

that the designated transfer would not have been a designated transfer if made to the grantee entity with its subsequent ownership, then a tax is imposed at ~~.0033~~ .0011 of the net consideration for the designated transfer. If the subsequent transfer of ownership interests was reasonably expected at the time of the designated transfer, the applicable penalty under section 287.31, subdivision 1, must be paid. The deed tax imposed under this paragraph is due within 30 days of the subsequent transfer that caused the tax to be imposed under this paragraph. Involuntary transfers of ownership shall not be considered transfers of ownership under this paragraph. The commissioner may adopt rules defining the types of transfers to be considered involuntary.

(d) The tax is due at the time a taxable deed or instrument is presented for recording, except as provided in paragraph (c). The commissioner may require the tax to be documented in a manner prescribed by the commissioner, and may require that the documentation be attached to and recorded as part of the deed or instrument. The county recorder or registrar of titles shall accept the attachment for recording as part of the deed or instrument and may not require, as a condition of recording a deed or instrument, evidence that a transfer is a designated transfer in addition to that required by the commissioner. Such an attachment shall not, however, provide actual or constructive notice of the information contained therein for purposes of determining any interest in the real property. The commissioner shall prescribe the manner in which the tax due under paragraph (c) is to be paid and may require grantees of designated transfers to file with the commissioner subsequent statements verifying that the tax provided under paragraph (c) does not apply.

EFFECTIVE DATE. This section is effective for deeds recorded on or after July 1, 2020.

Sec. 2. **[287.291] GRANTS TO COUNTIES.**

Subdivision 1. Grants; use of funds. (a) Beginning in fiscal year 2022, the commissioner of revenue must provide grants to all counties from the revenue derived from the tax imposed under section 287.21, subdivision 1. These revenues must be used exclusively for the purposes allowed by paragraph (b).

(b) Counties must use grants for qualified expenditures within the county. For the purpose of this section, "qualified expenditures" means expenditures to subsidize housing initiatives that meet the needs of the community, as stated in the county's adopted housing plan. Qualified expenditures may be in the form of a grant or a gap-financing loan to local development authorities within the county.

(c) Counties must adopt a budget or plan that details the use of funds for projects allowed by paragraph (b). The maximum amount of grant funds a county may accumulate in its reserve is \$5,000,000. A county is ineligible to receive a grant under this section if it has accumulated more than \$5,000,000 of grant funds and has not yet scheduled an obligation of all or a portion of those funds to future projects for which there is an adopted budget or plan. The commissioner must spread in equal amounts to all other eligible counties the amount of grant an ineligible county was supposed to receive. An ineligible county may become eligible to receive a grant in the following fiscal year if the county's grant fund reserve drops below the \$5,000,000 maximum or if the county adopts a budget or plan to use all or a portion of the funds for future projects. Counties have five years from the date of the budget or plan's adoption to spend the obligated funds before those funds count toward the \$5,000,000 maximum.

(d) The grant funds provided by this section must supplement traditional sources of funding for these purposes and may not be used as a substitute.

Subd. 2. Calculation of grant funds. (a) The revenue derived from the tax imposed under section 287.21, subdivision 1, is divided equally among counties in this state so that the entire appropriation is spent.

(b) By August 1 of each year, the commissioner must calculate the amount of tax collected under section 287.21, subdivision 1, in the previous fiscal year and certify to each county the amount of grant funds the county is to receive.

(c) The commissioner must pay the funds on the second payment date provided by section 477A.015, paragraph (a).

Subd. 3. Appropriation. An amount equal to the revenue raised by the tax imposed under section 287.21, subdivision 1, in the previous fiscal year is annually appropriated to the commissioner of revenue to issue the grants authorized by this section.

EFFECTIVE DATE. This section is effective July 1, 2020.