TAXPAYER RECEIPT.**

246.30 (a) The commissioner, in consultation with the commissioner of revenue, must develop
246.31 and publish on the Department of Management and Budget's website an interactive taxpayer
246.32 receipt in accordance with this section. The receipt must describe the share of state general

247.1 fund expenditures represented by major expenditure categories in the most recent fiscal
247.2 year for which data is available. The receipt must show the approximate allocation of motor
247.3 vehicle fuel taxes among eligible transportation purposes.

247.4 (b) For each expenditure category, the receipt must include select data on the performance
247.5 goals and outcomes for the category, based on the goals and outcomes data required under
247.6 section 16A.10, subdivision 1b.

247.7 (c) The website must allow a user to input an income amount, and must estimate the
247.8 amount of major state taxes paid by the user. The website must allocate the user's estimated
247.9 state tax liability to each major expenditure category based on the category's percentage
247.10 share of total state general fund spending. For the purposes of this section, "major state
247.11 taxes" means income, sales, alcohol, tobacco, and motor vehicle fuels taxes.

247.12 (d) Using the income amount entered by the user, the website must estimate the amount
247.13 of income and direct sales taxes paid based upon the taxpayer's income. The website must
247.14 allow a user to indicate whether the user used tobacco, consumed alcohol, or purchased
247.15 motor vehicle fuel in the previous year, and provide a corresponding estimate of the cigarette,
247.16 alcohol, and motor vehicle fuel taxes paid by the user.

247.17 (e) The commissioner of management and budget, in consultation with the commissioner
247.18 of revenue, must update the receipt by December 31 of each year, and must annually promote
247.19 to the public the availability of the website.

247.20 Sec. 4. Minnesota Statutes 2022, section 270A.03, subdivision 2, is amended to read:

247.21 Subd. 2. **Claimant agency.** "Claimant agency" means any state agency, as defined by
247.22 section 14.02, subdivision 2, the regents of the University of Minnesota, any district court
247.23 of the state, any county, any statutory or home rule charter city, including a city that is
247.24 presenting a claim for a municipal hospital or a public library or a municipal ambulance
247.25 service, a hospital district, ~~a private nonprofit hospital that leases its building from the county~~
247.26 ~~or city in which it is located~~, any ambulance service licensed under chapter 144E, any public
247.27 agency responsible for child support enforcement, any public agency responsible for the
247.28 collection of court-ordered restitution, and any public agency established by general or
247.29 special law that is responsible for the administration of a low-income housing program.

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

248.1 Sec. 5. Minnesota Statutes 2022, section 270C.52, subdivision 2, is amended to read:

248.2 Subd. 2. **Payment agreements.** (a) When any portion of any tax payable to the
248.3 commissioner together with interest and penalty thereon, if any, has not been paid, the
248.4 commissioner may extend the time for payment for a further period. When the authority of
248.5 this section is invoked, the extension shall be evidenced by written agreement signed by
248.6 the taxpayer and the commissioner, stating the amount of the tax with penalty and interest,
248.7 if any, and providing for the payment of the amount in installments.

248.8 (b) The agreement may contain a confession of judgment for the amount and for any
248.9 unpaid portion thereof. If the agreement contains a confession of judgment, the confession
248.10 of judgment must provide that the commissioner may enter judgment against the taxpayer
248.11 in the district court of the county of residence as shown upon the taxpayer's tax return for
248.12 the unpaid portion of the amount specified in the extension agreement.

248.13 (c) The agreement shall provide that it can be terminated, after notice by the
248.14 commissioner, if information provided by the taxpayer prior to the agreement was inaccurate
248.15 or incomplete, collection of the tax covered by the agreement is in jeopardy, there is a
248.16 subsequent change in the taxpayer's financial condition, the taxpayer has failed to make a
248.17 payment due under the agreement, or the taxpayer has failed to pay any other tax or file a
248.18 tax return coming due after the agreement.

248.19 (d) The notice must be given at least 14 calendar days prior to termination, and shall
248.20 advise the taxpayer of the right to request a reconsideration from the commissioner of
248.21 whether termination is reasonable and appropriate under the circumstances. A request for
248.22 reconsideration does not stay collection action beyond the 14-day notice period. If the
248.23 commissioner has reason to believe that collection of the tax covered by the agreement is
248.24 in jeopardy, the commissioner may proceed under section 270C.36 and terminate the
248.25 agreement without regard to the 14-day period.

248.26 (e) The commissioner may accept other collateral the commissioner considers appropriate
248.27 to secure satisfaction of the tax liability. The principal sum specified in the agreement shall
248.28 bear interest at the rate specified in section 270C.40 on all unpaid portions thereof until the
248.29 same has been fully paid or the unpaid portion thereof has been entered as a judgment. The
248.30 judgment shall bear interest at the rate specified in section 270C.40.

248.31 (f) If it appears to the commissioner that the tax reported by the taxpayer is in excess of
248.32 the amount actually owing by the taxpayer, the extension agreement or the judgment entered
248.33 pursuant thereto shall be corrected. If after making the extension agreement or entering
248.34 judgment with respect thereto, the commissioner determines that the tax as reported by the

249.1 taxpayer is less than the amount actually due, the commissioner shall assess a further tax
249.2 in accordance with the provisions of law applicable to the tax.

249.3 (g) The authority granted to the commissioner by this section is in addition to any other
249.4 authority granted to the commissioner by law to extend the time of payment or the time for
249.5 filing a return and shall not be construed in limitation thereof.

249.6 ~~(h) The commissioner shall charge a fee for entering into payment agreements. The fee~~
249.7 ~~is set at \$50 and is charged for entering into a payment agreement, for entering into a new~~
249.8 ~~payment agreement after the taxpayer has defaulted on a prior agreement, and for entering~~
249.9 ~~into a new payment agreement as a result of renegotiation of the terms of an existing~~
249.10 ~~agreement. The fee is paid to the commissioner before the payment agreement becomes~~
249.11 ~~effective and does not reduce the amount of the liability.~~

249.12 **EFFECTIVE DATE; APPLICATION.** This section is effective the day following
249.13 final enactment and applies to payment plans entered into 30 days after that date.

249.14 Sec. 6. Minnesota Statutes 2022, section 278.01, subdivision 1, is amended to read:

249.15 Subdivision 1. **Determination of validity.** (a) Any person having personal property, or
249.16 any estate, right, title, or interest in or lien upon any parcel of land, who claims that such
249.17 property has been partially, unfairly, or unequally assessed in comparison with other property
249.18 in the (1) city, or (2) county, or (3) in the case of a county containing a city of the first class,
249.19 the portion of the county excluding the first class city, or that the parcel has been assessed
249.20 at a valuation greater than its real or actual value, or that the tax levied against the same is
249.21 illegal, in whole or in part, or has been paid, or that the property is exempt from the tax so
249.22 levied, may have the validity of the claim, defense, or objection determined by the district
249.23 court of the county in which the tax is levied or by the Tax Court by personally serving one
249.24 copy of a petition for such determination upon the county auditor, ~~one copy on the county~~
249.25 ~~attorney, one copy on the county treasurer, and three copies on the county assessor. The~~
249.26 ~~county assessor shall immediately forward one copy of the petition to the appropriate~~
249.27 ~~governmental authority in a home rule charter or statutory city or town in which the property~~
249.28 ~~is located if that city or town employs its own certified assessor. A copy of the petition shall~~
249.29 ~~also be forwarded by the assessor to the school board of the school district in which the~~
249.30 ~~property is located.~~ The county auditor may waive personal service of a petition by: (i)
249.31 agreeing to accept service through an alternative service method; (ii) designating an
249.32 alternative service method on its website; or (iii) acknowledging receipt of a petition served
249.33 through an alternative service method. An alternative service method includes but is not

250.1 limited to service by email or by an electronic upload to a website designated by the county.

250.2 Service may be made by any person, including a party to the action.

250.3 ~~(b) In counties where the office of county treasurer has been combined with the office~~
250.4 ~~of county auditor, the county may elect to require the petitioner to serve the number of~~
250.5 ~~copies as determined by the county. Within 30 days after a petition is served and filed, the~~
250.6 ~~county auditor must provide a copy of the petition, if a copy has not already been provided,~~
250.7 ~~to the county assessor, county treasurer, and the county attorney. The county assessor shall~~
250.8 immediately forward one copy of the petition to the appropriate governmental authority in
250.9 a home rule charter or statutory city or town in which the property is located if that city or
250.10 town employs its own certified assessor. On or before the first day of July, the county auditor
250.11 must send a list of petitioned properties, including to the school board of the school district
250.12 in which the property is located. The list must include the name of the petitioner, the
250.13 identification number of the property, and the estimated market value, shall be sent on or
250.14 before the first day of July by the county auditor/treasurer to the school board of the school
250.15 district in which the property is located of the property.

250.16 (c) For all counties, the petitioner must file ~~the copies with~~ a copy of the petition and
250.17 proof of service, of the petition in the office of the court administrator of the district court
250.18 on or before April 30 of the year in which the tax becomes payable. A petition for
250.19 determination under this section may be transferred by the district court to the Tax Court.
250.20 An appeal may also be taken to the Tax Court under chapter 271 at any time following
250.21 receipt of the valuation notice that county assessors or city assessors having the powers of
250.22 a county assessor are required by section 273.121 to send to persons whose property is to
250.23 be included on the assessment roll that year, but prior to May 1 of the year in which the
250.24 taxes are payable.

250.25 Sec. 7. Minnesota Statutes 2022, section 279.03, subdivision 1a, is amended to read:

250.26 Subd. 1a. **Rate.** (a) Except as provided in ~~paragraph~~ paragraphs (b) and (c), interest on
250.27 delinquent property taxes, penalties, and costs unpaid on or after January 1 is payable at the
250.28 per annum rate determined in section 270C.40, subdivision 5. ~~If the rate so determined is~~
250.29 ~~less than ten percent, the rate of interest is ten percent.~~ The maximum per annum rate is 14
250.30 percent if the rate specified under section 270C.40, subdivision 5, exceeds 14 percent. The
250.31 rate is subject to change on January 1 of each year.

250.32 (b) If a person is the owner of one or more parcels of property on which taxes are
250.33 delinquent, and the delinquent taxes are more than 25 percent of the prior year's school

251.1 district levy, interest on the delinquent property taxes, penalties, and costs unpaid is payable
251.2 at twice the rate determined under paragraph (a) for the year.

251.3 (c) A county board, by resolution, may establish an interest rate lower than the interest
251.4 rate determined under paragraph (a).

251.5 **EFFECTIVE DATE.** This section is effective for property taxes, penalties, and costs
251.6 determined to be delinquent on or after January 1, 2024.

251.7 Sec. 8. Minnesota Statutes 2022, section 282.261, subdivision 2, is amended to read:

251.8 Subd. 2. **Interest rate.** (a) Except as provided under paragraph (b), the unpaid balance
251.9 on any repurchase contract approved by the county board is subject to interest at the rate
251.10 determined in section 279.03, subdivision 1a. The interest rate is subject to change each
251.11 year on the unpaid balance in the manner provided for rate changes in section 279.03,
251.12 subdivision 1a.

251.13 (b) A county board, by resolution, or a county auditor, if delegated the responsibility to
251.14 administer tax-forfeited land assigned to the county board as provided under section 282.135,
251.15 may establish an interest rate lower than the interest rate determined under paragraph (a).

251.16 **EFFECTIVE DATE.** This section is effective January 1, 2024.

251.17 Sec. 9. Minnesota Statutes 2022, section 289A.08, is amended by adding a subdivision to
251.18 read:

251.19 Subd. 18. **Taxpayer receipt.** (a) The commissioner must offer all individual income
251.20 taxpayers the opportunity to elect to receive information about a taxpayer receipt via email
251.21 or United States mail. In the manner selected by the taxpayer, the commissioner must provide
251.22 the taxpayer with information about how to access the taxpayer receipt website established
251.23 under section 16A.067. The commissioner must allow a taxpayer to elect not to receive
251.24 information about the receipt.

251.25 (b) Both the long and short forms described in subdivision 13 must include the
251.26 opportunity to elect to receive information about the receipt.

251.27 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
251.28 31, 2022.

251.29 Sec. 10. Minnesota Statutes 2022, section 297E.02, subdivision 6, is amended to read:

251.30 Subd. 6. **Combined net receipts tax.** (a) In addition to the taxes imposed under
251.31 subdivision 1, a tax is imposed on the combined net receipts of the organization. As used

252.1 in this section, "combined net receipts" is the sum of the organization's gross receipts from
 252.2 lawful gambling less gross receipts directly derived from the conduct of paper bingo, raffles,
 252.3 and paddlewheels, as defined in section 297E.01, subdivision 8, and less the net prizes
 252.4 actually paid, other than prizes actually paid for paper bingo, raffles, and paddlewheels, for
 252.5 the fiscal year. The combined net receipts of an organization are subject to a tax computed
 252.6 according to the following schedule:

252.7	If the combined net receipts	The tax is:
252.8	for the fiscal year are:	
252.9	Not over \$87,500	nine <u>8.5</u> percent
252.10	Over \$87,500, but not over	\$7,875 <u>\$7,438</u> plus 18 <u>17.5</u> percent of
252.11	\$122,500	the amount over \$87,500, but not over
252.12		\$122,500
252.13	Over \$122,500, but not	\$14,175 <u>\$13,563</u> plus 27 <u>26</u> percent
252.14	over \$157,500	of the amount over \$122,500, but not
252.15		over \$157,500
252.16	Over \$157,500	\$23,625 <u>\$22,663</u> plus 36 <u>34.75</u> percent
252.17		of the amount over \$157,500

252.18 (b) Gross receipts derived from sports-themed tipboards are exempt from taxation under
 252.19 this section. For purposes of this paragraph, a sports-themed tipboard means a sports-themed
 252.20 tipboard as defined in section 349.12, subdivision 34, under which the winning numbers
 252.21 are determined by the numerical outcome of a professional sporting event.

252.22 **EFFECTIVE DATE.** This section is effective for games reported as played after June
 252.23 30, 2023.

252.24 Sec. 11. Minnesota Statutes 2022, section 297E.021, subdivision 4, is amended to read:

252.25 Subd. 4. **Appropriation; general reserve account.** To the extent the commissioner
 252.26 determines that revenues are available under subdivision 3 for the fiscal year, those amounts
 252.27 are appropriated from the general fund for deposit in a general reserve account established
 252.28 by order of the commissioner of management and budget. Amounts in this reserve are
 252.29 appropriated as necessary for application against any shortfall in the amounts deposited to
 252.30 the general fund under section 297A.994 or, after consultation with the Legislative
 252.31 Commission on Planning and Fiscal Policy, amounts in this reserve are appropriated to the
 252.32 commissioner of management and budget for other uses related to the stadium authorized
 252.33 under section 473J.03, subdivision 8, that the commissioner deems financially prudent
 252.34 including but not limited to reimbursements for capital and operating costs relating to the
 252.35 stadium, refundings, and prepayment of debt. If the commissioner of management and
 252.36 budget prepays the stadium bonds issued under section 16A.965, the commissioner must

253.1 not retain any tax for the purpose established under section 297A.994, subdivision 4, clause
253.2 (1). In no event, shall available revenues be pledged, nor shall the appropriations of available
253.3 revenues made by this section constitute a pledge of available revenues as security for the
253.4 prepayment of principal and interest on the appropriation bonds under section 16A.965.

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

253.6 Sec. 12. Minnesota Statutes 2022, section 297H.13, subdivision 2, is amended to read:

253.7 Subd. 2. **Allocation of revenues.** (a) ~~\$33,760,000, or 70 percent, whichever is greater,~~
253.8 Of the amounts remitted under this chapter, 70 percent must be credited to the environmental
253.9 fund established in section 16A.531, subdivision 1.

253.10 (b) In addition to the amounts credited to the environmental fund in paragraph (a), in
253.11 fiscal year 2024 and later, five percent of the amounts remitted under this chapter shall be
253.12 deposited into the resource management account in the environmental fund.

253.13 (c) The remainder must be deposited into the general fund.

253.14 (d) Beginning in fiscal year 2024 and annually thereafter, the money deposited in the
253.15 resource management account in the environmental fund under paragraph (b) is appropriated
253.16 to the commissioner of the Pollution Control Agency for distribution to counties under
253.17 section 115A.557, subdivision 2, paragraph (a), clauses (1) to (7) and (9) to (11).

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

253.19 Sec. 13. Minnesota Statutes 2022, section 349.11, is amended to read:

253.20 **349.11 PURPOSE.**

253.21 The purpose of sections 349.11 to 349.22 is to regulate lawful gambling, to ~~insure~~ ensure
253.22 integrity of operations, and to provide for the use of net profits only for lawful purposes,
253.23 and to authorize only those games or game features discussed in this chapter.

253.24 **EFFECTIVE DATE.** This section is effective for games approved after June 30, 2024.

253.25 Sec. 14. Minnesota Statutes 2022, section 349.12, subdivision 12b, is amended to read:

253.26 Subd. 12b. **Electronic pull-tab device.** "Electronic pull-tab device" means a handheld
253.27 and portable electronic device that:

253.28 (1) is used to play one or more electronic pull-tab games;

253.29 (2) requires coded entry to activate play but does not allow the use of coin, currency, or
253.30 tokens to be inserted to activate play;

254.1 (3) requires that a player must individually activate or individually open each electronic
254.2 pull-tab ticket and each individual line, row, or column of each electronic pull-tab ticket;

254.3 (4) maintains information pertaining to accumulated win credits that may be applied to
254.4 games in play or redeemed upon termination of play;

254.5 (5) has no spinning reels or other representations that mimic a video slot machine;

254.6 (6) has no additional function as a gambling device other than as an electronic-linked
254.7 bingo game played on a device defined under section 349.12, subdivision 12a;

254.8 (7) may incorporate an amusement game feature as part of the pull-tab game but may
254.9 not require additional consideration for that feature or award any prize, or other benefit for
254.10 that feature;

254.11 (8) may have auditory or visual enhancements to promote or provide information about
254.12 the game being played, provided the component does not affect the outcome of a game or
254.13 display the results of a game;

254.14 (9) maintains, on nonresettable meters, a printable, permanent record of all transactions
254.15 involving each device and electronic pull-tab games played on the device;

254.16 (10) is not a pull-tab dispensing device as defined under subdivision 32a; ~~and~~

254.17 (11) has the capability to allow use by a player who is visually impaired; and

254.18 (12) does not include representations that mimic the display or user interface of a video
254.19 slot machine by requiring a player to manually activate the reveal or result of each single
254.20 row of symbols with a separate and distinct action for each electronic pull-tab ticket.

254.21 **EFFECTIVE DATE.** This section is effective for games approved after June 30, 2024.

254.22 Sec. 15. Minnesota Statutes 2022, section 349.12, subdivision 12c, is amended to read:

254.23 Subd. 12c. **Electronic pull-tab game.** "Electronic pull-tab game" means a pull-tab game
254.24 containing:

254.25 (1) facsimiles of pull-tab tickets that are played on an electronic pull-tab device;

254.26 (2) a predetermined, finite number of winning and losing tickets, not to exceed 7,500
254.27 tickets;

254.28 (3) the same price for each ticket in the game;

254.29 (4) a price paid by the player of not less than 25 cents per ticket;

254.30 (5) tickets that are in conformance with applicable board rules for pull-tabs;

- 255.1 (6) winning tickets that comply with prize limits under section 349.211;
- 255.2 (7) a unique serial number that may not be regenerated;
- 255.3 (8) an electronic flare that displays the game name; form number; predetermined, finite
- 255.4 number of tickets in the game; and prize tier; ~~and~~
- 255.5 (9) no spinning reels or other representations that mimic a video slot machine;
- 255.6 (10) a mechanism requiring a player to manually activate each electronic pull-tab ticket
- 255.7 to be opened; and
- 255.8 (11) a mechanism requiring a player to manually activate the reveal of each single row
- 255.9 of symbols with a separate and distinct action.
- 255.10 Each electronic pull-tab game shall include a certification from a board-approved testing
- 255.11 laboratory that the game and device meets the standards and requirements established in
- 255.12 Minnesota Statutes and Minnesota Rules and is in conformance with game procedures
- 255.13 provided by the manufacturer.
- 255.14 **EFFECTIVE DATE.** This section is effective for games approved after June 30, 2024.

255.15 Sec. 16. Minnesota Statutes 2022, section 349.12, is amended by adding a subdivision to

255.16 read:

255.17 Subd. 25e. **Manually activate.** For purposes of this section, "manually activate" means

255.18 that a person must either touch an icon on the electronic pull-tab device screen or press a

255.19 button located elsewhere on the electronic pull-tab device, or, exclusively for purposes of

255.20 accommodating use by a player who is visually impaired, perform some other action that

255.21 initiates activity on an electronic pull-tab device.

255.22 **EFFECTIVE DATE.** This section is effective for games approved after June 30, 2024.

255.23 Sec. 17. **[428B.01] DEFINITIONS.**

255.24 Subdivision 1. **Applicability.** As used in sections 428B.01 to 428B.09, the terms in this

255.25 section have the meanings given them.

255.26 Subd. 2. **Activity.** "Activity" means but is not limited to all of the following:

255.27 (1) promotion of tourism within the district;

255.28 (2) promotion of business activity, including but not limited to tourism, of businesses

255.29 subject to the service charge within the tourism improvement district;

255.30 (3) marketing, sales, and economic development; and

256.1 (4) other services provided for the purpose of conferring benefits upon businesses located
256.2 in the tourism improvement district that are subject to the tourism improvement district
256.3 service charge.

256.4 Subd. 3. **Business.** "Business" means a lodging business as defined by municipal
256.5 ordinance.

256.6 Subd. 4. **Business owner.** "Business owner" means a person recognized by a municipality
256.7 as the owner of a business.

256.8 Subd. 5. **City.** "City" means a home rule charter or statutory city.

256.9 Subd. 6. **Clerk.** "Clerk" means the chief clerical officer of the municipality.

256.10 Subd. 7. **Governing body.** "Governing body" means, with respect to a city, a city council
256.11 or other governing body of a city. With respect to a town, governing body means a town
256.12 board or other governing body of a town. With respect to a county, governing body means
256.13 a board of commissioners or other governing body of a county.

256.14 Subd. 8. **Impacted business owners.** "Impacted business owners" means a majority of
256.15 business owners located within a proposed or established tourism improvement district.

256.16 Subd. 9. **Municipality.** "Municipality" means a county, city, or town.

256.17 Subd. 10. **Tourism improvement association.** "Tourism improvement association"
256.18 means a new or existing and tax-exempt nonprofit corporation, entity, or agency charged
256.19 with promoting tourism within the tourism improvement district and that is under contract
256.20 with the municipality to administer the tourism improvement district and implement the
256.21 activities and improvements listed in the municipality's ordinance.

256.22 Subd. 11. **Tourism improvement district.** "Tourism improvement district" means a
256.23 tourism improvement district established under this chapter.

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

256.25 Sec. 18. **[428B.02] ESTABLISHMENT OF TOURISM IMPROVEMENT DISTRICT.**

256.26 Subdivision 1. **Ordinance.** (a) Upon a petition by impacted business owners, a governing
256.27 body of a municipality may adopt an ordinance establishing a tourism improvement district
256.28 after holding a public hearing on the district. The ordinance must include:

256.29 (1) a map that identifies the tourism improvement district boundaries in sufficient detail
256.30 to allow a business owner to determine whether a business is located within the tourism
256.31 improvement district boundaries;

257.1 (2) the name of the tourism improvement association designated to administer the tourism
257.2 improvement district and implement the approved activities and improvements;

257.3 (3) a list of the proposed activities and improvements in the tourism improvement district;

257.4 (4) the time and manner of collecting the service charge and any interest and penalties
257.5 for nonpayment;

257.6 (5) a definition describing the type or class of businesses to be included in the tourism
257.7 improvement district and subject to the service charge;

257.8 (6) the rate, method, and basis of the service charge with intent, and penalties on
257.9 delinquent payments for the district, including the portion dedicated to covering expenses
257.10 listed in subdivision 4, paragraph (b); and

257.11 (7) the number of years the service charge will be in effect.

257.12 (b) If the boundaries of a proposed tourism improvement district overlap with the
257.13 boundaries of an existing special service district, the tourism improvement district ordinance
257.14 may list measures to avoid any impediments on the ability of the special service district to
257.15 continue to provide its services to benefit its property owners.

257.16 Subd. 2. **Notice.** A municipality must provide notice of the hearing by publication in at
257.17 least two issues of the official newspaper of the municipality. The two publications must
257.18 be two weeks apart and the municipality must hold the hearing at least three days after the
257.19 last publication. Not less than ten days before the hearing, the municipality must mail, or
257.20 deliver by electronic means, notice to the business owner of each business subject to the
257.21 proposed service charge by the tourism improvement district. The notice must include:

257.22 (1) a map showing the boundaries of the proposed district;

257.23 (2) the time and place of the hearing;

257.24 (3) a statement that all interested persons will be given an opportunity to be heard at the
257.25 hearing regarding the proposed service charge; and

257.26 (4) a brief description of the proposed activities, improvements, and service charge.

257.27 Subd. 3. **Business owner determination.** A business must provide ownership information
257.28 to the municipality. A municipality has no obligation to obtain other information regarding
257.29 the ownership of businesses, and its determination of ownership shall be final for the purposes
257.30 of this chapter. If this chapter requires the signature of a business owner, the signature of
257.31 the authorized representative of a business owner is sufficient.

258.1 Subd. 4. **Service charges; relationship to services.** (a) A municipality may impose a
258.2 service charge on a business pursuant to this chapter for the purpose of providing activities
258.3 and improvements that will provide benefits to a business that is located within the tourism
258.4 improvement district and subject to the tourism improvement district service charge. Each
258.5 business paying a service charge within a district must benefit directly or indirectly from
258.6 improvements provided by a tourism improvement association, provided, however, the
258.7 business need not benefit equally. Service charges must be based on a percent of gross
258.8 business revenue, a fixed dollar amount per transaction, or any other reasonable method
258.9 based upon benefit and approved by the municipality.

258.10 (b) Service charges may be used to cover the costs of collections, as well as other
258.11 administrative costs associated with operating, forming, or maintaining the district.

258.12 Subd. 5. **Public hearing.** At the hearing regarding the adoption of the ordinance
258.13 establishing a tourism improvement district, business owners and persons affected by the
258.14 proposed district may testify on issues relevant to the proposed district. The hearing may
258.15 be adjourned from time to time. The ordinance establishing the district may be adopted at
258.16 any time within six months after the date of the conclusion of the hearing by a vote of the
258.17 majority of the governing body of the municipality.

258.18 Subd. 6. **Appeal to district court.** Within 45 days after the adoption of the ordinance
258.19 establishing a tourism improvement district, a person aggrieved, who is not precluded by
258.20 failure to object before or at the hearing, may appeal to the district court by serving a notice
258.21 on the clerk of the municipality or governing body. The validity of the tourism improvement
258.22 district and the service charge imposed under this chapter shall not be contested in an action
258.23 or proceeding unless the action or proceeding is commenced within 45 days after the adoption
258.24 of the ordinance establishing a tourism improvement district. The petitioner must file notice
258.25 with the court administrator of the district court within ten days after its service. The clerk
258.26 of the municipality must provide the petitioner with a certified copy of the findings and
258.27 determination of the governing body. The court may affirm the action objected to or, if the
258.28 petitioner's objections have merit, modify or cancel it. If the petitioner does not prevail on
258.29 the appeal, the costs incurred shall be charged to the petitioner by the court and judgment
258.30 entered for them. All objections shall be deemed waived unless presented on appeal.

258.31 Subd. 7. **Notice to the commissioner of revenue.** Within 30 days of adoption of the
258.32 ordinance, the governing body must send a copy of the ordinance to the commissioner of
258.33 revenue.

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

259.1 Sec. 19. **[428B.03] SERVICE CHARGE AUTHORITY; NOTICE; HEARING**
259.2 **REQUIREMENT.**

259.3 Subdivision 1. Authority. A municipality may impose service charges authorized under
259.4 section 428B.02, subdivision 4, to finance an activity or improvement in the tourism
259.5 improvement district that is provided by the municipality if the activity or improvement is
259.6 provided in the tourism improvement district at an increased level of service. The service
259.7 charges may be imposed in the amount needed to pay for the increased level of service
259.8 provided by the activity or improvement.

259.9 Subd. 2. Annual hearing requirement; notice. Beginning one year after the
259.10 establishment of the tourism improvement district, the municipality must hold an annual
259.11 public hearing regarding continuation of the service charges in the tourism improvement
259.12 district. The municipality must provide notice of the hearing by publication in the official
259.13 newspaper at least seven days before the hearing. The municipality must mail, or deliver
259.14 by electronic means, notice of the hearing to business owners subject to the service charge
259.15 at least seven days before the hearing. At the hearing, a person affected by the proposed
259.16 district may testify on issues relevant to the proposed district. Within six months of the
259.17 hearing, the municipality may adopt a resolution to continue imposing service charges within
259.18 the district not exceeding the amount or rate expressed in the notice. For purposes of this
259.19 section, the notice must include:

259.20 (1) a map showing the boundaries of the district;

259.21 (2) the time and place of the hearing;

259.22 (3) a statement that all interested persons will be given an opportunity to be heard at the
259.23 hearing regarding the proposed service charge;

259.24 (4) a brief description of the proposed activities and improvements;

259.25 (5) the estimated annual amount of proposed expenditures for activities and
259.26 improvements;

259.27 (6) the rate of the service charge for the district during the year and the nature and
259.28 character of the proposed activities and improvements for the district during the year in
259.29 which service charges are collected;

259.30 (7) the number of years the service charge will be in effect; and

259.31 (8) a statement that the petition requirement of section 428B.07 has either been met or
259.32 does not apply to the proposed service charge.

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

260.2 Sec. 20. **[428B.04] MODIFICATION OF ORDINANCE.**

260.3 Subdivision 1. **Adoption of ordinance; request for modification.** Upon written request
260.4 of the tourism improvement association, the governing body of a municipality may adopt
260.5 an ordinance to modify the district after conducting a public hearing on the proposed
260.6 modifications. If the modification includes a change to the rate, method, and basis of
260.7 imposing the service charge or the expansion of the tourism improvement district's geographic
260.8 boundaries, a petition as described in section 428B.07 must be submitted by impacted
260.9 business owners to initiate proceedings for modification.

260.10 Subd. 2. **Notice of modification.** A municipality must provide notice of the hearing by
260.11 publication in at least two issues of the municipality's official newspaper. The two
260.12 publications must be two weeks apart and the municipality must hold a hearing at least three
260.13 days after the last publication. Not less than ten days before the hearing, the municipality
260.14 must mail, or deliver by electronic means, notice to the business owner of each business
260.15 subject to the service charge by the tourism improvement district. The notice must include:

260.16 (1) a map showing the boundaries of the district and any proposed changes to the
260.17 boundaries of the district;

260.18 (2) the time and place of the hearing;

260.19 (3) a statement that all interested persons will be given an opportunity to be heard at the
260.20 hearing regarding the proposed service charge; and

260.21 (4) a brief description of the proposed modification to the ordinance.

260.22 Subd. 3. **Hearing on modification.** At the hearing regarding modification to the
260.23 ordinance, business owners and persons affected by the proposed modification may testify
260.24 on issues relevant to the proposed modification. Within six months after the conclusion of
260.25 the hearing, the municipality may adopt the ordinance modifying the district by a vote of
260.26 the majority of the governing body in accordance with the request for modification by the
260.27 tourism improvement association and as described in the notice.

260.28 Subd. 4. **Objection.** If the modification of the ordinance includes the expansion of the
260.29 tourism improvement district's geographic boundaries, the ordinance modifying the district
260.30 may be adopted after following the notice and veto requirements in section 428B.08;
260.31 however, a successful objection will be determined based on a majority of business owners
260.32 who will pay the service charge in the expanded area of the district. For all other

261.1 modifications, the ordinance modifying the district may be adopted following the notice
261.2 and veto requirements in section 428B.08.

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

261.4 Sec. 21. **[428B.05] COLLECTION OF SERVICE CHARGES; PENALTIES.**

261.5 The service charges imposed under this chapter may be collected by the municipality,
261.6 tourism improvement association, or other designated agency or entity. Collection of the
261.7 service charges must be made at the time and in the manner set forth in the ordinance. The
261.8 entity collecting the service charges may charge interest and penalties on delinquent payments
261.9 for service charges imposed under this chapter as set forth in the municipality's ordinance.

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

261.11 Sec. 22. **[428B.06] TOURISM IMPROVEMENT ASSOCIATION.**

261.12 Subdivision 1. **Composition and duties.** The tourism improvement association must
261.13 be designated in the municipality's ordinance. The tourism improvement association shall
261.14 appoint a governing board or committee composed of a majority of business owners who
261.15 pay the tourism improvement district service charge, or the representatives of those business
261.16 owners. The governing board or committee must manage the funds raised by the tourism
261.17 improvement district and fulfill the obligations of the tourism improvement district. A
261.18 tourism improvement association has full discretion to select the specific activities and
261.19 improvements that are funded with tourism improvement district service charges within the
261.20 authorized activities and improvements described in the ordinance.

261.21 Subd. 2. **Annual report.** The tourism improvement association must submit to the
261.22 municipality an annual report for each year in which a service charge is imposed. The report
261.23 must include a financial statement of revenue raised by the district. The municipality may
261.24 also, as part of the enabling ordinance, require the submission of other relevant information
261.25 related to the association.

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

261.27 Sec. 23. **[428B.07] PETITION REQUIRED.**

261.28 A municipality may not establish a tourism improvement district under section 428B.02
261.29 unless impacted business owners file a petition requesting a public hearing on the proposed
261.30 action with the clerk of the municipality.

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

262.1 Sec. 24. **[428B.08] VETO POWER OF OWNERS.**

262.2 **Subdivision 1. Notice of right to file objections.** The effective date of an ordinance or
262.3 resolution adopted under this chapter must be at least 45 days after it is adopted by the
262.4 municipality. Within five days after the municipality adopts the ordinance or resolution,
262.5 the municipality must mail a summary of the ordinance or resolution to each business owner
262.6 subject to the service charge within the tourism improvement district in the same manner
262.7 that notice is mailed, or delivered by electronic means, under section 428B.02. The mailing
262.8 must include a notice that business owners subject to the service charge have the right to
262.9 veto, by a simple majority, the ordinance or resolution by filing the required number of
262.10 objections with the clerk of the municipality before the effective date of the ordinance or
262.11 resolution and include notice that a copy of the ordinance or resolution is available for public
262.12 inspection with the clerk of the municipality.

262.13 **Subd. 2. Requirements for veto.** If impacted business owners file an objection to the
262.14 ordinance or resolution before the effective date of the ordinance or resolution, the ordinance
262.15 or resolution does not become effective.

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

262.17 Sec. 25. **[428B.09] DISESTABLISHMENT.**

262.18 **Subdivision 1. Procedure for disestablishment.** An ordinance adopted under this chapter
262.19 must provide a 30-day period each year in which business owners subject to the service
262.20 charge may request disestablishment of the district. Beginning one year after establishment
262.21 of the tourism improvement district, an annual 30-day period of disestablishment begins
262.22 with the anniversary of the date of establishment. Upon submission of a petition from
262.23 impacted business owners, the municipality may disestablish a tourism improvement district
262.24 by adopting an ordinance after holding a public hearing on the disestablishment. Prior to
262.25 the hearing, the municipality must publish notice of the hearing on disestablishment in at
262.26 least two issues of the municipality's official newspaper. The two publications must be two
262.27 weeks apart and the municipality must hold the hearing at least three days after the last
262.28 publication. Not less than ten days before the hearing, the municipality must mail, or deliver
262.29 by electronic means, notice to the business owner of each business subject to the service
262.30 charge. The notice must include:

262.31 (1) the time and place of the hearing;

262.32 (2) a statement that all interested persons will be given an opportunity to be heard at the
262.33 hearing regarding disestablishment;

263.1 (3) the reason for disestablishment; and

263.2 (4) a proposal to dispose of any assets acquired with the revenues of the service charge
263.3 imposed under the tourism improvement district.

263.4 Subd. 2. **Objection.** An ordinance disestablishing the tourism improvement district
263.5 becomes effective following the notice and veto requirements in section 428B.08.

263.6 Subd. 3. **Refund to business owners.** (a) Upon the disestablishment of a tourism
263.7 improvement district, any remaining revenues derived from the service charge, or any
263.8 revenues derived from the sale of assets acquired with the service charge revenues, shall
263.9 be refunded to business owners located and operating within the tourism improvement
263.10 district in which service charges were imposed by applying the same method and basis that
263.11 was used to calculate the service charges levied in the fiscal year in which the district is
263.12 disestablished.

263.13 (b) If the disestablishment occurs before the service charge is imposed for the fiscal
263.14 year, the method and basis that was used to calculate the service charge imposed in the
263.15 immediate prior fiscal year shall be used to calculate the amount of a refund, if any.

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

263.17 Sec. 26. **[428B.10] COORDINATION OF DISTRICTS.**

263.18 If a county establishes a tourism improvement district in a city or town under this chapter,
263.19 a city or town may not establish a tourism improvement district in the part of the city or
263.20 town located in the county-established district. If a city or town establishes a tourism
263.21 improvement district under this chapter, a county may not establish a tourism improvement
263.22 district in the part of the city or town located in the city- or town-established district.

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

263.24 Sec. 27. Minnesota Statutes 2022, section 462A.38, is amended to read:

263.25 **462A.38 WORKFORCE AND AFFORDABLE HOMEOWNERSHIP**
263.26 **DEVELOPMENT PROGRAM.**

263.27 Subdivision 1. **Establishment.** A workforce and affordable homeownership development
263.28 program is established to award homeownership development grants and loans to cities,
263.29 tribal governments, nonprofit organizations, cooperatives created under chapter 308A or
263.30 308B, and community land trusts created for the purposes outlined in section 462A.31,
263.31 subdivision 1, for development of workforce and affordable homeownership projects. The

264.1 purpose of the program is to increase the supply of workforce and affordable, owner-occupied
264.2 multifamily or single-family housing throughout Minnesota.

264.3 Subd. 2. **Use of funds.** (a) Grant funds and loans awarded under this program may be
264.4 used for:

264.5 (1) development costs;

264.6 (2) rehabilitation;

264.7 (3) land development; and

264.8 (4) residential housing, including storm shelters and related community facilities.

264.9 (b) A project funded through ~~the grant~~ this program shall serve households that meet
264.10 the income limits as provided in section 462A.33, subdivision 5, unless a project is intended
264.11 for the purpose outlined in section 462A.02, subdivision 6.

264.12 Subd. 3. **Application.** The commissioner shall develop forms and procedures for soliciting
264.13 and reviewing applications for grants and loans under this section. The commissioner shall
264.14 consult with interested stakeholders when developing the guidelines and procedures for the
264.15 program. In making grants and loans, the commissioner shall establish semiannual application
264.16 deadlines in which grants and loans will be authorized from all or part of the available
264.17 appropriations.

264.18 Subd. 4. **Awarding grants and loans.** Among comparable proposals, preference must
264.19 be given to proposals that include contributions from nonstate resources for the greatest
264.20 portion of the total development cost.

264.21 Subd. 5. **Statewide program.** The agency shall attempt to make grants and loans in
264.22 approximately equal amounts to applicants outside and within the metropolitan area, as
264.23 defined under section 473.121, subdivision 2.

264.24 Subd. 6. **Report.** Beginning January 15, ~~2018~~ 2024, the commissioner must annually
264.25 submit a report to the chairs and ranking minority members of the senate and house of
264.26 representatives committees having jurisdiction over housing and workforce development
264.27 specifying the projects that received grants and loans under this section and the specific
264.28 purposes for which the grant or loan funds were used.

264.29 Subd. 7. **Workforce and affordable homeownership development account.** A
264.30 workforce and affordable homeownership development account is established in the housing
264.31 development fund. Money in the account, including interest, is appropriated to the
264.32 commissioner of the Housing Finance Agency for the purposes of this section. The amount

265.1 appropriated under this section must supplement traditional sources of funding for this
265.2 purpose and must not be used as a substitute for traditional sources of funding or to pay
265.3 debt service on bonds. All loan repayments received under this section are to be deposited
265.4 into the workforce and affordable homeownership development account in the housing
265.5 development fund. A borrower under this section may, instead of repaying its loan, spend
265.6 the money on a qualifying project under subdivision 2.

265.7 Subd. 8. **Deposits; funding amount.** (a) In each of fiscal years 2024 and 2025, an
265.8 amount equal to \$27,500,000 of the state's portion of the proceeds derived from the mortgage
265.9 registry tax imposed under section 287.035 and the deed tax imposed under section 287.21
265.10 is appropriated from the general fund to the commissioner of the Housing Finance Agency
265.11 to transfer to the housing development fund for deposit into the workforce and affordable
265.12 homeownership development account. In each fiscal year from 2026 to 2034, an amount
265.13 equal to \$7,500,000 of the state's portion of the proceeds derived from the mortgage registry
265.14 tax imposed under section 287.035 and the deed tax imposed under section 287.21 is
265.15 appropriated from the general fund to the commissioner of the Housing Finance Agency to
265.16 transfer to the housing development fund for deposit into the workforce and affordable
265.17 homeownership development account. The appropriations must be made annually by
265.18 September 15.

265.19 (b) This subdivision expires September 16, 2033.

265.20 **EFFECTIVE DATE.** This section is effective July 1, 2023.

265.21 Sec. 28. **[477A.40] TRIBAL NATION AID.**

265.22 Subdivision 1. **Definitions.** For the purposes of this section, the following terms have
265.23 the meanings given:

265.24 (1) "distribution share" means the number of enrolled members in an eligible Tribal
265.25 Nation divided by the total number of enrolled members for all eligible Tribal Nations
265.26 certified under this section; and

265.27 (2) "eligible Tribal Nation" means the following federally recognized Indian Tribes
265.28 located in Minnesota: Bois Forte Band; Fond du Lac Band; Grand Portage Band; Leech
265.29 Lake Band; Mille Lacs Band; White Earth Band; and Red Lake Nation.

265.30 Subd. 2. **Distribution.** An eligible Tribal Nation's annual aid amount is equal to the sum
265.31 of:

265.32 (1) \$5,357,143; plus

266.1 (2) the product of:

266.2 (i) the eligible Tribal Nation's distribution share; multiplied by

266.3 (ii) the amount appropriated under this section, minus \$5,357,143 multiplied by the
266.4 number of eligible Tribal Nations receiving a distribution under this section.

266.5 Subd. 3. **Certification.** In order to receive a distribution under this section, an eligible
266.6 Tribal Nation must certify to the commissioner of revenue the most recent estimate of the
266.7 total number of enrolled members of the eligible Tribal Nation. The information must be
266.8 annually certified by March 1 in the form prescribed by the commissioner of revenue. The
266.9 commissioner of revenue must annually calculate and certify the amount of aid payable to
266.10 each eligible Tribal Nation on or before August 1.

266.11 Subd. 4. **Payments.** The commissioner of revenue must pay Tribal Nation aid annually
266.12 by December 26 of the year the aid is certified.

266.13 Subd. 5. **Appropriation.** \$75,000,000 is annually appropriated from the general fund
266.14 to the commissioner of revenue to make payments under this section.

266.15 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2024.

266.16 Sec. 29. Laws 1971, chapter 773, section 1, subdivision 2, as amended by Laws 1974,
266.17 chapter 351, section 5, Laws 1976, chapter 234, sections 1 and 7, Laws 1978, chapter 788,
266.18 section 1, Laws 1981, chapter 369, section 1, Laws 1983, chapter 302, section 1, Laws 1988,
266.19 chapter 513, section 1, Laws 1992, chapter 511, article 9, section 23, Laws 1998, chapter
266.20 389, article 3, section 27, Laws 2002, chapter 390, section 23, and Laws 2013, chapter 143,
266.21 article 12, section 18, is amended to read:

266.22 Subd. 2. For each of the years ~~2013 to 2024~~ 2023 to 2035, the city of St. Paul is authorized
266.23 to issue bonds in the aggregate principal amount of ~~\$20,000,000~~ \$30,000,000 for each year.

266.24 **EFFECTIVE DATE.** This section is effective the day after compliance by the governing
266.25 body of the city of St. Paul with Minnesota Statutes, section 645.021, subdivisions 2 and
266.26 3.

266.27 Sec. 30. **DEPARTMENT OF REVENUE FREE FILING REPORT.**

266.28 Subdivision 1. **Department of Revenue free filing report.** (a) By January 15, 2024,
266.29 the commissioner of revenue must provide a written report to the chairs and ranking minority
266.30 members of the legislative committees with jurisdiction over taxes. The report must comply
266.31 with the requirements of Minnesota Statutes, sections 3.195 and 3.197, and must also provide

267.1 information on free electronic filing options for preparing and filing Minnesota individual
267.2 income tax returns.

267.3 (b) The commissioner must survey tax preparation software vendors for information on
267.4 a free electronic preparation and filing option for taxpayers to file Minnesota individual
267.5 income tax returns. The survey must request information from vendors that addresses the
267.6 following concerns:

267.7 (1) system development, capability, security, and costs for consumer-based tax filing
267.8 software;

267.9 (2) costs per return that would be charged to the state of Minnesota to provide an
267.10 electronic individual income tax return preparation, submission, and payment remittance
267.11 process;

267.12 (3) providing customer service and issue resolution to taxpayers using the software;

267.13 (4) providing and maintaining an appropriate link between the Department of Revenue
267.14 and the Internal Revenue Service Modernized Electronic Filing Program;

267.15 (5) ensuring that taxpayer return information is maintained and protected as required by
267.16 Minnesota Statutes, chapters 13 and 270B, Internal Revenue Service Publication 1075, and
267.17 any other applicable requirements; and

267.18 (6) current availability of products for the free filing and submitting of both Minnesota
267.19 and federal returns offered to customers and the income thresholds for using those products.

267.20 (c) The report by the commissioner must include at a minimum:

267.21 (1) a review of options that other states use for state electronic filing;

267.22 (2) an assessment of taxpayer needs for electronic filing, including current filing practices;

267.23 (3) an analysis of alternative options to provide free filing, such as tax credits, vendor
267.24 incentives, or other benefits; and

267.25 (4) an analysis of the Internal Revenue Service Free File Program usage.

267.26 Subd. 2. **Appropriation; Department of Revenue free filing report.** \$175,000 in fiscal
267.27 year 2024 is appropriated from the general fund to the commissioner of revenue for the free
267.28 filing report required under this section. This is a onetime appropriation.

267.29 Sec. 31. **CITY OF VIRGINIA; NET DEBT LIMIT EXEMPTION.**

267.30 The city of Virginia may finance the construction of a public safety building in the city
267.31 of Virginia by obtaining a loan from the United States Department of Agriculture secured

268.1 by its general obligation pledge. Any bonds issued relating to this construction project or
268.2 repayment of the loan must not be included in the computation of the city's limit on net debt
268.3 under Minnesota Statutes, section 475.53, subdivision 1.

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

268.5 Sec. 32. **RAMSEY COUNTY; EXTENDING REDEMPTION PERIODS OF**
268.6 **PROPERTIES IN TARGETED COMMUNITIES.**

268.7 The period of redemption under Minnesota Statutes, chapter 281, shall be three years
268.8 for all lands in Ramsey County that are, or previously were, located in a targeted community
268.9 as defined in Minnesota Statutes, section 469.201, subdivision 10, and that are sold to the
268.10 state in a tax judgment sale as a result of delinquency in paying taxes for taxes payable year
268.11 2023 or later.

268.12 **EFFECTIVE DATE.** This section is effective the day after the governing body of
268.13 Ramsey County and its chief clerical officer comply with the requirements of Minnesota
268.14 Statutes, section 645.021, subdivisions 2 and 3, but any compliance with these requirements
268.15 must be completed no later than December 31, 2023.

268.16 Sec. 33. **APPROPRIATION; CITY OF NORTHFIELD; GRANT.**

268.17 (a) \$300,000 in fiscal year 2024 is appropriated from the general fund to the commissioner
268.18 of revenue for a grant to the city of Northfield. This is a onetime appropriation. The grant
268.19 must be paid by July 15, 2023.

268.20 (b) The grant under this section must be used by the city of Northfield to pay for
268.21 infrastructure related to a cooperatively owned manufactured home park.

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

268.23 Sec. 34. **APPROPRIATION; CITY OF ST. PAUL; GRANT.**

268.24 (a) \$30,000,000 in fiscal year 2024 is appropriated from the general fund to the
268.25 commissioner of revenue for a grant to the city of St. Paul. This is a onetime appropriation.
268.26 The grant must be paid by July 15, 2023.

268.27 (b) The grant under this section must be used by the city of St. Paul to pay capital and
268.28 administrative costs associated with street improvements.

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

269.1 Sec. 35. **APPROPRIATION; CITY OF SPRING GROVE; FIRE REMEDIATION**
269.2 **GRANT.**

269.3 \$250,000 in fiscal year 2024 is appropriated from the general fund to the commissioner
269.4 of revenue for a grant to the city of Spring Grove to remediate the effects of the fire in the
269.5 city on December 22, 2022. The grant recipient must use the money appropriated under this
269.6 section for remediation costs, including disaster recovery, infrastructure, reimbursement
269.7 for emergency personnel costs, reimbursement for equipment costs, and reimbursement for
269.8 property tax abatements incurred by public or private entities as a result of the fire. This
269.9 appropriation is onetime and is available until June 30, 2025.

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

269.11 Sec. 36. **APPROPRIATION; TAXPAYER RECEIPT.**

269.12 \$144,000 in fiscal year 2024 and \$47,000 in fiscal year 2025 are appropriated from the
269.13 general fund to the commissioner of management and budget to develop and publish the
269.14 taxpayer receipt under Minnesota Statutes, section 16A.067.

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

269.16 Sec. 37. **REPEALER.**

269.17 Minnesota Statutes 2022, section 270A.04, subdivision 5, is repealed.

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

269.19 **ARTICLE 13**

269.20 **DEPARTMENT OF REVENUE:**
269.21 **INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES**

269.22 Section 1. Minnesota Statutes 2022, section 289A.50, is amended by adding a subdivision
269.23 to read:

269.24 **Subd. 3a. Nonresident withholding tax refunds.** When there is an overpayment of
269.25 nonresident withholding tax by a partnership or S corporation, a refund allowable under
269.26 this section to the payor is limited to the amount of the overpayment that was not deducted
269.27 and withheld from the shares of the payor's partners or shareholders.

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

270.1 Sec. 2. Minnesota Statutes 2022, section 290.06, subdivision 22, is amended to read:

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

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

270.16 (c) If the taxpayer is an athletic team that apportions all of its income under section
270.17 290.17, subdivision 5, the credit is determined by multiplying the tax payable under this
270.18 chapter by the ratio derived from dividing the total net income subject to tax in the other
270.19 state by the taxpayer's Minnesota taxable income.

270.20 (d)(1) The credit determined under paragraph (b) or (c) shall not exceed the amount of
270.21 tax so paid to the other state on the gross income earned within the other state subject to
270.22 tax under this chapter; and

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

270.26 (e) In the case of the tax assessed on a lump-sum distribution under section 290.032, the
270.27 credit allowed under paragraph (a) is the tax assessed by the other state on the lump-sum
270.28 distribution that is also subject to tax under section 290.032, and shall not exceed the tax
270.29 assessed under section 290.032. To the extent the total lump-sum distribution defined in
270.30 section 290.032, subdivision 1, includes lump-sum distributions received in prior years or
270.31 is all or in part an annuity contract, the reduction to the tax on the lump-sum distribution
270.32 allowed under section 290.032, subdivision 2, includes tax paid to another state that is
270.33 properly apportioned to that distribution.

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

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

271.13 (h) For the purposes of this subdivision, a resident partner of an entity taxed as a
271.14 partnership under the Internal Revenue Code must be considered to have paid a tax imposed
271.15 on the partner in an amount equal to the partner's pro rata share of any net income tax paid
271.16 by the partnership to another state. For purposes of the preceding sentence, the term "net
271.17 income" tax means any tax imposed on or measured by a partnership's net income. For
271.18 purposes of this paragraph, "partnership" includes a limited liability company and "partner"
271.19 includes a member of a limited liability company.

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

271.21 (1) includes:

271.22 (i) the District of Columbia; and

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

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

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

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

272.1 (1)(1) The credit allowed to a qualifying individual under this section for tax paid to a
272.2 qualifying state equals the credit calculated under paragraphs (b) and (d), plus the amount
272.3 calculated by multiplying:

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

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

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

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

272.22 (m) For purposes of this subdivision, a resident sole member of a disregarded limited
272.23 liability company must be considered to have paid a tax imposed on the sole member in an
272.24 amount equal to the net income tax paid by the disregarded limited liability company to
272.25 another state. For the purposes of this paragraph, the term "disregarded limited liability
272.26 company" means a limited liability company that is disregarded as an entity separate from
272.27 its owner as defined in Code of Federal Regulations, title 26, section 301.7701, and "net
272.28 income tax" means any tax imposed on or measured by a disregarded limited liability
272.29 company's net income.

272.30 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
272.31 31, 2022.

273.1 Sec. 3. Minnesota Statutes 2022, section 290.92, subdivision 20, is amended to read:

273.2 Subd. 20. **Miscellaneous withholding arrangements.** (a) For purposes of this
273.3 subdivision:

273.4 (1) "periodic payment" means a payment as defined under section 3405(e)(2) of the
273.5 Internal Revenue Code;

273.6 (2) "nonperiodic distribution" means a distribution as defined under section 3405(e)(3)
273.7 of the Internal Revenue Code; and

273.8 (3) "sick pay" means any amount which:

273.9 (i) is paid to an employee pursuant to a plan to which the employer is a party; and

273.10 (ii) constitutes remuneration or a payment in lieu of remuneration for any period during
273.11 which the employee is temporarily absent from work on account of sickness or personal
273.12 injuries.

273.13 ~~(a)~~ (b) For purposes of this section, any periodic payment or nonperiodic distribution to
273.14 an individual as defined under section 3405(e)(2) or (3) of the Internal Revenue Code shall
273.15 be treated as if it were a payment of wages by an employer to an employee for a payroll
273.16 period, and it is subject to withholding at a rate of 6.25 percent or any rate specified by the
273.17 recipient. Any payment to an individual of sick pay which does not constitute wages,
273.18 determined without regard to this subdivision, shall be treated as if it were a payment of
273.19 wages by an employer to an employee for a payroll period, if, at the time the payment is
273.20 made a request that such sick pay be subject to withholding under this section is in effect.
273.21 ~~Sick pay means any amount which:~~

273.22 ~~(1) is paid to an employee pursuant to a plan to which the employer is a party, and~~

273.23 ~~(2) constitutes remuneration or a payment in lieu of remuneration for any period during~~
273.24 ~~which the employee is temporarily absent from work on account of sickness or personal~~
273.25 ~~injuries.~~

273.26 ~~(b)~~ (c) A request for withholding, the amount withheld, and sick pay paid pursuant to
273.27 certain collective bargaining agreements shall conform with the provisions of section
273.28 3402(o)(3), (4), and (5) of the Internal Revenue Code.

273.29 ~~(e)~~ (d) The commissioner is authorized by rules to provide for withholding:

273.30 (1) from remuneration for services performed by an employee for the employer which,
273.31 without regard to this subdivision, does not constitute wages, and

274.1 (2) from any other type of payment with respect to which the commissioner finds that
274.2 withholding would be appropriate under the provisions of this section, if the employer and
274.3 the employee, or in the case of any other type of payment the person making and the person
274.4 receiving the payment, agree to such withholding. Such agreement shall be made in such
274.5 form and manner as the commissioner may by rules provide. For purposes of this section
274.6 remuneration or other payments with respect to which such agreement is made shall be
274.7 treated as if they were wages paid by an employer to an employee to the extent that such
274.8 remuneration is paid or other payments are made during the period for which the agreement
274.9 is in effect.

274.10 ~~(d)~~ (e) An individual receiving a periodic payment or nonperiodic distribution under
274.11 paragraph ~~(a)~~ (b) may elect to have paragraph ~~(a)~~ (b) not apply to the payment or distribution
274.12 as follows, and an election remains in effect until revoked by such individual.

274.13 ~~(1) For payments defined under section 3405(e)(2) of the Internal Revenue Code, an~~
274.14 ~~election remains in effect until revoked by such individual.~~

274.15 ~~(2) For distributions defined under section 3405(e)(3) of the Internal Revenue Code, the~~
274.16 ~~election is on a distribution-by-distribution basis.~~

274.17 **EFFECTIVE DATE; APPLICATION.** (a) This section is effective for periodic
274.18 payments and nonperiodic distributions made on or after the day following final enactment.

274.19 (b) For periodic payments and nonperiodic distributions made on or after the day
274.20 following final enactment but before January 1, 2024, the commissioner of revenue must
274.21 not assess penalties relating to this amendment against a payor who complies with Minnesota
274.22 Statutes 2021 Supplement, section 290.92, subdivision 20.

274.23 Sec. 4. Minnesota Statutes 2022, section 290.9705, subdivision 1, is amended to read:

274.24 Subdivision 1. **Withholding of payments to out-of-state contractors.** (a) In this section,
274.25 "person" means a person, corporation, or cooperative, the state of Minnesota and its political
274.26 subdivisions, and a city, county, and school district in Minnesota.

274.27 (b) A person who in the regular course of business is hiring, contracting, or having a
274.28 contract with a nonresident person or ~~foreign corporation~~ a corporation or cooperative
274.29 created or organized outside Minnesota, to perform construction work in Minnesota, shall
274.30 deduct and withhold eight percent of payments made to the contractor if the value of the
274.31 contract exceeds \$50,000.

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

275.1 Sec. 5. Minnesota Statutes 2022, section 290A.03, subdivision 13, is amended to read:

275.2 Subd. 13. **Property taxes payable.** "Property taxes payable" means the property tax
275.3 exclusive of special assessments, penalties, and interest payable on a claimant's homestead
275.4 after deductions made under sections 273.135, 273.1384, 273.1391, 273.42, subdivision 2,
275.5 and any other state paid property tax credits in any calendar year, and after any refund
275.6 claimed and allowable under section 290A.04, subdivision 2h, that is first payable in the
275.7 year that the property tax is payable. In the case of a claimant who makes ground lease
275.8 payments, "property taxes payable" includes the amount of the payments directly attributable
275.9 to the property taxes assessed against the parcel on which the house is located. Regardless
275.10 of the limitations in section 280A(c)(5) of the Internal Revenue Code, "property taxes
275.11 payable" must be apportioned or reduced for the use of a portion of the claimant's homestead
275.12 for a business purpose if the claimant deducts any business depreciation expenses for the
275.13 use of a portion of the homestead or deducts expenses under section 280A of the Internal
275.14 Revenue Code for a business operated in the claimant's homestead. For homesteads which
275.15 are manufactured homes as defined in section 273.125, subdivision 8, including manufactured
275.16 homes located in a manufactured home community owned by a cooperative organized under
275.17 chapter 308A or 308B, and park trailers taxed as manufactured homes under section 168.012,
275.18 subdivision 9, "property taxes payable" shall also include 17 percent of the gross rent paid
275.19 in the preceding year for the site on which the homestead is located. When a homestead is
275.20 owned by two or more persons as joint tenants or tenants in common, such tenants shall
275.21 determine between them which tenant may claim the property taxes payable on the
275.22 homestead. If they are unable to agree, the matter shall be referred to the commissioner of
275.23 revenue whose decision shall be final. Property taxes are considered payable in the year
275.24 prescribed by law for payment of the taxes.

275.25 In the case of a claim relating to "property taxes payable," the claimant must have owned
275.26 and occupied the homestead on January 2 of the year in which the tax is payable and (i) the
275.27 property must have been classified as homestead property pursuant to section 273.124, on
275.28 or before December ~~15~~ 31 of the assessment year to which the "property taxes payable"
275.29 relate; or (ii) the claimant must provide documentation from the local assessor that application
275.30 for homestead classification has been made on or before December ~~15~~ 31 of the year in
275.31 which the "property taxes payable" were payable and that the assessor has approved the
275.32 application.

275.33 **EFFECTIVE DATE.** This section is effective retroactively for refund claims based on
275.34 property taxes payable in 2022 and thereafter.

ARTICLE 14

DEPARTMENT OF REVENUE:
FIRE AND POLICE STATE AIDS

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Section 1. Minnesota Statutes 2022, section 6.495, subdivision 3, is amended to read:

Subd. 3. ~~Report~~ **Reports to commissioner of revenue.** (a) On or before September 15, November 1, March 1, and June 1, the state auditor ~~shall~~ must file with the commissioner of revenue a financial compliance report certifying for each relief association:

(1) the completion of the annual financial report required under section 424A.014 and the auditing or certification of those financial reports under subdivision 1; and

(2) the receipt of any actuarial valuations required under section 424A.093 or Laws 2013, chapter 111, article 5, sections 31 to 42.

(b) The commissioner of revenue shall prescribe the content, format, and manner of the financial compliance reports required by paragraph (a), pursuant to section 270C.30.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 2. Minnesota Statutes 2022, section 477B.01, is amended by adding a subdivision to read:

Subd. 1a. **Apportionment agreement.** "Apportionment agreement" means an agreement between two or more fire departments that provide contracted fire protection service to the same municipality and establishes the percentage of the population and the percentage of the estimated market value within the municipality serviced by each fire department.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 3. Minnesota Statutes 2022, section 477B.01, subdivision 5, is amended to read:

Subd. 5. **Fire department.** (a) "Fire department" ~~includes~~ means:

(1) a municipal fire department ~~and~~;

(2) an independent nonprofit firefighting corporation;

(3) a fire department established as or operated by a joint powers entity; or

(4) a fire protection special taxing district established under chapter 144F or special law.

(b) This subdivision only applies to this chapter.

277.1 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024
277.2 and thereafter.

277.3 Sec. 4. Minnesota Statutes 2022, section 477B.01, is amended by adding a subdivision to
277.4 read:

277.5 **Subd. 7a. Joint powers entity.** "Joint powers entity" means a joint powers entity created
277.6 under section 471.59.

277.7 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024
277.8 and thereafter.

277.9 Sec. 5. Minnesota Statutes 2022, section 477B.01, subdivision 10, is amended to read:

277.10 Subd. 10. **Municipality.** (a) "Municipality" means:

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

277.12 (2) an organized town;

277.13 (3) ~~a park district subject to chapter 398~~ a joint powers entity;

277.14 (4) ~~the University of Minnesota~~ a fire protection special taxing district; and or

277.15 (5) an American Indian tribal government entity located within a federally recognized
277.16 American Indian reservation.

277.17 (b) This subdivision only applies to this chapter ~~477B~~.

277.18 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024
277.19 and thereafter.

277.20 Sec. 6. Minnesota Statutes 2022, section 477B.01, subdivision 11, is amended to read:

277.21 Subd. 11. **Secretary.** (a) "Secretary" means:

277.22 (1) the secretary of an independent nonprofit firefighting corporation that has a subsidiary
277.23 incorporated firefighters' relief association or whose firefighters participate in the statewide
277.24 volunteer firefighter plan; or

277.25 (2) the secretary of a joint powers entity or fire protection special taxing district or, if
277.26 there is no such person, the person primarily responsible for managing the finances of a
277.27 joint powers entity or fire protection special taxing district.

277.28 (b) This subdivision only applies to this chapter.

278.1 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024
278.2 and thereafter.

278.3 Sec. 7. Minnesota Statutes 2022, section 477B.02, subdivision 2, is amended to read:

278.4 Subd. 2. **Establishment of fire department.** (a) An independent nonprofit firefighting
278.5 corporation must be created under the nonprofit corporation act of this state operating for
278.6 the exclusive purpose of firefighting, or the governing body of a municipality must officially
278.7 establish a fire department.

278.8 (b) The fire department must have provided firefighting services for at least one calendar
278.9 year, and must have a current fire department identification number issued by the state fire
278.10 marshal.

278.11 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024
278.12 and thereafter.

278.13 Sec. 8. Minnesota Statutes 2022, section 477B.02, subdivision 3, is amended to read:

278.14 Subd. 3. ~~**Personnel and Benefits requirements.** (a) A fire department must have a~~
278.15 ~~minimum of ten paid or volunteer firefighters, including a fire chief and assistant fire chief.~~

278.16 ~~(b) The fire department must have regular scheduled meetings and frequent drills that~~
278.17 ~~include instructions in firefighting tactics and in the use, care, and operation of all fire~~
278.18 ~~apparatus and equipment.~~

278.19 ~~(c)~~ (a) The fire department must have a separate subsidiary incorporated firefighters'
278.20 relief association that provides retirement benefits or must participate in the statewide
278.21 volunteer firefighter plan; or if the municipality solely employs full-time firefighters as
278.22 defined in section 299N.03, subdivision 5, retirement coverage must be provided by the
278.23 public employees police and fire retirement plan. For purposes of retirement benefits, a fire
278.24 department may be associated with only one volunteer firefighters' relief association or one
278.25 account in the voluntary statewide volunteer firefighter retirement plan at one time.

278.26 ~~(d)~~ (b) Notwithstanding paragraph ~~(c)~~ (a), a municipality without a relief association as
278.27 described under section 424A.08, paragraph (a), may still qualify to receive fire state aid if
278.28 all other requirements of this section are met.

278.29 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024
278.30 and thereafter.

279.1 Sec. 9. Minnesota Statutes 2022, section 477B.02, is amended by adding a subdivision to
279.2 read:

279.3 Subd. 4a. **Public safety answering point requirement.** The fire department must be
279.4 dispatched by a public safety answering point as defined in section 403.02, subdivision 19.

279.5 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024
279.6 and thereafter.

279.7 Sec. 10. Minnesota Statutes 2022, section 477B.02, subdivision 5, is amended to read:

279.8 Subd. 5. **Fire service contract or agreement; apportionment agreement filing**
279.9 ~~requirement requirements.~~ (a) Every municipality or independent nonprofit firefighting
279.10 corporation must file a copy of any duly executed and valid fire service contract or agreement
279.11 with the commissioner (1) a copy of any duly executed and valid fire service contracts, (2)
279.12 written notification of any fire service contract terminations, and (3) written notification of
279.13 any dissolution of a fire department, within 60 days of contract execution or termination,
279.14 or department dissolution.

279.15 (b) If more than one fire department provides service to a municipality, the fire
279.16 departments furnishing service must ~~enter into an agreement apportioning among themselves~~
279.17 ~~the percentage of the population and the percentage of the estimated market value of each~~
279.18 ~~shared service fire department service area. The agreement must be in writing and must be~~
279.19 ~~filed~~ file an apportionment agreement with the commissioner.

279.20 (c) When a municipality is a joint powers entity, it must file its joint powers agreement
279.21 with the commissioner. If the joint powers agreement does not include sufficient information
279.22 defining the fire department service area of the joint powers entity for the purposes of
279.23 calculating fire state aid, the secretary must file a written statement with the commissioner
279.24 defining the fire department service area.

279.25 (d) When a municipality is a fire protection special taxing district, it must file its
279.26 resolution establishing the fire protection special taxing district, and any agreements required
279.27 for the establishment of the fire protection special taxing district, with the commissioner.
279.28 If the resolution or agreement does not include sufficient information defining the fire
279.29 department service area of the fire protection special taxing district, the secretary must file
279.30 a written statement with the commissioner defining the fire department service area.

279.31 (e) The commissioner shall prescribe the content, format, and manner of the notifications,
279.32 apportionment agreements, and written statements under paragraphs (a) to (d), pursuant to
279.33 section 270C.30, except that copies of fire service contracts, joint powers agreements, and

280.1 resolutions establishing fire protection special taxing districts shall be filed in their existing
280.2 form.

280.3 (f) A document filed with the commissioner under this subdivision must be refiled any
280.4 time it is updated within 60 days of the update. An apportionment agreement must be refiled
280.5 only when a change in the averaged sum of the percentage of population and percentage of
280.6 estimated market value serviced by a fire department subject to the apportionment agreement
280.7 is at least one percent. The percentage amount must be rounded to the nearest whole
280.8 percentage.

280.9 (g) Upon the request of the commissioner, the county auditor must provide information
280.10 that the commissioner requires to accurately apportion the estimated market value of a fire
280.11 department service area for a fire department providing service to an unorganized territory
280.12 located in the county.

280.13 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024
280.14 and thereafter.

280.15 Sec. 11. Minnesota Statutes 2022, section 477B.02, subdivision 8, is amended to read:

280.16 Subd. 8. **PERA certification to commissioner.** On or before February 1 each year, ~~if~~
280.17 ~~retirement coverage for a fire department is provided by the statewide volunteer firefighter~~
280.18 ~~plan,~~ the executive director of the Public Employees Retirement Association must certify
280.19 ~~the existence of retirement coverage.~~ to the commissioner the fire departments that transferred
280.20 retirement coverage to, or terminated participation in, the voluntary statewide volunteer
280.21 firefighter retirement plan since the previous certification under this paragraph. This
280.22 certification must include the number of active volunteer firefighters under section 477B.03,
280.23 subdivision 5, paragraph (e).

280.24 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024
280.25 and thereafter.

280.26 Sec. 12. Minnesota Statutes 2022, section 477B.02, subdivision 9, is amended to read:

280.27 Subd. 9. **Fire department certification to commissioner.** On or before March 15 of
280.28 each year, the municipal clerk or the secretary, ~~and the fire chief,~~ must jointly certify to the
280.29 commissioner ~~that the fire department exists and meets the qualification requirements of~~
280.30 ~~this section~~ the fire department service area as of December 31 of the previous year, and
280.31 that the fire department meets the qualification requirements of this section. The municipal
280.32 clerk or the secretary must provide the commissioner with documentation that the

281.1 commissioner deems necessary for determining eligibility for fire state aid or for calculating
281.2 and apportioning fire state aid under section 477B.03. The certification must be on a form
281.3 prescribed by the commissioner and must include all other information that the commissioner
281.4 requires. The municipal clerk or the secretary must send a copy of the certification filed
281.5 under this subdivision to the fire chief within five business days of the date the certification
281.6 was filed with the commissioner.

281.7 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024
281.8 and thereafter.

281.9 Sec. 13. Minnesota Statutes 2022, section 477B.02, subdivision 10, is amended to read:

281.10 Subd. 10. **Penalty for failure to file or correct certification.** (a) If the certification
281.11 under subdivision 9 is not filed with the commissioner on or before March ~~15~~ 1, the
281.12 commissioner must notify the municipal clerk or the secretary that a penalty ~~equal to a~~
281.13 ~~portion or all of the current year aid will apply if the certification is not received within ten~~
281.14 ~~days of the postmark date of the notification~~ will be deducted from fire state aid certified
281.15 for the current year if the certification is not filed on or before March 15.

281.16 (b) If the commissioner rejects the certification by the municipal clerk or secretary under
281.17 subdivision 9 for inaccurate or incomplete information, the municipal clerk or the secretary
281.18 must file a corrective certification after taking corrective action as identified by the
281.19 commissioner in the notice of rejection. The corrective certification must be filed within
281.20 30 days of the date on the notice of rejection or by March 15, whichever date is later.

281.21 ~~(b)~~ (c) A penalty applies to (1) a certification under subdivision 9 filed after March 15,
281.22 and (2) a corrective certification under paragraph (b) filed after March 15 that is also filed
281.23 more than 30 days after the date on the notice of rejection. The penalty ~~for failure to file~~
281.24 ~~the certification under subdivision 9~~ is equal to the amount of fire state aid determined for
281.25 the municipality or the independent nonprofit firefighting corporation for the current year,
281.26 multiplied by ~~five~~ ten percent for each week or fraction of a week that the certification or
281.27 corrective certification is ~~late~~ filed after March 15 or more than 30 days after the date on
281.28 the notice of rejection. ~~The penalty must be computed beginning ten days after the postmark~~
281.29 ~~date of the commissioner's notification.~~ Aid amounts forfeited as a result of the penalty
281.30 revert to the state general fund. Failure to receive the certification form is not a defense for
281.31 a failure to file.

281.32 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024
281.33 and thereafter.

282.1 Sec. 14. Minnesota Statutes 2022, section 477B.03, subdivision 2, is amended to read:

282.2 Subd. 2. **Apportionment of fire state aid.** (a) The amount of fire state aid available for
282.3 apportionment, before the addition of the minimum fire state aid allocation amount under
282.4 subdivision 5, is equal to 107 percent of the amount of premium taxes paid to the state upon
282.5 the fire, lightning, sprinkler leakage, and extended coverage premiums reported to the
282.6 commissioner by companies or insurance companies on the Minnesota Fire Premium Report,
282.7 except that credits claimed under section 297I.20, subdivisions 3, 4, and 5, do not affect the
282.8 calculation of the amount of fire state aid available for apportionment. This amount must
282.9 be reduced by the amount required to pay the state auditor's costs and expenses of the audits
282.10 or exams of the firefighters' relief associations.

282.11 (b) The total amount available for apportionment must not be less than two percent of
282.12 the premiums less return premiums reported to the commissioner by companies or insurance
282.13 companies on the Minnesota Fire Premium Report after subtracting the following amounts:

282.14 (1) the amount required to pay the state auditor's costs and expenses of the audits or
282.15 exams of the firefighters' relief associations; and

282.16 (2) one percent of the premiums reported by township mutual insurance companies and
282.17 mutual property and casualty companies with total assets of \$5,000,000 or less.

282.18 (c) The commissioner must apportion the fire state aid to each municipality or independent
282.19 nonprofit firefighting corporation qualified under section 477B.02 relative to the premiums
282.20 reported on the Minnesota Fire Premium Reports filed under this chapter.

282.21 (d) The commissioner must calculate the percentage of increase or decrease reflected in
282.22 the apportionment over or under the previous year's available state aid using the same
282.23 premiums as a basis for comparison.

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

282.25 Sec. 15. Minnesota Statutes 2022, section 477B.03, subdivision 3, is amended to read:

282.26 Subd. 3. **Population and estimated market value.** (a) ~~Official statewide federal census~~
282.27 ~~figures~~ The most recent population estimates made by the state demographer pursuant to
282.28 section 4A.02, paragraph (d), must be used in calculations requiring the use of population
282.29 figures under this chapter. ~~Increases or decreases in population disclosed by reason of any~~
282.30 ~~special census must not be taken into consideration.~~

283.1 (b) The ~~latest available~~ estimated market value property figures for the assessment year
283.2 immediately preceding the year the aid is distributed must be used in calculations requiring
283.3 the use of estimated market value property figures under this chapter.

283.4 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024
283.5 and thereafter.

283.6 Sec. 16. Minnesota Statutes 2022, section 477B.03, subdivision 4, is amended to read:

283.7 Subd. 4. **Initial fire state aid allocation amount.** (a) The initial fire state aid allocation
283.8 amount is the amount available for apportionment as fire state aid under subdivision 2,
283.9 without the inclusion of any additional funding amount to support a minimum fire state aid
283.10 amount under section 423A.02, subdivision 3. The initial fire state aid allocation amount
283.11 is allocated one-half in proportion to the population for each fire department service area
283.12 and one-half in proportion to the estimated market value of each fire department service
283.13 area, including (1) the estimated market value of tax-exempt property, and (2) the estimated
283.14 market value of natural resources lands receiving in lieu payments under sections 477A.11
283.15 to 477A.14 and 477A.17. The estimated market value of minerals is excluded.

283.16 (b) In the case of a municipality or independent nonprofit firefighting corporation
283.17 furnishing fire protection to other municipalities as evidenced by valid fire service contracts,
283.18 joint powers agreements, resolutions, and other supporting documents filed with the
283.19 commissioner under section 477B.02, subdivision 5, the distribution must be adjusted
283.20 proportionately to take into consideration the crossover fire protection service. Necessary
283.21 adjustments must be made to subsequent apportionments.

283.22 (c) In the case of municipalities or independent nonprofit firefighting corporations
283.23 qualifying for aid, the commissioner must calculate the state aid for the municipality or
283.24 independent nonprofit firefighting corporation on the basis of the population and the estimated
283.25 market value of the area furnished fire protection service by the fire department as evidenced
283.26 by valid fire service agreements contracts, joint powers agreements, resolutions, and other
283.27 supporting documents filed with the commissioner under section 477B.02, subdivision 5.

283.28 (d) In the case of more than one fire department furnishing contracted fire service to a
283.29 municipality, the population and estimated market value in the apportionment agreement
283.30 filed with the commissioner under section 477B.02, subdivision 5, must be used in calculating
283.31 the state aid.

283.32 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024
283.33 and thereafter.

284.1 Sec. 17. Minnesota Statutes 2022, section 477B.03, subdivision 5, is amended to read:

284.2 Subd. 5. **Minimum fire state aid allocation amount.** (a) The minimum fire state aid
284.3 allocation amount is the amount derived from any additional funding amount to support a
284.4 minimum fire state aid amount under section 423A.02, subdivision 3. The minimum fire
284.5 state aid allocation amount is allocated to municipalities or independent nonprofit firefighting
284.6 corporations with volunteer firefighters' relief associations or covered by the statewide
284.7 volunteer firefighter plan. The amount is based on the number of active volunteer firefighters
284.8 who are (1) members of the relief association as reported to the Office of the State Auditor
284.9 in a specific annual financial reporting year as specified in paragraphs (b) to (d), or (2)
284.10 covered by the statewide volunteer firefighter plan as specified in paragraph (e).

284.11 (b) For relief associations established in calendar year 1993 or a prior year, the number
284.12 of active volunteer firefighters equals the number of active volunteer firefighters who were
284.13 members of the relief association as reported in the annual financial reporting for calendar
284.14 year 1993, but not to exceed 30 active volunteer firefighters.

284.15 (c) For relief associations established in calendar year 1994 through calendar year 1999,
284.16 the number of active volunteer firefighters equals the number of active volunteer firefighters
284.17 who were members of the relief association as reported in the annual financial reporting for
284.18 calendar year 1998 to the Office of the State Auditor, but not to exceed 30 active volunteer
284.19 firefighters.

284.20 (d) For relief associations established after calendar year 1999, the number of active
284.21 volunteer firefighters equals the number of active volunteer firefighters who are members
284.22 of the relief association as reported in the first annual financial reporting submitted to the
284.23 Office of the State Auditor, but not to exceed 20 active volunteer firefighters.

284.24 (e) ~~If a relief association is terminated as a result of~~ For a municipality or independent
284.25 nonprofit firefighting corporation that is providing retirement coverage for volunteer
284.26 firefighters by the statewide volunteer firefighter plan under chapter 353G, the number of
284.27 active volunteer firefighters equals the number of active volunteer firefighters of the
284.28 municipality or independent nonprofit firefighting corporation covered by the statewide
284.29 plan as certified by the executive director of the Public Employees Retirement Association
284.30 to the commissioner and the state auditor within 30 days of the date the municipality or
284.31 independent nonprofit firefighting corporation begins coverage in the plan, but not to exceed
284.32 30 active firefighters.

284.33 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024
284.34 and thereafter.

285.1 Sec. 18. Minnesota Statutes 2022, section 477B.03, subdivision 7, is amended to read:

285.2 Subd. 7. **Appeal.** A municipality, an independent nonprofit firefighting corporation, a
285.3 fire relief association, or the statewide volunteer firefighter plan may object to the amount
285.4 of fire state aid apportioned to it by filing a written request with the commissioner to review
285.5 and adjust the apportionment of funds within the state. The objection of a municipality, an
285.6 independent nonprofit firefighting corporation, a fire relief association, or the voluntary
285.7 statewide volunteer firefighter retirement plan must be filed with the commissioner within
285.8 60 days of the date the amount of apportioned fire state aid is paid. The decision of the
285.9 commissioner is subject to appeal, review, and adjustment by the district court in the county
285.10 in which the applicable municipality or independent nonprofit firefighting corporation is
285.11 located or by the Ramsey County District Court with respect to the statewide volunteer
285.12 firefighter plan.

285.13 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024
285.14 and thereafter.

285.15 Sec. 19. Minnesota Statutes 2022, section 477B.04, subdivision 1, is amended to read:

285.16 Subdivision 1. **Payments.** (a) The commissioner must make payments to the Public
285.17 Employees Retirement Association for deposit in the statewide volunteer firefighter fund
285.18 on behalf of a municipality or independent nonprofit firefighting corporation that is a member
285.19 of the statewide volunteer firefighter plan under chapter 353G, ~~or directly to a municipality~~
285.20 ~~or county designated by an independent nonprofit firefighting corporation.~~ The commissioner
285.21 must directly pay all other municipalities qualifying for fire state aid, except as provided in
285.22 paragraph (d). The payment is equal to the amount of fire state aid apportioned to the
285.23 applicable fire state aid recipient under section 477B.03.

285.24 (b) Fire state aid is payable on October 1 annually. The amount of state aid due and not
285.25 paid by October 1 accrues interest payable to the recipient at the rate of one percent for each
285.26 month or part of a month that the amount remains unpaid after October 1.

285.27 (c) If the commissioner of revenue does not receive a financial compliance report
285.28 described in section 6.495, subdivision 3, for a relief association, the amount of fire state
285.29 aid apportioned to a municipality or independent nonprofit firefighting corporation under
285.30 section 477B.03 for that relief association must be withheld from payment to the Public
285.31 Employees Retirement Association or the municipality. The commissioner of revenue must
285.32 issue a withheld payment within ten business days of receipt of a financial compliance report
285.33 under section 6.495, subdivision 3. The interest under paragraph (b) does not apply ~~when~~

286.1 ~~to a payment has not been made by October 1 due to noncompliance with sections 424A.014~~
286.2 ~~and 477B.02, subdivision 7 withheld under this paragraph.~~

286.3 (d) The commissioner must make payments directly to the largest municipality in
286.4 population located within any area included in a joint powers entity that does not have a
286.5 designated agency under section 471.59, subdivision 3, or within the fire department service
286.6 area of an eligible independent nonprofit firefighting corporation. If there is no city or town
286.7 within the fire department service area of an eligible independent nonprofit firefighting
286.8 corporation, fire state aid must be paid to the county where the independent nonprofit
286.9 firefighting corporation is located.

286.10 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024
286.11 and thereafter.

286.12 Sec. 20. Minnesota Statutes 2022, section 477B.04, is amended by adding a subdivision
286.13 to read:

286.14 Subd. 4. **Aid amount corrections.** (a) An adjustment needed to correct a fire state aid
286.15 overpayment or underpayment due to a clerical error must be made to subsequent fire state
286.16 aid payments as provided in paragraphs (b) and (c). The authority to correct an aid payment
286.17 under this subdivision is limited to three years after the payment was issued.

286.18 (b) If an overpayment equals more than ten percent of the most recently paid aid amount,
286.19 the commissioner must reduce the aid a municipality or independent nonprofit firefighting
286.20 corporation is to receive by the amount overpaid over a period of no more than three years.
286.21 If an overpayment equals or is less than ten percent of the most recently paid aid amount,
286.22 the commissioner must reduce the next aid payment occurring in 30 days or more by the
286.23 amount overpaid.

286.24 (c) In the event of an underpayment, the commissioner must distribute the amount of
286.25 underpaid funds to the municipality or independent nonprofit firefighting corporation over
286.26 a period of no more than three years. An additional distribution to a municipality or
286.27 independent nonprofit firefighting corporation must be paid from the general fund and must
286.28 not diminish the payments made to other municipalities or independent nonprofit firefighting
286.29 corporations under this chapter.

286.30 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024
286.31 and thereafter.

287.1 Sec. 21. Minnesota Statutes 2022, section 477C.02, subdivision 4, is amended to read:

287.2 Subd. 4. **Penalty for failure to file or correct certification.** (a) If a certification under
287.3 subdivision 1 or 2 is not filed with the commissioner on or before March ~~15~~ 1, the
287.4 commissioner must notify the municipal clerk, municipal clerk-treasurer, or county auditor
287.5 that a penalty ~~equal to a portion or all of its current year aid will apply if the certification~~
287.6 ~~is not received within ten days~~ will be deducted from police state aid certified for the current
287.7 year if the certification is not filed on or before March 15.

287.8 (b) If the commissioner rejects the certification under subdivision 1 or 2 for inaccurate
287.9 or incomplete information, the municipal clerk, municipal clerk-treasurer, or county auditor
287.10 must file a corrective certification after taking corrective action as identified by the
287.11 commissioner in the notice of rejection. The corrective certification must be filed within
287.12 30 days of the date on the notice of rejection, or by March 15, whichever date is later.

287.13 ~~(b)~~ (c) A penalty applies to (1) a certification under subdivisions 1 and 2 filed after
287.14 March 15, and (2) a corrective certification under paragraph (b) filed after March 15 that
287.15 is also filed more than 30 days after the date on the notice of rejection. The penalty for
287.16 ~~failure to file the certification under subdivision 1 or 2~~ is equal to the amount of police state
287.17 aid determined for the municipality for the current year, multiplied by five ten percent for
287.18 each week or fraction of a week that the certification or corrective certification is late filed
287.19 after March 15 or more than 30 days after the date on the notice of rejection. The penalty
287.20 ~~must be computed beginning ten days after the postmark date of the commissioner's~~
287.21 ~~notification as required under this subdivision.~~ All aid amounts forfeited as a result of the
287.22 penalty revert to the state general fund. Failure to receive the certification form may not be
287.23 used as a defense for a failure to file.

287.24 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024
287.25 and thereafter.

287.26 Sec. 22. Minnesota Statutes 2022, section 477C.03, subdivision 2, is amended to read:

287.27 Subd. 2. **Apportionment of police state aid.** (a) The total amount available for
287.28 apportionment as police state aid is equal to 104 percent of the amount of premium taxes
287.29 paid to the state on the premiums reported to the commissioner by companies or insurance
287.30 companies on the Minnesota Aid to Police Premium Report, except that credits claimed
287.31 under section 297I.20, subdivisions 3, 4, and 5, do not affect the calculation of the total
287.32 amount of police state aid available for apportionment. The total amount for apportionment
287.33 for the police state aid program must not be less than two percent of the amount of premiums

288.1 reported to the commissioner by companies or insurance companies on the Minnesota Aid
288.2 to Police Premium Report.

288.3 (b) The commissioner must calculate the percentage of increase or decrease reflected in
288.4 the apportionment over or under the previous year's available state aid using the same
288.5 premiums as a basis for comparison.

288.6 (c) In addition to the amount for apportionment of police state aid under paragraph (a),
288.7 each year \$100,000 must be apportioned for police state aid. An amount sufficient to pay
288.8 this increase is annually appropriated from the general fund.

288.9 (d) The commissioner must apportion police state aid to all municipalities in proportion
288.10 to the relationship that the total number of peace officers employed by that municipality for
288.11 the prior calendar year and the proportional or fractional number who were employed less
288.12 than a calendar year as credited under section 477C.02, subdivision 1, paragraph (c), bears
288.13 to the total number of peace officers employed by all municipalities subject to any reduction
288.14 under subdivision 3.

288.15 ~~(e) Any necessary additional adjustments must be made to subsequent police state aid~~
288.16 ~~apportionments.~~

288.17 **EFFECTIVE DATE.** (a) The amendment to paragraph (a) is effective the day following
288.18 final enactment.

288.19 (b) The amendment striking paragraph (e) is effective for aids payable in calendar year
288.20 2024 and thereafter.

288.21 Sec. 23. Minnesota Statutes 2022, section 477C.03, subdivision 5, is amended to read:

288.22 Subd. 5. **Appeal.** A municipality may object to the amount of police state aid apportioned
288.23 to it by filing a written request with the commissioner to review and adjust the apportionment
288.24 of funds to the municipality. The objection of a municipality must be filed with the
288.25 commissioner within 60 days of the date the amount of apportioned police state aid is paid.
288.26 The decision of the commissioner is subject to appeal, review, and adjustment by the district
288.27 court in the county in which the applicable municipality is located or by the Ramsey County
288.28 District Court with respect to the Departments of Natural Resources or Public Safety.

288.29 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024
288.30 and thereafter.

289.1 Sec. 24. Minnesota Statutes 2022, section 477C.04, is amended by adding a subdivision
289.2 to read:

289.3 Subd. 4. **Aid amount corrections.** (a) An adjustment needed to correct a police state
289.4 aid overpayment or underpayment due to a clerical error must be made to subsequent police
289.5 state aid payments as provided in paragraphs (b) and (c). The authority to correct an aid
289.6 payment under this subdivision is limited to three years after the payment was issued.

289.7 (b) If an overpayment equals more than ten percent of the most recently paid aid amount,
289.8 the commissioner must reduce the aid a municipality is to receive by the amount overpaid
289.9 over a period of no more than three years. If an overpayment equals or is less than ten
289.10 percent of the most recently paid aid amount, the commissioner must reduce the next aid
289.11 payment occurring in 30 days or more by the amount overpaid.

289.12 (c) In the event of an underpayment, the commissioner must distribute the amount of
289.13 underpaid funds to the municipality over a period of no more than three years. An additional
289.14 distribution to a municipality must be paid from the general fund and must not diminish the
289.15 payments made to other municipalities under this chapter.

289.16 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024
289.17 and thereafter.

289.18 Sec. 25. **REPEALER.**

289.19 Minnesota Statutes 2022, sections 477B.02, subdivision 4; and 477B.03, subdivision 6,
289.20 are repealed.

289.21 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024
289.22 and thereafter.

289.23 **ARTICLE 15**

289.24 **DEPARTMENT OF REVENUE:** 289.25 **DATA PRACTICES**

289.26 Section 1. Minnesota Statutes 2022, section 13.46, subdivision 2, is amended to read:

289.27 Subd. 2. **General.** (a) Data on individuals collected, maintained, used, or disseminated
289.28 by the welfare system are private data on individuals, and shall not be disclosed except:

289.29 (1) according to section 13.05;

289.30 (2) according to court order;

289.31 (3) according to a statute specifically authorizing access to the private data;

290.1 (4) to an agent of the welfare system and an investigator acting on behalf of a county,
290.2 the state, or the federal government, including a law enforcement person or attorney in the
290.3 investigation or prosecution of a criminal, civil, or administrative proceeding relating to the
290.4 administration of a program;

290.5 (5) to personnel of the welfare system who require the data to verify an individual's
290.6 identity; determine eligibility, amount of assistance, and the need to provide services to an
290.7 individual or family across programs; coordinate services for an individual or family;
290.8 evaluate the effectiveness of programs; assess parental contribution amounts; and investigate
290.9 suspected fraud;

290.10 (6) to administer federal funds or programs;

290.11 (7) between personnel of the welfare system working in the same program;

290.12 (8) to the Department of Revenue to assess parental contribution amounts for purposes
290.13 of section 252.27, subdivision 2a, administer and evaluate tax refund or tax credit programs
290.14 and to identify individuals who may benefit from these programs, and prepare the databases
290.15 for reports required under section 270C.13 and Laws 2008, chapter 366, article 17, section
290.16 6. The following information may be disclosed under this paragraph: an individual's and
290.17 their dependent's names, dates of birth, Social Security numbers, income, addresses, and
290.18 other data as required, upon request by the Department of Revenue. Disclosures by the
290.19 commissioner of revenue to the commissioner of human services for the purposes described
290.20 in this clause are governed by section 270B.14, subdivision 1. Tax refund or tax credit
290.21 programs include, but are not limited to, the dependent care credit under section 290.067,
290.22 the Minnesota working family credit under section 290.0671, the property tax refund and
290.23 rental credit under section 290A.04, and the Minnesota education credit under section
290.24 290.0674;

290.25 (9) between the Department of Human Services, the Department of Employment and
290.26 Economic Development, and when applicable, the Department of Education, for the following
290.27 purposes:

290.28 (i) to monitor the eligibility of the data subject for unemployment benefits, for any
290.29 employment or training program administered, supervised, or certified by that agency;

290.30 (ii) to administer any rehabilitation program or child care assistance program, whether
290.31 alone or in conjunction with the welfare system;

290.32 (iii) to monitor and evaluate the Minnesota family investment program or the child care
290.33 assistance program by exchanging data on recipients and former recipients of Supplemental

291.1 Nutrition Assistance Program (SNAP) benefits, cash assistance under chapter 256, 256D,
291.2 256J, or 256K, child care assistance under chapter 119B, medical programs under chapter
291.3 256B or 256L, or a medical program formerly codified under chapter 256D; and

291.4 (iv) to analyze public assistance employment services and program utilization, cost,
291.5 effectiveness, and outcomes as implemented under the authority established in Title II,
291.6 Sections 201-204 of the Ticket to Work and Work Incentives Improvement Act of 1999.
291.7 Health records governed by sections 144.291 to 144.298 and "protected health information"
291.8 as defined in Code of Federal Regulations, title 45, section 160.103, and governed by Code
291.9 of Federal Regulations, title 45, parts 160-164, including health care claims utilization
291.10 information, must not be exchanged under this clause;

291.11 (10) to appropriate parties in connection with an emergency if knowledge of the
291.12 information is necessary to protect the health or safety of the individual or other individuals
291.13 or persons;

291.14 (11) data maintained by residential programs as defined in section 245A.02 may be
291.15 disclosed to the protection and advocacy system established in this state according to Part
291.16 C of Public Law 98-527 to protect the legal and human rights of persons with developmental
291.17 disabilities or other related conditions who live in residential facilities for these persons if
291.18 the protection and advocacy system receives a complaint by or on behalf of that person and
291.19 the person does not have a legal guardian or the state or a designee of the state is the legal
291.20 guardian of the person;

291.21 (12) to the county medical examiner or the county coroner for identifying or locating
291.22 relatives or friends of a deceased person;

291.23 (13) data on a child support obligor who makes payments to the public agency may be
291.24 disclosed to the Minnesota Office of Higher Education to the extent necessary to determine
291.25 eligibility under section 136A.121, subdivision 2, clause (5);

291.26 (14) participant Social Security numbers and names collected by the telephone assistance
291.27 program may be disclosed to the Department of Revenue to conduct an electronic data
291.28 match with the property tax refund database to determine eligibility under section 237.70,
291.29 subdivision 4a;

291.30 (15) the current address of a Minnesota family investment program participant may be
291.31 disclosed to law enforcement officers who provide the name of the participant and notify
291.32 the agency that:

291.33 (i) the participant:

292.1 (A) is a fugitive felon fleeing to avoid prosecution, or custody or confinement after
292.2 conviction, for a crime or attempt to commit a crime that is a felony under the laws of the
292.3 jurisdiction from which the individual is fleeing; or

292.4 (B) is violating a condition of probation or parole imposed under state or federal law;

292.5 (ii) the location or apprehension of the felon is within the law enforcement officer's
292.6 official duties; and

292.7 (iii) the request is made in writing and in the proper exercise of those duties;

292.8 (16) the current address of a recipient of general assistance may be disclosed to probation
292.9 officers and corrections agents who are supervising the recipient and to law enforcement
292.10 officers who are investigating the recipient in connection with a felony level offense;

292.11 (17) information obtained from a SNAP applicant or recipient households may be
292.12 disclosed to local, state, or federal law enforcement officials, upon their written request, for
292.13 the purpose of investigating an alleged violation of the Food and Nutrition Act, according
292.14 to Code of Federal Regulations, title 7, section 272.1(c);

292.15 (18) the address, Social Security number, and, if available, photograph of any member
292.16 of a household receiving SNAP benefits shall be made available, on request, to a local, state,
292.17 or federal law enforcement officer if the officer furnishes the agency with the name of the
292.18 member and notifies the agency that:

292.19 (i) the member:

292.20 (A) is fleeing to avoid prosecution, or custody or confinement after conviction, for a
292.21 crime or attempt to commit a crime that is a felony in the jurisdiction the member is fleeing;

292.22 (B) is violating a condition of probation or parole imposed under state or federal law;
292.23 or

292.24 (C) has information that is necessary for the officer to conduct an official duty related
292.25 to conduct described in subitem (A) or (B);

292.26 (ii) locating or apprehending the member is within the officer's official duties; and

292.27 (iii) the request is made in writing and in the proper exercise of the officer's official duty;

292.28 (19) the current address of a recipient of Minnesota family investment program, general
292.29 assistance, or SNAP benefits may be disclosed to law enforcement officers who, in writing,
292.30 provide the name of the recipient and notify the agency that the recipient is a person required
292.31 to register under section 243.166, but is not residing at the address at which the recipient is
292.32 registered under section 243.166;

293.1 (20) certain information regarding child support obligors who are in arrears may be
293.2 made public according to section 518A.74;

293.3 (21) data on child support payments made by a child support obligor and data on the
293.4 distribution of those payments excluding identifying information on obligees may be
293.5 disclosed to all obligees to whom the obligor owes support, and data on the enforcement
293.6 actions undertaken by the public authority, the status of those actions, and data on the income
293.7 of the obligor or obligee may be disclosed to the other party;

293.8 (22) data in the work reporting system may be disclosed under section 256.998,
293.9 subdivision 7;

293.10 (23) to the Department of Education for the purpose of matching Department of Education
293.11 student data with public assistance data to determine students eligible for free and
293.12 reduced-price meals, meal supplements, and free milk according to United States Code,
293.13 title 42, sections 1758, 1761, 1766, 1766a, 1772, and 1773; to allocate federal and state
293.14 funds that are distributed based on income of the student's family; and to verify receipt of
293.15 energy assistance for the telephone assistance plan;

293.16 (24) the current address and telephone number of program recipients and emergency
293.17 contacts may be released to the commissioner of health or a community health board as
293.18 defined in section 145A.02, subdivision 5, when the commissioner or community health
293.19 board has reason to believe that a program recipient is a disease case, carrier, suspect case,
293.20 or at risk of illness, and the data are necessary to locate the person;

293.21 (25) to other state agencies, statewide systems, and political subdivisions of this state,
293.22 including the attorney general, and agencies of other states, interstate information networks,
293.23 federal agencies, and other entities as required by federal regulation or law for the
293.24 administration of the child support enforcement program;

293.25 (26) to personnel of public assistance programs as defined in section 256.741, for access
293.26 to the child support system database for the purpose of administration, including monitoring
293.27 and evaluation of those public assistance programs;

293.28 (27) to monitor and evaluate the Minnesota family investment program by exchanging
293.29 data between the Departments of Human Services and Education, on recipients and former
293.30 recipients of SNAP benefits, cash assistance under chapter 256, 256D, 256J, or 256K, child
293.31 care assistance under chapter 119B, medical programs under chapter 256B or 256L, or a
293.32 medical program formerly codified under chapter 256D;

294.1 (28) to evaluate child support program performance and to identify and prevent fraud
294.2 in the child support program by exchanging data between the Department of Human Services,
294.3 Department of Revenue under section 270B.14, subdivision 1, paragraphs (a) and (b),
294.4 without regard to the limitation of use in paragraph (c), Department of Health, Department
294.5 of Employment and Economic Development, and other state agencies as is reasonably
294.6 necessary to perform these functions;

294.7 (29) counties and the Department of Human Services operating child care assistance
294.8 programs under chapter 119B may disseminate data on program participants, applicants,
294.9 and providers to the commissioner of education;

294.10 (30) child support data on the child, the parents, and relatives of the child may be
294.11 disclosed to agencies administering programs under titles IV-B and IV-E of the Social
294.12 Security Act, as authorized by federal law;

294.13 (31) to a health care provider governed by sections 144.291 to 144.298, to the extent
294.14 necessary to coordinate services;

294.15 (32) to the chief administrative officer of a school to coordinate services for a student
294.16 and family; data that may be disclosed under this clause are limited to name, date of birth,
294.17 gender, and address;

294.18 (33) to county correctional agencies to the extent necessary to coordinate services and
294.19 diversion programs; data that may be disclosed under this clause are limited to name, client
294.20 demographics, program, case status, and county worker information; or

294.21 (34) between the Department of Human Services and the Metropolitan Council for the
294.22 following purposes:

294.23 (i) to coordinate special transportation service provided under section 473.386 with
294.24 services for people with disabilities and elderly individuals funded by or through the
294.25 Department of Human Services; and

294.26 (ii) to provide for reimbursement of special transportation service provided under section
294.27 473.386.

294.28 The data that may be shared under this clause are limited to the individual's first, last, and
294.29 middle names; date of birth; residential address; and program eligibility status with expiration
294.30 date for the purposes of informing the other party of program eligibility.

294.31 (b) Information on persons who have been treated for drug or alcohol abuse may only
294.32 be disclosed according to the requirements of Code of Federal Regulations, title 42, sections
294.33 2.1 to 2.67.

295.1 (c) Data provided to law enforcement agencies under paragraph (a), clause (15), (16),
295.2 (17), or (18), or paragraph (b), are investigative data and are confidential or protected
295.3 nonpublic while the investigation is active. The data are private after the investigation
295.4 becomes inactive under section 13.82, subdivision 7, clause (a) or (b).

295.5 (d) Mental health data shall be treated as provided in subdivisions 7, 8, and 9, but are
295.6 not subject to the access provisions of subdivision 10, paragraph (b).

295.7 For the purposes of this subdivision, a request will be deemed to be made in writing if
295.8 made through a computer interface system.

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

295.10 Sec. 2. Minnesota Statutes 2022, section 270C.13, subdivision 1, is amended to read:

295.11 Subdivision 1. **Biennial report.** (a) The commissioner shall report to the legislature on
295.12 the overall incidence of the income tax, sales and excise taxes, and property tax.

295.13 (b) The commissioner must submit the report:

295.14 (1) by March 1, 2021; and

295.15 (2) by March 1, 2024, and each even-numbered year thereafter.

295.16 (c) The report shall present information on the distribution of the tax burden as follows:
295.17 (1) for the overall income distribution, using a systemwide incidence measure such as the
295.18 Suits index or other appropriate measures of equality and inequality; (2) by income classes,
295.19 including at a minimum deciles of the income distribution; and (3) by other appropriate
295.20 taxpayer characteristics.

295.21 (d) The commissioner may request information from any state officer or agency to assist
295.22 in carrying out this section. The state officer or agency shall provide the data requested to
295.23 the extent permitted by law.

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

295.25 Sec. 3. Minnesota Statutes 2022, section 270C.446, subdivision 2, is amended to read:

295.26 Subd. 2. **Required and excluded tax preparers.** (a) Subject to the limitations of
295.27 paragraph (b), the commissioner must publish lists of tax preparers as defined in section
295.28 270C.445, subdivision 2, paragraph (h), who have been:

295.29 (1) convicted under section 289A.63;

296.1 (2) assessed penalties in excess of \$1,000 under section 289A.60, subdivision 13,
296.2 paragraph (a);

296.3 (3) convicted for identity theft under section 609.527, or a similar statute, for a return
296.4 filed with the commissioner, the Internal Revenue Service, or another state;

296.5 (4) assessed a penalty under section 270C.445, subdivision 6, paragraph (a), in excess
296.6 of \$1,000;

296.7 (5) issued a cease and desist order under section 270C.445, subdivision 6, paragraph
296.8 (b), that has become a final order; ~~or~~

296.9 (6) assessed a penalty under section 270C.445, subdivision 6, paragraph (l), for violating
296.10 a cease and desist order; or

296.11 (7) assessed a penalty under section 289A.60, subdivision 28, paragraph (c), or (d), in
296.12 excess of \$1,000.

296.13 (b) For the purposes of this section, tax preparers are not subject to publication if:

296.14 (1) an administrative or court action contesting or appealing a penalty described in
296.15 paragraph (a), clause (2), (4), or (6), has been filed or served and is unresolved at the time
296.16 when notice would be given under subdivision 3;

296.17 (2) an appeal period to contest a penalty described in paragraph (a), clause (2), (4), or
296.18 (6), has not expired;

296.19 (3) the commissioner has been notified that the tax preparer is deceased;

296.20 (4) an appeal period to contest a cease and desist order issued under section 270C.445,
296.21 subdivision 6, paragraph (b), has not expired;

296.22 (5) an administrative or court action contesting or appealing a cease and desist order
296.23 issued under section 270C.445, subdivision 6, paragraph (b), has been filed or served and
296.24 is unresolved at the time when notice would be given under subdivision 3;

296.25 (6) a direct appeal of a conviction described in paragraph (a), clause (1) or (3), has been
296.26 filed or served and is unresolved at the time when the notice would be given under
296.27 subdivision 3; or

296.28 (7) an appeal period to contest a conviction described in paragraph (a), clause (1) or (3),
296.29 has not expired.

296.30 **EFFECTIVE DATE.** This section is effective for returns filed after December 31, 2023.

297.1 Sec. 4. Minnesota Statutes 2022, section 290A.19, is amended to read:

297.2 **290A.19 OWNER OR MANAGING AGENT TO FURNISH RENT CERTIFICATE.**

297.3 (a) The owner or managing agent of any property for which rent is paid for occupancy
297.4 as a homestead must furnish a certificate of rent paid to a person who is a renter on December
297.5 31, in the form prescribed by the commissioner. If the renter moves before December 31,
297.6 the owner or managing agent may give the certificate to the renter at the time of moving,
297.7 or mail the certificate to the forwarding address if an address has been provided by the
297.8 renter. The certificate must be made available to the renter before February 1 of the year
297.9 following the year in which the rent was paid. The owner or managing agent must retain a
297.10 duplicate of each certificate or an equivalent record showing the same information for a
297.11 period of three years. The duplicate or other record must be made available to the
297.12 commissioner upon request.

297.13 (b) The commissioner may require the owner or managing agent, through a simple
297.14 process, to furnish to the commissioner on or before March 1 a copy of each certificate of
297.15 rent paid furnished to a renter for rent paid in the prior year. The commissioner shall prescribe
297.16 the content, format, and manner of the form pursuant to section 270C.30. The commissioner
297.17 may require the Social Security number, individual taxpayer identification number, federal
297.18 employer identification number, or Minnesota taxpayer identification number of the owner
297.19 or managing agent who is required to furnish a certificate of rent paid under this paragraph.
297.20 Prior to implementation, the commissioner, after consulting with representatives of owners
297.21 or managing agents, shall develop an implementation and administration plan for the
297.22 requirements of this paragraph that attempts to minimize financial burdens, administration
297.23 and compliance costs, and takes into consideration existing systems of owners and managing
297.24 agents.

297.25 (c) For the purposes of this section, "owner" includes a park owner as defined under
297.26 section 327C.015, subdivision 9, and "property" includes a lot as defined under section
297.27 327C.015, subdivision 6.

297.28 **EFFECTIVE DATE.** This section is effective for refund claims based on rent paid in
297.29 2023 and thereafter.

297.30 Sec. 5. Minnesota Statutes 2022, section 299C.76, subdivision 1, is amended to read:

297.31 Subdivision 1. **Definitions.** (a) For the purposes of this section, the following definitions
297.32 apply.

298.1 (b) "Federal tax information" means federal tax returns and return information or
298.2 information derived or created from federal tax returns, in possession of or control by the
298.3 requesting agency, that is covered by the safeguarding provisions of section 6103(p)(4) of
298.4 the Internal Revenue Code.

298.5 (c) "IRS Publication 1075" means Internal Revenue Service Publication 1075 that
298.6 provides guidance and requirements for the protection and confidentiality of federal tax
298.7 information as required in section 6103(p)(4) of the Internal Revenue Code.

298.8 (d) "National criminal history record information" means the Federal Bureau of
298.9 Investigation identification records as defined in Code of Federal Regulations, title 28,
298.10 section 20.3(d).

298.11 (e) "Requesting agency" means the Department of Revenue, Department of Employment
298.12 and Economic Development, Department of Human Services, board of directors of MNsure,
298.13 Department of Information Technology Services, attorney general, and counties.

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

298.15 Sec. 6. Minnesota Statutes 2022, section 299C.76, subdivision 2, is amended to read:

298.16 Subd. 2. **National criminal history record information check.** As required by IRS
298.17 Publication 1075, a requesting agency shall require fingerprints for a national criminal
298.18 history record information check from the following individuals who have or will have
298.19 access to federal tax information:

298.20 (1) a current or prospective permanent or temporary employee of the requesting agency;

298.21 (2) an independent contractor or vendor of the requesting agency; or

298.22 (3) an employee ~~or agent~~ of an independent contractor or vendor of the requesting agency;
298.23 ~~or.~~

298.24 ~~(4) any other individual authorized to access federal tax information by the requesting~~
298.25 ~~agency.~~

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

298.27 Sec. 7. Laws 2008, chapter 366, article 17, section 6, is amended to read:

298.28 Sec. 6. **DATA UPDATE.**

298.29 The commissioner of revenue must continue to maintain, update, and make available
298.30 the information required under Laws 1987, chapter 268, article 7, section 1, subdivision 6,

299.1 paragraph (b). The commissioner may request information from any state officer or agency
299.2 to assist in carrying out paragraph (b). The state officer or agency shall provide the data
299.3 requested to the extent permitted by law. The commissioner must provide the most complete
299.4 and current data available, when requested, to the chairs of the senate and house of
299.5 representatives committees on taxes.

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

299.7

ARTICLE 16

299.8

DEPARTMENT OF REVENUE:

299.9

MISCELLANEOUS

299.10 Section 1. Minnesota Statutes 2022, section 270C.19, subdivision 1, is amended to read:

299.11 Subdivision 1. **Taxes paid by Indians.** Notwithstanding any other law which limits the
299.12 refund of tax, the commissioner is authorized to enter into a tax refund agreement with the
299.13 governing body of any federally recognized Indian ~~reservation~~ Tribe in Minnesota.

299.14 (b) The agreement may provide for:

299.15 (1) a mutually agreed-upon amount as a refund to the governing body of an estimate of
299.16 any sales or excise tax paid by the total resident Indian population on or adjacent to a
299.17 reservation into the state treasury, Tribal members on transactions occurring on the
299.18 reservation or on transactions that would occur on the reservation if there was no agreement;
299.19 or

299.20 (2) for an amount which measures the economic value of an agreement by the Tribal
299.21 government to pay the equivalent of the state sales tax on items included in the sales tax
299.22 base but exempt on the reservation, ~~notwithstanding any other law which limits the~~
299.23 ~~refundment of taxes.~~ ~~The total resident Indian population on or adjacent to a reservation~~
299.24 ~~shall be defined according to the United States Department of the Interior, Bureau of Indian~~
299.25 ~~Affairs, as determined and stated in its Report on Service Population and Labor Force.~~

299.26 (c) For purposes of this section, "Tribal members" means the number of enrolled members
299.27 of the Tribe who live on or adjacent to the reservation as defined in the agreement.

299.28 (d) In arriving at the refund amount, the commissioner must consider Tribal enrollment
299.29 records, estimates contained in the tax incidence report under section 270C.13, and any
299.30 other information available to the commissioner.

299.31 **EFFECTIVE DATE.** This section is effective retroactively for agreements entered into
299.32 or amended after December 31, 2022.

300.1 Sec. 2. Minnesota Statutes 2022, section 270C.19, subdivision 2, is amended to read:

300.2 Subd. 2. **Sales, use, and excise taxes.** (a) The commissioner is authorized to enter into
300.3 a tax agreement with the governing body of any federally recognized Indian ~~reservation~~
300.4 Tribes in Minnesota, that provides for the state and the Tribal government to share sales,
300.5 use, and excise tax revenues generated from on-reservation activities of ~~non-Indians~~
300.6 non-Tribal members and off-reservation activities of Tribal members ~~of the reservation~~.
300.7 Every agreement entered into pursuant to this subdivision must require the commissioner
300.8 to collect all state and Tribal taxes covered by the agreement.

300.9 (b) The commissioner is authorized to collect any Tribal taxes imposed pursuant to any
300.10 agreement entered into pursuant to this subdivision and to make payments authorized by
300.11 the agreement to the Tribal government from the funds collected.

300.12 (c) The commissioner shall pay to the Tribal government its share of the taxes collected
300.13 pursuant to the agreement, as indicated in the agreement, and grant the taxpayer a credit for
300.14 the taxpayer's share of the amount paid to the Tribal government against the taxpayer's
300.15 Minnesota tax.

300.16 **EFFECTIVE DATE.** This section is effective retroactively for agreements entered into
300.17 or amended after December 31, 2022.

300.18 Sec. 3. Minnesota Statutes 2022, section 295.50, subdivision 4, is amended to read:

300.19 Subd. 4. **Health care provider.** (a) "Health care provider" means:

300.20 (1) a person whose health care occupation is regulated or required to be regulated by
300.21 the state of Minnesota furnishing any or all of the following goods or services directly to a
300.22 patient or consumer: medical, surgical, optical, visual, dental, hearing, nursing services,
300.23 drugs, laboratory, diagnostic or therapeutic services;

300.24 (2) a person who provides goods and services not listed in clause (1) that qualify for
300.25 reimbursement under the medical assistance program provided under chapter 256B;

300.26 (3) a staff model health plan company;

300.27 (4) an ambulance service required to be licensed;

300.28 (5) a person who sells or repairs hearing aids and related equipment or prescription
300.29 eyewear; or

300.30 (6) a person providing patient services, who does not otherwise meet the definition of
300.31 health care provider and is not specifically excluded in clause (b), who employs or contracts

301.1 with a health care provider as defined in clauses (1) to (5) to perform, supervise, otherwise
301.2 oversee, or consult with regarding patient services.

301.3 (b) Health care provider does not include:

301.4 (1) hospitals; medical supplies distributors, except as specified under paragraph (a),
301.5 clause (5); nursing homes licensed under chapter 144A or licensed in any other jurisdiction;
301.6 wholesale drug distributors; pharmacies; surgical centers; bus and taxicab transportation,
301.7 or any other providers of transportation services other than ambulance services required to
301.8 be licensed; supervised living facilities for persons with developmental disabilities, licensed
301.9 under Minnesota Rules, parts 4665.0100 to 4665.9900; housing with services establishments
301.10 required to be registered under chapter 144D; board and lodging establishments providing
301.11 only custodial services that are licensed under chapter 157 and registered under section
301.12 157.17 to provide supportive services or health supervision services; adult foster homes as
301.13 defined in Minnesota Rules, part 9555.5105; day training and habilitation services for adults
301.14 with developmental disabilities as defined in section 252.41, subdivision 3; boarding care
301.15 homes, as defined in Minnesota Rules, part 4655.0100; and adult day care centers as defined
301.16 in Minnesota Rules, part 9555.9600;

301.17 (2) home health agencies as defined in Minnesota Rules, part 9505.0175, subpart 15; a
301.18 person providing personal care services and supervision of personal care services as defined
301.19 in Minnesota Rules, part 9505.0335; a person providing home care nursing services as
301.20 defined in Minnesota Rules, part 9505.0360; and home care providers required to be licensed
301.21 under chapter 144A for home care services provided under chapter 144A;

301.22 (3) a person who employs health care providers solely for the purpose of providing
301.23 patient services to its employees;

301.24 (4) an educational institution that employs health care providers solely for the purpose
301.25 of providing patient services to its students if the institution does not receive fee for service
301.26 payments or payments for extended coverage; and

301.27 (5) a person who receives all payments for patient services from health care providers,
301.28 surgical centers, or hospitals for goods and services that are taxable to the paying health
301.29 care providers, surgical centers, or hospitals, as provided under section 295.53, subdivision
301.30 1, paragraph (b), clause (3) or (4), or from a source of funds that is excluded or exempt from
301.31 tax under ~~this chapter~~ sections 295.50 to 295.59.

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

302.1 Sec. 4. Minnesota Statutes 2022, section 296A.083, subdivision 3, is amended to read:

302.2 Subd. 3. **Surcharge rate.** (a) By ~~July 16, 2008, and each April 1 thereafter~~ May 1 each
 302.3 year, the commissioner of revenue shall calculate and publish a surcharge as provided in
 302.4 ~~paragraphs~~ paragraph (b) ~~and (c)~~. The surcharge is imposed ~~from August 1, 2008, through~~
 302.5 ~~June 30, 2009, and each new surcharge thereafter is imposed the following~~ beginning July
 302.6 1 of the year it is published through June 30 of the following year.

302.7 ~~(b) For fiscal years 2009 through 2012, the commissioner shall set the surcharge as~~
 302.8 ~~specified in the following surcharge rate schedule.~~

302.9 ~~Surcharge Rate Schedule~~

302.10	Fiscal Year	Rate (in cents per gallon)
302.11	2009	0.5
302.12	2010	2.1
302.13	2011	2.5
302.14	2012	3.0

302.15 ~~(c) For fiscal year 2013 and thereafter,~~ (b) The commissioner shall set the surcharge at
 302.16 the lesser of (1) 3.5 cents, or (2) an amount calculated so that the total proceeds from the
 302.17 surcharge deposited in the trunk highway fund from fiscal year 2009 to the upcoming fiscal
 302.18 year equals the total amount of debt service from fiscal years 2009 to 2039, and the surcharge
 302.19 is rounded to the nearest 0.1 cent.

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

302.21 Sec. 5. Minnesota Statutes 2022, section 297A.61, subdivision 29, is amended to read:

302.22 Subd. 29. **State.** Unless specifically provided otherwise, "state" means any state of the
 302.23 United States, ~~the Commonwealth of Puerto Rico, and the District of Columbia, and any~~
 302.24 territory of the United States, including American Samoa, Guam, Northern Mariana Islands,
 302.25 Puerto Rico, and the U.S. Virgin Islands.

302.26 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
 302.27 30, 2023.

ARTICLE 17

GRANTS MANAGEMENT

Section 1. **FINANCIAL REVIEW OF NONPROFIT GRANT RECIPIENTS****REQUIRED.**

Subdivision 1. **Financial review required.** (a) Before awarding a competitive, legislatively named, single source, or sole source grant to a nonprofit organization under this act, the grantor must require the applicant to submit financial information sufficient for the grantor to document and assess the applicant's current financial standing and management. Items of significant concern must be addressed with the applicant and resolved to the satisfaction of the grantor before a grant is awarded. The grantor must document the material requested and reviewed; whether the applicant had a significant operating deficit, a deficit in unrestricted net assets, or insufficient internal controls; whether and how the applicant resolved the grantor's concerns; and the grantor's final decision. This documentation must be maintained in the grantor's files.

(b) At a minimum, the grantor must require each applicant to provide the following information:

(1) the applicant's most recent Form 990, Form 990-EZ, or Form 990-N filed with the Internal Revenue Service. If the applicant has not been in existence long enough or is not required to file Form 990, Form 990-EZ, or Form 990-N, the applicant must demonstrate to the grantor that the applicant is exempt and must instead submit documentation of internal controls and the applicant's most recent financial statement prepared in accordance with generally accepted accounting principles and approved by the applicant's board of directors or trustees, or if there is no such board, by the applicant's managing group;

(2) evidence of registration and good standing with the secretary of state under Minnesota Statutes, chapter 317A, or other applicable law;

(3) unless exempt under Minnesota Statutes, section 309.515, evidence of registration and good standing with the attorney general under Minnesota Statutes, chapter 309; and

(4) if required under Minnesota Statutes, section 309.53, subdivision 3, the applicant's most recent audited financial statement prepared in accordance with generally accepted accounting principles.

Subd. 2. **Authority to postpone or forgo; reporting required.** (a) Notwithstanding any contrary provision in this act, a grantor that identifies an area of significant concern

304.1 regarding the financial standing or management of a legislatively named applicant may
304.2 postpone or forgo awarding the grant.

304.3 (b) No later than 30 days after a grantor exercises the authority provided under paragraph
304.4 (a), the grantor must report to the chairs and ranking minority members of the legislative
304.5 committees with jurisdiction over the grantor's operating budget. The report must identify
304.6 the legislatively named applicant and the grantor's reason for postponing or forgoing the
304.7 grant.

304.8 Subd. 3. **Authority to award subject to additional assistance and oversight.** A grantor
304.9 that identifies an area of significant concern regarding an applicant's financial standing or
304.10 management may award a grant to the applicant if the grantor provides or the grantee
304.11 otherwise obtains additional technical assistance, as needed, and the grantor imposes
304.12 additional requirements in the grant agreement. Additional requirements may include, but
304.13 are not limited to, enhanced monitoring, additional reporting, or other reasonable
304.14 requirements imposed by the grantor to protect the interests of the state.

304.15 Subd. 4. **Relation to other law and policy.** The requirements in this section are in
304.16 addition to any other requirements imposed by law; the commissioner of administration
304.17 under Minnesota Statutes, sections 16B.97 and 16B.98; or agency policy.

270A.04 AGENCY PARTICIPATION.

Subd. 5. **Private nonprofit hospital.** A private nonprofit hospital that leases its building from the county or city in which it is located must annually provide the commissioner with a copy of the lease agreement.

290.01 DEFINITIONS.

Subd. 19i. **Deferred foreign income.** "Deferred foreign income" means the income of a domestic corporation that is included in net income under section 965 of the Internal Revenue Code.

290.0131 INDIVIDUALS, ESTATES, AND TRUSTS; ADDITIONS TO FEDERAL TAXABLE INCOME OR FEDERAL ADJUSTED GROSS INCOME.

Subd. 18. **Special deductions.** For trusts and estates, the amount of any special deduction under section 250 or 965 of the Internal Revenue Code is an addition, to the extent not included in taxable income.

290.0132 INDIVIDUALS, ESTATES, AND TRUSTS; SUBTRACTIONS FROM FEDERAL TAXABLE INCOME OR FEDERAL ADJUSTED GROSS INCOME.

No active language found for: 290.0132.33

290A.03 DEFINITIONS.

Subd. 9. **Disabled claimant.** "Disabled claimant" means any claimant who has a disability.

Subd. 11. **Rent constituting property taxes.** "Rent constituting property taxes" means 17 percent of the gross rent actually paid in cash, or its equivalent, or the portion of rent paid in lieu of property taxes, in any calendar year by a claimant for the right of occupancy of the claimant's Minnesota homestead in the calendar year, and which rent constitutes the basis, in the succeeding calendar year of a claim for relief under this chapter by the claimant.

290A.04 REFUND ALLOWABLE.

Subd. 2a. **Renters.** A claimant whose rent constituting property taxes exceeds the percentage of the household income stated below must pay an amount equal to the percent of income shown for the appropriate household income level along with the percent to be paid by the claimant of the remaining amount of rent constituting property taxes. The state refund equals the amount of rent constituting property taxes that remain, up to the maximum state refund amount shown below.

Household Income	Percent of Income	Percent Paid by Claimant	Maximum State Refund
\$0 to 5,269	1.0 percent	5 percent	\$ 2,150
5,270 to 6,999	1.0 percent	10 percent	\$ 2,150
7,000 to 8,749	1.1 percent	10 percent	\$ 2,090
8,750 to 12,269	1.2 percent	10 percent	\$ 2,040
12,270 to 15,779	1.3 percent	15 percent	\$ 1,980
15,780 to 17,519	1.4 percent	15 percent	\$ 1,930
17,520 to 19,259	1.4 percent	20 percent	\$ 1,880
19,260 to 22,779	1.5 percent	20 percent	\$ 1,820
22,780 to 24,529	1.6 percent	20 percent	\$ 1,770
24,530 to 26,279	1.7 percent	25 percent	\$ 1,770
26,280 to 29,789	1.8 percent	25 percent	\$ 1,770
29,790 to 31,529	1.9 percent	30 percent	\$ 1,770
31,530 to 36,789	2.0 percent	30 percent	\$ 1,770
36,790 to 42,039	2.0 percent	35 percent	\$ 1,770
42,040 to 49,059	2.0 percent	40 percent	\$ 1,770

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49,060 to 50,799	2.0 percent	45 percent	\$ 1,610
50,800 to 52,559	2.0 percent	45 percent	\$ 1,450
52,560 to 54,319	2.0 percent	45 percent	\$ 1,230
54,320 to 56,059	2.0 percent	50 percent	\$ 1,070
56,060 to 57,819	2.0 percent	50 percent	\$ 970
57,820 to 59,569	2.0 percent	50 percent	\$ 540
59,570 to 61,319	2.0 percent	50 percent	\$ 210

The payment made to a claimant is the amount of the state refund calculated under this subdivision. No payment is allowed if the claimant's household income is \$61,320 or more.

290A.23 APPROPRIATION.

Subdivision 1. **Renters credit.** There is appropriated from the general fund in the state treasury to the commissioner of revenue the amount necessary to make the payments required under section 290A.04, subdivision 2a.

477A.011 DEFINITIONS.

Subd. 30a. **Percent of housing built between 1940 and 1970.** "Percent of housing built between 1940 and 1970" is equal to 100 times the most recent count by the United States Bureau of the Census of all housing units in the city built after 1939 but before 1970, divided by the total number of all housing units in the city. Housing units includes both occupied and vacant housing units as defined by the federal census.

Subd. 38. **Household size.** "Household size" means the average number of persons per household in the jurisdiction as most recently estimated and reported by the state demographer and Metropolitan Council as of July 15 of the aid calculation year. A revision to an estimate or enumeration is effective for these purposes only if it is certified to the commissioner on or before July 15 of the aid calculation year. Clerical errors in the certification or use of estimates and counts established as of July 15 in the aid calculation year are subject to correction within the time periods allowed under section 477A.014.

Subd. 42. **Jobs per capita in the city.** "Jobs per capita in the city" means (1) the average annual number of employees in the city based on the data from the Quarterly Census of Employment and Wages, as reported by the Department of Employment and Economic Development, for the most recent calendar year available November 1 of every odd-numbered year, divided by (2) the city's population for the same calendar year as the employment data. The commissioner of the Department of Employment and Economic Development shall certify to the city the average annual number of employees for each city by January 1 of every even-numbered year beginning with January 1, 2014. A city may challenge an estimate under this paragraph by filing its specific objection, including the names of employers that it feels may have misreported data, in writing with the commissioner by December 1 of every odd-numbered year. The commissioner shall make every reasonable effort to address the specific objection and adjust the data as necessary. The commissioner shall certify the estimates of the annual employment to the commissioner of revenue by January 1 of all even-numbered years, including any estimates still under objection.

Subd. 45. **Sparsity adjustment.** For a city with a population of 10,000 or more, the sparsity adjustment is 100 for any city with an average population density less than 150 per square mile, according to the most recent federal census. For a city with a population less than 10,000, the sparsity adjustment is 200 for any city with an average population density less than 30 per square mile, according to the most recent federal census. The sparsity adjustment is zero for all other cities.

477A.013 MUNICIPAL GOVERNMENT DISTRIBUTIONS.

Subd. 13. **Certified aid adjustments.** (a) A city that received an aid base increase under Minnesota Statutes 2012, section 477A.011, subdivision 36, paragraph (e), shall have its total aid under subdivision 9 increased by an amount equal to \$150,000 for aids payable in 2014 through 2018.

(b) A city that received an aid base increase under Minnesota Statutes 2012, section 477A.011, subdivision 36, paragraph (r), shall have its total aid under subdivision 9 increased by an amount equal to \$160,000 for aids payable in 2014 and thereafter.

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(c) A city that received a temporary aid increase under Minnesota Statutes 2012, section 477A.011, subdivision 36, paragraph (o), shall have its total aid under subdivision 9 increased by an amount equal to \$1,000,000 for aids payable in 2014 only.

477A.16 UTILITY VALUATION TRANSITION AID.

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

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

(c) "Old rule utility net tax capacity" means the net tax capacity of all public utility property within the local unit's taxing jurisdiction for assessment year 2007, calculated as if the property were valued under valuation rules in effect prior to assessment year 2007.

(d) "New rule utility net tax capacity" means the net tax capacity of all public utility property within the local unit's taxing jurisdiction for assessment year 2007, calculated as if the property were valued under valuation rules in effect for assessment year 2007, but without any phase-in provisions.

(e) "Modified net tax capacity" means the local unit's net tax capacity for taxes payable in 2008, modified by substituting the old rule utility net tax capacity for the actual net tax capacity of utility property. Modified net tax capacity must be determined by the commissioner of revenue based on information and data available to the commissioner as of July 1, 2008.

(f) "Net tax capacity differential" means the positive difference, if any, by which the local unit's old rule utility net tax capacity exceeds its new rule utility net tax capacity.

(g) "Current year net tax capacity differential" means the positive difference, if any, by which the local unit's old rule utility net tax capacity exceeds its total tax capacity of utility property for taxes payable in the current year.

Subd. 2. **Aid eligibility; payment.** (a) If the net tax capacity differential of the local unit exceeds four percent of its modified net tax capacity, the local unit is eligible for transition aid computed under paragraph (b).

(b) For aids payable in 2010 and thereafter, transition aid under this section for an eligible local unit equals (1) the current year net tax capacity differential for taxes payable in the year preceding the aid distribution year, times (2) the jurisdiction's tax rate for taxes payable in 2008.

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

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

477B.02 QUALIFYING FOR FIRE STATE AID.

Subd. 4. **Equipment requirements.** The fire department must have all of the following equipment, or the equivalent as determined by the state fire marshal, by December 31 of the year preceding the certification required in subdivision 8:

(1) a motorized fire truck equipped with:

(i) a motorized pump;

(ii) a 250-gallon or larger water tank;

(iii) 300 feet of one inch or larger fire hose in two lines with combination spray and straight stream nozzles;

(iv) five-gallon hand pumps - tank extinguisher or equivalent;

(v) a dry chemical extinguisher or equivalent;

(vi) ladders;

(vii) extension ladders;

(viii) pike poles;

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(ix) crowbars;

(x) axes;

(xi) lanterns; and

(xii) fire coats, helmets, and boots;

(2) the items in clause (1) suitably housed in a building of good construction with facilities for care of hoses and equipment;

(3) a reliable and adequate method of receiving fire alarms by telephone or with electric siren and suitable means of sounding an alarm; and

(4) if response is to be provided outside the corporate limits of the municipality where the fire department is located, another piece of motorized apparatus to make the response.

477B.03 CALCULATION OF FIRE STATE AID; APPEAL.

Subd. 6. **Corrective aid adjustments.** Any adjustments needed to correct prior misallocations must be made to subsequent fire state aid apportionments.