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State of Minnesota  
**HOUSE OF REPRESENTATIVES**

EIGHTY-EIGHTH SESSION

**H. F. No. 677**

- 02/18/2013 Authored by Lenczewski  
The bill was read for the first time and referred to the Committee on Rules and Legislative Administration
- 02/20/2013 Adoption of Report: Pass and re-referred to the Committee on Taxes
- 04/18/2013 Adoption of Report: Pass as Amended and re-referred to the Committee on Ways and Means
- 04/20/2013 Adoption of Report: Pass as Amended and Read Second Time
- 04/24/2013 Calendar for the Day, Amended  
Read Third Time as Amended  
Passed by the House as Amended and transmitted to the Senate to include Floor Amendments
- 05/19/2013 Conference Committee Adopted  
Read Third Time as Amended by Conference and repassed by the House

A bill for an act

- 1.1
- 1.2 relating to financing and operation of state and local government; making
- 1.3 changes to individual income, corporate franchise, property, sales and use,
- 1.4 estate, mineral, tobacco, alcohol, special, local, and other taxes and tax-related
- 1.5 provisions modifying the property tax refund; changing property tax aids and
- 1.6 credits; modifying the Sustainable Forest Incentive Act; modifying education
- 1.7 aids and levies; providing additional pension funding; modifying definitions and
- 1.8 distributions for property taxes; providing for property tax exemptions; modifying
- 1.9 the payment in lieu of tax provisions; modifying education aids and levies;
- 1.10 modifying tobacco tax provisions; making changes to additions and subtractions
- 1.11 from federal taxable income; providing for federal conformity; changing income
- 1.12 tax rates for individuals, estates, and trusts; providing income tax credits;
- 1.13 modifying estate tax provisions; providing for a state gift tax; expanding the sales
- 1.14 tax base; modifying the duty to collect and remit sales taxes for certain sellers;
- 1.15 imposing the sales tax on digital products and selected services; modifying the
- 1.16 definition of sale and purchase; modifying provisions for the rental motor vehicle
- 1.17 tax rate; providing for multiple points of use certificates; modifying sales tax
- 1.18 exemptions; authorizing local sales taxes; authorizing economic development
- 1.19 powers; modifying tax increment financing rules; providing authority,
- 1.20 organization, powers, duties, and requiring a prevailing wage for development
- 1.21 of a Destination Medical Center; authorizing state infrastructure aid; modifying
- 1.22 the distribution of taconite production taxes; authorizing taconite production tax
- 1.23 bonds for grants to school districts; modifying and providing provisions for
- 1.24 public finance; providing funding for legislative office facilities; modifying the
- 1.25 definition of market value for tax, debt, and other purposes; making conforming,
- 1.26 policy, and technical changes to tax provisions; requiring studies and reports;
- 1.27 appropriating money; amending Minnesota Statutes 2012, sections 13.792;
- 1.28 16A.46; 16A.727; 38.18; 40A.15, subdivision 2; 69.011, subdivision 1; 69.021,
- 1.29 subdivisions 7, 8; 88.51, subdivision 3; 103B.102, subdivision 3; 103B.245,
- 1.30 subdivision 3; 103B.251, subdivision 8; 103B.335; 103B.3369, subdivision 5;
- 1.31 103B.635, subdivision 2; 103B.691, subdivision 2; 103C.501, subdivision 4;
- 1.32 103D.905, subdivisions 2, 3, 8; 103F.405, subdivision 1; 116J.8737, subdivisions
- 1.33 1, 2, 8; 117.025, subdivision 7; 118A.04, subdivision 3; 118A.05, subdivision
- 1.34 5; 123A.455, subdivision 1; 126C.10, subdivision 1, by adding a subdivision;
- 1.35 126C.13, subdivision 4; 126C.17; 126C.48, subdivision 8; 127A.48, subdivision
- 1.36 1; 138.053; 144F.01, subdivision 4; 162.07, subdivisions 3, 4; 163.04, subdivision
- 1.37 3; 163.06, subdivision 6; 165.10, subdivision 1; 168.012, subdivision 9, by
- 1.38 adding a subdivision; 216C.436, subdivision 7; 237.52, subdivision 3, by adding
- 1.39 a subdivision; 270.077; 270.41, subdivisions 3, 5, by adding a subdivision;

2.1 270.45; 270B.01, subdivision 8; 270B.03, subdivision 1; 270B.12, subdivision  
 2.2 4; 270C.03, subdivision 1; 270C.34, subdivision 1; 270C.38, subdivision 1;  
 2.3 270C.42, subdivision 2; 270C.56, subdivision 1; 271.06, subdivision 2a, as added;  
 2.4 272.01, subdivision 2; 272.02, subdivisions 39, 97, by adding subdivisions;  
 2.5 272.03, subdivision 9, by adding subdivisions; 273.032; 273.061, subdivision  
 2.6 2; 273.0645; 273.11, subdivision 1; 273.114, subdivision 6; 273.117; 273.124,  
 2.7 subdivisions 3a, 13; 273.13, subdivisions 21b, 23, 25; 273.1398, subdivisions 3,  
 2.8 4; 273.19, subdivision 1; 273.372, subdivision 4; 273.39; 275.011, subdivision 1;  
 2.9 275.077, subdivision 2; 275.71, subdivision 4; 276.04, subdivision 2; 276A.01,  
 2.10 subdivisions 10, 12, 13, 15; 276A.06, subdivision 10; 279.01, subdivision 1, by  
 2.11 adding a subdivision; 279.02; 279.06, subdivision 1; 279.37, subdivisions 1a, 2;  
 2.12 281.14; 281.17; 287.05, by adding a subdivision; 287.08; 287.20, by adding a  
 2.13 subdivision; 287.23, subdivision 1; 287.385, subdivision 7; 289A.08, subdivision  
 2.14 3; 289A.10, subdivision 1, by adding a subdivision; 289A.12, subdivision 14, by  
 2.15 adding a subdivision; 289A.18, by adding a subdivision; 289A.20, subdivisions  
 2.16 3, 4, by adding a subdivision; 289A.26, subdivisions 3, 4, 7, 9; 289A.55,  
 2.17 subdivision 9; 289A.60, subdivision 4; 290.01, subdivisions 19, as amended,  
 2.18 19b, 19c, 19d; 290.06, subdivisions 2c, 2d, by adding a subdivision; 290.0677,  
 2.19 subdivision 2; 290.068, subdivisions 3, 6a; 290.0681, subdivisions 1, 3, 4, 5, 10;  
 2.20 290.091, subdivisions 1, 2, 6; 290.0921, subdivision 3; 290.0922, subdivision 1;  
 2.21 290.095, subdivision 2; 290.10, subdivision 1; 290.17, subdivision 4; 290.191,  
 2.22 subdivision 5; 290.21, subdivision 4; 290.9705, subdivision 1; 290A.03,  
 2.23 subdivision 3; 290A.04, subdivisions 2, 2a, 4; 290B.04, subdivision 2; 290C.02,  
 2.24 subdivision 6; 290C.03; 290C.055; 290C.07; 291.005, subdivision 1; 291.03,  
 2.25 subdivisions 1, 8, 9, 10, 11, by adding a subdivision; 296A.01, subdivisions 7, 8,  
 2.26 14, 19, 20, 23, 24, 26, by adding a subdivision; 296A.09, subdivision 2; 296A.17,  
 2.27 subdivision 3; 296A.22, subdivisions 1, 3; 297A.61, subdivisions 3, 4, 10, 25,  
 2.28 38, 45, by adding subdivisions; 297A.64, subdivision 1; 297A.66, subdivision  
 2.29 3, by adding a subdivision; 297A.665; 297A.668, by adding a subdivision;  
 2.30 297A.67, subdivisions 7, 13, by adding a subdivision; 297A.68, subdivisions  
 2.31 2, 5, 42, by adding a subdivision; 297A.70, subdivisions 2, 4, 5, 7, 13, 14, by  
 2.32 adding subdivisions; 297A.71, by adding subdivisions; 297A.75, subdivisions  
 2.33 1, 2, 3; 297A.82, subdivision 4, by adding a subdivision; 297A.99, subdivision  
 2.34 1; 297B.11; 297E.021, subdivision 3; 297E.14, subdivision 7; 297F.01,  
 2.35 subdivisions 3, 19, 23, by adding subdivisions; 297F.05, subdivisions 1, 3, 4, by  
 2.36 adding subdivisions; 297F.09, subdivision 9; 297F.18, subdivision 7; 297F.24,  
 2.37 subdivision 1; 297F.25, subdivision 1; 297G.04, subdivision 2; 297G.09,  
 2.38 subdivision 8; 297G.17, subdivision 7; 297I.05, subdivisions 7, 11, 12; 297I.30,  
 2.39 subdivisions 1, 2; 297I.80, subdivision 1; 298.01, subdivisions 3, 3b; 298.018;  
 2.40 298.17; 298.227, as amended; 298.24, subdivision 1; 298.28, subdivisions 4, 6,  
 2.41 9c, 10; 325D.32, subdivision 2; 325F.781, subdivision 1; 349.166, subdivision  
 2.42 1; 353G.08, subdivision 2; 360.531; 360.66; 365.025, subdivision 4; 366.095,  
 2.43 subdivision 1; 366.27; 368.01, subdivision 23; 368.47; 370.01; 373.01,  
 2.44 subdivisions 1, 3; 373.40, subdivisions 1, 2, 4; 375.167, subdivision 1; 375.18,  
 2.45 subdivision 3; 375.555; 383A.80, subdivision 4; 383B.152; 383B.245; 383B.73,  
 2.46 subdivision 1; 383B.80, subdivision 4; 383D.41, by adding a subdivision;  
 2.47 383E.20; 383E.23; 385.31; 394.36, subdivision 1; 398A.04, subdivision 8;  
 2.48 401.05, subdivision 3; 403.02, subdivision 21, by adding subdivisions; 403.06,  
 2.49 subdivision 1a; 403.11, subdivision 1, by adding subdivisions; 410.32; 412.221,  
 2.50 subdivision 2; 412.301; 428A.02, subdivision 1; 428A.101; 428A.21; 430.102,  
 2.51 subdivision 2; 447.10; 450.19; 450.25; 458A.10; 458A.31, subdivision 1; 465.04;  
 2.52 469.033, subdivision 6; 469.034, subdivision 2; 469.053, subdivisions 4, 4a, 6;  
 2.53 469.071, subdivision 5; 469.107, subdivision 1; 469.169, by adding a subdivision;  
 2.54 469.176, subdivisions 4c, 4g, 6; 469.177, subdivisions 1a, 9, by adding  
 2.55 subdivisions; 469.180, subdivision 2; 469.187; 469.206; 469.319, subdivision  
 2.56 4; 469.340, subdivision 4; 471.24; 471.571, subdivisions 1, 2; 471.73; 473.325,  
 2.57 subdivision 2; 473.39, by adding a subdivision; 473.606, subdivision 3; 473.629;  
 2.58 473.661, subdivision 3; 473.667, subdivision 9; 473.671; 473.711, subdivision

3.1 2a; 473F.02, subdivisions 12, 14, 15, 23; 473F.08, subdivisions 3a, 10, by adding  
 3.2 a subdivision; 474A.04, subdivision 1a; 474A.062; 474A.091, subdivision 3a;  
 3.3 475.521, subdivisions 1, 2, 4; 475.53, subdivisions 1, 3, 4; 475.58, subdivisions  
 3.4 2, 3b; 475.73, subdivision 1; 477A.011, subdivisions 20, 30, 34, 42, by adding  
 3.5 subdivisions; 477A.0124, subdivision 2; 477A.013, subdivisions 1, 8, 9, by  
 3.6 adding a subdivision; 477A.015; 477A.03, subdivisions 2a, 2b, by adding a  
 3.7 subdivision; 477A.11, subdivisions 3, 4, by adding subdivisions; 477A.12,  
 3.8 subdivisions 1, 2, 3; 477A.14, subdivision 1, by adding a subdivision; 641.23;  
 3.9 641.24; 645.44, by adding a subdivision; Laws 1971, chapter 773, section 1,  
 3.10 subdivision 2, as amended; Laws 1988, chapter 645, section 3, as amended;  
 3.11 Laws 1993, chapter 375, article 9, section 46, subdivisions 2, as amended, 5, as  
 3.12 amended; Laws 1998, chapter 389, article 8, section 43, subdivisions 1, 3, as  
 3.13 amended, 5, as amended; Laws 1999, chapter 243, article 6, section 11; Laws  
 3.14 2002, chapter 377, article 3, section 25, as amended; Laws 2005, First Special  
 3.15 Session chapter 3, article 5, section 37, subdivisions 2, 4; Laws 2006, chapter  
 3.16 259, article 11, section 3, as amended; Laws 2008, chapter 366, article 5, sections  
 3.17 26; 33; 34, as amended; article 7, section 19, subdivision 3, as amended; Laws  
 3.18 2009, chapter 88, article 2, section 46, subdivisions 1, 3; Laws 2010, chapter 216,  
 3.19 sections 11; 55; Laws 2010, chapter 389, article 1, section 12; article 5, section 6,  
 3.20 subdivision 6; proposing coding for new law in Minnesota Statutes, chapters 116J;  
 3.21 116V; 124D; 136A; 270C; 287; 290A; 292; 403; 423A; 469; 477A; repealing  
 3.22 Minnesota Statutes 2012, sections 16A.725; 97A.061; 256.9658; 272.69; 273.11,  
 3.23 subdivisions 1a, 22; 276A.01, subdivision 11; 289A.60, subdivision 31; 290.01,  
 3.24 subdivision 6b; 290.06, subdivision 22a; 290.0921, subdivision 7; 290.171;  
 3.25 290.173; 290.174; 297A.61, subdivision 27; 297A.68, subdivision 35; 473F.02,  
 3.26 subdivision 13; 477A.011, subdivisions 2a, 19, 21, 29, 31, 32, 33, 36, 39, 40, 41;  
 3.27 477A.013, subdivisions 11, 12; 477A.0133; 477A.0134; Laws 1973, chapter 567,  
 3.28 section 7, as amended; Laws 2009, chapter 88, article 4, section 23, as amended.

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

## 3.30 ARTICLE 1

### 3.31 HOMESTEAD CREDIT REFUND AND RENTER PROPERTY TAX REFUND

3.32 Section 1. Minnesota Statutes 2012, section 290A.03, subdivision 3, is amended to read:

3.33 Subd. 3. **Income.** (1) "Income" means the sum of the following:

3.34 (a) federal adjusted gross income as defined in the Internal Revenue Code; and

3.35 (b) the sum of the following amounts to the extent not included in clause (a):

3.36 (i) all nontaxable income;

3.37 (ii) the amount of a passive activity loss that is not disallowed as a result of section  
 3.38 469, paragraph (i) or (m) of the Internal Revenue Code and the amount of passive activity  
 3.39 loss carryover allowed under section 469(b) of the Internal Revenue Code;

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

3.43 (iv) cash public assistance and relief;

3.44 (v) any pension or annuity (including railroad retirement benefits, all payments  
 3.45 received under the federal Social Security Act, Supplemental Security Income, and

4.1 veterans benefits), which was not exclusively funded by the claimant or spouse, or which  
4.2 was funded exclusively by the claimant or spouse and which funding payments were  
4.3 excluded from federal adjusted gross income in the years when the payments were made;

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

4.6 (vii) workers' compensation;

4.7 (viii) nontaxable strike benefits;

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

4.11 (x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of  
4.12 1986, as amended through December 31, 1995;

4.13 (xi) contributions made by the claimant to an individual retirement account,  
4.14 including a qualified voluntary employee contribution; simplified employee pension plan;  
4.15 self-employed retirement plan; cash or deferred arrangement plan under section 401(k)  
4.16 of the Internal Revenue Code; or deferred compensation plan under section 457 of the  
4.17 Internal Revenue Code, to the extent the sum of amounts exceeds the retirement base  
4.18 amount for the claimant and spouse;

4.19 (xii) to the extent not included in federal adjusted gross income, distributions received  
4.20 by the claimant or spouse from a traditional or Roth style retirement account or plan;

4.21 (xiii) nontaxable scholarship or fellowship grants;

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

4.24 ~~(xiv)~~ (xv) the amount of deduction allowed under section 220 or 223 of the Internal  
4.25 Revenue Code;

4.26 ~~(xv)~~ (xvi) the amount of deducted for tuition expenses ~~required to be added to~~  
4.27 ~~income under section 290.01, subdivision 19a, clause (12); under section 222 of the~~  
4.28 Internal Revenue Code; and

4.29 ~~(xvi)~~ (xvii) the amount deducted for certain expenses of elementary and secondary  
4.30 school teachers under section 62(a)(2)(D) of the Internal Revenue Code; ~~and~~

4.31 ~~(xvii) unemployment compensation.~~

4.32 In the case of an individual who files an income tax return on a fiscal year basis, the  
4.33 term "federal adjusted gross income" shall mean federal adjusted gross income reflected  
4.34 in the fiscal year ending in the calendar year. Federal adjusted gross income shall not be  
4.35 reduced by the amount of a net operating loss carryback or carryforward or a capital loss  
4.36 carryback or carryforward allowed for the year.

- 5.1 (2) "Income" does not include:
- 5.2 (a) amounts excluded pursuant to the Internal Revenue Code, sections 101(a) and 102;
- 5.3 (b) amounts of any pension or annuity which was exclusively funded by the claimant
- 5.4 or spouse and which funding payments were not excluded from federal adjusted gross
- 5.5 income in the years when the payments were made;
- 5.6 (c) to the extent included in federal adjusted gross income, amounts contributed by
- 5.7 the claimant or spouse to a traditional or Roth style retirement account or plan, but not
- 5.8 to exceed the retirement base amount reduced by the amount of contributions excluded
- 5.9 from federal adjusted gross income, but not less than zero;
- 5.10 (d) surplus food or other relief in kind supplied by a governmental agency;
- 5.11 ~~(d)~~ (e) relief granted under this chapter;
- 5.12 ~~(e)~~ (f) child support payments received under a temporary or final decree of
- 5.13 dissolution or legal separation; or
- 5.14 ~~(f)~~ (g) restitution payments received by eligible individuals and excludable interest
- 5.15 as defined in section 803 of the Economic Growth and Tax Relief Reconciliation Act of
- 5.16 2001, Public Law 107-16.

- 5.17 (3) The sum of the following amounts may be subtracted from income:
- 5.18 (a) for the claimant's first dependent, the exemption amount multiplied by 1.4;
- 5.19 (b) for the claimant's second dependent, the exemption amount multiplied by 1.3;
- 5.20 (c) for the claimant's third dependent, the exemption amount multiplied by 1.2;
- 5.21 (d) for the claimant's fourth dependent, the exemption amount multiplied by 1.1;
- 5.22 (e) for the claimant's fifth dependent, the exemption amount; and
- 5.23 (f) if the claimant or claimant's spouse was disabled or attained the age of 65
- 5.24 on or before December 31 of the year for which the taxes were levied or rent paid, the
- 5.25 exemption amount.

5.26 For purposes of this subdivision, the "exemption amount" means the exemption

5.27 amount under section 151(d) of the Internal Revenue Code for the taxable year for which

5.28 the income is reported; "retirement base amount" means the deductible amount for the

5.29 taxable year for the claimant and spouse under section 219(b)(5)(A) of the Internal

5.30 Revenue Code, adjusted for inflation as provided in section 219(b)(5)(D) of the Internal

5.31 Revenue Code, without regard to whether the claimant or spouse claimed a deduction;

5.32 and "traditional or Roth style retirement account or plan" means retirement plans under

5.33 sections 401, 403, 408, 408A, and 457 of the Internal Revenue Code.

5.34 **EFFECTIVE DATE.** This section is effective beginning with refunds based on

5.35 property taxes payable in 2014 and rent paid in 2013.

6.1 Sec. 2. Minnesota Statutes 2012, section 290A.04, subdivision 2, is amended to read:

6.2 Subd. 2. **Homeowners; homestead credit refund.** A claimant whose property  
 6.3 taxes payable are in excess of the percentage of the household income stated below shall  
 6.4 pay an amount equal to the percent of income shown for the appropriate household  
 6.5 income level along with the percent to be paid by the claimant of the remaining amount  
 6.6 of property taxes payable. The state refund equals the amount of property taxes payable  
 6.7 that remain, up to the state refund amount shown below.

6.8				Maximum
6.9			Percent Paid by	State
6.10	Household Income	Percent of Income	Claimant	Refund
6.11	\$0 to 1,549	1.0 percent	15 percent	\$ 2,460
6.12	1,550 to 3,089	1.1 percent	15 percent	\$ 2,460
6.13	3,090 to 4,669	1.2 percent	15 percent	\$ 2,460
6.14	4,670 to 6,229	1.3 percent	20 percent	\$ 2,460
6.15	6,230 to 7,769	1.4 percent	20 percent	\$ 2,460
6.16	7,770 to 10,879	1.5 percent	20 percent	\$ 2,460
6.17	10,880 to 12,429	1.6 percent	20 percent	\$ 2,460
6.18	12,430 to 13,989	1.7 percent	20 percent	\$ 2,460
6.19	13,990 to 15,539	1.8 percent	20 percent	\$ 2,460
6.20	15,540 to 17,079	1.9 percent	25 percent	\$ 2,460
6.21	17,080 to 18,659	2.0 percent	25 percent	\$ 2,460
6.22	18,660 to 21,759	2.1 percent	25 percent	\$ 2,460
6.23	21,760 to 23,309	2.2 percent	30 percent	\$ 2,460
6.24	23,310 to 24,859	2.3 percent	30 percent	\$ 2,460
6.25	24,860 to 26,419	2.4 percent	30 percent	\$ 2,460
6.26	26,420 to 32,629	2.5 percent	35 percent	\$ 2,460
6.27	32,630 to 37,279	2.6 percent	35 percent	\$ 2,460
6.28	37,280 to 46,609	2.7 percent	35 percent	\$ 2,000
6.29	46,610 to 54,369	2.8 percent	35 percent	\$ 2,000
6.30	54,370 to 62,139	2.8 percent	40 percent	\$ 1,750
6.31	62,140 to 69,909	3.0 percent	40 percent	\$ 1,440
6.32	69,910 to 77,679	3.0 percent	40 percent	\$ 1,290
6.33	77,680 to 85,449	3.0 percent	40 percent	\$ 1,130
6.34	85,450 to 90,119	3.5 percent	45 percent	\$ 960
6.35	90,120 to 93,239	3.5 percent	45 percent	\$ 790
6.36	93,240 to 97,009	3.5 percent	50 percent	\$ 650
6.37	97,010 to 100,779	3.5 percent	50 percent	\$ 480

6.38				Maximum
6.39			Percent Paid by	State
6.40	<u>Household Income</u>	<u>Percent of Income</u>	<u>Claimant</u>	<u>Refund</u>
6.41	<u>\$0 to 1,619</u>	<u>1.0 percent</u>	<u>15 percent</u>	<u>\$ 2,580</u>
6.42	<u>1,620 to 3,229</u>	<u>1.1 percent</u>	<u>15 percent</u>	<u>\$ 2,580</u>

7.1	<u>3,230 to 4,889</u>	<u>1.2 percent</u>	<u>15 percent</u>	<u>\$ 2,580</u>
7.2	<u>4,890 to 6,519</u>	<u>1.3 percent</u>	<u>20 percent</u>	<u>\$ 2,580</u>
7.3	<u>6,520 to 8,129</u>	<u>1.4 percent</u>	<u>20 percent</u>	<u>\$ 2,580</u>
7.4	<u>8,130 to 11,389</u>	<u>1.5 percent</u>	<u>20 percent</u>	<u>\$ 2,580</u>
7.5	<u>11,390 to 13,009</u>	<u>1.6 percent</u>	<u>20 percent</u>	<u>\$ 2,580</u>
7.6	<u>13,010 to 14,649</u>	<u>1.7 percent</u>	<u>20 percent</u>	<u>\$ 2,580</u>
7.7	<u>14,650 to 16,269</u>	<u>1.8 percent</u>	<u>20 percent</u>	<u>\$ 2,580</u>
7.8	<u>16,270 to 17,879</u>	<u>1.9 percent</u>	<u>25 percent</u>	<u>\$ 2,580</u>
7.9	<u>17,880 to 22,779</u>	<u>2.0 percent</u>	<u>25 percent</u>	<u>\$ 2,580</u>
7.10	<u>22,780 to 24,399</u>	<u>2.0 percent</u>	<u>30 percent</u>	<u>\$ 2,580</u>
7.11	<u>24,400 to 27,659</u>	<u>2.0 percent</u>	<u>30 percent</u>	<u>\$ 2,580</u>
7.12	<u>27,660 to 39,029</u>	<u>2.0 percent</u>	<u>35 percent</u>	<u>\$ 2,580</u>
7.13	<u>39,030 to 56,919</u>	<u>2.0 percent</u>	<u>35 percent</u>	<u>\$ 2,090</u>
7.14	<u>56,920 to 65,049</u>	<u>2.0 percent</u>	<u>40 percent</u>	<u>\$ 1,830</u>
7.15	<u>65,050 to 73,189</u>	<u>2.1 percent</u>	<u>40 percent</u>	<u>\$ 1,510</u>
7.16	<u>73,190 to 81,319</u>	<u>2.2 percent</u>	<u>40 percent</u>	<u>\$ 1,350</u>
7.17	<u>81,320 to 89,449</u>	<u>2.3 percent</u>	<u>40 percent</u>	<u>\$ 1,180</u>
7.18	<u>89,450 to 94,339</u>	<u>2.4 percent</u>	<u>45 percent</u>	<u>\$ 1,000</u>
7.19	<u>94,340 to 97,609</u>	<u>2.5 percent</u>	<u>45 percent</u>	<u>\$ 830</u>
7.20	<u>97,610 to 101,559</u>	<u>2.5 percent</u>	<u>50 percent</u>	<u>\$ 680</u>
7.21	<u>101,560 to 105,499</u>	<u>2.5 percent</u>	<u>50 percent</u>	<u>\$ 500</u>

7.22 The payment made to a claimant shall be the amount of the state refund calculated  
 7.23 under this subdivision. No payment is allowed if the claimant's household income is  
 7.24 ~~\$100,780~~ \$105,500 or more.

7.25 **EFFECTIVE DATE.** This section is effective for refund claims based on taxes  
 7.26 payable in 2014 and thereafter.

7.27 Sec. 3. Minnesota Statutes 2012, section 290A.04, subdivision 2a, is amended to read:

7.28 Subd. 2a. **Renters.** A claimant whose rent constituting property taxes exceeds the  
 7.29 percentage of the household income stated below must pay an amount equal to the percent  
 7.30 of income shown for the appropriate household income level along with the percent to  
 7.31 be paid by the claimant of the remaining amount of rent constituting property taxes. The  
 7.32 state refund equals the amount of rent constituting property taxes that remain, up to the  
 7.33 maximum state refund amount shown below.

7.34				Maximum
7.35			Percent Paid by	State
7.36	Household Income	Percent of Income	Claimant	Refund
7.37	<del>\$0 to 3,589</del>	<del>1.0 percent</del>	<del>5 percent</del>	<del>\$ 1,190</del>
7.38	<del>3,590 to 4,779</del>	<del>1.0 percent</del>	<del>10 percent</del>	<del>\$ 1,190</del>

8.1	<del>4,780 to 5,969</del>	1.1 percent	10 percent	\$ 1,190
8.2	<del>5,970 to 8,369</del>	1.2 percent	10 percent	\$ 1,190
8.3	<del>8,370 to 10,759</del>	1.3 percent	15 percent	\$ 1,190
8.4	<del>10,760 to 11,949</del>	1.4 percent	15 percent	\$ 1,190
8.5	<del>11,950 to 13,139</del>	1.4 percent	20 percent	\$ 1,190
8.6	<del>13,140 to 15,539</del>	1.5 percent	20 percent	\$ 1,190
8.7	<del>15,540 to 16,729</del>	1.6 percent	20 percent	\$ 1,190
8.8	<del>16,730 to 17,919</del>	1.7 percent	25 percent	\$ 1,190
8.9	<del>17,920 to 20,319</del>	1.8 percent	25 percent	\$ 1,190
8.10	<del>20,320 to 21,509</del>	1.9 percent	30 percent	\$ 1,190
8.11	<del>21,510 to 22,699</del>	2.0 percent	30 percent	\$ 1,190
8.12	<del>22,700 to 23,899</del>	2.2 percent	30 percent	\$ 1,190
8.13	<del>23,900 to 25,089</del>	2.4 percent	30 percent	\$ 1,190
8.14	<del>25,090 to 26,289</del>	2.6 percent	35 percent	\$ 1,190
8.15	<del>26,290 to 27,489</del>	2.7 percent	35 percent	\$ 1,190
8.16	<del>27,490 to 28,679</del>	2.8 percent	35 percent	\$ 1,190
8.17	<del>28,680 to 29,869</del>	2.9 percent	40 percent	\$ 1,190
8.18	<del>29,870 to 31,079</del>	3.0 percent	40 percent	\$ 1,190
8.19	<del>31,080 to 32,269</del>	3.1 percent	40 percent	\$ 1,190
8.20	<del>32,270 to 33,459</del>	3.2 percent	40 percent	\$ 1,190
8.21	<del>33,460 to 34,649</del>	3.3 percent	45 percent	\$ 1,080
8.22	<del>34,650 to 35,849</del>	3.4 percent	45 percent	\$ 960
8.23	<del>35,850 to 37,049</del>	3.5 percent	45 percent	\$ 830
8.24	<del>37,050 to 38,239</del>	3.5 percent	50 percent	\$ 720
8.25	<del>38,240 to 39,439</del>	3.5 percent	50 percent	\$ 600
8.26	<del>38,440 to 40,629</del>	3.5 percent	50 percent	\$ 360
8.27	<del>40,630 to 41,819</del>	3.5 percent	50 percent	\$ 120
8.28	<u>\$0 to 4,909</u>	<u>1.0 percent</u>	<u>5 percent</u>	<u>\$ 2,000</u>
8.29	<u>4,910 to 6,529</u>	<u>1.0 percent</u>	<u>10 percent</u>	<u>\$ 2,000</u>
8.30	<u>6,530 to 8,159</u>	<u>1.1 percent</u>	<u>10 percent</u>	<u>\$ 1,950</u>
8.31	<u>8,160 to 11,439</u>	<u>1.2 percent</u>	<u>10 percent</u>	<u>\$ 1,900</u>
8.32	<u>11,440 to 14,709</u>	<u>1.3 percent</u>	<u>15 percent</u>	<u>\$ 1,850</u>
8.33	<u>14,710 to 16,339</u>	<u>1.4 percent</u>	<u>15 percent</u>	<u>\$ 1,800</u>
8.34	<u>16,340 to 17,959</u>	<u>1.4 percent</u>	<u>20 percent</u>	<u>\$ 1,750</u>
8.35	<u>17,960 to 21,239</u>	<u>1.5 percent</u>	<u>20 percent</u>	<u>\$ 1,700</u>
8.36	<u>21,240 to 22,869</u>	<u>1.6 percent</u>	<u>20 percent</u>	<u>\$ 1,650</u>
8.37	<u>22,870 to 24,499</u>	<u>1.7 percent</u>	<u>25 percent</u>	<u>\$ 1,650</u>
8.38	<u>24,500 to 27,779</u>	<u>1.8 percent</u>	<u>25 percent</u>	<u>\$ 1,650</u>
8.39	<u>27,780 to 29,399</u>	<u>1.9 percent</u>	<u>30 percent</u>	<u>\$ 1,650</u>
8.40	<u>29,400 to 34,299</u>	<u>2.0 percent</u>	<u>30 percent</u>	<u>\$ 1,650</u>
8.41	<u>34,300 to 39,199</u>	<u>2.0 percent</u>	<u>35 percent</u>	<u>\$ 1,650</u>
8.42	<u>39,200 to 45,739</u>	<u>2.0 percent</u>	<u>40 percent</u>	<u>\$ 1,650</u>
8.43	<u>45,740 to 47,369</u>	<u>2.0 percent</u>	<u>45 percent</u>	<u>\$ 1,500</u>



9.1	<u>47,370 to 49,009</u>	<u>2.0 percent</u>	<u>45 percent</u>	<u>\$ 1,350</u>
9.2	<u>49,010 to 50,649</u>	<u>2.0 percent</u>	<u>45 percent</u>	<u>\$ 1,150</u>
9.3	<u>50,650 to 52,269</u>	<u>2.0 percent</u>	<u>50 percent</u>	<u>\$ 1,000</u>
9.4	<u>52,270 to 53,909</u>	<u>2.0 percent</u>	<u>50 percent</u>	<u>\$ 900</u>
9.5	<u>53,910 to 55,539</u>	<u>2.0 percent</u>	<u>50 percent</u>	<u>\$ 500</u>
9.6	<u>55,540 to 57,169</u>	<u>2.0 percent</u>	<u>50 percent</u>	<u>\$ 200</u>

9.7 The payment made to a claimant is the amount of the state refund calculated under  
 9.8 this subdivision. No payment is allowed if the claimant's household income is ~~\$41,820~~  
 9.9 \$57,170 or more.

9.10 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in  
 9.11 2013 and following years.

9.12 Sec. 4. Minnesota Statutes 2012, section 290A.04, subdivision 4, is amended to read:

9.13 Subd. 4. **Inflation adjustment.** (a) Beginning for property tax refunds payable in  
 9.14 calendar year 2002, the commissioner shall annually adjust the dollar amounts of the  
 9.15 income thresholds and the maximum refunds under subdivisions 2 and 2a for inflation.  
 9.16 The commissioner shall make the inflation adjustments in accordance with section 1(f) of  
 9.17 the Internal Revenue Code, except that for purposes of this subdivision the percentage  
 9.18 increase shall be determined as provided in this subdivision.

9.19 (b) In adjusting the dollar amounts of the income thresholds and the maximum  
 9.20 refunds under subdivision 2 for inflation, the percentage increase shall be determined  
 9.21 from the year ending on June 30, ~~2011~~ 2013, to the year ending on June 30 of the year  
 9.22 preceding that in which the refund is payable.

9.23 (c) In adjusting the dollar amounts of the income thresholds and the maximum  
 9.24 refunds under subdivision 2a for inflation, the percentage increase shall be determined  
 9.25 from the year ending on June 30, ~~2000~~ 2013, to the year ending on June 30 of the year  
 9.26 preceding that in which the refund is payable.

9.27 (d) The commissioner shall use the appropriate percentage increase to annually  
 9.28 adjust the income thresholds and maximum refunds under subdivisions 2 and 2a for  
 9.29 inflation without regard to whether or not the income tax brackets are adjusted for inflation  
 9.30 in that year. The commissioner shall round the thresholds and the maximum amounts,  
 9.31 as adjusted to the nearest \$10 amount. If the amount ends in \$5, the commissioner shall  
 9.32 round it up to the next \$10 amount.

9.33 (e) The commissioner shall annually announce the adjusted refund schedule at the  
 9.34 same time provided under section 290.06. The determination of the commissioner under  
 9.35 this subdivision is not a rule under the Administrative Procedure Act.

10.1 **EFFECTIVE DATE.** This section is effective for refund claims based on taxes  
10.2 payable in 2014 and rent paid in 2013 and following years.

10.3 Sec. 5. **[290A.28] NOTIFICATION OF POTENTIAL ELIGIBILITY.**

10.4 Subdivision 1. **Notification of eligibility.** (a) By September 1, 2014, the  
10.5 commissioner shall notify, in writing or electronically, individual homeowners whom the  
10.6 commissioner determines may be eligible for a homestead credit refund under this chapter  
10.7 for that property taxes payable year as provided in this section. In determining whether  
10.8 to notify a homeowner, the commissioner shall consider the property tax information  
10.9 available to the commissioner under paragraph (b) for the homeowner and must estimate  
10.10 the homeowner's household income using the most recent income information available to  
10.11 the commissioner from filing under this chapter for the prior year, under chapter 290 for  
10.12 the current or prior year, and any other income information available to the commissioner.  
10.13 For each homeowner, the commissioner must estimate the homestead credit refund  
10.14 amount under the schedule in section 290A.04, subdivision 2, using the homeowner's  
10.15 property tax amount and estimated household income. If the estimated homestead credit  
10.16 refund is at least \$1,000, the commissioner must notify the homeowner of potential  
10.17 eligibility for the homestead credit refund. The notification must include information  
10.18 on how to file for the homestead credit refund. The notification requirement under this  
10.19 section does not apply to a homeowner who has already filed for the homestead credit  
10.20 refund for the current or prior year.

10.21 (b) By May 15, 2014, each county auditor shall transmit to the commissioner  
10.22 of revenue the following information for each property classified as a residential or  
10.23 agricultural homestead under section 273.13, subdivision 22 or 23:

10.24 (1) the property taxes payable;

10.25 (2) the name and address of the owner;

10.26 (3) the Social Security number or numbers of the owners; and

10.27 (4) any other information the commissioner deems necessary or useful to carry  
10.28 out the provisions of this section.

10.29 The information must be provided in the form and manner prescribed by the commissioner.

10.30 Subd. 2. **Reports.** (a) By March 15, 2015, the commissioner must provide a written  
10.31 report to the chairs and ranking minority members of the legislative committees with  
10.32 jurisdiction over taxes, in compliance with sections 3.195 and 3.197. The report must  
10.33 provide information on the number and dollar amount of homeowner property tax refund  
10.34 claims based on taxes payable in 2014, including:

11.1 (1) the number and dollar amount of claims projected for homestead credit refunds  
 11.2 based on taxes payable in 2014 prior to enactment of the notification requirement in  
 11.3 this section;

11.4 (2) the number of notifications issued as provided in this section, including the  
 11.5 number issued by county;

11.6 (3) preliminary information on the number and dollar amount of claims for  
 11.7 homestead credit refunds based on taxes payable in 2014; and

11.8 (4) a description of any outreach efforts undertaken by the commissioner for  
 11.9 homestead credit refunds based on taxes payable in 2014, in addition to the notification  
 11.10 required in this section.

11.11 (b) By February 1, 2016, the commissioner must provide a written report to the chairs  
 11.12 and ranking minority members of the legislative committees with jurisdiction over taxes,  
 11.13 in compliance with sections 3.195 and 3.197. The report must include the information  
 11.14 required in paragraph (a) and must also include final information on the number and dollar  
 11.15 amount of claims for homestead credit refunds based on taxes payable in 2014.

11.16 **EFFECTIVE DATE.** This section is effective for refund claims based on property  
 11.17 taxes payable in 2014.

## 11.18 **ARTICLE 2**

### 11.19 **PROPERTY TAX AIDS AND CREDITS**

11.20 Section 1. Minnesota Statutes 2012, section 273.1398, subdivision 4, is amended to read:

11.21 Subd. 4. **Disparity reduction credit.** (a) Beginning with taxes payable in 1989,  
 11.22 class 4a and class 3a property qualifies for a disparity reduction credit if: (1) the property  
 11.23 is located in a border city that has an enterprise zone, as defined in section 469.166; (2)  
 11.24 the property is located in a city with a population greater than 2,500 and less than 35,000  
 11.25 according to the 1980 decennial census; (3) the city is adjacent to a city in another state or  
 11.26 immediately adjacent to a city adjacent to a city in another state; and (4) the adjacent city  
 11.27 in the other state has a population of greater than 5,000 and less than 75,000 according to  
 11.28 the 1980 decennial census.

11.29 (b) The credit is an amount sufficient to reduce (i) the taxes levied on class 4a  
 11.30 property to ~~2.3~~ 1.9 percent of the property's market value and (ii) the tax on class 3a  
 11.31 property to ~~2.3~~ 1.9 percent of market value.

11.32 (c) The county auditor shall annually certify the costs of the credits to the  
 11.33 Department of Revenue. The department shall reimburse local governments for the  
 11.34 property taxes forgone as the result of the credits in proportion to their total levies.

12.1 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2014.

12.2 Sec. 2. Minnesota Statutes 2012, section 290C.02, subdivision 6, is amended to read:

12.3 Subd. 6. **Forest land.** "Forest land" means land containing a minimum of 20  
12.4 contiguous acres for which the owner has implemented a forest management plan that was  
12.5 prepared or updated within the past ten years by an approved plan writer. For purposes of  
12.6 this subdivision, acres are considered to be contiguous even if they are separated by a road,  
12.7 waterway, railroad track, or other similar intervening property. At least 50 percent of the  
12.8 contiguous acreage must meet the definition of forest land in section 88.01, subdivision  
12.9 7. For the purposes of sections 290C.01 to 290C.11, forest land does not include (i)  
12.10 land used for residential or agricultural purposes, (ii) land enrolled in the reinvest in  
12.11 Minnesota program, a state or federal conservation reserve or easement reserve program  
12.12 under sections 103F.501 to 103F.531, the Minnesota agricultural property tax law under  
12.13 section 273.111, or land subject to agricultural land preservation controls or restrictions  
12.14 as defined in section 40A.02 or under the Metropolitan Agricultural Preserves Act under  
12.15 chapter 473H, ~~or~~ (iii) land exceeding 60,000 acres that is subject to a single conservation  
12.16 easement funded under section 97A.056 or a comparable permanent easement conveyed  
12.17 to a governmental or nonprofit entity; (iv) any land that becomes subject to a conservation  
12.18 easement funded under section 97A.056 or a comparable permanent easement conveyed  
12.19 to a governmental or nonprofit entity after May 30, 2013; or (v) land improved with a  
12.20 structure, pavement, sewer, campsite, or any road, other than a township road, used for  
12.21 purposes not prescribed in the forest management plan.

12.22 **EFFECTIVE DATE.** This section is effective for certifications and applications  
12.23 due in 2013 and thereafter.

12.24 Sec. 3. Minnesota Statutes 2012, section 290C.03, is amended to read:

12.25 **290C.03 ELIGIBILITY REQUIREMENTS.**

12.26 (a) Land may be enrolled in the sustainable forest incentive program under this  
12.27 chapter if all of the following conditions are met:

12.28 (1) the land consists of at least 20 contiguous acres and at least 50 percent of the  
12.29 land must meet the definition of forest land in section 88.01, subdivision 7, during the  
12.30 enrollment;

12.31 (2) a forest management plan for the land must be prepared by an approved plan  
12.32 writer and implemented during the period in which the land is enrolled;

13.1 (3) timber harvesting and forest management guidelines must be used in conjunction  
 13.2 with any timber harvesting or forest management activities conducted on the land during  
 13.3 the period in which the land is enrolled;

13.4 (4) the land must be enrolled for a minimum of eight years;

13.5 (5) there are no delinquent property taxes on the land; and

13.6 (6) claimants enrolling more than 1,920 acres in the sustainable forest incentive  
 13.7 program must allow year-round, nonmotorized access to fish and wildlife resources and  
 13.8 motorized access on established and maintained roads and trails, unless the road or trail is  
 13.9 temporarily closed for safety, natural resource, or road damage reasons on enrolled land  
 13.10 except within one-fourth mile of a permanent dwelling or during periods of high fire  
 13.11 hazard as determined by the commissioner of natural resources.

13.12 (b) Claimants required to allow access under paragraph (a), clause (6), do not by  
 13.13 that action:

13.14 (1) extend any assurance that the land is safe for any purpose;

13.15 (2) confer upon the person the legal status of an invitee or licensee to whom a duty  
 13.16 of care is owed; or

13.17 (3) assume responsibility for or incur liability for any injury to the person or property  
 13.18 caused by an act or omission of the person.

13.19 **EFFECTIVE DATE.** This section is effective for calculations made in 2013 and  
 13.20 thereafter.

13.21 Sec. 4. Minnesota Statutes 2012, section 290C.055, is amended to read:

13.22 **290C.055 LENGTH OF COVENANT.**

13.23 (a) The covenant remains in effect for a minimum of eight years. If land is removed  
 13.24 from the program before it has been enrolled for four years, the covenant remains in  
 13.25 effect for eight years from the date recorded.

13.26 (b) If land that has been enrolled for four years or more is removed from the program  
 13.27 for any reason, there is a waiting period before the covenant terminates. The covenant  
 13.28 terminates on January 1 of the fifth calendar year that begins after the date that:

13.29 (1) the commissioner receives notification from the claimant that the claimant wishes  
 13.30 to remove the land from the program under section 290C.10; or

13.31 (2) the date that the land is removed from the program under section 290C.11.

13.32 (c) Notwithstanding the other provisions of this section, the covenant is terminated:

13.33 (1) at the same time that the land is removed from the program due to acquisition of  
 13.34 title or possession for a public purpose under section 290C.10; or

14.1 (2) at the request of the claimant after a reduction in payments due to changes in the  
14.2 payment formula under section 290C.07.

14.3 **EFFECTIVE DATE.** This section is effective for calculations made in 2013 and  
14.4 thereafter.

14.5 Sec. 5. Minnesota Statutes 2012, section 290C.07, is amended to read:

14.6 **290C.07 CALCULATION OF INCENTIVE PAYMENT.**

14.7 (a) An approved claimant under the sustainable forest incentive program is eligible  
14.8 to receive an annual payment. The payment shall equal \$7 per acre for each acre enrolled  
14.9 in the sustainable forest incentive program.

14.10 ~~(b) The annual payment for each Social Security number or state or federal business~~  
14.11 ~~tax identification number must not exceed \$100,000.~~

14.12 **EFFECTIVE DATE.** This section is effective for calculations made in 2013 and  
14.13 thereafter.

14.14 Sec. 6. **[423A.022] POLICE AND FIREFIGHTER RETIREMENT**  
14.15 **SUPPLEMENTAL STATE AID.**

14.16 Subdivision 1. **Supplemental state aid.** Annually, the commissioner of revenue  
14.17 shall allocate police and firefighter retirement supplemental state aid appropriated under  
14.18 subdivision 6 as provided in subdivision 2 and paid as provided in subdivision 4.

14.19 Subd. 2. **Allocation.** Of the total amount appropriated as supplemental state aid:

14.20 (1) 58.065 percent must be paid to the executive director of the Public Employees  
14.21 Retirement Association for deposit in the public employees police and fire retirement fund  
14.22 established by section 353.65, subdivision 1;

14.23 (2) 35.484 percent must be paid to municipalities other than municipalities solely  
14.24 employing firefighters with retirement coverage provided by the public employees police  
14.25 and fire retirement plan which qualified to receive fire state aid in that calendar year,  
14.26 allocated in proportion to the most recent amount of fire state aid paid under section  
14.27 69.021, subdivision 7, for the municipality bears to the most recent total fire state aid  
14.28 for all municipalities other than the municipalities solely employing firefighters with  
14.29 retirement coverage provided by the public employees police and fire retirement plan  
14.30 paid under section 69.021, subdivision 7, with the allocated amount for fire departments  
14.31 participating in the voluntary statewide lump-sum volunteer firefighter retirement plan  
14.32 paid to the executive director of the Public Employees Retirement Association for deposit  
14.33 in the fund established by section 353G.02, subdivision 3, and credited to the respective

15.1 account and with the balance paid to the treasurer of each municipality for transmittal  
15.2 within 30 days of receipt to the treasurer of the applicable volunteer firefighter relief  
15.3 association for deposit in its special fund; and

15.4 (3) 6.452 percent must be paid to the executive director of the Minnesota State  
15.5 Retirement System for deposit in the state patrol retirement fund.

15.6 Subd. 3. **Reporting; definitions.** (a) On or before September 1, annually, the  
15.7 executive director of the Public Employees Retirement Association shall report to the  
15.8 commissioner of revenue the following:

15.9 (1) the municipalities which employ firefighters with retirement coverage by the  
15.10 public employees police and fire retirement plan;

15.11 (2) the number of firefighters with public employees police and fire retirement plan  
15.12 coverage employed by each municipality;

15.13 (3) the fire departments covered by the voluntary statewide lump-sum volunteer  
15.14 firefighter retirement plan; and

15.15 (4) any other information requested by the commissioner to administer the police  
15.16 and firefighter retirement supplemental state aid program.

15.17 (b) For this subdivision, (i) the number of firefighters employed by a municipality  
15.18 who have public employees police and fire retirement plan coverage means the number  
15.19 of firefighters with public employees police and fire retirement plan coverage that were  
15.20 employed by the municipality for not less than 30 hours per week for a minimum of six  
15.21 months prior to December 31 preceding the date of the payment under this section and, if  
15.22 the person was employed for less than the full year, prorated to the number of full months  
15.23 employed; and (ii) the number of active police officers certified for police state aid receipt  
15.24 under section 69.011, subdivisions 2 and 2b, means, for each municipality, the number of  
15.25 police officers meeting the definition of peace officer in section 69.011, subdivision 1,  
15.26 counted as provided and limited by section 69.011, subdivisions 2 and 2b.

15.27 Subd. 4. **Payments; conditions prerequisite.** (a) The payments under this section  
15.28 must be made on October 1 each year, with interest at one percent for each month, or  
15.29 portion of a month, that the amount remains unpaid after October 1. Any necessary  
15.30 adjustments must be made to subsequent payments.

15.31 (b) The provisions of sections 69.011 to 69.051 that prevent municipalities and relief  
15.32 associations from being eligible for, or receiving fire state aid under sections 69.011 to  
15.33 69.051 until the applicable financial reporting requirements have been complied with,  
15.34 apply to the amounts payable to municipalities and relief associations under this section.

15.35 Subd. 5. **Aid termination.** The aid program under this section ends on the  
15.36 December 1 next following the actuarial valuation date on which the assets of the

16.1 retirement plan on a market value basis equals or exceeds 90 percent of the total  
16.2 actuarial accrued liabilities of the retirement plan as disclosed in an actuarial valuation  
16.3 prepared under section 356.215 and the Standards for Actuarial Work promulgated by the  
16.4 Legislative Commission on Pensions and Retirement, for the State Patrol retirement plan  
16.5 or the public employees police and fire retirement plan, whichever occurs last.

16.6 Subd. 6. **Appropriation.** \$15,500,000 is appropriated annually to the commissioner  
16.7 of revenue for this aid program.

16.8 **EFFECTIVE DATE.** This section is effective beginning in the fiscal year beginning  
16.9 July 1, 2013.

16.10 Sec. 7. Minnesota Statutes 2012, section 477A.011, subdivision 30, is amended to read:

16.11 Subd. 30. **Pre-1940 housing percentage.** (a) Except as provided in paragraph (b),  
16.12 "pre-1940 housing percentage" for a city is 100 times the most recent federal census count  
16.13 by the United States Bureau of the Census of all housing units in the city built before  
16.14 1940, divided by the total number of all housing units in the city. Housing units includes  
16.15 both occupied and vacant housing units as defined by the federal census. For aids payable  
16.16 in 2014, "pre-1940 housing percentage" shall be based on 2010 housing data.

16.17 (b) For the city of East Grand Forks only, "pre-1940 housing percentage" is equal  
16.18 to 100 times the 1990 federal census count of all housing units in the city built before  
16.19 1940, divided by the most recent count by the United States Bureau of the Census of all  
16.20 housing units in the city. Housing units includes both occupied and vacant housing units  
16.21 as defined by the federal census.

16.22 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
16.23 2014 and thereafter.

16.24 Sec. 8. Minnesota Statutes 2012, section 477A.011, is amended by adding a  
16.25 subdivision to read:

16.26 Subd. 30a. **Percent of housing built between 1940 and 1970.** "Percent of housing  
16.27 built between 1940 and 1970" is equal to 100 times the most recent count by the United  
16.28 States Bureau of the Census of all housing units in the city built after 1939 but before  
16.29 1970, divided by the total number of all housing units in the city. Housing units includes  
16.30 both occupied and vacant housing units as defined by the federal census. For aids payable  
16.31 in 2014, "percent of housing built between 1940 and 1970" shall be based on 2010  
16.32 housing data.



17.1 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
 17.2 2014 and thereafter.

17.3 Sec. 9. Minnesota Statutes 2012, section 477A.011, subdivision 34, is amended to read:

17.4 Subd. 34. **City revenue need.** (a) For a city with a population equal to or greater  
 17.5 than ~~2,500~~ 10,000, "city revenue need" is ~~the greater of 285 or 1.15 times~~ the sum of (1)  
 17.6 ~~5.0734098~~ 4.59 times the pre-1940 housing percentage; plus (2) ~~19.141678~~ times the  
 17.7 ~~population decline percentage~~ 0.622 times the percent of housing built between 1940 and  
 17.8 1970; plus (3) ~~2504.06334~~ times the road accidents factor 169.415 times the jobs per  
 17.9 capita; plus (4) ~~355.0547~~; minus (5) the metropolitan area factor; minus (6) ~~49.10638~~  
 17.10 ~~times the household size~~ the sparsity adjustment; plus (5) 307.664.

17.11 (b) For a city with a population equal to or greater than 2,500 and less than 10,000,  
 17.12 "city revenue need" is 1.15 times the sum of (1) 572.62; plus (2) 5.026 times the pre-1940  
 17.13 housing percentage; minus (3) 53.768 times household size; plus (4) 14.022 times peak  
 17.14 population decline.

17.15 ~~(b)~~ (c) For a city with a population less than 2,500, "city revenue need" is the sum of  
 17.16 ~~(1) 2.387 times the pre-1940 housing percentage; plus (2) 2.67591 times the commercial~~  
 17.17 ~~industrial percentage; plus (3) 3.16042 times the population decline percentage; plus (4)~~  
 17.18 ~~1.206 times the transformed population; minus (5) 62.772~~ 410 plus 0.367 times the city's  
 17.19 population over 100. The city revenue need under this paragraph shall not exceed 630.

17.20 ~~(e)~~ (d) For a city with a population of at least 2,500 or more and a population in one  
 17.21 of the most recently available five years that was less than 2,500, "city revenue need"  
 17.22 is the sum of (1) its city revenue need calculated under paragraph (a) multiplied by its  
 17.23 transition factor; plus (2) its city revenue need calculated under the formula in paragraph  
 17.24 (b) multiplied by the difference between one and its transition factor. For purposes of this  
 17.25 paragraph, a city's "transition factor" is equal to 0.2 multiplied by the number of years that  
 17.26 the city's population estimate has been 2,500 or more. This provision only applies for aids  
 17.27 payable in calendar years 2006 to 2008 to cities with a 2002 population of less than 2,500.  
 17.28 It applies to any city for aids payable in 2009 and thereafter but less than 3,000, the "city  
 17.29 revenue need" equals (1) the transition factor times the city's revenue need calculated in  
 17.30 paragraph (b) plus (2) 630 times the difference between one and the transition factor. For  
 17.31 a city with a population of at least 10,000 but less than 10,500, the "city revenue need"  
 17.32 equals (1) the transition factor times the city's revenue need calculated in paragraph (a)  
 17.33 plus (2) the city's revenue need calculated under the formula in paragraph (b) times the  
 17.34 difference between one and the transition factor. For purposes of this paragraph "transition

18.1 factor" is 0.2 percent times the amount that the city's population exceeds the minimum  
18.2 threshold in either of the first two sentences.

18.3 ~~(d)~~ (e) The city revenue need cannot be less than zero.

18.4 ~~(e)~~ (f) For calendar year ~~2005~~ 2015 and subsequent years, the city revenue need for  
18.5 a city, as determined in paragraphs (a) to ~~(d)~~ (e), is multiplied by the ratio of the annual  
18.6 implicit price deflator for government consumption expenditures and gross investment for  
18.7 state and local governments as prepared by the United States Department of Commerce,  
18.8 for the most recently available year to the ~~2003~~ 2013 implicit price deflator for state  
18.9 and local government purchases.

18.10 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
18.11 2014 and thereafter.

18.12 Sec. 10. Minnesota Statutes 2012, section 477A.011, subdivision 42, is amended to read:

18.13 Subd. 42. **City jobs base Jobs per capita.** ~~(a) "City jobs base" for a city with a~~  
18.14 ~~population of 5,000 or more is equal to the product of (1) \$25.20, (2) the number of~~  
18.15 ~~jobs per capita in the city, and (3) its population. For cities with a population less than~~  
18.16 ~~5,000, the city jobs base is equal to zero. For a city receiving aid under subdivision 36,~~  
18.17 ~~paragraph (k), its city jobs base is reduced by the lesser of 36 percent of the amount of~~  
18.18 ~~aid received under that paragraph or \$1,000,000. No city's city jobs base may exceed~~  
18.19 ~~\$4,725,000 under this paragraph.~~

18.20 ~~(b) For calendar year 2010 and subsequent years, the city jobs base for a city, as~~  
18.21 ~~determined in paragraph (a), is multiplied by the ratio of the appropriation under section~~  
18.22 ~~477A.03, subdivision 2a, for the year in which the aid is paid to the appropriation under~~  
18.23 ~~that section for aids payable in 2009.~~

18.24 ~~(c) For purposes of this subdivision, "Jobs per capita in the city" means (1) the~~  
18.25 ~~average annual number of employees in the city based on the data from the Quarterly~~  
18.26 ~~Census of Employment and Wages, as reported by the Department of Employment and~~  
18.27 ~~Economic Development, for the most recent calendar year available as of May 1, 2008~~  
18.28 November 1 of every odd-numbered year, divided by (2) the city's population for the  
18.29 same calendar year as the employment data. The commissioner of the Department of  
18.30 Employment and Economic Development shall certify to the city the average annual  
18.31 number of employees for each city by ~~June 1, 2008~~ January 1, of every even-numbered  
18.32 year beginning with January 1, 2014. A city may challenge an estimate under this  
18.33 paragraph by filing its specific objection, including the names of employers that it feels  
18.34 may have misreported data, in writing with the commissioner by ~~June 20, 2008~~ December  
18.35 1 of every odd-numbered year. The commissioner shall make every reasonable effort

19.1 to address the specific objection and adjust the data as necessary. The commissioner  
19.2 shall certify the estimates of the annual employment to the commissioner of revenue by  
19.3 ~~July 15, 2008~~ January 1 of all even-numbered years, including any estimates still under  
19.4 objection. For aids payable in 2014, "jobs per capita" shall be based on the annual number  
19.5 of employees and population for calendar year 2010 without additional review.

19.6 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
19.7 2014 and thereafter.

19.8 Sec. 11. Minnesota Statutes 2012, section 477A.011, is amended by adding a  
19.9 subdivision to read:

19.10 **Subd. 44. Peak population decline.** "Peak population decline" is equal to 100  
19.11 times the difference between one and the ratio of the city's current population, to the  
19.12 highest city population reported in a federal census from the 1970 census or later. "Peak  
19.13 population decline" shall not be less than zero.

19.14 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
19.15 2014 and thereafter.

19.16 Sec. 12. Minnesota Statutes 2012, section 477A.011, is amended by adding a  
19.17 subdivision to read:

19.18 **Subd. 45. Sparsity adjustment.** For a city with a population of 10,000 or more, the  
19.19 sparsity adjustment is 100 for any city with an average population density less than 150  
19.20 per square mile, according to the most recent federal census, and the sparsity adjustment is  
19.21 zero for all other cities.

19.22 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
19.23 2014 and thereafter.

19.24 Sec. 13. Minnesota Statutes 2012, section 477A.013, subdivision 1, is amended to read:

19.25 Subdivision 1. **Towns.** ~~In 2002, no town is eligible for a distribution under this~~  
19.26 ~~subdivision.~~ In 2014 and thereafter, each town is eligible for a distribution under this  
19.27 subdivision equal to the product of (i) its agricultural property factor, (ii) its town area  
19.28 factor, (iii) its population factor, and (iv) 0.0045. As used in this subdivision, the following  
19.29 terms have the meanings given them:

19.30 (1) "agricultural property factor" means the ratio of the adjusted net tax capacity of  
19.31 agricultural property located in a town, divided by the adjusted net tax capacity of all other  
19.32 property located in the town. The agricultural property factor cannot exceed eight;

20.1 (2) "agricultural property" means property classified under section 273.13, as  
 20.2 homestead and nonhomestead agricultural property, rural vacant land, and noncommercial  
 20.3 seasonal recreational property;

20.4 (3) "town area factor" means the most recent estimate of total acreage, not to exceed  
 20.5 50,000 acres, located in the township available as of July 1 in the aid calculation year,  
 20.6 estimated or established by:

20.7 (i) the United States Bureau of the Census;

20.8 (ii) the State Land Management Information Center; or

20.9 (iii) the secretary of state; and

20.10 (4) "population factor" means the square root of the towns' population.

20.11 If the sum of the aids payable to all towns under this subdivision exceeds the limit  
 20.12 under section 477A.03, subdivision 2c, the distribution to each town must be reduced  
 20.13 proportionately so that the total amount of aids distributed under this section does not  
 20.14 exceed the limit in section 477A.03, subdivision 2c.

20.15 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
 20.16 2014 and thereafter.

20.17 Sec. 14. Minnesota Statutes 2012, section 477A.013, subdivision 8, is amended to read:

20.18 Subd. 8. **City formula aid.** (a) For aids payable in 2014 only, the formula aid for a  
 20.19 city is equal to the sum of (1) its 2013 certified aid and (2) the product of (i) the difference  
 20.20 between its unmet need and its 2013 certified aid and (ii) the aid gap percentage.

20.21 (b) For aids payable in 2015 and thereafter, the formula aid for a city is equal to  
 20.22 the sum of (1) its city jobs base, (2) its small city aid base, and (3) the need increase  
 20.23 percentage multiplied by the average of its unmet need for the most recently available two  
 20.24 years formula aid in the previous year and (2) the product of (i) the difference between  
 20.25 its unmet need and its certified aid in the previous year under subdivision 9, and (ii)  
 20.26 the aid gap percentage.

20.27 No city may have a formula aid amount less than zero. ~~The need increase aid gap~~  
 20.28 ~~percentage~~ must be the same for all cities.

20.29 The applicable ~~need increase aid gap~~ percentage must be calculated by the  
 20.30 Department of Revenue so that the total of the aid under subdivision 9 equals the total  
 20.31 amount available for aid under section 477A.03. Data used in calculating aids to cities  
 20.32 under sections 477A.011 to 477A.013 shall be the most recently available data as of  
 20.33 January 1 in the year in which the aid is calculated ~~except that the data used to compute "net~~  
 20.34 ~~levy" in subdivision 9 is the data most recently available at the time of the aid computation.~~

21.1 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
 21.2 2014 and thereafter.

21.3 Sec. 15. Minnesota Statutes 2012, section 477A.013, subdivision 9, is amended to read:

21.4 Subd. 9. **City aid distribution.** (a) In calendar year ~~2013~~ 2014 and thereafter, each  
 21.5 city shall receive an aid distribution equal to the sum of (1) the city formula aid under  
 21.6 subdivision 8, and (2) its ~~city aid base aid adjustment~~ aid adjustment under subdivision 13.

21.7 ~~(b) For aids payable in 2013 and 2014 only, the total aid in the previous year for~~  
 21.8 ~~any city shall mean the amount of aid it was certified to receive for aids payable in 2012~~  
 21.9 ~~under this section. For aids payable in 2015 and thereafter, the total aid in the previous~~  
 21.10 ~~year for any city means the amount of aid it was certified to receive under this section in~~  
 21.11 ~~the previous payable year.~~

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

21.18 ~~(d)~~ (b) For aids payable in 2014 only, the total aid for a city may not be less than the  
 21.19 amount it was certified to receive in 2013. For aids payable in ~~2010~~ 2015 and thereafter,  
 21.20 the total aid for a city with a population less than 2,500 must not be less than the amount  
 21.21 it was certified to receive in the previous year minus the lesser of \$10 multiplied by its  
 21.22 population, or five percent of its 2003-certified aid amount. For aids payable in ~~2009 only,~~  
 21.23 ~~the total aid for a city with a population less than 2,500 must not be less than what it~~  
 21.24 ~~received under this section in the previous year unless its total aid in calendar year 2008~~  
 21.25 ~~was aid under section 477A.011, subdivision 36, paragraph (s), in which case its minimum~~  
 21.26 ~~aid is zero~~ its net levy in the year prior to the aid distribution.

21.27 ~~(e) A city's aid loss under this section may not exceed \$300,000 in any year in~~  
 21.28 ~~which the total city aid appropriation under section 477A.03, subdivision 2a, is equal or~~  
 21.29 ~~greater than the appropriation under that subdivision in the previous year, unless the~~  
 21.30 ~~city has an adjustment in its city net tax capacity under the process described in section~~  
 21.31 ~~469.174, subdivision 28.~~

21.32 ~~(f) If a city's net tax capacity used in calculating aid under this section has decreased~~  
 21.33 ~~in any year by more than 25 percent from its net tax capacity in the previous year due to~~  
 21.34 ~~property becoming tax-exempt Indian land, the city's maximum allowed aid increase~~  
 21.35 ~~under paragraph (c) shall be increased by an amount equal to (1) the city's tax rate in the~~

22.1 year of the aid calculation, multiplied by (2) the amount of its net tax capacity decrease  
22.2 resulting from the property becoming tax exempt.

22.3 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
22.4 2014 and thereafter.

22.5 Sec. 16. Minnesota Statutes 2012, section 477A.013, is amended by adding a  
22.6 subdivision to read:

22.7 **Subd. 13. Certified aid adjustments.** (a) A city that received an aid base increase  
22.8 under Minnesota Statutes 2012, section 477A.011, subdivision 36, paragraph (e), shall  
22.9 have its total aid under subdivision 9 increased by an amount equal to \$150,000 for aids  
22.10 payable in 2014 through 2018.

22.11 (b) A city that received an aid base increase under section 477A.011, subdivision 36,  
22.12 paragraph (r), shall have its total aid under subdivision 9 increased by an amount equal to  
22.13 \$160,000 for aids payable in 2014 and thereafter.

22.14 (c) A city that received a temporary aid increase under Minnesota Statutes 2012,  
22.15 section 477A.011, subdivision 36, paragraph (o), shall have its total aid under subdivision  
22.16 9 increased by an amount equal to \$1,000,000 for aids payable in 2014 only.

22.17 Sec. 17. Minnesota Statutes 2012, section 477A.015, is amended to read:

22.18 **477A.015 PAYMENT DATES.**

22.19 The commissioner of revenue shall make the payments of local government aid to  
22.20 affected taxing authorities in two installments on July 20 and December 26 annually.

22.21 When the commissioner of public safety determines that a local government has  
22.22 suffered financial hardship due to a natural disaster, the commissioner of public safety  
22.23 shall notify the commissioner of revenue, who shall make payments of aids under sections  
22.24 477A.011 to 477A.014, which are otherwise due on December 26, as soon as is practical  
22.25 after the determination is made but not before July 20.

22.26 The commissioner may pay all or part of the payments of aids under sections  
22.27 477A.011 to 477A.014, which are due on December 26 at any time after August 15 if a  
22.28 local government requests such payment as being necessary for meeting its cash flow  
22.29 needs. For aids payable in 2013 only, a city that is located in an area deemed a disaster  
22.30 area during the month of April 2013, as defined in section 12A.02, subdivision 5, shall  
22.31 receive its December 26, 2013 payment with its July 20, 2013 payment.

22.32 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
22.33 2013 and thereafter.

23.1 Sec. 18. Minnesota Statutes 2012, section 477A.03, subdivision 2a, is amended to read:

23.2 Subd. 2a. **Cities.** For aids payable in ~~2013~~ 2014 ~~and thereafter~~, the total aid paid  
23.3 under section 477A.013, subdivision 9, is ~~\$426,438,012~~ \$507,598,012. The total aid paid  
23.4 under section 477A.013, subdivision 9, is \$509,098,012 for aids payable in 2015. For aids  
23.5 payable in 2016 and thereafter, the total aid paid under section 477A.013, subdivision  
23.6 9, is \$511,598,012.

23.7 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
23.8 2014 and thereafter.

23.9 Sec. 19. Minnesota Statutes 2012, section 477A.03, subdivision 2b, is amended to read:

23.10 Subd. 2b. **Counties.** (a) For aids payable in ~~2013~~ 2014 and thereafter, the total aid  
23.11 payable under section 477A.0124, subdivision 3, is ~~\$80,795,000~~ \$100,795,000. Each  
23.12 calendar year, \$500,000 of this appropriation shall be retained by the commissioner  
23.13 of revenue to make reimbursements to the commissioner of management and budget  
23.14 for payments made under section 611.27. ~~For calendar year 2004, the amount shall~~  
23.15 ~~be in addition to the payments authorized under section 477A.0124, subdivision 1.~~  
23.16 ~~For calendar year 2005 and subsequent years, the amount shall be deducted from the~~  
23.17 ~~appropriation under this paragraph.~~ The reimbursements shall be to defray the additional  
23.18 costs associated with court-ordered counsel under section 611.27. Any retained amounts  
23.19 not used for reimbursement in a year shall be included in the next distribution of county  
23.20 need aid that is certified to the county auditors for the purpose of property tax reduction  
23.21 for the next taxes payable year.

23.22 (b) For aids payable in ~~2013~~ 2014 and thereafter, the total aid under section  
23.23 477A.0124, subdivision 4, is ~~\$84,909,575~~ \$104,909,575. ~~The commissioner of~~  
23.24 ~~management and budget shall bill the commissioner of revenue shall transfer to the~~  
23.25 commissioner of management and budget \$207,000 annually for the cost of preparation  
23.26 of local impact notes as required by section 3.987, ~~not to exceed \$207,000 in fiscal year~~  
23.27 ~~2004 and thereafter and other local government activities.~~ ~~The commissioner of education~~  
23.28 ~~shall bill the commissioner of revenue for the cost of preparation of local impact notes for~~  
23.29 ~~school districts as required by section 3.987, not to exceed \$7,000 in fiscal year 2004 and~~  
23.30 ~~thereafter shall transfer to the commissioner of education \$7,000 annually for the cost of~~  
23.31 preparation of local impact notes for school districts as required by section 3.987. The  
23.32 commissioner of revenue shall deduct the amounts ~~billed~~ transferred under this paragraph  
23.33 from the appropriation under this paragraph. The amounts ~~deducted~~ transferred are  
23.34 appropriated to the commissioner of management and budget and the commissioner of  
23.35 education ~~for the preparation of local impact notes~~ respectively.

24.1 **EFFECTIVE DATE.** This section is effective for aid payable in 2014 and thereafter.

24.2 Sec. 20. Minnesota Statutes 2012, section 477A.03, is amended by adding a  
24.3 subdivision to read:

24.4 Subd. 2c. **Towns.** For aids payable in 2014, the total aids paid under section  
24.5 477A.013, subdivision 1, is limited to \$10,000,000. For aids payable in 2015 and  
24.6 thereafter, the total aids paid under section 477A.013, subdivision 1, is limited to the  
24.7 amount certified to be paid in the previous year.

24.8 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
24.9 2014 and thereafter.

24.10 Sec. 21. **[477A.085] DEBT SERVICE AID; CITY OF MINNEAPOLIS.**

24.11 On or before November 1, 2016, and the first day of each November thereafter, the  
24.12 commissioner shall pay to the city of Minneapolis an amount equal to 40 percent of the  
24.13 city's otherwise required levy to pay its general obligation library referendum bonds for  
24.14 the following calendar year. The levy excludes any amount to pay bonds, other than  
24.15 refunding bonds, issued after May 1, 2013. An amount sufficient to pay the aid under this  
24.16 section is appropriated from the general fund to the commissioner of revenue.

24.17 Sec. 22. **[477A.10] NATURAL RESOURCES LAND PAYMENTS IN LIEU;**  
24.18 **PURPOSE.**

24.19 The purposes of sections 477A.11 to 477A.14 are:

24.20 (1) to compensate local units of government for the loss of tax base from state  
24.21 ownership of land and the need to provide services for state land;

24.22 (2) to address the disproportionate impact of state land ownership on local units of  
24.23 government with a large proportion of state land; and

24.24 (3) to address the need to manage state lands held in trust for the local taxing districts.

24.25 Sec. 23. Minnesota Statutes 2012, section 477A.11, subdivision 3, is amended to read:

24.26 Subd. 3. **Acquired natural resources land.** "Acquired natural resources land"  
24.27 means:

24.28 (1) any land, other than wildlife management land, presently administered by the  
24.29 commissioner in which the state acquired by purchase, condemnation, or gift, a fee title  
24.30 interest in lands which were previously privately owned; and

24.31 (2) lands acquired by the state under chapter 84A that are designated as state parks,  
24.32 state recreation areas, scientific and natural areas, or wildlife management areas.



25.1 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
25.2 2013 and thereafter.

25.3 Sec. 24. Minnesota Statutes 2012, section 477A.11, subdivision 4, is amended to read:

25.4 Subd. 4. **Other natural resources land.** "Other natural resources land" means  
25.5 any ~~other~~ land, other than acquired natural resource land or wildlife management land,  
25.6 presently owned in fee title by the state and administered by the commissioner, or  
25.7 any tax-forfeited land, other than platted lots within a city or those lands described  
25.8 under subdivision 3, clause (2), which is owned by the state and administered by the  
25.9 commissioner or by the county in which it is located.

25.10 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
25.11 2013 and thereafter.

25.12 Sec. 25. Minnesota Statutes 2012, section 477A.11, is amended by adding a  
25.13 subdivision to read:

25.14 Subd. 6. **Military game refuge.** "Military game refuge" means land owned in  
25.15 fee by another state agency for military purposes and designated as a state game refuge  
25.16 under section 97A.085.

25.17 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
25.18 2013 and thereafter.

25.19 Sec. 26. Minnesota Statutes 2012, section 477A.11, is amended by adding a  
25.20 subdivision to read:

25.21 Subd. 7. **Transportation wetland.** "Transportation wetland" means land  
25.22 administered by the Department of Transportation in which the state acquired, by purchase  
25.23 from a private owner, a fee title interest in over 500 acres of land within a county to  
25.24 replace wetland losses from transportation projects.

25.25 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
25.26 2013 and thereafter.

25.27 Sec. 27. Minnesota Statutes 2012, section 477A.11, is amended by adding a  
25.28 subdivision to read:

25.29 Subd. 8. **Wildlife management land.** "Wildlife management land" means land  
25.30 administered by the commissioner in which the state acquired, from a private owner by

26.1 purchase, condemnation, or gift, a fee interest under the authority granted in chapter 94 or  
 26.2 97A for wildlife management purposes and actually used as a wildlife management area.

26.3 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
 26.4 2013 and thereafter.

26.5 Sec. 28. Minnesota Statutes 2012, section 477A.12, subdivision 1, is amended to read:

26.6 Subdivision 1. **Types of land; payments.** ~~(a) As an offset for expenses incurred~~  
 26.7 ~~by counties and towns in support of natural resources lands;~~ The following amounts are  
 26.8 annually appropriated to the commissioner of natural resources from the general fund for  
 26.9 transfer to the commissioner of revenue. The commissioner of revenue shall pay the  
 26.10 transferred funds to counties as required by sections 477A.11 to 477A.14. The amounts,  
 26.11 based on the acreage as of July 1 of each year prior to the payment year, are:

26.12 ~~(1) for acquired natural resources land;~~ \$5.133 multiplied by the total number of acres  
 26.13 of acquired natural resources land or, at the county's option three-fourths of one percent of  
 26.14 the appraised value of all acquired natural resources land in the county, whichever is greater;

26.15 ~~(2) \$5.133,~~ multiplied by the total number of acres of transportation wetland or, at  
 26.16 the county's option, three-fourths of one percent of the appraised value of all acquired  
 26.17 natural resources land in the county, whichever is greater;

26.18 ~~(3) three-fourths of one percent of the appraised value of all wildlife management~~  
 26.19 land in the county;

26.20 ~~(4) 50 percent of the dollar amount as determined under clause (1), multiplied by~~  
 26.21 the number of acres of military refuge land in the county;

26.22 ~~\$1.283~~ ~~(5) \$1.50,~~ multiplied by the number of acres of county-administered other  
 26.23 natural resources land in the county;

26.24 ~~(3) \$1.283~~ ~~(6) \$5.133,~~ multiplied by the total number of acres of land utilization  
 26.25 project land in the county; and

26.26 ~~(4) 64.2 cents~~ ~~(7) \$1.50,~~ multiplied by the number of acres of  
 26.27 commissioner-administered other natural resources land ~~located in each~~ the county as of  
 26.28 July 1 of each year prior to the payment year; and

26.29 ~~(8) without regard to acreage, \$300,000 for local assessments under section 84A.55,~~  
 26.30 subdivision 9.

26.31 ~~(b) The amount determined under paragraph (a), clause (1), is payable for land~~  
 26.32 ~~that is acquired from a private owner and owned by the Department of Transportation~~  
 26.33 ~~for the purpose of replacing wetland losses caused by transportation projects, but only~~  
 26.34 ~~if the county contains more than 500 acres of such land at the time the certification is~~  
 26.35 ~~made under subdivision 2.~~

27.1 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
27.2 2013 and thereafter.

27.3 Sec. 29. Minnesota Statutes 2012, section 477A.12, subdivision 2, is amended to read:

27.4 Subd. 2. **Procedure.** ~~Lands for which payments in lieu are made pursuant to~~  
27.5 ~~section 97A.061, subdivision 3, and Laws 1973, chapter 567, shall not be eligible for~~  
27.6 ~~payments under this section.~~ Each county auditor shall certify to the Department of  
27.7 Natural Resources during July of each year prior to the payment year the number of acres  
27.8 of county-administered other natural resources land within the county. The Department of  
27.9 Natural resources may, in addition to the certification of acreage, require descriptive lists  
27.10 of land so certified. The commissioner of natural resources shall determine and certify to  
27.11 the commissioner of revenue by March 1 of the payment year:

27.12 (1) the number of acres and most recent appraised value of acquired natural  
27.13 resources land, wildlife management land, and military refuge land within each county;

27.14 (2) the number of acres of commissioner-administered natural resources land within  
27.15 each county;

27.16 (3) the number of acres of county-administered other natural resources land within  
27.17 each county, based on the reports filed by each county auditor with the commissioner  
27.18 of natural resources; and

27.19 (4) the number of acres of land utilization project land within each county.

27.20 The commissioner of transportation shall determine and certify to the commissioner  
27.21 of revenue by March 1 of the payment year the number of acres of land transportation  
27.22 wetland and the appraised value of the land ~~described in subdivision 1, paragraph (b),~~ but  
27.23 only if it exceeds 500 acres in a county.

27.24 The commissioner of revenue shall determine the distributions provided for in this  
27.25 section using the number of acres and appraised values certified by the commissioner of  
27.26 natural resources and the commissioner of transportation by March 1 of the payment year.

27.27 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
27.28 2013 and thereafter.

27.29 Sec. 30. Minnesota Statutes 2012, section 477A.12, subdivision 3, is amended to read:

27.30 Subd. 3. **Determination of appraised value.** For the purposes of this section, the  
27.31 appraised value of acquired natural resources land is the purchase price ~~for the first five~~  
27.32 years after acquisition until the next six-year appraisal required under this subdivision.

27.33 The appraised value of acquired natural resources land received as a donation is the value  
27.34 determined for the commissioner of natural resources by a licensed appraiser, or the

28.1 county assessor's estimated market value if no appraisal is done. The appraised value must  
28.2 be determined by the county assessor every five six years after the land is acquired. All  
28.3 reappraisals shall be done in the same year as county assessors are required to assess  
28.4 exempt land under section 273.18.

28.5 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
28.6 2013 and thereafter.

28.7 Sec. 31. Minnesota Statutes 2012, section 477A.14, subdivision 1, is amended to read:

28.8 Subdivision 1. **General distribution.** Except as provided in ~~subdivision 2 or in~~  
28.9 ~~section 97A.061, subdivision 5~~ subdivisions 2 and 3, 40 percent of the total payment to  
28.10 the county shall be deposited in the county general revenue fund to be used to provide  
28.11 property tax levy reduction. The remainder shall be distributed by the county in the  
28.12 following priority:

28.13 (a) 64.2 cents, for each acre of county-administered other natural resources land shall  
28.14 be deposited in a resource development fund to be created within the county treasury for  
28.15 use in resource development, forest management, game and fish habitat improvement, and  
28.16 recreational development and maintenance of county-administered other natural resources  
28.17 land. Any county receiving less than \$5,000 annually for the resource development fund  
28.18 may elect to deposit that amount in the county general revenue fund;

28.19 (b) from the funds remaining, within 30 days of receipt of the payment to the county,  
28.20 the county treasurer shall pay each organized township ~~51.3 cents for each acre of acquired~~  
28.21 ~~natural resources land and each acre of land described in section 477A.12, subdivision 1,~~  
28.22 ~~paragraph (b), and 12.8 cents for each acre of other natural resources land and each acre of~~  
28.23 ~~land utilization project land located within its boundaries~~ ten percent of the amount received  
28.24 under section 477A.12, subdivision 1, clauses (1), (2), and (5) to (7). Payments for natural  
28.25 resources lands not located in an organized township shall be deposited in the county  
28.26 general revenue fund. Payments to counties and townships pursuant to this paragraph shall  
28.27 be used to provide property tax levy reduction, except that of the payments for natural  
28.28 resources lands not located in an organized township, the county may allocate the amount  
28.29 determined to be necessary for maintenance of roads in unorganized townships. Provided  
28.30 that, if the total payment to the county pursuant to section 477A.12 is not sufficient to fully  
28.31 fund the distribution provided for in this clause, the amount available shall be distributed  
28.32 to each township and the county general revenue fund on a pro rata basis; and

28.33 (c) any remaining funds shall be deposited in the county general revenue fund.

28.34 Provided that, if the distribution to the county general revenue fund exceeds \$35,000, the  
28.35 excess shall be used to provide property tax levy reduction.

29.1 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
 29.2 2013 and thereafter.

29.3 Sec. 32. Minnesota Statutes 2012, section 477A.14, is amended by adding a  
 29.4 subdivision to read:

29.5 Subd. 3. **Distribution for wildlife management lands and military refuge lands.**

29.6 (a) The county treasurer shall allocate the payment for wildlife management land and  
 29.7 military game refuge land among the county, towns, and school districts on the same basis  
 29.8 as if the payments were taxes on the land received in the year. Payment of a town's or a  
 29.9 school district's allocation must be made by the county treasurer to the town or school  
 29.10 district within 30 days of receipt of the payment to the county. The county's share of the  
 29.11 payment shall be deposited in the county general revenue fund.

29.12 (b) The county treasurer of a county with a population over 39,000, but less than  
 29.13 42,000, in the 1950 federal census shall allocate the payment only among the towns and  
 29.14 school districts on the same basis as if the payments were taxes on the lands received  
 29.15 in the current year.

29.16 (c) If a town received a payment in calendar year 2006 or thereafter under this  
 29.17 subdivision, and subsequently incorporated as a city, the city shall continue to receive any  
 29.18 future year's allocations of wildlife land payments that would have been made to the town  
 29.19 had it not incorporated, provided that the payments shall terminate if the governing body  
 29.20 of the city passes an ordinance that prohibits hunting within the boundaries of the city.

29.21 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
 29.22 2013 and thereafter.

29.23 Sec. 33. Laws 2006, chapter 259, article 11, section 3, as amended by Laws 2008,  
 29.24 chapter 154, article 1, section 4, is amended to read:

29.25 **Sec. 3. MAHNOMEN COUNTY; COUNTY, CITY, SCHOOL DISTRICT,**  
 29.26 **PROPERTY TAX REIMBURSEMENT.**

29.27 **Subdivision 1. Aid appropriation.** ~~\$600,000~~ \$1,200,000 is appropriated annually  
 29.28 from the general fund to the commissioner of revenue to be used to make payments to  
 29.29 compensate for the loss of property tax revenue related to the trust conversion application  
 29.30 of the Shooting Star Casino. The commissioner shall pay the county of Mahnomen,  
 29.31 ~~\$450,000~~ \$900,000; the city of Mahnomen, ~~\$80,000~~ \$160,000; and Independent School  
 29.32 District No. 432, Mahnomen, ~~\$70,000~~ \$140,000. The payments shall be made on July 20,  
 29.33 of ~~2008~~ 2013 and each subsequent year.

30.1 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
30.2 2013 and thereafter.

30.3 Sec. 34. **INELIGIBILITY; SUSTAINABLE FOREST INCENTIVE PROGRAM.**

30.4 Lands that no longer qualify as forest land under Minnesota Statutes, section  
30.5 290C.02, subdivision 6, item (iii), are released from the covenant required under  
30.6 Minnesota Statutes, section 290C.04.

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

30.8 Sec. 35. **REENROLLMENT; SUSTAINABLE FOREST INCENTIVE**  
30.9 **PROGRAM.**

30.10 A person who elected to terminate participation in the sustainable forest incentive  
30.11 program, as provided in Laws 2011, First Special Session chapter 7, article 6, section 12,  
30.12 may reenroll lands for which the claimant terminated participation and be eligible for a  
30.13 payment in October 2013. A person must apply for reenrollment under this section within  
30.14 60 days after the effective date of this section.

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

30.16 Sec. 36. **REPEALER.**

30.17 (a) Minnesota Statutes 2012, sections 477A.011, subdivisions 2a, 19, 29, 31, 32, 33,  
30.18 36, 39, 40, and 41; 477A.013, subdivisions 11 and 12; 477A.0133; and 477A.0134, are  
30.19 repealed.

30.20 (b) Minnesota Statutes 2012, section 97A.061, and Laws 1973, chapter 567, section  
30.21 7, as amended by Laws 1977, chapter 403, section 12, are repealed on July 1, 2013.

30.22 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
30.23 2014 and thereafter.

### 30.24 **ARTICLE 3**

### 30.25 **EDUCATION AIDS AND LEVIES**

30.26 Section 1. **[124D.862] ACHIEVEMENT AND INTEGRATION REVENUE.**

30.27 Subdivision 1. **Initial achievement and integration revenue.** (a) An eligible  
30.28 district's initial achievement and integration revenue equals the sum of (1) \$350 times  
30.29 the district's adjusted pupil units for that year times the ratio of the district's enrollment  
30.30 of protected students for the previous school year to total enrollment for the previous

31.1 school year and (2) the greater of zero or 66 percent of the difference between the district's  
31.2 integration revenue for fiscal year 2013 and the district's integration revenue for fiscal  
31.3 year 2014 under clause (1).

31.4 (b) In each year, 0.3 percent of each district's initial achievement and integration  
31.5 revenue is transferred to the department for the oversight and accountability activities  
31.6 required under this section and section 124D.861.

31.7 Subd. 2. **Incentive revenue.** An eligible school district's maximum incentive  
31.8 revenue equals \$10 per adjusted pupil unit. In order to receive this revenue, a district must  
31.9 be implementing a voluntary plan to reduce racial and economic enrollment disparities  
31.10 through intradistrict and interdistrict activities that have been approved as a part of the  
31.11 district's achievement and integration plan.

31.12 Subd. 3. **Achievement and integration revenue.** Achievement and integration  
31.13 revenue equals the sum of initial achievement and integration revenue and incentive  
31.14 revenue.

31.15 Subd. 4. **Achievement and integration aid.** For fiscal year 2015 and later,  
31.16 a district's achievement and integration aid equals 70 percent of its achievement and  
31.17 integration revenue.

31.18 Subd. 5. **Achievement and integration levy.** A district's achievement and  
31.19 integration levy equals its achievement and integration revenue times 30 percent. For  
31.20 Special School District No. 1, Minneapolis; Independent School District No. 625, St.  
31.21 Paul; and Independent School District No. 709, Duluth, 100 percent of the levy certified  
31.22 under this subdivision is shifted into the prior calendar year for purposes of sections  
31.23 123B.75, subdivision 5, and 127A.441.

31.24 Subd. 6. **Revenue uses.** (a) At least 80 percent of a district's achievement and  
31.25 integration revenue received under this section must be used for innovative and integrated  
31.26 learning environments, school enrollment choices, family engagement activities, and other  
31.27 approved programs providing direct services to students.

31.28 (b) Up to 20 percent of the revenue may be used for professional development and  
31.29 staff development activities and placement services.

31.30 (c) No more than ten percent of the total amount of revenue may be spent on  
31.31 administrative services.

31.32 Subd. 7. **Revenue reserved.** Integration revenue received under this section must  
31.33 be reserved and used only for the programs authorized in subdivision 2.

31.34 Subd. 8. **Commissioner authority to withhold revenue.** (a) The commissioner  
31.35 must review the results of each district's integration and achievement plan by August 1 at  
31.36 the end of the third year of implementing the plan and determine if the district met its goals.

32.1 (b) If a district met its goals, it may submit a new three-year plan to the commissioner  
32.2 for review.

32.3 (c) If a district has not met its goals, the commissioner must:

32.4 (1) develop a district improvement plan and timeline, in consultation with the  
32.5 affected district, that identifies strategies and practices designed to meet the district's goals  
32.6 under this section and section 120B.11; and

32.7 (2) use up to 20 percent of the district's integration revenue, until the district's goals  
32.8 are reached, to implement the improvement plan.

32.9 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014 and  
32.10 later. Subdivision 5 is effective for taxes payable in 2014 only.

32.11 Sec. 2. Minnesota Statutes 2012, section 126C.10, subdivision 1, is amended to read:

32.12 Subdivision 1. **General education revenue.** (a) For fiscal years 2013 and 2014, the  
32.13 general education revenue for each district equals the sum of the district's basic revenue,  
32.14 extended time revenue, gifted and talented revenue, small schools revenue, basic skills  
32.15 revenue, ~~training and experience revenue~~, secondary sparsity revenue, elementary sparsity  
32.16 revenue, transportation sparsity revenue, total operating capital revenue, equity revenue,  
32.17 alternative teacher compensation revenue, and transition revenue.

32.18 (b) For fiscal year 2015 and later, the general education revenue for each district  
32.19 equals the sum of the district's basic revenue, extended time revenue, gifted and  
32.20 talented revenue, declining enrollment revenue, location equity revenue, small schools  
32.21 revenue, basic skills revenue, secondary sparsity revenue, elementary sparsity revenue,  
32.22 transportation sparsity revenue, total operating capital revenue, equity revenue, pension  
32.23 adjustment revenue, and transition revenue.

32.24 Sec. 3. Minnesota Statutes 2012, section 126C.10, is amended by adding a subdivision  
32.25 to read:

32.26 Subd. 2d. **Location equity revenue.** (a) For a school district with any of its area  
32.27 located within the seven-county metropolitan area, location equity revenue equals \$424  
32.28 times the adjusted pupil units of the district for that school year.

32.29 (b) For all other school districts with more than 2,000 pupils in adjusted average  
32.30 daily membership for the fiscal year ending in the year before the levy is certified, location  
32.31 equity revenue equals \$212 times the adjusted pupil units of the district for that year.

32.32 (c) A district's location equity levy equals its location equity revenue times the lesser  
32.33 of one or the ratio of its referendum market value per resident pupil unit to \$510,000. The  
32.34 location equity revenue levy must be spread on referendum market value.



33.1 (d) A district's location equity aid equals its location equity revenue less its location  
33.2 equity levy, times the ratio of the actual amount levied to the permitted levy.

33.3 (e) A school district may elect not to participate in the location equity revenue  
33.4 program by a board vote taken prior to September 1 of the fiscal year before the fiscal year  
33.5 for which the decision not to participate becomes effective. The board resolution must  
33.6 state which fiscal years the district will not participate. A copy of the board resolution  
33.7 to not participate must be submitted to the commissioner.

33.8 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015  
33.9 and later.

33.10 Sec. 4. Minnesota Statutes 2012, section 126C.13, subdivision 4, is amended to read:

33.11 Subd. 4. **General education aid.** (a) For fiscal years ~~2007~~ 2013 and later 2014 only,  
33.12 a district's general education aid is the sum of the following amounts:

33.13 (1) general education revenue, excluding equity revenue, total operating capital  
33.14 revenue, alternative teacher compensation revenue, and transition revenue;

33.15 (2) operating capital aid under section 126C.10, subdivision 13b;

33.16 (3) equity aid under section 126C.10, subdivision 30;

33.17 (4) alternative teacher compensation aid under section 126C.10, subdivision 36;

33.18 (5) transition aid under section 126C.10, subdivision 33;

33.19 (6) shared time aid under section 126C.01, subdivision 7;

33.20 (7) referendum aid under section 126C.17, subdivisions 7 and 7a; and

33.21 (8) online learning aid according to section 124D.096.

33.22 (b) For fiscal year 2015 and later, a district's general education aid equals:

33.23 (1) general education revenue, excluding operating capital revenue, equity revenue,  
33.24 location equity revenue, and transition revenue, minus the student achievement levy,  
33.25 multiplied times the ratio of the actual amount of student achievement levy levied to the  
33.26 permitted student achievement levy; plus

33.27 (2) equity aid under section 126C.10, subdivision 30; plus

33.28 (3) transition aid under section 126C.10, subdivision 33; plus

33.29 (4) shared time aid under section 126C.10, subdivision 7; plus

33.30 (5) referendum aid under section 126C.17, subdivisions 7 and 7a;

33.31 (6) online learning aid under section 124D.096; plus

33.32 (7) location equity aid according to section 126C.10, subdivision 2d, paragraph (d).

34.1 Sec. 5. Minnesota Statutes 2012, section 126C.17, is amended to read:

34.2 **126C.17 REFERENDUM REVENUE.**

34.3 Subdivision 1. **Referendum allowance.** ~~(a) For fiscal year 2003 and later, a district's~~  
 34.4 ~~initial referendum revenue allowance equals the sum of the allowance under section~~  
 34.5 ~~126C.16, subdivision 2, plus any additional allowance per resident marginal cost pupil~~  
 34.6 ~~unit authorized under subdivision 9 before May 1, 2001, for fiscal year 2002 and later,~~  
 34.7 ~~plus the referendum conversion allowance approved under subdivision 13, minus \$415.~~  
 34.8 ~~For districts with more than one referendum authority, the reduction must be computed~~  
 34.9 ~~separately for each authority. The reduction must be applied first to the referendum~~  
 34.10 ~~conversion allowance and next to the authority with the earliest expiration date. A~~  
 34.11 ~~district's initial referendum revenue allowance may not be less than zero.~~

34.12 ~~(b) For fiscal year 2003, a district's referendum revenue allowance equals the initial~~  
 34.13 ~~referendum allowance plus any additional allowance per resident marginal cost pupil unit~~  
 34.14 ~~authorized under subdivision 9 between April 30, 2001, and December 30, 2001, for~~  
 34.15 ~~fiscal year 2003 and later.~~

34.16 ~~(c) For fiscal year 2004 and later, a district's referendum revenue allowance equals~~  
 34.17 ~~the sum of:~~

34.18 ~~(1) the product of (i) the ratio of the resident marginal cost pupil units the district~~  
 34.19 ~~would have counted for fiscal year 2004 under Minnesota Statutes 2002, section 126C.05,~~  
 34.20 ~~to the district's resident marginal cost pupil units for fiscal year 2004, times (ii) the initial~~  
 34.21 ~~referendum allowance plus any additional allowance per resident marginal cost pupil unit~~  
 34.22 ~~authorized under subdivision 9 between April 30, 2001, and May 30, 2003, for fiscal~~  
 34.23 ~~year 2003 and later, plus~~

34.24 ~~(2) any additional allowance per resident marginal cost pupil unit authorized under~~  
 34.25 ~~subdivision 9 after May 30, 2003, for fiscal year 2005 and later.~~

34.26 (a) A district's initial referendum allowance for fiscal year 2015 equals the result of  
 34.27 the following calculations:

34.28 (1) multiply the referendum allowance the district would have received for fiscal  
 34.29 year 2015 under Minnesota Statutes 2012, section 126C.17, subdivision 1, based on  
 34.30 elections held before July 1, 2013, by the resident marginal cost pupil units the district  
 34.31 would have counted for fiscal year 2015 under Minnesota Statutes 2012, section 126C.05;

34.32 (2) add to the result of clause (1) the adjustment the district would have received  
 34.33 under Minnesota Statutes 2012, section 127A.47, subdivision 7, paragraphs (a), (b), and  
 34.34 (c), based on elections held before July 1, 2013;

34.35 (3) divide the result of clause (2) by the district's adjusted pupil units for fiscal  
 34.36 year 2015; and

35.1 (4) if the result of clause (3) is less than zero, set the allowance to zero.

35.2 (b) A district's referendum allowance equals the sum of the district's initial  
 35.3 referendum allowance for fiscal year 2015, plus any additional referendum allowance per  
 35.4 adjusted pupil unit authorized after June 30, 2013, minus (i) the location equity revenue  
 35.5 subtraction, and (ii) any allowances expiring in fiscal year 2016 or later, provided that  
 35.6 the allowance may not be less than zero. For a district with more than one referendum  
 35.7 allowance for fiscal year 2015 under Minnesota Statutes 2012, section 126C.17, the  
 35.8 allowance calculated under paragraph (a) must be divided into components such that the  
 35.9 same percentage of the district's allowance expires at the same time as the old allowances  
 35.10 would have expired under Minnesota Statutes 2012, section 126C.17.

35.11 (c) For purposes of this subdivision, a district's location equity revenue subtraction  
 35.12 equals \$424 for a district receiving location equity revenue under section 126C.10,  
 35.13 subdivision 2d, paragraph (a), \$212 for a district receiving location equity revenue under  
 35.14 section 126C.10, subdivision 2d, paragraph (b), and zero for all other school districts.

35.15 **Subd. 2. Referendum allowance limit.** (a) Notwithstanding subdivision 1, for fiscal  
 35.16 year ~~2007~~ 2015 and later, a district's referendum allowance must not exceed the greater of:

35.17 ~~(1) the sum of: (i) a district's referendum allowance for fiscal year 1994 times 1.177~~  
 35.18 ~~times the annual inflationary increase as calculated under paragraph (b) plus (ii) its~~  
 35.19 ~~referendum conversion allowance for fiscal year 2003, minus (iii) \$215;~~

35.20 ~~(2) the greater of (i): 26 percent of the formula allowance or (ii) \$1,294 times the~~  
 35.21 ~~annual inflationary increase as calculated under paragraph (b); or times the greatest of:~~

35.22 (1) \$1,845;

35.23 (2) the sum of the referendum revenue the district would have received for fiscal  
 35.24 year 2015 under Minnesota Statutes 2012, section 126C.17, subdivision 4, based on  
 35.25 elections held before July 1, 2013, and the adjustment the district would have received  
 35.26 under Minnesota Statutes 2012, section 127A.47, subdivision 7, paragraphs (a), (b), and  
 35.27 (c), based on elections held before July 1, 2013, divided by the district's adjusted pupil  
 35.28 units for fiscal year 2015; or

35.29 (3) the product of the referendum allowance limit the district would have received  
 35.30 for fiscal year 2015 under Minnesota Statutes 2012, section 126C.17, subdivision 2, and  
 35.31 the resident marginal cost pupil units the district would have received for fiscal year 2015  
 35.32 under Minnesota Statutes 2012, section 126C.05, subdivision 6, plus the adjustment the  
 35.33 district would have received under Minnesota Statutes 2012, section 127A.47, subdivision  
 35.34 7, paragraphs (a), (b), and (c), based on elections held before July 1, 2013, divided by  
 35.35 the district's adjusted pupil units for fiscal year 2015; minus \$424 for a district receiving  
 35.36 location equity revenue under section 126C.10, subdivision 2d, paragraph (a), minus

36.1 \$212 for a district receiving location equity revenue under section 126C.10, subdivision  
36.2 2d, paragraph (b), or

36.3 ~~(3)~~ (4) for a newly reorganized district created after July 1, ~~2006~~ 2013, the referendum  
36.4 revenue authority for each reorganizing district in the year preceding reorganization divided  
36.5 by its ~~resident marginal cost~~ adjusted pupil units for the year preceding reorganization.

36.6 (b) For purposes of this subdivision, for fiscal year ~~2005~~ 2016 and later, "inflationary  
36.7 increase" means one plus the percentage change in the Consumer Price Index for urban  
36.8 consumers, as prepared by the United States Bureau of Labor Standards, for the current  
36.9 fiscal year to fiscal year ~~2004~~ 2015. For fiscal years ~~2009~~ year 2016 and later, for purposes  
36.10 of paragraph (a), clause ~~(1)~~ (3), the inflationary increase equals ~~the inflationary increase~~  
36.11 ~~for fiscal year 2008~~ plus one-fourth of the percentage increase in the formula allowance  
36.12 for that year compared with the formula allowance for fiscal year 2008 2015.

36.13 Subd. 3. **Sparsity exception.** A district that qualifies for sparsity revenue under  
36.14 section 126C.10 is not subject to a referendum allowance limit.

36.15 Subd. 4. **Total referendum revenue.** The total referendum revenue for each district  
36.16 equals the district's referendum allowance times the ~~resident marginal cost~~ adjusted pupil  
36.17 units for the school year.

36.18 Subd. 5. **Referendum equalization revenue.** ~~(a) For fiscal year 2003 and later,~~  
36.19 A district's referendum equalization revenue equals the sum of the first tier referendum  
36.20 equalization revenue and the second tier referendum equalization revenue, and the third  
36.21 tier referendum equalization revenue.

36.22 (b) A district's first tier referendum equalization revenue equals the district's first  
36.23 tier referendum equalization allowance times the district's ~~resident marginal cost~~ adjusted  
36.24 pupil units for that year.

36.25 ~~(c) For fiscal year 2006, a district's first tier referendum equalization allowance~~  
36.26 ~~equals the lesser of the district's referendum allowance under subdivision 1 or \$500. For~~  
36.27 ~~fiscal year 2007, a district's first tier referendum equalization allowance equals the lesser~~  
36.28 ~~of the district's referendum allowance under subdivision 1 or \$600.~~

36.29 ~~For fiscal year 2008 and later,~~ A district's first tier referendum equalization allowance  
36.30 equals the lesser of the district's referendum allowance under subdivision 1 or ~~\$700~~ \$300.

36.31 (d) A district's second tier referendum equalization revenue equals the district's  
36.32 second tier referendum equalization allowance times the district's ~~resident marginal cost~~  
36.33 adjusted pupil units for that year.

36.34 ~~(e) For fiscal year 2006, a district's second tier referendum equalization allowance~~  
36.35 ~~equals the lesser of the district's referendum allowance under subdivision 1 or 18.6~~  
36.36 ~~percent of the formula allowance, minus the district's first tier referendum equalization~~

37.1 ~~allowance. For fiscal year 2007 and later, A district's second tier referendum equalization~~  
37.2 ~~allowance equals the lesser of the district's referendum allowance under subdivision 1~~  
37.3 ~~or 26 percent of the formula allowance \$760, minus the district's first tier referendum~~  
37.4 ~~equalization allowance.~~

37.5 ~~(f) Notwithstanding paragraph (e), the second tier referendum allowance for a~~  
37.6 ~~district qualifying for secondary sparsity revenue under section 126C.10, subdivision 7, or~~  
37.7 ~~elementary sparsity revenue under section 126C.10, subdivision 8, equals the district's~~  
37.8 ~~referendum allowance under subdivision 1 minus the district's first tier referendum~~  
37.9 ~~equalization allowance. A district's third tier referendum equalization revenue equals the~~  
37.10 ~~district's third tier referendum equalization allowance times the district's adjusted pupil~~  
37.11 ~~units for that year.~~

37.12 ~~(g) A district's third tier referendum equalization allowance equals the lesser of~~  
37.13 ~~the district's referendum allowance under subdivision 1 or 25 percent of the formula~~  
37.14 ~~allowance, minus the sum of the district's first tier referendum equalization allowance and~~  
37.15 ~~second tier referendum equalization allowance.~~

37.16 ~~(h) Notwithstanding paragraph (g), the third tier referendum allowance for a district~~  
37.17 ~~qualifying for secondary sparsity revenue under section 126C.10, subdivision 7, or~~  
37.18 ~~elementary sparsity revenue under section 126C.10, subdivision 8, equals the district's~~  
37.19 ~~referendum allowance under subdivision 1 minus the sum of the district's first tier~~  
37.20 ~~referendum equalization allowance and second tier referendum equalization allowance.~~

37.21 **Subd. 6. Referendum equalization levy.** (a) For fiscal year 2003 and later,  
37.22 a district's referendum equalization levy equals the sum of the first tier referendum  
37.23 equalization levy ~~and the second tier referendum equalization levy, and the third tier~~  
37.24 ~~referendum equalization levy.~~

37.25 (b) A district's first tier referendum equalization levy equals the district's first tier  
37.26 referendum equalization revenue times the lesser of one or the ratio of the district's  
37.27 referendum market value per resident ~~marginal-cost~~ pupil unit to ~~\$476,000~~ \$880,000.

37.28 (c) A district's second tier referendum equalization levy equals the district's second  
37.29 tier referendum equalization revenue times the lesser of one or the ratio of the district's  
37.30 referendum market value per resident ~~marginal-cost~~ pupil unit to ~~\$270,000~~ \$510,000.

37.31 (d) A district's third tier referendum equalization levy equals the district's third  
37.32 tier referendum equalization revenue times the lesser of one or the ratio of the district's  
37.33 referendum market value per resident pupil unit to \$290,000.

37.34 **Subd. 7. Referendum equalization aid.** (a) A district's referendum equalization aid  
37.35 equals the difference between its referendum equalization revenue and levy.

38.1 (b) If a district's actual levy for first ~~or~~, second, or third tier referendum equalization  
38.2 revenue is less than its maximum levy limit for that tier, aid shall be proportionately  
38.3 reduced.

38.4 (c) Notwithstanding paragraph (a), the referendum equalization aid for a district,  
38.5 where the referendum equalization aid under paragraph (a) exceeds 90 percent of the  
38.6 referendum revenue, must not exceed ~~26~~ 25 percent of the formula allowance times the  
38.7 district's ~~resident marginal cost~~ adjusted pupil units. A district's referendum levy is  
38.8 increased by the amount of any reduction in referendum aid under this paragraph.

38.9 Subd. 7a. **Referendum tax base replacement aid.** For each school district that  
38.10 had a referendum allowance for fiscal year 2002 exceeding \$415, for each separately  
38.11 authorized referendum levy, the commissioner of revenue, in consultation with the  
38.12 commissioner of education, shall certify the amount of the referendum levy in taxes  
38.13 payable year 2001 attributable to the portion of the referendum allowance exceeding \$415  
38.14 levied against property classified as class 2, noncommercial 4c(1), or 4c(4), under section  
38.15 273.13, excluding the portion of the tax paid by the portion of class 2a property consisting  
38.16 of the house, garage, and surrounding one acre of land. The resulting amount must be  
38.17 used to reduce the district's referendum levy amount otherwise determined, and must be  
38.18 paid to the district each year that the referendum authority remains in effect, is renewed,  
38.19 or new referendum authority is approved. The aid payable under this subdivision must  
38.20 be subtracted from the district's referendum equalization aid under subdivision 7. The  
38.21 referendum equalization aid after the subtraction must not be less than zero.

38.22 Subd. 7b. **Referendum aid guarantee.** (a) Notwithstanding subdivision 7, a  
38.23 district's referendum equalization aid for fiscal year 2015 must not be less than the sum  
38.24 of the referendum equalization aid the district would have received for fiscal year 2015  
38.25 under Minnesota Statutes 2012, section 126C.17, subdivision 7, and the adjustment the  
38.26 district would have received under Minnesota Statutes 2012, section 127A.47, subdivision  
38.27 7, paragraphs (a), (b), and (c).

38.28 (b) Notwithstanding subdivision 7, referendum equalization aid for fiscal year 2016  
38.29 and later, for a district qualifying for additional aid under paragraph (a) for fiscal year  
38.30 2015, must not be less than the product of (1) the district's referendum equalization aid  
38.31 for fiscal year 2015, times (2) the lesser of one or the ratio of the district's referendum  
38.32 revenue for that school year to the district's referendum revenue for fiscal year 2015, times  
38.33 (3) the lesser of one or the ratio of the district's referendum market value used for fiscal  
38.34 year 2015 referendum equalization calculations to the district's referendum market value  
38.35 used for that year's referendum equalization calculations.

39.1 Subd. 8. **Unequalized referendum levy.** Each year, a district may levy an amount  
 39.2 equal to the difference between its total referendum revenue according to subdivision 4  
 39.3 and its referendum equalization revenue according to subdivision 5.

39.4 Subd. 9. **Referendum revenue.** (a) The revenue authorized by section 126C.10,  
 39.5 subdivision 1, may be increased in the amount approved by the voters of the district  
 39.6 at a referendum called for the purpose. The referendum may be called by the board.  
 39.7 The referendum must be conducted one or two calendar years before the increased levy  
 39.8 authority, if approved, first becomes payable. Only one election to approve an increase  
 39.9 may be held in a calendar year. Unless the referendum is conducted by mail under  
 39.10 subdivision 11, paragraph (a), the referendum must be held on the first Tuesday after the  
 39.11 first Monday in November. The ballot must state the maximum amount of the increased  
 39.12 revenue per ~~resident marginal cost~~ adjusted pupil unit. The ballot may state a schedule,  
 39.13 determined by the board, of increased revenue per ~~resident marginal cost~~ adjusted pupil  
 39.14 unit that differs from year to year over the number of years for which the increased revenue  
 39.15 is authorized or may state that the amount shall increase annually by the rate of inflation.  
 39.16 For this purpose, the rate of inflation shall be the annual inflationary increase calculated  
 39.17 under subdivision 2, paragraph (b). The ballot may state that existing referendum levy  
 39.18 authority is expiring. In this case, the ballot may also compare the proposed levy authority  
 39.19 to the existing expiring levy authority, and express the proposed increase as the amount, if  
 39.20 any, over the expiring referendum levy authority. The ballot must designate the specific  
 39.21 number of years, not to exceed ten, for which the referendum authorization applies. The  
 39.22 ballot, including a ballot on the question to revoke or reduce the increased revenue amount  
 39.23 under paragraph (c), must abbreviate the term "per ~~resident marginal cost~~ adjusted pupil  
 39.24 unit" as "per pupil." The notice required under section 275.60 may be modified to read, in  
 39.25 cases of renewing existing levies at the same amount per pupil as in the previous year:

39.26 "BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ARE VOTING  
 39.27 TO EXTEND AN EXISTING PROPERTY TAX REFERENDUM THAT IS  
 39.28 SCHEDULED TO EXPIRE."

39.29 The ballot may contain a textual portion with the information required in this  
 39.30 subdivision and a question stating substantially the following:

39.31 "Shall the increase in the revenue proposed by (petition to) the board of .....,  
 39.32 School District No. ..., be approved?"

39.33 If approved, an amount equal to the approved revenue per ~~resident marginal cost~~  
 39.34 adjusted pupil unit times the ~~resident marginal cost~~ adjusted pupil units for the school  
 39.35 year beginning in the year after the levy is certified shall be authorized for certification

40.1 for the number of years approved, if applicable, or until revoked or reduced by the voters  
40.2 of the district at a subsequent referendum.

40.3 (b) The board must prepare and deliver by first class mail at least 15 days but no more  
40.4 than 30 days before the day of the referendum to each taxpayer a notice of the referendum  
40.5 and the proposed revenue increase. The board need not mail more than one notice to any  
40.6 taxpayer. For the purpose of giving mailed notice under this subdivision, owners must be  
40.7 those shown to be owners on the records of the county auditor or, in any county where  
40.8 tax statements are mailed by the county treasurer, on the records of the county treasurer.  
40.9 Every property owner whose name does not appear on the records of the county auditor  
40.10 or the county treasurer is deemed to have waived this mailed notice unless the owner  
40.11 has requested in writing that the county auditor or county treasurer, as the case may be,  
40.12 include the name on the records for this purpose. The notice must project the anticipated  
40.13 amount of tax increase in annual dollars for typical residential homesteads, agricultural  
40.14 homesteads, apartments, and commercial-industrial property within the school district.

40.15 The notice for a referendum may state that an existing referendum levy is expiring  
40.16 and project the anticipated amount of increase over the existing referendum levy in  
40.17 the first year, if any, in annual dollars for typical residential homesteads, agricultural  
40.18 homesteads, apartments, and commercial-industrial property within the district.

40.19 The notice must include the following statement: "Passage of this referendum will  
40.20 result in an increase in your property taxes." However, in cases of renewing existing levies,  
40.21 the notice may include the following statement: "Passage of this referendum extends an  
40.22 existing operating referendum at the same amount per pupil as in the previous year."

40.23 (c) A referendum on the question of revoking or reducing the increased revenue  
40.24 amount authorized pursuant to paragraph (a) may be called by the board. A referendum to  
40.25 revoke or reduce the revenue amount must state the amount per resident marginal cost  
40.26 pupil unit by which the authority is to be reduced. Revenue authority approved by the  
40.27 voters of the district pursuant to paragraph (a) must be available to the school district at  
40.28 least once before it is subject to a referendum on its revocation or reduction for subsequent  
40.29 years. Only one revocation or reduction referendum may be held to revoke or reduce  
40.30 referendum revenue for any specific year and for years thereafter.

40.31 (d) The approval of 50 percent plus one of those voting on the question is required to  
40.32 pass a referendum authorized by this subdivision.

40.33 (e) At least 15 days before the day of the referendum, the district must submit a  
40.34 copy of the notice required under paragraph (b) to the commissioner and to the county  
40.35 auditor of each county in which the district is located. Within 15 days after the results  
40.36 of the referendum have been certified by the board, or in the case of a recount, the



41.1 certification of the results of the recount by the canvassing board, the district must notify  
41.2 the commissioner of the results of the referendum.

41.3 Subd. 9a. **Board-approved referendum allowance.** Notwithstanding subdivision  
41.4 9, a school district may convert up to \$300 per adjusted pupil unit of referendum authority  
41.5 from voter approved to board approved by a board vote. A district with less than \$300  
41.6 per adjusted pupil unit of referendum authority may authorize new referendum authority  
41.7 up to the difference between \$300 per adjusted pupil unit and the district's referendum  
41.8 authority. The board may authorize this levy for up to five years and may subsequently  
41.9 reauthorize that authority in increments of up to five years.

41.10 Subd. 10. **School referendum levy; market value.** A school referendum levy must  
41.11 be levied against the referendum market value of all taxable property as defined in section  
41.12 126C.01, subdivision 3. Any referendum levy amount subject to the requirements of this  
41.13 subdivision must be certified separately to the county auditor under section 275.07.

41.14 Subd. 11. **Referendum date.** (a) Except for a referendum held under paragraph (b),  
41.15 any referendum under this section held on a day other than the first Tuesday after the first  
41.16 Monday in November must be conducted by mail in accordance with section 204B.46.  
41.17 Notwithstanding subdivision 9, paragraph (b), to the contrary, in the case of a referendum  
41.18 conducted by mail under this paragraph, the notice required by subdivision 9, paragraph (b),  
41.19 must be prepared and delivered by first-class mail at least 20 days before the referendum.

41.20 (b) In addition to the referenda allowed in subdivision 9, clause (a), the commissioner  
41.21 may grant authority to a district to hold a referendum on a different day if the district is in  
41.22 statutory operating debt and has an approved plan or has received an extension from the  
41.23 department to file a plan to eliminate the statutory operating debt.

41.24 (c) The commissioner must approve, deny, or modify each district's request for a  
41.25 referendum levy on a different day within 60 days of receiving the request from a district.

41.26 Subd. 13. **Referendum conversion allowance.** A school district that received  
41.27 supplemental or transition revenue in fiscal year 2002 may convert its supplemental  
41.28 revenue conversion allowance and transition revenue conversion allowance to additional  
41.29 referendum allowance under subdivision 1 for fiscal year 2003 and thereafter. A majority  
41.30 of the school board must approve the conversion at a public meeting before November 1,  
41.31 2001. For a district with other referendum authority, the referendum conversion allowance  
41.32 approved by the board continues until the portion of the district's other referendum  
41.33 authority with the earliest expiration date after June 30, 2006, expires. For a district  
41.34 with no other referendum authority, the referendum conversion allowance approved by  
41.35 the board continues until June 30, 2012.

42.1 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2015  
42.2 and later.

42.3 **Sec. 6. OPERATING REFERENDUM FREEZE, FISCAL YEAR 2015.**

42.4 (a) Notwithstanding Minnesota Statutes, section 126C.17, subdivision 9, a school  
42.5 district may not authorize an increase to its operating referendum in fiscal year 2015. A  
42.6 school district may reauthorize an operating referendum that is expiring in fiscal year 2015.

42.7 (b) Paragraph (a) shall not apply to a district if, prior to June 30, 2013, the board  
42.8 adopted a resolution to conduct a referendum in 2013.

42.9 (c) Paragraph (a) shall not apply to a district if the district did not authorize an  
42.10 operating referendum in fiscal year 2014.

42.11 (d) Paragraph (a) shall not apply to a district if the district is in statutory operating  
42.12 debt under Minnesota Statutes, section 123B.81, as of June 30, 2013, and has an approved  
42.13 plan with the Department of Education.

#### 42.14 **ARTICLE 4**

#### 42.15 **PROPERTY TAXES**

42.16 Section 1. Minnesota Statutes 2012, section 103B.102, subdivision 3, is amended to  
42.17 read:

42.18 Subd. 3. **Evaluation and report.** The Board of Water and Soil Resources shall  
42.19 evaluate performance, financial, and activity information for each local water management  
42.20 entity. The board shall evaluate the entities' progress in accomplishing their adopted plans  
42.21 on a regular basis as determined by the board based on budget and operations of the local  
42.22 water management entity, but not less than once every five ~~ten~~ years. The board shall  
42.23 maintain a summary of local water management entity performance on the board's Web site.  
42.24 Beginning February 1, 2008, and annually thereafter, the board shall provide an analysis  
42.25 of local water management entity performance to the chairs of the house of representatives  
42.26 and senate committees having jurisdiction over environment and natural resources policy.

42.27 Sec. 2. Minnesota Statutes 2012, section 103B.335, is amended to read:

#### 42.28 **103B.335 TAX LEVY AUTHORITY.**

42.29 Subdivision 1. **Local water planning and management.** The governing body of  
42.30 any county, municipality, or township may levy a tax in an amount required to implement  
42.31 sections 103B.301 to 103B.355 or a comprehensive watershed management plan as  
42.32 defined in section 103B.3363.

43.1 Subd. 2. **Priority programs; conservation and watershed districts.** A county  
43.2 may levy amounts necessary to pay the reasonable ~~increased~~ costs to soil and water  
43.3 conservation districts and watershed districts of administering and implementing priority  
43.4 programs identified in an approved and adopted plan or a comprehensive watershed  
43.5 management plan as defined in section 103B.3363.

43.6 Sec. 3. Minnesota Statutes 2012, section 103B.3369, subdivision 5, is amended to read:

43.7 Subd. 5. **Financial assistance.** A base grant may be awarded to a county that  
43.8 provides a match utilizing a water implementation tax or other local source. A water  
43.9 implementation tax that a county intends to use as a match to the base grant must be  
43.10 levied at a rate sufficient to generate a minimum amount determined by the board.  
43.11 The board may award performance-based grants to local units of government that are  
43.12 responsible for implementing elements of applicable portions of watershed management  
43.13 plans, comprehensive plans, local water management plans, or comprehensive watershed  
43.14 management plans, developed or amended, adopted and approved, according to chapter  
43.15 103B, 103C, or 103D. Upon request by a local government unit, the board may also  
43.16 award performance-based grants to local units of government to carry out TMDL  
43.17 implementation plans as provided in chapter 114D, if the TMDL implementation plan has  
43.18 been incorporated into the local water management plan according to the procedures for  
43.19 approving comprehensive plans, watershed management plans, local water management  
43.20 plans, or comprehensive watershed management plans under chapter 103B, 103C, or  
43.21 103D, or if the TMDL implementation plan has undergone a public review process.  
43.22 Notwithstanding section 16A.41, the board may award performance-based grants on an  
43.23 advanced basis. The fee authorized in section 40A.152 may be used as a local match  
43.24 or as a supplement to state funding to accomplish implementation of comprehensive  
43.25 plans, watershed management plans, local water management plans, or comprehensive  
43.26 watershed management plans under chapter 103B, 103C, or 103D.

43.27 Sec. 4. Minnesota Statutes 2012, section 103C.501, subdivision 4, is amended to read:

43.28 Subd. 4. **Cost-sharing funds.** (a) The state board shall allocate ~~at least 70 percent~~  
43.29 ~~of~~ cost-sharing funds to areas with high priority erosion, sedimentation, or water quality  
43.30 problems or water quantity problems due to altered hydrology. The areas must be selected  
43.31 based on ~~the statewide~~ priorities established by the state board.

43.32 (b) The allocated funds must be used for conservation practices for high priority  
43.33 problems identified in the comprehensive and annual work plans of the districts, for  
43.34 the technical assistance portion of the grant funds to leverage federal or other nonstate

44.1 funds, or to address high-priority needs identified in local water management plans or  
 44.2 comprehensive watershed management plans.

44.3 ~~(b) The remaining cost-sharing funds may be allocated to districts as follows:~~

44.4 ~~(1) for technical and administrative assistance, not more than 20 percent of the~~  
 44.5 ~~funds; and~~

44.6 ~~(2) for conservation practices for lower priority erosion, sedimentation, or water~~  
 44.7 ~~quality problems.~~

44.8 Sec. 5. Minnesota Statutes 2012, section 103F.405, subdivision 1, is amended to read:

44.9 Subdivision 1. **Authority.** Each statutory or home rule charter city, town, or  
 44.10 county that has planning and zoning authority under sections 366.10 to 366.19, 394.21  
 44.11 to 394.37, or 462.351 to 462.365 is encouraged to adopt a soil loss ordinance. The soil  
 44.12 loss ordinance must use the soil loss tolerance for each soil series described in the United  
 44.13 States Soil Natural Resources Conservation Service Field Office Technical Guide, or  
 44.14 another method approved by the Board of Water and Soil Resources, to determine the  
 44.15 soil loss limits, but the soil loss limits must be attainable by the best practicable soil  
 44.16 conservation practice. Ordinances adopted by local governments ~~within the metropolitan~~  
 44.17 ~~area defined in section 473.121~~ must be consistent with ~~local water management plans~~  
 44.18 ~~adopted under section 103B.235~~ a comprehensive plan, local water management plan, or  
 44.19 watershed management plan developed or amended, adopted, and approved according  
 44.20 to chapter 103B, 103C, or 103D.

44.21 Sec. 6. Minnesota Statutes 2012, section 168.012, subdivision 9, is amended to read:

44.22 Subd. 9. **Manufactured homes and park trailers.** Manufactured homes and park  
 44.23 trailers shall not be taxed as motor vehicles using the public streets and highways and shall  
 44.24 be exempt from the motor vehicle tax provisions of this chapter. Except as provided in  
 44.25 section 273.125, manufactured homes and park trailers shall be taxed as personal property.  
 44.26 The provisions of Minnesota Statutes 1957, section 272.02 or any other act providing for  
 44.27 tax exemption shall be inapplicable to manufactured homes and park trailers, except  
 44.28 such manufactured homes as are held by a licensed dealer or limited dealer, as defined  
 44.29 in section 327B.04, and exempted as inventory under subdivision 9a. Travel trailers not  
 44.30 conspicuously displaying current registration plates on the property tax assessment date  
 44.31 shall be taxed as manufactured homes if occupied as human dwelling places.

44.32 **EFFECTIVE DATE.** This section is effective for taxes payable in 2014 and  
 44.33 thereafter.

45.1 Sec. 7. Minnesota Statutes 2012, section 168.012, is amended by adding a subdivision  
45.2 to read:

45.3 Subd. 9a. **Manufactured home as dealer inventory.** Manufactured homes as  
45.4 defined in section 327.31, subdivision 6, shall be considered as dealer inventory, on the  
45.5 January 2 assessment date, if the home is:

45.6 (1) listed as inventory and held by a licensed or limited dealer;

45.7 (2) unoccupied and not available for rent;

45.8 (3) connected or not connected to utilities when located in a manufactured home  
45.9 park; and

45.10 (4) connected or not connected to utilities when located at a dealer's sales center.

45.11 The exemption under this subdivision is allowable for up to five assessment years after  
45.12 the date a home is initially claimed as dealer inventory.

45.13 **EFFECTIVE DATE.** This section is effective for taxes payable in 2014 and  
45.14 thereafter.

45.15 Sec. 8. Minnesota Statutes 2012, section 270.41, subdivision 3, is amended to read:

45.16 Subd. 3. ~~Licenses; refusal or revocation~~ Assessor sanctions; refusal to license.

45.17 (a) The board may (i) refuse to grant or renew, or may suspend or revoke, a license  
45.18 of an applicant or licensee, or (ii) censure, warn, or fine any licensed assessor, or any  
45.19 other person employed by an assessment jurisdiction or contracting with an assessment  
45.20 jurisdiction for the purpose of valuing or classifying property for property tax purposes,  
45.21 for any of the following causes or acts:

45.22 (1) failure to complete required training;

45.23 (2) inefficiency or neglect of duty;

45.24 (3) failure to comply with the Code of Conduct and Ethics for Licensed Minnesota  
45.25 Assessors adopted by the board pursuant to Laws 2005, First Special Session chapter 3,  
45.26 article 1, section 38;

45.27 (4) conviction of a crime involving moral turpitude; or

45.28 (5) failure to faithfully and fully perform his or her duties through malfeasance,  
45.29 misfeasance, or nonfeasance; or

45.30 ~~(5)~~ (6) any other cause or act that in the board's opinion warrants a refusal to issue  
45.31 or suspension or revocation of a license or the imposition of a sanction provided under  
45.32 this subdivision.

45.33 (b) When appropriate for the level of infraction, a written warning must be given  
45.34 to assessors who have no prior identified infractions. The warning must identify the

46.1 infraction and, as appropriate, detail future expectations of performance and behavior.  
46.2 Fines must not exceed \$1,000 for the first occurrence and must not exceed \$3,000 for each  
46.3 occurrence thereafter, and suspensions must not exceed one year for each occurrence,  
46.4 depending in each case upon the severity of the infraction and the level of negligence or  
46.5 intent. An action by the board to impose a sanction is subject to review in a contested  
46.6 case hearing under chapter 14.

46.7 **EFFECTIVE DATE.** This section is effective beginning July 1, 2013.

46.8 Sec. 9. Minnesota Statutes 2012, section 270.41, is amended by adding a subdivision  
46.9 to read:

46.10 **Subd. 3a. Report on disciplinary actions.** Each odd-numbered year, the board  
46.11 must publish a report detailing the number and types of disciplinary actions recommended  
46.12 by the commissioner of revenue under section 273.0645, subdivision 2, and the disposition  
46.13 of those recommendations by the board. The report must be presented to the house of  
46.14 representatives and senate committees with jurisdiction over property taxes by February 1  
46.15 of each odd-numbered year.

46.16 **EFFECTIVE DATE.** This section is effective beginning July 1, 2013.

46.17 Sec. 10. Minnesota Statutes 2012, section 270.45, is amended to read:

46.18 **270.45 DISPOSITION OF FEES AND FINES.**

46.19 All fees and fines so established and collected shall be paid to the commissioner of  
46.20 management and budget for deposit in the general fund. The expenses of carrying out the  
46.21 provisions of sections 270.41 to 270.50 shall be paid from appropriations made to the board.

46.22 **EFFECTIVE DATE.** This section is effective beginning July 1, 2013.

46.23 Sec. 11. **[270C.9901] ASSESSOR ACCREDITATION.**

46.24 Every individual who appraises or physically inspects real property for the purpose  
46.25 of determining its valuation or classification for property tax purposes must obtain  
46.26 licensure as an accredited Minnesota assessor from the State Board of Assessors by July 1,  
46.27 2019, or within four years of that person having become licensed as a certified Minnesota  
46.28 assessor, whichever is later.

46.29 **EFFECTIVE DATE.** This section is effective beginning January 1, 2014.

46.30 Sec. 12. Minnesota Statutes 2012, section 272.02, subdivision 39, is amended to read:

47.1 Subd. 39. **Economic development; public purpose.** The holding of property by a  
 47.2 political subdivision of the state for later resale for economic development purposes  
 47.3 shall be considered a public purpose in accordance with subdivision 8 for a period not to  
 47.4 exceed nine years, except that:

47.5 (1) for property located in a city of ~~5,000~~ 20,000 population or under that is located  
 47.6 outside of the metropolitan area as defined in section 473.121, subdivision 2, the period  
 47.7 must not exceed 15 years; and

47.8 (2) for any property that was acquired on or after January 1, 2000, and on or before  
 47.9 December 31, 2010, and is located in a city, the period must not exceed 15 years.

47.10 The holding of property by a political subdivision of the state for later resale (1)  
 47.11 which is purchased or held for housing purposes, or (2) which meets the conditions  
 47.12 described in section 469.174, subdivision 10, shall be considered a public purpose in  
 47.13 accordance with subdivision 8.

47.14 The governing body of the political subdivision which acquires property which is  
 47.15 subject to this subdivision shall after the purchase of the property certify to the city or  
 47.16 county assessor whether the property is held for economic development purposes or  
 47.17 housing purposes, or whether it meets the conditions of section 469.174, subdivision 10.  
 47.18 If the property is acquired for economic development purposes and buildings or other  
 47.19 improvements are constructed after acquisition of the property, and if more than one-half  
 47.20 of the floor space of the buildings or improvements which is available for lease to or use  
 47.21 by a private individual, corporation, or other entity is leased to or otherwise used by  
 47.22 a private individual, corporation, or other entity the provisions of this subdivision shall  
 47.23 not apply to the property. This subdivision shall not create an exemption from section  
 47.24 272.01, subdivision 2; 272.68; 273.19; or 469.040, subdivision 3; or other provision of  
 47.25 law providing for the taxation of or for payments in lieu of taxes for publicly held property  
 47.26 which is leased, loaned, or otherwise made available and used by a private person.

47.27 **EFFECTIVE DATE.** This section is effective for assessment year 2013 and  
 47.28 thereafter and for taxes payable in 2014 and thereafter.

47.29 Sec. 13. Minnesota Statutes 2012, section 272.02, is amended by adding a subdivision  
 47.30 to read:

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

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

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

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

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

48.6 (b) For purposes of this subdivision, a "tribal purpose" means a public purpose  
48.7 as defined in subdivision 8 and includes noncommercial tribal government activities.  
48.8 Property that qualifies for the exemption under this subdivision is limited to no more than  
48.9 two contiguous parcels and structures that do not exceed in the aggregate 20,000 square  
48.10 feet. Property acquired for single-family housing, market-rate apartments, agriculture, or  
48.11 forestry does not qualify for this exemption. The exemption created by this subdivision  
48.12 expires with taxes payable in 2024.

48.13 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2014.

48.14 Sec. 14. Minnesota Statutes 2012, section 272.02, is amended by adding a subdivision  
48.15 to read:

48.16 Subd. 99. **Electric generation facility; personal property.** (a) Notwithstanding  
48.17 subdivision 9, clause (a), and section 453.54, subdivision 20, attached machinery and  
48.18 other personal property which is part of an electric generation facility that exceeds five  
48.19 megawatts of installed capacity and meets the requirements of this subdivision is exempt.  
48.20 At the time of construction, the facility must be:

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

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

48.24 (3) designed to utilize reciprocating engines paired with generators to produce  
48.25 electrical power;

48.26 (4) located within the service territory of a municipal power agency's electrical  
48.27 municipal utility that serves load exclusively in a metropolitan county as defined in  
48.28 section 473.121, subdivision 4; and

48.29 (5) designed to connect directly with a municipality's substation.

48.30 (b) Construction of the facility must be commenced after June 1, 2013, and before  
48.31 June 1, 2017. Property eligible for this exemption does not include electric transmission  
48.32 lines and interconnections or gas pipelines and interconnections appurtenant to the  
48.33 property or the facility.



49.1 **EFFECTIVE DATE.** This section is effective for assessment year 2013, taxes  
49.2 payable in 2014, and thereafter.

49.3 Sec. 15. Minnesota Statutes 2012, section 273.061, subdivision 2, is amended to read:

49.4 Subd. 2. **Term; vacancy.** (a) The terms of county assessors appointed under this  
49.5 section shall be four years. A new term shall begin on January 1 of every fourth year  
49.6 after 1973. When any vacancy in the office occurs, the board of county commissioners,  
49.7 within 90 days thereafter, shall fill the same by appointment for the remainder of the term,  
49.8 following the procedure prescribed in subdivision 1. The term of the county assessor  
49.9 may be terminated by the board of county commissioners at any time, on charges of  
49.10 malfeasance, misfeasance, or nonfeasance by the commissioner of revenue. If the board  
49.11 of county commissioners does not intend to reappoint a county assessor who has been  
49.12 certified by the state Board of Assessors, the board shall present written notice to the  
49.13 county assessor not later than 90 days prior to the termination of the assessor's term, that it  
49.14 does not intend to reappoint the assessor. If written notice is not timely made, the county  
49.15 assessor will automatically be reappointed by the board of county commissioners.

49.16 ~~The commissioner of revenue may recommend to the state Board of Assessors the~~  
49.17 ~~nonrenewal, suspension, or revocation of an assessor's license as provided in sections~~  
49.18 ~~270.41 to 270.50.~~

49.19 (b) In the event of a vacancy in the office of county assessor, through death,  
49.20 resignation or other reasons, the deputy (or chief deputy, if more than one) shall perform  
49.21 the functions of the office. If there is no deputy, the county auditor shall designate a person  
49.22 to perform the duties of the office until an appointment is made as provided in clause (a).  
49.23 Such person shall perform the duties of the office for a period not exceeding 90 days  
49.24 during which the county board must appoint a county assessor. Such 90-day period may,  
49.25 however, be extended by written approval of the commissioner of revenue.

49.26 (c) In the case of the first appointment under paragraph (a) of a county assessor who  
49.27 is accredited but who does not have senior accreditation, an approval of the appointment  
49.28 by the commissioner shall be provisional, provided that a county assessor appointed to  
49.29 a provisional term under this paragraph must reapply to the commissioner at the end of  
49.30 the provisional term. A provisional term may not exceed two years. The commissioner  
49.31 shall not approve the appointment for the remainder of the four-year term unless the  
49.32 assessor has obtained senior accreditation.

49.33 **EFFECTIVE DATE.** This section is effective beginning July 1, 2013.

50.1 Sec. 16. Minnesota Statutes 2012, section 273.0645, is amended to read:

50.2 **273.0645 COMMISSIONER REVIEW OF LOCAL ASSESSMENT**  
50.3 **PRACTICES.**

50.4 Subdivision 1. Local assessment practices. The commissioner of revenue must  
50.5 review the assessment practices in a taxing jurisdiction if requested in writing by a  
50.6 qualifying number of property owners in that taxing jurisdiction. The request must be  
50.7 signed by the greater of:

- 50.8 (1) ten percent of the registered voters who voted in the last general election; or  
50.9 (2) five property owners.

50.10 The request must identify the city, town, or county and describe why a review is  
50.11 sought for that taxing jurisdiction. The commissioner must conduct the review in a  
50.12 reasonable amount of time and report the findings to the county board of the affected  
50.13 county, to the affected city council or town board, if the review is for a specific city or  
50.14 town, and to the property owner designated in the request as the person to receive the  
50.15 report on behalf of all the property owners who signed the request. The commissioner  
50.16 must also provide the report electronically to all property owners who signed the request  
50.17 and provided an e-mail address in order to receive the report electronically.

50.18 Subd. 2. Nonfeasance, misfeasance, and malfeasance. County assessors may file a  
50.19 written complaint with the commissioner of revenue detailing allegations of nonfeasance,  
50.20 misfeasance, or malfeasance by a local assessor. After receiving a complaint from a county  
50.21 assessor, the commissioner must complete an investigation and recommend an appropriate  
50.22 action to the State Board of Assessors. The commissioner is not required to have a written  
50.23 complaint from a county assessor in order to conduct an investigation and recommend an  
50.24 action to the board. Active investigative data relating to the investigation of complaints  
50.25 against an assessor by the commissioner of revenue are subject to section 13.39.

50.26 **EFFECTIVE DATE.** This section is effective July 1, 2013.

50.27 Sec. 17. Minnesota Statutes 2012, section 273.117, is amended to read:

50.28 **273.117 CONSERVATION PROPERTY TAX VALUATION.**

50.29 The value of real property which is subject to a conservation restriction or easement  
50.30 ~~may be adjusted~~ shall not be reduced by the assessor if:

- 50.31 (a) the restriction or easement is for a conservation purpose as defined in section  
50.32 84.64, subdivision 2, and is recorded on the property; and

- 50.33 (b) the property is being used in accordance with the terms of the conservation  
50.34 restriction or easement.

51.1 This section does not apply to (1) conservation restrictions or easements covering  
 51.2 riparian buffers along lakes, rivers, and streams that are used for water quantity or quality  
 51.3 control; or (2) to easements in a county that has adopted, by referendum, a program to  
 51.4 protect farmland and natural areas since 1999.

51.5 **EFFECTIVE DATE.** This section is effective for assessment year 2013 and  
 51.6 thereafter, and for taxes payable in 2014 and thereafter.

51.7 Sec. 18. Minnesota Statutes 2012, section 273.13, subdivision 25, is amended to read:

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

51.15 (b) Class 4b includes:

51.16 (1) residential real estate containing less than four units that does not qualify as class  
 51.17 4bb, other than seasonal residential recreational property;

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

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

51.21 (4) unimproved property that is classified residential as determined under subdivision  
 51.22 33.

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

51.24 (c) Class 4bb includes:

51.25 (1) nonhomestead residential real estate containing one unit, other than seasonal  
 51.26 residential recreational property; and

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

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

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

51.33 (d) Class 4c property includes:

51.34 (1) except as provided in subdivision 22, paragraph (c), real and personal property  
 51.35 devoted to commercial temporary and seasonal residential occupancy for recreation

52.1 purposes, for not more than 250 days in the year preceding the year of assessment. For  
52.2 purposes of this clause, property is devoted to a commercial purpose on a specific day  
52.3 if any portion of the property is used for residential occupancy, and a fee is charged for  
52.4 residential occupancy. Class 4c property under this clause must contain three or more  
52.5 rental units. A "rental unit" is defined as a cabin, condominium, townhouse, sleeping room,  
52.6 or individual camping site equipped with water and electrical hookups for recreational  
52.7 vehicles. A camping pad offered for rent by a property that otherwise qualifies for class  
52.8 4c under this clause is also class 4c under this clause regardless of the term of the rental  
52.9 agreement, as long as the use of the camping pad does not exceed 250 days. In order for a  
52.10 property to be classified under this clause, either (i) the business located on the property  
52.11 must provide recreational activities, at least 40 percent of the annual gross lodging receipts  
52.12 related to the property must be from business conducted during 90 consecutive days,  
52.13 and either (A) at least 60 percent of all paid bookings by lodging guests during the year  
52.14 must be for periods of at least two consecutive nights; or (B) at least 20 percent of the  
52.15 annual gross receipts must be from charges for providing recreational activities, or (ii) the  
52.16 business must contain 20 or fewer rental units, and must be located in a township or a city  
52.17 with a population of 2,500 or less located outside the metropolitan area, as defined under  
52.18 section 473.121, subdivision 2, that contains a portion of a state trail administered by the  
52.19 Department of Natural Resources. For purposes of item (i)(A), a paid booking of five or  
52.20 more nights shall be counted as two bookings. Class 4c property also includes commercial  
52.21 use real property used exclusively for recreational purposes in conjunction with other class  
52.22 4c property classified under this clause and devoted to temporary and seasonal residential  
52.23 occupancy for recreational purposes, up to a total of two acres, provided the property is  
52.24 not devoted to commercial recreational use for more than 250 days in the year preceding  
52.25 the year of assessment and is located within two miles of the class 4c property with which  
52.26 it is used. In order for a property to qualify for classification under this clause, the owner  
52.27 must submit a declaration to the assessor designating the cabins or units occupied for 250  
52.28 days or less in the year preceding the year of assessment by January 15 of the assessment  
52.29 year. Those cabins or units and a proportionate share of the land on which they are located  
52.30 must be designated class 4c under this clause as otherwise provided. The remainder of the  
52.31 cabins or units and a proportionate share of the land on which they are located will be  
52.32 designated as class 3a. The owner of property desiring designation as class 4c property  
52.33 under this clause must provide guest registers or other records demonstrating that the units  
52.34 for which class 4c designation is sought were not occupied for more than 250 days in the  
52.35 year preceding the assessment if so requested. The portion of a property operated as a  
52.36 (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other

53.1 nonresidential facility operated on a commercial basis not directly related to temporary and  
53.2 seasonal residential occupancy for recreation purposes does not qualify for class 4c. For  
53.3 the purposes of this paragraph, "recreational activities" means renting ice fishing houses,  
53.4 boats and motors, snowmobiles, downhill or cross-country ski equipment; providing  
53.5 marina services, launch services, or guide services; or selling bait and fishing tackle;

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

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

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

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

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

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

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

53.23 For purposes of this clause:

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

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

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

53.33 (D) "revenue-producing activities" shall include but not be limited to property or that  
53.34 portion of the property that is used as an on-sale intoxicating liquor or 3.2 percent malt  
53.35 liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling  
53.36 alley, a retail store, gambling conducted by organizations licensed under chapter 349, an

54.1 insurance business, or office or other space leased or rented to a lessee who conducts a  
54.2 for-profit enterprise on the premises.

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

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

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

54.17 (5)(i) manufactured home parks as defined in section 327.14, subdivision 3,  
54.18 excluding manufactured home parks described in section 273.124, subdivision 3a, and (ii)  
54.19 manufactured home parks as defined in section 327.14, subdivision 3, that are described in  
54.20 section 273.124, subdivision 3a;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

55.29 (11) lakeshore and riparian property and adjacent land, not to exceed six acres, used  
55.30 as a marina, as defined in section 86A.20, subdivision 5, which is made accessible to  
55.31 the public and devoted to recreational use for marina services. The marina owner must  
55.32 annually provide evidence to the assessor that it provides services, including lake or river  
55.33 access to the public by means of an access ramp or other facility that is either located on  
55.34 the property of the marina or at a publicly owned site that abuts the property of the marina.  
55.35 No more than 800 feet of lakeshore may be included in this classification. Buildings used  
55.36 in conjunction with a marina for marina services, including but not limited to buildings

56.1 used to provide food and beverage services, fuel, boat repairs, or the sale of bait or fishing  
56.2 tackle, are classified as class 3a property; and

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

56.5 Class 4c property has a class rate of 1.5 percent of market value, except that (i) each  
56.6 parcel of noncommercial seasonal residential recreational property under clause (12)  
56.7 has the same class rates as class 4bb property, (ii) manufactured home parks assessed  
56.8 under clause (5), item (i), have the same class rate as class 4b property, and the market  
56.9 value of manufactured home parks assessed under clause (5), item (ii), has the same class  
56.10 rate as class 4d property if more than 50 percent of the lots in the park are occupied by  
56.11 shareholders in the cooperative corporation or association and a class rate of one percent if  
56.12 50 percent or less of the lots are so occupied, (iii) commercial-use seasonal residential  
56.13 recreational property and marina recreational land as described in clause (11), has a  
56.14 class rate of one percent for the first \$500,000 of market value, and 1.25 percent for the  
56.15 remaining market value, (iv) the market value of property described in clause (4) has a  
56.16 class rate of one percent, (v) the market value of property described in clauses (2), (6), and  
56.17 (10) has a class rate of 1.25 percent, and (vi) that portion of the market value of property  
56.18 in clause (9) qualifying for class 4c property has a class rate of 1.25 percent.

56.19 (e) Class 4d property is qualifying low-income rental housing certified to the assessor  
56.20 by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion  
56.21 of the units in the building qualify as low-income rental housing units as certified under  
56.22 section 273.128, subdivision 3, only the proportion of qualifying units to the total number  
56.23 of units in the building qualify for class 4d. The remaining portion of the building shall be  
56.24 classified by the assessor based upon its use. Class 4d also includes the same proportion of  
56.25 land as the qualifying low-income rental housing units are to the total units in the building.  
56.26 For all properties qualifying as class 4d, the market value determined by the assessor must  
56.27 be based on the normal approach to value using normal unrestricted rents.

56.28 (f) The first tier of market value of class 4d property has a class rate of 0.75 percent.  
56.29 The remaining value of class 4d property has a class rate of 0.25 percent. For the purposes  
56.30 of this paragraph, the "first tier of market value of class 4d property" means the market  
56.31 value of each housing unit up to the first tier limit. For the purposes of this paragraph, all  
56.32 class 4d property value must be assigned to individual housing units. The first tier limit is  
56.33 \$100,000 for assessment year 2014. For subsequent years, the limit is adjusted each year  
56.34 by the average statewide change in estimated market value of property classified as class 4a  
56.35 and 4d under this section for the previous assessment year, excluding valuation change due  
56.36 to new construction, rounded to the nearest \$1,000, provided, however, that the limit may



57.1 never be less than \$100,000. Beginning with assessment year 2015, the commissioner of  
57.2 revenue must certify the limit for each assessment year by November 1 of the previous year.

57.3 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2014.

57.4 Sec. 19. Minnesota Statutes 2012, section 279.01, subdivision 1, is amended to read:

57.5 Subdivision 1. **Due dates; penalties.** Except as provided in ~~subdivision~~ subdivisions  
57.6 3 or 4 to 5, on May 16 or 21 days after the postmark date on the envelope containing the  
57.7 property tax statement, whichever is later, a penalty accrues and thereafter is charged upon  
57.8 all unpaid taxes on real estate on the current lists in the hands of the county treasurer. The  
57.9 penalty is at a rate of two percent on homestead property until May 31 and four percent on  
57.10 June 1. The penalty on nonhomestead property is at a rate of four percent until May 31 and  
57.11 eight percent on June 1. This penalty does not accrue until June 1 of each year, or 21 days  
57.12 after the postmark date on the envelope containing the property tax statements, whichever  
57.13 is later, on commercial use real property used for seasonal residential recreational purposes  
57.14 and classified as class 1c or 4c, and on other commercial use real property classified as  
57.15 class 3a, provided that over 60 percent of the gross income earned by the enterprise on the  
57.16 class 3a property is earned during the months of May, June, July, and August. In order for  
57.17 the first half of the tax due on class 3a property to be paid after May 15 and before June 1,  
57.18 or 21 days after the postmark date on the envelope containing the property tax statement,  
57.19 whichever is later, without penalty, the owner of the property must attach an affidavit  
57.20 to the payment attesting to compliance with the income provision of this subdivision.  
57.21 Thereafter, for both homestead and nonhomestead property, on the first day of each month  
57.22 beginning July 1, up to and including October 1 following, an additional penalty of one  
57.23 percent for each month accrues and is charged on all such unpaid taxes provided that if the  
57.24 due date was extended beyond May 15 as the result of any delay in mailing property tax  
57.25 statements no additional penalty shall accrue if the tax is paid by the extended due date. If  
57.26 the tax is not paid by the extended due date, then all penalties that would have accrued if  
57.27 the due date had been May 15 shall be charged. When the taxes against any tract or lot  
57.28 exceed \$100, one-half thereof may be paid prior to May 16 or 21 days after the postmark  
57.29 date on the envelope containing the property tax statement, whichever is later; and, if so  
57.30 paid, no penalty attaches; the remaining one-half may be paid at any time prior to October  
57.31 16 following, without penalty; but, if not so paid, then a penalty of two percent accrues  
57.32 thereon for homestead property and a penalty of four percent on nonhomestead property.  
57.33 Thereafter, for homestead property, on the first day of November an additional penalty of  
57.34 four percent accrues and on the first day of December following, an additional penalty of  
57.35 two percent accrues and is charged on all such unpaid taxes. Thereafter, for nonhomestead

58.1 property, on the first day of November and December following, an additional penalty of  
58.2 four percent for each month accrues and is charged on all such unpaid taxes. If one-half of  
58.3 such taxes are not paid prior to May 16 or 21 days after the postmark date on the envelope  
58.4 containing the property tax statement, whichever is later, the same may be paid at any time  
58.5 prior to October 16, with accrued penalties to the date of payment added, and thereupon  
58.6 no penalty attaches to the remaining one-half until October 16 following.

58.7 This section applies to payment of personal property taxes assessed against  
58.8 improvements to leased property, except as provided by section 277.01, subdivision 3.

58.9 A county may provide by resolution that in the case of a property owner that has  
58.10 multiple tracts or parcels with aggregate taxes exceeding \$100, payments may be made in  
58.11 installments as provided in this subdivision.

58.12 The county treasurer may accept payments of more or less than the exact amount of  
58.13 a tax installment due. Payments must be applied first to the oldest installment that is due  
58.14 but which has not been fully paid. If the accepted payment is less than the amount due,  
58.15 payments must be applied first to the penalty accrued for the year or the installment being  
58.16 paid. Acceptance of partial payment of tax does not constitute a waiver of the minimum  
58.17 payment required as a condition for filing an appeal under section 278.03 or any other law,  
58.18 nor does it affect the order of payment of delinquent taxes under section 280.39.

58.19 Sec. 20. Minnesota Statutes 2012, section 279.01, is amended by adding a subdivision  
58.20 to read:

58.21 Subd. 5. Federal active service exception. In the case of a homestead property  
58.22 owned by an individual who is on federal active service, as defined in section 190.05,  
58.23 subdivision 5c, as a member of the National Guard or a reserve component, a four-month  
58.24 grace period is granted for complying with the due dates imposed by subdivision 1. During  
58.25 this period, no late fees or penalties shall accrue against the property. The due date for  
58.26 property taxes owed under this chapter for an individual covered by this subdivision shall  
58.27 be September 15 for taxes due on May 15, and February 15 of the following year for taxes  
58.28 due on October 15. A taxpayer making a payment under this subdivision must accompany  
58.29 the payment with a signed copy of the taxpayer's orders or form DD214 showing the  
58.30 dates of active service which clearly indicate that the taxpayer was in active service as a  
58.31 member of the National Guard or a reserve component on the date the payment was due.  
58.32 This grace period applies to all homestead property owned by individuals on federal active  
58.33 service, as herein defined, for all of that property's due dates which fall on a day that is  
58.34 included in the taxpayer's federal active service.

59.1 Sec. 21. Minnesota Statutes 2012, section 279.02, is amended to read:

59.2 **279.02 DUTIES OF COUNTY AUDITOR AND TREASURER.**

59.3 Subdivision 1. **Delinquent property; rates.** On the first business day in January, of  
 59.4 each year, the county treasurer shall return the tax lists on hand to the county auditor, who  
 59.5 shall compare the same with the statements receipted for by the treasurer on file in the  
 59.6 auditor's office and each tract or lot of real property against which the taxes, or any part  
 59.7 thereof, remain unpaid, shall be deemed delinquent, and thereupon an additional penalty  
 59.8 of two percent on the amount of the original tax remaining unpaid shall immediately  
 59.9 accrue and thereafter be charged upon all such delinquent taxes; and any auditor who  
 59.10 shall make out and deliver any statement of delinquent taxes without including therein  
 59.11 the penalties imposed by law, and any treasurer who shall receive payment of such taxes  
 59.12 without including in such payment all items as shown on the auditor's statement, shall be  
 59.13 liable to the county for the amounts of any items omitted.

59.14 Subd. 2. **Federal active service exception.** Notwithstanding subdivision 1, a  
 59.15 homestead property owned by an individual who is on federal active service, as defined  
 59.16 in section 190.05, subdivision 5c, as a member of the National Guard or a reserve  
 59.17 component, shall not be deemed delinquent under this section if the due dates imposed  
 59.18 under section 279.01 fall on a day in which the individual was on federal active service.

59.19 Sec. 22. Minnesota Statutes 2012, section 279.37, subdivision 1a, is amended to read:

59.20 Subd. 1a. **Class 3a property.** (a) The delinquent taxes upon a parcel of property  
 59.21 which was classified class 3a, for the previous year's assessment ~~and had a total market~~  
 59.22 ~~value of \$500,000 or less for that same assessment~~ shall be eligible to be composed into a  
 59.23 confession of judgment with the approval of the county auditor. Property qualifying under  
 59.24 this subdivision shall be subject to the same provisions as provided in this section except  
 59.25 as provided in paragraphs (b) to ~~(e)~~ (f).

59.26 (b) Current year taxes and penalty due at the time the confession of judgment  
 59.27 is entered must be paid.

59.28 (c) The down payment must include all special assessments due in the current tax  
 59.29 year, all delinquent special assessments, and 20 percent of the ad valorem tax, penalties,  
 59.30 and interest accrued against the parcel. The balance remaining is payable in four equal  
 59.31 annual installments. A municipality as defined in section 429.011, cities of the first class,  
 59.32 and other special assessment authorities, that have certified special assessments against  
 59.33 any parcel of property, may, through resolution, waive the requirement of payment of all  
 59.34 current and delinquent special assessments at the time the confession is entered. If the  
 59.35 municipality, city, or authority grants the waiver, 100 percent of all current year taxes,

60.1 special assessments, and penalties due at the time, along with 20 percent of all delinquent  
60.2 taxes, special assessments, penalties, interest, and fees must be paid. The balance  
60.3 remaining shall be subject to and included in the installment plan.

60.4 (d) When there are current and delinquent special assessments certified and billed  
60.5 against a parcel, the assessment authority or municipality as defined in section 429.011  
60.6 may abate under section 375.192, subdivision 2, all special assessments and the penalty  
60.7 and interest affiliated with the special assessments, and reassess the special assessments,  
60.8 penalties, and interest accrued thereon, under section 429.071, subdivision 2. The  
60.9 municipality shall notify the county auditor of its intent to reassess as a precondition  
60.10 to the entry of the confession of judgment. Upon the notice to abate and reassess, the  
60.11 municipality shall, through resolution, notify the county auditor to remove all current  
60.12 and delinquent special assessments and the accrued penalty and interest on the special  
60.13 assessments, and the payment of all or a portion of the current and delinquent assessments  
60.14 shall not be required as part of the down payment due at the time the confession of  
60.15 judgment is entered in accordance with paragraph (c).

60.16 ~~(d)~~ (e) The amounts entered in judgment bear interest at the rate provided in section  
60.17 279.03, subdivision 1a, commencing with the date the judgment is entered. The interest  
60.18 rate is subject to change each year on the unpaid balance in the manner provided in section  
60.19 279.03, subdivision 1a.

60.20 (f) The county auditor may require conditions on properties including, but not  
60.21 limited to, environmental remediation action plan requirements, restrictions, or covenants,  
60.22 when considering a request for approval of eligibility for composition into a confession of  
60.23 judgment for delinquent taxes upon a parcel of property which was classified class 3a for  
60.24 the previous year's assessment.

60.25 Sec. 23. Minnesota Statutes 2012, section 279.37, subdivision 2, is amended to read:

60.26 Subd. 2. **Installment payments.** The owner of any such parcel, or any person to  
60.27 whom the right to pay taxes has been given by statute, mortgage, or other agreement, may  
60.28 make and file with the county auditor of the county in which the parcel is located a written  
60.29 offer to pay the current taxes each year before they become delinquent, or to contest the  
60.30 taxes under Minnesota Statutes 1941, sections 278.01 to 278.13, and agree to confess  
60.31 judgment for the amount provided, as determined by the county auditor. By filing the  
60.32 offer, the owner waives all irregularities in connection with the tax proceedings affecting  
60.33 the parcel and any defense or objection which the owner may have to the proceedings, and  
60.34 also waives the requirements of any notice of default in the payment of any installment or  
60.35 interest to become due pursuant to the composite judgment to be so entered. Unless the

61.1 property is subject to subdivision 1a, with the offer, the owner shall (i) tender one-tenth of  
 61.2 the amount of the delinquent taxes, costs, penalty, and interest, and ~~shall~~ (ii) tender all  
 61.3 current year taxes and penalty due at the time the confession of judgment is entered. In the  
 61.4 offer, the owner shall agree to pay the balance in nine equal installments, with interest as  
 61.5 provided in section 279.03, payable annually on installments remaining unpaid from time  
 61.6 to time, on or before December 31 of each year following the year in which judgment  
 61.7 was confessed. The offer must be substantially as follows:

61.8 "To the court administrator of the district court of ..... county, I, .....,  
 61.9 am the owner of the following described parcel of real estate located in .....  
 61.10 county, Minnesota:

61.11 ..... Upon that real estate there are delinquent taxes for the year ....., and  
 61.12 prior years, as follows: (here insert year of delinquency and the total amount of delinquent  
 61.13 taxes, costs, interest, and penalty). By signing this document I offer to confess judgment in  
 61.14 the sum of \$..... and waive all irregularities in the tax proceedings affecting these taxes and  
 61.15 any defense or objection which I may have to them, and direct judgment to be entered for  
 61.16 the amount stated above, minus the sum of \$....., to be paid with this document, which  
 61.17 is one-tenth or one-fifth of the amount of the taxes, costs, penalty, and interest stated above.  
 61.18 I agree to pay the balance of the judgment in nine or four equal, annual installments, with  
 61.19 interest as provided in section 279.03, payable annually, on the installments remaining  
 61.20 unpaid. I agree to pay the installments and interest on or before December 31 of each year  
 61.21 following the year in which this judgment is confessed and current taxes each year before  
 61.22 they become delinquent, or within 30 days after the entry of final judgment in proceedings  
 61.23 to contest the taxes under Minnesota Statutes, sections 278.01 to 278.13.

61.24 Dated ....., ....."

61.25 Sec. 24. Minnesota Statutes 2012, section 281.14, is amended to read:

61.26 **281.14 EXPIRATION OF TIME FOR REDEMPTION.**

61.27 The time for redemption from any tax sale, whether made to the state or to a private  
 61.28 person, shall not expire until notice of expiration of redemption, as provided in section  
 61.29 ~~281.13~~ 281.17, shall have been given.

61.30 Sec. 25. Minnesota Statutes 2012, section 281.17, is amended to read:

61.31 **281.17 PERIOD FOR REDEMPTION.**

61.32 Except for properties for which the period of redemption has been limited under  
 61.33 sections 281.173 and 281.174, the following periods for redemption apply.

62.1 The period of redemption for all lands sold to the state at a tax judgment sale shall  
62.2 be three years from the date of sale to the state of Minnesota ~~if the land is within an~~  
62.3 ~~incorporated area unless it is: (a) nonagricultural homesteaded land as defined in section~~  
62.4 ~~273.13, subdivision 22; (b) homesteaded agricultural land as defined in section 273.13,~~  
62.5 ~~subdivision 23, paragraph (a); or (c) seasonal residential recreational land as defined in~~  
62.6 ~~section 273.13, subdivision 22, paragraph (c), or 25, paragraph (d), clause (1), for which~~  
62.7 ~~the period of redemption is five years from the date of sale to the state of Minnesota.~~

62.8 The period of redemption for homesteaded lands as defined in section 273.13,  
62.9 subdivision 22, located in a targeted neighborhood as defined in Laws 1987, chapter 386,  
62.10 article 6, section 4, and sold to the state at a tax judgment sale is three years from the date  
62.11 of sale. The period of redemption for all lands located in a targeted neighborhood as  
62.12 defined in Laws 1987, chapter 386, article 6, section 4, except (1) homesteaded lands as  
62.13 defined in section 273.13, subdivision 22, and (2) for periods of redemption beginning  
62.14 after June 30, 1991, but before July 1, 1996, lands located in the Loring Park targeted  
62.15 neighborhood on which a notice of lis pendens has been served, and sold to the state at a  
62.16 tax judgment sale is one year from the date of sale.

62.17 The period of redemption for all real property constituting a mixed municipal solid  
62.18 waste disposal facility that is a qualified facility under section 115B.39, subdivision 1, is  
62.19 one year from the date of the sale to the state of Minnesota.

62.20 ~~The period of redemption for all other lands sold to the state at a tax judgment~~  
62.21 ~~sale shall be five years from the date of sale, except that the period of redemption for~~  
62.22 ~~nonhomesteaded agricultural land as defined in section 273.13, subdivision 23, paragraph~~  
62.23 ~~(b), shall be two years from the date of sale if at that time that property is owned by a~~  
62.24 ~~person who owns one or more parcels of property on which taxes are delinquent, and the~~  
62.25 ~~delinquent taxes are more than 25 percent of the prior year's school district levy.~~

62.26 Sec. 26. Minnesota Statutes 2012, section 287.05, is amended by adding a subdivision  
62.27 to read:

62.28 Subd. 10. Hennepin and Ramsey Counties. For properties located in Hennepin  
62.29 and Ramsey Counties, the county may impose an additional mortgage registry tax as  
62.30 defined in sections 383A.80 and 383B.80.

62.31 EFFECTIVE DATE. This section is effective for deeds and mortgages  
62.32 acknowledged on or after July 1, 2013.

62.33 Sec. 27. [287.40] HENNEPIN AND RAMSEY COUNTIES.

63.1 For properties located in Hennepin and Ramsey Counties, the county may impose an  
63.2 additional deed tax as defined in sections 383A.80 and 383B.80.

63.3 **EFFECTIVE DATE.** This section is effective for deeds and mortgages  
63.4 acknowledged on or after July 1, 2013.

63.5 Sec. 28. Minnesota Statutes 2012, section 383A.80, subdivision 4, is amended to read:

63.6 Subd. 4. **Expiration.** The authority to impose the tax under this section expires  
63.7 January 1, ~~2013~~ 2028.

63.8 **EFFECTIVE DATE.** This section is effective for all deeds and mortgages  
63.9 acknowledged on or after July 1, 2013.

63.10 Sec. 29. Minnesota Statutes 2012, section 383B.80, subdivision 4, is amended to read:

63.11 Subd. 4. **Expiration.** The authority to impose the tax under this section expires  
63.12 January 1, ~~2013~~ 2028.

63.13 **EFFECTIVE DATE.** This section is effective for all deeds and mortgages  
63.14 acknowledged on or after July 1, 2013.

63.15 Sec. 30. Minnesota Statutes 2012, section 428A.101, is amended to read:

63.16 **428A.101 DEADLINE FOR SPECIAL SERVICE DISTRICT UNDER**  
63.17 **GENERAL LAW.**

63.18 The establishment of a new special service district after June 30, ~~2013~~ 2028, requires  
63.19 enactment of a special law authorizing the establishment.

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

63.21 Sec. 31. Minnesota Statutes 2012, section 428A.21, is amended to read:

63.22 **428A.21 DEADLINE FOR HOUSING IMPROVEMENT DISTRICTS UNDER**  
63.23 **GENERAL LAW.**

63.24 The establishment of a new housing improvement area after June 30, ~~2013~~ 2028,  
63.25 requires enactment of a special law authorizing the establishment of the area.

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

63.27 Sec. 32. Minnesota Statutes 2012, section 473F.08, subdivision 3a, is amended to read:

64.1 Subd. 3a. **Bloomington computation.** (a) Beginning in 1987 and each subsequent  
64.2 year through 1998, the city of Bloomington shall determine the interest payments for that  
64.3 year for the bonds which have been sold for the highway improvements pursuant to Laws  
64.4 1986, chapter 391, section 2, paragraph (g). Effective for property taxes payable in 1988  
64.5 through property taxes payable in 1999, after the Hennepin County auditor has computed  
64.6 the areawide portion of the levy for the city of Bloomington pursuant to subdivision 3,  
64.7 clause (a), the auditor shall annually add a dollar amount to the city of Bloomington's  
64.8 areawide portion of the levy equal to the amount which has been certified to the auditor  
64.9 by the city of Bloomington for the interest payments for that year for the bonds which  
64.10 were sold for highway improvements. The total areawide portion of the levy for the city  
64.11 of Bloomington including the additional amount for interest repayment certified pursuant  
64.12 to this subdivision shall be certified by the Hennepin County auditor to the administrative  
64.13 auditor pursuant to subdivision 5. The Hennepin County auditor shall distribute to the  
64.14 city of Bloomington the additional areawide portion of the levy computed pursuant to this  
64.15 subdivision at the same time that payments are made to the other counties pursuant to  
64.16 subdivision 7a. For property taxes payable from the year 2009 through ~~2018~~ 2014, the  
64.17 Hennepin County auditor shall adjust Bloomington's contribution to the areawide gross tax  
64.18 capacity upward each year by a value equal to ten percent of the total additional areawide  
64.19 levy distributed to Bloomington under this subdivision from 1988 to 1999, divided by the  
64.20 areawide tax rate for taxes payable in the previous year.

64.21 (b) For property taxes payable from 2015 through 2018, the administrative auditor  
64.22 shall increase the areawide net tax capacity each year by an amount equal to ten percent of  
64.23 the total additional areawide levy distributed to Bloomington under this subdivision from  
64.24 1988 to 1999, divided by the areawide tax rate for taxes payable in the previous year. The  
64.25 administrative auditor must notify the commissioner of revenue of the amount determined  
64.26 by multiplying the increase in the areawide net tax capacity by the areawide tax rate  
64.27 determined under subdivision 5. The commissioner of revenue must pay the amount  
64.28 determined each payable year to the administrative auditor in two installments on July 10  
64.29 and November 10, for distribution and settlement as provided in subdivision 7a.

64.30 (c) A sum sufficient to meet the obligations under this subdivision is annually  
64.31 appropriated from the general fund to the commissioner of revenue.

64.32 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2015.

64.33 Sec. 33. Laws 1988, chapter 645, section 3, as amended by Laws 1999, chapter 243,  
64.34 article 6, section 9, Laws 2000, chapter 490, article 6, section 15, and Laws 2008, chapter  
64.35 154, article 2, section 30, is amended to read:



65.1           Sec. 3. **TAX; PAYMENT OF EXPENSES.**

65.2           (a) The tax levied by the hospital district under Minnesota Statutes, section 447.34,  
65.3 must not be levied at a rate that exceeds the amount authorized to be levied under that  
65.4 section. The proceeds of the tax may be used for all purposes of the hospital district,  
65.5 except as provided in paragraph (b).

65.6           (b) 0.015 percent of taxable market value of the tax in paragraph (a) may be used  
65.7 ~~solely by the Cook ambulance service and the Orr ambulance service~~ for the purpose of  
65.8 ~~capital expenditures as it relates to:~~

65.9           (1) ambulance acquisitions for the Cook ambulance service and the Orr ambulance  
65.10 service and not;

65.11           (2) attached and portable equipment for use in and for the ambulances; and

65.12           (3) parts and replacement parts for maintenance and repair of the ambulances.

65.13 The money may not be used for administrative, operation, or salary expenses.

65.14           (c) The part of the levy referred to in paragraph (b) must be administered by the  
65.15 Cook Hospital and passed on in equal amounts directly to the Cook area ambulance  
65.16 service board and the city of Orr to be held in trust until funding for a new ambulance is  
65.17 needed by either the Cook ambulance service or the Orr ambulance service used for the  
65.18 purposes in paragraph (b).

65.19           Sec. 34. Laws 1999, chapter 243, article 6, section 11, is amended to read:

65.20           Sec. 11. **CEMETERY LEVY FOR SAWYER BY CARLTON COUNTY.**

65.21           ~~Subdivision 1. Levy authorized.~~ Notwithstanding other law to the contrary, the  
65.22 Carlton county board of commissioners may annually levy in and for the unorganized  
65.23 township territory of Sawyer an amount up to \$1,000 annually for cemetery purposes;  
65.24 ~~beginning with taxes payable in 2000 and ending with taxes payable in 2009.~~

65.25           ~~Subd. 2. Effective date.~~ This section is effective June 1, 1999, without local  
65.26 approval.

65.27           **EFFECTIVE DATE; LOCAL APPROVAL.** This section applies to taxes  
65.28 payable in 2014 and thereafter, and is effective the day after the Carlton County Board  
65.29 of Commissioners and its chief clerical officer timely complete their compliance with  
65.30 Minnesota Statutes, section 645.021, subdivisions 2 and 3.

65.31           Sec. 35. Laws 2008, chapter 366, article 5, section 33, the effective date, is amended to  
65.32 read:

66.1           **EFFECTIVE DATE.** This section is effective for taxes levied in 2008, payable in  
66.2 2009, and is repealed effective for taxes levied in ~~2013~~ 2018, payable in ~~2014~~ 2019,  
66.3 and thereafter.

66.4           **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2014.

66.5           Sec. 36. Laws 2009, chapter 88, article 2, section 46, subdivision 1, is amended to read:

66.6           Subdivision 1. **Agreement.** The city of Cloquet and Perch Lake Township, by  
66.7 resolution of each of their governing bodies, may establish the Cloquet Area Fire and  
66.8 Ambulance Taxing District for the purpose of providing fire ~~and~~ or ambulance services,  
66.9 or both, throughout the district. In this section, "municipality" means home rule charter  
66.10 and statutory cities, towns, and Indian tribes. The district may exercise all the powers  
66.11 relating to fire and ambulance services of the municipalities that receive fire ~~and~~ or  
66.12 ambulance services, or both, from the district. Upon application, any other municipality  
66.13 ~~that is contiguous to a municipality that is a member of the district~~ may join the district  
66.14 with the agreement of the municipalities that comprise the district at the time of its  
66.15 application to join.

66.16           Sec. 37. Laws 2009, chapter 88, article 2, section 46, subdivision 3, is amended to read:

66.17           Subd. 3. **Tax.** The district board may impose a property tax on taxable property ~~in~~  
66.18 ~~the district~~ as provided in this subdivision. ~~This~~ The board shall annually determine the  
66.19 total amount of the levy that is attributable to the cost of providing fire services and the cost  
66.20 of providing ambulance services within the primary service area. For those municipalities  
66.21 that only receive ambulance services, the costs for the provision of ambulance services  
66.22 shall be levied against taxable property within those municipalities at a rate necessary not  
66.23 to exceed 0.019 percent of the estimated market value. For those municipalities that  
66.24 receive both fire and ambulance services, the tax shall be imposed at a rate that does not  
66.25 exceed 0.2835 percent of taxable estimated market value for taxes payable in 2010. ~~The~~  
66.26 ~~board shall annually determine the separate amounts of the levy that are attributable to the~~  
66.27 ~~cost of providing fire services and the cost of providing ambulance services. Costs for the~~  
66.28 ~~provision of ambulance services shall be levied against taxable property within the area of~~  
66.29 ~~the district that receive the services. Costs for the provision of fire services shall be levied~~  
66.30 ~~against taxable property within the area of the district that receive the services.~~

66.31           When a member municipality opts to receive fire service from the district or an  
66.32 additional municipality becomes a member of the district, the additional cost of providing  
66.33 ambulance and fire services to that municipality will community shall be determined by  
66.34 the board and added to the maximum levy amount.

67.1 Each county auditor of a county that contains a municipality subject to the tax under  
67.2 this section must collect the tax and pay it to the Fire and Ambulance Special Taxing  
67.3 District. The district may also impose other fees or charges as allowed by law for the  
67.4 provision of fire and ambulance services.

67.5 Sec. 38. Laws 2010, chapter 389, article 1, section 12, the effective date, is amended to  
67.6 read:

67.7 **EFFECTIVE DATE.** This section is effective for assessment years year 2010 and  
67.8 2011, for taxes payable in 2011 and 2012 thereafter.

67.9 **EFFECTIVE DATE.** This section is effective for assessment year 2012 and  
67.10 thereafter.

67.11 Sec. 39. **MINNEAPOLIS AND ST. PAUL ENTERTAINMENT FACILITIES**  
67.12 **COORDINATION STUDY; APPROPRIATION.**

67.13 Subdivision 1. **Statement of purpose.** The legislature finds that the national  
67.14 economic structure of professional sports financing, as directly or indirectly sanctioned by  
67.15 federal law, compels state and local governments in smaller metropolitan areas, such as  
67.16 Minneapolis and St. Paul, to help finance the construction and operation of venues for  
67.17 professional sports franchises as a condition of hosting these franchises. The burden and  
67.18 risk associated with providing this assistance justifies authorizing and directing the cities  
67.19 and any associated private entities to enter into arrangements that attempt to maximize  
67.20 the combined revenues of these facilities from direct users, including those unrelated to  
67.21 professional sports, such as, but not limited to, joint booking of concerts and other events,  
67.22 to minimize the cost and risk to general taxpayers. Any efforts to put in place such joint  
67.23 marketing, promotion, and scheduling arrangements by the cities or associated private  
67.24 entities, in the view of the legislature, is a petition for enactment of this or subsequent  
67.25 enabling legislation under the Noerr-Pennington doctrine or state action under the Parker  
67.26 antitrust doctrine. This legislation and any resulting arrangements are intended to minimize  
67.27 the potential burden on general taxpayers of financing and operation of the arenas.

67.28 Subd. 2. **Study and report.** On or before February 1, 2014, the cities of  
67.29 Minneapolis and St. Paul, in consultation with representatives of the primary professional  
67.30 sports team tenant of each arena, shall study and report to the legislature on establishing  
67.31 a joint governing structure to be responsible for the joint administration, financing, and  
67.32 operations of the facilities and the possible effects of joint governance on the finances of  
67.33 each arena and each city. The commissioner of administration, in consultation with the

68.1 two cities, shall contract with an independent consultant to conduct all or a portion of the  
68.2 study. The cities of Minneapolis and St. Paul together shall pay one-half of the cost of the  
68.3 consultant contract. The commissioner may accept funding from other public entities and  
68.4 private organizations to pay for the contract. The study must:

68.5 (1) examine the current finances of each arena including past and projected costs and  
68.6 revenues, projected capital improvements, and the current and projected impact of each  
68.7 arena on each city's general fund;

68.8 (2) determine the impact of joint governance on the future finances of each city;

68.9 (3) examine joint scheduling, marketing, and promotion of events at the arenas,  
68.10 either within a joint governance structure or as separate entities; and

68.11 (4) estimate the amount of funding, if any, that would be required to operate and  
68.12 maintain the arenas under a joint governing structure.

68.13 Subd. 3. **Appropriation.** Up to \$50,000 is appropriated to the commissioner of  
68.14 administration from the general fund for fiscal year 2014 to pay up to one-half of the costs  
68.15 of the consultant contract under subdivision 2.

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

68.17 Sec. 40. **REIMBURSEMENT FOR PROPERTY TAX ABATEMENTS;**  
68.18 **APPROPRIATION.**

68.19 Subdivision 1. **Reimbursement.** The commissioner of revenue shall reimburse  
68.20 taxing jurisdictions for property tax abatements granted in Hennepin County under Laws  
68.21 2011, First Special Session chapter 7, article 5, section 13, notwithstanding the time limits  
68.22 contained in that section. The reimbursements must be made to each taxing jurisdiction  
68.23 pursuant to the certification of the Hennepin County auditor.

68.24 Subd. 2. **Appropriation.** In fiscal year 2014 only, \$336,000 is appropriated to the  
68.25 commissioner of revenue from the general fund to make the payments required in this  
68.26 section.

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

68.28 Sec. 41. **ST. PAUL BALLPARK PROPERTY TAX EXEMPTION; SPECIAL**  
68.29 **ASSESSMENT.**

68.30 Any real or personal property acquired, owned, leased, controlled, used, or occupied  
68.31 by the city of St. Paul for the primary purpose of providing a ballpark for a minor league  
68.32 baseball team is declared to be acquired, owned, leased, controlled, used, and occupied for  
68.33 public, governmental, and municipal purposes, and is exempt from ad valorem taxation

69.1 by the state or any political subdivision of the state, provided that the properties are  
 69.2 subject to special assessments levied by a political subdivision for a local improvement in  
 69.3 amounts proportionate to and not exceeding the special benefit received by the properties  
 69.4 from the improvement. In determining the special benefit received by the properties, no  
 69.5 possible use of any of the properties in any manner different from their intended use  
 69.6 for providing a minor league ballpark at the time may be considered. Notwithstanding  
 69.7 Minnesota Statutes, section 272.01, subdivision 2, or 273.19, real or personal property  
 69.8 subject to a lease or use agreement between the city and another person for uses related to  
 69.9 the purposes of the operation of the ballpark and related parking facilities is exempt from  
 69.10 taxation regardless of the length of the lease or use agreement. This section, insofar as it  
 69.11 provides an exemption or special treatment, does not apply to any real property that is  
 69.12 leased for residential, business, or commercial development or other purposes different  
 69.13 from those necessary to the provision and operation of the ballpark.

69.14 **EFFECTIVE DATE.** This section is effective the day after compliance by the  
 69.15 governing body of the city of St. Paul with Minnesota Statutes, section 645.021,  
 69.16 subdivisions 2 and 3.

69.17 Sec. 42. **PUBLIC ENTERTAINMENT FACILITY; PROPERTY TAX**  
 69.18 **EXEMPTION; SPECIAL ASSESSMENT.**

69.19 Any real or personal property acquired, owned, leased, controlled, used, or occupied  
 69.20 by the city of Minneapolis for the primary purpose of providing an arena for a professional  
 69.21 basketball team is declared to be acquired, owned, leased, controlled, used, and occupied  
 69.22 for public, governmental, and municipal purposes, and is exempt from ad valorem taxation  
 69.23 by the state or any political subdivision of the state, provided that the properties are  
 69.24 subject to special assessments levied by a political subdivision for a local improvement in  
 69.25 amounts proportionate to and not exceeding the special benefit received by the properties  
 69.26 from the improvement. In determining the special benefit received by the properties, no  
 69.27 possible use of any of the properties in any manner different from their intended use for  
 69.28 providing a professional basketball arena at the time may be considered. Notwithstanding  
 69.29 Minnesota Statutes, section 272.01, subdivision 2, or 273.19, real or personal property  
 69.30 subject to a lease or use agreement between the city and another person for uses related to  
 69.31 the purposes of the operation of the arena and related parking facilities is exempt from  
 69.32 taxation regardless of the length of the lease or use agreement. This section, insofar as  
 69.33 it provides an exemption or special treatment, does not apply to any real property that  
 69.34 is leased for residential, business, or commercial development, or for other purposes  
 69.35 different from those necessary to the provision and operation of the arena.

70.1 **EFFECTIVE DATE.** This section is effective the day after compliance by the  
70.2 governing body of the city of Minneapolis with Minnesota Statutes, section 645.021,  
70.3 subdivisions 2 and 3.

70.4 Sec. 43. **PUBLIC ENTERTAINMENT FACILITY; CONSTRUCTION**  
70.5 **MANAGER AT RISK.**

70.6 (a) For any real or personal property acquired, owned, leased, controlled, used, or  
70.7 occupied by the city of Minneapolis for the primary purpose of providing an arena for  
70.8 a professional basketball team, the city of Minneapolis may contract for construction,  
70.9 materials, supplies, and equipment in accordance with Minnesota Statutes, section  
70.10 471.345, except that the city may employ or contract with persons, firms, or corporations  
70.11 to perform one or more or all of the functions of an engineer, architect, construction  
70.12 manager, or program manager with respect to all or any part of a project to renovate,  
70.13 refurbish, and remodel the arena under either the traditional design-bid-build plan or  
70.14 construction manager at risk plan, or a combination thereof.

70.15 (b) The city may prepare a request for proposals for one or more of the functions  
70.16 described in paragraph (a). The request must be published in a newspaper of general  
70.17 circulation. The city may prequalify offerors by issuing a request for qualifications, in  
70.18 advance of the request for proposals, and select a short list of responsible offerors to  
70.19 submit proposals.

70.20 (c) As provided in the request for proposals, the city may conduct discussions and  
70.21 negotiations with responsible offerors in order to determine which proposal is most  
70.22 advantageous to the city and to negotiate the terms of an agreement. In conducting  
70.23 discussions, there shall be no disclosure of any information derived from proposals  
70.24 submitted by competing offerors and the content of all proposals is nonpublic data under  
70.25 Minnesota Statutes, chapter 13, until such time as a notice to award a contract is given  
70.26 by the city.

70.27 (d) Upon agreement on the guaranteed maximum price, the construction manager  
70.28 or program manager may enter into contracts with subcontractors for labor, materials,  
70.29 supplies, and equipment for the renovation project through the process of public bidding,  
70.30 except that the construction manager or program manager may, with the consent of the city:

70.31 (1) narrow the listing of eligible bidders to those that the construction manager  
70.32 or program manager determines to possess sufficient expertise to perform the intended  
70.33 functions;

70.34 (2) award contracts to the subcontractors that the construction manager or program  
70.35 manager determines provide the best value under a request for proposals, as described in

71.1 Minnesota Statutes, section 16C.28, subdivision 1, paragraph (a), clause (2), that are not  
71.2 required to be the lowest responsible bidder; and

71.3 (3) for work the construction manager or program manager determines to be  
71.4 critical to the completion schedule, perform work with its own forces without soliciting  
71.5 competitive bids or proposals, if the construction manager or program manager provides  
71.6 evidence of competitive pricing.

71.7 **EFFECTIVE DATE.** This section is effective the day after compliance by the  
71.8 governing body of the city of Minneapolis with Minnesota Statutes, section 645.021,  
71.9 subdivisions 2 and 3.

71.10 Sec. 44. **EXTENSION OF PROPERTY TAX DUE DATE; COMMERCIAL**  
71.11 **SEASONAL RECREATIONAL PROPERTIES.**

71.12 Notwithstanding the provisions of Minnesota Statutes, section 279.01, subdivision  
71.13 1, for taxes payable in 2013 only, the penalty on first-half property taxes does not accrue  
71.14 until June 15 on commercial use real property used for seasonal residential recreational  
71.15 purposes and classified as class 1c or 4c, and on other commercial use real property  
71.16 classified as class 3a, provided that over 60 percent of the gross income earned by the  
71.17 enterprise on the class 3a property is earned during the months of May, June, July, and  
71.18 August. In order for the first half of the tax due on class 3a property to be paid after May  
71.19 15 and before June 15 without penalty, the owner of the property must attach an affidavit  
71.20 to the payment attesting to compliance with the income provision of this subdivision.

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

71.22 Sec. 45. **REPORT ON CLASS 4D TIER STRUCTURE.**

71.23 The commissioners of revenue and housing finance shall report to the legislature  
71.24 by January 31, 2015, on the implementation of a second tier of market value for class 4d  
71.25 property under Minnesota Statutes, section 273.13, subdivision 25, paragraph (f). The  
71.26 report shall include the number of class 4d properties subject to the second tier of market  
71.27 value for taxes payable in 2015 and the tax impact of the application of the second tier  
71.28 of market value. The report shall also include an analysis of the characteristics of the  
71.29 properties to which the second tier of market value applies, such as location, building  
71.30 type, and number of units.

71.31 **EFFECTIVE DATE.** This section is effective July 1, 2013.

72.1       Sec. 46. **REPORT AND STUDY ON CERTAIN PROPERTY USED IN**  
72.2 **BUSINESS AND PRODUCTION; ASSESSMENT MORATORIUM.**

72.3       Subdivision 1. Study and report. (a) In order to facilitate a legislative review of  
72.4 property tax assessment procedures for facilities used in the production of biofuels, wine,  
72.5 beer, distilled beverages, and dairy products, and the development of standards and criteria  
72.6 for determining the taxable status of these facilities, the commissioner of revenue must  
72.7 conduct a study and report the findings of the study. The study must:

72.8           (1) include a detailed survey of counties identifying the components and tax status  
72.9 of biofuel facilities;

72.10          (2) identify the function of components in facilities of the affected industries;

72.11          (3) consider the taxability for certain components related to size, function, and use;

72.12          (4) develop recommendations for assessment guidelines and policies for facilities of  
72.13 the affected industries; and

72.14          (5) identify possible impacts to state and local taxes resulting from study  
72.15 recommendations.

72.16          (b) The commissioner shall request the involvement and participation of  
72.17 stakeholders, including the affected industries, the assessment community, and others  
72.18 identified by the commissioner.

72.19          (c) The commissioner shall report the findings to the chairs of the house of  
72.20 representatives and senate committees with jurisdiction over taxes, agriculture, and  
72.21 economic development as well as the commissioners of agriculture and employment and  
72.22 economic development by February 1, 2014.

72.23       Subd. 2. Moratorium on changes in assessment practices. (a) For the 2013 and  
72.24 2014 assessments, assessors must continue to use assessment practices or policies in effect  
72.25 in that county on January 2, 2012, for determining the taxable status of property used in  
72.26 the production of biofuels, wine, beer, distilled beverages, or dairy products.

72.27          (b) An assessor must not change the taxable status of any existing property described  
72.28 in paragraph (a) from its status on January 2, 2012, unless the change is due to a change in  
72.29 the use of property, or to correct an error. For taxable properties, the assessor may change  
72.30 the estimated market value of the property and add value for any new construction that  
72.31 would have been taxable under practices and policies in place on January 2, 2012.

72.32          (c) This subdivision expires on December 31, 2014. Any changes to the taxable  
72.33 status of the properties in paragraph (a) resulting from the study will not be effective  
72.34 until the 2015 assessment.

72.35       Sec. 47. **PROPERTY TAX SAVINGS REPORT.**



73.1 (a) In addition to the certification of its proposed property tax levy under Minnesota  
 73.2 Statutes, section 275.065, each city that has a population over 500 and each county shall  
 73.3 also include the amount of sales and use tax paid, or was estimated to be paid, in 2012.

73.4 (b) At the time the notice of the proposed property taxes is mailed as required under  
 73.5 Minnesota Statutes, section 275.065, subdivision 3, the county treasurer shall also include  
 73.6 a separate statement providing a list of sales and use tax certified by the county and cities  
 73.7 within their jurisdiction.

73.8 (c) At the public hearing required under Minnesota Statutes, section 275.065,  
 73.9 subdivision 3, the county and city must discuss the estimated savings realized to their  
 73.10 budgets that resulted from the sales tax exemption authorized under Minnesota Statutes,  
 73.11 section 297A.70, subdivision 2, and how those savings will be used for property tax levy  
 73.12 reductions, fee reductions, and other purposes as deemed appropriate.

73.13 Reasonable costs of preparing the notice required in this section must be apportioned  
 73.14 between taxing jurisdictions as follows:

73.15 (1) one-half is allocated to the county; and

73.16 (2) one-half is allocated among the cities.

73.17 The amount allocated in clause (2) must be further apportioned among all the cities  
 73.18 in the proportion that the number of parcels in the city bears to the number of parcels in all  
 73.19 the cities that have populations over 500.

73.20 **EFFECTIVE DATE.** This section is effective the day following final enactment,  
 73.21 for taxes levied in 2013 and payable in 2014.

73.22 **Sec. 48. LEVY LIMITS FOR TAXES LEVIED IN 2013.**

73.23 **Subdivision 1. Population.** "Population" means the population for the local  
 73.24 governmental unit as established by the last federal census, by a census taken under  
 73.25 section Minnesota Statutes, section 275.14, or by an estimate made by the metropolitan  
 73.26 council or by the state demographer under Minnesota Statutes, section 4A.02, whichever  
 73.27 is most recent as to the stated date of the count or estimate up to and including June 1  
 73.28 of the current levy year.

73.29 **Subd. 2. Local government unit.** "Local governmental unit" means a county with a  
 73.30 population greater than 5,000, or a statutory or home rule charter city with a population  
 73.31 greater than 2,500.

73.32 **Subd. 3. Levy limit base.** "Levy limit base" for a local governmental unit for levy  
 73.33 year 2013 means the sum of its certified net tax capacity levy plus the total of aids and  
 73.34 reimbursements that the local governmental unit is certified to receive under Minnesota  
 73.35 Statutes, sections 477A.011 to 477A.014, minus any amounts that would qualify as a

74.1 special levy under Minnesota Statutes, section 275.70, subdivision 5, clauses (1) to (4) and  
74.2 (7), for taxes levied in 2011 or 2012, whichever is greater. The levy limit base must be  
74.3 increased by three percent.

74.4 Subd. 4. **Property tax levy limit.** For taxes levied in 2013, the net tax capacity  
74.5 levy limit for a local governmental unit is equal to its levy limit base determined under  
74.6 subdivision 3 plus any additional levy authorized under Minnesota Statutes, section  
74.7 275.73, which is levied against net tax capacity, reduced by the total amount of aids and  
74.8 reimbursements that the local governmental unit is certified to receive under Minnesota  
74.9 Statutes, sections 477A.011 to 477A.014. The property tax levy limit for any local  
74.10 government cannot be less than the greater of its certified net tax capacity levies for taxes  
74.11 levied in 2011 or 2012.

74.12 Subd. 5. **Limit on levies.** Notwithstanding any other provision of law or municipal  
74.13 charter to the contrary which authorize ad valorem taxes in excess of the limits established  
74.14 by this section, the provisions of this section apply to local governmental units for all  
74.15 purposes other than those for which special levies under Minnesota Statutes, section  
74.16 275.70, subdivision 5, clauses (1) to (5) and (7), and special assessments are made.

74.17 Subd. 6. **Levies in excess of levy limits.** If the levy made by a city or county  
74.18 exceeds the levy limit provided in this section, except when the excess levy is due to the  
74.19 rounding of the rate in accordance with Minnesota Statutes, section 275.28, the county  
74.20 auditor shall only extend the amount of taxes permitted under this section as provided  
74.21 for in Minnesota Statutes, section 275.16.

74.22 Subd. 7. **Calculation and notification.** The commissioner of revenue shall make  
74.23 all necessary calculations for determining levy limits for local governmental units and  
74.24 notify the affected governmental units of their levy limits directly by September 1, 2013.  
74.25 The local governmental units shall, upon request, provide the commissioner with any  
74.26 information needed to make the calculations. The local governmental unit shall report  
74.27 by September 30, in a manner prescribed by the commissioner, the maximum amount of  
74.28 taxes it plans to levy for each of the purposes listed under special levies and any additional  
74.29 levy authorized under Minnesota Statutes, section 275.73, along with any necessary  
74.30 documentation. The commissioner shall review the proposed special levies and make any  
74.31 adjustments needed. The commissioner's decision is final. The final allowed special levy  
74.32 amounts and any levy limit adjustments must be certified back to the local governments by  
74.33 December 10. In addition, the commissioner of revenue shall notify all county auditors on  
74.34 or before five working days after December 20 of the sum of the levy limit plus the total of  
74.35 allowed special levies for each local governmental unit located within their boundaries so  
74.36 that they may fix the levies as required in Minnesota Statutes, section 275.16. The local

75.1 governmental units shall provide the commissioner of revenue with all information that  
 75.2 the commissioner deems necessary to make the calculations provided for in this section.

75.3 Subd. 8. **Information necessary to calculate levy limit base.** A local governmental  
 75.4 unit must provide the commissioner with the information required to calculate the  
 75.5 amount under subdivision 3, by July 20, 2013. If the information is not received by the  
 75.6 commissioner by that date, or is not deemed sufficient to make the calculation under that  
 75.7 clause, the commissioner has the discretion to set the local governmental unit's levy limit  
 75.8 for all purposes including those purposes for which special levies may be made, equal to  
 75.9 the amount of the local governmental unit's certified levy for the prior year.

75.10 **EFFECTIVE DATE.** This section is effective for taxes levied in 2013, payable  
 75.11 in 2014, only.

75.12 Sec. 49. **APPROPRIATION.**

75.13 \$2,000,000 in fiscal year 2014 only is appropriated from the general fund to the  
 75.14 commissioner of revenue for a grant to the city of Moose Lake to reimburse for costs  
 75.15 related to connection of state facilities to the sewer line.

75.16 **EFFECTIVE DATE.** This section is effective July 1, 2013.

## 75.17 **ARTICLE 5**

### 75.18 **SPECIAL TAXES**

75.19 Section 1. Minnesota Statutes 2012, section 270C.56, subdivision 1, is amended to read:

75.20 Subdivision 1. **Liability imposed.** A person who, either singly or jointly with  
 75.21 others, has the control of, supervision of, or responsibility for filing returns or reports,  
 75.22 paying taxes, or collecting or withholding and remitting taxes and who fails to do so, or a  
 75.23 person who is liable under any other law, is liable for the payment of taxes arising under  
 75.24 chapters 295, 296A, 297A, 297F, and 297G, or sections ~~256.9658~~, 290.92, and 297E.02,  
 75.25 and the applicable penalties and interest on those taxes.

75.26 **EFFECTIVE DATE.** This section is effective July 1, 2013.

75.27 Sec. 2. Minnesota Statutes 2012, section 296A.09, subdivision 2, is amended to read:

75.28 Subd. 2. **Jet fuel and special fuel tax imposed.** There is imposed an excise tax  
 75.29 ~~of the same rate~~ 15 cents per gallon as the aviation gasoline on all jet fuel or special  
 75.30 fuel received, sold, stored, or withdrawn from storage in this state, for use as substitutes

76.1 for aviation gasoline and not otherwise taxed as gasoline. Jet fuel is defined in section  
76.2 296A.01, subdivision 8.

76.3 **EFFECTIVE DATE.** This section is effective July 1, 2014, and applied to sales  
76.4 and purchases made on or after that date.

76.5 Sec. 3. Minnesota Statutes 2012, section 296A.17, subdivision 3, is amended to read:

76.6 Subd. 3. **Refund on graduated basis.** Any person who has directly or indirectly  
76.7 paid the excise tax on aviation gasoline or special fuel for aircraft use provided for by this  
76.8 chapter and the airflight property tax under section 270.72, shall, as to all such aviation  
76.9 gasoline and special fuel received, stored, or withdrawn from storage by the person in  
76.10 this state in any calendar year and not sold or otherwise disposed of to others, or intended  
76.11 for sale or other disposition to others, on which such tax has been so paid, be entitled to  
76.12 the following graduated reductions in such tax for that calendar year, to be obtained by  
76.13 means of the following refunds:

76.14 (1) on each gallon of such aviation gasoline or special fuel up to 50,000 gallons, all  
76.15 but five cents per gallon;

76.16 (2) on each gallon of such aviation gasoline or special fuel above 50,000 gallons and  
76.17 not more than 150,000 gallons, all but two cents per gallon;

76.18 (3) on each gallon of such aviation gasoline or special fuel above 150,000 gallons  
76.19 and not more than 200,000 gallons, all but one cent per gallon;

76.20 (4) on each gallon of such aviation gasoline or special fuel above 200,000, all but  
76.21 one-half cent per gallon.

76.22 **EFFECTIVE DATE.** This section is effective July 1, 2014, and applied to sales  
76.23 and purchases made on or after that date.

76.24 Sec. 4. Minnesota Statutes 2012, section 297A.82, subdivision 4, is amended to read:

76.25 Subd. 4. **Exemptions.** (a) The following transactions are exempt from the tax  
76.26 imposed in this chapter to the extent provided.

76.27 (b) The purchase or use of aircraft previously registered in Minnesota by a  
76.28 corporation or partnership is exempt if the transfer constitutes a transfer within the  
76.29 meaning of section 351 or 721 of the Internal Revenue Code.

76.30 (c) The sale to or purchase, storage, use, or consumption by a licensed aircraft dealer  
76.31 of an aircraft for which a commercial use permit has been issued pursuant to section  
76.32 360.654 is exempt, if the aircraft is resold while the permit is in effect.

77.1 (d) Air flight equipment when sold to, or purchased, stored, used, or consumed by  
77.2 airline companies, as defined in section 270.071, subdivision 4, is exempt. For purposes  
77.3 of this subdivision, "air flight equipment" includes airplanes and parts necessary for the  
77.4 repair and maintenance of such air flight equipment, and flight simulators, but does  
77.5 not include airplanes with a gross weight of less than 30,000 pounds that are used on  
77.6 intermittent or irregularly timed flights.

77.7 (e) Sales of, and the storage, distribution, use, or consumption of aircraft, as defined  
77.8 in section 360.511 and approved by the Federal Aviation Administration, and which the  
77.9 seller delivers to a purchaser outside Minnesota or which, without intermediate use, is  
77.10 shipped or transported outside Minnesota by the purchaser are exempt, but only if the  
77.11 purchaser is not a resident of Minnesota and provided that the aircraft is not thereafter  
77.12 returned to a point within Minnesota, except in the course of interstate commerce or  
77.13 isolated and occasional use, and will be registered in another state or country upon its  
77.14 removal from Minnesota. This exemption applies even if the purchaser takes possession of  
77.15 the aircraft in Minnesota and uses the aircraft in the state exclusively for training purposes  
77.16 for a period not to exceed ten days prior to removing the aircraft from this state.

77.17 (f) The sale or purchase of the following items that relate to aircraft operated under  
77.18 Federal Aviation Regulations, Parts 91 and 135, and associated installation charges:  
77.19 equipment and parts necessary for repair and maintenance of aircraft; and equipment  
77.20 and parts to upgrade and improve aircraft.

77.21 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
77.22 June 30, 2013.

77.23 Sec. 5. Minnesota Statutes 2012, section 297A.82, is amended by adding a subdivision  
77.24 to read:

77.25 Subd. 4a. **Deposit in state airports fund.** Tax revenue collected from the sale or  
77.26 purchase of an aircraft taxable under this chapter must be deposited in the state airports  
77.27 fund, established in section 360.017.

77.28 **EFFECTIVE DATE.** This section is effective July 1, 2013, and applied to sales  
77.29 and purchases made on or after that date.

77.30 Sec. 6. Minnesota Statutes 2012, section 297F.01, subdivision 3, is amended to read:

77.31 Subd. 3. **Cigarette.** "Cigarette" means any roll for smoking made wholly or in part  
77.32 of tobacco; that weighs 4.5 pounds or less per thousand:

78.1 (1) the wrapper or cover of which is made of paper or another substance or material  
78.2 except tobacco; or

78.3 (2) wrapped in any substance containing tobacco, however labeled or named, which,  
78.4 because of its appearance, size, the type of tobacco used in the filler, or its packaging,  
78.5 pricing, marketing, or labeling, is likely to be offered to or purchased by consumers as  
78.6 a cigarette, as defined in clause (1), unless it is wrapped in whole tobacco leaf and does  
78.7 not have a cellulose acetate or other cigarette-like filter.

78.8 **EFFECTIVE DATE.** This section is effective July 1, 2013.

78.9 Sec. 7. Minnesota Statutes 2012, section 297F.01, is amended by adding a subdivision  
78.10 to read:

78.11 Subd. 10b. **Moist snuff.** "Moist snuff" means any finely cut, ground, or powdered  
78.12 smokeless tobacco that is intended to be placed or dipped in the mouth.

78.13 **EFFECTIVE DATE.** This section is effective January 1, 2014.

78.14 Sec. 8. Minnesota Statutes 2012, section 297F.01, is amended by adding a subdivision  
78.15 to read:

78.16 Subd. 13a. **Premium cigar.** "Premium cigar" means any cigar that is  
78.17 hand-constructed and hand-rolled, has a wrapper that is made entirely from whole tobacco  
78.18 leaf, has a filler and binder that is made entirely of tobacco, except for adhesives or other  
78.19 materials used to maintain size, texture, or flavor, and has a wholesale price of no less  
78.20 than \$2.

78.21 **EFFECTIVE DATE.** This section is effective July 1, 2013.

78.22 Sec. 9. Minnesota Statutes 2012, section 297F.01, subdivision 19, is amended to read:

78.23 Subd. 19. **Tobacco products.** (a) "Tobacco products" means any product  
78.24 containing, made, or derived from tobacco that is intended for human consumption,  
78.25 whether chewed, smoked, absorbed, dissolved, inhaled, snorted, sniffed, or ingested by  
78.26 any other means, or any component, part, or accessory of a tobacco product, including,  
78.27 but not limited to, cigars; ~~little cigars~~; cheroots; stogies; periques; granulated, plug cut,  
78.28 crimp cut, ready rubbed, and other smoking tobacco; snuff; snuff flour; cavendish; plug  
78.29 and twist tobacco; fine-cut and other chewing tobacco; shorts; refuse scraps, clippings,  
78.30 cuttings and sweepings of tobacco, and other kinds and forms of tobacco; but does not  
78.31 include cigarettes as defined in this section. Tobacco products excludes any tobacco  
78.32 product that has been approved by the United States Food and Drug Administration for

79.1 sale as a tobacco cessation product, as a tobacco dependence product, or for other medical  
79.2 purposes, and is being marketed and sold solely for such an approved purpose.

79.3 (b) Except for the imposition of tax under section 297F.05, subdivisions 3 and 4,  
79.4 tobacco products includes a premium cigar, as defined in subdivision 13a.

79.5 **EFFECTIVE DATE.** This section is effective July 1, 2013.

79.6 Sec. 10. Minnesota Statutes 2012, section 297F.05, subdivision 1, is amended to read:

79.7 Subdivision 1. **Rates; cigarettes.** A tax is imposed upon the sale of cigarettes in  
79.8 this state, upon having cigarettes in possession in this state with intent to sell, upon any  
79.9 person engaged in business as a distributor, and upon the use or storage by consumers, at  
79.10 the following rates:

79.11 (1) on cigarettes weighing not more than three pounds per thousand, ~~24~~ 141.5 mills  
79.12 on each such cigarette; and

79.13 (2) on cigarettes weighing more than three pounds per thousand, ~~48~~ 283 mills on  
79.14 each such cigarette.

79.15 **EFFECTIVE DATE.** This section is effective July 1, 2013.

79.16 Sec. 11. Minnesota Statutes 2012, section 297F.05, is amended by adding a subdivision  
79.17 to read:

79.18 Subd. 1a. **Annual indexing.** (a) Each year the commissioner shall adjust the  
79.19 tax rates under subdivision 1, including any adjustment made in prior years under this  
79.20 subdivision, by multiplying the mill rates for the current calendar year by an adjustment  
79.21 factor and rounding the result to the nearest mill. The adjustment factor equals the in-lieu  
79.22 sales tax rate that applies to the following calendar year divided by the in-lieu sales tax  
79.23 rate for the current calendar year. For purposes of this subdivision, "in-lieu sales tax rate"  
79.24 means the tax rate established under section 297F.25, subdivision 1. For purposes of the  
79.25 calculations under this subdivision to be made in any year in which an increase in the  
79.26 federal or state excise tax on cigarettes is implemented, the commissioner shall exclude  
79.27 from the calculated average price for the current year an amount equal to any increase in  
79.28 the state or federal excise tax rate.

79.29 (b) The commissioner shall publish the resulting rate by November 1 and the rate  
79.30 applies to sales made on or after January 1 of the following year.

79.31 (c) The determination of the commissioner under this subdivision is not a rule and is  
79.32 not subject to the Administrative Procedure Act in chapter 14.

79.33 **EFFECTIVE DATE.** This section is effective July 1, 2014.

80.1 Sec. 12. Minnesota Statutes 2012, section 297F.05, subdivision 3, is amended to read:

80.2 Subd. 3. **Rates; tobacco products.** (a) Except as provided in subdivision 3a, a tax is  
80.3 imposed upon all tobacco products in this state and upon any person engaged in business  
80.4 as a distributor, at the rate of ~~35~~ 95 percent of the wholesale sales price of the tobacco  
80.5 products. The tax is imposed at the time the distributor:

80.6 (1) brings, or causes to be brought, into this state from outside the state tobacco  
80.7 products for sale;

80.8 (2) makes, manufactures, or fabricates tobacco products in this state for sale in  
80.9 this state; or

80.10 (3) ships or transports tobacco products to retailers in this state, to be sold by those  
80.11 retailers.

80.12 (b) Notwithstanding paragraph (a), a minimum tax equal to the rate imposed on a  
80.13 pack of 20 cigarettes weighing not more than three pounds per thousand, as established  
80.14 under subdivision 1, is imposed on each container of moist snuff.

80.15 For purposes of this subdivision, a "container" means the smallest consumer-size can,  
80.16 package, or other container that is marketed or packaged by the manufacturer, distributor,  
80.17 or retailer for separate sale to a retail purchaser. When more than one container is  
80.18 packaged together, each container is subject to tax.

80.19 **EFFECTIVE DATE.** This section is effective July 1, 2013, except the minimum  
80.20 tax under paragraph (b) is effective January 1, 2014.

80.21 Sec. 13. Minnesota Statutes 2012, section 297F.05, is amended by adding a subdivision  
80.22 to read:

80.23 Subd. 3a. **Rates; tobacco.** (a) A tax is imposed upon all premium cigars in this state  
80.24 and upon any person engaged in business as a tobacco product distributor, at the lesser of:

80.25 (1) the rate of 95 percent of the wholesale sales price of the premium cigars; or

80.26 (2) \$3.50 per premium cigar.

80.27 (b) The tax imposed under paragraph (a) is imposed at the time the tobacco products  
80.28 distributor:

80.29 (1) brings, or causes to be brought, into this state from outside the state premium  
80.30 cigars for sale;

80.31 (2) makes, manufactures, or fabricates premium cigars in this state for sale in this  
80.32 state; or

80.33 (3) ships or transports premium cigars to retailers in this state, to be sold by those  
80.34 retailers.



81.1 **EFFECTIVE DATE.** This section is effective July 1, 2013.

81.2 Sec. 14. Minnesota Statutes 2012, section 297F.05, subdivision 4, is amended to read:

81.3 Subd. 4. **Use tax; tobacco products.** Except as provided in subdivision 4a, a tax is  
81.4 imposed upon the use or storage by consumers of tobacco products in this state, and upon  
81.5 such consumers, at the rate of ~~35~~ 95 percent of the cost to the consumer of the tobacco  
81.6 products or the minimum tax under subdivision 3, paragraph (b), whichever is greater.

81.7 **EFFECTIVE DATE.** This section is effective July 1, 2013.

81.8 Sec. 15. Minnesota Statutes 2012, section 297F.05, is amended by adding a subdivision  
81.9 to read:

81.10 Subd. 4a. **Use tax; premium cigars.** A tax is imposed upon the use or storage by  
81.11 consumers of all premium cigars in this state, and upon such consumers, at the lesser of:

81.12 (1) the rate of 95 percent of the cost to the consumer of the premium cigars; or

81.13 (2) \$3.50 per premium cigar.

81.14 **EFFECTIVE DATE.** This section is effective July 1, 2013.

81.15 Sec. 16. Minnesota Statutes 2012, section 297F.24, subdivision 1, is amended to read:

81.16 Subdivision 1. **Fee imposed.** (a) A fee is imposed upon the sale of nonsettlement  
81.17 cigarettes in this state, upon having nonsettlement cigarettes in possession in this state  
81.18 with intent to sell, upon any person engaged in business as a distributor, and upon the use  
81.19 or storage by consumers of nonsettlement cigarettes. The fee equals a rate of ~~1.75~~ 2.5  
81.20 cents per cigarette.

81.21 (b) The purpose of this fee is to:

81.22 (1) ensure that manufacturers of nonsettlement cigarettes pay fees to the state that  
81.23 are comparable to costs attributable to the use of the cigarettes;

81.24 (2) prevent manufacturers of nonsettlement cigarettes from undermining the state's  
81.25 policy of discouraging underage smoking by offering nonsettlement cigarettes at prices  
81.26 substantially below the cigarettes of other manufacturers; and

81.27 (3) fund such other purposes as the legislature determines appropriate.

81.28 **EFFECTIVE DATE.** This section is effective July 1, 2013.

81.29 Sec. 17. Minnesota Statutes 2012, section 297F.25, subdivision 1, is amended to read:

81.30 Subdivision 1. **Imposition.** (a) A tax is imposed on distributors on the sale of  
81.31 cigarettes by a cigarette distributor to a retailer or cigarette subjobber for resale in this

82.1 state. The tax is equal to ~~6.5 percent of~~ the combined tax rate under section 297A.62,  
82.2 multiplied by the weighted average retail price and must be expressed in cents per pack  
82.3 rounded to the nearest one-tenth of a cent. The weighted average retail price must be  
82.4 determined annually, with new rates published by November 1, and effective for sales  
82.5 on or after January 1 of the following year. The weighted average retail price must be  
82.6 established by surveying cigarette retailers statewide in a manner and time determined by  
82.7 the commissioner. The commissioner shall make an inflation adjustment in accordance  
82.8 with the Consumer Price Index for all urban consumers inflation indicator as published in  
82.9 the most recent state budget forecast. The commissioner shall use the inflation factor for  
82.10 the calendar year in which the new tax rate takes effect. If the survey indicates that the  
82.11 average retail price of cigarettes has not increased relative to the average retail price in  
82.12 the previous year's survey, then the commissioner shall not make an inflation adjustment.  
82.13 The determination of the commissioner pursuant to this subdivision is not a "rule" and is  
82.14 not subject to the Administrative Procedure Act contained in chapter 14. For packs of  
82.15 cigarettes with other than 20 cigarettes, the tax must be adjusted proportionally.

82.16 (b) Notwithstanding paragraph (a), and in lieu of a survey of cigarette retailers, the  
82.17 tax calculation of the weighted average retail price for the sales of cigarettes from August  
82.18 1, 2011, through December 31, 2011, shall be calculated by: (1) increasing the average  
82.19 retail price per pack of 20 cigarettes from the most recent survey by the percentage change  
82.20 in a weighted average of the presumed legal prices for cigarettes during the year after  
82.21 completion of that survey, as reported and published by the Department of Commerce  
82.22 under section 325D.371; (2) subtracting the sales tax included in the retail price; and (3)  
82.23 adjusting for expected inflation. The rate must be published by May 1 and is effective for  
82.24 sales after July 31. If the weighted average of the presumed legal prices indicates that the  
82.25 average retail price of cigarettes has not increased relative to the average retail price in the  
82.26 most recent survey, then no inflation adjustment must be made. For packs of cigarettes  
82.27 with other than 20 cigarettes, the tax must be adjusted proportionally.

82.28 **EFFECTIVE DATE.** This section is effective July 1, 2013.

82.29 Sec. 18. Minnesota Statutes 2012, section 297G.04, subdivision 2, is amended to read:

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

82.35 (1) the liability for tax; or

83.1 (2) \$115,000.

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

83.9 **EFFECTIVE DATE.** This section is effective for determinations based on calendar  
83.10 year 2012 production and thereafter.

83.11 Sec. 19. Minnesota Statutes 2012, section 325D.32, subdivision 2, is amended to read:

83.12 Subd. 2. **Cigarettes.** "Cigarettes" means and includes any roll for smoking, made  
83.13 wholly or in part of tobacco, irrespective of size and shape and whether or not such  
83.14 tobacco is flavored, adulterated or mixed with any other ingredient, the wrapper or cover  
83.15 of which is made of paper or any other substance or material except whole tobacco leaf,  
83.16 and includes any cigarette as defined in section 297F.01, subdivision 3.

83.17 **EFFECTIVE DATE.** This section is effective July 1, 2013.

83.18 Sec. 20. Minnesota Statutes 2012, section 325F.781, subdivision 1, is amended to read:

83.19 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms  
83.20 have the meanings given, unless the language or context clearly provides otherwise.

83.21 (b) "Consumer" means an individual who purchases, receives, or possesses tobacco  
83.22 products for personal consumption and not for resale.

83.23 (c) "Delivery sale" means:

83.24 (1) a sale of tobacco products to a consumer in this state when:

83.25 (i) the purchaser submits the order for the sale by means of a telephonic or other  
83.26 method of voice transmission, the mail or any other delivery service, or the Internet or  
83.27 other online service; or

83.28 (ii) the tobacco products are delivered by use of the mail or other delivery service; or

83.29 (2) a sale of tobacco products that satisfies the criteria in clause (1), item (i),  
83.30 regardless of whether the seller is located inside or outside of the state.

83.31 A sale of tobacco products to an individual in this state must be treated as a sale to a  
83.32 consumer, unless the individual is licensed as a distributor or retailer of tobacco products.

84.1 (d) "Delivery service" means a person, including the United States Postal Service,  
84.2 that is engaged in the commercial delivery of letters, packages, or other containers.

84.3 (e) "Distributor" means a person, whether located inside or outside of this state,  
84.4 other than a retailer, who sells or distributes tobacco products in the state. Distributor does  
84.5 not include a tobacco products manufacturer, export warehouse proprietor, or importer  
84.6 with a valid permit under United States Code, title 26, section 5712 (1997), if the person  
84.7 sells or distributes tobacco products in this state only to distributors who hold valid and  
84.8 current licenses under the laws of a state, or to an export warehouse proprietor or another  
84.9 manufacturer. Distributor does not include a common or contract carrier that is transporting  
84.10 tobacco products under a proper bill of lading or freight bill that states the quantity, source,  
84.11 and destination of tobacco products, or a person who ships tobacco products through this  
84.12 state by common or contract carrier under a bill of lading or freight bill.

84.13 (f) "Retailer" means a person, whether located inside or outside this state, who sells  
84.14 or distributes tobacco products to a consumer in this state.

84.15 (g) "Tobacco products" means:

84.16 (1) cigarettes, as defined in section 297F.01, subdivision 3; ~~and~~

84.17 (2) smokeless tobacco as defined in section 325F.76-; and

84.18 (3) premium cigars as defined in section 297F.01, subdivision 13a.

84.19 **EFFECTIVE DATE.** This section is effective July 1, 2013.

84.20 Sec. 21. Minnesota Statutes 2012, section 349.166, subdivision 1, is amended to read:

84.21 Subdivision 1. **Exclusions.** (a) Bingo, with the exception of linked bingo games, may  
84.22 be conducted without a license and without complying with sections 349.168, subdivisions  
84.23 1 and 2; 349.17, subdivisions 4 and 5; 349.18, subdivision 1; and 349.19, if it is conducted:

84.24 (1) by an organization in connection with a county fair, the state fair, or a civic  
84.25 celebration and is not conducted for more than 12 consecutive days and is limited to no more  
84.26 than four separate applications for activities applied for and approved in a calendar year; or

84.27 (2) by an organization that conducts bingo on four or fewer days in a calendar year.

84.28 An organization that holds a license to conduct lawful gambling under this chapter  
84.29 may not conduct bingo under this subdivision.

84.30 (b) Bingo may be conducted within a nursing home or a senior citizen housing  
84.31 project or by a senior citizen organization if the prizes for a single bingo game do not  
84.32 exceed \$10, total prizes awarded at a single bingo occasion do not exceed \$200, no more  
84.33 than two bingo occasions are held by the organization or at the facility each week, only  
84.34 members of the organization or residents of the nursing home or housing project are  
84.35 allowed to play in a bingo game, no compensation is paid for any persons who conduct the

85.1 bingo, and a manager is appointed to supervise the bingo. Bingo conducted under this  
 85.2 paragraph is exempt from sections 349.11 to 349.23, and the board may not require an  
 85.3 organization that conducts bingo under this paragraph, or the manager who supervises the  
 85.4 bingo, to register or file a report with the board. The gross receipts from bingo conducted  
 85.5 under the limitations of this subdivision are exempt from taxation under chapter 297A.

85.6 (c) Raffles may be conducted by an organization without registering with the board  
 85.7 if the value of all raffle prizes awarded by the organization in a calendar year does not  
 85.8 exceed \$1,500 or, if the organization is a 501(c)(3) organization, if the value of all raffle  
 85.9 prizes awarded by the organization at one event in a calendar year does not exceed \$5,000.

85.10 (d) Except as provided in paragraph (b), the organization must maintain all required  
 85.11 records of excluded gambling activity for 3-1/2 years.

85.12 **EFFECTIVE DATE.** This section is effective July 1, 2013.

85.13 Sec. 22. Minnesota Statutes 2012, section 360.531, is amended to read:

85.14 **360.531 TAXATION.**

85.15 Subdivision 1. **In lieu tax.** All aircraft using the air space overlying the state of  
 85.16 Minnesota or the airports thereof, except as set forth in section 360.55, shall be taxed in  
 85.17 lieu of all other taxes thereon, on the basis and at the rate for the period January 1, 1966, to  
 85.18 June 30, 1967, and for each fiscal year as follows.

85.19 Subd. 2. **Rate.** The tax shall be ~~at the rate of one percent of value; provided that~~  
 85.20 ~~the minimum tax on an aircraft subject to the provisions of sections 360.511 to 360.67~~  
 85.21 ~~shall not be less than 25 percent of the tax on said aircraft computed on its base price or~~  
 85.22 ~~\$50 whichever is the higher.~~ as follows:

<u>Base Price</u>	<u>Tax</u>
85.23 <u>Under \$499,999</u>	<u>\$100</u>
85.24 <u>\$500,000 to \$999,999</u>	<u>\$200</u>
85.25 <u>\$1,000,000 to \$2,499,999</u>	<u>\$2,000</u>
85.26 <u>\$2,500,000 to \$4,999,999</u>	<u>\$4,000</u>
85.27 <u>\$5,000,000 to \$7,499,999</u>	<u>\$7,500</u>
85.28 <u>\$7,500,000 to \$9,999,999</u>	<u>\$10,000</u>
85.29 <u>\$10,000,000 to \$12,499,999</u>	<u>\$12,500</u>
85.30 <u>\$12,500,000 to \$14,999,999</u>	<u>\$15,000</u>
85.31 <u>\$15,000,000 to \$17,499,999</u>	<u>\$17,500</u>
85.32 <u>\$17,500,000 to \$19,999,999</u>	<u>\$20,000</u>
85.33 <u>\$20,000,000 to \$22,499,999</u>	<u>\$22,500</u>
85.34 <u>\$22,500,000 to \$24,999,999</u>	<u>\$25,000</u>
85.35 <u>\$25,000,000 to \$27,499,999</u>	<u>\$27,500</u>
85.36 <u>\$27,500,000 to \$29,999,999</u>	<u>\$30,000</u>

86.1	<u>\$30,000,000 to \$39,999,999</u>	<u>\$50,000</u>
86.2	<u>\$40,000,000 and over</u>	<u>\$75,000</u>

86.3           Subd. 3. **First year of life.** "First year of life" means the year the aircraft was  
86.4 manufactured.

86.5           Subd. 4. **Base price for taxation.** For the purpose of fixing a base price for taxation  
86.6 ~~from which depreciation in value at a fixed percent per annum can be counted, such , the~~  
86.7 base price is defined as follows:

86.8           (a) The base price for taxation of an aircraft shall be the manufacturer's list price.

86.9           (b) The commissioner shall have authority to fix the base value for taxation purposes  
86.10 of any aircraft of which no such similar or corresponding model has been manufactured,  
86.11 and of any rebuilt or foreign aircraft, any aircraft on which a record of the list price is not  
86.12 available, or any military aircraft converted for civilian use, using as a basis for ~~such~~  
86.13 valuation the list price of aircraft with comparable performance characteristics, and taking  
86.14 into consideration the age and condition of the aircraft.

86.15           Subd. 5. **Similarity of corresponding model.** Models shall be deemed similar if  
86.16 substantially alike and of the same make. Models shall be deemed to be corresponding  
86.17 models for the purpose of taxation under sections 360.54 to 360.67 if of the same make  
86.18 and having approximately the same weight and type of frame and the same style and  
86.19 size of motor.

86.20           ~~Subd. 6. **Depreciation.** After the first year of aircraft life the base value for taxation~~  
86.21 ~~purposes shall be reduced as follows: ten percent the second year, and 15 percent the third~~  
86.22 ~~and each succeeding year thereafter, but in no event shall such tax be reduced below~~  
86.23 ~~the minimum.~~

86.24           Subd. 7. **Prorating tax.** When an aircraft first becomes subject to taxation during the  
86.25 period for which the tax is to be paid, the tax on it shall be for the remainder of that period,  
86.26 prorated on a monthly basis of 1/12 of the annual tax for each calendar month counting the  
86.27 month during which it becomes subject to the tax as the first month of such period.

86.28           Subd. 8. **Tax, fiscal year.** Every aircraft subject to the provisions of sections  
86.29 360.511 to 360.67 which has at any time since April 19, 1945, used the air space overlying  
86.30 the state of Minnesota or the airports thereof shall be taxed for the period from January 1,  
86.31 1966, through June 30, 1967, and for each fiscal year thereafter in which it is so used. Any  
86.32 aircraft which does not use the air space overlying the state of Minnesota or the airports  
86.33 thereof at any time during the period of January 1, 1966, to and including June 30, 1967,  
86.34 or at any time during any fiscal year thereafter shall not be subject to the tax provided by  
86.35 sections 360.511 to 360.67 for such period. Rebuilt aircraft shall be subject to the tax

87.1 provided by sections 360.511 to 360.67 for that portion of the aforesaid periods remaining  
87.2 after the aircraft has been rebuilt, prorated on a monthly basis.

87.3       Subd. 9. **Assessed as personal property in certain cases.** Aircraft subject to  
87.4 taxation under the provisions of sections 360.54 to 360.67 shall not be assessed as personal  
87.5 property and shall be subject to no tax except as provided for by these sections. Aircraft  
87.6 not subject to taxation as provided in these sections, but subject to taxation as personal  
87.7 property within the state of Minnesota shall be assessed and valued at 33-1/3 percent of  
87.8 the market value thereof and taxed at the rate and in the manner provided by law for the  
87.9 taxation of ordinary personal property. If the person against whom any tax has been levied  
87.10 on the ad valorem basis because of any aircraft shall, during the calendar year for which  
87.11 such ad valorem tax is levied, be also taxed under provisions of these sections, then and in  
87.12 that event, upon proper showing, the commissioner of revenue shall grant to the person  
87.13 against whom said ad valorem tax was levied, such reduction or abatement of net tax  
87.14 capacity or taxes as was occasioned by the so-called ad valorem tax imposed. If the ad  
87.15 valorem tax upon any aircraft has been assessed against a dealer in new and used aircraft,  
87.16 and the tax imposed by these sections for the required period is thereafter paid by the  
87.17 owner, then and in that event, upon proper showing, the commissioner of revenue, upon  
87.18 the application of said dealer, shall grant to such dealer against whom said ad valorem tax  
87.19 was levied such reduction or abatement of net tax capacity or taxes as was occasioned  
87.20 by the so-called ad valorem tax imposed.

87.21       **EFFECTIVE DATE.** This section is effective July 1, 2014, and applies to aircraft  
87.22 tax due on or after that date.

87.23       Sec. 23. Minnesota Statutes 2012, section 360.66, is amended to read:

87.24       **360.66 STATE AIRPORTS FUND.**

87.25       Subdivision 1. **Tax credited to fund.** The proceeds of the tax imposed on aircraft  
87.26 under sections ~~360.54~~ 360.531 to 360.67 and all fees and penalties provided for therein  
87.27 shall be collected by the commissioner and paid into the state treasury and credited to the  
87.28 state airports fund created by other statutes of this state.

87.29       Subd. 2. **Reimbursement for expenses.** There shall be transferred by the  
87.30 commissioner of management and budget each year from the state airports fund to the  
87.31 general fund in the state treasury the amount expended from the latter fund for expenses of  
87.32 administering the provisions of sections ~~360.54~~ 360.531 to 360.67.

87.33       **EFFECTIVE DATE.** This section is effective July 1, 2014, and applies to aircraft  
87.34 tax due on or after that date.

88.1       Sec. 24. **REPORT.**

88.2           On or before June 30, 2016, and every four years thereafter, the commissioner of  
88.3 transportation, in consultation with the commissioner of revenue, shall prepare and submit  
88.4 to the chairs and ranking minority members of the senate and house of representatives  
88.5 committees with jurisdiction over transportation policy and budget, a report that identifies  
88.6 the amount and sources of annual revenues attributable to each type of aviation tax, along  
88.7 with annual expenditures from the state airports fund, and any other transfers out of the  
88.8 fund, during the previous four years. The report must include draft legislation for any  
88.9 recommended statutory changes to ensure the future adequacy of the state airports fund.

88.10           **EFFECTIVE DATE.** This section is effective July 1, 2014, and applies to aircraft  
88.11 tax due on or after that date.

88.12       Sec. 25. **FLOOR STOCKS TAX.**

88.13           Subdivision 1. **Cigarettes.** (a) A floor stocks tax is imposed on every person  
88.14 engaged in the business in this state as a distributor, retailer, subjobber, vendor,  
88.15 manufacturer, or manufacturer's representative of cigarettes, on the stamped cigarettes and  
88.16 unaffixed stamps in the person's possession or under the person's control at 12:01 a.m.  
88.17 on July 1, 2013. The tax is imposed at the rate of 80 mills on each cigarette plus the  
88.18 additional cigarette sales tax determined by an adjustment to the weighted average retail  
88.19 price which reflects the price including the increased tax.

88.20           (b) Each distributor, on or before July 11, 2013, shall file a return with the  
88.21 commissioner of revenue, in the form the commissioner prescribes, showing the stamped  
88.22 cigarettes and unaffixed stamps on hand at 12:01 a.m. on July 1, 2013, and the amount  
88.23 of tax due on the cigarettes and unaffixed stamps. Each retailer, subjobber, vendor,  
88.24 manufacturer, or manufacturer's representative, on or before July 11, 2013, shall file  
88.25 a return with the commissioner, in the form the commissioner prescribes, showing the  
88.26 cigarettes on hand at 12:01 a.m. on July 1, 2013, and the amount of tax due on the  
88.27 cigarettes. The tax imposed by this section is due and payable on or before September 4,  
88.28 2013, and after that date bears interest at the rate of one percent per month.

88.29           Subd. 2. **Audit and enforcement.** The tax imposed by this section is subject to  
88.30 the audit, assessment, interest, appeal, refund, penalty, enforcement, administrative, and  
88.31 collection provisions of Minnesota Statutes, chapters 270C and 297F. The commissioner  
88.32 of revenue may require a distributor to receive and maintain copies of floor stocks fee  
88.33 returns filed by all persons requesting a credit for returned cigarettes.

88.34           Subd. 3. **Deposit of proceeds.** (a) The commissioner of revenue shall deposit  
88.35 \$26,500,000 of the revenues from the tax under this section in the state treasury and credit



89.1 them to the general reserve account established under Minnesota Statutes 297E.021,  
89.2 subdivision 4.

89.3 (b) The commissioner of revenue shall deposit any revenue remaining after the  
89.4 transfer under paragraph (a) to the general fund.

89.5 **EFFECTIVE DATE.** This section is effective July 1, 2013.

89.6 **Sec. 26. INTERIM SALES TAX RATE.**

89.7 Notwithstanding the provisions of Minnesota Statutes, section 297F.25, the  
89.8 commissioner shall adjust the weighted average retail price in section 297F.25, subdivision  
89.9 1, on July 1, 2013, to reflect the price changes under this act. This weighted average  
89.10 shall be used to compute cigarette sales tax under Minnesota Statutes, section 297F.25,  
89.11 subdivision 1, until December 31, 2013, when the commissioner shall resume annual  
89.12 adjustments to the weighted average sales price. The commissioner's determination of  
89.13 the adjustment that takes effect on January 1, 2014, must be limited to the change in the  
89.14 weighted average retail price that occurs during calendar year 2013 but after July 15, 2013.

89.15 **EFFECTIVE DATE.** This section is effective July 1, 2013.

89.16 **Sec. 27. TOBACCO TAX COLLECTION REPORT.**

89.17 Subdivision 1. **Report to legislature.** (a) The commissioner of revenue shall report  
89.18 to the 2014 legislature on the tobacco tax collection system, including recommendations  
89.19 to improve compliance under the excise tax for both cigarettes and other tobacco products.  
89.20 The purpose of the report is to provide information and guidance to the legislature on  
89.21 improvements to the tobacco tax collection system to:

89.22 (1) provide a unified system of collecting both the cigarette and other tobacco  
89.23 taxes, regardless of category, size, or shape, that ensures the highest reasonable rates of  
89.24 tax collection;

89.25 (2) discourage tax evasion; and

89.26 (3) help to prevent illegal sale of tobacco products, which may make these products  
89.27 more accessible to youth.

89.28 (b) In the report, the commissioner shall:

89.29 (1) provide a detailed review of the present excise tax collection and compliance  
89.30 system as it applies to both cigarettes and other tobacco products. This must include  
89.31 an assessment of the levels of compliance for each category of products and the effect  
89.32 of the stamping requirement on compliance for each category of products and the effect

90.1 of the stamping requirement on compliance rates for cigarettes relative to other tobacco  
90.2 products. It also must identify any weaknesses in the system;

90.3 (2) survey the methods of collection and enforcement used by other states or nations,  
90.4 including identifying and discussing emerging best practices that ensure tracking of both  
90.5 cigarettes and other tobacco products and result in the highest rates of tax collection and  
90.6 compliance. These best practices must consider high-technology alternatives, such as use  
90.7 of bar codes, radio-frequency identification tags, or similar mechanisms for tracking  
90.8 compliance;

90.9 (3) evaluate the adequacy and effectiveness of the existing penalties and other  
90.10 sanctions for noncompliance;

90.11 (4) evaluate the adequacy of the resources allocated by the state to enforce the  
90.12 tobacco tax and prevention laws; and

90.13 (5) make recommendations on implementation of a comprehensive tobacco tax  
90.14 collection system for Minnesota that can be implemented by January 1, 2014, including:

90.15 (i) recommendations on the specific steps needed to institute and implement the new  
90.16 system, including estimates of the state's costs of doing so and any additional personnel  
90.17 requirements;

90.18 (ii) recommendations on methods to recover the cost of implementing the system  
90.19 from the industry;

90.20 (iii) evaluation of the extent to which the proposed system is sufficiently flexible  
90.21 and adaptable to adjust to modifications in the construction, packaging, formatting, and  
90.22 marketing of tobacco products by the industry; and

90.23 (iv) recommendations to modify existing penalties or to impose new penalties or  
90.24 other sanctions to ensure compliance with the system.

90.25 Subd. 2. **Due date.** The report required by subdivision 1 is due February 15, 2014.

90.26 Subd. 3. **Procedure.** The report required under this section must be made in the  
90.27 manner provided under Minnesota Statutes, section 3.195. In addition, copies must be  
90.28 provided to the chairs and ranking minority members of the legislative committees and  
90.29 divisions with jurisdiction over taxation.

90.30 Subd. 4. **Appropriation.** (a) \$100,000 is appropriated from the general fund to the  
90.31 commissioner of revenue for fiscal year 2014 for the cost of preparing the report under  
90.32 subdivision 1.

90.33 (b) The appropriation under this subdivision is a onetime appropriation and is not  
90.34 included in the base budget.

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

91.2 Sec. 28. **REPEALER.**

91.3 Minnesota Statutes 2012, sections 16A.725; and 256.9658, are repealed.

91.4 **EFFECTIVE DATE.** This section is effective July 1, 2013.

## 91.5 **ARTICLE 6**

### 91.6 **INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES**

91.7 Section 1. Minnesota Statutes 2012, section 116J.8737, subdivision 1, is amended to  
91.8 read:

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

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

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

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

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

91.19 (1) \$10,000 in a calendar year by a qualified investor; or

91.20 (2) \$30,000 in a calendar year by a qualified fund.

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

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

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

91.30 (h) "Intern" means a student of an accredited institution of higher education, or a  
91.31 former student who has graduated in the past six months from an accredited institution  
91.32 of higher education, who is employed by a qualified small business in a nonpermanent

92.1 position for a duration of nine months or less that provides training and experience in the  
92.2 primary business activity of the business.

92.3 (i) "Liquidation event" means a conversion of qualified investment for cash, cash  
92.4 and other consideration, or any other form of equity or debt interest.

92.5 **EFFECTIVE DATE.** This section is effective for qualified small businesses  
92.6 certified after June 30, 2013.

92.7 Sec. 2. Minnesota Statutes 2012, section 116J.8737, subdivision 2, is amended to read:

92.8 Subd. 2. **Certification of qualified small businesses.** (a) Businesses may apply  
92.9 to the commissioner for certification as a qualified small business for a calendar year.  
92.10 The application must be in the form and be made under the procedures specified by the  
92.11 commissioner, accompanied by an application fee of \$150. Application fees are deposited  
92.12 in the small business investment tax credit administration account in the special revenue  
92.13 fund. The application for certification for 2010 must be made available on the department's  
92.14 Web site by August 1, 2010. Applications for subsequent years' certification must be made  
92.15 available on the department's Web site by November 1 of the preceding year.

92.16 (b) Within 30 days of receiving an application for certification under this subdivision,  
92.17 the commissioner must either certify the business as satisfying the conditions required of a  
92.18 qualified small business, request additional information from the business, or reject the  
92.19 application for certification. If the commissioner requests additional information from the  
92.20 business, the commissioner must either certify the business or reject the application within  
92.21 30 days of receiving the additional information. If the commissioner neither certifies the  
92.22 business nor rejects the application within 30 days of receiving the original application or  
92.23 within 30 days of receiving the additional information requested, whichever is later, then  
92.24 the application is deemed rejected, and the commissioner must refund the \$150 application  
92.25 fee. A business that applies for certification and is rejected may reapply.

92.26 (c) To receive certification, a business must satisfy all of the following conditions:

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

92.28 (2) at least 51 percent of the business's employees are employed in Minnesota, and  
92.29 51 percent of the business's total payroll is paid or incurred in the state;

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

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

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

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

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

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

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

93.17 (7) the business has (i) not been in operation for more than ten years, or (ii) the  
93.18 business has not been in operation for more than 20 years if the business is engaged  
93.19 in the research, development, or production of medical devices or pharmaceuticals for  
93.20 which United States Food and Drug Administration approval is required for use in the  
93.21 treatment or diagnosis of a disease or condition;

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

93.24 (9) the business is not an entity disqualified under section 80A.50, paragraph (b),  
93.25 clause (3); ~~and~~

93.26 (10) the business has not issued securities that are traded on a public exchange.

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

93.29 (e) In order for a qualified investment in a business to be eligible for tax credits;

93.30 (1) the business must have applied for and received certification for the calendar  
93.31 year in which the investment was made prior to the date on which the qualified investment  
93.32 was made;

93.33 (2) the business must not have issued securities that are traded on a public exchange;

93.34 (3) the business must not issue securities that are traded on a public exchange within  
93.35 180 days after the date on which the qualified investment was made; and

94.1           (4) the business must not have a liquidation event within 180 days after the date on  
94.2 which the qualified investment was made.

94.3           (f) The commissioner must maintain a list of businesses certified under this  
94.4 subdivision for the calendar year and make the list accessible to the public on the  
94.5 department's Web site.

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

94.7           (1) "qualified high-technology field" includes aerospace, agricultural processing,  
94.8 renewable energy, energy efficiency and conservation, environmental engineering, food  
94.9 technology, cellulosic ethanol, information technology, materials science technology,  
94.10 nanotechnology, telecommunications, biotechnology, medical device products,  
94.11 pharmaceuticals, diagnostics, biologicals, chemistry, veterinary science, and similar  
94.12 fields; and

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

94.16           **EFFECTIVE DATE.** This section is effective for qualified small businesses  
94.17 certified after June 30, 2013, except the amendments to paragraph (c), clause (7), are  
94.18 effective the day following final enactment.

94.19           Sec. 3. Minnesota Statutes 2012, section 116J.8737, subdivision 8, is amended to read:

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

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

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

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

94.31           (4) for credit certificates issued under subdivision 5, the amount of the credit  
94.32 certificate issued, amount of the qualifying investment, the name of the qualifying investor  
94.33 or qualifying fund that received the certificate, and the name of the qualifying small  
94.34 business in which the qualifying investment was made;

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

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

95.5 (b) The following data, including data classified as nonpublic or private, must be  
 95.6 provided to the consultant for use in conducting the program evaluation under subdivision  
 95.7 10:

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

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

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

95.15 Sec. 4. **[136A.129] GREATER MINNESOTA INTERNSHIP PROGRAM.**

95.16 **Subdivision 1. Definitions.** (a) For the purposes of this section, the terms defined in  
 95.17 this subdivision have the meanings given to them.

95.18 (b) "Eligible employer" means a taxpayer under section 290.01 with employees  
 95.19 located in greater Minnesota.

95.20 (c) "Eligible institution" means a Minnesota public postsecondary institution or a  
 95.21 Minnesota private, nonprofit, baccalaureate degree-granting college or university.

95.22 (d) "Eligible student" means a student enrolled in an eligible institution who has  
 95.23 completed one-half of the credits necessary for the respective degree or certification.

95.24 (e) "Greater Minnesota" means the area of the state outside of the counties of Anoka,  
 95.25 Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington, and  
 95.26 Wright.

95.27 **Subd. 2. Program established.** The Office of Higher Education shall administer  
 95.28 a greater Minnesota internship program through eligible institutions to provide credit at  
 95.29 the eligible institution for internships and tax credits for eligible employers who hire  
 95.30 interns for employment in greater Minnesota.

95.31 **Subd. 3. Program components.** (a) An intern must be an eligible student who has  
 95.32 been admitted to a major program that is related to the intern experience as determined  
 95.33 by the eligible institution.

95.34 (b) To participate in the program, an eligible institution must:

96.1 (1) enter into written agreements with eligible employers to provide internships that  
96.2 are at least 12 weeks long and located in greater Minnesota;

96.3 (2) determine that the work experience of the internship is related to the eligible  
96.4 student's course of study; and

96.5 (3) provide academic credit for the successful completion of the internship or ensure  
96.6 that it fulfills requirements necessary to complete a vocational technical education program.

96.7 (c) To participate in the program, an eligible employer must enter into a written  
96.8 agreement with an eligible institution specifying that the intern:

96.9 (1) would not have been hired without the tax credit described in subdivision 4;

96.10 (2) did not work for the employer in the same or a similar job prior to entering  
96.11 the agreement;

96.12 (3) does not replace an existing employee;

96.13 (4) has not previously participated in the program;

96.14 (5) will be employed at a location in greater Minnesota;

96.15 (6) will be paid at least minimum wage for a minimum of 16 hours per week for a  
96.16 period of at least 12 weeks; and

96.17 (7) will be supervised and evaluated by the employer.

96.18 (d) The written agreement between the eligible institution and the eligible employer  
96.19 must certify a credit amount to the employer, not to exceed \$2,000 per intern. The total  
96.20 dollar amount of credits that an eligible institution certifies to eligible employers in a  
96.21 calendar year may not exceed the amount of its allocation under subdivision 4.

96.22 (e) Participating eligible institutions and eligible employers must report annually to  
96.23 the office. The report must include at least the following:

96.24 (1) the number of interns hired;

96.25 (2) the number of hours and weeks worked by interns; and

96.26 (3) the compensation paid to interns.

96.27 (f) An internship required to complete an academic program does not qualify for the  
96.28 greater Minnesota internship program under this section.

96.29 Subd. 4. **Tax credit allowed.** An employer is entitled to a tax credit as provided in  
96.30 section 290.06, subdivision 36. The total amount of credits allocated in a calendar year  
96.31 must not exceed \$2,000,000. The office shall determine relevant criteria to allocate the  
96.32 tax credits including the geographic distribution of credits to work locations outside the  
96.33 metropolitan area, and shall allocate credits to eligible institutions that meet the criteria on  
96.34 a first come, first served basis. Any credits allocated to an institution but not used may be  
96.35 reallocated to eligible institutions. The office shall allocate a portion of the administrative



97.1 fee under section 290.06, subdivision 36, to participating eligible institutions for their  
97.2 administrative costs.

97.3 Subd. 5. **Reports to the legislature.** (a) By February 1, 2015, the office and the  
97.4 Department of Revenue shall report to the legislature on the greater Minnesota internship  
97.5 program. The report must include at least the following:

- 97.6 (1) the number and dollar amount of credits allowed;  
97.7 (2) the number of interns employed under the program; and  
97.8 (3) the cost of administering the program.

97.9 (b) By February 1, 2016, the office and the Department of Revenue shall report to the  
97.10 legislature with an analysis of the effectiveness of the program in stimulating businesses  
97.11 to hire interns and in assisting participating interns in finding permanent career positions.  
97.12 This report must include the number of students who participated in the program who  
97.13 were subsequently employed full-time by the employer.

97.14 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
97.15 December 31, 2013.

97.16 Sec. 5. Minnesota Statutes 2012, section 289A.08, subdivision 3, is amended to read:

97.17 Subd. 3. **Corporations.** (a) A corporation that is subject to the state's jurisdiction to  
97.18 tax under section 290.014, subdivision 5, must file a return, ~~except that a foreign operating~~  
97.19 ~~corporation as defined in section 290.01, subdivision 6b, is not required to file a return.~~

97.20 (b) Members of a unitary business that are required to file a combined report on one  
97.21 return must designate a member of the unitary business to be responsible for tax matters,  
97.22 including the filing of returns, the payment of taxes, additions to tax, penalties, interest,  
97.23 or any other payment, and for the receipt of refunds of taxes or interest paid in excess of  
97.24 taxes lawfully due. The designated member must be a member of the unitary business that  
97.25 is filing the single combined report and either:

- 97.26 (1) a corporation that is subject to the taxes imposed by chapter 290; or  
97.27 (2) a corporation that is not subject to the taxes imposed by chapter 290:

97.28 (i) Such corporation consents by filing the return as a designated member under this  
97.29 clause to remit taxes, penalties, interest, or additions to tax due from the members of the  
97.30 unitary business subject to tax, and receive refunds or other payments on behalf of other  
97.31 members of the unitary business. The member designated under this clause is a "taxpayer"  
97.32 for the purposes of this chapter and chapter 270C, and is liable for any liability imposed  
97.33 on the unitary business under this chapter and chapter 290.

98.1 (ii) If the state does not otherwise have the jurisdiction to tax the member designated  
98.2 under this clause, consenting to be the designated member does not create the jurisdiction  
98.3 to impose tax on the designated member, other than as described in item (i).

98.4 (iii) The member designated under this clause must apply for a business tax account  
98.5 identification number.

98.6 (c) The commissioner shall adopt rules for the filing of one return on behalf of the  
98.7 members of an affiliated group of corporations that are required to file a combined report.  
98.8 All members of an affiliated group that are required to file a combined report must file one  
98.9 return on behalf of the members of the group under rules adopted by the commissioner.

98.10 (d) If a corporation claims on a return that it has paid tax in excess of the amount of  
98.11 taxes lawfully due, that corporation must include on that return information necessary for  
98.12 payment of the tax in excess of the amount lawfully due by electronic means.

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

98.15 Sec. 6. Minnesota Statutes 2012, section 290.01, subdivision 19, as amended by Laws  
98.16 2013, chapter 3, section 3, is amended to read:

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

98.23 In the case of a regulated investment company or a fund thereof, as defined in section  
98.24 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment  
98.25 company taxable income as defined in section 852(b)(2) of the Internal Revenue Code,  
98.26 except that:

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

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

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

99.1 The net income of a real estate investment trust as defined and limited by section  
99.2 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust  
99.3 taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

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

99.7 The Internal Revenue Code of 1986, as amended through April 14, 2011, shall be in  
99.8 effect for taxable years beginning after December 31, 1996, and before January 1, 2012,  
99.9 and for taxable years beginning after December 31, 2012. The Internal Revenue Code of  
99.10 1986, as amended through January 3, 2013, is in effect for taxable years beginning after  
99.11 December 31, 2011, and before January 1, 2013.

99.12 The provisions of sections 315 and 331 of the American Taxpayer Relief Act of  
99.13 2012, Public Law 112-240, extension of increased expensing limitations and treatment  
99.14 of certain real property as section 179 property and extension and modification of bonus  
99.15 depreciation, are effective at the same time they become effective for federal purposes.

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

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

99.21 Sec. 7. Minnesota Statutes 2012, section 290.01, subdivision 19b, is amended to read:

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

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

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

99.30 (3) the amount paid to others, less the amount used to claim the credit allowed under  
99.31 section 290.0674, not to exceed \$1,625 for each qualifying child in grades kindergarten  
99.32 to 6 and \$2,500 for each qualifying child in grades 7 to 12, for tuition, textbooks, and  
99.33 transportation of each qualifying child in attending an elementary or secondary school  
99.34 situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a  
99.35 resident of this state may legally fulfill the state's compulsory attendance laws, which

100.1 is not operated for profit, and which adheres to the provisions of the Civil Rights Act  
100.2 of 1964 and chapter 363A. For the purposes of this clause, "tuition" includes fees or  
100.3 tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause,  
100.4 "textbooks" includes books and other instructional materials and equipment purchased  
100.5 or leased for use in elementary and secondary schools in teaching only those subjects  
100.6 legally and commonly taught in public elementary and secondary schools in this state.  
100.7 Equipment expenses qualifying for deduction includes expenses as defined and limited in  
100.8 section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional  
100.9 books and materials used in the teaching of religious tenets, doctrines, or worship, the  
100.10 purpose of which is to instill such tenets, doctrines, or worship, nor does it include books  
100.11 or materials for, or transportation to, extracurricular activities including sporting events,  
100.12 musical or dramatic events, speech activities, driver's education, or similar programs. No  
100.13 deduction is permitted for any expense the taxpayer incurred in using the taxpayer's or  
100.14 the qualifying child's vehicle to provide such transportation for a qualifying child. For  
100.15 purposes of the subtraction provided by this clause, "qualifying child" has the meaning  
100.16 given in section 32(c)(3) of the Internal Revenue Code;

100.17 (4) income as provided under section 290.0802;

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

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

100.26 (7) for individuals who are allowed a federal foreign tax credit for taxes that do not  
100.27 qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover  
100.28 of subnational foreign taxes for the taxable year, but not to exceed the total subnational  
100.29 foreign taxes reported in claiming the foreign tax credit. For purposes of this clause,  
100.30 "federal foreign tax credit" means the credit allowed under section 27 of the Internal  
100.31 Revenue Code, and "carryover of subnational foreign taxes" equals the carryover allowed  
100.32 under section 904(c) of the Internal Revenue Code minus national level foreign taxes to  
100.33 the extent they exceed the federal foreign tax credit;

100.34 (8) in each of the five tax years immediately following the tax year in which an  
100.35 addition is required under subdivision 19a, clause (7), or 19c, clause ~~(15)~~ (12), in the case  
100.36 of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the

101.1 delayed depreciation. For purposes of this clause, "delayed depreciation" means the amount  
101.2 of the addition made by the taxpayer under subdivision 19a, clause (7), or subdivision 19c,  
101.3 clause ~~(15)~~ (12), in the case of a shareholder of an S corporation, minus the positive value  
101.4 of any net operating loss under section 172 of the Internal Revenue Code generated for the  
101.5 tax year of the addition. The resulting delayed depreciation cannot be less than zero;

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

101.7 (10) to the extent included in federal taxable income, the amount of compensation  
101.8 paid to members of the Minnesota National Guard or other reserve components of the  
101.9 United States military for active service, excluding compensation for services performed  
101.10 under the Active Guard Reserve (AGR) program. For purposes of this clause, "active  
101.11 service" means (i) state active service as defined in section 190.05, subdivision 5a, clause  
101.12 (1); or (ii) federally funded state active service as defined in section 190.05, subdivision  
101.13 5b, but "active service" excludes service performed in accordance with section 190.08,  
101.14 subdivision 3;

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

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

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

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

102.3 (14) to the extent included in the federal taxable income of a nonresident of  
102.4 Minnesota, compensation paid to a service member as defined in United States Code, title  
102.5 10, section 101(a)(5), for military service as defined in the Servicemembers Civil Relief  
102.6 Act, Public Law 108-189, section 101(2);

102.7 (15) to the extent included in federal taxable income, the amount of national service  
102.8 educational awards received from the National Service Trust under United States Code,  
102.9 title 42, sections 12601 to 12604, for service in an approved Americorps National Service  
102.10 program;

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

102.16 (17) the amount of the net operating loss allowed under section 290.095, subdivision  
102.17 11, paragraph (c); and

102.18 (18) the amount of expenses not allowed for federal income tax purposes due  
102.19 to claiming the railroad track maintenance credit under section 45G(a) of the Internal  
102.20 Revenue Code.

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

102.23 Sec. 8. Minnesota Statutes 2012, section 290.01, subdivision 19c, is amended to read:

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

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

102.31 (2) interest not subject to federal tax upon obligations of: the United States, its  
102.32 possessions, its agencies, or its instrumentalities; the state of Minnesota or any other  
102.33 state, any of its political or governmental subdivisions, any of its municipalities, or any  
102.34 of its governmental agencies or instrumentalities; the District of Columbia; or Indian  
102.35 tribal governments;

- 103.1 (3) exempt-interest dividends received as defined in section 852(b)(5) of the Internal  
103.2 Revenue Code;
- 103.3 (4) the amount of any net operating loss deduction taken for federal income tax  
103.4 purposes under section 172 or 832(c)(10) of the Internal Revenue Code or operations loss  
103.5 deduction under section 810 of the Internal Revenue Code;
- 103.6 (5) the amount of any special deductions taken for federal income tax purposes  
103.7 under sections 241 to 247 and 965 of the Internal Revenue Code;
- 103.8 (6) losses from the business of mining, as defined in section 290.05, subdivision 1,  
103.9 clause (a), that are not subject to Minnesota income tax;
- 103.10 (7) the amount of any capital losses deducted for federal income tax purposes under  
103.11 sections 1211 and 1212 of the Internal Revenue Code;
- 103.12 ~~(8) the exempt foreign trade income of a foreign sales corporation under sections~~  
103.13 ~~921(a) and 291 of the Internal Revenue Code;~~
- 103.14 ~~(9)~~ (8) the amount of percentage depletion deducted under sections 611 through  
103.15 614 and 291 of the Internal Revenue Code;
- 103.16 ~~(10)~~ (9) for certified pollution control facilities placed in service in a taxable year  
103.17 beginning before December 31, 1986, and for which amortization deductions were elected  
103.18 under section 169 of the Internal Revenue Code of 1954, as amended through December  
103.19 31, 1985, the amount of the amortization deduction allowed in computing federal taxable  
103.20 income for those facilities;
- 103.21 ~~(11) the amount of any deemed dividend from a foreign operating corporation~~  
103.22 ~~determined pursuant to section 290.17, subdivision 4, paragraph (g). The deemed dividend~~  
103.23 ~~shall be reduced by the amount of the addition to income required by clauses (20), (21),~~  
103.24 ~~(22), and (23);~~
- 103.25 ~~(12)~~ (10) the amount of a partner's pro rata share of net income which does not flow  
103.26 through to the partner because the partnership elected to pay the tax on the income under  
103.27 section 6242(a)(2) of the Internal Revenue Code;
- 103.28 ~~(13) the amount of net income excluded under section 114 of the Internal Revenue~~  
103.29 ~~Code;~~
- 103.30 ~~(14)~~ (11) any increase in subpart F income, as defined in section 952(a) of the  
103.31 Internal Revenue Code, for the taxable year when subpart F income is calculated without  
103.32 regard to the provisions of Division C, title III, section 303(b) of Public Law 110-343;
- 103.33 ~~(15)~~ (12) 80 percent of the depreciation deduction allowed under section  
103.34 168(k)(1)(A) and (k)(4)(A) of the Internal Revenue Code. For purposes of this clause, if  
103.35 the taxpayer has an activity that in the taxable year generates a deduction for depreciation  
103.36 under section 168(k)(1)(A) and (k)(4)(A) and the activity generates a loss for the taxable

104.1 year that the taxpayer is not allowed to claim for the taxable year, "the depreciation  
104.2 allowed under section 168(k)(1)(A) and (k)(4)(A)" for the taxable year is limited to excess  
104.3 of the depreciation claimed by the activity under section 168(k)(1)(A) and (k)(4)(A)  
104.4 over the amount of the loss from the activity that is not allowed in the taxable year. In  
104.5 succeeding taxable years when the losses not allowed in the taxable year are allowed, the  
104.6 depreciation under section 168(k)(1)(A) and (k)(4)(A) is allowed;

104.7 ~~(16)~~ (13) 80 percent of the amount by which the deduction allowed by section 179 of  
104.8 the Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal  
104.9 Revenue Code of 1986, as amended through December 31, 2003;

104.10 ~~(17)~~ (14) to the extent deducted in computing federal taxable income, the amount of  
104.11 the deduction allowable under section 199 of the Internal Revenue Code;

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

104.14 ~~(19)~~ (15) the amount of expenses disallowed under section 290.10, subdivision 2; and

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

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

104.23 ~~(ii)~~ losses incurred, directly or indirectly, from factoring transactions or discounting  
104.24 transactions;

104.25 ~~(iii)~~ royalty, patent, technical, and copyright fees;

104.26 ~~(iv)~~ licensing fees; and

104.27 ~~(v)~~ other similar expenses and costs.

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

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



105.1 ~~(21) except as already included in the taxpayer's taxable income pursuant to clause~~  
105.2 ~~(20), any interest income and income generated from intangible property received or~~  
105.3 ~~accrued by a foreign operating corporation that is a member of the taxpayer's unitary~~  
105.4 ~~group. For purposes of this clause, income generated from intangible property includes:~~  
105.5 ~~(i) income related to the direct or indirect acquisition, use, maintenance or~~  
105.6 ~~management, ownership, sale, exchange, or any other disposition of intangible property;~~  
105.7 ~~(ii) income from factoring transactions or discounting transactions;~~  
105.8 ~~(iii) royalty, patent, technical, and copyright fees;~~  
105.9 ~~(iv) licensing fees; and~~  
105.10 ~~(v) other similar income.~~

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

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

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

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

105.26 ~~(24) for taxable years beginning before January 1, 2010, the additional amount~~  
105.27 ~~allowed as a deduction for donation of computer technology and equipment under section~~  
105.28 ~~170(e)(6) of the Internal Revenue Code, to the extent deducted from taxable income; and~~

105.29 ~~(25) (16) discharge of indebtedness income resulting from reacquisition of business~~  
105.30 ~~indebtedness and deferred under section 108(i) of the Internal Revenue Code.~~

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

105.33 Sec. 9. Minnesota Statutes 2012, section 290.01, subdivision 19d, is amended to read:

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

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

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

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

106.12 (4) amounts disallowed for intangible drilling costs due to differences between  
106.13 this chapter and the Internal Revenue Code in taxable years beginning before January  
106.14 1, 1987, as follows:

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

106.18 (ii) to the extent the disallowed costs are not represented by physical property, an  
106.19 amount equal to the allowance for cost depletion under Minnesota Statutes 1986, section  
106.20 290.09, subdivision 8;

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

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

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

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

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

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

107.1 expenses were disallowed as deductions under the provisions of section 171(a)(2), 265 or  
107.2 291 of the Internal Revenue Code in computing federal taxable income;

107.3 (7) in the case of mines, oil and gas wells, other natural deposits, and timber for  
107.4 which percentage depletion was disallowed pursuant to subdivision 19c, clause ~~(9)~~ (8), a  
107.5 reasonable allowance for depletion based on actual cost. In the case of leases the deduction  
107.6 must be apportioned between the lessor and lessee in accordance with rules prescribed  
107.7 by the commissioner. In the case of property held in trust, the allowable deduction must  
107.8 be apportioned between the income beneficiaries and the trustee in accordance with the  
107.9 pertinent provisions of the trust, or if there is no provision in the instrument, on the basis  
107.10 of the trust's income allocable to each;

107.11 (8) for certified pollution control facilities placed in service in a taxable year  
107.12 beginning before December 31, 1986, and for which amortization deductions were elected  
107.13 under section 169 of the Internal Revenue Code of 1954, as amended through December  
107.14 31, 1985, an amount equal to the allowance for depreciation under Minnesota Statutes  
107.15 1986, section 290.09, subdivision 7;

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

107.22 ~~(10) 80 percent of royalties, fees, or other like income accrued or received from a~~  
107.23 ~~foreign operating corporation or a foreign corporation which is part of the same unitary~~  
107.24 ~~business as the receiving corporation, unless the income resulting from such payments or~~  
107.25 ~~accruals is income from sources within the United States as defined in subtitle A, chapter~~  
107.26 ~~1, subchapter N, part 1, of the Internal Revenue Code;~~

107.27 ~~(11)~~ (10) income or gains from the business of mining as defined in section 290.05,  
107.28 subdivision 1, clause (a), that are not subject to Minnesota franchise tax;

107.29 ~~(12)~~ (11) the amount of disability access expenditures in the taxable year which are not  
107.30 allowed to be deducted or capitalized under section 44(d)(7) of the Internal Revenue Code;

107.31 ~~(13)~~ (12) the amount of qualified research expenses not allowed for federal income  
107.32 tax purposes under section 280C(c) of the Internal Revenue Code, but only to the extent  
107.33 that the amount exceeds the amount of the credit allowed under section 290.068;

107.34 ~~(14)~~ (13) the amount of salary expenses not allowed for federal income tax purposes  
107.35 due to claiming the Indian employment credit under section 45A(a) of the Internal  
107.36 Revenue Code;

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

108.8 ~~(16) (14)~~ any decrease in subpart F income, as defined in section 952(a) of the  
108.9 Internal Revenue Code, for the taxable year when subpart F income is calculated without  
108.10 regard to the provisions of Division C, title III, section 303(b) of Public Law 110-343;

108.11 ~~(17) (15)~~ in each of the five tax years immediately following the tax year in which an  
108.12 addition is required under subdivision 19c, clause ~~(15) (12)~~, an amount equal to one-fifth  
108.13 of the delayed depreciation. For purposes of this clause, "delayed depreciation" means the  
108.14 amount of the addition made by the taxpayer under subdivision 19c, clause ~~(15) (12)~~. The  
108.15 resulting delayed depreciation cannot be less than zero;

108.16 ~~(18) (16)~~ in each of the five tax years immediately following the tax year in which an  
108.17 addition is required under subdivision 19c, clause ~~(16) (13)~~, an amount equal to one-fifth  
108.18 of the amount of the addition; ~~and~~

108.19 ~~(19) (17)~~ to the extent included in federal taxable income, discharge of indebtedness  
108.20 income resulting from reacquisition of business indebtedness included in federal taxable  
108.21 income under section 108(i) of the Internal Revenue Code. This subtraction applies only  
108.22 to the extent that the income was included in net income in a prior year as a result of the  
108.23 addition under ~~section 290.01~~, subdivision 19c, clause ~~(25) (16)~~; ~~and~~

108.24 (18) the amount of expenses not allowed for federal income tax purposes due  
108.25 to claiming the railroad track maintenance credit under section 45G(a) of the Internal  
108.26 Revenue Code.

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

108.29 Sec. 10. Minnesota Statutes 2012, section 290.06, subdivision 2c, is amended to read:

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

108.34 (1) On the first ~~\$25,680~~ \$35,480, 5.35 percent;

108.35 (2) On all over ~~\$25,680~~ \$35,480, but not over ~~\$102,030~~ \$140,960, 7.05 percent;

109.1 (3) On all over ~~\$102,030~~ \$140,960, but not over \$250,000, 7.85 percent;

109.2 (4) On all over \$250,000, 9.85 percent.

109.3 Married individuals filing separate returns, estates, and trusts must compute their  
109.4 income tax by applying the above rates to their taxable income, except that the income  
109.5 brackets will be one-half of the above amounts.

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

109.8 (1) On the first ~~\$17,570~~ \$24,270, 5.35 percent;

109.9 (2) On all over ~~\$17,570~~ \$24,270, but not over ~~\$57,710~~ \$79,730, 7.05 percent;

109.10 (3) On all over ~~\$57,710~~ \$79,730, but not over \$150,000, 7.85 percent;

109.11 (4) On all over \$150,000, 9.85 percent.

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

109.15 (1) On the first ~~\$21,630~~ \$29,880, 5.35 percent;

109.16 (2) On all over ~~\$21,630~~ \$29,880, but not over ~~\$86,910~~ \$120,070, 7.05 percent;

109.17 (3) On all over ~~\$86,910~~ \$120,070, but not over \$200,000, 7.85 percent;

109.18 (4) On all over \$200,000, 9.85 percent.

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

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

109.30 (1) the numerator is the individual's Minnesota source federal adjusted gross income  
109.31 as defined in section 62 of the Internal Revenue Code and increased by the additions  
109.32 required under section 290.01, subdivision 19a, clauses (1), (5), (6), (7), (8), (9), (12),  
109.33 (13), and (16) to (18), and reduced by the Minnesota assignable portion of the subtraction  
109.34 for United States government interest under section 290.01, subdivision 19b, clause  
109.35 (1), and the subtractions under section 290.01, subdivision 19b, clauses (8), (9), (13),

110.1 (14), (16), and (17), after applying the allocation and assignability provisions of section  
110.2 290.081, clause (a), or 290.17; and

110.3 (2) the denominator is the individual's federal adjusted gross income as defined in  
110.4 section 62 of the Internal Revenue Code of 1986, increased by the amounts specified in  
110.5 section 290.01, subdivision 19a, clauses (1), (5), (6), (7), (8), (9), (12), (13), and (16) to  
110.6 (18), and reduced by the amounts specified in section 290.01, subdivision 19b, clauses (1),  
110.7 (8), (9), (13), (14), (16), and (17).

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

110.10 Sec. 11. Minnesota Statutes 2012, section 290.06, subdivision 2d, is amended to read:

110.11 Subd. 2d. **Inflation adjustment of brackets.** (a) For taxable years beginning after  
110.12 December 31, ~~2000~~ 2013, the minimum and maximum dollar amounts for each rate  
110.13 bracket for which a tax is imposed in subdivision 2c shall be adjusted for inflation by the  
110.14 percentage determined under paragraph (b). For the purpose of making the adjustment as  
110.15 provided in this subdivision all of the rate brackets provided in subdivision 2c shall be the  
110.16 rate brackets as they existed for taxable years beginning after December 31, ~~1999~~ 2012,  
110.17 and before January 1, ~~2004~~ 2014. The rate applicable to any rate bracket must not be  
110.18 changed. The dollar amounts setting forth the tax shall be adjusted to reflect the changes  
110.19 in the rate brackets. The rate brackets as adjusted must be rounded to the nearest \$10  
110.20 amount. If the rate bracket ends in \$5, it must be rounded up to the nearest \$10 amount.

110.21 (b) The commissioner shall adjust the rate brackets and by the percentage determined  
110.22 pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in  
110.23 section 1(f)(3)(B) the word "~~1999~~" "2012" shall be substituted for the word "1992." For  
110.24 ~~2004~~ 2014, the commissioner shall then determine the percent change from the 12 months  
110.25 ending on August 31, ~~1999~~ 2012, to the 12 months ending on August 31, ~~2000~~ 2013, and  
110.26 in each subsequent year, from the 12 months ending on August 31, ~~1999~~ 2012, to the 12  
110.27 months ending on August 31 of the year preceding the taxable year. The determination of  
110.28 the commissioner pursuant to this subdivision shall not be considered a "rule" and shall  
110.29 not be subject to the Administrative Procedure Act contained in chapter 14.

110.30 No later than December 15 of each year, the commissioner shall announce the  
110.31 specific percentage that will be used to adjust the tax rate brackets.

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

111.1 Sec. 12. Minnesota Statutes 2012, section 290.06, is amended by adding a subdivision  
111.2 to read:

111.3 Subd. 36. **Greater Minnesota internship credit.** (a) A taxpayer who is an eligible  
111.4 employer may take a credit against the tax due under this chapter equal to the lesser of:

111.5 (1) 40 percent of the compensation paid to an intern qualifying under the program  
111.6 established under section 136A.129, but not to exceed \$2,000 per intern; or

111.7 (2) the amount certified to the taxpayer by an eligible institution out of the  
111.8 institution's allocation of credits for the calendar year, as provided in section 136A.129.

111.9 (b) Credits allowed to a partnership, a limited liability company taxed as a  
111.10 partnership, an S corporation, or multiple owners of property are passed through to the  
111.11 partners, members, shareholders, or owners, respectively, pro rata to each partner, member,  
111.12 shareholder, or owner based on their share of the entity's income for the taxable year.

111.13 (c) If the amount of credit which the taxpayer is eligible to receive under this  
111.14 subdivision exceeds the taxpayer's tax liability under this chapter, the commissioner of  
111.15 revenue shall refund the excess to the taxpayer.

111.16 (d) An amount necessary to pay claims for refund provided in this subdivision is  
111.17 appropriated from the general fund to the commissioner of revenue.

111.18 (e) An amount equal to one percent of the total amount of the credits authorized  
111.19 under section 136A.129, subdivision 4, for an administrative fee for the Office of Higher  
111.20 Education and participating eligible institutions is appropriated from the general fund to  
111.21 the commissioner of revenue, for a transfer to the Office of Higher Education.

111.22 (f) For purposes of this subdivision, the terms "eligible employer" and "eligible  
111.23 institution" have the meanings given in section 136A.129.

111.24 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
111.25 December 31, 2013.

111.26 Sec. 13. Minnesota Statutes 2012, section 290.0677, subdivision 2, is amended to read:

111.27 Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have  
111.28 the meanings given.

111.29 (b) "Designated area" means a:

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

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

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

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

112.3 (d) "Qualified individual" means an individual who has:

112.4 (1) ~~either (i)~~ met one of the following criteria:

112.5 (i) has served at least 20 years in the military or;

112.6 (ii) has a service-connected disability rating of 100 percent for a total and permanent  
112.7 disability; or

112.8 (iii) has been determined by the military to be eligible for compensation from a  
112.9 pension or other retirement pay from the federal government for service in the military,  
112.10 as computed under United States Code, title 10, sections 1401 to 1414, 1447 to 1455,  
112.11 or 12733; and

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

112.13 (e) "Adjusted gross income" has the meaning given in section 61 of the Internal  
112.14 Revenue Code.

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

112.17 Sec. 14. Minnesota Statutes 2012, section 290.068, subdivision 3, is amended to read:

112.18 Subd. 3. **Limitation; carryover.** (a)(1) The credit for a taxable year beginning  
112.19 before January 1, 2010, and after December 31, 2012, shall not exceed the liability for tax.  
112.20 "Liability for tax" for purposes of this section means the sum of the tax imposed under  
112.21 section 290.06, ~~subdivision~~ subdivisions 1 and 2c, for the taxable year reduced by the sum  
112.22 of the nonrefundable credits allowed under this chapter, on all of the entities required to  
112.23 be included on the combined report of the unitary business. If the amount of the credit  
112.24 allowed exceeds the liability for tax of the taxpayer, but is allowed as a result of the  
112.25 liability for tax of other members of the unitary group for the taxable year, the taxpayer  
112.26 must allocate the excess as a research credit to another member of the unitary group.

112.27 (2) In the case of a corporation which is a partner in a partnership, the credit allowed  
112.28 for the taxable year shall not exceed the lesser of the amount determined under clause (1)  
112.29 for the taxable year or an amount (separately computed with respect to the corporation's  
112.30 interest in the trade or business or entity) equal to the amount of tax attributable to that  
112.31 portion of taxable income which is allocable or apportionable to the corporation's interest  
112.32 in the trade or business or entity.

112.33 (b) If the amount of the credit determined under this section for any taxable year  
112.34 exceeds the limitation under clause (a) including amounts allocated to other members  
112.35 of the unitary group, the excess shall be a research credit carryover to each of the 15



113.1 succeeding taxable years. The entire amount of the excess unused credit for the taxable  
113.2 year shall be carried first to the earliest of the taxable years to which the credit may be  
113.3 carried and then to each successive year to which the credit may be carried. The amount  
113.4 of the unused credit which may be added under this clause shall not exceed the taxpayer's  
113.5 liability for tax less the research credit for the taxable year.

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

113.8 Sec. 15. Minnesota Statutes 2012, section 290.068, subdivision 6a, is amended to read:

113.9 Subd. 6a. **Credit to be refundable.** If the amount of credit allowed in this section  
113.10 for qualified research expenses incurred in taxable years beginning after December 31,  
113.11 2009, and before January 1, 2013, exceeds the taxpayer's tax liability under this chapter,  
113.12 the commissioner shall refund the excess amount. The credit allowed for qualified research  
113.13 expenses incurred in taxable years beginning after December 31, 2009, and before January  
113.14 1, 2013, must be used before any research credit earned under subdivision 3.

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

113.17 Sec. 16. Minnesota Statutes 2012, section 290.0681, subdivision 1, is amended to read:

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

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

113.22 (c) "Office" means the State Historic Preservation Office of the Minnesota Historical  
113.23 Society.

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

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

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

113.30 (g) "Placed in service" has the meaning used in section 47 of the Internal Revenue  
113.31 Code.

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

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

114.2 Sec. 17. Minnesota Statutes 2012, section 290.0681, subdivision 3, is amended to read:

114.3 Subd. 3. **Applications; allocations.** (a) To qualify for a credit or grant under this  
114.4 section, the developer of a project must apply to the office before the rehabilitation begins.  
114.5 The application must contain the information and be in the form prescribed by the office.  
114.6 The office may collect a fee for application of up to ~~\$5,000~~ 0.5 percent of qualified  
114.7 rehabilitation expenditures, up to \$40,000, based on estimated qualified rehabilitation  
114.8 expenses expenditures, to offset costs associated with personnel and administrative  
114.9 expenses related to administering the credit and preparing the economic impact report  
114.10 in subdivision 9. Application fees are deposited in the account. The application must  
114.11 indicate if the application is for a credit or a grant in lieu of the credit or a combination of  
114.12 the two and designate the taxpayer qualifying for the credit or the recipient of the grant.

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

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

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

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

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

114.26 (c) The office, in consultation with the commissioner ~~of revenue~~, shall determine  
114.27 if the project is eligible for a credit or a grant under this section and must notify the  
114.28 developer in writing of its determination. Eligibility for the credit is subject to review  
114.29 and audit by the commissioner ~~of revenue~~.

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

114.32 (e) Any decision of the office under paragraph (c) may be challenged as a contested  
114.33 case under chapter 14. The contested case proceeding must be initiated within 45 days of  
114.34 the date of written notification by the office.

115.1 **EFFECTIVE DATE.** This section is effective the day following final enactment  
115.2 and the change in paragraph (a) applies to applications first received on or after the day  
115.3 following final enactment.

115.4 Sec. 18. Minnesota Statutes 2012, section 290.0681, subdivision 4, is amended to read:

115.5 Subd. 4. **Credit certificates; grants.** (a)(1) The developer of a project for which the  
115.6 office has issued an allocation certificate must notify the office when the project is placed  
115.7 in service. Upon verifying that the project has been placed in service, and was allowed a  
115.8 federal credit, the office must issue a credit certificate to the taxpayer designated in the  
115.9 application or must issue a grant to the recipient designated in the application. The credit  
115.10 certificate must state the amount of the credit.

115.11 (2) The credit amount equals the federal credit allowed for the project.

115.12 (3) The grant amount equals 90 percent of the federal credit allowed for the project.

115.13 (b) The recipient of a credit certificate may assign the certificate to another taxpayer,  
115.14 which is then allowed the credit under this section or section 297I.20, subdivision 3. An  
115.15 assignment is not valid unless the assignee notifies the commissioner within 30 days of the  
115.16 date that the assignment is made. The commissioner shall prescribe the forms necessary  
115.17 for notifying the commissioner of the assignment of a credit certificate and for claiming  
115.18 a credit by assignment.

115.19 (c) Credits passed through to partners, members, shareholders, or owners pursuant to  
115.20 subdivision 5 are not an assignment of a credit certificate under this subdivision.

115.21 (d) A grant agreement between the office and the recipient of a grant may allow the  
115.22 grant to be issued to another individual or entity.

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

115.24 Sec. 19. Minnesota Statutes 2012, section 290.0681, subdivision 5, is amended to read:

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

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

115.32 Sec. 20. Minnesota Statutes 2012, section 290.0681, subdivision 10, is amended to read:

116.1 Subd. 10. **Sunset.** This section expires after fiscal year ~~2015~~ 2021, except that  
116.2 the office's authority to issue credit certificates under subdivision 4 based on allocation  
116.3 certificates that were issued before fiscal year ~~2016~~ 2022 remains in effect through ~~2018~~  
116.4 2024, and the reporting requirements in subdivision 9 remain in effect through the year  
116.5 following the year in which all allocation certificates have either been canceled or resulted  
116.6 in issuance of credit certificates, or ~~2019~~ 2025, whichever is earlier.

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

116.8 Sec. 21. Minnesota Statutes 2012, section 290.091, subdivision 1, is amended to read:

116.9 Subdivision 1. **Imposition of tax.** In addition to all other taxes imposed by this  
116.10 chapter a tax is imposed on individuals, estates, and trusts equal to the excess (if any) of

116.11 (a) an amount equal to ~~6.4~~ 6.75 percent of alternative minimum taxable income after  
116.12 subtracting the exemption amount, over

116.13 (b) the regular tax for the taxable year.

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

116.16 Sec. 22. Minnesota Statutes 2012, section 290.091, subdivision 2, is amended to read:

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

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

116.21 (1) the taxpayer's federal alternative minimum taxable income as defined in section  
116.22 55(b)(2) of the Internal Revenue Code;

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

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

116.27 (ii) the medical expense deduction;

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

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

116.30 (3) for depletion allowances computed under section 613A(c) of the Internal  
116.31 Revenue Code, with respect to each property (as defined in section 614 of the Internal  
116.32 Revenue Code), to the extent not included in federal alternative minimum taxable income,  
116.33 the excess of the deduction for depletion allowable under section 611 of the Internal

117.1 Revenue Code for the taxable year over the adjusted basis of the property at the end of the  
117.2 taxable year (determined without regard to the depletion deduction for the taxable year);

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

117.6 (5) to the extent not included in federal alternative minimum taxable income, the  
117.7 amount of interest income as provided by section 290.01, subdivision 19a, clause (1); and

117.8 (6) the amount of addition required by section 290.01, subdivision 19a, clauses (7)  
117.9 to (9), (12), (13), and (16) to (18);

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

117.11 (1) interest income as defined in section 290.01, subdivision 19b, clause (1);

117.12 (2) an overpayment of state income tax as provided by section 290.01, subdivision  
117.13 19b, clause (2), to the extent included in federal alternative minimum taxable income;

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

117.18 (4) amounts subtracted from federal taxable income as provided by section 290.01,  
117.19 subdivision 19b, clauses (6), (8) to (14), and (16); and

117.20 (5) the amount of the net operating loss allowed under section 290.095, subdivision  
117.21 11, paragraph (c).

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

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

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

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

117.30 (e) "Tentative minimum tax" equals ~~6.4~~ 6.75 percent of alternative minimum taxable  
117.31 income after subtracting the exemption amount determined under subdivision 3.

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

117.34 Sec. 23. Minnesota Statutes 2012, section 290.091, subdivision 6, is amended to read:

118.1 Subd. 6. **Credit for prior years' liability.** (a) A credit is allowed against the tax  
 118.2 imposed by this chapter on individuals, trusts, and estates equal to the minimum tax  
 118.3 credit for the taxable year. The minimum tax credit equals the adjusted net minimum  
 118.4 tax for taxable years beginning after December 31, 1988, reduced by the minimum tax  
 118.5 credits allowed in a prior taxable year. The credit may not exceed the excess (if any) for  
 118.6 the taxable year of

118.7 (1) the regular tax, over

118.8 (2) the greater of (i) the tentative alternative minimum tax, or (ii) zero.

118.9 (b) The adjusted net minimum tax for a taxable year equals the lesser of the net  
 118.10 minimum tax or the excess (if any) of

118.11 (1) the tentative minimum tax, over

118.12 (2) ~~6.4~~ 6.75 percent of the sum of

118.13 (i) adjusted gross income as defined in section 62 of the Internal Revenue Code,

118.14 (ii) interest income as defined in section 290.01, subdivision 19a, clause (1),

118.15 (iii) interest on specified private activity bonds, as defined in section 57(a)(5) of the  
 118.16 Internal Revenue Code, to the extent not included under clause (ii),

118.17 (iv) depletion as defined in section 57(a)(1), determined without regard to the last  
 118.18 sentence of paragraph (1), of the Internal Revenue Code, less

118.19 (v) the deductions allowed in computing alternative minimum taxable income  
 118.20 provided in subdivision 2, paragraph (a), clause (2) of the first series of clauses and clauses  
 118.21 (1), (2), and (3) of the second series of clauses, and

118.22 (vi) the exemption amount determined under subdivision 3.

118.23 In the case of an individual who is not a Minnesota resident for the entire year,  
 118.24 adjusted net minimum tax must be multiplied by the fraction defined in section 290.06,  
 118.25 subdivision 2c, paragraph (e). In the case of a trust or estate, adjusted net minimum tax  
 118.26 must be multiplied by the fraction defined under subdivision 4, paragraph (b).

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

118.29 Sec. 24. Minnesota Statutes 2012, section 290.0921, subdivision 3, is amended to read:

118.30 Subd. 3. **Alternative minimum taxable income.** "Alternative minimum taxable  
 118.31 income" is Minnesota net income as defined in section 290.01, subdivision 19, and  
 118.32 includes the adjustments and tax preference items in sections 56, 57, 58, and 59(d), (e),  
 118.33 (f), and (h) of the Internal Revenue Code. If a corporation files a separate company  
 118.34 Minnesota tax return, the minimum tax must be computed on a separate company basis.

119.1 If a corporation is part of a tax group filing a unitary return, the minimum tax must be  
119.2 computed on a unitary basis. The following adjustments must be made.

119.3 (1) For purposes of the depreciation adjustments under section 56(a)(1) and  
119.4 56(g)(4)(A) of the Internal Revenue Code, the basis for depreciable property placed in  
119.5 service in a taxable year beginning before January 1, 1990, is the adjusted basis for federal  
119.6 income tax purposes, including any modification made in a taxable year under section  
119.7 290.01, subdivision 19e, or Minnesota Statutes 1986, section 290.09, subdivision 7,  
119.8 paragraph (c).

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

119.13 (2) The portion of the depreciation deduction allowed for federal income tax  
119.14 purposes under section 168(k) of the Internal Revenue Code that is required as an addition  
119.15 under section 290.01, subdivision 19c, clause ~~(15)~~ (12), is disallowed in determining  
119.16 alternative minimum taxable income.

119.17 (3) The subtraction for depreciation allowed under section 290.01, subdivision  
119.18 19d, clause ~~(17)~~ (15), is allowed as a depreciation deduction in determining alternative  
119.19 minimum taxable income.

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

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

119.24 ~~(6) The special rule for dividends from section 936 companies under section~~  
119.25 ~~56(g)(4)(C)(iii) does not apply.~~

119.26 ~~(7)~~ (6) The tax preference for depletion under section 57(a)(1) of the Internal  
119.27 Revenue Code does not apply.

119.28 ~~(8)~~ (7) The tax preference for intangible drilling costs under section 57(a)(2) of the  
119.29 Internal Revenue Code must be calculated without regard to subparagraph (E) and the  
119.30 subtraction under section 290.01, subdivision 19d, clause (4).

119.31 ~~(9)~~ (8) The tax preference for tax exempt interest under section 57(a)(5) of the  
119.32 Internal Revenue Code does not apply.

119.33 ~~(10)~~ (9) The tax preference for charitable contributions of appreciated property  
119.34 under section 57(a)(6) of the Internal Revenue Code does not apply.

119.35 ~~(11)~~ (10) For purposes of calculating the tax preference for accelerated depreciation  
119.36 or amortization on certain property placed in service before January 1, 1987, under section

120.1 57(a)(7) of the Internal Revenue Code, the deduction allowable for the taxable year is the  
 120.2 deduction allowed under section 290.01, subdivision 19e.

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

120.6 ~~(12)~~ (11) For purposes of calculating the adjustment for adjusted current earnings  
 120.7 in section 56(g) of the Internal Revenue Code, the term "alternative minimum taxable  
 120.8 income" as it is used in section 56(g) of the Internal Revenue Code, means alternative  
 120.9 minimum taxable income as defined in this subdivision, determined without regard to the  
 120.10 adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code.

120.11 ~~(13)~~ (12) For purposes of determining the amount of adjusted current earnings under  
 120.12 section 56(g)(3) of the Internal Revenue Code, no adjustment shall be made under section  
 120.13 56(g)(4) of the Internal Revenue Code with respect to (i) the amount of foreign dividend  
 120.14 gross-up subtracted as provided in section 290.01, subdivision 19d, clause (1), or (ii) the  
 120.15 amount of refunds of income, excise, or franchise taxes subtracted as provided in section  
 120.16 290.01, subdivision 19d, clause (9), ~~or (iii) the amount of royalties, fees or other like~~  
 120.17 ~~income subtracted as provided in section 290.01, subdivision 19d, clause (10).~~

120.18 ~~(14)~~ (13) Alternative minimum taxable income excludes the income from operating  
 120.19 in a job opportunity building zone as provided under section 469.317.

120.20 ~~(15)~~ (14) Alternative minimum taxable income excludes the income from operating  
 120.21 in a biotechnology and health sciences industry zone as provided under section 469.337.

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

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

120.26 Sec. 25. Minnesota Statutes 2012, section 290.0922, subdivision 1, is amended to read:

120.27 Subdivision 1. **Imposition.** (a) In addition to the tax imposed by this chapter without  
 120.28 regard to this section, the franchise tax imposed on a corporation required to file under  
 120.29 section 289A.08, subdivision 3, other than a corporation treated as an "S" corporation  
 120.30 under section 290.9725 for the taxable year includes a tax equal to the following amounts:

120.31	If the sum of the corporation's Minnesota			
120.32	property, payrolls, and sales or receipts is:			the tax equals:
120.33	less than	\$	500,000	\$ 0
120.34	\$ 500,000 to	\$	999,999	\$ 100
120.35	\$ 1,000,000 to	\$	4,999,999	\$ 300



121.1	\$ 5,000,000 to	\$ 9,999,999	\$ 1,000
121.2	\$ 10,000,000 to	\$ 19,999,999	\$ 2,000
121.3	\$ 20,000,000 or more		\$ 5,000
121.4	<u>less than</u>	<u>\$ 930,000</u>	<u>\$ 0</u>
121.5	<u>\$ 930,000 to</u>	<u>\$ 1,869,999</u>	<u>\$ 190</u>
121.6	<u>\$ 1,870,000 to</u>	<u>\$ 9,339,999</u>	<u>\$ 560</u>
121.7	<u>\$ 9,340,000 to</u>	<u>\$ 18,679,999</u>	<u>\$ 1,870</u>
121.8	<u>\$ 18,680,000 to</u>	<u>\$ 37,359,999</u>	<u>\$ 3,740</u>
121.9	<u>\$ 37,360,000 or more</u>		<u>\$ 9,340</u>

121.10 (b) A tax is imposed for each taxable year on a corporation required to file a return  
 121.11 under section 289A.12, subdivision 3, that is treated as an "S" corporation under section  
 121.12 290.9725 and on a partnership required to file a return under section 289A.12, subdivision  
 121.13 3, other than a partnership that derives over 80 percent of its income from farming. The  
 121.14 tax imposed under this paragraph is due on or before the due date of the return for the  
 121.15 taxpayer due under section 289A.18, subdivision 1. The commissioner shall prescribe  
 121.16 the return to be used for payment of this tax. The tax under this paragraph is equal to  
 121.17 the following amounts:

121.18	If the sum of the S corporation's		
121.19	or partnership's Minnesota		
121.20	property, payrolls, and sales or		
121.21	receipts is:		the tax equals:
121.22	<u>less than</u>	<u>\$ 500,000</u>	<u>\$ 0</u>
121.23	<u>\$ 500,000 to</u>	<u>\$ 999,999</u>	<u>\$ 100</u>
121.24	<u>\$ 1,000,000 to</u>	<u>\$ 4,999,999</u>	<u>\$ 300</u>
121.25	<u>\$ 5,000,000 to</u>	<u>\$ 9,999,999</u>	<u>\$ 1,000</u>
121.26	<u>\$ 10,000,000 to</u>	<u>\$ 19,999,999</u>	<u>\$ 2,000</u>
121.27	<u>\$ 20,000,000 or more</u>		<u>\$ 5,000</u>
121.28	<u>less than</u>	<u>\$ 930,000</u>	<u>\$ 0</u>
121.29	<u>\$ 930,000 to</u>	<u>\$ 1,869,999</u>	<u>\$ 190</u>
121.30	<u>\$ 1,870,000 to</u>	<u>\$ 9,339,999</u>	<u>\$ 560</u>
121.31	<u>\$ 9,340,000 to</u>	<u>\$ 18,679,999</u>	<u>\$ 1,870</u>
121.32	<u>\$ 18,680,000 to</u>	<u>\$ 37,359,999</u>	<u>\$ 3,740</u>
121.33	<u>\$ 37,360,000 or more</u>		<u>\$ 9,340</u>

121.34 (c) The commissioner shall adjust the dollar amounts of both the tax and the property,  
 121.35 payrolls, and sales or receipts thresholds in paragraphs (a) and (b) by the percentage  
 121.36 determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except  
 121.37 that in section 1(f)(3)(B) the word "2012" must be substituted for the word "1992." For  
 121.38 2014, the commissioner shall determine the percentage change from the 12 months ending  
 121.39 on August 31, 2012, to the 12 months ending on August 31, 2013, and in each subsequent  
 121.40 year, from the 12 months ending on August 31, 2012, to the 12 months ending on August

122.1 31 of the year preceding the taxable year. The determination of the commissioner pursuant  
122.2 to this subdivision is not a "rule" subject to the Administrative Procedure Act contained in  
122.3 chapter 14. The tax amounts as adjusted must be rounded to the nearest \$10 amount and  
122.4 the threshold amounts must be adjusted to the nearest \$10,000 amount. For tax amounts  
122.5 that end in \$5, the amount is rounded up to the nearest \$10 amount and for the threshold  
122.6 amounts that end in \$5,000, the amount is rounded up to the nearest \$10,000.

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

122.9 Sec. 26. Minnesota Statutes 2012, section 290.095, subdivision 2, is amended to read:

122.10 Subd. 2. **Defined and limited.** (a) The term "net operating loss" as used in this  
122.11 section shall mean a net operating loss as defined in section 172(c) of the Internal Revenue  
122.12 Code, with the modifications specified in subdivision 4. The deductions provided in  
122.13 section 290.21 ~~and the modification provided in section 290.01, subdivision 19d, clause~~  
122.14 ~~(10)~~, cannot be used in the determination of a net operating loss.

122.15 (b) The term "net operating loss deduction" as used in this section means the  
122.16 aggregate of the net operating loss carryovers to the taxable year, computed in accordance  
122.17 with subdivision 3. The provisions of section 172(b) of the Internal Revenue Code relating  
122.18 to the carryback of net operating losses, do not apply.

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

122.21 Sec. 27. Minnesota Statutes 2012, section 290.10, subdivision 1, is amended to read:

122.22 Subdivision 1. **Expenses, interest, and taxes.** ~~Except as provided in section 290.17,~~  
122.23 ~~subdivision 4, paragraph (i),~~ In computing the net income of a taxpayer no deduction shall  
122.24 in any case be allowed for expenses, interest and taxes connected with or allocable against  
122.25 the production or receipt of all income not included in the measure of the tax imposed by  
122.26 this chapter, except that for corporations engaged in the business of mining or producing  
122.27 iron ore, the mining of which is subject to the occupation tax imposed by section 298.01,  
122.28 subdivision 4, this shall not prevent the deduction of expenses and other items to the extent  
122.29 that the expenses and other items are allowable under this chapter and are not deductible,  
122.30 capitalizable, retainable in basis, or taken into account by allowance or otherwise in  
122.31 computing the occupation tax and do not exceed the amounts taken for federal income tax  
122.32 purposes for that year. Occupation taxes imposed under chapter 298, royalty taxes imposed  
122.33 under chapter 299, or depletion expenses may not be deducted under this subdivision.

123.1 Sec. 28. Minnesota Statutes 2012, section 290.17, subdivision 4, is amended to read:

123.2 Subd. 4. **Unitary business principle.** (a) If a trade or business conducted wholly  
123.3 within this state or partly within and partly without this state is part of a unitary business,  
123.4 the entire income of the unitary business is subject to apportionment pursuant to section  
123.5 290.191. Notwithstanding subdivision 2, paragraph (c), none of the income of a unitary  
123.6 business is considered to be derived from any particular source and none may be allocated  
123.7 to a particular place except as provided by the applicable apportionment formula. The  
123.8 provisions of this subdivision do not apply to business income subject to subdivision 5,  
123.9 income of an insurance company, or income of an investment company determined under  
123.10 section 290.36.

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

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

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

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

123.33 (f) The net income and apportionment factors under section 290.191 or 290.20 of  
123.34 foreign corporations and other foreign entities which are part of a unitary business shall  
123.35 not be included in the net income or the apportionment factors of the unitary business;  
123.36 except that the income and apportionment factors of a foreign entity, other than an entity

124.1 treated as a C corporation for federal income tax purposes, that are included in the federal  
124.2 taxable income, as defined in section 63 of the Internal Revenue Code as amended through  
124.3 the date named in section 290.01, subdivision 19, of a domestic corporation, domestic  
124.4 entity, or individual must be included in determining net income and the factors to be used  
124.5 in the apportionment of net income pursuant to section 290.191 or 290.20. A foreign  
124.6 corporation or other foreign entity which is not included on a combined report and which  
124.7 is required to file a return under this chapter shall file on a separate return basis. The net  
124.8 income and apportionment factors under section 290.191 or 290.20 of foreign operating  
124.9 corporations shall not be included in the net income or the apportionment factors of the  
124.10 unitary business except as provided in paragraph (g).

124.11 ~~(g) The adjusted net income of a foreign operating corporation shall be deemed to~~  
124.12 ~~be paid as a dividend on the last day of its taxable year to each shareholder thereof, in~~  
124.13 ~~proportion to each shareholder's ownership, with which such corporation is engaged in~~  
124.14 ~~a unitary business. Such deemed dividend shall be treated as a dividend under section~~  
124.15 ~~290.21, subdivision 4.~~

124.16 ~~Dividends actually paid by a foreign operating corporation to a corporate shareholder~~  
124.17 ~~which is a member of the same unitary business as the foreign operating corporation shall~~  
124.18 ~~be eliminated from the net income of the unitary business in preparing a combined report~~  
124.19 ~~for the unitary business. The adjusted net income of a foreign operating corporation~~  
124.20 ~~shall be its net income adjusted as follows:~~

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

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

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

124.29 ~~(h)~~ (g) For purposes of determining the net income of a unitary business and the  
124.30 factors to be used in the apportionment of net income pursuant to section 290.191 or  
124.31 290.20, there must be included only the income and apportionment factors of domestic  
124.32 corporations or other domestic entities ~~other than foreign operating corporations~~ that are  
124.33 determined to be part of the unitary business pursuant to this subdivision, notwithstanding  
124.34 that foreign corporations or other foreign entities might be included in the unitary  
124.35 business; except that the income and apportionment factors of a foreign entity, other than  
124.36 an entity treated as a C corporation for federal income tax purposes, that is included in the

125.1 federal taxable income, as defined in section 63 of the Internal Revenue Code as amended  
125.2 through the date named in section 290.01, subdivision 19, of a domestic corporation,  
125.3 domestic entity, or individual must be included in determining net income and the factors  
125.4 to be used in the apportionment of net income pursuant to section 290.191 or 290.20.

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

125.9 ~~(j)~~ (h) Each corporation or other entity, except a sole proprietorship, that is part of  
125.10 a unitary business must file combined reports as the commissioner determines. On the  
125.11 reports, all intercompany transactions between entities included pursuant to paragraph ~~(h)~~  
125.12 (g) must be eliminated and the entire net income of the unitary business determined in  
125.13 accordance with this subdivision is apportioned among the entities by using each entity's  
125.14 Minnesota factors for apportionment purposes in the numerators of the apportionment  
125.15 formula and the total factors for apportionment purposes of all entities included pursuant  
125.16 to paragraph ~~(h)~~ (g) in the denominators of the apportionment formula. Except as  
125.17 otherwise provided by paragraph (f), all sales of the unitary business made within this  
125.18 state pursuant to section 290.191 or 290.20 must be included on the combined report of a  
125.19 corporation or other entity that is a member of the unitary business and is subject to the  
125.20 jurisdiction of this state to impose tax under this chapter.

125.21 ~~(k)~~ (i) If a corporation has been divested from a unitary business and is included in a  
125.22 combined report for a fractional part of the common accounting period of the combined  
125.23 report:

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

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

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

125.30 Sec. 29. Minnesota Statutes 2012, section 290.191, subdivision 5, is amended to read:

125.31 Subd. 5. **Determination of sales factor.** For purposes of this section, the following  
125.32 rules apply in determining the sales factor.

125.33 (a) The sales factor includes all sales, gross earnings, or receipts received in the  
125.34 ordinary course of the business, except that the following types of income are not included  
125.35 in the sales factor:

- 126.1 (1) interest;
- 126.2 (2) dividends;
- 126.3 (3) sales of capital assets as defined in section 1221 of the Internal Revenue Code;
- 126.4 (4) sales of property used in the trade or business, except sales of leased property of  
126.5 a type which is regularly sold as well as leased; and
- 126.6 (5) sales of debt instruments as defined in section 1275(a)(1) of the Internal Revenue  
126.7 Code or sales of stock; ~~and.~~
- 126.8 ~~(6) royalties, fees, or other like income of a type which qualify for a subtraction from  
126.9 federal taxable income under section 290.01, subdivision 19d, clause (10).~~
- 126.10 (b) Sales of tangible personal property are made within this state if the property is  
126.11 received by a purchaser at a point within this state, and the taxpayer is taxable in this state,  
126.12 regardless of the f.o.b. point, other conditions of the sale, or the ultimate destination  
126.13 of the property.
- 126.14 (c) Tangible personal property delivered to a common or contract carrier or foreign  
126.15 vessel for delivery to a purchaser in another state or nation is a sale in that state or nation,  
126.16 regardless of f.o.b. point or other conditions of the sale.
- 126.17 (d) Notwithstanding paragraphs (b) and (c), when intoxicating liquor, wine,  
126.18 fermented malt beverages, cigarettes, or tobacco products are sold to a purchaser who is  
126.19 licensed by a state or political subdivision to resell this property only within the state of  
126.20 ultimate destination, the sale is made in that state.
- 126.21 (e) Sales made by or through a corporation that is qualified as a domestic  
126.22 international sales corporation under section 992 of the Internal Revenue Code are not  
126.23 considered to have been made within this state.
- 126.24 (f) Sales, rents, royalties, and other income in connection with real property is  
126.25 attributed to the state in which the property is located.
- 126.26 (g) Receipts from the lease or rental of tangible personal property, including finance  
126.27 leases and true leases, must be attributed to this state if the property is located in this  
126.28 state and to other states if the property is not located in this state. Receipts from the  
126.29 lease or rental of moving property including, but not limited to, motor vehicles, rolling  
126.30 stock, aircraft, vessels, or mobile equipment are included in the numerator of the receipts  
126.31 factor to the extent that the property is used in this state. The extent of the use of moving  
126.32 property is determined as follows:
- 126.33 (1) A motor vehicle is used wholly in the state in which it is registered.
- 126.34 (2) The extent that rolling stock is used in this state is determined by multiplying  
126.35 the receipts from the lease or rental of the rolling stock by a fraction, the numerator of

127.1 which is the miles traveled within this state by the leased or rented rolling stock and the  
127.2 denominator of which is the total miles traveled by the leased or rented rolling stock.

127.3 (3) The extent that an aircraft is used in this state is determined by multiplying the  
127.4 receipts from the lease or rental of the aircraft by a fraction, the numerator of which is  
127.5 the number of landings of the aircraft in this state and the denominator of which is the  
127.6 total number of landings of the aircraft.

127.7 (4) The extent that a vessel, mobile equipment, or other mobile property is used in  
127.8 the state is determined by multiplying the receipts from the lease or rental of the property  
127.9 by a fraction, the numerator of which is the number of days during the taxable year the  
127.10 property was in this state and the denominator of which is the total days in the taxable year.

127.11 (h) Royalties and other income ~~not described in paragraph (a), clause (6)~~, received  
127.12 for the use of or for the privilege of using intangible property, including patents,  
127.13 know-how, formulas, designs, processes, patterns, copyrights, trade names, service names,  
127.14 franchises, licenses, contracts, customer lists, or similar items, must be attributed to the  
127.15 state in which the property is used by the purchaser. If the property is used in more  
127.16 than one state, the royalties or other income must be apportioned to this state pro rata  
127.17 according to the portion of use in this state. If the portion of use in this state cannot be  
127.18 determined, the royalties or other income must be excluded from both the numerator  
127.19 and the denominator. Intangible property is used in this state if the purchaser uses the  
127.20 intangible property or the rights therein in the regular course of its business operations in  
127.21 this state, regardless of the location of the purchaser's customers.

127.22 (i) Sales of intangible property are made within the state in which the property is  
127.23 used by the purchaser. If the property is used in more than one state, the sales must be  
127.24 apportioned to this state pro rata according to the portion of use in this state. If the  
127.25 portion of use in this state cannot be determined, the sale must be excluded from both the  
127.26 numerator and the denominator of the sales factor. Intangible property is used in this  
127.27 state if the purchaser used the intangible property in the regular course of its business  
127.28 operations in this state.

127.29 (j) Receipts from the performance of services must be attributed to the state where  
127.30 the services are received. For the purposes of this section, receipts from the performance  
127.31 of services provided to a corporation, partnership, or trust may only be attributed to a state  
127.32 where it has a fixed place of doing business. If the state where the services are received is  
127.33 not readily determinable or is a state where the corporation, partnership, or trust receiving  
127.34 the service does not have a fixed place of doing business, the services shall be deemed  
127.35 to be received at the location of the office of the customer from which the services were  
127.36 ordered in the regular course of the customer's trade or business. If the ordering office

128.1 cannot be determined, the services shall be deemed to be received at the office of the  
128.2 customer to which the services are billed.

128.3 (k) For the purposes of this subdivision and subdivision 6, paragraph (l), receipts  
128.4 from management, distribution, or administrative services performed by a corporation  
128.5 or trust for a fund of a corporation or trust regulated under United States Code, title 15,  
128.6 sections 80a-1 through 80a-64, must be attributed to the state where the shareholder of  
128.7 the fund resides. Under this paragraph, receipts for services attributed to shareholders are  
128.8 determined on the basis of the ratio of: (1) the average of the outstanding shares in the  
128.9 fund owned by shareholders residing within Minnesota at the beginning and end of each  
128.10 year; and (2) the average of the total number of outstanding shares in the fund at the  
128.11 beginning and end of each year. Residence of the shareholder, in the case of an individual,  
128.12 is determined by the mailing address furnished by the shareholder to the fund. Residence  
128.13 of the shareholder, when the shares are held by an insurance company as a depositor for  
128.14 the insurance company policyholders, is the mailing address of the policyholders. In  
128.15 the case of an insurance company holding the shares as a depositor for the insurance  
128.16 company policyholders, if the mailing address of the policyholders cannot be determined  
128.17 by the taxpayer, the receipts must be excluded from both the numerator and denominator.  
128.18 Residence of other shareholders is the mailing address of the shareholder.

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

128.21 Sec. 30. Minnesota Statutes 2012, section 290.21, subdivision 4, is amended to read:

128.22 Subd. 4. **Dividends received from another corporation.** (a)(1) Eighty percent  
128.23 of dividends received by a corporation during the taxable year from another corporation,  
128.24 in which the recipient owns 20 percent or more of the stock, by vote and value, not  
128.25 including stock described in section 1504(a)(4) of the Internal Revenue Code when the  
128.26 corporate stock with respect to which dividends are paid does not constitute the stock in  
128.27 trade of the taxpayer or would not be included in the inventory of the taxpayer, or does not  
128.28 constitute property held by the taxpayer primarily for sale to customers in the ordinary  
128.29 course of the taxpayer's trade or business, or when the trade or business of the taxpayer  
128.30 does not consist principally of the holding of the stocks and the collection of the income  
128.31 and gains therefrom; and

128.32 (2)(i) the remaining 20 percent of dividends if the dividends received are the stock in  
128.33 an affiliated company transferred in an overall plan of reorganization and the dividend  
128.34 is eliminated in consolidation under Treasury Department Regulation 1.1502-14(a), as  
128.35 amended through December 31, 1989;



129.1 (ii) the remaining 20 percent of dividends if the dividends are received from a  
129.2 corporation which is subject to tax under section 290.36 and which is a member of an  
129.3 affiliated group of corporations as defined by the Internal Revenue Code and the dividend  
129.4 is eliminated in consolidation under Treasury Department Regulation 1.1502-14(a), as  
129.5 amended through December 31, 1989, or is deducted under an election under section  
129.6 243(b) of the Internal Revenue Code; or

129.7 (iii) the remaining 20 percent of the dividends if the dividends are received from a  
129.8 property and casualty insurer as defined under section 60A.60, subdivision 8, which is a  
129.9 member of an affiliated group of corporations as defined by the Internal Revenue Code  
129.10 and either: (A) the dividend is eliminated in consolidation under Treasury Regulation  
129.11 1.1502-14(a), as amended through December 31, 1989; or (B) the dividend is deducted  
129.12 under an election under section 243(b) of the Internal Revenue Code.

129.13 (b) Seventy percent of dividends received by a corporation during the taxable year  
129.14 from another corporation in which the recipient owns less than 20 percent of the stock,  
129.15 by vote or value, not including stock described in section 1504(a)(4) of the Internal  
129.16 Revenue Code when the corporate stock with respect to which dividends are paid does not  
129.17 constitute the stock in trade of the taxpayer, or does not constitute property held by the  
129.18 taxpayer primarily for sale to customers in the ordinary course of the taxpayer's trade or  
129.19 business, or when the trade or business of the taxpayer does not consist principally of the  
129.20 holding of the stocks and the collection of income and gain therefrom.

129.21 (c) The dividend deduction provided in this subdivision shall be allowed only with  
129.22 respect to dividends that are included in a corporation's Minnesota taxable net income  
129.23 for the taxable year.

129.24 The dividend deduction provided in this subdivision does not apply to a dividend  
129.25 from a corporation which, for the taxable year of the corporation in which the distribution  
129.26 is made or for the next preceding taxable year of the corporation, is a corporation exempt  
129.27 from tax under section 501 of the Internal Revenue Code.

129.28 The dividend deduction provided in this subdivision does not apply to a dividend  
129.29 received from a real estate investment trust as defined in section 856 of the Internal  
129.30 Revenue Code.

129.31 The dividend deduction provided in this subdivision applies to the amount of  
129.32 regulated investment company dividends only to the extent determined under section  
129.33 854(b) of the Internal Revenue Code.

129.34 The dividend deduction provided in this subdivision shall not be allowed with  
129.35 respect to any dividend for which a deduction is not allowed under the provisions of  
129.36 section 246(c) of the Internal Revenue Code.

130.1 (d) If dividends received by a corporation that does not have nexus with Minnesota  
130.2 under the provisions of Public Law 86-272 are included as income on the return of  
130.3 an affiliated corporation permitted or required to file a combined report under section  
130.4 290.17, subdivision 4, or 290.34, subdivision 2, then for purposes of this subdivision the  
130.5 determination as to whether the trade or business of the corporation consists principally  
130.6 of the holding of stocks and the collection of income and gains therefrom shall be made  
130.7 with reference to the trade or business of the affiliated corporation having a nexus with  
130.8 Minnesota.

130.9 (e) The deduction provided by this subdivision does not apply if the dividends are  
130.10 paid by a FSC as defined in section 922 of the Internal Revenue Code.

130.11 (f) If one or more of the members of the unitary group whose income is included on  
130.12 the combined report received a dividend, the deduction under this subdivision for each  
130.13 member of the unitary business required to file a return under this chapter is the product  
130.14 of: (1) 100 percent of the dividends received by members of the group; (2) the percentage  
130.15 allowed pursuant to paragraph (a) or (b); and (3) the percentage of the taxpayer's business  
130.16 income apportionable to this state for the taxable year under section 290.191 or 290.20.

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

130.19 Sec. 31. Minnesota Statutes 2012, section 298.01, subdivision 3b, is amended to read:

130.20 Subd. 3b. **Deductions.** (a) For purposes of determining taxable income under  
130.21 subdivision 3, the deductions from gross income include only those expenses necessary  
130.22 to convert raw ores to marketable quality. Such expenses include costs associated with  
130.23 refinement but do not include expenses such as transportation, stockpiling, marketing, or  
130.24 marine insurance that are incurred after marketable ores are produced, unless the expenses  
130.25 are included in gross income. The allowable deductions from a mine or plant that mines  
130.26 and produces more than one mineral, metal, or energy resource must be determined  
130.27 separately for the purposes of computing the deduction in section 290.01, subdivision 19c,  
130.28 clause ~~(9)~~ (8). These deductions may be combined on one occupation tax return to arrive  
130.29 at the deduction from gross income for all production.

130.30 (b) The provisions of section 290.01, subdivisions 19c, clauses (6) and (9), and 19d,  
130.31 clauses (7) and ~~(11)~~ (10), are not used to determine taxable income.

130.32 Sec. 32. Laws 2010, chapter 216, section 11, the effective date, is amended to read:

131.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning  
 131.2 after December 31, 2009, for certified historic structures for which qualified costs of  
 131.3 ~~rehabilitation are first paid under construction contracts entered into after May 1, 2010~~  
 131.4 rehabilitation expenditures are first paid by the developer or taxpayer after May 1, 2010,  
 131.5 for rehabilitation that occurs after May 1, 2010, provided that the application under  
 131.6 subdivision 3 is submitted before the project is placed in service.

131.7 **EFFECTIVE DATE.** This section is effective the day following final enactment  
 131.8 and applies retroactively for taxable years beginning after December 31, 2009, and for  
 131.9 certified historic structures placed in service after May 1, 2010, but the office may not  
 131.10 issue certificates allowed under the change to this section until July 1, 2013.

131.11 Sec. 33. **ESTIMATED TAXES; EXCEPTIONS.**

131.12 No addition to tax, penalties, or interest may be made under Minnesota Statutes,  
 131.13 section 289A.25, for any period before September 15, 2013, with respect to an  
 131.14 underpayment of estimated tax, to the extent that the underpayment was created or  
 131.15 increased by the increase in income tax rates under this article.

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

131.18 Sec. 34. **REPEALER.**

131.19 Minnesota Statutes 2012, sections 290.01, subdivision 6b; 290.06, subdivision 22a;  
 131.20 and 290.0921, subdivision 7, are repealed.

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

## 131.23 ARTICLE 7

### 131.24 ESTATE AND GIFT TAXES

131.25 Section 1. Minnesota Statutes 2012, section 270B.01, subdivision 8, is amended to read:

131.26 Subd. 8. **Minnesota tax laws.** For purposes of this chapter only, unless expressly  
 131.27 stated otherwise, "Minnesota tax laws" means:

131.28 (1) the taxes, refunds, and fees administered by or paid to the commissioner under  
 131.29 chapters 115B, 289A (except taxes imposed under sections 298.01, 298.015, and 298.24),  
 131.30 290, 290A, 291, 292, 295, 297A, 297B, and 297H, or any similar Indian tribal tax  
 131.31 administered by the commissioner pursuant to any tax agreement between the state and

132.1 the Indian tribal government, and includes any laws for the assessment, collection, and  
132.2 enforcement of those taxes, refunds, and fees; and  
132.3 (2) section 273.1315.

132.4 **EFFECTIVE DATE.** This section is effective for gifts made after December 31,  
132.5 2012.

132.6 Sec. 2. Minnesota Statutes 2012, section 270B.03, subdivision 1, is amended to read:

132.7 Subdivision 1. **Who may inspect.** Returns and return information must, on request,  
132.8 be made open to inspection by or disclosure to the data subject. The request must be made  
132.9 in writing or in accordance with written procedures of the chief disclosure officer of the  
132.10 department that have been approved by the commissioner to establish the identification  
132.11 of the person making the request as the data subject. For purposes of this chapter, the  
132.12 following are the data subject:

132.13 (1) in the case of an individual return, that individual;

132.14 (2) in the case of an income tax return filed jointly, either of the individuals with  
132.15 respect to whom the return is filed;

132.16 (3) in the case of a return filed by a business entity, an officer of a corporation,  
132.17 a shareholder owning more than one percent of the stock, or any shareholder of an S  
132.18 corporation; a general partner in a partnership; the owner of a sole proprietorship; a  
132.19 member or manager of a limited liability company; a participant in a joint venture; the  
132.20 individual who signed the return on behalf of the business entity; or an employee who is  
132.21 responsible for handling the tax matters of the business entity, such as the tax manager,  
132.22 bookkeeper, or managing agent;

132.23 (4) in the case of an estate return:

132.24 (i) the personal representative or trustee of the estate; and

132.25 (ii) any beneficiary of the estate as shown on the federal estate tax return;

132.26 (5) in the case of a trust return:

132.27 (i) the trustee or trustees, jointly or separately; and

132.28 (ii) any beneficiary of the trust as shown in the trust instrument;

132.29 (6) if liability has been assessed to a transferee under section 270C.58, subdivision  
132.30 1, the transferee is the data subject with regard to the returns and return information  
132.31 relating to the assessed liability;

132.32 (7) in the case of an Indian tribal government or an Indian tribal government-owned  
132.33 entity,

132.34 (i) the chair of the tribal government, or

132.35 (ii) any person authorized by the tribal government; and

133.1 (8) in the case of a successor as defined in section 270C.57, subdivision 1, paragraph  
133.2 (b), the successor is the data subject and information may be disclosed as provided by  
133.3 section 270C.57, subdivision 4.; and  
133.4 (9) in the case of a gift return, the donor.

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

133.6 Sec. 3. Minnesota Statutes 2012, section 289A.10, subdivision 1, is amended to read:

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

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

133.11 (2) the sum of the federal gross estate and federal adjusted taxable gifts made within  
133.12 three years of the date of the decedent's death exceeds \$1,000,000.

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

133.15 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after  
133.16 December 31, 2012.

133.17 Sec. 4. Minnesota Statutes 2012, section 291.005, subdivision 1, is amended to read:

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

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

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

133.24 (3) "Internal Revenue Code" means the United States Internal Revenue Code of  
133.25 1986, as amended through ~~April 14, 2011~~ January 3, 2013, but without regard to the  
133.26 provisions of sections 501 and 901 of Public Law 107-16, as amended by Public Law  
133.27 ~~111-312~~, and section 301(e) of Public Law 111-312 section 2011, paragraph (f), of the  
133.28 Internal Revenue Code.

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

133.31 (i) the amount of deduction for state death taxes allowed under section 2058 of the  
133.32 Internal Revenue Code;

134.1 (ii) the amount of taxable gifts, as defined in section 292.16, and made by the  
 134.2 decedent within three years of the decedent's date of death; less

134.3 ~~(ii)~~ (iii)(A) the value of qualified small business property under section 291.03,  
 134.4 subdivision 9, and the value of qualified farm property under section 291.03, subdivision  
 134.5 10, or (B) \$4,000,000, whichever is less.

134.6 (5) "Minnesota gross estate" means the federal gross estate of a decedent after (a)  
 134.7 excluding therefrom any property included therein which has its situs outside Minnesota,  
 134.8 and (b) including therein any property omitted from the federal gross estate which is  
 134.9 includable therein, has its situs in Minnesota, and was not disclosed to federal taxing  
 134.10 authorities.

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

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

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

134.22 (9) "Situs of property" means, with respect to:

134.23 (i) real property, the state or country in which it is located; ~~with respect to~~

134.24 (ii) tangible personal property, the state or country in which it was normally kept or  
 134.25 located at the time of the decedent's death or for a gift of tangible personal property within  
 134.26 three years of death, the state or country in which it was normally kept or located when  
 134.27 the gift was executed; and ~~with respect to~~

134.28 (iii) intangible personal property, the state or country in which the decedent was  
 134.29 domiciled at death or for a gift of intangible personal property within three years of death,  
 134.30 the state or country in which the decedent was domiciled when the gift was executed.

134.31 For a nonresident decedent with an ownership interest in a pass-through entity  
 134.32 with assets that include real or tangible personal property, situs of the real or tangible  
 134.33 personal property is determined as if the pass-through entity does not exist and the real  
 134.34 or tangible personal property is personally owned by the decedent. If the pass-through  
 134.35 entity is owned by a person or persons in addition to the decedent, ownership of the

135.1 property is attributed to the decedent in proportion to the decedent's capital ownership  
135.2 share of the pass-through entity.

135.3 (10) "Pass-through entity" includes the following:

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

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

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

135.10 (iv) a trust to the extent the property is includible in the decedent's federal gross estate.

135.11 **EFFECTIVE DATE.** This section is effective for decedents dying after December  
135.12 31, 2012.

135.13 Sec. 5. Minnesota Statutes 2012, section 291.03, subdivision 1, is amended to read:

135.14 Subdivision 1. **Tax amount.** (a) The tax imposed shall be an amount equal to the  
135.15 proportion of the maximum credit for state death taxes computed under section 2011 of  
135.16 the Internal Revenue Code, but using Minnesota adjusted taxable estate instead of federal  
135.17 adjusted taxable estate, as the Minnesota gross estate bears to the value of the federal  
135.18 gross estate. The tax is reduced by:

135.19 (1) the gift tax paid by the decedent under section 292.17 on gifts included in the  
135.20 Minnesota adjusted taxable estate and not subtracted as qualified farm or small business  
135.21 property; and

135.22 (2) any credit allowed under subdivision 1c.

135.23 (b) The tax determined under this subdivision must not be greater than the sum of  
135.24 the following amounts multiplied by a fraction, the numerator of which is the Minnesota  
135.25 gross estate and the denominator of which is the federal gross estate:

135.26 (1) the rates and brackets under section 2001(c) of the Internal Revenue Code  
135.27 multiplied by the sum of:

135.28 (i) the taxable estate, as defined under section 2051 of the Internal Revenue Code; plus

135.29 (ii) adjusted taxable gifts, as defined in section 2001(b) of the Internal Revenue  
135.30 Code; less

135.31 (iii) the lesser of (A) the sum of the value of qualified small business property  
135.32 under subdivision 9, and the value of qualified farm property under subdivision 10, or  
135.33 (B) \$4,000,000; less

135.34 (2) the amount of tax allowed under section 2001(b)(2) of the Internal Revenue  
135.35 Code; and less

136.1 (3) the federal credit allowed under section 2010 of the Internal Revenue Code.

136.2 (c) For purposes of this subdivision, "Internal Revenue Code" means the Internal  
136.3 Revenue Code of 1986, as amended through December 31, 2000.

136.4 **EFFECTIVE DATE.** This section is effective for decedents dying after December  
136.5 31, 2012.

136.6 Sec. 6. Minnesota Statutes 2012, section 291.03, is amended by adding a subdivision  
136.7 to read:

136.8 **Subd. 1c. Nonresident decedent tax credit.** (a) The estate of a nonresident  
136.9 decedent that is subject to tax under this chapter on the value of Minnesota situs property  
136.10 held in a pass-through entity is allowed a credit against the tax due under this section  
136.11 equal to the lesser of:

136.12 (1) the amount of estate or inheritance tax paid to another state that is attributable to  
136.13 the Minnesota situs property held in the pass-through entity; or

136.14 (2) the amount of tax paid under this section attributable to the Minnesota situs  
136.15 property held in the pass-through entity.

136.16 (b) The amount of tax attributable to the Minnesota situs property held in the  
136.17 pass-through entity must be determined by the increase in the estate or inheritance tax that  
136.18 results from including the market value of the property in the estate or treating the value  
136.19 as a taxable inheritance to the recipient of the property.

136.20 **EFFECTIVE DATE.** This section is effective for decedents dying after December  
136.21 31, 2012.

136.22 Sec. 7. Minnesota Statutes 2012, section 291.03, subdivision 8, is amended to read:

136.23 **Subd. 8. Definitions.** (a) For purposes of this section, the following terms have the  
136.24 meanings given in this subdivision.

136.25 (b) "Family member" means a family member as defined in section 2032A(e)(2) of  
136.26 the Internal Revenue Code, or a trust whose present beneficiaries are all family members  
136.27 as defined in section 2032A(e)(2) of the Internal Revenue Code.

136.28 (c) "Qualified heir" means a family member who acquired qualified property ~~from~~  
136.29 upon the death of the decedent and satisfies the requirement under subdivision 9, clause  
136.30 ~~(6)~~ (7), or subdivision 10, clause ~~(4)~~ (5), for the property.

136.31 (d) "Qualified property" means qualified small business property under subdivision  
136.32 9 and qualified farm property under subdivision 10.



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

137.3 Sec. 8. Minnesota Statutes 2012, section 291.03, subdivision 9, is amended to read:

137.4 Subd. 9. **Qualified small business property.** Property satisfying all of the following  
137.5 requirements is qualified small business property:

137.6 (1) The value of the property was included in the federal adjusted taxable estate.

137.7 (2) The property consists of the assets of a trade or business or shares of stock or  
137.8 other ownership interests in a corporation or other entity engaged in a trade or business.

137.9 ~~The decedent or the decedent's spouse must have materially participated in the trade or~~

137.10 ~~business within the meaning of section 469 of the Internal Revenue Code during the~~

137.11 ~~taxable year that ended before the date of the decedent's death.~~ Shares of stock in a

137.12 corporation or an ownership interest in another type of entity do not qualify under this

137.13 subdivision if the shares or ownership interests are traded on a public stock exchange at

137.14 any time during the three-year period ending on the decedent's date of death. For purposes

137.15 of this subdivision, an ownership interest includes the interest the decedent is deemed to

137.16 own under sections 2036, 2037, and 2038 of the Internal Revenue Code.

137.17 (3) During the taxable year that ended before the decedent's death, the trade or

137.18 business must not have been a passive activity within the meaning of section 469(c) of the

137.19 Internal Revenue Code, and the decedent or the decedent's spouse must have materially

137.20 participated in the trade or business within the meaning of section 469(h) of the Internal

137.21 Revenue Code, excluding section 469(h)(3) of the Internal Revenue Code and any other

137.22 provision provided by United States Treasury Department regulation that substitutes

137.23 material participation in prior taxable years for material participation in the taxable year

137.24 that ended before the decedent's death.

137.25 (4) The gross annual sales of the trade or business were \$10,000,000 or less for the

137.26 last taxable year that ended before the date of the death of the decedent.

137.27 ~~(4)~~ (5) The property does not consist of cash or, cash equivalents, publicly traded

137.28 securities, or assets not used in the operation of the trade or business. For property

137.29 consisting of shares of stock or other ownership interests in an entity, the ~~amount~~ value of

137.30 cash or, cash equivalents, publicly traded securities, or assets not used in the operation of

137.31 the trade or business held by the corporation or other entity must be deducted from the

137.32 value of the property qualifying under this subdivision in proportion to the decedent's

137.33 share of ownership of the entity on the date of death.

137.34 ~~(5)~~ (6) The decedent continuously owned the property, including property the

137.35 decedent is deemed to own under sections 2036, 2037, and 2038 of the Internal Revenue

138.1 Code, for the three-year period ending on the date of death of the decedent. In the case of  
138.2 a sole proprietor, if the property replaced similar property within the three-year period,  
138.3 the replacement property will be treated as having been owned for the three-year period  
138.4 ending on the date of death of the decedent.

138.5 ~~(6) A family member continuously uses the property in the operation of the trade or~~  
138.6 ~~business for three years following the date of death of the decedent.~~

138.7 (7) For three years following the date of death of the decedent, the trade or business  
138.8 is not a passive activity within the meaning of section 469(c) of the Internal Revenue Code,  
138.9 and a family member materially participates in the operation of the trade or business within  
138.10 the meaning of section 469(h) of the Internal Revenue Code, excluding section 469(h)(3)  
138.11 of the Internal Revenue Code and any other provision provided by United States Treasury  
138.12 Department regulation that substitutes material participation in prior taxable years for  
138.13 material participation in the three years following the date of death of the decedent.

138.14 (8) The estate and the qualified heir elect to treat the property as qualified small  
138.15 business property and agree, in the form prescribed by the commissioner, to pay the  
138.16 recapture tax under subdivision 11, if applicable.

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

138.19 Sec. 9. Minnesota Statutes 2012, section 291.03, subdivision 10, is amended to read:

138.20 Subd. 10. **Qualified farm property.** Property satisfying all of the following  
138.21 requirements is qualified farm property:

138.22 (1) The value of the property was included in the federal adjusted taxable estate.

138.23 (2) ~~The property consists of a farm meeting the requirements of agricultural land and~~  
138.24 ~~is owned by a person or entity that is either not subject to or is in compliance with section~~  
138.25 ~~500.24, and was classified for property tax purposes as the homestead of the decedent~~  
138.26 ~~or the decedent's spouse or both under section 273.124, and as class 2a property under~~  
138.27 ~~section 273.13, subdivision 23.~~

138.28 (3) For property taxes payable in the taxable year of the decedent's death, the  
138.29 property is classified as class 2a property under section 273.13, subdivision 23, and is  
138.30 classified as agricultural homestead, agricultural relative homestead, or special agricultural  
138.31 homestead under section 273.124.

138.32 (4) The decedent continuously owned the property, including property the decedent  
138.33 is deemed to own under sections 2036, 2037, and 2038 of the Internal Revenue Code, for  
138.34 the three-year period ending on the date of death of the decedent either by ownership of

139.1 the agricultural land or pursuant to holding an interest in an entity that is not subject to  
 139.2 or is in compliance with section 500.24.

139.3 ~~(4) A family member continuously uses the property in the operation of the trade or~~  
 139.4 ~~business~~ (5) The property is classified for property tax purposes as class 2a property under  
 139.5 section 273.13, subdivision 23, for three years following the date of death of the decedent.

139.6 ~~(5)~~ (6) The estate and the qualified heir elect to treat the property as qualified farm  
 139.7 property and agree, in a form prescribed by the commissioner, to pay the recapture tax  
 139.8 under subdivision 11, if applicable.

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

139.11 Sec. 10. Minnesota Statutes 2012, section 291.03, subdivision 11, is amended to read:

139.12 Subd. 11. **Recapture tax.** (a) If, within three years after the decedent's death and  
 139.13 before the death of the qualified heir, the qualified heir disposes of any interest in the  
 139.14 qualified property, other than by a disposition to a family member, or a family member  
 139.15 ceases to use the qualified property which was acquired or passed from the decedent  
 139.16 satisfy the requirement under subdivision 9, clause (7); or 10, clause (5), an additional  
 139.17 estate tax is imposed on the property. In the case of a sole proprietor, if the qualified heir  
 139.18 replaces qualified small business property excluded under subdivision 9 with similar  
 139.19 property, then the qualified heir will not be treated as having disposed of an interest in the  
 139.20 qualified property.

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

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

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

139.27 Sec. 11. **[292.16] DEFINITIONS.**

139.28 (a) For purposes of this chapter, the following definitions apply.

139.29 (b) The definitions of terms defined in section 291.005 apply.

139.30 (c) "Resident" has the meaning given in section 290.01, subdivision 7, paragraph (a).

139.31 (d) "Taxable gifts" means:

139.32 (1) the transfers by gift which are included in taxable gifts for federal gift tax  
 139.33 purposes under the following sections of the Internal Revenue Code:

140.1 (i) section 2503;  
140.2 (ii) sections 2511 to 2514; and  
140.3 (iii) sections 2516 to 2519; less  
140.4 (2) the deductions allowed in sections 2522 to 2524 of the Internal Revenue Code.

140.5 **EFFECTIVE DATE.** This section is effective for taxable gifts made after June  
140.6 30, 2013.

140.7 Sec. 12. **[292.17] GIFT TAX.**

140.8 Subdivision 1. **Imposition.** (a) A tax is imposed on the transfer of property by gift  
140.9 by any individual resident or nonresident in an amount equal to ten percent of the amount  
140.10 of the taxable gift.

140.11 (b) The donor is liable for payment of the tax. If the gift tax is not paid when due,  
140.12 the donee of any gift is personally liable for the tax to the extent of the value of the gift.

140.13 Subd. 2. **Lifetime credit.** A credit is allowed against the tax imposed under this  
140.14 section equal to \$100,000. This credit applies to the cumulative amount of taxable gifts  
140.15 made by the donor during the donor's lifetime.

140.16 Subd. 3. **Out-of-state gifts.** Taxable gifts exclude the transfer of:

140.17 (1) real property located outside of this state;

140.18 (2) tangible personal property that was normally kept at a location outside of the  
140.19 state on the date the gift was executed; and

140.20 (3) intangible personal property made by an individual who is not a resident at  
140.21 the time the gift was executed.

140.22 **EFFECTIVE DATE.** This section is effective for taxable gifts made after June  
140.23 30, 2013.

140.24 Sec. 13. **[292.18] RETURNS.**

140.25 (a) Any individual who makes a taxable gift during the taxable year shall file a gift  
140.26 tax return in the form and manner prescribed by the commissioner.

140.27 (b) If the donor dies before filing the return, the executor of the donor's will or  
140.28 the administrator of the donor's estate shall file the return. If the donor becomes legally  
140.29 incompetent before filing the return, the guardian or conservator shall file the return.

140.30 (c) The return must include:

140.31 (1) each gift made during the calendar year which is to be included in computing the  
140.32 taxable gifts;

- 141.1 (2) the deductions claimed and allowable under section 292.16, paragraph (d),  
141.2 clause (2);  
141.3 (3) a description of the gift, and the donee's name, address, and Social Security  
141.4 number;  
141.5 (4) the fair market value of gifts not made in money; and  
141.6 (5) any other information the commissioner requires to administer the gift tax.

141.7 **EFFECTIVE DATE.** This section is effective for taxable gifts made after June  
141.8 30, 2013.

141.9 Sec. 14. **[292.19] FILING REQUIREMENTS.**

141.10 Gift tax returns must be filed by the April 15 following the close of the calendar  
141.11 year, except if a gift is made during the calendar year in which the donor dies, the return  
141.12 for the donor must be filed by the last date, including extensions, for filing the gift tax  
141.13 return for federal gift tax purposes for the donor.

141.14 **EFFECTIVE DATE.** This section is effective for taxable gifts made after June  
141.15 30, 2013.

141.16 Sec. 15. **[292.20] APPRAISAL OF PROPERTY; DECLARATION BY DONOR.**

141.17 The commissioner may require the donor or the donee to show the property subject to  
141.18 the tax under section 292.17 to the commissioner upon demand and may employ a suitable  
141.19 person to appraise the property. The donor shall submit a declaration, in a form prescribed  
141.20 by the commissioner and including any certification required by the commissioner, that the  
141.21 property shown by the donor on the gift tax return includes all of the property transferred by  
141.22 gift for the calendar year and not deductible under section 292.16, paragraph (d), clause (2).

141.23 **EFFECTIVE DATE.** This section is effective for taxable gifts made after June  
141.24 30, 2013.

141.25 Sec. 16. **[292.21] ADMINISTRATIVE PROVISIONS.**

141.26 Subdivision 1. **Payment of tax; penalty for late payment.** The tax imposed under  
141.27 section 292.17 is due and payable to the commissioner by the April 15 following the close  
141.28 of the calendar year during which the gift was made. The return required under section  
141.29 292.19 must be included with the payment. If a taxable gift is made during the calendar  
141.30 year in which the donor dies, the due date is the last date, including extensions, for filing  
141.31 the gift tax return for federal gift tax purposes for the donor. If any person fails to pay the  
141.32 tax due within the time specified under this section, a penalty applies equal to ten percent

142.1 of the amount due and unpaid or \$100, whichever is greater. The unpaid tax and penalty  
142.2 bear interest at the rate under section 270C.40 from the due date of the return.

142.3 Subd. 2. **Extensions.** The commissioner may, for good cause, extend the time for  
142.4 filing a gift tax return, if a written request is filed with a tentative return accompanied by a  
142.5 payment of the tax, which is estimated in the tentative return, on or before the last day for  
142.6 filing the return. Any person to whom an extension is granted must pay, in addition to the  
142.7 tax, interest at the rate under section 270C.40 from the date on which the tax would have  
142.8 been due without the extension.

142.9 Subd. 3. **Changes in federal gift tax.** If the amount of a taxpayer's taxable gifts  
142.10 for federal gift tax purposes, as reported on the taxpayer's federal gift tax return for any  
142.11 calendar year, is changed or corrected by the Internal Revenue Service or other officer  
142.12 of the United States or other competent authority, the taxpayer shall report the change or  
142.13 correction in federal taxable gifts within 180 days after the final determination of the change  
142.14 or correction, and concede the accuracy of the determination or provide a letter detailing  
142.15 how the federal determination is incorrect or does not change the Minnesota gift tax. Any  
142.16 taxpayer filing an amended federal gift tax return shall also file within 180 days an amended  
142.17 return under this chapter and shall include any information the commissioner requires. The  
142.18 time for filing the report or amended return may be extended by the commissioner upon due  
142.19 cause shown. Notwithstanding any limitation of time in this chapter, if, upon examination,  
142.20 the commissioner finds that the taxpayer is liable for the payment of an additional tax, the  
142.21 commissioner shall, within a reasonable time from the receipt of the report or amended  
142.22 return, notify the taxpayer of the amount of additional tax, together with interest computed  
142.23 at the rate under section 270C.40 from the date when the original tax was due and payable.  
142.24 Within 30 days of the mailing of the notice, the taxpayer shall pay the commissioner the  
142.25 amount of the additional tax and interest. If, upon examination of the report or amended  
142.26 return and related information, the commissioner finds that the taxpayer has overpaid the  
142.27 tax due the state, the commissioner shall refund the overpayment to the taxpayer.

142.28 Subd. 4. **Application of federal rules.** In administering the tax under this chapter,  
142.29 the commissioner shall apply the provisions of sections 2701 to 2704 of the Internal  
142.30 Revenue Code. The words "secretary or his delegate," as used in those sections of the  
142.31 Internal Revenue Code, mean the commissioner.

142.32 **EFFECTIVE DATE.** This section is effective for taxable gifts made after June  
142.33 30, 2013.

143.1 **ARTICLE 8**143.2 **SALES AND USE TAXES; LOCAL SALES TAXES**143.3 Section 1. **[116J.3738] QUALIFIED EXPANSIONS OF GREATER MINNESOTA**  
143.4 **BUSINESSES.**

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

143.7 (b) "Agricultural processing facility" means one or more facilities or operations  
143.8 that transform, package, sort, or grade livestock or livestock products, agricultural  
143.9 commodities, or plants or plant products into goods that are used for intermediate or final  
143.10 consumption including goods for nonfood use, and surrounding property.

143.11 (c) "Business" means an individual, corporation, partnership, limited liability  
143.12 company, association, or any other entity engaged in operating a trade or business located  
143.13 in greater Minnesota.

143.14 (d) "City" means a statutory or home rule charter city.

143.15 (e) "Greater Minnesota" means the area of the state that excludes the metropolitan  
143.16 area, as defined in section 473.121, subdivision 2.

143.17 (f) "Qualified business" means a business that satisfies the requirements of subdivision  
143.18 2, has been certified under subdivision 3, and has not been terminated under subdivision 5.

143.19 Subd. 2. **Qualified business.** (a) A business is a qualified business if it satisfies the  
143.20 requirement of this paragraph and is not disqualified under the provisions of paragraph

143.21 (b). To qualify, the business must:

143.22 (1) have operated its trade or business in a city or cities in greater Minnesota for at  
143.23 least one year before applying under subdivision 3;

143.24 (2) pay or agree to pay in the future each employee compensation, including benefits  
143.25 not mandated by law, that on an annualized basis equal at least 120 percent of the federal  
143.26 poverty level for a family of four;

143.27 (3) plan and agree to expand its employment in one or more cities in greater Minnesota  
143.28 by the minimum number of employees required under subdivision 3, paragraph (c); and

143.29 (4) received certification from the commissioner under subdivision 3 that it is a  
143.30 qualified business.

143.31 (b) A business is not a qualified business if it is either:

143.32 (1) primarily engaged in making retail sales to purchasers who are physically present  
143.33 at the business's location or locations in greater Minnesota; or

143.34 (2) a public utility, as defined in section 336B.01.

144.1 (c) The requirements in paragraph (a) that the business' operations and expansion be  
144.2 located in a city do not apply to an agricultural processing facility.

144.3 Subd. 3. **Certification of qualified business.** (a) A business may apply to the  
144.4 commissioner for certification as a qualified business under this section. The commissioner  
144.5 shall specify the form of the application, the manner and times for applying, and the  
144.6 information required to be included in the application. The commissioner may impose an  
144.7 application fee in an amount sufficient to defray the commissioner's cost of processing  
144.8 certifications. A business must file a copy of its application with the chief clerical officer  
144.9 of the city at the same time it applies to the commissioner. For an agricultural processing  
144.10 facility located outside the boundaries of a city, the business must file a copy of the  
144.11 application with the county auditor.

144.12 (b) The commissioner shall certify each business as a qualified business that:

144.13 (1) satisfies the requirements of subdivision 2;

144.14 (2) the commissioner determines would not expand its operations in greater  
144.15 Minnesota without the tax incentives available under subdivision 4; and

144.16 (3) enters a business subsidy agreement with the commissioner that pledges to  
144.17 satisfy the minimum expansion requirements of paragraph (c) within three years or less  
144.18 following execution of the agreement.

144.19 The commissioner must act on an application within 60 days after its filing. Failure  
144.20 by the commissioner to take action within the 60-day period is deemed approval of the  
144.21 application.

144.22 (c) The following minimum expansion requirements apply, based on the number of  
144.23 employees of the business at locations in greater Minnesota:

144.24 (1) a business that employees 50 or fewer full-time equivalent employees in greater  
144.25 Minnesota when the agreement is executed must increase its employment by five or more  
144.26 full-time equivalent employees;

144.27 (2) a business that employees more than 50 but fewer than 200 full-time equivalent  
144.28 employees in greater Minnesota when the agreement is executed must increase the number  
144.29 of its full-time equivalent employees in greater Minnesota by at least ten percent; or

144.30 (3) a business that employees 200 or more full-time equivalent employees in greater  
144.31 Minnesota when the agreement is executed must increase its employment by at least 21  
144.32 full-time equivalent employees.

144.33 (d) The city, or a county for an agricultural processing facility located outside the  
144.34 boundaries of a city, in which the business proposes to expand its operations may file  
144.35 comments supporting or opposing the application with the commissioner. The comments  
144.36 must be filed within 30 days after receipt by the city of the application and may include a



145.1 notice of any contribution the city or county intends to make to encourage or support the  
145.2 business expansion, such as the use of tax increment financing, property tax abatement,  
145.3 additional city or county services, or other financial assistance.

145.4 (e) Certification of a qualified business is effective for the 12-year period beginning  
145.5 on the first day of the calendar month immediately following execution of the business  
145.6 subsidy agreement.

145.7 Subd. 4. **Available tax incentives.** A qualified business is entitled to a sales tax  
145.8 exemption, as provided in section 297A.68, subdivision 49, for purchases made during the  
145.9 period the business was certified as a qualified business under this section.

145.10 Subd. 5. **Termination of status as a qualified business.** (a) The commissioner shall  
145.11 put in place a system for monitoring and ensuring that each certified business meets within  
145.12 three years or less the minimum expansion requirement in its business subsidy agreement  
145.13 and continues to satisfy those requirements for the rest of the duration of the certification  
145.14 under subdivision 3. This system must include regular reporting by the business to the  
145.15 commissioner of its baseline and current employment levels and any other information  
145.16 the commissioner determines may be useful to ensure compliance and for legislative  
145.17 evaluation of the effectiveness of the tax incentives.

145.18 (b) A business ceases to be a qualified business and to qualify for the sales tax  
145.19 exemption under section 297A.68, subdivision 49, under this subdivision upon the earlier  
145.20 of the following dates:

145.21 (1) the end of the duration of its designation under subdivision 3, paragraph (e),  
145.22 effective as provided under this subdivision or other provision of law for the tax incentive;

145.23 or

145.24 (2) the date the commissioner finds that the business has breached its business  
145.25 subsidy agreement and failed to satisfy the minimum expansion required by subdivision 3  
145.26 and its agreement.

145.27 (c) A business may contest the commissioner's finding that it breached its business  
145.28 subsidy agreement under paragraph (b), clause (2), under the contested case procedures in  
145.29 the Administrative Procedure Act, chapter 14.

145.30 (d) The commissioner, after consulting with the commissioner of revenue, may  
145.31 waive a breach of the business subsidy agreement and permit continued receipt of tax  
145.32 incentives, if the commissioner determines that termination of the tax incentives is not in  
145.33 the best interest of the state or the local government units and the business' breach of the  
145.34 agreement is a result of circumstances beyond its control including, but not limited to:

145.35 (1) a natural disaster;

145.36 (2) unforeseen industry trends;

- 146.1 (3) a decline in economic activity in the overall or greater Minnesota economy; or  
146.2 (4) loss of a major supplier or customer of the business.

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

146.4 Sec. 2. Minnesota Statutes 2012, section 297A.61, subdivision 3, is amended to read:

146.5 Subd. 3. **Sale and purchase.** (a) "Sale" and "purchase" include, but are not limited  
146.6 to, each of the transactions listed in this subdivision. In applying the provisions of this  
146.7 chapter, the terms "tangible personal property" and "retail sale" include the taxable  
146.8 services listed in paragraph (g), clause (6), items (i) to (vi) and (viii), and the provision  
146.9 of these taxable services, unless specifically provided otherwise. Services performed by  
146.10 an employee for an employer are not taxable. Services performed by a partnership or  
146.11 association for another partnership or association are not taxable if one of the entities owns  
146.12 or controls more than 80 percent of the voting power of the equity interest in the other  
146.13 entity. Services performed between members of an affiliated group of corporations are not  
146.14 taxable. For purposes of the preceding sentence, "affiliated group of corporations" means  
146.15 those entities that would be classified as members of an affiliated group as defined under  
146.16 United States Code, title 26, section 1504, disregarding the exclusions in section 1504(b).

146.17 (b) Sale and purchase include:

146.18 (1) any transfer of title or possession, or both, of tangible personal property, whether  
146.19 absolutely or conditionally, for a consideration in money or by exchange or barter; and

146.20 (2) the leasing of or the granting of a license to use or consume, for a consideration  
146.21 in money or by exchange or barter, tangible personal property, other than a manufactured  
146.22 home used for residential purposes for a continuous period of 30 days or more.

146.23 (c) Sale and purchase include the production, fabrication, printing, or processing of  
146.24 tangible personal property for a consideration for consumers who furnish either directly or  
146.25 indirectly the materials used in the production, fabrication, printing, or processing.

146.26 (d) Sale and purchase include the preparing for a consideration of food.

146.27 Notwithstanding section 297A.67, subdivision 2, taxable food includes, but is not limited  
146.28 to, the following:

146.29 (1) prepared food sold by the retailer;

146.30 (2) soft drinks;

146.31 (3) candy;

146.32 (4) dietary supplements; and

146.33 (5) all food sold through vending machines.

146.34 (e) A sale and a purchase includes the furnishing for a consideration of electricity,  
146.35 gas, water, or steam for use or consumption within this state.

147.1 (f) A sale and a purchase includes  
147.2 the transfer for a consideration of prewritten computer software whether delivered  
147.3 electronically, by load and leave, or otherwise.

147.4 (g) A sale and a purchase includes the furnishing for a consideration of the following  
147.5 services:

147.6 (1) the privilege of admission to places of amusement, recreational areas, or athletic  
147.7 events, and the making available of amusement devices, tanning facilities, reducing  
147.8 salons, steam baths, Turkish baths, health clubs, and spas or athletic facilities;

147.9 (2) lodging and related services by a hotel, rooming house, resort, campground,  
147.10 motel, or trailer camp, including furnishing the guest of the facility with access to  
147.11 telecommunication services, and the granting of any similar license to use real property in  
147.12 a specific facility, other than the renting or leasing of it for a continuous period of 30 days  
147.13 or more under an enforceable written agreement that may not be terminated without prior  
147.14 notice and including accommodations intermediary services provided in connection with  
147.15 other services provided under this clause;

147.16 (3) nonresidential parking services, whether on a contractual, hourly, or other  
147.17 periodic basis, except for parking at a meter;

147.18 (4) the granting of membership in a club, association, or other organization if:

147.19 (i) the club, association, or other organization makes available for the use of its  
147.20 members sports and athletic facilities, without regard to whether a separate charge is  
147.21 assessed for use of the facilities; and

147.22 (ii) use of the sports and athletic facility is not made available to the general public  
147.23 on the same basis as it is made available to members.

147.24 Granting of membership means both onetime initiation fees and periodic membership  
147.25 dues. Sports and athletic facilities include golf courses; tennis, racquetball, handball, and  
147.26 squash courts; basketball and volleyball facilities; running tracks; exercise equipment;  
147.27 swimming pools; and other similar athletic or sports facilities;

147.28 (5) delivery of aggregate materials by a third party, excluding delivery of aggregate  
147.29 material used in road construction; and delivery of concrete block by a third party if the  
147.30 delivery would be subject to the sales tax if provided by the seller of the concrete block.

147.31 For purposes of this clause, "road construction" means construction of:

147.32 (i) public roads;

147.33 (ii) cartways; and

147.34 (iii) private roads in townships located outside of the seven-county metropolitan area  
147.35 up to the point of the emergency response location sign; and

147.36 (6) services as provided in this clause:

148.1 (i) laundry and dry cleaning services including cleaning, pressing, repairing, altering,  
148.2 and storing clothes, linen services and supply, cleaning and blocking hats, and carpet,  
148.3 drapery, upholstery, and industrial cleaning. Laundry and dry cleaning services do not  
148.4 include services provided by coin operated facilities operated by the customer;

148.5 (ii) motor vehicle washing, waxing, and cleaning services, including services  
148.6 provided by coin operated facilities operated by the customer, and rustproofing,  
148.7 undercoating, and towing of motor vehicles;

148.8 (iii) building and residential cleaning, maintenance, and disinfecting services and  
148.9 pest control and exterminating services;

148.10 (iv) detective, security, burglar, fire alarm, and armored car services; but not  
148.11 including services performed within the jurisdiction they serve by off-duty licensed peace  
148.12 officers as defined in section 626.84, subdivision 1, or services provided by a nonprofit  
148.13 organization or any organization at the direction of a county for monitoring and electronic  
148.14 surveillance of persons placed on in-home detention pursuant to court order or under the  
148.15 direction of the Minnesota Department of Corrections;

148.16 (v) pet grooming services;

148.17 (vi) lawn care, fertilizing, mowing, spraying and sprigging services; garden planting  
148.18 and maintenance; tree, bush, and shrub pruning, bracing, spraying, and surgery; indoor  
148.19 plant care; tree, bush, shrub, and stump removal, except when performed as part of a land  
148.20 clearing contract as defined in section 297A.68, subdivision 40; and tree trimming for  
148.21 public utility lines. Services performed under a construction contract for the installation of  
148.22 shrubbery, plants, sod, trees, bushes, and similar items are not taxable;

148.23 (vii) massages, except when provided by a licensed health care facility or  
148.24 professional or upon written referral from a licensed health care facility or professional for  
148.25 treatment of illness, injury, or disease; and

148.26 (viii) the furnishing of lodging, board, and care services for animals in kennels and  
148.27 other similar arrangements, but excluding veterinary and horse boarding services.

148.28 ~~In applying the provisions of this chapter, the terms "tangible personal property"~~  
148.29 ~~and "retail sale" include taxable services listed in clause (6), items (i) to (vi) and (viii),~~  
148.30 ~~and the provision of these taxable services, unless specifically provided otherwise.~~

148.31 ~~Services performed by an employee for an employer are not taxable. Services performed~~  
148.32 ~~by a partnership or association for another partnership or association are not taxable if~~  
148.33 ~~one of the entities owns or controls more than 80 percent of the voting power of the~~  
148.34 ~~equity interest in the other entity. Services performed between members of an affiliated~~  
148.35 ~~group of corporations are not taxable. For purposes of the preceding sentence, "affiliated~~  
148.36 ~~group of corporations" means those entities that would be classified as members of an~~

149.1 ~~affiliated group as defined under United States Code, title 26, section 1504, disregarding~~  
149.2 ~~the exclusions in section 1504(b).~~

149.3 ~~For purposes of clause (5), "road construction" means construction of (1) public~~  
149.4 ~~roads, (2) cartways, and (3) private roads in townships located outside of the seven-county~~  
149.5 ~~metropolitan area up to the point of the emergency response location sign.~~

149.6 (h) A sale and a purchase includes the furnishing for a consideration of tangible  
149.7 personal property or taxable services by the United States or any of its agencies or  
149.8 instrumentalities, or the state of Minnesota, its agencies, instrumentalities, or political  
149.9 subdivisions.

149.10 (i) A sale and a purchase includes the furnishing for a consideration of  
149.11 telecommunications services, ancillary services associated with telecommunication  
149.12 services, ~~cable and pay television services, and direct satellite services.~~ Telecommunication  
149.13 services include, but are not limited to, the following services, as defined in section  
149.14 297A.669: air-to-ground radiotelephone service, mobile telecommunication service,  
149.15 postpaid calling service, prepaid calling service, prepaid wireless calling service, and  
149.16 private communication services. The services in this paragraph are taxed to the extent  
149.17 allowed under federal law.

149.18 (j) A sale and a purchase includes the furnishing for a consideration of installation if  
149.19 the installation charges would be subject to the sales tax if the installation were provided  
149.20 by the seller of the item being installed.

149.21 (k) A sale and a purchase includes the rental of a vehicle by a motor vehicle dealer  
149.22 to a customer when (1) the vehicle is rented by the customer for a consideration, or (2)  
149.23 the motor vehicle dealer is reimbursed pursuant to a service contract as defined in section  
149.24 59B.02, subdivision 11.

149.25 (l) A sale and a purchase includes furnishing for a consideration of specified digital  
149.26 products or other digital products or granting the right for a consideration to use specified  
149.27 digital products or other digital products on a temporary or permanent basis and regardless  
149.28 of whether the purchaser is required to make continued payments for such right. Wherever  
149.29 the term "tangible personal property" is used in this chapter, other than in subdivisions 10  
149.30 and 38, the provisions also apply to specified digital products, or other digital products,  
149.31 unless specifically provided otherwise or the context indicates otherwise.

149.32 (m) A sale and purchase includes the furnishing for consideration of the following  
149.33 services:

149.34 (1) repairing and maintaining electronic and precision equipment, which service can  
149.35 be deducted as a business expense under the Internal Revenue Code. This includes, but  
149.36 is not limited to, repair or maintenance of electronic devices, computers and computer

150.1 peripherals, monitors, computer terminals, storage devices, and CD-ROM drives; other  
150.2 office equipment such as photocopying machines, printers, and facsimile machines;  
150.3 televisions, stereos, sound systems, video or digital recorders and players; two-way radios  
150.4 and other communications equipment; radar and sonar equipment, scientific instruments,  
150.5 microscopes, and medical equipment;

150.6 (2) repairing and maintaining commercial and industrial machinery and equipment.

150.7 For purposes of this subdivision, the following items are not commercial or industrial  
150.8 machinery and equipment: (i) motor vehicles; (ii) furniture and fixtures; (iii) ships; (iv)  
150.9 railroad stock; and (v) aircraft; and

150.10 (3) warehousing or storage services for tangible personal property, excluding:

150.11 (i) agricultural products;

150.12 (ii) refrigerated storage;

150.13 (iii) electronic data; and

150.14 (iv) self-storage services and storage of motor vehicles, recreational vehicles, and

150.15 boats, not eligible to be deducted as a business expense under the Internal Revenue Code.

150.16 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
150.17 June 30, 2013, except that paragraph (m), clause (3), is effective for sales and purchases  
150.18 made after March 31, 2014.

150.19 Sec. 3. Minnesota Statutes 2012, section 297A.61, subdivision 4, is amended to read:

150.20 Subd. 4. **Retail sale.** (a) A "retail sale" means:

150.21 (1) any sale, lease, or rental of tangible personal property for any purpose, other than  
150.22 resale, sublease, or subrent of items by the purchaser in the normal course of business  
150.23 as defined in subdivision 21; and

150.24 (2) any sale of a service enumerated in subdivision 3, for any purpose other than  
150.25 resale by the purchaser in the normal course of business as defined in subdivision 21.

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

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

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

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

151.4 (f) A sale of shrubbery, plants, sod, trees, and similar items to a person who provides  
151.5 for installation of the items is a retail sale and not a sale for resale since a sale of  
151.6 shrubbery, plants, sod, trees, and similar items that includes installation is a contract for  
151.7 the improvement of real property.

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

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

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

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

151.20 (k) In the case of a lease, a retail sale occurs (1) when an obligation to make a lease  
151.21 payment becomes due under the terms of the agreement or the trade practices of the  
151.22 lessor or (2) in the case of a lease of a motor vehicle, as defined in section 297B.01,  
151.23 subdivision 11, but excluding vehicles with a manufacturer's gross vehicle weight rating  
151.24 greater than 10,000 pounds and rentals of vehicles for not more than 28 days, at the time  
151.25 the lease is executed.

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

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

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

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

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

152.11 (n) A sale of motor vehicle repair paint and materials by a motor vehicle repair or  
152.12 body shop business is a retail sale and the sales tax is imposed on the gross receipts from the  
152.13 retail sale of the paint and materials. The motor vehicle repair or body shop that purchases  
152.14 motor vehicle repair paint and motor vehicle repair materials for resale must either:

152.15 (1) separately state each item of paint and each item of materials, and the sales price  
152.16 of each, on the invoice to the purchaser; or

152.17 (2) in order to calculate the sales price of the paint and materials, use a method  
152.18 which estimates the amount and monetary value of the paint and materials used in  
152.19 the repair of the motor vehicle by multiplying the number of labor hours by a rate of  
152.20 consideration for the paint and materials used in the repair of the motor vehicle following  
152.21 industry standard practices that fairly calculate the gross receipts from the retail sale of  
152.22 the motor vehicle repair paint and motor vehicle repair materials. An industry standard  
152.23 practice fairly calculates the gross receipts if the sales price of the paint and materials used  
152.24 or consumed in the repair of a motor vehicle equals or exceeds the purchase price paid  
152.25 by the motor vehicle repair or body shop business. Under this clause, the invoice must  
152.26 either separately state the "paint and materials" as a single taxable item, or separately state  
152.27 "paint" as a taxable item and "materials" as a taxable item. This clause does not apply to  
152.28 wholesale transactions at an auto auction facility.

152.29 (o) A sale of specified digital products or other digital products to an end user with  
152.30 or without rights of permanent use and regardless of whether rights of use are conditioned  
152.31 upon payment by the purchaser is a retail sale. When a digital code has been purchased that  
152.32 relates to specified digital products or other digital products, the subsequent receipt of or  
152.33 access to the related specified digital products or other digital products is not a retail sale.

152.34 (p) A payment made to a cooperative electric association or public utility as a  
152.35 contribution in aid of construction is a contract for improvement to real property and  
152.36 is not a retail sale.



153.1 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
153.2 June 30, 2013.

153.3 Sec. 4. Minnesota Statutes 2012, section 297A.61, subdivision 10, is amended to read:

153.4 Subd. 10. **Tangible personal property.** (a) "Tangible personal property" means  
153.5 personal property that can be seen, weighed, measured, felt, or touched, or that is in any  
153.6 other manner perceptible to the senses. "Tangible personal property" includes, but is not  
153.7 limited to, electricity, water, gas, steam, and prewritten computer software.

153.8 (b) Tangible personal property does not include:

153.9 (1) large ponderous machinery and equipment used in a business or production  
153.10 activity which at common law would be considered to be real property;

153.11 (2) property which is subject to an ad valorem property tax;

153.12 (3) property described in section 272.02, subdivision 9, clauses (a) to (d); ~~and~~

153.13 (4) property described in section 272.03, subdivision 2, clauses (3) and (5); and

153.14 (5) specified digital products, or other digital products, transferred electronically.

153.15 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
153.16 June 30, 2013.

153.17 Sec. 5. Minnesota Statutes 2012, section 297A.61, subdivision 25, is amended to read:

153.18 Subd. 25. **Cable Pay television service.** "Cable Pay television service" means  
153.19 the transmission of video, audio, or other programming service to purchasers, and the  
153.20 subscriber interaction, if any, required for the selection or use of the programming service,  
153.21 regardless of whether the programming is transmitted over facilities owned or operated  
153.22 by the cable service provider or over facilities owned or operated by one or more dealers  
153.23 of communications services. The term includes point-to-multipoint distribution direct to  
153.24 home satellite services by which programming is transmitted or broadcast by microwave  
153.25 or other equipment directly to the subscriber's premises, or any similar or comparable  
153.26 method of service. The term includes ~~basic, extended, premium, all programming services,~~  
153.27 including subscriptions, digital video recorders, pay-per-view, digital, and music services.

153.28 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
153.29 June 30, 2013.

153.30 Sec. 6. Minnesota Statutes 2012, section 297A.61, subdivision 38, is amended to read:

153.31 Subd. 38. **Bundled transaction.** (a) "Bundled transaction" means the retail sale  
153.32 of two or more products when the products are otherwise distinct and identifiable, and

154.1 the products are sold for one nonitemized price. As used in this subdivision, "product"  
154.2 includes tangible personal property, services, intangibles, and digital goods, including  
154.3 specified digital products or other digital products, but does not include real property or  
154.4 services to real property. A bundled transaction does not include the sale of any products  
154.5 in which the sales price varies, or is negotiable, based on the selection by the purchaser of  
154.6 the products included in the transaction.

154.7 (b) For purposes of this subdivision, "distinct and identifiable" products does not  
154.8 include:

154.9 (1) packaging and other materials, such as containers, boxes, sacks, bags, and  
154.10 bottles, wrapping, labels, tags, and instruction guides, that accompany the retail sale of the  
154.11 products and are incidental or immaterial to the retail sale. Examples of packaging that are  
154.12 incidental or immaterial include grocery sacks, shoe boxes, dry cleaning garment bags,  
154.13 and express delivery envelopes and boxes;

154.14 (2) a promotional product provided free of charge with the required purchase of  
154.15 another product. A promotional product is provided free of charge if the sales price of  
154.16 another product, which is required to be purchased in order to receive the promotional  
154.17 product, does not vary depending on the inclusion of the promotional product; and

154.18 (3) items included in the definition of sales price.

154.19 (c) For purposes of this subdivision, the term "one nonitemized price" does not  
154.20 include a price that is separately identified by product on binding sales or other supporting  
154.21 sales-related documentation made available to the customer in paper or electronic form  
154.22 including but not limited to an invoice, bill of sale, receipt, contract, service agreement,  
154.23 lease agreement, periodic notice of rates and services, rate card, or price list.

154.24 (d) A transaction that otherwise meets the definition of a bundled transaction is  
154.25 not a bundled transaction if it is:

154.26 (1) the retail sale of tangible personal property and a service and the tangible  
154.27 personal property is essential to the use of the service, and is provided exclusively in  
154.28 connection with the service, and the true object of the transaction is the service;

154.29 (2) the retail sale of services if one service is provided that is essential to the use or  
154.30 receipt of a second service and the first service is provided exclusively in connection with  
154.31 the second service and the true object of the transaction is the second service;

154.32 (3) a transaction that includes taxable products and nontaxable products and the  
154.33 purchase price or sales price of the taxable products is de minimis; or

154.34 (4) the retail sale of exempt tangible personal property and taxable tangible personal  
154.35 property if:

155.1 (i) the transaction includes food and food ingredients, drugs, durable medical  
155.2 equipment, mobility enhancing equipment, over-the-counter drugs, prosthetic devices,  
155.3 or medical supplies; and

155.4 (ii) the seller's purchase price or sales price of the taxable tangible personal property is  
155.5 50 percent or less of the total purchase price or sales price of the bundled tangible personal  
155.6 property. Sellers must not use a combination of the purchase price and sales price of the  
155.7 tangible personal property when making the 50 percent determination for a transaction.

155.8 (e) For purposes of this subdivision, "purchase price" means the measure subject to  
155.9 use tax on purchases made by the seller, and "de minimis" means that the seller's purchase  
155.10 price or sales price of the taxable products is ten percent or less of the total purchase  
155.11 price or sales price of the bundled products. Sellers shall use either the purchase price  
155.12 or the sales price of the products to determine if the taxable products are de minimis.  
155.13 Sellers must not use a combination of the purchase price and sales price of the products  
155.14 to determine if the taxable products are de minimis. Sellers shall use the full term of a  
155.15 service contract to determine if the taxable products are de minimis.

155.16 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
155.17 June 30, 2013.

155.18 Sec. 7. Minnesota Statutes 2012, section 297A.61, subdivision 45, is amended to read:

155.19 Subd. 45. **Ring tone.** "Ring tone" means a digitized sound file that is downloaded  
155.20 onto a device and that may be used to alert the customer ~~of a telecommunication service~~  
155.21 with respect to a communication. A ring tone does not include ring back tones or other  
155.22 digital audio files that are not stored on the purchaser's communication device.

155.23 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
155.24 June 30, 2013.

155.25 Sec. 8. Minnesota Statutes 2012, section 297A.61, is amended by adding a subdivision  
155.26 to read:

155.27 Subd. 49. **Motor vehicle repair paint and motor vehicle repair materials.** "Motor  
155.28 vehicle repair paint" means a substance composed of solid matter suspended in a liquid  
155.29 medium and applied as a protective or decorative coating to the surface of a motor vehicle in  
155.30 order to restore the motor vehicle to its original condition, and includes primer, body paint,  
155.31 clear coat, and paint thinner used to paint motor vehicles, as defined in section 297B.01.

155.32 "Motor vehicle repair materials" means items, other than motor vehicle repair paint  
155.33 or motor vehicle parts, that become a part of a repaired motor vehicle or are consumed in

156.1 repairing the motor vehicle at retail, and include abrasives, battery water, body filler or  
156.2 putty, bolts and nuts, brake fluid, buffing pads, chamois, cleaning compounds, degreasing  
156.3 compounds, glaze, grease, grinding discs, hydraulic jack oil, lubricants, masking tape,  
156.4 oxygen and acetylene, polishes, rags, razor blades, sandpaper, sanding discs, scuff pads,  
156.5 sealer, solder, solvents, striping tape, tack cloth, thinner, waxes, and welding rods. Motor  
156.6 vehicle repair materials do not include items that are not used directly on the motor vehicle,  
156.7 such as floor dry that is used to clean the shop, or cleaning compounds and rags that are  
156.8 used to clean tools, equipment, or the shop and are not used to clean the motor vehicle.

156.9 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
156.10 June 30, 2013.

156.11 Sec. 9. Minnesota Statutes 2012, section 297A.61, is amended by adding a subdivision  
156.12 to read:

156.13 Subd. 50. **Digital audio works.** "Digital audio works" means works that result from  
156.14 a fixation of a series of musical, spoken, or other sounds, that are transferred electronically.  
156.15 Digital audio works includes such items as the following which may either be prerecorded  
156.16 or live: songs, music, readings of books or other written materials, speeches, ring tones, or  
156.17 other sound recordings. Digital audio works does not include audio greeting cards sent by  
156.18 electronic mail. Unless the context provides otherwise, in this chapter digital audio works  
156.19 includes the digital code, or a subscription to or access to a digital code, for receiving,  
156.20 accessing, or otherwise obtaining digital audio works.

156.21 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
156.22 June 30, 2013.

156.23 Sec. 10. Minnesota Statutes 2012, section 297A.61, is amended by adding a  
156.24 subdivision to read:

156.25 Subd. 51. **Digital audiovisual works.** "Digital audiovisual works" means a series  
156.26 of related images which, when shown in succession, impart an impression of motion,  
156.27 together with accompanying sounds, if any, that are transferred electronically. Digital  
156.28 audiovisual works includes such items as motion pictures, movies, musical videos, news  
156.29 and entertainment, and live events. Digital audiovisual works does not include video  
156.30 greeting cards sent by electronic mail. Unless the context provides otherwise, in this  
156.31 chapter digital audiovisual works includes the digital code, or a subscription to or access to  
156.32 a digital code, for receiving, accessing, or otherwise obtaining digital audiovisual works.

157.1 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
157.2 June 30, 2013.

157.3 Sec. 11. Minnesota Statutes 2012, section 297A.61, is amended by adding a  
157.4 subdivision to read:

157.5 Subd. 52. **Digital books.** "Digital books" means any literary works, other than  
157.6 digital audiovisual works or digital audio works, expressed in words, numbers, or other  
157.7 verbal or numerical symbols or indicia so long as the product is generally recognized in  
157.8 the ordinary and usual sense as a "book." It includes works of fiction and nonfiction and  
157.9 short stories. It does not include periodicals, magazines, newspapers, or other news or  
157.10 information products, chat rooms, or weblogs. Unless the context provides otherwise, in  
157.11 this chapter digital books includes the digital code, or a subscription to or access to a  
157.12 digital code, for receiving, accessing, or otherwise obtaining digital books.

157.13 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
157.14 June 30, 2013.

157.15 Sec. 12. Minnesota Statutes 2012, section 297A.61, is amended by adding a  
157.16 subdivision to read:

157.17 Subd. 53. **Digital code.** "Digital code" means a code which provides a purchaser  
157.18 with a right to obtain one or more specified digital products or other digital products.  
157.19 A digital code may be transferred electronically, such as through electronic mail, or it  
157.20 may be transferred on a tangible medium, such as on a plastic card, a piece of paper or  
157.21 invoice, or imprinted on another product. A digital code is not a code that represents a  
157.22 stored monetary value that is deducted from a total as it is used by the purchaser, and it  
157.23 is not a code that represents a redeemable card, gift card, or gift certificate that entitles  
157.24 the holder to select a digital product of an indicated cash value. The end user of a digital  
157.25 code is any purchaser except one who receives the contractual right to redistribute a digital  
157.26 product which is the subject of the transaction.

157.27 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
157.28 June 30, 2013.

157.29 Sec. 13. Minnesota Statutes 2012, section 297A.61, is amended by adding a  
157.30 subdivision to read:

157.31 Subd. 54. **Other digital products.** "Other digital products" means the following  
157.32 items when transferred electronically:

- 158.1 (1) greeting cards; and  
158.2 (2) online video or electronic games.

158.3 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
158.4 June 30, 2013.

158.5 Sec. 14. Minnesota Statutes 2012, section 297A.61, is amended by adding a  
158.6 subdivision to read:

158.7 Subd. 55. **Specified digital products.** "Specified digital products" means digital  
158.8 audio works, digital audiovisual works, and digital books that are transferred electronically  
158.9 to a customer.

158.10 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
158.11 June 30, 2013.

158.12 Sec. 15. Minnesota Statutes 2012, section 297A.61, is amended by adding a  
158.13 subdivision to read:

158.14 Subd. 56. **Transferred electronically.** "Transferred electronically" means obtained  
158.15 by the purchaser by means other than tangible storage media. For purposes of this  
158.16 subdivision, it is not necessary that a copy of the product be physically transferred to  
158.17 the purchaser. A product will be considered to have been transferred electronically to a  
158.18 purchaser if the purchaser has access to the product.

158.19 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
158.20 June 30, 2013.

158.21 Sec. 16. Minnesota Statutes 2012, section 297A.61, is amended by adding a  
158.22 subdivision to read:

158.23 Subd. 58. **Self-storage service.** "Self-storage service" means a storage service that  
158.24 provides secure areas, such as rooms, units, compartments or containers, whether accessible  
158.25 from outside or from within a building, that are designated for the use of a purchaser,  
158.26 where the purchaser retains the care custody and control of their property, including  
158.27 self-storage units, mini-storage units, and areas by any other name to which the purchaser  
158.28 retains either unlimited free access or free access within reasonable business hours or upon  
158.29 reasonable notice to the service provider to add or remove property, but does not mean the  
158.30 rental of an entire building, such as a warehouse. Self-storage service does not include  
158.31 general warehousing and storage services where the warehouse typically handles, stores,

159.1 and retrieves a purchaser's property using the warehouse's staff and equipment, and does  
159.2 not allow the purchaser free access to the storage space and does not include bailments.

159.3 **EFFECTIVE DATE.** This section is effective July 1, 2013.

159.4 Sec. 17. Minnesota Statutes 2012, section 297A.64, subdivision 1, is amended to read:

159.5 Subdivision 1. **Tax imposed.** A tax is imposed on the lease or rental in this state  
159.6 for not more than 28 days of a passenger automobile as defined in section 168.002,  
159.7 subdivision 24, a van as defined in section 168.002, subdivision 40, or a pickup truck as  
159.8 defined in section 168.002, subdivision 26. The rate of tax is ~~6.2~~ 9.2 percent of the sales  
159.9 price. The tax applies whether or not the vehicle is licensed in the state.

159.10 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
159.11 June 30, 2013.

159.12 Sec. 18. Minnesota Statutes 2012, section 297A.66, subdivision 3, is amended to read:

159.13 Subd. 3. **Retailer not maintaining place of business in this state.** (a) To the extent  
159.14 allowed by the United States Constitution and ~~the laws of the United States~~ in accordance  
159.15 with the terms and conditions of federal remote seller law, a retailer making retail sales  
159.16 from outside this state to a destination within this state and not maintaining a place of  
159.17 business in this state shall collect sales and use taxes and remit them to the commissioner  
159.18 under section 297A.77<sub>2</sub>;

159.19 (b) To the extent allowed by the United States Constitution and the laws of the  
159.20 United States, a retailer making retail sales from outside this state to a destination within  
159.21 this state and not maintaining a place of business in this state shall collect sales and use  
159.22 taxes and remit them to the commissioner under section 297A.77, if the retailer engages in  
159.23 the regular or systematic soliciting of sales from potential customers in this state by:

159.24 (1) distribution, by mail or otherwise, of catalogs, periodicals, advertising flyers, or  
159.25 other written solicitations of business to customers in this state;

159.26 (2) display of advertisements on billboards or other outdoor advertising in this state;

159.27 (3) advertisements in newspapers published in this state;

159.28 (4) advertisements in trade journals or other periodicals the circulation of which is  
159.29 primarily within this state;

159.30 (5) advertisements in a Minnesota edition of a national or regional publication or  
159.31 a limited regional edition in which this state is included as part of a broader regional or  
159.32 national publication which are not placed in other geographically defined editions of the  
159.33 same issue of the same publication;

160.1 (6) advertisements in regional or national publications in an edition which is not  
160.2 by its contents geographically targeted to Minnesota but which is sold over the counter  
160.3 in Minnesota or by subscription to Minnesota residents;

160.4 (7) advertisements broadcast on a radio or television station located in Minnesota; or

160.5 (8) any other solicitation by telegraphy, telephone, computer database, cable, optic,  
160.6 microwave, or other communication system.

160.7 This paragraph (a) must be construed without regard to the state from which  
160.8 distribution of the materials originated or in which they were prepared.

160.9 (b) The location within or without this state of independent vendors that provide  
160.10 products or services to the retailer in connection with its solicitation of customers within this  
160.11 state, including such products and services as creation of copy, printing, distribution, and  
160.12 recording, is not considered in determining whether the retailer is required to collect tax.

160.13 (c) A retailer not maintaining a place of business in this state is presumed, subject to  
160.14 rebuttal, to be engaged in regular solicitation within this state if it engages in any of the  
160.15 activities in paragraph (a) and:

160.16 (1) makes 100 or more retail sales from outside this state to destinations in this state  
160.17 during a period of 12 consecutive months; or

160.18 (2) makes ten or more retail sales totaling more than \$100,000 from outside this state  
160.19 to destinations in this state during a period of 12 consecutive months.

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

160.21 Sec. 19. Minnesota Statutes 2012, section 297A.66, is amended by adding a  
160.22 subdivision to read:

160.23 Subd. 4a. **Solicitor.** (a) "Solicitor," for purposes of subdivision 1, paragraph (a),  
160.24 means a person, whether an independent contractor or other representative, who directly  
160.25 or indirectly solicits business for the retailer.

160.26 (b) A retailer is presumed to have a solicitor in this state if it enters into an agreement  
160.27 with a resident under which the resident, for a commission or other substantially similar  
160.28 consideration, directly or indirectly refers potential customers, whether by a link on an  
160.29 Internet Web site, or otherwise, to the seller. This paragraph only applies if the total gross  
160.30 receipts are at least \$10,000 in the 12-month period ending on the last day of the most recent  
160.31 calendar quarter before the calendar quarter in which the sale is made. For purposes of this  
160.32 paragraph, gross receipts means receipts from sales to customers located in the state who  
160.33 were referred to the retailer by all residents with this type of agreement with the retailer.

160.34 (c) The presumption under paragraph (b) may be rebutted by proof that the resident  
160.35 with whom the seller has an agreement did not engage in any solicitation in the state



161.1 on behalf of the retailer that would satisfy the nexus requirement of the United States  
 161.2 Constitution during the 12-month period in question. Nothing in this section shall be  
 161.3 construed to narrow the scope of the terms affiliate, agent, salesperson, canvasser, or other  
 161.4 representative for purposes of subdivision 1, paragraph (a).

161.5 (d) For purposes of this paragraph, "resident" includes an individual who is a  
 161.6 resident of this state, as defined in section 290.01, or a business that owns tangible  
 161.7 personal property located in this state or has one or more employees providing services for  
 161.8 the business in this state.

161.9 (e) This subdivision does not apply to chapter 290 and does not expand or contract  
 161.10 the jurisdiction to tax a trade or business under chapter 290.

161.11 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
 161.12 June 30, 2013.

161.13 Sec. 20. Minnesota Statutes 2012, section 297A.665, is amended to read:

161.14 **297A.665 PRESUMPTION OF TAX; BURDEN OF PROOF.**

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

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

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

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

161.21 However, a seller is relieved of liability if:

161.22 (1) the seller obtains a fully completed exemption certificate or all the relevant  
 161.23 information required by section 297A.72, subdivision 2, at the time of the sale or within  
 161.24 90 days after the date of the sale; ~~or~~

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

161.29 (i) obtains in good faith a fully completed exemption certificate or all the relevant  
 161.30 information required by section 297A.72, subdivision 2, from the purchaser; or

161.31 (ii) proves by other means that the transaction was not subject to tax;

161.32 (3) in the case of drop shipment sales, a seller engaged in drop shipping may claim a  
 161.33 resale exemption based on an exemption certificate provided by its customer or reseller,  
 161.34 or any other acceptable information available to the seller engaged in drop shipping

162.1 evidencing qualification for a resale exemption, regardless of whether the customer or  
162.2 reseller is registered to collect and remit sales and use tax in the state.

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

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

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

162.6 (d) A certified service provider, as defined in section 297A.995, subdivision 2, is  
162.7 relieved of liability under this section to the extent a seller who is its client is relieved of  
162.8 liability.

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

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

162.16 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
162.17 June 30, 2013.

162.18 Sec. 21. Minnesota Statutes 2012, section 297A.668, is amended by adding a  
162.19 subdivision to read:

162.20 **Subd. 6a. Multiple points of use.** (a) Notwithstanding the provisions of subdivisions  
162.21 2 and 3, a business purchaser that has not received authorization to pay the tax directly to  
162.22 the commissioner may use an exemption certificate indicating multiple points of use if:

162.23 (1) the purchaser knows at the time of its purchase of a digital good, computer  
162.24 software delivered electronically, or a service that the good or service will be concurrently  
162.25 available for use in more than one taxing jurisdiction; and

162.26 (2) the purchaser delivers to the seller the exemption certificate indicating multiple  
162.27 points of use at the time of purchase.

162.28 (b) Upon receipt of the fully completed exemption certificate indicating multiple  
162.29 points of use, the seller is relieved of the obligation to collect, pay, or remit the applicable  
162.30 tax and the purchaser is obligated to collect, pay, or remit the applicable tax on a direct  
162.31 pay basis. The provisions of section 297A.665 apply to this paragraph.

162.32 (c) The purchaser delivering the exemption certificate indicating multiple points  
162.33 of use may use any reasonable but consistent and uniform method of apportionment  
162.34 that is supported by the purchaser's business records as they exist at the time of the  
162.35 consummation of the sale.

163.1 (d) The purchaser shall provide the exemption certificate indicating multiple points  
163.2 of use to the seller at the time of purchase.

163.3 (e) A purchaser that has received authorization to pay the tax directly to the  
163.4 commissioner is not required to deliver to the seller an exemption certificate indicating  
163.5 multiple points of use. A purchaser that has received authorization to pay the tax directly  
163.6 to the commissioner shall follow the provisions of paragraph (c) in apportioning the tax  
163.7 due on a digital good, computer software delivered electronically, or a service that will be  
163.8 concurrently available for use in more than one taxing jurisdiction.

163.9 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
163.10 June 30, 2013.

163.11 Sec. 22. Minnesota Statutes 2012, section 297A.67, subdivision 7, is amended to read:

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

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

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

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

163.20 (4) prosthetic devices;

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

163.22 (6) mobility enhancing equipment;

163.23 (7) prescription corrective eyeglasses; and

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

163.25 (b) Items purchased in transactions covered by:

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

163.28 (2) Medicaid as defined under title XIX of the Social Security Act, United States  
163.29 Code, title 42, section 1396, et seq.

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

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

164.1 (i) recognized in the official United States Pharmacopoeia, official Homeopathic  
164.2 Pharmacopoeia of the United States, or official National Formulary, and supplement  
164.3 to any of them;

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

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

164.7 (2) "Durable medical equipment" means equipment, including repair and  
164.8 replacement parts, including single-patient use items, but not including mobility enhancing  
164.9 equipment, that:

164.10 (i) can withstand repeated use;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

165.3 Prosthetic device does not include corrective eyeglasses.

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

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

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

165.9 (8) A transaction is covered by Medicare or Medicaid if any portion of the cost of  
165.10 the item purchased in the transaction is paid for or reimbursed by the federal government  
165.11 or the state of Minnesota pursuant to the Medicare or Medicaid program, by a private  
165.12 insurance company administering the Medicare or Medicaid program on behalf of the  
165.13 federal government or the state of Minnesota, or by a managed care organization for the  
165.14 benefit of a patient enrolled in a prepaid program that furnishes medical services in lieu  
165.15 of conventional Medicare or Medicaid coverage pursuant to agreement with the federal  
165.16 government or the state of Minnesota.

165.17 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
165.18 June 30, 2013.

165.19 Sec. 23. Minnesota Statutes 2012, section 297A.67, is amended by adding a  
165.20 subdivision to read:

165.21 Subd. 7a. **Accessories and supplies.** Accessories and supplies required for the  
165.22 effective use of durable medical equipment for home use only or purchased in a transaction  
165.23 covered by medicare or Medicaid, that are not already exempt under section 297A.67,  
165.24 subdivision 7, are exempt. Accessories and supplies for the effective use of a prosthetic  
165.25 device that are not already exempt under section 297A.67, subdivision 7, are exempt.  
165.26 For purposes of this subdivision "durable medical equipment," "prosthetic device,"  
165.27 "Medicare," and "Medicaid" have the definitions given in section 297A.67, subdivision 7.

165.28 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
165.29 June 30, 2013.

165.30 Sec. 24. Minnesota Statutes 2012, section 297A.67, subdivision 13, is amended to read:

165.31 Subd. 13. **Textbooks.** Textbooks, including digital books, that are prescribed for use  
165.32 in conjunction with a course of study in a school, college, university, and private career  
165.33 school to students who are regularly enrolled at such institutions are exempt. For purposes

166.1 of this subdivision (1) a "school" is as defined in section 120A.22, subdivision 4; and (2)  
166.2 "private career school" means a school licensed under section 141.25.

166.3 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
166.4 June 30, 2013.

166.5 Sec. 25. Minnesota Statutes 2012, section 297A.68, subdivision 2, is amended to read:

166.6 Subd. 2. **Materials consumed in industrial production.** (a) Materials stored, used,  
166.7 or consumed in industrial production of tangible personal property intended to be sold  
166.8 ultimately at retail, are exempt, whether or not the item so used becomes an ingredient  
166.9 or constituent part of the property produced. Materials that qualify for this exemption  
166.10 include, but are not limited to, the following:

166.11 (1) chemicals, including chemicals used for cleaning food processing machinery  
166.12 and equipment;

166.13 (2) materials, including chemicals, fuels, and electricity purchased by persons  
166.14 engaged in industrial production to treat waste generated as a result of the production  
166.15 process;

166.16 (3) fuels, electricity, gas, and steam used or consumed in the production process,  
166.17 except that electricity, gas, or steam used for space heating, cooling, or lighting is exempt  
166.18 if (i) it is in excess of the average climate control or lighting for the production area, and  
166.19 (ii) it is necessary to produce that particular product;

166.20 (4) petroleum products and lubricants;

166.21 (5) packaging materials, including returnable containers used in packaging food  
166.22 and beverage products;

166.23 (6) accessory tools, equipment, and other items that are separate detachable units  
166.24 with an ordinary useful life of less than 12 months used in producing a direct effect upon  
166.25 the product; and

166.26 (7) the following materials, tools, and equipment used in metal-casting: crucibles,  
166.27 thermocouple protection sheaths and tubes, stalk tubes, refractory materials, molten metal  
166.28 filters and filter boxes, degassing lances, and base blocks.

166.29 (b) This exemption does not include:

166.30 (1) machinery, equipment, implements, tools, accessories, appliances, contrivances  
166.31 and furniture and fixtures, except those listed in paragraph (a), clause (6); and

166.32 (2) petroleum and special fuels used in producing or generating power for propelling  
166.33 ready-mixed concrete trucks on the public highways of this state.

166.34 (c) Industrial production includes, but is not limited to, research, development,  
166.35 design or production of any tangible personal property, manufacturing, processing (other

167.1 than by restaurants and consumers) of agricultural products (whether vegetable or animal),  
167.2 commercial fishing, refining, smelting, reducing, brewing, distilling, printing, mining,  
167.3 quarrying, lumbering, generating electricity, the production of road building materials,  
167.4 and the research, development, design, or production of computer software. Industrial  
167.5 production does not include painting, cleaning, repairing or similar processing of property  
167.6 except as part of the original manufacturing process.

167.7 (d) Industrial production does not include:

167.8 (1) the furnishing of services listed in section 297A.61, subdivision 3, paragraph (g),  
167.9 clause (6), items (i) to (vi) and (viii), or paragraph (m); or

167.10 (2) the transportation, transmission, or distribution of petroleum, liquefied gas,  
167.11 natural gas, water, or steam, in, by, or through pipes, lines, tanks, mains, or other means of  
167.12 transporting those products. For purposes of this paragraph, "transportation, transmission,  
167.13 or distribution" does not include blending of petroleum or biodiesel fuel as defined  
167.14 in section 239.77.

167.15 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
167.16 June 30, 2013.

167.17 Sec. 26. Minnesota Statutes 2012, section 297A.68, subdivision 5, is amended to read:

167.18 Subd. 5. **Capital equipment.** (a) Capital equipment is exempt. ~~The tax must be~~  
167.19 ~~imposed and collected as if the rate under section 297A.62, subdivision 1, applied, and~~  
167.20 ~~then refunded in the manner provided in section 297A.75.~~

167.21 "Capital equipment" means machinery and equipment purchased or leased, and used  
167.22 in this state by the purchaser or lessee primarily for manufacturing, fabricating, mining,  
167.23 or refining tangible personal property to be sold ultimately at retail if the machinery and  
167.24 equipment are essential to the integrated production process of manufacturing, fabricating,  
167.25 mining, or refining. Capital equipment also includes machinery and equipment  
167.26 used primarily to electronically transmit results retrieved by a customer of an online  
167.27 computerized data retrieval system.

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

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

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

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

- 168.1 (4) materials and supplies used to construct and install machinery or equipment;
- 168.2 (5) repair and replacement parts, including accessories, whether purchased as spare  
168.3 parts, repair parts, or as upgrades or modifications to machinery or equipment;
- 168.4 (6) materials used for foundations that support machinery or equipment;
- 168.5 (7) materials used to construct and install special purpose buildings used in the  
168.6 production process;
- 168.7 (8) ready-mixed concrete equipment in which the ready-mixed concrete is mixed  
168.8 as part of the delivery process regardless if mounted on a chassis, repair parts for  
168.9 ready-mixed concrete trucks, and leases of ready-mixed concrete trucks; and
- 168.10 (9) machinery or equipment used for research, development, design, or production  
168.11 of computer software.
- 168.12 (c) Capital equipment does not include the following:
- 168.13 (1) motor vehicles taxed under chapter 297B;
- 168.14 (2) machinery or equipment used to receive or store raw materials;
- 168.15 (3) building materials, except for materials included in paragraph (b), clauses (6)  
168.16 and (7);
- 168.17 (4) machinery or equipment used for nonproduction purposes, including, but not  
168.18 limited to, the following: plant security, fire prevention, first aid, and hospital stations;  
168.19 support operations or administration; pollution control; and plant cleaning, disposal of  
168.20 scrap and waste, plant communications, space heating, cooling, lighting, or safety;
- 168.21 (5) farm machinery and aquaculture production equipment as defined by section  
168.22 297A.61, subdivisions 12 and 13;
- 168.23 (6) machinery or equipment purchased and installed by a contractor as part of an  
168.24 improvement to real property;
- 168.25 (7) machinery and equipment used by restaurants in the furnishing, preparing, or  
168.26 serving of prepared foods as defined in section 297A.61, subdivision 31;
- 168.27 (8) machinery and equipment used to furnish the services listed in section 297A.61,  
168.28 subdivision 3, paragraph (g), clause (6), items (i) to (vi) and (viii);
- 168.29 (9) machinery or equipment used in the transportation, transmission, or distribution  
168.30 of petroleum, liquefied gas, natural gas, water, or steam, in, by, or through pipes, lines,  
168.31 tanks, mains, or other means of transporting those products. This clause does not apply to  
168.32 machinery or equipment used to blend petroleum or biodiesel fuel as defined in section  
168.33 239.77; or
- 168.34 (10) any other item that is not essential to the integrated process of manufacturing,  
168.35 fabricating, mining, or refining.
- 168.36 (d) For purposes of this subdivision:



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

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

169.8 (3) "Integrated production process" means a process or series of operations through  
169.9 which tangible personal property is manufactured, fabricated, mined, or refined. For  
169.10 purposes of this clause, (i) manufacturing begins with the removal of raw materials  
169.11 from inventory and ends when the last process prior to loading for shipment has been  
169.12 completed; (ii) fabricating begins with the removal from storage or inventory of the  
169.13 property to be assembled, processed, altered, or modified and ends with the creation  
169.14 or production of the new or changed product; (iii) mining begins with the removal of  
169.15 overburden from the site of the ores, minerals, stone, peat deposit, or surface materials and  
169.16 ends when the last process before stockpiling is completed; and (iv) refining begins with  
169.17 the removal from inventory or storage of a natural resource and ends with the conversion  
169.18 of the item to its completed form.

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

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

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

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

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

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

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

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

170.6 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
170.7 August 31, 2014.

170.8 Sec. 27. Minnesota Statutes 2012, section 297A.68, subdivision 42, is amended to read:

170.9 Subd. 42. **Qualified data centers.** (a) Purchases of enterprise information  
170.10 technology equipment and computer software for use in a qualified data center, or a  
170.11 qualified refurbished data center, are exempt. The tax on purchases exempt under this  
170.12 paragraph must be imposed and collected as if the rate under section 297A.62, subdivision  
170.13 1, applied, and then refunded after June 30, 2013, in the manner provided in section  
170.14 297A.75. This exemption includes enterprise information technology equipment and  
170.15 computer software purchased to replace or upgrade enterprise information technology  
170.16 equipment and computer software in a qualified data center, or a qualified refurbished  
170.17 data center.

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

170.19 (c) For purposes of this subdivision, "qualified data center, or a qualified refurbished  
170.20 data center," means a facility in Minnesota:

170.21 (1) that is comprised of one or more buildings that consist in the aggregate of at least  
170.22 ~~30,000~~ 25,000 square feet, and that are located on a single parcel or on contiguous parcels,  
170.23 where the total cost of construction or refurbishment, investment in enterprise information  
170.24 technology equipment, and computer software is at least ~~\$50,000,000~~ \$30,000,000 within  
170.25 a ~~24~~ 48-month period;

170.26 (2) that is constructed or substantially refurbished after June 30, 2012, where  
170.27 "substantially refurbished" means that at least ~~30,000~~ 25,000 square feet have been rebuilt  
170.28 or modified; ~~and~~, including:

170.29 (i) installation of enterprise information technology equipment, environmental  
170.30 control, computer software, and energy efficiency improvements; and

170.31 (ii) building improvements; and

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

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

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

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

171.5 In determining whether the facility has the required square footage, the square  
171.6 footage of the following spaces shall be included if the spaces support the operation  
171.7 of enterprise information technology equipment: office space, meeting space, and  
171.8 mechanical and other support facilities. For purposes of this subdivision, "computer  
171.9 software" includes, but is not limited to, software utilized or loaded at the qualified data  
171.10 center, including maintenance, licensing, and software customization.

171.11 (d) For purposes of this subdivision, a "qualified refurbished data center" means an  
171.12 existing facility that qualifies as a data center under paragraph (c), clauses (2) and (3), but  
171.13 that is comprised of one or more buildings that consist in the aggregate of at least 25,000  
171.14 square feet, and that are located on a single parcel or contiguous parcels, where the total  
171.15 cost of construction or refurbishment, investment in enterprise information technology  
171.16 equipment, and computer software is at least \$50,000,000 within a 24-month period.

171.17 ~~(d)~~ (e) For purposes of this subdivision, "enterprise information technology  
171.18 equipment" means computers and equipment supporting computing, networking, or data  
171.19 storage, including servers and routers. It includes, but is not limited to: cooling systems,  
171.20 cooling towers, and other temperature control infrastructure; power infrastructure for  
171.21 transformation, distribution, or management of electricity used for the maintenance  
171.22 and operation of a qualified data center, including but not limited to exterior dedicated  
171.23 business-owned substations, backup power generation systems, battery systems, and  
171.24 related infrastructure; and racking systems, cabling, and trays, which are necessary for  
171.25 the maintenance and operation of the qualified data center.

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

171.29 ~~(f)~~ (g) The purpose of this exemption is to create jobs in the construction and data  
171.30 center industries.

171.31 ~~(g)~~ (h) This subdivision is effective for sales and purchases made after June 30,  
171.32 2012, and before July 1, 2042.

171.33 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
171.34 June 30, 2013.

172.1 Sec. 28. Minnesota Statutes 2012, section 297A.68, is amended by adding a  
172.2 subdivision to read:

172.3 Subd. 49. **Greater Minnesota business expansions.** (a) Purchases and use of  
172.4 tangible personal property or taxable services by a qualified business, as defined in section  
172.5 116J.3738, are exempt if:

172.6 (1) the business subsidy agreement provides that the exemption under this  
172.7 subdivision applies;

172.8 (2) the property or services are primarily used or consumed in greater Minnesota; and

172.9 (3) the purchase was made and delivery received during the duration of the  
172.10 certification of the business as a qualified business under section 116J.3738.

172.11 (b) Purchase and use of construction materials and supplies used or consumed in,  
172.12 and equipment incorporated into, the construction of improvements to real property in  
172.13 greater Minnesota are exempt if the improvements after completion of construction are  
172.14 to be used in the conduct of the trade or business of the qualified business, as defined in  
172.15 section 116J.3738. This exemption applies regardless of whether the purchases are made  
172.16 by the business or a contractor.

172.17 (c) The exemptions under this subdivision apply to a local sales and use tax.

172.18 (d) The tax on purchases imposed under this subdivision must be imposed and  
172.19 collected as if the rate under section 297A.62 applied, and then refunded in the manner  
172.20 provided in section 297A.75. No more than \$7,000,000 may be refunded in a fiscal year  
172.21 for all purchases under this subdivision. Refunds must be allocated on a first come, first  
172.22 served basis. If more than \$7,000,000 of eligible claims are made in a fiscal year, claims  
172.23 by qualified businesses carryover to the next fiscal year, and the commissioner must first  
172.24 allocate refunds to qualified businesses eligible for a refund in the preceding fiscal year.  
172.25 Any portion of the balance of funds allocated for refunds under this paragraph does not  
172.26 cancel and shall be carried forward to and available for refunds in subsequent fiscal years.

172.27 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
172.28 June 30, 2014.

172.29 Sec. 29. Minnesota Statutes 2012, section 297A.70, subdivision 2, is amended to read:

172.30 Subd. 2. **Sales to government.** (a) All sales, except those listed in paragraph (b),  
172.31 to the following governments and political subdivisions, or to the listed agencies or  
172.32 instrumentalities of governments and political subdivisions, are exempt:

172.33 (1) the United States and its agencies and instrumentalities;

172.34 (2) school districts, local governments, the University of Minnesota, state universities,  
172.35 community colleges, technical colleges, state academies, the Perpich Minnesota Center for

173.1 Arts Education, and an instrumentality of a political subdivision that is accredited as an  
173.2 optional/special function school by the North Central Association of Colleges and Schools;

173.3 (3) hospitals and nursing homes owned and operated by political subdivisions of  
173.4 the state of tangible personal property and taxable services used at or by hospitals and  
173.5 nursing homes;

173.6 (4) the Metropolitan Council, for its purchases of vehicles and repair parts to equip  
173.7 operations provided for in section 473.4051;

173.8 (5) other states or political subdivisions of other states, if the sale would be exempt  
173.9 from taxation if it occurred in that state; and

173.10 (6) public libraries, public library systems, multicounty, multitype library systems as  
173.11 defined in section 134.001, county law libraries under chapter 134A, state agency libraries,  
173.12 the state library under section 480.09, and the Legislative Reference Library; and

173.13 ~~(7) towns.~~

173.14 (b) This exemption does not apply to the sales of the following products and services:

173.15 (1) building, construction, or reconstruction materials purchased by a contractor  
173.16 or a subcontractor as a part of a lump-sum contract or similar type of contract with a  
173.17 guaranteed maximum price covering both labor and materials for use in the construction,  
173.18 alteration, or repair of a building or facility;

173.19 (2) construction materials purchased by tax exempt entities or their contractors to  
173.20 be used in constructing buildings or facilities which will not be used principally by the  
173.21 tax exempt entities;

173.22 (3) the leasing of a motor vehicle as defined in section 297B.01, subdivision 11,  
173.23 except for leases entered into by the United States or its agencies or instrumentalities;

173.24 (4) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause  
173.25 (2), and prepared food, candy, soft drinks, and alcoholic beverages as defined in section  
173.26 297A.67, subdivision 2, except for lodging, prepared food, candy, soft drinks, and alcoholic  
173.27 beverages purchased directly by the United States or its agencies or instrumentalities; or

173.28 (5) goods or services purchased by a ~~town~~ local government as inputs to goods and  
173.29 services that are generally provided by a private business and the purchases would be  
173.30 taxable if made by a private business engaged in the same activity.

173.31 (c) As used in this subdivision, "school districts" means public school entities and  
173.32 districts of every kind and nature organized under the laws of the state of Minnesota, and  
173.33 any instrumentality of a school district, as defined in section 471.59.

173.34 (d) As used in this subdivision, "local governments" means cities, counties, and  
173.35 townships.

174.1           ~~(d)~~ (e) As used in this subdivision, "goods or services generally provided by a private  
174.2 business" include, but are not limited to, goods or services provided by liquor stores, gas  
174.3 and electric utilities, golf courses, marinas, health and fitness centers, campgrounds, cafes,  
174.4 and laundromats. "Goods or services generally provided by a private business" do not  
174.5 include housing services, sewer and water services, wastewater treatment, ambulance and  
174.6 other public safety services, correctional services, chore or homemaking services provided  
174.7 to elderly or disabled individuals, or road and street maintenance or lighting.

174.8           **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
174.9 December 31, 2013.

174.10          Sec. 30. Minnesota Statutes 2012, section 297A.70, subdivision 4, is amended to read:

174.11           Subd. 4. **Sales to nonprofit groups.** (a) All sales, except those listed in paragraph  
174.12 (b), to the following "nonprofit organizations" are exempt:

174.13           (1) a corporation, society, association, foundation, or institution organized and  
174.14 operated exclusively for charitable, religious, or educational purposes if the item  
174.15 purchased is used in the performance of charitable, religious, or educational functions; and

174.16           (2) any senior citizen group or association of groups that:

174.17           (i) in general limits membership to persons who are either age 55 or older, or  
174.18 physically disabled;

174.19           (ii) is organized and operated exclusively for pleasure, recreation, and other  
174.20 nonprofit purposes, not including housing, no part of the net earnings of which inures to  
174.21 the benefit of any private shareholders; and

174.22           (iii) is an exempt organization under section 501(c) of the Internal Revenue Code.

174.23          For purposes of this subdivision, charitable purpose includes the maintenance of a  
174.24 cemetery owned by a religious organization.

174.25           (b) This exemption does not apply to the following sales:

174.26           (1) building, construction, or reconstruction materials purchased by a contractor  
174.27 or a subcontractor as a part of a lump-sum contract or similar type of contract with a  
174.28 guaranteed maximum price covering both labor and materials for use in the construction,  
174.29 alteration, or repair of a building or facility;

174.30           (2) construction materials purchased by tax-exempt entities or their contractors to  
174.31 be used in constructing buildings or facilities that will not be used principally by the  
174.32 tax-exempt entities; and

174.33           (3) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause  
174.34 (2), and prepared food, candy, soft drinks, and alcoholic beverages as defined in section

175.1 297A.67, subdivision 2, except wine purchased by an established religious organization  
175.2 for sacramental purposes or as allowed under subdivision 9a; and

175.3 (4) leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except  
175.4 as provided in paragraph (c).

175.5 (c) This exemption applies to the leasing of a motor vehicle as defined in section  
175.6 297B.01, subdivision 11, only if the vehicle is:

175.7 (1) a truck, as defined in section 168.002, a bus, as defined in section 168.002, or a  
175.8 passenger automobile, as defined in section 168.002, if the automobile is designed and  
175.9 used for carrying more than nine persons including the driver; and

175.10 (2) intended to be used primarily to transport tangible personal property or  
175.11 individuals, other than employees, to whom the organization provides service in  
175.12 performing its charitable, religious, or educational purpose.

175.13 (d) A limited liability company also qualifies for exemption under this subdivision if  
175.14 (1) it consists of a sole member that would qualify for the exemption, and (2) the items  
175.15 purchased qualify for the exemption.

175.16 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases  
175.17 made after June 30, 2012.

175.18 Sec. 31. Minnesota Statutes 2012, section 297A.70, subdivision 5, is amended to read:

175.19 Subd. 5. **Veterans groups.** Sales to an organization of military service veterans or  
175.20 an auxiliary unit of an organization of military service veterans are exempt if:

175.21 (1) the organization or auxiliary unit is organized within the state of Minnesota  
175.22 and is exempt from federal taxation under section 501(c), clause (19), of the Internal  
175.23 Revenue Code; and

175.24 (2) the tangible personal property is or services are for charitable, civic, educational,  
175.25 or nonprofit uses and not for social, recreational, pleasure, or profit uses.

175.26 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
175.27 June 30, 2013.

175.28 Sec. 32. Minnesota Statutes 2012, section 297A.70, subdivision 7, is amended to read:

175.29 Subd. 7. **Hospitals ~~and~~, outpatient surgical centers, and critical access dental**  
175.30 **providers.** (a) Sales, except for those listed in paragraph ~~(e)~~ (d), to a hospital are exempt,  
175.31 if the items purchased are used in providing hospital services. For purposes of this  
175.32 subdivision, "hospital" means a hospital organized and operated for charitable purposes  
175.33 within the meaning of section 501(c)(3) of the Internal Revenue Code, and licensed under

176.1 chapter 144 or by any other jurisdiction, and "hospital services" are services authorized or  
176.2 required to be performed by a "hospital" under chapter 144.

176.3 (b) Sales, except for those listed in paragraph ~~(e)~~ (d), to an outpatient surgical center  
176.4 are exempt, if the items purchased are used in providing outpatient surgical services. For  
176.5 purposes of this subdivision, "outpatient surgical center" means an outpatient surgical  
176.6 center organized and operated for charitable purposes within the meaning of section  
176.7 501(c)(3) of the Internal Revenue Code, and licensed under chapter 144 or by any other  
176.8 jurisdiction. For the purposes of this subdivision, "outpatient surgical services" means:  
176.9 (1) services authorized or required to be performed by an outpatient surgical center under  
176.10 chapter 144; and (2) urgent care. For purposes of this subdivision, "urgent care" means  
176.11 health services furnished to a person whose medical condition is sufficiently acute to  
176.12 require treatment unavailable through, or inappropriate to be provided by, a clinic or  
176.13 physician's office, but not so acute as to require treatment in a hospital emergency room.

176.14 (c) Sales, except for those listed in paragraph (d), to a critical access dental provider  
176.15 are exempt, if the items purchased are used in providing critical access dental care  
176.16 services. For the purposes of this subdivision, "critical access dental provider" means a  
176.17 dentist or dental clinic that qualifies under section 256B.76, subdivision 4, paragraph (b)  
176.18 and, in the previous calendar year, had no more than 15 percent of its patients covered by  
176.19 private dental insurance.

176.20 (d) This exemption does not apply to the following products and services:

176.21 (1) purchases made by a clinic, physician's office, or any other medical facility not  
176.22 operating as a hospital or outpatient surgical center, or critical access dental provider,  
176.23 even though the clinic, office, or facility may be owned and operated by a hospital or  
176.24 outpatient surgical center, or critical access dental provider;

176.25 (2) sales under section 297A.61, subdivision 3, paragraph (g), clause (2), and  
176.26 prepared food, candy, and soft drinks;

176.27 (3) building and construction materials used in constructing buildings or facilities  
176.28 that will not be used principally by the hospital or outpatient surgical center, or critical  
176.29 access dental provider;

176.30 (4) building, construction, or reconstruction materials purchased by a contractor or a  
176.31 subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed  
176.32 maximum price covering both labor and materials for use in the construction, alteration, or  
176.33 repair of a hospital or outpatient surgical center, or critical access dental provider; or

176.34 (5) the leasing of a motor vehicle as defined in section 297B.01, subdivision 11.



177.1           ~~(d)~~ (e) A limited liability company also qualifies for exemption under this  
177.2 subdivision if (1) it consists of a sole member that would qualify for the exemption, and  
177.3 (2) the items purchased qualify for the exemption.

177.4           ~~(e)~~ (f) An entity that contains both a hospital and a nonprofit unit may claim this  
177.5 exemption on purchases made for both the hospital and nonprofit unit provided that:

177.6           (1) the nonprofit unit would have qualified for exemption under subdivision 4; and

177.7           (2) the items purchased would have qualified for the exemption.

177.8           **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases  
177.9 made after June 30, 2007. Purchasers may apply for a refund of tax paid for qualifying  
177.10 purchases under this subdivision made after June 30, 2007, and before July 1, 2013, in the  
177.11 manner provided in Minnesota Statutes, section 297A.75. Notwithstanding limitations  
177.12 on claims for refunds under Minnesota Statutes, section 297A.40, claims may be filed  
177.13 with the commissioner until June 30, 2014.

177.14       Sec. 33. Minnesota Statutes 2012, section 297A.70, is amended by adding a  
177.15 subdivision to read:

177.16           Subd. 9a. **Established religious orders.** (a) Sales of lodging, prepared food, candy,  
177.17 soft drinks, and alcoholic beverages at noncatered events between an established religious  
177.18 order and an affiliated institution of higher education are exempt.

177.19           (b) For purposes of this subdivision, "established religious order" means an  
177.20 organization directly or indirectly under the control or supervision of a church or  
177.21 convention or association of churches, where members of the organization:

177.22           (1) normally live together as part of a community;

177.23           (2) make long-term commitments to live under a strict set of moral and spiritual  
177.24 rules; and

177.25           (3) work or engage full time in a combination of prayer, religious study, church  
177.26 reform or renewal, or other religious, educational, or charitable goals of the organization.

177.27           (c) For purposes of this subdivision, an institution of higher education is "affiliated"  
177.28 with an established religious order if members of the religious order are represented  
177.29 on the governing board of the institution of higher education and the two organization  
177.30 share campus space and common facilities.

177.31           **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases  
177.32 made after June 30, 2012.

177.33       Sec. 34. Minnesota Statutes 2012, section 297A.70, subdivision 13, is amended to read:

178.1 Subd. 13. **Fund-raising sales by or for nonprofit groups.** (a) The following  
178.2 sales by the specified organizations for fund-raising purposes are exempt, subject to the  
178.3 limitations listed in paragraph (b):

178.4 (1) all sales made by a nonprofit organization that exists solely for the purpose of  
178.5 providing educational or social activities for young people primarily age 18 and under;

178.6 (2) all sales made by an organization that is a senior citizen group or association of  
178.7 groups if (i) in general it limits membership to persons age 55 or older; (ii) it is organized  
178.8 and operated exclusively for pleasure, recreation, and other nonprofit purposes; and (iii)  
178.9 no part of its net earnings inures to the benefit of any private shareholders;

178.10 (3) the sale or use of tickets or admissions to a golf tournament held in Minnesota if  
178.11 the beneficiary of the tournament's net proceeds qualifies as a tax-exempt organization  
178.12 under section 501(c)(3) of the Internal Revenue Code; and

178.13 (4) sales of candy sold for fund-raising purposes by a nonprofit organization that  
178.14 provides educational and social activities primarily for young people age 18 and under.

178.15 (b) The exemptions listed in paragraph (a) are limited in the following manner:

178.16 (1) the exemption under paragraph (a), clauses (1) and (2), applies only if the gross  
178.17 annual receipts of the organization from fund-raising do not exceed \$10,000; and

178.18 (2) the exemption under paragraph (a), clause (1), does not apply if the sales are  
178.19 derived from admission charges or from activities for which the money must be deposited  
178.20 with the school district treasurer under section 123B.49, subdivision 2, or be recorded in  
178.21 the same manner as other revenues or expenditures of the school district under section  
178.22 123B.49, subdivision 4.

178.23 (c) Sales of tangible personal property and services are exempt if the entire proceeds,  
178.24 less the necessary expenses for obtaining the property or services, will be contributed to  
178.25 a registered combined charitable organization described in section 43A.50, to be used  
178.26 exclusively for charitable, religious, or educational purposes, and the registered combined  
178.27 charitable organization has given its written permission for the sale. Sales that occur over  
178.28 a period of more than 24 days per year are not exempt under this paragraph.

178.29 (d) For purposes of this subdivision, a club, association, or other organization of  
178.30 elementary or secondary school students organized for the purpose of carrying on sports,  
178.31 educational, or other extracurricular activities is a separate organization from the school  
178.32 district or school for purposes of applying the \$10,000 limit.

178.33 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
178.34 June 30, 2013.

178.35 Sec. 35. Minnesota Statutes 2012, section 297A.70, subdivision 14, is amended to read:

179.1 Subd. 14. **Fund-raising events sponsored by nonprofit groups.** (a) Sales of  
179.2 tangible personal property or services at, and admission charges for fund-raising events  
179.3 sponsored by, a nonprofit organization are exempt if:

179.4 (1) all gross receipts are recorded as such, in accordance with generally accepted  
179.5 accounting practices, on the books of the nonprofit organization; and

179.6 (2) the entire proceeds, less the necessary expenses for the event, will be used solely  
179.7 and exclusively for charitable, religious, or educational purposes. Exempt sales include  
179.8 the sale of prepared food, candy, and soft drinks at the fund-raising event.

179.9 (b) This exemption is limited in the following manner:

179.10 (1) it does not apply to admission charges for events involving bingo or other  
179.11 gambling activities or to charges for use of amusement devices involving bingo or other  
179.12 gambling activities;

179.13 (2) all gross receipts are taxable if the profits are not used solely and exclusively for  
179.14 charitable, religious, or educational purposes;

179.15 (3) it does not apply unless the organization keeps a separate accounting record,  
179.16 including receipts and disbursements from each fund-raising event that documents all  
179.17 deductions from gross receipts with receipts and other records;

179.18 (4) it does not apply to any sale made by or in the name of a nonprofit corporation as  
179.19 the active or passive agent of a person that is not a nonprofit corporation;

179.20 (5) all gross receipts are taxable if fund-raising events exceed 24 days per year;

179.21 (6) it does not apply to fund-raising events conducted on premises leased for more  
179.22 than five days but less than 30 days; and

179.23 (7) it does not apply if the risk of the event is not borne by the nonprofit organization  
179.24 and the benefit to the nonprofit organization is less than the total amount of the state and  
179.25 local tax revenues forgone by this exemption.

179.26 (c) For purposes of this subdivision, a "nonprofit organization" means any unit of  
179.27 government, corporation, society, association, foundation, or institution organized and  
179.28 operated for charitable, religious, educational, civic, fraternal, and senior citizens' or  
179.29 veterans' purposes, no part of the net earnings of which inures to the benefit of a private  
179.30 individual.

179.31 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
179.32 June 30, 2013.

179.33 Sec. 36. Minnesota Statutes 2012, section 297A.70, is amended by adding a  
179.34 subdivision to read:

180.1 Subd. 18. Nursing homes and boarding care homes. (a) All sales, except those  
180.2 listed in paragraph (b), to a nursing home licensed under section 144A.02 or a boarding  
180.3 care home certified as a nursing facility under title 19 of the Social Security Act are  
180.4 exempt if the facility:

180.5 (1) is exempt from federal income taxation pursuant to section 501(c)(3) of the  
180.6 Internal Revenue Code; and

180.7 (2) is certified to participate in the medical assistance program under title 19 of the  
180.8 Social Security Act, or certifies to the commissioner that it does not discharge residents  
180.9 due to the inability to pay.

180.10 (b) This exemption does not apply to the following sales:

180.11 (1) building, construction, or reconstruction materials purchased by a contractor  
180.12 or a subcontractor as a part of a lump-sum contract or similar type of contract with a  
180.13 guaranteed maximum price covering both labor and materials for use in the construction,  
180.14 alteration, or repair of a building or facility;

180.15 (2) construction materials purchased by tax-exempt entities or their contractors to  
180.16 be used in constructing buildings or facilities that will not be used principally by the  
180.17 tax-exempt entities;

180.18 (3) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause  
180.19 (2), and prepared food, candy, soft drinks, and alcoholic beverages as defined in section  
180.20 297A.67, subdivision 2; and

180.21 (4) leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except  
180.22 as provided in paragraph (c).

180.23 (c) This exemption applies to the leasing of a motor vehicle as defined in section  
180.24 297B.01, subdivision 11, only if the vehicle is:

180.25 (1) a truck, as defined in section 168.002; a bus, as defined in section 168.002; or a  
180.26 passenger automobile, as defined in section 168.002, if the automobile is designed and  
180.27 used for carrying more than nine persons including the driver; and

180.28 (2) intended to be used primarily to transport tangible personal property or residents  
180.29 of the nursing home or boarding care home.

180.30 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
180.31 June 30, 2013.

180.32 Sec. 37. Minnesota Statutes 2012, section 297A.71, is amended by adding a  
180.33 subdivision to read:

180.34 Subd. 45. Biopharmaceutical manufacturing facility. (a) Materials and  
180.35 supplies used or consumed in, capital equipment incorporated into, and privately

181.1 owned infrastructure in support of the construction, improvement, or expansion of a  
181.2 biopharmaceutical manufacturing facility in the state are exempt if the following criteria  
181.3 are met:

181.4 (1) the facility is used for the manufacturing of biologics;

181.5 (2) the total capital investment made at the facility exceeds \$50,000,000; and

181.6 (3) the facility creates and maintains at least 190 full-time equivalent positions at the  
181.7 facility. These positions must be new jobs in Minnesota and not the result of relocating  
181.8 jobs that currently exist in Minnesota.

181.9 (b) The tax must be imposed and collected as if the rate under section 297A.62  
181.10 applied, and refunded in the manner provided in section 297A.75.

181.11 (c) To be eligible for a refund, the owner of the biopharmaceutical manufacturing  
181.12 facility must:

181.13 (1) initially apply to the Department of Employment and Economic Development  
181.14 for certification no later than one year from the final completion date of construction,  
181.15 improvement, or expansion of the facility; and

181.16 (2) for each year that the owner of the biopharmaceutical manufacturing facility  
181.17 applies for a refund, the owner must have received written certification from the  
181.18 Department of Employment and Economic Development that the facility has met the  
181.19 criteria of paragraph (a).

181.20 (d) The refund is to be paid annually at a rate of 25 percent of the total allowable  
181.21 refund payable to date, with the commissioner making annual payments of the remaining  
181.22 refund until all of the refund has been paid.

181.23 (e) For purposes of this subdivision, "biopharmaceutical" and "biologics" are  
181.24 interchangeable and mean medical drugs or medicinal preparations produced using  
181.25 technology that uses biological systems, living organisms or derivatives of living  
181.26 organisms, to make or modify products or processes for specific use. The medical drugs or  
181.27 medicinal preparations include but are not limited to proteins, antibodies, nucleic acids,  
181.28 and vaccines.

181.29 **EFFECTIVE DATE.** This section is effective retroactively to capital investments  
181.30 made and jobs created after December 31, 2012, and effective retroactively for sales and  
181.31 purchases made after December 31, 2012, and before July 1, 2019.

181.32 Sec. 38. Minnesota Statutes 2012, section 297A.71, is amended by adding a  
181.33 subdivision to read:

181.34 Subd. 46. **Research and development facility.** Materials and supplies used or  
181.35 consumed in, and equipment incorporated into, the construction or improvement of a

182.1 research and development facility that has laboratory space of at least 400,000 square feet  
182.2 and utilizes both high-intensity and low-intensity laboratories, provided that the project  
182.3 has a total construction cost of at least \$140,000,000 within a 24-month period. The tax on  
182.4 purchases imposed under this subdivision must be imposed and collected as if the rate under  
182.5 section 297A.62 applied and then refunded in the manner provided in section 297A.75.

182.6 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
182.7 June 30, 2013, and before September 1, 2015.

182.8 Sec. 39. Minnesota Statutes 2012, section 297A.71, is amended by adding a  
182.9 subdivision to read:

182.10 Subd. 47. **Industrial measurement manufacturing and controls facility.** (a)  
182.11 Materials and supplies used or consumed in, capital equipment incorporated into,  
182.12 fixtures installed in, and privately owned infrastructure in support of the construction,  
182.13 improvement, or expansion of an industrial measurement manufacturing and controls  
182.14 facility are exempt if:

182.15 (1) the total capital investment made at the facility is at least \$60,000,000;

182.16 (2) the facility employs at least 250 full-time equivalent employees that are not  
182.17 employees currently employed by the company in the state; and

182.18 (3) the Department of Employment and Economic Development determines that  
182.19 the expansion, remodeling, or improvement of the facility has a significant impact on  
182.20 the state economy.

182.21 (b) The tax must be imposed and collected as if the rate under section 297A.62  
182.22 applied and refunded in the manner provided in section 297A.75, only after the following  
182.23 criteria are met:

182.24 (1) a refund may not be issued until the owner of the facility has received  
182.25 certification from the Department of Employment and Economic Development that the  
182.26 company meets the requirements in paragraph (a); and

182.27 (2) to receive the refund, the owner of the industrial measurement manufacturing  
182.28 and controls facility must initially apply to the Department of Employment and Economic  
182.29 Development for certification no later than one year from the final completion date of  
182.30 construction, improvement, or expansion of the industrial measurement manufacturing  
182.31 and controls facility.

182.32 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
182.33 June 30, 2013, and before December 31, 2015.

183.1 Sec. 40. Minnesota Statutes 2012, section 297A.75, subdivision 1, is amended to read:

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

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

183.6 ~~(2) (1) building materials for an agricultural processing facility exempt under section~~  
183.7 ~~297A.71, subdivision 13;~~

183.8 ~~(3) (2) building materials for mineral production facilities exempt under section~~  
183.9 ~~297A.71, subdivision 14;~~

183.10 ~~(4) (3) building materials for correctional facilities under section 297A.71,~~  
183.11 ~~subdivision 3;~~

183.12 ~~(5) (4) building materials used in a residence for disabled veterans exempt under~~  
183.13 ~~section 297A.71, subdivision 11;~~

183.14 ~~(6) (5) elevators and building materials exempt under section 297A.71, subdivision~~  
183.15 ~~12;~~

183.16 ~~(7) (6) building materials for the Long Lake Conservation Center exempt under~~  
183.17 ~~section 297A.71, subdivision 17;~~

183.18 ~~(8) (7) materials and supplies for qualified low-income housing under section~~  
183.19 ~~297A.71, subdivision 23;~~

183.20 ~~(9) (8) materials, supplies, and equipment for municipal electric utility facilities~~  
183.21 ~~under section 297A.71, subdivision 35;~~

183.22 ~~(10) (9) equipment and materials used for the generation, transmission, and~~  
183.23 ~~distribution of electrical energy and an aerial camera package exempt under section~~  
183.24 ~~297A.68, subdivision 37;~~

183.25 ~~(11) (10) commuter rail vehicle and repair parts under section 297A.70, subdivision~~  
183.26 ~~3, paragraph (a), clause (10);~~

183.27 ~~(12) (11) materials, supplies, and equipment for construction or improvement of~~  
183.28 ~~projects and facilities under section 297A.71, subdivision 40;~~

183.29 ~~(13) (12) materials, supplies, and equipment for construction or improvement of a~~  
183.30 ~~meat processing facility exempt under section 297A.71, subdivision 41;~~

183.31 ~~(14) (13) materials, supplies, and equipment for construction, improvement, or~~  
183.32 ~~expansion of:~~

183.33 ~~(i) an aerospace defense manufacturing facility exempt under section 297A.71,~~  
183.34 ~~subdivision 42;~~

183.35 ~~(ii) a biopharmaceutical manufacturing facility exempt under section 297A.71,~~  
183.36 ~~subdivision 45;~~

184.1 (iii) a research and development facility exempt under section 297A.71, subdivision  
 184.2 4b; and  
 184.3 (iv) an industrial measurement manufacturing and controls facility exempt under  
 184.4 section 297A.71, subdivision 47;  
 184.5 ~~(15)~~ (14) enterprise information technology equipment and computer software for  
 184.6 use in a qualified data center exempt under section 297A.68, subdivision 42; ~~and~~  
 184.7 ~~(16)~~ (15) materials, supplies, and equipment for qualifying capital projects under  
 184.8 section 297A.71, subdivision 44;  
 184.9 (16) items purchased for use in providing critical access dental services exempt  
 184.10 under section 297A.70, subdivision 7, paragraph (c); and  
 184.11 (17) items and services purchased under a business subsidy agreement for use or  
 184.12 consumption primarily in greater Minnesota exempt under section 297A.68, subdivision 49.

184.13 **EFFECTIVE DATE.** The change to clause (1) is effective for sales and purchases  
 184.14 made after August 31, 2014. The changes in clauses (13), (16), and (17), are effective the  
 184.15 day following final enactment.

184.16 Sec. 41. Minnesota Statutes 2012, section 297A.75, subdivision 2, is amended to read:

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

184.20 (1) for subdivision 1, clauses ~~(1) to (3)~~, (2), and (16), the applicant must be the  
 184.21 purchaser;

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

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

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

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

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

184.32 (7) for subdivision 1, clauses ~~(10)~~, (9), (12), (13), (14), ~~and (15)~~ and (17), the owner  
 184.33 of the qualifying business; and

184.34 (8) for subdivision 1, clauses (10), (11), ~~(12)~~, and ~~(16)~~ (15), the applicant must be  
 184.35 the governmental entity that owns or contracts for the project or facility.



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

185.2 Sec. 42. Minnesota Statutes 2012, section 297A.75, subdivision 3, is amended to read:

185.3 Subd. 3. **Application.** (a) The application must include sufficient information  
185.4 to permit the commissioner to verify the tax paid. If the tax was paid by a contractor,  
185.5 subcontractor, or builder, under subdivision 1, ~~clause (4), (5), (6), (7), (8), (9), (10), (11),~~  
185.6 ~~(12), (13), (14),~~ clauses (3) to (15), or ~~(16)~~ (17), the contractor, subcontractor, or builder  
185.7 must furnish to the refund applicant a statement including the cost of the exempt items and  
185.8 the taxes paid on the items unless otherwise specifically provided by this subdivision. The  
185.9 provisions of sections 289A.40 and 289A.50 apply to refunds under this section.

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

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

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

185.17 Sec. 43. Minnesota Statutes 2012, section 297A.99, subdivision 1, is amended to read:

185.18 Subdivision 1. **Authorization; scope.** (a) A political subdivision of this state may  
185.19 impose a general sales tax (1) under section 297A.992, (2) under section 297A.993, (3) if  
185.20 permitted by special law, or (4) if the political subdivision enacted and imposed the tax  
185.21 before January 1, 1982, and its predecessor provision.

185.22 (b) This section governs the imposition of a general sales tax by the political  
185.23 subdivision. The provisions of this section preempt the provisions of any special law:

185.24 (1) enacted before June 2, 1997, or

185.25 (2) enacted on or after June 2, 1997, that does not explicitly exempt the special law  
185.26 provision from this section's rules by reference.

185.27 (c) This section does not apply to or preempt a sales tax on motor vehicles or a  
185.28 special excise tax on motor vehicles.

185.29 (d) A political subdivision may not advertise or expend funds for the promotion of a  
185.30 referendum to support imposing a local option sales tax.

185.31 (e) Notwithstanding paragraph (d), a political subdivision may only expend funds to:

185.32 (1) conduct the referendum;

185.33 (2) disseminate information included in the resolution adopted under subdivision 2;

186.1 (3) provide notice of, and conduct public forums at which proponents and opponents  
186.2 on the merits of the referendum are given equal time to express their opinions on the  
186.3 merits of the referendum;

186.4 (4) provide facts and data on the impact of the proposed sales tax on consumer  
186.5 purchases; and

186.6 (5) provide facts and data related to the programs and projects to be funded with  
186.7 the sales tax.

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

186.9 Sec. 44. Laws 1993, chapter 375, article 9, section 46, subdivision 2, as amended by  
186.10 Laws 1997, chapter 231, article 7, section 40, Laws 1998, chapter 389, article 8, section  
186.11 30, Laws 2003, First Special Session chapter 21, article 8, section 13, Laws 2005, First  
186.12 Special Session chapter 3, article 5, section 26, and Laws 2009, chapter 88, article 4,  
186.13 section 15, is amended to read:

186.14 Subd. 2. **Use of revenues.** Revenues received from the tax authorized by subdivision  
186.15 1 may only be used by the city to pay the cost of collecting the tax, and, except as provided in  
186.16 paragraph (e), to pay for the following projects or to secure or pay any principal, premium,  
186.17 or interest on bonds issued in accordance with subdivision 3 for the following projects.

186.18 (a) To pay all or a portion of the capital expenses of construction, equipment and  
186.19 acquisition costs for the expansion and remodeling of the St. Paul Civic Center complex,  
186.20 including the demolition of the existing arena and the construction and equipping of a  
186.21 new arena.

186.22 (b) Except as provided in paragraphs (e) and (f), the remainder of the funds must be  
186.23 spent for:

186.24 (1) capital projects to further residential, cultural, commercial, and economic  
186.25 development in both downtown St. Paul and St. Paul neighborhoods; and

186.26 (2) capital and operating expenses of cultural organizations in the city, provided  
186.27 that the amount spent under this clause must equal ten percent of the total amount spent  
186.28 under this paragraph in any year.

186.29 (c) The amount apportioned under paragraph (b) shall be no less than 60 percent  
186.30 of the revenues derived from the tax each year, except to the extent that a portion of that  
186.31 amount is required to pay debt service on (1) bonds issued for the purposes of paragraph (a)  
186.32 prior to March 1, 1998; or (2) bonds issued for the purposes of paragraph (a) after March 1,  
186.33 1998, but only if the city council determines that 40 percent of the revenues derived from  
186.34 the tax together with other revenues pledged to the payment of the bonds, including the  
186.35 proceeds of definitive bonds, is expected to exceed the annual debt service on the bonds.

187.1 (d) If in any year more than 40 percent of the revenue derived from the tax authorized  
187.2 by subdivision 1 is used to pay debt service on the bonds issued for the purposes of  
187.3 paragraph (a) and to fund a reserve for the bonds, the amount of the debt service payment  
187.4 that exceeds 40 percent of the revenue must be determined for that year. In any year when  
187.5 40 percent of the revenue produced by the sales tax exceeds the amount required to pay  
187.6 debt service on the bonds and to fund a reserve for the bonds under paragraph (a), the  
187.7 amount of the excess must be made available for capital projects to further residential,  
187.8 cultural, commercial, and economic development in the neighborhoods and downtown  
187.9 until the cumulative amounts determined for all years under the preceding sentence have  
187.10 been made available under this sentence. The amount made available as reimbursement in  
187.11 the preceding sentence is not included in the 60 percent determined under paragraph (c).

187.12 (e) ~~In each of calendar years 2006 to 2014, revenue not to exceed \$3,500,000 may be~~  
187.13 ~~used to pay the principal of bonds issued for capital projects of the city. After December~~  
187.14 ~~31, 2014, revenue from the tax imposed under subdivision 1 may not be used for this~~  
187.15 ~~purpose.~~ If the amount necessary to meet obligations under paragraphs (a) and (d) are less  
187.16 than 40 percent of the revenue from the tax in any year, the city may place the difference  
187.17 between 40 percent of the revenue and the amounts allocated under paragraphs (a) and (d)  
187.18 in an economic development fund to be used for any economic development purposes.

187.19 (f) By January 15 of each year, the mayor and the city council must report to the  
187.20 legislature on the use of sales tax revenues during the preceding one-year period.

187.21 **EFFECTIVE DATE.** This section is effective the day after compliance by the  
187.22 governing body of the city of St. Paul with Minnesota Statutes, section 645.021,  
187.23 subdivisions 2 and 3.

187.24 Sec. 45. Laws 1993, chapter 375, article 9, section 46, subdivision 5, as amended by  
187.25 Laws 1998, chapter 389, article 8, section 32, is amended to read:

187.26 Subd. 5. **Expiration of taxing authority.** The authority granted by subdivision 1 to  
187.27 the city to impose a sales tax shall expire on December 31, ~~2030~~ 2042, or at an earlier  
187.28 time as the city shall, by ordinance, determine. Any funds remaining after completion of  
187.29 projects approved under subdivision 2, paragraph (a) and retirement or redemption of any  
187.30 bonds or other obligations may be placed in the general fund of the city.

187.31 **EFFECTIVE DATE.** This section is effective the day after compliance by the  
187.32 governing body of the city of St. Paul with Minnesota Statutes, section 645.021,  
187.33 subdivisions 2 and 3.

188.1 Sec. 46. Laws 2002, chapter 377, article 3, section 25, as amended by Laws 2009,  
188.2 chapter 88, article 4, section 19, and Laws 2010, chapter 389, article 5, section 3, is  
188.3 amended to read:

188.4 Sec. 25. **ROCHESTER LODGING TAX.**

188.5 Subdivision 1. **Authorization.** Notwithstanding Minnesota Statutes, section  
188.6 469.190 or 477A.016, or any other law, the city of Rochester may impose an additional  
188.7 tax of one percent on the gross receipts from the furnishing for consideration of lodging at  
188.8 a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing of it  
188.9 for a continuous period of 30 days or more.

188.10 Subd. 1a. **Authorization.** Notwithstanding Minnesota Statutes, section 469.190 or  
188.11 477A.016, or any other law, and in addition to the tax authorized by subdivision 1, the city  
188.12 of Rochester may impose an additional tax of ~~one~~ three percent on the gross receipts from  
188.13 the furnishing for consideration of lodging at a hotel, motel, rooming house, tourist court, or  
188.14 resort, other than the renting or leasing of it for a continuous period of 30 days or more only  
188.15 upon the approval of the city governing body of a total financial package for the project.

188.16 Subd. 2. **Disposition of proceeds.** (a) The gross proceeds from the tax imposed  
188.17 under subdivision 1 must be used by the city to fund a local convention or tourism bureau  
188.18 for the purpose of marketing and promoting the city as a tourist or convention center.

188.19 (b) The gross proceeds from the ~~one~~ three percent tax imposed under subdivision  
188.20 1a shall be used to pay for (1) design, construction, renovation, improvement, and  
188.21 expansion of the Mayo Civic Center Complex and related infrastructure, including but not  
188.22 limited to, skyway access, lighting, parking, or landscaping; and (2) for payment of any  
188.23 principal, interest, or premium on bonds issued to finance the construction, renovation,  
188.24 improvement, and expansion of the Mayo Civic Center Complex.

188.25 Subd. 2a. **Bonds.** The city of Rochester may issue, without an election, general  
188.26 obligation bonds of the city, in one or more series, in the aggregate principal amount not to  
188.27 exceed ~~\$43,500,000~~ \$50,000,000, to pay for capital and administrative costs for the design,  
188.28 construction, renovation, improvement, and expansion of the Mayo Civic Center Complex,  
188.29 and related infrastructure, including but not limited to, skyway, access, lighting, parking,  
188.30 and landscaping. The city may pledge the lodging tax authorized by subdivision 1a ~~and the~~  
188.31 ~~food and beverage tax authorized under Laws 2009, chapter 88, article 4, section 23~~, to the  
188.32 payment of the bonds. The debt represented by the bonds is not included in computing any  
188.33 debt limitations applicable to the city, and the levy of taxes required by Minnesota Statutes,  
188.34 section 475.61, to pay the principal of and interest on the bonds is not subject to any levy  
188.35 limitation or included in computing or applying any levy limitation applicable to the city.

189.1 Subd. 3. **Expiration of taxing authority.** ~~The authority of the city to impose a tax~~  
189.2 ~~under subdivision 1a shall expire when the principal and interest on any bonds or other~~  
189.3 ~~obligations issued prior to December 31, 2014, to finance the construction, renovation,~~  
189.4 ~~improvement, and expansion of the Mayo Civic Center Complex and related skyway~~  
189.5 ~~access, lighting, parking, or landscaping have been paid, including any bonds issued to~~  
189.6 ~~refund such bonds, or at an earlier time as the city shall, by ordinance, determine. Any~~  
189.7 ~~funds remaining after completion of the project and retirement or redemption of the bonds~~  
189.8 ~~shall be placed in the general fund of the city. The city may, by ordinance, repeal the~~  
189.9 ~~tax provided that:~~

189.10 (1) the revenues raised before the repeal are sufficient to meet all bond or other  
189.11 obligations backed by revenues of the tax; and

189.12 (2) the repeal date meets the requirements of section 297A.99, subdivision 12.

189.13 **EFFECTIVE DATE.** This section is effective the day after the governing body of  
189.14 the city of Rochester and its chief fiscal officer comply with Minnesota Statutes, section  
189.15 645.021, subdivisions 2 and 3.

189.16 Sec. 47. Laws 2005, First Special Session chapter 3, article 5, section 37, subdivision  
189.17 2, is amended to read:

189.18 Subd. 2. **Use of revenues.** (a) Revenues received from the tax authorized by  
189.19 subdivision 1 by the city of St. Cloud must be used for the cost of collecting and  
189.20 administering the tax and to pay all or part of the capital or administrative costs of the  
189.21 development, acquisition, construction, improvement, and securing and paying debt  
189.22 service on bonds or other obligations issued to finance the following regional projects as  
189.23 approved by the voters and specifically detailed in the referendum authorizing the tax or  
189.24 extending the tax:

189.25 (1) St. Cloud Regional Airport;

189.26 (2) regional transportation improvements;

189.27 (3) regional community and aquatics centers;

189.28 (4) regional public libraries; and

189.29 (5) acquisition and improvement of regional park land and open space.

189.30 (b) Revenues received from the tax authorized by subdivision 1 by the cities of St.  
189.31 Joseph, Waite Park, Sartell, Sauk Rapids, and St. Augusta must be used for the cost of  
189.32 collecting and administering the tax and to pay all or part of the capital or administrative  
189.33 costs of the development, acquisition, construction, improvement, and securing and paying  
189.34 debt service on bonds or other obligations issued to fund the projects specifically approved  
189.35 by the voters at the referendum authorizing the tax or extending the tax. The portion of

190.1 revenues from the city going to fund the regional airport or regional library located in the  
190.2 city of St. Cloud will be as required under the applicable joint powers agreement.

190.3 (c) The use of revenues received from the taxes authorized in subdivision 1 for  
190.4 projects allowed under paragraphs (a) and (b) are limited to the amount authorized for  
190.5 each project under the enabling referendum.

190.6 **EFFECTIVE DATE.** This section is effective for the city that approves them the  
190.7 day after compliance by the governing body of each city with Minnesota Statutes, section  
190.8 645.021, subdivision 3.

190.9 Sec. 48. Laws 2005, First Special Session chapter 3, article 5, section 37, subdivision  
190.10 4, is amended to read:

190.11 Subd. 4. **Termination of tax.** The tax imposed in the cities of St. Joseph, St.  
190.12 Cloud, St. Augusta, Sartell, Sauk Rapids, and Waite Park under subdivision 1 expires  
190.13 when the city council determines that sufficient funds have been collected from the tax  
190.14 to retire or redeem the bonds and obligations authorized under subdivision 2, paragraph  
190.15 (a), but no later than December 31, 2018. Notwithstanding Minnesota Statutes, section  
190.16 297A.99, subdivision 3, paragraphs (a), (c), and (d), a city may extend the tax imposed  
190.17 under subdivision 1 through December 31, 2038, if approved by voters of the city no later  
190.18 than November 7, 2017, at either a general election or at a special election held on a first  
190.19 Tuesday after a first Monday in November.

190.20 **EFFECTIVE DATE.** This section is effective for the city that approves them the  
190.21 day after compliance by the governing body of each city with Minnesota Statutes, section  
190.22 645.021, subdivision 3.

190.23 Sec. 49. Laws 2008, chapter 366, article 7, section 19, subdivision 3, as amended by  
190.24 Laws 2011, First Special Session chapter 7, article 4, section 8, is amended to read:

190.25 Subd. 3. **Use of revenues.** Notwithstanding Minnesota Statutes, section 297A.99,  
190.26 subdivision 3, paragraph (b), the proceeds of the tax imposed under this section shall be  
190.27 used to pay for the costs of improvements to the Sportsman Park/Ballfields, Riverside  
190.28 Park, Lions Park/Pavilion, Cedar South Park also known as Eldorado Park, and Spring  
190.29 Street Park; improvements to and extension of the River County Bike Trail; acquisition;  
190.30 and construction, improvement, and development of regional parks, bicycle trails, park  
190.31 land, open space, and of a pedestrian walkways, as described in the city improvement  
190.32 plan adopted by the city council by resolution on December 12, 2006, and walkway  
190.33 over Interstate 94 and State Highway 24; and the acquisition of land and construction of

191.1 buildings for a community and recreation center. The total amount of revenues from the  
191.2 taxes in subdivisions 1 and 2 that may be used to fund these projects is \$12,000,000  
191.3 plus any associated bond costs.

191.4 **EFFECTIVE DATE.** This section is effective the day after compliance by the  
191.5 governing body of the city of Clearwater with Minnesota Statutes, section 645.021,  
191.6 subdivisions 2 and 3.

191.7 Sec. 50. Laws 2010, chapter 389, article 5, section 6, subdivision 6, is amended to read:

191.8 Subd. 6. **Use of food and beverages tax.** The revenues derived from the tax  
191.9 imposed under subdivision 5 must be used by the city of Marshall to pay the costs of  
191.10 collecting and administering the food and beverages tax, to pay all or part of the operating  
191.11 costs of the new and existing facilities of the Minnesota Emergency Response and  
191.12 Industry Training Center, including the payment of debt service on bonds issued under  
191.13 subdivision 2, and to pay all or part of the operating costs of the facilities of the Southwest  
191.14 Minnesota Regional Amateur Sports Center, including the payment of debt service on  
191.15 bonds issued under subdivision 2. Authorized expenses for each organization include,  
191.16 but are not limited to, acquiring property; predesign; design; and paying construction,  
191.17 furnishing, and equipment costs related to these facilities and paying debt service on  
191.18 bonds or other obligations issued by the city.

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

191.20 Sec. 51. **CITY OF MARSHALL; VALIDATION OF PRIOR ACT.**

191.21 (a) Notwithstanding the time limits in Minnesota Statutes, section 645.021, the city  
191.22 of Marshall may approve Laws 2010, chapter 389, article 5, section 6, as amended by  
191.23 Laws 2011, First Special Session chapter 7, article 4, section 9, and file its approval with  
191.24 the secretary of state by June 15, 2013. If approved as authorized under this paragraph,  
191.25 actions undertaken by the city pursuant to the approval of the voters on November 6, 2012,  
191.26 and otherwise in accordance with Laws 2010, chapter 389, article 5, section 6, as amended  
191.27 by Laws 2011, First Special Session chapter 7, article 4, section 9, are validated.

191.28 (b) Notwithstanding the time limit on the imposition of tax under Laws 2010,  
191.29 chapter 389, article 5, section 6, subdivision 1, as amended by Laws 2011, First Special  
191.30 Session chapter 7, article 4, section 9, and subject to local approval under paragraph (a),  
191.31 the city of Marshall may impose the tax on or before July 1, 2013.

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

192.1 Sec. 52. **CITY OF PROCTOR; VALIDATION OF PRIOR ACT.**

192.2 Notwithstanding the time limits in Minnesota Statutes, section 645.021, the city of  
 192.3 Proctor may approve, by resolution, Laws 2008, chapter 366, article 7, section 13, and  
 192.4 Laws 2010, chapter 389, article 5, sections 1 and 2, and file its approval with the secretary  
 192.5 of state by January 1, 2014. If approved under this paragraph, actions undertaken by  
 192.6 the city pursuant to the approval of the voters on November 2, 2010, and otherwise in  
 192.7 accordance with those laws are validated.

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

192.9 Sec. 53. **REPEALER.**

192.10 (a) Minnesota Statutes 2012, sections 297A.61, subdivision 27; and 297A.68,  
 192.11 subdivision 35, are repealed.

192.12 (b) Laws 2009, chapter 88, article 4, section 23, as amended by Laws 2010, chapter  
 192.13 389, article 5, section 4, is repealed.

192.14 **EFFECTIVE DATE.** Paragraph (a) is effective for sales and purchases made after  
 192.15 June 30, 2013. Paragraph (b) is effective the day following final enactment.

192.16 **ARTICLE 9**192.17 **ECONOMIC DEVELOPMENT**

192.18 Section 1. Minnesota Statutes 2012, section 469.071, subdivision 5, is amended to read:

192.19 Subd. 5. **Exception; parking facilities.** Notwithstanding section 469.068, the  
 192.20 Bloomington port authority need not require competitive bidding with respect to a  
 192.21 structured parking facility or other public improvements constructed in conjunction with,  
 192.22 and directly above or below, or adjacent and integrally related to, a development and  
 192.23 financed with the proceeds of tax increment or revenue bonds, or other funds of the  
 192.24 port authority and the city of Bloomington.

192.25 **EFFECTIVE DATE.** This section is effective upon compliance of the governing  
 192.26 body of the city of Bloomington with the requirements of Minnesota Statutes, section  
 192.27 645.021, subdivision 3.

192.28 Sec. 2. Minnesota Statutes 2012, section 469.169, is amended by adding a subdivision  
 192.29 to read:

192.30 Subd. 19. **Additional border city allocation; 2013.** (a) In addition to the tax  
 192.31 reductions authorized in subdivisions 12 to 18, the commissioner shall allocate \$750,000



193.1 for tax reductions to border city enterprise zones in cities located on the western border  
 193.2 of the state. The commissioner shall allocate this amount among cities on a per capita  
 193.3 basis. Allocations made under this subdivision may be used for tax reductions under  
 193.4 section 469.171, or for other offsets of taxes imposed on or remitted by businesses located  
 193.5 in the enterprise zone, but only if the municipality determines that the granting of the tax  
 193.6 reduction or offset is necessary to retain a business within or attract a business to the zone.  
 193.7 The city alternatively may elect to use any portion of the allocation under this paragraph  
 193.8 for tax reductions under section 469.1732 or 469.1734.

193.9 (b) The commissioner shall allocate \$750,000 for tax reductions under section  
 193.10 469.1732 or 469.1734 to cities with border city enterprise zones located on the western  
 193.11 border of the state. The commissioner shall allocate this amount among the cities on a per  
 193.12 capita basis. The city alternatively may elect to use any portion of the allocation provided  
 193.13 in this paragraph for tax reductions under section 469.171.

193.14 **EFFECTIVE DATE.** This section is effective July 1, 2013.

193.15 Sec. 3. Minnesota Statutes 2012, section 469.176, subdivision 4c, is amended to read:

193.16 Subd. 4c. **Economic development districts.** (a) Revenue derived from tax increment  
 193.17 from an economic development district may not be used to provide improvements, loans,  
 193.18 subsidies, grants, interest rate subsidies, or assistance in any form to developments  
 193.19 consisting of buildings and ancillary facilities, if more than 15 percent of the buildings and  
 193.20 facilities (determined on the basis of square footage) are used for a purpose other than:

193.21 (1) the manufacturing or production of tangible personal property, including  
 193.22 processing resulting in the change in condition of the property;

193.23 (2) warehousing, storage, and distribution of tangible personal property, excluding  
 193.24 retail sales;

193.25 (3) research and development related to the activities listed in clause (1) or (2);

193.26 (4) telemarketing if that activity is the exclusive use of the property;

193.27 (5) tourism facilities; or

193.28 (6) ~~qualified border retail facilities; or~~

193.29 (7) ~~space necessary for and related to the activities listed in clauses (1) to (6)~~ (5).

193.30 (b) Notwithstanding the provisions of this subdivision, revenues derived from tax  
 193.31 increment from an economic development district may be used to provide improvements,  
 193.32 loans, subsidies, grants, interest rate subsidies, or assistance in any form for up to 15,000  
 193.33 square feet of any separately owned commercial facility located within the municipal  
 193.34 jurisdiction of a small city, if the revenues derived from increments are spent only to  
 193.35 assist the facility directly or for administrative expenses, the assistance is necessary to

194.1 develop the facility, and all of the increments, except those for administrative expenses,  
194.2 are spent only for activities within the district.

194.3 (c) A city is a small city for purposes of this subdivision if the city was a small city  
194.4 in the year in which the request for certification was made and applies for the rest of  
194.5 the duration of the district, regardless of whether the city qualifies or ceases to qualify  
194.6 as a small city.

194.7 ~~(d) Notwithstanding the requirements of paragraph (a) and the finding requirements~~  
194.8 ~~of section 469.174, subdivision 12, tax increments from an economic development district~~  
194.9 ~~may be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or~~  
194.10 ~~assistance in any form to developments consisting of buildings and ancillary facilities, if~~  
194.11 ~~all the following conditions are met:~~

194.12 ~~(1) the municipality finds that the project will create or retain jobs in this state,~~  
194.13 ~~including construction jobs, and that construction of the project would not have~~  
194.14 ~~commenced before July 1, 2012, without the authority providing assistance under the~~  
194.15 ~~provisions of this paragraph;~~

194.16 ~~(2) construction of the project begins no later than July 1, 2012;~~

194.17 ~~(3) the request for certification of the district is made no later than June 30, 2012; and~~

194.18 ~~(4) for development of housing under this paragraph, the construction must begin~~  
194.19 ~~before January 1, 2012.~~

194.20 The provisions of this paragraph may not be used to assist housing that is developed  
194.21 to qualify under section 469.1761, subdivision 2 or 3, or similar requirements of other law,  
194.22 if construction of the project begins later than July 1, 2011.

194.23 **EFFECTIVE DATE.** This section is effective for districts for which the request for  
194.24 certification was made after June 30, 2012.

194.25 Sec. 4. Minnesota Statutes 2012, section 469.176, subdivision 4g, is amended to read:

194.26 Subd. 4g. **General government use prohibited.** (a) Tax increments may not be  
194.27 used to circumvent existing levy limit law.

194.28 (b) No tax increment from any district may be used for the acquisition, construction,  
194.29 renovation, operation, or maintenance of a building to be used primarily and regularly  
194.30 for conducting the business of a municipality, county, school district, or any other local  
194.31 unit of government or the state or federal government. This provision does not prohibit  
194.32 the use of revenues derived from tax increments for the construction or renovation of  
194.33 a parking structure.

194.34 ~~(c)(1) Tax increments may not be used to pay for the cost of public improvements,~~  
194.35 ~~equipment, or other items, if:~~

195.1 ~~(i) the improvements, equipment, or other items are located outside of the area of the~~  
195.2 ~~tax increment financing district from which the increments were collected; and~~

195.3 ~~(ii) the improvements, equipment, or items that (A) primarily serve a decorative or~~  
195.4 ~~aesthetic purpose, or (B) serve a functional purpose, but their cost is increased by more than~~  
195.5 ~~100 percent as a result of the selection of materials, design, or type as compared with more~~  
195.6 ~~commonly used materials, designs, or types for similar improvements, equipment, or items.~~

195.7 ~~(2) The provisions of this paragraph do not apply to expenditures related to the~~  
195.8 ~~rehabilitation of historic structures that are:~~

195.9 ~~(i) individually listed on the National Register of Historic Places; or~~

195.10 ~~(ii) a contributing element to a historic district listed on the National Register~~  
195.11 ~~of Historic Places.~~

195.12 **EFFECTIVE DATE.** This section is effective the day following final enactment for  
195.13 all tax increment financing districts, regardless of when the request for certification was  
195.14 made, but applies only to amounts spent after final enactment.

195.15 Sec. 5. Minnesota Statutes 2012, section 469.176, subdivision 6, is amended to read:

195.16 Subd. 6. **Action required.** (a) If, after four years from the date of certification of  
195.17 the original net tax capacity of the tax increment financing district pursuant to section  
195.18 469.177, no demolition, rehabilitation, or renovation of property or other site preparation,  
195.19 including qualified improvement of a street adjacent to a parcel but not installation  
195.20 of utility service including sewer or water systems, has been commenced on a parcel  
195.21 located within a tax increment financing district by the authority or by the owner of the  
195.22 parcel in accordance with the tax increment financing plan, no additional tax increment  
195.23 may be taken from that parcel, and the original net tax capacity of that parcel shall be  
195.24 excluded from the original net tax capacity of the tax increment financing district. If the  
195.25 authority or the owner of the parcel subsequently commences demolition, rehabilitation,  
195.26 or renovation or other site preparation on that parcel including qualified improvement of  
195.27 a street adjacent to that parcel, in accordance with the tax increment financing plan, the  
195.28 authority shall certify to the county auditor that the activity has commenced, and the  
195.29 county auditor shall certify the net tax capacity thereof as most recently certified by the  
195.30 commissioner of revenue and add it to the original net tax capacity of the tax increment  
195.31 financing district. The county auditor must enforce the provisions of this subdivision. The  
195.32 authority must submit to the county auditor evidence that the required activity has taken  
195.33 place for each parcel in the district. The evidence for a parcel must be submitted by  
195.34 February 1 of the fifth year following the year in which the parcel was certified as included  
195.35 in the district. For purposes of this subdivision, qualified improvements of a street are

196.1 limited to (1) construction or opening of a new street, (2) relocation of a street, and (3)  
196.2 substantial reconstruction or rebuilding of an existing street.

196.3 (b) For districts which were certified on or after January 1, 2005, and before April  
196.4 20, 2009, the four-year period under paragraph (a) is ~~increased to six years~~ deemed to end  
196.5 on December 31, 2016.

196.6 **EFFECTIVE DATE.** This section is effective the day following final enactment  
196.7 and applies to districts certified on or after January 1, 2005, and before April 20, 2009.

196.8 Sec. 6. Minnesota Statutes 2012, section 469.177, subdivision 1a, is amended to read:

196.9 Subd. 1a. **Original local tax rate.** At the time of the initial certification of the  
196.10 original net tax capacity for a tax increment financing district or a subdistrict, the county  
196.11 auditor shall certify the original local tax rate that applies to the district or subdistrict. The  
196.12 original local tax rate is the sum of all the local tax rates, excluding that portion of the  
196.13 school rate attributable to the general education levy under section 126C.13, that apply  
196.14 to a property in the district or subdistrict. The local tax rate to be certified is the rate in  
196.15 effect for the same taxes payable year applicable to the tax capacity values certified as  
196.16 the district's or subdistrict's original tax capacity. The resulting tax capacity rate is the  
196.17 original local tax rate for the life of the district or subdistrict.

196.18 **EFFECTIVE DATE.** This section is effective for districts for which the request for  
196.19 certification is made after April 15, 2013.

196.20 Sec. 7. Minnesota Statutes 2012, section 469.177, is amended by adding a subdivision  
196.21 to read:

196.22 Subd. 1d. **Original net tax capacity adjustment; homestead market value**  
196.23 **exclusion.** (a) Upon approval by the municipality, by resolution, the authority may elect to  
196.24 reduce the original net tax capacity of a qualified district by the amount of the tax capacity  
196.25 attributable to the market value exclusion under section 273.13, subdivision 35, for taxes  
196.26 payable in the year preceding the election. The amount of the reduction may not reduce  
196.27 the original net tax capacity below zero.

196.28 (b) For purposes of this subdivision, a qualified district means a tax increment  
196.29 financing district that satisfies the following conditions:

196.30 (1) for taxes payable in 2011, the authority received a homestead market value credit  
196.31 reimbursement under section 273.1384 for the district of \$10,000 or more;

197.1 (2) for taxes payable in 2013, the reduction in captured tax capacity resulting from  
197.2 the market value exclusion for the district was equal to or greater than 1.75 percent of the  
197.3 district's captured tax capacity; and

197.4 (3) either (i) the authority is permitted to expend increments on activities under the  
197.5 provisions of section 469.1763, subdivision 3, or an equivalent provision of special law  
197.6 on July 1, 2013, or (ii) the district's tax increments received for taxes payable in 2012  
197.7 exceeded the amount of debt service payments due during calendar year 2012 on bonds  
197.8 issued under section 469.178 to which the district's increments are pledged.

197.9 The calculation of the amount under clause (2) must reflect any adjustments to original  
197.10 net tax capacity made under subdivision 1, paragraphs (d) and (e), for the homestead  
197.11 market value exclusion.

197.12 (c) The authority must notify the county auditor of its election under this section no  
197.13 later than July 1, 2014. Notifications made by July 1, 2013, are effective beginning for  
197.14 taxes payable in 2014, and notifications made after July 1, 2013, are effective beginning  
197.15 for taxes payable in 2015.

197.16 **EFFECTIVE DATE.** This section is effective the day following final enactment  
197.17 and applies to all tax increment financing districts regardless of when the request for  
197.18 certification was made.

197.19 Sec. 8. Minnesota Statutes 2012, section 469.177, is amended by adding a subdivision  
197.20 to read:

197.21 Subd. 1e. **Adjustments; qualifying districts.** (a) For any tax increment financing  
197.22 district that satisfies the requirements of paragraph (b), the original net tax capacity must  
197.23 be reduced by the full amount of the original net tax capacity or \$20,000, whichever is less.

197.24 (b) A tax increment financing district qualifies under this subdivision if it satisfies  
197.25 the following conditions:

197.26 (1) the district was certified after January 1, 2011, and before January 1, 2012;

197.27 (2) for assessment year 2012, at least 75 percent of the tax capacity of the district  
197.28 is class 4d property; and

197.29 (3) for assessment year 2012, the average estimated market value is over \$115,000  
197.30 per housing unit for the portion of the property that is class 4d.

197.31 (c) An authority or a property owner within a tax increment financing district must  
197.32 notify the county assessor of a district that qualifies under this subdivision by July 1, 2013.

197.33 (d) This subdivision expires on December 31, 2021.

197.34 **EFFECTIVE DATE.** This section is effective beginning for taxes payable in 2014.

198.1 Sec. 9. Minnesota Statutes 2012, section 469.177, subdivision 9, is amended to read:

198.2 Subd. 9. **Distributions of excess taxes on captured net tax capacity.** (a) If the  
198.3 amount of tax paid on captured net tax capacity exceeds the amount of tax increment,  
198.4 the county auditor shall distribute the excess, except increment attributable to the  
198.5 general education levy, to the municipality, county, and school district as follows: each  
198.6 governmental unit's share of the excess equals

198.7 (1) the total amount of the excess for the tax increment financing district, multiplied by

198.8 (2) a fraction, the numerator of which is the current local tax rate of the governmental  
198.9 unit less the governmental unit's local tax rate for the year the original local tax rate for the  
198.10 district was certified (in no case may this amount be less than zero) and the denominator  
198.11 of which is the sum of the numerators for the municipality, county, and school district.

198.12 If the entire increase in the local tax rate is attributable to a taxing district, other than  
198.13 the municipality, county, or school district, then the excess must be distributed to the  
198.14 municipality, county, and school district in proportion to their respective local tax rates.

198.15 (b) The amounts distributed shall be deducted in computing the levy limits of the  
198.16 taxing district for the succeeding taxable year.

198.17 (c) In the case of distributions to a school district, the county auditor shall report  
198.18 amounts distributed to the commissioner of education in the same manner as provided  
198.19 for excess increments under section 469.176, subdivision 2, and the distribution shall be  
198.20 deducted from the school district's state aid payments and levy limitation according to  
198.21 section 127A.49, subdivision 3.

198.22 (d) The amount of taxes attributable to imposing the general education levy under  
198.23 section 126C.13 must be returned to the school district within which the tax increment  
198.24 financing district is located.

198.25 **EFFECTIVE DATE.** This section is effective for districts for which the request for  
198.26 certification is made after April 15, 2013.

198.27 Sec. 10. Minnesota Statutes 2012, section 473F.08, is amended by adding a subdivision  
198.28 to read:

198.29 Subd. 3c. **Mall of America.** (a) When computing the net tax capacity under section  
198.30 473F.05, the Hennepin County auditor shall exclude the captured tax capacity of Tax  
198.31 Increment Financing Districts No. 1-C and No. 1-G in the city of Bloomington.

198.32 (b) Notwithstanding the provisions of subdivision 2, paragraph (a), the  
198.33 commercial-industrial contribution percentage for the city of Bloomington is the  
198.34 contribution net tax capacity divided by the total net tax capacity of commercial-industrial

199.1 property in the city, excluding any commercial-industrial property that is captured tax  
199.2 capacity of Tax Increment Financing Districts No. 1-C and No. 1-G.

199.3 (c) The property taxes to be paid on commercial-industrial tax capacity that is  
199.4 included in the captured tax capacity of Tax Increment Financing Districts No. 1-C and  
199.5 No. 1-G in the city of Bloomington must be determined as described in subdivision 6,  
199.6 except that the portion of the tax that is based on the areawide tax rate is to be treated  
199.7 as tax increment under section 469.176.

199.8 (d) The provisions of this subdivision take effect only if the clerk of the city of  
199.9 Bloomington certifies to the Hennepin County auditor that the city has entered into a  
199.10 binding written agreement with the Metropolitan Council to repair and restore, or to  
199.11 replace, the old Cedar Avenue bridge for use by bicycle commuters and recreational users.

199.12 (e) This subdivision expires on the earliest of the following dates:

199.13 (1) when the tax increment financing districts have been decertified in 2024 or 2035,  
199.14 as provided by section 22, subdivision 2 or 4; or

199.15 (2) on January 1, 2014, if the city clerk fails to make the certification provided in  
199.16 paragraph (d) or if the city fails to file its local approval of section 23 with the secretary  
199.17 of state by December 31, 2013.

199.18 **EFFECTIVE DATE.** This section is effective beginning for property taxes payable  
199.19 in 2014.

199.20 Sec. 11. Laws 2008, chapter 366, article 5, section 26, is amended to read:

199.21 Sec. 26. **BLOOMINGTON TAX INCREMENT FINANCING; FIVE-YEAR**  
199.22 **RULE.**

199.23 (a) The requirements of Minnesota Statutes, section 469.1763, subdivision 3, that  
199.24 activities must be undertaken within a five-year period from the date of certification of  
199.25 a tax increment financing district, are increased to a ~~ten-year~~ 15-year period for the  
199.26 Port Authority of the City of Bloomington's Tax Increment Financing District No. 1-I,  
199.27 Bloomington Central Station.

199.28 (b) Notwithstanding the provisions of Minnesota Statutes, section 469.176, or any  
199.29 other law to the contrary, the city of Bloomington and its port authority may extend the  
199.30 duration limits of the district for a period through December 31, 2039.

199.31 (c) Effective for taxes payable in 2014, tax increment for the district must be  
199.32 computed using the current local tax rate, notwithstanding the provisions of Minnesota  
199.33 Statutes, section 469.177, subdivision 1a.

200.1 EFFECTIVE DATE. Paragraphs (a) and (c) are effective upon compliance by  
 200.2 the governing body of the city of Bloomington with the requirements of Minnesota  
 200.3 Statutes, section 645.021, subdivision 3. Paragraph (b) is effective upon compliance by  
 200.4 the governing bodies of the city of Bloomington, Hennepin County, and Independent  
 200.5 School District No. 271 with the requirements of Minnesota Statutes, sections 469.1782,  
 200.6 subdivision 2, and 645.021, subdivision 3.

200.7 Sec. 12. Laws 2008, chapter 366, article 5, section 34, as amended by Laws 2009,  
 200.8 chapter 88, article 5, section 11, is amended to read:

200.9 Sec. 34. **CITY OF OAKDALE; ORIGINAL TAX CAPACITY PARCELS**  
 200.10 **DEEMED OCCUPIED.**

200.11 ~~(a) The provisions of this section apply to redevelopment tax increment financing~~  
 200.12 ~~districts created by the Housing and Redevelopment Authority in and for the city of~~  
 200.13 ~~Oakdale in the areas comprised of the parcels with the following parcel identification~~  
 200.14 ~~numbers: (1) 3102921320053; 3102921320054; 3102921320055; 3102921320056;~~  
 200.15 ~~3102921320057; 3102921320058; 3102921320062; 3102921320063; 3102921320059;~~  
 200.16 ~~3102921320060; 3102921320061; 3102921330005; and 3102921330004; and (2)~~  
 200.17 ~~2902921330001 and 2902921330005.~~

200.18 ~~(b) For a district subject to this section, the Housing and Redevelopment Authority~~  
 200.19 ~~may, when requesting certification of the original tax capacity of the district under~~  
 200.20 ~~Minnesota Statutes, section 469.177, elect to have the original tax capacity of the district~~  
 200.21 ~~be certified as the tax capacity of the land.~~

200.22 ~~(c) The authority to request certification of a district under this section expires on~~  
 200.23 ~~July 1, 2013.~~

200.24 (a) Parcel numbers 3102921320054, 3102921320055, 3102921320056,  
 200.25 3102921320057, 3102921320061, and 3102921330004 are deemed to meet the  
 200.26 requirements of Minnesota Statutes, section 469.174, subdivision 10, paragraph (d),  
 200.27 notwithstanding any contrary provisions of that paragraph, if the following conditions  
 200.28 are met:

200.29 (1) a building located on any part of each of the specified parcels was demolished after  
 200.30 the Housing and Redevelopment Authority for the city of Oakdale adopted a resolution  
 200.31 under Minnesota Statutes, section 469.174, subdivision 10, paragraph (d), clause (3);

200.32 (2) the building was removed either by the authority, by a developer under a  
 200.33 development agreement with the Housing and Redevelopment Authority for the city of  
 200.34 Oakdale, or by the owner of the property without entering into a development agreement  
 200.35 with the Housing and Redevelopment Authority for the city of Oakdale; and



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

201.3 (b) The provisions of this section allow an election by the Housing and  
 201.4 Redevelopment Authority for the city of Oakdale for the parcels deemed occupied under  
 201.5 paragraph (a), notwithstanding the provisions of Minnesota Statutes, sections 469.174,  
 201.6 subdivision 10, paragraph (d), and 469.177, subdivision 1, paragraph (f).

201.7 (c) The city may elect, in the tax increment financing plan, to collect increment from  
 201.8 a redevelopment district created under the provisions of this section for an additional ten  
 201.9 years beyond the limit in Minnesota Statutes, section 469.176, subdivision 1b.

201.10 **EFFECTIVE DATE.** This section is effective upon compliance by the governing  
 201.11 body of the city of Oakdale with the requirements of Minnesota Statutes, section 645.021,  
 201.12 subdivision 3, except that the provisions of paragraph (c) are effective only upon  
 201.13 compliance with Minnesota Statutes, section 469.1782, subdivision 2, by Ramsey County  
 201.14 and Independent School District No. 622.

201.15 Sec. 13. Laws 2010, chapter 216, section 55, is amended to read:

201.16 Sec. 55. **OAKDALE; TAX INCREMENT FINANCING DISTRICT.**

201.17 Subdivision 1. **Duration of district.** Notwithstanding the provisions of Minnesota  
 201.18 Statutes, section 469.176, subdivision 1b, the city of Oakdale may collect tax increments  
 201.19 from Tax Increment Financing District No. 6 (Bergen Plaza) through December 31, 2024  
 201.20 2040, subject to the conditions described in subdivision 2.

201.21 Subd. 2. **Conditions for extension.** (a) Subdivision 1 applies only if the following  
 201.22 conditions are met:

201.23 (1) by July 1, 2011, the city of Oakdale has entered into a development agreement  
 201.24 with a private developer for development or redevelopment of all or a substantial part of  
 201.25 the area parcels described in clause (2); and

201.26 (2) by November 1, 2011, the city of Oakdale or a private developer commences  
 201.27 construction of streets, traffic improvements, water, sewer, or related infrastructure that  
 201.28 serves one or both of the parcels with the following parcel identification numbers:  
 201.29 2902921330001 and 2902921330005. For the purposes of this section, construction  
 201.30 commences upon grading or other visible improvements that are part of the subject  
 201.31 infrastructure.

201.32 (b) All tax increments received by the city of Oakdale under subdivision 1 after  
 201.33 December 31, 2016, must be used only to pay costs that are both:

201.34 (1) related to redevelopment of the parcels specified in this subdivision or  
 201.35 parcel numbers 3102921320053, 3102921320054, 3102921320055, 3102921320056,

202.1 3102921320057, 3102921320058, 3102921320059, 3102921320060, 3102921320061,  
 202.2 3102921320062, 3102921320063, 3102921330004, and 3102921330005, including,  
 202.3 without limitation, any of the infrastructure referenced in this subdivision that serves  
 202.4 any of the referenced parcels; and

202.5 (2) otherwise eligible under law to be paid with increments from the specified tax  
 202.6 increment financing district, ~~except the authority under this clause does not apply to~~  
 202.7 ~~increments collected after the conclusion of the duration limit under general law.~~

202.8 **EFFECTIVE DATE.** This section is effective upon compliance by the governing  
 202.9 body of the city of Oakdale with the requirements of Minnesota Statutes, section 645.021,  
 202.10 subdivision 3, except that the amendments to subdivision 1 are effective only upon  
 202.11 compliance with Minnesota Statutes, section 469.1782, subdivision 2, by Ramsey County  
 202.12 and Independent School District No. 622.

202.13 Sec. 14. **ST. CLOUD; TAX INCREMENT FINANCING.**

202.14 The request for certification of Tax Increment Financing District No. 2, commonly  
 202.15 referred to as the Norwest District, in the city of St. Cloud is deemed to have been made  
 202.16 on or after August 1, 1979, and before July 1, 1982. Revenues derived from tax increment  
 202.17 for that district must be treated for purposes of any law as revenue of a tax increment  
 202.18 financing district for which the request for certification was made during that time period.

202.19 **EFFECTIVE DATE.** This section is effective upon approval by the governing  
 202.20 body of the city of St. Cloud and compliance with Minnesota Statutes, section 645.021,  
 202.21 subdivision 3.

202.22 Sec. 15. **CITY OF GLENCOE; TAX INCREMENT FINANCING DISTRICT**  
 202.23 **EXTENSION.**

202.24 Subdivision 1. **Duration of district.** Notwithstanding the provisions of Minnesota  
 202.25 Statutes, section 469.176, subdivision 1b, paragraph (a), clause (4), or any other law to the  
 202.26 contrary, the city of Glencoe may collect tax increments from Tax Increment Financing  
 202.27 District No. 4 (McLeod County District No. 007) through December 31, 2023, subject to  
 202.28 the conditions in subdivision 2.

202.29 Subd. 2. **Exclusive use of revenues.** (a) All tax increments derived from Tax  
 202.30 Increment Financing District No. 4 (McLeod County District No. 007) that are collected  
 202.31 after December 31, 2013, must be used only to pay debt service on or to defease bonds that  
 202.32 were outstanding on January 1, 2013 and that were issued to finance improvements serving:

203.1 (1) Tax Increment Financing District No. 14 (McLeod County District No. 033)

203.2 (Downtown);

203.3 (2) Tax Increment Financing District No. 15 (McLeod County District No. 035)

203.4 (Industrial Park); and

203.5 (3) benefited properties as further described in proceedings related to the city's series

203.6 2007A bonds, dated September 1, 2007, and any bonds issued to refund those bonds.

203.7 (b) Increments may also be used to pay debt service on or to defease bonds issued to

203.8 refund the bonds described in paragraph (a), if the refunding bonds do not increase the

203.9 present value of debt service due on the refunded bonds when the refunding is closed.

203.10 (c) When the bonds described in paragraphs (a) and (b) have been paid or defeased,

203.11 the district must be decertified and any remaining increment returned to the city, county,

203.12 and school district as provided in Minnesota Statutes, section 469.176, subdivision 2,

203.13 paragraph (c), clause (4).

203.14 **EFFECTIVE DATE.** This section is effective upon compliance by the governing

203.15 bodies of the city of Glencoe, McLeod County, and Independent School District No.

203.16 2859 with the requirements of Minnesota Statutes, sections 469.1782, subdivision 2, and

203.17 645.021, subdivision 3.

203.18 Sec. 16. **CITY OF ELY; TAX INCREMENT FINANCING.**

203.19 Subdivision 1. **Extension of district.** Notwithstanding Minnesota Statutes, section

203.20 469.176, subdivision 1b, or any other law to the contrary, the city of Ely may collect

203.21 tax increment from Tax Increment Financing District No. 1 through December 31,

203.22 2021. Increments from the district may only be used to pay binding obligations and

203.23 administrative expenses.

203.24 Subd. 2. **Binding obligations.** For purposes of this section, "binding obligations"

203.25 means the binding contractual or debt obligation of Tax Increment Financing District

203.26 No. 1 entered into before January 1, 2013.

203.27 Subd. 3. **Expenditures outside district.** Notwithstanding Minnesota Statutes,

203.28 section 469.1763, subdivision 2, the governing body of the city of Ely may elect to

203.29 transfer revenues derived from increments from its Tax Increment Financing District No.

203.30 3 to the tax increment account established under Minnesota Statutes, section 469.177,

203.31 subdivision 5, for Tax Increment Financing District No. 1. The amount that may be

203.32 transferred is limited to the lesser of:

203.33 (1) \$168,000; or

203.34 (2) the total amount due on binding obligations and outstanding on that date, less the

203.35 amount of increment collected by Tax Increment Financing District No. 1 after December

204.1 31, 2012, and administrative expenses of Tax Increment Financing District No. 1 incurred  
204.2 after December 31, 2012.

204.3 **EFFECTIVE DATE.** This section is effective upon approval by the governing  
204.4 bodies of the city of Ely, St. Louis County, and Independent School District No. 696 with  
204.5 the requirements of Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021,  
204.6 subdivision 3.

204.7 Sec. 17. **DAKOTA COUNTY COMMUNITY DEVELOPMENT AGENCY; TAX**  
204.8 **INCREMENT FINANCING DISTRICT.**

204.9 **Subdivision 1. Authorization.** Notwithstanding the provisions of any other law,  
204.10 the Dakota County Community Development Agency may establish a redevelopment tax  
204.11 increment financing district comprised of the properties that (1) were included in the CDA  
204.12 10 Robert Street and Smith Avenue district in the city of West St. Paul, and (2) were not  
204.13 decertified before July 1, 2012. The district created under this section terminates no later  
204.14 than December 31, 2023.

204.15 **Subd. 2. Special rules.** The requirements for qualifying a redevelopment district  
204.16 under Minnesota Statutes, section 469.174, subdivision 10, do not apply to parcels located  
204.17 within the district. Minnesota Statutes, section 469.176, subdivision 4j, do not apply to the  
204.18 district. The original tax capacity of the district is \$93,239.

204.19 **Subd. 3. Authorized expenditures.** Tax increment from the district may be  
204.20 expended to pay for any eligible activities authorized by Minnesota Statutes, chapter 469,  
204.21 within the redevelopment area that includes the district provided that the boundaries of the  
204.22 redevelopment area may not be expanded to add new area after April 1, 2013. All such  
204.23 expenditures are deemed to be activities within the district under Minnesota Statutes,  
204.24 section 469.1763, subdivisions 2 and 4.

204.25 **Subd. 4. Adjusted net tax capacity.** The captured tax capacity of the district must  
204.26 be included in the adjusted net tax capacity of the city, county, and school district for the  
204.27 purposes of determining local government aid, education aid, and county program aid.  
204.28 The county auditor shall report to the commissioner of revenue the amount of the captured  
204.29 tax capacity for the district at the time the assessment abstracts are filed.

204.30 **EFFECTIVE DATE.** This section is effective upon compliance by the governing  
204.31 body of the Dakota County Community Development Agency with the requirements of  
204.32 Minnesota Statutes, section 645.021, subdivision 3.

205.1       Sec. 18. **CITY OF APPLE VALLEY; TAX INCREMENT FINANCING**  
205.2 **DISTRICT.**

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

205.5       (b) "City" means the city of Apple Valley.

205.6       (c) "Project area" means the following parcels: parcel numbers 01-03500-25-010,  
205.7 01-03500-03-011, 01-03500-02-010, 01-03500-52-011, 01-03500-78-011,  
205.8 01-03500-77-014, 01-03500-75-010, 01-03400-05-050,

205.9       (d) "Soil deficiency district" means a type of tax increment financing district  
205.10 consisting of a portion of the project area in which the city finds by resolution that the  
205.11 following conditions exist:

205.12       (1) unusual terrain or soil deficiencies that occurred over 70 percent of the acreage in  
205.13 the district require substantial filling, grading, or other physical preparation for use; and

205.14       (2) the estimated cost of the physical preparation under clause (1), but excluding  
205.15 costs directly related to roads as defined in Minnesota Statutes, section 160.01, and local  
205.16 improvements as described in Minnesota Statutes, sections 429.021, subdivision 1, other  
205.17 than clauses (8) to (10), and 430.01, exceeds the fair market value of the land before  
205.18 completion of the preparation.

205.19       Subd. 2. Special rules. (a) If the city elects, upon the adoption of the tax increment  
205.20 financing plan for a district, the rules under this section apply to a redevelopment  
205.21 district, renewal and renovation district, soil condition district, or soil deficiency district  
205.22 established by the city or a development authority of the city in the project area. The city,  
205.23 or a development authority acting on its behalf, may establish one or more soils deficiency  
205.24 districts within the project area.

205.25       (b) Prior to or upon the adoption of the first tax increment plan subject to the special  
205.26 rules under this subdivision, the city must find by resolution that parcels consisting  
205.27 of at least 70 percent of the acreage of the project area, excluding street and railroad  
205.28 rights-of-way, are characterized by one or more of the following conditions:

205.29       (1) peat or other soils with geotechnical deficiencies that impair development of  
205.30 commercial buildings or infrastructure;

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

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

205.34       (4) quarries or similar resource extraction sites;

205.35       (5) floodway; and

206.1 (6) substandard buildings, within the meaning of Minnesota Statutes, section  
206.2 469.174, subdivision 10.

206.3 (c) For the purposes of paragraph (b), clauses (1) to (5), a parcel is characterized by  
206.4 the relevant condition if at least 60 percent of the area of the parcel contains the relevant  
206.5 condition. For the purposes of paragraph (b), clause (6), a parcel is characterized by  
206.6 substandard buildings if substandard buildings occupy at least 30 percent of the area  
206.7 of the parcel.

206.8 (d) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is  
206.9 extended to ten years for any district, and the period under Minnesota Statutes, section  
206.10 469.1763, subdivision 4, is extended to 11 years.

206.11 (e) Notwithstanding any provision to the contrary in Minnesota Statutes, section  
206.12 469.1763, subdivision 2, paragraph (a), not more than 80 percent of the total revenue  
206.13 derived from tax increments paid by properties in any district, measured over the life of  
206.14 the district, may be expended on activities outside the district but within the project area.

206.15 (f) For a soil deficiency district:

206.16 (1) increments may be collected through 20 years after the receipt by the authority of  
206.17 the first increment from the district; and

206.18 (2) except as otherwise provided in this subdivision, increments may be used only to:

206.19 (i) acquire parcels on which the improvements described in item (ii) will occur;

206.20 (ii) pay for the cost of correcting the unusual terrain or soil deficiencies and the  
206.21 additional cost of installing public improvements directly caused by the deficiencies; and

206.22 (iii) pay for the administrative expenses of the authority allocable to the district.

206.23 (g) The authority to approve tax increment financing plans to establish tax increment  
206.24 financing districts under this section expires December 31, 2022.

206.25 **EFFECTIVE DATE.** This section is effective upon compliance with Minnesota  
206.26 Statutes, section 645.021, subdivision 3.

206.27 **Sec. 19. CITY OF APPLE VALLEY; USE OF TAX INCREMENT FINANCING.**

206.28 **Subdivision 1. Developments consisting of building and ancillary facilities.**

206.29 Notwithstanding Minnesota Statutes, section 469.176, subdivisions 4c and 4m, the city of  
206.30 Apple Valley may use tax increment financing to provide improvements, loans, subsidies,  
206.31 grants, interest rate subsidies, or assistance in any form to developments consisting of  
206.32 buildings and ancillary facilities, if all of the following conditions are met:

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

207.1 (2) the city of Apple Valley finds that construction of the project will not commence  
207.2 before July 1, 2014, without the use of tax increment financing;

207.3 (3) the request for certification of the district is made no later than June 30, 2014;

207.4 (4) construction of the project begins no later than July 1, 2014; and

207.5 (5) for development of housing, construction of the project begins no later than  
207.6 December 31, 2013.

207.7 Subd. 2. **Extension of authority to spend tax increments.** Notwithstanding the  
207.8 time limits in Minnesota Statutes, section 469.176, subdivision 4m, the city of Apple  
207.9 Valley has the authority to spend tax increments under Minnesota Statutes, section  
207.10 469.176, subdivision 4m, until December 31, 2014.

207.11 **EFFECTIVE DATE.** This section is effective upon approval by the governing  
207.12 body of the city of Apple Valley and timely compliance with Minnesota Statutes, section  
207.13 645.021, subdivision 3.

207.14 Sec. 20. **CITY OF MINNEAPOLIS; STREETCAR FINANCING.**

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

207.17 (b) "City" means the city of Minneapolis.

207.18 (c) "County" means Hennepin County.

207.19 (d) "District" means the areas certified by the city under subdivision 2 for collection  
207.20 of value capture taxes.

207.21 (e) "Project area" means the area including one city block on either side of a streetcar  
207.22 line designated by the city to serve the downtown and adjacent neighborhoods of the city.

207.23 Subd. 2. **Authority to establish district.** (a) The governing body of the city may, by  
207.24 resolution, establish a value capture district consisting of some or all of the taxable parcels  
207.25 located within one or more of the following areas of the city, as described in the resolution:

207.26 (1) the area bounded by Nicollet Avenue on the west, 16th Street East on the south,  
207.27 First Avenue South on the east, and 14th Street East on the north;

207.28 (2) the area bounded by Spruce Place on the west, 14th Street West on the south,  
207.29 LaSalle Avenue on the east, and Grant Street West on the north;

207.30 (3) the area bounded by Nicollet Avenue or Mall on the west, Fifth Street South on  
207.31 the south, Marquette Avenue on the east, and Fourth Street South on the north;

207.32 (4) the area bounded by First Avenue North on the west, Washington Avenue on the  
207.33 south, Hennepin Avenue on the east, and Second Street North on the north; and

208.1 (5) the area bounded by Fifth Street North East on the west, Central Avenue North  
208.2 East on the southeast, Sixth Street North East on the east, Hennepin Avenue East on the  
208.3 south, and First Avenue North East on the north.

208.4 (b) The city may establish the district and the project area only after holding a public  
208.5 hearing on its proposed creation after publishing notice of the hearing and the proposal at  
208.6 least once not less than ten days nor more than 30 days before the date of the hearing.

208.7 Subd. 3. **Calculation of value capture district; administrative provisions.** (a) If  
208.8 the city establishes a value capture district under subdivision 2, the city shall request the  
208.9 county auditor to certify the district for calculation of the district's tax revenues.

208.10 (b) For purposes of calculating the tax revenues of the district, the county auditor  
208.11 shall treat the district as if it were a request for certification of a tax increment financing  
208.12 district under the provisions of Minnesota Statutes, section 469.177, subdivision 1,  
208.13 and shall calculate the tax revenues of the district for each year of its duration under  
208.14 subdivision 5 as equaling the amount of tax increment that would be computed by  
208.15 applying the provisions of Minnesota Statutes, section 469.177, subdivisions 1, 2, and  
208.16 3, to determine captured tax capacity and multiplying by the current tax rate, excluding  
208.17 the state general tax rate. The city shall provide the county auditor with the necessary  
208.18 information to certify the district, including the option for calculating revenues derived  
208.19 from the areawide tax rate under Minnesota Statutes, chapter 473F.

208.20 (c) The county auditor shall pay to the city at the same times provided for settlement  
208.21 of taxes and payment of tax increments the tax revenues of the district. The city must use  
208.22 the tax revenues as provided under subdivision 4.

208.23 Subd. 4. **Permitted uses of district tax revenues.** (a) In addition to paying for  
208.24 reasonable administrative costs of the district, the city may spend tax revenues of the  
208.25 district for property acquisition, improvements, and equipment to be used for operations  
208.26 within the project area, along with related costs, for:

208.27 (1) planning, design, and engineering services related to the construction of the  
208.28 streetcar line;

208.29 (2) acquiring property for, constructing, and installing a streetcar line;

208.30 (3) acquiring and maintaining equipment and rolling stock and related facilities, such  
208.31 as maintenance facilities, which need not be located in the project area;

208.32 (4) acquiring, constructing, or improving transit stations; and

208.33 (5) acquiring or improving public space, including the construction and installation  
208.34 of improvements to streets and sidewalks, decorative lighting and surfaces, and plantings  
208.35 related to the streetcar line.



209.1 (b) The city may issue bonds or other obligations under Minnesota Statutes, chapter  
209.2 475, without an election, to fund acquisition or improvement of property of a capital  
209.3 nature authorized by this section, including any costs of issuance. The city may also issue  
209.4 bonds or other obligations to refund those bonds or obligations. Payment of principal  
209.5 and interest on the bonds or other obligations issued under this paragraph is a permitted  
209.6 use of the district's tax revenues.

209.7 (c) Tax revenues of the district may not be used for the operation of the streetcar line.

209.8 Subd. 5. **Duration of the district.** A district established under this section is limited  
209.9 to the lesser of (1) 25 years of tax revenues, or (2) the time necessary to collect tax revenues  
209.10 equal to the amount of the capital costs permitted under subdivision 4 or the amount needed  
209.11 to pay or defease bonds or other obligations issued under subdivision 4, whichever is later.

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

209.13 Sec. 21. **CITY OF MAPLEWOOD; TAX INCREMENT FINANCING**  
209.14 **DISTRICT; SPECIAL RULES.**

209.15 (a) If the city of Maplewood elects, upon the adoption of a tax increment financing  
209.16 plan for a district, the rules under this section apply to one or more redevelopment  
209.17 tax increment financing districts established by the city or the economic development  
209.18 authority of the city. The area within which the redevelopment tax increment districts may  
209.19 be created is parcel 362922240002 (the "parcel") or any replatted parcels constituting a  
209.20 part of the parcel and the adjacent rights-of-way. For purposes of this section, the parcel is  
209.21 the "3M Renovation and Retention Project Area" or "project area."

209.22 (b) The requirements for qualifying redevelopment tax increment districts under  
209.23 Minnesota Statutes, section 469.174, subdivision 10, do not apply to the parcel, which is  
209.24 deemed eligible for inclusion in a redevelopment tax increment district.

209.25 (c) The 90 percent rule under Minnesota Statutes, section 469.176, subdivision  
209.26 4j, does not apply to the parcel.

209.27 (d) The expenditures outside district rule under Minnesota Statutes, section  
209.28 469.1763, subdivision 2, does not apply; the five-year rule under Minnesota Statutes,  
209.29 section 469.1763, subdivision 3, is extended to ten years; and expenditures must only  
209.30 be made within the project area.

209.31 (e) If, after one year from the date of certification of the original net tax capacity  
209.32 of the tax increment district, no demolition, rehabilitation, or renovation of property has  
209.33 been commenced on a parcel located within the tax increment district, no additional tax  
209.34 increment may be taken from that parcel, and the original net tax capacity of the parcel  
209.35 shall be excluded from the original net tax capacity of the tax increment district. If 3M

210.1 Company subsequently commences demolition, rehabilitation, or renovation, the authority  
210.2 shall certify to the county auditor that the activity has commenced, and the county auditor  
210.3 shall certify the net tax capacity thereof as most recently certified by the commissioner  
210.4 of revenue and add it to the original net tax capacity of the tax increment district. The  
210.5 authority must submit to the county auditor evidence that the required activity has taken  
210.6 place for each parcel in the district.

210.7 (f) The authority to approve a tax increment financing plan and to establish a tax  
210.8 increment financing district under this section expires December 31, 2018.

210.9 **EFFECTIVE DATE.** This section is effective upon approval by the governing  
210.10 body of the city of Maplewood and upon compliance with Minnesota Statutes, section  
210.11 645.021, subdivision 3.

210.12 Sec. 22. **CITY OF BLOOMINGTON; TAX INCREMENT FINANCING.**

210.13 Subdivision 1. **Addition of property to Tax Increment Financing District**

210.14 **No. 1-G.** (a) Notwithstanding the provisions of Minnesota Statutes, section 469.175,  
210.15 subdivision 4, or any other law to the contrary, the governing bodies of the Port Authority  
210.16 of the city of Bloomington and the city of Bloomington may elect to eliminate the real  
210.17 property north of the existing building line on Lot 1, Block 1, Mall of America 7th  
210.18 Addition, exclusive of Lots 2 and 3 from Tax Increment Financing District No. 1-C  
210.19 within Industrial Development District No. 1 Airport South in the city of Bloomington,  
210.20 Minnesota, and expand the boundaries of Tax Increment Financing District No. 1-G  
210.21 to include that property.

210.22 (b) If the city elects to transfer parcels under this authority, the county auditor shall  
210.23 transfer the original tax capacity of the affected parcels from Tax Increment Financing  
210.24 District No. 1-C to Tax Increment Financing District No. 1-G.

210.25 Subd. 2. **Authority to extend duration limit; computation of increment.** (a)  
210.26 Notwithstanding Minnesota Statutes, section 469.176, or Laws 1996, chapter 464, article  
210.27 1, section 8, or any other law to the contrary, the city of Bloomington and its port authority  
210.28 may extend the duration limits of Tax Increment Financing Districts No. 1-C and No.  
210.29 1-G through December 31, 2034.

210.30 (b) Effective for property taxes payable in 2017 through 2034, the captured tax  
210.31 capacity of Tax Increment Financing District No. 1-C must be included in computing the  
210.32 tax rates of each local taxing district and the tax increment equals only the amount of tax  
210.33 computed under Minnesota Statutes, section 473F.08, subdivision 3c, paragraph (c).

210.34 (c) Effective for property taxes payable in 2019 through 2034, the captured tax  
210.35 capacity of Tax Increment Financing District No. 1-G must be included in computing the

211.1 tax rates of each local taxing district and the tax increment for the district equals only  
211.2 the amount of tax computed under Minnesota Statutes, section 473F.08, subdivision  
211.3 3c, paragraph (c).

211.4 Subd. 3. **Treatment of increment.** Increments received under the provisions  
211.5 of subdivision 2, paragraph (b) or (c), and Minnesota Statutes, section 473F.08,  
211.6 subdivision 3c, are deemed to be tax increments of Tax Increment Financing District No.  
211.7 1-G, notwithstanding any law to the contrary, and without regard to whether they are  
211.8 attributable to captured tax capacity of Tax Increment Financing District No. 1-C.

211.9 Subd. 4. **Condition.** The authority under this section expires and Tax Increment  
211.10 Financing Districts No. 1-C and No. 1-G must be decertified for taxes payable in 2024  
211.11 and thereafter, if the total estimated market value of improvements for parcels located in  
211.12 Tax Increment Financing District No. 1-G, as modified, do not exceed \$100,000,000  
211.13 by taxes payable in 2023.

211.14 **EFFECTIVE DATE.** This section is effective upon compliance of the governing  
211.15 body of the city of Bloomington with the requirements of Minnesota Statutes, section  
211.16 645.021, subdivision 3, but only if the city enters into a binding written agreement with  
211.17 the Metropolitan Council to repair and restore, or to replace, the old Cedar Avenue bridge  
211.18 for use by bicycle commuters and recreational users. This section is effective without  
211.19 approval of the county and school district under Minnesota Statutes, section 469.1782,  
211.20 subdivision 2. The legislature finds that the county and school district are not "affected  
211.21 local government units" within the meaning of Minnesota Statutes, section 469.1782,  
211.22 because the provision allowing extended collection of increment by the tax increment  
211.23 financing districts does not affect their tax bases and tax rates dissimilarly to other counties  
211.24 and school districts in the metropolitan area.

211.25 Sec. 23. **CITY OF BLOOMINGTON; OLD CEDAR AVENUE BRIDGE.**

211.26 (a) Notwithstanding any law to the contrary, the city of Bloomington shall transfer  
211.27 from the tax increment financing accounts for its Tax Increment Financing District No.  
211.28 1-C and Tax Increment Financing District No. 1-G an amount equal to the tax increment  
211.29 for each district that is computed under the provisions of Minnesota Statutes, section  
211.30 473F.08, subdivision 3c, for taxes payable in 2014 to an account or fund established for  
211.31 the repair, restoration, or replacement of the Old Cedar Avenue bridge for use by bicycle  
211.32 commuters and recreational users. The city is authorized to and must use the transferred  
211.33 funds to complete the repair, renovation, or replacement of the bridge.

212.1 (b) No signs, plaques, or markers acknowledging or crediting donations for,  
212.2 sponsorships of, or naming rights may be posted on or in the vicinity of the Old Cedar  
212.3 Avenue bridge.

212.4 **EFFECTIVE DATE.** This section is effective upon compliance by the city of  
212.5 Bloomington with the requirements of Minnesota Statutes, section 645.021, subdivision 3.

## 212.6 **ARTICLE 10**

### 212.7 **DESTINATION MEDICAL CENTER**

212.8 Section 1. Minnesota Statutes 2012, section 13.792, is amended to read:

#### 212.9 **13.792 PRIVATE DONOR GIFT DATA.**

212.10 The following data maintained by the Minnesota Zoological Garden, the University  
212.11 of Minnesota, the Minnesota State Colleges and Universities, the Regional Parks  
212.12 Foundation of the Twin Cities, State Services for the Blind, the Destination Medical  
212.13 Center Corporation established pursuant to section 469.41, and any related entity subject  
212.14 to chapter 13 are classified as private or nonpublic:

212.15 (1) research information about prospects and donors gathered to aid in determining  
212.16 appropriateness of solicitation and level of gift request;

212.17 (2) specific data in prospect lists that would identify prospects to be solicited, dollar  
212.18 amounts to be requested, and name of solicitor;

212.19 (3) portions of solicitation letters and proposals that identify the prospect being  
212.20 solicited and the dollar amount being requested;

212.21 (4) letters, pledge cards, and other responses received from donors regarding  
212.22 prospective gifts in response to solicitations;

212.23 (5) portions of thank-you letters and other gift acknowledgment communications  
212.24 that would identify the name of the donor and the specific amount of the gift, pledge,  
212.25 or pledge payment;

212.26 (6) donor financial or estate planning information, or portions of memoranda, letters,  
212.27 or other documents commenting on any donor's financial circumstances; and

212.28 (7) data detailing dates of gifts, payment schedule of gifts, form of gifts, and specific  
212.29 gift amounts made by donors.

212.30 Names of donors and gift ranges are public data.

212.31 Sec. 2. Minnesota Statutes 2012, section 297A.71, is amended by adding a subdivision  
212.32 to read:

213.1 Subd. 48. **Construction materials, public infrastructure related to the**  
213.2 **destination medical center.** Materials and supplies used in, and equipment incorporated  
213.3 into, the construction and improvement of publicly owned buildings and infrastructure  
213.4 included in the development plan adopted under section 469.43, and financed with public  
213.5 funds, are exempt.

213.6 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
213.7 June 30, 2015, and before July 1, 2049.

213.8 Sec. 3. **[469.40] DEFINITIONS.**

213.9 Subdivision 1. **Application.** For the purposes of sections 469.40 to 469.47, the  
213.10 terms defined in this section have the meanings given them.

213.11 Subd. 2. **City.** "City" means the city of Rochester.

213.12 Subd. 3. **County.** "County" means Olmsted County.

213.13 Subd. 4. **Destination Medical Center Corporation, corporation, DMCC.**

213.14 "Destination Medical Center Corporation," "corporation," or "DMCC" means the  
213.15 nonprofit corporation created by the city as provided in section 469.41, and organized  
213.16 under chapter 317A.

213.17 Subd. 5. **Destination Medical Center Development District.** "Destination medical  
213.18 center development district" or "development district" means a geographic area in the city  
213.19 identified in the DMCC development plan in which public infrastructure projects are  
213.20 implemented.

213.21 Subd. 6. **Development plan.** "Development plan" means the plan adopted by  
213.22 the DMCC under section 469.43.

213.23 Subd. 7. **Financial interest.** "Financial interest" means a person's direct or indirect  
213.24 ownership or investment interest or compensation arrangement, whether through business,  
213.25 investment, or family, including spouse, children and stepchildren, and other relatives  
213.26 living with the person, as follows:

213.27 (1) ownership or investment interest in the development, acquisition, or construction  
213.28 of a project in the development district;

213.29 (2) compensation arrangement with respect to the development, acquisition, or  
213.30 construction of a project in the development district; or

213.31 (3) potential ownership or investment interest in, or compensation arrangement with  
213.32 respect to, the development, acquisition, or construction of a project in the development  
213.33 district.

213.34 Subd. 8. **Medical business entity.** "Medical business entity" means a medical  
213.35 business entity with its principal place of business in the city that, as of the effective date

214.1 of this section, together with all business entities of which it is the sole member or sole  
214.2 shareholder, collectively employs more than 30,000 persons in the state.

214.3 Subd. 9. **Nonprofit economic development agency, agency.** "Nonprofit economic  
214.4 development agency" or "agency" means the nonprofit agency required under section  
214.5 469.43 to provide experience and expertise to the DMCC for purposes of developing and  
214.6 marketing the destination medical center.

214.7 Subd. 10. **Project.** "Project" means a project to implement the development plan,  
214.8 whether public or private.

214.9 Subd. 11. **Public infrastructure project.** (a) "Public infrastructure project" means  
214.10 a project financed in part or in whole with public money in order to support the medical  
214.11 business entity's development plans, as identified in the DMCC development plan. A  
214.12 public infrastructure project may:

214.13 (1) acquire real property and other assets associated with the real property;

214.14 (2) demolish, repair, or rehabilitate buildings;

214.15 (3) remediate land and buildings as required to prepare the property for acquisition  
214.16 or development;

214.17 (4) install, construct, or reconstruct elements of public infrastructure required to  
214.18 support the overall development of the destination medical center development district  
214.19 including, but not limited to, streets, roadways, utilities systems and related facilities,  
214.20 utility relocations and replacements, network and communication systems, streetscape  
214.21 improvements, drainage systems, sewer and water systems, subgrade structures and  
214.22 associated improvements, landscaping, façade construction and restoration, wayfinding  
214.23 and signage, and other components of community infrastructure;

214.24 (5) acquire, construct or reconstruct, and equip parking facilities and other facilities  
214.25 to encourage intermodal transportation and public transit;

214.26 (6) install, construct or reconstruct, furnish, and equip parks, cultural, and  
214.27 recreational facilities, facilities to promote tourism and hospitality, conferencing and  
214.28 conventions, broadcast and related multimedia infrastructure;

214.29 (7) make related site improvements including, without limitation, excavation,  
214.30 earth retention, soil stabilization and correction, and site improvements to support the  
214.31 destination medical center development district;

214.32 (8) prepare land for private development and to sell or lease land;

214.33 (9) costs of providing relocation benefits to occupants of acquired properties; and

214.34 (10) construct and equip all or a portion of one or more suitable structures on land  
214.35 owned by the city for sale or lease to private development; provided, however, that the

215.1 portion of any structure directly financed by the city as a public infrastructure project must  
215.2 not be sold or leased to a medical business entity.

215.3 (b) A public infrastructure project is not a business subsidy under section 116J.993.

215.4 Subd. 12. **Year.** "Year" means a calendar year, except where otherwise provided.

215.5 Sec. 4. **[469.41] DESTINATION MEDICAL CENTER CORPORATION**  
215.6 **ESTABLISHED.**

215.7 Subdivision 1. **DMCC created.** The city must establish a destination medical  
215.8 center corporation as a nonprofit corporation under chapter 317A to provide the city with  
215.9 expertise in preparing and implementing the development plan to establish the city as a  
215.10 destination medical center. Except as provided in sections 469.40 to 469.47, the nonprofit  
215.11 corporation is not subject to laws governing the city.

215.12 Subd. 2. **Membership; quorum.** (a) The corporation's governing board consists  
215.13 of eight members appointed, as follows:

215.14 (1) the mayor of the city, or the mayor's designee, subject to approval by the city  
215.15 council;

215.16 (2) the city council president, or the city council president's designee, subject  
215.17 to approval by the city council;

215.18 (3) the chair or member of the county board, appointed by the county board;

215.19 (4) a representative of the medical business entity appointed by and serving at the  
215.20 pleasure of the medical business entity; and

215.21 (5) four members appointed by the governor, subject to confirmation by the senate.

215.22 (b) Appointing authorities must make their respective appointments as soon as  
215.23 practicable after the effective date of this section, but no later than 60 days after enactment  
215.24 of this section.

215.25 (c) A quorum of the board is six members.

215.26 Subd. 3. **Terms.** (a) A member first appointed after the effective date of this section  
215.27 under subdivision 2, paragraph (a), clauses (1), (2), and (3), serves for a term coterminous  
215.28 with the term of the elected office, but may be reappointed.

215.29 (b) Two members first appointed after the effective date of this section under  
215.30 subdivision 2, paragraph (a), clause (5), serve from the date of appointment until the first  
215.31 Tuesday after the first Monday in January 2017, and two members first appointed after the  
215.32 effective date of this section under subdivision 2, paragraph (a), clause (5), serve from  
215.33 the date of appointment until the first Tuesday after the first Monday in January 2020.  
215.34 Thereafter, members appointed by the governor serve six-year terms.

216.1 Subd. 4. **Vacancies.** A vacancy occurs as provided in section 351.02 or upon  
216.2 a member's removal under subdivision 7. A vacancy on the board must be filled by  
216.3 the appointing authority for the balance of the term in the same manner as a regular  
216.4 appointment.

216.5 Subd. 5. **Chair.** The board must elect a chair from among the governor's appointees.  
216.6 The governor must convene the first meeting within 30 days of completion of all  
216.7 appointments to the board.

216.8 Subd. 6. **Pay.** Members must be compensated as provided in section 15.0575,  
216.9 subdivision 3. For the purposes of this subdivision, the member representing the medical  
216.10 business entity shall be treated as if an employee of a political subdivision. All money  
216.11 paid for compensation or reimbursement must be paid out of the corporation's budget.

216.12 Subd. 7. **Removal for cause.** A member may be removed by the board for  
216.13 inefficiency, neglect of duty, or misconduct in office. A member may be removed only  
216.14 after a hearing of the board. A copy of the charges must be given to the board member at  
216.15 least ten days before the hearing. The board member must be given an opportunity to be  
216.16 heard in person or by counsel at the hearing. When written charges have been submitted  
216.17 against a board member, the board may temporarily suspend the member. If the board finds  
216.18 that those charges have not been substantiated, the board member must be immediately  
216.19 reinstated. If a board member is removed, a record of the proceedings, together with the  
216.20 charges and findings, must be filed with the office of the appointing authority.

216.21 Subd. 8. **Open meeting law; data practices.** Meetings of the corporation and any  
216.22 committee or subcommittee of the corporation are subject to the open meeting law in  
216.23 chapter 13D. The corporation is a government entity for purposes of chapter 13.

216.24 Subd. 9. **Conflicts of interest.** Except for the member appointed by the medical  
216.25 business entity, a member must not be a director, officer, or employee of the medical  
216.26 business entity. A member must not participate in or vote on a decision of the corporation  
216.27 relating to any project authorized by or under consideration by the corporation in which  
216.28 the member has either a direct or indirect financial interest. No member may serve as a  
216.29 lobbyist, as defined under section 10A.01, subdivision 21.

216.30 Subd. 10. **Public official.** A member of the corporation is a public official, as  
216.31 defined in section 10A.01, subdivision 35.

216.32 Subd. 11. **Powers.** The corporation may exercise any other powers that are  
216.33 granted by its articles of incorporation and bylaws to the extent that those powers are not  
216.34 inconsistent with the provisions of sections 469.40 to 469.47.

216.35 Subd. 12. **Contract for services.** (a) The corporation may contract for the services  
216.36 of the nonprofit economic development agency, financial advisors, other consultants,



217.1 agents, public accountants, legal counsel, and other persons needed to perform its duties  
217.2 and exercise its powers. The corporation may contract with the city or county to provide  
217.3 administrative, clerical, and accounting services to the corporation.

217.4 (b) The corporation must contract with the nonprofit agency for the services  
217.5 enumerated in section 469.43, subdivision 6, paragraph (a). The requirement to contract  
217.6 with the nonprofit agency does not limit the corporation's authority to contract with other  
217.7 providers for the services.

217.8 Subd. 13. **DMCC approval of projects.** A project must be approved by the  
217.9 corporation before it is proposed to the city. The corporation must review the project  
217.10 proposed for consistency with the adopted development plan.

217.11 Subd. 14. **Dissolution.** The city must provide for the terms for dissolution of the  
217.12 corporation in the articles of incorporation.

217.13 Sec. 5. **[469.42] OFFICERS; DUTIES; ORGANIZATIONAL MATTERS.**

217.14 Subdivision 1. **Bylaws, rules, seal.** The corporation may adopt bylaws and rules of  
217.15 procedure and may adopt an official seal.

217.16 Subd. 2. **Officers.** The corporation must annually elect a treasurer. The chair must  
217.17 appoint a secretary and assistant treasurer. The secretary and assistant treasurer need  
217.18 not, but may, be members of the board.

217.19 Subd. 3. **Duties and powers.** The officers have the usual duties and powers of their  
217.20 offices. They may be given other duties and powers by the corporation. The corporation  
217.21 must establish and maintain a Web site.

217.22 Subd. 4. **Treasurer's duties.** The treasurer:

217.23 (1) must receive and is responsible for corporation money;

217.24 (2) is responsible for the acts of the assistant treasurer;

217.25 (3) must disburse corporation money by check or electronic procedures;

217.26 (4) must keep an account of the source of all receipts, and of the nature, purpose, and  
217.27 authority of all disbursements; and

217.28 (5) must file the corporation's detailed financial statement with its secretary at least  
217.29 once a year at times set by the authority.

217.30 Subd. 5. **Secretary.** The secretary must perform duties as required by the board.

217.31 Subd. 6. **Assistant treasurer.** The assistant treasurer has the powers and duties of  
217.32 the treasurer if the treasurer is absent or disabled.

217.33 Sec. 6. **[469.43] DEVELOPMENT PLAN.**

218.1 Subdivision 1. **Development plan; adoption by DMCC; notice; findings.** (a) The  
218.2 corporation, working with the city and the nonprofit economic development agency, must  
218.3 prepare and adopt a development plan. The corporation must hold a public hearing before  
218.4 adopting a development plan. At least 60 days before the hearing, the corporation must  
218.5 make copies of the proposed plan available to the public at the corporation and city offices  
218.6 during normal business hours, on the corporation's and city's Web site, and as otherwise  
218.7 determined appropriate by the corporation. At least ten days before the hearing, the  
218.8 corporation must publish notice of the hearing in the official newspaper of the city. The  
218.9 development plan may not be adopted, unless the corporation finds, by resolution, that:  
218.10 (1) the plan provides an outline for the development of the city as a destination  
218.11 medical center, and the plan is sufficiently complete, including the identification of planned  
218.12 and anticipated projects, to indicate its relationship to definite state and local objectives;  
218.13 (2) the proposed development affords maximum opportunity, consistent with the  
218.14 needs of the city, county, and state, for the development of the city by private enterprise  
218.15 as a destination medical center;  
218.16 (3) the proposed development conforms to the general plan for the development of  
218.17 the city and is consistent with the city comprehensive plan;  
218.18 (4) the plan includes:  
218.19 (i) strategic planning consistent with a destination medical center in the core areas of  
218.20 commercial research and technology, learning environment, hospitality and convention,  
218.21 sports and recreation, livable communities, including mixed-use urban development  
218.22 and neighborhood residential development, retail/dining/entertainment, and health and  
218.23 wellness;  
218.24 (ii) estimates of short- and long-range fiscal and economic impacts;  
218.25 (iii) a framework to identify and prioritize short- and long-term public investment  
218.26 and public infrastructure project development and to facilitate private investment  
218.27 and development, including the criteria and process for evaluating and underwriting  
218.28 development proposals;  
218.29 (iv) land use planning;  
218.30 (v) transportation and transit planning;  
218.31 (vi) operational planning required to support the medical center development  
218.32 district; and  
218.33 (vii) ongoing market research plans; and  
218.34 (5) the city has approved the plan.  
218.35 (b) The identification of planned and anticipated projects under paragraph (a), clause  
218.36 (1), must give priority to projects that will pay wages at least equal to the basic cost of living

219.1 wage as calculated by the commissioner of employment and economic development for  
219.2 the county in which the project is located. The calculation of the basic cost of living wage  
219.3 must be done as provided for under section 116J.013, if enacted by the 2013 legislature.

219.4 Subd. 2. **Development plan approval by city.** Section 15.99 does not apply to  
219.5 review and approval of the development plan. The city shall act on the development plan  
219.6 within 60 days following its submission by the corporation. The city may incorporate the  
219.7 development plan into the city's comprehensive plan.

219.8 Subd. 3. **Subject to city requirements.** All projects are subject to the planning,  
219.9 zoning, sanitary, and building laws; ordinances; regulations; and land use plans that apply  
219.10 to the city.

219.11 Subd. 4. **Modification of development plan.** The corporation may modify the  
219.12 development plan at any time. The corporation must update the development plan not less  
219.13 than every five years. A modification or update under this subdivision must be adopted by  
219.14 the corporation upon the notice and after the public hearing and findings required for the  
219.15 original adoption of the development plan, including approval by the city.

219.16 Subd. 5. **Medical center development districts; creation; notice; findings.** As  
219.17 part of the development plan, the corporation may create and define the boundaries of  
219.18 medical center development districts and subdistricts at any place or places within the  
219.19 city. Projects may be undertaken within defined medical center development districts  
219.20 consistent with the development plan.

219.21 Subd. 6. **Nonprofit economic development agency.** (a) The medical business  
219.22 entity must establish a nonprofit economic development agency organized under chapter  
219.23 317A to provide experience and expertise in developing and marketing the destination  
219.24 medical center. The corporation must engage the agency to assist the corporation in  
219.25 preparing the development plan. The governing board of the agency must be comprised of  
219.26 members of the medical community, city, and county. The agency must collaborate with  
219.27 city, county, and other community representatives. The nonprofit agency must provide  
219.28 services to assist the corporation and city in implementing the goals, objectives, and  
219.29 strategies in the development plan including, but not limited to:

219.30 (1) facilitating private investment through development of a comprehensive  
219.31 marketing program to global interests;

219.32 (2) developing and updating the criteria for evaluating and underwriting  
219.33 development proposals;

219.34 (3) drafting and implementing the development plan, including soliciting and  
219.35 evaluating proposals for development and evaluating and making recommendations to the  
219.36 authority and the city regarding those proposals;

- 220.1 (4) providing transactional services in connection with approved projects;
- 220.2 (5) developing patient, visitor, and community outreach programs for a destination
- 220.3 medical center development district;
- 220.4 (6) working with the corporation to acquire and facilitate the sale, lease, or other
- 220.5 transactions involving land and real property;
- 220.6 (7) seeking financial support for the corporation, the city, and a project;
- 220.7 (8) partnering with other development agencies and organizations, the city, and the
- 220.8 county in joint efforts to promote economic development and establish a destination
- 220.9 medical center;
- 220.10 (9) supporting and administering the planning and development activities required to
- 220.11 implement the development plan;
- 220.12 (10) preparing and supporting the marketing and promotion of the medical center
- 220.13 development district;
- 220.14 (11) preparing and implementing a program for community and public relations in
- 220.15 support of the medical center development district;
- 220.16 (12) assisting the corporation or city and others in applications for federal grants, tax
- 220.17 credits, and other sources of funding to aid both private and public development; and
- 220.18 (13) making other general advisory recommendations to the corporation and the
- 220.19 city, as requested.
- 220.20 (b) The nonprofit economic development agency must disclose to the city and
- 220.21 to the corporation the existence, nature, and all material facts regarding any financial
- 220.22 interest its employees or contractors have in any public infrastructure project submitted
- 220.23 to the city for approval and any financial interest its employees or contractors have in
- 220.24 the destination medical center development. "Contractors" includes affiliates of the
- 220.25 contractors or members or shareholders with an ownership interest of more than 20
- 220.26 percent in the contractor.
- 220.27 Subd. 7. **Audit of nonprofit economic development agency contract.** Any contract
- 220.28 for services between the corporation and the nonprofit economic development agency
- 220.29 paid, in whole or in part, with public money provides the corporation, the city, and the state
- 220.30 auditor the right to audit the books and records of the agency that are necessary to certify:
- 220.31 (1) the nature and extent of the services furnished pursuant to the contract; and
- 220.32 (2) that the payment for services and related disbursements complies with all state
- 220.33 laws, regulations, and the terms of the contract.
- 220.34 Any contract for services between the corporation and the agency paid, in whole
- 220.35 or in part, with public money must require the corporation to maintain for the life of the
- 220.36 corporation accurate and complete books and records directly relating to the contract.

221.1 Subd. 8. **Report.** By February 15 of each year, the corporation and city must jointly  
221.2 submit a report to the chairs and ranking minority members of the legislative committees  
221.3 and divisions with jurisdiction over local and state government operations, economic  
221.4 development, and taxes, and to the commissioners of revenue and employment and  
221.5 economic development, and the county. The corporation and city must also submit the  
221.6 report as provided in section 3.195. The report must include:

221.7 (1) the development plan and any proposed changes to the development plan;

221.8 (2) progress of projects identified in the development plan;

221.9 (3) actual costs and financing sources, including the amount paid with state aid under  
221.10 section 469.47, and required local contributions of projects completed in the previous two  
221.11 years by the corporation, city, county, and the medical business entity;

221.12 (4) estimated costs and financing sources for projects to be started in the next two  
221.13 years by the corporation, city, county, and the medical business entity; and

221.14 (5) debt service schedules for all outstanding obligations of the city for debt issued  
221.15 for projects identified in the plan.

221.16 Sec. 7. **[469.44] CITY POWERS, DUTIES; AUTHORITY TO ISSUE BONDS.**

221.17 Subdivision 1. **Port authority powers.** The city may exercise the powers of a  
221.18 port authority under sections 469.048 to 469.068 for the purposes of implementing the  
221.19 destination medical center development plan.

221.20 Subd. 2. **Support to the corporation.** The city must provide financial and  
221.21 administrative support, and office and other space, to the corporation. The city may  
221.22 appropriate city funds to the corporation for its work.

221.23 Subd. 3. **City to issue debt.** The city may issue general obligation bonds, revenue  
221.24 bonds, or other obligations, as it determines appropriate, to finance public infrastructure  
221.25 projects, as provided by chapter 475. Notwithstanding section 475.53, obligations issued  
221.26 under this section are not subject to the limits on net debt, regardless of their source of  
221.27 security or payment. Notwithstanding section 475.58 or any other law or charter provision  
221.28 to the contrary, issuance of obligations under the provisions of this section are not subject  
221.29 to approval of the electors. The city may pledge any of its revenues, including property  
221.30 taxes, the taxes authorized by sections 469.45 and 469.46, and the state aid under section  
221.31 469.47, as security for and to pay the obligations. The city must not issue obligations that  
221.32 are only payable from or secured by state aid under section 469.47.

221.33 Subd. 4. **Local government tax base not reduced.** Nothing in sections 469.40 to  
221.34 469.47 reduces the tax base or affects the taxes due and payable to the city, the county,

222.1 or any school district within the boundaries of the city, including without limitation,  
222.2 the city's general local sales tax.

222.3 Subd. 5. **Project implementation before plan adoption.** The city may exercise the  
222.4 powers under subdivision 3 with respect to any public infrastructure project commenced  
222.5 within the area that will be in the destination medical center development district after the  
222.6 effective date of this section but before the development plan is adopted subject to approval  
222.7 by the corporation. Actions taken under this authority must be approved by the corporation  
222.8 to be credited against the local contribution required under section 469.47, subdivision 4.

222.9 Subd. 6. **American made steel.** The city must require that a public infrastructure  
222.10 project use American steel products to the extent practicable. In determining whether it  
222.11 is practicable, the city may consider the exceptions to the requirement in Public Law  
222.12 111-5, section 1605.

222.13 Subd. 7. **City contracts; construction requirements.** For all public infrastructure  
222.14 projects, the city must make every effort to hire and cause the construction manager and  
222.15 any subcontractors to employ women and members of minority communities. Goals for  
222.16 construction contracts must be established in the manner required under the city's minority  
222.17 and women-owned business enterprises utilization plan.

222.18 Subd. 8. **Conduit bond issuance.** (a) Upon the request of the corporation or the  
222.19 nonprofit agency, the city or its economic development authority shall issue revenue bonds  
222.20 or other similar obligations for a qualifying project. Revenue bonds or other obligations as  
222.21 used in this subdivision means bonds or other obligations issued under sections 469.152  
222.22 to 469.165 or under chapter 462C, the interest on which is tax exempt. The city or its  
222.23 development authority shall use its best efforts to issue the bonds or other obligations  
222.24 as promptly and efficiently as possible following the request and the provision of the  
222.25 information and completion of the actions by the corporation or the nonprofit agency that  
222.26 are necessary for the issuance. Upon request of the corporation or nonprofit agency,  
222.27 the city or its economic development authority shall adopt methods and procedures that  
222.28 preserve the confidentiality of private donors or other private participants in the qualifying  
222.29 project, including structures and methods that do not require disclosing information on  
222.30 the donors or participants to the city or its economic development authority, and shall  
222.31 segregate in separate accounts all funds related to a qualifying project from other city  
222.32 and authority funds.

222.33 (b) For purposes of this section, a "qualifying project" means a project, as that  
222.34 term is defined in section 469.153, or a project that would qualify for financing under  
222.35 chapter 462C, that:

223.1 (1) the corporation finds is consistent with and will further the goals of the  
223.2 development plan;

223.3 (2) is located in a medical development district; and

223.4 (3) has a commitment of private funding sources such as donations of money or  
223.5 in-kind contributions, other than revenues generated by the project, equal to at least ten  
223.6 percent of the total capital cost of the project.

223.7 Subd. 9. **Public bidding exemption.** (a) Notwithstanding section 469.068 or any  
223.8 other law to the contrary, the city need not require competitive bidding with respect to a  
223.9 parking facility or other public improvements constructed in conjunction with, and directly  
223.10 above or below, or adjacent and integrally related to, a private development financed  
223.11 or developed under the development plan.

223.12 (b) For purposes of this section, "city" includes the development authority  
223.13 established by the city.

223.14 Sec. 8. **[469.45] CITY TAX AUTHORITY.**

223.15 Subdivision 1. **Rochester, other local taxes authorized.** (a) Notwithstanding  
223.16 section 477A.016, or any other contrary provision of law, ordinance, or city charter, and in  
223.17 addition to any taxes the city may impose on these transactions under another statute or  
223.18 law, the city of Rochester may, by ordinance, impose at a rate or rates, determined by the  
223.19 city, any of the following taxes:

223.20 (1) a tax on the gross receipts from the furnishing for consideration of lodging and  
223.21 related services as defined in section 297A.61, subdivision 3, paragraph (g), clause (2); the  
223.22 city may choose to impose a differential tax based on the number of rooms in the facility;

223.23 (2) a tax on the gross receipts of food and beverages sold primarily for consumption  
223.24 on the premises by restaurants and places of refreshment that occur in the city of  
223.25 Rochester; the city may elect to impose the tax in a defined district of the city; and

223.26 (3) a tax on the admission receipts to entertainment and recreational facilities, as  
223.27 defined by ordinance, in the city of Rochester.

223.28 (b) The provisions of section 297A.99, subdivisions 4 to 13, govern the  
223.29 administration, collection, and enforcement of any tax imposed by the city under  
223.30 paragraph (a).

223.31 (c) The proceeds of any taxes imposed under this subdivision, less refunds and  
223.32 costs of collection, must be used by the city only to meet its share of obligations for  
223.33 public infrastructure projects contained in the development plan and approved by the  
223.34 corporation, including any associated financing costs. Any tax imposed under paragraph  
223.35 (a) expires at the earlier of December 31, 2049, or when the city council determines

224.1 that sufficient funds have been raised from the tax plus all other local funding sources  
224.2 authorized in this article to meet the city obligation for financing public infrastructure  
224.3 projects contained in the development plan and approved by the corporation, including  
224.4 any associated financing costs.

224.5 Subd. 2. **General sales tax authority.** The city may elect to extend the existing  
224.6 local sales and use tax under section 13 or to impose an additional rate of up to one quarter  
224.7 of one percent tax on sales and use under section 11. The proceeds of any extended or  
224.8 additional taxes imposed under this subdivision, less refunds and costs of collection, must  
224.9 be used by the city only to meet its share of obligations for public infrastructure projects  
224.10 contained in the development plan and approved by the corporation, including all financing  
224.11 costs. Revenues collected in any year to meet the obligations must be used for payment of  
224.12 obligations or expenses for public infrastructure projects approved by the corporation.

224.13 Subd. 3. **Special abatement rules.** (a) If the city or the county elects to use tax  
224.14 abatement under sections 469.1812 to 469.1815 to finance costs of public infrastructure  
224.15 projects, including all financing costs, the special rules under this subdivision apply.  
224.16 Taxes abated for public infrastructure projects must be used only for obligations or other  
224.17 infrastructure projects approved by the corporation.

224.18 (b) The limitations under section 469.1813, subdivision 6, do not apply to the city  
224.19 or the county.

224.20 (c) The limitations under section 469.1813, subdivision 8, do not apply and property  
224.21 taxes abated by the city or the county to finance costs of public infrastructure projects are  
224.22 not included for purposes of applying section 469.1813, subdivision 8, to the use of tax  
224.23 abatement for other purposes of the city or the county; however, the total amount of property  
224.24 taxes abated by the city and the county under this authority must not exceed \$87,750,000.

224.25 Subd. 4. **Special tax increment financing rules.** If the city elects to establish  
224.26 one or more redevelopment tax increment financing districts within the area of the  
224.27 destination medical center development district to fund public infrastructure projects, the  
224.28 requirements, definitions, limitations, or restrictions in the following statutes do not apply:  
224.29 sections 469.174, subdivisions 10 and 25, clause (2); 469.176, subdivisions 4j, 4l, and 5;  
224.30 and 469.1763, subdivisions 2, 3, and 4. The provisions of this subdivision expire effective  
224.31 for tax increments expended after December 31, 2049. After that date, the provisions of  
224.32 section 469.1763, subdivision 4, apply to any remaining unspent or unobligated increments.

224.33 **Sec. 9. [469.46] COUNTY TAX AUTHORITY.**

224.34 (a) Notwithstanding sections 297A.99, 297A.993, and 477A.016, or any other  
224.35 contrary provision of law, ordinance, or charter, and in addition to any taxes the county



225.1 may impose under another law or statute, the Board of Commissioners of Olmsted County  
225.2 may, by resolution, impose a transit tax of up to one quarter of one percent on retail sales  
225.3 and uses taxable under chapter 297A. The provisions of section 297A.99, subdivisions  
225.4 4 to 13, govern the imposition, administration, collection, and enforcement of the tax  
225.5 authorized under this paragraph.

225.6 (b) The Board of Commissioners of Olmsted County may, by resolution, levy an  
225.7 annual wheelage tax of up to \$10 on each motor vehicle kept in the county when not in  
225.8 operation which is subject to annual registration and taxation under chapter 168, for  
225.9 transportation projects within the county. The wheelage tax must not be imposed on the  
225.10 vehicles exempt from wheelage tax under section 163.051, subdivision 1. The board,  
225.11 by resolution, may provide for collection of the wheelage tax by county officials, or it  
225.12 may request that the tax be collected by the state registrar on behalf of the county. The  
225.13 provisions of section 163.051, subdivisions 2, 2a, 3, and 7, must govern the administration,  
225.14 collection, and enforcement of the tax authorized under this paragraph. The tax authorized  
225.15 under this section is in addition to any tax the county may be authorized to impose under  
225.16 section 163.051, but until January 1, 2018, the county tax imposed under this paragraph,  
225.17 in combination with any tax imposed under section 163.051, must equal the specified  
225.18 rate under section 163.051.

225.19 (c) The proceeds of any taxes imposed under paragraph (a), less refunds and costs  
225.20 of collection, must be first used by the county to meet its local matching contributions  
225.21 under section 469.47, subdivision 6, for financing transit infrastructure related to the  
225.22 public infrastructure projects contained in the development plan and approved by the  
225.23 corporation, including any financing costs. Revenues collected in any calendar year in  
225.24 excess of the county obligation to pay for projects contained in the development plan may  
225.25 be retained by the county and used for funding other transportation projects, including  
225.26 roads and bridges, airports, and transportation improvements.

225.27 (d) Any taxes imposed under paragraph (a) expire December 31, 2049, or at an  
225.28 earlier time if approved by resolution of the county board of commissioners. The taxes  
225.29 must not terminate before the county board of commissioners determines that revenues  
225.30 from these taxes and any other revenue source the county dedicates are sufficient to pay  
225.31 the county share of transit project costs and financing costs under the development plan.

225.32 **Sec. 10. [469.47] STATE INFRASTRUCTURE AID.**

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

226.1 (b) "Commissioner" means the commissioner of employment and economic  
226.2 development.

226.3 (c) "Construction projects" means:

226.4 (1) for expenditures by a medical business entity, construction of buildings in the  
226.5 city for which the building permit was issued after June 30, 2013; and

226.6 (2) for any other expenditures, construction of privately owned buildings and other  
226.7 improvements that are undertaken pursuant to or as part of the development plan and are  
226.8 located within a medical center development district.

226.9 (d) "Expenditures" means expenditures made by a medical business entity or by an  
226.10 individual or private entity on construction projects for the capital cost of the project  
226.11 including, but not limited to:

226.12 (1) design and predesign, including architectural, engineering, and similar services;

226.13 (2) legal, regulatory, and other compliance costs of the project;

226.14 (3) land acquisition, demolition of existing improvements, and other site preparation  
226.15 costs;

226.16 (4) construction costs, including all materials and supplies of the project; and

226.17 (5) equipment and furnishings that are attached to or become part of the real property.

226.18 Expenditures excludes supplies and other items with a useful life of less than a  
226.19 year that are not used or consumed in constructing improvements to real property or  
226.20 are otherwise chargeable to capital costs.

226.21 (e) "Qualified expenditures" has the following meaning. In the first year in which aid  
226.22 is paid under this section, "qualified expenditures" means the total certified expenditures  
226.23 since June 30, 2013, through the end of the preceding year, minus \$200,000,000. For  
226.24 subsequent years, "qualified expenditures" means the certified expenditures for the  
226.25 preceding year.

226.26 (f) "Transit costs" means the portions of a public infrastructure project that are for  
226.27 public transit intended primarily to serve the district, such as transit stations, equipment,  
226.28 rights-of-way, and similar costs.

226.29 Subd. 2. **Certification of expenditures.** By April 1 of each year, the medical  
226.30 business entity must certify to the commissioner the amount of expenditures made by the  
226.31 medical business entity in the preceding year. For expenditures made by an individual  
226.32 or entity other than the medical business entity, the corporation shall compile the  
226.33 information on the expenditures and may certify the amount to the commissioner. The  
226.34 certification must be made in the form that the commissioner prescribes and include  
226.35 any documentation of and supporting information regarding the expenditures that the

227.1 commissioner requires. By August 1 of each year, the commissioner must determine the  
227.2 amount of the expenditures for the preceding year.

227.3 Subd. 3. **General state infrastructure aid.** (a) General state infrastructure aid may  
227.4 not be paid out under this section until total expenditures exceed \$200,000,000.

227.5 (b) The amount of the general state infrastructure aid for a fiscal year equals the sum  
227.6 of qualified expenditures, multiplied by 2.75 percent. The maximum amount of state  
227.7 aid payable in any year is limited to no more than \$30,000,000. If the aid entitlement  
227.8 for the year exceeds the maximum annual limit, the excess is an aid carryover to later  
227.9 years. The carryover aid must be paid in the first year in which the aid entitlement for the  
227.10 current year is less than the maximum annual limit, but only to the extent the carryover,  
227.11 when added to the current year aid, is less than the maximum annual limit. If the  
227.12 commissioner determines that the city has made the required matching local contribution  
227.13 under subdivision 4, the commissioner must pay to the city the amount of general state  
227.14 infrastructure aid for the year by September 1.

227.15 (c) The city must use general state infrastructure aid it receives under this subdivision  
227.16 for improvements and other capital costs related to the public infrastructure projects  
227.17 approved by the corporation, other than transit costs. The city must maintain appropriate  
227.18 records to document the use of the funds under this requirement.

227.19 (d) The commissioner, in consultation with the commissioner of management and  
227.20 budget, and representatives of the city and the corporation, must establish a total limit on  
227.21 the amount of state aid payable under this subdivision that will be adequate to finance, in  
227.22 combination with the local contribution, \$455,000,000 of general public infrastructure  
227.23 projects.

227.24 Subd. 4. **General aid; local matching contribution.** In order to qualify for general  
227.25 state infrastructure aid, the city must enter a written agreement with the commissioner  
227.26 that requires the city to make a qualifying local matching contribution to pay for  
227.27 \$128,000,000 of the cost of public infrastructure projects approved by the corporation,  
227.28 including financing costs, using funds other than state aid received under this section.  
227.29 The \$128,000,000 required local matching contribution is reduced by one half of the  
227.30 amounts the city pays for operating and administrative costs of the corporation up to a  
227.31 maximum amount agreed to by the board and the city. The agreement must provide for the  
227.32 manner, timing, and amounts of the city contributions, including the city's commitment  
227.33 for each year. Notwithstanding any law to the contrary, the agreement may provide that  
227.34 the city contributions for public infrastructure project principal costs may be made over a  
227.35 20-year period at a rate not greater than \$1 from the city for each \$2.55 from the state.  
227.36 The local match contribution may be provided by the city from any source identified in

228.1 section 469.45 and any other local tax proceeds or other funds from the city and may  
228.2 include providing funds to assist developers undertaking projects in accordance with the  
228.3 development plan or by the city directly undertaking public infrastructure projects in  
228.4 accordance with the development plan, provided the projects have been approved by the  
228.5 corporation. City contributions that are in excess of this ratio carry forward and are credited  
228.6 towards subsequent years. The commissioner and city may agree to amend the agreement  
228.7 at any time in light of new information or other appropriate factors. The city may enter  
228.8 into arrangements with the county to pay for or otherwise meet the local matching  
228.9 contribution requirement. Any public infrastructure project within the area that will be in  
228.10 the destination medical center development district whose implementation is started or  
228.11 funded by the city after the effective date of this section but before the development plan  
228.12 is adopted, as provided by section 469.46, subdivision 5, will be included for the purposes  
228.13 of determining the amount the city has contributed as required by this section and the  
228.14 agreement with the commissioner, subject to approval by the corporation.

228.15 Subd. 5. **State transit aid.** (a) The city qualifies for state transit aid under this section  
228.16 if the county contributes the required local matching contribution under subdivision 6 or the  
228.17 city or county has agreed to make an equivalent contribution out of other funds for the year.

228.18 (b) If the city qualifies for aid under paragraph (a), the commissioner must pay the  
228.19 city the state transit aid in the amount calculated under this paragraph. The amount of the  
228.20 state transit aid for a fiscal year equals the sum of qualified expenditures, as certified by  
228.21 the commissioner for the prior year, multiplied by 0.75 percent, reduced by the amount  
228.22 of the local contribution under subdivision 6. The maximum amount of state transit aid  
228.23 payable in any year is limited to no more than \$7,500,000. If the aid entitlement for the  
228.24 year exceeds the maximum annual limit, the excess is an aid carryover to later years. The  
228.25 carryover aid must be paid in the first year in which the aid entitlement for the current year  
228.26 is less than the maximum annual limit, but only to the extent the carryover, when added to  
228.27 the current year aid, is less than the maximum annual limit.

228.28 (c) The commissioner, in consultation with the commissioner of management and  
228.29 budget, and representatives of the city and the corporation, must establish a total limit on  
228.30 the amount of state aid payable under this subdivision that will be adequate to finance, in  
228.31 combination with the local contribution, \$116,000,000 of transit costs.

228.32 (d) The city must use state transit aid it receives under this subdivision for transit  
228.33 costs. The city must maintain appropriate records to document the use of the funds  
228.34 under this requirement.

228.35 Subd. 6. **Transit aid; local matching contribution.** (a) The required local matching  
228.36 contribution for state transit aid equals the lesser of:

229.1 (1) 40 percent of the state transit aid under subdivision 5; or  
229.2 (2) the amount that would be raised by a 0.15 percent sales tax imposed by the  
229.3 county in the preceding year.

229.4 The county may impose the sales tax or the wheelage tax under section 469.46  
229.5 to meet this obligation.

229.6 (b) If the county elects not to impose any of the taxes authorized under section 469.46,  
229.7 the county, or city, or both, may agree to make the local contribution out of other available  
229.8 funds, other than state aid payable under this section. The commissioner of revenue must  
229.9 estimate the required amount and certify it to the commissioner, city, and county.

229.10 Subd. 7. **Prevailing wage requirement.** During the construction, installation,  
229.11 remodelling, and repairs of any public infrastructure project funded by state aid or a local  
229.12 matching contribution under this section, laborers and mechanics at the site must be paid  
229.13 the prevailing wage rate as defined in section 177.42, subdivision 6, and the project is  
229.14 subject to the requirements of sections 177.30 and 177.41 to 177.44.

229.15 Subd. 8. **Termination.** No aid may be paid under this section after fiscal year 2049.

229.16 Subd. 9. **Appropriation.** An amount sufficient to pay the state general infrastructure  
229.17 and state transit aid authorized under this section is appropriated to the commissioner  
229.18 from the general fund.

229.19 Sec. 11. Laws 1998, chapter 389, article 8, section 43, subdivision 1, is amended to read:

229.20 Subdivision 1. **Sales and use taxes authorized.** (a) Notwithstanding Minnesota  
229.21 Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city  
229.22 charter, upon termination of the taxes authorized under Laws 1992, chapter 511, article  
229.23 8, section 33, subdivision 1, and if approved by the voters of the city at a general or  
229.24 special election held within one year of the date of final enactment of this act, the city of  
229.25 Rochester may, by ordinance, impose an additional sales and use tax of up to one-half  
229.26 of one percent. The provisions of Minnesota Statutes, section ~~297A.48~~ 297A.99, govern  
229.27 the imposition, administration, collection, and enforcement of the tax authorized under  
229.28 this ~~subdivision~~ paragraph.

229.29 (b) Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any  
229.30 other contrary provision of law, ordinance, or charter, the city of Rochester may, by  
229.31 ordinance, impose an additional sales and use tax of up to one quarter of one percent. The  
229.32 provisions of Minnesota Statutes, section 297A.99, subdivisions 1 and 4 to 13, govern  
229.33 the imposition, administration, collection, and enforcement of the tax authorized under  
229.34 this paragraph.

230.1 Sec. 12. Laws 1998, chapter 389, article 8, section 43, subdivision 3, as amended by  
230.2 Laws 2005, First Special Session chapter 3, article 5, section 28, and Laws 2011, First  
230.3 Special Session chapter 7, article 4, section 5, is amended to read:

230.4 Subd. 3. **Use of revenues.** (a) Revenues received from the taxes authorized by  
230.5 subdivisions 1, paragraph (a), and 2 must be used by the city to pay for the cost of  
230.6 collecting and administering the taxes and to pay for the following projects:

230.7 (1) transportation infrastructure improvements including regional highway and  
230.8 airport improvements;

230.9 (2) improvements to the civic center complex;

230.10 (3) a municipal water, sewer, and storm sewer project necessary to improve regional  
230.11 ground water quality; and

230.12 (4) construction of a regional recreation and sports center and other higher education  
230.13 facilities available for both community and student use.

230.14 (b) The total amount of capital expenditures or bonds for projects listed in paragraph  
230.15 (a) that may be paid from the revenues raised from the taxes authorized in this section  
230.16 may not exceed \$111,500,000. The total amount of capital expenditures or bonds for the  
230.17 project in clause (4) that may be paid from the revenues raised from the taxes authorized  
230.18 in this section may not exceed \$28,000,000.

230.19 (c) In addition to the projects authorized in paragraph (a) and not subject to the  
230.20 amount stated in paragraph (b), the city of Rochester may, if approved by the voters at an  
230.21 election under subdivision 5, paragraph (c), use the revenues received from the taxes and  
230.22 bonds authorized in this section to pay the costs of or bonds for the following purposes:

230.23 (1) \$17,000,000 for capital expenditures and bonds for the following Olmsted  
230.24 County transportation infrastructure improvements:

230.25 (i) County State Aid Highway 34 reconstruction;

230.26 (ii) Trunk Highway 63 and County State Aid Highway 16 interchange;

230.27 (iii) phase II of the Trunk Highway 52 and County State Aid Highway 22 interchange;

230.28 (iv) widening of County State Aid Highway 22 West Circle Drive; and

230.29 (v) 60th Avenue Northwest corridor preservation;

230.30 (2) \$30,000,000 for city transportation projects including:

230.31 (i) Trunk Highway 52 and 65th Street interchange;

230.32 (ii) NW transportation corridor acquisition;

230.33 (iii) Phase I of the Trunk Highway 52 and County State Aid Highway 22 interchange;

230.34 (iv) Trunk Highway 14 and Trunk Highway 63 intersection;

230.35 (v) Southeast transportation corridor acquisition;

230.36 (vi) Rochester International Airport expansion; and

231.1 (vii) a transit operations center bus facility;

231.2 (3) \$14,000,000 for the University of Minnesota Rochester academic and  
231.3 complementary facilities;

231.4 (4) \$6,500,000 for the Rochester Community and Technical College/Winona State  
231.5 University career technical education and science and math facilities;

231.6 (5) \$6,000,000 for the Rochester Community and Technical College regional  
231.7 recreation facilities at University Center Rochester;

231.8 (6) \$20,000,000 for the Destination Medical Community Initiative;

231.9 (7) \$8,000,000 for the regional public safety and 911 dispatch center facilities;

231.10 (8) \$20,000,000 for a regional recreation/senior center;

231.11 (9) \$10,000,000 for an economic development fund; and

231.12 (10) \$8,000,000 for downtown infrastructure.

231.13 (d) No revenues from the taxes raised from the taxes authorized in subdivisions 1  
231.14 and 2 may be used to fund transportation improvements related to a railroad bypass that  
231.15 would divert traffic from the city of Rochester.

231.16 (e) ~~The city shall use \$5,000,000 of the money allocated to the purpose in paragraph~~  
231.17 ~~(e), clause (9), for grants to the cities of Byron, Chatfield, Dodge Center, Dover, Elgin,~~  
231.18 ~~Eyota, Kasson, Mantorville, Oronoco, Pine Island, Plainview, St. Charles, Stewartville,~~  
231.19 ~~Zumbrota, Spring Valley, West Concord, and Hayfield for economic development projects~~  
231.20 ~~that these communities would fund through their economic development authority or~~  
231.21 ~~housing and redevelopment authority. Notwithstanding Minnesota Statutes, section~~  
231.22 297A.99, subdivisions 2 and 3, if the city decides to extend the taxes in subdivisions 1,  
231.23 paragraph (a), and 2, as allowed under subdivision 5, paragraph (c), the city must use  
231.24 any amount in excess of the amount necessary to meet obligations under paragraphs (a)  
231.25 to (c) from those taxes to fund obligations, including financing costs, related to public  
231.26 infrastructure projects in the development plan adopted under Minnesota Statutes, section  
231.27 469.43.

231.28 (f) Revenues from the tax under subdivision 1, paragraph (b), must be used to  
231.29 fund obligations, including financing costs, related to the public infrastructure projects  
231.30 contained in the development plan approved by the DMCC and adopted by the city under  
231.31 Minnesota Statutes, section 469.43.

231.32 Sec. 13. Laws 1998, chapter 389, article 8, section 43, subdivision 5, as amended by  
231.33 Laws 2005, First Special Session chapter 3, article 5, section 30, and Laws 2011, First  
231.34 Special Session chapter 7, article 4, section 7, is amended to read:

232.1 Subd. 5. **Termination of taxes.** (a) The taxes imposed under subdivisions 1 and 2  
232.2 expire at the later of (1) December 31, 2009, or (2) when the city council determines that  
232.3 sufficient funds have been received from the taxes to finance the first \$71,500,000 of capital  
232.4 expenditures and bonds for the projects authorized in subdivision 3, including the amount to  
232.5 prepay or retire at maturity the principal, interest, and premium due on any bonds issued for  
232.6 the projects under subdivision 4, unless the taxes are extended as allowed in paragraph (b).  
232.7 Any funds remaining after completion of the project and retirement or redemption of the  
232.8 bonds shall also be used to fund the projects under subdivision 3. The taxes imposed under  
232.9 subdivisions 1 and 2 may expire at an earlier time if the city so determines by ordinance.

232.10 (b) Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any  
232.11 other contrary provision of law, ordinance, or city charter, the city of Rochester may, by  
232.12 ordinance, extend the taxes authorized in subdivisions 1 and 2 beyond December 31, 2009,  
232.13 if approved by the voters of the city at a special election in 2005 or the general election in  
232.14 2006. The question put to the voters must indicate that an affirmative vote would allow  
232.15 up to an additional \$40,000,000 of sales tax revenues be raised and up to \$40,000,000  
232.16 of bonds to be issued above the amount authorized in the June 23, 1998, referendum for  
232.17 the projects specified in subdivision 3. If the taxes authorized in subdivisions 1 and 2 are  
232.18 extended under this paragraph, the taxes expire when the city council determines that  
232.19 sufficient funds have been received from the taxes to finance the projects and to prepay  
232.20 or retire at maturity the principal, interest, and premium due on any bonds issued for the  
232.21 projects under subdivision 4. Any funds remaining after completion of the project and  
232.22 retirement or redemption of the bonds may be placed in the general fund of the city.

232.23 (c) Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any  
232.24 other contrary provision of law, ordinance, or city charter, the city of Rochester may, by  
232.25 ordinance, extend the taxes authorized in subdivisions 1, paragraph (a), and 2 beyond the  
232.26 date, up to December 31, 2049, provided that all additional revenues above those necessary  
232.27 to fund the projects and associated financing costs listed in subdivision 3, paragraphs (a) to  
232.28 (e), are committed to fund public infrastructure projects contained in the development plan  
232.29 adopted under Minnesota Statutes, section 469.43, including all financing costs; otherwise  
232.30 the taxes terminate when the city council determines that sufficient funds have been  
232.31 received from the taxes to finance ~~\$111,500,000~~ of expenditures and bonds for the projects  
232.32 authorized in subdivision 3, ~~paragraph (a)~~ paragraphs (a) to (e), plus an amount equal to  
232.33 the costs of issuance of the bonds and including the amount to prepay or retire at maturity  
232.34 the principal, interest, and premiums due on any bonds issued for the projects under  
232.35 subdivision 4, ~~paragraph (a), if approved by the voters of the city at the general election in~~  
232.36 ~~2012. If the election to authorize the additional \$139,500,000 of bonds plus an amount~~



233.1 ~~equal to the costs of the issuance of the bonds is placed on the general election ballot in~~  
233.2 ~~2012, the city may continue to collect the taxes authorized in subdivisions 1 and 2 until~~  
233.3 ~~December 31, 2012. The question put to the voters must indicate that an affirmative vote~~  
233.4 ~~would allow sales tax revenues be raised for an extended period of time and an additional~~  
233.5 ~~\$139,500,000 of bonds plus an amount equal to the costs of issuance of the bonds, to be~~  
233.6 ~~issued above the amount authorized in the previous elections required under paragraphs~~  
233.7 ~~(a) and (b) for the projects and amounts specified in subdivision 3. If the taxes authorized~~  
233.8 ~~in subdivisions 1 and 2 are extended under this paragraph, the taxes expire when the city~~  
233.9 ~~council determines that \$139,500,000 has been received from the taxes to finance the~~  
233.10 ~~projects plus an amount sufficient to prepay or retire at maturity the principal, interest,~~  
233.11 ~~and premium due on any bonds issued for the projects under subdivision 4, including any~~  
233.12 ~~bonds issued to refund the bonds. Any funds remaining after completion of the projects~~  
233.13 ~~and retirement or redemption of the bonds may be placed in the general fund of the city.~~

233.14 (d) The tax imposed under subdivision 1, paragraph (b), expires at the earlier of  
233.15 2049, or when the city council determines that sufficient funds have been raised from the  
233.16 tax plus all other city funding sources authorized in this article to meet the city obligation  
233.17 for financing the public infrastructure projects contained in the development plan adopted  
233.18 under Minnesota Statutes, section 469.43, including all financing costs.

233.19 **Sec. 14. ROCHESTER SALES TAX SHARING.**

233.20 The city council may, after holding a public hearing and passing a resolution, use  
233.21 \$5,000,000 of the \$10,000,000 allocated to an economic development fund in Laws 1998,  
233.22 chapter 389, article 8, section 43, subdivision 3, as amended by Laws 2005, First Special  
233.23 Session chapter 3, article 5, section 28, and Laws 2011, First Special Session chapter 7,  
233.24 article 4, section 5, paragraph (c), clause (9), for grants to any or all of the cities of Byron,  
233.25 Chatfield, Dodge Center, Dover, Elgin, Eyota, Hayfield, Kasson, Mantorville, Oronoco,  
233.26 Pine Island, Plainview, Spring Valley, St. Charles, Stewartville, West Concord, and  
233.27 Zumbrota for economic development projects that these communities would fund through  
233.28 their economic development authority or housing and redevelopment authority. The  
233.29 public hearing may be part of a regular city council meeting. If the council does not pass  
233.30 the resolution by September 1, 2013, the \$5,000,000 may not be used for grants to the  
233.31 other cities but shall instead be used to fund public infrastructure projects contained in the  
233.32 development plan under Minnesota Statutes, section 469.42.

233.33 **Sec. 15. OLMSTED INTERREGIONAL PASSENGER RAIL STUDY.**

234.1 The study by the Olmsted County Regional Rail authority, in conjunction with the  
234.2 Minnesota Department of Transportation, on interregional passenger rail, and funded  
234.3 under Laws 2009, chapter 93, article 1, section 11, subdivision 5, must include analysis  
234.4 of the feasibility of a high-speed rail connection between Rochester and the Mall of  
234.5 America via Minnesota State Highway 77 with connections to the Minneapolis-St. Paul  
234.6 International Airport and the Union Depot in St. Paul; and, to the extent feasible, take into  
234.7 account available data, forecasts, available transportation demand modeling information,  
234.8 and transportation impacts of major economic initiatives and proposals including, but not  
234.9 limited to, expansion of the Mayo Clinic.

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

234.11 Sec. 16. **EFFECTIVE DATE.**

234.12 Except as otherwise provided, this article is effective the day after the governing  
234.13 body of the city of Rochester and its chief clerical officer timely comply with Minnesota  
234.14 Statutes, section 645.021, subdivisions 2 and 3.

## 234.15 **ARTICLE 11**

### 234.16 **MINERALS TAXES**

234.17 Section 1. Minnesota Statutes 2012, section 126C.48, subdivision 8, is amended to read:

234.18 Subd. 8. **Taconite payment and other reductions.** (1) Reductions in levies  
234.19 pursuant to subdivision 1 must be made prior to the reductions in clause (2).

234.20 (2) Notwithstanding any other law to the contrary, districts that have revenue  
234.21 pursuant to sections 298.018; 298.225; 298.24 to 298.28, except an amount distributed  
234.22 under sections 298.26; 298.28, subdivision 4, paragraphs (c), clause (ii), and (d); 298.34  
234.23 to 298.39; 298.391 to 298.396; 298.405; 477A.15; and any law imposing a tax upon  
234.24 severed mineral values must reduce the levies authorized by this chapter and chapters  
234.25 120B, 122A, 123A, 123B, 124A, 124D, 125A, and 127A by 95 percent of the sum of the  
234.26 previous year's revenue specified under this clause and the amount attributable to the same  
234.27 production year distributed to the cities and townships within the school district under  
234.28 section 298.28, subdivision 2, paragraph (c).

234.29 (3) The amount of any voter approved referendum, facilities down payment, and  
234.30 debt levies shall not be reduced by more than 50 percent under this subdivision. In  
234.31 administering this paragraph, the commissioner shall first reduce the nonvoter approved  
234.32 levies of a district; then, if any payments, severed mineral value tax revenue or recognized  
234.33 revenue under paragraph (2) remains, the commissioner shall reduce any voter approved

235.1 referendum levies authorized under section 126C.17; then, if any payments, severed  
235.2 mineral value tax revenue or recognized revenue under paragraph (2) remains, the  
235.3 commissioner shall reduce any voter approved facilities down payment levies authorized  
235.4 under section 123B.63 and then, if any payments, severed mineral value tax revenue or  
235.5 recognized revenue under paragraph (2) remains, the commissioner shall reduce any  
235.6 voter approved debt levies.

235.7 (4) Before computing the reduction pursuant to this subdivision of the health and  
235.8 safety levy authorized by sections 123B.57 and 126C.40, subdivision 5, the commissioner  
235.9 shall ascertain from each affected school district the amount it proposes to levy under  
235.10 each section or subdivision. The reduction shall be computed on the basis of the amount  
235.11 so ascertained.

235.12 (5) To the extent the levy reduction calculated under paragraph (2) exceeds the  
235.13 limitation in paragraph (3), an amount equal to the excess must be distributed from the  
235.14 school district's distribution under sections 298.225, 298.28, and 477A.15 in the following  
235.15 year to the cities and townships within the school district in the proportion that their  
235.16 taxable net tax capacity within the school district bears to the taxable net tax capacity of  
235.17 the school district for property taxes payable in the year prior to distribution. No city or  
235.18 township shall receive a distribution greater than its levy for taxes payable in the year prior  
235.19 to distribution. The commissioner of revenue shall certify the distributions of cities and  
235.20 towns under this paragraph to the county auditor by September 30 of the year preceding  
235.21 distribution. The county auditor shall reduce the proposed and final levies of cities and  
235.22 towns receiving distributions by the amount of their distribution. Distributions to the cities  
235.23 and towns shall be made at the times provided under section 298.27.

235.24 **EFFECTIVE DATE.** This section is effective for levies certified in 2013 and later.

235.25 Sec. 2. Minnesota Statutes 2012, section 298.17, is amended to read:

235.26 **298.17 OCCUPATION TAXES TO BE APPORTIONED.**

235.27 (a) All occupation taxes paid by persons, copartnerships, companies, joint stock  
235.28 companies, corporations, and associations, however or for whatever purpose organized,  
235.29 engaged in the business of mining or producing iron ore or other ores, when collected  
235.30 shall be apportioned and distributed in accordance with the Constitution of the state of  
235.31 Minnesota, article X, section 3, in the manner following: 90 percent shall be deposited  
235.32 in the state treasury and credited to the general fund of which four-ninths shall be used  
235.33 for the support of elementary and secondary schools; and ten percent of the proceeds of

236.1 the tax imposed by this section shall be deposited in the state treasury and credited to the  
236.2 general fund for the general support of the university.

236.3 (b) Of the moneys apportioned to the general fund by this section: (1) there is  
236.4 annually appropriated and credited to the mining environmental and regulatory account in  
236.5 the special revenue fund an amount equal to that which would have been generated by a  
236.6 two and one-half cent tax imposed by section 298.24 on each taxable ton produced in the  
236.7 preceding calendar year. Money in the mining environmental and regulatory account is  
236.8 appropriated annually to the commissioner of natural resources to fund agency staff to  
236.9 work on environmental issues and provide regulatory services for ferrous and nonferrous  
236.10 mining operations in this state. Payment to the mining environmental and regulatory  
236.11 account shall be made by July 1 annually. The commissioner of natural resources shall  
236.12 execute an interagency agreement with the pollution control agency to assist with the  
236.13 provision of environmental regulatory services such as monitoring and permitting required  
236.14 for ferrous and nonferrous mining operations; and (2) there is annually appropriated and  
236.15 credited to the Iron Range Resources and Rehabilitation Board account in the special  
236.16 revenue fund an amount equal to that which would have been generated by a 1.5 cent tax  
236.17 imposed by section 298.24 on each taxable ton produced in the preceding calendar year, to  
236.18 be expended for the purposes of section 298.22.

236.19 The money appropriated pursuant to ~~this section~~ clause (2) shall be used ~~(1)~~ (i)  
236.20 to provide environmental development grants to local governments located within any  
236.21 county in region 3 as defined in governor's executive order number 60, issued on June  
236.22 12, 1970, which does not contain a municipality qualifying pursuant to section 273.134,  
236.23 paragraph (b), or ~~(2)~~ (ii) to provide economic development loans or grants to businesses  
236.24 located within any such county, provided that the county board or an advisory group  
236.25 appointed by the county board to provide recommendations on economic development  
236.26 shall make recommendations to the Iron Range Resources and Rehabilitation Board  
236.27 regarding the loans. Payment to the Iron Range Resources and Rehabilitation Board  
236.28 account shall be made by May 15 annually.

236.29 (c) Of the money allocated to Koochiching County, one-third must be paid to the  
236.30 Koochiching County Economic Development Commission.

236.31 **EFFECTIVE DATE.** This section is effective beginning for the 2013 production  
236.32 year.

237.1 Sec. 3. Minnesota Statutes 2012, section 298.227, as amended by Laws 2013, chapter  
237.2 3, section 17, is amended to read:

237.3 **298.227 TACONITE ECONOMIC DEVELOPMENT FUND.**

237.4 (a) An amount equal to that distributed pursuant to each taconite producer's taxable  
237.5 production and qualifying sales under section 298.28, subdivision 9a, shall be held by  
237.6 the Iron Range Resources and Rehabilitation Board in a separate taconite economic  
237.7 development fund for each taconite and direct reduced ore producer. Money from the  
237.8 fund for each producer shall be released by the commissioner after review by a joint  
237.9 committee consisting of an equal number of representatives of the salaried employees and  
237.10 the nonsalaried production and maintenance employees of that producer. The District 11  
237.11 director of the United States Steelworkers of America, on advice of each local employee  
237.12 president, shall select the employee members. In nonorganized operations, the employee  
237.13 committee shall be elected by the nonsalaried production and maintenance employees. The  
237.14 review must be completed no later than six months after the producer presents a proposal  
237.15 for expenditure of the funds to the committee. The funds held pursuant to this section may  
237.16 be released only for workforce development and associated public facility improvement,  
237.17 or for acquisition of plant and stationary mining equipment and facilities for the producer  
237.18 or for research and development in Minnesota on new mining, or taconite, iron, or steel  
237.19 production technology, but only if the producer provides a matching expenditure equal to  
237.20 the amount of the distribution to be used for the same purpose ~~of at least 50 percent of~~  
237.21 ~~the distribution based on 14.7 cents per ton~~ beginning with distributions in ~~2002~~ 2014.  
237.22 Effective for proposals for expenditures of money from the fund beginning May 26, 2007,  
237.23 the commissioner may not release the funds before the next scheduled meeting of the  
237.24 board. If a proposed expenditure is not approved by the board, the funds must be deposited  
237.25 in the Taconite Environmental Protection Fund under sections 298.222 to 298.225. If a  
237.26 producer uses money which has been released from the fund prior to May 26, 2007 to  
237.27 procure haulage trucks, mobile equipment, or mining shovels, and the producer removes  
237.28 the piece of equipment from the taconite tax relief area defined in section 273.134 within  
237.29 ten years from the date of receipt of the money from the fund, a portion of the money  
237.30 granted from the fund must be repaid to the taconite economic development fund. The  
237.31 portion of the money to be repaid is 100 percent of the grant if the equipment is removed  
237.32 from the taconite tax relief area within 12 months after receipt of the money from the fund,  
237.33 declining by ten percent for each of the subsequent nine years during which the equipment  
237.34 remains within the taconite tax relief area. If a taconite production facility is sold after  
237.35 operations at the facility had ceased, any money remaining in the fund for the former  
237.36 producer may be released to the purchaser of the facility on the terms otherwise applicable

238.1 to the former producer under this section. If a producer fails to provide matching funds  
238.2 for a proposed expenditure within six months after the commissioner approves release  
238.3 of the funds, the funds are available for release to another producer in proportion to the  
238.4 distribution provided and under the conditions of this section. Any portion of the fund  
238.5 which is not released by the commissioner within one year of its deposit in the fund shall  
238.6 be divided between the taconite environmental protection fund created in section 298.223  
238.7 and the Douglas J. Johnson economic protection trust fund created in section 298.292 for  
238.8 placement in their respective special accounts. Two-thirds of the unreleased funds shall be  
238.9 distributed to the taconite environmental protection fund and one-third to the Douglas J.  
238.10 Johnson economic protection trust fund.

238.11 (b)(i) Notwithstanding the requirements of paragraph (a), setting the amount of  
238.12 distributions and the review process, an amount equal to ten cents per taxable ton of  
238.13 production in 2007, for distribution in 2008 only, that would otherwise be distributed  
238.14 under paragraph (a), may be used for a loan or grant for the cost of providing for a  
238.15 value-added wood product facility located in the taconite tax relief area and in a county  
238.16 that contains a city of the first class. This amount must be deducted from the distribution  
238.17 under paragraph (a) for which a matching expenditure by the producer is not required. The  
238.18 granting of the loan or grant is subject to approval by the board. If the money is provided  
238.19 as a loan, interest must be payable on the loan at the rate prescribed in section 298.2213,  
238.20 subdivision 3. (ii) Repayments of the loan and interest, if any, must be deposited in the  
238.21 taconite environment protection fund under sections 298.222 to 298.225. If a loan or  
238.22 grant is not made under this paragraph by July 1, 2012, the amount that had been made  
238.23 available for the loan under this paragraph must be transferred to the taconite environment  
238.24 protection fund under sections 298.222 to 298.225. (iii) Money distributed in 2008 to the  
238.25 fund established under this section that exceeds ten cents per ton is available to qualifying  
238.26 producers under paragraph (a) on a pro rata basis.

238.27 (c) Repayment or transfer of money to the taconite environmental protection fund  
238.28 under paragraph (b), item (ii), must be allocated by the Iron Range Resources and  
238.29 Rehabilitation Board for public works projects in house legislative districts in the same  
238.30 proportion as taxable tonnage of production in 2007 in each house legislative district, for  
238.31 distribution in 2008, bears to total taxable tonnage of production in 2007, for distribution  
238.32 in 2008. Notwithstanding any other law to the contrary, expenditures under this paragraph  
238.33 do not require approval by the governor. For purposes of this paragraph, "house legislative  
238.34 districts" means the legislative districts in existence on May 15, 2009.

238.35 **EFFECTIVE DATE.** This section is effective beginning for the 2014 distribution.

239.1 Sec. 4. Minnesota Statutes 2012, section 298.24, subdivision 1, is amended to read:

239.2 Subdivision 1. **Imposed; calculation.** (a) For concentrate produced in ~~2001, 2002,~~  
239.3 ~~and 2003~~ 2013, there is imposed upon taconite and iron sulphides, and upon the mining  
239.4 and quarrying thereof, and upon the production of iron ore concentrate therefrom, and  
239.5 upon the concentrate so produced, a tax of ~~\$2.103~~ \$2.56 per gross ton of merchantable  
239.6 iron ore concentrate produced therefrom. ~~For concentrates produced in 2005, the tax rate~~  
239.7 ~~is the same rate imposed for concentrates produced in 2004. For concentrates produced in~~  
239.8 ~~2009 and subsequent years,~~ The tax is also imposed upon other iron-bearing material.

239.9 (b) For concentrates produced in ~~2006~~ 2014 and subsequent years, the tax rate shall  
239.10 be equal to the preceding year's tax rate plus an amount equal to the preceding year's tax  
239.11 rate multiplied by the percentage increase in the implicit price deflator from the fourth  
239.12 quarter of the second preceding year to the fourth quarter of the preceding year. "Implicit  
239.13 price deflator" means the implicit price deflator for the gross domestic product prepared by  
239.14 the Bureau of Economic Analysis of the United States Department of Commerce.

239.15 (c) An additional tax is imposed equal to three cents per gross ton of merchantable  
239.16 iron ore concentrate for each one percent that the iron content of the product exceeds 72  
239.17 percent, when dried at 212 degrees Fahrenheit.

239.18 (d) The tax on taconite and iron sulphides shall be imposed on the average of the  
239.19 production for the current year and the previous two years. The rate of the tax imposed  
239.20 will be the current year's tax rate. This clause shall not apply in the case of the closing  
239.21 of a taconite facility if the property taxes on the facility would be higher if this clause  
239.22 and section 298.25 were not applicable. The tax on other iron-bearing material shall be  
239.23 imposed on the current year production.

239.24 (e) If the tax or any part of the tax imposed by this subdivision is held to be  
239.25 unconstitutional, a tax of ~~\$2.103~~ \$2.56 per gross ton of merchantable iron ore concentrate  
239.26 produced shall be imposed.

239.27 (f) Consistent with the intent of this subdivision to impose a tax based upon the  
239.28 weight of merchantable iron ore concentrate, the commissioner of revenue may indirectly  
239.29 determine the weight of merchantable iron ore concentrate included in fluxed pellets by  
239.30 subtracting the weight of the limestone, dolomite, or olivine derivatives or other basic  
239.31 flux additives included in the pellets from the weight of the pellets. For purposes of this  
239.32 paragraph, "fluxed pellets" are pellets produced in a process in which limestone, dolomite,  
239.33 olivine, or other basic flux additives are combined with merchantable iron ore concentrate.  
239.34 No subtraction from the weight of the pellets shall be allowed for binders, mineral and  
239.35 chemical additives other than basic flux additives, or moisture.

240.1 (g)(1) Notwithstanding any other provision of this subdivision, for the first two years  
240.2 of a plant's commercial production of direct reduced ore from ore mined in this state, no  
240.3 tax is imposed under this section. As used in this paragraph, "commercial production" is  
240.4 production of more than 50,000 tons of direct reduced ore in the current year or in any prior  
240.5 year, "noncommercial production" is production of 50,000 tons or less of direct reduced ore  
240.6 in any year, and "direct reduced ore" is ore that results in a product that has an iron content  
240.7 of at least 75 percent. For the third year of a plant's commercial production of direct  
240.8 reduced ore, the rate to be applied to direct reduced ore is 25 percent of the rate otherwise  
240.9 determined under this subdivision. For the fourth commercial production year, the rate is  
240.10 50 percent of the rate otherwise determined under this subdivision; for the fifth commercial  
240.11 production year, the rate is 75 percent of the rate otherwise determined under this  
240.12 subdivision; and for all subsequent commercial production years, the full rate is imposed.

240.13 (2) Subject to clause (1), production of direct reduced ore in this state is subject to  
240.14 the tax imposed by this section, but if that production is not produced by a producer of  
240.15 taconite, iron sulfides, or other iron-bearing material, the production of taconite, iron  
240.16 sulfides, or other iron-bearing material, that is consumed in the production of direct  
240.17 reduced iron in this state is not subject to the tax imposed by this section on taconite,  
240.18 iron sulfides, or other iron-bearing material.

240.19 (3) Notwithstanding any other provision of this subdivision, no tax is imposed  
240.20 on direct reduced ore under this section during the facility's noncommercial production  
240.21 of direct reduced ore. The taconite or iron sulphides consumed in the noncommercial  
240.22 production of direct reduced ore is subject to the tax imposed by this section on taconite  
240.23 and iron sulphides. Three-year average production of direct reduced ore does not  
240.24 include production of direct reduced ore in any noncommercial year. Three-year average  
240.25 production for a direct reduced ore facility that has noncommercial production is the  
240.26 average of the commercial production of direct reduced ore for the current year and the  
240.27 previous two commercial years.

240.28 (4) This paragraph applies only to plants for which all environmental permits have  
240.29 been obtained and construction has begun before July 1, 2008.

240.30 **EFFECTIVE DATE.** This section is effective beginning for the 2013 production  
240.31 year.

240.32 Sec. 5. Minnesota Statutes 2012, section 298.28, subdivision 4, is amended to read:

240.33 Subd. 4. **School districts.** (a) ~~23.15~~ 32.15 cents per taxable ton, plus the increase  
240.34 provided in paragraph (d), less the amount that would have been computed under  
240.35 Minnesota Statutes 2008, section 126C.21, subdivision 4, for the current year for that



241.1 district, must be allocated to qualifying school districts to be distributed, based upon the  
241.2 certification of the commissioner of revenue, under paragraphs (b), (c), and (f).

241.3 (b)(i) 3.43 cents per taxable ton must be distributed to the school districts in which  
241.4 the lands from which taconite was mined or quarried were located or within which the  
241.5 concentrate was produced. The distribution must be based on the apportionment formula  
241.6 prescribed in subdivision 2.

241.7 (ii) Four cents per taxable ton from each taconite facility must be distributed to  
241.8 each affected school district for deposit in a fund dedicated to building maintenance  
241.9 and repairs, as follows:

241.10 (1) proceeds from Keewatin Taconite or its successor are distributed to Independent  
241.11 School Districts Nos. 316, Coleraine, and 319, Nashwauk-Keewatin, or their successor  
241.12 districts;

241.13 (2) proceeds from the Hibbing Taconite Company or its successor are distributed to  
241.14 Independent School Districts Nos. 695, Chisholm, and 701, Hibbing, or their successor  
241.15 districts;

241.16 (3) proceeds from the Mittal Steel Company and Minntac or their successors are  
241.17 distributed to Independent School Districts Nos. 712, Mountain Iron-Buhl, 706, Virginia,  
241.18 2711, Mesabi East, and 2154, Eveleth-Gilbert, or their successor districts;

241.19 (4) proceeds from the Northshore Mining Company or its successor are distributed  
241.20 to Independent School Districts Nos. 2142, St. Louis County, and 381, Lake Superior,  
241.21 or their successor districts; and

241.22 (5) proceeds from United Taconite or its successor are distributed to Independent  
241.23 School Districts Nos. 2142, St. Louis County, and 2154, Eveleth-Gilbert, or their  
241.24 successor districts.

241.25 Revenues that are required to be distributed to more than one district shall be  
241.26 apportioned according to the number of pupil units identified in section 126C.05,  
241.27 subdivision 1, enrolled in the second previous year.

241.28 (c)(i) ~~15.72~~ 24.72 cents per taxable ton, less any amount distributed under paragraph  
241.29 (e), shall be distributed to a group of school districts comprised of those school districts  
241.30 which qualify as a tax relief area under section 273.134, paragraph (b), or in which there is  
241.31 a qualifying municipality as defined by section 273.134, paragraph (a), in direct proportion  
241.32 to school district indexes as follows: for each school district, its pupil units determined  
241.33 under section 126C.05 for the prior school year shall be multiplied by the ratio of the  
241.34 average adjusted net tax capacity per pupil unit for school districts receiving aid under  
241.35 this clause as calculated pursuant to chapters 122A, 126C, and 127A for the school year  
241.36 ending prior to distribution to the adjusted net tax capacity per pupil unit of the district.

242.1 Each district shall receive that portion of the distribution which its index bears to the sum  
242.2 of the indices for all school districts that receive the distributions.

242.3 (ii) Notwithstanding clause (i), each school district that receives a distribution  
242.4 under sections 298.018; 298.23 to 298.28, exclusive of any amount received under this  
242.5 clause; 298.34 to 298.39; 298.391 to 298.396; 298.405; or any law imposing a tax on  
242.6 severed mineral values after reduction for any portion distributed to cities and towns  
242.7 under section 126C.48, subdivision 8, paragraph (5), that is less than the amount of its  
242.8 levy reduction under section 126C.48, subdivision 8, for the second year prior to the  
242.9 year of the distribution shall receive a distribution equal to the difference; the amount  
242.10 necessary to make this payment shall be derived from proportionate reductions in the  
242.11 initial distribution to other school districts under clause (i). If there are insufficient tax  
242.12 proceeds to make the distribution provided under this paragraph in any year, money must  
242.13 be transferred from the taconite property tax relief account in subdivision 6, to the extent  
242.14 of the shortfall in the distribution.

242.15 (d)(1) Any school district described in paragraph (c) where a levy increase pursuant  
242.16 to section 126C.17, subdivision 9, was authorized by referendum for taxes payable in  
242.17 2001, shall receive a distribution of 21.3 cents per ton. Each district shall receive \$175  
242.18 times the pupil units identified in section 126C.05, subdivision 1, enrolled in the second  
242.19 previous year or the 1983-1984 school year, whichever is greater, less the product of 1.8  
242.20 percent times the district's taxable net tax capacity in ~~the second previous year~~ 2011.

242.21 (2) Districts qualifying under paragraph (c) must receive additional taconite aid each  
242.22 year equal to 22.5 percent of the amount obtained by subtracting:

242.23 (i) 1.8 percent of the district's net tax capacity for 2011, from:

242.24 (ii) the district's weighted average daily membership for fiscal year 2012 multiplied  
242.25 by the sum of:

242.26 (A) \$415, plus

242.27 (B) the district's referendum revenue allowance for fiscal year 2013.

242.28 If the total amount provided by paragraph (d) is insufficient to make the payments  
242.29 herein required then the entitlement of \$175 per pupil unit shall be reduced uniformly  
242.30 so as not to exceed the funds available. Any amounts received by a qualifying school  
242.31 district in any fiscal year pursuant to paragraph (d) shall not be applied to reduce general  
242.32 education aid which the district receives pursuant to section 126C.13 or the permissible  
242.33 levies of the district. Any amount remaining after the payments provided in this paragraph  
242.34 shall be paid to the commissioner of Iron Range resources and rehabilitation who shall  
242.35 deposit the same in the taconite environmental protection fund and the Douglas J. Johnson  
242.36 economic protection trust fund as provided in subdivision 11.

243.1 Each district receiving money according to this paragraph shall reserve the lesser of  
 243.2 the amount received under this paragraph or \$25 times the number of pupil units served  
 243.3 in the district. It may use the money for early childhood programs ~~or for outcome-based~~  
 243.4 ~~learning programs that enhance the academic quality of the district's curriculum. The~~  
 243.5 ~~outcome-based learning programs must be approved by the commissioner of education.~~

243.6 (e) There shall be distributed to any school district the amount which the school  
 243.7 district was entitled to receive under section 298.32 in 1975.

243.8 (f) Four cents per taxable ton must be distributed to qualifying school districts  
 243.9 according to the distribution specified in paragraph (b), clause (ii), and ~~two~~ 11 cents  
 243.10 per taxable ton must be distributed according to the distribution specified in paragraph  
 243.11 (c). These amounts are not subject to sections 126C.21, subdivision 4, and 126C.48,  
 243.12 subdivision 8.

243.13 **EFFECTIVE DATE.** This section is effective beginning for the 2014 distribution.

243.14 Sec. 6. Minnesota Statutes 2012, section 298.28, subdivision 6, is amended to read:

243.15 Subd. 6. **Property tax relief.** (a) In ~~2002~~ 2014 and thereafter, ~~33.9~~ 34.8 cents per  
 243.16 taxable ton, less any amount required to be distributed under paragraphs (b) and (c), or  
 243.17 section 298.2961, subdivision 5, must be allocated to St. Louis County acting as the  
 243.18 counties' fiscal agent, to be distributed as provided in sections 273.134 to 273.136.

243.19 (b) If an electric power plant owned by and providing the primary source of power  
 243.20 for a taxpayer mining and concentrating taconite is located in a county other than the  
 243.21 county in which the mining and the concentrating processes are conducted, .1875 cent per  
 243.22 taxable ton of the tax imposed and collected from such taxpayer shall be paid to the county.

243.23 (c) If an electric power plant owned by and providing the primary source of power  
 243.24 for a taxpayer mining and concentrating taconite is located in a school district other than  
 243.25 a school district in which the mining and concentrating processes are conducted, .4541  
 243.26 cent per taxable ton of the tax imposed and collected from the taxpayer shall be paid to  
 243.27 the school district.

243.28 **EFFECTIVE DATE.** This section is effective beginning for the 2014 distribution.

243.29 Sec. 7. Minnesota Statutes 2012, section 298.28, subdivision 9c, is amended to read:

243.30 Subd. 9c. **Temporary Distribution; city of Eveleth.** 0.20 cent per taxable ton  
 243.31 must be paid to the city of Eveleth for distribution in ~~2007 through 2011 only~~ 2013  
 243.32 and thereafter, to be used for the support of the Hockey Hall of Fame, provided that it  
 243.33 continues to operate in that city, and provided that the city of Eveleth certifies to the St.

244.1 Louis County auditor that it has received donations for the support of the Hockey Hall of  
244.2 Fame from professional hockey organizations or other donors in an amount at least equal  
244.3 to the amount of the distribution under this subdivision. If the Hockey Hall of Fame  
244.4 ceases to operate in the city of Eveleth prior to receipt of the distribution in either any  
244.5 year, and the governing body of the city determines that it is unlikely to resume operation  
244.6 there within a six-month period, the distribution under this subdivision shall be made to  
244.7 the Iron Range Resources and Rehabilitation Board. ~~If the amount of the distribution~~  
244.8 ~~authorized under this subdivision exceeds the total amount of donations for the support of~~  
244.9 ~~the Hockey Hall of Fame during the 12-month period ending 30 days before the date of~~  
244.10 ~~the distribution, the amount by which 0.20 cent per ton exceeds the donations shall be~~  
244.11 ~~distributed to the Iron Range Resources and Rehabilitation Board.~~

244.12 Sec. 8. Minnesota Statutes 2012, section 298.28, subdivision 10, is amended to read:

244.13 Subd. 10. **Increase.** (a) Except as provided in paragraph (b), beginning with  
244.14 distributions in 2000, the amount determined under subdivision 9 shall be increased in the  
244.15 same proportion as the increase in the implicit price deflator as provided in section 298.24,  
244.16 subdivision 1. Beginning with distributions in ~~2003~~ 2015, the amount determined under  
244.17 subdivision 6, paragraph (a), shall be increased in the same proportion as the increase in  
244.18 the implicit price deflator as provided in section 298.24, subdivision 1.

244.19 (b) For distributions in 2005 and subsequent years, an amount equal to the increased  
244.20 tax proceeds attributable to the increase in the implicit price deflator as provided in  
244.21 section 298.24, subdivision 1, for taxes paid in 2005, except for the amount of revenue  
244.22 increases provided in subdivision 4, paragraph (d), is distributed to the grant and loan fund  
244.23 established in section 298.2961, subdivision 4.

244.24 **EFFECTIVE DATE.** This section is effective beginning for the 2014 distribution.

244.25 Sec. 9. **IRON RANGE FISCAL DISPARITIES STUDY.**

244.26 The commissioner of revenue, in coordination with the commissioner of the Iron  
244.27 Range Resources and Rehabilitation Board, shall conduct a study of the tax relief  
244.28 area revenue distribution program contained in Minnesota Statutes, chapter 276A,  
244.29 commonly known as the Iron Range fiscal disparities program. By February 1, 2014, the  
244.30 commissioner of revenue shall submit a report to the chairs and ranking minority members  
244.31 of the house of representatives and senate tax committees consisting of the findings of the  
244.32 study and identification of issues for policy makers to consider. The study must analyze:

244.33 (1) trends in population, property tax base, property tax rates, and contribution  
244.34 and distribution capacity across the region;

245.1 (2) the volatility of the program's distribution and causes of the volatility;  
245.2 (3) the impact of state tax policy changes on the fiscal disparities program; and  
245.3 (4) the interaction between the program and the distribution of property tax aids and  
245.4 credits, taconite aid, and Iron Range Resources and Rehabilitation Board funding across  
245.5 the region.

245.6 **EFFECTIVE DATE.** This section is effective June 1, 2013.

245.7 Sec. 10. **2013 DISTRIBUTION ONLY.**

245.8 For the 2013 distribution, a special fund is established to receive 38.7 cents per ton of  
245.9 any excess of the balance remaining after distribution of amounts required under Minnesota  
245.10 Statutes, section 298.28, subdivision 6. The following amounts are allocated to St. Louis  
245.11 County acting as the fiscal agent for the recipients for the following specific purposes:

245.12 (1) 5.1 cents per ton to the city of Hibbing for improvements to the city's water  
245.13 supply system;

245.14 (2) 4.3 cents per ton to the city of Mountain Iron for the cost of moving utilities  
245.15 required as a result of actions undertaken by United States Steel Corporation;

245.16 (3) 2.5 cents per ton to the city of Biwabik for improvements to the city's water supply  
245.17 system, payable upon agreement with ArcelorMittal to satisfy water permit conditions;

245.18 (4) 2 cents per ton to the city of Tower for the Tower Marina;

245.19 (5) 2.4 cents per ton to the city of Grand Rapids for an eco-friendly heat transfer  
245.20 system to replace aging effluent lines and for parking lot repaving;

245.21 (6) 2.4 cents per ton to the city of Two Harbors for wastewater treatment plant  
245.22 improvements;

245.23 (7) 0.9 cents per ton to the city of Ely for the sanitary sewer replacement project;

245.24 (8) 0.6 cents per ton to the town of Crystal Bay for debt service of the Claire Nelson  
245.25 Intermodal Transportation Center;

245.26 (9) 0.5 cents per ton to the Greenway Joint Recreation Board for the Coleraine  
245.27 hockey arena renovations;

245.28 (10) 1.2 cents per ton for the West Range Regional Fire Hall and Training Center  
245.29 to merge the existing fire services of Coleraine, Bovey, Taconite Marble, Calumet, and  
245.30 Greenway Township;

245.31 (11) 2.5 cents per ton to the city of Hibbing for the Memorial Building;

245.32 (12) 0.7 cents per ton to the city of Chisholm for public works infrastructure;

245.33 (13) 1.8 cents per ton to the Crane Lake Water and Sanitary District for sanitary  
245.34 sewer extension;

245.35 (14) 2.5 cents per ton for the city of Buhl for the roof on the Mesabi Academy;

- 246.1 (15) 1.2 cents per ton to the city of Gilbert for the New Jersey/Ohio Avenue project;  
246.2 (16) 1.5 cents per ton to the city of Cook for street improvements, business park  
246.3 infrastructure, and a maintenance garage;  
246.4 (17) 0.5 cents per ton to the city of Cook for a water line project;  
246.5 (18) 1.8 cents per ton to the city of Eveleth to be used for Jones Street reconstruction  
246.6 and the city auditorium;  
246.7 (19) 0.5 cents for the city of Keewatin for an electrical substation and water line  
246.8 replacements;  
246.9 (20) 3.3 cents for the city of Virginia for Fourth Street North infrastructure and  
246.10 Franklin Park improvement; and  
246.11 (21) 0.5 cents per ton to the city of Grand Rapids for an economic development  
246.12 project.

246.13 **EFFECTIVE DATE.** This section is effective for the 2013 distribution, and all  
246.14 payments must be made separately and within ten days of the date of the August 2013  
246.15 payment. This section supersedes article 5, section 46, of 2013 H.F. No. 729, if enacted in  
246.16 the 2013 regular session of the legislature.

246.17 Sec. 11. **IRON RANGE RESOURCES AND REHABILITATION**  
246.18 **COMMISSIONER; BONDS AUTHORIZED.**

246.19 Subdivision 1. **Issuance; purpose.** Notwithstanding any provision of Minnesota  
246.20 Statutes, chapter 298, to the contrary, the commissioner of Iron Range resources and  
246.21 rehabilitation shall issue revenue bonds in a principal amount of \$38,000,000 plus an  
246.22 amount sufficient to pay costs of issuance in one or more series, and thereafter may  
246.23 issue bonds to refund those bonds. The proceeds of the bonds must be used to pay costs  
246.24 of issuance and to make grants to school districts located in the taconite tax relief area  
246.25 defined in Minnesota Statutes, section 273.134, or the taconite assistance area defined  
246.26 in Minnesota Statutes, section 273.1341, to be used by the school districts to pay for  
246.27 building projects, such as energy efficiency, technology, infrastructure, health, safety, and  
246.28 maintenance improvements. Proceeds granted to School District No. 2142 must be used  
246.29 to reduce debt service on the building bond passed on December 8, 2009.

246.30 Subd. 2. **Appropriation.** (a) There is annually appropriated from the distribution of  
246.31 taconite production tax revenues under Minnesota Statutes, section 298.28, prior to the  
246.32 calculation of the amount of the remainder under Minnesota Statutes, section 298.28,  
246.33 subdivision 11, an amount sufficient to pay when due the principal and interest on the  
246.34 bonds issued pursuant to subdivision 1. The appropriation under this section must not  
246.35 exceed an amount equal to ten cents per taxable ton.

247.1 (b) If in any year the amount available under paragraph (a) is insufficient to pay  
247.2 principal and interest due on the bonds in that year, an additional amount is appropriated  
247.3 from the Douglas J. Johnson fund to make up the deficiency.

247.4 (c) The appropriation under this subdivision terminates upon payment or maturity of  
247.5 the last of the bonds issued under this section.

247.6 Subd. 3. **Credit enhancement.** The bonds issued under this section are "debt  
247.7 obligations" and the commissioner of Iron Range resources and rehabilitation is a "district"  
247.8 for purposes of Minnesota Statutes, section 126C.55, provided that advances made under  
247.9 Minnesota Statutes, section 126C.55, subdivision 2, are not subject to Minnesota Statutes,  
247.10 section 126C.55, subdivisions 4 to 7.

247.11 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
247.12 applies beginning with the 2014 distribution under Minnesota Statutes, section 298.28.

## 247.13 **ARTICLE 12**

### 247.14 **PUBLIC FINANCE**

247.15 Section 1. Minnesota Statutes 2012, section 118A.04, subdivision 3, is amended to read:

247.16 Subd. 3. **State and local securities.** Funds may be invested in the following:

247.17 (1) any security which is a general obligation of any state or local government with  
247.18 taxing powers which is rated "A" or better by a national bond rating service;

247.19 (2) any security which is a revenue obligation of any state or local government ~~with~~  
247.20 ~~taxing powers~~ which is rated "AA" or better by a national bond rating service; ~~and~~

247.21 (3) a general obligation of the Minnesota housing finance agency which is a moral  
247.22 obligation of the state of Minnesota and is rated "A" or better by a national bond rating  
247.23 agency; ~~and~~

247.24 (4) any security which is an obligation of a school district with an original maturity  
247.25 not exceeding 13 months and (i) rated in the highest category by a national bond rating  
247.26 service or (ii) enrolled in the credit enhancement program pursuant to section 126C.55.

247.27 Sec. 2. Minnesota Statutes 2012, section 118A.05, subdivision 5, is amended to read:

247.28 Subd. 5. **Guaranteed investment contracts.** Agreements or contracts for  
247.29 guaranteed investment contracts may be entered into if they are issued or guaranteed  
247.30 by United States commercial banks, domestic branches of foreign banks, United States  
247.31 insurance companies, or their Canadian subsidiaries, or the domestic affiliates of any  
247.32 of the foregoing. The credit quality of the issuer's or guarantor's short- and long-term  
247.33 unsecured debt must be rated in one of the two highest categories by a nationally

248.1 recognized rating agency. Agreements or contracts for guaranteed investment contracts  
248.2 with a term of 18 months or less may be entered into regardless of the credit quality of  
248.3 the issuer's or guarantor's long-term unsecured debt, provided that the credit quality of  
248.4 the issuer's short-term unsecured debt is rated in the highest category by a nationally  
248.5 recognized rating agency. Should the issuer's or guarantor's credit quality be downgraded  
248.6 below "A", the government entity must have withdrawal rights.

248.7 Sec. 3. Minnesota Statutes 2012, section 216C.436, subdivision 7, is amended to read:

248.8 Subd. 7. **Repayment.** An implementing entity that finances an energy improvement  
248.9 under this section must:

248.10 (1) secure payment with a lien against the benefited qualifying real property; and

248.11 (2) collect repayments as a special assessment as provided for in section 429.101  
248.12 or by charter, provided that special assessments may be made payable in up to 20 equal  
248.13 annual installments.

248.14 If the implementing entity is an authority, the local government that authorized  
248.15 the authority to act as implementing entity shall impose and collect special assessments  
248.16 necessary to pay debt service on bonds issued by the implementing entity under subdivision  
248.17 8, and shall transfer all collections of the assessments upon receipt to the authority.

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

248.19 Sec. 4. Minnesota Statutes 2012, section 373.01, subdivision 3, is amended to read:

248.20 Subd. 3. **Capital notes.** (a) A county board may, by resolution and without  
248.21 referendum, issue capital notes subject to the county debt limit to purchase capital  
248.22 equipment useful for county purposes that has an expected useful life at least equal to the  
248.23 term of the notes. The notes shall be payable in not more than ten years and shall be  
248.24 issued on terms and in a manner the board determines. A tax levy shall be made for  
248.25 payment of the principal and interest on the notes, in accordance with section 475.61,  
248.26 as in the case of bonds.

248.27 (b) For purposes of this subdivision, "capital equipment" means:

248.28 (1) public safety, ambulance, road construction or maintenance, and medical  
248.29 equipment; and

248.30 (2) computer hardware and software, whether bundled with machinery or equipment  
248.31 or unbundled, together with application development services and training related to the  
248.32 use of the computer hardware or software.

248.33 Sec. 5. Minnesota Statutes 2012, section 373.40, subdivision 1, is amended to read:



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

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

249.4 (b) "Capital improvement" means acquisition or betterment of public lands,  
249.5 buildings, or other improvements within the county for the purpose of a county courthouse,  
249.6 administrative building, health or social service facility, correctional facility, jail, law  
249.7 enforcement center, hospital, morgue, library, park, qualified indoor ice arena, roads  
249.8 and bridges, public works facilities, fairground buildings, and records and data storage  
249.9 facilities, and the acquisition of development rights in the form of conservation easements  
249.10 under chapter 84C. An improvement must have an expected useful life of five years or more  
249.11 to qualify. "Capital improvement" does not include a recreation or sports facility building  
249.12 (such as, but not limited to, a gymnasium, ice arena, racquet sports facility, swimming  
249.13 pool, exercise room or health spa), unless the building is part of an outdoor park facility  
249.14 and is incidental to the primary purpose of outdoor recreation. For purposes of this section,  
249.15 "capital improvement" includes expenditures for purposes described in this paragraph that  
249.16 have been incurred by a county before approval of a capital improvement plan, if such  
249.17 expenditures are included in a capital improvement plan approved on or before the date of  
249.18 the public hearing under subdivision 2 regarding issuance of bonds for such expenditures.

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

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

249.23 (1) the federal decennial census,

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

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

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

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

249.32 Sec. 6. Minnesota Statutes 2012, section 373.40, subdivision 2, is amended to read:

249.33 Subd. 2. **Application of election requirement.** (a) Bonds issued by a county  
249.34 to finance capital improvements under an approved capital improvement plan are not  
249.35 subject to the election requirements of section 375.18 or 475.58. The bonds must be

250.1 approved by vote of at least three-fifths of the members of the county board. In the case  
250.2 of a metropolitan county, the bonds must be approved by vote of at least two-thirds of  
250.3 the members of the county board.

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

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

250.19 Sec. 7. Minnesota Statutes 2012, section 383D.41, is amended by adding a subdivision  
250.20 to read:

250.21 Subd. 10. **Housing improvement areas.** (a) In addition to its other powers, the  
250.22 Dakota County Community Development Agency shall have all powers of a city under  
250.23 sections 428A.11 to 428A.21 in connection with housing improvement areas in Dakota  
250.24 County.

250.25 (b) For purposes of the Dakota County Community Development Agency's exercise  
250.26 of the powers granted in this subdivision, references in sections 428A.11 to 428A.21 to:

250.27 (1) a "mayor" shall be references to the chair of the board of commissioners of the  
250.28 Dakota County Community Development Agency;

250.29 (2) a "council" shall be references to the board of commissioners of the Dakota  
250.30 County Community Development Agency; and

250.31 (3) a "city clerk" shall be references to an official of the Dakota County Community  
250.32 Development Agency designated by the executive director of the Dakota County  
250.33 Community Development Agency.

250.34 (c) Notwithstanding sections 428A.11, subdivision 3, and 428A.13, subdivision 1,  
250.35 the governing body of the Dakota County Community Development Agency may adopt

251.1 a resolution, rather than an ordinance, establishing one or more housing improvement  
251.2 areas, and "enabling ordinance" for purposes of sections 428A.11 to 428A.21 means a  
251.3 resolution under this clause.

251.4 (d) The community development agency (1) shall send a copy of each petition  
251.5 for the establishment of a housing improvement area to the city in which the proposed  
251.6 housing improvement area is located, and (2) may not hold the public hearing required in  
251.7 section 428A.13, subdivision 2, fewer than 30 days after the date on which the related  
251.8 application was sent pursuant to clause (1). The community development agency may  
251.9 not establish a housing improvement area if the applicable city council opposes the  
251.10 establishment by resolution adopted within 30 days after the petition required to be sent  
251.11 pursuant to clause (1).

251.12 Sec. 8. Minnesota Statutes 2012, section 410.32, is amended to read:

251.13 **410.32 CITIES MAY ISSUE CAPITAL NOTES FOR CAPITAL EQUIPMENT.**

251.14 (a) Notwithstanding any contrary provision of other law or charter, a home rule  
251.15 charter city may, by resolution and without public referendum, issue capital notes subject  
251.16 to the city debt limit to purchase capital equipment.

251.17 (b) For purposes of this section, "capital equipment" means:

251.18 (1) public safety equipment, ambulance and other medical equipment, road  
251.19 construction and maintenance equipment, and other capital equipment; and

251.20 (2) computer hardware and software, whether bundled with machinery or equipment  
251.21 or unbundled, together with application development services and training related to the  
251.22 use of the computer hardware and software.

251.23 (c) The equipment or software must have an expected useful life at least as long  
251.24 as the term of the notes.

251.25 (d) The notes shall be payable in not more than ten years and be issued on terms and  
251.26 in the manner the city determines. The total principal amount of the capital notes issued  
251.27 in a fiscal year shall not exceed 0.03 percent of the market value of taxable property  
251.28 in the city for that year.

251.29 (e) A tax levy shall be made for the payment of the principal and interest on the  
251.30 notes, in accordance with section 475.61, as in the case of bonds.

251.31 (f) Notes issued under this section shall require an affirmative vote of two-thirds of  
251.32 the governing body of the city.

251.33 (g) Notwithstanding a contrary provision of other law or charter, a home rule charter  
251.34 city may also issue capital notes subject to its debt limit in the manner and subject to the  
251.35 limitations applicable to statutory cities pursuant to section 412.301.

252.1 Sec. 9. Minnesota Statutes 2012, section 412.301, is amended to read:

252.2 **412.301 FINANCING PURCHASE OF CERTAIN EQUIPMENT.**

252.3 (a) The council may issue certificates of indebtedness or capital notes subject to the  
252.4 city debt limits to purchase capital equipment.

252.5 (b) For purposes of this section, "capital equipment" means:

252.6 (1) public safety equipment, ambulance and other medical equipment, road  
252.7 construction and maintenance equipment, and other capital equipment; and

252.8 (2) computer hardware and software, whether bundled with machinery or equipment  
252.9 or unbundled, together with application development services and training related to the  
252.10 use of the computer hardware or software.

252.11 (c) The equipment or software must have an expected useful life at least as long as  
252.12 the terms of the certificates or notes.

252.13 (d) Such certificates or notes shall be payable in not more than ten years and shall be  
252.14 issued on such terms and in such manner as the council may determine.

252.15 (e) If the amount of the certificates or notes to be issued to finance any such purchase  
252.16 exceeds 0.25 percent of the market value of taxable property in the city, they shall not  
252.17 be issued for at least ten days after publication in the official newspaper of a council  
252.18 resolution determining to issue them; and if before the end of that time, a petition asking  
252.19 for an election on the proposition signed by voters equal to ten percent of the number of  
252.20 voters at the last regular municipal election is filed with the clerk, such certificates or notes  
252.21 shall not be issued until the proposition of their issuance has been approved by a majority  
252.22 of the votes cast on the question at a regular or special election.

252.23 (f) A tax levy shall be made for the payment of the principal and interest on such  
252.24 certificates or notes, in accordance with section 475.61, as in the case of bonds.

252.25 Sec. 10. Minnesota Statutes 2012, section 473.39, is amended by adding a subdivision  
252.26 to read:

252.27 Subd. 1s. **Obligations.** After July 1, 2013, in addition to other authority in this  
252.28 section, the council may issue certificates of indebtedness, bonds, or other obligations  
252.29 under this section in an amount not exceeding \$35,800,000 for capital expenditures as  
252.30 prescribed in the council's transit capital improvement program and for related costs,  
252.31 including the costs of issuance and sale of the obligations.

252.32 **EFFECTIVE DATE.** This section is effective the day following final enactment  
252.33 and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and  
252.34 Washington. This section is not effective if the legislature authorizes and enacts issuance

253.1 authority of at least \$35,800,000 in 2013 H.F. No. 1444. If the legislature authorizes and  
253.2 enacts issuance authority of less than \$35,800,000 in 2013 H.F. No. 1444, this section  
253.3 prevails, regardless of order of enactment.

253.4 Sec. 11. Minnesota Statutes 2012, section 473.606, subdivision 3, is amended to read:

253.5 Subd. 3. **Treasurer; investments.** The treasurer shall receive and be responsible  
253.6 for all moneys of the corporation, from whatever source derived, and the same shall be  
253.7 considered public funds. The treasurer shall disburse the moneys of the corporation only  
253.8 on orders made by the executive and operating officer, herein provided for, countersigned  
253.9 by such other officer or such employee of the corporation as may be authorized and  
253.10 directed so to do by the corporation, showing the name of the claimant and the nature of  
253.11 the claim. No disbursement shall be certified by such officers until the same have been  
253.12 approved by said commissioners at a meeting thereof. Whenever the executive director of  
253.13 the corporation shall certify, pursuant to action taken by the commissioners at a meeting  
253.14 thereof, that there are moneys and the amount thereof in the possession of the treasurer not  
253.15 currently needed, then the treasurer may invest said amount or any part thereof in:

253.16 ~~(a) Treasury bonds, certificates of indebtedness, bonds or notes of the United States~~  
253.17 ~~of America, or bonds, notes or certificates of indebtedness of the state of Minnesota, all of~~  
253.18 ~~which must mature not later than three years from the date of purchase.~~

253.19 ~~(b) Bonds, notes, debentures or other obligations issued by any agency or~~  
253.20 ~~instrumentality of the United States or any securities guaranteed by the United States~~  
253.21 ~~government, or for which the credit of the United States is pledged for the payment of~~  
253.22 ~~the principal and interest thereof, all of which must mature not later than three years~~  
253.23 ~~from date of purchase.~~

253.24 ~~(c) Commercial paper of prime quality, or rated among the top third of the quality~~  
253.25 ~~categories, not applicable to defaulted paper, as defined by a nationally recognized~~  
253.26 ~~organization which rates such securities as eligible for investment in the state employees~~  
253.27 ~~retirement fund except that any nonbanking issuing corporation, or parent company in the~~  
253.28 ~~case of paper issued by operating utility or finance subsidiaries, must have total assets~~  
253.29 ~~exceeding \$500,000,000. Such commercial paper may constitute no more than 30 percent~~  
253.30 ~~of the book value of the fund at the time of purchase, and the commercial paper of any~~  
253.31 ~~one corporation shall not constitute more than four percent of the book value of the fund~~  
253.32 ~~at the time of such investment.~~

253.33 ~~(d) Any securities eligible under the preceding provisions, purchased with~~  
253.34 ~~simultaneous repurchase agreement under which the securities will be sold to the particular~~  
253.35 ~~dealer on a specified date at a predetermined price. In such instances, all maturities of~~

254.1 ~~United States government securities, or securities issued or guaranteed by the United~~  
254.2 ~~States government or an agency thereof, may be purchased so long as any such securities~~  
254.3 ~~which mature later than three years from the date of purchase have a current market~~  
254.4 ~~value exceeding the purchase price by at least five percent on the date of purchase, and~~  
254.5 ~~so long as such repurchase agreement involving securities extending beyond three years~~  
254.6 ~~in maturity be limited to a period not exceeding 45 days.~~

254.7 ~~(e) Certificates of deposit issued by any official depository of the commission. The~~  
254.8 ~~commission may purchase certificates of deposit from a depository bank in an amount~~  
254.9 ~~exceeding that insured by federal depository insurance to the extent that those certificates~~  
254.10 ~~are secured by collateral maintained by the bank in a manner as prescribed for investments~~  
254.11 ~~of the State Board of Investment.~~

254.12 ~~(f) securities approved for investment under section 118A.04.~~

254.13 Whenever it shall appear to the commissioners that any invested funds are needed  
254.14 for current purposes before the maturity dates of the securities held, they shall cause the  
254.15 executive director to so certify to the treasurer and it shall then be the duty of the treasurer  
254.16 to order the sale or conversion into cash of the securities in the amount so certified. All  
254.17 interest and profit on said investments shall be credited to and constitute a part of the  
254.18 funds of the commission. The treasurer shall keep an account of all moneys received  
254.19 and disbursed, and at least once a year, at times to be designated by the corporation, file  
254.20 with the secretary a financial statement of the corporation, showing in appropriate and  
254.21 identifiable groupings the receipts and disbursements since the last approved statements;  
254.22 moneys on hand and the purposes for which the same are appropriated; and shall keep an  
254.23 account of all securities purchased as herein provided, the funds from which purchased  
254.24 and the interest and profit which may have accrued thereon, and shall accompany the  
254.25 financial statement aforesaid with a statement setting forth such account. The corporation  
254.26 may pay to the treasurer from time to time compensation in such amount as it may  
254.27 determine to cover clerk hire to enable the treasurer to carry out duties and those required  
254.28 in connection with bonds issued by the corporation as in this act authorized.

254.29 Sec. 12. Minnesota Statutes 2012, section 474A.04, subdivision 1a, is amended to read:

254.30 Subd. 1a. **Entitlement reservations; carryforward; deduction.** Any amount  
254.31 returned by an entitlement issuer before July 15 shall be reallocated through the housing  
254.32 pool. Any amount returned on or after July 15 shall be reallocated through the unified  
254.33 pool. An amount returned after the last Monday in November shall be reallocated to the  
254.34 Minnesota Housing Finance Agency. ~~Any amount of bonding authority that an entitlement~~  
254.35 ~~issuer carries forward under federal tax law that is not permanently issued or for which~~

255.1 ~~the governing body of the entitlement issuer has not enacted a resolution electing to use~~  
255.2 ~~the authority for mortgage credit certificates and has not provided a notice of issue to the~~  
255.3 ~~commissioner before 4:30 p.m. on the last business day in December of the succeeding~~  
255.4 ~~calendar year shall be deducted from the entitlement allocation for that entitlement issuer~~  
255.5 ~~in the next succeeding calendar year. Any amount deducted from an entitlement issuer's~~  
255.6 ~~allocation under this subdivision shall be reallocated to other entitlement issuers, the~~  
255.7 ~~housing pool, the small issue pool, and the public facilities pool on a proportional basis~~  
255.8 ~~consistent with section 474A.03.~~

255.9 **EFFECTIVE DATE.** This section is effective the day following final enactment  
255.10 and applies to any bonding authority allocated in 2012 and subsequent years.

255.11 Sec. 13. Minnesota Statutes 2012, section 474A.062, is amended to read:

255.12 **474A.062 MINNESOTA OFFICE OF HIGHER EDUCATION 120-DAY**  
255.13 **ISSUANCE EXEMPTION.**

255.14 The Minnesota Office of Higher Education is exempt from the 120-day issuance  
255.15 requirements in this chapter and may carry forward allocations for student loan bonds ~~into~~  
255.16 ~~one successive calendar year~~, subject to carryforward notice requirements of section  
255.17 474A.131, subdivision 2.

255.18 **EFFECTIVE DATE.** This section is effective the day following final enactment  
255.19 and applies to any bonding authority allocated in 2012 and subsequent years.

255.20 Sec. 14. Minnesota Statutes 2012, section 474A.091, subdivision 3a, is amended to read:

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

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

256.1 For cities who choose to have the agency issue bonds on their behalf, allocations  
256.2 will be made loan by loan, on a first-come, first-served basis among the cities. The  
256.3 agency shall submit an application fee pursuant to section 474A.03, subdivision 4, and an  
256.4 application deposit equal to two percent of the requested allocation to the commissioner  
256.5 when requesting an allocation from the unified pool. After awarding an allocation and  
256.6 receiving a notice of issuance for mortgage bonds issued on behalf of the participating  
256.7 cities, the commissioner shall transfer the application deposit to the Minnesota Housing  
256.8 Finance Agency.

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

256.13 (c) Any city that received an allocation pursuant to section 474A.061, subdivision  
256.14 2a, paragraph (f), in the current year that wishes to receive an additional allocation from  
256.15 the unified pool and issue bonds on its own behalf or pursuant to a joint powers agreement  
256.16 shall notify the Minnesota Housing Finance Agency by the third Monday in September.  
256.17 The total amount of allocation for mortgage bonds for a city choosing to issue bonds on its  
256.18 own behalf or through a joint powers agreement is limited to the lesser of: (i) the amount  
256.19 requested, or (ii) the product of the total amount available for mortgage bonds from the  
256.20 unified pool, multiplied by the ratio of the population of each city that applied in January  
256.21 and received an allocation under section 474A.061, subdivision 2a, in the same calendar  
256.22 year, as determined by the most recent estimate of the city's population released by the  
256.23 state demographer's office to the total of the population of all the cities that applied in  
256.24 January and received an allocation under section 474A.061, subdivision 2a, in the same  
256.25 calendar year. If a city choosing to issue bonds on its own behalf or through a joint powers  
256.26 agreement is located within a county that has also chosen to issue bonds on its own behalf  
256.27 or through a joint powers agreement, the city's population will be deducted from the  
256.28 county's population in calculating the amount of allocations under this paragraph.

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

256.34 A city that chooses to issue bonds on its own behalf or through a joint powers  
256.35 agreement may request an allocation from the commissioner by forwarding an application  
256.36 with an application fee pursuant to section 474A.03, subdivision 4, and an application



257.1 deposit equal to two percent of the requested amount to the commissioner no later than  
257.2 4:30 p.m. on the Monday of the week preceding an allocation. Allocations to cities that  
257.3 choose to issue bonds on their own behalf shall be awarded by the commissioner on  
257.4 the first Monday after October 15 through the last Monday in November. No city may  
257.5 receive an allocation from the commissioner after the last Monday in November. The  
257.6 commissioner shall allocate the requested amount to the city or cities subject to the  
257.7 limitations under this subdivision.

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

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

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

257.22 **EFFECTIVE DATE.** This section is effective the day following final enactment  
257.23 and applies to any bonding authority allocated in 2012 and subsequent years.

257.24 Sec. 15. Minnesota Statutes 2012, section 475.521, subdivision 1, is amended to read:

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

257.27 (a) "Bonds" mean an obligation defined under section 475.51.

257.28 (b) "Capital improvement" means acquisition or betterment of public lands,  
257.29 buildings or other improvements for the purpose of a city hall, town hall, library, public  
257.30 safety facility, and public works facility. An improvement must have an expected useful  
257.31 life of five years or more to qualify. Capital improvement does not include light rail transit  
257.32 or any activity related to it, or a park, road, bridge, administrative building other than a  
257.33 city or town hall, or land for any of those facilities. For purposes of this section, "capital  
257.34 improvement" includes expenditures for purposes described in this paragraph that have  
257.35 been incurred by a municipality before approval of a capital improvement plan, if such

258.1 expenditures are included in a capital improvement plan approved on or before the date of  
258.2 the public hearing under subdivision 2 regarding issuance of bonds for such expenditures.

258.3 (c) "Municipality" means a home rule charter or statutory city or a town described in  
258.4 section 368.01, subdivision 1 or 1a.

258.5 Sec. 16. Minnesota Statutes 2012, section 475.521, subdivision 2, is amended to read:

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

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

258.19 (c) A municipality may issue the bonds only after obtaining the approval of a  
258.20 majority of the voters voting on the question of issuing the obligations, if a petition  
258.21 requesting a vote on the issuance is signed by voters equal to five percent of the votes cast  
258.22 in the municipality in the last municipal general election and is filed with the clerk within  
258.23 30 days after the public hearing. ~~The commissioner of revenue shall prepare a suggested~~  
258.24 ~~form of the question to be presented at the election.~~ If the municipality elects not to submit  
258.25 the question to the voters, the municipality shall not propose the issuance of bonds under  
258.26 this section for the same purpose and in the same amount for a period of 365 days from the  
258.27 date of receipt of the petition. If the question of issuing the bonds is submitted and not  
258.28 approved by the voters, the provisions of section 475.58, subdivision 1a, shall apply.

258.29 Sec. 17. Minnesota Statutes 2012, section 475.58, subdivision 3b, is amended to read:

258.30 Subd. 3b. **Street reconstruction and bituminous overlays.** (a) A municipality may,  
258.31 without regard to the election requirement under subdivision 1, issue and sell obligations  
258.32 for street reconstruction or bituminous overlays, if the following conditions are met:

258.33 (1) the streets are reconstructed or overlaid under a street reconstruction or overlay  
258.34 plan that describes the street reconstruction or overlay to be financed, the estimated costs,

259.1 and any planned reconstruction or overlay of other streets in the municipality over the  
259.2 next five years, and the plan and issuance of the obligations has been approved by a vote  
259.3 of all of the members of the governing body present at the meeting following a public  
259.4 hearing for which notice has been published in the official newspaper at least ten days but  
259.5 not more than 28 days prior to the hearing; and

259.6 (2) if a petition requesting a vote on the issuance is signed by voters equal to  
259.7 five percent of the votes cast in the last municipal general election and is filed with the  
259.8 municipal clerk within 30 days of the public hearing, the municipality may issue the bonds  
259.9 only after obtaining the approval of a majority of the voters voting on the question of the  
259.10 issuance of the obligations. If the municipality elects not to submit the question to the  
259.11 voters, the municipality shall not propose the issuance of bonds under this section for the  
259.12 same purpose and in the same amount for a period of 365 days from the date of receipt  
259.13 of the petition. If the question of issuing the bonds is submitted and not approved by the  
259.14 voters, the provisions of section 475.58, subdivision 1a, shall apply.

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

259.17 (c) For purposes of this subdivision, street reconstruction and bituminous overlays  
259.18 includes utility replacement and relocation and other activities incidental to the street  
259.19 reconstruction, turn lanes and other improvements having a substantial public safety  
259.20 function, realignments, other modifications to intersect with state and county roads, and  
259.21 the local share of state and county road projects. For purposes of this subdivision, "street  
259.22 reconstruction" includes expenditures for street reconstruction that have been incurred  
259.23 by a municipality before approval of a street reconstruction plan, if such expenditures  
259.24 are included in a street reconstruction plan approved on or before the date of the public  
259.25 hearing under paragraph (a), clause (1), regarding issuance of bonds for such expenditures.

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

259.30 Sec. 18. Laws 1971, chapter 773, section 1, subdivision 2, as amended by Laws 1974,  
259.31 chapter 351, section 5, Laws 1976, chapter 234, sections 1 and 7, Laws 1978, chapter 788,  
259.32 section 1, Laws 1981, chapter 369, section 1, Laws 1983, chapter 302, section 1, Laws  
259.33 1988, chapter 513, section 1, Laws 1992, chapter 511, article 9, section 23, Laws 1998,  
259.34 chapter 389, article 3, section 27, and Laws 2002, chapter 390, section 23, is amended to  
259.35 read:

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

260.3 **EFFECTIVE DATE.** This section is effective the day after compliance by the  
260.4 governing body of the city of St. Paul with Minnesota Statutes, section 645.021,  
260.5 subdivisions 2 and 3.

260.6 Sec. 19. **CARRYFORWARD OF BONDING AUTHORITY FOR 2011; NO**  
260.7 **DEDUCTION FROM ENTITLEMENT ALLOCATION.**

260.8 Notwithstanding Minnesota Statutes, section 474A.04, subdivision 1a, bonding  
260.9 authority that was allocated to an entitlement issuer in 2011 and that was carried forward  
260.10 under federal tax law, but for which the entitlement issuer did not provide a notice of issue  
260.11 to the commissioner of management and budget before 4:30 p.m. on the last business  
260.12 day of December 2012 must not be deducted from the entitlement allocation for that  
260.13 entitlement issuer in 2013.

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

260.18 Sec. 20. **LOCAL MATCH; INDEPENDENT SCHOOL DISTRICT NO. 435;**  
260.19 **WAUBUN-OGEMA-WHITE EARTH.**

260.20 (a) Independent School District No. 435, Waubun-Ogema-White Earth, may expand  
260.21 classroom space at its Ogema Elementary site using a grant of \$551,532 that was awarded  
260.22 to the district by the Department of Human Services on August 12, 2012, pursuant to a  
260.23 grant agreement as provided by Minnesota Statutes, section 16A.695, subdivision 9.  
260.24 Notwithstanding Minnesota Statutes, section 16A.695, subdivision 6, to satisfy the match  
260.25 requirements of the grant agreement, the district may use a lease-purchase agreement.  
260.26 Notwithstanding Minnesota Statutes, section 465.71, the lease-purchase agreement must  
260.27 provide that the title to the lease-purchased property must be held by the district.

260.28 (b) Notwithstanding Minnesota Statutes, section 126C.13, subdivision 4, if the  
260.29 school district enters a lease-purchase agreement to satisfy the local match under  
260.30 paragraph (a), but fails to make a lease-purchase payment, the commissioner of education  
260.31 shall reduce its general education aid under Minnesota Statutes, section 126C.13,  
260.32 subdivision 4, by the amount of the lease-purchase payment.

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

261.1       Sec. 21. **LEGISLATIVE OFFICE FACILITIES.**

261.2           (a) The commissioner of administration may enter into a long-term lease-purchase  
261.3 agreement for a term of up to 25 years, to predesign, design, construct, and equip offices,  
261.4 hearing rooms, and parking facilities for legislative and other functions. The facility must  
261.5 be located on the block bounded by Sherburne Avenue on the north, Park Street on the  
261.6 west, University Avenue on the south, and North Capitol Boulevard on the east. The  
261.7 legislative office facility must provide office accommodations for all senators and senate  
261.8 staff who do not have offices in the Capitol building and on-site parking facilities for all  
261.9 members and staff and disabled visitors to senate offices. A parking structure may also  
261.10 be built on the state-owned land located in the block bounded by Sherburne Avenue  
261.11 on the north, Park Street on the east, University Avenue on the south, and Rice Street  
261.12 on the west. The commissioner of management and budget may issue lease revenue  
261.13 bonds or certificates of participation associated with the lease-purchase agreement. The  
261.14 lease-purchase agreements must not be terminated, except for nonappropriation of  
261.15 money. The lease-purchase agreements must provide the state with a unilateral right to  
261.16 purchase the leased premises at specified times for specified amounts. The lease-purchase  
261.17 agreements are exempt from Minnesota Statutes, section 16B.24, subdivisions 6 and 6a.

261.18           (b) The facilities under the lease-purchase agreement are exempt from the design  
261.19 competition requirement under Minnesota Statutes, section 15B.10. Notwithstanding  
261.20 anything to the contrary under Minnesota Statutes, sections 16C.32 and 16C.33, if the  
261.21 commissioner of administration elects to use a design-build delivery method to design and  
261.22 construct one or more facilities under this appropriation, the Capitol Area Architectural and  
261.23 Planning Board, in cooperation with the commissioner, shall create a selection committee  
261.24 to act as the board under Minnesota Statutes, sections 16C.32 and 16C.33, for the design  
261.25 and construction of the facilities. Notwithstanding Minnesota Statutes, section 16B.33, if  
261.26 the commissioner elects to contract with a primary designer to design one or more facilities  
261.27 under this appropriation, the Capitol Area Architectural and Planning Board, in cooperation  
261.28 with the commissioner, shall create a selection committee to conduct the selection process  
261.29 in accordance with standards under Minnesota Statutes, chapters 15B, 16B, and 16C. A  
261.30 selection committee created under this section must contain no more than seven members,  
261.31 including at least three representatives designated by the senate Committee on Rules and  
261.32 Administration and three representatives designated by the speaker of the house.

261.33           (c) Notwithstanding any provision to the contrary in Minnesota Statutes, sections  
261.34 16C.32 and 16C.33, if the commissioner of administration elects to use a design-build  
261.35 delivery method to design, construct, and equip one or more facilities and associated  
261.36 infrastructure to provide audio and video broadcast services for the Capitol building, State

262.1 Office Building, and a new legislative office building, if applicable, the commissioner  
262.2 shall create a selection committee to act as the board under Minnesota Statutes, sections  
262.3 16C.32 and 16C.33, to design, build, and equip the facilities. The selected design-builder  
262.4 may self-perform trade work or name an audio and video subcontractor as a member of  
262.5 the design-builder's team. If an audio and video subcontractor is named as a member of  
262.6 the design-builder's team, the design-builder is not required to competitively bid the trade  
262.7 work. Notwithstanding Minnesota Statutes, section 16C.33, subdivision 5, paragraph (b),  
262.8 after obtaining and evaluating qualifications from each design-builder, in accordance  
262.9 with the weighted criteria and subcriteria and procedures provided in the request for  
262.10 qualifications, the selection committee shall select a short list of up to five proposals. If  
262.11 the commissioner does not receive any proposals, the commissioner may either:

262.12 (1) solicit new proposals;

262.13 (2) revise the request for qualifications and thereafter solicit new proposals using  
262.14 the revised request for qualifications; or

262.15 (3) request selection of a primary designer under Minnesota Statutes, section  
262.16 16B.33, 16C.08, or 16C.095, and proceed with competitive bidding pursuant to Minnesota  
262.17 Statutes, sections 16C.25 to 16C.29.

262.18 (d) The commissioner of administration may enter into a ground lease for state-owned  
262.19 property in the capitol area in conjunction with the execution of a lease-purchase  
262.20 agreement entered into under this section for any improvements constructed on that site.  
262.21 Notwithstanding the requirements of Minnesota Statutes, section 16A.695, subdivision 2,  
262.22 paragraph (b), the ground lease must be for a term equal to the term of the lease-purchase  
262.23 agreement, and must include an option to purchase the land at its then fair market value, if  
262.24 the improvements are not purchased by the state at the end of the term of the lease-purchase  
262.25 agreement, or at any earlier time that the lease-purchase agreement is terminated.

262.26 (e) The commissioner of administration must not prepare final plans and  
262.27 specifications for any construction authorized under this section until the program plan  
262.28 and cost estimates for all elements necessary to complete the project have been approved  
262.29 by the senate Committee on Rules and Administration.

262.30 (f) \$3,000,000 is appropriated in fiscal year 2014 from the general fund to the  
262.31 commissioner of administration for predesign and design of facilities authorized under  
262.32 paragraph (a). This appropriation is available for expenditure the day following final  
262.33 enactment and until June 30, 2015.

262.34 (g) The commissioner of administration may reserve a portion of money from  
262.35 appropriations for office space costs of the legislature to fund future repairs for facilities  
262.36 constructed under the authority provided in this section. Money reserved under this

263.1 paragraph must be credited to a segregated account for each building in the special  
263.2 revenue fund and is appropriated to the commissioner to make the repairs. When the state  
263.3 acquires title to a building with an account established under this paragraph, the account  
263.4 for that building must be abolished and the balance remaining in the account must be  
263.5 transferred to the appropriate asset preservation and replacement account.

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

263.7 Sec. 22. **APPROPRIATION; RELOCATION EXPENSES.**

263.8 \$1,860,000 is appropriated from the general fund to the commissioner of  
263.9 administration for rent loss and relocation expenses related to the Capitol renovation  
263.10 project for fiscal year 2014. Notwithstanding Minnesota Statutes, section 16A.642,  
263.11 this appropriation is available until June 30, 2015. The base for this appropriation is  
263.12 \$1,380,000 in fiscal year 2016, \$960,000 in fiscal year 2017, and \$0 after that.

### 263.13 **ARTICLE 13**

#### 263.14 **MISCELLANEOUS PROVISIONS**

263.15 Section 1. Minnesota Statutes 2012, section 16A.727, is amended to read:

263.16 **16A.727 BACKUP REVENUES; FOOTBALL STADIUM FUNDING.**

263.17 (a) If the commissioner of management and budget determines that the amount of  
263.18 revenues under section 297E.021, subdivision 2, for the next fiscal year, plus \$20,000,000,  
263.19 will be less than the amounts specified in section 297E.021, subdivision 3, ~~paragraph (a),~~  
263.20 clause (1), items (i) to (iii), for that fiscal year, the commissioner may implement the  
263.21 revenue options authorized in Laws 2012, chapter 299, article 6; provided that this section  
263.22 does not constitute a pledge of tax revenues as security for the payment of principal and  
263.23 interest on appropriation bonds issued under section 16A.695. If the commissioner  
263.24 determines to exercise the authority under this section for a fiscal year, the commissioner  
263.25 must implement the revenue options, as necessary, in the following order:

263.26 (1) a sports-themed lottery game under section 349A.20; and

263.27 (2) a tax on suites as provided under section 473J.14.

263.28 (b) Revenue raised under the authority granted by this section must be deposited  
263.29 in the general fund.

263.30 (c) If the commissioner determines to implement one or more of the revenue options  
263.31 authorized by this section, each subsequent year the commissioner must determine if  
263.32 the revenue is needed and will be imposed and collected for the next fiscal year. If the  
263.33 commissioner determines that one or more revenue options implemented for a fiscal year

264.1 are not needed for a subsequent fiscal year, the commissioner must terminate them in the  
264.2 reverse order they were required to be implemented by paragraph (a) with the last option  
264.3 implemented terminated first and so forth.

264.4 (d) Before implementing a revenue source authorized under this section, the  
264.5 commissioner must report the intent to do so to the Legislative Commission on Planning  
264.6 and Fiscal Policy. The commissioner must inform the commission of determinations to  
264.7 continue or discontinue each revenue source for a subsequent fiscal year.

264.8 (e) The provisions of this section no longer apply after the Minnesota Sports  
264.9 Facilities Authority certifies to the commissioner that it has determined that the revenues  
264.10 of the general fund under section 297A.994, the increased revenues under chapter 297E,  
264.11 and other available resources of the authority provide adequate financial security for  
264.12 the state and the authority.

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

264.14 Sec. 2. **[116V.03] APPROPRIATION.**

264.15 \$1,000,000 in fiscal year 2014 and each year thereafter is appropriated from the  
264.16 general fund to the commissioner of revenue for transfer to the agricultural project  
264.17 utilization account in the special revenue fund for the Agricultural Utilization Research  
264.18 Institute established under section 116V.01.

264.19 Sec. 3. Minnesota Statutes 2012, section 237.52, subdivision 3, is amended to read:

264.20 Subd. 3. **Collection.** Every provider of services capable of originating a TRS call,  
264.21 including cellular communications and other nonwire access services, in this state shall,  
264.22 except as provided in subdivision 3a, collect the charges established by the commission  
264.23 under subdivision 2 and transfer amounts collected to the commissioner of public  
264.24 safety in the same manner as provided in section 403.11, subdivision 1, paragraph (d).  
264.25 The commissioner of public safety must deposit the receipts in the fund established in  
264.26 subdivision 1.

264.27 **EFFECTIVE DATE.** This section is effective January 1, 2014.

264.28 Sec. 4. Minnesota Statutes 2012, section 237.52, is amended by adding a subdivision  
264.29 to read:

264.30 Subd. 3a. **Fee for prepaid wireless telecommunications service.** The fee  
264.31 established in subdivision 2 does not apply to prepaid wireless telecommunications  
264.32 services as defined in section 403.02, subdivision 17b, which are instead subject to the



265.1 prepaid wireless telecommunications access Minnesota fee established in section 403.161,  
265.2 subdivision 1, paragraph (b). Collection, remittance, and deposit of prepaid wireless  
265.3 telecommunications access Minnesota fees are governed by sections 403.161 and 403.162.

265.4 **EFFECTIVE DATE.** This section is effective January 1, 2014.

265.5 Sec. 5. Minnesota Statutes 2012, section 270B.01, subdivision 8, is amended to read:

265.6 Subd. 8. **Minnesota tax laws.** For purposes of this chapter only, unless expressly  
265.7 stated otherwise, "Minnesota tax laws" means:

265.8 (1) the taxes, refunds, and fees administered by or paid to the commissioner under  
265.9 chapters 115B, 289A (except taxes imposed under sections 298.01, 298.015, and 298.24),  
265.10 290, 290A, 291, 295, 297A, 297B, ~~and 297H,~~ and 403, or any similar Indian tribal tax  
265.11 administered by the commissioner pursuant to any tax agreement between the state and  
265.12 the Indian tribal government, and includes any laws for the assessment, collection, and  
265.13 enforcement of those taxes, refunds, and fees; and

265.14 (2) section 273.1315.

265.15 **EFFECTIVE DATE.** This section is effective January 1, 2014.

265.16 Sec. 6. Minnesota Statutes 2012, section 270B.12, subdivision 4, is amended to read:

265.17 Subd. 4. **Department of Public Safety.** The commissioner may disclose return  
265.18 information to the Department of Public Safety for the purpose of and to the extent  
265.19 necessary to administer ~~section~~ sections 270C.725 and 403.16 to 403.162.

265.20 **EFFECTIVE DATE.** This section is effective January 1, 2014.

265.21 Sec. 7. Minnesota Statutes 2012, section 270C.03, subdivision 1, is amended to read:

265.22 Subdivision 1. **Powers and duties.** The commissioner shall have and exercise  
265.23 the following powers and duties:

265.24 (1) administer and enforce the assessment and collection of taxes;

265.25 (2) make determinations, corrections, and assessments with respect to taxes,  
265.26 including interest, additions to taxes, and assessable penalties;

265.27 (3) use statistical or other sampling techniques consistent with generally accepted  
265.28 auditing standards in examining returns or records and making assessments;

265.29 (4) investigate the tax laws of other states and countries, and formulate and submit  
265.30 to the legislature such legislation as the commissioner may deem expedient to prevent  
265.31 evasions of state revenue laws and to secure just and equal taxation and improvement in  
265.32 the system of state revenue laws;

266.1 (5) consult and confer with the governor upon the subject of taxation, the  
266.2 administration of the laws in regard thereto, and the progress of the work of the  
266.3 department, and furnish the governor, from time to time, such assistance and information  
266.4 as the governor may require relating to tax matters;

266.5 (6) execute and administer any agreement with the secretary of the treasury or the  
266.6 Bureau of Alcohol, Tobacco, Firearms and Explosives in the Department of Justice of the  
266.7 United States or a representative of another state regarding the exchange of information  
266.8 and administration of the state revenue laws;

266.9 (7) require town, city, county, and other public officers to report information as to the  
266.10 collection of taxes received from licenses and other sources, and such other information  
266.11 as may be needful in the work of the commissioner, in such form as the commissioner  
266.12 may prescribe;

266.13 (8) authorize the use of unmarked motor vehicles to conduct seizures or criminal  
266.14 investigations pursuant to the commissioner's authority;

266.15 (9) authorize the participation in audits performed by the Multistate Tax Commission.  
266.16 For the purposes of chapter 270B, the Multistate Tax Commission will be considered to be  
266.17 a state for the purposes of auditing corporate sales, excise, and income tax returns.

266.18 (10) maintain toll-free telephone access for taxpayer assistance for calls from  
266.19 locations within the state; and

266.20 ~~(10)~~ (11) exercise other powers and authority and perform other duties required of or  
266.21 imposed upon the commissioner by law.

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

266.23 Sec. 8. Minnesota Statutes 2012, section 271.06, subdivision 2a, as added by Laws  
266.24 2013, chapter 36, section 1, is amended to read:

266.25 Subd. 2a. **Timely mailing treated as timely filing.** (a) If, after the period prescribed  
266.26 by subdivision 2, the original notice of appeal, proof of service upon the commissioner,  
266.27 and filing fee are delivered by ~~mail in the United States~~ mail to the Tax Court administrator  
266.28 or the court administrator of district court acting as court administrator of the Tax Court,  
266.29 then the date of filing is the date of the United States postmark stamped on the envelope  
266.30 or other appropriate wrapper in which the notice of appeal, proof of service upon the  
266.31 commissioner, and filing fee are mailed.

266.32 (b) This subdivision applies only if the postmark date falls within the period  
266.33 prescribed by subdivision 2 and the original notice of appeal, proof of service upon the  
266.34 commissioner, and filing fee are, within the time prescribed by subdivision 2, deposited in  
266.35 the mail in the United States in an envelope or other appropriate wrapper, postage prepaid,

267.1 properly addressed to the Tax Court administrator or the court administrator of district  
267.2 court acting as court administrator of the Tax Court.

267.3 (c) Only the postmark of the United States Postal Service qualifies as proof of  
267.4 timely mailing under this subdivision. Private postage meters do not qualify as proof of  
267.5 timely filing under this subdivision. If the original notice of appeal, proof of service  
267.6 upon the commissioner, and filing fee are sent by United States registered mail, the date  
267.7 of registration is the postmark date. If the original notice of appeal, proof of service  
267.8 upon the commissioner, and filing fee are sent by United States certified mail and the  
267.9 sender's receipt is postmarked by the postal employee to whom the envelope containing  
267.10 the original notice of appeal, proof of service upon the commissioner, and filing fee is  
267.11 presented, the date of the United States postmark on the receipt is the postmark date.

267.12 (d) A reference in this section to ~~mail in~~ the United States mail must be treated as  
267.13 including a reference to any designated delivery service and a reference in this section to  
267.14 a postmark by the United States Postal Service must be treated as including a reference  
267.15 to any date recorded or marked by any designated delivery service in accordance with  
267.16 section 7502(f) of the Internal Revenue Code.

267.17 **EFFECTIVE DATE.** This section is effective for filings delivered by the United  
267.18 States Postal Service with a postmark date after August 1, 2013.

267.19 Sec. 9. Minnesota Statutes 2012, section 297E.021, subdivision 3, is amended to read:

267.20 Subd. 3. **Available revenues.** For purposes of this section, "available revenues"  
267.21 equals the amount determined under subdivision 2, plus up to \$20,000,000 each fiscal year  
267.22 from the taxes imposed under section 290.06, subdivision 1:

267.23 (1) reduced by the following amounts paid for the fiscal year under:

267.24 (i) the appropriation to principal and interest on appropriation bonds under section  
267.25 16A.965, subdivision 8;

267.26 (ii) the appropriation from the general fund to make operating expense payments  
267.27 under section 473J.13, subdivision 2, paragraph (b);

267.28 (iii) the appropriation for contributions to the capital reserve fund under section  
267.29 473J.13, subdivision 4, paragraph (c);

267.30 (iv) the appropriations under Laws 2012, chapter 299, article 4, for administration  
267.31 and any successor appropriation;

267.32 (v) the reduction in revenues resulting from the sales tax exemptions under section  
267.33 297A.71, subdivision 43;

267.34 (vi) reimbursements authorized by section 473J.15, subdivision 2, paragraph (d);

268.1 (vii) the compulsive gambling appropriations under section 297E.02, subdivision 3,  
268.2 paragraph (c), and any successor appropriation; and

268.3 (viii) the appropriation for the city of St. Paul under section 16A.726, paragraph  
268.4 (c); and

268.5 (2) increased by the revenue deposited in the general fund under section 297A.994,  
268.6 subdivision 4, clauses (1) to (3), for the fiscal year.

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

268.8 Sec. 10. Minnesota Statutes 2012, section 403.02, is amended by adding a subdivision  
268.9 to read:

268.10 **Subd. 17b. Prepaid wireless telecommunications service.** "Prepaid wireless  
268.11 telecommunications service" means a wireless telecommunications service that allows the  
268.12 caller to dial 911 to access the 911 system, which service must be paid for in advance and is:

268.13 (1) sold in predetermined units or dollars of which the number declines with use in a  
268.14 known amount; or

268.15 (2) provides unlimited use for a predetermined time period.

268.16 The inclusion of nontelecommunications services, including the download of digital  
268.17 products delivered electronically, content, and ancillary services, with a prepaid wireless  
268.18 telecommunications service does not preclude that service from being considered a  
268.19 prepaid wireless telecommunications service under this chapter.

268.20 **EFFECTIVE DATE.** This section is effective January 1, 2014.

268.21 Sec. 11. Minnesota Statutes 2012, section 403.02, is amended by adding a subdivision  
268.22 to read:

268.23 **Subd. 20a. Wireless telecommunications service.** Wireless telecommunications  
268.24 service means a commercial mobile radio service, as that term is defined in United  
268.25 States Code, title 47, section 332, subsection (d), including all broadband personal  
268.26 communication services, wireless radio telephone services, and geographic area  
268.27 specialized mobile radio licensees, that offer real-time, two-way voice service  
268.28 interconnected with the public switched telephone network.

268.29 **EFFECTIVE DATE.** This section is effective January 1, 2014.

268.30 Sec. 12. Minnesota Statutes 2012, section 403.02, subdivision 21, is amended to read:

268.31 **Subd. 21. Wireless telecommunications service provider.** "Wireless  
268.32 telecommunications service provider" means a provider of commercial mobile radio

269.1 ~~services, as that term is defined in United States Code, title 47, section 332, subsection~~  
269.2 ~~(d), including all broadband personal communications services, wireless radio telephone~~  
269.3 ~~services, geographic area specialized and enhanced specialized mobile radio services, and~~  
269.4 ~~incumbent wide area specialized mobile radio licensees, that offers real-time, two-way~~  
269.5 ~~voice service interconnected with the public switched telephone network and that is doing~~  
269.6 ~~business in the state of Minnesota~~ wireless telecommunications service.

269.7 **EFFECTIVE DATE.** This section is effective January 1, 2014.

269.8 Sec. 13. Minnesota Statutes 2012, section 403.06, subdivision 1a, is amended to read:

269.9 Subd. 1a. **Biennial budget; annual financial report.** The commissioner shall  
269.10 prepare a biennial budget for maintaining the 911 system. By December 15 of each year,  
269.11 the commissioner shall submit a report to the legislature detailing the expenditures for  
269.12 maintaining the 911 system, the 911 fees collected, the balance of the 911 fund, ~~and the~~  
269.13 911-related administrative expenses of the commissioner, and the most recent forecast of  
269.14 revenues and expenditures for the 911 emergency telecommunications service account,  
269.15 including a separate projection of E911 fees from prepaid wireless customers and  
269.16 projections of year-end fund balances. The commissioner is authorized to expend money  
269.17 that has been appropriated to pay for the maintenance, enhancements, and expansion  
269.18 of the 911 system.

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

269.20 Sec. 14. Minnesota Statutes 2012, section 403.11, subdivision 1, is amended to read:

269.21 Subdivision 1. **Emergency telecommunications service fee; account.** (a) Each  
269.22 customer of a wireless or wire-line switched or packet-based telecommunications service  
269.23 provider connected to the public switched telephone network that furnishes service capable  
269.24 of originating a 911 emergency telephone call is assessed a fee based upon the number  
269.25 of wired or wireless telephone lines, or their equivalent, to cover the costs of ongoing  
269.26 maintenance and related improvements for trunking and central office switching equipment  
269.27 for 911 emergency telecommunications service, to offset administrative and staffing costs  
269.28 of the commissioner related to managing the 911 emergency telecommunications service  
269.29 program, to make distributions provided for in section 403.113, and to offset the costs,  
269.30 including administrative and staffing costs, incurred by the State Patrol Division of the  
269.31 Department of Public Safety in handling 911 emergency calls made from wireless phones.

269.32 (b) Money remaining in the 911 emergency telecommunications service account  
269.33 after all other obligations are paid must not cancel and is carried forward to subsequent

270.1 years and may be appropriated from time to time to the commissioner to provide financial  
270.2 assistance to counties for the improvement of local emergency telecommunications  
270.3 services. The improvements may include providing access to 911 service for  
270.4 telecommunications service subscribers currently without access and upgrading existing  
270.5 911 service to include automatic number identification, local location identification,  
270.6 automatic location identification, and other improvements specified in revised county  
270.7 911 plans approved by the commissioner.

270.8 (c) The fee may not be less than eight cents nor more than 65 cents a month until  
270.9 June 30, 2008, not less than eight cents nor more than 75 cents a month until June 30,  
270.10 2009, not less than eight cents nor more than 85 cents a month until June 30, 2010, and  
270.11 not less than eight cents nor more than 95 cents a month on or after July 1, 2010, for  
270.12 each customer access line or other basic access service, including trunk equivalents as  
270.13 designated by the Public Utilities Commission for access charge purposes and including  
270.14 wireless telecommunications services. With the approval of the commissioner of  
270.15 management and budget, the commissioner of public safety shall establish the amount of  
270.16 the fee within the limits specified and inform the companies and carriers of the amount to  
270.17 be collected. When the revenue bonds authorized under section 403.27, subdivision 1,  
270.18 have been fully paid or defeased, the commissioner shall reduce the fee to reflect that debt  
270.19 service on the bonds is no longer needed. The commissioner shall provide companies and  
270.20 carriers a minimum of 45 days' notice of each fee change. The fee must be the same for all  
270.21 customers, except that the fee imposed under this subdivision does not apply to prepaid  
270.22 wireless telecommunications service, which is instead subject to the fee imposed under  
270.23 section 403.161, subdivision 1, paragraph (a).

270.24 (d) The fee must be collected by each wireless or wire-line telecommunications  
270.25 service provider subject to the fee. Fees are payable to and must be submitted to the  
270.26 commissioner monthly before the 25th of each month following the month of collection,  
270.27 except that fees may be submitted quarterly if less than \$250 a month is due, or annually if  
270.28 less than \$25 a month is due. Receipts must be deposited in the state treasury and credited  
270.29 to a 911 emergency telecommunications service account in the special revenue fund. The  
270.30 money in the account may only be used for 911 telecommunications services.

270.31 (e) This subdivision does not apply to customers of interexchange carriers.

270.32 (f) The installation and recurring charges for integrating wireless 911 calls into  
270.33 enhanced 911 systems are eligible for payment by the commissioner if the 911 service  
270.34 provider is included in the statewide design plan and the charges are made pursuant to  
270.35 contract.

271.1 (g) Competitive local exchanges carriers holding certificates of authority from the  
271.2 Public Utilities Commission are eligible to receive payment for recurring 911 services.

271.3 **EFFECTIVE DATE.** This section is effective January 1, 2014.

271.4 Sec. 15. Minnesota Statutes 2012, section 403.11, is amended by adding a subdivision  
271.5 to read:

271.6 **Subd. 3d. Eligible telecommunications carrier; requirement.** No wireless  
271.7 communications provider may provide telecommunications services under a designation  
271.8 of eligible telecommunications carrier, as provided under Minnesota Rule 7811.1400,  
271.9 until and unless the commissioner of public safety certifies to the chair of the public  
271.10 utilities commission that the wireless telecommunications provider is not in arrears in  
271.11 amounts owed to the 911 emergency telecommunications service account in the special  
271.12 revenue fund.

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

271.14 Sec. 16. Minnesota Statutes 2012, section 403.11, is amended by adding a subdivision  
271.15 to read:

271.16 **Subd. 6. Report.** (a) Beginning September 1, 2013, and continuing semiannually  
271.17 thereafter, each wireless telecommunications service provider shall report to the  
271.18 commissioner, based on the mobile telephone number, both the total number of prepaid  
271.19 wireless telecommunications subscribers sourced to Minnesota and the total number of  
271.20 wireless telecommunications subscribers sourced to Minnesota. The report must be filed  
271.21 on the same schedule as Federal Communications Commission Form 477.

271.22 (b) The commissioner shall make a standard form available to all wireless  
271.23 telecommunications service providers for submitting information required to compile  
271.24 the report required under this subdivision.

271.25 (c) The information provided to the commissioner under this subdivision is  
271.26 considered trade secret information under section 13.37 and may only be used for purposes  
271.27 of administering this chapter.

271.28 **EFFECTIVE DATE.** This section is effective January 1, 2014.

271.29 Sec. 17. **[403.16] DEFINITIONS.**

271.30 **Subdivision 1. Scope.** For the purposes of sections 403.16 to 403.164, the terms  
271.31 defined in this section have the meanings given them.

272.1 Subd. 2. **Consumer.** "Consumer" means a person who purchases prepaid wireless  
272.2 telecommunications service in a retail transaction.

272.3 Subd. 3. **Department.** "Department" means the Department of Revenue.

272.4 Subd. 4. **Prepaid wireless E911 fee.** "Prepaid wireless E911 fee" means the fee that  
272.5 is required to be collected by a seller from a consumer as established in section 403.161,  
272.6 subdivision 1, paragraph (a).

272.7 Subd. 5. **Prepaid wireless telecommunications access Minnesota fee.** "Prepaid  
272.8 wireless telecommunications access Minnesota fee" means the fee that is required to be  
272.9 collected by a seller from a consumer as established in section 403.161, subdivision 1,  
272.10 paragraph (b).

272.11 Subd. 6. **Provider.** "Provider" means a person that provides prepaid wireless  
272.12 telecommunications service under a license issued by the Federal Communications  
272.13 Commission.

272.14 Subd. 7. **Retail transaction.** "Retail transaction" means the purchase of prepaid  
272.15 wireless telecommunications service from a seller for any purpose other than resale.

272.16 Subd. 8. **Seller.** "Seller" means a person who sells prepaid wireless  
272.17 telecommunications service to another person.

272.18 **EFFECTIVE DATE.** This section is effective January 1, 2014.

272.19 Sec. 18. **[403.161] PREPAID WIRELESS FEES IMPOSED; COLLECTION;**  
272.20 **REMITTANCE.**

272.21 Subdivision 1. **Fees imposed.** (a) A prepaid wireless E911 fee of 80 cents per retail  
272.22 transaction is imposed on prepaid wireless telecommunications service until the fee is  
272.23 adjusted as an amount per retail transaction under subdivision 7.

272.24 (b) A prepaid wireless telecommunications access Minnesota fee, in the amount of  
272.25 the monthly charge provided for in section 237.52, subdivision 2, is imposed on each  
272.26 retail transaction for prepaid wireless telecommunications service until the fee is adjusted  
272.27 as an amount per retail transaction under subdivision 7.

272.28 Subd. 2. **Exemption.** The fees established under subdivision 1 are not imposed on a  
272.29 minimal amount of prepaid wireless telecommunications service that is sold with a prepaid  
272.30 wireless device and is charged a single nonitemized price, and a seller may not apply the  
272.31 fees to such a transaction. For purposes of this subdivision, a minimal amount of service  
272.32 means an amount of service denominated as either ten minutes or less or \$5 or less.

272.33 Subd. 3. **Fee collected.** The prepaid wireless E911 and telecommunications  
272.34 access Minnesota fees must be collected by the seller from the consumer for each retail  
272.35 transaction occurring in this state. The amount of each fee must be combined into one



273.1 amount, which must be separately stated on an invoice, receipt, or other similar document  
273.2 that is provided to the consumer by the seller.

273.3 Subd. 4. **Sales and use tax treatment.** For purposes of this section, a retail  
273.4 transaction conducted in person by a consumer at a business location of the seller must  
273.5 be treated as occurring in this state if that business location is in this state, and any other  
273.6 retail transaction must be treated as occurring in this state if the retail transaction is treated  
273.7 as occurring in this state for purposes of the sales and use tax as specified in section  
273.8 297A.669, subdivision 3, paragraph (c).

273.9 Subd. 5. **Remittance.** The prepaid wireless E911 and telecommunications access  
273.10 Minnesota fees are the liability of the consumer and not of the seller or of any provider,  
273.11 except that the seller is liable to remit all fees as provided in section 403.162.

273.12 Subd. 6. **Exclusion for calculating other charges.** The combined amount of the  
273.13 prepaid wireless E911 and telecommunications access Minnesota fees collected by a seller  
273.14 from a consumer must not be included in the base for measuring any tax, fee, surcharge,  
273.15 or other charge that is imposed by this state, any political subdivision of this state, or  
273.16 any intergovernmental agency.

273.17 Subd. 7. **Fee changes.** (a) The prepaid wireless E911 and telecommunications  
273.18 access Minnesota fee must be proportionately increased or reduced upon any change to  
273.19 the fee imposed under section 403.11, subdivision 1, paragraph (c), after July 1, 2013, or  
273.20 the fee imposed under section 237.52, subdivision 2, as applicable.

273.21 (b) The department shall post notice of any fee changes on its Web site at least 30  
273.22 days in advance of the effective date of the fee changes. It is the responsibility of sellers to  
273.23 monitor the department's Web site for notice of fee changes.

273.24 (c) Fee changes are effective 60 days after the first day of the first calendar month  
273.25 after the commissioner of public safety or the Public Utilities Commission, as applicable,  
273.26 changes the fee.

273.27 **EFFECTIVE DATE.** This section is effective January 1, 2014.

273.28 Sec. 19. **[403.162] ADMINISTRATION OF PREPAID WIRELESS E911 FEES.**

273.29 Subdivision 1. **Remittance.** Prepaid wireless E911 and telecommunications access  
273.30 Minnesota fees collected by sellers must be remitted to the commissioner of revenue  
273.31 at the times and in the manner provided by chapter 297A with respect to the general  
273.32 sales and use tax. The commissioner of revenue shall establish registration and payment  
273.33 procedures that substantially coincide with the registration and payment procedures that  
273.34 apply in chapter 297A.

274.1 Subd. 2. **Seller's fee retention.** A seller may deduct and retain three percent of  
274.2 prepaid wireless E911 and telecommunications access Minnesota fees collected by the  
274.3 seller from consumers.

274.4 Subd. 3. **Department of Revenue provisions.** The audit, assessment, appeal,  
274.5 collection, refund, penalty, interest, enforcement, and administrative provisions of  
274.6 chapters 270C and 289A that are applicable to the taxes imposed by chapter 297A apply  
274.7 to any fee imposed under section 403.161.

274.8 Subd. 4. **Procedures for resale transactions.** The commissioner of revenue shall  
274.9 establish procedures by which a seller of prepaid wireless telecommunications service  
274.10 may document that a sale is not a retail transaction. These procedures must substantially  
274.11 coincide with the procedures for documenting sale for resale transactions as provided in  
274.12 chapter 297A.

274.13 Subd. 5. **Fees deposited.** (a) The commissioner of revenue shall, based on  
274.14 the relative proportion of the prepaid wireless E911 fee and the prepaid wireless  
274.15 telecommunications access Minnesota fee imposed per retail transaction, divide the fees  
274.16 collected in corresponding proportions. Within 30 days of receipt of the collected fees,  
274.17 the commissioner shall:

274.18 (1) deposit the proportion of the collected fees attributable to the prepaid wireless  
274.19 E911 fee in the 911 emergency telecommunications service account in the special revenue  
274.20 fund; and

274.21 (2) deposit the proportion of collected fees attributable to the prepaid wireless  
274.22 telecommunications access Minnesota fee in the telecommunications access fund  
274.23 established in section 237.52, subdivision 1.

274.24 (b) The department may deduct and retain an amount, not to exceed two percent of  
274.25 collected fees, to reimburse its direct costs of administering the collection and remittance  
274.26 of prepaid wireless E911 fees and prepaid wireless telecommunications access Minnesota  
274.27 fees.

274.28 **EFFECTIVE DATE.** This section is effective January 1, 2014.

274.29 Sec. 20. **[403.163] LIABILITY PROTECTION FOR SELLERS AND**  
274.30 **PROVIDERS.**

274.31 (a) A provider or seller of prepaid wireless telecommunications service is not liable  
274.32 for damages to any person resulting from or incurred in connection with providing any  
274.33 lawful assistance in good faith to any investigative or law enforcement officer of the  
274.34 United States, this or any other state, or any political subdivision of this or any other state.

275.1 (b) In addition to the protection from liability provided by paragraph (a), section  
275.2 403.08, subdivision 11, applies to sellers and providers.

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

275.4 Sec. 21. **[403.164] EXCLUSIVITY OF PREPAID WIRELESS E911 FEE.**

275.5 The prepaid wireless E911 fee imposed by section 403.161 is the only E911 funding  
275.6 obligation imposed with respect to prepaid wireless telecommunications service in this  
275.7 state, and no tax, fee, surcharge, or other charge may be imposed by this state, any political  
275.8 subdivision of this state, or any intergovernmental agency, for E911 funding purposes,  
275.9 upon any provider, seller, or consumer with respect to the sale, purchase, use, or provision  
275.10 of prepaid wireless telecommunications service.

275.11 **EFFECTIVE DATE.** This section is effective January 1, 2014.

275.12 Sec. 22. **PURPOSE STATEMENTS; TAX EXPENDITURES.**

275.13 Subdivision 1. **Authority.** This section is intended to fulfill the requirement under  
275.14 Minnesota Statutes, section 3.192, that a bill creating, renewing, or continuing a tax  
275.15 expenditure provide a purpose for the tax expenditure and a standard or goal against  
275.16 which its effectiveness may be measured.

275.17 Subd. 2. **Federal conformity.** The provisions of article 6 conforming Minnesota  
275.18 individual income tax to changes in federal law related to bonus depreciation and section  
275.19 179 expensing are intended to simplify compliance with and administration of the  
275.20 individual income tax.

275.21 Subd. 3. **Sales tax exemption for certain aircraft parts and labor.** The provisions  
275.22 of article 5 exempting parts and labor for certain aircraft, is intended to encourage the  
275.23 growth of the aviation services industry in the state.

275.24 Subd. 4. **Railroad track maintenance subtraction.** The provisions of article 6  
275.25 allowing an individual income and corporate franchise tax subtraction for the amount  
275.26 allowed under the federal credit for railroad maintenance expenses, are intended to  
275.27 increase the combined federal and state tax incentives available to Class II and Class III  
275.28 railroads for maintaining and upgrading track in Minnesota. The standard against which  
275.29 effectiveness is to be measured is the additional miles of track maintained or upgraded  
275.30 following allowance of the state tax subtraction in addition to the existing federal tax credit.

275.31 Subd. 5. **Historic structure rehabilitation credit.** The provisions of article 6  
275.32 extending the sunset date of the historic structure rehabilitation credit and modifying  
275.33 the effective date of the credit, are intended to encourage the preservation of historic

276.1 structures in Minnesota and to create and retain jobs related to rehabilitation of historic  
276.2 structures in the state. The standard against which the effectiveness of the extension  
276.3 of the credit and modification of the effective date is to be measured is the number of  
276.4 jobs created through the rehabilitation of historic structures and the number of historic  
276.5 structures rehabilitated and placed in service.

276.6 Subd. 6. **Greater Minnesota internship credit.** The provisions of article 6  
276.7 providing a tax credit to employers of qualified interns, are intended to encourage  
276.8 Minnesota businesses to employ and provide valuable education and work experience  
276.9 to Minnesota students and foster long-term relationships between students and greater  
276.10 Minnesota employers. The standard against which the effectiveness of the extension of the  
276.11 credit is the number of students who participated in the program who were subsequently  
276.12 employed full time by the employer.

276.13 Subd. 7. **Sales tax exemption for greater Minnesota business expansion.** The  
276.14 provisions of article 8 are intended to induce existing businesses in greater Minnesota to  
276.15 increase investment and expand employment in greater Minnesota.

276.16 Subd. 8. **Expansion of sales tax exemption on durable medical products and**  
276.17 **prosthetics.** The provisions of article 8 expanding the definition of items included in  
276.18 repair and replacement parts of durable medical equipment and prosthetics and exempting  
276.19 Medicare and medicaid purchases is intended to simplify sales tax administration in this  
276.20 area and provide relief for sellers who cannot collect the tax under these programs.

276.21 Subd. 9. **Sales tax exemption for established religious orders.** The provisions  
276.22 of article 8 exempting certain sales between a religious order and an affiliated institute  
276.23 of higher education, is intended to retain an existing sales tax exemption that exists  
276.24 between St. John's Abbey and St. John's University after a governing restructure between  
276.25 the two entities.

276.26 Subd. 10. **Sales tax exemption for certain dental providers.** The provisions  
276.27 of article 8 exempting certain purchases by qualifying critical access dental providers,  
276.28 is intended to assist critical access dental providers in defraying the overall cost of the  
276.29 services they provide to underserved communities.

276.30 Subd. 11. **Sales tax exemption for nursing homes and boarding care homes.**  
276.31 The provisions of article 8 exempting certain nursing homes and boarding care homes is  
276.32 intended to clarify that an existing exemption for these facilities is not affected by a recent  
276.33 property tax case related to defining nonprofit organizations engaged in charitable activities.

276.34 Subd. 12. **Construction sales tax exemptions.** The provisions of article 8  
276.35 exempting from sales tax construction materials for various entities, are intended to

277.1 increase jobs and reduce tax pyramiding by reducing the tax on inputs used to provide  
 277.2 taxable goods and services.

277.3 Subd. 13. Sales tax exemption on certain public infrastructure. The provisions  
 277.4 of article 10 exempting construction materials used in public infrastructure projects related  
 277.5 to the destination medical center plan is intended to reduce city costs for those projects.

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

277.7 Sec. 23. **APPROPRIATIONS.**

277.8 (a) \$950,000 is appropriated from the general fund to the commissioner of revenue  
 277.9 in fiscal year 2014 for administering this act. This appropriation does not cancel but is  
 277.10 available until June 30, 2015. \$300,000 of this amount is added to the annual base budget.

277.11 (b) \$25,000 in fiscal year 2014 and \$25,000 in fiscal year 2015 are appropriated  
 277.12 from the general fund to the commissioner of employment and economic development for  
 277.13 administering the provisions of article 10.

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

277.15 Sec. 24. **REPEALER.**

277.16 Minnesota Statutes 2012, sections 290.171; 290.173; and 290.174, are repealed.

## 277.17 **ARTICLE 14**

### 277.18 **MARKET VALUE DEFINITIONS**

277.19 Section 1. Minnesota Statutes 2012, section 38.18, is amended to read:

277.20 **38.18 COUNTY FAIRGROUNDS; IMPROVEMENT AIDED.**

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

278.1 Sec. 2. Minnesota Statutes 2012, section 40A.15, subdivision 2, is amended to read:

278.2 Subd. 2. **Eligible recipients.** All counties within the state, municipalities that prepare  
278.3 plans and official controls instead of a county, and districts are eligible for assistance  
278.4 under the program. Counties and districts may apply for assistance on behalf of other  
278.5 municipalities. In order to be eligible for financial assistance a county or municipality must  
278.6 agree to levy at least 0.01209 percent of ~~taxable~~ estimated market value for agricultural  
278.7 land preservation and conservation activities or otherwise spend the equivalent amount of  
278.8 local money on those activities, or spend \$15,000 of local money, whichever is less.

278.9 Sec. 3. Minnesota Statutes 2012, section 69.011, subdivision 1, is amended to read:

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

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

278.14 (b) "Municipality" means:

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

278.16 (2) an organized town;

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

278.18 (4) the University of Minnesota;

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

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

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

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

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

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

279.1 (e) "Estimated market value" means latest available estimated market value of all  
279.2 property in a taxing jurisdiction, whether the property is subject to taxation, or exempt  
279.3 from ad valorem taxation obtained from information which appears on abstracts filed with  
279.4 the commissioner of revenue or equalized by the State Board of Equalization.

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

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

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

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

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

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

279.22 (5) who is a member of the State Patrol retirement plan or the public employees  
279.23 police and fire fund.

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

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

279.30 (j) "Municipal clerk, municipal clerk-treasurer, or county auditor" means:

279.31 (1) for the police state aid program and police relief association financial reports:

279.32 (i) the person who was elected or appointed to the specified position or, in the  
279.33 absence of the person, another person who is designated by the applicable governing body;

279.34 (ii) in a park district, the secretary of the board of park district commissioners;

279.35 (iii) in the case of the University of Minnesota, the official designated by the Board  
279.36 of Regents;

280.1 (iv) for the Metropolitan Airports Commission, the person designated by the  
280.2 commission;

280.3 (v) for the Department of Natural Resources or the Department of Public Safety, the  
280.4 respective commissioner;

280.5 (vi) for a tribal police department which exercises state arrest powers under section  
280.6 626.90, 626.91, 626.92, or 626.93, the person designated by the applicable American  
280.7 Indian tribal government; and

280.8 (2) for the fire state aid program and fire relief association financial reports, the  
280.9 person who was elected or appointed to the specified position, or, for governmental  
280.10 entities other than counties, if the governing body of the governmental entity designates  
280.11 the position to perform the function, the chief financial official of the governmental entity  
280.12 or the chief administrative official of the governmental entity.

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

280.15 Sec. 4. Minnesota Statutes 2012, section 69.021, subdivision 7, is amended to read:

280.16 Subd. 7. **Apportionment of fire state aid to municipalities and relief associations.**

280.17 (a) The commissioner shall apportion the fire state aid relative to the premiums reported  
280.18 on the Minnesota Firetown Premium Reports filed under this chapter to each municipality  
280.19 and/or firefighters relief association.

280.20 (b) The commissioner shall calculate an initial fire state aid allocation amount for  
280.21 each municipality or fire department under paragraph (c) and a minimum fire state aid  
280.22 allocation amount for each municipality or fire department under paragraph (d). The  
280.23 municipality or fire department must receive the larger fire state aid amount.

280.24 (c) The initial fire state aid allocation amount is the amount available for  
280.25 apportionment as fire state aid under subdivision 5, without inclusion of any additional  
280.26 funding amount to support a minimum fire state aid amount under section 423A.02,  
280.27 subdivision 3, allocated one-half in proportion to the population as shown in the last official  
280.28 statewide federal census for each fire town and one-half in proportion to the estimated  
280.29 market value of each fire town, including (1) the estimated market value of tax-exempt  
280.30 property and (2) the estimated market value of natural resources lands receiving in lieu  
280.31 payments under sections 477A.11 to 477A.14, but excluding the estimated market value  
280.32 of minerals. In the case of incorporated or municipal fire departments furnishing fire  
280.33 protection to other cities, towns, or townships as evidenced by valid fire service contracts  
280.34 filed with the commissioner, the distribution must be adjusted proportionately to take  
280.35 into consideration the crossover fire protection service. Necessary adjustments must be



281.1 made to subsequent apportionments. In the case of municipalities or independent fire  
281.2 departments qualifying for the aid, the commissioner shall calculate the state aid for the  
281.3 municipality or relief association on the basis of the population and the estimated market  
281.4 value of the area furnished fire protection service by the fire department as evidenced by  
281.5 duly executed and valid fire service agreements filed with the commissioner. If one or  
281.6 more fire departments are furnishing contracted fire service to a city, town, or township,  
281.7 only the population and estimated market value of the area served by each fire department  
281.8 may be considered in calculating the state aid and the fire departments furnishing service  
281.9 shall enter into an agreement apportioning among themselves the percent of the population  
281.10 and the estimated market value of each service area. The agreement must be in writing  
281.11 and must be filed with the commissioner.

281.12 (d) The minimum fire state aid allocation amount is the amount in addition to the  
281.13 initial fire state allocation amount that is derived from any additional funding amount  
281.14 to support a minimum fire state aid amount under section 423A.02, subdivision 3, and  
281.15 allocated to municipalities with volunteer firefighters relief associations or covered by the  
281.16 voluntary statewide lump-sum volunteer firefighter retirement plan based on the number  
281.17 of active volunteer firefighters who are members of the relief association as reported  
281.18 in the annual financial reporting for the calendar year 1993 to the Office of the State  
281.19 Auditor, but not to exceed 30 active volunteer firefighters, so that all municipalities or  
281.20 fire departments with volunteer firefighters relief associations receive in total at least a  
281.21 minimum fire state aid amount per 1993 active volunteer firefighter to a maximum of  
281.22 30 firefighters. If a relief association is established after calendar year 1993 and before  
281.23 calendar year 2000, the number of active volunteer firefighters who are members of the  
281.24 relief association as reported in the annual financial reporting for calendar year 1998  
281.25 to the Office of the State Auditor, but not to exceed 30 active volunteer firefighters,  
281.26 shall be used in this determination. If a relief association is established after calendar  
281.27 year 1999, the number of active volunteer firefighters who are members of the relief  
281.28 association as reported in the first annual financial reporting submitted to the Office of  
281.29 the State Auditor, but not to exceed 20 active volunteer firefighters, must be used in this  
281.30 determination. If a relief association is terminated as a result of providing retirement  
281.31 coverage for volunteer firefighters by the voluntary statewide lump-sum volunteer  
281.32 firefighter retirement plan under chapter 353G, the number of active volunteer firefighters  
281.33 of the municipality covered by the statewide plan as certified by the executive director of  
281.34 the Public Employees Retirement Association to the commissioner and the state auditor,  
281.35 but not to exceed 30 active firefighters, must be used in this determination.

282.1 (e) Unless the firefighters of the applicable fire department are members of the  
282.2 voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid must  
282.3 be paid to the treasurer of the municipality where the fire department is located and the  
282.4 treasurer of the municipality shall, within 30 days of receipt of the fire state aid, transmit  
282.5 the aid to the relief association if the relief association has filed a financial report with the  
282.6 treasurer of the municipality and has met all other statutory provisions pertaining to the  
282.7 aid apportionment. If the firefighters of the applicable fire department are members of  
282.8 the voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid  
282.9 must be paid to the executive director of the Public Employees Retirement Association  
282.10 and deposited in the voluntary statewide lump-sum volunteer firefighter retirement fund.

282.11 (f) The commissioner may make rules to permit the administration of the provisions  
282.12 of this section.

282.13 (g) Any adjustments needed to correct prior misallocations must be made to  
282.14 subsequent apportionments.

282.15 Sec. 5. Minnesota Statutes 2012, section 69.021, subdivision 8, is amended to read:

282.16 Subd. 8. **Population and estimated market value.** (a) In computations relating to  
282.17 fire state aid requiring the use of population figures, only official statewide federal census  
282.18 figures are to be used. Increases or decreases in population disclosed by reason of any  
282.19 special census must not be taken into consideration.

282.20 (b) In calculations relating to fire state aid requiring the use of estimated market  
282.21 value property figures, only the latest available estimated market value property figures  
282.22 may be used.

282.23 Sec. 6. Minnesota Statutes 2012, section 88.51, subdivision 3, is amended to read:

282.24 Subd. 3. **Determination of estimated market value.** In determining the net tax  
282.25 capacity of property within any taxing district the value of the surface of lands within any  
282.26 auxiliary forest therein, as determined by the county board under the provisions of section  
282.27 88.48, subdivision 3, shall, for all purposes except the levying of taxes on lands within any  
282.28 such forest, be deemed the estimated market value thereof.

282.29 Sec. 7. Minnesota Statutes 2012, section 103B.245, subdivision 3, is amended to read:

282.30 Subd. 3. **Tax.** After adoption of the ordinance under subdivision 2, a local  
282.31 government unit may annually levy a tax on all taxable property in the district for the  
282.32 purposes for which the tax district is established. The tax may not exceed 0.02418 percent  
282.33 of estimated market value on taxable property located in rural towns other than urban

283.1 towns, unless allowed by resolution of the town electors. The proceeds of the tax shall  
283.2 be paid into a fund reserved for these purposes. Any proceeds remaining in the reserve  
283.3 fund at the time the tax is terminated or the district is dissolved shall be transferred and  
283.4 irrevocably pledged to the debt service fund of the local unit to be used solely to reduce  
283.5 tax levies for bonded indebtedness of taxable property in the district.

283.6 Sec. 8. Minnesota Statutes 2012, section 103B.251, subdivision 8, is amended to read:

283.7 Subd. 8. **Tax.** (a) For the payment of principal and interest on the bonds issued  
283.8 under subdivision 7 and the payment required under subdivision 6, the county shall  
283.9 irrevocably pledge and appropriate the proceeds of a tax levied on all taxable property  
283.10 located within the territory of the watershed management organization or subwatershed  
283.11 unit for which the bonds are issued. Each year until the reserve for payment of the bonds  
283.12 is sufficient to retire the bonds, the county shall levy on all taxable property in the territory  
283.13 of the organization or unit, without respect to any statutory or other limitation on taxes, an  
283.14 amount of taxes sufficient to pay principal and interest on the bonds and to restore any  
283.15 deficiencies in reserves required to be maintained for payment of the bonds.

283.16 (b) The tax levied on rural towns other than urban towns may not exceed 0.02418  
283.17 percent of ~~taxable~~ estimated market value, unless approved by resolution of the town  
283.18 electors.

283.19 (c) If at any time the amounts available from the levy on property in the territory of  
283.20 the organization are insufficient to pay principal and interest on the bonds when due, the  
283.21 county shall make payment from any available funds in the county treasury.

283.22 (d) The amount of any taxes which are required to be levied outside of the territory  
283.23 of the watershed management organization or unit or taken from the general funds of the  
283.24 county to pay principal or interest on the bonds shall be reimbursed to the county from  
283.25 taxes levied within the territory of the watershed management organization or unit.

283.26 Sec. 9. Minnesota Statutes 2012, section 103B.635, subdivision 2, is amended to read:

283.27 Subd. 2. **Municipal funding of district.** (a) The governing body or board of  
283.28 supervisors of each municipality in the district must provide the funds necessary to meet  
283.29 its proportion of the total cost determined by the board, provided the total funding from  
283.30 all municipalities in the district for the costs shall not exceed an amount equal to .00242  
283.31 percent of the total ~~taxable~~ estimated market value within the district, unless three-fourths  
283.32 of the municipalities in the district pass a resolution concurring to the additional costs.

283.33 (b) The funds must be deposited in the treasury of the district in amounts and at  
283.34 times as the treasurer of the district requires.

284.1 Sec. 10. Minnesota Statutes 2012, section 103B.691, subdivision 2, is amended to read:

284.2 Subd. 2. **Municipal funding of district.** (a) The governing body or board of  
284.3 supervisors of each municipality in the district shall provide the funds necessary to meet its  
284.4 proportion of the total cost to be borne by the municipalities as finally certified by the board.

284.5 (b) The municipality's funds may be raised by any means within the authority of  
284.6 the municipality. The municipalities may each levy a tax not to exceed .02418 percent of  
284.7 ~~taxable~~ estimated market value on the taxable property located in the district to provide  
284.8 the funds. The levy shall be within all other limitations provided by law.

284.9 (c) The funds must be deposited into the treasury of the district in amounts and at  
284.10 times as the treasurer of the district requires.

284.11 Sec. 11. Minnesota Statutes 2012, section 103D.905, subdivision 2, is amended to read:

284.12 Subd. 2. **Organizational expense fund.** (a) An organizational expense fund,  
284.13 consisting of an ad valorem tax levy, shall not exceed 0.01596 percent of ~~taxable~~ estimated  
284.14 market value, or \$60,000, whichever is less. The money in the fund shall be used for  
284.15 organizational expenses and preparation of the watershed management plan for projects.

284.16 (b) The managers may borrow from the affected counties up to 75 percent of the  
284.17 anticipated funds to be collected from the organizational expense fund levy and the  
284.18 counties affected may make the advancements.

284.19 (c) The advancement of anticipated funds shall be apportioned among affected  
284.20 counties in the same ratio as the net tax capacity of the area of the counties within  
284.21 the watershed district bears to the net tax capacity of the entire watershed district. If a  
284.22 watershed district is enlarged, an organizational expense fund may be levied against the  
284.23 area added to the watershed district in the same manner as provided in this subdivision.

284.24 (d) Unexpended funds collected for the organizational expense may be transferred to  
284.25 the administrative fund and used for the purposes of the administrative fund.

284.26 Sec. 12. Minnesota Statutes 2012, section 103D.905, subdivision 3, is amended to read:

284.27 Subd. 3. **General fund.** A general fund, consisting of an ad valorem tax levy, may  
284.28 not exceed 0.048 percent of ~~taxable~~ estimated market value, or \$250,000, whichever is  
284.29 less. The money in the fund shall be used for general administrative expenses and for  
284.30 the construction or implementation and maintenance of projects of common benefit to  
284.31 the watershed district. The managers may make an annual levy for the general fund as  
284.32 provided in section 103D.911. In addition to the annual general levy, the managers may  
284.33 annually levy a tax not to exceed 0.00798 percent of ~~taxable~~ estimated market value  
284.34 for a period not to exceed 15 consecutive years to pay the cost attributable to the basic

285.1 water management features of projects initiated by petition of a political subdivision  
285.2 within the watershed district or by petition of at least 50 resident owners whose property  
285.3 is within the watershed district.

285.4 Sec. 13. Minnesota Statutes 2012, section 103D.905, subdivision 8, is amended to read:

285.5 Subd. 8. **Survey and data acquisition fund.** (a) A survey and data acquisition fund  
285.6 is established and used only if other funds are not available to the watershed district to pay  
285.7 for making necessary surveys and acquiring data.

285.8 (b) The survey and data acquisition fund consists of the proceeds of a property tax  
285.9 that can be levied only once every five years. The levy may not exceed 0.02418 percent of  
285.10 ~~taxable~~ estimated market value.

285.11 (c) The balance of the survey and data acquisition fund may not exceed \$50,000.

285.12 (d) In a subsequent proceeding for a project where a survey has been made, the  
285.13 attributable cost of the survey as determined by the managers shall be included as a part of  
285.14 the cost of the work and the sum shall be repaid to the survey and data acquisition fund.

285.15 Sec. 14. Minnesota Statutes 2012, section 117.025, subdivision 7, is amended to read:

285.16 Subd. 7. **Structurally substandard.** "Structurally substandard" means a building:

285.17 (1) that was inspected by the appropriate local government and cited for one or more  
285.18 enforceable housing, maintenance, or building code violations;

285.19 (2) in which the cited building code violations involve one or more of the following:

285.20 (i) a roof and roof framing element;

285.21 (ii) support walls, beams, and headers;

285.22 (iii) foundation, footings, and subgrade conditions;

285.23 (iv) light and ventilation;

285.24 (v) fire protection, including egress;

285.25 (vi) internal utilities, including electricity, gas, and water;

285.26 (vii) flooring and flooring elements; or

285.27 (viii) walls, insulation, and exterior envelope;

285.28 (3) in which the cited housing, maintenance, or building code violations have not  
285.29 been remedied after two notices to cure the noncompliance; and

285.30 (4) has uncured housing, maintenance, and building code violations, satisfaction of  
285.31 which would cost more than 50 percent of the ~~assessor's taxable~~ estimated market value

285.32 for the building, excluding land value, as determined under section 273.11 for property

285.33 taxes payable in the year in which the condemnation is commenced.

286.1 A local government is authorized to seek from a judge or magistrate an administrative  
286.2 warrant to gain access to inspect a specific building in a proposed development or  
286.3 redevelopment area upon showing of probable cause that a specific code violation has  
286.4 occurred and that the violation has not been cured, and that the owner has denied the local  
286.5 government access to the property. Items of evidence that may support a conclusion of  
286.6 probable cause may include recent fire or police inspections, housing inspection, exterior  
286.7 evidence of deterioration, or other similar reliable evidence of deterioration in the specific  
286.8 building.

286.9 Sec. 15. Minnesota Statutes 2012, section 127A.48, subdivision 1, is amended to read:

286.10 Subdivision 1. **Computation.** The Department of Revenue must annually conduct  
286.11 an assessment/sales ratio study of the taxable property in each county, city, town, and  
286.12 school district in accordance with the procedures in subdivisions 2 and 3. Based upon the  
286.13 results of this assessment/sales ratio study, the Department of Revenue must determine an  
286.14 ~~aggregate~~ equalized net tax capacity for the various classes of taxable property in each  
286.15 taxing district, the aggregate of which tax capacity shall be is designated as the adjusted net  
286.16 tax capacity. The adjusted net tax capacity must be reduced by the captured tax capacity of  
286.17 tax increment districts under section 469.177, subdivision 2, fiscal disparities contribution  
286.18 tax capacities under sections 276A.06 and 473F.08, and the tax capacity of transmission  
286.19 lines required to be subtracted from the local tax base under section 273.425; and increased  
286.20 by fiscal disparities distribution tax capacities under sections 276A.06 and 473F.08. The  
286.21 adjusted net tax capacities shall be determined using the net tax capacity percentages in  
286.22 effect for the assessment year following the assessment year of the study. The Department  
286.23 of Revenue must make whatever estimates are necessary to account for changes in the  
286.24 classification system. The Department of Revenue may incur the expense necessary to  
286.25 make the determinations. The commissioner of revenue may reimburse any county or  
286.26 governmental official for requested services performed in ascertaining the adjusted net tax  
286.27 capacity. On or before March 15 annually, the Department of Revenue shall file with the  
286.28 chair of the Tax Committee of the house of representatives and the chair of the Committee  
286.29 on Taxes and Tax laws of the senate a report of adjusted net tax capacities for school  
286.30 districts. On or before June 15 annually, the Department of Revenue shall file its final report  
286.31 on the adjusted net tax capacities for school districts established by the previous year's  
286.32 assessments and the current year's net tax capacity percentages with the commissioner of  
286.33 education and each county auditor for those school districts for which the auditor has the  
286.34 responsibility for determination of local tax rates. A copy of the report so filed shall be

287.1 mailed to the clerk of each school district involved and to the county assessor or supervisor  
287.2 of assessments of the county or counties in which each school district is located.

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

287.4 Sec. 16. Minnesota Statutes 2012, section 138.053, is amended to read:

287.5 **138.053 COUNTY HISTORICAL SOCIETY; TAX LEVY; CITIES OR**  
287.6 **TOWNS.**

287.7 The governing body of any home rule charter or statutory city or town may annually  
287.8 appropriate from its general fund an amount not to exceed 0.02418 percent of ~~taxable~~  
287.9 estimated market value, derived from ad valorem taxes on property or other revenues, to  
287.10 be paid to the historical society of its respective county to be used for the promotion of  
287.11 historical work and to aid in defraying the expenses of carrying on the historical work in the  
287.12 county. No city or town may appropriate any funds for the benefit of any historical society  
287.13 unless the society is affiliated with and approved by the Minnesota Historical Society.

287.14 Sec. 17. Minnesota Statutes 2012, section 144F.01, subdivision 4, is amended to read:

287.15 Subd. 4. **Property tax levy authority.** The district's board may levy a tax on the  
287.16 taxable real and personal property in the district. The ad valorem tax levy may not exceed  
287.17 0.048 percent of the ~~taxable~~ estimated market value of the district or \$400,000, whichever  
287.18 is less. The proceeds of the levy must be used as provided in subdivision 5. The board shall  
287.19 certify the levy at the times as provided under section 275.07. The board shall provide the  
287.20 county with whatever information is necessary to identify the property that is located within  
287.21 the district. If the boundaries include a part of a parcel, the entire parcel shall be included  
287.22 in the district. The county auditors must spread, collect, and distribute the proceeds of the  
287.23 tax at the same time and in the same manner as provided by law for all other property taxes.

287.24 Sec. 18. Minnesota Statutes 2012, section 162.07, subdivision 3, is amended to read:

287.25 Subd. 3. **Computation for rural counties.** An amount equal to a levy of 0.01596  
287.26 percent on each rural county's total ~~taxable~~ estimated market value for the last preceding  
287.27 calendar year shall be computed and shall be subtracted from the county's total estimated  
287.28 construction costs. The result thereof shall be the money needs of the county. For the  
287.29 purpose of this section, "rural counties" means all counties having a population of less  
287.30 than 175,000.

287.31 Sec. 19. Minnesota Statutes 2012, section 162.07, subdivision 4, is amended to read:

288.1 Subd. 4. **Computation for urban counties.** An amount equal to a levy of 0.00967  
288.2 percent on each urban county's total ~~taxable~~ estimated market value for the last preceding  
288.3 calendar year shall be computed and shall be subtracted from the county's total estimated  
288.4 construction costs. The result thereof shall be the money needs of the county. For  
288.5 the purpose of this section, "urban counties" means all counties having a population  
288.6 of 175,000 or more.

288.7 Sec. 20. Minnesota Statutes 2012, section 163.04, subdivision 3, is amended to read:

288.8 Subd. 3. **Bridges within certain cities.** When the council of any statutory city or  
288.9 city of the third or fourth class may determine that it is necessary to build or improve any  
288.10 bridge or bridges, including approaches thereto, and any dam or retaining works connected  
288.11 therewith, upon or forming a part of streets or highways either wholly or partly within  
288.12 its limits, the county board shall appropriate one-half of the money as may be necessary  
288.13 therefor from the county road and bridge fund, not exceeding during any year one-half  
288.14 the amount of taxes paid into the county road and bridge fund during the preceding year,  
288.15 on property within the corporate limits of the city. The appropriation shall be made upon  
288.16 the petition of the council, which petition shall be filed by the council with the county  
288.17 board prior to the fixing by the board of the annual county tax levy. The county board  
288.18 shall determine the plans and specifications, shall let all necessary contracts, shall have  
288.19 charge of construction, and upon its request, warrants in payment thereof shall be issued  
288.20 by the county auditor, from time to time, as the construction work proceeds. Any unpaid  
288.21 balance may be paid or advanced by the city. On petition of the council, the appropriations  
288.22 of the county board, during not to exceed three successive years, may be made to apply  
288.23 on the construction of the same items and to repay any money advanced by the city in  
288.24 the construction thereof. None of the provisions of this section shall be construed to  
288.25 be mandatory as applied to any city whose estimated market value exceeds \$2,100 per  
288.26 capita of its population.

288.27 Sec. 21. Minnesota Statutes 2012, section 163.06, subdivision 6, is amended to read:

288.28 Subd. 6. **Expenditure in certain counties.** In any county having not less than 95  
288.29 nor more than 105 full and fractional townships, and having ~~a~~ an estimated market value  
288.30 of not less than \$12,000,000 nor more than \$21,000,000, ~~exclusive of money and credits,~~  
288.31 the county board, by resolution, may expend the funds provided in subdivision 4 in any  
288.32 ~~organized or unorganized township~~ town or unorganized territory or portion thereof in  
288.33 such county.



289.1 Sec. 22. Minnesota Statutes 2012, section 165.10, subdivision 1, is amended to read:

289.2 Subdivision 1. **Certain counties may issue and sell.** The county board of any  
289.3 county having no outstanding road and bridge bonds may issue and sell county road bonds  
289.4 in an amount not exceeding 0.12089 percent of the estimated market value of the taxable  
289.5 property within the county ~~exclusive of money and credits~~, for the purpose of constructing,  
289.6 reconstructing, improving, or maintaining any bridge or bridges on any highway under its  
289.7 jurisdiction, without submitting the matter to a vote of the electors of the county.

289.8 Sec. 23. Minnesota Statutes 2012, section 272.03, is amended by adding a subdivision  
289.9 to read:

289.10 Subd. 14. **Estimated market value.** "Estimated market value" means the assessor's  
289.11 determination of market value, including the effects of any orders made under section  
289.12 270.12 or chapter 274, for the parcel. The provisions of section 273.032 apply for certain  
289.13 uses in determining the total estimated market value for the taxing jurisdiction.

289.14 Sec. 24. Minnesota Statutes 2012, section 272.03, is amended by adding a subdivision  
289.15 to read:

289.16 Subd. 15. **Taxable market value.** "Taxable market value" means estimated market  
289.17 value for the parcel as reduced by market value exclusions, deferrals of value, or other  
289.18 adjustments required by law, that reduce market value before the application of class rates.

289.19 Sec. 25. Minnesota Statutes 2012, section 273.032, is amended to read:

289.20 **273.032 MARKET VALUE DEFINITION.**

289.21 (a) Unless otherwise provided, for the purpose of determining any property tax  
289.22 levy limitation based on market value or any limit on net debt, the issuance of bonds,  
289.23 certificates of indebtedness, or capital notes based on market value, any qualification to  
289.24 receive state aid based on market value, or any state aid amount based on market value, the  
289.25 terms "market value," "~~taxable~~ estimated market value," and "market valuation," whether  
289.26 equalized or unequalized, mean the ~~total taxable~~ estimated market value of taxable property  
289.27 within the local unit of government before any of the following or similar adjustments for:

289.28 (1) the market value exclusions under:

289.29 (i) section 273.11, subdivisions 14a and 14c (vacant platted land);

289.30 (ii) section 273.11, subdivision 16 (certain improvements to homestead property);

289.31 (iii) section 273.11, subdivisions 19 and 20 (certain improvements to business  
289.32 properties);

289.33 (iv) section 273.11, subdivision 21 (homestead property damaged by mold);

290.1 (v) section 273.11, subdivision 22 (qualifying lead hazardous reduction projects);

290.2 (vi) section 273.13, subdivision 34 (homestead of a disabled veteran or family  
 290.3 caregiver);

290.4 (vii) section 273.13, subdivision 35 (homestead market value exclusion); or

290.5 (2) the deferment of value under:

290.6 (i) the Minnesota Agricultural Property Tax Law, section 273.111;

290.7 (ii) the Aggregate Resource Preservation Law, section 273.1115;

290.8 (iii) the Minnesota Open Space Property Tax Law, section 273.112;

290.9 (iv) the rural preserves property tax program, section 273.114; or

290.10 (v) the Metropolitan Agricultural Preserves Act, section 473H.10; or

290.11 (3) the adjustments to tax capacity for:

290.12 (i) tax increment; financing under sections 469.174 to 469.1794;

290.13 (ii) fiscal disparity; disparities under chapter 276A or 473F; or

290.14 (iii) powerline credit; or wind energy values, but after the limited market adjustments  
 290.15 under section 273.11, subdivision 1a, and after the market value exclusions of certain  
 290.16 improvements to homestead property under section 273.11, subdivision 16 under section  
 290.17 273.425.

290.18 (b) Estimated market value under paragraph (a) also includes the market value  
 290.19 of tax-exempt property if the applicable law specifically provides that the limitation,  
 290.20 qualification, or aid calculation includes tax-exempt property.

290.21 (c) Unless otherwise provided, "market value," "taxable estimated market value,"  
 290.22 and "market valuation" for purposes of this paragraph property tax levy limitations and  
 290.23 calculation of state aid, refer to the taxable estimated market value for the previous  
 290.24 assessment year and for purposes of limits on net debt, the issuance of bonds, certificates of  
 290.25 indebtedness, or capital notes refer to the estimated market value as last finally equalized.

290.26 ~~For the purpose of determining any net debt limit based on market value, or any limit~~  
 290.27 ~~on the issuance of bonds, certificates of indebtedness, or capital notes based on market~~  
 290.28 ~~value, the terms "market value," "taxable market value," and "market valuation," whether~~  
 290.29 ~~equalized or unequalized, mean the total taxable market value of property within the local~~  
 290.30 ~~unit of government before any adjustments for tax increment, fiscal disparity, powerline~~  
 290.31 ~~credit, or wind energy values, but after the limited market value adjustments under section~~  
 290.32 ~~273.11, subdivision 1a, and after the market value exclusions of certain improvements to~~  
 290.33 ~~homestead property under section 273.11, subdivision 16. Unless otherwise provided,~~  
 290.34 ~~"market value," "taxable market value," and "market valuation" for purposes of this~~  
 290.35 ~~paragraph, mean the taxable market value as last finally equalized.~~

291.1 (d) For purposes of a provision of a home rule charter or of any special law that is not  
291.2 codified in the statutes and that imposes a levy limitation based on market value or any limit  
291.3 on debt, the issuance of bonds, certificates of indebtedness, or capital notes based on market  
291.4 value, the terms "market value," "taxable market value," and "market valuation," whether  
291.5 equalized or unequalized, mean "estimated market value" as defined in paragraph (a).

291.6 Sec. 26. Minnesota Statutes 2012, section 273.11, subdivision 1, is amended to read:

291.7 Subdivision 1. **Generally.** Except as provided in this section or section 273.17,  
291.8 subdivision 1, all property shall be valued at its market value. The market value as  
291.9 determined pursuant to this section shall be stated such that any amount under \$100 is  
291.10 rounded up to \$100 and any amount exceeding \$100 shall be rounded to the nearest \$100.  
291.11 In estimating and determining such value, the assessor shall not adopt a lower or different  
291.12 standard of value because the same is to serve as a basis of taxation, nor shall the assessor  
291.13 adopt as a criterion of value the price for which such property would sell at a forced sale,  
291.14 or in the aggregate with all the property in the town or district; but the assessor shall value  
291.15 each article or description of property by itself, and at such sum or price as the assessor  
291.16 believes the same to be fairly worth in money. The assessor shall take into account the  
291.17 effect on the market value of property of environmental factors in the vicinity of the  
291.18 property. In assessing any tract or lot of real property, the value of the land, exclusive of  
291.19 structures and improvements, shall be determined, and also the value of all structures and  
291.20 improvements thereon, and the aggregate value of the property, including all structures  
291.21 and improvements, excluding the value of crops growing upon cultivated land. In valuing  
291.22 real property upon which there is a mine or quarry, it shall be valued at such price as such  
291.23 property, including the mine or quarry, would sell for at a fair, voluntary sale, for cash,  
291.24 if the material being mined or quarried is not subject to taxation under section 298.015  
291.25 and the mine or quarry is not exempt from the general property tax under section 298.25.  
291.26 In valuing real property which is vacant, platted property shall be assessed as provided  
291.27 in ~~subdivision 14~~ subdivisions 14a and 14c. All property, or the use thereof, which is  
291.28 taxable under section 272.01, subdivision 2, or 273.19, shall be valued at the market  
291.29 value of such property and not at the value of a leasehold estate in such property, or at  
291.30 some lesser value than its market value.

291.31 Sec. 27. Minnesota Statutes 2012, section 273.124, subdivision 3a, is amended to read:

291.32 Subd. 3a. **Manufactured home park cooperative.** (a) When a manufactured home  
291.33 park is owned by a corporation or association organized under chapter 308A or 308B,  
291.34 and each person who owns a share or shares in the corporation or association is entitled

292.1 to occupy a lot within the park, the corporation or association may claim homestead  
292.2 treatment for the park. Each lot must be designated by legal description or number, and  
292.3 each lot is limited to not more than one-half acre of land.

292.4 (b) The manufactured home park shall be entitled to homestead treatment if all  
292.5 of the following criteria are met:

292.6 (1) the occupant or the cooperative corporation or association is paying the ad  
292.7 valorem property taxes and any special assessments levied against the land and structure  
292.8 either directly, or indirectly through dues to the corporation or association; and

292.9 (2) the corporation or association organized under chapter 308A or 308B is wholly  
292.10 owned by persons having a right to occupy a lot owned by the corporation or association.

292.11 (c) A charitable corporation, organized under the laws of Minnesota with no  
292.12 outstanding stock, and granted a ruling by the Internal Revenue Service for 501(c)(3)  
292.13 tax-exempt status, qualifies for homestead treatment with respect to a manufactured home  
292.14 park if its members hold residential participation warrants entitling them to occupy a lot  
292.15 in the manufactured home park.

292.16 (d) "Homestead treatment" under this subdivision means the class rate provided for  
292.17 class 4c property classified under section 273.13, subdivision 25, paragraph (d), clause (5),  
292.18 item (ii). The homestead market value ~~credit exclusion~~ under section ~~273.1384~~ 273.13,  
292.19 subdivision 35, does not apply and the property taxes assessed against the park shall not  
292.20 be included in the determination of taxes payable for rent paid under section 290A.03.

292.21 **EFFECTIVE DATE.** This section is effective for taxes payable in 2013 and  
292.22 thereafter.

292.23 Sec. 28. Minnesota Statutes 2012, section 273.124, subdivision 13, is amended to read:

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

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

292.32 (c) Every property owner applying for homestead classification must furnish to the  
292.33 county assessor the Social Security number of each occupant who is listed as an owner  
292.34 of the property on the deed of record, the name and address of each owner who does not  
292.35 occupy the property, and the name and Social Security number of each owner's spouse who

293.1 occupies the property. The application must be signed by each owner who occupies the  
293.2 property and by each owner's spouse who occupies the property, or, in the case of property  
293.3 that qualifies as a homestead under subdivision 1, paragraph (c), by the qualifying relative.

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

293.8 Owners or spouses occupying residences owned by their spouses and previously  
293.9 occupied with the other spouse, either of whom fail to include the other spouse's name  
293.10 and Social Security number on the homestead application or provide the affidavits or  
293.11 other proof requested, will be deemed to have elected to receive only partial homestead  
293.12 treatment of their residence. The remainder of the residence will be classified as  
293.13 nonhomestead residential. When an owner or spouse's name and Social Security number  
293.14 appear on homestead applications for two separate residences and only one application is  
293.15 signed, the owner or spouse will be deemed to have elected to homestead the residence for  
293.16 which the application was signed.

293.17 The Social Security numbers, state or federal tax returns or tax return information,  
293.18 including the federal income tax schedule F required by this section, or affidavits or other  
293.19 proofs of the property owners and spouses submitted under this or another section to  
293.20 support a claim for a property tax homestead classification are private data on individuals as  
293.21 defined by section 13.02, subdivision 12, but, notwithstanding that section, the private data  
293.22 may be disclosed to the commissioner of revenue, or, for purposes of proceeding under the  
293.23 Revenue Recapture Act to recover personal property taxes owing, to the county treasurer.

293.24 (d) If residential real estate is occupied and used for purposes of a homestead by a  
293.25 relative of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in  
293.26 order for the property to receive homestead status, a homestead application must be filed  
293.27 with the assessor. The Social Security number of each relative and spouse of a relative  
293.28 occupying the property shall be required on the homestead application filed under this  
293.29 subdivision. If a different relative of the owner subsequently occupies the property, the  
293.30 owner of the property must notify the assessor within 30 days of the change in occupancy.  
293.31 The Social Security number of a relative or relative's spouse occupying the property  
293.32 is private data on individuals as defined by section 13.02, subdivision 12, but may be  
293.33 disclosed to the commissioner of revenue, or, for the purposes of proceeding under the  
293.34 Revenue Recapture Act to recover personal property taxes owing, to the county treasurer.

293.35 (e) The homestead application shall also notify the property owners that the  
293.36 application filed under this section will not be mailed annually and that if the property

294.1 is granted homestead status for any assessment year, that same property shall remain  
294.2 classified as homestead until the property is sold or transferred to another person, or  
294.3 the owners, the spouse of the owner, or the relatives no longer use the property as their  
294.4 homestead. Upon the sale or transfer of the homestead property, a certificate of value must  
294.5 be timely filed with the county auditor as provided under section 272.115. Failure to  
294.6 notify the assessor within 30 days that the property has been sold, transferred, or that the  
294.7 owner, the spouse of the owner, or the relative is no longer occupying the property as a  
294.8 homestead, shall result in the penalty provided under this subdivision and the property  
294.9 will lose its current homestead status.

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

294.17 (g) At the request of the commissioner, each county must give the commissioner a  
294.18 list that includes the name and Social Security number of each occupant of homestead  
294.19 property who is the property owner, property owner's spouse, qualifying relative of a  
294.20 property owner, or a spouse of a qualifying relative. The commissioner shall use the  
294.21 information provided on the lists as appropriate under the law, including for the detection  
294.22 of improper claims by owners, or relatives of owners, under chapter 290A.

294.23 (h) If the commissioner finds that a property owner may be claiming a fraudulent  
294.24 homestead, the commissioner shall notify the appropriate counties. Within 90 days of  
294.25 the notification, the county assessor shall investigate to determine if the homestead  
294.26 classification was properly claimed. If the property owner does not qualify, the county  
294.27 assessor shall notify the county auditor who will determine the amount of homestead  
294.28 benefits that had been improperly allowed. For the purpose of this section, "homestead  
294.29 benefits" means the tax reduction resulting from the classification as a homestead and the  
294.30 homestead market value exclusion under section 273.13, the taconite homestead credit  
294.31 under section 273.135, the ~~residential homestead~~ and agricultural homestead ~~credits~~ credit  
294.32 under section 273.1384, and the supplemental homestead credit under section 273.1391.

294.33 The county auditor shall send a notice to the person who owned the affected property  
294.34 at the time the homestead application related to the improper homestead was filed,  
294.35 demanding reimbursement of the homestead benefits plus a penalty equal to 100 percent  
294.36 of the homestead benefits. The person notified may appeal the county's determination

295.1 by serving copies of a petition for review with county officials as provided in section  
295.2 278.01 and filing proof of service as provided in section 278.01 with the Minnesota Tax  
295.3 Court within 60 days of the date of the notice from the county. Procedurally, the appeal  
295.4 is governed by the provisions in chapter 271 which apply to the appeal of a property tax  
295.5 assessment or levy, but without requiring any prepayment of the amount in controversy. If  
295.6 the amount of homestead benefits and penalty is not paid within 60 days, and if no appeal  
295.7 has been filed, the county auditor shall certify the amount of taxes and penalty to the county  
295.8 treasurer. The county treasurer will add interest to the unpaid homestead benefits and  
295.9 penalty amounts at the rate provided in section 279.03 for real property taxes becoming  
295.10 delinquent in the calendar year during which the amount remains unpaid. Interest may be  
295.11 assessed for the period beginning 60 days after demand for payment was made.

295.12 If the person notified is the current owner of the property, the treasurer may add the  
295.13 total amount of homestead benefits, penalty, interest, and costs to the ad valorem taxes  
295.14 otherwise payable on the property by including the amounts on the property tax statements  
295.15 under section 276.04, subdivision 3. The amounts added under this paragraph to the ad  
295.16 valorem taxes shall include interest accrued through December 31 of the year preceding  
295.17 the taxes payable year for which the amounts are first added. These amounts, when added  
295.18 to the property tax statement, become subject to all the laws for the enforcement of real or  
295.19 personal property taxes for that year, and for any subsequent year.

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

295.31 (i) Any amount of homestead benefits recovered by the county from the property  
295.32 owner shall be distributed to the county, city or town, and school district where the  
295.33 property is located in the same proportion that each taxing district's levy was to the total  
295.34 of the three taxing districts' levy for the current year. Any amount recovered attributable  
295.35 to taconite homestead credit shall be transmitted to the St. Louis County auditor to be  
295.36 deposited in the taconite property tax relief account. Any amount recovered that is

296.1 attributable to supplemental homestead credit is to be transmitted to the commissioner of  
296.2 revenue for deposit in the general fund of the state treasury. The total amount of penalty  
296.3 collected must be deposited in the county general fund.

296.4 (j) If a property owner has applied for more than one homestead and the county  
296.5 assessors cannot determine which property should be classified as homestead, the county  
296.6 assessors will refer the information to the commissioner. The commissioner shall make  
296.7 the determination and notify the counties within 60 days.

296.8 (k) In addition to lists of homestead properties, the commissioner may ask the  
296.9 counties to furnish lists of all properties and the record owners. The Social Security  
296.10 numbers and federal identification numbers that are maintained by a county or city  
296.11 assessor for property tax administration purposes, and that may appear on the lists retain  
296.12 their classification as private or nonpublic data; but may be viewed, accessed, and used by  
296.13 the county auditor or treasurer of the same county for the limited purpose of assisting the  
296.14 commissioner in the preparation of microdata samples under section 270C.12.

296.15 (l) On or before April 30 each year beginning in 2007, each county must provide the  
296.16 commissioner with the following data for each parcel of homestead property by electronic  
296.17 means as defined in section 289A.02, subdivision 8:

296.18 (i) the property identification number assigned to the parcel for purposes of taxes  
296.19 payable in the current year;

296.20 (ii) the name and Social Security number of each occupant of homestead property  
296.21 who is the property owner, property owner's spouse, qualifying relative of a property  
296.22 owner, or spouse of a qualifying relative;

296.23 (iii) the classification of the property under section 273.13 for taxes payable in the  
296.24 current year and in the prior year;

296.25 (iv) an indication of whether the property was classified as a homestead for taxes  
296.26 payable in the current year because of occupancy by a relative of the owner or by a  
296.27 spouse of a relative;

296.28 (v) the property taxes payable as defined in section 290A.03, subdivision 13, for the  
296.29 current year and the prior year;

296.30 (vi) the market value of improvements to the property first assessed for tax purposes  
296.31 for taxes payable in the current year;

296.32 (vii) the assessor's estimated market value assigned to the property for taxes payable  
296.33 in the current year and the prior year;

296.34 (viii) the taxable market value assigned to the property for taxes payable in the  
296.35 current year and the prior year;

296.36 (ix) whether there are delinquent property taxes owing on the homestead;



297.1 (x) the unique taxing district in which the property is located; and

297.2 (xi) such other information as the commissioner decides is necessary.

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

297.6 **EFFECTIVE DATE.** This section is effective for taxes payable in 2013 and  
297.7 thereafter.

297.8 Sec. 29. Minnesota Statutes 2012, section 273.13, subdivision 21b, is amended to read:

297.9 Subd. 21b. **Net tax capacity.** ~~(a) Gross tax capacity means the product of the~~  
297.10 ~~appropriate gross class rates in this section and market values.~~

297.11 ~~(b)~~ Net tax capacity means the product of the appropriate net class rates in this  
297.12 section and taxable market values.

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

297.14 Sec. 30. Minnesota Statutes 2012, section 273.1398, subdivision 3, is amended to read:

297.15 Subd. 3. **Disparity reduction aid.** The amount of disparity aid certified for each  
297.16 taxing district within each unique taxing jurisdiction for taxes payable in the prior year  
297.17 shall be multiplied by the ratio of (1) the jurisdiction's tax capacity using the class rates for  
297.18 taxes payable in the year for which aid is being computed, to (2) its tax capacity using  
297.19 the class rates for taxes payable in the year prior to that for which aid is being computed,  
297.20 both based upon taxable market values for taxes payable in the year prior to that for which  
297.21 aid is being computed. If the commissioner determines that insufficient information is  
297.22 available to reasonably and timely calculate the numerator in this ratio for the first taxes  
297.23 payable year that a class rate change or new class rate is effective, the commissioner shall  
297.24 omit the effects of that class rate change or new class rate when calculating this ratio for  
297.25 aid payable in that taxes payable year. For aid payable in the year following a year for  
297.26 which such omission was made, the commissioner shall use in the denominator for the  
297.27 class that was changed or created, the tax capacity for taxes payable two years prior to that  
297.28 in which the aid is payable, based on taxable market values for taxes payable in the year  
297.29 prior to that for which aid is being computed.

297.30 Sec. 31. Minnesota Statutes 2012, section 273.1398, subdivision 4, is amended to read:

297.31 Subd. 4. **Disparity reduction credit.** (a) Beginning with taxes payable in 1989,  
297.32 class 4a and class 3a property qualifies for a disparity reduction credit if: (1) the property

298.1 is located in a border city that has an enterprise zone, as defined in section 469.166; (2)  
298.2 the property is located in a city with a population greater than 2,500 and less than 35,000  
298.3 according to the 1980 decennial census; (3) the city is adjacent to a city in another state or  
298.4 immediately adjacent to a city adjacent to a city in another state; and (4) the adjacent city  
298.5 in the other state has a population of greater than 5,000 and less than 75,000 according to  
298.6 the 1980 decennial census.

298.7 (b) The credit is an amount sufficient to reduce (i) the taxes levied on class 4a  
298.8 property to 2.3 percent of the property's taxable market value and (ii) the tax on class 3a  
298.9 property to 2.3 percent of taxable market value.

298.10 (c) The county auditor shall annually certify the costs of the credits to the  
298.11 Department of Revenue. The department shall reimburse local governments for the  
298.12 property taxes forgone as the result of the credits in proportion to their total levies.

298.13 Sec. 32. Minnesota Statutes 2012, section 275.011, subdivision 1, is amended to read:

298.14 Subdivision 1. **Determination of levy limit.** The property tax levied for any  
298.15 purpose under a special law that is not codified in Minnesota Statutes or a city charter  
298.16 provision and that is subject to a mill rate limitation imposed by the special law or city  
298.17 charter provision, excluding levies subject to mill rate limitations that use adjusted  
298.18 assessed values determined by the commissioner of revenue under section 124.2131, must  
298.19 not exceed the following amount for the years specified:

298.20 (a) for taxes payable in 1988, the product of the applicable mill rate limitation  
298.21 imposed by special law or city charter provision multiplied by the total assessed valuation  
298.22 of all taxable property subject to the tax as adjusted by the provisions of Minnesota  
298.23 Statutes 1986, sections 272.64; 273.13, subdivision 7a; and 275.49;

298.24 (b) for taxes payable in 1989, the product of (1) the property tax levy limitation for  
298.25 the taxes payable year 1988 determined under clause (a) multiplied by (2) an index for  
298.26 market valuation changes equal to the assessment year 1988 total market valuation of all  
298.27 taxable property subject to the tax divided by the assessment year 1987 total market  
298.28 valuation of all taxable property subject to the tax; and

298.29 (c) for taxes payable in 1990 and subsequent years, the product of (1) the property  
298.30 tax levy limitation for the previous year determined pursuant to this subdivision multiplied  
298.31 by (2) an index for market valuation changes equal to the total market valuation of all  
298.32 taxable property subject to the tax for the current assessment year divided by the total  
298.33 market valuation of all taxable property subject to the tax for the previous assessment year.

298.34 For the purpose of determining the property tax levy limitation for the taxes payable  
298.35 year ~~1988~~ 2014 and subsequent years under this subdivision, "total market valuation"

299.1 means the ~~total~~ estimated market valuation ~~value~~ of all taxable property subject to the  
 299.2 tax ~~without valuation adjustments for fiscal disparities (chapters 276A and 473F), tax~~  
 299.3 ~~increment financing (sections 469.174 to 469.179), or powerline credit (section 273.425)~~  
 299.4 as provided under section 273.032.

299.5 Sec. 33. Minnesota Statutes 2012, section 275.077, subdivision 2, is amended to read:

299.6 Subd. 2. **Correction of levy amount.** The difference between the correct levy and  
 299.7 the erroneous levy shall be added to the township levy for the subsequent levy year;  
 299.8 provided that if the amount of the difference exceeds 0.12089 percent of ~~taxable~~ estimated  
 299.9 market value, the excess shall be added to the township levy for the second and later  
 299.10 subsequent levy years, not to exceed an additional levy of 0.12089 percent of ~~taxable~~  
 299.11 estimated market value in any year, until the full amount of the difference has been levied.  
 299.12 The funds collected from the corrected levies shall be used to reimburse the county for the  
 299.13 payment required by subdivision 1.

299.14 Sec. 34. Minnesota Statutes 2012, section 275.71, subdivision 4, is amended to read:

299.15 Subd. 4. **Adjusted levy limit base.** For taxes levied in 2008 through 2010, the  
 299.16 adjusted levy limit base is equal to the levy limit base computed under subdivision 2  
 299.17 or section 275.72, multiplied by:

299.18 (1) one plus the percentage growth in the implicit price deflator, but the percentage  
 299.19 shall not be less than zero or exceed 3.9 percent;

299.20 (2) one plus a percentage equal to 50 percent of the percentage increase in the number  
 299.21 of households, if any, for the most recent 12-month period for which data is available; and

299.22 (3) one plus a percentage equal to 50 percent of the percentage increase in the  
 299.23 ~~taxable~~ estimated market value of the jurisdiction due to new construction of class 3  
 299.24 property, as defined in section 273.13, subdivision 4, except for state-assessed utility and  
 299.25 railroad property, for the most recent year for which data is available.

299.26 Sec. 35. Minnesota Statutes 2012, section 276.04, subdivision 2, is amended to read:

299.27 Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the printing  
 299.28 of the tax statements. The commissioner of revenue shall prescribe the form of the property  
 299.29 tax statement and its contents. The tax statement must not state or imply that property tax  
 299.30 credits are paid by the state of Minnesota. The statement must contain a tabulated statement  
 299.31 of the dollar amount due to each taxing authority and the amount of the state tax from the  
 299.32 parcel of real property for which a particular tax statement is prepared. The dollar amounts  
 299.33 attributable to the county, the state tax, the voter approved school tax, the other local school

300.1 tax, the township or municipality, and the total of the metropolitan special taxing districts  
300.2 as defined in section 275.065, subdivision 3, paragraph (i), must be separately stated.  
300.3 The amounts due all other special taxing districts, if any, may be aggregated except that  
300.4 any levies made by the regional rail authorities in the county of Anoka, Carver, Dakota,  
300.5 Hennepin, Ramsey, Scott, or Washington under chapter 398A shall be listed on a separate  
300.6 line directly under the appropriate county's levy. If the county levy under this paragraph  
300.7 includes an amount for a lake improvement district as defined under sections 103B.501  
300.8 to 103B.581, the amount attributable for that purpose must be separately stated from the  
300.9 remaining county levy amount. In the case of Ramsey County, if the county levy under this  
300.10 paragraph includes an amount for public library service under section 134.07, the amount  
300.11 attributable for that purpose may be separated from the remaining county levy amount.  
300.12 The amount of the tax on homesteads qualifying under the senior citizens' property tax  
300.13 deferral program under chapter 290B is the total amount of property tax before subtraction  
300.14 of the deferred property tax amount. The amount of the tax on contamination value  
300.15 imposed under sections 270.91 to 270.98, if any, must also be separately stated. The dollar  
300.16 amounts, including the dollar amount of any special assessments, may be rounded to the  
300.17 nearest even whole dollar. For purposes of this section whole odd-numbered dollars may  
300.18 be adjusted to the next higher even-numbered dollar. The amount of market value excluded  
300.19 under section 273.11, subdivision 16, if any, must also be listed on the tax statement.

300.20 (b) The property tax statements for manufactured homes and sectional structures  
300.21 taxed as personal property shall contain the same information that is required on the  
300.22 tax statements for real property.

300.23 (c) Real and personal property tax statements must contain the following information  
300.24 in the order given in this paragraph. The information must contain the current year tax  
300.25 information in the right column with the corresponding information for the previous year  
300.26 in a column on the left:

300.27 (1) the property's estimated market value under section 273.11, subdivision 1;

300.28 (2) the property's homestead market value exclusion under section 273.13,  
300.29 subdivision 35;

300.30 (3) the property's taxable market value ~~after reductions under sections 273.11,~~  
300.31 ~~subdivisions 1a and 16, and 273.13, subdivision 35~~ section 272.03, subdivision 15;

300.32 (4) the property's gross tax, before credits;

300.33 (5) for homestead agricultural properties, the credit under section 273.1384;

300.34 (6) any credits received under sections 273.119; 273.1234 or 273.1235; 273.135;  
300.35 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of

301.1 credit received under section 273.135 must be separately stated and identified as "taconite  
301.2 tax relief"; and

301.3 (7) the net tax payable in the manner required in paragraph (a).

301.4 (d) If the county uses envelopes for mailing property tax statements and if the county  
301.5 agrees, a taxing district may include a notice with the property tax statement notifying  
301.6 taxpayers when the taxing district will begin its budget deliberations for the current  
301.7 year, and encouraging taxpayers to attend the hearings. If the county allows notices to  
301.8 be included in the envelope containing the property tax statement, and if more than  
301.9 one taxing district relative to a given property decides to include a notice with the tax  
301.10 statement, the county treasurer or auditor must coordinate the process and may combine  
301.11 the information on a single announcement.

301.12 Sec. 36. Minnesota Statutes 2012, section 276A.01, subdivision 10, is amended to read:

301.13 Subd. 10. **Adjusted market value.** "Adjusted market value" of real and personal  
301.14 property within a municipality means the ~~assessor's estimated~~ taxable market value,  
301.15 as defined in section 272.03, of all real and personal property, including the value of  
301.16 manufactured housing, within the municipality. ~~For purposes of sections 276A.01 to~~  
301.17 ~~276A.09, the commissioner of revenue shall annually make determinations and reports~~  
301.18 ~~with respect to each municipality which are comparable to those it makes for school~~  
301.19 ~~districts, adjusted for sales ratios in a manner similar to the adjustments made to city and~~  
301.20 ~~town net tax capacities under section 127A.48, subdivisions 1 to 6, in the same manner~~  
301.21 ~~and at the same times prescribed by the subdivision. The commissioner of revenue shall~~  
301.22 ~~annually determine, for each municipality, information comparable to that required by~~  
301.23 ~~section 475.53, subdivision 4, for school districts, as soon as practicable after it becomes~~  
301.24 ~~available. The commissioner of revenue shall then compute the equalized market value of~~  
301.25 ~~property within each municipality.~~

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

301.27 Sec. 37. Minnesota Statutes 2012, section 276A.01, subdivision 12, is amended to read:

301.28 Subd. 12. **Fiscal capacity.** "Fiscal capacity" of a municipality means its ~~valuation~~  
301.29 adjusted market value, determined as of January 2 of any year, divided by its population,  
301.30 determined as of a date in the same year.

301.31 Sec. 38. Minnesota Statutes 2012, section 276A.01, subdivision 13, is amended to read:

301.32 Subd. 13. **Average fiscal capacity.** "Average fiscal capacity" of municipalities  
301.33 means the sum of the ~~valuations~~ adjusted market values of all municipalities, determined

302.1 as of January 2 of any year, divided by the sum of their populations, determined as of  
 302.2 a date in the same year.

302.3 Sec. 39. Minnesota Statutes 2012, section 276A.01, subdivision 15, is amended to read:

302.4 Subd. 15. **Net tax capacity.** "Net tax capacity" means the taxable market value of  
 302.5 real and personal property multiplied by its net tax capacity rates in section 273.13.

302.6 Sec. 40. Minnesota Statutes 2012, section 276A.06, subdivision 10, is amended to read:

302.7 Subd. 10. **Adjustment of values for other computations.** For the purpose of  
 302.8 computing ~~the amount or rate of any salary, aid, tax, or debt authorized, required, or~~  
 302.9 ~~limited by any provision of any law or charter, where the authorization, requirement, or~~  
 302.10 ~~limitation is related to any value or valuation of taxable property within any governmental~~  
 302.11 ~~unit, the value or net tax capacity~~ fiscal capacity under section 276A.01, subdivision 12, a  
 302.12 municipality's taxable market value must be adjusted to reflect the adjustments reductions  
 302.13 to net tax capacity effected by subdivision 2, clause (a), provided that: ~~(1)~~ in determining  
 302.14 the taxable market value of commercial-industrial property or any class thereof within  
 302.15 a ~~governmental unit for any purpose other than section 276A.05~~ municipality, ~~(a)~~ the  
 302.16 reduction required by this subdivision is that amount which bears the same proportion to  
 302.17 the amount subtracted from the ~~governmental unit's~~ municipality's net tax capacity pursuant  
 302.18 to subdivision 2, clause (a), as the taxable market value of commercial-industrial property,  
 302.19 or such class thereof, located within the ~~governmental unit~~ municipality bears to the net  
 302.20 tax capacity of commercial-industrial property, or such class thereof, located within the  
 302.21 ~~governmental unit, and (b) the increase required by this subdivision is that amount which~~  
 302.22 ~~bears the same proportion to the amount added to the governmental unit's net tax capacity~~  
 302.23 ~~pursuant to subdivision 2, clause (b), as the market value of commercial-industrial property,~~  
 302.24 ~~or such class thereof, located within the governmental unit bears to the net tax capacity of~~  
 302.25 ~~commercial-industrial property, or such class thereof, located within the governmental unit;~~  
 302.26 ~~and (2) in determining the market value of real property within a municipality for purposes~~  
 302.27 ~~of section 276A.05, the adjustment prescribed by clause (1)(a) must be made and that~~  
 302.28 ~~prescribed by clause (1)(b) must not be made~~ municipality. No adjustment shall be made  
 302.29 to taxable market value for the increase in net tax capacity under subdivision 2, clause (b).

302.30 Sec. 41. Minnesota Statutes 2012, section 287.08, is amended to read:

302.31 **287.08 TAX, HOW PAYABLE; RECEIPTS.**

302.32 (a) The tax imposed by sections 287.01 to 287.12 must be paid to the treasurer of  
 302.33 any county in this state in which the real property or some part is located at or before

303.1 the time of filing the mortgage for record. The treasurer shall endorse receipt on the  
303.2 mortgage and the receipt is conclusive proof that the tax has been paid in the amount  
303.3 stated and authorizes any county recorder or registrar of titles to record the mortgage. Its  
303.4 form, in substance, shall be "registration tax hereon of ..... dollars paid." If the  
303.5 mortgage is exempt from taxation the endorsement shall, in substance, be "exempt from  
303.6 registration tax." In either case the receipt must be signed by the treasurer. In case the  
303.7 treasurer is unable to determine whether a claim of exemption should be allowed, the tax  
303.8 must be paid as in the case of a taxable mortgage. For documents submitted electronically,  
303.9 the endorsements and tax amount shall be affixed electronically and no signature by the  
303.10 treasurer will be required. The actual payment method must be arranged in advance  
303.11 between the submitter and the receiving county.

303.12 (b) The county treasurer may refund in whole or in part any mortgage registry tax  
303.13 overpayment if a written application by the taxpayer is submitted to the county treasurer  
303.14 within 3-1/2 years from the date of the overpayment. If the county has not issued a denial  
303.15 of the application, the taxpayer may bring an action in Tax Court in the county in which  
303.16 the tax was paid at any time after the expiration of six months from the time that the  
303.17 application was submitted. A denial of refund may be appealed within 60 days from  
303.18 the date of the denial by bringing an action in Tax Court in the county in which the tax  
303.19 was paid. The action is commenced by the serving of a petition for relief on the county  
303.20 treasurer, and by filing a copy with the court. The county attorney shall defend the action.  
303.21 The county treasurer shall notify the treasurer of each county that has or would receive a  
303.22 portion of the tax as paid.

303.23 (c) If the county treasurer determines a refund should be paid, or if a refund is  
303.24 ordered by the court, the county treasurer of each county that actually received a portion  
303.25 of the tax shall immediately pay a proportionate share of three percent of the refund  
303.26 using any available county funds. The county treasurer of each county that received, or  
303.27 would have received, a portion of the tax shall also pay their county's proportionate share  
303.28 of the remaining 97 percent of the court-ordered refund on or before the 20th day of the  
303.29 following month using solely the mortgage registry tax funds that would be paid to the  
303.30 commissioner of revenue on that date under section 287.12. If the funds on hand under  
303.31 this procedure are insufficient to fully fund 97 percent of the court-ordered refund, the  
303.32 county treasurer of the county in which the action was brought shall file a claim with the  
303.33 commissioner of revenue under section 16A.48 for the remaining portion of 97 percent of  
303.34 the refund, and shall pay over the remaining portion upon receipt of a warrant from the  
303.35 state issued pursuant to the claim.

304.1 (d) When any mortgage covers real property located in more than one county in this  
304.2 state the total tax must be paid to the treasurer of the county where the mortgage is first  
304.3 presented for recording, and the payment must be receipted as provided in paragraph  
304.4 (a). If the principal debt or obligation secured by such a multiple county mortgage  
304.5 exceeds \$10,000,000, the nonstate portion of the tax must be divided and paid over by  
304.6 the county treasurer receiving it, on or before the 20th day of each month after receipt,  
304.7 to the county or counties entitled in the ratio that the estimated market value of the real  
304.8 property covered by the mortgage in each county bears to the estimated market value of  
304.9 all the real property in this state described in the mortgage. In making the division and  
304.10 payment the county treasurer shall send a statement giving the description of the real  
304.11 property described in the mortgage and the estimated market value of the part located in  
304.12 each county. For this purpose, the treasurer of any county may require the treasurer of  
304.13 any other county to certify to the former the estimated market ~~valuation~~ value of any tract  
304.14 of real property in any mortgage.

304.15 (e) The mortgagor must pay the tax imposed by sections 287.01 to 287.12. The  
304.16 mortgagee may undertake to collect and remit the tax on behalf of the mortgagor. If the  
304.17 mortgagee collects money from the mortgagor to remit the tax on behalf of the mortgagor,  
304.18 the mortgagee has a fiduciary duty to remit the tax on behalf of the mortgagor as to the  
304.19 amount of the tax collected for that purpose and the mortgagor is relieved of any further  
304.20 obligation to pay the tax as to the amount collected by the mortgagee for this purpose.

304.21 Sec. 42. Minnesota Statutes 2012, section 287.23, subdivision 1, is amended to read:

304.22 Subdivision 1. **Real property outside county.** If any taxable deed or instrument  
304.23 describes any real property located in more than one county in this state, the total tax must  
304.24 be paid to the treasurer of the county where the document is first presented for recording,  
304.25 and the payment must be receipted as provided in section 287.08. If the net consideration  
304.26 exceeds \$700,000, the nonstate portion of the tax must be divided and paid over by the  
304.27 county treasurer receiving it, on or before the 20th day of each month after receipt, to  
304.28 the county or counties entitled in the ratio which the estimated market value of the real  
304.29 property covered by the document in each county bears to the estimated market value of  
304.30 all the real property in this state described in the document. In making the division and  
304.31 payment the county treasurer shall send a statement to the other involved counties giving  
304.32 the description of the real property described in the document and the estimated market  
304.33 value of the part located in each county. The treasurer of any county may require the  
304.34 treasurer of any other county to certify to the former the estimated market ~~valuation~~ value  
304.35 of any parcel of real property for this purpose.



305.1 Sec. 43. Minnesota Statutes 2012, section 353G.08, subdivision 2, is amended to read:

305.2 Subd. 2. **Cash flow funding requirement.** If the executive director determines that  
305.3 an account in the voluntary statewide lump-sum volunteer firefighter retirement plan has  
305.4 insufficient assets to meet the service pensions determined payable from the account,  
305.5 the executive director shall certify the amount of the potential service pension shortfall  
305.6 to the municipality or municipalities and the municipality or municipalities shall make  
305.7 an additional employer contribution to the account within ten days of the certification.  
305.8 If more than one municipality is associated with the account, unless the municipalities  
305.9 agree to a different allocation, the municipalities shall allocate the additional employer  
305.10 contribution one-half in proportion to the population of each municipality and one-half in  
305.11 proportion to the estimated market value of the property of each municipality.

305.12 Sec. 44. Minnesota Statutes 2012, section 365.025, subdivision 4, is amended to read:

305.13 Subd. 4. **Major purchases: notice, petition, election.** Before buying anything  
305.14 under subdivision 2 that costs more than 0.24177 percent of the estimated market value of  
305.15 the town, the town must follow this subdivision.

305.16 The town must publish in its official newspaper the board's resolution to pay for the  
305.17 property over time. Then a petition for an election on the contract may be filed with the  
305.18 clerk. The petition must be filed within ten days after the resolution is published. To require  
305.19 the election the petition must be signed by a number of voters equal to ten percent of the  
305.20 voters at the last regular town election. The contract then must be approved by a majority of  
305.21 those voting on the question. The question may be voted on at a regular or special election.

305.22 Sec. 45. Minnesota Statutes 2012, section 366.095, subdivision 1, is amended to read:

305.23 Subdivision 1. **Certificates of indebtedness.** The town board may issue certificates  
305.24 of indebtedness within the debt limits for a town purpose otherwise authorized by law.  
305.25 The certificates shall be payable in not more than ten years and be issued on the terms and  
305.26 in the manner as the board may determine. If the amount of the certificates to be issued  
305.27 exceeds 0.25 percent of the estimated market value of the town, they shall not be issued  
305.28 for at least ten days after publication in a newspaper of general circulation in the town of  
305.29 the board's resolution determining to issue them. If within that time, a petition asking for  
305.30 an election on the proposition signed by voters equal to ten percent of the number of voters  
305.31 at the last regular town election is filed with the clerk, the certificates shall not be issued  
305.32 until their issuance has been approved by a majority of the votes cast on the question at  
305.33 a regular or special election. A tax levy shall be made to pay the principal and interest  
305.34 on the certificates as in the case of bonds.

306.1 Sec. 46. Minnesota Statutes 2012, section 366.27, is amended to read:

306.2 **366.27 FIREFIGHTERS' RELIEF; TAX LEVY.**

306.3 The town board of any town in this state having therein a platted portion on  
306.4 which resides 1,200 or more people, and wherein a duly incorporated firefighters' relief  
306.5 association is located may each year levy a tax not to exceed 0.00806 percent of ~~taxable~~  
306.6 estimated market value for the benefit of the relief association.

306.7 Sec. 47. Minnesota Statutes 2012, section 368.01, subdivision 23, is amended to read:

306.8 Subd. 23. **Financing purchase of certain equipment.** The town board may issue  
306.9 certificates of indebtedness within debt limits to purchase fire or police equipment or  
306.10 ambulance equipment or street construction or maintenance equipment. The certificates  
306.11 shall be payable in not more than five years and be issued on terms and in the manner as the  
306.12 board may determine. If the amount of the certificates to be issued to finance a purchase  
306.13 exceeds 0.24177 percent of the estimated market value of the town, ~~excluding money~~  
306.14 ~~and credits~~, they shall not be issued for at least ten days after publication in the official  
306.15 newspaper of a town board resolution determining to issue them. If before the end of that  
306.16 time, a petition asking for an election on the proposition signed by voters equal to ten  
306.17 percent of the number of voters at the last regular town election is filed with the clerk, the  
306.18 certificates shall not be issued until the proposition of their issuance has been approved by a  
306.19 majority of the votes cast on the question at a regular or special election. A tax levy shall be  
306.20 made for the payment of the principal and interest on the certificates as in the case of bonds.

306.21 Sec. 48. Minnesota Statutes 2012, section 368.47, is amended to read:

306.22 **368.47 TOWNS MAY BE DISSOLVED.**

306.23 (1) When the voters residing within a town have failed to elect any town officials for  
306.24 more than ten years continuously;

306.25 (2) when a town has failed for a period of ten years to exercise any of the powers  
306.26 and functions of a town;

306.27 (3) when the estimated market value of a town drops to less than \$165,000;

306.28 (4) when the tax delinquency of a town, exclusive of taxes that are delinquent or  
306.29 unpaid because they are contested in proceedings for the enforcement of taxes, amounts to  
306.30 12 percent of its market value; or

306.31 (5) when the state or federal government has acquired title to 50 percent of the  
306.32 real estate of a town,

307.1 which facts, or any of them, may be found and determined by the resolution of the county  
307.2 board of the county in which the town is located, according to the official records in the  
307.3 office of the county auditor, the county board by resolution may declare the town, naming  
307.4 it, dissolved and no longer entitled to exercise any of the powers or functions of a town.

307.5 In Cass, Itasca, and St. Louis Counties, before the dissolution is effective the voters  
307.6 of the town shall express their approval or disapproval. The town clerk shall, upon a  
307.7 petition signed by a majority of the registered voters of the town, filed with the clerk at  
307.8 least 60 days before a regular or special town election, give notice at the same time and  
307.9 in the same manner of the election that the question of dissolution of the town will be  
307.10 submitted for determination at the election. At the election the question shall be voted  
307.11 upon by a separate ballot, the terms of which shall be either "for dissolution" or "against  
307.12 dissolution." The ballot shall be deposited in a separate ballot box and the result of the  
307.13 voting canvassed, certified, and returned in the same manner and at the same time as  
307.14 other facts and returns of the election. If a majority of the votes cast at the election are  
307.15 for dissolution, the town shall be dissolved. If a majority of the votes cast at the election  
307.16 are against dissolution, the town shall not be dissolved.

307.17 When a town is dissolved under sections 368.47 to 368.49 the county shall acquire  
307.18 title to any telephone company or other business conducted by the town. The business  
307.19 shall be operated by the board of county commissioners until it can be sold. The  
307.20 subscribers or patrons of the business shall have the first opportunity of purchase. If the  
307.21 town has any outstanding indebtedness chargeable to the business, the county auditor shall  
307.22 levy a tax against the property situated in the dissolved town to pay the indebtedness  
307.23 as it becomes due.

307.24 Sec. 49. Minnesota Statutes 2012, section 370.01, is amended to read:

307.25 **370.01 CHANGE OF BOUNDARIES; CREATION OF NEW COUNTIES.**

307.26 The boundaries of counties may be changed by taking territory from a county and  
307.27 attaching it to an adjoining county, and new counties may be established out of territory of  
307.28 one or more existing counties. A new county shall contain at least 400 square miles and  
307.29 have at least 4,000 inhabitants. A proposed new county must have a total ~~taxable~~ estimated  
307.30 market value of at least 35 percent of (i) the total ~~taxable~~ estimated market value of the  
307.31 existing county, or (ii) the average total ~~taxable~~ estimated market value of the existing  
307.32 counties, included in the proposition. The determination of the ~~taxable~~ estimated market  
307.33 value of a county must be made by the commissioner of revenue. An existing county shall  
307.34 not be reduced in area below 400 square miles, have less than 4,000 inhabitants, or have a  
307.35 total ~~taxable~~ estimated market value of less than that required of a new county.

308.1 No change in the boundaries of any county having an area of more than 2,500 square  
308.2 miles, whether by the creation of a new county, or otherwise, shall detach from the existing  
308.3 county any territory within 12 miles of the county seat.

308.4 Sec. 50. Minnesota Statutes 2012, section 373.40, subdivision 1, is amended to read:

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

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

308.8 (b) "Capital improvement" means acquisition or betterment of public lands,  
308.9 buildings, or other improvements within the county for the purpose of a county courthouse,  
308.10 administrative building, health or social service facility, correctional facility, jail, law  
308.11 enforcement center, hospital, morgue, library, park, qualified indoor ice arena, roads and  
308.12 bridges, and the acquisition of development rights in the form of conservation easements  
308.13 under chapter 84C. An improvement must have an expected useful life of five years or  
308.14 more to qualify. "Capital improvement" does not include a recreation or sports facility  
308.15 building (such as, but not limited to, a gymnasium, ice arena, racquet sports facility,  
308.16 swimming pool, exercise room or health spa), unless the building is part of an outdoor  
308.17 park facility and is incidental to the primary purpose of outdoor recreation.

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

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

308.22 (1) the federal decennial census,

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

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

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

308.29 ~~(f) "Tax capacity" means total taxable market value, but does not include captured~~  
308.30 ~~market value.~~

308.31 Sec. 51. Minnesota Statutes 2012, section 373.40, subdivision 4, is amended to read:

308.32 Subd. 4. **Limitations on amount.** A county may not issue bonds under this section  
308.33 if the maximum amount of principal and interest to become due in any year on all the  
308.34 outstanding bonds issued pursuant to this section (including the bonds to be issued) will

309.1 equal or exceed 0.12 percent of ~~taxable~~ the estimated market value of property in the  
309.2 county. Calculation of the limit must be made using the ~~taxable~~ estimated market value for  
309.3 the taxes payable year in which the obligations are issued and sold. This section does not  
309.4 limit the authority to issue bonds under any other special or general law.

309.5 Sec. 52. Minnesota Statutes 2012, section 375.167, subdivision 1, is amended to read:

309.6 Subdivision 1. **Appropriations.** Notwithstanding any contrary law, a county board  
309.7 may appropriate from the general revenue fund to any nonprofit corporation a sum not  
309.8 to exceed 0.00604 percent of ~~taxable~~ estimated market value to provide legal assistance  
309.9 to persons who are unable to afford private legal counsel.

309.10 Sec. 53. Minnesota Statutes 2012, section 375.18, subdivision 3, is amended to read:

309.11 Subd. 3. **Courthouse.** Each county board may erect, furnish, and maintain a  
309.12 suitable courthouse. No indebtedness shall be created for a courthouse in excess of an  
309.13 amount equal to a levy of 0.04030 percent of ~~taxable~~ estimated market value without the  
309.14 approval of a majority of the voters of the county voting on the question of issuing the  
309.15 obligation at an election.

309.16 Sec. 54. Minnesota Statutes 2012, section 375.555, is amended to read:

309.17 **375.555 FUNDING.**

309.18 To implement the county emergency jobs program, the county board may expend  
309.19 an amount equal to what would be generated by a levy of 0.01209 percent of ~~taxable~~  
309.20 estimated market value. The money to be expended may be from any available funds  
309.21 not otherwise earmarked.

309.22 Sec. 55. Minnesota Statutes 2012, section 383B.152, is amended to read:

309.23 **383B.152 BUILDING AND MAINTENANCE FUND.**

309.24 The county board may by resolution levy a tax to provide money which shall be kept  
309.25 in a fund known as the county reserve building and maintenance fund. Money in the fund  
309.26 shall be used solely for the construction, maintenance, and equipping of county buildings  
309.27 that are constructed or maintained by the board. The levy shall not be subject to any limit  
309.28 fixed by any other law or by any board of tax levy or other corresponding body, but shall  
309.29 not exceed 0.02215 percent of ~~taxable~~ estimated market value, less the amount required by  
309.30 chapter 475 to be levied in the year for the payment of the principal of and interest on all  
309.31 bonds issued pursuant to Extra Session Laws 1967, chapter 47, section 1.

310.1 Sec. 56. Minnesota Statutes 2012, section 383B.245, is amended to read:

310.2 **383B.245 LIBRARY LEVY.**

310.3 (a) The county board may levy a tax on the taxable property within the county to  
310.4 acquire, better, and construct county library buildings and branches and to pay principal  
310.5 and interest on bonds issued for that purpose.

310.6 (b) The county board may by resolution adopted by a five-sevenths vote issue and  
310.7 sell general obligation bonds of the county in the manner provided in sections 475.60 to  
310.8 475.73. The bonds shall not be subject to the limitations of sections 475.51 to 475.59,  
310.9 but the maturity years and amounts and interest rates of each series of bonds shall be  
310.10 fixed so that the maximum amount of principal and interest to become due in any year,  
310.11 on the bonds of that series and of all outstanding series issued by or for the purposes of  
310.12 libraries, shall not exceed an amount equal to 0.01612 percent of estimated market value  
310.13 of all taxable property in the county as last finally equalized before the issuance of the new  
310.14 series. When the tax levy authorized in this section is collected it shall be appropriated  
310.15 and credited to a debt service fund for the bonds in amounts required each year in lieu of a  
310.16 countywide tax levy for the debt service fund under section 475.61.

310.17 Sec. 57. Minnesota Statutes 2012, section 383B.73, subdivision 1, is amended to read:

310.18 Subdivision 1. **Levy.** To provide funds for the purposes of the Three Rivers Park  
310.19 District as set forth in its annual budget, in lieu of the levies authorized by any other  
310.20 special law for such purposes, the Board of Park District Commissioners may levy taxes  
310.21 on all the taxable property in the county and park district at a rate not exceeding 0.03224  
310.22 percent of estimated market value. Notwithstanding section 398.16, on or before October  
310.23 1 of each year, after public hearing, the Board of Park District Commissioners shall adopt  
310.24 a budget for the ensuing year and shall determine the total amount necessary to be raised  
310.25 from ad valorem tax levies to meet its budget. The Board of Park District Commissioners  
310.26 shall submit the budget to the county board. The county board may veto or modify an item  
310.27 contained in the budget. If the county board determines to veto or to modify an item in the  
310.28 budget, it must, within 15 days after the budget was submitted by the district board, state  
310.29 in writing the specific reasons for its objection to the item vetoed or the reason for the  
310.30 modification. The Park District Board, after consideration of the county board's objections  
310.31 and proposed modifications, may reapprove a vetoed item or the original version of an item  
310.32 with respect to which a modification has been proposed, by a two-thirds majority. If the  
310.33 district board does not reapprove a vetoed item, the item shall be deleted from the budget.  
310.34 If the district board does not reapprove the original version of a modified item, the item  
310.35 shall be included in the budget as modified by the county board. After adoption of the final

311.1 budget and no later than October 1, the superintendent of the park district shall certify to the  
311.2 office of the Hennepin County director of tax and public records exercising the functions  
311.3 of the county auditor the total amount to be raised from ad valorem tax levies to meet its  
311.4 budget for the ensuing year. The director of tax and public records shall add the amount of  
311.5 any levy certified by the district to other tax levies on the property of the county within the  
311.6 district for collection by the director of tax and public records with other taxes. When  
311.7 collected, the director shall make settlement of such taxes with the district in the same  
311.8 manner as other taxes are distributed to the other political subdivisions in Hennepin County.

311.9 Sec. 58. Minnesota Statutes 2012, section 383E.20, is amended to read:

311.10 **383E.20 BONDING FOR COUNTY LIBRARY BUILDINGS.**

311.11 The Anoka County Board may, by resolution adopted by a four-sevenths vote, issue  
311.12 and sell general obligation bonds of the county in the manner provided in chapter 475 to  
311.13 acquire, better, and construct county library buildings. The bonds shall not be subject to the  
311.14 requirements of sections 475.57 to 475.59. The maturity years and amounts and interest  
311.15 rates of each series of bonds shall be fixed so that the maximum amount of principal and  
311.16 interest to become due in any year, on the bonds of that series and of all outstanding series  
311.17 issued by or for the purposes of libraries, shall not exceed an amount equal to .01 percent  
311.18 of the ~~taxable~~ estimated market value of all taxable property in the county, excluding any  
311.19 taxable property taxed by any city for the support of any free public library. When the tax  
311.20 levy authorized in this section is collected, it shall be appropriated and credited to a debt  
311.21 service fund for the bonds. The tax levy for the debt service fund under section 475.61  
311.22 shall be reduced by the amount available or reasonably anticipated to be available in the  
311.23 fund to make payments otherwise payable from the levy pursuant to section 475.61.

311.24 Sec. 59. Minnesota Statutes 2012, section 383E.23, is amended to read:

311.25 **383E.23 LIBRARY TAX.**

311.26 The Anoka County Board may levy a tax of not more than .01 percent of the ~~taxable~~  
311.27 estimated market value of taxable property located within the county excluding any  
311.28 taxable property taxed by any city for the support of any free public library, to acquire,  
311.29 better, and construct county library buildings and to pay principal and interest on bonds  
311.30 issued for that purpose. The tax shall be disregarded in the calculation of levies or limits  
311.31 on levies provided by section 373.40, or other law.

312.1 Sec. 60. Minnesota Statutes 2012, section 385.31, is amended to read:

312.2 **385.31 PAYMENT OF COUNTY ORDERS OR WARRANTS.**

312.3 When any order or warrant drawn on the treasurer is presented for payment, if there  
312.4 is money in the treasury for that purpose, the county treasurer shall redeem the same, and  
312.5 write across the entire face thereof the word "redeemed," the date of the redemption, and  
312.6 the treasurer's official signature. If there is not sufficient funds in the proper accounts to  
312.7 pay such orders they shall be numbered and registered in their order of presentation,  
312.8 and proper endorsement thereof shall be made on such orders and they shall be entitled  
312.9 to payment in like order. Such orders shall bear interest at not to exceed the rate of six  
312.10 percent per annum from such date of presentment. The treasurer, as soon as there is  
312.11 sufficient money in the treasury, shall appropriate and set apart a sum sufficient for the  
312.12 payment of the orders so presented and registered, and, if entitled to interest, issue to the  
312.13 original holder a notice that interest will cease in 30 days from the date of such notice; and,  
312.14 if orders thus entitled to priority of payment are not then presented, the next in order of  
312.15 registry may be paid until such orders are presented. No interest shall be paid on any order,  
312.16 except upon a warrant drawn by the county auditor for that purpose, giving the number  
312.17 and the date of the order on account of which the interest warrant is drawn. In any county  
312.18 in this state now or hereafter having a an estimated market value of all taxable property;  
312.19 ~~exclusive of money and credits~~, of not less than \$1,033,000,000, the county treasurer, in  
312.20 order to save payment of interest on county warrants drawn upon a fund in which there  
312.21 shall be temporarily insufficient money in the treasury to redeem the same, may borrow  
312.22 temporarily from any other fund in the county treasury in which there is a sufficient balance  
312.23 to care for the needs of such fund and allow a temporary loan or transfer to any other fund,  
312.24 and may pay such warrants out of such funds. Any such money so transferred and used in  
312.25 redeeming such county warrants shall be returned to the fund from which drawn as soon  
312.26 as money shall come in to the credit of such fund on which any such warrant was drawn  
312.27 and paid as aforesaid. Any county operating on a cash basis may use a combined form of  
312.28 warrant or order and check, which, when signed by the chair of the county board and by  
312.29 the auditor, is an order or warrant for the payment of the claim, and, when countersigned  
312.30 by the county treasurer, is a check for the payment of the amount thereof.

312.31 Sec. 61. Minnesota Statutes 2012, section 394.36, subdivision 1, is amended to read:

312.32 Subdivision 1. **Continuation of nonconformity; limitations.** Except as provided in  
312.33 subdivision 2, 3, or 4, any nonconformity, including the lawful use or occupation of land  
312.34 or premises existing at the time of the adoption of an official control under this chapter,  
312.35 may be continued, although the use or occupation does not conform to the official control.



313.1 If the nonconformity or occupancy is discontinued for a period of more than one year, or  
 313.2 any nonconforming building or structure is destroyed by fire or other peril to the extent of  
 313.3 50 percent of its estimated market value, any subsequent use or occupancy of the land or  
 313.4 premises shall be a conforming use or occupancy.

313.5 Sec. 62. Minnesota Statutes 2012, section 398A.04, subdivision 8, is amended to read:

313.6 Subd. 8. **Taxation.** Before deciding to exercise the power to tax, the authority shall  
 313.7 give six weeks' published notice in all municipalities in the region. If a number of voters  
 313.8 in the region equal to five percent of those who voted for candidates for governor at the  
 313.9 last gubernatorial election present a petition within nine weeks of the first published notice  
 313.10 to the secretary of state requesting that the matter be submitted to popular vote, it shall be  
 313.11 submitted at the next general election. The question prepared shall be:

313.12 "Shall the regional rail authority have the power to impose a property tax?

313.13 Yes .....

313.14 No ....."

313.15 If a majority of those voting on the question approve or if no petition is presented  
 313.16 within the prescribed time the authority may levy a tax at any annual rate not exceeding  
 313.17 0.04835 percent of estimated market value of all taxable property situated within the  
 313.18 municipality or municipalities named in its organization resolution. Its recording officer  
 313.19 shall file, on or before September 15, in the office of the county auditor of each county  
 313.20 in which territory under the jurisdiction of the authority is located a certified copy of the  
 313.21 board of commissioners' resolution levying the tax, and each county auditor shall assess  
 313.22 and extend upon the tax rolls of each municipality named in the organization resolution the  
 313.23 portion of the tax that bears the same ratio to the whole amount that the net tax capacity of  
 313.24 taxable property in that municipality bears to the net tax capacity of taxable property in  
 313.25 all municipalities named in the organization resolution. Collections of the tax shall be  
 313.26 remitted by each county treasurer to the treasurer of the authority. For taxes levied in 1991,  
 313.27 the amount levied for light rail transit purposes under this subdivision shall not exceed 75  
 313.28 percent of the amount levied in 1990 for light rail transit purposes under this subdivision.

313.29 Sec. 63. Minnesota Statutes 2012, section 401.05, subdivision 3, is amended to read:

313.30 Subd. 3. **Leasing.** (a) A county or joint powers board of a group of counties  
 313.31 which acquires or constructs and equips or improves facilities under this chapter may,  
 313.32 with the approval of the board of county commissioners of each county, enter into a  
 313.33 lease agreement with a city situated within any of the counties, or a county housing and

314.1 redevelopment authority established under chapter 469 or any special law. Under the lease  
314.2 agreement, the city or county housing and redevelopment authority shall:

314.3 (1) construct or acquire and equip or improve a facility in accordance with plans  
314.4 prepared by or at the request of a county or joint powers board of the group of counties  
314.5 and approved by the commissioner of corrections; and

314.6 (2) finance the facility by the issuance of revenue bonds.

314.7 (b) The county or joint powers board of a group of counties may lease the facility  
314.8 site, improvements, and equipment for a term upon rental sufficient to produce revenue  
314.9 for the prompt payment of the revenue bonds and all interest accruing on them. Upon  
314.10 completion of payment, the lessee shall acquire title. The real and personal property  
314.11 acquired for the facility constitutes a project and the lease agreement constitutes a revenue  
314.12 agreement as provided in sections 469.152 to 469.165. All proceedings by the city or  
314.13 county housing and redevelopment authority and the county or joint powers board shall be  
314.14 as provided in sections 469.152 to 469.165, with the following adjustments:

314.15 (1) no tax may be imposed upon the property;

314.16 (2) the approval of the project by the commissioner of employment and economic  
314.17 development is not required;

314.18 (3) the Department of Corrections shall be furnished and shall record information  
314.19 concerning each project as it may prescribe, in lieu of reports required on other projects to  
314.20 the commissioner of employment and economic development;

314.21 (4) the rentals required to be paid under the lease agreement shall not exceed in any  
314.22 year one-tenth of one percent of the estimated market value of property within the county  
314.23 or group of counties as last equalized before the execution of the lease agreement;

314.24 (5) the county or group of counties shall provide for payment of all rentals due  
314.25 during the term of the lease agreement in the manner required in subdivision 4;

314.26 (6) no mortgage on the facilities shall be granted for the security of the bonds, but  
314.27 compliance with clause (5) may be enforced as a nondiscretionary duty of the county  
314.28 or group of counties; and

314.29 (7) the county or the joint powers board of the group of counties may sublease any  
314.30 part of the facilities for purposes consistent with their maintenance and operation.

314.31 Sec. 64. Minnesota Statutes 2012, section 410.32, is amended to read:

314.32 **410.32 CITIES MAY ISSUE CAPITAL NOTES FOR CAPITAL EQUIPMENT.**

314.33 (a) Notwithstanding any contrary provision of other law or charter, a home rule  
314.34 charter city may, by resolution and without public referendum, issue capital notes subject  
314.35 to the city debt limit to purchase capital equipment.

315.1 (b) For purposes of this section, "capital equipment" means:

315.2 (1) public safety equipment, ambulance and other medical equipment, road  
315.3 construction and maintenance equipment, and other capital equipment; and

315.4 (2) computer hardware and software, whether bundled with machinery or equipment  
315.5 or unbundled.

315.6 (c) The equipment or software must have an expected useful life at least as long  
315.7 as the term of the notes.

315.8 (d) The notes shall be payable in not more than ten years and be issued on terms  
315.9 and in the manner the city determines. The total principal amount of the capital notes  
315.10 issued in a fiscal year shall not exceed 0.03 percent of the estimated market value of  
315.11 taxable property in the city for that year.

315.12 (e) A tax levy shall be made for the payment of the principal and interest on the  
315.13 notes, in accordance with section 475.61, as in the case of bonds.

315.14 (f) Notes issued under this section shall require an affirmative vote of two-thirds of  
315.15 the governing body of the city.

315.16 (g) Notwithstanding a contrary provision of other law or charter, a home rule charter  
315.17 city may also issue capital notes subject to its debt limit in the manner and subject to the  
315.18 limitations applicable to statutory cities pursuant to section 412.301.

315.19 Sec. 65. Minnesota Statutes 2012, section 412.221, subdivision 2, is amended to read:

315.20 Subd. 2. **Contracts.** The council shall have power to make such contracts as may  
315.21 be deemed necessary or desirable to make effective any power possessed by the council.

315.22 The city may purchase personal property through a conditional sales contract and real  
315.23 property through a contract for deed under which contracts the seller is confined to the  
315.24 remedy of recovery of the property in case of nonpayment of all or part of the purchase  
315.25 price, which shall be payable over a period of not to exceed five years. When the contract  
315.26 price of property to be purchased by contract for deed or conditional sales contract  
315.27 exceeds 0.24177 percent of the estimated market value of the city, the city may not enter  
315.28 into such a contract for at least ten days after publication in the official newspaper of a  
315.29 council resolution determining to purchase property by such a contract; and, if before the  
315.30 end of that time a petition asking for an election on the proposition signed by voters equal  
315.31 to ten percent of the number of voters at the last regular city election is filed with the clerk,  
315.32 the city may not enter into such a contract until the proposition has been approved by a  
315.33 majority of the votes cast on the question at a regular or special election.

316.1 Sec. 66. Minnesota Statutes 2012, section 412.301, is amended to read:

316.2 **412.301 FINANCING PURCHASE OF CERTAIN EQUIPMENT.**

316.3 (a) The council may issue certificates of indebtedness or capital notes subject to the  
316.4 city debt limits to purchase capital equipment.

316.5 (b) For purposes of this section, "capital equipment" means:

316.6 (1) public safety equipment, ambulance and other medical equipment, road  
316.7 construction and maintenance equipment, and other capital equipment; and

316.8 (2) computer hardware and software, whether bundled with machinery or equipment  
316.9 or unbundled.

316.10 (c) The equipment or software must have an expected useful life at least as long as  
316.11 the terms of the certificates or notes.

316.12 (d) Such certificates or notes shall be payable in not more than ten years and shall be  
316.13 issued on such terms and in such manner as the council may determine.

316.14 (e) If the amount of the certificates or notes to be issued to finance any such purchase  
316.15 exceeds 0.25 percent of the estimated market value of taxable property in the city, they  
316.16 shall not be issued for at least ten days after publication in the official newspaper of  
316.17 a council resolution determining to issue them; and if before the end of that time, a  
316.18 petition asking for an election on the proposition signed by voters equal to ten percent  
316.19 of the number of voters at the last regular municipal election is filed with the clerk, such  
316.20 certificates or notes shall not be issued until the proposition of their issuance has been  
316.21 approved by a majority of the votes cast on the question at a regular or special election.

316.22 (f) A tax levy shall be made for the payment of the principal and interest on such  
316.23 certificates or notes, in accordance with section 475.61, as in the case of bonds.

316.24 Sec. 67. Minnesota Statutes 2012, section 428A.02, subdivision 1, is amended to read:

316.25 Subdivision 1. **Ordinance.** The governing body of a city may adopt an ordinance  
316.26 establishing a special service district. Only property that is classified under section 273.13  
316.27 and used for commercial, industrial, or public utility purposes, or is vacant land zoned or  
316.28 designated on a land use plan for commercial or industrial use and located in the special  
316.29 service district, may be subject to the charges imposed by the city on the special service  
316.30 district. Other types of property may be included within the boundaries of the special  
316.31 service district but are not subject to the levies or charges imposed by the city on the  
316.32 special service district. If 50 percent or more of the estimated market value of a parcel of  
316.33 property is classified under section 273.13 as commercial, industrial, or vacant land zoned  
316.34 or designated on a land use plan for commercial or industrial use, or public utility for the  
316.35 current assessment year, then the entire taxable market value of the property is subject to a

317.1 service charge based on net tax capacity for purposes of sections 428A.01 to 428A.10.  
317.2 The ordinance shall describe with particularity the area within the city to be included in  
317.3 the district and the special services to be furnished in the district. The ordinance may not  
317.4 be adopted until after a public hearing has been held on the question. Notice of the hearing  
317.5 shall include the time and place of hearing, a map showing the boundaries of the proposed  
317.6 district, and a statement that all persons owning property in the proposed district that  
317.7 would be subject to a service charge will be given opportunity to be heard at the hearing.  
317.8 Within 30 days after adoption of the ordinance under this subdivision, the governing body  
317.9 shall send a copy of the ordinance to the commissioner of revenue.

317.10 Sec. 68. Minnesota Statutes 2012, section 430.102, subdivision 2, is amended to read:

317.11 Subd. 2. **Council approval; special tax levy limitation.** The council shall receive  
317.12 and consider the estimate required in subdivision 1 and the items of cost after notice and  
317.13 hearing before it or its appropriate committee as it considers necessary or expedient, and  
317.14 shall approve the estimate, with necessary amendments. The amounts of each item of cost  
317.15 estimated are then appropriated to operate, maintain, and improve the pedestrian mall  
317.16 during the next fiscal year. The amount of the special tax to be charged under subdivision  
317.17 1, clause (3), must not, however, exceed 0.12089 percent of estimated market value of  
317.18 taxable property in the district. The council shall make any necessary adjustment in costs of  
317.19 operating and maintaining the district to keep the amount of the tax within this limitation.

317.20 Sec. 69. Minnesota Statutes 2012, section 447.10, is amended to read:

317.21 **447.10 TAX LEVY FOR OPERATING AND MAINTAINING HOSPITAL.**

317.22 The governing body of a city of the first class owning a hospital may annually levy  
317.23 a tax to operate and maintain the hospital. The tax must not exceed 0.00806 percent of  
317.24 ~~taxable~~ estimated market value.

317.25 Sec. 70. Minnesota Statutes 2012, section 450.19, is amended to read:

317.26 **450.19 TOURIST CAMPING GROUNDS.**

317.27 A home rule charter or statutory city or town may establish and maintain public  
317.28 tourist camping grounds. The governing body thereof may acquire by lease, purchase, or  
317.29 gift, suitable lands located either within or without the corporate limits for use as public  
317.30 tourist camping grounds and provide for the equipment, operation, and maintenance  
317.31 of the same. The amount that may be expended for the maintenance, improvement, or  
317.32 operation of tourist camping grounds shall not exceed, in any year, a sum equal to 0.00806  
317.33 percent of ~~taxable~~ estimated market value.

318.1 Sec. 71. Minnesota Statutes 2012, section 450.25, is amended to read:

318.2 **450.25 MUSEUM, GALLERY, OR SCHOOL OF ARTS OR CRAFTS; TAX**  
318.3 **LEVY.**

318.4 After the acquisition of any museum, gallery, or school of arts or crafts, the board  
318.5 of park commissioners of the city in which it is located shall cause to be included in the  
318.6 annual tax levy upon all the taxable property of the county in which the museum, gallery,  
318.7 or school of arts or crafts is located, a tax of 0.00846 percent of estimated market value.  
318.8 The board shall certify the levy to the county auditor and it shall be added to, and collected  
318.9 with and as part of, the general, real, and personal property taxes, with like penalties and  
318.10 interest, in case of nonpayment and default, and all provisions of law in respect to the  
318.11 levy, collection, and enforcement of other taxes shall, so far as applicable, be followed in  
318.12 respect of these taxes. All of these taxes, penalties, and interest, when collected, shall be  
318.13 paid to the city treasurer of the city in which is located the museum, gallery, or school  
318.14 of arts or crafts and credited to a fund to be known as the park museum fund, and shall  
318.15 be used only for the purposes specified in sections 450.23 to 450.25. Any part of the  
318.16 proceeds of the levy not expended for the purposes specified in section 450.24 may be  
318.17 used for the erection of new buildings for the same purposes.

318.18 Sec. 72. Minnesota Statutes 2012, section 458A.10, is amended to read:

318.19 **458A.10 PROPERTY TAX.**

318.20 The commission shall annually levy a tax not to exceed 0.12089 percent of estimated  
318.21 market value on all the taxable property in the transit area at a rate sufficient to produce  
318.22 an amount necessary for the purposes of sections 458A.01 to 458A.15, other than the  
318.23 payment of principal and interest due on any revenue bonds issued pursuant to section  
318.24 458A.05. Property taxes levied under this section shall be certified by the commission to  
318.25 the county auditors of the transit area, extended, assessed, and collected in the manner  
318.26 provided by law for the property taxes levied by the governing bodies of cities. The  
318.27 proceeds of the taxes levied under this section shall be remitted by the respective county  
318.28 treasurers to the treasurer of the commission, who shall credit the same to the funds of  
318.29 the commission for use for the purposes of sections 458A.01 to 458A.15 subject to any  
318.30 applicable pledges or limitations on account of tax anticipation certificates or other  
318.31 specific purposes. At any time after making a tax levy under this section and certifying  
318.32 it to the county auditors, the commission may issue general obligation certificates of  
318.33 indebtedness in anticipation of the collection of the taxes as provided by section 412.261.

318.34 Sec. 73. Minnesota Statutes 2012, section 458A.31, subdivision 1, is amended to read:

319.1 Subdivision 1. **Levy limit.** Notwithstanding anything to the contrary contained in  
319.2 the charter of the city of Duluth, any ordinance thereof, or any statute applicable thereto,  
319.3 limiting the amount levied in any one year for general or special purposes, the city council  
319.4 of the city of Duluth shall each year levy a tax in an amount not to exceed 0.07253  
319.5 percent of ~~taxable~~ estimated market value, by ordinance. An ordinance fixing the levy  
319.6 shall take effect immediately upon its passage and approval. The proceeds of the levy  
319.7 shall be paid into the city treasury and deposited in the operating fund provided for in  
319.8 section 458A.24, subdivision 3.

319.9 Sec. 74. Minnesota Statutes 2012, section 465.04, is amended to read:

319.10 **465.04 ACCEPTANCE OF GIFTS.**

319.11 Cities of the second, third, or fourth class, having at any time ~~a~~ an estimated  
319.12 market value of not more than \$41,000,000, ~~exclusive of money and credits~~, as officially  
319.13 equalized by the commissioner of revenue, either under home rule charter or under the  
319.14 laws of this state, in addition to all other powers possessed by them, hereby are authorized  
319.15 and empowered to receive and accept gifts and donations for the use and benefit of  
319.16 such cities and the inhabitants thereof upon terms and conditions to be approved by the  
319.17 governing bodies of such cities; and such cities are authorized to comply with and perform  
319.18 such terms and conditions, which may include payment to the donor or donors of interest  
319.19 on the value of the gift at not exceeding five percent per annum payable annually or  
319.20 semiannually, during the remainder of the natural life or lives of such donor or donors.

319.21 Sec. 75. Minnesota Statutes 2012, section 469.033, subdivision 6, is amended to read:

319.22 Subd. 6. **Operation area as taxing district, special tax.** All of the territory included  
319.23 within the area of operation of any authority shall constitute a taxing district for the  
319.24 purpose of levying and collecting special benefit taxes as provided in this subdivision. All  
319.25 of the taxable property, both real and personal, within that taxing district shall be deemed  
319.26 to be benefited by projects to the extent of the special taxes levied under this subdivision.  
319.27 Subject to the consent by resolution of the governing body of the city in and for which  
319.28 it was created, an authority may levy a tax upon all taxable property within that taxing  
319.29 district. The tax shall be extended, spread, and included with and as a part of the general  
319.30 taxes for state, county, and municipal purposes by the county auditor, to be collected and  
319.31 enforced therewith, together with the penalty, interest, and costs. As the tax, including any  
319.32 penalties, interest, and costs, is collected by the county treasurer it shall be accumulated  
319.33 and kept in a separate fund to be known as the "housing and redevelopment project fund."  
319.34 The money in the fund shall be turned over to the authority at the same time and in the same

320.1 manner that the tax collections for the city are turned over to the city, and shall be expended  
320.2 only for the purposes of sections 469.001 to 469.047. It shall be paid out upon vouchers  
320.3 signed by the chair of the authority or an authorized representative. The amount of the  
320.4 levy shall be an amount approved by the governing body of the city, but shall not exceed  
320.5 0.0185 percent of ~~taxable~~ estimated market value. The authority shall each year formulate  
320.6 and file a budget in accordance with the budget procedure of the city in the same manner as  
320.7 required of executive departments of the city or, if no budgets are required to be filed, by  
320.8 August 1. The amount of the tax levy for the following year shall be based on that budget.

320.9 Sec. 76. Minnesota Statutes 2012, section 469.034, subdivision 2, is amended to read:

320.10 Subd. 2. **General obligation revenue bonds.** (a) An authority may pledge the  
320.11 general obligation of the general jurisdiction governmental unit as additional security for  
320.12 bonds payable from income or revenues of the project or the authority. The authority  
320.13 must find that the pledged revenues will equal or exceed 110 percent of the principal and  
320.14 interest due on the bonds for each year. The proceeds of the bonds must be used for a  
320.15 qualified housing development project or projects. The obligations must be issued and  
320.16 sold in the manner and following the procedures provided by chapter 475, except the  
320.17 obligations are not subject to approval by the electors, and the maturities may extend to  
320.18 not more than 35 years for obligations sold to finance housing for the elderly and 40 years  
320.19 for other obligations issued under this subdivision. The authority is the municipality for  
320.20 purposes of chapter 475.

320.21 (b) The principal amount of the issue must be approved by the governing body of  
320.22 the general jurisdiction governmental unit whose general obligation is pledged. Public  
320.23 hearings must be held on issuance of the obligations by both the authority and the general  
320.24 jurisdiction governmental unit. The hearings must be held at least 15 days, but not more  
320.25 than 120 days, before the sale of the obligations.

320.26 (c) The maximum amount of general obligation bonds that may be issued and  
320.27 outstanding under this section equals the greater of (1) one-half of one percent of the  
320.28 ~~taxable~~ estimated market value of the general jurisdiction governmental unit whose  
320.29 general obligation is pledged, or (2) \$3,000,000. In the case of county or multicounty  
320.30 general obligation bonds, the outstanding general obligation bonds of all cities in the  
320.31 county or counties issued under this subdivision must be added in calculating the limit  
320.32 under clause (1).

320.33 (d) "General jurisdiction governmental unit" means the city in which the housing  
320.34 development project is located. In the case of a county or multicounty authority, the  
320.35 county or counties may act as the general jurisdiction governmental unit. In the case of



321.1 a multicounty authority, the pledge of the general obligation is a pledge of a tax on the  
321.2 taxable property in each of the counties.

321.3 (e) "Qualified housing development project" means a housing development project  
321.4 providing housing either for the elderly or for individuals and families with incomes not  
321.5 greater than 80 percent of the median family income as estimated by the United States  
321.6 Department of Housing and Urban Development for the standard metropolitan statistical  
321.7 area or the nonmetropolitan county in which the project is located. The project must be  
321.8 owned for the term of the bonds either by the authority or by a limited partnership or other  
321.9 entity in which the authority or another entity under the sole control of the authority is  
321.10 the sole general partner and the partnership or other entity must receive (1) an allocation  
321.11 from the Department of Management and Budget or an entitlement issuer of tax-exempt  
321.12 bonding authority for the project and a preliminary determination by the Minnesota  
321.13 Housing Finance Agency or the applicable suballocator of tax credits that the project  
321.14 will qualify for four percent low-income housing tax credits or (2) a reservation of nine  
321.15 percent low-income housing tax credits from the Minnesota Housing Finance Agency or a  
321.16 suballocator of tax credits for the project. A qualified housing development project may  
321.17 admit nonelderly individuals and families with higher incomes if:

321.18 (1) three years have passed since initial occupancy;

321.19 (2) the authority finds the project is experiencing unanticipated vacancies resulting in  
321.20 insufficient revenues, because of changes in population or other unforeseen circumstances  
321.21 that occurred after the initial finding of adequate revenues; and

321.22 (3) the authority finds a tax levy or payment from general assets of the general  
321.23 jurisdiction governmental unit will be necessary to pay debt service on the bonds if higher  
321.24 income individuals or families are not admitted.

321.25 (f) The authority may issue bonds to refund bonds issued under this subdivision in  
321.26 accordance with section 475.67. The finding of the adequacy of pledged revenues required  
321.27 by paragraph (a) and the public hearing required by paragraph (b) shall not apply to the  
321.28 issuance of refunding bonds. This paragraph applies to refunding bonds issued on and  
321.29 after July 1, 1992.

321.30 Sec. 77. Minnesota Statutes 2012, section 469.053, subdivision 4, is amended to read:

321.31 Subd. 4. **Mandatory city levy.** A city shall, at the request of the port authority, levy  
321.32 a tax in any year for the benefit of the port authority. The tax must not exceed 0.01813  
321.33 percent of ~~taxable~~ estimated market value. The amount levied must be paid by the city  
321.34 treasurer to the treasurer of the port authority, to be spent by the authority.

322.1 Sec. 78. Minnesota Statutes 2012, section 469.053, subdivision 4a, is amended to read:

322.2 Subd. 4a. **Seaway port authority levy.** A levy made under this subdivision shall  
322.3 replace the mandatory city levy under subdivision 4. A seaway port authority is a special  
322.4 taxing district under section 275.066 and may levy a tax in any year for the benefit of the  
322.5 seaway port authority. The tax must not exceed 0.01813 percent of ~~taxable~~ estimated  
322.6 market value. The county auditor shall distribute the proceeds of the property tax levy to  
322.7 the seaway port authority.

322.8 Sec. 79. Minnesota Statutes 2012, section 469.053, subdivision 6, is amended to read:

322.9 Subd. 6. **Discretionary city levy.** Upon request of a port authority, the port  
322.10 authority's city may levy a tax to be spent by and for its port authority. The tax must  
322.11 enable the port authority to carry out efficiently and in the public interest sections 469.048  
322.12 to 469.068 to create and develop industrial development districts. The levy must not be  
322.13 more than 0.00282 percent of ~~taxable~~ estimated market value. The county treasurer shall  
322.14 pay the proceeds of the tax to the port authority treasurer. The money may be spent by  
322.15 the authority in performance of its duties to create and develop industrial development  
322.16 districts. In spending the money the authority must judge what best serves the public  
322.17 interest. The levy in this subdivision is in addition to the levy in subdivision 4.

322.18 Sec. 80. Minnesota Statutes 2012, section 469.107, subdivision 1, is amended to read:

322.19 Subdivision 1. **City tax levy.** A city may, at the request of the authority, levy a tax in  
322.20 any year for the benefit of the authority. The tax must be not more than 0.01813 percent of  
322.21 ~~taxable~~ estimated market value. The amount levied must be paid by the city treasurer to  
322.22 the treasurer of the authority, to be spent by the authority.

322.23 Sec. 81. Minnesota Statutes 2012, section 469.180, subdivision 2, is amended to read:

322.24 Subd. 2. **Tax levies.** Notwithstanding any law, the county board of any county may  
322.25 appropriate from the general revenue fund a sum not to exceed a county levy of 0.00080  
322.26 percent of ~~taxable~~ estimated market value to carry out the purposes of this section.

322.27 Sec. 82. Minnesota Statutes 2012, section 469.187, is amended to read:

322.28 **469.187 FIRST CLASS CITY SPENDING FOR PUBLICITY; PUBLICITY**  
322.29 **BOARD.**

322.30 Any city of the first class may expend money for city publicity purposes. The city may  
322.31 levy a tax, not exceeding 0.00080 percent of ~~taxable~~ estimated market value. The proceeds  
322.32 of the levy shall be expended in the manner and for the city publicity purposes the council

323.1 directs. The council may establish and provide for a publicity board or bureau to administer  
323.2 the fund, subject to the conditions and limitations the council prescribes by ordinance.

323.3 Sec. 83. Minnesota Statutes 2012, section 469.206, is amended to read:

323.4 **469.206 HAZARDOUS PROPERTY PENALTY.**

323.5 A city may assess a penalty up to one percent of the estimated market value of  
323.6 real property, including any building located within the city that the city determines to  
323.7 be hazardous as defined in section 463.15, subdivision 3. The city shall send a written  
323.8 notice to the address to which the property tax statement is sent at least 90 days before it  
323.9 may assess the penalty. If the owner of the property has not paid the penalty or fixed the  
323.10 property within 90 days after receiving notice of the penalty, the penalty is considered  
323.11 delinquent and is increased by 25 percent each 60 days the penalty is not paid and the  
323.12 property remains hazardous. For the purposes of this section, a penalty that is delinquent  
323.13 is considered a delinquent property tax and subject to chapters 279, 280, and 281, in the  
323.14 same manner as delinquent property taxes.

323.15 Sec. 84. Minnesota Statutes 2012, section 471.24, is amended to read:

323.16 **471.24 TOWNS, STATUTORY CITIES; JOINT MAINTENANCE OF**  
323.17 **CEMETERY.**

323.18 Where a statutory city or town owns and maintains an established cemetery or burial  
323.19 ground, either within or without the municipal limits, the statutory city or town may, by  
323.20 mutual agreement with contiguous statutory cities and towns, each having a an estimated  
323.21 market value of not less than \$2,000,000, join together in the maintenance of such public  
323.22 cemetery or burial ground for the use of the inhabitants of each of such municipalities; and  
323.23 each such municipality is hereby authorized, by action of its council or governing body,  
323.24 to levy a tax or make an appropriation for the annual support and maintenance of such  
323.25 cemetery or burial ground; provided, the amount thus appropriated by each municipality  
323.26 shall not exceed a total of \$10,000 in any one year.

323.27 Sec. 85. Minnesota Statutes 2012, section 471.571, subdivision 1, is amended to read:

323.28 Subdivision 1. **Application.** This section applies to each city in which the net tax  
323.29 capacity of real and personal property consists in part of iron ore or lands containing  
323.30 taconite or semitaconite and in which the total ~~taxable~~ estimated market value of real  
323.31 and personal property exceeds \$2,500,000.

323.32 Sec. 86. Minnesota Statutes 2012, section 471.571, subdivision 2, is amended to read:

324.1 Subd. 2. **Creation of fund, tax levy.** The governing body of the city may create a  
 324.2 permanent improvement and replacement fund to be maintained by an annual tax levy.  
 324.3 The governing body may levy a tax in excess of any charter limitation for the support of  
 324.4 the permanent improvement and replacement fund, but not exceeding the following:

324.5 (a) in cities having a population of not more than 500 inhabitants, the lesser of \$20  
 324.6 per capita or 0.08059 percent of ~~taxable~~ estimated market value;

324.7 (b) in cities having a population of more than 500 and less than ~~2500~~ 2,500, the  
 324.8 greater of \$12.50 per capita or \$10,000 but not exceeding 0.08059 percent of ~~taxable~~  
 324.9 estimated market value;

324.10 (c) in cities having a population of ~~more than 2500~~ 2,500 or more inhabitants,  
 324.11 the greater of \$10 per capita or \$31,500 but not exceeding 0.08059 percent of ~~taxable~~  
 324.12 estimated market value.

324.13 Sec. 87. Minnesota Statutes 2012, section 471.73, is amended to read:

324.14 **471.73 ACCEPTANCE OF PROVISIONS.**

324.15 In the case of any city within the class specified in section 471.72 having a an  
 324.16 estimated market value, ~~as defined in section 471.72~~, in excess of \$37,000,000; and in the  
 324.17 case of any statutory city within such class having a an estimated market value, ~~as defined~~  
 324.18 ~~in section 471.72~~, of less than \$5,000,000; and in the case of any statutory city within such  
 324.19 class which is governed by Laws 1933, chapter 211, or Laws 1937, chapter 356; and in  
 324.20 the case of any statutory city within such class which is governed by Laws 1929, chapter  
 324.21 208, and has a an estimated market value of less than \$83,000,000; and in the case of  
 324.22 any school district within such class having a an estimated market value, ~~as defined in~~  
 324.23 ~~section 471.72~~, of more than \$54,000,000; and in the case of all towns within said class;  
 324.24 sections 471.71 to 471.83 apply only if the governing body of the city or statutory city, the  
 324.25 board of the school district, or the town board of the town shall have adopted a resolution  
 324.26 determining to issue bonds under the provisions of sections 471.71 to 471.83 or to go  
 324.27 upon a cash basis in accordance with the provisions thereof.

324.28 Sec. 88. Minnesota Statutes 2012, section 473.325, subdivision 2, is amended to read:

324.29 Subd. 2. **Chapter 475 applies; exceptions.** The Metropolitan Council shall sell and  
 324.30 issue the bonds in the manner provided in chapter 475, and shall have the same powers  
 324.31 and duties as a municipality issuing bonds under that law, except that the approval of a  
 324.32 majority of the electors shall not be required and the net debt limitations shall not apply.  
 324.33 The terms of each series of bonds shall be fixed so that the amount of principal and interest  
 324.34 on all outstanding and undischarged bonds, together with the bonds proposed to be issued,

325.1 due in any year shall not exceed 0.01209 percent of estimated market value of all taxable  
 325.2 property in the metropolitan area as last finally equalized prior to a proposed issue. The  
 325.3 bonds shall be secured in accordance with section 475.61, subdivision 1, and any taxes  
 325.4 required for their payment shall be levied by the council, shall not affect the amount or rate  
 325.5 of taxes which may be levied by the council for other purposes, shall be spread against all  
 325.6 taxable property in the metropolitan area and shall not be subject to limitation as to rate or  
 325.7 amount. Any taxes certified by the council to the county auditors for collection shall be  
 325.8 reduced by the amount received by the council from the commissioner of management and  
 325.9 budget or the federal government for the purpose of paying the principal and interest on  
 325.10 bonds to which the levy relates. The council shall certify the fact and amount of all money  
 325.11 so received to the county auditors, and the auditors shall reduce the levies previously made  
 325.12 for the bonds in the manner and to the extent provided in section 475.61, subdivision 3.

325.13 Sec. 89. Minnesota Statutes 2012, section 473.629, is amended to read:

325.14 **473.629 VALUE OF PROPERTY FOR BOND ISSUES BY SCHOOL**  
 325.15 **DISTRICTS.**

325.16 As to any lands ~~to be~~ detached from any school district under ~~the provisions hereof~~  
 325.17 section 473.625, notwithstanding ~~such prospective~~ the detachment, the estimated market  
 325.18 value of ~~such~~ the detached lands and ~~the net tax capacity~~ of taxable properties ~~now~~ located  
 325.19 ~~therein or thereon shall be and~~ on the lands on the date of the detachment constitute  
 325.20 ~~from and after the date of the enactment hereof~~ a part of the estimated market value of  
 325.21 properties upon the basis of which ~~such~~ used to calculate the net debt limit of the school  
 325.22 district may issue its bonds; The value of ~~such~~ the lands for such purpose to be and other  
 325.23 taxable properties for purposes of the school district's net debt limit are 33-1/3 percent of  
 325.24 the estimated market value thereof as determined and certified by ~~said~~ the assessor to ~~said~~  
 325.25 the school district, and it shall be the duty of ~~such~~ the assessor annually on or before the  
 325.26 tenth day of October ~~from and after the passage hereof~~, to ~~so~~ of each year, shall determine  
 325.27 and certify that value; provided, however, that the value of ~~such~~ the detached lands and  
 325.28 ~~such~~ taxable properties shall never exceed 20 percent of the estimated market value of  
 325.29 all properties ~~constituting and making up the basis aforesaid~~ used to calculate the net  
 325.30 debt limit of the school district.

325.31 Sec. 90. Minnesota Statutes 2012, section 473.661, subdivision 3, is amended to read:

325.32 Subd. 3. **Levy limit.** In any budget certified by the commissioners under this section,  
 325.33 the amount included for operation and maintenance shall not exceed an amount which,  
 325.34 when extended against the property taxable therefor under section 473.621, subdivision 5,

326.1 will require a levy at a rate of 0.00806 percent of estimated market value. Taxes levied by  
326.2 the corporation shall not affect the amount or rate of taxes which may be levied by any other  
326.3 local government unit within the metropolitan area under the provisions of any charter.

326.4 Sec. 91. Minnesota Statutes 2012, section 473.667, subdivision 9, is amended to read:

326.5 Subd. 9. **Additional taxes.** Nothing herein shall prevent the commission from  
326.6 levying a tax not to exceed 0.00121 percent of estimated market value on taxable property  
326.7 within its taxing jurisdiction, in addition to any levies found necessary for the debt  
326.8 service fund authorized by section 473.671. Nothing herein shall prevent the levy and  
326.9 appropriation for purposes of the commission of any other tax on property or on any  
326.10 income, transaction, or privilege, when and if authorized by law. All collections of any  
326.11 taxes so levied shall be included in the revenues appropriated for the purposes referred  
326.12 to in this section, unless otherwise provided in the law authorizing the levies; but no  
326.13 covenant as to the continuance or as to the rate and amount of any such levy shall be made  
326.14 with the holders of the commission's bonds unless specifically authorized by law.

326.15 Sec. 92. Minnesota Statutes 2012, section 473.671, is amended to read:

326.16 **473.671 LIMIT OF TAX LEVY.**

326.17 The taxes levied against the property of the metropolitan area in any one year shall  
326.18 not exceed 0.00806 percent of ~~taxable~~ estimated market value, exclusive of taxes levied  
326.19 to pay the principal or interest on any bonds or indebtedness of the city issued under  
326.20 Laws 1943, chapter 500, and exclusive of any taxes levied to pay the share of the city for  
326.21 payments on bonded indebtedness of the corporation provided for in Laws 1943, chapter  
326.22 500. The levy of taxes authorized in Laws 1943, chapter 500, shall be in addition to the  
326.23 maximum rate allowed to be levied to defray the cost of government under the provisions  
326.24 of the charter of any city affected by Laws 1943, chapter 500.

326.25 Sec. 93. Minnesota Statutes 2012, section 473.711, subdivision 2a, is amended to read:

326.26 Subd. 2a. **Tax levy.** (a) The commission may levy a tax on all taxable property in the  
326.27 district as defined in section 473.702 to provide funds for the purposes of sections 473.701  
326.28 to 473.716. The tax shall not exceed the property tax levy limitation determined in this  
326.29 subdivision. A participating county may agree to levy an additional tax to be used by the  
326.30 commission for the purposes of sections 473.701 to 473.716 but the sum of the county's and  
326.31 commission's taxes may not exceed the county's proportionate share of the property tax levy  
326.32 limitation determined under this subdivision based on the ratio of its total net tax capacity  
326.33 to the total net tax capacity of the entire district as adjusted by section 270.12, subdivision

327.1 3. The auditor of each county in the district shall add the amount of the levy made by the  
 327.2 district to other taxes of the county for collection by the county treasurer with other taxes.  
 327.3 When collected, the county treasurer shall make settlement of the tax with the district in  
 327.4 the same manner as other taxes are distributed to political subdivisions. No county shall  
 327.5 levy any tax for mosquito, disease vectoring tick, and black gnat (Simuliidae) control  
 327.6 except under this section. The levy shall be in addition to other taxes authorized by law.

327.7 (b) The property tax levied by the Metropolitan Mosquito Control Commission shall  
 327.8 not exceed the product of (i) the commission's property tax levy limitation for the previous  
 327.9 year determined under this subdivision multiplied by (ii) an index for market valuation  
 327.10 changes equal to the total estimated market valuation value of all taxable property for the  
 327.11 current tax payable year located within the district plus any area that has been added to the  
 327.12 district since the previous year, divided by the total estimated market valuation value of all  
 327.13 taxable property located within the district for the previous taxes payable year.

327.14 (c) ~~For the purpose of determining the commission's property tax levy limitation~~  
 327.15 ~~under this subdivision, "total market valuation" means the total market valuation of all~~  
 327.16 ~~taxable property within the district without valuation adjustments for fiscal disparities~~  
 327.17 ~~(chapter 473F), tax increment financing (sections 469.174 to 469.179), and high voltage~~  
 327.18 ~~transmission lines (section 273.425).~~

327.19 Sec. 94. Minnesota Statutes 2012, section 473F.02, subdivision 12, is amended to read:

327.20 Subd. 12. **Adjusted market value.** "Adjusted market value" of real and personal  
 327.21 property within a municipality means the assessor's estimated taxable market value,  
 327.22 as defined in section 272.03, of all real and personal property, including the value of  
 327.23 manufactured housing, within the municipality, adjusted for sales ratios in a manner  
 327.24 similar to the adjustments made to city and town net tax capacities. ~~For purposes~~  
 327.25 ~~of sections 473F.01 to 473F.13, the commissioner of revenue shall annually make~~  
 327.26 ~~determinations and reports with respect to each municipality which are comparable to~~  
 327.27 ~~those it makes for school districts under section 127A.48, subdivisions 1 to 6, in the same~~  
 327.28 ~~manner and at the same times as are prescribed by the subdivisions. The commissioner~~  
 327.29 ~~of revenue shall annually determine, for each municipality, information comparable to~~  
 327.30 ~~that required by section 475.53, subdivision 4, for school districts, as soon as practicable~~  
 327.31 ~~after it becomes available. The commissioner of revenue shall then compute the equalized~~  
 327.32 ~~market value of property within each municipality using the aggregate sales ratios from~~  
 327.33 ~~the Department of Revenue's sales ratio study.~~

327.34 Sec. 95. Minnesota Statutes 2012, section 473F.02, subdivision 14, is amended to read:

328.1 Subd. 14. **Fiscal capacity.** "Fiscal capacity" of a municipality means its ~~valuation~~  
328.2 adjusted market value, determined as of January 2 of any year, divided by its population,  
328.3 determined as of a date in the same year.

328.4 Sec. 96. Minnesota Statutes 2012, section 473F.02, subdivision 15, is amended to read:

328.5 Subd. 15. **Average fiscal capacity.** "Average fiscal capacity" of municipalities  
328.6 means the sum of the ~~valuations~~ adjusted market values of all municipalities, determined  
328.7 as of January 2 of any year, divided by the sum of their populations, determined as of  
328.8 a date in the same year.

328.9 Sec. 97. Minnesota Statutes 2012, section 473F.02, subdivision 23, is amended to read:

328.10 Subd. 23. **Net tax capacity.** "Net tax capacity" means the taxable market value of  
328.11 real and personal property multiplied by its net tax capacity rates in section 273.13.

328.12 Sec. 98. Minnesota Statutes 2012, section 473F.08, subdivision 10, is amended to read:

328.13 Subd. 10. **Adjustment of value or net tax capacity.** For the purpose of computing  
328.14 ~~the amount or rate of any salary, aid, tax, or debt authorized, required, or limited by any~~  
328.15 ~~provision of any law or charter, where such authorization, requirement, or limitation~~  
328.16 ~~is related in any manner to any value or valuation of taxable property within any~~  
328.17 ~~governmental unit, such value or net tax capacity~~ fiscal capacity under section 473F.02,  
328.18 subdivision 14, a municipality's taxable market value shall be adjusted to reflect the  
328.19 adjustments reductions to net tax capacity effected by subdivision 2, clause (a), provided  
328.20 that: ~~(1) in determining the taxable market value of commercial-industrial property~~  
328.21 ~~or any class thereof within a governmental unit for any purpose other than section~~  
328.22 ~~473F.07~~ municipality, (a) the reduction required by this subdivision shall be that amount  
328.23 which bears the same proportion to the amount subtracted from the governmental unit's  
328.24 municipality's net tax capacity pursuant to subdivision 2, clause (a), as the taxable  
328.25 market value of commercial-industrial property, or such class thereof, located within the  
328.26 governmental unit municipality bears to the net tax capacity of commercial-industrial  
328.27 property, or such class thereof, located within the governmental unit, and (b) the increase  
328.28 required by this subdivision shall be that amount which bears the same proportion to  
328.29 the amount added to the governmental unit's net tax capacity pursuant to subdivision 2,  
328.30 clause (b), as the market value of commercial-industrial property, or such class thereof,  
328.31 located within the governmental unit bears to the net tax capacity of commercial-industrial  
328.32 property, or such class thereof, located within the governmental unit; and (2) in determining  
328.33 the market value of real property within a municipality for purposes of section 473F.07,



329.1 ~~the adjustment prescribed by clause (1)(a) hereof shall be made and that prescribed by~~  
329.2 ~~clause (1)(b) hereof shall not be made~~ municipality. No adjustment shall be made to  
329.3 taxable market value for the increase in net tax capacity under subdivision 2, clause (b).

329.4 Sec. 99. Minnesota Statutes 2012, section 475.521, subdivision 4, is amended to read:

329.5 Subd. 4. **Limitations on amount.** A municipality may not issue bonds under this  
329.6 section if the maximum amount of principal and interest to become due in any year on  
329.7 all the outstanding bonds issued under this section, including the bonds to be issued,  
329.8 will equal or exceed 0.16 percent of the ~~taxable~~ estimated market value of property  
329.9 in the municipality. Calculation of the limit must be made using the ~~taxable~~ estimated  
329.10 market value for the taxes payable year in which the obligations are issued and sold. In  
329.11 the case of a municipality with a population of 2,500 or more, the bonds are subject to  
329.12 the net debt limits under section 475.53. In the case of a shared facility in which more  
329.13 than one municipality participates, upon compliance by each participating municipality  
329.14 with the requirements of subdivision 2, the limitations in this subdivision and the net debt  
329.15 represented by the bonds shall be allocated to each participating municipality in proportion  
329.16 to its required financial contribution to the financing of the shared facility, as set forth in  
329.17 the joint powers agreement relating to the shared facility. This section does not limit the  
329.18 authority to issue bonds under any other special or general law.

329.19 Sec. 100. Minnesota Statutes 2012, section 475.53, subdivision 1, is amended to read:

329.20 Subdivision 1. **Generally.** Except as otherwise provided in sections 475.51 to  
329.21 475.74, no municipality, except a school district or a city of the first class, shall incur or be  
329.22 subject to a net debt in excess of three percent of the estimated market value of taxable  
329.23 property in the municipality.

329.24 Sec. 101. Minnesota Statutes 2012, section 475.53, subdivision 3, is amended to read:

329.25 Subd. 3. **Cities first class.** Unless its charter permits a greater net debt a city of  
329.26 the first class may not incur a net debt in excess of two percent of the estimated market  
329.27 value of all taxable property therein. If the charter of the city permits a net debt of the city  
329.28 in excess of two percent of its valuation, it may not incur a net debt in excess of 3-2/3  
329.29 percent of the estimated market value of the taxable property therein.

329.30 The county auditor, at the time of preparing the tax list of the city, shall compile a  
329.31 statement setting forth the total net tax capacity and the total estimated market value of  
329.32 each class of taxable property in such city for such year.

330.1 Sec. 102. Minnesota Statutes 2012, section 475.53, subdivision 4, is amended to read:

330.2 Subd. 4. **School districts.** Except as otherwise provided by law, no school district  
330.3 shall be subject to a net debt in excess of 15 percent of the ~~actual~~ estimated market value of  
330.4 all taxable property situated within its corporate limits, as computed in accordance with this  
330.5 subdivision. The county auditor of each county containing taxable real or personal property  
330.6 situated within any school district shall certify to the district upon request the estimated  
330.7 market value of all such property. Whenever the commissioner of revenue, in accordance  
330.8 with section 127A.48, subdivisions 1 to 6, has determined that the ~~net tax capacity of any~~  
330.9 ~~district furnished by county auditors is not based upon the~~ adjusted market value of taxable  
330.10 property in the district exceeds the estimated market value of property within the district,  
330.11 the commissioner of revenue shall certify to the district upon request the ratio most recently  
330.12 ascertained to exist between ~~such~~ the estimated market value and the actual adjusted  
330.13 market value of property within the district, and the actual market value of property  
330.14 ~~within a district, on which its debt limit under this subdivision is~~ will be based, ~~is (a) the~~  
330.15 ~~value certified by the county auditors, or (b) this~~ on the estimated market value divided by  
330.16 the ratio certified by the commissioner of revenue, ~~whichever results in a higher value.~~

330.17 Sec. 103. Minnesota Statutes 2012, section 475.58, subdivision 2, is amended to read:

330.18 Subd. 2. **Funding, refunding.** Any county, city, town, or school district whose  
330.19 outstanding gross debt, including all items referred to in section 475.51, subdivision  
330.20 4, exceed in amount 1.62 percent of its estimated market value may issue bonds under  
330.21 this subdivision for the purpose of funding or refunding such indebtedness or any part  
330.22 thereof. A list of the items of indebtedness to be funded or refunded shall be made by the  
330.23 recording officer and treasurer and filed in the office of the recording officer. The initial  
330.24 resolution of the governing body shall refer to this subdivision as authority for the issue,  
330.25 state the amount of bonds to be issued and refer to the list of indebtedness to be funded or  
330.26 refunded. This resolution shall be published once each week for two successive weeks  
330.27 in a legal newspaper published in the municipality or if there be no such newspaper, in  
330.28 a legal newspaper published in the county seat. Such bonds may be issued without the  
330.29 submission of the question of their issue to the electors unless within ten days after the  
330.30 second publication of the resolution a petition requesting such election signed by ten or  
330.31 more voters who are taxpayers of the municipality, shall be filed with the recording officer.  
330.32 In event such petition is filed, no bonds shall be issued hereunder unless authorized by a  
330.33 majority of the electors voting on the question.

330.34 Sec. 104. Minnesota Statutes 2012, section 475.73, subdivision 1, is amended to read:

331.1 Subdivision 1. **May purchase these bonds; conditions.** Obligations sold under the  
 331.2 provisions of section 475.60 may be purchased by the State Board of Investment if the  
 331.3 obligations meet the requirements of section 11A.24, subdivision 2, upon the approval of  
 331.4 the attorney general as to form and execution of the application therefor, and under rules  
 331.5 as the board may specify, and the state board shall have authority to purchase the same  
 331.6 to an amount not exceeding 3.63 percent of the estimated market value of the taxable  
 331.7 property of the municipality, according to the last preceding assessment. The obligations  
 331.8 shall not run for a shorter period than one year, nor for a longer period than 30 years and  
 331.9 shall bear interest at a rate to be fixed by the state board but not less than two percent per  
 331.10 annum. Forthwith upon the delivery to the state of Minnesota of any obligations issued by  
 331.11 virtue thereof, the commissioner of management and budget shall certify to the respective  
 331.12 auditors of the various counties wherein are situated the municipalities issuing the same,  
 331.13 the number, denomination, amount, rate of interest and date of maturity of each obligation.

331.14 Sec. 105. Minnesota Statutes 2012, section 477A.011, subdivision 20, is amended to  
 331.15 read:

331.16 Subd. 20. **City net tax capacity.** "City net tax capacity" means ~~(1) the net tax~~  
 331.17 ~~capacity computed using the net tax capacity rates in section 273.13 for taxes payable~~  
 331.18 ~~in the year of the aid distribution, and the market values, after the exclusion in section~~  
 331.19 ~~273.13, subdivision 35, for taxes payable in the year prior to the aid distribution plus (2)~~  
 331.20 ~~a city's fiscal disparities distribution tax capacity under section 276A.06, subdivision 2,~~  
 331.21 ~~paragraph (b), or 473F.08, subdivision 2, paragraph (b), for taxes payable in the year prior~~  
 331.22 ~~to that for which aids are being calculated. The market value utilized in computing city~~  
 331.23 ~~net tax capacity shall be reduced by the sum of (1) a city's market value of commercial~~  
 331.24 ~~industrial property as defined in section 276A.01, subdivision 3, or 473F.02, subdivision 3,~~  
 331.25 ~~multiplied by the ratio determined pursuant to section 276A.06, subdivision 2, paragraph~~  
 331.26 ~~(a), or 473F.08, subdivision 2, paragraph (a), (2) the market value of the captured value~~  
 331.27 ~~of tax increment financing districts as defined in section 469.177, subdivision 2, and (3)~~  
 331.28 ~~the market value of transmission lines deducted from a city's total net tax capacity under~~  
 331.29 ~~section 273.425. The city net tax capacity will be computed using equalized market values~~  
 331.30 the city's adjusted net tax capacity under section 273.1325.

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

331.32 Sec. 106. Minnesota Statutes 2012, section 477A.0124, subdivision 2, is amended to  
 331.33 read:

332.1 Subd. 2. **Definitions.** (a) For the purposes of this section, the following terms  
332.2 have the meanings given them.

332.3 (b) "County program aid" means the sum of "county need aid," "county tax base  
332.4 equalization aid," and "county transition aid."

332.5 (c) "Age-adjusted population" means a county's population multiplied by the county  
332.6 age index.

332.7 (d) "County age index" means the percentage of the population over age 65 within  
332.8 the county divided by the percentage of the population over age 65 within the state, except  
332.9 that the age index for any county may not be greater than 1.8 nor less than 0.8.

332.10 (e) "Population over age 65" means the population over age 65 established as of  
332.11 July 15 in an aid calculation year by the most recent federal census, by a special census  
332.12 conducted under contract with the United States Bureau of the Census, by a population  
332.13 estimate made by the Metropolitan Council, or by a population estimate of the state  
332.14 demographer made pursuant to section 4A.02, whichever is the most recent as to the stated  
332.15 date of the count or estimate for the preceding calendar year and which has been certified  
332.16 to the commissioner of revenue on or before July 15 of the aid calculation year. A revision  
332.17 to an estimate or count is effective for these purposes only if certified to the commissioner  
332.18 on or before July 15 of the aid calculation year. Clerical errors in the certification or use of  
332.19 estimates and counts established as of July 15 in the aid calculation year are subject to  
332.20 correction within the time periods allowed under section 477A.014.

332.21 (f) "Part I crimes" means the three-year average annual number of Part I crimes  
332.22 reported for each county by the Department of Public Safety for the most recent years  
332.23 available. By July 1 of each year, the commissioner of public safety shall certify to the  
332.24 commissioner of revenue the number of Part I crimes reported for each county for the  
332.25 three most recent calendar years available.

332.26 (g) "Households receiving food stamps" means the average monthly number of  
332.27 households receiving food stamps for the three most recent years for which data is  
332.28 available. By July 1 of each year, the commissioner of human services must certify to the  
332.29 commissioner of revenue the average monthly number of households in the state and in  
332.30 each county that receive food stamps, for the three most recent calendar years available.

332.31 (h) "County net tax capacity" means the ~~net tax capacity of the county, computed~~  
332.32 ~~analogously to city net tax capacity under section 477A.011, subdivision 20~~ county's  
332.33 adjusted net tax capacity under section 273.1325.

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

333.1 Sec. 107. Minnesota Statutes 2012, section 641.23, is amended to read:

333.2 **641.23 FUNDS; HOW PROVIDED.**

333.3 Before any contract is made for the erection of a county jail, sheriff's residence, or  
333.4 both, the county board shall either levy a sufficient tax to provide the necessary funds, or  
333.5 issue county bonds therefor in accordance with the provisions of chapter 475, provided  
333.6 that no election is required if the amount of all bonds issued for this purpose and interest  
333.7 on them which are due and payable in any year does not exceed an amount equal to  
333.8 0.09671 percent of estimated market value of taxable property within the county, as last  
333.9 determined before the bonds are issued.

333.10 Sec. 108. Minnesota Statutes 2012, section 641.24, is amended to read:

333.11 **641.24 LEASING.**

333.12 The county may, by resolution of the county board, enter into a lease agreement with  
333.13 any statutory or home rule charter city situated within the county, or a county housing and  
333.14 redevelopment authority established pursuant to chapter 469 or any special law whereby  
333.15 the city or county housing and redevelopment authority will construct a jail or other law  
333.16 enforcement facilities for the county sheriff, deputy sheriffs, and other employees of the  
333.17 sheriff and other law enforcement agencies, in accordance with plans prepared by or at  
333.18 the request of the county board and, when required, approved by the commissioner of  
333.19 corrections and will finance it by the issuance of revenue bonds, and the county may lease  
333.20 the site and improvements for a term and upon rentals sufficient to produce revenue for the  
333.21 prompt payment of the bonds and all interest accruing thereon and, upon completion of  
333.22 payment, will acquire title thereto. The real and personal property acquired for the jail  
333.23 shall constitute a project and the lease agreement shall constitute a revenue agreement  
333.24 as contemplated in chapter 469, and all proceedings shall be taken by the city or county  
333.25 housing and redevelopment authority and the county in the manner and with the force and  
333.26 effect provided in chapter 469; provided that:

333.27 (1) no tax shall be imposed upon or in lieu of a tax upon the property;

333.28 (2) the approval of the project by the commissioner of commerce shall not be required;

333.29 (3) the Department of Corrections shall be furnished and shall record such  
333.30 information concerning each project as it may prescribe;

333.31 (4) the rentals required to be paid under the lease agreement shall not exceed in any  
333.32 year one-tenth of one percent of the estimated market value of property within the county,  
333.33 as last finally equalized before the execution of the agreement;

333.34 (5) the county board shall provide for the payment of all rentals due during the term  
333.35 of the lease, in the manner required in section 641.264, subdivision 2;

334.1 (6) no mortgage on the property shall be granted for the security of the bonds, but  
334.2 compliance with clause (5) hereof may be enforced as a nondiscretionary duty of the  
334.3 county board; and

334.4 (7) the county board may sublease any part of the jail property for purposes consistent  
334.5 with the maintenance and operation of a county jail or other law enforcement facility.

334.6 Sec. 109. Minnesota Statutes 2012, section 645.44, is amended by adding a subdivision  
334.7 to read:

334.8 Subd. 20. **Estimated market value.** When used in determining or calculating a  
334.9 limit on taxation, spending, state aid amounts, or debt, bond, certificate of indebtedness, or  
334.10 capital note issuance by or for a local government unit, "estimated market value" has the  
334.11 meaning given in section 273.032.

334.12 Sec. 110. **REVISOR'S INSTRUCTION.**

334.13 The revisor of statutes shall recodify Minnesota Statutes, section 127A.48,  
334.14 subdivisions 1 to 6, as section 273.1325, subdivisions 1 to 6, and change all  
334.15 cross-references to the affected subdivisions accordingly.

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

334.17 Sec. 111. **REPEALER.**

334.18 Minnesota Statutes 2012, sections 276A.01, subdivision 11; 473F.02, subdivision  
334.19 13; and 477A.011, subdivision 21, are repealed.

334.20 Sec. 112. **EFFECTIVE DATE.**

334.21 Unless otherwise specifically provided, this article is effective the day following  
334.22 final enactment for purposes of limits on net debt, the issuance of bonds, certificates of  
334.23 indebtedness, and capital notes and is effective beginning for taxes payable in 2014 for  
334.24 all other purposes.

## 334.25 **ARTICLE 15**

### 334.26 **DEPARTMENT POLICY AND TECHNICAL: INCOME AND** 334.27 **FRANCHISE TAXES; ESTATE TAXES**

334.28 Section 1. Minnesota Statutes 2012, section 289A.10, is amended by adding a  
334.29 subdivision to read:

335.1 Subd. 1a. **Recapture tax return required.** If a disposition or cessation as provided  
335.2 by section 291.03, subdivision 11, paragraph (a), has occurred, the qualified heir, as  
335.3 defined under section 291.03, subdivision 8, paragraph (c), or personal representative of  
335.4 the decedent's estate must submit a recapture tax return to the commissioner.

335.5 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after  
335.6 June 30, 2011.

335.7 Sec. 2. Minnesota Statutes 2012, section 289A.12, subdivision 14, is amended to read:

335.8 **Subd. 14. Regulated investment companies; reporting exempt-interest**  
335.9 **dividends.** (a) A regulated investment company paying \$10 or more in exempt-interest  
335.10 dividends to an individual who is a resident of Minnesota must make a return indicating  
335.11 the amount of the exempt-interest dividends, the name, address, and Social Security  
335.12 number of the recipient, and any other information that the commissioner specifies. The  
335.13 return must be provided to the shareholder by February 15 of the year following the year  
335.14 of the payment. The return provided to the shareholder must include a clear statement,  
335.15 in the form prescribed by the commissioner, that the exempt-interest dividends must be  
335.16 included in the computation of Minnesota taxable income. By June 1 of each year, the  
335.17 regulated investment company must file a copy of the return with the commissioner.

335.18 ~~(b) This subdivision applies to regulated investment companies required to register~~  
335.19 ~~under chapter 80A.~~

335.20 ~~(e)~~ (b) For purposes of this subdivision, the following definitions apply.

335.21 (1) "Exempt-interest dividends" mean exempt-interest dividends as defined in  
335.22 section 852(b)(5) of the Internal Revenue Code, but does not include the portion of  
335.23 exempt-interest dividends that are not required to be added to federal taxable income  
335.24 under section 290.01, subdivision 19a, clause (1)(ii).

335.25 (2) "Regulated investment company" means regulated investment company as  
335.26 defined in section 851(a) of the Internal Revenue Code or a fund of the regulated  
335.27 investment company as defined in section 851(g) of the Internal Revenue Code.

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

335.29 Sec. 3. Minnesota Statutes 2012, section 289A.12, is amended by adding a subdivision  
335.30 to read:

335.31 Subd. 18. **Returns by qualified heirs.** A qualified heir, as defined in section 291.03,  
335.32 subdivision 8, paragraph (c), must file two returns with the commissioner attesting that  
335.33 no disposition or cessation as provided by section 291.03, subdivision 11, paragraph

336.1 (a), occurred. The first return must be filed no earlier than 24 months and no later than  
336.2 26 months after the decedent's death. The second return must be filed no earlier than 36  
336.3 months and no later than 39 months after the decedent's death.

336.4 **EFFECTIVE DATE.** This section is effective for returns required to be filed after  
336.5 December 31, 2013.

336.6 Sec. 4. Minnesota Statutes 2012, section 289A.18, is amended by adding a subdivision  
336.7 to read:

336.8 Subd. 3a. **Recapture tax return.** A recapture tax return must be filed with the  
336.9 commissioner within six months after the date of the disposition or cessation as provided  
336.10 by section 291.03, subdivision 11, paragraph (a).

336.11 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after  
336.12 June 30, 2011.

336.13 Sec. 5. Minnesota Statutes 2012, section 289A.20, subdivision 3, is amended to read:

336.14 Subd. 3. **Estate tax.** Taxes imposed by ~~chapter 291~~ section 291.03, subdivision 1,  
336.15 take effect at and upon the death of the person whose estate is subject to taxation and are  
336.16 due and payable on or before the expiration of nine months from that death.

336.17 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after  
336.18 June 30, 2011.

336.19 Sec. 6. Minnesota Statutes 2012, section 289A.20, is amended by adding a subdivision  
336.20 to read:

336.21 Subd. 3a. **Recapture tax.** The additional estate tax imposed by section 291.03,  
336.22 subdivision 11, paragraph (b), is due and payable on or before the expiration of the date  
336.23 provided by section 291.03, subdivision 11, paragraph (c).

336.24 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after  
336.25 June 30, 2011.

336.26 Sec. 7. Minnesota Statutes 2012, section 289A.26, subdivision 3, is amended to read:

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



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

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

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

337.6 Sec. 8. Minnesota Statutes 2012, section 289A.26, subdivision 4, is amended to read:

337.7 Subd. 4. **Underpayment of estimated tax.** If there is an underpayment of estimated  
337.8 tax by a corporation or an entity, there shall be added to the tax for the taxable year an  
337.9 amount determined at the rate in section 270C.40 on the amount of the underpayment,  
337.10 determined under subdivision 5, for the period of the underpayment determined under  
337.11 subdivision 6. This subdivision does not apply in the first taxable year that a corporation is  
337.12 subject to the tax imposed under section 290.02 or an entity is subject to the tax imposed  
337.13 under section 290.05, subdivision 3.

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

337.15 Sec. 9. Minnesota Statutes 2012, section 289A.26, subdivision 7, is amended to read:

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

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

337.21 (1) 100 percent of the tax shown on the return for the taxable year, or, if no return is  
337.22 filed, 100 percent of the tax for that year; or

337.23 (2) 100 percent of the tax shown on the return of the corporation or entity for the  
337.24 preceding taxable year provided the return was for a full 12-month period, showed a  
337.25 liability, and was filed by the corporation or entity.

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

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

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

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

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

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

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

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

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

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

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

338.24	For the following	
338.25	required	The applicable
338.26	installments:	percentage is:
338.27	1st	25
338.28	2nd	50
338.29	3rd	75
338.30	4th	100

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

338.33 (i) take the taxable income for the months during the taxable year preceding the  
 338.34 filing month;

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

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

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

339.3 (2) For purposes of this paragraph:

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

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

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

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

339.14 (3) In the case of a required installment determined under this paragraph, if the  
339.15 corporation or entity determines that the installment is less than the amount determined in  
339.16 paragraph (a), the amount of the required installment is the amount determined under this  
339.17 paragraph and the recapture of previous quarters' reductions allowed by this paragraph  
339.18 must be recovered by increasing later required installments to the extent the reductions  
339.19 have not previously been recovered.

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

339.21 Sec. 10. Minnesota Statutes 2012, section 289A.26, subdivision 9, is amended to read:

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

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

339.27 Sec. 11. Minnesota Statutes 2012, section 290.9705, subdivision 1, is amended to read:

339.28 Subdivision 1. **Withholding of payments to out-of-state contractors.** (a) In this  
339.29 section, "person" means a person, corporation, or cooperative, the state of Minnesota and  
339.30 its political subdivisions, and a city, county, and school district in Minnesota.

339.31 (b) A person who in the regular course of business is hiring, contracting, or having a  
339.32 contract with a nonresident person or foreign corporation, ~~as defined in Minnesota Statutes~~  
339.33 ~~1986, section 290.01, subdivision 5,~~ to perform construction work in Minnesota, shall

340.1 deduct and withhold eight percent of ~~cumulative calendar year~~ payments made to the  
 340.2 contractor ~~which exceed~~ if the value of the contract exceeds \$50,000.

340.3 **EFFECTIVE DATE.** This section is effective for payments made to contractors  
 340.4 after December 31, 2013.

## 340.5 **ARTICLE 16**

### 340.6 **DEPARTMENT POLICY AND TECHNICAL: SALES AND USE** 340.7 **TAXES; SPECIAL TAXES**

340.8 Section 1. Minnesota Statutes 2012, section 287.20, is amended by adding a  
 340.9 subdivision to read:

340.10 Subd. 11. **Partition.** "Partition" means the division by conveyance of real property  
 340.11 that is held jointly or in common by two or more persons into individually owned interests.  
 340.12 If one of the co-owners gives consideration for all or a part of the individually owned  
 340.13 interest conveyed to them, that portion of the conveyance is not a part of the partition.

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

340.15 Sec. 2. Minnesota Statutes 2012, section 289A.20, subdivision 4, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

341.24 ~~(c) A vendor having a liability of:~~

341.25 ~~(1) \$10,000 or more, but less than \$120,000 during a fiscal year ending June 30,~~  
341.26 ~~2009, and fiscal years thereafter, must remit by electronic means all liabilities on returns~~  
341.27 ~~due for periods beginning in the subsequent calendar year on or before the 20th day of~~  
341.28 ~~the month following the month in which the taxable event occurred, or on or before the~~  
341.29 ~~20th day of the month following the month in which the sale is reported under section~~  
341.30 ~~289A.18, subdivision 4; or~~

341.31 ~~(2) \$120,000 or more, during a fiscal year ending June 30, 2009, and fiscal years~~  
341.32 ~~thereafter, must remit by electronic means all liabilities in the manner provided in~~  
341.33 ~~paragraph (a), clause (2), on returns due for periods beginning in the subsequent calendar~~  
341.34 ~~year, except for 90 percent of the estimated June liability, which is due two business days~~  
341.35 ~~before June 30. The remaining amount of the June liability is due on August 20.~~

342.1 (d) Notwithstanding paragraph (b) or (c), a person prohibited by the person's  
342.2 religious beliefs from paying electronically shall be allowed to remit the payment by mail.  
342.3 The filer must notify the commissioner of revenue of the intent to pay by mail before  
342.4 doing so on a form prescribed by the commissioner. No extra fee may be charged to a  
342.5 person making payment by mail under this paragraph. The payment must be postmarked  
342.6 at least two business days before the due date for making the payment in order to be  
342.7 considered paid on a timely basis.

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

342.13 (f) ~~At the start of the first calendar quarter at least 90 days after the cash flow account~~  
342.14 ~~established in section 16A.152, subdivision 1, and the budget reserve account established in~~  
342.15 ~~section 16A.152, subdivision 1a, reach the amounts listed in section 16A.152, subdivision~~  
342.16 ~~2, paragraph (a), the remittance of the accelerated payments required under paragraph (a),~~  
342.17 ~~clause (2), must be suspended. The commissioner of management and budget shall notify~~  
342.18 ~~the commissioner of revenue when the accounts have reached the required amounts.~~  
342.19 ~~Beginning with the suspension of paragraph (a), clause (2), for a vendor with a liability of~~  
342.20 ~~\$120,000 or more during a fiscal year ending June 30, 2009, and fiscal years thereafter, the~~  
342.21 ~~taxes imposed by chapter 297A are due and payable to the commissioner on the 20th day~~  
342.22 ~~of the month following the month in which the taxable event occurred. Payments of tax~~  
342.23 ~~liabilities for taxable events occurring in June under paragraph (b) are not changed.~~

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

342.25 Sec. 3. Minnesota Statutes 2012, section 297A.665, is amended to read:

342.26 **297A.665 PRESUMPTION OF TAX; BURDEN OF PROOF.**

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

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

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

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

342.33 However, a seller is relieved of liability if:

343.1 (1) the seller obtains a fully completed exemption certificate or all the relevant  
343.2 information required by section 297A.72, subdivision 2, at the time of the sale or within  
343.3 90 days after the date of the sale; or

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

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

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

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

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

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

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

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

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

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

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

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

343.35 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2013.

344.1 Sec. 4. Minnesota Statutes 2012, section 297F.01, subdivision 23, is amended to read:

344.2 Subd. 23. **Wholesale sales price.** "Wholesale sales price" means the price stated  
344.3 ~~on the price list in effect at the time of sale for which a manufacturer or person sells a~~  
344.4 ~~tobacco product to a distributor, exclusive of any discount, promotional offer, or other~~  
344.5 ~~reduction. For purposes of this subdivision, "price list" means the manufacturer's price at~~  
344.6 ~~which tobacco products are made available for sale to all distributors on an ongoing basis~~  
344.7 at which a distributor purchases a tobacco product. Wholesale sales price includes the  
344.8 applicable federal excise tax, freight charges, or packaging costs, regardless of whether  
344.9 they were included in the purchase price.

344.10 **EFFECTIVE DATE.** This section is effective for purchases made after December  
344.11 31, 2013.

344.12 Sec. 5. Minnesota Statutes 2012, section 297G.04, subdivision 2, is amended to read:

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

- 344.18 (1) the liability for tax; or  
344.19 (2) \$115,000.

344.20 For purposes of this subdivision, a "qualified brewer" means a brewer, whether  
344.21 or not located in this state, manufacturing less than 100,000 barrels of fermented malt  
344.22 beverages in the calendar year immediately preceding the ~~calendar~~ fiscal year for which  
344.23 the credit under this subdivision is claimed. In determining the number of barrels, all  
344.24 brands or labels of a brewer must be combined. All facilities for the manufacture of  
344.25 fermented malt beverages owned or controlled by the same person, corporation, or other  
344.26 entity must be treated as a single brewer.

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

344.28 Sec. 6. Minnesota Statutes 2012, section 297I.05, subdivision 7, is amended to read:

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

344.32 (b) A tax is imposed on ~~persons, firms, or corporations~~ a person, firm, corporation,  
344.33 or purchasing group as defined in section 60E.02, or any member of a purchasing group,



345.1 that ~~procure~~ procures insurance directly from a nonadmitted insurer. The rate of tax is  
345.2 equal to two percent of the gross premiums less return premiums paid by an insured  
345.3 whose home state is Minnesota.

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

345.8 **EFFECTIVE DATE.** This section is effective for premiums received after  
345.9 December 31, 2013.

345.10 Sec. 7. Minnesota Statutes 2012, section 297I.05, subdivision 11, is amended to read:

345.11 Subd. 11. **Retaliatory provisions.** (a) If any other state or country imposes any  
345.12 taxes, fines, deposits, penalties, licenses, or fees upon any insurance companies of this  
345.13 state and their agents doing business in another state or country that are in addition to or in  
345.14 excess of those imposed by the laws of this state upon foreign insurance companies and  
345.15 their agents doing business in this state, the same taxes, fines, deposits, penalties, licenses,  
345.16 and fees are imposed upon every similar insurance company of that state or country and  
345.17 their agents doing or applying to do business in this state.

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

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

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

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

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

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

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

346.9 Sec. 8. Minnesota Statutes 2012, section 297I.05, subdivision 12, is amended to read:

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

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

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

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

346.17 (4) the direct funded premium received by the reinsurance association under section  
346.18 79.34 from self-insurers approved under section 176.181 and political subdivisions that  
346.19 self-insure; and

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

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

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

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

347.1 **EFFECTIVE DATE.** This section is effective for premiums received after  
347.2 December 31, 2013.

347.3 Sec. 9. Minnesota Statutes 2012, section 297I.30, subdivision 1, is amended to read:

347.4 Subdivision 1. **General rule.** On or before March 1, every taxpayer subject to  
347.5 taxation under section 297I.05, subdivisions 1 to 5<sub>2</sub>; 7, paragraph (b)<sub>2</sub>; 12, ~~paragraphs (a),~~  
347.6 ~~clauses (1) to (4), (b), (c), and (d)<sub>2</sub>~~; and 14, shall file an annual return for the preceding  
347.7 calendar year in the form prescribed by the commissioner.

347.8 **EFFECTIVE DATE.** This section is effective for premiums received after  
347.9 December 31, 2013.

347.10 Sec. 10. Minnesota Statutes 2012, section 297I.30, subdivision 2, is amended to read:

347.11 Subd. 2. **Surplus lines brokers and purchasing groups.** On or before February  
347.12 15 and August 15 of each year, every surplus lines broker subject to taxation under  
347.13 section 297I.05, subdivision 7, paragraph (a), ~~and every purchasing group or member of~~  
347.14 ~~a purchasing group subject to tax under section 297I.05, subdivision 12, paragraph (a),~~  
347.15 ~~clause (5)~~, shall file a return with the commissioner for the preceding six-month period  
347.16 ending December 31, or June 30, in the form prescribed by the commissioner.

347.17 **EFFECTIVE DATE.** This section is effective for premiums received after  
347.18 December 31, 2013.

347.19 Sec. 11. **REPEALER.**

347.20 Minnesota Statutes 2012, section 289A.60, subdivision 31, is repealed.

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

347.22

## ARTICLE 17

347.23

### DEPARTMENT POLICY AND TECHNICAL: MINERALS 347.24 TAXES; PROPERTY TAX

347.25 Section 1. Minnesota Statutes 2012, section 123A.455, subdivision 1, is amended to  
347.26 read:

347.27 Subdivision 1. **Definitions.** "Split residential property parcel" means a parcel of  
347.28 real estate that is located within the boundaries of more than one school district and that  
347.29 is classified as residential property under:

347.30 (1) section 273.13, subdivision 22, paragraph (a) or (b);

348.1 (2) section 273.13, subdivision 25, paragraph (b), clause (1); or

348.2 (3) section 273.13, subdivision 25, paragraph (c), ~~clause (1)~~.

348.3 **EFFECTIVE DATE.** This section is effective for taxes payable in 2014 and  
348.4 thereafter.

348.5 Sec. 2. Minnesota Statutes 2012, section 270.077, is amended to read:

348.6 **270.077 TAXES CREDITED TO STATE AIRPORTS FUND.**

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

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

348.10 Sec. 3. Minnesota Statutes 2012, section 270.41, subdivision 5, is amended to read:

348.11 Subd. 5. **Prohibited activity.** A licensed assessor or other person employed by an  
348.12 assessment jurisdiction or contracting with an assessment jurisdiction for the purpose  
348.13 of valuing or classifying property for property tax purposes is prohibited from making  
348.14 appraisals or analyses, accepting an appraisal assignment, or preparing an appraisal report  
348.15 as defined in section 82B.021, subdivisions 2, 4, 6, and 7, on any property within the  
348.16 assessment jurisdiction where the individual is employed or performing the duties of the  
348.17 assessor under contract. Violation of this prohibition shall result in immediate revocation  
348.18 of the individual's license to assess property for property tax purposes. This prohibition  
348.19 must not be construed to prohibit an individual from carrying out any duties required  
348.20 for the proper assessment of property for property tax purposes or performing duties  
348.21 enumerated in section 273.061, subdivision 7 or 8. If a formal resolution has been adopted  
348.22 by the governing body of a governmental unit, which specifies the purposes for which  
348.23 such work will be done, this prohibition does not apply to appraisal activities undertaken  
348.24 on behalf of and at the request of the governmental unit that has employed or contracted  
348.25 with the individual. The resolution may only allow appraisal activities which are related to  
348.26 condemnations, right-of-way acquisitions, land exchanges, or special assessments.

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

348.28 Sec. 4. Minnesota Statutes 2012, section 270C.34, subdivision 1, is amended to read:

348.29 Subdivision 1. **Authority.** (a) The commissioner may abate, reduce, or refund any  
348.30 penalty or interest that is imposed by a law administered by the commissioner, or imposed  
348.31 by section 270.0725, subdivision 1 or 2, or 270.075, subdivision 2, as a result of the late

349.1 payment of tax or late filing of a return, or any part of an additional tax charge under  
349.2 section 289A.25, subdivision 2, or 289A.26, subdivision 4, if the failure to timely pay the  
349.3 tax or failure to timely file the return is due to reasonable cause, or if the taxpayer is located  
349.4 in a presidentially declared disaster or in a presidentially declared state of emergency area  
349.5 or in an area declared to be in a state of emergency by the governor under section 12.31.

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

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

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

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

349.15 Sec. 5. Minnesota Statutes 2012, section 272.01, subdivision 2, is amended to read:

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

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

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

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

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

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

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

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

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

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

350.5 (4) property constituting or used as a passenger check-in area or ticket sale counter,  
350.6 boarding area, or luggage claim area in connection with a public airport but not the  
350.7 airports owned or operated by the Metropolitan Airports Commission or cities of over  
350.8 50,000 population or an airport authority therein. Real estate owned by a municipality  
350.9 in connection with the operation of a public airport and leased or used for agricultural  
350.10 purposes is not exempt;

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

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

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

350.24 (d) The tax on real property of the federal government, the state or any of its political  
350.25 subdivisions that is leased by, loaned, or otherwise made available to a private individual,  
350.26 association, or corporation and becomes taxable under this subdivision or other provision  
350.27 of law must be assessed and collected as a personal property assessment. The taxes do  
350.28 not become a lien against the real property.

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

350.30 Sec. 6. Minnesota Statutes 2012, section 272.02, subdivision 97, is amended to read:

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

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

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

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

351.5 This exemption applies for each year that a person subject to tax under section  
351.6 298.015 uses the property for mining, quarrying, producing, or refining ores, metals, or  
351.7 minerals.

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

351.9 Sec. 7. Minnesota Statutes 2012, section 272.03, subdivision 9, is amended to read:

351.10 Subd. 9. **Person.** "Person" ~~includes~~ means an individual, association, estate, trust,  
351.11 partnership, firm, company, or corporation.

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

351.13 Sec. 8. Minnesota Statutes 2012, section 273.114, subdivision 6, is amended to read:

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

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

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

351.31 (1) death of a property owner when the surviving owners retain ownership of the  
351.32 property;

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

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

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

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

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

352.12 Sec. 9. Minnesota Statutes 2012, section 273.13, subdivision 23, is amended to read:

352.13 Subd. 23. **Class 2.** (a) An agricultural homestead consists of class 2a agricultural  
352.14 land that is homesteaded, along with any class 2b rural vacant land that is contiguous to  
352.15 the class 2a land under the same ownership. The market value of the house and garage  
352.16 and immediately surrounding one acre of land has the same class rates as class 1a or 1b  
352.17 property under subdivision 22. The value of the remaining land including improvements  
352.18 up to the first tier valuation limit of agricultural homestead property has a net class rate  
352.19 of 0.5 percent of market value. The remaining property over the first tier has a class rate  
352.20 of one percent of market value. For purposes of this subdivision, the "first tier valuation  
352.21 limit of agricultural homestead property" and "first tier" means the limit certified under  
352.22 section 273.11, subdivision 23.

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

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

352.33 (c) Class 2b rural vacant land consists of parcels of property, or portions thereof,  
352.34 that are unplatted real estate, rural in character and not used for agricultural purposes,  
352.35 including land used for growing trees for timber, lumber, and wood and wood products,



353.1 that is not improved with a structure. The presence of a minor, ancillary nonresidential  
353.2 structure as defined by the commissioner of revenue does not disqualify the property from  
353.3 classification under this paragraph. Any parcel of 20 acres or more improved with a  
353.4 structure that is not a minor, ancillary nonresidential structure must be split-classified, and  
353.5 ten acres must be assigned to the split parcel containing the structure. Class 2b property  
353.6 has a net class rate of one percent of market value unless it is part of an agricultural  
353.7 homestead under paragraph (a), or qualifies as class 2c under paragraph (d).

353.8 (d) Class 2c managed forest land consists of no less than 20 and no more than 1,920  
353.9 acres statewide per taxpayer that is being managed under a forest management plan that  
353.10 meets the requirements of chapter 290C, but is not enrolled in the sustainable forest  
353.11 resource management incentive program. It has a class rate of .65 percent, provided that  
353.12 the owner of the property must apply to the assessor in order for the property to initially  
353.13 qualify for the reduced rate and provide the information required by the assessor to verify  
353.14 that the property qualifies for the reduced rate. If the assessor receives the application  
353.15 and information before May 1 in an assessment year, the property qualifies beginning  
353.16 with that assessment year. If the assessor receives the application and information after  
353.17 April 30 in an assessment year, the property may not qualify until the next assessment  
353.18 year. The commissioner of natural resources must concur that the land is qualified. The  
353.19 commissioner of natural resources shall annually provide county assessors verification  
353.20 information on a timely basis. The presence of a minor, ancillary nonresidential structure  
353.21 as defined by the commissioner of revenue does not disqualify the property from  
353.22 classification under this paragraph.

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

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

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

353.29 "Agricultural purposes" as used in this section means the raising, cultivation, drying,  
353.30 or storage of agricultural products for sale, or the storage of machinery or equipment  
353.31 used in support of agricultural production by the same farm entity. For a property to be  
353.32 classified as agricultural based only on the drying or storage of agricultural products,  
353.33 the products being dried or stored must have been produced by the same farm entity as  
353.34 the entity operating the drying or storage facility. "Agricultural purposes" also includes  
353.35 enrollment in the Reinvest in Minnesota program under sections 103F.501 to 103F.535 or  
353.36 the federal Conservation Reserve Program as contained in Public Law 99-198 or a similar

354.1 state or federal conservation program if the property was classified as agricultural (i)  
354.2 under this subdivision for ~~the assessment year 2002~~ taxes payable in 2003 because of its  
354.3 enrollment in a qualifying program and the land remains enrolled or (ii) in the year prior  
354.4 to its enrollment. Agricultural classification shall not be based upon the market value of  
354.5 any residential structures on the parcel or contiguous parcels under the same ownership.

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

354.9 (f) ~~Real estate of~~ Agricultural land under this section also includes:

354.10 (1) contiguous acreage that is less than ten acres, which is in size and exclusively or  
354.11 intensively used in the preceding year for raising or cultivating agricultural products, shall  
354.12 be considered as agricultural land. To qualify under this paragraph, property that includes  
354.13 a residential structure must be used intensively for one of the following purposes; or

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

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

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

354.22 (iii) ~~for livestock or poultry confinement, provided that land that is used only for~~  
354.23 ~~pasturing and grazing does not qualify; or~~

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

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

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

354.33 Classification under this subdivision is not determinative for qualifying under  
354.34 section 273.111.

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

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

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

355.9 (2) fish bred for sale and consumption if the fish breeding occurs on land zoned  
355.10 for agricultural use;

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

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

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

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

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

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

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

355.29 (1) wholesale and retail sales;

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

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

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

355.34 the assessor shall classify the part of the parcel used for agricultural purposes as class  
355.35 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its  
355.36 use. The grading, sorting, and packaging of raw agricultural products for first sale is

356.1 considered an agricultural purpose. A greenhouse or other building where horticultural  
356.2 or nursery products are grown that is also used for the conduct of retail sales must be  
356.3 classified as agricultural if it is primarily used for the growing of horticultural or nursery  
356.4 products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of  
356.5 those products. Use of a greenhouse or building only for the display of already grown  
356.6 horticultural or nursery products does not qualify as an agricultural purpose.

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

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

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

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

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

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

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

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

357.3 (1) a legal description of the property;

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

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

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

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

357.16 (n) When any portion of the property under this subdivision or subdivision 22 begins  
357.17 to be actively mined, the owner must file a supplemental affidavit within 60 days from  
357.18 the day any aggregate is removed stating the number of acres of the property that is  
357.19 actively being mined. The acres actively being mined must be (1) valued and classified  
357.20 under subdivision 24 in the next subsequent assessment year, and (2) removed from the  
357.21 aggregate resource preservation property tax program under section 273.1115, if the  
357.22 land was enrolled in that program. Copies of the original affidavit and all supplemental  
357.23 affidavits must be filed with the county assessor, the local zoning administrator, and the  
357.24 Department of Natural Resources, Division of Land and Minerals. A supplemental  
357.25 affidavit must be filed each time a subsequent portion of the property is actively mined,  
357.26 provided that the minimum acreage change is five acres, even if the actual mining activity  
357.27 constitutes less than five acres.

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

357.31 **EFFECTIVE DATE.** This section is effective for taxes payable in 2014 and  
357.32 thereafter.

357.33 Sec. 10. Minnesota Statutes 2012, section 273.19, subdivision 1, is amended to read:

357.34 Subdivision 1. **Tax-exempt property; lease.** Except as provided in subdivision 3 or  
357.35 4, tax-exempt property held under a lease for a term of at least one year, and not taxable

358.1 under section 272.01, subdivision 2, or under a contract for the purchase thereof, shall be  
358.2 considered, for all purposes of taxation, as the property of the person holding it. In this  
358.3 subdivision, "tax-exempt property" means property owned by the United States, the state  
358.4 or any of its political subdivisions, a school, or any religious, scientific, or benevolent  
358.5 society or institution, incorporated or unincorporated, or any corporation whose property  
358.6 is not taxed in the same manner as other property. This subdivision does not apply to  
358.7 property exempt from taxation under section 272.01, subdivision 2, paragraph (b), clauses  
358.8 (2), (3), and (4), or to property exempt from taxation under section 272.0213.

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

358.10 Sec. 11. Minnesota Statutes 2012, section 273.372, subdivision 4, is amended to read:

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

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

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

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

358.30 ~~(b)~~ (e) In addition to the opportunity for a conference under paragraph (a), the  
358.31 commissioner shall also provide the railroad and utility companies the opportunity to  
358.32 discuss any questions or concerns relating to the values established by the commissioner  
358.33 through certification or notice in a less formal manner. This does not change or modify  
358.34 the deadline for requesting a conference under paragraph (a), the deadline in section

359.1 271.06 for appealing an order of the commissioner, or the deadline in section 278.01 for  
359.2 appealing property taxes in court.

359.3 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2014.

359.4 Sec. 12. Minnesota Statutes 2012, section 273.39, is amended to read:

359.5 **273.39 RURAL AREA.**

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

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

359.11 Sec. 13. Minnesota Statutes 2012, section 279.06, subdivision 1, is amended to read:

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

359.16 State of Minnesota )

359.17 ) ss.

359.18 County of ..... )

359.19 District Court  
359.20 ..... Judicial District.

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

359.24 The list of taxes and penalties on real property for the county of .....  
359.25 remaining delinquent on the first Monday in January, ....., has been filed in the office of  
359.26 the court administrator of the district court of said county, of which that hereto attached is a  
359.27 copy. Therefore, you, and each of you, are hereby required to file in the office of said court  
359.28 administrator, on or before the 20th day after the publication of this notice and list, your  
359.29 answer, in writing, setting forth any objection or defense you may have to the taxes, or any  
359.30 part thereof, upon any parcel of land described in the list, in, to, or on which you have or  
359.31 claim any estate, right, title, interest, claim, or lien, and, in default thereof, judgment will  
359.32 be entered against such parcel of land for the taxes on such list appearing against it, and  
359.33 for all penalties, interest, and costs. Based upon said judgment, the land shall be sold to

360.1 the state of Minnesota on the second Monday in May, ..... ~~The period of redemption for~~  
360.2 ~~all lands sold to the state at a tax judgment sale shall be three years from the date of sale to~~  
360.3 ~~the state of Minnesota if the land is within an incorporated area unless it is:~~

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

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

360.6 ~~paragraph (a);~~

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

360.8 ~~22, paragraph (c), and 25, paragraph (d), clause (1), in which event the period of~~

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

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

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

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

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

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

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

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

360.17 ..... county whose address is .....

360.18 (Signed) .....,

360.19 Court Administrator of the District Court of the

360.20 County of .....

360.21 (Here insert list.)

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

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

360.24 commissioner of revenue under subdivision 2.

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

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

360.27 delinquent on the first Monday in January, .....

360.28 Town of (Fairfield),

360.29 Township (40), Range (20),

360.30 Names (and Current  
360.31 Filed Addresses) for  
360.32 the Taxpayers and Fee  
360.33 Owners and in Addition  
360.34 Those Parties Who Have  
360.35 Filed Their Addresses

360.36 Pursuant to section	Subdivision of		Tax Parcel	Total Tax
360.37 276.041	Section	Section	Number	and Penalty
360.38				\$ cts.

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



361.1 Bruce Smith (2059 Hand That part of N.E. 1/4  
 361.2 Fairfield, MN 55000) of S.W. 1/4 desc. as  
 361.3 and Fairfield State follows: Beg. at the  
 361.4 Bank (100 Main Street S.E. corner of said N.E.  
 361.5 Fairfield, MN 55000) 1/4 of S.W. 1/4; thence  
 361.6 N. along the E. line of  
 361.7 said N.E. 1/4 of S.W.  
 361.8 1/4 a distance of 600  
 361.9 ft.; thence W. parallel  
 361.10 with the S. line of said  
 361.11 N.E. 1/4 of S.W. 1/4  
 361.12 a distance of 600 ft.;  
 361.13 thence S. parallel with  
 361.14 said E. line a distance of  
 361.15 600 ft. to S. line of said  
 361.16 N.E. 1/4 of S.W. 1/4;  
 361.17 thence E. along said S.  
 361.18 line a distance of 600 ft.  
 361.19 to the point of beg.

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

361.22 City of (Smittown)  
 361.23 Brown's Addition, or Subdivision

361.24 Names (and Current  
 361.25 Filed Addresses) for  
 361.26 the Taxpayers and Fee  
 361.27 Owners and in Addition  
 361.28 Those Parties Who Have  
 361.29 Filed Their Addresses

361.30 Pursuant to section  
 361.31 276.041

	Lot	Block	Tax Parcel Number	Total Tax and Penalty \$ cts.
--	-----	-------	----------------------	-------------------------------------

361.33 John Jones (825 Fremont 361.34 Fairfield, MN 55000)	15	9	58243	2.20
---	----	---	-------	------

361.35 Bruce Smith (2059 Hand 361.36 Fairfield, MN 55000) 361.37 and Fairfield State 361.38 Bank (100 Main Street 361.39 Fairfield, MN 55000)	16	9	58244	3.15
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361.40 The names, descriptions, and figures employed in parentheses in the above forms are  
 361.41 merely for purposes of illustration.

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

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

362.1 **EFFECTIVE DATE.** This section is effective for lists and notices required after  
362.2 December 31, 2013.

362.3 Sec. 14. Minnesota Statutes 2012, section 290B.04, subdivision 2, is amended to read:

362.4 Subd. 2. **Approval; recording.** The commissioner shall approve all initial  
362.5 applications that qualify under this chapter and shall notify qualifying homeowners on or  
362.6 before December 1. The commissioner may investigate the facts or require confirmation  
362.7 in regard to an application. The commissioner shall record or file a notice of qualification  
362.8 for deferral, including the names of the qualifying homeowners and a legal description  
362.9 of the property, in the office of the county recorder, or registrar of titles, whichever is  
362.10 applicable, in the county where the qualifying property is located. The notice must state  
362.11 that it serves as a notice of lien and that it includes deferrals under this section for future  
362.12 years. The commissioner shall prescribe the form of the notice. Execution of the notice  
362.13 by the original or facsimile signature of the commissioner or a delegate entitles them to  
362.14 be recorded, and no other attestation, certification, or acknowledgment is necessary. The  
362.15 homeowner shall pay the recording or filing fees for the notice, which, notwithstanding  
362.16 section 357.18, shall be paid by the homeowner at the time of satisfaction of the lien.

362.17 **EFFECTIVE DATE.** This section is effective for notices that are both executed  
362.18 and recorded after June 30, 2013.

362.19 Sec. 15. Minnesota Statutes 2012, section 298.01, subdivision 3, is amended to read:

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

362.32 (1) 75 percent of the percentage which the sales made within this state in connection  
362.33 with the trade or business during the tax period are of the total sales wherever made in  
362.34 connection with the trade or business during the tax period;

363.1 (2) 12.5 percent of the percentage which the total tangible property used by the  
363.2 taxpayer in this state in connection with the trade or business during the tax period is of  
363.3 the total tangible property, wherever located, used by the taxpayer in connection with the  
363.4 trade or business during the tax period; and

363.5 (3) 12.5 percent of the percentage which the taxpayer's total payrolls paid or incurred  
363.6 in this state or paid in respect to labor performed in this state in connection with the trade  
363.7 or business during the tax period are of the taxpayer's total payrolls paid or incurred in  
363.8 connection with the trade or business during the tax period.

363.9 The tax is in addition to all other taxes.

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

363.11 Sec. 16. Minnesota Statutes 2012, section 298.018, is amended to read:

363.12 **298.018 DISTRIBUTION OF PROCEEDS.**

363.13 Subdivision 1. **Within taconite assistance area.** The proceeds of the tax paid  
363.14 under sections 298.015 and 298.016 on ores, metals, or minerals ~~and energy resources~~  
363.15 mined or extracted within the taconite assistance area defined in section 273.1341, shall  
363.16 be allocated as follows:

363.17 (1) five percent to the city or town within which the minerals or energy resources  
363.18 are mined or extracted;

363.19 (2) ten percent to the taconite municipal aid account to be distributed as provided  
363.20 in section 298.282;

363.21 (3) ten percent to the school district within which the minerals or energy resources  
363.22 are mined or extracted;

363.23 (4) 20 percent to a group of school districts comprised of those school districts  
363.24 wherein the mineral or energy resource was mined or extracted or in which there is a  
363.25 qualifying municipality as defined by section 273.134, paragraph (b), in direct proportion  
363.26 to school district indexes as follows: for each school district, its pupil units determined  
363.27 under section 126C.05 for the prior school year shall be multiplied by the ratio of the  
363.28 average adjusted net tax capacity per pupil unit for school districts receiving aid under  
363.29 this clause as calculated pursuant to chapters 122A, 126C, and 127A for the school year  
363.30 ending prior to distribution to the adjusted net tax capacity per pupil unit of the district.

363.31 Each district shall receive that portion of the distribution which its index bears to the sum  
363.32 of the indices for all school districts that receive the distributions;

363.33 (5) 20 percent to the county within which the minerals or energy resources are  
363.34 mined or extracted;

364.1 (6) 20 percent to St. Louis County acting as the counties' fiscal agent to be  
364.2 distributed as provided in sections 273.134 to 273.136;

364.3 (7) five percent to the Iron Range Resources and Rehabilitation Board for the  
364.4 purposes of section 298.22;

364.5 (8) five percent to the Douglas J. Johnson economic protection trust fund; and

364.6 (9) five percent to the taconite environmental protection fund.

364.7 The proceeds of the tax shall be distributed on July 15 each year.

364.8 Subd. 2. **Outside taconite assistance area.** The proceeds of the tax paid under  
364.9 sections 298.015 and 298.016 on ores, metals, or minerals ~~and energy resources~~ mined  
364.10 or extracted outside of the taconite assistance area defined in section 273.1341, shall  
364.11 be deposited in the general fund.

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

364.13 Sec. 17. Minnesota Statutes 2012, section 373.01, subdivision 1, is amended to read:

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

364.16 (1) Sue and be sued.

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

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

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

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

364.26 (b) No sale, lease, or conveyance of real estate owned by the county, except the lease  
364.27 of a residence acquired for the furtherance of an approved capital improvement project, nor  
364.28 any contract or option for it, shall be valid, without first advertising for bids or proposals in  
364.29 the official newspaper of the county for three consecutive weeks and once in a newspaper  
364.30 of general circulation in the area where the property is located. The notice shall state the  
364.31 time and place of considering the proposals, contain a legal description of any real estate,  
364.32 and a brief description of any personal property. Leases that do not exceed \$15,000 for any  
364.33 one year may be negotiated and are not subject to the competitive bid procedures of this  
364.34 section. All proposals estimated to exceed \$15,000 in any one year shall be considered at

365.1 the time set for the bid opening, and the one most favorable to the county accepted, but the  
365.2 county board may, in the interest of the county, reject any or all proposals.

365.3 (c) Sales of personal property the value of which is estimated to be \$15,000 or  
365.4 more shall be made only after advertising for bids or proposals in the county's official  
365.5 newspaper, on the county's Web site, or in a recognized industry trade journal. At the same  
365.6 time it posts on its Web site or publishes in a trade journal, the county must publish in the  
365.7 official newspaper, either as part of the minutes of a regular meeting of the county board  
365.8 or in a separate notice, a summary of all requests for bids or proposals that the county  
365.9 advertises on its Web site or in a trade journal. After publication in the official newspaper,  
365.10 on the Web site, or in a trade journal, bids or proposals may be solicited and accepted by  
365.11 the electronic selling process authorized in section 471.345, subdivision 17. Sales of  
365.12 personal property the value of which is estimated to be less than \$15,000 may be made  
365.13 either on competitive bids or in the open market, in the discretion of the county board.  
365.14 "Web site" means a specific, addressable location provided on a server connected to the  
365.15 Internet and hosting World Wide Web pages and other files that are generally accessible  
365.16 on the Internet all or most of a day.

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

365.21 (e) Notwithstanding anything in this section to the contrary, the county may, when  
365.22 acquiring real property for purposes other than county highway right-of-way, exchange  
365.23 parcels of real property of substantially similar or equal value without advertising for  
365.24 bids. The estimated values for these parcels must be determined by the county assessor  
365.25 or a private appraisal performed by a licensed Minnesota real estate appraiser. For the  
365.26 purpose of determining for the county the estimated values of parcels proposed to be  
365.27 exchanged, the county assessor need not be licensed under chapter 82B. Before giving  
365.28 final approval to any exchange of land, the county board shall hold a public hearing on  
365.29 the exchange. At least two weeks before the hearing, the county auditor shall post a  
365.30 notice in the auditor's office and the official newspaper of the county of the hearing that  
365.31 contains a description of the lands affected.

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

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

366.5 (h) In no case shall lands be disposed of without there being reserved to the county  
366.6 all iron ore and other valuable minerals in and upon the lands, with right to explore for,  
366.7 mine and remove the iron ore and other valuable minerals, nor shall the minerals and  
366.8 mineral rights be disposed of, either before or after disposition of the surface rights,  
366.9 otherwise than by mining lease, in similar general form to that provided by section 93.20  
366.10 for mining leases affecting state lands. The lease shall be for a term not exceeding 50  
366.11 years, and be issued on a royalty basis, the royalty to be not less than 25 cents per ton of  
366.12 2,240 pounds, and fix a minimum amount of royalty payable during each year, whether  
366.13 mineral is removed or not. Prospecting options for mining leases may be granted for  
366.14 periods not exceeding one year. The options shall require, among other things, periodical  
366.15 showings to the county board of the results of exploration work done.

366.16 (i) Notwithstanding anything in this subdivision to the contrary, the county may,  
366.17 when selling real property owned in fee simple that cannot be improved because of  
366.18 noncompliance with local ordinances regarding minimum area, shape, frontage, or access,  
366.19 proceed to sell the nonconforming parcel without advertising for bid. At the county's  
366.20 discretion, the real property may be restricted to sale to adjoining landowners or may be  
366.21 sold to any other interested party. The property shall be sold to the highest bidder, but in no  
366.22 case shall the property be sold for less than 90 percent of its fair market value as determined  
366.23 by the county assessor. All owners of land adjoining the land to be sold shall be given a  
366.24 written notice at least 30 days before the sale. This paragraph shall be liberally construed to  
366.25 encourage the sale of nonconforming real property and promote its return to the tax rolls.

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

366.27 Sec. 18. **REPEALER.**

366.28 Minnesota Statutes 2012, sections 272.69; and 273.11, subdivisions 1a and 22, are  
366.29 repealed.

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

367.1 **ARTICLE 18**367.2 **DEPARTMENT POLICY AND TECHNICAL: MISCELLANEOUS PROVISIONS**

367.3 Section 1. Minnesota Statutes 2012, section 16A.46, is amended to read:

367.4 **16A.46 LOST OR DESTROYED WARRANT DUPLICATE; INDEMNITY.**

367.5 Subdivision 1. Duplicate warrant. The commissioner may issue a duplicate of an  
367.6 unpaid warrant to an owner if the owner certifies that the original was lost or destroyed. The  
367.7 commissioner may require certification be documented by affidavit. The commissioner  
367.8 may refuse to issue a duplicate of an unpaid state warrant. If the commissioner acts in  
367.9 good faith, the commissioner is not liable, whether the application is granted or denied.

367.10 Subd. 2. Original warrant is void. When the duplicate is issued, the original is  
367.11 void. The commissioner may require an indemnity bond from the applicant to the state for  
367.12 double the amount of the warrant for anyone damaged by the issuance of the duplicate.  
367.13 ~~The commissioner may refuse to issue a duplicate of an unpaid state warrant. If the~~  
367.14 ~~commissioner acts in good faith the commissioner is not liable, whether the application is~~  
367.15 ~~granted or denied~~ is not liable to any holder who took the void original warrant for value,  
367.16 whether or not the commissioner required an indemnity bond from the applicant.

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

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

367.23 Sec. 2. Minnesota Statutes 2012, section 270C.38, subdivision 1, is amended to read:

367.24 Subdivision 1. **Sufficient notice.** (a) If no method of notification of a written  
367.25 determination or action of the commissioner is otherwise specifically provided for by  
367.26 law, notice of the determination or action sent postage prepaid by United States mail to  
367.27 the taxpayer or other person affected by the determination or action at the taxpayer's  
367.28 or person's last known address, is sufficient. If the taxpayer or person being notified is  
367.29 deceased or is under a legal disability, or, in the case of a corporation being notified that  
367.30 has terminated its existence, notice to the last known address of the taxpayer, person, or  
367.31 corporation is sufficient, unless the department has been provided with a new address by a  
367.32 party authorized to receive notices from the commissioner.

368.1 (b) If a taxpayer or other person agrees to accept notification by electronic means,  
368.2 notice of a determination or action of the commissioner sent by electronic mail to the  
368.3 taxpayer's or person's last known electronic mailing address as provided for in section  
368.4 325L.08 is sufficient.

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

368.6 Sec. 3. Minnesota Statutes 2012, section 270C.42, subdivision 2, is amended to read:

368.7 Subd. 2. **Penalty for failure to pay electronically.** In addition to other applicable  
368.8 penalties imposed by law, after notification from the commissioner to the taxpayer that  
368.9 payments for a tax payable to the commissioner are required to be made by electronic  
368.10 means, and the payments are remitted by some other means, there is a penalty in the  
368.11 amount of five percent of each payment that should have been remitted electronically.  
368.12 After the commissioner's initial notification to the taxpayer that payments are required to  
368.13 be made by electronic means, the commissioner is not required to notify the taxpayer in  
368.14 subsequent periods if the initial notification specified the amount of tax liability at which a  
368.15 taxpayer is required to remit payments by electronic means. The penalty can be abated  
368.16 under the abatement procedures prescribed in section 270C.34 if the failure to remit the  
368.17 payment electronically is due to reasonable cause. The penalty bears interest at the rate  
368.18 specified in section 270C.40 from the ~~due date of the payment of the tax~~ provided in  
368.19 section 270C.40, subdivision 3, to the date of payment of the penalty.

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

368.21 Sec. 4. Minnesota Statutes 2012, section 287.385, subdivision 7, is amended to read:

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

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

368.26 Sec. 5. Minnesota Statutes 2012, section 289A.55, subdivision 9, is amended to read:

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



369.1 (b) A penalty not included in paragraph (a) bears interest only if it is not paid within  
369.2 60 days from the date of notice. In that case interest is imposed from the date of notice  
369.3 to the date of payment.

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

369.5 Sec. 6. Minnesota Statutes 2012, section 289A.60, subdivision 4, is amended to read:

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

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

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

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

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

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

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

369.23 (2) \$10,000,000.

369.24 (d) The term "understatement" means the excess of the amount of the tax required  
369.25 to be shown on the return for the period, over the amount of the tax imposed that is  
369.26 shown on the return. The excess must be determined without regard to items to which  
369.27 subdivision 27 applies. The amount of the understatement shall be reduced by that part of  
369.28 the understatement that is attributable to the tax treatment of any item by the taxpayer if  
369.29 (1) there is or was substantial authority for the treatment, or (2)(i) any item with respect to  
369.30 which the relevant facts affecting the item's tax treatment are adequately disclosed in the  
369.31 return or in a statement attached to the return and (ii) there is a reasonable basis for the tax  
369.32 treatment of the item. The exception for substantial authority under clause (1) does not  
369.33 apply to positions listed by the Secretary of the Treasury under section 6662(d)(3) of the  
369.34 Internal Revenue Code. A corporation does not have a reasonable basis for its tax treatment  
369.35 of an item attributable to a multiple-party financing transaction if the treatment does not

370.1 clearly reflect the income of the corporation within the meaning of section 6662(d)(2)(B)  
370.2 of the Internal Revenue Code. The special rules in cases involving tax shelters provided in  
370.3 section 6662(d)(2)(C) of the Internal Revenue Code shall apply and shall apply to a tax  
370.4 shelter the principal purpose of which is the avoidance or evasion of state taxes.

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

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

370.11 Sec. 7. Minnesota Statutes 2012, section 296A.01, subdivision 7, is amended to read:

370.12 Subd. 7. **Aviation gasoline.** "Aviation gasoline" means any gasoline that is  
370.13 capable of use for the purpose of producing or generating power for propelling internal  
370.14 combustion engine aircraft, that meets the specifications in ASTM specification ~~D910-07a~~  
370.15 D910-11, and that either:

370.16 (1) is invoiced and billed by a producer, manufacturer, refiner, or blender to a  
370.17 distributor or dealer, by a distributor to a dealer or consumer, or by a dealer to consumer,  
370.18 as "aviation gasoline"; or

370.19 (2) whether or not invoiced and billed as provided in clause (1), is received, sold,  
370.20 stored, or withdrawn from storage by any person, to be used for the purpose of producing  
370.21 or generating power for propelling internal combustion engine aircraft.

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

370.23 Sec. 8. Minnesota Statutes 2012, section 296A.01, subdivision 8, is amended to read:

370.24 Subd. 8. **Aviation turbine fuel and jet fuel.** "Aviation turbine fuel" and "jet  
370.25 fuel" mean blends of hydrocarbons derived from crude petroleum, natural gasoline, and  
370.26 synthetic hydrocarbons, intended for use in aviation turbine engines, and that meet the  
370.27 specifications in ASTM specification ~~D1655-08a~~ D1655-12.

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

370.29 Sec. 9. Minnesota Statutes 2012, section 296A.01, is amended by adding a subdivision  
370.30 to read:

371.1 Subd. 8b. **Biobutanol.** "Biobutanol" means isobutyl alcohol produced by  
 371.2 fermenting agriculturally generated organic material that is to be blended with gasoline  
 371.3 and meets either:

371.4 (1) the initial ASTM Standard Specification for Butanol for Blending with Gasoline  
 371.5 for use as an Automotive Spark-Ignition Engine Fuel once it has been released by ASTM  
 371.6 for general distribution; or

371.7 (2) in the absence of an ASTM Standard Specification, the following list of  
 371.8 requirements:

371.9 (i) visually free of sediment and suspended matter;

371.10 (ii) clear and bright at the ambient temperature of 21 degrees Celsius or the ambient  
 371.11 temperature whichever is higher;

371.12 (iii) free of any adulterant or contaminant that can render it unacceptable for its  
 371.13 commonly used applications;

371.14 (iv) contains not less than 96 volume percent isobutyl alcohol;

371.15 (v) contains not more than 0.4 volume percent methanol;

371.16 (vi) contains not more than 1.0 volume percent water as determined by ASTM  
 371.17 standard test method E203 or E1064;

371.18 (vii) acidity (as acetic acid) of not more than 0.007 mass percent as determined  
 371.19 by ASTM standard test method D1613;

371.20 (viii) solvent washed gum content of not more than 5.0 milligrams per 100 milliliters  
 371.21 as determined by ASTM standard test method D381;

371.22 (ix) sulfur content of not more than 30 parts per million as determined by ASTM  
 371.23 standard test method D2622 or D5453; and

371.24 (x) contains not more than 4 parts per million total inorganic sulfate.

371.25 Sec. 10. Minnesota Statutes 2012, section 296A.01, subdivision 14, is amended to read:

371.26 Subd. 14. **Diesel fuel oil.** "Diesel fuel oil" means a petroleum distillate or blend of  
 371.27 petroleum distillate and residual fuels that is intended for use as a motor fuel in internal  
 371.28 combustion diesel engines and that meets ASTM specification ~~D975-07b~~ D975-11b.

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

371.30 Sec. 11. Minnesota Statutes 2012, section 296A.01, subdivision 19, is amended to read:

371.31 Subd. 19. **E85.** "E85" means a petroleum product that is a blend of agriculturally  
 371.32 derived denatured ethanol and gasoline or natural gasoline that typically contains not more  
 371.33 than 85 percent ethanol by volume, but at a minimum must contain 60 greater than 50  
 371.34 percent ethanol by volume. For the purposes of this chapter, the energy content of E85

372.1 will be considered to be 82,000 BTUs per gallon. E85 produced for use as a motor fuel in  
372.2 alternative fuel vehicles as defined in subdivision 5 must comply with ASTM specification  
372.3 ~~D5798-07~~ D5798-11.

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

372.5 Sec. 12. Minnesota Statutes 2012, section 296A.01, subdivision 20, is amended to read:

372.6 Subd. 20. **Ethanol, denatured.** "Ethanol, denatured" means ethanol that is to  
372.7 be blended with gasoline, has been agriculturally derived, and complies with ASTM  
372.8 specification ~~D4806-08~~ D4806-11a. This includes the requirement that ethanol may be  
372.9 denatured only as specified in Code of Federal Regulations, title 27, parts 20 and 21.

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

372.11 Sec. 13. Minnesota Statutes 2012, section 296A.01, subdivision 23, is amended to read:

372.12 Subd. 23. **Gasoline.** (a) "Gasoline" means:

372.13 (1) all products commonly or commercially known or sold as gasoline regardless of  
372.14 their classification or uses, except casinghead gasoline, absorption gasoline, condensation  
372.15 gasoline, drip gasoline, or natural gasoline that under the requirements of section 239.761,  
372.16 subdivision 3, must not be blended with gasoline that has been sold, transferred, or  
372.17 otherwise removed from a refinery or terminal; and

372.18 (2) any liquid prepared, advertised, offered for sale or sold for use as, or commonly  
372.19 and commercially used as, a fuel in spark-ignition, internal combustion engines, and that  
372.20 when tested by the Weights and Measures Division meets the specifications in ASTM  
372.21 specification ~~D4814-08b~~ D4814-11b.

372.22 (b) Gasoline that is not blended with ethanol must not be contaminated with water or  
372.23 other impurities and must comply with both ASTM specification ~~D4814-08b~~ D4814-11b  
372.24 and the volatility requirements in Code of Federal Regulations, title 40, part 80.

372.25 (c) After gasoline is sold, transferred, or otherwise removed from a refinery or  
372.26 terminal, a person responsible for the product:

372.27 (1) may blend the gasoline with agriculturally derived ethanol, as provided in  
372.28 subdivision 24;

372.29 (2) must not blend the gasoline with any oxygenate other than denatured,  
372.30 agriculturally derived ethanol;

372.31 (3) must not blend the gasoline with other petroleum products that are not gasoline  
372.32 or denatured, agriculturally derived ethanol;

373.1 (4) must not blend the gasoline with products commonly and commercially known  
373.2 as casinghead gasoline, absorption gasoline, condensation gasoline, drip gasoline, or  
373.3 natural gasoline; and

373.4 (5) may blend the gasoline with a detergent additive, an antiknock additive, or an  
373.5 additive designed to replace tetra-ethyl lead, that is registered by the EPA.

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

373.7 Sec. 14. Minnesota Statutes 2012, section 296A.01, subdivision 24, is amended to read:

373.8 Subd. 24. **Gasoline blended with nonethanol oxygenate.** "Gasoline blended with  
373.9 nonethanol oxygenate" means gasoline blended with ETBE, MTBE, or other alcohol  
373.10 or ether, except denatured ethanol, that is approved as an oxygenate by the EPA, and  
373.11 that complies with ASTM specification ~~D4814-08b~~ D4814-11b. Oxygenates, other than  
373.12 denatured ethanol, must not be blended into gasoline after the gasoline has been sold,  
373.13 transferred, or otherwise removed from a refinery or terminal.

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

373.15 Sec. 15. Minnesota Statutes 2012, section 296A.01, subdivision 26, is amended to read:

373.16 Subd. 26. **Heating fuel oil.** "Heating fuel oil" means a petroleum distillate, blend  
373.17 of petroleum distillates and residuals, or petroleum residual heating fuel that meets the  
373.18 specifications in ASTM specification ~~D396-08b~~ D396-12.

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

373.20 Sec. 16. Minnesota Statutes 2012, section 296A.22, subdivision 1, is amended to read:

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

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

373.26 Sec. 17. Minnesota Statutes 2012, section 296A.22, subdivision 3, is amended to read:

373.27 Subd. 3. **Operating without license.** If any person operates as a distributor, special  
373.28 fuel dealer, bulk purchaser, or motor carrier without first securing the license required  
373.29 under this chapter, any tax or fee imposed by this chapter shall become immediately due  
373.30 and payable. A penalty of 25 percent is imposed upon the tax and fee due. The tax, and

374.1 fees, ~~and penalty~~ shall bear interest at the rate specified in section 270C.40. The penalty  
374.2 imposed in this subdivision shall bear interest from the date provided in section 270C.40,  
374.3 subdivision 3, to the date of payment of the penalty.

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

374.5 Sec. 18. Minnesota Statutes 2012, section 297B.11, is amended to read:

374.6 **297B.11 REGISTRAR AS AGENT OF COMMISSIONER OF REVENUE;**  
374.7 **POWERS.**

374.8 The state commissioner of revenue is charged with the administration of the  
374.9 sales tax on motor vehicles. The commissioner may prescribe all rules not inconsistent  
374.10 with the provisions of this chapter, necessary and advisable for the proper and efficient  
374.11 administration of the law. The collection of this sales tax on motor vehicles shall be  
374.12 carried out by the motor vehicle registrar who shall act as the agent of the commissioner  
374.13 and who shall be subject to all rules not inconsistent with the provisions of this chapter,  
374.14 that may be prescribed by the commissioner.

374.15 The provisions of chapters 270C, 289A, and 297A relating to the commissioner's  
374.16 authority to audit, assess, and collect the tax, and to issue refunds and to hear appeals,  
374.17 are applicable to the sales tax on motor vehicles. The commissioner may impose civil  
374.18 penalties as provided in chapters 289A and 297A, and the additional tax and penalties  
374.19 are subject to interest at the rate provided in section 270C.40 from the date provided in  
374.20 section 270C.40, subdivision 3, until paid.

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

374.22 Sec. 19. Minnesota Statutes 2012, section 297E.14, subdivision 7, is amended to read:

374.23 Subd. 7. **Interest on penalties.** (a) A penalty imposed under section 297E.12,  
374.24 subdivision 1, 2, 3, 4, or 5, bears interest from the date ~~the return or payment was required~~  
374.25 ~~to be filed or paid, including any extensions~~ provided in section 270C.40, subdivision  
374.26 3, to the date of payment of the penalty.

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

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

374.31 Sec. 20. Minnesota Statutes 2012, section 297F.09, subdivision 9, is amended to read:

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

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

375.8 Sec. 21. Minnesota Statutes 2012, section 297F.18, subdivision 7, is amended to read:

375.9 Subd. 7. **Interest on penalties.** (a) A penalty imposed under section 297F.19,  
375.10 subdivisions 2 to 7, bears interest from the date ~~the return or payment was required to be~~  
375.11 ~~filed or paid, including any extensions~~ provided in section 270C.40, subdivision 3, to the  
375.12 date of payment of the penalty.

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

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

375.17 Sec. 22. Minnesota Statutes 2012, section 297G.09, subdivision 8, is amended to read:

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

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

375.24 Sec. 23. Minnesota Statutes 2012, section 297G.17, subdivision 7, is amended to read:

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

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

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

376.2 Sec. 24. Minnesota Statutes 2012, section 297I.80, subdivision 1, is amended to read:

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

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

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

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

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

376.16 Sec. 25. Minnesota Statutes 2012, section 469.319, subdivision 4, is amended to read:

376.17 Subd. 4. **Repayment procedures.** (a) For the repayment of taxes imposed under  
376.18 chapter 290 or 297A or local taxes collected pursuant to section 297A.99, a business must  
376.19 file an amended return with the commissioner of revenue and pay any taxes required  
376.20 to be repaid within 30 days after becoming subject to repayment under this section.  
376.21 The amount required to be repaid is determined by calculating the tax for the period or  
376.22 periods for which repayment is required without regard to the exemptions and credits  
376.23 allowed under section 469.315.

376.24 (b) For the repayment of taxes imposed under chapter 297B, a business must pay any  
376.25 taxes required to be repaid to the motor vehicle registrar, as agent for the commissioner of  
376.26 revenue, within 30 days after becoming subject to repayment under this section.

376.27 (c) For the repayment of property taxes, the county auditor shall prepare a tax  
376.28 statement for the business, applying the applicable tax extension rates for each payable  
376.29 year and provide a copy to the business and to the taxpayer of record. The business must  
376.30 pay the taxes to the county treasurer within 30 days after receipt of the tax statement. The  
376.31 business or the taxpayer of record may appeal the valuation and determination of the  
376.32 property tax to the Tax Court within 30 days after receipt of the tax statement.

376.33 (d) The provisions of chapters 270C and 289A relating to the commissioner's  
376.34 authority to audit, assess, and collect the tax and to hear appeals are applicable to the



377.1 repayment required under paragraphs (a) and (b). The commissioner may impose civil  
377.2 penalties as provided in chapter 289A, and the additional tax and penalties are subject  
377.3 to interest at the rate provided in section 270C.40~~5~~. The additional tax shall bear interest  
377.4 from 30 days after becoming subject to repayment under this section until the date the  
377.5 tax is paid. Any penalty imposed pursuant to this section shall bear interest from the date  
377.6 provided in section 270C.40, subdivision 3, to the date of payment of the penalty.

377.7 (e) If a property tax is not repaid under paragraph (c), the county treasurer shall  
377.8 add the amount required to be repaid to the property taxes assessed against the property  
377.9 for payment in the year following the year in which the auditor provided the statement  
377.10 under paragraph (c).

377.11 (f) For determining the tax required to be repaid, a reduction of a state or local sales or  
377.12 use tax is deemed to have been received on the date that the good or service was purchased  
377.13 or first put to a taxable use. In the case of an income tax or franchise tax, including the  
377.14 credit payable under section 469.318, a reduction of tax is deemed to have been received  
377.15 for the two most recent tax years that have ended prior to the date that the business became  
377.16 subject to repayment under this section. In the case of a property tax, a reduction of tax is  
377.17 deemed to have been received for the taxes payable in the year that the business became  
377.18 subject to repayment under this section and for the taxes payable in the prior year.

377.19 (g) The commissioner may assess the repayment of taxes under paragraph (d) any  
377.20 time within two years after the business becomes subject to repayment under subdivision  
377.21 1, or within any period of limitations for the assessment of tax under section 289A.38,  
377.22 whichever period is later. The county auditor may send the statement under paragraph  
377.23 (c) any time within three years after the business becomes subject to repayment under  
377.24 subdivision 1.

377.25 (h) A business is not entitled to any income tax or franchise tax benefits, including  
377.26 refundable credits, for any part of the year in which the business becomes subject to  
377.27 repayment under this section nor for any year thereafter. Property is not exempt from tax  
377.28 under section 272.02, subdivision 64, for any taxes payable in the year following the year  
377.29 in which the property became subject to repayment under this section nor for any year  
377.30 thereafter. A business is not eligible for any sales tax benefits beginning with goods  
377.31 or services purchased or first put to a taxable use on the day that the business becomes  
377.32 subject to repayment under this section.

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

377.34 Sec. 26. Minnesota Statutes 2012, section 469.340, subdivision 4, is amended to read:

378.1 Subd. 4. **Repayment procedures.** (a) For the repayment of taxes imposed under  
378.2 chapter 290 or 297A or local taxes collected pursuant to section 297A.99, a business must  
378.3 file an amended return with the commissioner of revenue and pay any taxes required to be  
378.4 repaid within 30 days after ceasing to do business in the zone. The amount required to be  
378.5 repaid is determined by calculating the tax for the period or periods for which repayment  
378.6 is required without regard to the exemptions and credits allowed under section 469.336.

378.7 (b) For the repayment of property taxes, the county auditor shall prepare a tax  
378.8 statement for the business, applying the applicable tax extension rates for each payable  
378.9 year and provide a copy to the business. The business must pay the taxes to the county  
378.10 treasurer within 30 days after receipt of the tax statement. The taxpayer may appeal the  
378.11 valuation and determination of the property tax to the Tax Court within 30 days after  
378.12 receipt of the tax statement.

378.13 (c) The provisions of chapters 270C and 289A relating to the commissioner's  
378.14 authority to audit, assess, and collect the tax and to hear appeals are applicable to the  
378.15 repayment required under paragraph (a). The commissioner may impose civil penalties as  
378.16 provided in chapter 289A, and the additional tax and penalties are subject to interest at the  
378.17 rate provided in section 270C.40~~;~~. The additional tax shall bear interest from 30 days after  
378.18 ceasing to do business in the biotechnology and health sciences industry zone until the  
378.19 date the tax is paid. Any penalty imposed pursuant to this section shall bear interest from  
378.20 the date provided in section 270C.40, subdivision 3, to the date of payment of the penalty.

378.21 (d) If a property tax is not repaid under paragraph (b), the county treasurer shall add  
378.22 the amount required to be repaid to the property taxes assessed against the property for  
378.23 payment in the year following the year in which the treasurer discovers that the business  
378.24 ceased to operate in the biotechnology and health sciences industry zone.

378.25 (e) For determining the tax required to be repaid, a tax reduction is deemed to have  
378.26 been received on the date that the tax would have been due if the taxpayer had not been  
378.27 entitled to the exemption, or on the date a refund was issued for a refundable credit.

378.28 (f) The commissioner may assess the repayment of taxes under paragraph (c) any  
378.29 time within two years after the business ceases to operate in the biotechnology and health  
378.30 sciences industry zone, or within any period of limitations for the assessment of tax under  
378.31 section 289A.38, whichever period is later.

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

APPENDIX  
Article locations in H0677-4

	HOMESTEAD CREDIT REFUND AND RENTER PROPERTY TAX	
ARTICLE 1	REFUND .....	Page.Ln 3.30
ARTICLE 2	PROPERTY TAX AIDS AND CREDITS .....	Page.Ln 11.18
ARTICLE 3	EDUCATION AIDS AND LEVIES .....	Page.Ln 30.24
ARTICLE 4	PROPERTY TAXES .....	Page.Ln 42.14
ARTICLE 5	SPECIAL TAXES .....	Page.Ln 75.17
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**16A.725 HEALTH IMPACT FUND AND FUND REIMBURSEMENTS.**

Subdivision 1. **Health impact fund.** There is created in the state treasury a health impact fund to which must be credited all revenue from the health impact fee under section 256.9658 and any floor stocks fee enacted into law.

Subd. 2. **Certified tobacco expenditures.** By April 30 of each year, the commissioner of human services shall certify to the commissioner of management and budget the state share, by fund, of tobacco use attributable costs for the previous fiscal year in Minnesota health care programs, including medical assistance, general assistance medical care, and MinnesotaCare, or other applicable expenditures.

Subd. 3. **Fund reimbursements.** (a) Each fiscal year, the commissioner of management and budget shall first transfer from the health impact fund to the general fund an amount sufficient to offset the general fund cost of the certified expenditures under subdivision 2 or the balance of the fund, whichever is less.

(b) If any balance remains in the health impact fund after the transfer in paragraph (a), the commissioner of management and budget shall transfer to the health care access fund the amount sufficient to offset the health care access fund cost of the certified expenditures in subdivision 2, or the balance of the fund, whichever is less.

**97A.061 PAYMENT IN LIEU OF TAXES.**

Subdivision 1. **Applicability; amount.** (a) The commissioner shall annually make a payment to each county having public hunting areas and game refuges. Money to make the payments is annually appropriated for that purpose from the general fund. Except as provided in paragraph (b), this section does not apply to state trust fund land and other state land not purchased for game refuge or public hunting purposes. Except as provided in paragraph (b), the payment shall be the greatest of:

(1) 35 percent of the gross receipts from all special use permits and leases of land acquired for public hunting and game refuges;

(2) 50 cents per acre on land purchased actually used for public hunting or game refuges; or

(3) three-fourths of one percent of the appraised value of purchased land actually used for public hunting and game refuges.

(b) The payment shall be 50 percent of the dollar amount as determined under section 477A.12, subdivision 1, paragraph (a), clause (1), multiplied by the number of acres of land in the county that are owned by another state agency for military purposes and designated as a game refuge under section 97A.085.

(c) The payment must be reduced by the amount paid under subdivision 3 for croplands managed for wild geese.

(d) The appraised value is the purchase price for five years after acquisition. The appraised value shall be determined by the county assessor every five years after acquisition.

Subd. 2. **Allocation.** (a) Except as provided in subdivision 3, the county treasurer shall allocate the payment among the county, towns, and school districts on the same basis as if the payments were taxes on the land received in the year. Payment of a town's or a school district's allocation must be made by the county treasurer to the town or school district within 30 days of receipt of the payment to the county. The county's share of the payment shall be deposited in the county general revenue fund.

(b) The county treasurer of a county with a population over 39,000 but less than 42,000 in the 1950 federal census shall allocate the payment only among the towns and school districts on the same basis as if the payments were taxes on the lands received in the current year.

(c) If a town received a payment in calendar year 2006 or thereafter under this subdivision, and subsequently incorporated as a city, the city will continue to receive any future year's allocations that would have been made to the town had it not incorporated, provided that the payments will terminate if the governing body of the city passes an ordinance that prohibits hunting within the boundaries of the city.

Subd. 3. **Goose management croplands.** (a) The commissioner shall make a payment on July 1 of each year to each county where the state owns more than 1,000 acres of crop land, for wild goose management purposes. The payment shall be equal to the taxes assessed on comparable, privately owned, adjacent land. Money to make the payments is annually appropriated for that purpose from the general fund. The county treasurer shall allocate and distribute the payment as provided in subdivision 2.

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(b) The land used for goose management under this subdivision is exempt from taxation as provided in sections 272.01 and 273.19.

Subd. 4. **Offset of payments.** Payments to a county or town under this section must be reduced by the amount of payment to that county or town under section 477A.12 for the same lands in the same year.

Subd. 5. **Allocation of payments.** Notwithstanding section 477A.14, the amounts paid to a county under section 477A.14 for lands that are also subject to payment under this section shall be allocated within the county in accordance with subdivision 2.

**256.9658 TOBACCO HEALTH IMPACT FEE.**

Subdivision 1. **Purpose.** A tobacco use health impact fee is imposed on and collected from cigarette distributors and tobacco products distributors to recover for the state health costs related to or caused by tobacco use and to reduce tobacco use, particularly by youths.

Subd. 2. **Definitions.** The definitions under section 297F.01 apply to this section.

Subd. 3. **Fee imposed.** (a) A fee is imposed upon the sale of cigarettes in this state, upon having cigarettes in possession in this state with intent to sell, upon any person engaged in business as a distributor, and upon the use or storage by consumers of cigarettes. The fee is imposed at the following rates:

(1) on cigarettes weighing not more than three pounds per thousand, 37.5 mills on each cigarette; and

(2) on cigarettes weighing more than three pounds per thousand, 75 mills on each cigarette.

(b) A fee is imposed upon all tobacco products in this state and upon any person engaged in business as a distributor in an amount equal to the liability for tax under section 297F.05, subdivision 3, or on a consumer of tobacco products equal to the tax under section 297F.05, subdivision 4. Liability for the fee is in addition to the tax under section 297F.05, subdivision 3 or 4.

Subd. 4. **Payment.** A distributor must pay the fee at the same time and in the same manner as provided for payment of tax under chapter 297F.

Subd. 5. **Fee on use of unstamped cigarettes.** Any person, other than a distributor, that purchases or possesses cigarettes that have not been stamped and on which the fee imposed under this section has not been paid is liable for the fee under this section on the possession or use of those cigarettes.

Subd. 6. **Administration.** The audit, assessment, interest, appeal, refund, penalty, enforcement, administrative, and collection provisions of chapters 270C and 297F apply to the fee imposed under this section.

Subd. 7. **Cigarette stamp.** (a) The stamp in section 297F.08 must be affixed to each package and is prima facie evidence that the fee imposed by this section has been paid.

(b) Notwithstanding any other provisions of this section, the fee due on the return is based upon actual stamps purchased during the reporting period.

Subd. 8. **License revocation.** The commissioner of revenue may revoke or suspend the license of a distributor for failure to pay the fee or otherwise comply with the requirements under this section. The provisions and procedures under section 297F.04 apply to a suspension or revocation under this subdivision.

Subd. 9. **Deposit of revenues.** The commissioner of revenue shall deposit the revenues from the fee under this section in the state treasury and credit them to the health impact fund.

**272.69 LISTING LEASED PERSONAL PROPERTY; PENALTY.**

Subdivision 1. **Filing of list with commissioner.** Any person, firm, or corporation engaged in the business of leasing items of tangible personal property which are subject to personal property taxation shall file with the commissioner of revenue not later than February 15 of each year a listing of all items of personal property owned by the lessor and in possession of a lessee under a lease, rental purchase option, or similar type of agreement as of the January 2 immediately preceding. The listing shall be made on forms provided by the commissioner and shall contain a brief description of each item including the serial number, if any, the location thereof, the date of manufacture, and the manufacturer's list selling price. The commissioner may grant an extension of the filing date herein prescribed for good cause shown.

Subd. 2. **List to county assessor.** Upon receipt of the listings required by subdivision 1, the commissioner of revenue shall compile a listing of all property thus located in each county and shall forward a copy of the listing together with other pertinent data to the county assessor

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of the county in which the property is, or was as of January 2, located in order to aid in the proper listing and assessment thereof.

Subd. 3. **Intent; agreements between lessors and lessees.** It is the intent of this section that leased personal property which is subject to personal property taxation be assessed to and the tax paid by the lessor, notwithstanding any agreement between lessor and lessee to the contrary. Any such agreement may, however, be construed as an agreement by the lessee to indemnify the lessor for the amount of personal property taxes paid. The listing required by this section shall be in lieu of any other property tax listing required by law for property required to be listed.

Subd. 4. **Penalty.** Any person, firm, or corporation, or agent, officer, or employee thereof required by this section to file a listing of personal property who shall willfully fail to file such listing or who shall willfully or knowingly omit therefrom any item or items of personal property required to be listed is guilty of a gross misdemeanor. In addition, items omitted from a listing shall be treated as omitted property subject to the provisions of section 273.02.

### **273.11 VALUATION OF PROPERTY.**

Subd. 1a. **Limited market value.** In the case of all property classified as agricultural homestead or nonhomestead, residential homestead or nonhomestead, timber, or noncommercial seasonal residential recreational, the assessor shall compare the value with the taxable portion of the value determined in the preceding assessment.

For assessment years 2004, 2005, and 2006, the amount of the increase shall not exceed the greater of (1) 15 percent of the value in the preceding assessment, or (2) 25 percent of the difference between the current assessment and the preceding assessment.

For assessment year 2007, the amount of the increase shall not exceed the greater of (1) 15 percent of the value in the preceding assessment, or (2) 33 percent of the difference between the current assessment and the preceding assessment.

For assessment year 2008, the amount of the increase shall not exceed the greater of (1) 15 percent of the value in the preceding assessment, or (2) 50 percent of the difference between the current assessment and the preceding assessment.

This limitation shall not apply to increases in value due to improvements. For purposes of this subdivision, the term "assessment" means the value prior to any exclusion under subdivision 16.

The provisions of this subdivision shall be in effect through assessment year 2008 as provided in this subdivision.

For purposes of the assessment/sales ratio study conducted under section 127A.48, and the computation of state aids paid under chapters 122A, 123A, 123B, 124D, 125A, 126C, 127A, and 477A, market values and net tax capacities determined under this subdivision and subdivision 16, shall be used.

Subd. 22. **Lead hazard market value reduction.** Owners of property classified as class 1a, 1b, 1c, 2a, 4b, 4bb, or 4d under section 273.13 may apply for a lead hazard valuation reduction, provided that the property is located in a city which has authorized valuation reductions under this subdivision. A city that authorizes reductions under this subdivision must establish guidelines for qualifying lead hazard reduction projects and must designate an agency within the city to issue certificates of completion of qualifying projects. For purposes of this subdivision, "lead hazard reduction" has the same meaning as in section 144.9501, subdivision 17.

The property owner must obtain a certificate from the agency stating (1) that the project has been completed and (2) the total cost incurred by the owner, which must be at least \$3,000. Only projects originating after July 1, 2005, and completed before July 1, 2010, qualify for a reduction under this subdivision. The property owner shall apply for the valuation reduction to the assessor on a form prescribed by the assessor accompanied by a copy of the certificate of completion from the agency.

A qualifying property is eligible for a one-year valuation reduction equal to the actual cost incurred, to a maximum of \$20,000. If a property owner applies to the assessor for the valuation reduction under this subdivision between January 1 and June 30 of any year, the reduction applies for taxes payable in the following year. If a property owner applies to the assessor for the valuation reduction under this subdivision between July 1 and December 31, the reduction applies for taxes payable in the second following year. For purposes of subdivision 1a, any additional market value resulting from the lead hazard removal must be considered an increase in value due to new construction.

### **276A.01 DEFINITIONS.**

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Subd. 11. **Valuation.** "Valuation" means the market value of real and personal property within a municipality as defined in subdivision 10.

### **289A.60 CIVIL PENALTIES.**

Subd. 31. **Accelerated payment of monthly sales tax liability; penalty for underpayment.** For payments made after September 1, 2010, if a vendor is required by section 289A.20, subdivision 4, paragraph (a), clause (2), item (i) or (ii), to make accelerated payments, then the penalty for underpayment is as follows:

(a) For those vendors that must remit a 90 percent payment by the 14th day of the month following the month in which the taxable event occurred, as an estimation of the monthly sales tax liability, including the liability of any fee or other tax that is to be reported on the same return as and paid with the chapter 297A taxes, for the month in which the taxable event occurred, the vendor shall pay a penalty equal to ten percent of the amount of liability that was required to be paid by the 14th day of the month, less the amount remitted by the 14th day of the month. The penalty must not be imposed, however, if the amount remitted by the 14th day of the month equals the least of: (1) 90 percent of the liability for the month preceding the month in which the taxable event occurred; (2) 90 percent of the liability for the same month in the previous calendar year as the month in which the taxable event occurred; or (3) 90 percent of the average monthly liability for the previous calendar year.

(b) For those vendors that, on or before the 20th day of the month in which the taxable event occurs, must remit to the commissioner a prepayment of the sales tax liability for the month in which the taxable event occurs equal to 67 percent of the liability for the previous month, including the liability of any fee or other tax that is to be reported on the same return as and paid with the chapter 297A taxes, for the month in which the taxable event occurred, the vendor shall pay a penalty equal to ten percent of the amount of liability that was required to be paid by the 20th of the month, less the amount remitted by the 20th of the month. The penalty must not be imposed, however, if the amount remitted by the 20th of the month equals the lesser of: (1) 67 percent of the liability of the same month in the previous calendar year as the month in which the taxable event occurred; or (2) an amount equal to the liability for the month in which the taxable event occurred.

### **290.01 DEFINITIONS.**

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

- (1) it is part of a unitary business at least one member of which is taxable in this state;
- (2) it is not a foreign sales corporation under section 922 of the Internal Revenue Code, as amended through December 31, 1999, for the taxable year;
- (3) it is not an interest charge domestic international sales corporation under sections 992, 993, 994, and 995 of the Internal Revenue Code;
- (4) either (i) it has in effect a valid election under section 936 of the Internal Revenue Code; or (ii) at least 80 percent of the gross income from all sources of the corporation in the tax year is active foreign business income; and
- (5) for purposes of this subdivision, active foreign business income means gross income that is (i) derived from sources without the United States, as defined in subtitle A, chapter 1, subchapter N, part 1, of the Internal Revenue Code; and (ii) attributable to the active conduct of a trade or business in a foreign country.

### **290.06 RATES OF TAX; CREDITS.**

Subd. 22a. **Nonresident's credit for taxes paid to state of domicile.** (a) Notwithstanding subdivision 22, a nonresident who is subject to tax in this state on the gain on the sale of a partnership interest, which is allocable to this state under section 290.17, subdivision 2, paragraph (c), is allowed a credit for the tax paid to the state of the individual's domicile upon the gain in the taxable year or a subsequent taxable year. This credit is only allowed if the state of domicile does not allow a credit for the tax paid to Minnesota on the gain.

(b) For purposes of this subdivision, the credit equals the tax paid to the state of domicile multiplied by the ratio derived by dividing the amount of gain on the sale of the partnership interest subject to tax in the other state that is also subject to tax in Minnesota by the taxpayer's federal adjusted gross income, as defined in section 62 of the Internal Revenue Code. The credit allowed may not reduce the taxes paid under this chapter to an amount less than the tax that would apply if the gain were excluded from taxable net income.

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(c) If a nonresident taxpayer reported the gain to Minnesota and is assessed tax in the state of domicile on that same income after the Minnesota statute of limitations has expired, the taxpayer is allowed a credit for that year, notwithstanding any statute of limitations to the contrary. The claim for the credit must be submitted within one year from the date the taxes were paid to the state of domicile and the taxpayer must submit sufficient proof to show entitlement to a credit.

(d) For the purposes of this subdivision, "another state" includes the District of Columbia, but does not include Puerto Rico or the several territories organized by Congress.

**290.0921 CORPORATE ALTERNATIVE MINIMUM TAX AFTER 1989.**

Subd. 7. **Foreign operating companies.** The income and deductions related to foreign operating companies, as defined in section 290.01, subdivision 6b, that are used to calculate Minnesota alternative minimum taxable income, are limited to the amounts included for purposes of calculating taxable income under section 290.01, subdivision 29.

**290.171 ENACTMENT OF MULTISTATE TAX COMPACT.**

The "Multistate Tax Compact" is hereby enacted into law to the extent provided in this section and entered into with all jurisdictions legally joining therein, in the form substantially as follows:

Article I. Purposes.

The purposes of this compact are to:

1. Facilitate proper determination of state and local tax liability of multistate taxpayers, including the equitable apportionment of tax bases and settlement of apportionment disputes.
2. Promote uniformity or compatibility in significant components of tax systems.
3. Facilitate taxpayer convenience and compliance in the filing of tax returns and in other phases of tax administration.
4. Avoid duplicative taxation.

Article II. Definitions.

As used in this compact:

1. "State" means a state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, or any territory or possession of the United States.
2. "Subdivision" means any governmental unit or special district of a state.
3. "Taxpayer" means any corporation, partnership, firm, association, governmental unit or agency or person acting as a business entity in more than one state.
4. "Income tax" means a tax imposed on or measured by net income including any tax imposed on or measured by an amount arrived at by deducting expenses from gross income, one or more forms of which expenses are not specifically and directly related to particular transactions.
5. "Capital stock tax" means a tax measured in any way by the capital of a corporation considered in its entirety.
6. "Gross receipts tax" means a tax, other than a sales tax, which is imposed on or measured by the gross volume of business, in terms of gross receipts or in other terms, and in the determination of which no deduction is allowed which would constitute the tax an income tax.
7. "Sales tax" means a tax imposed with respect to the transfer for a consideration of ownership, possession or custody of tangible personal property or the rendering of services measured by the price of the tangible personal property transferred or services rendered and which is required by state or local law to be separately stated from the sales price by the seller, or which is customarily separately stated from the sales price, but does not include a tax imposed exclusively on the sale of a specifically identified commodity or article or class of commodities or articles.
8. "Use tax" means a nonrecurring tax, other than a sales tax, which (a) is imposed on or with respect to the exercise or enjoyment of any right or power over tangible personal property incident to the ownership, possession or custody of that property or the leasing of that property from another including any consumption, keeping, retention, or other use of tangible personal property and (b) is complementary to a sales tax.
9. "Tax" means an income tax, capital stock tax, gross receipts tax, sales tax, use tax, and any other tax which has a multistate impact, except that the provisions of article V of this compact shall apply only to the taxes specifically designated therein.

Article III. Elements of Income Tax Laws.

Article IV. Division of Income.

Article V. Elements of Sales and Use Tax Laws.

Tax Credit.



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1. Each purchaser liable for a use tax on tangible personal property shall be entitled to full credit for the combined amount or amounts of legally imposed sales or use taxes paid by him with respect to the same property to another state and any subdivision thereof. The credit shall be applied first against the amount of any use tax due the state, and any unused portion of the credit shall then be applied against the amount of any use tax due a subdivision.

2. Whenever a vendor receives and accepts in good faith from a purchaser a resale or other exemption certificate or other written evidence of exemption authorized by the appropriate state or subdivision taxing authority, the vendor shall be relieved of liability for a sales or use tax with respect to the transaction.

#### Article VI. The Commission.

##### Organization and Management.

1. (a) The multistate tax commission is hereby established. It shall be composed of one "member" from each party state who shall be the head of the state agency charged with the administration of the types of taxes to which this compact applies. If there is more than one such agency the state shall provide by law for the selection of the commission member from the heads of the relevant agencies. State law may provide that a member of the commission be represented by an alternate but only if there is on file with the commission written notification of the designation and identity of the alternate. The attorney general of each party state or his designee, or other counsel if the laws of the party state specifically provide, shall be entitled to attend the meetings of the commission, but shall not vote. Such attorneys general, designees, or other counsel shall receive all notices of meetings required under paragraph 1(e) of this article.

(b) Each party state shall provide by law for the selection of representatives from its subdivisions affected by this compact to consult with the commission member from that state.

(c) Each member shall be entitled to one vote. The commission shall not act unless a majority of the members are present, and no action shall be binding unless approved by a majority of the total number of members.

(d) The commission shall adopt an official seal to be used as it may provide.

(e) The commission shall hold an annual meeting and such other regular meetings as its bylaws may provide and such special meetings as its executive committee may determine. The commission bylaws shall specify the dates of the annual and any other regular meetings, and shall provide for the giving of notice of annual, regular and special meetings. Notices of special meetings shall include the reasons therefor and an agenda of the items to be considered.

(f) The commission shall elect annually, from among its members, a chairman, a vice-chairman and a treasurer. The commission shall appoint an executive director who shall serve at its pleasure, and it shall fix his duties and compensation. The executive director shall be secretary of the commission. The commission shall make provision for the bonding of such of its officers and employees as it may deem appropriate.

(g) Irrespective of the civil service, personnel or other merit system laws of any party state, the executive director shall appoint or discharge such personnel as may be necessary for the performance of the functions of the commission and shall fix their duties and compensation. The commission bylaws shall provide for personnel policies and programs.

(h) The commission may borrow, accept or contract for the services of personnel from any state, the United States, or any other governmental entity.

(i) The commission may accept for any of its purposes and functions any and all donations and grants of money, equipment, supplies, materials and services, conditional or otherwise, from any governmental entity, and may utilize and dispose of the same.

(j) The commission may establish one or more offices for the transacting of its business.

(k) The commission shall adopt bylaws for the conduct of its business. The commission shall publish its bylaws in convenient form, and shall file a copy of the bylaws and any amendments thereto with the appropriate agency or officer in each of the party states.

(l) The commission annually shall make to the governor of each party state a report covering its activities for the preceding year. Any donation or grant accepted by the commission or services borrowed shall be reported in the annual report of the commission, and shall include the nature, amount and conditions, if any, of the donation, gift, grant or services borrowed and the identity of the donor or lender. The commission may make additional reports as it may deem desirable.

##### Committees.

2. (a) To assist in the conduct of its business when the full commission is not meeting, the commission shall have an executive committee of seven members, including the chairman, vice chairman, treasurer and four other members elected annually by the commission. The executive committee, subject to the provisions of this compact and consistent with the policies of the commission, shall function as provided in the bylaws of the commission.

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(b) The commission may establish advisory and technical committees, membership on which may include private persons and public officials, in furthering any of its activities. Such committees may consider any matter of concern to the commission, including problems of special interest to any party state and problems dealing with particular types of taxes.

(c) The commission may establish such additional committees as its bylaws may provide.

#### Powers.

3. In addition to powers conferred elsewhere in this compact, the commission shall have power to:

(a) Study state and local tax systems and particular types of state and local taxes.

(b) Develop and recommend proposals for an increase in uniformity or compatibility of state and local tax laws with a view toward encouraging the simplification and improvement of state and local tax law and administration.

(c) Compile and publish information as in its judgment would assist the party states in implementation of the compact and taxpayers in complying with state and local tax laws.

(d) Do all things necessary and incidental to the administration of its functions pursuant to this compact.

#### Finance.

4. (a) The commission shall submit to the governor or designated officer or officers of each party state a budget of its estimated expenditures for such period as may be required by the laws of that state for presentation to the legislature thereof.

(b) Each of the commission's budgets of estimated expenditures shall contain specific recommendations of the amounts to be appropriated by each of the party states. The total amount of appropriations requested under any such budget shall be apportioned among the party states as follows: one-tenth in equal shares; and the remainder in proportion to the amount of revenue collected by each party state and its subdivisions from income taxes, capital stock taxes, gross receipts taxes, sales and use taxes. In determining such amounts, the commission shall employ such available public sources of information as, in its judgment, present the most equitable and accurate comparisons among the party states. Each of the commission's budgets of estimated expenditures and requests for appropriations shall indicate the sources used in obtaining information employed in applying the formula contained in this paragraph.

(c) The commission shall not pledge the credit of any party state. The commission may meet any of its obligations in whole or in part with funds available to it under paragraph 1(i) of this article, provided that the commission takes specific action setting aside such funds prior to incurring any obligation to be met in whole or in part in such manner. Except where the commission makes use of funds available to it under paragraph 1(i), the commission shall not incur any obligation prior to the allotment of funds by the party states adequate to meet the same.

(d) The commission shall keep accurate accounts of all receipts and disbursements. The receipts and disbursements of the commission shall be subject to the audit and accounting procedures established under its bylaws. All receipts and disbursements of funds handled by the commission shall be audited yearly by a certified or licensed public accountant and the report of the audit shall be included in and become part of the annual report of the commission.

(e) The accounts of the commission shall be open at any reasonable time for inspection by duly constituted officers of the party states and by any persons authorized by the commission.

(f) Nothing contained in this article shall be construed to prevent commission compliance with laws relating to audit or inspection of accounts by or on behalf of any government contributing to the support of the commission.

#### Article VII. Uniform Regulations and Forms.

1. Whenever any two or more party states, or subdivisions of party states, have uniform or similar provisions of law relating to an income tax, capital stock tax, gross receipts tax, sales or use tax, the commission may adopt uniform regulations for any phase of the administration of such law, including assertion of jurisdiction to tax, or prescribing uniform tax forms.

2. Prior to the adoption of any regulation, the commission shall:

(a) As provided in its bylaws, hold at least one public hearing on due notice to all affected party states and subdivisions thereof and to all taxpayers and other persons who have made timely request of the commission for advance notice of its regulation-making proceedings.

(b) Afford all affected party states and subdivisions and interested persons an opportunity to submit relevant written data and views, which shall be considered fully by the commission.

3. The commission shall submit any regulations adopted by it to the appropriate officials of all party states and subdivisions to which they might apply. Each such state and subdivision shall consider any such regulation for adoption in accordance with its own laws and procedures.

#### Article VIII. Interstate Audits.

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1. Any party state or subdivision thereof desiring to make or participate in an audit of any accounts, books, papers, records or other documents may request the commission to perform the audit on its behalf. In responding to the request, the commission shall have access to and may examine, at any reasonable time, such accounts, books, papers, records, and other documents and any relevant property or stock of merchandise. The commission may enter into agreements with party states or their subdivisions for assistance in performance of the audit. The commission shall make charges, to be paid by the state or local government or governments for which it performs the service, for any audits performed by it in order to reimburse itself for the actual costs incurred in making the audit.

2. The commission may require the attendance of any person within the state where it is conducting an audit or part thereof at a time and place fixed by it within such state for the purpose of giving testimony with respect to any account, book, paper, document, other record, property or stock of merchandise being examined in connection with the audit. If the person is not within the jurisdiction, he may be required to attend for such purpose at any time and place fixed by the commission within the state of which he is a resident, provided that such state has adopted this article.

3. The commission may apply to any court having power to issue compulsory process for orders in aid of its powers and responsibilities pursuant to this article and any and all such courts shall have jurisdiction to issue such orders. Failure of any person to obey any such order shall be punishable as contempt of the issuing court. If the party or subject matter on account of which the commission seeks an order is within the jurisdiction of the court to which application is made, such application may be to a court in the state or subdivision on behalf of which the audit is being made or a court in the state in which the object of the order being sought is situated. The provisions of this paragraph apply only to courts in a state that has adopted this article.

4. The commission may decline to perform any audit requested if it finds that its available personnel or other resources are insufficient for the purpose or that, in the terms requested, the audit is impracticable of satisfactory performance. If the commission, on the basis of its experience, has reason to believe that an audit of a particular taxpayer, either at a particular time or on a particular schedule, would be of interest to a number of party states or their subdivisions, it may offer to make the audit or audits, the offer to be contingent on sufficient participation therein as determined by the commission.

5. Information obtained by any audit pursuant to this article shall be confidential and available only for tax purposes to party states, their subdivisions or the United States. Availability of information shall be in accordance with the laws of the states or subdivisions on whose account the commission performs the audit, and only through the appropriate agencies or officers of such states or subdivisions. Nothing in this article shall be construed to require any taxpayer to keep records for any period not otherwise required by law.

6. Other arrangements made or authorized pursuant to law for cooperative audit by or on behalf of the party states or any of their subdivisions are not superseded or invalidated by this article.

7. In no event shall the commission make any charge against a taxpayer for an audit.

8. As used in this article, "tax," in addition to the meaning ascribed to it in article II, means any tax or license fee imposed in whole or in part for revenue purposes.

#### Article IX. Arbitration.

1. Whenever the commission finds a need for settling disputes concerning apportionments and allocations by arbitration, it may adopt a regulation placing this article in effect, notwithstanding the provisions of article VII.

2. The commission shall select and maintain an arbitration panel composed of officers and employees of state and local governments and private persons who shall be knowledgeable and experienced in matters of tax law and administration.

3. Whenever the laws of the party states or subdivisions thereof are substantially identical with the relevant provisions of this chapter, the taxpayer, by written notice to the commission and to each party state or subdivision thereof that would be affected, may secure arbitration of an apportionment or allocation, if he is dissatisfied with the final administrative determination of the tax agency of the state or subdivision with respect thereto on the ground that it would subject him to double or multiple taxation by two or more party states or subdivisions thereof. Each party state and subdivision thereof hereby consents to the arbitration as provided herein, and agrees to be bound thereby.

4. The arbitration board shall be composed of one person selected by the taxpayer, one by the agency or agencies involved, and one member of the commission's arbitration panel. If the agencies involved are unable to agree on the person to be selected by them, such person shall be selected by lot from the total membership of the arbitration panel. The two persons selected for

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the board in the manner provided by the foregoing provisions of this paragraph shall jointly select the third member of the board. If they are unable to agree on the selection, the third member shall be selected by lot from among the total membership of the arbitration panel. No member of a board selected by lot shall be qualified to serve if he is an officer or employee or is otherwise affiliated with any party to the arbitration proceeding. Residence within the jurisdiction of a party to the arbitration proceeding shall not constitute affiliation within the meaning of this paragraph.

5. The board may sit in any state or subdivision party to the proceeding, in the state of the taxpayer's incorporation, residence or domicile, in any state where the taxpayer does business, or in any place that it finds most appropriate for gaining access to evidence relevant to the matter before it.

6. The board shall give due notice of the times and places of its hearings. The parties shall be entitled to be heard, to present evidence, and to examine and cross-examine witnesses. The board shall act by majority vote.

7. The board shall have power to administer oaths, take testimony, subpoena and require the attendance of witnesses and the production of accounts, books, papers, records, and other documents, and issue commissions to take testimony. Subpoenas may be signed by any member of the board. In case of failure to obey a subpoena, and upon application by the board, any judge of a court of competent jurisdiction of the state in which the board is sitting or in which the person to whom the subpoena is directed may be found may make an order requiring compliance with the subpoena, and the court may punish failure to obey the order as a contempt. The provisions of this paragraph apply only in states that have adopted this article.

8. Unless the parties otherwise agree the expenses and other costs of the arbitration shall be assessed and allocated among the parties by the board in such manner as it may determine. The commission shall fix a schedule of compensation for members of arbitration boards and of other allowable expenses and costs. No officer or employee of a state or local government who serves as a member of a board shall be entitled to compensation therefor unless he is required on account of his service to forgo the regular compensation attaching to his public employment, but any such board member shall be entitled to expenses.

9. The board shall determine the disputed apportionment or allocation and any matters necessary thereto. The determinations of the board shall be final for purposes of making the apportionment or allocation, but for no other purpose.

10. The board shall file with the commission and with each tax agency represented in the proceeding: the determination of the board; the board's written statement of its reasons therefor; the record of the board's proceedings; and any other documents required by the arbitration rules of the commission to be filed.

11. The commission shall publish the determinations of boards together with the statements of the reasons therefor.

12. The commission shall adopt and publish rules of procedure and practice and shall file a copy of such rules and of any amendment thereto with the appropriate agency or officer in each of the party states.

13. Nothing contained herein shall prevent at any time a written compromise of any matter or matters in dispute, if otherwise lawful, by the parties to the arbitration proceedings.

#### Article X. Entry Into Force and Withdrawal.

1. This compact shall become effective as to any other state upon its enactment. The commission shall arrange for notification of all party states whenever there is a new enactment of the compact.

2. Any party state may withdraw from this compact by enacting a statute repealing the same. No withdrawal shall affect any liability already incurred by or chargeable to a party state prior to the time of such withdrawal.

3. No proceeding commenced before an arbitration board prior to the withdrawal of a state and to which the withdrawing state or any subdivision thereof is a party shall be discontinued or terminated by the withdrawal, nor shall the board thereby lose jurisdiction over any of the parties to the proceeding necessary to make a binding determination therein.

#### Article XI. Effect on Other Laws and Jurisdictions.

Nothing in this compact shall be construed to:

(a) Affect the power of any state or subdivision thereof to fix rates of taxation.

(b) Apply to any tax or fixed fee imposed for the registration of a motor vehicle or any tax on motor fuel, other than a sales tax, provided that the definition of "tax" in article VIII 9 may apply for the purposes of that article and the commission's powers of study and recommendation pursuant to article VI 3 may apply.

(c) Withdraw or limit the jurisdiction of any state or local court or administrative officer or body with respect to any person, corporation or other entity or subject matter, except to the

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extent that such jurisdiction is expressly conferred by or pursuant to this compact upon another agency or body.

(d) Supersede or limit the jurisdiction of any court of the United States.

### Article XII. Construction and Severability.

This compact shall be liberally construed so as to effectuate the purposes thereof. The provisions of this compact shall be severable and if any phrase, clause, sentence, or provision of this compact is declared to be contrary to the constitution of any state or of the United States or the applicability thereof to any government, agency, person or circumstance is held invalid, the validity of the remainder of this compact and the applicability thereof to any government, agency, person or circumstance shall not be affected thereby. If this compact shall be held contrary to the constitution of any state participating therein, the compact shall remain in full force and effect as to the remaining party states and in full force and effect as to the state affected as to all severable matters.

### **290.173 MULTISTATE COMPACT ADVISORY COMMITTEE.**

There is hereby established the Multistate Tax Compact Advisory Committee composed of the commissioner of revenue or the alternate member of the commission designated by the commissioner, the attorney general or a designee, and two members of the senate, appointed by the Committee on Committees, and two members of the house of representatives appointed by the speaker of the house. The chair shall be the member of the Multistate Tax Commission, representing the state of Minnesota. The committee shall meet at the call of its chair or at the request of a majority of its members, but in any event not less than three times in each year. The committee may consider any and all matters relating to recommendations of the Multistate Tax Commission and the activities of the members in representing the state of Minnesota on the commission.

### **290.174 INTERSTATE AUDITS.**

Article VIII of the Multistate Tax Compact relating to interstate audits shall be in force in and with respect to the state of Minnesota. For purposes of chapter 270B, the Multistate Tax Commission will be considered to be a state for purposes of auditing corporate sales, excise, and income tax returns.

### **297A.61 DEFINITIONS.**

Subd. 27. **Direct satellite service.** "Direct satellite service" means programming transmitted or broadcast by satellite directly to the subscriber's premises without the use of ground receiving or distribution equipment, except at the subscriber's premises or in the uplink process to the satellite.

### **297A.68 BUSINESS EXEMPTIONS.**

Subd. 35. **Telecommunications, cable television, and direct satellite machinery and equipment.** (a) Telecommunications, cable television, or direct satellite machinery and equipment purchased or leased for use directly by a telecommunications, cable television, or direct satellite service provider primarily in the provision of telecommunications, cable television, or direct satellite services that are ultimately to be sold at retail are exempt, regardless of whether purchased by the owner, a contractor, or a subcontractor.

(b) For purposes of this subdivision, "telecommunications, cable television, or direct satellite machinery and equipment" includes, but is not limited to:

(1) machinery, equipment, and fixtures utilized in receiving, initiating, amplifying, processing, transmitting, retransmitting, recording, switching, or monitoring telecommunications, cable television, or direct satellite services, such as computers, transformers, amplifiers, routers, bridges, repeaters, multiplexers, and other items performing comparable functions;

(2) machinery, equipment, and fixtures used in the transportation of telecommunications, cable television, or direct satellite services, radio transmitters and receivers, satellite equipment, microwave equipment, and other transporting media, but not wire, cable, fiber, poles, or conduit;

(3) ancillary machinery, equipment, and fixtures that regulate, control, protect, or enable the machinery in clauses (1) and (2) to accomplish its intended function, such as auxiliary power supply, test equipment, towers, heating, ventilating, and air conditioning equipment necessary to the operation of the telecommunications, cable television, or direct satellite equipment; and software necessary to the operation of the telecommunications, cable television, or direct satellite equipment; and

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(4) repair and replacement parts, including accessories, whether purchased as spare parts, repair parts, or as upgrades or modifications to qualified machinery or equipment.

**473F.02 DEFINITIONS.**

Subd. 13. **Valuation.** "Valuation" means the market value of real and personal property within a municipality as defined in subdivision 12.

**477A.011 DEFINITIONS.**

Subd. 2a. **Special taxing district.** "Special taxing district" means a political subdivision with the authority to levy property taxes, other than a city, county, town, or school district.

Subd. 19. **Metropolitan area.** "Metropolitan area" is the metropolitan area as defined in section 473.121, subdivision 2.

Subd. 21. **Equalized market values.** "Equalized market values" means market values that have been equalized by dividing the assessor's estimated market value for the second year prior to that in which the aid is payable by the assessment sales ratios determined by class in the assessment sales ratio study conducted by the Department of Revenue pursuant to section 127A.48 in the second year prior to that in which the aid is payable. The equalized market values equal the unequalized market values divided by the assessment sales ratio.

Subd. 29. **Adjusted revenue base.** "Adjusted revenue base" means revenue base as defined in subdivision 27 less the levy reported under section 275.62, subdivision 1, clause (2).

Subd. 31. **Population decline percentage.** "Population decline percentage" for a city is the percent decline in a city's population for the last ten years, based on the most recently available population estimate from the state demographer or a federal census. A city's population decline percentage cannot be less than zero.

Subd. 32. **Commercial industrial percentage.** "Commercial industrial percentage" for a city is 100 times the sum of the estimated market values of all real property in the city classified as class 3 under section 273.13, subdivision 24, excluding public utility property, to the total market value of all taxable real and personal property in the city. The market values are the amounts computed before any adjustments for fiscal disparities under section 276A.06 or 473F.08. The market values used for this subdivision are not equalized.

Subd. 33. **Transformed population.** "Transformed population" for a city is the city population raised to the .3308 power, times 30.5485.

Subd. 36. **City aid base.** (a) Except as otherwise provided in this subdivision, "city aid base" is zero.

(b) The city aid base for any city with a population less than 500 is increased by \$40,000 for aids payable in calendar year 1995 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$40,000 for aids payable in calendar year 1995 only, provided that:

- (i) the average total tax capacity rate for taxes payable in 1995 exceeds 200 percent;
- (ii) the city portion of the tax capacity rate exceeds 100 percent; and
- (iii) its city aid base is less than \$60 per capita.

(c) The city aid base for a city is increased by \$20,000 in 1998 and thereafter and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$20,000 in calendar year 1998 only, provided that:

- (i) the city has a population in 1994 of 2,500 or more;
- (ii) the city is located in a county, outside of the metropolitan area, which contains a city of the first class;
- (iii) the city's net tax capacity used in calculating its 1996 aid under section 477A.013 is less than \$400 per capita; and

(iv) at least four percent of the total net tax capacity, for taxes payable in 1996, of property located in the city is classified as railroad property.

(d) The city aid base for a city is increased by \$200,000 in 1999 and thereafter and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$200,000 in calendar year 1999 only, provided that:

- (i) the city was incorporated as a statutory city after December 1, 1993;
- (ii) its city aid base does not exceed \$5,600; and
- (iii) the city had a population in 1996 of 5,000 or more.

(e) The city aid base for a city is increased by \$150,000 for aids payable in 2000 and thereafter, and the maximum amount of total aid it may receive under section 477A.013,

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subdivision 9, paragraph (c), is also increased by \$150,000 in calendar year 2000 only, provided that:

- (1) the city has a population that is greater than 1,000 and less than 2,500;
- (2) its commercial and industrial percentage for aids payable in 1999 is greater than 45 percent; and
- (3) the total market value of all commercial and industrial property in the city for assessment year 1999 is at least 15 percent less than the total market value of all commercial and industrial property in the city for assessment year 1998.

(f) The city aid base for a city is increased by \$200,000 in 2000 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$200,000 in calendar year 2000 only, provided that:

- (1) the city had a population in 1997 of 2,500 or more;
- (2) the net tax capacity of the city used in calculating its 1999 aid under section 477A.013 is less than \$650 per capita;
- (3) the pre-1940 housing percentage of the city used in calculating 1999 aid under section 477A.013 is greater than 12 percent;
- (4) the 1999 local government aid of the city under section 477A.013 is less than 20 percent of the amount that the formula aid of the city would have been if the need increase percentage was 100 percent; and
- (5) the city aid base of the city used in calculating aid under section 477A.013 is less than \$7 per capita.

(g) The city aid base for a city is increased by \$102,000 in 2000 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$102,000 in calendar year 2000 only, provided that:

- (1) the city has a population in 1997 of 2,000 or more;
- (2) the net tax capacity of the city used in calculating its 1999 aid under section 477A.013 is less than \$455 per capita;
- (3) the net levy of the city used in calculating 1999 aid under section 477A.013 is greater than \$195 per capita; and
- (4) the 1999 local government aid of the city under section 477A.013 is less than 38 percent of the amount that the formula aid of the city would have been if the need increase percentage was 100 percent.

(h) The city aid base for a city is increased by \$32,000 in 2001 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$32,000 in calendar year 2001 only, provided that:

- (1) the city has a population in 1998 that is greater than 200 but less than 500;
- (2) the city's revenue need used in calculating aids payable in 2000 was greater than \$200 per capita;
- (3) the city net tax capacity for the city used in calculating aids available in 2000 was equal to or less than \$200 per capita;
- (4) the city aid base of the city used in calculating aid under section 477A.013 is less than \$65 per capita; and
- (5) the city's formula aid for aids payable in 2000 was greater than zero.

(i) The city aid base for a city is increased by \$7,200 in 2001 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$7,200 in calendar year 2001 only, provided that:

- (1) the city had a population in 1998 that is greater than 200 but less than 500;
- (2) the city's commercial industrial percentage used in calculating aids payable in 2000 was less than ten percent;
- (3) more than 25 percent of the city's population was 60 years old or older according to the 1990 census;
- (4) the city aid base of the city used in calculating aid under section 477A.013 is less than \$15 per capita; and
- (5) the city's formula aid for aids payable in 2000 was greater than zero.

(j) The city aid base for a city is increased by \$45,000 in 2001 and thereafter and by an additional \$50,000 in calendar years 2002 to 2011, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$45,000 in calendar year 2001 only, and by \$50,000 in calendar year 2002 only, provided that:

- (1) the net tax capacity of the city used in calculating its 2000 aid under section 477A.013 is less than \$810 per capita;
- (2) the population of the city declined more than two percent between 1988 and 1998;

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(3) the net levy of the city used in calculating 2000 aid under section 477A.013 is greater than \$240 per capita; and

(4) the city received less than \$36 per capita in aid under section 477A.013, subdivision 9, for aids payable in 2000.

(k) The city aid base for a city with a population of 10,000 or more which is located outside of the seven-county metropolitan area is increased in 2002 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (b) or (c), is also increased in calendar year 2002 only, by an amount equal to the lesser of:

(1)(i) the total population of the city, as determined by the United States Bureau of the Census, in the 2000 census, (ii) minus 5,000, (iii) times 60; or

(2) \$2,500,000.

(l) The city aid base is increased by \$50,000 in 2002 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$50,000 in calendar year 2002 only, provided that:

(1) the city is located in the seven-county metropolitan area;

(2) its population in 2000 is between 10,000 and 20,000; and

(3) its commercial industrial percentage, as calculated for city aid payable in 2001, was greater than 25 percent.

(m) The city aid base for a city is increased by \$150,000 in calendar years 2002 to 2011 and by an additional \$75,000 in calendar years 2009 to 2014 and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$150,000 in calendar year 2002 only and by \$75,000 in calendar year 2009 only, provided that:

(1) the city had a population of at least 3,000 but no more than 4,000 in 1999;

(2) its home county is located within the seven-county metropolitan area;

(3) its pre-1940 housing percentage is less than 15 percent; and

(4) its city net tax capacity per capita for taxes payable in 2000 is less than \$900 per capita.

(n) The city aid base for a city is increased by \$200,000 beginning in calendar year 2003 and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$200,000 in calendar year 2003 only, provided that the city qualified for an increase in homestead and agricultural credit aid under Laws 1995, chapter 264, article 8, section 18.

(o) The city aid base for a city is increased by \$200,000 in 2004 only and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, is also increased by \$200,000 in calendar year 2004 only, if the city is the site of a nuclear dry cask storage facility.

(p) The city aid base for a city is increased by \$10,000 in 2004 and thereafter and the maximum total aid it may receive under section 477A.013, subdivision 9, is also increased by \$10,000 in calendar year 2004 only, if the city was included in a federal major disaster designation issued on April 1, 1998, and its pre-1940 housing stock was decreased by more than 40 percent between 1990 and 2000.

(q) The city aid base for a city is increased by \$30,000 in 2009 and thereafter and the maximum total aid it may receive under section 477A.013, subdivision 9, is also increased by \$25,000 in calendar year 2006 only if the city had a population in 2003 of at least 1,000 and has a state park for which the city provides rescue services and which comprised at least 14 percent of the total geographic area included within the city boundaries in 2000.

(r) The city aid base for a city is increased by \$80,000 in 2009 and thereafter and the minimum and maximum amount of total aid it may receive under section 477A.013, subdivision 9, is also increased by \$80,000 in calendar year 2009 only, if:

(1) as of May 1, 2006, at least 25 percent of the tax capacity of the city is proposed to be placed in trust status as tax-exempt Indian land;

(2) the placement of the land is being challenged administratively or in court; and

(3) due to the challenge, the land proposed to be placed in trust is still on the tax rolls as of May 1, 2006.

(s) The city aid base for a city is increased by \$100,000 in 2007 and thereafter and the minimum and maximum total amount of aid it may receive under this section is also increased in calendar year 2007 only, provided that:

(1) the city has a 2004 estimated population greater than 200 but less than 2,000;

(2) its city net tax capacity for aids payable in 2006 was less than \$300 per capita;

(3) the ratio of its pay 2005 tax levy compared to its city net tax capacity for aids payable in 2006 was greater than 110 percent; and

(4) it is located in a county where at least 15,000 acres of land are classified as tax-exempt Indian reservations according to the 2004 abstract of tax-exempt property.



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(t) The city aid base for a city is increased by \$30,000 in 2009 only, and the maximum total aid it may receive under section 477A.013, subdivision 9, is also increased by \$30,000 in calendar year 2009, only if the city had a population in 2005 of less than 3,000 and the city's boundaries as of 2007 were formed by the consolidation of two cities and one township in 2002.

(u) The city aid base for a city is increased by \$100,000 in 2009 and thereafter, and the maximum total aid it may receive under section 477A.013, subdivision 9, is also increased by \$100,000 in calendar year 2009 only, if the city had a city net tax capacity for aids payable in 2007 of less than \$150 per capita and the city experienced flooding on March 14, 2007, that resulted in evacuation of at least 40 homes.

(v) The city aid base for a city is increased by \$100,000 in 2009 to 2013, and the maximum total aid it may receive under section 477A.013, subdivision 9, is also increased by \$100,000 in calendar year 2009 only, if the city:

- (1) is located outside of the Minneapolis-St. Paul standard metropolitan statistical area;
- (2) has a 2005 population greater than 7,000 but less than 8,000; and
- (3) has a 2005 net tax capacity per capita of less than \$500.

(w) The city aid base is increased by \$25,000 in calendar years 2009 to 2013 and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, is increased by \$25,000 in calendar year 2009 only, provided that:

- (1) the city is located in the seven-county metropolitan area;
- (2) its population in 2006 is less than 200; and
- (3) the percentage of its housing stock built before 1940, according to the 2000 United States Census, is greater than 40 percent.

(x) The city aid base is increased by \$90,000 in calendar year 2009 only and the minimum and maximum total amount of aid it may receive under section 477A.013, subdivision 9, is also increased by \$90,000 in calendar year 2009 only, provided that the city is located in the seven-county metropolitan area, has a 2006 population between 5,000 and 7,000 and has a 1997 population of over 7,000.

(y) In calendar year 2010 only, the city aid base for a city is increased by \$225,000 if it was eligible for a \$450,000 payment in calendar year 2008 under Minnesota Statutes 2006, section 477A.011, subdivision 36, paragraph (e), and the second half of the payment under that paragraph in December 2008 was canceled due to the governor's unallotment. The payment under this paragraph is not subject to any aid reductions under section 477A.0134 or any future unallotment of the city aid under section 16A.152.

(z) In calendar year 2013 only, the total aid the city may receive under section 477A.013 is increased by \$12,000 if:

- (1) the city's 2010 population is less than 100 and its population growth between 2000 and 2010 was more than 55 percent; and
- (2) its commercial industrial percentage as defined in subdivision 32, based on assessments for calendar year 2010, payable in 2011, is greater than 15 percent.

**Subd. 39. Road accidents factor.** "Road accidents factor" means the average annual number of vehicular accidents occurring on public roads, streets, and alleys in the jurisdiction as reported to the commissioner of revenue by the commissioner of public safety by July 1 of the aid calculation year using the most recent three-year period for which the commissioner of public safety has complete information, divided by the jurisdiction's population.

**Subd. 40. Metropolitan area factor.** "Metropolitan area factor" means 35.20915 for cities located in the metropolitan area.

**Subd. 41. Small city aid base.** (a) "Small city aid base" for a city with a population less than 5,000 is equal to \$8.50 multiplied by its population. The small city aid base for all other cities is equal to zero.

(b) For calendar year 2010 and subsequent years, the small city aid base for a city, as determined in paragraph (a), is multiplied by the ratio of the appropriation under section 477A.03, subdivision 2a, for the year in which the aid is paid to the appropriation under that section for aids payable in 2009.

### **477A.013 MUNICIPAL GOVERNMENT DISTRIBUTIONS.**

**Subd. 11. Aid payments in 2011 and 2012.** Notwithstanding aids calculated or certified for 2011 under subdivision 9, for 2011 and 2012, each city shall receive an aid distribution under this section equal to the lesser of (1) the total amount of aid it received under this section in 2010 after the reductions under sections 477A.0133 and 477A.0134, and reduced by the amount of payments made under section 477A.011, subdivision 36, paragraphs (y) and (z), or (2) the amount it was certified to receive in 2011 under subdivision 9. In 2011 only, a city that qualifies for the

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aid base adjustment under section 477A.011, subdivision 36, paragraph (aa), shall receive the amount that it was certified to receive in 2011. In 2012, a city that qualifies for the aid base adjustment under section 477A.011, subdivision 36, paragraph (aa), shall receive the amount that it was certified to receive in 2011, minus the aid base adjustment provided under section 477A.011, subdivision 36, paragraph (aa).

Subd. 12. **Aid payments in 2013.** (a) Notwithstanding aids calculated for 2013 under subdivision 9, for 2013, each city with a population of 5,000 or more shall receive an aid distribution under this section equal to its aid distribution under this section in 2012.

(b) Notwithstanding aids calculated for 2013 under subdivision 9, each city with a population under 5,000 shall receive an aid distribution under this section equal to any additional city aid base authorized in calendar year 2013 under section 477A.011, subdivision 36, paragraph (z), plus the greater of (1) its aid distribution under this section in 2012 or (2) its amount that it is calculated to receive under subdivision 9.

**477A.0133 2009 AND 2010 AID REDUCTIONS.**

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

(b) The "2009 revenue base" for a statutory or home rule charter city is the sum of the city's certified property tax levy for taxes payable in 2009, plus the amount of local government aid under section 477A.013, subdivision 9, that the city was certified to receive in 2009, plus the amount of taconite aids under sections 298.28 and 298.282 that the city was certified to receive in 2009, including any amounts required to be placed in a special fund for distribution in a later year.

(c) The "2009 revenue base" for a county is the sum of the county's certified property tax levy for taxes payable in 2009, plus the amount of county program aid under section 477A.0124 that the county was certified to receive in 2009, plus the amount of taconite aids under sections 298.28 and 298.282 that the county was certified to receive in 2009, including any amounts required to be placed in a special fund for distribution in a later year.

(d) The "2009 revenue base" for a town is the sum of the town's certified property tax levy for taxes payable in 2009, plus the amount of aid under section 477A.013 that the town was certified to receive in 2009, plus the amount of taconite aids under sections 298.28 and 298.282 that the town was certified to receive in 2009, including any amounts required to be placed in a special fund for distribution in a later year.

(e) "Population" means the population of the county, city, or town for 2007 based on information available to the commissioner of revenue in July 2009.

(f) "Adjusted net tax capacity" means the amount of net tax capacity for the county, city, or town, computed using equalized market values according to section 477A.011, subdivision 20, for aid payable in 2009.

(g) "Adjusted net tax capacity per capita" means the jurisdiction's adjusted net tax capacity divided by its population.

Subd. 2. **2009 aid reductions.** (a) The commissioner of revenue must compute a 2009 aid reduction amount for each county.

The aid reduction amount is zero for a county with a population of less than 5,000, and is zero for a county containing the Shooting Star Casino property that was removed from the tax rolls in 2009.

For all other counties, the aid reduction amount is equal to 1.188968672 percent of the county's 2009 revenue base.

The reduction amount is limited to the sum of the amount of county program aid under section 477A.0124 that the county was certified to receive in 2009, plus the amount of market value credit reimbursements under section 273.1384 payable to the county in 2009 before the reductions in this section.

The reduction amount is applied first to reduce the amount payable to the county in 2009 as county program aid under section 477A.013 and then, if necessary, to reduce the amount payable to the county in 2009 as market value credit reimbursements under section 273.1384.

No county's aid or reimbursements are reduced to less than zero under this section.

(b) The commissioner of revenue must compute a 2009 aid reduction amount for each city. The aid reduction amount is zero for any city with a population of less than 1,000 that has an adjusted net tax capacity per capita amount less than the statewide average adjusted net tax capacity amount per capita for all cities. The aid reduction amount is also zero for a city located outside the seven-county metropolitan area, with a 2006 population greater than 3,500, a pre-1940 housing percentage greater than 29 percent, a commercial-industrial percentage less than nine

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percent, and a population decline percentage of zero based on the data used to certify the 2009 local government aid distribution under section 477A.013.

For all other cities, the aid reduction amount is equal to 3.3127634 percent of the city's 2009 revenue base.

The reduction amount is limited to the sum of the amount of local government aid under section 477A.013, subdivision 9, that the city was certified to receive in 2009, plus the amount of market value credit reimbursements under section 273.1384 payable to the city in 2009 before the reductions in this section.

The reduction amount for a city is further limited to \$22 per capita.

The reduction amount is applied first to reduce the amount payable to the city in 2009 as local government aid under section 477A.013 and then, if necessary, to reduce the amount payable to the city in 2009 as market value credit reimbursements under section 273.1384.

No city's aid or reimbursements are reduced to less than zero under this section.

(c) The commissioner of revenue must compute a 2009 aid reduction amount for each town.

The aid reduction amount is zero for any town with a population of less than 1,000 that has an adjusted net tax capacity per capita amount less than the statewide average adjusted net tax capacity amount per capita for all towns.

For all other towns, the aid reduction amount is equal to 1.735103 percent of the town's 2009 revenue base.

The reduction amount is limited to \$5 per capita.

The reduction amount is applied to reduce the amount payable to the town in 2009 as market value credit reimbursements under section 273.1384.

No town's reimbursements are reduced to less than zero under this section.

**Subd. 3. 2010 aid reductions.** (a) The commissioner of revenue must compute a 2010 aid reduction amount for each county.

The aid reduction amount is zero for a county with a population of less than 5,000, and is zero for a county containing the Shooting Star Casino property that was removed from the tax rolls in 2009.

For all other counties, the aid reduction amount is equal to 2.41396687 percent of the county's 2009 revenue base.

The reduction amount is limited to the sum of the amount of county program aid under section 477A.0124 that the county was certified to receive in 2009, plus the amount of market value credit reimbursements under section 273.1384 payable to the county in 2009 before the reductions in this section.

The reduction amount is applied first to reduce the amount payable to the county in 2010 as county program aid under section 477A.013 and then, if necessary, to reduce the amount payable to the county in 2010 as market value credit reimbursements under section 273.1384.

No county's aid or reimbursements are reduced to less than zero under this section.

(b) The commissioner of revenue must compute a 2010 aid reduction amount for each city.

The aid reduction amount is zero for any city with a population of less than 1,000 that has an adjusted net tax capacity per capita amount less than the statewide average adjusted net tax capacity amount per capita for all cities.

For all other cities, the aid reduction amount is equal to 7.643803025 percent of the city's 2009 revenue base.

The reduction amount is limited to the sum of the amount of local government aid under section 477A.013, subdivision 9, that the city was certified to receive in 2010, plus the amount of market value credit reimbursements under section 273.1384 payable to the city in 2010 before the reductions in this section.

The reduction amount for a city is further limited to \$55 per capita.

The reduction amount is applied first to reduce the amount payable to the city in 2010 as local government aid under section 477A.013 and then, if necessary, to reduce the amount payable to the city in 2010 as market value credit reimbursements under section 273.1384.

No city's aid or reimbursements are reduced to less than zero under this section.

(c) The commissioner of revenue must compute a 2010 aid reduction amount for each town.

The aid reduction amount is zero for any town with a population of less than 1,000 that has an adjusted net tax capacity per capita amount less than the statewide average adjusted net tax capacity amount per capita for all towns.

For all other towns, the aid reduction amount is equal to 3.660798 percent of the town's 2009 revenue base.

The reduction amount is limited to \$10 per capita.

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The reduction amount is applied to reduce the amount payable to the town in 2010 as market value credit reimbursements under section 273.1384.

No town's reimbursements are reduced to less than zero under this section.

**477A.0134 ADDITIONAL 2010 AID AND CREDIT REDUCTIONS.**

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

(b) The "2010 revenue base" for a county is the sum of the county's certified property tax levy for taxes payable in 2010, plus the amount of county program aid under section 477A.0124 that the county was certified to receive in 2010, plus the amount of taconite aids under sections 298.28 and 298.282 that the county was certified to receive in 2010 including any amounts required to be placed in a special fund for distribution in a later year.

(c) The "2010 revenue base" for a statutory or home rule charter city is the sum of the city's certified property tax levy for taxes payable in 2010, plus the amount of local government aid under section 477A.013, subdivision 9, that the city was certified to receive in 2010, plus the amount of taconite aids under sections 298.28 and 298.282 that the city was certified to receive in 2010 including any amounts required to be placed in a special fund for distribution in a later year.

Subd. 2. **2010 reductions; counties and cities.** The commissioner of revenue must compute additional 2010 aid and credit reimbursement reduction amounts for each county and city under this section, after implementing any reduction of county program aid under section 477A.0124, local government aid under section 477A.013, or market value credit reimbursements under section 273.1384, to reflect the reductions under section 477A.0133.

The additional reduction amounts under this section are limited to the sum of the amount of county program aid under section 477A.0124, local government aid under section 477A.013, and market value credit reimbursements under section 273.1384 payable to the county or city in 2010 before the reductions in this section, but after the reductions under section 477A.0133.

The reduction amount under this section is applied first to reduce the amount payable to the county or city in 2010 as market value credit reimbursements under section 273.1384, and then if necessary, to reduce the amount payable as either county program aid under section 477A.0124 in the case of a county, or local government aid under section 477A.013 in the case of a city.

No aid or reimbursement amount is reduced to less than zero under this section.

The additional 2010 aid reduction amount for a county is equal to 1.82767 percent of the county's 2010 revenue base. The additional 2010 aid reduction amount for a city is equal to the lesser of (1) 3.4287 percent of the city's 2010 revenue base or (2) \$28 multiplied by the city's 2008 population.

*Laws 1973, chapter 567, section 7, as amended is not available in xtend by Laws 1977, chapter 403, section 12*

*Laws 2009, chapter 88, article 4, section 23, as amended by Laws 2010, chapter 389, article 5, section 4*

Sec. 23. **ROCHESTER FOOD AND BEVERAGE TAX.**

Subdivision 1. **Authorization.** Notwithstanding Minnesota Statutes, section 477A.016, or any other law or charter provision, the city of Rochester may impose a tax of one percent on the gross receipts on all sales of food and beverages by restaurants and places of refreshment, as defined by resolution of the city, that occur in the city. For purposes of this section, "food and beverages" include retail on-sale of intoxicating liquor and fermented malt beverages.

Subd. 2. **Use of proceeds.** The proceeds of this tax shall be used for (1) paying the cost of collection; (2) to pay for construction, renovation, improvement, and expansion of the Mayo Civic Center Complex and related skyway access, lighting, parking, or landscaping; and (3) for payment of any principal, interest, or premium on bonds issued to finance the construction, renovation, improvement, and expansion of the Mayo Civic Center Complex.

Subd. 3. **Imposition of the tax.** The tax under this section may only be imposed upon approval of the city governing body of a total financing package for the project.

Subd. 4. **Expiration of taxing authority.** The authority granted under subdivision 1 to the city to impose a one percent tax on food and beverages shall expire when the principal and interest on any bonds or other obligations issued prior to December 31, 2014, to finance the construction, renovation, improvement, and expansion of the Mayo Civic Center Complex and related skyway access, lighting, parking, or landscaping, and any bonds issued to refund such bonds, have been paid or at an earlier time as the city shall, by ordinance, determine. Any funds remaining after completion of the project and retirement or redemption of the bonds shall be placed in the general fund of the city.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Rochester and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3, and upon approval of the city governing body of a total financing package to renovate, improve, or expand the Mayo Civic Center Complex.