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State of Minnesota

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HOUSE OF REPRESENTATIVES

SPECIAL SESSION

H. F. No. **9**

- 06/14/2021 Authored by Marquart, Youakim and Freiberg
The bill was read for the first time and referred to the Committee on Ways and Means
- 06/28/2021 Adoption of Report: Placed on the General Register as Amended
Read for the Second Time
- 06/30/2021 Calendar for the Day
Bill was laid on the Table
Bill was taken from the Table

1.1 A bill for an act

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

1.3 conformity and nonconformity to certain federal tax law changes; modifying

1.4 individual income and corporate franchise taxes, sales and use taxes, partnership

1.5 taxes, special and excise taxes, property taxes, local government aids, and

1.6 provisions related to local taxes, tax increment financing, public finance, and other

1.7 miscellaneous taxes and tax provisions; modifying certain income tax credits and

1.8 authorizing new credits; modifying and providing for partnership audits; providing

1.9 for a pass-through entity tax; modifying sales tax exemptions; providing for

1.10 reduction of accelerated sales tax payments; modifying vapor and tobacco tax

1.11 provisions; modifying and providing certain property tax exemptions; modifying

1.12 property classification provisions; modifying local government aid appropriations;

1.13 modifying existing local taxes and authorizing new local taxes; modifying and

1.14 authorizing certain tax increment financing provisions; providing provisions related

1.15 to public finance; providing for a tax expenditure review commission and the

1.16 required expiration of tax expenditures; increasing the budget reserve; creating a

1.17 new government grant program; providing for Tribal-state relations; establishing

1.18 a frontline worker pay working group; providing for compliance with federal law

1.19 background checks for certain individuals with access to federal tax information;

1.20 classifying data; making minor policy and technical changes; making appointments;

1.21 requiring reports; modifying appropriations; appropriating money; amending

1.22 Minnesota Statutes 2020, sections 3.192; 3.8853, subdivision 2; 16A.152,

1.23 subdivision 2, as amended; 41A.19; 116J.8737, subdivisions 5, 12; 144F.01;

1.24 270.41, subdivision 3a; 270.44; 270A.04, by adding a subdivision; 270B.13, by

1.25 adding a subdivision; 270C.11, subdivisions 2, 4, 6; 270C.13, subdivision 1;

1.26 270C.22, subdivision 1; 270C.445, subdivisions 3, 6; 272.02, by adding a

1.27 subdivision; 272.029, subdivision 2; 272.0295, subdivisions 2, 5; 273.063;

1.28 273.0755; 273.124, subdivisions 1, 9, 13, 14; 273.13, subdivisions 23, 25, 34;

1.29 273.18; 275.025, subdivisions 1, 2; 275.065, subdivision 3, by adding a subdivision;

1.30 275.066; 287.04; 289A.08, subdivision 7, by adding a subdivision; 289A.09,

1.31 subdivision 2; 289A.20, subdivision 4; 289A.31, subdivision 1; 289A.37,

1.32 subdivision 2; 289A.38, subdivisions 7, 8, 9, 10; 289A.42; 289A.60, subdivisions

1.33 15, 24, by adding a subdivision; 290.01, subdivisions 19, 31; 290.0121, subdivision

1.34 3; 290.0122, subdivision 8; 290.0132, by adding a subdivision; 290.06, subdivisions

1.35 2c, 22, by adding subdivisions; 290.0671, subdivision 1; 290.0681, subdivision

1.36 10; 290.0682; 290.31, subdivision 1; 290.92, subdivisions 1, 2a, 3, 4b, 4c, 5, 5a,

1.37 19, 20; 290.923, subdivision 9; 290.993; 290A.03, subdivision 3; 295.75,

1.38 subdivision 2; 296A.06, subdivision 2; 297A.66, subdivision 3; 297A.67, by adding

2.1 a subdivision; 297A.70, subdivision 13; 297A.71, by adding a subdivision;
 2.2 297A.75, subdivisions 1, 2, 3; 297A.99, subdivision 2; 297A.993, subdivision 2;
 2.3 297F.01, subdivision 22b, by adding a subdivision; 297F.031; 297F.04, subdivision
 2.4 2; 297F.05, by adding a subdivision; 297F.09, subdivisions 3, 4a, 7, 10; 297F.13,
 2.5 subdivision 4; 297F.17, subdivisions 1, 6; 297G.09, subdivision 9; 297G.16,
 2.6 subdivision 7; 297H.04, subdivision 2; 297H.05; 297I.20, by adding subdivisions;
 2.7 298.001, by adding a subdivision; 298.24, subdivision 1; 298.285; 298.405,
 2.8 subdivision 1; 325F.781, subdivisions 1, 5, 6; 429.021, subdivision 1; 429.031,
 2.9 subdivision 3; 453A.04, subdivision 21, by adding a subdivision; 465.71; 469.176,
 2.10 by adding a subdivision; 469.1763, subdivisions 2, 3, 4; 469.319, subdivision 4;
 2.11 475.56; 475.58, subdivision 3b; 475.60, subdivision 1; 475.67, subdivision 8;
 2.12 477A.03, subdivision 2b; 477A.10; 477A.17; 609B.153; Laws 2009, chapter 88,
 2.13 article 2, section 46, subdivision 3, as amended; Laws 2017, First Special Session
 2.14 chapter 1, article 3, section 32, as amended; Laws 2019, First Special Session
 2.15 chapter 6, article 6, section 27; Laws 2020, Fifth Special Session chapter 3, article
 2.16 3, section 5, subdivision 10; proposing coding for new law in Minnesota Statutes,
 2.17 chapters 3; 10; 41A; 116J; 116U; 289A; 290; 299C; 462A; 477A; repealing
 2.18 Minnesota Statutes 2020, sections 270C.17, subdivision 2; 469.055, subdivision
 2.19 7.

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

2.21 ARTICLE 1

2.22 FEDERAL CONFORMITY; INDIVIDUAL INCOME 2.23 AND CORPORATE FRANCHISE TAXES

2.24 Section 1. Minnesota Statutes 2020, section 116J.8737, subdivision 5, is amended to read:

2.25 Subd. 5. **Credit allowed.** (a) A qualified investor or qualified fund is eligible for a credit
 2.26 equal to 25 percent of the qualified investment in a qualified small business. Investments
 2.27 made by a pass-through entity qualify for a credit only if the entity is a qualified fund. The
 2.28 commissioner must not allocate ~~more than \$10,000,000 in credits~~ to qualified investors or
 2.29 qualified funds more than the dollar amount in credits allowed for the taxable years listed
 2.30 in paragraph (i). For each taxable year, 50 percent must be allocated to credits for qualified
 2.31 investments in qualified greater Minnesota businesses and minority-owned, women-owned,
 2.32 or veteran-owned qualified small businesses in Minnesota. Any portion of a taxable year's
 2.33 credits that is reserved for qualified investments in greater Minnesota businesses and
 2.34 minority-owned, women-owned, or veteran-owned qualified small businesses in Minnesota
 2.35 that is not allocated by September 30 of the taxable year is available for allocation to other
 2.36 credit applications beginning on October 1. Any portion of a taxable year's credits that is
 2.37 not allocated by the commissioner does not cancel and may be carried forward to subsequent
 2.38 taxable years until all credits have been allocated.

2.39 (b) The commissioner may not allocate more than a total maximum amount in credits
 2.40 for a taxable year to a qualified investor for the investor's cumulative qualified investments
 2.41 as an individual qualified investor and as an investor in a qualified fund; for married couples

3.1 filing joint returns the maximum is \$250,000, and for all other filers the maximum is
3.2 \$125,000. The commissioner may not allocate more than a total of \$1,000,000 in credits
3.3 over all taxable years for qualified investments in any one qualified small business.

3.4 (c) The commissioner may not allocate a credit to a qualified investor either as an
3.5 individual qualified investor or as an investor in a qualified fund if, at the time the investment
3.6 is proposed:

3.7 (1) the investor is an officer or principal of the qualified small business; or

3.8 (2) the investor, either individually or in combination with one or more members of the
3.9 investor's family, owns, controls, or holds the power to vote 20 percent or more of the
3.10 outstanding securities of the qualified small business.

3.11 A member of the family of an individual disqualified by this paragraph is not eligible for a
3.12 credit under this section. For a married couple filing a joint return, the limitations in this
3.13 paragraph apply collectively to the investor and spouse. For purposes of determining the
3.14 ownership interest of an investor under this paragraph, the rules under section 267(c) and
3.15 267(e) of the Internal Revenue Code apply.

3.16 (d) Applications for tax credits ~~for 2010~~ must be made available on the department's
3.17 website ~~by September 1, 2010, and the department must begin accepting applications by~~
3.18 ~~September 1, 2010. Applications for subsequent years must be made available~~ by November
3.19 1 of the preceding year.

3.20 (e) Qualified investors and qualified funds must apply to the commissioner for tax credits.
3.21 Tax credits must be allocated to qualified investors or qualified funds in the order that the
3.22 tax credit request applications are filed with the department. The commissioner must approve
3.23 or reject tax credit request applications within 15 days of receiving the application. The
3.24 investment specified in the application must be made within 60 days of the allocation of
3.25 the credits. If the investment is not made within 60 days, the credit allocation is canceled
3.26 and available for reallocation. A qualified investor or qualified fund that fails to invest as
3.27 specified in the application, within 60 days of allocation of the credits, must notify the
3.28 commissioner of the failure to invest within five business days of the expiration of the
3.29 60-day investment period.

3.30 (f) All tax credit request applications filed with the department on the same day must
3.31 be treated as having been filed contemporaneously. If two or more qualified investors or
3.32 qualified funds file tax credit request applications on the same day, and the aggregate amount
3.33 of credit allocation claims exceeds the aggregate limit of credits under this section or the
3.34 lesser amount of credits that remain unallocated on that day, then the credits must be allocated

4.1 among the qualified investors or qualified funds who filed on that day on a pro rata basis
4.2 with respect to the amounts claimed. The pro rata allocation for any one qualified investor
4.3 or qualified fund is the product obtained by multiplying a fraction, the numerator of which
4.4 is the amount of the credit allocation claim filed on behalf of a qualified investor and the
4.5 denominator of which is the total of all credit allocation claims filed on behalf of all
4.6 applicants on that day, by the amount of credits that remain unallocated on that day for the
4.7 taxable year.

4.8 (g) A qualified investor or qualified fund, or a qualified small business acting on their
4.9 behalf, must notify the commissioner when an investment for which credits were allocated
4.10 has been made, and the taxable year in which the investment was made. A qualified fund
4.11 must also provide the commissioner with a statement indicating the amount invested by
4.12 each investor in the qualified fund based on each investor's share of the assets of the qualified
4.13 fund at the time of the qualified investment. After receiving notification that the investment
4.14 was made, the commissioner must issue credit certificates for the taxable year in which the
4.15 investment was made to the qualified investor or, for an investment made by a qualified
4.16 fund, to each qualified investor who is an investor in the fund. The certificate must state
4.17 that the credit is subject to revocation if the qualified investor or qualified fund does not
4.18 hold the investment in the qualified small business for at least three years, consisting of the
4.19 calendar year in which the investment was made and the two following years. The three-year
4.20 holding period does not apply if:

4.21 (1) the investment by the qualified investor or qualified fund becomes worthless before
4.22 the end of the three-year period;

4.23 (2) 80 percent or more of the assets of the qualified small business is sold before the end
4.24 of the three-year period;

4.25 (3) the qualified small business is sold before the end of the three-year period;

4.26 (4) the qualified small business's common stock begins trading on a public exchange
4.27 before the end of the three-year period; or

4.28 (5) the qualified investor dies before the end of the three-year period.

4.29 (h) The commissioner must notify the commissioner of revenue of credit certificates
4.30 issued under this section.

4.31 (i) The credit allowed under this subdivision is effective ~~for each of the following taxable~~
4.32 years as follows:

4.33 ~~(1) taxable years beginning after December 31, 2018, and before January 1, 2020; and~~

5.1 ~~(2)~~ (1) \$10,000,000 for taxable years beginning after December 31, 2020, and before
5.2 January 1, 2022; and

5.3 (2) \$5,000,000 for taxable years beginning after December 31, 2021, and before January
5.4 1, 2023.

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

5.6 Sec. 2. Minnesota Statutes 2020, section 116J.8737, subdivision 12, is amended to read:

5.7 Subd. 12. **Sunset.** This section expires for taxable years beginning after December 31,
5.8 ~~2021~~ 2022, except that reporting requirements under subdivision 6 and revocation of credits
5.9 under subdivision 7 remain in effect through ~~2023~~ 2024 for qualified investors and qualified
5.10 funds, and through ~~2025~~ 2026 for qualified small businesses, reporting requirements under
5.11 subdivision 9 remain in effect through ~~2024~~ 2022, and the appropriation in subdivision 11
5.12 remains in effect through ~~2025~~ 2026.

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

5.14 Sec. 3. **[116U.27] FILM PRODUCTION CREDIT.**

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

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

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

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

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

5.23 (f) "Eligible production costs" means eligible production costs as defined in section
5.24 116U.26, paragraph (b), clause (1), incurred in Minnesota that are directly attributable to
5.25 the production of a film project in Minnesota.

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

5.27 (h) "Project" means a film:

5.28 (1) that includes the promotion of Minnesota;

5.29 (2) for which the taxpayer has expended at least \$1,000,000 in the taxable year for
5.30 eligible production costs; and

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

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

6.6 Subd. 2. **Credit allowed.** A taxpayer is eligible for a credit up to 25 percent of eligible
6.7 production costs paid in a taxable year. A taxpayer may only claim a credit if the taxpayer
6.8 was issued a credit certificate under subdivision 4.

6.9 Subd. 3. **Credit assignable.** The recipient of a credit certificate may assign the certificate
6.10 to another taxpayer before any amount of the credit is claimed. The assignee is allowed the
6.11 credit under section 290.06, subdivision 39, or 297I.20, subdivision 4. An assignment is
6.12 not valid unless the assignee notifies the commissioner of revenue within 30 days of the
6.13 date that the assignment is made. The commissioner of revenue shall prescribe the forms
6.14 necessary for notifying the commissioner of revenue of the assignment of a credit certificate
6.15 and for claiming a credit by assignment.

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

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

6.21 (1) verify eligibility for the credit;

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

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

6.25 The commissioner must consult with Minnesota Film and TV Board prior to issuing an
6.26 allocation certificate.

6.27 (c) The commissioner must not issue allocation certificates for more than \$4,950,000
6.28 of credits each year. If the entire amount is not allocated in that taxable year, any remaining
6.29 amount is available for allocation for the four following taxable years until the entire
6.30 allocation has been made. The commissioner must not award any credits for taxable years
6.31 beginning after December 31, 2024, and any unallocated amounts cancel on that date.

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

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

7.12 Subd. 5. **Report required.** By January 15, 2025, the commissioner of revenue, in
7.13 consultation with the commissioner, must provide a report to the chairs and ranking minority
7.14 members of the legislative committees with jurisdiction over economic development and
7.15 taxes. The report must comply with sections 3.195 and 3.197, and must detail the following:

7.16 (1) the amount of credit certifications issued annually;

7.17 (2) the number of applications submitted, the number of allocation certificates issued,
7.18 the amount of allocation certificates issued, the number of reports submitted upon completion
7.19 of a project, and the number of credit certificates issued;

7.20 (3) the types of projects eligible for the credit;

7.21 (4) the total economic impact of the credit in Minnesota, including the calendar year
7.22 over calendar year percentage changes in the number of jobs held by Minnesota residents
7.23 in businesses having a primary North American Industry Classification System code of
7.24 512110 as reported to the commissioner, for calendar years 2019 through 2023;

7.25 (5) the number of taxpayers per tax type which are assignees of credit certificates under
7.26 subdivision 3;

7.27 (6) annual Minnesota taxes paid by businesses having a primary North American Industry
7.28 Classification System code of 512110, for taxable years beginning after December 31, 2018,
7.29 and before January 1, 2024; and

7.30 (7) any other information the commissioner of revenue, in consultation with the
7.31 commissioner, deems necessary for purposes of claiming and administering the credit.

7.32 Subd. 6. **Appropriation.** Beginning in fiscal year 2022, \$50,000 is annually appropriated
7.33 from the general fund to the commissioner of revenue for a transfer to the Department of

8.1 Employment and Economic Development for costs associated with personnel and
8.2 administrative expenses related to administering the credit. This subdivision expires on June
8.3 30, 2025.

8.4 Subd. 7. **Expiration.** Subdivisions 1 to 5 expire January 1, 2025, for taxable years
8.5 beginning after December 31, 2024.

8.6 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
8.7 31, 2020, and before January 1, 2025, except that the requirement to provide the report
8.8 required in subdivision 5 expires July 1, 2025.

8.9 Sec. 4. Minnesota Statutes 2020, section 290.01, subdivision 19, is amended to read:

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

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

8.19 (c) In the case of a regulated investment company or a fund thereof, as defined in section
8.20 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment
8.21 company taxable income as defined in section 852(b)(2) of the Internal Revenue Code,
8.22 except that:

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

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

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

9.1 (d) The net income of a real estate investment trust as defined and limited by section
9.2 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust
9.3 taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

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

9.7 (f) The Internal Revenue Code of 1986, as amended through December 31, 2018, ~~shall~~
9.8 be in effect applies for taxable years beginning after December 31, 1996, except the sections
9.9 of federal law in section 290.0111 shall also apply.

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

9.13 **EFFECTIVE DATE.** This section is effective the day following final enactment, except
9.14 the changes incorporated by federal changes are effective retroactively at the same time as
9.15 the changes were effective for federal purposes.

9.16 Sec. 5. Minnesota Statutes 2020, section 290.01, subdivision 31, is amended to read:

9.17 Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal
9.18 Revenue Code" means the Internal Revenue Code of 1986, as amended through December
9.19 31, 2018, except the sections of federal law in section 290.0111 shall also apply. Internal
9.20 Revenue Code also includes any uncodified provision in federal law that relates to provisions
9.21 of the Internal Revenue Code that are incorporated into Minnesota law.

9.22 **EFFECTIVE DATE.** This section is effective the day following final enactment, except
9.23 the changes incorporated by federal changes are effective retroactively at the same time as
9.24 the changes were effective for federal purposes.

9.25 Sec. 6. **[290.0111] TEMPORARY CONFORMITY TO CERTAIN FEDERAL TAX**
9.26 **CHANGES.**

9.27 Subdivision 1. **Adopting Internal Revenue Code changes.** For the purposes of this
9.28 chapter, "Internal Revenue Code," as defined in section 290.01, subdivisions 19 and 31,
9.29 includes the sections of federal law specified in this section as enacted or amended through
9.30 March 31, 2021.

10.1 Subd. 2. Further Consolidated Appropriations Act, 2020. (a) "Internal Revenue Code"
10.2 includes the following provisions of the Taxpayer Certainty and Disaster Tax Relief Act of
10.3 2019 in Public Law 116-94:

10.4 (1) section 101;

10.5 (2) section 116;

10.6 (3) section 117;

10.7 (4) section 130;

10.8 (5) section 131;

10.9 (6) section 132;

10.10 (7) section 144;

10.11 (8) section 201;

10.12 (9) section 202; and

10.13 (10) section 204.

10.14 (b) "Internal Revenue Code" includes section 301 of the Setting Every Community Up
10.15 for Retirement Enhancement Act of 2019 in Public Law 116-94.

10.16 Subd. 3. CARES Act. "Internal Revenue Code" includes the following sections of Public
10.17 Law 116-136:

10.18 (1) section 1106(i); and

10.19 (2) section 2202.

10.20 Subd. 4. Consolidated Appropriations Act, 2021. (a) "Internal Revenue Code" includes
10.21 the following provisions of the COVID-related Tax Relief Act of 2020 in Public Law
10.22 116-260:

10.23 (1) section 275;

10.24 (2) section 276; and

10.25 (3) section 277.

10.26 (b) For taxable years beginning after December 31, 2019, and before January 1, 2021,
10.27 "Internal Revenue Code" includes sections 278(b) and 278(c) of the COVID-related Tax
10.28 Relief Act of 2020 in Public Law 116-260.

11.1 Subd. 5. **American Rescue Plan Act.** "Internal Revenue Code" includes section 9042
11.2 of Public Law 117-2.

11.3 **EFFECTIVE DATE.** (a) Except as specified in subdivision 4, paragraph (b), this section
11.4 is effective the day following final enactment, except the changes incorporated by federal
11.5 changes are effective retroactively at the same time as the changes were effective for federal
11.6 purposes.

11.7 (b) Subdivision 4, paragraph (b), is effective retroactively for taxable years beginning
11.8 after December 31, 2019, and before January 1, 2021.

11.9 Sec. 7. Minnesota Statutes 2020, section 290.0122, subdivision 8, is amended to read:

11.10 Subd. 8. **Losses.** A taxpayer is allowed a deduction for losses. ~~The deduction equals the~~
11.11 ~~amount~~ allowed under sections 165(d) and section 165(a) of the Internal Revenue Code,
11.12 including the limitation provided by section 67(b)(3) of the Internal Revenue Code, for the
11.13 following:

11.14 (1) losses described in section 165(c)(3) of the Internal Revenue Code, including the
11.15 provisions of section 165(h) of the Internal Revenue Code, but disregarding the limitation
11.16 on personal casualty losses in paragraph (h)(5); and

11.17 (2) losses described in section 165(d) of the Internal Revenue Code.

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

11.19 Sec. 8. Minnesota Statutes 2020, section 290.0132, is amended by adding a subdivision
11.20 to read:

11.21 Subd. 30. **Volunteer driver reimbursement.** (a) A taxpayer is allowed a subtraction
11.22 equal to the amount of mileage reimbursement paid by a charitable organization to the
11.23 taxpayer for work as a volunteer driver. The subtraction is limited to amounts paid by the
11.24 organization that:

11.25 (1) are in excess of the mileage rate for use of an automobile in rendering gratuitous
11.26 services to a charitable organization under section 170(i) of the Internal Revenue Code; and

11.27 (2) do not exceed the standard mileage rate for businesses established under Code of
11.28 Federal Regulations, title 26, section 1.274-5(j)(2).

11.29 (b) For the purposes of this section, "charitable organization" means an organization
11.30 eligible for a charitable contribution under section 170(c) of the Internal Revenue Code.

12.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
12.2 31, 2020.

12.3 Sec. 9. Minnesota Statutes 2020, section 290.06, is amended by adding a subdivision to
12.4 read:

12.5 Subd. 39. **Film production credit.** (a) A taxpayer, including a taxpayer to whom a credit
12.6 has been assigned under section 116U.27, subdivision 3, may claim a credit against the tax
12.7 imposed by this chapter equal to the amount certified on a credit certificate under section
12.8 116U.27, subject to the limitations in this subdivision.

12.9 (b) The credit is limited to the liability for tax, as computed under this chapter, for the
12.10 taxable year. If the amount of the credit determined under this subdivision for any taxable
12.11 year exceeds this limitation, the excess is a film production credit carryover to each of the
12.12 five succeeding taxable years. The entire amount of the excess unused credit for the taxable
12.13 year is carried first to the earliest of the taxable years to which the credit may be carried
12.14 and then to each successive year to which the credit may be carried. The amount of the
12.15 unused credit that may be added under this paragraph must not exceed the taxpayer's liability
12.16 for tax, less any film production credit for the taxable year.

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

12.22 (d) Notwithstanding the approval and certification by the commissioner of employment
12.23 and economic development under section 116U.27, the commissioner may utilize any audit
12.24 and examination powers under chapter 270C or 289A to the extent necessary to verify that
12.25 the taxpayer is eligible for the credit and to assess the amount of any improperly claimed
12.26 credit. The commissioner may only assess the original recipient of the credit certificate for
12.27 the amount of improperly claimed credits. The commissioner may not assess a credit
12.28 certificate assignee for any amount of improperly claimed credits, and an assignee's claim
12.29 for credit is not affected by the commissioner's assessment of improperly claimed credits
12.30 against the assignor.

12.31 (e) This subdivision expires January 1, 2025, for taxable years beginning after December
12.32 31, 2024, except that the expiration of this section does not affect the commissioner of
12.33 revenue's authority to audit or power of examination and assessment for credits claimed
12.34 under this subdivision.

13.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
13.2 31, 2020, and before January 1, 2025.

13.3 Sec. 10. Minnesota Statutes 2020, section 290.0671, subdivision 1, is amended to read:

13.4 Subdivision 1. **Credit allowed.** (a) An individual who is a resident of Minnesota is
13.5 allowed a credit against the tax imposed by this chapter equal to a percentage of earned
13.6 income. To receive a credit, a taxpayer must be eligible for a credit under section 32 of the
13.7 Internal Revenue Code, except that:

13.8 (1) a taxpayer with no qualifying children who has attained the age of ~~24~~ 19, but not
13.9 attained age 65 before the close of the taxable year and is otherwise eligible for a credit
13.10 under section 32 of the Internal Revenue Code may also receive a credit; and

13.11 (2) a taxpayer who is otherwise eligible for a credit under section 32 of the Internal
13.12 Revenue Code remains eligible for the credit even if the taxpayer's earned income or adjusted
13.13 gross income exceeds the income limitation under section 32 of the Internal Revenue Code.

13.14 (b) For individuals with no qualifying children, the credit equals 3.9 percent of the first
13.15 \$7,150 of earned income. The credit is reduced by 2.0 percent of earned income or adjusted
13.16 gross income, whichever is greater, in excess of the phaseout threshold, but in no case is
13.17 the credit less than zero.

13.18 (c) For individuals with one qualifying child, the credit equals 9.35 percent of the first
13.19 \$11,950 of earned income. The credit is reduced by 6.0 percent of earned income or adjusted
13.20 gross income, whichever is greater, in excess of the phaseout threshold, but in no case is
13.21 the credit less than zero.

13.22 (d) For individuals with two qualifying children, the credit equals 11 percent of the first
13.23 \$19,600 of earned income. The credit is reduced by 10.5 percent of earned income or adjusted
13.24 gross income, whichever is greater, in excess of the phaseout threshold, but in no case is
13.25 the credit less than zero.

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

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

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

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

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

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

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

14.12 (1) \$14,570 for married taxpayers filing joint returns with no qualifying children;

14.13 (2) \$8,730 for all other taxpayers with no qualifying children;

14.14 (3) \$28,610 for married taxpayers filing joint returns with one qualifying child;

14.15 (4) \$22,770 for all other taxpayers with one qualifying child;

14.16 (5) \$32,840 for married taxpayers filing joint returns with two qualifying children;

14.17 (6) \$27,000 for all other taxpayers with two qualifying children;

14.18 (7) \$33,140 for married taxpayers filing joint returns with three or more qualifying
14.19 children; and

14.20 (8) \$27,300 for all other taxpayers with three or more qualifying children.

14.21 (i) The commissioner shall construct tables showing the amount of the credit at various
14.22 income levels and make them available to taxpayers. The tables shall follow the schedule
14.23 contained in this subdivision, except that the commissioner may graduate the transition
14.24 between income brackets.

14.25 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
14.26 31, 2020.

14.27 Sec. 11. Minnesota Statutes 2020, section 290.0681, subdivision 10, is amended to read:

14.28 Subd. 10. **Sunset.** This section expires after fiscal year ~~2021~~ 2022, except that the office's
14.29 authority to issue credit certificates under subdivision 4 based on allocation certificates that
14.30 were issued before fiscal year ~~2022~~ 2023 remains in effect through ~~2024~~ 2025, and the

15.1 reporting requirements in subdivision 9 remain in effect through the year following the year
15.2 in which all allocation certificates have either been canceled or resulted in issuance of credit
15.3 certificates, or ~~2025~~ 2026, whichever is earlier.

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

15.5 Sec. 12. Minnesota Statutes 2020, section 290.0682, is amended to read:

15.6 **290.0682 STUDENT LOAN CREDIT.**

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

15.9 (b) "Adjusted gross income" means federal adjusted gross income as defined in section
15.10 62 of the Internal Revenue Code.

15.11 (c) "Earned income" has the meaning given in section ~~32(e) of the Internal Revenue~~
15.12 ~~Code~~ 290.0675, subdivision 1, paragraph (b).

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

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

15.18 (f) "Postsecondary educational institution" means a public or nonprofit postsecondary
15.19 institution eligible for state student aid under section 136A.103 or, if the institution is not
15.20 located in this state, a public or nonprofit postsecondary institution participating in the
15.21 federal Pell Grant program under title IV of the Higher Education Act of 1965, Public Law
15.22 89-329, as amended.

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

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

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

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

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

15.31 (3) the sum of:

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

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

16.4 (4) \$500.

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

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

16.11 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
16.12 31, 2020.

16.13 Sec. 13. **[290.0683] MINNESOTA HOUSING TAX CREDIT.**

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

16.16 (b) "Agency" means the Minnesota Housing Finance Agency.

16.17 (c) "Minnesota housing tax credit contribution account" or "account" means the account
16.18 established in section 462A.40.

16.19 (d) "Qualified project" means a project that qualifies for a grant or loan under section
16.20 462A.40.

16.21 (e) "Taxpayer" means a taxpayer as defined in section 290.01, subdivision 6, or a taxpayer
16.22 as defined in section 297I.01, subdivision 16.

16.23 **Subd. 2. Credit allowed.** (a) A taxpayer is allowed a credit against the tax imposed
16.24 under this chapter or the premiums tax under chapter 297I for contributions of no less than
16.25 \$1,000 and no more than \$2,000,000 to the Minnesota housing tax credit contribution
16.26 account. The credit equals 85 percent of the amount the taxpayer contributed to the account
16.27 during the taxable year.

16.28 (b) The credit may be claimed only after certification by the agency as provided in
16.29 subdivision 3.

17.1 (c) To receive the credit, a taxpayer must claim the credit in the manner prescribed by
17.2 the commissioner and file with the return a copy of the credit certificate issued by the agency
17.3 under subdivision 3, paragraph (c).

17.4 (d) The taxpayer must claim the credit for the taxable year in which the contribution
17.5 payment is received by the account.

17.6 (e) If the amount of the credit under this section exceeds the taxpayer's liability for tax
17.7 under this chapter, the excess is a credit carryover to each of the ten succeeding taxable
17.8 years. The entire amount of the excess unused credit for the taxable year must be carried
17.9 first to the earliest of the taxable years to which the credit may be carried and then to each
17.10 successive year to which the credit may be carried. The amount of the unused credit that
17.11 may be added under this paragraph may not exceed the taxpayer's liability for tax, less any
17.12 credit for the current taxable year.

17.13 (f) The contribution amount used to calculate the credit under this section may not be
17.14 used to calculate any other state income tax deduction or credit allowed by law.

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

17.17 Subd. 3. **Allocation.** (a) To qualify for the credit, a taxpayer must contribute to the
17.18 Minnesota housing tax credit contribution account. A taxpayer may indicate that a
17.19 contribution is intended for a specific qualified project. A taxpayer is prohibited from
17.20 contributing to certain projects as provided in section 462A.40, subdivision 3.

17.21 (b) The aggregate amount of tax credits allowed to all eligible contributors is limited to
17.22 \$9,900,000 annually.

17.23 (c) Within 30 days after a taxpayer contributes to the account, the agency must file with
17.24 the contributing taxpayer a credit certificate statement or return any amounts to the taxpayer
17.25 as provided in this paragraph. The agency must send a copy of the credit certificate to the
17.26 commissioner. If there are insufficient credits to match the contribution, the agency must
17.27 not issue a credit certificate for the amount of the contribution for which there are insufficient
17.28 credits, and must return that amount to the taxpayer before issuing any credit certificate.

17.29 (d) The credit certificate must state the dollar amount of the contribution made by the
17.30 taxpayer, the date the payment was received by the account, and indicate if the contribution
17.31 was intended for a specific qualified project.

17.32 Subd. 4. **Partnerships; multiple owners.** Credits granted to a partnership, a limited
17.33 liability company taxed as a partnership, S corporation, or multiple owners of property are

18.1 passed through to the partners, members, shareholders, or owners, respectively, pro rata to
18.2 each partner, member, shareholder, or owner based on their share of the entity's assets or
18.3 as specially allocated in their organizational documents or any other executed document,
18.4 as of the last day of the taxable year.

18.5 Subd. 5. **Recapture.** (a) Credits claimed under this section are not subject to recapture.

18.6 (b) If a grant or loan made under section 462A.40 is canceled or recaptured, the grant
18.7 or loan is returned to the account. The agency is not required to return contributions to
18.8 taxpayers who indicated that a contribution was intended for a project for which the loan
18.9 or grant is recaptured or canceled.

18.10 Subd. 6. **Audit powers.** Notwithstanding the credit certificate issued by the commissioner
18.11 of the Minnesota Housing Finance Agency under subdivision 3, the commissioner may use
18.12 any audit and examination powers under chapter 270C or 289A to the extent necessary to
18.13 verify that the taxpayer is eligible for the credit and to assess for the amount of any
18.14 improperly claimed credit.

18.15 Subd. 7. **Sunset.** This section expires after December 31, 2028, except that the agency's
18.16 authority to issue credit certificates under subdivision 3 based on contributions received
18.17 before January 1, 2029, and allocation certificates that were issued before February 1, 2029,
18.18 remains in effect through January 1, 2030. The reporting requirements in section 462A.40,
18.19 subdivision 5, remain in effect through the year following the year in which all allocation
18.20 certificates have either been canceled or resulted in issuance of credit certificates, or January
18.21 1, 2031, whichever is earlier. The expiration of this section does not affect the commissioner's
18.22 authority to audit or power of examination and assessment for credits claimed under this
18.23 section.

18.24 Subd. 8. **Appropriation.** Beginning in fiscal year 2023, \$100,000 is annually appropriated
18.25 from the general fund to the commissioner of revenue for a transfer to the Minnesota Housing
18.26 Finance Agency for costs associated with personnel and administrative expenses related to
18.27 administering the credit. This subdivision expires on June 30, 2028.

18.28 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
18.29 31, 2022.

18.30 Sec. 14. Minnesota Statutes 2020, section 297I.20, is amended by adding a subdivision
18.31 to read:

18.32 Subd. 4. **Film production credit.** (a) A taxpayer may claim a credit against the premiums
18.33 tax imposed under this chapter equal to the amount indicated on the credit certificate

19.1 statement issued to the company under section 116U.27. If the amount of the credit exceeds
19.2 the taxpayer's liability for tax under this chapter, the excess is a credit carryover to each of
19.3 the five succeeding taxable years. The entire amount of the excess unused credit for the
19.4 taxable year must be carried first to the earliest of the taxable years to which the credit may
19.5 be carried and then to each successive year to which the credit may be carried. This credit
19.6 does not affect the calculation of fire state aid under section 477B.03 and police state aid
19.7 under section 477C.03.

19.8 (b) This subdivision expires January 1, 2025, for taxable years beginning after and
19.9 premiums received after December 31, 2024.

19.10 **EFFECTIVE DATE.** This section is effective for taxable years beginning after and for
19.11 premiums received after December 31, 2020, and before January 1, 2025.

19.12 Sec. 15. Minnesota Statutes 2020, section 297I.20, is amended by adding a subdivision
19.13 to read:

19.14 Subd. 5. **Minnesota housing tax credit.** A taxpayer may claim a credit against the
19.15 premiums tax imposed under this chapter equal to the amount indicated on the credit
19.16 certificate statement issued to the taxpayer under section 290.0683. If the amount of the
19.17 credit exceeds the liability for tax under this chapter, the excess is a credit carryover to each
19.18 of the ten succeeding taxable years. The entire amount of the excess unused credit for the
19.19 taxable year must be carried first to the earliest of the taxable years to which the credit may
19.20 be carried and then to each successive year to which the credit may be carried. This credit
19.21 does not affect the calculation of fire state aid under section 477B.03 and police state aid
19.22 under section 477C.03.

19.23 **EFFECTIVE DATE.** This section is effective for taxable years beginning after and for
19.24 premiums received after December 31, 2022, and before January 1, 2029.

19.25 Sec. 16. **[462A.40] MINNESOTA HOUSING TAX CREDIT CONTRIBUTION**
19.26 **FUND.**

19.27 Subdivision 1. **Account created.** The Minnesota housing tax credit contribution account
19.28 is created in the housing development fund in the state treasury. The account is administered
19.29 by the Minnesota Housing Finance Agency. Amounts contributed to the account are
19.30 appropriated to the agency. The agency may use the amounts appropriated to direct
19.31 disbursements from the account as loans or grants to eligible recipients as provided in this
19.32 section.

20.1 Subd. 2. Use of funds; grant and loan program. (a) The agency may award grants and
20.2 loans to be used for multifamily and single family developments for persons and families
20.3 of low and moderate income. Allowable use of the funds include: gap financing, as defined
20.4 in section 462A.33, subdivision 1; new construction; acquisition; rehabilitation; demolition
20.5 or removal of existing structures; construction financing; permanent financing; interest rate
20.6 reduction; and refinancing.

20.7 (b) The agency may give preference for grants and loans to comparable proposals that
20.8 include regulatory changes or waivers that result in identifiable cost avoidance or cost
20.9 reductions, including but not limited to increased density, flexibility in site development
20.10 standards, or zoning code requirements.

20.11 (c) The agency shall separately set aside:

20.12 (1) at least ten percent of the financing under this section for housing units located in a
20.13 township or city with a population of 2,500 or less that is located outside the metropolitan
20.14 area, as defined in section 473.121, subdivision 2;

20.15 (2) at least 35 percent of the financing under this section for housing for persons and
20.16 families whose income is 50 percent or less of the area median income for the applicable
20.17 county or metropolitan area as published by the Department of Housing and Urban
20.18 Development, as adjusted for household size; and

20.19 (3) at least 25 percent of the financing under this section for single-family housing.

20.20 (d) If by September 1 of each year the agency does not receive requests to use all of the
20.21 amounts set aside under paragraph (c), the agency may use any remaining financing for
20.22 other projects eligible under this section.

20.23 Subd. 3. Eligible recipients; definitions; restrictions; use of funds. (a) The agency
20.24 may award a loan to any recipient that qualifies under subdivision 2. The agency must not
20.25 award a grant to a disqualified individual or disqualified business.

20.26 (b) For the purposes of this subdivision disqualified individual means an individual who:

20.27 (1) made a contribution to the account in the current or prior taxable year and received
20.28 a credit certificate;

20.29 (2) owns the housing for which the grant or loan will be used and is using that housing
20.30 as their domicile;

20.31 (3) meets the following criteria:

20.32 (i) the individual is an officer or principal of a business entity; and

21.1 (ii) that business entity made a contribution to the account in the current or previous
21.2 taxable year and received a credit certificate; or

21.3 (4) meets the following criteria:

21.4 (i) the individual owns, controls, or holds the power to vote 20 percent or more of the
21.5 outstanding securities of a business entity; and

21.6 (ii) that business entity made a contribution to the account in the current or previous
21.7 taxable year and received a credit certificate.

21.8 (c) For the purposes of this subdivision disqualified business means a business entity
21.9 that:

21.10 (1) made a contribution to the account in the current or prior taxable year and received
21.11 a credit certificate;

21.12 (2) has an officer or principal who is an individual who made a contribution to the
21.13 account in the current or previous taxable year and received a credit certificate; or

21.14 (3) meets the following criteria:

21.15 (i) the business entity is owned, controlled, or is subject to the power to vote 20 percent
21.16 or more of the outstanding securities by an individual or business entity; and

21.17 (ii) that controlling individual or business entity made a contribution to the account in
21.18 the current or previous taxable year and received a credit certificate.

21.19 (d) The disqualifications in paragraphs (b) and (c) apply if the taxpayer would be
21.20 disqualified either individually or in combination with one or more members of the taxpayer's
21.21 family, as defined in the Internal Revenue Code, section 267(c)(4). For a married couple
21.22 filing a joint return, the limitations in this paragraph apply collectively to the taxpayer and
21.23 spouse. For purposes of determining the ownership interest of a taxpayer under paragraph
21.24 (a), clause (4), the rules under section 267(c) and 267(e) of the Internal Revenue Code apply.

21.25 (e) Before applying for a grant or loan, all recipients must sign a disclosure that the
21.26 disqualifications under this subdivision do not apply. The Minnesota Housing Finance
21.27 Agency must prescribe the form of the disclosure.

21.28 (f) The agency may award grants or loans to a city as defined in section 462A.03,
21.29 subdivision 21; a federally recognized American Indian tribe or subdivision located in
21.30 Minnesota; a tribal housing corporation; a private developer; a nonprofit organization; a
21.31 housing and redevelopment authority under sections 469.001 to 469.047; a public housing
21.32 authority or agency authorized by law to exercise any of the powers granted by sections

22.1 469.001 to 469.047; or the owner of the housing. The provisions of subdivision 2, and
22.2 paragraphs (a) to (e) and (g) of this subdivision, regarding the use of funds and eligible
22.3 recipients apply to grants and loans awarded under this paragraph.

22.4 (g) Except for the set-aside provided in subdivision 2, paragraph (d), eligible recipients
22.5 must use the funds to serve households that meet the income limits as provided in section
22.6 462A.33, subdivision 5.

22.7 Subd. 4. **Recapture.** A loan or grant awarded under this section is subject to repayment
22.8 or recapture under rules adopted by the agency. Any amount of a loan or grant that is repaid
22.9 or recaptured must be redeposited in the account and is not returned to the taxpayer who
22.10 made the contribution.

22.11 Subd. 5. **Report.** The agency shall report by January 15 each year to the chairs and
22.12 ranking minority members of the legislative policy and finance committees with jurisdiction
22.13 over housing on the tax credits and financing provided in the previous fiscal year. The report
22.14 shall provide a breakdown of the tax credits, grants, and loans by region of the state. The
22.15 report shall also include information on planned financing in the current fiscal year.

22.16 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
22.17 31, 2022.

22.18 Sec. 17. **CLARIFICATION OF SECTION 179 EXPENSING CONFORMITY.**

22.19 For taxable years beginning after December 31, 2019, no addition is required under
22.20 Minnesota Statutes, sections 290.0131, subdivision 10, and 290.0133, subdivision 12, for
22.21 property placed in service in taxable years beginning before January 1, 2020, including the
22.22 following:

22.23 (1) the addition for carryover amounts pursuant to section 179(b)(3) of the Internal
22.24 Revenue Code for property placed in service in taxable years beginning before January 1,
22.25 2020; and

22.26 (2) the addition for property placed in service in taxable years beginning before January
22.27 1, 2020, resulting from being a shareholder or partner in an S-corporation or partnership
22.28 with a taxable year that began before January 1, 2020.

22.29 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
22.30 after December 31, 2019.

ARTICLE 2

PARTNERSHIP AUDITS

23.1

23.2

23.3 Section 1. Minnesota Statutes 2020, section 270C.445, subdivision 6, is amended to read:

23.4 Subd. 6. **Enforcement; administrative order; penalties; cease and desist.** (a) The
23.5 commissioner may impose an administrative penalty of not more than \$1,000 per violation
23.6 of subdivision 3 or 5, or section 270C.4451, provided that a penalty may not be imposed
23.7 for any conduct for which a tax preparer penalty is imposed under section 289A.60,
23.8 subdivision 13. The commissioner may terminate a tax preparer's authority to transmit
23.9 returns electronically to the state, if the commissioner determines the tax preparer engaged
23.10 in a pattern and practice of violating this section. Imposition of a penalty under this paragraph
23.11 is subject to the contested case procedure under chapter 14. The commissioner shall collect
23.12 the penalty in the same manner as the income tax. There is no right to make a claim for
23.13 refund under section 289A.50 of the penalty imposed under this paragraph. Penalties imposed
23.14 under this paragraph are public data.

23.15 (b) In addition to the penalty under paragraph (a), if the commissioner determines that
23.16 a tax preparer has violated subdivision 3 or 5, or section 270C.4451, the commissioner may
23.17 issue an administrative order to the tax preparer requiring the tax preparer to cease and
23.18 desist from committing the violation. The administrative order may include an administrative
23.19 penalty provided in paragraph (a).

23.20 (c) If the commissioner issues an administrative order under paragraph (b), the
23.21 commissioner must send the order to the tax preparer addressed to the last known address
23.22 of the tax preparer.

23.23 (d) A cease and desist order under paragraph (b) must:

23.24 (1) describe the act, conduct, or practice committed and include a reference to the law
23.25 that the act, conduct, or practice violates; and

23.26 (2) provide notice that the tax preparer may request a hearing as provided in this
23.27 subdivision.

23.28 (e) Within 30 days after the commissioner issues an administrative order under paragraph
23.29 (b), the tax preparer may request a hearing to review the commissioner's action. The request
23.30 for hearing must be made in writing and must be served on the commissioner at the address
23.31 specified in the order. The hearing request must specifically state the reasons for seeking
23.32 review of the order. The date on which a request for hearing is served by mail is the postmark
23.33 date on the envelope in which the request for hearing is mailed.

24.1 (f) If a tax preparer does not timely request a hearing regarding an administrative order
24.2 issued under paragraph (b), the order becomes a final order of the commissioner and is not
24.3 subject to review by any court or agency.

24.4 (g) If a tax preparer timely requests a hearing regarding an administrative order issued
24.5 under paragraph (b), the hearing must be commenced within ten days after the commissioner
24.6 receives the request for a hearing.

24.7 (h) A hearing timely requested under paragraph (e) is subject to the contested case
24.8 procedure under chapter 14, as modified by this subdivision. The administrative law judge
24.9 must issue a report containing findings of fact, conclusions of law, and a recommended
24.10 order within ten days after the completion of the hearing, the receipt of late-filed exhibits,
24.11 or the submission of written arguments, whichever is later.

24.12 (i) Within five days of the date of the administrative law judge's report issued under
24.13 paragraph (h), any party aggrieved by the administrative law judge's report may submit
24.14 written exceptions and arguments to the commissioner. Within 15 days after receiving the
24.15 administrative law judge's report, the commissioner must issue an order vacating, modifying,
24.16 or making final the administrative order.

24.17 (j) The commissioner and the tax preparer requesting a hearing may by agreement
24.18 lengthen any time periods prescribed in paragraphs (g) to (i).

24.19 (k) An administrative order issued under paragraph (b) is in effect until it is modified
24.20 or vacated by the commissioner or an appellate court. The administrative hearing provided
24.21 by paragraphs (e) to (i) and any appellate judicial review as provided in chapter 14 constitute
24.22 the exclusive remedy for a tax preparer aggrieved by the order.

24.23 (l) The commissioner may impose an administrative penalty, in addition to the penalty
24.24 under paragraph (a), up to \$5,000 per violation of a cease and desist order issued under
24.25 paragraph (b). Imposition of a penalty under this paragraph is subject to the contested case
24.26 procedure under chapter 14. Within 30 days after the commissioner imposes a penalty under
24.27 this paragraph, the tax preparer assessed the penalty may request a hearing to review the
24.28 penalty order. The request for hearing must be made in writing and must be served on the
24.29 commissioner at the address specified in the order. The hearing request must specifically
24.30 state the reasons for seeking review of the order. The cease and desist order issued under
24.31 paragraph (b) is not subject to review in a proceeding to challenge the penalty order under
24.32 this paragraph. The date on which a request for hearing is served by mail is the postmark
24.33 date on the envelope in which the request for hearing is mailed. If the tax preparer does not
24.34 timely request a hearing, the penalty order becomes a final order of the commissioner and

25.1 is not subject to review by any court or agency. A penalty imposed by the commissioner
25.2 under this paragraph may be collected and enforced by the commissioner as an income tax
25.3 liability. There is no right to make a claim for refund under section 289A.50 of the penalty
25.4 imposed under this paragraph. A penalty imposed under this paragraph is public data.

25.5 (m) If a tax preparer violates a cease and desist order issued under paragraph (b), the
25.6 commissioner may terminate the tax preparer's authority to transmit returns electronically
25.7 to the state. Termination under this paragraph is public data.

25.8 (n) A cease and desist order issued under paragraph (b) is public data when it is a final
25.9 order.

25.10 (o) Notwithstanding any other law, the commissioner may impose a penalty or take other
25.11 action under this subdivision against a tax preparer, with respect to a return, within the
25.12 period to assess tax on that return as provided by ~~section~~ sections 289A.38 to 289A.382.

25.13 (p) Notwithstanding any other law, the imposition of a penalty or any other action against
25.14 a tax preparer under this subdivision, other than with respect to a return, must be taken by
25.15 the commissioner within five years of the violation of statute.

25.16 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
25.17 after December 31, 2017, except that for partnerships that make an election under Code of
25.18 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
25.19 and applies to the same tax periods to which the election relates.

25.20 Sec. 2. Minnesota Statutes 2020, section 289A.31, subdivision 1, is amended to read:

25.21 Subdivision 1. **Individual income, fiduciary income, mining company, corporate**
25.22 **franchise, and entertainment taxes.** (a) Individual income, fiduciary income, mining
25.23 company, and corporate franchise taxes, and interest and penalties, must be paid by the
25.24 taxpayer upon whom the tax is imposed, except in the following cases:

25.25 (1) the tax due from a decedent for that part of the taxable year in which the decedent
25.26 died during which the decedent was alive and the taxes, interest, and penalty due for the
25.27 prior years must be paid by the decedent's personal representative, if any. If there is no
25.28 personal representative, the taxes, interest, and penalty must be paid by the transferees, as
25.29 defined in section 270C.58, subdivision 3, to the extent they receive property from the
25.30 decedent;

25.31 (2) the tax due from an infant or other incompetent person must be paid by the person's
25.32 guardian or other person authorized or permitted by law to act for the person;

26.1 (3) the tax due from the estate of a decedent must be paid by the estate's personal
26.2 representative;

26.3 (4) the tax due from a trust, including those within the definition of a corporation, as
26.4 defined in section 290.01, subdivision 4, must be paid by a trustee; and

26.5 (5) the tax due from a taxpayer whose business or property is in charge of a receiver,
26.6 trustee in bankruptcy, assignee, or other conservator, must be paid by the person in charge
26.7 of the business or property so far as the tax is due to the income from the business or property.

26.8 (b) Entertainment taxes are the joint and several liability of the entertainer and the
26.9 entertainment entity. The payor is liable to the state for the payment of the tax required to
26.10 be deducted and withheld under section 290.9201, subdivision 7, and is not liable to the
26.11 entertainer for the amount of the payment.

26.12 (c) The taxes imposed under sections 289A.35, paragraph (b), 289A.382, subdivision
26.13 3, and 290.0922 on partnerships are the joint and several liability of the partnership and the
26.14 general partners.

26.15 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
26.16 after December 31, 2017, except that for partnerships that make an election under Code of
26.17 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
26.18 and applies to the same tax periods to which the election relates.

26.19 Sec. 3. Minnesota Statutes 2020, section 289A.37, subdivision 2, is amended to read:

26.20 Subd. 2. **Erroneous refunds.** (a) Except as provided in paragraph (b), an erroneous
26.21 refund occurs when the commissioner issues a payment to a person that exceeds the amount
26.22 the person is entitled to receive under law. An erroneous refund is considered an
26.23 underpayment of tax on the date issued.

26.24 (b) To the extent that the amount paid does not exceed the amount claimed by the
26.25 taxpayer, an erroneous refund does not include the following:

26.26 (1) any amount of a refund or credit paid pursuant to a claim for refund filed by a
26.27 taxpayer, including but not limited to refunds of claims made under section 290.06,
26.28 subdivision 23; 290.067; 290.0671; 290.0672; 290.0674; 290.0675; 290.0677; 290.068;
26.29 290.0681; or 290.0692; or chapter 290A; or

26.30 (2) any amount paid pursuant to a claim for refund of an overpayment of tax filed by a
26.31 taxpayer.

27.1 (c) The commissioner may make an assessment to recover an erroneous refund at any
27.2 time within two years from the issuance of the erroneous refund. If all or part of the erroneous
27.3 refund was induced by fraud or misrepresentation of a material fact, the assessment may
27.4 be made at any time.

27.5 (d) Assessments of amounts that are not erroneous refunds under paragraph (b) must be
27.6 conducted under ~~section~~ sections 289A.38 to 289A.382.

27.7 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
27.8 after December 31, 2017, except that for partnerships that make an election under Code of
27.9 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
27.10 and applies to the same tax periods to which the election relates.

27.11 Sec. 4. Minnesota Statutes 2020, section 289A.38, subdivision 7, is amended to read:

27.12 Subd. 7. **Federal tax changes.** (a) If the amount of income, items of tax preference,
27.13 deductions, or credits for any year of a taxpayer, or the wages paid by a taxpayer for any
27.14 period, as reported to the Internal Revenue Service is changed or corrected by the
27.15 commissioner of Internal Revenue or other officer of the United States or other competent
27.16 authority, or where a renegotiation of a contract or subcontract with the United States results
27.17 in a change in income, items of tax preference, deductions, credits, or withholding tax, or,
27.18 in the case of estate tax, where there are adjustments to the taxable estate, the taxpayer shall
27.19 report the ~~change or correction or renegotiation results~~ federal adjustments in writing to the
27.20 commissioner. The federal adjustments report must be submitted within 180 days after the
27.21 final determination date and must be in the form of either an amended Minnesota estate,
27.22 withholding tax, corporate franchise tax, or income tax return conceding the accuracy of
27.23 the federal ~~determination~~ adjustment or a letter detailing how the federal ~~determination~~
27.24 adjustment is incorrect or does not change the Minnesota tax. An amended Minnesota
27.25 income tax return must be accompanied by an amended property tax refund return, if
27.26 necessary. A taxpayer filing an amended federal tax return must also file a copy of the
27.27 amended return with the commissioner of revenue within 180 days after filing the amended
27.28 return.

27.29 (b) ~~For the purposes of paragraph (a), a change or correction includes any case where a~~
27.30 ~~taxpayer reaches a closing agreement or compromise with the Internal Revenue Service~~
27.31 ~~under section 7121 or 7122 of the Internal Revenue Code.~~ In the case of a final federal
27.32 adjustment arising from a partnership-level audit or an administrative adjustment request
27.33 filed by a partnership under section 6227 of the Internal Revenue Code, a taxpayer must
27.34 report adjustments as provided for under section 289A.382, and not this section.

28.1 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
28.2 after December 31, 2017, except that for partnerships that make an election under Code of
28.3 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
28.4 and applies to the same tax periods to which the election relates.

28.5 Sec. 5. Minnesota Statutes 2020, section 289A.38, subdivision 8, is amended to read:

28.6 Subd. 8. **Failure to report change or correction of federal return.** If a taxpayer fails
28.7 to make a federal adjustments report as required by subdivision 7 or section 289A.382, the
28.8 commissioner may recompute the tax, including a refund, based on information available
28.9 to the commissioner. The tax may be recomputed within six years after the federal
28.10 adjustments report should have been filed, notwithstanding any period of limitations to the
28.11 contrary.

28.12 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
28.13 after December 31, 2017, except that for partnerships that make an election under Code of
28.14 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
28.15 and applies to the same tax periods to which the election relates.

28.16 Sec. 6. Minnesota Statutes 2020, section 289A.38, subdivision 9, is amended to read:

28.17 Subd. 9. **Report made of change or correction of federal return.** If a taxpayer is
28.18 required to make a federal adjustments report under subdivision 7 or section 289A.382, and
28.19 does report the change or files a copy of the amended return, the commissioner may
28.20 recompute and reassess the tax due, including a refund (1) within one year after the federal
28.21 adjustments report or amended return is filed with the commissioner, notwithstanding any
28.22 period of limitations to the contrary, or (2) within any other applicable period stated in this
28.23 section, whichever period is longer. The period provided for the carryback of any amount
28.24 of loss or credit is also extended as provided in this subdivision, notwithstanding any law
28.25 to the contrary. If the commissioner has completed a field audit of the taxpayer, and, but
28.26 for this subdivision, the commissioner's time period to adjust the tax has expired, the
28.27 additional tax due or refund is limited to only those changes that are required to be made
28.28 to the return which relate to the changes made on the federal return. This subdivision does
28.29 not apply to sales and use tax.

28.30 For purposes of this subdivision and section 289A.42, subdivision 2, a "field audit" is
28.31 the physical presence of examiners in the taxpayer's or taxpayer's representative's office
28.32 conducting an examination of the taxpayer with the intention of issuing an assessment or
28.33 notice of change in tax or which results in the issuing of an assessment or notice of change

29.1 in tax. The examination may include inspecting a taxpayer's place of business, tangible
29.2 personal property, equipment, computer systems and facilities, pertinent books, records,
29.3 papers, vouchers, computer printouts, accounts, and documents.

29.4 A taxpayer may make estimated payments to the commissioner of the tax expected to
29.5 result from a pending audit by the Internal Revenue Service. The taxpayer may make
29.6 estimated payments prior to the due date of the federal adjustments report without the
29.7 taxpayer having to file the report with the commissioner. The commissioner must credit the
29.8 estimated tax payments against any tax liability of the taxpayer ultimately found to be due
29.9 to the commissioner. The estimated payments limit the accrual of further statutory interest
29.10 on that amount. If the estimated tax payments exceed the final tax liability plus statutory
29.11 interest ultimately determined to be due, the taxpayer is entitled to a refund or credit for the
29.12 excess, provided the taxpayer files a federal adjustments report, or claim for refund or credit
29.13 of tax, no later than one year following the final determination date.

29.14 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
29.15 after December 31, 2017, except that for partnerships that make an election under Code of
29.16 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
29.17 and applies to the same tax periods to which the election relates.

29.18 Sec. 7. Minnesota Statutes 2020, section 289A.38, subdivision 10, is amended to read:

29.19 Subd. 10. **Incorrect determination of federal adjusted gross income.** Notwithstanding
29.20 any other provision of this chapter, if a taxpayer whose net income is determined under
29.21 section 290.01, subdivision 19, omits from income an amount that will under the Internal
29.22 Revenue Code extend the statute of limitations for the assessment of federal income taxes,
29.23 or otherwise incorrectly determines the taxpayer's federal adjusted gross income resulting
29.24 in adjustments by the Internal Revenue Service, then the period of assessment and
29.25 determination of tax will be that under the Internal Revenue Code. When a change is made
29.26 to federal income during the extended time provided under this subdivision, the provisions
29.27 under subdivisions 7 to 9 and section 289A.382 regarding additional extensions apply.

29.28 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
29.29 after December 31, 2017, except that for partnerships that make an election under Code of
29.30 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
29.31 and applies to the same tax periods to which the election relates.

30.1 Sec. 8. **[289A.381] DEFINITIONS; PARTNERSHIPS; FEDERAL ADJUSTMENTS.**

30.2 **Subdivision 1. Definitions relating to federal adjustments.** Unless otherwise specified,
30.3 the definitions in this section apply for the purposes of sections 289A.38, subdivisions 7 to
30.4 9, 289A.381, and 289A.382.

30.5 **Subd. 2. Administrative adjustment request.** "Administrative adjustment request"
30.6 means an administrative adjustment request filed by a partnership under section 6227 of
30.7 the Internal Revenue Code.

30.8 **Subd. 3. Audited partnership.** "Audited partnership" means a partnership subject to a
30.9 federal adjustment resulting from a partnership-level audit.

30.10 **Subd. 4. Corporate partner.** "Corporate partner" means a partner that is subject to tax
30.11 under section 290.02.

30.12 **Subd. 5. Direct partner.** "Direct partner" means a partner that holds an immediate legal
30.13 ownership interest in a partnership or pass-through entity.

30.14 **Subd. 6. Exempt partner.** "Exempt partner" means a partner that is exempt from taxes
30.15 on its net income under section 290.05, subdivision 1.

30.16 **Subd. 7. Federal adjustment.** "Federal adjustment" means any change in an amount
30.17 calculated under the Internal Revenue Code, whether to income, gross estate, a credit, an
30.18 item of preference, or any other item that is used by a taxpayer to compute a tax administered
30.19 under this chapter for the reviewed year whether that change results from action by the
30.20 Internal Revenue Service or other competent authority, including a partnership-level audit,
30.21 or from the filing of an amended federal return, federal refund claim, or an administrative
30.22 adjustment request by the taxpayer. A federal adjustment is positive to the extent that it
30.23 increases taxable income as determined under section 290.01, subdivision 29, and is negative
30.24 to the extent that it decreases taxable income as determined under section 290.01, subdivision
30.25 29.

30.26 **Subd. 8. Federal adjustments report.** "Federal adjustments report" includes a method
30.27 or form prescribed by the commissioner for use by a taxpayer to report federal adjustments,
30.28 including an amended Minnesota tax return or a uniform multistate report.

30.29 **Subd. 9. Federal partnership representative.** "Federal partnership representative"
30.30 means the person the partnership designates for the taxable year as the partnership's
30.31 representative, or the person the Internal Revenue Service has appointed to act as the
30.32 partnership representative, pursuant to section 6223(a) of the Internal Revenue Code.

30.33 **Subd. 10. Final determination date.** "Final determination date" means:

31.1 (1) for a federal adjustment arising from an audit by the Internal Revenue Service or
31.2 other competent authority, the first day on which no federal adjustment arising from that
31.3 audit remains to be finally determined, whether by agreement, or, if appealed or contested,
31.4 by a final decision with respect to which all rights of appeal have been waived or exhausted;

31.5 (2) for a federal adjustment arising from an audit or other action by the Internal Revenue
31.6 Service or other competent authority, if the taxpayer filed as a member of a combined report
31.7 under section 290.17, subdivision 4, the first day on which no related federal adjustments
31.8 arising from that audit remain to be finally determined as described in clause (1) for the
31.9 entire combined group;

31.10 (3) for a federal adjustment arising from the filing of an amended federal return, a federal
31.11 refund claim, or the filing by a partnership of an administrative adjustment request, the date
31.12 on which the amended return, refund claim, or administrative adjustment request was filed;
31.13 or

31.14 (4) for agreements required to be signed by the Internal Revenue Service and the taxpayer,
31.15 the date on which the last party signed the agreement.

31.16 Subd. 11. **Final federal adjustment.** "Final federal adjustment" means a federal
31.17 adjustment after the final determination date for that federal adjustment has passed.

31.18 Subd. 12. **Indirect partner.** "Indirect partner" means either:

31.19 (1) a partner in a partnership or pass-through entity that itself holds an immediate legal
31.20 ownership interest in another partnership or pass-through entity; or

31.21 (2) a partner in a partnership or pass-through entity that holds an indirect interest in
31.22 another partnership or pass-through entity through another indirect partner.

31.23 Subd. 13. **Partner.** "Partner" means a person that holds an interest directly or indirectly
31.24 in a partnership or other pass-through entity.

31.25 Subd. 14. **Partnership.** "Partnership" has the meaning provided under section 7701(a)(2)
31.26 of the Internal Revenue Code.

31.27 Subd. 15. **Partnership-level audit.** "Partnership-level audit" means an examination by
31.28 the Internal Revenue Service at the partnership level pursuant to subtitle F, chapter 63,
31.29 subchapter C, of the Internal Revenue Code, which results in federal adjustments and
31.30 adjustments to partnership-related items.

31.31 Subd. 16. **Pass-through entity.** "Pass-through entity" means an entity, other than a
31.32 partnership, that is not subject to the tax imposed under section 290.02. The term pass-through

32.1 entity includes but is not limited to S corporations, estates, and trusts other than grantor
32.2 trusts.

32.3 Subd. 17. **Resident partner.** "Resident partner" means an individual, trust, or estate
32.4 partner who is a resident of Minnesota under section 290.01, subdivision 7, 7a, or 7b, for
32.5 the relevant tax period.

32.6 Subd. 18. **Reviewed year.** "Reviewed year" means the taxable year of a partnership that
32.7 is subject to a partnership-level audit from which federal adjustments arise.

32.8 Subd. 19. **Tiered partner.** "Tiered partner" means any partner that is a partnership or
32.9 pass-through entity.

32.10 Subd. 20. **Unrelated business taxable income.** "Unrelated business taxable income"
32.11 has the meaning provided under section 512 of the Internal Revenue Code.

32.12 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
32.13 after December 31, 2017, except that for partnerships that make an election under Code of
32.14 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
32.15 and applies to the same tax periods to which the election relates.

32.16 **Sec. 9. [289A.382] REPORTING AND PAYMENT REQUIREMENTS.**

32.17 Subdivision 1. **State partnership representative.** (a) With respect to an action required
32.18 or permitted to be taken by a partnership under this section, or in a proceeding under section
32.19 270C.35 or 271.06, the state partnership representative for the reviewed year shall have the
32.20 sole authority to act on behalf of the partnership, and its direct partners and indirect partners
32.21 shall be bound by those actions.

32.22 (b) The state partnership representative for the reviewed year is the partnership's federal
32.23 partnership representative unless the partnership, in a form and manner prescribed by the
32.24 commissioner, designates another person as its state partnership representative.

32.25 Subd. 2. **Reporting and payment requirements for partnerships and tiered**
32.26 **partners.** (a) Except for when an audited partnership makes the election in subdivision 3,
32.27 and except for negative federal adjustments required under federal law taken into account
32.28 by the partnership in the partnership return for the adjustment or other year, all final federal
32.29 adjustments of an audited partnership must comply with paragraph (b) and each direct
32.30 partner of the audited partnership, other than a tiered partner, must comply with paragraph
32.31 (c).

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

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

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

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

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

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

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

33.18 (2) pay any additional amount of tax due as if the final federal adjustment had been
33.19 properly reported, plus any penalty and interest due under this chapter, and less any credit
33.20 for related amounts paid or withheld and remitted on behalf of the direct partner under
33.21 paragraph (b), clauses (3) and (4).

33.22 Subd. 3. **Election; partnership or tiered partners pay.** (a) An audited partnership may
33.23 make an election under this subdivision to pay its assessment at the entity level. If an audited
33.24 partnership makes an election to pay its assessment at the entity level it must:

33.25 (1) no later than 90 days after the final determination date:

33.26 (i) file a completed federal adjustments report, which includes the residency information
33.27 for all individual, trust, and estate direct partners and information pertaining to all other
33.28 direct partners as prescribed by the commissioner; and

33.29 (ii) notify the commissioner that it is making the election under this subdivision; and

33.30 (2) no later than 180 days after the final determination date, pay an amount, determined
33.31 as follows, in lieu of taxes on partners:

- 34.1 (i) exclude from final federal adjustments the distributive share of these adjustments
34.2 made to a direct exempt partner that is not unrelated business taxable income;
- 34.3 (ii) exclude from final federal adjustments the distributive share of these adjustments
34.4 made to a direct partner that has filed a federal adjustments report and paid the applicable
34.5 tax, as required under subdivision 2, for the distributive share of adjustments reported on a
34.6 federal return under section 6225(c) of the Internal Revenue Code;
- 34.7 (iii) assign and apportion at the partnership level using sections 290.17 to 290.20 the
34.8 total distributive share of the remaining final federal adjustments for the reviewed year
34.9 attributed to direct corporate partners and direct exempt partners; multiply the total by the
34.10 highest tax rate in section 290.06, subdivision 1, for the reviewed year; and calculate interest
34.11 and penalties as applicable under this chapter;
- 34.12 (iv) allocate at the partnership level using section 290.17, subdivision 1, the total
34.13 distributive share of all final federal adjustments attributable to individual resident direct
34.14 partners for the reviewed year; multiply the total by the highest tax rate in section 290.06,
34.15 subdivision 2c, for the reviewed year; and calculate interest and penalties as applicable
34.16 under this chapter;
- 34.17 (v) assign and apportion at the partnership level using sections 290.17 to 290.20 the total
34.18 distributive share of the remaining final federal adjustments attributable to nonresident
34.19 individual direct partners and direct partners who are an estate or a trust for the reviewed
34.20 year; multiply the total by the highest tax rate in section 290.06, subdivision 2c, for the
34.21 reviewed year; and calculate interest and penalties as applicable under this chapter;
- 34.22 (vi) for the total distributive share of the remaining final federal adjustments reported
34.23 to tiered partners:
- 34.24 (A) determine the amount of the adjustments that would be assigned using section 290.17,
34.25 subdivision 2, paragraphs (a) to (d), excluding income or gains from intangible personal
34.26 property not employed in the business of the recipient of the income or gains if the recipient
34.27 of the income or gains is a resident of this state or is a resident trust or estate under section
34.28 290.17, subdivision 2, paragraph (c), or apportioned using sections 290.17, subdivision 3,
34.29 290.191, and 290.20; and then determine the portion of the amount that would be allocated
34.30 to this state;
- 34.31 (B) determine the amount of the adjustments that are fully sourced to the taxpayer's state
34.32 of residency under section 290.17, subdivision 2, paragraph (e), and income or gains from
34.33 intangible personal property not employed in the business of the recipient of the income or

35.1 gains if the recipient of the income or gains is a resident of this state or is a resident trust
35.2 or estate under section 290.17, subdivision 2, paragraph (c);

35.3 (C) determine the portion of the amount determined in subitem (B) that can be established
35.4 to be properly allocable to nonresident indirect partners or other partners not subject to tax
35.5 on the adjustments; and

35.6 (D) multiply the total of the amounts determined in subitems (A) and (B) reduced by
35.7 the amount determined in subitem (C) by the highest tax rate in section 290.06, subdivision
35.8 2c, for the reviewed year, and calculate interest and penalties as applicable under this chapter;
35.9 and

35.10 (vii) add the amounts determined in items (iii) to (vi), and pay all applicable taxes,
35.11 penalties, and interest to the commissioner.

35.12 (b) An audited partnership may not make an election under this subdivision to report:

35.13 (1) a federal adjustment that results in unitary business income to a corporate partner
35.14 required to file as a member of a combined report under section 290.17, subdivision 4; or

35.15 (2) any final federal adjustments resulting from an administrative adjustment request.

35.16 (c) An audited partnership not otherwise subject to any reporting or payment obligation
35.17 to this state may not make an election under this subdivision.

35.18 Subd. 4. **Tiered partners and indirect partners.** The direct and indirect partners of an
35.19 audited partnership that are tiered partners, and all the partners of the tiered partners, that
35.20 are subject to tax under chapter 290 are subject to the reporting and payment requirements
35.21 contained in subdivision 2, and the tiered partners are entitled to make the elections provided
35.22 in subdivision 3. The tiered partners or their partners shall make required reports and
35.23 payments no later than 90 days after the time for filing and furnishing of statements to tiered
35.24 partners and their partners as established under section 6226 of the Internal Revenue Code.

35.25 Subd. 5. **Effects of election by partnership or tiered partner and payment of amount**
35.26 **due.** (a) Unless the commissioner determines otherwise, an election under subdivision 3 is
35.27 irrevocable.

35.28 (b) If an audited partnership or tiered partner properly reports and pays an amount
35.29 determined in subdivision 3, the amount must be treated as paid in lieu of taxes owed by
35.30 the partnership's direct partners and indirect partners, to the extent applicable, on the same
35.31 final federal adjustments. The direct partners or indirect partners of the partnership who are
35.32 not resident partners may not take any deduction or credit for this amount or claim a refund
35.33 of the amount in this state.

36.1 (c) Nothing in this subdivision precludes resident direct partners from claiming a credit
36.2 against taxes paid under section 290.06 on any amounts paid by the audited partnership or
36.3 tiered partners on the resident partner's behalf to another state or local tax jurisdiction.

36.4 Subd. 6. **Failure of partnership or tiered partner to report or pay.** Nothing in this
36.5 section prevents the commissioner from assessing direct partners or indirect partners for
36.6 taxes they owe, using the best information available, in the event that, for any reason, a
36.7 partnership or tiered partner fails to timely make any report or payment required by this
36.8 section.

36.9 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
36.10 after December 31, 2017, except that for partnerships that make an election under Code of
36.11 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
36.12 and applies to the same tax periods to which the election relates.

36.13 Sec. 10. Minnesota Statutes 2020, section 289A.42, is amended to read:

36.14 **289A.42 CONSENT TO EXTEND STATUTE.**

36.15 Subdivision 1. **Extension agreement.** If before the expiration of time prescribed in
36.16 sections 289A.38 to 289A.382 and 289A.40 for the assessment of tax or the filing of a claim
36.17 for refund, both the commissioner and the taxpayer have consented in writing to the
36.18 assessment or filing of a claim for refund after that time, the tax may be assessed or the
36.19 claim for refund filed at any time before the expiration of the agreed-upon period. The
36.20 period may be extended by later agreements in writing before the expiration of the period
36.21 previously agreed upon. The taxpayer and the commissioner may also agree to extend the
36.22 period for collection of the tax.

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

36.27 (1) for the periods provided in ~~section~~ sections 289A.38, subdivisions 8 and 9, and
36.28 289A.382, subdivisions 2 and 3;

36.29 (2) for six months following the expiration of the extended federal period of limitations
36.30 when no change is made by the federal authority. If no change is made by the federal
36.31 authority, and, but for this subdivision, the commissioner's time period to adjust the tax has
36.32 expired, and if the commissioner has completed a field audit of the taxpayer, no additional

37.1 changes resulting in additional tax due or a refund may be made. For purposes of this
37.2 subdivision, "field audit" has the meaning given in section 289A.38, subdivision 9.

37.3 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
37.4 after December 31, 2017, except that for partnerships that make an election under Code of
37.5 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
37.6 and applies to the same tax periods to which the election relates.

37.7 Sec. 11. Minnesota Statutes 2020, section 289A.60, subdivision 24, is amended to read:

37.8 Subd. 24. **Penalty for failure to notify of federal change.** If a person fails to report to
37.9 the commissioner a change or correction of the person's federal return in the manner and
37.10 time prescribed in ~~section~~ sections 289A.38, subdivision 7, and 289A.382, there must be
37.11 added to the tax an amount equal to ten percent of the amount of any underpayment of
37.12 Minnesota tax attributable to the federal change.

37.13 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
37.14 after December 31, 2017, except that for partnerships that make an election under Code of
37.15 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
37.16 and applies to the same tax periods to which the election relates.

37.17 Sec. 12. Minnesota Statutes 2020, section 290.31, subdivision 1, is amended to read:

37.18 Subdivision 1. **Partners, not partnership, subject to tax.** Except as provided under
37.19 ~~section~~ sections 289A.35, paragraph (b), and 289A.382, subdivision 3, a partnership as such
37.20 shall not be subject to the income tax imposed by this chapter, but is subject to the tax
37.21 imposed under section 290.0922. Persons carrying on business as partners shall be liable
37.22 for income tax only in their separate or individual capacities.

37.23 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
37.24 after December 31, 2017, except that for partnerships that make an election under Code of
37.25 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
37.26 and applies to the same tax periods to which the election relates.

37.27 Sec. 13. Minnesota Statutes 2020, section 297F.17, subdivision 6, is amended to read:

37.28 Subd. 6. **Time limit for bad debt refund.** Claims for refund must be filed with the
37.29 commissioner during the one-year period beginning with the timely filing of the taxpayer's
37.30 federal income tax return containing the bad debt deduction that is being claimed. Claimants
37.31 under this subdivision are subject to the notice requirements of ~~section~~ sections 289A.38,
37.32 subdivision 7, and 289A.382.

38.1 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
38.2 after December 31, 2017, except that for partnerships that make an election under Code of
38.3 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
38.4 and applies to the same tax periods to which the election relates.

38.5 Sec. 14. Minnesota Statutes 2020, section 297G.16, subdivision 7, is amended to read:

38.6 Subd. 7. **Time limit for a bad debt deduction.** Claims for refund must be filed with
38.7 the commissioner within one year of the filing of the taxpayer's income tax return containing
38.8 the bad debt deduction that is being claimed. Claimants under this subdivision are subject
38.9 to the notice requirements of ~~section 289A.38, subdivision 7~~ sections 289A.38 to 289A.382.

38.10 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
38.11 after December 31, 2017, except that for partnerships that make an election under Code of
38.12 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
38.13 and applies to the same tax periods to which the election relates.

38.14 Sec. 15. Minnesota Statutes 2020, section 469.319, subdivision 4, is amended to read:

38.15 Subd. 4. **Repayment procedures.** (a) For the repayment of taxes imposed under chapter
38.16 290 or 297A or local taxes collected pursuant to section 297A.99, a business must file an
38.17 amended return with the commissioner of revenue and pay any taxes required to be repaid
38.18 within 30 days after becoming subject to repayment under this section. The amount required
38.19 to be repaid is determined by calculating the tax for the period or periods for which repayment
38.20 is required without regard to the exemptions and credits allowed under section 469.315.

38.21 (b) For the repayment of taxes imposed under chapter 297B, a business must pay any
38.22 taxes required to be repaid to the motor vehicle registrar, as agent for the commissioner of
38.23 revenue, within 30 days after becoming subject to repayment under this section.

38.24 (c) For the repayment of property taxes, the county auditor shall prepare a tax statement
38.25 for the business, applying the applicable tax extension rates for each payable year and
38.26 provide a copy to the business and to the taxpayer of record. The business must pay the
38.27 taxes to the county treasurer within 30 days after receipt of the tax statement. The business
38.28 or the taxpayer of record may appeal the valuation and determination of the property tax to
38.29 the Tax Court within 30 days after receipt of the tax statement.

38.30 (d) The provisions of chapters 270C and 289A relating to the commissioner's authority
38.31 to audit, assess, and collect the tax and to hear appeals are applicable to the repayment
38.32 required under paragraphs (a) and (b). The commissioner may impose civil penalties as

39.1 provided in chapter 289A, and the additional tax and penalties are subject to interest at the
39.2 rate provided in section 270C.40. The additional tax shall bear interest from 30 days after
39.3 becoming subject to repayment under this section until the date the tax is paid. Any penalty
39.4 imposed pursuant to this section shall bear interest from the date provided in section 270C.40,
39.5 subdivision 3, to the date of payment of the penalty.

39.6 (e) If a property tax is not repaid under paragraph (c), the county treasurer shall add the
39.7 amount required to be repaid to the property taxes assessed against the property for payment
39.8 in the year following the year in which the auditor provided the statement under paragraph
39.9 (c).

39.10 (f) For determining the tax required to be repaid, a reduction of a state or local sales or
39.11 use tax is deemed to have been received on the date that the good or service was purchased
39.12 or first put to a taxable use. In the case of an income tax or franchise tax, including the credit
39.13 payable under section 469.318, a reduction of tax is deemed to have been received for the
39.14 two most recent tax years that have ended prior to the date that the business became subject
39.15 to repayment under this section. In the case of a property tax, a reduction of tax is deemed
39.16 to have been received for the taxes payable in the year that the business became subject to
39.17 repayment under this section and for the taxes payable in the prior year.

39.18 (g) The commissioner may assess the repayment of taxes under paragraph (d) any time
39.19 within two years after the business becomes subject to repayment under subdivision 1, or
39.20 within any period of limitations for the assessment of tax under ~~section~~ sections 289A.38
39.21 to 289A.382, whichever period is later. The county auditor may send the statement under
39.22 paragraph (c) any time within three years after the business becomes subject to repayment
39.23 under subdivision 1.

39.24 (h) A business is not entitled to any income tax or franchise tax benefits, including
39.25 refundable credits, for any part of the year in which the business becomes subject to
39.26 repayment under this section nor for any year thereafter. Property is not exempt from tax
39.27 under section 272.02, subdivision 64, for any taxes payable in the year following the year
39.28 in which the property became subject to repayment under this section nor for any year
39.29 thereafter. A business is not eligible for any sales tax benefits beginning with goods or
39.30 services purchased or first put to a taxable use on the day that the business becomes subject
39.31 to repayment under this section.

39.32 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
39.33 after December 31, 2017, except that for partnerships that make an election under Code of

40.1 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
40.2 and applies to the same tax periods to which the election relates.

40.3 ARTICLE 3

40.4 PASS-THROUGH ENTITY TAX

40.5 Section 1. Minnesota Statutes 2020, section 289A.08, subdivision 7, is amended to read:

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

40.12 (b) The computation of a partner's tax liability must be determined by multiplying the
40.13 income allocated to that partner by the highest rate used to determine the tax liability for
40.14 individuals under section 290.06, subdivision 2c. Nonbusiness deductions, standard
40.15 deductions, or personal exemptions are not allowed.

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

40.20 (d) The electing partner must not have any Minnesota source income other than the
40.21 income from the partnership ~~and~~, other electing partnerships, and other qualifying entities
40.22 electing to file and pay the pass-through entity tax under subdivision 7a. If it is determined
40.23 that the electing partner has other Minnesota source income, the inclusion of the income
40.24 and tax liability for that partner under this provision will not constitute a return to satisfy
40.25 the requirements of subdivision 1. The tax paid for the individual as part of the composite
40.26 return is allowed as a payment of the tax by the individual on the date on which the composite
40.27 return payment was made. If the electing nonresident partner has no other Minnesota source
40.28 income, filing of the composite return is a return for purposes of subdivision 1.

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

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

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

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

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

41.16 (j) For the purposes of this subdivision, "income" means the partner's share of federal
41.17 adjusted gross income from the partnership modified by the additions provided in section
41.18 290.0131, subdivisions 8 to 10 and 16, and the subtractions provided in: (1) section 290.0132,
41.19 subdivision 9, to the extent the amount is assignable or allocable to Minnesota under section
41.20 290.17; and (2) section 290.0132, subdivision 14. The subtraction allowed under section
41.21 290.0132, subdivision 9, is only allowed on the composite tax computation to the extent
41.22 the electing partner would have been allowed the subtraction.

41.23 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
41.24 31, 2020.

41.25 Sec. 2. Minnesota Statutes 2020, section 289A.08, is amended by adding a subdivision to
41.26 read:

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

41.29 (1) "income" has the meaning given in subdivision 7, paragraph (j), modified by the
41.30 addition provided in section 290.0131, subdivision 5, and the subtraction provided in section
41.31 290.0132, subdivision 3, except that the provisions that apply to a partnership apply to a
41.32 qualifying entity and the provisions that apply to a partner apply to a qualifying owner. The
41.33 income of both a resident and nonresident qualifying owner is allocated and assigned to

42.1 this state as provided for nonresident partners and shareholders under sections 290.17,
42.2 290.191, and 290.20;

42.3 (2) "qualifying entity" means a partnership, limited liability company, or S corporation
42.4 including a qualified subchapter S subsidiary organized under section 1361(b)(3)(B) of the
42.5 Internal Revenue Code. Qualifying entity does not include a partnership, limited liability
42.6 company, or corporation that has a partnership, limited liability company other than a
42.7 disregarded entity, or corporation as a partner, member, or shareholder; and

42.8 (3) "qualifying owner" means:

42.9 (i) a resident or nonresident individual or estate that is a partner, member, or shareholder
42.10 of a qualifying entity; or

42.11 (ii) a resident or nonresident trust that is a shareholder of a qualifying entity that is an
42.12 S corporation.

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

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

42.19 (2) may only be made by qualifying owners who collectively hold more than a 50 percent
42.20 ownership interest in the qualifying entity;

42.21 (3) is binding on all qualifying owners who have an ownership interest in the qualifying
42.22 entity; and

42.23 (4) once made is irrevocable for the taxable year.

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

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

42.29 (1) nonbusiness deductions, standard deductions, or personal exemptions are not allowed;
42.30 and

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

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

43.4 (f) This subdivision does not negate the requirement that a qualifying owner pay estimated
43.5 tax if the qualifying owner's tax liability would exceed the requirements set forth in section
43.6 289A.25. The qualifying owner's liability to pay estimated tax on the qualifying owner's
43.7 tax liability as determined under paragraph (d) is, however, satisfied when the qualifying
43.8 entity pays estimated tax in the manner prescribed in section 289A.25 for composite estimated
43.9 tax.

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

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

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

43.19 (j) If a nonresident qualifying owner of a qualifying entity making the election to file
43.20 and pay the tax under this subdivision has no other Minnesota source income, filing of the
43.21 pass-through entity tax return is a return for purposes of subdivision 1, provided that the
43.22 nonresident qualifying owner must not have any Minnesota source income other than the
43.23 income from the qualifying entity, other electing qualifying entities, and other partnerships
43.24 electing to file a composite return under subdivision 7. If it is determined that the nonresident
43.25 qualifying owner has other Minnesota source income, the inclusion of the income and tax
43.26 liability for that owner under this provision will not constitute a return to satisfy the
43.27 requirements of subdivision 1. The tax paid for the qualifying owner as part of the
43.28 pass-through entity tax return is allowed as a payment of the tax by the qualifying owner
43.29 on the date on which the pass-through entity tax return payment was made.

43.30 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
43.31 31, 2020.

44.1 Sec. 3. Minnesota Statutes 2020, section 289A.60, is amended by adding a subdivision to
44.2 read:

44.3 Subd. 22a. **Pass-through entity tax.** For the purposes of the penalties imposed by
44.4 subdivisions 1 and 2, the payment of a pass-through entity tax or filing of a pass-through
44.5 entity tax return pursuant to section 289A.08, subdivision 7a, is considered the payment
44.6 and filing of a corporate tax.

44.7 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
44.8 31, 2020.

44.9 Sec. 4. Minnesota Statutes 2020, section 290.06, subdivision 2c, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

45.17 (i) the additions required under sections 290.0131, subdivisions 2, 6, 8 to 10, 16, and
45.18 17, and 290.0137, paragraph (a); and reduced by

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

45.23 (2) the denominator is the individual's federal adjusted gross income as defined in section
45.24 62 of the Internal Revenue Code, increased by:

45.25 (i) the additions required under sections 290.0131, subdivisions 2, 6, 8 to 10, 16, and
45.26 17, and 290.0137, paragraph (a); and reduced by

45.27 (ii) the subtractions under sections 290.0132, subdivisions 2, 9, 10, 14, 15, 17, 18, and
45.28 27, and 290.0137, paragraph (c).

45.29 (f) If an individual who is not a Minnesota resident for the entire year is a qualifying
45.30 owner of a qualifying entity that elects to pay tax as provided in section 289A.08, subdivision
45.31 7a, paragraph (b), they must compute the individual's Minnesota income tax as provided in
45.32 paragraph (e), and also must include, to the extent attributed to the electing qualifying entity:

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

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

46.5 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
46.6 31, 2020.

46.7 Sec. 5. Minnesota Statutes 2020, section 290.06, subdivision 22, is amended to read:

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

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

46.22 (c) If the taxpayer is an athletic team that apportions all of its income under section
46.23 290.17, subdivision 5, the credit is determined by multiplying the tax payable under this
46.24 chapter by the ratio derived from dividing the total net income subject to tax in the other
46.25 state by the taxpayer's Minnesota taxable income.

46.26 (d)(1) The credit determined under paragraph (b) or (c) shall not exceed the amount of
46.27 tax so paid to the other state on the gross income earned within the other state subject to
46.28 tax under this chapter; and

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

46.32 (e) In the case of the tax assessed on a lump-sum distribution under section 290.032, the
46.33 credit allowed under paragraph (a) is the tax assessed by the other state on the lump-sum

47.1 distribution that is also subject to tax under section 290.032, and shall not exceed the tax
47.2 assessed under section 290.032. To the extent the total lump-sum distribution defined in
47.3 section 290.032, subdivision 1, includes lump-sum distributions received in prior years or
47.4 is all or in part an annuity contract, the reduction to the tax on the lump-sum distribution
47.5 allowed under section 290.032, subdivision 2, includes tax paid to another state that is
47.6 properly apportioned to that distribution.

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

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

47.19 (h) For the purposes of this subdivision, a resident partner of an entity taxed as a
47.20 partnership under the Internal Revenue Code must be considered to have paid a tax imposed
47.21 on the partner in an amount equal to the partner's pro rata share of any net income tax paid
47.22 by the partnership to another state. For purposes of the preceding sentence, the term "net
47.23 income" tax means any tax imposed on or measured by a partnership's net income. For
47.24 purposes of this paragraph, "partnership" includes a limited liability company and "partner"
47.25 includes a member of a limited liability company.

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

47.27 (1) includes:

47.28 (i) the District of Columbia; and

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

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

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

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

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

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

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

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

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

48.28 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
48.29 31, 2020.

48.30 Sec. 6. Minnesota Statutes 2020, section 290.06, is amended by adding a subdivision to
48.31 read:

48.32 **Subd. 40. Pass-through entity tax credit.** (a) A qualifying owner of a qualifying entity
48.33 that elects to pay the pass-through entity tax under section 289A.08, subdivision 7a, may

49.1 claim a credit against the tax due under this chapter equal to the amount of the owner's tax
49.2 liability as calculated under section 289A.08, subdivision 7a, paragraph (d).

49.3 (b) If the amount of the credit the taxpayer may claim under this subdivision exceeds
49.4 the taxpayer's tax liability under this chapter, the commissioner of revenue shall refund the
49.5 excess to the taxpayer. The amount necessary to pay the claim for the refund provided in
49.6 this subdivision is appropriated from the general fund to the commissioner of revenue.

49.7 (c) For purposes of this subdivision, "qualifying entity," "qualifying owner," and "tax
49.8 liability" have the meanings given in section 289A.08, subdivision 7a, paragraphs (a) and
49.9 (d).

49.10 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
49.11 31, 2020.

49.12 Sec. 7. Minnesota Statutes 2020, section 290.92, subdivision 4b, is amended to read:

49.13 Subd. 4b. **Withholding by partnerships.** (a) A partnership shall deduct and withhold
49.14 a tax as provided in paragraph (b) for nonresident individual partners based on their
49.15 distributive shares of partnership income for a taxable year of the partnership.

49.16 (b) The amount of tax withheld is determined by multiplying the partner's distributive
49.17 share allocable to Minnesota under section 290.17, paid or credited during the taxable year
49.18 by the highest rate used to determine the income tax liability for an individual under section
49.19 290.06, subdivision 2c, except that the amount of tax withheld may be determined by the
49.20 commissioner if the partner submits a withholding exemption certificate under subdivision
49.21 5.

49.22 (c) The commissioner may reduce or abate the tax withheld under this subdivision if the
49.23 partnership had reasonable cause to believe that no tax was due under this section.

49.24 (d) Notwithstanding paragraph (a), a partnership is not required to deduct and withhold
49.25 tax for a nonresident partner if:

49.26 (1) the partner elects to have the tax due paid as part of the partnership's composite return
49.27 under section 289A.08, subdivision 7;

49.28 (2) the partner has Minnesota assignable federal adjusted gross income from the
49.29 partnership of less than \$1,000; or

49.30 (3) the partnership is liquidated or terminated, the income was generated by a transaction
49.31 related to the termination or liquidation, and no cash or other property was distributed in
49.32 the current or prior taxable year;

50.1 (4) the distributive shares of partnership income are attributable to:

50.2 (i) income required to be recognized because of discharge of indebtedness;

50.3 (ii) income recognized because of a sale, exchange, or other disposition of real estate,
50.4 depreciable property, or property described in section 179 of the Internal Revenue Code;
50.5 or

50.6 (iii) income recognized on the sale, exchange, or other disposition of any property that
50.7 has been the subject of a basis reduction pursuant to section 108, 734, 743, 754, or 1017 of
50.8 the Internal Revenue Code

50.9 to the extent that the income does not include cash received or receivable or, if there is cash
50.10 received or receivable, to the extent that the cash is required to be used to pay indebtedness
50.11 by the partnership or a secured debt on partnership property; ~~or~~

50.12 (5) the partnership is a publicly traded partnership, as defined in section 7704(b) of the
50.13 Internal Revenue Code; or

50.14 (6) the partnership has elected to pay the pass-through entity tax under section 289A.08,
50.15 subdivision 7a.

50.16 (e) For purposes of sections 270C.60, 289A.09, subdivision 2, 289A.20, subdivision 2,
50.17 paragraph (c), 289A.50, 289A.56, 289A.60, and 289A.63, a partnership is considered an
50.18 employer.

50.19 (f) To the extent that income is exempt from withholding under paragraph (d), clause
50.20 (4), the commissioner has a lien in an amount up to the amount that would be required to
50.21 be withheld with respect to the income of the partner attributable to the partnership interest,
50.22 but for the application of paragraph (d), clause (4). The lien arises under section 270C.63
50.23 from the date of assessment of the tax against the partner, and attaches to that partner's share
50.24 of the profits and any other money due or to become due to that partner in respect of the
50.25 partnership. Notice of the lien may be sent by mail to the partnership, without the necessity
50.26 for recording the lien. The notice has the force and effect of a levy under section 270C.67,
50.27 and is enforceable against the partnership in the manner provided by that section. Upon
50.28 payment in full of the liability subsequent to the notice of lien, the partnership must be
50.29 notified that the lien has been satisfied.

50.30 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
50.31 31, 2020.

51.1 Sec. 8. Minnesota Statutes 2020, section 290.92, subdivision 4c, is amended to read:

51.2 Subd. 4c. **Withholding by S corporations.** (a) A corporation having a valid election in
51.3 effect under section 290.9725 shall deduct and withhold a tax as provided in paragraph (b)
51.4 for nonresident individual shareholders their share of the corporation's income for the taxable
51.5 year.

51.6 (b) The amount of tax withheld is determined by multiplying the amount of income
51.7 allocable to Minnesota under section 290.17 by the highest rate used to determine the income
51.8 tax liability of an individual under section 290.06, subdivision 2c, except that the amount
51.9 of tax withheld may be determined by the commissioner if the shareholder submits a
51.10 withholding exemption certificate under subdivision 5.

51.11 (c) Notwithstanding paragraph (a), a corporation is not required to deduct and withhold
51.12 tax for a nonresident shareholder, if:

51.13 (1) the shareholder elects to have the tax due paid as part of the corporation's composite
51.14 return under section 289A.08, subdivision 7;

51.15 (2) the shareholder has Minnesota assignable federal adjusted gross income from the
51.16 corporation of less than \$1,000; ~~or~~

51.17 (3) the corporation is liquidated or terminated, the income was generated by a transaction
51.18 related to the termination or liquidation, and no cash or other property was distributed in
51.19 the current or prior taxable year; or

51.20 (4) the S corporation has elected to pay the pass-through entity tax under section 289A.08,
51.21 subdivision 7a.

51.22 (d) For purposes of sections 270C.60, 289A.09, subdivision 2, 289A.20, subdivision 2,
51.23 paragraph (c), 289A.50, 289A.56, 289A.60, and 289A.63, a corporation is considered an
51.24 employer.

51.25 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
51.26 31, 2020.

52.1

ARTICLE 4

52.2

SALES AND USE TAXES

52.3 Section 1. Minnesota Statutes 2020, section 16A.152, subdivision 2, as amended by Laws
52.4 2021, chapter 31, article 1, section 9, is amended to read:

52.5 Subd. 2. **Additional revenues; priority.** (a) If on the basis of a forecast of general fund
52.6 revenues and expenditures, the commissioner of management and budget determines that
52.7 there will be a positive unrestricted budgetary general fund balance at the close of the
52.8 biennium, the commissioner of management and budget must allocate money to the following
52.9 accounts and purposes in priority order:

52.10 (1) the cash flow account established in subdivision 1 until that account reaches
52.11 \$350,000,000;

52.12 (2) the budget reserve account established in subdivision 1a until that account reaches
52.13 \$1,596,522,000;

52.14 (3) the amount necessary to increase the aid payment schedule for school district aids
52.15 and credits payments in section 127A.45 to not more than 90 percent rounded to the nearest
52.16 tenth of a percent without exceeding the amount available and with any remaining funds
52.17 deposited in the budget reserve;

52.18 (4) the amount necessary to restore all or a portion of the net aid reductions under section
52.19 127A.441 and to reduce the property tax revenue recognition shift under section 123B.75,
52.20 subdivision 5, by the same amount; ~~and~~

52.21 (5) the amount necessary to increase the Minnesota 21st century fund by not more than
52.22 the difference between \$5,000,000 and the sum of the amounts credited and canceled to it
52.23 in the previous 12 months under Laws 2020, chapter 71, article 1, section 11, until the sum
52.24 of all transfers under this section and all amounts credited or canceled under Laws 2020,
52.25 chapter 71, article 1, section 11, equals \$20,000,000-; and

52.26 (6) for a forecast in November only, the amount remaining after the transfer under clause
52.27 (5) must be used to reduce the percentage of accelerated June liability sales tax payments
52.28 required under section 289A.20, subdivision 4, paragraph (b), until the percentage equals
52.29 zero, rounded to the nearest tenth of a percent. By March 15 following the November
52.30 forecast, the commissioner must provide the commissioner of revenue with the percentage
52.31 of accelerated June liability owed based on the reduction required by this clause. By April
52.32 15 each year, the commissioner of revenue must certify the percentage of June liability
52.33 owed by vendors based on the reduction required by this clause.

53.1 (b) The amounts necessary to meet the requirements of this section are appropriated
53.2 from the general fund within two weeks after the forecast is released or, in the case of
53.3 transfers under paragraph (a), clauses (3) and (4), as necessary to meet the appropriations
53.4 schedules otherwise established in statute.

53.5 (c) The commissioner of management and budget shall certify the total dollar amount
53.6 of the reductions under paragraph (a), clauses (3) and (4), to the commissioner of education.
53.7 The commissioner of education shall increase the aid payment percentage and reduce the
53.8 property tax shift percentage by these amounts and apply those reductions to the current
53.9 fiscal year and thereafter.

53.10 **EFFECTIVE DATE.** This section is effective July 1, 2021.

53.11 Sec. 2. Minnesota Statutes 2020, section 289A.20, subdivision 4, is amended to read:

53.12 Subd. 4. **Sales and use tax.** (a) The taxes imposed by chapter 297A are due and payable
53.13 pto the commissioner monthly on or before the 20th day of the month following the month
53.14 in which the taxable event occurred, or following another reporting period as the
53.15 commissioner prescribes or as allowed under section 289A.18, subdivision 4, paragraph (f)
53.16 or (g), except that use taxes due on an annual use tax return as provided under section
53.17 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year.

53.18 (b) A vendor having a liability of \$250,000 or more during a fiscal year ending June 30,
53.19 except a vendor of construction materials as defined in paragraph (e), must remit the June
53.20 liability for the next year in the following manner:

53.21 (1) Two business days before June 30 of calendar year 2020 and 2021, the vendor must
53.22 remit 87.5 percent of the estimated June liability to the commissioner. Two business days
53.23 before June 30 of calendar year 2022 and thereafter, the vendor must remit 84.5 percent, or
53.24 a reduced percentage as certified by the commissioner under section 16A.152, subdivision
53.25 2, paragraph (a), clause (6), of the estimated June liability to the commissioner.

53.26 (2) On or before August 20 of the year, the vendor must pay any additional amount of
53.27 tax not remitted in June.

53.28 (c) A vendor having a liability of:

53.29 (1) \$10,000 or more, but less than \$250,000, ~~during a fiscal year ending June 30, 2013,~~
53.30 ~~and fiscal years thereafter,~~ must remit by electronic means all liabilities on returns due for
53.31 periods beginning in all subsequent calendar years on or before the 20th day of the month
53.32 following the month in which the taxable event occurred, or on or before the 20th day of

54.1 the month following the month in which the sale is reported under section 289A.18,
54.2 subdivision 4; or

54.3 (2) \$250,000 or more; during a fiscal year ~~ending June 30, 2013, and fiscal years~~
54.4 ~~thereafter~~, must remit by electronic means all liabilities in the manner provided in paragraph
54.5 (a) on returns due for periods beginning in the subsequent calendar year, except ~~for~~ that a
54.6 vendor subject to the remittance requirements of paragraph (b) must remit 90 percent of the
54.7 estimated June liability, which is due two business days before June 30. The remaining
54.8 amount of the June liability is due on August 20.

54.9 (d) Notwithstanding paragraph (b) or (c), a person prohibited by the person's religious
54.10 beliefs from paying electronically shall be allowed to remit the payment by mail. The filer
54.11 must notify the commissioner of revenue of the intent to pay by mail before doing so on a
54.12 form prescribed by the commissioner. No extra fee may be charged to a person making
54.13 payment by mail under this paragraph. The payment must be postmarked at least two business
54.14 days before the due date for making the payment in order to be considered paid on a timely
54.15 basis.

54.16 (e) For the purposes of paragraph (b), "vendor of construction materials" means a retailer
54.17 that sells any of the following construction materials, if 50 percent or more of the retailer's
54.18 sales revenue for the fiscal year ending June 30 is from the sale of those materials:

54.19 (1) lumber, veneer, plywood, wood siding, wood roofing;

54.20 (2) millwork, including wood trim, wood doors, wood windows, wood flooring; or

54.21 (3) concrete, cement, and masonry.

54.22 (f) Paragraph (b) expires after the percentage of estimated payment is reduced to zero
54.23 in accordance with section 16A.152, subdivision 2, paragraph (a), clause (6).

54.24 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
54.25 30, 2021.

54.26 Sec. 3. Minnesota Statutes 2020, section 289A.60, subdivision 15, is amended to read:

54.27 **Subd. 15. Accelerated payment of June sales tax liability; penalty for**
54.28 **underpayment.** (a) For payments made after December 31, 2019 and before December 31,
54.29 2021, if a vendor is required by law to submit an estimation of June sales tax liabilities and
54.30 87.5 percent payment by a certain date, the vendor shall pay a penalty equal to ten percent
54.31 of the amount of actual June liability required to be paid in June less the amount remitted
54.32 in June. The penalty must not be imposed, however, if the amount remitted in June equals

55.1 the lesser of 87.5 percent of the preceding May's liability or 87.5 percent of the average
55.2 monthly liability for the previous calendar year.

55.3 (b) For payments made after December 31, 2021, the penalty must not be imposed if
55.4 the amount remitted in June equals the lesser of 84.5 percent, or a reduced percentage as
55.5 certified by the commissioner under section 16A.152, subdivision 2, paragraph (a), clause
55.6 (6), of the preceding May's liability or 84.5 percent of the average monthly liability for the
55.7 previous calendar year.

55.8 (c) This subdivision expires after the percentage of estimated payment is reduced to zero
55.9 in accordance with section 16A.152, subdivision 2, paragraph (a), clause (6).

55.10 **EFFECTIVE DATE.** This section is effective for estimate payments required to be
55.11 made after July 1, 2021.

55.12 Sec. 4. Minnesota Statutes 2020, section 297A.67, is amended by adding a subdivision to
55.13 read:

55.14 **Subd. 38. Season ticket purchasing rights to collegiate events.** The sale of a right to
55.15 purchase the privilege of admission to a college or university athletic event in a preferred
55.16 viewing location for a season of a particular athletic event is exempt provided that:

55.17 (1) the consideration paid for the right to purchase is used entirely to support student
55.18 scholarships, wellness, and academic costs;

55.19 (2) the consideration paid for the right to purchase is separately stated from the admission
55.20 price; and

55.21 (3) the admission price is equal to or greater than the highest priced general admission
55.22 ticket for the closest seat not in the preferred viewing location.

55.23 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
55.24 made after June 30, 2021.

55.25 Sec. 5. Minnesota Statutes 2020, section 297A.70, subdivision 13, is amended to read:

55.26 Subd. 13. **Fund-raising sales by or for nonprofit groups.** (a) The following sales by
55.27 the specified organizations for fund-raising purposes are exempt, subject to the limitations
55.28 listed in paragraph (b):

55.29 (1) all sales made by a nonprofit organization that exists solely for the purpose of
55.30 providing educational or social activities for young people primarily age 18 and under;

56.1 (2) all sales made by an organization that is a senior citizen group or association of
56.2 groups if (i) in general it limits membership to persons age 55 or older; (ii) it is organized
56.3 and operated exclusively for pleasure, recreation, and other nonprofit purposes; and (iii) no
56.4 part of its net earnings inures to the benefit of any private shareholders;

56.5 (3) the sale or use of tickets or admissions to a golf tournament held in Minnesota if the
56.6 beneficiary of the tournament's net proceeds qualifies as a tax-exempt organization under
56.7 section 501(c)(3) of the Internal Revenue Code; and

56.8 (4) sales of candy sold for fund-raising purposes by a nonprofit organization that provides
56.9 educational and social activities primarily for young people age 18 and under.

56.10 (b) The exemptions listed in paragraph (a) are limited in the following manner:

56.11 (1) the exemption under paragraph (a), clauses (1) and (2), applies only to the first
56.12 \$20,000 of the gross annual receipts of the organization from fund-raising; ~~and~~

56.13 (2) the exemption under paragraph (a), clause (1), does not apply if the sales are derived
56.14 from admission charges or from activities for which the money must be deposited with the
56.15 school district treasurer under section 123B.49, subdivision 2, ~~or~~; and

56.16 (3) the exemption under paragraph (a), clause (1), does not apply if the sales are derived
56.17 from admission charges or from activities for which the money must be recorded in the
56.18 same manner as other revenues or expenditures of the school district under section 123B.49,
56.19 subdivision 4-, unless the following conditions are both met:

56.20 (i) the sales are made for fund-raising purposes of a club, association, or other
56.21 organization of elementary or secondary school students organized for the purpose of
56.22 carrying on sports activities, educational activities, or other extracurricular activities; and

56.23 (ii) the school district reserves revenue raised for extracurricular activities, as provided
56.24 in section 123B.49, subdivision 4, paragraph (e), and spends the revenue raised by a particular
56.25 extracurricular activity only for that extracurricular activity.

56.26 (c) Sales of tangible personal property and services are exempt if the entire proceeds,
56.27 less the necessary expenses for obtaining the property or services, will be contributed to a
56.28 registered combined charitable organization described in section 43A.50, to be used
56.29 exclusively for charitable, religious, or educational purposes, and the registered combined
56.30 charitable organization has given its written permission for the sale. Sales that occur over
56.31 a period of more than 24 days per year are not exempt under this paragraph.

56.32 (d) For purposes of this subdivision, a club, association, or other organization of
56.33 elementary or secondary school students organized for the purpose of carrying on sports,

57.1 educational, or other extracurricular activities is a separate organization from the school
57.2 district or school for purposes of applying the \$20,000 limit.

57.3 **EFFECTIVE DATE.** This section is effective for sales and purchases made after the
57.4 date of final enactment.

57.5 Sec. 6. Minnesota Statutes 2020, section 297A.71, is amended by adding a subdivision to
57.6 read:

57.7 Subd. 53. **Public safety facilities.** (a) Materials and supplies used or consumed in and
57.8 equipment incorporated into the construction, remodeling, expansion, or improvement of
57.9 a fire station or police station, including related facilities, owned and operated by a local
57.10 government, as defined in section 297A.70, subdivision 2, paragraph (d), are exempt.

57.11 (b) For purposes of this subdivision, "related facilities" includes access roads, lighting,
57.12 sidewalks, and utility components on or adjacent to the property on which the fire station
57.13 or police station is located that are necessary for safe access to and use of those buildings.

57.14 (c) The tax must be imposed and collected as if the rate under section 297A.62,
57.15 subdivision 1, applied and then refunded in the manner provided in section 297A.75.

57.16 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
57.17 made after June 30, 2021.

57.18 Sec. 7. Minnesota Statutes 2020, section 297A.75, subdivision 1, is amended to read:

57.19 Subdivision 1. **Tax collected.** The tax on the gross receipts from the sale of the following
57.20 exempt items must be imposed and collected as if the sale were taxable and the rate under
57.21 section 297A.62, subdivision 1, applied. The exempt items include:

57.22 (1) building materials for an agricultural processing facility exempt under section
57.23 297A.71, subdivision 13;

57.24 (2) building materials for mineral production facilities exempt under section 297A.71,
57.25 subdivision 14;

57.26 (3) building materials for correctional facilities under section 297A.71, subdivision 3;

57.27 (4) building materials used in a residence for veterans with a disability exempt under
57.28 section 297A.71, subdivision 11;

57.29 (5) elevators and building materials exempt under section 297A.71, subdivision 12;

58.1 (6) materials and supplies for qualified low-income housing under section 297A.71,
58.2 subdivision 23;

58.3 (7) materials, supplies, and equipment for municipal electric utility facilities under
58.4 section 297A.71, subdivision 35;

58.5 (8) equipment and materials used for the generation, transmission, and distribution of
58.6 electrical energy and an aerial camera package exempt under section 297A.68, subdivision
58.7 37;

58.8 (9) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, paragraph
58.9 (a), clause (10);

58.10 (10) materials, supplies, and equipment for construction or improvement of projects and
58.11 facilities under section 297A.71, subdivision 40;

58.12 (11) materials, supplies, and equipment for construction, improvement, or expansion of
58.13 a biopharmaceutical manufacturing facility exempt under section 297A.71, subdivision 45;

58.14 (12) enterprise information technology equipment and computer software for use in a
58.15 qualified data center exempt under section 297A.68, subdivision 42;

58.16 (13) materials, supplies, and equipment for qualifying capital projects under section
58.17 297A.71, subdivision 44, paragraph (a), clause (1), and paragraph (b);

58.18 (14) items purchased for use in providing critical access dental services exempt under
58.19 section 297A.70, subdivision 7, paragraph (c);

58.20 (15) items and services purchased under a business subsidy agreement for use or
58.21 consumption primarily in greater Minnesota exempt under section 297A.68, subdivision
58.22 44;

58.23 (16) building materials, equipment, and supplies for constructing or replacing real
58.24 property exempt under section 297A.71, subdivisions 49; 50, paragraph (b); and 51; ~~and~~

58.25 (17) building materials, equipment, and supplies for qualifying capital projects under
58.26 section 297A.71, subdivision 52-; and

58.27 (18) building materials, equipment, and supplies for constructing, remodeling, expanding,
58.28 or improving a fire station, police station, or related facilities exempt under section 297A.71,
58.29 subdivision 53.

58.30 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
58.31 made after June 30, 2021.

59.1 Sec. 8. Minnesota Statutes 2020, section 297A.75, subdivision 2, is amended to read:

59.2 Subd. 2. **Refund; eligible persons.** Upon application on forms prescribed by the
59.3 commissioner, a refund equal to the tax paid on the gross receipts of the exempt items must
59.4 be paid to the applicant. Only the following persons may apply for the refund:

59.5 (1) for subdivision 1, clauses (1), (2), and (14), the applicant must be the purchaser;

59.6 (2) for subdivision 1, clause (3), the applicant must be the governmental subdivision;

59.7 (3) for subdivision 1, clause (4), the applicant must be the recipient of the benefits
59.8 provided in United States Code, title 38, chapter 21;

59.9 (4) for subdivision 1, clause (5), the applicant must be the owner of the homestead
59.10 property;

59.11 (5) for subdivision 1, clause (6), the owner of the qualified low-income housing project;

59.12 (6) for subdivision 1, clause (7), the applicant must be a municipal electric utility or a
59.13 joint venture of municipal electric utilities;

59.14 (7) for subdivision 1, clauses (8), (11), (12), and (15), the owner of the qualifying
59.15 business;

59.16 (8) for subdivision 1, clauses (9), (10), (13), ~~and (17)~~, and (18), the applicant must be
59.17 the governmental entity that owns or contracts for the project or facility; and

59.18 (9) for subdivision 1, clause (16), the applicant must be the owner or developer of the
59.19 building or project.

59.20 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
59.21 made after June 30, 2021.

59.22 Sec. 9. Minnesota Statutes 2020, section 297A.75, subdivision 3, is amended to read:

59.23 Subd. 3. **Application.** (a) The application must include sufficient information to permit
59.24 the commissioner to verify the tax paid. If the tax was paid by a contractor, subcontractor,
59.25 or builder, under subdivision 1, clauses (3) to (13) or (15) to ~~(17)~~ (18), the contractor,
59.26 subcontractor, or builder must furnish to the refund applicant a statement including the cost
59.27 of the exempt items and the taxes paid on the items unless otherwise specifically provided
59.28 by this subdivision. The provisions of sections 289A.40 and 289A.50 apply to refunds under
59.29 this section.

59.30 (b) An applicant may not file more than two applications per calendar year for refunds
59.31 for taxes paid on capital equipment exempt under section 297A.68, subdivision 5.

60.1 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
60.2 made after June 30, 2021.

60.3 Sec. 10. Laws 2017, First Special Session chapter 1, article 3, section 32, the effective
60.4 date, as amended by Laws 2019, First Special Session chapter 6, article 3, section 18, is
60.5 amended to read:

60.6 **EFFECTIVE DATE.** Paragraph (a) is effective retroactively for sales and purchases
60.7 made after September 30, 2016, and before ~~January~~ July 1, 2023. Paragraph (b) is effective
60.8 for sales and purchases made (1) after September 30, 2016, and before July 1, 2017; and
60.9 (2) after December 31, 2018, and before July 1, 2019.

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

60.11 Sec. 11. **PROPERTIES DESTROYED OR DAMAGED BY FIRE; CITY OF**
60.12 **ALEXANDRIA.**

60.13 (a) The sale and purchase of the following items are exempt from sales and use tax
60.14 imposed under Minnesota Statutes, chapter 297A, if the items are used to repair, replace,
60.15 clean, or otherwise remediate damage to real and personal property damaged or destroyed
60.16 in the February 25, 2020, fire in the city of Alexandria, if sales and purchases are made after
60.17 February 24, 2020, and before February 28, 2023:

60.18 (1) building materials and supplies used or consumed in, and equipment incorporated
60.19 into the construction, replacement, or repair of real property; and

60.20 (2) durable equipment used in a restaurant for food storage, preparation, and serving.

60.21 (b) Building cleaning and disinfecting services related to mitigating smoke damage to
60.22 real property are exempt from sales and use tax imposed under Minnesota Statutes, chapter
60.23 297A, if sales and purchases are made after February 24, 2020, and before January 1, 2021.

60.24 (c) For sales and purchases made after February 24, 2020, and before July 1, 2021, the
60.25 tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62,
60.26 subdivision 1, applied and then refunded in the manner provided in Minnesota Statutes,
60.27 section 297A.75. The amount required to pay the refunds under this section is appropriated
60.28 from the general fund to the commissioner of revenue. Refunds for eligible purchases must
60.29 not be issued until after June 30, 2021.

60.30 **EFFECTIVE DATE.** This section is effective the day following final enactment and
60.31 applies retroactively to sales and purchases made after February 24, 2020.

61.1 **ARTICLE 5**

61.2 **VAPOR AND TOBACCO TAXES**

61.3 Section 1. Minnesota Statutes 2020, section 297F.01, is amended by adding a subdivision
61.4 to read:

61.5 Subd. 7a. **Delivery sale.** "Delivery sale" has the meaning given in section 325F.781,
61.6 subdivision 1.

61.7 **EFFECTIVE DATE.** This section is effective January 1, 2022.

61.8 Sec. 2. Minnesota Statutes 2020, section 297F.01, subdivision 22b, is amended to read:

61.9 Subd. 22b. **Nicotine solution products.** (a) "Nicotine solution products" means any
61.10 cartridge, bottle, or other package that contains nicotine made or derived from tobacco, that
61.11 is in a solution that is consumed, or meant to be consumed, through the use of a heating
61.12 element, power source, electronic circuit, or other electronic, chemical, or mechanical means
61.13 that produces vapor or aerosol. This paragraph expires December 31, 2019.

61.14 (b) Beginning January 1, 2020, "nicotine solution products" means any cartridge, bottle,
61.15 or other package that contains nicotine, including nicotine made or derived from tobacco
61.16 or sources other than tobacco, that is in a solution that is consumed, or meant to be consumed,
61.17 through the use of a heating element, power source, electronic circuit, or other electronic,
61.18 chemical, or mechanical means that produces vapor or aerosol.

61.19 (c) Nicotine solution products includes any electronic cigarette, electronic cigar, electronic
61.20 cigarillo, electronic pipe, electronic nicotine delivery system, electronic vaping device,
61.21 electronic vape pen, electronic oral device, electronic delivery device, or similar product
61.22 or device, and any batteries, heating elements, or other components, parts, or accessories
61.23 sold with and meant to be used in the consumption of a solution containing nicotine.

61.24 **EFFECTIVE DATE.** This section is effective January 1, 2022.

61.25 Sec. 3. Minnesota Statutes 2020, section 297F.031, is amended to read:

61.26 **297F.031 REGISTRATION REQUIREMENT.**

61.27 Prior to making delivery sales ~~or shipping cigarettes or tobacco products in connection~~
61.28 ~~with any sales,~~ an out-of-state retailer ~~shall~~ must file with the Department of Revenue a
61.29 statement setting forth the out-of-state retailer's name, trade name, ~~and the address of the~~
61.30 ~~out-of-state retailer's,~~ principal place of business, and any other place of business.

62.1 **EFFECTIVE DATE.** This section is effective for all delivery sales occurring after
62.2 December 31, 2021.

62.3 Sec. 4. Minnesota Statutes 2020, section 297F.05, is amended by adding a subdivision to
62.4 read:

62.5 Subd. 4b. **Retailer collection and remittance of use tax.** A retailer or out-of-state
62.6 retailer must, for any delivery sale, collect and pay to the state any use tax imposed by this
62.7 section. The retailer or out-of-state retailer must give the purchaser a receipt for the tax paid.

62.8 **EFFECTIVE DATE.** This section is effective for all delivery sales occurring after
62.9 December 31, 2021.

62.10 Sec. 5. Minnesota Statutes 2020, section 297F.09, subdivision 3, is amended to read:

62.11 Subd. 3. **Use tax return; cigarette or tobacco products consumer and retailers**
62.12 **making delivery sales.** (a) On or before the 18th day of each calendar month, a consumer
62.13 who, during the preceding calendar month, has acquired title to or possession of cigarettes
62.14 or tobacco products for use or storage in this state, upon which cigarettes or tobacco products
62.15 the tax imposed by this chapter has not been paid, shall file a return with the commissioner
62.16 showing the quantity of cigarettes or tobacco products so acquired. The return must be made
62.17 in the form and manner prescribed by the commissioner, and must contain any other
62.18 information required by the commissioner. The return must be accompanied by a remittance
62.19 for the full unpaid tax liability shown by it.

62.20 (b) On or before the 18th day of each calendar month, a retailer or out-of-state retailer
62.21 who, during the preceding calendar month, made delivery sales must file a return with the
62.22 commissioner showing the quantity of cigarettes or tobacco products so delivered. The
62.23 commissioner shall prescribe the content, format, and manner of returns pursuant to section
62.24 270C.30. The return must be accompanied by a remittance for the full unpaid tax liability.

62.25 **EFFECTIVE DATE.** This section is effective for all delivery sales occurring after
62.26 December 31, 2021.

62.27 Sec. 6. Minnesota Statutes 2020, section 297F.09, subdivision 4a, is amended to read:

62.28 Subd. 4a. **Reporting requirements.** No later than the 18th day of each calendar month,
62.29 ~~an a retailer or~~ out-of-state retailer that has made a delivery of cigarettes or tobacco products
62.30 ~~or shipped or delivered cigarettes or tobacco products into the state in a delivery sale in the~~
62.31 previous calendar month shall file with the Department of Revenue ~~reports~~ a report in the
62.32 form and in the manner prescribed by the commissioner of revenue that provides for each

63.1 delivery sale, the name and address of the purchaser and the brand or brands and quantity
63.2 of cigarettes or tobacco products sold. A ~~tobacco~~ retailer or out-of-state retailer that meets
63.3 the requirements of United States Code, title 15, section 375 et seq. satisfies the requirements
63.4 of this subdivision. The filing of a return under subdivision 3, paragraph (b), satisfies the
63.5 requirements of this subdivision for the applicable month.

63.6 **EFFECTIVE DATE.** This section is effective for all delivery sales occurring after
63.7 December 31, 2021.

63.8 Sec. 7. Minnesota Statutes 2020, section 297F.09, subdivision 7, is amended to read:

63.9 Subd. 7. **Electronic payment.** A cigarette ~~or~~ distributor, tobacco products distributor,
63.10 retailer, or out-of-state retailer having a liability of \$10,000 or more during a fiscal year
63.11 ending June 30 must remit all liabilities in all subsequent calendar years by electronic means.

63.12 **EFFECTIVE DATE.** This section is effective for all delivery sales occurring after
63.13 December 31, 2021.

63.14 Sec. 8. Minnesota Statutes 2020, section 297F.09, subdivision 10, is amended to read:

63.15 Subd. 10. **Accelerated tax payment; ~~cigarette or tobacco products distributor.~~** A
63.16 cigarette ~~or~~ distributor, tobacco products distributor, retailer, or out-of-state retailer having
63.17 a liability of \$250,000 or more during a fiscal year ending June 30, shall remit the June
63.18 liability for the next year in the following manner:

63.19 (a) Two business days before June 30 of calendar years 2020 and 2021, the distributor
63.20 shall remit the actual May liability and 87.5 percent of the estimated June liability to the
63.21 commissioner and file the return in the form and manner prescribed by the commissioner.

63.22 (b) On or before August 18 of the year, the distributor, retailer, or out-of-state retailer
63.23 shall submit a return showing the actual June liability and pay any additional amount of tax
63.24 not remitted in June. A penalty is imposed equal to ten percent of the amount of June liability
63.25 required to be paid in June, less the amount remitted in June. However, the penalty is not
63.26 imposed if the amount remitted in June equals the lesser of:

63.27 (1) 87.5 percent of the actual June liability for the calendar year 2020 and 2021 June
63.28 liabilities and 84.5 of the actual June liability for June 2022 and thereafter; or

63.29 (2) 87.5 percent of the preceding May liability for the calendar year 2020 and 2021 June
63.30 liabilities and 84.5 percent of the preceding May liability for June 2022 and thereafter.

64.1 (c) For calendar year 2022 and thereafter, the percent of the estimated June liability the
64.2 vendor must remit by two business days before June 30 is 84.5 percent.

64.3 **EFFECTIVE DATE.** This section is effective for all delivery sales occurring after
64.4 December 31, 2021.

64.5 Sec. 9. Minnesota Statutes 2020, section 325F.781, subdivision 1, is amended to read:

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

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

64.10 (c) "Delivery sale" means:

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

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

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

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

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

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

64.22 (e) "Distributor" means a person, whether located inside or outside of this state, other
64.23 than a retailer, who sells or distributes tobacco products in the state. Distributor does not
64.24 include a tobacco products manufacturer, export warehouse proprietor, or importer with a
64.25 valid permit under United States Code, title 26, section 5712 (1997), if the person sells or
64.26 distributes tobacco products in this state only to distributors who hold valid and current
64.27 licenses under the laws of a state, or to an export warehouse proprietor or another
64.28 manufacturer. Distributor does not include a common or contract carrier that is transporting
64.29 tobacco products under a proper bill of lading or freight bill that states the quantity, source,
64.30 and destination of tobacco products, or a person who ships tobacco products through this
64.31 state by common or contract carrier under a bill of lading or freight bill.

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

65.3 (g) "Tobacco products" means: cigarettes and tobacco products as defined in section
65.4 297F.01.

65.5 ~~(1) cigarettes, as defined in section 297F.01, subdivision 3;~~

65.6 ~~(2) smokeless tobacco as defined in section 325F.76; and~~

65.7 ~~(3) premium cigars as defined in section 297F.01, subdivision 13a.~~

65.8 **EFFECTIVE DATE.** This section is effective January 1, 2022.

65.9 Sec. 10. Minnesota Statutes 2020, section 325F.781, subdivision 5, is amended to read:

65.10 Subd. 5. **Registration requirement.** Prior to making delivery sales ~~or shipping tobacco~~
65.11 ~~products in connection with any sales,~~ an out-of-state retailer must ~~meet the requirements~~
65.12 ~~of register with the commissioner of revenue as required under~~ section 297F.031.

65.13 **EFFECTIVE DATE.** This section is effective for all delivery sales occurring after
65.14 December 31, 2021.

65.15 Sec. 11. Minnesota Statutes 2020, section 325F.781, subdivision 6, is amended to read:

65.16 Subd. 6. **Collection of taxes.** ~~(a) Prior to shipping any tobacco products to a purchaser~~
65.17 ~~in this state, the out-of-state~~ A retailer shall comply with all requirements of making delivery
65.18 sales must file all returns and reports, collect and pay all taxes, and maintain all records
65.19 required under chapter 297F and shall ensure that all state excise taxes and fees that apply
65.20 ~~to such tobacco products have been collected and paid to the state and that all related state~~
65.21 ~~excise tax stamps or other indicators of state excise tax payment have been properly affixed~~
65.22 ~~to those tobacco products.~~

65.23 (b) In addition to any penalties under chapter 297F, ~~a distributor~~ a retailer making delivery
65.24 sales who fails to pay any tax due according to paragraph (a) under chapter 297F, shall pay,
65.25 in addition to any other penalty, a penalty of 50 percent of the tax due but unpaid.

65.26 **EFFECTIVE DATE.** This section is effective for all delivery sales occurring after
65.27 December 31, 2021.

66.1 **ARTICLE 6**

66.2 **PROPERTY TAXES**

66.3 Section 1. Minnesota Statutes 2020, section 144F.01, is amended to read:

66.4 **144F.01 FIRE PROTECTION AND EMERGENCY MEDICAL SERVICES**
 66.5 **SPECIAL TAXING DISTRICTS.**

66.6 Subdivision 1. ~~Political subdivision defined~~ **Definitions.** For purposes of this section,
 66.7 the following terms have the meanings given.

66.8 ~~In this section,~~ (a) "Political subdivision" means a county, a statutory or home rule charter
 66.9 city, or a township organized to provide town government.

66.10 (b) "Governing body" means a city council for a city, a county board for a county, and
 66.11 a board of supervisors for a town.

66.12 (c) "Emergency medical services" means supporting the providing of out-of-hospital
 66.13 emergency medical services including, but not limited to, first responder or rescue squads
 66.14 recognized by the district, ambulance services licensed under chapter 144E and recognized
 66.15 by the district, medical control functions set out in chapter 144E, communications equipment
 66.16 and systems, and programs of regional emergency medical services authorized by regional
 66.17 boards described in section 144E.52.

66.18 Subd. 2. ~~Who may~~ **Authority to establish.** (a) Two or more political subdivisions, or
 66.19 parts of them, may establish, by resolution of their governing bodies, a special taxing district
 66.20 for to provide fire protection or emergency medical services. The participating territory of
 66.21 a participating political subdivision need not abut any other participating territory to be in
 66.22 the special taxing district, or both, in the area of the district, comprising the jurisdiction of
 66.23 each of the political subdivisions forming the district. For a county that participates in
 66.24 establishing a district, the county's jurisdiction comprises the unorganized territory of the
 66.25 county that it designated in its resolution for inclusion in the district. The area of the special
 66.26 taxing district need not be contiguous or its boundaries continuous.

66.27 (b) Before establishing a district under this section, the participating political subdivisions
 66.28 must enter into an agreement that specifies how any liabilities, other than debt issued under
 66.29 subdivision 6, and assets of the district will be distributed if the district is dissolved. The
 66.30 agreement may also include other terms, including a method for apportioning the levy of
 66.31 the district among participating political subdivisions under subdivision 4, paragraph (b),
 66.32 as the political subdivisions determine appropriate. The agreement must be adopted no later
 66.33 than upon passage of the resolution establishing the district under paragraph (a), but may

67.1 be later amended by agreement of each of the political subdivisions participating in the
 67.2 district.

67.3 (c) If two or more political subdivisions that currently operate separate fire departments
 67.4 seek to merge fire departments into one fire department, or if a political subdivision with
 67.5 an existing fire department requests to join a special taxing district with an established fire
 67.6 department, the resolution under paragraph (a) or agreement under paragraph (b) must
 67.7 specify which, if any, volunteer firefighter pension plan is associated with the district. A
 67.8 special taxing district that operates a fire department under this section may be associated
 67.9 with only one volunteer firefighting relief association or one account in the voluntary
 67.10 statewide volunteer firefighting retirement plan at one time.

67.11 (d) If the special taxing district includes the operation of a fire department, it must file
 67.12 its resolution establishing the fire protection special taxing district, and any agreements
 67.13 required for the establishment of the special taxing district, with the commissioner of revenue,
 67.14 including any subsequent amendments. If the resolution or agreement does not include
 67.15 sufficient information defining the fire department service area of the fire protection special
 67.16 taxing district, the secretary of the district board must file a written statement with the
 67.17 commissioner defining the fire department service area.

67.18 Subd. 3. **Board.** The special taxing district established under this section is governed
 67.19 by a board made up initially of representatives of each participating political subdivision
 67.20 in the proportions set out in the establishing resolution, subject to change as provided in the
 67.21 district's charter, if any, or in the district's bylaws. ~~If a township states in its resolution that~~
 67.22 ~~less than the entire township will participate in the district, the partial townships shall be~~
 67.23 ~~represented on the board by only one member, appointed from among those townships so~~
 67.24 ~~participating. The method for appointment shall be governed by the bylaws of the district's~~
 67.25 ~~joint powers agreement. Each participant's representative serves at the pleasure of that~~
 67.26 ~~participant's governing body or bodies~~ Each participating political subdivision's representative
 67.27 must be an elected member of the governing body of the political subdivision and shall
 67.28 serve at the pleasure of that participant's governing body.

67.29 Subd. 4. **Property tax levy authority.** (a) The district's board may levy a tax on the
 67.30 taxable real and personal property in the district. ~~The ad valorem tax levy may not exceed~~
 67.31 ~~0.048 percent of the estimated market value of the district or \$550,000, whichever is less.~~
 67.32 The proceeds of the levy must be used as provided in subdivision 5. The board shall certify
 67.33 the levy at the times as provided under section 275.07. The board shall provide the county
 67.34 with whatever information is necessary to identify the property that is located within the
 67.35 district. If the boundaries include a part of a parcel, the entire parcel shall be included in

68.1 the district. The county auditors must spread, collect, and distribute the proceeds of the tax
68.2 at the same time and in the same manner as provided by law for all other property taxes.

68.3 (b) As an alternative to paragraph (a), the board may apportion its levy among the political
68.4 subdivisions that are members of the district under a formula or method, with factors such
68.5 as population, number of service calls, costs of providing service, the market value of
68.6 improvements, or other measures approved by the governing body of each of the participating
68.7 political subdivisions. The amount of the levy allocated to each political subdivision must
68.8 be added to that political subdivision's levy and spread at the same time and in the same
68.9 manner as provided by law for all other property taxes. The proceeds of the levy must be
68.10 collected and remitted to the district and used as provided in subdivision 5.

68.11 **Subd. 5. Use of levy proceeds.** The proceeds of property taxes levied under this section
68.12 must be used to ~~support the providing of out-of-hospital emergency medical services~~
68.13 ~~including, but not limited to, first responder or rescue squads recognized by the district,~~
68.14 ~~ambulance services licensed under chapter 144E and recognized by the district, medical~~
68.15 ~~control functions set out in chapter 144E, communications equipment and systems, and~~
68.16 ~~programs of regional emergency medical services authorized by regional boards described~~
68.17 ~~in section 144E.52~~ provide fire protection, emergency medical services, or both, to residents
68.18 of the district and property located in the district, as well as to pay debt issued under
68.19 subdivision 6. Services may be provided by employees of the district or by contracting for
68.20 services provided by other governmental or private entities.

68.21 **Subd. 6. ~~Advisory committee Debt.~~** ~~A special taxing district board under this section~~
68.22 ~~must have an advisory committee to advise the board on issues involving emergency medical~~
68.23 ~~services and EMS communications. The committee's membership must be comprised of~~
68.24 ~~representatives of first responders, ambulance services, ambulance medical directors, and~~
68.25 ~~EMS communication experts. The advisory committee members serve at the pleasure of~~
68.26 ~~the appointing board~~ (a) The district may incur debt under chapter 475 when the board
68.27 determines doing so is necessary to accomplish its duties.

68.28 (b) In addition, the district board may issue certificates of indebtedness or capital notes
68.29 under section 412.301 to purchase capital equipment. In applying section 412.301, paragraph
68.30 (e), the following rules apply:

68.31 (1) the taxable property of the entire district must be used to calculate the percent of
68.32 estimated market value; and

68.33 (2) "the number of voters at the last municipal election" means the sum of the number
68.34 of voters at the last municipal election for each of the cities that is a member of the district

69.1 plus the number of registered voters in each town that is a participating member of the
 69.2 district.

69.3 Subd. 7. **Powers.** (a) In addition to authority expressly granted in this section, a special
 69.4 taxing district established under this section may exercise any power that may be exercised
 69.5 by any of its participating political subdivisions, ~~except that the board may not incur debt.~~
 69.6 ~~The special taxing district may only use the power to do what~~ that is necessary or reasonable
 69.7 to support the services set out in subdivision 5. These powers include the authority to
 69.8 participate in state programs and to enforce or carry out state laws related to fire protection
 69.9 or emergency medical services, including programs providing state aid, reimbursement or
 69.10 funding of employee benefits, and authorizing local enforcement of state standards including
 69.11 fire protection related programs and political subdivision powers or responsibilities under
 69.12 chapters 299A, 424A, and 477B; sections 6.495, 353.64, and 423A.022; and any other
 69.13 administrative rules related to the fire code, to the extent the special taxing district meets
 69.14 the qualification criteria and requirements of a program.

69.15 (b) ~~Notwithstanding paragraph (a),~~ To the extent the district's authority under this
 69.16 subdivision overlaps with or may conflict with the authority of the participating political
 69.17 subdivision, the agreement under subdivision 2, paragraph (b), must provide for allocation
 69.18 of those powers or responsibilities between the participating political subdivisions and the
 69.19 district, and may provide for resolution of conflicts in the exercise of those powers.

69.20 (c) The district may only levy the ~~taxes~~ tax authorized in ~~this section~~ subdivision 4.

69.21 Subd. 8. **Additions and withdrawals.** (a) Additional ~~eligible~~ political subdivisions may
 69.22 be added to a special taxing district established under this section as provided by the board
 69.23 of the district and agreed to in a resolution of the governing body of the political subdivision
 69.24 proposed to be added. The addition of a political subdivision to the district may not cause
 69.25 the district to be out of compliance with subdivision 2, paragraph (c).

69.26 (b) A political subdivision may withdraw from a special taxing district under this section
 69.27 by resolution of its governing body. The political subdivision must notify the board of the
 69.28 special taxing district of the withdrawal by providing a copy of the resolution at least ~~one~~
 69.29 ~~year~~ two years in advance of the proposed withdrawal. The taxable property of the
 69.30 withdrawing member is subject to the property tax levy under subdivision 4 for the two
 69.31 ~~taxes payable year~~ years following the notice of the withdrawal, unless the board and the
 69.32 withdrawing member agree otherwise by action of their governing bodies. If a political
 69.33 subdivision withdraws from a district for which debt was issued under subdivision 6 when
 69.34 the political subdivision was a participating member, and which is outstanding when the

70.1 political subdivision withdraws from the district, the taxable property of the withdrawing
 70.2 political subdivision remains subject to the special taxing district levy until the outstanding
 70.3 debt has been paid or defeased. If the district's property tax levy to repay debt was
 70.4 apportioned among the political subdivisions under an alternative formula or method under
 70.5 subdivision 4, paragraph (b), the withdrawing political subdivision is subject to the same
 70.6 percentage of the debt levy as applied in the taxes payable year immediately preceding its
 70.7 withdrawal from the district.

70.8 (c) Notwithstanding subdivision 2, if the district is comprised of ~~only~~ two political
 70.9 subdivisions and one of the political subdivisions withdraws, the district can continue to
 70.10 exist.

70.11 Subd. 9. **Dissolution.** The special taxing district may be dissolved by resolution approved
 70.12 by a majority vote of the board. If the special taxing district is dissolved, the assets and
 70.13 liabilities may be assigned to a successor entity, if any, or otherwise disposed of for public
 70.14 purposes as provided by law in the agreement adopted under subdivision 2, paragraph (b),
 70.15 or otherwise agreed to by each participating political subdivision. A district may not be
 70.16 dissolved until all debt issued under subdivision 6 has been paid or defeased.

70.17 Subd. 10. **Reports.** (a) On or before March 15, 2005 2024, and March 15, 2007 2026,
 70.18 the special taxing district shall submit a levy and expenditure report to the commissioner
 70.19 of revenue and to the chairs of the house of representatives and senate committees with
 70.20 jurisdiction over taxes and property taxes. Each report must include the amount of the
 70.21 district's levies for taxes payable for each of the two previous years and its actual expenditures
 70.22 of those revenues. Expenditures must be reported by general service category, as listed in
 70.23 subdivision 5, and include a separate category for administrative expenses.

70.24 (b) On or before March 15, 2024, and March 15, 2026, a political subdivision that has
 70.25 established or joined a special taxing district authorized under this section after June 30,
 70.26 2021, shall submit a levy and expenditure report to the commissioner of revenue and to the
 70.27 house of representatives and senate committees with jurisdiction over taxes and property
 70.28 taxes. The report must include:

70.29 (1) the amount of the political subdivision's levy, and its actual expenditure of the
 70.30 subdivision's levy revenues, including the amount attributable to fire protection and
 70.31 emergency medical services, for taxes payable in each of the two taxes payable years prior
 70.32 to establishing or joining a special taxing district authorized under this section;

70.33 (2) the political subdivision's levy, and its actual expenditure of the subdivision's levy
 70.34 revenues, for taxes payable in each of the taxes payable years after establishing or joining

71.1 a special taxing district authorized under this section, up to, and including, taxes payable
71.2 in 2024, and taxes payable in 2026; and

71.3 (3) a certification from the political subdivision that the subdivision's levy for each of
71.4 the taxes payable years after establishing or joining a special taxing district authorized under
71.5 this section, up to, and including, taxes payable in 2024, and taxes payable in 2026, does
71.6 not include expenditures for fire protection, emergency medical services, or both, except
71.7 as provided in subdivision 4, paragraph (b), or those necessary to establish, or join, a district
71.8 as provided in this section.

71.9 **EFFECTIVE DATE.** This section is effective the day following final enactment and
71.10 applies to districts established after June 30, 2021, except that districts established prior to
71.11 June 30, 2021, are eligible for changes made to subdivisions 4 and 6 beginning with property
71.12 taxes payable in 2022.

71.13 Sec. 2. Minnesota Statutes 2020, section 272.02, is amended by adding a subdivision to
71.14 read:

71.15 Subd. 104. **Certain property owned by an Indian Tribe.** (a) Property is exempt that:

71.16 (1) is located in a county with a population greater than 28,000 but less than 29,000 as
71.17 of the 2010 federal census;

71.18 (2) was on January 2, 2018, and is for the current assessment owned by a federally
71.19 recognized Indian Tribe or its instrumentality, that is located in Minnesota;

71.20 (3) was on January 2, 2018, erroneously treated as exempt under subdivision 7; and

71.21 (4) is used for the same purpose as the property was used on January 2, 2018.

71.22 (b) The owner of property exempt under paragraph (a) may apply to the county for a
71.23 refund of any state general tax paid for property taxes payable in 2020 and 2021. The county
71.24 may prescribe the form and manner of the application. The county auditor must certify to
71.25 the commissioner of revenue the amount needed for refunds under this section, which the
71.26 commissioner must pay to the county. An amount necessary for refunds under this paragraph
71.27 is appropriated from the general fund to the commissioner of revenue in fiscal year 2022.
71.28 This paragraph expires June 30, 2022.

71.29 **EFFECTIVE DATE.** (a) Paragraph (a) is effective beginning with assessment year
71.30 2021. For assessment year 2021, an exemption application under this section must be filed
71.31 with the county assessor by August 1, 2021.

71.32 (b) Paragraph (b) is effective the day following final enactment.

72.1 Sec. 3. Minnesota Statutes 2020, section 273.124, subdivision 1, is amended to read:

72.2 Subdivision 1. **General rule.** (a) Residential real estate that is occupied and used for
72.3 the purposes of a homestead by its owner, who must be a Minnesota resident, is a residential
72.4 homestead.

72.5 Agricultural land, as defined in section 273.13, subdivision 23, that is occupied and used
72.6 as a homestead by its owner, who must be a Minnesota resident, is an agricultural homestead.

72.7 Dates for establishment of a homestead and homestead treatment provided to particular
72.8 types of property are as provided in this section.

72.9 Property held by a trustee under a trust is eligible for homestead classification if the
72.10 requirements under this chapter are satisfied.

72.11 The assessor shall require proof, as provided in subdivision 13, of the facts upon which
72.12 classification as a homestead may be determined. Notwithstanding any other law, the assessor
72.13 may at any time require a homestead application to be filed in order to verify that any
72.14 property classified as a homestead continues to be eligible for homestead status.

72.15 Notwithstanding any other law to the contrary, the Department of Revenue may, upon
72.16 request from an assessor, verify whether an individual who is requesting or receiving
72.17 homestead classification has filed a Minnesota income tax return as a resident for the most
72.18 recent taxable year for which the information is available.

72.19 When there is a name change or a transfer of homestead property, the assessor may
72.20 reclassify the property in the next assessment unless a homestead application is filed to
72.21 verify that the property continues to qualify for homestead classification.

72.22 (b) For purposes of this section, homestead property shall include property which is used
72.23 for purposes of the homestead but is separated from the homestead by a road, street, lot,
72.24 waterway, or other similar intervening property. The term "used for purposes of the
72.25 homestead" shall include but not be limited to uses for gardens, garages, or other outbuildings
72.26 commonly associated with a homestead, but shall not include vacant land held primarily
72.27 for future development. In order to receive homestead treatment for the noncontiguous
72.28 property, the owner must use the property for the purposes of the homestead, and must apply
72.29 to the assessor, both by the deadlines given in subdivision 9. After initial qualification for
72.30 the homestead treatment, additional applications for subsequent years are not required.

72.31 (c) Residential real estate that is occupied and used for purposes of a homestead by a
72.32 relative of the owner is a homestead but only to the extent of the homestead treatment that
72.33 would be provided if the related owner occupied the property. For purposes of this paragraph

73.1 and paragraph (g), "relative" means a parent, stepparent, child, stepchild, grandparent,
73.2 grandchild, brother, sister, uncle, aunt, nephew, or niece. This relationship may be by blood
73.3 or marriage. Property that has been classified as seasonal residential recreational property
73.4 at any time during which it has been owned by the current owner or spouse of the current
73.5 owner will not be reclassified as a homestead unless it is occupied as a homestead by the
73.6 owner; this prohibition also applies to property that, in the absence of this paragraph, would
73.7 have been classified as seasonal residential recreational property at the time when the
73.8 residence was constructed. Neither the related occupant nor the owner of the property may
73.9 claim a property tax refund under chapter 290A for a homestead occupied by a relative. In
73.10 the case of a residence located on agricultural land, only the house, garage, and immediately
73.11 surrounding one acre of land shall be classified as a homestead under this paragraph, except
73.12 as provided in paragraph (d).

73.13 (d) Agricultural property that is occupied and used for purposes of a homestead by a
73.14 relative of the owner, is a homestead, only to the extent of the homestead treatment that
73.15 would be provided if the related owner occupied the property, and only if all of the following
73.16 criteria are met:

73.17 (1) the relative who is occupying the agricultural property is a grandchild, child, sibling,
73.18 ~~or parent, grandparent, stepparent, stepchild, uncle, aunt, nephew, or niece~~ of the owner of
73.19 the agricultural property or of the spouse of the owner;

73.20 (2) the owner of the agricultural property must be a Minnesota resident;

73.21 (3) the owner of the agricultural property must not receive homestead treatment on any
73.22 other agricultural property in Minnesota; and

73.23 (4) the owner of the agricultural property is limited to only one agricultural homestead
73.24 per family under this paragraph.

73.25 Neither the related occupant nor the owner of the property may claim a property tax
73.26 refund under chapter 290A for a homestead occupied by a relative qualifying under this
73.27 paragraph. For purposes of this paragraph, "agricultural property" means the house, garage,
73.28 other farm buildings and structures, and agricultural land.

73.29 Application must be made to the assessor by the owner of the agricultural property to
73.30 receive homestead benefits under this paragraph. The assessor may require the necessary
73.31 proof that the requirements under this paragraph have been met.

73.32 (e) In the case of property owned by a property owner who is married, the assessor must
73.33 not deny homestead treatment in whole or in part if only one of the spouses occupies the

74.1 property and the other spouse is absent due to: (1) marriage dissolution proceedings, (2)
74.2 legal separation, (3) employment or self-employment in another location, or (4) other
74.3 personal circumstances causing the spouses to live separately, not including an intent to
74.4 obtain two homestead classifications for property tax purposes. To qualify under clause (3),
74.5 the spouse's place of employment or self-employment must be at least 50 miles distant from
74.6 the other spouse's place of employment, and the homesteads must be at least 50 miles distant
74.7 from each other.

74.8 (f) The assessor must not deny homestead treatment in whole or in part if:

74.9 (1) in the case of a property owner who is not married, the owner is absent due to
74.10 residence in a nursing home, boarding care facility, or an elderly assisted living facility
74.11 property as defined in section 273.13, subdivision 25a, and the property is not otherwise
74.12 occupied; or

74.13 (2) in the case of a property owner who is married, the owner or the owner's spouse or
74.14 both are absent due to residence in a nursing home, boarding care facility, or an elderly
74.15 assisted living facility property as defined in section 273.13, subdivision 25a, and the property
74.16 is not occupied or is occupied only by the owner's spouse.

74.17 (g) If an individual is purchasing property with the intent of claiming it as a homestead
74.18 and is required by the terms of the financing agreement to have a relative shown on the deed
74.19 as a co-owner, the assessor shall allow a full homestead classification. This provision only
74.20 applies to first-time purchasers, whether married or single, or to a person who had previously
74.21 been married and is purchasing as a single individual for the first time. The application for
74.22 homestead benefits must be on a form prescribed by the commissioner and must contain
74.23 the data necessary for the assessor to determine if full homestead benefits are warranted.

74.24 (h) If residential or agricultural real estate is occupied and used for purposes of a
74.25 homestead by a child of a deceased owner and the property is subject to jurisdiction of
74.26 probate court, the child shall receive relative homestead classification under paragraph (c)
74.27 or (d) to the same extent they would be entitled to it if the owner was still living, until the
74.28 probate is completed. For purposes of this paragraph, "child" includes a relationship by
74.29 blood or by marriage.

74.30 (i) If a single-family home, duplex, or triplex classified as either residential homestead
74.31 or agricultural homestead is also used to provide licensed child care, the portion of the
74.32 property used for licensed child care must be classified as a part of the homestead property.

74.33 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
74.34 in 2022 and thereafter.

75.1 Sec. 4. Minnesota Statutes 2020, section 273.124, subdivision 9, is amended to read:

75.2 Subd. 9. **Homestead established after assessment date.** Any property that was not
75.3 used for the purpose of a homestead on the assessment date, but which was used for the
75.4 purpose of a homestead on December ~~1~~ 31 of a year, constitutes class 1 or class 2a.

75.5 Any taxpayer meeting the requirements of this subdivision must notify the county
75.6 assessor, or the assessor who has the powers of the county assessor under section 273.063,
75.7 in writing, by December ~~15~~ 31 of the year of occupancy in order to qualify under this
75.8 subdivision. The assessor must not deny full homestead treatment to a property that is
75.9 partially homesteaded on January 2 but occupied for the purpose of a full homestead on
75.10 December ~~1~~ 31 of a year.

75.11 The county assessor and the county auditor may make the necessary changes on their
75.12 assessment and tax records to provide for proper homestead classification as provided in
75.13 this subdivision.

75.14 If homestead classification has not been requested as of December ~~15~~ 31, the assessor
75.15 will classify the property as nonhomestead for the current assessment year for taxes payable
75.16 in the following year, provided that the owner of any property qualifying under this
75.17 subdivision, which has not been accorded the benefits of this subdivision, may be entitled
75.18 to receive homestead classification by proper application as provided in section 375.192.

75.19 The county assessor may publish in a newspaper of general circulation within the county
75.20 a notice requesting the public to file an application for homestead as soon as practicable
75.21 after acquisition of a homestead, but no later than December ~~15~~ 31.

75.22 The county assessor shall publish in a newspaper of general circulation within the county
75.23 no later than December 1 of each year a notice informing the public of the requirement to
75.24 file an application for homestead by December ~~15~~ 31.

75.25 In the case of manufactured homes assessed as personal property, the homestead must
75.26 be established, and a homestead classification requested, by May 29 of the assessment year.
75.27 The assessor may include information on these deadlines for manufactured homes assessed
75.28 as personal property in the published notice or notices.

75.29 **EFFECTIVE DATE.** This section is effective beginning with assessments in 2021.

76.1 Sec. 5. Minnesota Statutes 2020, section 273.124, subdivision 13, is amended to read:

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

76.5 (b) The commissioner shall prescribe the content, format, and manner of the homestead
76.6 application required to be filed under this chapter pursuant to section 270C.30. The
76.7 application must clearly inform the taxpayer that this application must be signed by all
76.8 owners who occupy the property or by the qualifying relative and returned to the county
76.9 assessor in order for the property to receive homestead treatment.

76.10 (c) Every property owner applying for homestead classification must furnish to the
76.11 county assessor the Social Security number of each occupant who is listed as an owner of
76.12 the property on the deed of record, the name and address of each owner who does not occupy
76.13 the property, and the name and Social Security number of the spouse of each occupying
76.14 owner. The application must be signed by each owner who occupies the property and by
76.15 each owner's spouse who occupies the property, or, in the case of property that qualifies as
76.16 a homestead under subdivision 1, paragraph (c), by the qualifying relative.

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

76.21 Owners or spouses occupying residences owned by their spouses and previously occupied
76.22 with the other spouse, either of whom fail to include the other spouse's name and Social
76.23 Security number on the homestead application or provide the affidavits or other proof
76.24 requested, will be deemed to have elected to receive only partial homestead treatment of
76.25 their residence. The remainder of the residence will be classified as nonhomestead residential.
76.26 When an owner or spouse's name and Social Security number appear on homestead
76.27 applications for two separate residences and only one application is signed, the owner or
76.28 spouse will be deemed to have elected to homestead the residence for which the application
76.29 was signed.

76.30 (d) If residential real estate is occupied and used for purposes of a homestead by a relative
76.31 of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in order for
76.32 the property to receive homestead status, a homestead application must be filed with the
76.33 assessor. The Social Security number of each relative occupying the property and the name
76.34 and Social Security number of the spouse of a relative occupying the property shall be

77.1 required on the homestead application filed under this subdivision. If a different relative of
77.2 the owner subsequently occupies the property, the owner of the property must notify the
77.3 assessor within 30 days of the change in occupancy. The Social Security number of a relative
77.4 occupying the property or the spouse of a relative occupying the property is private data on
77.5 individuals as defined by section 13.02, subdivision 12, but may be disclosed to the
77.6 commissioner of revenue, or, for the purposes of proceeding under the Revenue Recapture
77.7 Act to recover personal property taxes owing, to the county treasurer.

77.8 (e) The homestead application shall also notify the property owners that if the property
77.9 is granted homestead status for any assessment year, that same property shall remain
77.10 classified as homestead until the property is sold or transferred to another person, or the
77.11 owners, the spouse of the owner, or the relatives no longer use the property as their
77.12 homestead. Upon the sale or transfer of the homestead property, a certificate of value must
77.13 be timely filed with the county auditor as provided under section 272.115. Failure to notify
77.14 the assessor within 30 days that the property has been sold, transferred, or that the owner,
77.15 the spouse of the owner, or the relative is no longer occupying the property as a homestead,
77.16 shall result in the penalty provided under this subdivision and the property will lose its
77.17 current homestead status.

77.18 (f) If a homestead application has not been filed with the county by December ~~15~~ 31,
77.19 the assessor shall classify the property as nonhomestead for the current assessment year for
77.20 taxes payable in the following year, provided that the owner may be entitled to receive the
77.21 homestead classification by proper application under section 375.192.

77.22 **EFFECTIVE DATE.** This section is effective beginning with assessments in 2021.

77.23 Sec. 6. Minnesota Statutes 2020, section 273.13, subdivision 23, is amended to read:

77.24 Subd. 23. **Class 2.** (a) An agricultural homestead consists of class 2a agricultural land
77.25 that is homesteaded, along with any class 2b rural vacant land that is contiguous to the class
77.26 2a land under the same ownership. The market value of the house and garage and immediately
77.27 surrounding one acre of land has the same classification rates as class 1a or 1b property
77.28 under subdivision 22. The value of the remaining land including improvements up to the
77.29 first tier valuation limit of agricultural homestead property has a classification rate of 0.5
77.30 percent of market value. The remaining property over the first tier has a classification rate
77.31 of one percent of market value. For purposes of this subdivision, the "first tier valuation
77.32 limit of agricultural homestead property" and "first tier" means the limit certified under
77.33 section 273.11, subdivision 23.

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

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

78.11 (c) Class 2b rural vacant land consists of parcels of property, or portions thereof, that
78.12 are unplatted real estate, rural in character and not used for agricultural purposes, including
78.13 land used for growing trees for timber, lumber, and wood and wood products, that is not
78.14 improved with a structure. The presence of a minor, ancillary nonresidential structure as
78.15 defined by the commissioner of revenue does not disqualify the property from classification
78.16 under this paragraph. Any parcel of 20 acres or more improved with a structure that is not
78.17 a minor, ancillary nonresidential structure must be split-classified, and ten acres must be
78.18 assigned to the split parcel containing the structure. If a parcel of 20 acres or more is enrolled
78.19 in the sustainable forest management incentive program under chapter 290C, the number
78.20 of acres assigned to the split parcel improved with a structure that is not a minor, ancillary
78.21 nonresidential structure must equal three acres or the number of acres excluded from the
78.22 sustainable forest incentive act covenant due to the structure, whichever is greater. Class
78.23 2b property has a classification rate of one percent of market value unless it is part of an
78.24 agricultural homestead under paragraph (a), or qualifies as class 2c under paragraph (d).

78.25 (d) Class 2c managed forest land consists of no less than 20 and no more than 1,920
78.26 acres statewide per taxpayer that is being managed under a forest management plan that
78.27 meets the requirements of chapter 290C, but is not enrolled in the sustainable forest resource
78.28 management incentive program. It has a classification rate of .65 percent, provided that the
78.29 owner of the property must apply to the assessor in order for the property to initially qualify
78.30 for the reduced rate and provide the information required by the assessor to verify that the
78.31 property qualifies for the reduced rate. If the assessor receives the application and information
78.32 before May 1 in an assessment year, the property qualifies beginning with that assessment
78.33 year. If the assessor receives the application and information after April 30 in an assessment
78.34 year, the property may not qualify until the next assessment year. The commissioner of
78.35 natural resources must concur that the land is qualified. The commissioner of natural

79.1 resources shall annually provide county assessors verification information on a timely basis.
79.2 The presence of a minor, ancillary nonresidential structure as defined by the commissioner
79.3 of revenue does not disqualify the property from classification under this paragraph.

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

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

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

79.10 "Agricultural purposes" as used in this section means the raising, cultivation, drying, or
79.11 storage of agricultural products for sale, or the storage of machinery or equipment used in
79.12 support of agricultural production by the same farm entity. For a property to be classified
79.13 as agricultural based only on the drying or storage of agricultural products, the products
79.14 being dried or stored must have been produced by the same farm entity as the entity operating
79.15 the drying or storage facility. "Agricultural purposes" also includes (i) enrollment in a local
79.16 conservation program or the Reinvest in Minnesota program under sections 103F.501 to
79.17 103F.535 or the federal Conservation Reserve Program as contained in Public Law 99-198
79.18 or a similar state or federal conservation program if the property was classified as agricultural
79.19 (A) under this subdivision for taxes payable in 2003 because of its enrollment in a qualifying
79.20 program and the land remains enrolled or (B) in the year prior to its enrollment, or (ii) use
79.21 of land, not to exceed three acres, to provide environmental benefits such as buffer strips,
79.22 old growth forest restoration or retention, or retention ponds to prevent soil erosion. For
79.23 purposes of this section, a "local conservation program" means a program administered by
79.24 a town, statutory or home rule charter city, or county, including a watershed district, water
79.25 management organization, or soil and water conservation district, in which landowners
79.26 voluntarily enroll land and receive incentive payments equal to at least \$50 per acre in
79.27 exchange for use or other restrictions placed on the land. In order for property to qualify
79.28 under the local conservation program provision, a taxpayer must apply to the assessor by
79.29 February 1 of the assessment year and must submit the information required by the assessor,
79.30 including but not limited to a copy of the program requirements, the specific agreement
79.31 between the land owner and the local agency, if applicable, and a map of the conservation
79.32 area. Agricultural classification shall not be based upon the market value of any residential
79.33 structures on the parcel or contiguous parcels under the same ownership.

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

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

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

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

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

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

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

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

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

80.24 Classification under this subdivision is not determinative for qualifying under section
80.25 273.111.

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

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

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

81.4 (2) aquacultural products for sale and consumption, as defined under section 17.47, if
81.5 the aquaculture occurs on land zoned for agricultural use;

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

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

81.11 (5) game birds and waterfowl bred and raised (i) on a game farm licensed under section
81.12 97A.105, provided that the annual licensing report to the Department of Natural Resources,
81.13 which must be submitted annually by March 30 to the assessor, indicates that at least 500
81.14 birds were raised or used for breeding stock on the property during the preceding year and
81.15 that the owner provides a copy of the owner's most recent schedule F; or (ii) for use on a
81.16 shooting preserve licensed under section 97A.115;

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

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

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

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

81.24 (1) wholesale and retail sales;

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

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

81.27 (4) office facilities for the support of the activities enumerated in clauses (1), (2), and
81.28 (3),

81.29 the assessor shall classify the part of the parcel used for agricultural purposes as class
81.30 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use.
81.31 The grading, sorting, and packaging of raw agricultural products for first sale is considered
81.32 an agricultural purpose. A greenhouse or other building where horticultural or nursery

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

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

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

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

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

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

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

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

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

83.3 (1) a legal description of the property;

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

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

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

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

83.16 (n) When any portion of the property under this subdivision or subdivision 22 begins to
83.17 be actively mined, the owner must file a supplemental affidavit within 60 days from the
83.18 day any aggregate is removed stating the number of acres of the property that is actively
83.19 being mined. The acres actively being mined must be (1) valued and classified under
83.20 subdivision 24 in the next subsequent assessment year, and (2) removed from the aggregate
83.21 resource preservation property tax program under section 273.1115, if the land was enrolled
83.22 in that program. Copies of the original affidavit and all supplemental affidavits must be
83.23 filed with the county assessor, the local zoning administrator, and the Department of Natural
83.24 Resources, Division of Land and Minerals. A supplemental affidavit must be filed each
83.25 time a subsequent portion of the property is actively mined, provided that the minimum
83.26 acreage change is five acres, even if the actual mining activity constitutes less than five
83.27 acres.

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

83.31 **EFFECTIVE DATE.** This section is effective for assessment year 2022 and thereafter.

84.1 Sec. 7. Minnesota Statutes 2020, section 273.13, subdivision 25, is amended to read:

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

84.9 (b) Class 4b includes:

84.10 (1) residential real estate containing less than four units, including property rented as a
84.11 short-term rental property for more than 14 days in the preceding year, that does not qualify
84.12 as class 4bb, other than seasonal residential recreational property;

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

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

84.16 (4) unimproved property that is classified residential as determined under subdivision
84.17 33.

84.18 For the purposes of this paragraph, "short-term rental property" means nonhomestead
84.19 residential real estate rented for periods of less than 30 consecutive days.

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

84.21 (c) Class 4bb includes:

84.22 (1) nonhomestead residential real estate containing one unit, other than seasonal
84.23 residential recreational property;

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

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

84.28 Class 4bb property has the same classification rates as class 1a property under subdivision
84.29 22.

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

85.4 (d) Class 4c property includes:

85.5 (1) except as provided in subdivision 22, paragraph (c), real and personal property
85.6 devoted to commercial temporary and seasonal residential occupancy for recreation purposes,
85.7 for not more than 250 days in the year preceding the year of assessment. For purposes of
85.8 this clause, property is devoted to a commercial purpose on a specific day if any portion of
85.9 the property is used for residential occupancy, and a fee is charged for residential occupancy.
85.10 Class 4c property under this clause must contain three or more rental units. A "rental unit"
85.11 is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site
85.12 equipped with water and electrical hookups for recreational vehicles. A camping pad offered
85.13 for rent by a property that otherwise qualifies for class 4c under this clause is also class 4c
85.14 under this clause regardless of the term of the rental agreement, as long as the use of the
85.15 camping pad does not exceed 250 days. In order for a property to be classified under this
85.16 clause, either (i) the business located on the property must provide recreational activities,
85.17 at least 40 percent of the annual gross lodging receipts related to the property must be from
85.18 business conducted during 90 consecutive days, and either (A) at least 60 percent of all paid
85.19 bookings by lodging guests during the year must be for periods of at least two consecutive
85.20 nights; or (B) at least 20 percent of the annual gross receipts must be from charges for
85.21 providing recreational activities, or (ii) the business must contain 20 or fewer rental units,
85.22 and must be located in a township or a city with a population of 2,500 or less located outside
85.23 the metropolitan area, as defined under section 473.121, subdivision 2, that contains a portion
85.24 of a state trail administered by the Department of Natural Resources. For purposes of item
85.25 (i)(A), a paid booking of five or more nights shall be counted as two bookings. Class 4c
85.26 property also includes commercial use real property used exclusively for recreational
85.27 purposes in conjunction with other class 4c property classified under this clause and devoted
85.28 to temporary and seasonal residential occupancy for recreational purposes, up to a total of
85.29 two acres, provided the property is not devoted to commercial recreational use for more
85.30 than 250 days in the year preceding the year of assessment and is located within two miles
85.31 of the class 4c property with which it is used. In order for a property to qualify for
85.32 classification under this clause, the owner must submit a declaration to the assessor
85.33 designating the cabins or units occupied for 250 days or less in the year preceding the year
85.34 of assessment by January 15 of the assessment year. Those cabins or units and a proportionate
85.35 share of the land on which they are located must be designated class 4c under this clause

86.1 as otherwise provided. The remainder of the cabins or units and a proportionate share of
86.2 the land on which they are located will be designated as class 3a. The owner of property
86.3 desiring designation as class 4c property under this clause must provide guest registers or
86.4 other records demonstrating that the units for which class 4c designation is sought were not
86.5 occupied for more than 250 days in the year preceding the assessment if so requested. The
86.6 portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center
86.7 or meeting room, and (5) other nonresidential facility operated on a commercial basis not
86.8 directly related to temporary and seasonal residential occupancy for recreation purposes
86.9 does not qualify for class 4c. For the purposes of this paragraph, "recreational activities"
86.10 means renting ice fishing houses, boats and motors, snowmobiles, downhill or cross-country
86.11 ski equipment; providing marina services, launch services, or guide services; or selling bait
86.12 and fishing tackle;

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

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

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

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

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

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

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

86.30 For purposes of this clause:

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

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

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

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

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

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

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

87.27 (5)(i) manufactured home parks as defined in section 327.14, subdivision 3, excluding
87.28 manufactured home parks described in items (ii) and (iii), (ii) manufactured home parks as
87.29 defined in section 327.14, subdivision 3, that are described in section 273.124, subdivision
87.30 3a, and (iii) class I manufactured home parks as defined in section 327C.01, subdivision
87.31 13;

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

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

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

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

88.7 If a hangar classified under this clause is sold after June 30, 2000, a bill of sale must be
88.8 filed by the new owner with the assessor of the county where the property is located within
88.9 60 days of the sale;

88.10 (8) a privately owned noncommercial aircraft storage hangar not exempt under section
88.11 272.01, subdivision 2, and the land on which it is located, provided that:

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

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

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

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

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

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

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

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

88.29 (10) real property up to a maximum of three acres and operated as a restaurant as defined
88.30 under section 157.15, subdivision 12, provided it: (i) is located on a lake as defined under
88.31 section 103G.005, subdivision 15, paragraph (a), clause (3); and (ii) is either devoted to
88.32 commercial purposes for not more than 250 consecutive days, or receives at least 60 percent

89.1 of its annual gross receipts from business conducted during four consecutive months. Gross
89.2 receipts from the sale of alcoholic beverages must be included in determining the property's
89.3 qualification under item (ii). The property's primary business must be as a restaurant and
89.4 not as a bar. Gross receipts from gift shop sales located on the premises must be excluded.
89.5 Owners of real property desiring 4c classification under this clause must submit an annual
89.6 declaration to the assessor by February 1 of the current assessment year, based on the
89.7 property's relevant information for the preceding assessment year;

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

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

89.20 Class 4c property has a classification rate of 1.5 percent of market value, except that (i)
89.21 each parcel of noncommercial seasonal residential recreational property under clause (12)
89.22 has the same classification rates as class 4bb property, (ii) manufactured home parks assessed
89.23 under clause (5), item (i), have the same classification rate as class 4b property, the market
89.24 value of manufactured home parks assessed under clause (5), item (ii), have a classification
89.25 rate of 0.75 percent if more than 50 percent of the lots in the park are occupied by
89.26 shareholders in the cooperative corporation or association and a classification rate of one
89.27 percent if 50 percent or less of the lots are so occupied, and class I manufactured home
89.28 parks as defined in section 327C.01, subdivision 13, have a classification rate of 1.0 percent,
89.29 (iii) commercial-use seasonal residential recreational property and marina recreational land
89.30 as described in clause (11), has a classification rate of one percent for the first \$500,000 of
89.31 market value, and 1.25 percent for the remaining market value, (iv) the market value of
89.32 property described in clause (4) has a classification rate of one percent, (v) the market value
89.33 of property described in clauses (2), (6), and (10) has a classification rate of 1.25 percent,
89.34 (vi) that portion of the market value of property in clause (9) qualifying for class 4c property
89.35 has a classification rate of 1.25 percent, and (vii) property qualifying for classification under

90.1 clause (3) that is owned or operated by a congressionally chartered veterans organization
90.2 has a classification rate of one percent. The commissioner of veterans affairs must provide
90.3 a list of congressionally chartered veterans organizations to the commissioner of revenue
90.4 by June 30, 2017, and by January 1, 2018, and each year thereafter.

90.5 (e) Class 4d property is qualifying low-income rental housing certified to the assessor
90.6 by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion of
90.7 the units in the building qualify as low-income rental housing units as certified under section
90.8 273.128, subdivision 3, only the proportion of qualifying units to the total number of units
90.9 in the building qualify for class 4d. The remaining portion of the building shall be classified
90.10 by the assessor based upon its use. Class 4d also includes the same proportion of land as
90.11 the qualifying low-income rental housing units are to the total units in the building. For all
90.12 properties qualifying as class 4d, the market value determined by the assessor must be based
90.13 on the normal approach to value using normal unrestricted rents.

90.14 (f) The first tier of market value of class 4d property has a classification rate of 0.75
90.15 percent. The remaining value of class 4d property has a classification rate of 0.25 percent.
90.16 For the purposes of this paragraph, the "first tier of market value of class 4d property" means
90.17 the market value of each housing unit up to the first tier limit. For the purposes of this
90.18 paragraph, all class 4d property value must be assigned to individual housing units. The
90.19 first tier limit is \$100,000 for assessment ~~year 2014~~ years 2022 and 2023. For subsequent
90.20 assessment years, the limit is adjusted each year by the average statewide change in estimated
90.21 market value of property classified as class 4a and 4d under this section for the previous
90.22 assessment year, excluding valuation change due to new construction, rounded to the nearest
90.23 \$1,000, provided, however, that the limit may never be less than \$100,000. Beginning with
90.24 assessment year 2015, the commissioner of revenue must certify the limit for each assessment
90.25 year by November 1 of the previous year.

90.26 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2022.

90.27 Sec. 8. Minnesota Statutes 2020, section 273.13, subdivision 34, is amended to read:

90.28 Subd. 34. **Homestead of veteran with a disability or family caregiver.** (a) All or a
90.29 portion of the market value of property owned by a veteran and serving as the veteran's
90.30 homestead under this section is excluded in determining the property's taxable market value
90.31 if the veteran has a service-connected disability of 70 percent or more as certified by the
90.32 United States Department of Veterans Affairs. To qualify for exclusion under this subdivision,
90.33 the veteran must have been honorably discharged from the United States armed forces, as

91.1 indicated by United States Government Form DD214 or other official military discharge
91.2 papers.

91.3 (b)(1) For a disability rating of 70 percent or more, \$150,000 of market value is excluded,
91.4 except as provided in clause (2); and

91.5 (2) for a total (100 percent) and permanent disability, \$300,000 of market value is
91.6 excluded.

91.7 (c) If a veteran with a disability qualifying for a valuation exclusion under paragraph
91.8 (b), clause (2), predeceases the veteran's spouse, and if upon the death of the veteran the
91.9 spouse holds the legal or beneficial title to the homestead and permanently resides there,
91.10 the exclusion shall carry over to the benefit of the veteran's spouse until such time as the
91.11 spouse remarries, or sells, transfers, or otherwise disposes of the property, except as otherwise
91.12 provided in paragraph (n). Qualification under this paragraph requires an application under
91.13 paragraph (h), and a spouse must notify the assessor if there is a change in the spouse's
91.14 marital status, ownership of the property, or use of the property as a permanent residence.

91.15 (d) If the spouse of a member of any branch or unit of the United States armed forces
91.16 who dies due to a service-connected cause while serving honorably in active service, as
91.17 indicated on United States Government Form DD1300 or DD2064, holds the legal or
91.18 beneficial title to a homestead and permanently resides there, the spouse is entitled to the
91.19 benefit described in paragraph (b), clause (2), until such time as the spouse remarries or
91.20 sells, transfers, or otherwise disposes of the property, except as otherwise provided in
91.21 paragraph (n).

91.22 (e) If a veteran meets the disability criteria of paragraph (a) but does not own property
91.23 classified as homestead in the state of Minnesota, then the homestead of the veteran's primary
91.24 family caregiver, if any, is eligible for the exclusion that the veteran would otherwise qualify
91.25 for under paragraph (b).

91.26 (f) In the case of an agricultural homestead, only the portion of the property consisting
91.27 of the house and garage and immediately surrounding one acre of land qualifies for the
91.28 valuation exclusion under this subdivision.

91.29 (g) A property qualifying for a valuation exclusion under this subdivision is not eligible
91.30 for the market value exclusion under subdivision 35, or classification under subdivision 22,
91.31 paragraph (b).

91.32 (h) To qualify for a valuation exclusion under this subdivision a property owner must
91.33 apply to the assessor by December ~~15~~ 31 of the first assessment year for which the exclusion

92.1 is sought. ~~For an application received after December 15, the exclusion shall become effective~~
92.2 ~~for the following assessment year.~~ Except as provided in paragraph (c), the owner of a
92.3 property that has been accepted for a valuation exclusion must notify the assessor if there
92.4 is a change in ownership of the property or in the use of the property as a homestead.

92.5 (i) A first-time application by a qualifying spouse for the market value exclusion under
92.6 paragraph (d) must be made any time within two years of the death of the service member.

92.7 (j) For purposes of this subdivision:

92.8 (1) "active service" has the meaning given in section 190.05;

92.9 (2) "own" means that the person's name is present as an owner on the property deed;

92.10 (3) "primary family caregiver" means a person who is approved by the secretary of the
92.11 United States Department of Veterans Affairs for assistance as the primary provider of
92.12 personal care services for an eligible veteran under the Program of Comprehensive Assistance
92.13 for Family Caregivers, codified as United States Code, title 38, section 1720G; and

92.14 (4) "veteran" has the meaning given the term in section 197.447.

92.15 (k) If a veteran dying after December 31, 2011, did not apply for or receive the exclusion
92.16 under paragraph (b), clause (2), before dying, the veteran's spouse is entitled to the benefit
92.17 under paragraph (b), clause (2), until the spouse remarries or sells, transfers, or otherwise
92.18 disposes of the property, except as otherwise provided in paragraph (n), if:

92.19 (1) the spouse files a first-time application within two years of the death of the service
92.20 member or by June 1, 2019, whichever is later;

92.21 (2) upon the death of the veteran, the spouse holds the legal or beneficial title to the
92.22 homestead and permanently resides there;

92.23 (3) the veteran met the honorable discharge requirements of paragraph (a); and

92.24 (4) the United States Department of Veterans Affairs certifies that:

92.25 (i) the veteran met the total (100 percent) and permanent disability requirement under
92.26 paragraph (b), clause (2); or

92.27 (ii) the spouse has been awarded dependency and indemnity compensation.

92.28 (l) The purpose of this provision of law providing a level of homestead property tax
92.29 relief for veterans with a disability, their primary family caregivers, and their surviving
92.30 spouses is to help ease the burdens of war for those among our state's citizens who bear
92.31 those burdens most heavily.

93.1 (m) By July 1, the county veterans service officer must certify the disability rating and
93.2 permanent address of each veteran receiving the benefit under paragraph (b) to the assessor.

93.3 (n) A spouse who received the benefit in paragraph (c), (d), or (k) but no longer holds
93.4 the legal or beneficial title to the property may continue to receive the exclusion for a
93.5 property other than the property for which the exclusion was initially granted until the spouse
93.6 remarries or sells, transfers, or otherwise disposes of the property, provided that:

93.7 (1) the spouse applies under paragraph (h) for the continuation of the exclusion allowed
93.8 under this paragraph;

93.9 (2) the spouse holds the legal or beneficial title to the property for which the continuation
93.10 of the exclusion is sought under this paragraph, and permanently resides there;

93.11 (3) the estimated market value of the property for which the exclusion is sought under
93.12 this paragraph is less than or equal to the estimated market value of the property that first
93.13 received the exclusion, based on the value of each property on the date of the sale of the
93.14 property that first received the exclusion; and

93.15 (4) the spouse has not previously received the benefit under this paragraph for a property
93.16 other than the property for which the exclusion is sought.

93.17 **EFFECTIVE DATE.** This section is effective beginning with assessments in 2021.

93.18 Sec. 9. Minnesota Statutes 2020, section 275.025, subdivision 1, is amended to read:

93.19 Subdivision 1. **Levy amount.** The state general levy is levied against
93.20 commercial-industrial property and seasonal residential recreational property, as defined
93.21 in this section. The state general levy for commercial-industrial property is ~~\$737,090,000~~
93.22 \$716,990,000 for taxes payable in ~~2020~~ 2023 and thereafter. The state general levy for
93.23 seasonal-recreational property is \$41,690,000 for taxes payable in 2020 and thereafter. The
93.24 tax under this section is not treated as a local tax rate under section 469.177 and is not the
93.25 levy of a governmental unit under chapters 276A and 473F.

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

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

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

94.1 (3) an increase or decrease in taxable value for commercial-industrial or seasonal
94.2 residential recreational property reported to the commissioner under section 270C.85,
94.3 subdivision 2, clause (4), for the same year.

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

94.6 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
94.7 in 2023 and thereafter.

94.8 Sec. 10. Minnesota Statutes 2020, section 275.025, subdivision 2, is amended to read:

94.9 Subd. 2. **Commercial-industrial tax capacity.** For the purposes of this section,
94.10 "commercial-industrial tax capacity" means the tax capacity of all taxable property classified
94.11 as class 3 or class 5(1) under section 273.13, excluding:

94.12 (1) the tax capacity attributable to the first ~~\$100,000~~ \$150,000 of market value of each
94.13 parcel of commercial-industrial property as defined under section 273.13, subdivision 24,
94.14 clauses (1) and (2);

94.15 (2) electric generation attached machinery under class 3; and

94.16 (3) property described in section 473.625.

94.17 County commercial-industrial tax capacity amounts are not adjusted for the captured
94.18 net tax capacity of a tax increment financing district under section 469.177, subdivision 2,
94.19 the net tax capacity of transmission lines deducted from a local government's total net tax
94.20 capacity under section 273.425, or fiscal disparities contribution and distribution net tax
94.21 capacities under chapter 276A or 473F. For purposes of this subdivision, the procedures
94.22 for determining eligibility for tier 1 under section 273.13, subdivision 24, clauses (1) and
94.23 (2), shall apply in determining the portion of a property eligible to be considered within the
94.24 first ~~\$100,000~~ \$150,000 of market value.

94.25 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
94.26 in 2023 and thereafter.

94.27 Sec. 11. Minnesota Statutes 2020, section 275.065, subdivision 3, is amended to read:

94.28 Subd. 3. **Notice of proposed property taxes.** (a) The county auditor shall prepare and
94.29 the county treasurer shall deliver after November 10 and on or before November 24 each
94.30 year, by first class mail to each taxpayer at the address listed on the county's current year's
94.31 assessment roll, a notice of proposed property taxes. Upon written request by the taxpayer,

95.1 the treasurer may send the notice in electronic form or by electronic mail instead of on paper
95.2 or by ordinary mail.

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

95.4 (c) The notice must inform taxpayers that it contains the amount of property taxes each
95.5 taxing authority proposes to collect for taxes payable the following year. In the case of a
95.6 town, or in the case of the state general tax, the final tax amount will be its proposed tax.
95.7 The notice must clearly state for each city that has a population over 500, county, school
95.8 district, regional library authority established under section 134.201, ~~and~~ metropolitan taxing
95.9 districts as defined in paragraph (i), and fire protection and emergency medical services
95.10 special taxing districts established under section 144F.01, the time and place of a meeting
95.11 for each taxing authority in which the budget and levy will be discussed and public input
95.12 allowed, prior to the final budget and levy determination. The taxing authorities must provide
95.13 the county auditor with the information to be included in the notice on or before the time it
95.14 certifies its proposed levy under subdivision 1. The public must be allowed to speak at that
95.15 meeting, which must occur after November 24 and must not be held before 6:00 p.m. It
95.16 must provide a telephone number for the taxing authority that taxpayers may call if they
95.17 have questions related to the notice and an address where comments will be received by
95.18 mail, except that no notice required under this section shall be interpreted as requiring the
95.19 printing of a personal telephone number or address as the contact information for a taxing
95.20 authority. If a taxing authority does not maintain public offices where telephone calls can
95.21 be received by the authority, the authority may inform the county of the lack of a public
95.22 telephone number and the county shall not list a telephone number for that taxing authority.

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

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

95.30 (2) the items listed below, shown separately by county, city or town, and state general
95.31 tax, agricultural homestead credit under section 273.1384, school building bond agricultural
95.32 credit under section 273.1387, voter approved school levy, other local school levy, and the
95.33 sum of the special taxing districts, and as a total of all taxing authorities:

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

96.1 (ii) the proposed tax amount.

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

96.5 In the case of a town or the state general tax, the final tax shall also be its proposed tax
96.6 unless the town changes its levy at a special town meeting under section 365.52. If a school
96.7 district has certified under section 126C.17, subdivision 9, that a referendum will be held
96.8 in the school district at the November general election, the county auditor must note next
96.9 to the school district's proposed amount that a referendum is pending and that, if approved
96.10 by the voters, the tax amount may be higher than shown on the notice. In the case of the
96.11 city of Minneapolis, the levy for Minneapolis Park and Recreation shall be listed separately
96.12 from the remaining amount of the city's levy. In the case of the city of St. Paul, the levy for
96.13 the St. Paul Library Agency must be listed separately from the remaining amount of the
96.14 city's levy. In the case of Ramsey County, any amount levied under section 134.07 may be
96.15 listed separately from the remaining amount of the county's levy. In the case of a parcel
96.16 where tax increment or the fiscal disparities areawide tax under chapter 276A or 473F
96.17 applies, the proposed tax levy on the captured value or the proposed tax levy on the tax
96.18 capacity subject to the areawide tax must each be stated separately and not included in the
96.19 sum of the special taxing districts; and

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

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

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

96.27 (1) special assessments;

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

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

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

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

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

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

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

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

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

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

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

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

97.25 (1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325, 473.446,
97.26 473.521, 473.547, or 473.834;

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

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

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

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

98.8 (1) the impact of inflation as measured by the implicit price deflator for state and local
98.9 government purchases;

98.10 (2) population growth and decline;

98.11 (3) state or federal government action; and

98.12 (4) other financial factors that affect the level of property taxation and local services
98.13 that the governing body of the county, city, or school district may deem appropriate to
98.14 include.

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

98.18 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
98.19 in 2022.

98.20 Sec. 12. Minnesota Statutes 2020, section 275.065, is amended by adding a subdivision
98.21 to read:

98.22 **Subd. 3b. Notice of proposed property taxes required supplemental information. (a)**
98.23 The county auditor must prepare a separate statement to be delivered with the notice of
98.24 proposed taxes described in subdivision 3. The statement must fit on one sheet of paper and
98.25 contain for each parcel:

98.26 (1) for the county, city or township, and school district in which the parcel lies, the
98.27 certified levy for the current taxes payable year, the proposed levy for taxes payable in the
98.28 following year, and the increase or decrease between these two amounts, expressed as a
98.29 percentage; and

98.30 (2) summary budget information listed in paragraph (b).

98.31 (b) Summary budget information must contain budget data from the county, city, and
98.32 school district that proposes a property tax levy on the parcel for taxes payable the following

99.1 year. For the school district, the summary budget data must include the information provided
99.2 to the public under section 123B.10, subdivision 1, paragraph (b), for the current year and
99.3 prior year. For the county and city, the reported summary budget data must contain the same
99.4 information, in the same categories, and in the same format as provided to the Office of the
99.5 State Auditor as required by section 6.745. The statement must provide the governmental
99.6 revenues and current expenditures information in clauses (1) and (2) for the taxing authority's
99.7 budget for taxes payable the following year and the taxing authority's budget from taxes
99.8 payable in the current year, as well as the percent change between the two years. The city
99.9 must provide the county auditor with the summary budget data at the same time as the
99.10 information required under subdivision 3. Only cities with a population of at least 500 are
99.11 required to report the data described in this paragraph. If a city with a population over 500
99.12 fails to report the required information to the county auditor, the county auditor must list
99.13 the city as "budget information not reported" on the portion of the statement dedicated to
99.14 the city's budget information. The statement may take the same format as the annual summary
99.15 budget report for cities and counties issued by the Office of the State Auditor. The summary
99.16 budget data must include:

99.17 (1) a governmental revenues category, including and separately stating:

99.18 (i) "property taxes" defined as property taxes levied on an assessed valuation of real
99.19 property and personal property, if applicable, by the city and county, including fiscal
99.20 disparities;

99.21 (ii) "special assessments" defined as levies made against certain properties to defray all
99.22 or part of the costs of a specific improvement, such as new sewer and water mains, deemed
99.23 to benefit primarily those properties;

99.24 (iii) "state general purpose aid" defined as aid received from the state that has no
99.25 restrictions on its use, including local government aid, county program aid, and market
99.26 value credits; and

99.27 (iv) "state categorical aid" defined as revenues received for a specific purpose, such as
99.28 streets and highways, fire relief, and flood control, including but not limited to police and
99.29 fire state aid and out-of-home placement aid; and

99.30 (2) a current expenditures category, including and separately stating:

99.31 (i) "general government" defined as administration costs of city or county governments,
99.32 including salaries of officials and maintenance of buildings;

100.1 (ii) "public safety" defined as costs related to the protection of persons and property,
100.2 such as police, fire, ambulance services, building inspections, animal control, and flood
100.3 control;

100.4 (iii) "streets and highways" defined as costs associated with the maintenance and repair
100.5 of local highways, streets, bridges, and street equipment, such as patching, seal coating,
100.6 street lighting, street cleaning, and snow removal;

100.7 (iv) "sanitation" defined as costs of refuse collection and disposal, recycling, and weed
100.8 and pest control;

100.9 (v) "human services" defined as activities designed to provide public assistance and
100.10 institutional care for individuals economically unable to provide for themselves;

100.11 (vi) "health" defined as costs of the maintenance of vital statistics, restaurant inspection,
100.12 communicable disease control, and various health services and clinics;

100.13 (vii) "culture and recreation" defined as costs of libraries, park maintenance, mowing,
100.14 planting, removal of trees, festivals, bands, museums, community centers, cable television,
100.15 baseball fields, and organized recreation activities;

100.16 (viii) "conservation of natural resources" defined as the conservation and development
100.17 of natural resources, including agricultural and forestry programs and services, weed
100.18 inspection services, and soil and water conservation services;

100.19 (ix) "economic development and housing" defined as costs for development and
100.20 redevelopment activities in blighted or otherwise economically disadvantaged areas, including
100.21 low-interest loans, cleanup of hazardous sites, rehabilitation of substandard housing and
100.22 other physical facilities, and other assistance to those wanting to provide housing and
100.23 economic opportunity within a disadvantaged area; and

100.24 (x) "all other current expenditures" defined as costs not classified elsewhere, such as
100.25 airport expenditures, cemeteries, unallocated insurance costs, unallocated pension costs,
100.26 and public transportation costs.

100.27 (c) If a taxing authority reporting this data does not have revenues or expenditures in a
100.28 category listed in paragraph (b), then the taxing authority must designate the amount as "0"
100.29 for that specific category.

100.30 (d) The supplemental statement provided under this subdivision must be sent in electronic
100.31 form or by e-mail if the taxpayer requests an electronic version the notice of proposed
100.32 property taxes under subdivision 3, paragraph (a).

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

101.3 Sec. 13. Minnesota Statutes 2020, section 275.066, is amended to read:

101.4 **275.066 SPECIAL TAXING DISTRICTS; DEFINITION.**

101.5 For the purposes of property taxation and property tax state aids, the term "special taxing
101.6 districts" includes the following entities:

101.7 (1) watershed districts under chapter 103D;

101.8 (2) sanitary districts under sections 442A.01 to 442A.29;

101.9 (3) regional sanitary sewer districts under sections 115.61 to 115.67;

101.10 (4) regional public library districts under section 134.201;

101.11 (5) park districts under chapter 398;

101.12 (6) regional railroad authorities under chapter 398A;

101.13 (7) hospital districts under sections 447.31 to 447.38;

101.14 (8) St. Cloud Metropolitan Transit Commission under sections 458A.01 to 458A.15;

101.15 (9) Duluth Transit Authority under sections 458A.21 to 458A.37;

101.16 (10) regional development commissions under sections 462.381 to 462.398;

101.17 (11) housing and redevelopment authorities under sections 469.001 to 469.047;

101.18 (12) port authorities under sections 469.048 to 469.068;

101.19 (13) economic development authorities under sections 469.090 to 469.1081;

101.20 (14) Metropolitan Council under sections 473.123 to 473.549;

101.21 (15) Metropolitan Airports Commission under sections 473.601 to 473.679;

101.22 (16) Metropolitan Mosquito Control Commission under sections 473.701 to 473.716;

101.23 (17) Morrison County Rural Development Financing Authority under Laws 1982, chapter
101.24 437, section 1;

101.25 (18) Croft Historical Park District under Laws 1984, chapter 502, article 13, section 6;

101.26 (19) East Lake County Medical Clinic District under Laws 1989, chapter 211, sections
101.27 1 to 6;

102.1 (20) Floodwood Area Ambulance District under Laws 1993, chapter 375, article 5,
102.2 section 39;

102.3 (21) Middle Mississippi River Watershed Management Organization under sections
102.4 103B.211 and 103B.241;

102.5 (22) fire protection and emergency medical services special taxing districts under section
102.6 144F.01;

102.7 (23) a county levying under the authority of section 103B.241, 103B.245, or 103B.251;

102.8 (24) Southern St. Louis County Special Taxing District; Chris Jensen Nursing Home
102.9 under Laws 2003, First Special Session chapter 21, article 4, section 12;

102.10 (25) an airport authority created under section 360.0426; and

102.11 (26) any other political subdivision of the state of Minnesota, excluding counties, school
102.12 districts, cities, and towns, that has the power to adopt and certify a property tax levy to the
102.13 county auditor, as determined by the commissioner of revenue.

102.14 **EFFECTIVE DATE.** This section is effective the day following final enactment and
102.15 applies to districts established after June 30, 2021.

102.16 Sec. 14. Minnesota Statutes 2020, section 290A.03, subdivision 3, is amended to read:

102.17 Subd. 3. **Income.** (a) "Income" means the sum of the following:

102.18 (1) federal adjusted gross income as defined in the Internal Revenue Code; and

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

102.20 (i) all nontaxable income;

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

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

102.27 (iv) cash public assistance and relief;

102.28 (v) any pension or annuity (including railroad retirement benefits, all payments received
102.29 under the federal Social Security Act, Supplemental Security Income, and veterans benefits),
102.30 which was not exclusively funded by the claimant or spouse, or which was funded exclusively

103.1 by the claimant or spouse and which funding payments were excluded from federal adjusted
103.2 gross income in the years when the payments were made;

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

103.5 (vii) workers' compensation;

103.6 (viii) nontaxable strike benefits;

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

103.10 (x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of
103.11 1986, as amended through December 31, 1995;

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

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

103.20 (xiii) nontaxable scholarship or fellowship grants;

103.21 (xiv) alimony received to the extent not included in the recipient's income;

103.22 (xv) the amount of deduction allowed under section 220 or 223 of the Internal Revenue
103.23 Code;

103.24 (xvi) the amount deducted for tuition expenses under section 222 of the Internal Revenue
103.25 Code; and

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

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

104.1 (b) "Income" does not include:

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

104.3 (2) amounts of any pension or annuity which was exclusively funded by the claimant

104.4 or spouse and which funding payments were not excluded from federal adjusted gross

104.5 income in the years when the payments were made;

104.6 (3) to the extent included in federal adjusted gross income, amounts contributed by the

104.7 claimant or spouse to a traditional or Roth style retirement account or plan, but not to exceed

104.8 the retirement base amount reduced by the amount of contributions excluded from federal

104.9 adjusted gross income, but not less than zero;

104.10 (4) surplus food or other relief in kind supplied by a governmental agency;

104.11 (5) relief granted under this chapter;

104.12 (6) child support payments received under a temporary or final decree of dissolution or

104.13 legal separation;

104.14 (7) restitution payments received by eligible individuals and excludable interest as

104.15 defined in section 803 of the Economic Growth and Tax Relief Reconciliation Act of 2001,

104.16 Public Law 107-16; ~~or~~

104.17 (8) alimony paid; or

104.18 (9) veterans disability compensation paid under title 38 of the United States Code.

104.19 (c) The sum of the following amounts may be subtracted from income:

104.20 (1) for the claimant's first dependent, the exemption amount multiplied by 1.4;

104.21 (2) for the claimant's second dependent, the exemption amount multiplied by 1.3;

104.22 (3) for the claimant's third dependent, the exemption amount multiplied by 1.2;

104.23 (4) for the claimant's fourth dependent, the exemption amount multiplied by 1.1;

104.24 (5) for the claimant's fifth dependent, the exemption amount; and

104.25 (6) if the claimant or claimant's spouse had a disability or attained the age of 65 on or

104.26 before December 31 of the year for which the taxes were levied or rent paid, the exemption

104.27 amount.

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

104.29 (1) "exemption amount" means the exemption amount under section 290.0121,

104.30 subdivision 1, paragraph (b), for the taxable year for which the income is reported;

105.1 (2) "retirement base amount" means the deductible amount for the taxable year for the
105.2 claimant and spouse under section 219(b)(5)(A) of the Internal Revenue Code, adjusted for
105.3 inflation as provided in section 219(b)(5)(C) of the Internal Revenue Code, without regard
105.4 to whether the claimant or spouse claimed a deduction; and

105.5 (3) "traditional or Roth style retirement account or plan" means retirement plans under
105.6 sections 401, 403, 408, 408A, and 457 of the Internal Revenue Code.

105.7 **EFFECTIVE DATE.** This section is effective for refund claims based on property taxes
105.8 payable in 2022 and rent paid in 2021 and thereafter.

105.9 Sec. 15. Minnesota Statutes 2020, section 429.021, subdivision 1, is amended to read:

105.10 Subdivision 1. **Improvements authorized.** The council of a municipality shall have
105.11 power to make the following improvements:

105.12 (1) To acquire, open, and widen any street, and to improve the same by constructing,
105.13 reconstructing, and maintaining sidewalks, pavement, gutters, curbs, and vehicle parking
105.14 strips of any material, or by grading, graveling, oiling, or otherwise improving the same,
105.15 including the beautification thereof and including storm sewers or other street drainage and
105.16 connections from sewer, water, or similar mains to curb lines.

105.17 (2) To acquire, develop, construct, reconstruct, extend, and maintain storm and sanitary
105.18 sewers and systems, including outlets, holding areas and ponds, treatment plants, pumps,
105.19 lift stations, service connections, and other appurtenances of a sewer system, within and
105.20 without the corporate limits.

105.21 (3) To construct, reconstruct, extend, and maintain steam heating mains.

105.22 (4) To install, replace, extend, and maintain street lights and street lighting systems and
105.23 special lighting systems.

105.24 (5) To acquire, improve, construct, reconstruct, extend, and maintain water works systems,
105.25 including mains, valves, hydrants, service connections, wells, pumps, reservoirs, tanks,
105.26 treatment plants, and other appurtenances of a water works system, within and without the
105.27 corporate limits.

105.28 (6) To acquire, improve and equip parks, open space areas, playgrounds, and recreational
105.29 facilities within or without the corporate limits.

105.30 (7) To plant trees on streets and provide for their trimming, care, and removal.

105.31 (8) To abate nuisances and to drain swamps, marshes, and ponds on public or private
105.32 property and to fill the same.

- 106.1 (9) To construct, reconstruct, extend, and maintain dikes and other flood control works.
- 106.2 (10) To construct, reconstruct, extend, and maintain retaining walls and area walls.
- 106.3 (11) To acquire, construct, reconstruct, improve, alter, extend, operate, maintain, and
106.4 promote a pedestrian skyway system. Such improvement may be made upon a petition
106.5 pursuant to section 429.031, subdivision 3.
- 106.6 (12) To acquire, construct, reconstruct, extend, operate, maintain, and promote
106.7 underground pedestrian concourses.
- 106.8 (13) To acquire, construct, improve, alter, extend, operate, maintain, and promote public
106.9 malls, plazas or courtyards.
- 106.10 (14) To construct, reconstruct, extend, and maintain district heating systems.
- 106.11 (15) To construct, reconstruct, alter, extend, operate, maintain, and promote fire protection
106.12 systems in existing buildings, but only upon a petition pursuant to section 429.031,
106.13 subdivision 3.
- 106.14 (16) To acquire, construct, reconstruct, improve, alter, extend, and maintain highway
106.15 sound barriers.
- 106.16 (17) To improve, construct, reconstruct, extend, and maintain gas and electric distribution
106.17 facilities owned by a municipal gas or electric utility.
- 106.18 (18) To purchase, install, and maintain signs, posts, and other markers for addressing
106.19 related to the operation of enhanced 911 telephone service.
- 106.20 (19) To improve, construct, extend, and maintain facilities for Internet access and other
106.21 communications purposes, if the council finds that:
- 106.22 (i) the facilities are necessary to make available Internet access or other communications
106.23 services that are not and will not be available through other providers or the private market
106.24 in the reasonably foreseeable future; and
- 106.25 (ii) the service to be provided by the facilities will not compete with service provided
106.26 by private entities.
- 106.27 (20) To assess affected property owners for all or a portion of the costs agreed to with
106.28 an electric utility, telecommunications carrier, or cable system operator to bury or alter a
106.29 new or existing distribution system within the public right-of-way that exceeds the utility's
106.30 design and construction standards, or those set by law, tariff, or franchise, but only upon
106.31 petition under section 429.031, subdivision 3.

107.1 (21) To assess affected property owners for repayment of voluntary energy improvement
107.2 financings under section 216C.436, subdivision 7, or 216C.437, subdivision 28.

107.3 (22) To construct, reconstruct, alter, extend, operate, maintain, and promote energy
107.4 improvement projects in existing buildings, provided that:

107.5 (i) a petition for the improvement is made by a property owner under section 429.031,
107.6 subdivision 3;

107.7 (ii) the municipality funds and administers the energy improvement project;

107.8 (iii) project funds are only used for the installation of improvements to heating,
107.9 ventilation, and air conditioning equipment and building envelope and for the installation
107.10 of renewable energy systems;

107.11 (iv) each property owner petitioning for the improvement receives notice that free or
107.12 low-cost energy improvements may be available under federal, state, or utility programs;

107.13 (v) for energy improvement projects on residential property, only residential property
107.14 having five or more units may obtain financing for projects under this clause; and

107.15 (vi) prior to financing an energy improvement project or imposing an assessment for a
107.16 project, written notice is provided to the mortgage lender of any mortgage encumbering or
107.17 otherwise secured by the property proposed to be improved.

107.18 **EFFECTIVE DATE.** This section is effective for special assessments payable in 2022
107.19 and thereafter.

107.20 Sec. 16. Minnesota Statutes 2020, section 429.031, subdivision 3, is amended to read:

107.21 Subd. 3. **Petition by all owners.** Whenever all owners of real property abutting upon
107.22 any street named as the location of any improvement shall petition the council to construct
107.23 the improvement and to assess the entire cost against their property, the council may, without
107.24 a public hearing, adopt a resolution determining such fact and ordering the improvement.

107.25 The validity of the resolution shall not be questioned by any taxpayer or property owner or
107.26 the municipality unless an action for that purpose is commenced within 30 days after adoption
107.27 of the resolution as provided in section 429.036. Nothing herein prevents any property
107.28 owner from questioning the amount or validity of the special assessment against the owner's
107.29 property pursuant to section 429.081. In the case of a petition for the municipality to own
107.30 and install a fire protection system, energy improvement projects, a pedestrian skyway
107.31 system, or on-site water contaminant improvements, the petition must contain or be
107.32 accompanied by an undertaking satisfactory to the city by the petitioner that the petitioner

108.1 will grant the municipality the necessary property interest in the building to permit the city
108.2 to enter upon the property and the building to construct, maintain, and operate the fire
108.3 protection system, energy improvement projects, pedestrian skyway system, or on-site water
108.4 contaminant improvements. In the case of a petition for the installation of a privately owned
108.5 fire protection system, energy improvement projects, a privately owned pedestrian skyway
108.6 system, or privately owned on-site water contaminant improvements, the petition shall
108.7 contain the plans and specifications for the improvement, the estimated cost of the
108.8 improvement and a statement indicating whether the city or the owner will contract for the
108.9 construction of the improvement. If the owner is contracting for the construction of the
108.10 improvement, the city shall not approve the petition until it has reviewed and approved the
108.11 plans, specifications, and cost estimates contained in the petition. The construction cost
108.12 financed under section 429.091 shall not exceed the amount of the cost estimate contained
108.13 in the petition. In the case of a petition for the installation of a fire protection system, energy
108.14 improvement projects, a pedestrian skyway system, or on-site water contaminant
108.15 improvements, the petitioner may request abandonment of the improvement at any time
108.16 after it has been ordered pursuant to subdivision 1 and before contracts have been awarded
108.17 for the construction of the improvement under section 429.041, subdivision 2. If such a
108.18 request is received, the city council shall abandon the proceedings but in such case the
108.19 petitioner shall reimburse the city for any and all expenses incurred by the city in connection
108.20 with the improvement.

108.21 **EFFECTIVE DATE.** This section is effective for special assessments payable in 2022
108.22 and thereafter.

108.23 Sec. 17. Laws 2009, chapter 88, article 2, section 46, subdivision 3, as amended by Laws
108.24 2013, chapter 143, article 4, section 37, and Laws 2019, First Special Session chapter 6,
108.25 article 4, section 34, is amended to read:

108.26 Subd. 3. **Tax.** The district board may impose a property tax on taxable property as
108.27 provided in this subdivision to pay the costs of providing fire or ambulance services, or
108.28 both, throughout the district. The board shall annually determine the total amount of the
108.29 levy that is attributable to the cost of providing fire services and the cost of providing
108.30 ambulance services within the primary service area. ~~For those municipalities that only
108.31 receive ambulance services, the costs for the provision of ambulance services shall be levied
108.32 against taxable property within those municipalities at a rate necessary not to exceed 0.019
108.33 percent of the estimated market value. For those municipalities that receive both fire and
108.34 ambulance services, the tax shall be imposed at a rate that does not exceed 0.2835 percent
108.35 of estimated market value.~~

109.1 When a member municipality opts to receive fire service from the district or an additional
109.2 municipality becomes a member of the district, the cost of providing fire services to that
109.3 community shall be determined by the board ~~and added to the maximum levy amount.~~

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

109.8 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
109.9 Cloquet Area Fire and Ambulance Special Taxing District and its chief clerical officer
109.10 comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and
109.11 3.

109.12 Sec. 18. **SUSTAINABLE FOREST INCENTIVE ACT; VIOLATIONS.**

109.13 Land that was split-classified under Minnesota Statutes 2018, section 273.13, subdivision
109.14 23, paragraph (c), while enrolled in the sustainable forest incentive act management program
109.15 under Minnesota Statutes, chapter 290C, is not in violation of the conditions of enrollment
109.16 under Minnesota Statutes, sections 290C.03 and 290C.11, if, at the time of enrollment, a
109.17 structure that is not a minor, ancillary nonresidential structure, or an excluded area three
109.18 acres or larger that now contains a structure that is not a minor, ancillary nonresidential
109.19 structure, was identified on the covenant required under Minnesota Statutes, section 290C.04,
109.20 and appropriate acreage was excluded in accordance with Minnesota Statutes, section
109.21 290C.03.

109.22 **EFFECTIVE DATE.** This section is effective for determinations of violations of the
109.23 conditions of enrollment after June 30, 2021.

109.24 Sec. 19. **4D AFFORDABLE HOUSING PROGRAMS REPORT.**

109.25 (a) No later than January 15, 2022, the commissioner of revenue, in consultation with
109.26 the Minnesota Housing Finance Agency, must produce a report on class 4d property, as
109.27 defined in Minnesota Statutes, section 273.13, subdivision 25, and on local 4d affordable
109.28 housing programs. The commissioner must provide a copy of the report to the chairs and
109.29 ranking minority members of the legislative committees with jurisdiction over property
109.30 taxation. The report must comply with the requirements of Minnesota Statutes, sections
109.31 3.195 and 3.197. The report must include the following to the extent available:

110.1 (1) for properties classified in part or in whole as 4d qualifying under Minnesota Statutes,
110.2 section 273.128, subdivision 1, clauses (1) to (4), with separate amounts given for properties
110.3 under each clause:

110.4 (i) the number of units classified as 4d in each property in the previous assessment year
110.5 as reported by each county;

110.6 (ii) the number of units not classified as 4d in each property in the previous assessment
110.7 year;

110.8 (iii) the property tax paid in 2021;

110.9 (iv) the property tax reduction in 2021 resulting from the property being classified as
110.10 4d rather than 4a; and

110.11 (v) the total number of 4d units in each of the last ten years; and

110.12 (2) for properties classified in part or in whole as 4d qualifying under Minnesota Statutes,
110.13 section 273.128, subdivision 1, clauses (1) to (4):

110.14 (i) the percent change in each political subdivision's net tax capacity if the first-tier class
110.15 rate of the 4d classification was reduced from 0.75 percent to 0.25 percent;

110.16 (ii) the number of 4d properties located within tax increment financing districts, and the
110.17 impact on increment generation in those districts as a result of these properties being
110.18 classified as 4d rather than 4a;

110.19 (iii) the impact that a 4d class rate reduction from 0.75 percent to 0.25 percent for the
110.20 entire valuation would have on the property tax burden for homestead property;

110.21 (iv) the total number of 4d units whose value qualifies for the second tier in each year
110.22 since 2019;

110.23 (v) the impact that a reduction of the 4d class rate from 0.75 percent to 0.25 percent for
110.24 the entire valuation would have on property tax refunds received by renters and on property
110.25 tax refunds received by homeowners in jurisdictions that contain 4d property; and

110.26 (vi) a profile of income limits and area median incomes used in Minnesota by the United
110.27 States Department of Housing and Urban Development to determine the eligibility for
110.28 assisted housing programs.

110.29 (b) Counties must report to the commissioner of revenue any data required by paragraph
110.30 (a), clauses (1) and (2), by November 1, 2021.

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

111.1 Sec. 20. REVIEW OF UTILITY AND PIPELINE VALUATION PROCESS.

111.2 The commissioner of revenue shall initiate a review of the framework for valuations of
111.3 property described in Minnesota Statutes, sections 273.33, 273.35, 273.36, and 273.37,
111.4 including the methodology for valuations prescribed in Minnesota Rules, chapter 8100.

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

111.6 **ARTICLE 7**111.7 **AIDS AND CREDITS**

111.8 Section 1. Minnesota Statutes 2020, section 477A.03, subdivision 2b, is amended to read:

111.9 Subd. 2b. **Counties.** (a) For aids payable in 2018 and 2019, the total aid payable under
111.10 section 477A.0124, subdivision 3, is \$103,795,000, of which \$3,000,000 shall be allocated
111.11 as required under Laws 2014, chapter 150, article 4, section 6. For aids payable in 2020,
111.12 the total aid payable under section 477A.0124, subdivision 3, is \$116,795,000, of which
111.13 \$3,000,000 shall be allocated as required under Laws 2014, chapter 150, article 4, section
111.14 6. For aids payable in 2021 through 2024, the total aid payable under section 477A.0124,
111.15 subdivision 3, is \$118,795,000, of which \$3,000,000 shall be allocated as required under
111.16 Laws 2014, chapter 150, article 4, section 6. For aids payable in 2025 and thereafter, the
111.17 total aid payable under section 477A.0124, subdivision 3, is \$115,795,000. ~~Each calendar~~
111.18 ~~year~~ On or before the first installment date provided in section 477A.015, paragraph (a),
111.19 \$500,000 of this appropriation shall be ~~retained~~ transferred each year by the commissioner
111.20 of revenue to ~~make reimbursements to the commissioner of management and budget the~~
111.21 Board of Public Defense for ~~payments made~~ the payment of services under section 611.27.
111.22 The reimbursements shall be to defray the additional costs associated with court-ordered
111.23 counsel under section 611.27. Any ~~retained~~ transferred amounts not used for reimbursement
111.24 in a year expended or encumbered in a fiscal year shall be certified by the board of public
111.25 defense to the commissioner of revenue on or before October 1 and shall be included in the
111.26 next ~~distribution~~ certification of county need aid that is certified to the county auditors for
111.27 the purpose of property tax reduction for the next taxes payable year.

111.28 (b) For aids payable in 2018 and 2019, the total aid under section 477A.0124, subdivision
111.29 4, is \$130,873,444. For aids payable in 2020, the total aid under section 477A.0124,
111.30 subdivision 4, is \$143,873,444. For aids payable in 2021 and thereafter, the total aid under
111.31 section 477A.0124, subdivision 4, is \$145,873,444. The commissioner of revenue shall
111.32 transfer to the commissioner of management and budget \$207,000 annually for the cost of
111.33 preparation of local impact notes as required by section 3.987, and other local government

112.1 activities. The commissioner of revenue shall transfer to the commissioner of education
112.2 \$7,000 annually for the cost of preparation of local impact notes for school districts as
112.3 required by section 3.987. The commissioner of revenue shall deduct the amounts transferred
112.4 under this paragraph from the appropriation under this paragraph. The amounts transferred
112.5 are appropriated to the commissioner of management and budget and the commissioner of
112.6 education respectively.

112.7 Sec. 2. Minnesota Statutes 2020, section 477A.17, is amended to read:

112.8 **477A.17 LAKE VERMILION-SOUDAN UNDERGROUND MINE STATE PARK;**
112.9 **ANNUAL PAYMENTS.**

112.10 (a) Except as provided in paragraph (b), in lieu of the payment amount provided under
112.11 section 477A.12, subdivision 1, clause (1), the county shall receive an annual payment for
112.12 state-owned land within the boundary of Lake Vermilion-Soudan Underground Mine State
112.13 Park, established in section 85.012, subdivision 38a, equal to 1.5 percent of the appraised
112.14 value of the state-owned land.

112.15 ~~(b)~~ For the purposes of this ~~section~~ paragraph, the appraised value of the land acquired for
112.16 Lake Vermilion-Soudan Underground Mine State Park for the first five years after acquisition
112.17 shall be the purchase price of the land, plus the value of any portion of the land that is
112.18 acquired by donation. Thereafter, the appraised value of the state-owned land shall be as
112.19 determined under section 477A.12, subdivision 3, except that the appraised value of the
112.20 state-owned land within the park shall not be reduced below the 2010 appraised value of
112.21 the land.

112.22 ~~(c)~~ The annual payments under this ~~section~~ paragraph shall be distributed to the taxing
112.23 jurisdictions containing the property as follows: one-third to the school districts; one-third
112.24 to the town; and one-third to the county. The payment to school districts is not a county
112.25 apportionment under section 127A.34 and is not subject to aid recapture. Each of those
112.26 taxing jurisdictions may use the payments for their general purposes.

112.27 (b) Beginning with aids payable in 2022, for land within the boundary of Lake
112.28 Vermilion-Soudan Underground Mine State Park designated as the Granelda Unit under
112.29 section 85.012, subdivision 38a, the county shall receive an annual payment equal to 1.5
112.30 percent of the appraised value of all parcels comprising the Granelda Unit as determined
112.31 for assessment year 2021. In each subsequent year, the county shall receive an annual
112.32 payment equal to 1.5 percent of the appraised value of all parcels comprising the Granelda
112.33 Unit for the most recent assessment year except that the appraised value of the parcels shall
112.34 not be reduced below the assessment year 2021 appraised value of the parcels.

113.1 The annual payments under this paragraph shall be distributed to the taxing jurisdictions
113.2 containing the property as follows: one-third to the school districts; one-third to the town;
113.3 and one-third to the county, except that the annual payment distributed to the county on
113.4 behalf of unorganized Township 63, Range 17, shall be transferred by the county to the
113.5 governing body of the public safety facility located in Section 32 in Township 63, Range
113.6 17, to be used for ongoing operations and maintenance of the facility. The payment to school
113.7 districts is not a county apportionment under section 127A.34 and is not subject to aid
113.8 recapture. Unless otherwise noted, each of those taxing jurisdictions may use the payments
113.9 for their general purposes.

113.10 ~~(d)~~ (c) Except as provided in this section, the payments shall be made as provided in
113.11 sections 477A.11 to 477A.13.

113.12 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2022.

113.13 **Sec. 3. [477A.30] LOCAL HOMELESS PREVENTION AID.**

113.14 **Subdivision 1. Definitions.** For purposes of this section, the following terms have the
113.15 meanings given:

113.16 (1) "city" means a statutory or home rule charter city;

113.17 (2) "distribution factor" means the total number of students experiencing homelessness
113.18 in a county in the current school year and the previous two school years divided by the total
113.19 number of students experiencing homelessness in all counties in the current school year and
113.20 the previous two school years; and

113.21 (3) "families" means families and persons 24 years of age or younger.

113.22 **Subd. 2. Purpose.** The purpose of this section is to help local governments ensure no
113.23 child is homeless within a local jurisdiction by keeping families from losing housing and
113.24 helping those experiencing homelessness find housing.

113.25 **Subd. 3. Distribution.** (a) A county's initial local homeless prevention aid amount equals
113.26 the greater of: (1) \$5,000; or (2)(i) five percent of the money appropriated to local homeless
113.27 prevention aid under this section, times (ii) the ratio of the population of the county to the
113.28 population of all counties. For the purpose of this paragraph, "population" means the
113.29 population estimate used to calculate aid under section 477A.0124 for the same aid payable
113.30 year.

113.31 (b) The amount of the appropriation remaining after the allocation under paragraph (a)
113.32 must be allocated to counties by multiplying each county's distribution factor by the total

114.1 distribution available under this paragraph. Distribution factors must be based on the most
114.2 recent counts of students experiencing homelessness in each county, as certified by the
114.3 commissioner of education to the commissioner of revenue by July 1 of the year the aid is
114.4 certified to the counties under subdivision 5.

114.5 (c) A county's total local homeless prevention aid equals the sum of the amounts under
114.6 paragraphs (a) and (b).

114.7 Subd. 4. Use of proceeds. (a) Counties that receive a distribution under this section must
114.8 use the proceeds to fund new or existing family homeless prevention and assistance projects
114.9 or programs. These projects or programs may be administered by a county, a group of
114.10 contiguous counties jointly acting together, a city, a group of contiguous cities jointly acting
114.11 together, a Tribe, a group of Tribes, or a community-based nonprofit organization. Each
114.12 project or program must include plans for:

114.13 (1) targeting families with children who are eligible for a prekindergarten through grade
114.14 12 academic program and are:

114.15 (i) living in overcrowded conditions in their current housing;

114.16 (ii) paying more than 50 percent of their income for rent; or

114.17 (iii) lacking a fixed, regular, and adequate nighttime residence;

114.18 (2) targeting unaccompanied youth in need of an alternative residential setting;

114.19 (3) connecting families with the social services necessary to maintain the families'
114.20 stability in their homes, including but not limited to housing navigation, legal representation,
114.21 and family outreach; and

114.22 (4) one or more of the following:

114.23 (i) providing rental assistance for a specified period of time which may exceed 24 months;

114.24 or

114.25 (ii) providing support and case management services to improve housing stability,
114.26 including but not limited to housing navigation and family outreach.

114.27 (b) Counties may choose not to spend all or a portion of the distribution under this
114.28 section. Any unspent funds must be returned to the commissioner of revenue by December
114.29 31 of the year following the year that the aid was received. Any funds returned to the
114.30 commissioner under this paragraph must be added to the overall distribution of aids certified
114.31 under this section in the following year. Any unspent funds returned to the commissioner
114.32 after the expiration under subdivision 8 are canceled to the general fund.

115.1 Subd. 5. **Payments.** The commissioner of revenue must compute the amount of local
115.2 homeless prevention aid payable to each county under this section. On or before August 1
115.3 of each year, the commissioner shall certify the amount to be paid to each county in the
115.4 following year. The commissioner shall pay local homeless prevention aid annually at the
115.5 times provided in section 477A.015.

115.6 Subd. 6. **Appropriation.** \$20,000,000 is annually appropriated from the general fund
115.7 to the commissioner of revenue to make payments required under this section.

115.8 Subd. 7. **Report.** (a) No later than January 15, 2025, the commissioner of revenue must
115.9 produce a report on projects and programs funded by counties under this section. The report
115.10 must include a list of the projects and programs, the number of people served by each, and
115.11 an assessment of how each project and program impacts people who are currently
115.12 experiencing homelessness or who are at risk of experiencing homelessness, as reported by
115.13 the counties to the commissioner by December 31 each year on a form prescribed by the
115.14 commissioner. The commissioner must provide a copy of the report to the chairs and ranking
115.15 minority members of the legislative committees with jurisdiction over property taxes and
115.16 services for persons experiencing homelessness.

115.17 (b) The report in paragraph (a) must be updated every two years and the commissioner
115.18 of revenue must provide copies of the updated reports to the chairs and ranking minority
115.19 members of the legislative committees with jurisdiction over property taxes and services
115.20 for persons experiencing homelessness by January 15 of the year the report is due. Report
115.21 requirements under this subdivision expire following the report which includes the final
115.22 distribution preceding the expiration in subdivision 8.

115.23 Subd. 8. **Expiration.** Distributions under this section expire after aids payable in 2028
115.24 have been distributed.

115.25 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2023 and
115.26 thereafter.

115.27 Sec. 4. **ADDITION TO STATE PARK.**

115.28 [85.012] [Subd. 38a.] **Lake Vermilion-Soudan Underground Mine State Park, St.**
115.29 **Louis County.** The following areas are added to Lake Vermilion-Soudan Underground
115.30 Mine State Park, St. Louis County, and are designated as the Granelda Unit:

115.31 (1) Lot 3 of Section 28 and Lot 5 of Section 29 in Township 63 North of Range 17, all
115.32 West of the 4th Principal Meridian, according to the United States Government Survey
115.33 thereof;

116.1 (2) the Northeast Quarter of the Southwest Quarter, the Northwest Quarter, the Southeast
116.2 Quarter of the Northeast Quarter, the Northeast Quarter of the Northeast Quarter, and Lots
116.3 numbered 1, 2, 3, and 4 of Section 29 in Township 63 North of Range 17, all West of the
116.4 4th Principal Meridian, according to the United States Government Survey thereof;

116.5 (3) Lots 1 and 2 of Section 32 in Township 63 North of Range 17, all West of the 4th
116.6 Principal Meridian, according to the United States Government Survey thereof; and

116.7 (4) Lot 4 of Section 23 in Township 63 North of Range 18, all West of the 4th Principal
116.8 Meridian, according to the United States Government Survey thereof.

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

116.10 Sec. 5. **SUPPLEMENTAL 2022 CITY AID DISTRIBUTION.**

116.11 (a) Supplemental aid for a city equals the greater of: (1) zero; or (2) the difference
116.12 between the local government aid amount under Minnesota Statutes, section 477A.013,
116.13 subdivision 9, certified for the city for aid payable in 2021, minus the local government aid
116.14 amount under Minnesota Statutes, section 477A.013, subdivision 9, certified for the city
116.15 for aid payable in 2022.

116.16 (b) The commissioner of revenue must notify a city of its supplemental aid amount
116.17 before August 1, 2021, and must pay the aid in calendar year 2022 in two installments on
116.18 the dates specified in Minnesota Statutes, section 477A.015.

116.19 (c) Supplemental aid under this section must not be included for any calculations under
116.20 Minnesota Statutes, section 477A.013, that rely on prior year aid amounts.

116.21 (d) An amount sufficient to pay supplemental aid under this section is appropriated in
116.22 fiscal year 2023 from the general fund to the commissioner of revenue. This is a onetime
116.23 appropriation.

116.24 **EFFECTIVE DATE.** This section is effective for aid payable in calendar year 2022.

116.25 Sec. 6. **CITY OF FLOODWOOD; GRANT.**

116.26 (a) \$250,000 in fiscal year 2022 is appropriated from the general fund to the commissioner
116.27 of revenue for a grant to the city of Floodwood. This is a onetime appropriation. The grant
116.28 shall be paid by July 15, 2021.

116.29 (b) The grant must be used by the city of Floodwood to pay the capital and administrative
116.30 costs of the Floodwood City-wide Street and Infrastructure Project.

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

117.1 **Sec. 7. LOCAL GOVERNMENT GRANTS.**

117.2 (a) \$29,354,688 in fiscal year 2022 only is appropriated from the general fund to the
117.3 commissioner of revenue for grants to counties identified in this section to pay a portion of
117.4 the refund to a taxpayer under Minnesota Statutes, chapter 271, or Minnesota Statutes,
117.5 section 278.12, for a final judgment that is the result of an appeal filed by a fluid pipeline
117.6 company under Minnesota Statutes, section 273.372, based on assessment years 2012
117.7 through 2018. These grants must be used by each county to pay refund amounts owed by
117.8 the county and other taxing districts within the county. The grants are exempt from the
117.9 requirements of Minnesota Statutes, section 16B.98, and must be paid to the counties by
117.10 August 15, 2021, and allocated as follows:

117.11 (1) \$91,781 to Aitkin County;

117.12 (2) \$2,225,319 to Beltrami County;

117.13 (3) \$2,573,615 to Carlton County;

117.14 (4) \$2,631,052 to Cass County;

117.15 (5) \$3,690,961 to Clearwater County;

117.16 (6) \$549,582 to Hubbard County;

117.17 (7) \$5,591,840 to Itasca County;

117.18 (8) \$1,189,765 to Kittson County;

117.19 (9) \$2,404,267 to Marshall County;

117.20 (10) \$2,551,225 to Pennington County;

117.21 (11) \$1,166,654 to Polk County;

117.22 (12) \$1,904,685 to Red Lake County; and

117.23 (13) \$2,783,942 to Saint Louis County.

117.24 (b) The appropriation under this section is onetime.

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

118.1

ARTICLE 8

118.2

LOCAL TAXES

118.3 Section 1. Minnesota Statutes 2020, section 297A.99, subdivision 2, is amended to read:

118.4 Subd. 2. **Local resolution before application for authority.** (a) Before the governing
118.5 body of a political subdivision requests legislative approval to impose a local sales tax
118.6 authorized by a special law, it shall adopt a resolution indicating its approval of the tax. The
118.7 resolution must include the following information:

118.8 (1) the proposed tax rate;

118.9 (2) a detailed description of no more than five capital projects that will be funded with
118.10 revenue from the tax;

118.11 (3) documentation of the regional significance of each project, including the share of
118.12 the economic benefit to or use of each project by persons residing, or businesses located,
118.13 outside of the jurisdiction;

118.14 (4) the amount of local sales tax revenue that would be used for each project and the
118.15 estimated time needed to raise that amount of revenue; and

118.16 (5) the total revenue that will be raised for all projects before the tax expires, and the
118.17 estimated length of time that the tax will be in effect if all proposed projects are funded.

118.18 (b) The jurisdiction seeking authority to impose a local sales tax by special law must
118.19 submit the resolution in paragraph (a) along with underlying documentation indicating how
118.20 the benefits under paragraph (a), clause (3), were determined, to the chairs and ranking
118.21 minority members of the legislative committees with jurisdiction over taxes no later than
118.22 January 31 of the year in which the jurisdiction is seeking a special law authorizing the tax.

118.23 (c) The special legislation granting local sales tax authority is not required to allow
118.24 funding for all projects listed in the resolution with the revenue from the local sales tax, but
118.25 must not include any projects not contained in the resolution.

118.26 (d) For purposes of this section, a "capital project" or "project" means:

118.27 (1) a single building or structure including associated infrastructure needed to safely
118.28 access or use the building or structure;

118.29 (2) improvements within a single park or named recreation area; or

118.30 (3) a contiguous trail.

119.1 **EFFECTIVE DATE.** This section is effective for local sales tax proposals submitted
119.2 for approval after the day following final enactment.

119.3 Sec. 2. Laws 2019, First Special Session chapter 6, article 6, section 27, is amended to
119.4 read:

119.5 **Sec. 27. CITY OF SARTELL; LOCAL TAXES AUTHORIZED.**

119.6 Subdivision 1. **Food and beverage tax authorized.** Notwithstanding Minnesota Statutes,
119.7 section 297A.99 or 477A.016, or any ordinance or other provision of law, and if approved
119.8 by voters at ~~the November 3, 2020, a general election,~~ or at a special election held before
119.9 November 3, 2020 pursuant to a resolution adopted by its governing body, the city of Sartell
119.10 may, by ordinance, impose a sales tax of up to 1-1/2 percent on the gross receipts of all food
119.11 and beverages sold by a restaurant or place of refreshment, as defined by ordinance of the
119.12 city, that is located within the city. For purposes of this section, "food and beverages" include
119.13 retail on-sale of intoxicating liquor and fermented malt beverages.

119.14 Subd. 2. **Use of proceeds from authorized taxes.** The proceeds of the taxes imposed
119.15 under subdivision 1 must be used by the city to fund capital or operational costs for new
119.16 and existing recreational facilities and related amenities within the city. Authorized expenses
119.17 include securing or paying debt service on bonds or other obligations issued to finance
119.18 construction and improvement projects.

119.19 ~~Subd. 3. **Termination of taxes.** The tax imposed under subdivision 1 expires five years~~
119.20 ~~after the tax is first imposed.~~

119.21 Subd. 4. **Collection, administration, and enforcement.** The city may enter into an
119.22 agreement with the commissioner of revenue to administer, collect, and enforce the taxes
119.23 under subdivision 1. If the commissioner agrees to collect the tax, the provisions of Minnesota
119.24 Statutes, sections 270C.171 and 297A.99, related to collection, administration, and
119.25 enforcement apply.

119.26 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
119.27 city of Sartell and its chief clerical officer comply with Minnesota Statutes, section 645.021,
119.28 subdivisions 2 and 3.

119.29 **Sec. 3. CARLTON COUNTY; LOCAL SALES AND USE TAX AUTHORIZED.**

119.30 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
119.31 sections 297A.99, subdivision 2, paragraph (b), and 477A.016, or any other law or ordinance,
119.32 and if approved by the voters at a general election as required under Minnesota Statutes,

120.1 section 297A.99, subdivision 3, Carlton County may impose, by ordinance, a sales and use
120.2 tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise
120.3 provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the
120.4 imposition, administration, collection, and enforcement of the tax authorized under this
120.5 subdivision. The tax imposed under this subdivision is in addition to any local sales and
120.6 use tax imposed under any other special law.

120.7 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
120.8 under subdivision 1 must be used by Carlton County to pay the costs of collecting and
120.9 administering the tax, and to finance up to \$60,000,000 for the construction of a new building
120.10 consisting of a law enforcement center, judicial center, and jail serving a regional female
120.11 offender program. Authorized costs include related parking, design, construction,
120.12 reconstruction, mechanical upgrades, and engineering costs, as well as the associated bond
120.13 costs for any bonds issued under subdivision 3.

120.14 Subd. 3. **Bonding authority.** (a) Carlton County may issue bonds under Minnesota
120.15 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in
120.16 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may
120.17 not exceed \$60,000,000, plus an amount applied to the payment of costs of issuing the
120.18 bonds. The bonds may be paid from or secured by any funds available to the county,
120.19 including the tax authorized under subdivision 1. The issuance of bonds under this
120.20 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

120.21 (b) The bonds are not included in computing any debt limitation applicable to the county.
120.22 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest
120.23 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
120.24 under Minnesota Statutes, section 475.58, is not required.

120.25 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
120.26 earlier of: (1) 30 years after the tax is first imposed; or (2) when the county determines that
120.27 it has received from this tax \$60,000,000 to fund the project listed in subdivision 2, plus an
120.28 amount sufficient to pay costs related to issuance of any bonds authorized under subdivision
120.29 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes,
120.30 section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the
120.31 allowed costs due to timing of the termination of the tax under Minnesota Statutes, section
120.32 297A.99, subdivision 12, shall be placed in the county's general fund. The tax imposed
120.33 under subdivision 1 may expire at an earlier time if the county determines by ordinance.

121.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of
121.2 Carlton County and its chief clerical officer comply with Minnesota Statutes, section 645.021,
121.3 subdivisions 2 and 3.

121.4 Sec. 4. **CITY OF CLOQUET; TAXES AUTHORIZED.**

121.5 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
121.6 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
121.7 and if approved by the voters at a general election as required under Minnesota Statutes,
121.8 section 297A.99, subdivision 3, the city of Cloquet may impose by ordinance a sales and
121.9 use tax of one-half of one percent for the purposes specified in subdivision 2. Except as
121.10 otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,
121.11 govern the imposition, administration, collection, and enforcement of the tax authorized
121.12 under this subdivision. The tax imposed under this subdivision is in addition to any local
121.13 sales and use tax imposed under any other special law.

121.14 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
121.15 under subdivision 1 must be used by the city of Cloquet to pay the costs of collecting and
121.16 administering the tax and the capital and administrative costs of any or all of the projects
121.17 listed in this subdivision. The amount spent on each project is limited to the amount set
121.18 forth below plus an amount equal to interest on and the costs of issuing any bonds:

121.19 (1) construction, reconstruction, expansion, or improvement related to the Pine Valley
121.20 Regional Park Project, including ski jump repairs, chalet replacement, and parking and
121.21 lighting improvements, in an amount not to exceed \$2,124,700; and

121.22 (2) restoration, repair, and upgrading of the Cloquet Ice Arena in an amount not to exceed
121.23 \$6,025,500.

121.24 Subd. 3. **Bonding authority.** (a) The city of Cloquet may issue bonds under Minnesota
121.25 Statutes, chapter 475, to finance up to \$8,150,200 of the portion of the costs of the facilities
121.26 authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes,
121.27 section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds
121.28 issued under this subdivision may not exceed \$8,150,200 plus an amount to be applied to
121.29 the payment of the costs of issuing the bonds. The bonds may be paid from or secured by
121.30 any funds available to the city of Cloquet, including the tax authorized under subdivision
121.31 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections
121.32 275.60 and 275.61.

122.1 (b) The bonds are not included in computing any debt limitation applicable to the city
122.2 of Cloquet, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal
122.3 and interest on the bonds is not subject to any levy limitation. A separate election to approve
122.4 the bonds under Minnesota Statutes, section 475.58, is not required.

122.5 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
122.6 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of: (1) ten years
122.7 after the tax is first imposed; or (2) when the city council determines that the amount received
122.8 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for
122.9 projects approved by voters as required under Minnesota Statutes, section 297A.99,
122.10 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance
122.11 of any bonds authorized under subdivision 3, including interest on the bonds. Except as
122.12 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),
122.13 any funds remaining after payment of the allowed costs due to the timing of the termination
122.14 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the
122.15 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time
122.16 if the city so determines by ordinance.

122.17 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
122.18 city of Cloquet and its chief clerical officer comply with Minnesota Statutes, section 645.021,
122.19 subdivisions 2 and 3.

122.20 Sec. 5. **CITY OF EDINA; TAXES AUTHORIZED.**

122.21 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
122.22 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
122.23 and if approved by the voters at a general election as required under Minnesota Statutes,
122.24 section 297A.99, subdivision 3, the city of Edina may impose by ordinance a sales and use
122.25 tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise
122.26 provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the
122.27 imposition, administration, collection, and enforcement of the tax authorized under this
122.28 subdivision. The tax imposed under this subdivision is in addition to any local sales and
122.29 use tax imposed under any other special law.

122.30 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
122.31 under subdivision 1 must be used by the city of Edina to pay the costs of collecting and
122.32 administering the tax and paying for the following projects in the city, including securing
122.33 and paying debt service on bonds issued to finance all or part of the following projects:

123.1 (1) \$17,700,000 plus associated bonding costs for development of Fred Richards Park
123.2 as identified in the Fred Richards Park Master Plan; and

123.3 (2) \$21,600,000 plus associated bonding costs for improvements to Braemar Park as
123.4 identified in the Braemar Park Master Plan.

123.5 Subd. 3. **Bonding authority.** (a) The city of Edina may issue bonds under Minnesota
123.6 Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in
123.7 subdivision 2 and approved by the voters as required under Minnesota Statutes, section
123.8 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued
123.9 under this subdivision may not exceed: (1) \$17,700,000 for the project listed in subdivision
123.10 2, clause (1), plus an amount to be applied to the payment of the costs of issuing the bonds;
123.11 and (2) \$21,600,000 for the project listed in subdivision 2, clause (2), plus an amount to be
123.12 applied to the payment of the costs of issuing the bonds. The bonds may be paid from or
123.13 secured by any funds available to the city of Edina, including the tax authorized under
123.14 subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota
123.15 Statutes, sections 275.60 and 275.61.

123.16 (b) The bonds are not included in computing any debt limitation applicable to the city
123.17 of Edina, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal
123.18 and interest on the bonds is not subject to any levy limitation. A separate election to approve
123.19 the bonds under Minnesota Statutes, section 475.58, is not required.

123.20 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
123.21 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 19 years
123.22 after the tax is first imposed, or (2) when the city council determines that the amount received
123.23 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for
123.24 projects approved by voters as required under Minnesota Statutes, section 297A.99,
123.25 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance
123.26 of any bonds authorized under subdivision 3, including interest on the bonds. Except as
123.27 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),
123.28 any funds remaining after payment of the allowed costs due to the timing of the termination
123.29 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, must be placed in the
123.30 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time
123.31 if the city so determines by ordinance.

123.32 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
123.33 city of Edina and its chief clerical officer comply with Minnesota Statutes, section 645.021,
123.34 subdivisions 2 and 3.

124.1 **Sec. 6. CITY OF FERGUS FALLS; TAXES AUTHORIZED.**

124.2 **Subdivision 1. Sales and use tax; authorization.** Notwithstanding Minnesota Statutes,
124.3 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
124.4 the city of Fergus Falls may, if approved by the voters at a general election as required under
124.5 Minnesota Statutes, section 297A.99, subdivision 3, impose, by ordinance, a sales and use
124.6 tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise
124.7 provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the
124.8 imposition, administration, collection, and enforcement of the tax authorized under this
124.9 subdivision. The tax imposed under this subdivision is in addition to any local sales and
124.10 use tax imposed under any other special law.

124.11 **Subd. 2. Use of sales and use tax revenues.** The revenues derived from the tax authorized
124.12 under subdivision 1 must be used by the city of Fergus Falls to pay the costs of collecting
124.13 and administering the tax and for the following projects in the city, including securing and
124.14 paying debt service, on bonds issued to finance all or part of the following projects:

124.15 (1) \$7,800,000 for an aquatics center; and

124.16 (2) \$5,200,000 for the DeLagoon Improvement Project.

124.17 **Subd. 3. Bonding authority.** (a) The city of Fergus Falls may issue bonds under
124.18 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities
124.19 authorized in subdivision 2, and approved by the voters as required under Minnesota Statutes,
124.20 section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds
124.21 issued under this subdivision may not exceed:

124.22 (1) \$7,800,000 for the project listed in subdivision 2, clause (1), plus an amount needed
124.23 to pay capitalized interest and an amount to be applied to the payment of the costs of issuing
124.24 the bonds; and

124.25 (2) \$5,200,000 for the project listed in subdivision 2, clause (2), plus an amount needed
124.26 to pay capitalized interest and an amount to be applied to the payment of the costs of issuing
124.27 the bonds.

124.28 (b) The bonds may be paid from or secured by any funds available to the city of Fergus
124.29 Falls, including the tax authorized under subdivision 1. The issuance of bonds under this
124.30 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

124.31 (c) The bonds are not included in computing any debt limitation applicable to the city
124.32 of Fergus Falls, and any levy of taxes under Minnesota Statutes, section 475.61, to pay

125.1 principal and interest on the bonds is not subject to any levy limitation. A separate election
125.2 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

125.3 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
125.4 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) December
125.5 31, 2037, or (2) when the city council determines that the amount received from the tax is
125.6 sufficient to pay for the project costs authorized under subdivision 2 for projects approved
125.7 by voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph
125.8 (a), plus an amount sufficient to pay the costs related to issuance of any bonds authorized
125.9 under subdivision 3, including interest on the bonds. Except as otherwise provided in
125.10 Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining
125.11 after payment of the allowed costs due to the timing of the termination of the tax under
125.12 Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of
125.13 the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so
125.14 determines by ordinance.

125.15 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
125.16 city of Fergus Falls and its chief clerical officer comply with Minnesota Statutes, section
125.17 645.021, subdivisions 2 and 3.

125.18 Sec. 7. **CITY OF GRAND RAPIDS; TAXES AUTHORIZED.**

125.19 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
125.20 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
125.21 and if approved by the voters at a general election as required under Minnesota Statutes,
125.22 section 297A.99, subdivision 3, the city of Grand Rapids may impose by ordinance a sales
125.23 and use tax of one-half of one percent for the purposes specified in subdivision 2. Except
125.24 as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,
125.25 govern the imposition, administration, collection, and enforcement of the tax authorized
125.26 under this subdivision. The tax imposed under this subdivision is in addition to any local
125.27 sales and use tax imposed under any other special law.

125.28 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
125.29 under subdivision 1 must be used by the city of Grand Rapids to pay the costs of collecting
125.30 and administering the tax including securing and paying debt service on bonds issued and
125.31 to finance up to \$5,980,000 for reconstruction, remodeling, and upgrades to the Grand
125.32 Rapids IRA Civic Center. Authorized costs include design, construction, reconstruction,
125.33 mechanical upgrades, and engineering costs, as well as the associated bond costs for any
125.34 bonds issued under subdivision 3.

126.1 Subd. 3. **Bonding authority.** (a) The city of Grand Rapids may issue bonds under
126.2 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities
126.3 authorized in subdivision 2. The aggregate principal amount of bonds issued under this
126.4 subdivision may not exceed \$5,980,000, plus an amount to be applied to the payment of
126.5 the costs of issuing the bonds. The bonds may be paid from or secured by any funds available
126.6 to the city of Grand Rapids, including the tax authorized under subdivision 1. The issuance
126.7 of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and
126.8 275.61.

126.9 (b) The bonds are not included in computing any debt limitation applicable to the city
126.10 of Grand Rapids, and any levy of taxes under Minnesota Statutes, section 475.61, to pay
126.11 principal and interest on the bonds is not subject to any levy limitation. A separate election
126.12 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

126.13 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
126.14 earlier of: (1) seven years after the tax is first imposed; or (2) when the city council
126.15 determines that it has received from this tax \$5,980,000 to fund the project listed in
126.16 subdivision 2 for projects approved by the voters as required under Minnesota Statutes,
126.17 section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs
126.18 related to issuance of any bonds authorized under subdivision 3, including interest on the
126.19 bonds. Any funds remaining after payment of all such costs and retirement or redemption
126.20 of the bonds shall be placed in the general fund of the city, except for funds required to be
126.21 retained in the state general fund under Minnesota Statutes, section 297A.99, subdivision
126.22 3. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines
126.23 by ordinance.

126.24 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
126.25 city of Grand Rapids and its chief clerical officer comply with Minnesota Statutes, section
126.26 645.021, subdivisions 2 and 3.

126.27 Sec. 8. **CITY OF HERMANTOWN; TAXES AUTHORIZED.**

126.28 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
126.29 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
126.30 and if approved by the voters at a general election as required under Minnesota Statutes,
126.31 section 297A.99, subdivision 3, the city of Hermantown may impose by ordinance a sales
126.32 and use tax of one-half of one percent for the purposes specified in subdivision 2. Except
126.33 as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,
126.34 govern the imposition, administration, collection, and enforcement of the tax authorized

127.1 under this subdivision. The tax imposed under this subdivision is in addition to any local
127.2 sales and use tax imposed under any other special law.

127.3 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
127.4 under subdivision 1 must be used by the city of Hermantown to pay the costs of collecting
127.5 and administering the tax and paying for the following projects in the city related to a
127.6 Community Recreational Initiative, including securing and paying debt service on bonds
127.7 issued to finance all or part of the following projects:

127.8 (1) \$10,840,000 for an addition of a second ice sheet with locker rooms and other facilities
127.9 and upgrades to the Hermantown Hockey Arena;

127.10 (2) \$4,570,000 for construction of the Hermantown-Proctor trail running from the Essentia
127.11 Wellness Center to the border with Proctor and eventually connecting to the Munger Trail;
127.12 and

127.13 (3) \$3,900,000 for improvements and upgrades to Fichtner Park.

127.14 Subd. 3. **Bonding authority.** (a) The city of Hermantown may issue bonds under
127.15 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities
127.16 authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes,
127.17 section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds
127.18 issued under this subdivision may not exceed:

127.19 (1) \$10,840,000 for the project listed in subdivision 2, clause (1), plus an amount to be
127.20 applied to the payment of the costs of issuing the bonds;

127.21 (2) \$4,570,000 for the project listed in subdivision 2, clause (2), plus an amount to be
127.22 applied to the payment of the costs of issuing the bonds; and

127.23 (3) \$3,900,000 for the project listed in subdivision 2, clause (3), plus an amount to be
127.24 applied to the payment of the costs of issuing the bonds.

127.25 The bonds may be paid from or secured by any funds available to the city of Hermantown,
127.26 including the tax authorized under subdivision 1. The issuance of bonds under this
127.27 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

127.28 (b) The bonds are not included in computing any debt limitation applicable to the city
127.29 of Hermantown, and any levy of taxes under Minnesota Statutes, section 475.61, to pay
127.30 principal and interest on the bonds is not subject to any levy limitation. A separate election
127.31 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

128.1 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
128.2 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years
128.3 after being first imposed, or (2) when the city council determines that the amount received
128.4 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for
128.5 projects approved by voters as required under Minnesota Statutes, section 297A.99,
128.6 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance
128.7 of any bonds authorized under subdivision 3, including interest on the bonds. Except as
128.8 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),
128.9 any funds remaining after payment of the allowed costs due to the timing of the termination
128.10 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the
128.11 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time
128.12 if the city so determines by ordinance.

128.13 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
128.14 city of Hermantown and its chief clerical officer comply with Minnesota Statutes, section
128.15 645.021, subdivisions 2 and 3.

128.16 Sec. 9. **ITASCA COUNTY; TAXES AUTHORIZED.**

128.17 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
128.18 section 297A.99, subdivision 1, or 477A.016, or any other law or ordinance and if approved
128.19 by the voters at a general election as required under Minnesota Statutes, section 297A.99,
128.20 subdivision 3, Itasca County may impose by ordinance a sales and use tax of one percent
128.21 for the purposes specified in subdivision 2. Except as otherwise provided in this section,
128.22 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
128.23 collection, and enforcement of the tax authorized under this subdivision. The tax imposed
128.24 under this subdivision is in addition to any local sales and use tax imposed under any other
128.25 special law.

128.26 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
128.27 under subdivision 1 must be used by Itasca County to pay the costs of collecting and
128.28 administering the tax and paying for up to \$75,000,000 for new construction of or upgrades
128.29 to correctional facilities, new construction of or upgrades to court facilities including ancillary
128.30 support accommodations, and new construction of or upgrades to county offices, plus an
128.31 amount needed for securing and paying debt service on bonds issued for the project.

128.32 Subd. 3. **Bonding authority.** (a) Itasca County may issue bonds under Minnesota Statutes,
128.33 chapter 475, to finance the costs of the facility authorized in subdivision 2. The aggregate
128.34 principal amount of bonds issued under this subdivision may not exceed \$75,000,000 for

129.1 the project listed in subdivision 2, plus an amount to be applied to the payment of the costs
 129.2 of issuing the bonds. The bonds may be paid from or secured by any funds available to the
 129.3 county, including the tax authorized under subdivision 1. The issuance of bonds under this
 129.4 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

129.5 (b) The bonds are not included in computing any debt limitation applicable to the county,
 129.6 and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest
 129.7 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
 129.8 under Minnesota Statutes, section 475.58, is not required.

129.9 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
 129.10 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of: (1) 30 years
 129.11 after the tax is first imposed; or (2) when the county board determines that the amount
 129.12 received from the tax is sufficient to pay \$75,000,000 in project costs authorized under
 129.13 subdivision 2, plus an amount sufficient to pay the costs related to issuance of any bonds
 129.14 authorized under subdivision 3, including interest on the bonds. Except as otherwise provided
 129.15 in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining
 129.16 after payment of the allowed costs due to the timing of the termination of the tax under
 129.17 Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of
 129.18 the county. The tax imposed under subdivision 1 may expire at an earlier time if the county
 129.19 so determines by ordinance.

129.20 **EFFECTIVE DATE.** This section is effective the day after the governing body of Itasca
 129.21 County and its chief clerical officer comply with Minnesota Statutes, section 645.021,
 129.22 subdivisions 2 and 3.

129.23 Sec. 10. **CITY OF LITCHFIELD; TAXES AUTHORIZED.**

129.24 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
 129.25 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
 129.26 and if approved by the voters at a general election as required under Minnesota Statutes,
 129.27 section 297A.99, subdivision 3, the city of Litchfield may impose by ordinance a sales and
 129.28 use tax of one-half of one percent for the purposes specified in subdivision 2. Except as
 129.29 otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,
 129.30 govern the imposition, administration, collection, and enforcement of the tax authorized
 129.31 under this subdivision. The tax imposed under this subdivision is in addition to any local
 129.32 sales and use tax imposed under any other special law.

129.33 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
 129.34 under subdivision 1 must be used by the city of Litchfield to pay the costs of collecting and

130.1 administering the tax and for up to \$10,000,000 for the cost of constructing a community
130.2 wellness/recreation center that will include a gymnasium and general fitness spaces, a
130.3 dedicated walking section, a community room, and any locker rooms and mechanical
130.4 equipment needed for future additions to the facility.

130.5 Subd. 3. **Bonding authority.** (a) The city of Litchfield may issue bonds under Minnesota
130.6 Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in
130.7 subdivision 2 and approved by the voters as required under Minnesota Statutes, section
130.8 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued
130.9 under this subdivision may not exceed \$10,000,000 for the project listed in subdivision 2
130.10 plus an amount to be applied to the payment of the costs of issuing the bonds. The bonds
130.11 may be paid from or secured by any funds available to the city of Litchfield, including the
130.12 tax authorized under subdivision 1. The issuance of bonds under this subdivision is not
130.13 subject to Minnesota Statutes, sections 275.60 and 275.61.

130.14 (b) The bonds are not included in computing any debt limitation applicable to the city
130.15 of Litchfield and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal
130.16 and interest on the bonds is not subject to any levy limitation. A separate election to approve
130.17 the bonds under Minnesota Statutes, section 475.58, is not required.

130.18 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
130.19 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of: (1) 20 years
130.20 after being first imposed; or (2) when the city council determines that the amount received
130.21 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for
130.22 projects approved by voters as required under Minnesota Statutes, section 297A.99,
130.23 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance
130.24 of any bonds authorized under subdivision 3, including interest on the bonds. Except as
130.25 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),
130.26 any funds remaining after payment of the allowed costs due to the timing of the termination
130.27 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the
130.28 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time
130.29 if the city so determines by ordinance.

130.30 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
130.31 city of Litchfield and its chief clerical officer comply with Minnesota Statutes, section
130.32 645.021, subdivisions 2 and 3.

131.1 **Sec. 11. CITY OF LITTLE FALLS; TAXES AUTHORIZED.**

131.2 **Subdivision 1. Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
131.3 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
131.4 and if approved by the voters at a general election as required under Minnesota Statutes,
131.5 section 297A.99, subdivision 3, the city of Little Falls may impose by ordinance a sales and
131.6 use tax of one-half of one percent for the purposes specified in subdivision 2. Except as
131.7 otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,
131.8 govern the imposition, administration, collection, and enforcement of the tax authorized
131.9 under this subdivision. The tax imposed under this subdivision is in addition to any local
131.10 sales and use tax imposed under any other special law.

131.11 **Subd. 2. Use of sales and use tax revenues.** The revenues derived from the tax authorized
131.12 under subdivision 1 must be used by the city of Little Falls to pay the costs of collecting
131.13 and administering the tax and for up to \$17,000,000 for the cost of constructing a community
131.14 recreational facility that includes a gymnasium with an indoor track, multipurpose rooms
131.15 for meeting and educational spaces, office and storage space, and outdoor recreational
131.16 facilities for aquatic recreation with a master plan to incorporate future additions to the
131.17 facility.

131.18 **Subd. 3. Bonding authority.** (a) The city of Little Falls may issue bonds under Minnesota
131.19 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in
131.20 subdivision 2 and approved by the voters as required under Minnesota Statutes, section
131.21 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued
131.22 under this subdivision may not exceed \$17,000,000 for the project listed in subdivision 2
131.23 plus an amount needed to pay capitalized interest and an amount to be applied to the payment
131.24 of the costs of issuing the bonds. The bonds may be paid from or secured by any funds
131.25 available to the city of Little Falls, including the tax authorized under subdivision 1. The
131.26 issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60
131.27 and 275.61.

131.28 (b) The bonds are not included in computing any debt limitation applicable to the city
131.29 of Little Falls, and any levy of taxes under Minnesota Statutes, section 475.61, to pay
131.30 principal and interest on the bonds is not subject to any levy limitation. A separate election
131.31 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

131.32 **Subd. 4. Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
131.33 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of: (1) 30 years
131.34 after being first imposed; or (2) when the city council determines that the amount received

132.1 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for the
132.2 project if approved by voters as required under Minnesota Statutes, section 297A.99,
132.3 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance
132.4 of any bonds authorized under subdivision 3, including interest on the bonds. Except as
132.5 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),
132.6 any funds remaining after payment of the allowed costs due to the timing of the termination
132.7 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the
132.8 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time
132.9 if the city so determines by ordinance.

132.10 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
132.11 city of Little Falls and its chief clerical officer comply with Minnesota Statutes, section
132.12 645.021, subdivisions 2 and 3.

132.13 **Sec. 12. CITY OF MAPLE GROVE; TAXES AUTHORIZED.**

132.14 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
132.15 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters
132.16 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,
132.17 the city of Maple Grove may impose by ordinance a sales and use tax of one-half of one
132.18 percent for the purposes specified in subdivision 2. Except as otherwise provided in this
132.19 section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition,
132.20 administration, collection, and enforcement of the tax authorized under this subdivision.
132.21 The tax imposed under this subdivision is in addition to any local sales and use tax imposed
132.22 under any other special law.

132.23 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
132.24 under subdivision 1 must be used by the city of Maple Grove to pay the costs of collecting
132.25 and administering the tax, and to finance up to \$90,000,000 for the expansion and renovation
132.26 of the Maple Grove Community Center, plus an amount needed for securing and paying
132.27 debt service on bonds issued to finance the project.

132.28 Subd. 3. **Bonding authority.** (a) The city of Maple Grove may issue bonds under
132.29 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the project
132.30 authorized in subdivision 2, and approved by the voters as required under Minnesota Statutes,
132.31 section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds
132.32 issued under this subdivision may not exceed \$90,000,000, plus an amount applied to the
132.33 payment of the costs of issuing the bonds. The bonds may be paid from or secured by any
132.34 funds available to the city, including the tax authorized under subdivision 1. The issuance

133.1 of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and
133.2 275.61.

133.3 (b) The bonds are not included in computing any debt limitation applicable to the city.
133.4 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest
133.5 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
133.6 under Minnesota Statutes, section 475.58, is not required.

133.7 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
133.8 earlier of: (1) 20 years after the tax is first imposed; or (2) when the city council determines
133.9 that the amount received from the tax is sufficient to pay for the project costs authorized
133.10 under subdivision 2 for the project approved by voters as required under Minnesota Statutes,
133.11 section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs
133.12 related to issuance of any bonds authorized under subdivision 3, including interest on the
133.13 bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision
133.14 3, paragraph (f), any funds remaining after payment of allowed costs due to the timing of
133.15 the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall
133.16 be placed in the general fund of the city. The tax imposed under subdivision 1 may expire
133.17 at an earlier time if the city so determines by ordinance.

133.18 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
133.19 city of Maple Grove and its chief clerical officer comply with Minnesota Statutes, section
133.20 645.021, subdivisions 2 and 3.

133.21 Sec. 13. **MILLE LACS COUNTY; LOCAL SALES AND USE TAX AUTHORIZED.**

133.22 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
133.23 section 477A.016, or any other law or ordinance, and if approved by the voters at a general
133.24 election as required under Minnesota Statutes, section 297A.99, subdivision 3, Mille Lacs
133.25 County may impose by ordinance a sales and use tax of one-half of one percent for the
133.26 purposes specified in subdivision 2. Except as otherwise provided in this section, the
133.27 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
133.28 collection, and enforcement of the tax authorized under this subdivision. The tax imposed
133.29 under this subdivision is in addition to any local sales and use tax imposed under any other
133.30 special law.

133.31 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
133.32 under subdivision 1 must be used by Mille Lacs County to pay the costs of collecting and
133.33 administering the tax, and to finance up to \$10,000,000 for the construction of a public

134.1 works building in Mille Lacs County, plus an amount needed for securing and paying debt
134.2 service on bonds issued to finance the project.

134.3 Subd. 3. **Bonding authority.** (a) Mille Lacs County may issue bonds under Minnesota
134.4 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in
134.5 subdivision 2, and approved by the voters as required under Minnesota Statutes, section
134.6 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued
134.7 under this subdivision may not exceed \$10,000,000, plus an amount applied to the payment
134.8 of the costs of issuing the bonds. The bonds may be paid from or secured by any funds
134.9 available to the county, including the tax authorized under subdivision 1. The issuance of
134.10 bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and
134.11 275.61.

134.12 (b) The bonds are not included in computing any debt limitation applicable to the county.
134.13 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest
134.14 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
134.15 under Minnesota Statutes, section 475.58, is not required.

134.16 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
134.17 earlier of: (1) eight years after the tax is first imposed; or (2) when the county board
134.18 determines that the amount received from the tax is sufficient to pay for the project costs
134.19 authorized under subdivision 2 for the project approved by voters as required under
134.20 Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient
134.21 to pay the costs related to issuance of any bonds authorized under subdivision 3, including
134.22 interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99,
134.23 subdivision 3, paragraph (f), any funds remaining after payment of allowed costs due to the
134.24 timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision
134.25 12, shall be placed in the general fund of the county. The tax imposed under subdivision 1
134.26 may expire at an earlier time if the county so determines by ordinance.

134.27 **EFFECTIVE DATE.** This section is effective the day after the governing body of Mille
134.28 Lacs County and its chief clerical officer comply with Minnesota Statutes, section 645.021,
134.29 subdivisions 2 and 3.

134.30 Sec. 14. **CITY OF MOORHEAD; TAXES AUTHORIZED.**

134.31 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
134.32 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters
134.33 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,
134.34 the city of Moorhead may impose by ordinance a sales and use tax of one-half of one percent

135.1 for the purposes specified in subdivision 2. Except as otherwise provided in this section,
135.2 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
135.3 collection, and enforcement of the tax authorized under this subdivision. The tax imposed
135.4 under this subdivision is in addition to any local sales and use tax imposed under any other
135.5 special law.

135.6 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
135.7 under subdivision 1 must be used by the city of Moorhead to pay the costs of collecting and
135.8 administering the tax, and to finance up to \$31,590,000 for the construction of a regional
135.9 library and community center in the city of Moorhead, plus an amount needed for securing
135.10 and paying debt service on bonds issued to finance the project.

135.11 Subd. 3. **Bonding authority.** (a) The city of Moorhead may issue bonds under Minnesota
135.12 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in
135.13 subdivision 2, and approved by the voters as required under Minnesota Statutes, section
135.14 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued
135.15 under this subdivision may not exceed \$31,590,000, plus an amount applied to the payment
135.16 of the costs of issuing the bonds. The bonds may be paid from or secured by any funds
135.17 available to the city, including the tax authorized under subdivision 1. The issuance of bonds
135.18 under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

135.19 (b) The bonds are not included in computing any debt limitation applicable to the city.
135.20 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest
135.21 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
135.22 under Minnesota Statutes, section 475.58, is not required.

135.23 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
135.24 earlier of: (1) 22 years after the tax is first imposed; or (2) when the city council determines
135.25 that the amount received from the tax is sufficient to pay for the project costs authorized
135.26 under subdivision 2 for the project approved by voters as required under Minnesota Statutes,
135.27 section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs
135.28 related to issuance of any bonds authorized under subdivision 3, including interest on the
135.29 bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision
135.30 3, paragraph (f), any funds remaining after payment of allowed costs due to the timing of
135.31 the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall
135.32 be placed in the general fund of the city. The tax imposed under subdivision 1 may expire
135.33 at an earlier time if the city so determines by ordinance.

136.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
136.2 city of Moorhead and its chief clerical officer comply with Minnesota Statutes, section
136.3 645.021, subdivisions 2 and 3.

136.4 Sec. 15. **CITY OF OAKDALE; TAXES AUTHORIZED.**

136.5 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
136.6 section 477A.016, or any other ordinance or city charter, and if approved by the voters at
136.7 a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,
136.8 the city of Oakdale may impose, by ordinance, a sales and use tax of one-half of one percent
136.9 for the purposes specified in subdivision 2. Except as otherwise provided in this section,
136.10 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
136.11 collection, and enforcement of the tax authorized under this subdivision. The tax imposed
136.12 under this subdivision is in addition to any local sales and use tax imposed under any other
136.13 special law.

136.14 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
136.15 under subdivision 1 must be used by the city of Oakdale to pay the costs of collecting and
136.16 administering the tax and paying for the following projects in the city, including securing
136.17 and paying debt service on bonds issued to finance all or part of the following projects:

136.18 (1) \$22,000,000 plus associated bonding costs for construction of a new public works
136.19 facility; and

136.20 (2) \$15,000,000 plus associated bonding costs for construction and rehabilitation, and
136.21 associated building costs of the police department facility.

136.22 Subd. 3. **Bonding authority.** (a) The city of Oakdale may issue bonds under Minnesota
136.23 Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in
136.24 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may
136.25 not exceed: (1) \$22,000,000 for the project listed in subdivision 2, clause (1), plus an amount
136.26 applied to the payment of costs of issuing the bonds; and (2) \$15,000,000 for the projects
136.27 listed in subdivision 2, clause (2), plus an amount applied to the payment of costs of issuing
136.28 the bonds. The bonds may be paid from or secured by any funds available to the city of
136.29 Oakdale, including the tax authorized under subdivision 1. The issuance of bonds under
136.30 this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

136.31 (b) The bonds are not included in computing any debt limitation applicable to the city.
136.32 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest

137.1 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
137.2 under Minnesota Statutes, section 475.58, is not required.

137.3 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
137.4 earlier of: (1) 25 years after the tax is first imposed; or (2) when the city council determines
137.5 that the city has received from this tax \$37,000,000 to fund the projects listed in subdivision
137.6 2, plus an amount sufficient to pay costs related to issuance of any bonds authorized in
137.7 subdivision 3, including interest on the bonds. Except as otherwise provided under Minnesota
137.8 Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment
137.9 of the allowed costs due to timing of the termination under Minnesota Statutes, section
137.10 297A.99, shall be placed in the city's general fund. The tax imposed under subdivision 1
137.11 may expire at an earlier time if the city so determines by ordinance.

137.12 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
137.13 city of Oakdale and its chief clerical officer comply with Minnesota Statutes, section 645.021,
137.14 subdivisions 2 and 3.

137.15 **Sec. 16. CITY OF ST. CLOUD; TAXES AUTHORIZED.**

137.16 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
137.17 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters
137.18 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,
137.19 the city of St. Cloud may impose, by ordinance, a sales and use tax of one-half of one percent
137.20 for the purposes specified in subdivision 2. Except as otherwise provided in this section,
137.21 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
137.22 collection, and enforcement of the tax authorized under this subdivision. The tax imposed
137.23 under this subdivision is in addition to any local sales and use tax imposed under any other
137.24 special law.

137.25 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
137.26 under subdivision 1 must be used by the city of St. Cloud to pay the costs of collecting and
137.27 administering the tax, including securing and paying debt service on bonds issued, and to
137.28 finance up to \$21,100,000 plus associated bonding costs for expansion and improvement
137.29 of St. Cloud's Municipal Athletic Complex.

137.30 Subd. 3. **Bonding authority.** (a) The city of St. Cloud may issue bonds under Minnesota
137.31 Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in
137.32 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may
137.33 not exceed \$21,100,000 plus an amount applied to the payment of costs of issuing the bonds.
137.34 The bonds may be paid from or secured by any funds available to the city of St. Cloud,

138.1 including the tax authorized under subdivision 1. The issuance of bonds under this
138.2 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

138.3 (b) The bonds are not included in computing any debt limitation applicable to the city.
138.4 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest
138.5 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
138.6 under Minnesota Statutes, section 475.58, is not required.

138.7 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
138.8 earlier of: (1) five years after the tax is first imposed; or (2) when the city council determines
138.9 that the amount received from the tax is sufficient to pay for the project costs authorized
138.10 under subdivision 2, and approved by the voters as required under Minnesota Statutes,
138.11 section 297A.99, subdivision 3, plus an amount sufficient to pay costs related to issuance
138.12 of any bonds authorized in subdivision 3, including interest on the bonds. Any funds
138.13 remaining after payment of the allowed costs due to timing of the termination under
138.14 Minnesota Statutes, section 297A.99, shall be placed in the city's general fund. The tax
138.15 imposed under subdivision 1 may expire at an earlier time if the city so determines by
138.16 ordinance.

138.17 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
138.18 city of St. Cloud and its chief clerical officer comply with Minnesota Statutes, section
138.19 645.021, subdivisions 2 and 3.

138.20 Sec. 17. **CITY OF ST. PETER; TAXES AUTHORIZED.**

138.21 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
138.22 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
138.23 and if approved by the voters at a general election as required under Minnesota Statutes,
138.24 section 297A.99, subdivision 3, the city of St. Peter may impose by ordinance a sales and
138.25 use tax of one-half of one percent for the purposes specified in subdivision 2. Except as
138.26 otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,
138.27 govern the imposition, administration, collection, and enforcement of the tax authorized
138.28 under this subdivision. The tax imposed under this subdivision is in addition to any local
138.29 sales and use tax imposed under any other special law.

138.30 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
138.31 under subdivision 1 must be used by the city of St. Peter to pay the costs of collecting and
138.32 administering the tax and paying for up to \$9,121,000 for construction of a new fire station,
138.33 plus an amount needed for securing and paying debt service on bonds issued to finance the
138.34 project.

139.1 Subd. 3. **Bonding authority.** (a) The city of St. Peter may issue bonds under Minnesota
139.2 Statutes, chapter 475, to finance the costs of the facility authorized in subdivision 2. The
139.3 aggregate principal amount of bonds issued under this subdivision may not exceed \$9,121,000
139.4 for the project listed in subdivision 2, plus an amount to be applied to the payment of the
139.5 costs of issuing the bonds. The bonds may be paid from or secured by any funds available
139.6 to the city of St. Peter, including the tax authorized under subdivision 1. The issuance of
139.7 bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and
139.8 275.61.

139.9 (b) The bonds are not included in computing any debt limitation applicable to the city
139.10 of St. Peter; and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal
139.11 and interest on the bonds is not subject to any levy limitation. A separate election to approve
139.12 the bonds under Minnesota Statutes, section 475.58, is not required.

139.13 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
139.14 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of: (1) 40 years
139.15 after the tax is first imposed; or (2) when the city council determines that the amount received
139.16 from the tax is sufficient to pay for \$9,121,000 in project costs authorized under subdivision
139.17 2, plus an amount sufficient to pay the costs related to issuance of any bonds authorized
139.18 under subdivision 3, including interest on the bonds. Except as otherwise provided in
139.19 Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining
139.20 after payment of the allowed costs due to the timing of the termination of the tax under
139.21 Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of
139.22 the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so
139.23 determines by ordinance.

139.24 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
139.25 city of St. Peter and its chief clerical officer comply with Minnesota Statutes, section 645.021,
139.26 subdivisions 2 and 3.

139.27 Sec. 18. **CITY OF STAPLES; LOCAL SALES AND USE TAXES AUTHORIZED.**

139.28 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
139.29 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters
139.30 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,
139.31 the city of Staples may impose by ordinance a sales and use tax of one-half of one percent
139.32 for the purposes specified in subdivision 2. Except as otherwise provided in this section,
139.33 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
139.34 collection, and enforcement of the tax authorized under this subdivision. The tax imposed

140.1 under this subdivision is in addition to any local sales and use tax imposed under any other
140.2 special law.

140.3 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
140.4 under subdivision 1 must be used by the city of Staples to pay the costs of collecting and
140.5 administering the tax, and to finance up to \$1,600,000 for the renovation of the Staples
140.6 Community Center, plus an amount needed for securing and paying debt service on bonds
140.7 issued to finance the project.

140.8 Subd. 3. **Bonding authority.** (a) The city of Staples may issue bonds under Minnesota
140.9 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in
140.10 subdivision 2, and approved by the voters as required under Minnesota Statutes, section
140.11 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued
140.12 under this subdivision may not exceed \$1,600,000, plus an amount applied to the payment
140.13 of the costs of issuing the bonds. The bonds may be paid from or secured by any funds
140.14 available to the city, including the tax authorized under subdivision 1. The issuance of bonds
140.15 under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

140.16 (b) The bonds are not included in computing any debt limitation applicable to the city.
140.17 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest
140.18 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
140.19 under Minnesota Statutes, section 475.58, is not required.

140.20 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
140.21 earlier of: (1) 25 years after the tax is first imposed; or (2) when the city council determines
140.22 that the amount received from the tax is sufficient to pay for the project costs authorized
140.23 under subdivision 2 for the project approved by voters as required under Minnesota Statutes,
140.24 section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs
140.25 related to issuance of any bonds authorized under subdivision 3, including interest on the
140.26 bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision
140.27 3, paragraph (f), any funds remaining after payment of allowed costs due to the timing of
140.28 the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall
140.29 be placed in the general fund of the city. The tax imposed under subdivision 1 may expire
140.30 at an earlier time if the city so determines by ordinance.

140.31 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
140.32 city of Staples and its chief clerical officer comply with Minnesota Statutes, section 645.021,
140.33 subdivisions 2 and 3.

141.1 **Sec. 19. CITY OF WADENA; TAXES AUTHORIZED.**

141.2 **Subdivision 1. Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
141.3 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters
141.4 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,
141.5 the city of Wadena may impose by ordinance a sales and use tax of one-quarter of one
141.6 percent for the purposes specified in subdivision 2. Except as otherwise provided in this
141.7 section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition,
141.8 administration, collection, and enforcement of the tax authorized under this subdivision.
141.9 The tax imposed under this subdivision is in addition to any local sales and use tax imposed
141.10 under any other special law.

141.11 **Subd. 2. Use of sales and use tax revenues.** The revenues derived from the tax authorized
141.12 under subdivision 1 must be used by the city of Wadena to pay the costs of collecting and
141.13 administering the tax and to finance up to \$3,000,000, plus associated bonding costs including
141.14 securing and paying debt service on bonds issued, for the Wadena Library Rehabilitation
141.15 Project.

141.16 **Subd. 3. Bonding authority.** (a) The city of Wadena may issue bonds under Minnesota
141.17 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in
141.18 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may
141.19 not exceed \$3,000,000, plus an amount applied to the payment of costs of issuing the bonds.
141.20 The bonds may be paid from or secured by any funds available to the city of Wadena,
141.21 including the tax authorized under subdivision 1. The issuance of bonds under this
141.22 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

141.23 (b) The bonds are not included in computing any debt limitation applicable to the city.
141.24 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest
141.25 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
141.26 under Minnesota Statutes, section 475.58, is not required.

141.27 **Subd. 4. Termination of taxes.** The tax imposed under subdivision 1 expires at the
141.28 earlier of: (1) 20 years after the tax is first imposed; or (2) when the city council determines
141.29 that the amount received from the tax is sufficient to pay for the project costs authorized
141.30 under subdivision 2, and approved by the voters as required under Minnesota Statutes,
141.31 section 297A.99, subdivision 3, plus an amount sufficient to pay costs related to issuance
141.32 of any bonds authorized in subdivision 3, including interest on the bonds. Any funds
141.33 remaining after payment of the allowed costs due to timing of the termination under
141.34 Minnesota Statutes, section 297A.99, shall be placed in the city's general fund. The tax

142.1 imposed under subdivision 1 may expire at an earlier time if the city so determines by
142.2 ordinance.

142.3 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
142.4 city of Wadena and its chief clerical officer comply with Minnesota Statutes, section 645.021,
142.5 subdivisions 2 and 3.

142.6 Sec. 20. **CITY OF WAITE PARK; TAXES AUTHORIZED.**

142.7 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
142.8 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
142.9 and if approved by the voters at a general election as required under Minnesota Statutes,
142.10 section 297A.99, subdivision 3, the city of Waite Park may impose by ordinance a sales
142.11 and use tax of one-half of one percent for the purposes specified in subdivision 2. Except
142.12 as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,
142.13 govern the imposition, administration, collection, and enforcement of the tax authorized
142.14 under this subdivision. The tax imposed under this subdivision is in addition to any local
142.15 sales and use tax imposed under any other special law.

142.16 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
142.17 under subdivision 1 must be used by the city of Waite Park to pay the costs of collecting
142.18 and administering the tax and for the following projects in the city, including securing and
142.19 paying debt service on bonds issued to finance all or part of the following projects:

142.20 (1) up to \$7,500,000 plus associated bonding costs for regional trail connections; and

142.21 (2) up to \$20,000,000 plus associated bonding costs for construction and equipping of
142.22 a public safety facility.

142.23 Subd. 3. **Bonding authority.** (a) The city of Waite Park may issue bonds under Minnesota
142.24 Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in
142.25 subdivision 2 and approved by the voters as required under Minnesota Statutes, section
142.26 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued
142.27 under this subdivision may not exceed:

142.28 (1) \$7,500,000 for the project listed in subdivision 2, clause (1), plus an amount needed
142.29 to pay capitalized interest and an amount to be applied to the payment of the costs of issuing
142.30 the bonds; and

142.31 (2) \$20,000,000 for the project listed in subdivision 2, clause (2), plus an amount needed
142.32 to pay capitalized interest and an amount to be applied to the payment of the costs of issuing
142.33 the bonds.

143.1 The bonds may be paid from or secured by any funds available to the city of Waite Park,
143.2 including the tax authorized under subdivision 1. The issuance of bonds under this
143.3 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

143.4 (b) The bonds are not included in computing any debt limitation applicable to the city
143.5 of Waite Park, and any levy of taxes under Minnesota Statutes, section 475.61, to pay
143.6 principal and interest on the bonds is not subject to any levy limitation. A separate election
143.7 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

143.8 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
143.9 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 19 years
143.10 after the tax is first imposed, or (2) when the city council determines that the amount received
143.11 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for
143.12 projects approved by voters as required under Minnesota Statutes, section 297A.99,
143.13 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance
143.14 of any bonds authorized under subdivision 3, including interest on the bonds. Except as
143.15 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),
143.16 any funds remaining after payment of the allowed costs due to the timing of the termination
143.17 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the
143.18 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time
143.19 if the city so determines by ordinance.

143.20 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
143.21 city of Waite Park and its chief clerical officer comply with Minnesota Statutes, section
143.22 645.021, subdivisions 2 and 3.

143.23 Sec. 21. **CITY OF WARREN; LOCAL SALES AND USE TAXES AUTHORIZED.**

143.24 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
143.25 section 477A.016, or any other law or ordinance, and if approved by the voters at a general
143.26 election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of
143.27 Warren may impose by ordinance a sales and use tax of one-half of one percent for the
143.28 purposes specified in subdivision 2. Except as otherwise provided in this section, the
143.29 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
143.30 collection, and enforcement of the tax authorized under this subdivision. The tax imposed
143.31 under this subdivision is in addition to any local sales and use tax imposed under current
143.32 law.

143.33 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
143.34 under subdivision 1 must be used by the city of Warren to pay the costs of collecting and

144.1 administering the tax, and to finance up to \$1,600,000 for the construction of a new child
144.2 care facility. Authorized costs include related parking, design, and construction costs, as
144.3 well as payment of debt service on bonds issued to finance the project listed in this
144.4 subdivision.

144.5 Subd. 3. **Bonding authority.** (a) The city of Warren may issue bonds under Minnesota
144.6 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in
144.7 subdivision 2, and approved by the voters as required under Minnesota Statutes, section
144.8 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued
144.9 under this subdivision may not exceed \$1,600,000, plus an amount needed to pay capitalized
144.10 interest and an amount to be applied to the payment of the costs of issuing the bonds. The
144.11 bonds may be paid from or secured by any funds available to the city, including the tax
144.12 authorized under subdivision 1. The issuance of bonds under this subdivision is not subject
144.13 to Minnesota Statutes, sections 275.60 and 275.61.

144.14 (b) The bonds are not included in computing any debt limitation applicable to the city.
144.15 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest
144.16 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
144.17 under Minnesota Statutes, section 475.58, is not required.

144.18 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
144.19 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of: (1) 20 years
144.20 after the tax is first imposed; or (2) when the city council determines that the amount received
144.21 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for the
144.22 project approved by voters as required under Minnesota Statutes, section 297A.99,
144.23 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance
144.24 of any bonds authorized under subdivision 3, including interest on the bonds. Except as
144.25 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),
144.26 any funds remaining after payment of allowed costs due to the timing of the termination of
144.27 the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the
144.28 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time
144.29 if the city so determines by ordinance.

144.30 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
144.31 city of Warren and its chief clerical officer comply with Minnesota Statutes, section 645.021,
144.32 subdivisions 2 and 3.

145.1

ARTICLE 9

145.2

TAX INCREMENT FINANCING

145.3 Section 1. Minnesota Statutes 2020, section 469.176, is amended by adding a subdivision
145.4 to read:

145.5 Subd. 4n. **Temporary use of increment authorized.** (a) Notwithstanding any other
145.6 provision of this section or any other law to the contrary, except the requirements to pay
145.7 bonds to which increments are pledged, the authority may elect, by resolution, to transfer
145.8 unobligated increment for one or more of the following purposes:

145.9 (1) to provide improvements, loans, interest rate subsidies, or assistance in any form to
145.10 private development consisting of the construction or substantial rehabilitation of buildings
145.11 and ancillary facilities, if doing so will create or retain jobs in the state, including construction
145.12 jobs, and the construction commences before December 31, 2025, and would not have
145.13 commenced before that date without the assistance; or

145.14 (2) to make an equity or similar investment in a corporation, partnership, or limited
145.15 liability company that the authority determines is necessary to make construction of a
145.16 development that meets the requirement of clause (1) financially feasible.

145.17 (b) For each calendar year for which transfers are permitted under this subdivision, the
145.18 maximum transfer equals the excess of the district's unobligated increment which includes
145.19 any increment not required for payments of obligations due during six months following
145.20 the transfer on outstanding bonds, binding contracts, and other outstanding financial
145.21 obligations of the district to which the district's increment is pledged.

145.22 (c) The authority may transfer increments permitted under this subdivision after creating
145.23 a written spending plan that authorizes the authority to take the action described in paragraph
145.24 (a) and details the use of transferred increment. Additionally, the municipality must approve
145.25 the authority's spending plan after holding a public hearing. The municipality must publish
145.26 notice of the hearing in a newspaper of general circulation in the municipality and on the
145.27 municipality's public website at least ten days, but not more than 30 days, prior to the date
145.28 of the hearing.

145.29 (d) Increment that is improperly retained, received, spent, or transferred is not eligible
145.30 for transfer under this subdivision.

145.31 (e) An authority making a transfer under this subdivision must provide to the Office of
145.32 the State Auditor a copy of the spending plan approved and signed by the municipality.

146.1 (f) The authority to transfer increments under this subdivision expires on December 31,
146.2 2022. All transferred increments must be spent by December 31, 2025. Increment not spent
146.3 by December 31, 2025, must be returned to the district. If the district has already been
146.4 decertified, the increment shall be treated as excess increment and distributed as provided
146.5 in subdivision 2, paragraph (c), clause (4).

146.6 **EFFECTIVE DATE.** This section is effective the day following final enactment and
146.7 applies to increments from any district that are unobligated as of the date of final enactment
146.8 regardless of when the request for certification was made.

146.9 Sec. 2. Minnesota Statutes 2020, section 469.1763, subdivision 2, is amended to read:

146.10 Subd. 2. **Expenditures outside district.** (a) For each tax increment financing district,
146.11 an amount equal to at least 75 percent of the total revenue derived from tax increments paid
146.12 by properties in the district must be expended on activities in the district or to pay bonds,
146.13 to the extent that the proceeds of the bonds were used to finance activities in the district or
146.14 to pay, or secure payment of, debt service on credit enhanced bonds. For districts, other
146.15 than redevelopment districts for which the request for certification was made after June 30,
146.16 1995, the in-district percentage for purposes of the preceding sentence is 80 percent. Not
146.17 more than 25 percent of the total revenue derived from tax increments paid by properties
146.18 in the district may be expended, through a development fund or otherwise, on activities
146.19 outside of the district but within the defined geographic area of the project except to pay,
146.20 or secure payment of, debt service on credit enhanced bonds. For districts, other than
146.21 redevelopment districts for which the request for certification was made after June 30, 1995,
146.22 the pooling percentage for purposes of the preceding sentence is 20 percent. The revenues
146.23 derived from tax increments paid by properties in the district that are expended on costs
146.24 under section 469.176, subdivision 4h, paragraph (b), may be deducted first before calculating
146.25 the percentages that must be expended within and without the district.

146.26 (b) In the case of a housing district, a housing project, as defined in section 469.174,
146.27 subdivision 11, is an activity in the district.

146.28 (c) All administrative expenses are for activities outside of the district, except that if the
146.29 only expenses for activities outside of the district under this subdivision are for the purposes
146.30 described in paragraph (d), administrative expenses will be considered as expenditures for
146.31 activities in the district.

146.32 (d) The authority may elect, in the tax increment financing plan for the district, to increase
146.33 by up to ten percentage points the permitted amount of expenditures for activities located
146.34 outside the geographic area of the district under paragraph (a). As permitted by section

147.1 469.176, subdivision 4k, the expenditures, including the permitted expenditures under
147.2 paragraph (a), need not be made within the geographic area of the project. Expenditures
147.3 that meet the requirements of this paragraph are legally permitted expenditures of the district,
147.4 notwithstanding section 469.176, subdivisions 4b, 4c, and 4j. To qualify for the increase
147.5 under this paragraph, the expenditures must:

147.6 (1) be used exclusively to assist housing that meets the requirement for a qualified
147.7 low-income building, as that term is used in section 42 of the Internal Revenue Code; and

147.8 (2) not exceed the qualified basis of the housing, as defined under section 42(c) of the
147.9 Internal Revenue Code, less the amount of any credit allowed under section 42 of the Internal
147.10 Revenue Code; and

147.11 (3) be used to:

147.12 (i) acquire and prepare the site of the housing;

147.13 (ii) acquire, construct, or rehabilitate the housing; or

147.14 (iii) make public improvements directly related to the housing; or

147.15 (4) be used to develop housing:

147.16 (i) if the market value of the housing does not exceed the lesser of:

147.17 (A) 150 percent of the average market value of single-family homes in that municipality;

147.18 or

147.19 (B) \$200,000 for municipalities located in the metropolitan area, as defined in section
147.20 473.121, or \$125,000 for all other municipalities; and

147.21 (ii) if the expenditures are used to pay the cost of site acquisition, relocation, demolition
147.22 of existing structures, site preparation, and pollution abatement on one or more parcels, if
147.23 the parcel contains a residence containing one to four family dwelling units that has been
147.24 vacant for six or more months and is in foreclosure as defined in section 325N.10, subdivision
147.25 7, but without regard to whether the residence is the owner's principal residence, and only
147.26 after the redemption period has expired; or

147.27 (5) to assist owner-occupied housing that meets the requirements of section 469.1761,
147.28 subdivision 2.

147.29 (e) The authority under paragraph (d), clause (4), expires on December 31, 2016.

147.30 Increments may continue to be expended under this authority after that date, if they are used
147.31 to pay bonds or binding contracts that would qualify under subdivision 3, paragraph (a), if

148.1 December 31, 2016, is considered to be the last date of the five-year period after certification
148.2 under that provision.

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

148.4 Sec. 3. Minnesota Statutes 2020, section 469.1763, subdivision 3, is amended to read:

148.5 Subd. 3. **Five-year rule.** (a) Revenues derived from tax increments paid by properties
148.6 in the district are considered to have been expended on an activity within the district under
148.7 subdivision 2 only if one of the following occurs:

148.8 (1) before or within five years after certification of the district, the revenues are actually
148.9 paid to a third party with respect to the activity;

148.10 (2) bonds, the proceeds of which must be used to finance the activity, are issued and
148.11 sold to a third party before or within five years after certification, the revenues are spent to
148.12 repay the bonds, and the proceeds of the bonds either are, on the date of issuance, reasonably
148.13 expected to be spent before the end of the later of (i) the five-year period, or (ii) a reasonable
148.14 temporary period within the meaning of the use of that term under section 148(c)(1) of the
148.15 Internal Revenue Code, or are deposited in a reasonably required reserve or replacement
148.16 fund;

148.17 (3) binding contracts with a third party are entered into for performance of the activity
148.18 before or within five years after certification of the district and the revenues are spent under
148.19 the contractual obligation;

148.20 (4) costs with respect to the activity are paid before or within five years after certification
148.21 of the district and the revenues are spent to reimburse a party for payment of the costs,
148.22 including interest on unreimbursed costs; or

148.23 (5) expenditures are made for housing purposes as permitted by subdivision 2, paragraphs
148.24 (b) and (d), or for public infrastructure purposes within a zone as permitted by subdivision
148.25 2, paragraph (e).

148.26 (b) For purposes of this subdivision, bonds include subsequent refunding bonds if the
148.27 original refunded bonds meet the requirements of paragraph (a), clause (2).

148.28 (c) For a redevelopment district or a renewal and renovation district certified after June
148.29 30, 2003, and before April 20, 2009, the five-year periods described in paragraph (a) are
148.30 extended to ten years after certification of the district. For a redevelopment district certified
148.31 after April 20, 2009, and before June 30, 2012, the five-year periods described in paragraph
148.32 (a) are extended to eight years after certification of the district. This extension is provided

149.1 primarily to accommodate delays in development activities due to unanticipated economic
149.2 circumstances.

149.3 (d) For a redevelopment district that was certified after December 31, 2017, and before
149.4 June 30, 2020, the five-year periods described in paragraph (a) are extended to eight years
149.5 after certification of the district.

149.6 **EFFECTIVE DATE.** This section is effective for districts for which the request for
149.7 certification was made after December 31, 2017.

149.8 Sec. 4. Minnesota Statutes 2020, section 469.1763, subdivision 4, is amended to read:

149.9 Subd. 4. **Use of revenues for decertification.** (a) In each year beginning with the sixth
149.10 year following certification of the district, or beginning with the ninth year following
149.11 certification of the district for districts whose five-year rule is extended to eight years under
149.12 subdivision 3, paragraph (d), if the applicable in-district percent of the revenues derived
149.13 from tax increments paid by properties in the district exceeds the amount of expenditures
149.14 that have been made for costs permitted under subdivision 3, an amount equal to the
149.15 difference between the in-district percent of the revenues derived from tax increments paid
149.16 by properties in the district and the amount of expenditures that have been made for costs
149.17 permitted under subdivision 3 must be used and only used to pay or defease the following
149.18 or be set aside to pay the following:

149.19 (1) outstanding bonds, as defined in subdivision 3, paragraphs (a), clause (2), and (b);

149.20 (2) contracts, as defined in subdivision 3, paragraph (a), clauses (3) and (4);

149.21 (3) credit enhanced bonds to which the revenues derived from tax increments are pledged,
149.22 but only to the extent that revenues of the district for which the credit enhanced bonds were
149.23 issued are insufficient to pay the bonds and to the extent that the increments from the
149.24 applicable pooling percent share for the district are insufficient; or

149.25 (4) the amount provided by the tax increment financing plan to be paid under subdivision
149.26 2, paragraphs (b), (d), and (e).

149.27 (b) The district must be decertified and the pledge of tax increment discharged when
149.28 the outstanding bonds have been defeased and when sufficient money has been set aside to
149.29 pay, based on the increment to be collected through the end of the calendar year, the following
149.30 amounts:

149.31 (1) contractual obligations as defined in subdivision 3, paragraph (a), clauses (3) and
149.32 (4);

150.1 (2) the amount specified in the tax increment financing plan for activities qualifying
150.2 under subdivision 2, paragraph (b), that have not been funded with the proceeds of bonds
150.3 qualifying under paragraph (a), clause (1); and

150.4 (3) the additional expenditures permitted by the tax increment financing plan for housing
150.5 activities under an election under subdivision 2, paragraph (d), that have not been funded
150.6 with the proceeds of bonds qualifying under paragraph (a), clause (1).

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

150.8 Sec. 5. **CITIES OF MINNETONKA, RICHFIELD, AND ST. LOUIS PARK;**
150.9 **TEMPORARY TRANSFER OF INCREMENT AUTHORIZED.**

150.10 **Subdivision 1. Transfer of increment.** (a) The city of Minnetonka, or its economic
150.11 development authority, may transfer tax increment accumulated for housing development
150.12 purposes under Minnesota Statutes, section 469.1763, subdivision 2, paragraph (b) or (d),
150.13 to the housing trust fund established by the city of Minnetonka under Minnesota Statutes,
150.14 section 462C.16. Increment transferred under this paragraph must be used as provided in
150.15 subdivision 2.

150.16 (b) The city of Richfield, or its housing and redevelopment authority, may transfer tax
150.17 increment accumulated for housing development purposes under Minnesota Statutes, section
150.18 469.1763, subdivision 2, paragraph (b) or (d), to the housing trust fund established by the
150.19 city of Richfield under Minnesota Statutes, section 462C.16. Increment transferred under
150.20 this paragraph must be used as provided in subdivision 2.

150.21 (c) The city of St. Louis Park, or its economic development authority, may transfer tax
150.22 increment accumulated for housing development purposes under Minnesota Statutes, section
150.23 469.1763, subdivision 2, paragraph (b) or (d), to the housing trust fund established by the
150.24 city of St. Louis Park under Minnesota Statutes, section 462C.16. Increment transferred
150.25 under this paragraph must be used as provided in subdivision 2.

150.26 **Subd. 2. Allowable use.** Tax increment transferred under subdivision 1 must be used
150.27 only to:

150.28 (1) make grants, loans, and loan guarantees for the development, rehabilitation, or
150.29 financing of housing; or

150.30 (2) match other funds from federal, state, or private resources for housing projects.

151.1 Subd. 3. **Annual financial reporting.** Tax increment transferred under this section is
151.2 subject to the annual reporting requirements under Minnesota Statutes, section 469.175,
151.3 subdivision 6.

151.4 Subd. 4. **Legislative report.** By February 1, 2024, and February 1, 2026, each city must
151.5 issue a report to the chairs and ranking minority members of the legislative committees with
151.6 jurisdiction over taxes and property taxes. The report must include detailed information
151.7 relating to each housing project financed with increment transferred under this section,
151.8 including, when applicable, the percentage of area median income relative to each housing
151.9 project, the total cost per housing project, the number of units per housing project, and
151.10 income and rent limitations required under federal, state, or local law for each housing
151.11 project.

151.12 Subd. 5. **Expiration.** The authority to make transfers under subdivision 1 expires
151.13 December 31, 2026.

151.14 **EFFECTIVE DATE.** (a) Subdivision 1, paragraph (a), is effective the day after the
151.15 governing body of the city of Minnetonka and its chief clerical officer comply with the
151.16 requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

151.17 (b) Subdivision 1, paragraph (b), is effective the day after the governing body of the city
151.18 of Richfield and its chief clerical officer comply with the requirements of Minnesota Statutes,
151.19 section 645.021, subdivisions 2 and 3.

151.20 (c) Subdivision 1, paragraph (c), is effective the day after the governing body of the city
151.21 of St. Louis Park and its chief clerical officer comply with the requirements of Minnesota
151.22 Statutes, section 645.021, subdivisions 2 and 3.

151.23 Sec. 6. **CITY OF BLOOMINGTON; TIF AUTHORITY; AMERICAN BOULEVARD.**

151.24 Subdivision 1. **Establishment.** Pursuant to the special rules established in subdivision
151.25 2, the housing and redevelopment authority of the city of Bloomington or the city of
151.26 Bloomington may establish a redevelopment district within the city of Bloomington, limited
151.27 to the following parcels, identified by tax identification numbers, together with adjacent
151.28 roads and rights-of-way: 04-027-24-11-0032, 04-027-24-11-0033, and 04-027-24-11-0034.

151.29 Subd. 2. **Special rules.** If the city or authority establishes a tax increment financing
151.30 district under this section, the following special rules apply:

151.31 (1) the district meets all the requirements of Minnesota Statutes, section 469.174,
151.32 subdivision 10;

152.1 (2) expenditures incurred in connection with the development of the property described
 152.2 in subdivision 1 meet the requirements of Minnesota Statutes, section 469.176, subdivision
 152.3 4j; and

152.4 (3) increments generated from the district may be expended on undergrounding or
 152.5 overhead power lines, transformers, and related utility infrastructure within the project area
 152.6 and all such expenditures are deemed expended on activities within the district for purposes
 152.7 of Minnesota Statutes, section 469.1763.

152.8 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 152.9 city of Bloomington and its chief clerical officer comply with the requirements of Minnesota
 152.10 Statutes, section 645.021, subdivisions 2 and 3.

152.11 Sec. 7. **CITY OF BLOOMINGTON; TIF AUTHORITY; 98TH AND ALDRICH.**

152.12 Subdivision 1. **Establishment.** Pursuant to the special rules established in subdivision
 152.13 2, the housing and redevelopment authority of the city of Bloomington or the city of
 152.14 Bloomington may establish a redevelopment district within the city of Bloomington, limited
 152.15 to the following parcels, identified by tax identification numbers, together with adjacent
 152.16 roads and rights-of-way: 16-027-24-41-0010, 16-027-24-41-0011, and 16-027-24-41-0012.

152.17 Subd. 2. **Special rules.** If the city or authority establishes a tax increment financing
 152.18 district under this section, the following special rules apply:

152.19 (1) the district meets all the requirements of Minnesota Statutes, section 469.174,
 152.20 subdivision 10; and

152.21 (2) expenditures incurred in connection with the development of the property described
 152.22 in subdivision 1 meet the requirements of Minnesota Statutes, section 469.176, subdivision
 152.23 4j.

152.24 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 152.25 city of Bloomington and its chief clerical officer comply with the requirements of Minnesota
 152.26 Statutes, section 645.021, subdivisions 2 and 3.

152.27 Sec. 8. **CITY OF BURNSVILLE; TIF AUTHORITY; BURNSVILLE CENTER**
 152.28 **MALL.**

152.29 Subdivision 1. **Establishment.** Under the special rules established in subdivision 2, the
 152.30 economic development authority of the city of Burnsville or the city of Burnsville may
 152.31 establish one or more redevelopment districts located wholly within the area of the city of

153.1 Burnsville limited to the parcels comprising the Burnsville Center mall together with adjacent
153.2 roads and rights-of-way.

153.3 Subd. 2. **Special rules.** If the city or authority establishes a tax increment financing
153.4 district under this section, the following special rules apply:

153.5 (1) the districts are deemed to meet all the requirements of Minnesota Statutes, section
153.6 469.174, subdivision 10;

153.7 (2) expenditures incurred in connection with the development of the property described
153.8 in subdivision 1 are deemed to meet the requirements of Minnesota Statutes, section 469.176,
153.9 subdivision 4j; and

153.10 (3) increments generated from the districts may be expended for the construction and
153.11 acquisition of property for a bridge, tunnel, or other connector from the property described
153.12 in subdivision 1 across adjacent roads and rights-of-way and all such expenditures are
153.13 deemed expended on activities within the district for purposes of Minnesota Statutes, section
153.14 469.1763.

153.15 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
153.16 city of Burnsville and its chief clerical officer comply with the requirements of Minnesota
153.17 Statutes, section 645.021, subdivisions 2 and 3.

153.18 Sec. 9. **CITY OF MOUNTAIN LAKE; TIF DISTRICT NO. 1-8; FIVE-YEAR RULE**
153.19 **EXTENSION.**

153.20 (a) The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that activities
153.21 must be undertaken within a five-year period from the date of certification of a tax increment
153.22 financing district, is extended by a five-year period for Tax Increment Financing District
153.23 No. 1-8, administered by the city of Mountain Lake or its economic development authority.

153.24 (b) The requirement of Minnesota Statutes, section 469.1763, subdivision 4, relating to
153.25 the use of increment after the expiration of the five-year period under Minnesota Statutes,
153.26 section 469.1763, subdivision 3, is extended to the 11th year for Tax Increment Financing
153.27 District No. 1-8.

153.28 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
153.29 city of Mountain Lake and its chief clerical officer comply with the requirements of
153.30 Minnesota Statutes, section 645.021, subdivisions 2 and 3.

154.1 **Sec. 10. CITY OF WAYZATA; TIF DISTRICT NO. 6; EXPENDITURES**

154.2 **ALLOWED.**

154.3 Notwithstanding Minnesota Statutes, section 469.1763, subdivision 2, the city of Wayzata
154.4 may expend increments generated from Tax Increment Financing District No. 6 for the
154.5 design and construction of the lakefront pedestrian walkway and community transient lake
154.6 public access infrastructure related to the Panoway on Wayzata Bay project, and all such
154.7 expenditures are deemed expended on activities within the district.

154.8 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
154.9 city of Wayzata and its chief clerical officer comply with the requirements of Minnesota
154.10 Statutes, section 645.021, subdivisions 2 and 3.

154.11 **Sec. 11. CITY OF WINDOM; TIF DISTRICT NO. 1-22; FIVE-YEAR RULE**

154.12 **EXTENSION; DURATION EXTENSION.**

154.13 (a) The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that activities
154.14 must be undertaken within a five-year period from the date of certification of a tax increment
154.15 financing district, is considered to be met for Tax Increment Financing District No. 1-22,
154.16 administered by the city of Windom or its economic development authority, if activities are
154.17 undertaken within ten years of the district's certification.

154.18 (b) The requirements of Minnesota Statutes, section 469.1763, subdivision 4, relating
154.19 to the use of increment after the expiration of the five-year period under Minnesota Statutes,
154.20 section 469.1763, subdivision 3, is extended to the 11th year for Tax Increment Financing
154.21 District No. 1-22.

154.22 (c) Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, the city of
154.23 Windom, or its economic development authority, may elect to extend the duration of Tax
154.24 Increment Financing District No. 1-22 by five years.

154.25 **EFFECTIVE DATE.** Paragraphs (a) and (b) are effective the day after the governing
154.26 body of the city of Windom and its chief clerical officer comply with the requirements of
154.27 Minnesota Statutes, section 645.021, subdivisions 2 and 3. Paragraph (c) is effective upon
154.28 compliance by the city of Windom, Cottonwood County, and Independent School District
154.29 No. 177 with the requirements of Minnesota Statutes, sections 469.1782, subdivision 2, and
154.30 645.021, subdivisions 2 and 3.

155.1

ARTICLE 10

155.2

PUBLIC FINANCE

155.3 Section 1. Minnesota Statutes 2020, section 297A.993, subdivision 2, is amended to read:

155.4 Subd. 2. **Allocation; termination.** The proceeds of the taxes must be dedicated
155.5 exclusively to: (1) payment of the capital cost of a specific transportation project or
155.6 improvement; (2) payment of the costs, which may include both capital and operating costs,
155.7 of a specific transit project or improvement; (3) payment of the capital costs of a safe routes
155.8 to school program under section 174.40; ~~or~~ (4) payment of transit operating costs; or (5)
155.9 payment of the capital cost of constructing buildings and other facilities for maintaining
155.10 transportation or transit projects or improvements. The transportation or transit project or
155.11 improvement must be designated by the board of the county, or more than one county acting
155.12 under a joint powers agreement. Except for taxes for operating costs of a transit project or
155.13 improvement, or for transit operations, the taxes must terminate when revenues raised are
155.14 sufficient to finance the project. Nothing in this subdivision prohibits the exclusive dedication
155.15 of the proceeds of the taxes to payments for more than one project or improvement. After
155.16 a public hearing a county may, by resolution, dedicate the proceeds of the tax for a new
155.17 enumerated project.

155.18 Sec. 2. Minnesota Statutes 2020, section 453A.04, subdivision 21, is amended to read:

155.19 Subd. 21. ~~All other powers~~ Exercising powers of a municipal power agency. ~~It may~~
155.20 ~~exercise all other powers not inconsistent with the Constitution of the state of Minnesota~~
155.21 ~~or the United States Constitution, which powers may be reasonably necessary or appropriate~~
155.22 ~~for or incidental to the effectuation of its authorized purposes or to the exercise of any of~~
155.23 ~~the powers enumerated in this section, and generally may exercise in connection with its~~
155.24 ~~property and affairs, and in connection with property within its control, any and all powers~~
155.25 ~~which might be exercised by a natural person or a private corporation in connection with~~
155.26 ~~similar property and affairs.~~ It may exercise the powers of a municipal power agency under
155.27 chapter 453, for the limited purpose of engaging in tax-exempt prepayments and related
155.28 transactions as described in section 148(b)(4) of the Internal Revenue Code of 1986, as
155.29 amended, and the Code of Federal Regulations, title 26, part 1, section 1.148-1(e)(2)(iii),
155.30 both as may be amended from time to time, or as may otherwise be authorized by statute
155.31 or the Commissioner of Internal Revenue.

156.1 Sec. 3. Minnesota Statutes 2020, section 453A.04, is amended by adding a subdivision to
156.2 read:

156.3 Subd. 22. All other powers. It may exercise all other powers not inconsistent with the
156.4 Constitution of the state of Minnesota or the United States Constitution, which powers may
156.5 be reasonably necessary or appropriate for or incidental to the effectuation of its authorized
156.6 purposes or to the exercise of any of the powers enumerated in this section, and generally
156.7 may exercise in connection with its property and affairs, and in connection with property
156.8 within its control, any and all powers which might be exercised by a natural person or a
156.9 private corporation in connection with similar property and affairs.

156.10 Sec. 4. Minnesota Statutes 2020, section 465.71, is amended to read:

156.11 **465.71 INSTALLMENT, LEASE PURCHASE; CITY, COUNTY, TOWN,**
156.12 **SCHOOL.**

156.13 A home rule charter city, statutory city, county, town, or school district may purchase
156.14 personal property under an installment contract, or lease real or personal property with an
156.15 option to purchase under a lease-purchase agreement, by which contract or agreement title
156.16 is retained by the seller or vendor or assigned to a third party as security for the purchase
156.17 price, including interest, if any, but such purchases are subject to statutory and charter
156.18 provisions applicable to the purchase of real or personal property. For purposes of the bid
156.19 requirements contained in section 471.345, "the amount of the contract" shall include the
156.20 total of all lease payments for the entire term of the lease under a lease-purchase agreement.
156.21 The obligation created by an installment contract or a lease-purchase agreement for personal
156.22 property, or an installment contract or a lease-purchase agreement for real property if the
156.23 amount of the contract for purchase of the real property is less than \$1,000,000, shall not
156.24 be included in the calculation of net debt for purposes of section 475.53, and shall not
156.25 constitute debt under any other statutory provision. No election shall be required in
156.26 connection with the execution of an installment contract or a lease-purchase agreement
156.27 authorized by this section. The city, county, town, or school district must have the right to
156.28 terminate a lease-purchase agreement at the end of any fiscal year during its term.

156.29 Sec. 5. Minnesota Statutes 2020, section 475.56, is amended to read:

156.30 **475.56 INTEREST RATE.**

156.31 (a) Any municipality issuing obligations under any law may issue obligations bearing
156.32 interest at a single rate or at rates varying from year to year which may be lower or higher
156.33 in later years than in earlier years. ~~Such higher rate for any period prior to maturity may be~~

157.1 ~~represented in part by separate coupons designated as additional coupons, extra coupons,~~
157.2 ~~or B coupons, but the~~ The highest aggregate rate of interest contracted to be so paid for any
157.3 period shall not exceed the maximum rate authorized by law. ~~Such higher rate may also be~~
157.4 ~~represented in part by the issuance of additional obligations of the same series, over and~~
157.5 ~~above but not exceeding two percent of the amount otherwise authorized to be issued, and~~
157.6 ~~the amount of such additional obligations shall not be included in the amount required by~~
157.7 ~~section 475.59 to be stated in any bond resolution, notice, or ballot, or in the sale price~~
157.8 ~~required by section 475.60 or any other law to be paid; but if the principal amount of the~~
157.9 ~~entire series exceeds its cash sale price, such excess shall not, when added to the total amount~~
157.10 ~~of interest payable on all obligations of the series to their stated maturity dates, cause and~~
157.11 ~~the average annual rate of such interest to~~ may not exceed the maximum rate authorized by
157.12 law. This section does not authorize a provision in any such obligations for the payment of
157.13 a higher rate of interest after maturity than before.

157.14 (b) Any municipality issuing obligations under any law may sell original issue discount
157.15 or premium obligations having a stated principal amount in excess of the authorized amount
157.16 and the sale price, provided that: To determine the average annual rate of interest on the
157.17 obligations, any discount shall be added to, and any premium subtracted from, the total
157.18 amount of interest on the obligations to their stated maturity dates.

157.19 ~~(1) the sale price does not exceed by more than two percent the amount of obligations~~
157.20 ~~otherwise authorized to be issued;~~

157.21 ~~(2) the underwriting fee, discount, or other sales or underwriting commission does not~~
157.22 ~~exceed two percent of the sale price; and~~

157.23 ~~(3) the discount rate necessary to present value total principal and interest payments~~
157.24 ~~over the term of the issue to the sale price does not exceed the lesser of the maximum rate~~
157.25 ~~permitted by law for municipal obligations or ten percent.~~

157.26 (c) Any obligation may bear interest at a rate varying periodically at the time or times
157.27 and on the terms, including convertibility to a fixed rate of interest, determined by the
157.28 governing body of the municipality, but the rate of interest for any period shall not exceed
157.29 any maximum rate of interest for the obligations established by law. For purposes of section
157.30 475.61, subdivisions 1 and 3, the interest payable on variable rate obligations for their term
157.31 shall be determined as if their rate of interest is the lesser of the maximum rate of interest
157.32 payable on the obligations in accordance with their terms or the rate estimated for such
157.33 purpose by the governing body, but if the interest rate is subsequently converted to a fixed
157.34 rate the levy may be modified to provide at least five percent in excess of amounts necessary

158.1 to pay principal of and interest at the fixed rate on the obligations when due. For purposes
158.2 of computing debt service or interest pursuant to section 475.67, subdivision 12, interest
158.3 throughout the term of bonds issued pursuant to this subdivision is deemed to accrue at the
158.4 rate of interest first borne by the bonds. The provisions of this paragraph do not apply to
158.5 general obligations issued by a statutory or home rule charter city with a population of less
158.6 than 7,500, as defined in section 477A.011, subdivision 3, or to general obligations that are
158.7 not rated A or better, or an equivalent subsequently established rating, by Standard and
158.8 Poor's Corporation, Moody's Investors Service or other similar nationally recognized rating
158.9 agency, except that any statutory or home rule charter city, regardless of population or bond
158.10 rating, may issue variable rate obligations as a participant in a bond pooling program
158.11 established by the League of Minnesota Cities that meets this bond rating requirement.

158.12 Sec. 6. Minnesota Statutes 2020, section 475.58, subdivision 3b, is amended to read:

158.13 Subd. 3b. **Street reconstruction and bituminous overlays.** (a) A municipality may,
158.14 without regard to the election requirement under subdivision 1, issue and sell obligations
158.15 for street reconstruction or bituminous overlays, if the following conditions are met:

158.16 (1) the streets are reconstructed or overlaid under a street reconstruction or overlay plan
158.17 that describes the street reconstruction or overlay to be financed, the estimated costs, and
158.18 any planned reconstruction or overlay of other streets in the municipality over the next five
158.19 years, and the plan and issuance of the obligations has been approved by a vote of a two-thirds
158.20 majority of the members of the governing body present at the meeting following a public
158.21 hearing for which notice has been published in the official newspaper at least ten days but
158.22 not more than 28 days prior to the hearing; and

158.23 (2) if a petition requesting a vote on the issuance is signed by voters equal to five percent
158.24 of the votes cast in the last municipal general election and is filed with the municipal clerk
158.25 within 30 days of the public hearing, the municipality may issue the bonds only after
158.26 obtaining the approval of a majority of the voters voting on the question of the issuance of
158.27 the obligations. If the municipality elects not to submit the question to the voters, the
158.28 municipality shall not propose the issuance of bonds under this section for the same purpose
158.29 and in the same amount for a period of 365 days from the date of receipt of the petition. If
158.30 the question of issuing the bonds is submitted and not approved by the voters, the provisions
158.31 of section 475.58, subdivision 1a, shall apply.

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

159.1 (c) For purposes of this subdivision, street reconstruction and bituminous overlays
 159.2 ~~includes~~ include but are not limited to: utility replacement and relocation and other activities
 159.3 incidental to the street reconstruction; the addition or reconstruction of turn lanes, bicycle
 159.4 lanes, sidewalks, paths, and other improvements having a substantial public safety function;;
 159.5 realignments; and other modifications to intersect with state and county roads;; and the local
 159.6 share of state and county road projects. For purposes of this subdivision, "street
 159.7 reconstruction" includes expenditures for street reconstruction that have been incurred by
 159.8 a municipality before approval of a street reconstruction plan, if such expenditures are
 159.9 included in a street reconstruction plan approved on or before the date of the public hearing
 159.10 under paragraph (a), clause (1), regarding issuance of bonds for such expenditures.

159.11 (d) Except in the case of turn lanes, bicycle lanes, sidewalks, paths, and other safety
 159.12 improvements; realignments; intersection modifications; and the local share of state and
 159.13 county road projects, street reconstruction and bituminous overlays does not include the
 159.14 portion of project cost allocable to widening a street or adding curbs and gutters where none
 159.15 previously existed.

159.16 Sec. 7. Minnesota Statutes 2020, section 475.60, subdivision 1, is amended to read:

159.17 Subdivision 1. **Advertisement.** All obligations shall be negotiated and sold by the
 159.18 governing body, except when authority therefor is delegated by the governing body or by
 159.19 the charter of the municipality to a board, department, or officers of the municipality. ~~Except~~
 159.20 ~~as provided in section 475.56, obligations shall be sold at not less than par value plus accrued~~
 159.21 ~~interest to date of delivery and not greater than two percent greater than the amount~~
 159.22 ~~authorized to be issued plus accrued interest.~~ Except as provided in subdivision 2 all
 159.23 obligations shall be sold at competitive sale after notice given as provided in subdivision
 159.24 3.

159.25 Sec. 8. Minnesota Statutes 2020, section 475.67, subdivision 8, is amended to read:

159.26 Subd. 8. **Escrow account securities.** Securities purchased for the escrow account shall
 159.27 be limited to:

159.28 (1) general obligations of the United States, securities whose principal and interest
 159.29 payments are guaranteed by the United States, including but not limited to Resolution
 159.30 Funding Corporation Interest Separate Trading of Registered Interest and Principal of
 159.31 Securities and United States Agency for International Development Bonds, and securities
 159.32 issued by ~~the following agencies of the United States: Banks for Cooperatives, United States~~
 159.33 government-sponsored enterprises including but not limited to Federal Home Loan Banks,

160.1 ~~Federal Intermediate Credit Banks, Federal Land Banks, and the Federal Farm Credit System,~~
160.2 ~~the Federal National Mortgage Association, or the Federal Home Loan Mortgage Corporation;~~
160.3 or

160.4 (2) obligations issued or guaranteed by any state or any political subdivision of a state,
160.5 which at the date of purchase are rated in the highest or the next highest rating category by
160.6 Standard and Poor's Corporation, Moody's Investors Service, or a similar nationally
160.7 recognized rating agency, but not less than the rating on the refunded bonds immediately
160.8 prior to the refunding.

160.9 "Rating category," as used in this subdivision, means a generic securities rating category,
160.10 without regard in the case of a long-term rating category to any refinement or gradation of
160.11 such long-term rating category by a numerical modifier or otherwise.

160.12 Sec. 9. **REPEALER.**

160.13 Minnesota Statutes 2020, section 469.055, subdivision 7, is repealed.

160.14 **ARTICLE 11**
160.15 **MISCELLANEOUS**

160.16 Section 1. Minnesota Statutes 2020, section 3.192, is amended to read:

160.17 **3.192 REQUIREMENTS FOR NEW OR RENEWED TAX EXPENDITURES.**

160.18 (a) Any bill that creates, renews, or continues a tax expenditure must include a statement
160.19 of intent that clearly provides the purpose of the tax expenditure and a standard or goal
160.20 against which its effectiveness may be measured.

160.21 (b) For purposes of this section, "tax expenditure" has the meaning given in section
160.22 270C.11, subdivision 6.

160.23 (c) Any bill that creates a new tax expenditure or continues an expiring tax expenditure
160.24 must include an expiration date for the tax expenditure that is no more than eight years from
160.25 the day the provision takes effect.

160.26 **EFFECTIVE DATE.** This section is effective beginning with the 2022 legislative
160.27 session.

160.28 Sec. 2. Minnesota Statutes 2020, section 3.8853, subdivision 2, is amended to read:

160.29 Subd. 2. **Director; staff.** (a) The Legislative Budget Office Oversight Commission must
160.30 appoint a director and establish the director's duties. The director may hire staff necessary

161.1 to do the work of the office. The director serves in the unclassified service for a term of six
161.2 years and may not be removed during a term except for cause after a public hearing.

161.3 (b) The director and staff hired under this section must provide professional and technical
161.4 assistance to the Tax Expenditure Review Commission under section 3.8855.

161.5 Sec. 3. **[3.8855] TAX EXPENDITURE REVIEW COMMISSION.**

161.6 Subdivision 1. **Establishment.** The Tax Expenditure Review Commission is created to
161.7 review Minnesota's tax expenditures and evaluate their effectiveness and fiscal impact.

161.8 Subd. 2. **Definitions.** For the purposes of this section, "significant tax expenditure,"
161.9 "tax," and "tax expenditure" have the meanings given in section 270C.11, subdivision 6.

161.10 Subd. 3. **Membership.** (a) The commission consists of:

161.11 (1) two senators appointed by the senate majority leader;

161.12 (2) two senators appointed by the senate minority leader;

161.13 (3) two representatives appointed by the speaker of the house;

161.14 (4) two representatives appointed by the minority leader of the house of representatives;

161.15 and

161.16 (5) the commissioner of revenue or the commissioner's designee.

161.17 (b) Each appointing authority must make appointments by January 31 of the regular
161.18 legislative session in the odd-numbered year.

161.19 (c) If the chair of the house or senate committee with primary jurisdiction over taxes is
161.20 not an appointed member, the chair is an ex officio, nonvoting member of the commission.

161.21 Subd. 4. **Duties.** (a) In the first three years after the commission is established, the
161.22 commission must complete an initial review of the state's tax expenditures. The initial review
161.23 must identify the purpose of each of the state's tax expenditures, if none was identified in
161.24 the enacting legislation in accordance with section 3.192. The commission may also identify
161.25 metrics for evaluating the effectiveness of an expenditure.

161.26 (b) In each year following the initial review under paragraph (a), the commission must
161.27 review and evaluate Minnesota's tax expenditures on a regular, rotating basis. The
161.28 commission must establish a review schedule that ensures each tax expenditure will be
161.29 reviewed by the commission at least once every ten years. The commission may review
161.30 expenditures affecting similar constituencies or policy areas in the same year, but the
161.31 commission must review a subset of the tax expenditures within each tax type each year.

162.1 To the extent possible, the commission must review a similar number of tax expenditures
162.2 within each tax type each year. The commission may decide not to review a tax expenditure
162.3 that is adopted by reference to federal law.

162.4 (c) Before December 1 of the year a tax expenditure is included in a commission report,
162.5 the commission must hold a public hearing on the expenditure, including but not limited to
162.6 a presentation of the review components in subdivision 5.

162.7 Subd. 5. **Components of review.** (a) When reviewing a tax expenditure, the commission
162.8 must at a minimum:

162.9 (1) provide an estimate of the annual revenue lost as a result of the expenditure;

162.10 (2) identify the purpose of the tax expenditure if none was identified in the enacting
162.11 legislation in accordance with section 3.192;

162.12 (3) estimate the measurable impacts and efficiency of the tax expenditure in
162.13 accomplishing the purpose of the expenditure;

162.14 (4) compare the effectiveness of the tax expenditure and a direct expenditure with the
162.15 same purpose;

162.16 (5) identify potential modifications to the tax expenditure to increase its efficiency or
162.17 effectiveness;

162.18 (6) estimate the amount by which the tax rate for the relevant tax could be reduced if
162.19 the revenue lost due to the tax expenditure were applied to a rate reduction;

162.20 (7) if the tax expenditure is a significant tax expenditure, estimate the incidence of the
162.21 tax expenditure and the effect of the expenditure on the incidence of the state's tax system;

162.22 (8) consider the cumulative fiscal impacts of other state and federal taxes providing
162.23 benefits to taxpayers for similar activities; and

162.24 (9) recommend whether the expenditure be continued, repealed, or modified.

162.25 (b) The commission may omit a component in paragraph (a) if the commission determines
162.26 it is not feasible due to the lack of available data, third-party research, staff resources, or
162.27 lack of a majority support for a recommendation.

162.28 Subd. 6. **Department of Revenue; research support.** (a) The research division of the
162.29 Department of Revenue must provide the commission with the summary data required to
162.30 complete the review components in subdivision 5, paragraph (a), clauses (1), (6), (7), and
162.31 (8).

163.1 (b) At the request of the commission, the research division of the Department of Revenue
163.2 must provide the commission with summary data on a tax expenditure in support of a review.

163.3 (c) Data shared under this section must comply with the rules governing statistical studies
163.4 under section 270B.04, subdivision 2.

163.5 Subd. 7. **Report to legislature.** (a) By December 15 of each year, the commission must
163.6 submit a written report to the legislative committees with jurisdiction over tax policy. The
163.7 report must detail the results of the commission's review of tax expenditures in the previous
163.8 calendar year, including the review components detailed in subdivision 5.

163.9 (b) Notwithstanding paragraph (a), during the period of initial review under subdivision
163.10 4, the report may be limited to the purpose statements and metrics for evaluating the
163.11 effectiveness of expenditures, as identified by the commission. The report may also include
163.12 relevant publicly available data on an expenditure.

163.13 (c) The report may include any additional information the commission deems relevant
163.14 to the review of an expenditure.

163.15 (d) The legislative committees with jurisdiction over tax policy must hold a public
163.16 hearing on the report during the regular legislative session in the year following the year in
163.17 which the report was submitted.

163.18 Subd. 8. **Terms; vacancies.** (a) Members of the commission serve a term beginning
163.19 upon appointment and ending at the beginning of the regular legislative session in the next
163.20 odd-numbered year. The appropriate appointing authority must fill a vacancy for a seat of
163.21 a current legislator for the remainder of the unexpired term. Members may be removed or
163.22 replaced at the pleasure of the appointing authority.

163.23 (b) If a commission member ceases to be a member of the legislative body from which
163.24 the member was appointed, the member vacates membership on the commission.

163.25 Subd. 9. **Officers.** The commission shall elect a chair and vice-chair as presiding officers.
163.26 The chair and vice-chair must alternate every two years between members of the house of
163.27 representatives and senate. The chair and vice-chair may not be from the same legislative
163.28 chamber.

163.29 Subd. 10. **Staff.** Legislative Budget Office staff hired under section 3.8853, subdivision
163.30 2, must provide professional and technical assistance to the commission as the commission
163.31 deems necessary, including assistance with the report under subdivision 7.

163.32 Subd. 11. **Expenses.** The members of the commission and its staff shall be reimbursed
163.33 for all expenses actually and necessarily incurred in the performance of their duties.

164.1 Reimbursement for expenses incurred shall be made in accordance with policies adopted
164.2 by the Legislative Coordinating Commission.

164.3 **EFFECTIVE DATE; SPECIAL PROVISIONS.** (a) This section is effective the day
164.4 following final enactment.

164.5 (b) Appointing authorities for the commission must make initial appointments by January
164.6 15, 2022. The speaker of the house must designate one member of the commission to convene
164.7 the first meeting of the commission by July 1, 2022. The first report of the commission
164.8 under Minnesota Statutes, section 3.8855, subdivision 7, is due on December 15, 2022.

164.9 **Sec. 4. [10.65] GOVERNMENT-TO-GOVERNMENT RELATIONSHIP WITH**
164.10 **TRIBAL GOVERNMENTS.**

164.11 **Subdivision 1. Recognition of Tribal status and relationship with the state of**
164.12 **Minnesota.** (a) The state of Minnesota is home to 11 federally recognized Indian Tribes
164.13 with elected Tribal government officials. The state of Minnesota acknowledges and supports
164.14 the unique status of the Minnesota Tribes and their absolute right to existence,
164.15 self-governance, and self-determination.

164.16 (b) The United States and the state of Minnesota have a unique relationship with federally
164.17 recognized Indian Tribes, formed by the Constitution of the United States, treaties, statutes,
164.18 case law, and agreements.

164.19 (c) The state of Minnesota and the Minnesota Tribal governments significantly benefit
164.20 from working together, learning from one another, and partnering where possible.

164.21 (d) Timely and meaningful consultation between the state of Minnesota and Minnesota
164.22 Tribal governments will facilitate better understanding and informed decision-making by
164.23 allowing for communication on matters of mutual interest and help to establish mutually
164.24 respectful and beneficial relationships between the state and Minnesota Tribal governments.

164.25 **Subd. 2. Definitions.** (a) As used in this section, the following terms have the meanings
164.26 given:

164.27 (1) "agency" means the Department of Administration, Department of Agriculture,
164.28 Department of Commerce, Department of Corrections, Department of Education, Department
164.29 of Employment and Economic Development, Department of Health, Office of Higher
164.30 Education, Housing Finance Agency, Department of Human Rights, Department of Human
164.31 Services, Office of MN.IT Services, Department of Iron Range Resources and Rehabilitation,
164.32 Department of Labor and Industry, Minnesota Management and Budget, Bureau of Mediation
164.33 Services, Department of Military Affairs, Metropolitan Council, Department of Natural

165.1 Resources, Pollution Control Agency, Department of Public Safety, Department of Revenue,
165.2 Department of Transportation, Department of Veterans Affairs, Gambling Control Board,
165.3 Racing Commission, the Minnesota Lottery, the Animal Health Board, and the Board of
165.4 Water and Soil Resources;

165.5 (2) "consultation" means the direct and interactive involvement of the Minnesota Tribal
165.6 governments in the development of policy on matters that have Tribal implications.
165.7 Consultation is the proactive, affirmative process of identifying and seeking input from
165.8 appropriate Tribal governments and considering their interest as a necessary and integral
165.9 part of the decision-making process. This definition adds to statutorily mandated notification
165.10 procedures. During a consultation, the burden is on the agency to show that it has made a
165.11 good faith effort to elicit feedback. Consultation is a formal engagement between agency
165.12 officials and the governing body or bodies of an individual Minnesota Tribal government
165.13 that the agency or an individual Tribal government may initiate. Formal meetings or
165.14 communication between top agency officials and the governing body of a Minnesota Tribal
165.15 government is a necessary element of consultation;

165.16 (3) "matters that have Tribal implications" means rules, legislative proposals, policy
165.17 statements, or other actions that have substantial direct effects on one or more Minnesota
165.18 Tribal governments, or on the distribution of power and responsibilities between the state
165.19 and Minnesota Tribal governments;

165.20 (4) "Minnesota Tribal governments" means the federally recognized Indian Tribes located
165.21 in Minnesota including: Bois Forte Band; Fond Du Lac Band; Grand Portage Band; Leech
165.22 Lake Band; Mille Lacs Band; White Earth Band; Red Lake Nation; Lower Sioux Indian
165.23 Community; Prairie Island Indian Community; Shakopee Mdewakanton Sioux Community;
165.24 and Upper Sioux Community; and

165.25 (5) "timely and meaningful" means done or occurring at a favorable or useful time that
165.26 allows the result of consultation to be included in the agency's decision-making process for
165.27 a matter that has Tribal implications.

165.28 Subd. 3. **Consultation duties.** (a) An agency must recognize the unique legal relationship
165.29 between the state of Minnesota and the Minnesota Tribal governments, respect the
165.30 fundamental principles that establish and maintain this relationship, and accord Tribal
165.31 governments the same respect accorded to other governments.

165.32 (b) An agency must, in consultation with Minnesota Tribal governments, implement
165.33 Tribal consultation policies to comply with this section and guide the agency's work with
165.34 Minnesota Tribal governments, and must submit these policies to the governor and lieutenant

166.1 governor. Tribal consultation policies should address the communication protocols for each
166.2 Minnesota Tribal government, which should be developed in coordination with
166.3 representatives of each Minnesota Tribal government. An agency must update the Tribal
166.4 consultation policies as often as required in order to facilitate timely and meaningful
166.5 consultation, but no less than biannually.

166.6 (c) Consultation under this section is a duty of an agency to consult with the governing
166.7 body or bodies of each individual Minnesota Tribal government. Coordination with groups
166.8 or entities that have representation on some or all of the governing bodies of the Minnesota
166.9 Tribal governments, such as the Minnesota Indian Affairs Council or the Minnesota
166.10 Chippewa Tribe, is encouraged but does not satisfy an agency's duty to consult with
166.11 individual Minnesota Tribal governments on matters that have Tribal implications. If a
166.12 matter has implications for one Minnesota Tribal government, but not others, the agency's
166.13 duty is to only consult those Minnesota Tribal governments affected.

166.14 (d) An agency must consult with each Minnesota Tribal government at least annually,
166.15 and as often as is required to address matters that have Tribal implications.

166.16 (e) An agency must consult with Minnesota Tribal governments on legislative and fiscal
166.17 matters that affect one or all Minnesota Tribal governments or their members to identify
166.18 priority issues in order to allow agencies to proactively engage Minnesota Tribal governments
166.19 in the agency's development of legislative and fiscal proposals in time for submission into
166.20 the governor's recommended budget and legislative proposals each year.

166.21 (f) An agency must develop and maintain ongoing consultation with the Minnesota
166.22 Tribal governments related to matters that have Tribal implications. Agencies must consider
166.23 the input gathered from Tribal consultation into their decision-making processes, with the
166.24 goal of achieving mutually beneficial solutions.

166.25 (g) An agency and a Minnesota Tribal government may agree that a formal consultation
166.26 is not necessary for a given year on a given matter that has Tribal implications, and the
166.27 agency must keep a written record of this decision.

166.28 (h) The prospective duty to consult does not apply to action on a matter that has Tribal
166.29 implications if immediate action is required to address a present and immediate threat to
166.30 the health, safety, or welfare of Minnesota citizens. For these actions, every effort should
166.31 be made to communicate, and formal consultation should occur as soon as possible. The
166.32 duty to consult also does not apply to criminal proceedings or other investigations or legal
166.33 proceedings that prohibit an agency from disclosure.

167.1 (i) An agency must designate a Tribal liaison to assume responsibility for implementation
167.2 of the Tribal consultation policy and to serve as the principal point of contact for Minnesota
167.3 Tribal governments. The Tribal liaison must be able to directly and regularly meet and
167.4 communicate with the agency's commissioner and deputy and assistant commissioners in
167.5 order to appropriately conduct government-to-government consultation and cooperation.

167.6 (j) The state has instituted Tribal-state government relations training, which is the
167.7 foundation and basis of all other Tribal government relations training sources. All agencies
167.8 must direct certain staff to complete available training to foster a collaborative relationship
167.9 between the state of Minnesota and Minnesota Tribal governments, and to facilitate timely
167.10 and meaningful consultation. In addition to all commissioners, deputy commissioners, and
167.11 assistant commissioners, at a minimum all agency employees whose work is likely to include
167.12 matters that have Tribal implications must attend Tribal-state relations training. Tribal
167.13 liaisons must actively support and participate in the Tribal-state relations training.

167.14 (k) Any agency or board that is not listed in the definition of agency in subdivision 2 is
167.15 encouraged to and may engage in consultation and communication with the Minnesota
167.16 Tribal governments for all matters that have Tribal implications.

167.17 Subd. 4. **Applicability.** Nothing in this section requires the state or an agency to violate
167.18 or ignore any laws, rules, directives, or other legal requirements or obligations imposed by
167.19 state or federal law or set forth in agreements or compact between one or more Minnesota
167.20 Tribal governments or any other Tribal government and the state or its agencies. This section
167.21 is not intended to, and does not, create any right to administrative or judicial review, or any
167.22 other right, benefit, or responsibility, substantive or procedural, enforceable against the state
167.23 of Minnesota, its agencies or instrumentalities, its officers or employees, or its subdivisions
167.24 or any other persons. Nothing in this section prohibits or limits any agency from asserting
167.25 any rights or pursuing any administrative or judicial action under state or federal law to
167.26 effectuate the interests of the state of Minnesota or any of its agencies. Nothing in this
167.27 section is intended to alter or reduce the state's duties to individual Minnesota citizens
167.28 including those of Native American descent.

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

167.30 Sec. 5. Minnesota Statutes 2020, section 16A.152, subdivision 2, as amended by Laws
167.31 2021, chapter 31, article 1, section 9, is amended to read:

167.32 Subd. 2. **Additional revenues; priority.** (a) If on the basis of a forecast of general fund
167.33 revenues and expenditures, the commissioner of management and budget determines that
167.34 there will be a positive unrestricted budgetary general fund balance at the close of the

168.1 biennium, the commissioner of management and budget must allocate money to the following
168.2 accounts and purposes in priority order:

168.3 (1) the cash flow account established in subdivision 1 until that account reaches
168.4 \$350,000,000;

168.5 (2) the budget reserve account established in subdivision 1a until that account reaches
168.6 ~~\$1,596,522,000~~ \$2,377,399,000;

168.7 (3) the amount necessary to increase the aid payment schedule for school district aids
168.8 and credits payments in section 127A.45 to not more than 90 percent rounded to the nearest
168.9 tenth of a percent without exceeding the amount available and with any remaining funds
168.10 deposited in the budget reserve;

168.11 (4) the amount necessary to restore all or a portion of the net aid reductions under section
168.12 127A.441 and to reduce the property tax revenue recognition shift under section 123B.75,
168.13 subdivision 5, by the same amount; and

168.14 (5) the amount necessary to increase the Minnesota 21st century fund by not more than
168.15 the difference between \$5,000,000 and the sum of the amounts credited and canceled to it
168.16 in the previous 12 months under Laws 2020, chapter 71, article 1, section 11, until the sum
168.17 of all transfers under this section and all amounts credited or canceled under Laws 2020,
168.18 chapter 71, article 1, section 11, equals \$20,000,000.

168.19 (b) The amounts necessary to meet the requirements of this section are appropriated
168.20 from the general fund within two weeks after the forecast is released or, in the case of
168.21 transfers under paragraph (a), clauses (3) and (4), as necessary to meet the appropriations
168.22 schedules otherwise established in statute.

168.23 (c) The commissioner of management and budget shall certify the total dollar amount
168.24 of the reductions under paragraph (a), clauses (3) and (4), to the commissioner of education.
168.25 The commissioner of education shall increase the aid payment percentage and reduce the
168.26 property tax shift percentage by these amounts and apply those reductions to the current
168.27 fiscal year and thereafter.

168.28 **EFFECTIVE DATE.** This section is effective July 1, 2021.

168.29 Sec. 6. Minnesota Statutes 2020, section 41A.19, is amended to read:

168.30 **41A.19 REPORT; INCENTIVE PROGRAMS.**

168.31 By January 15 each year, the commissioner shall report on the incentive programs under
168.32 sections 41A.16, 41A.17, ~~and~~ 41A.18, 41A.20, and 41A.21 to the legislative committees

169.1 with jurisdiction over environment and agriculture policy and finance. The report shall
169.2 include information on production and incentive expenditures under the programs.

169.3 **Sec. 7. [41A.21] ORIENTED STRAND BOARD PRODUCTION INCENTIVE.**

169.4 **Subdivision 1. Definitions.** (a) For the purposes of this section, the terms defined in this
169.5 subdivision have the meanings given them.

169.6 (b) "Commissioner" means the commissioner of agriculture.

169.7 (c) "Forest resources" means raw wood logs and material primarily made up of cellulose,
169.8 hemicellulose, or lignin, or a combination of those ingredients.

169.9 (d) "Oriented strand board" or "OSB" means a material manufactured into panels using
169.10 forest resources.

169.11 **Subd. 2. Eligibility.** (a) A facility eligible for payment under this section must source
169.12 at least 80 percent of its forest resources raw materials from Minnesota. The facility must
169.13 be located in Minnesota; must begin construction activities by December 31, 2022, for a
169.14 specific location; must begin production at a specific location by June 30, 2025; and must
169.15 not begin operating before January 1, 2022. Eligible facilities must be new OSB construction
169.16 sites with total capital investment in excess of \$250,000,000. Eligible OSB production
169.17 facilities must produce at least 200,000,000 OSB square feet on a 3/8 inch nominal basis
169.18 of OSB each year. At least one product produced at the facility should be a wood-based
169.19 wall or roof structural sheathing panel that has an integrated, cellulose-based paper overlay
169.20 that serves as a water resistive barrier.

169.21 (b) No payments shall be made for OSB production that occurs after June 30, 2036, for
169.22 those eligible producers under paragraph (a).

169.23 (c) An eligible producer of OSB shall not transfer the producer's eligibility for payments
169.24 under this section to a facility at a different location.

169.25 (d) A producer that ceases production for any reason is ineligible to receive payments
169.26 under this section until the producer resumes production.

169.27 **Subd. 3. Payment amounts; limits.** (a) The commissioner shall make payments to
169.28 eligible producers of OSB. The amount of the payment for each eligible producer's annual
169.29 production is \$7.50 per 1,000 OSB square feet on a 3/8 inch nominal basis of OSB produced
169.30 at a specific location for ten years starting after the first calendar year in which production
169.31 begins.

170.1 (b) Total payments under this section to an eligible OSB producer in a fiscal year may
170.2 not exceed the amount necessary for 400,000,000 OSB square feet on a 3/8 inch nominal
170.3 basis of OSB produced. Total payments under this section to all eligible OSB producers in
170.4 a fiscal year may not exceed the amount necessary for 400,000,000 OSB square feet on a
170.5 3/8 inch nominal basis of OSB produced. If the total amount for which all producers are
170.6 eligible in a quarter exceeds the amount available for payments, the commissioner shall
170.7 make the payments on a pro rata basis.

170.8 (c) For purposes of this section, an entity that holds a controlling interest in more than
170.9 one OSB facility is considered a single eligible producer.

170.10 Subd. 4. **Forest resources requirements.** Forest resources that are purchased to be used
170.11 at the facility must be in compliance with one or more of the following: the Sustainable
170.12 Forestry Initiative Fiber Sourcing Standard, the Forest Stewardship Council Chain of Custody
170.13 Standard, or the Forest Stewardship Controlled Wood Standard. For forest resources that
170.14 come from land parcels greater than 160 acres, all efforts must be made to procure from
170.15 land that is certified by one or more of the following: the Forest Stewardship Council Forest
170.16 Management Standard, the Sustainable Forestry Initiative Forest Management Standard, or
170.17 the American Tree Farm System.

170.18 Subd. 5. **Claims.** (a) By the last day of October, January, April, and July, each eligible
170.19 OSB producer shall file a claim for payment for OSB production during the preceding three
170.20 calendar months. An eligible OSB producer that files a claim under this subdivision shall
170.21 include a statement of the eligible producer's total board feet of OSB produced during the
170.22 quarter covered by the claim. For each claim and statement of total board feet of OSB filed
170.23 under this subdivision, the board feet of OSB produced must be examined by a certified
170.24 public accounting firm with a valid permit to practice under chapter 326A, in accordance
170.25 with Statements on Standards for Attestation Engagements established by the American
170.26 Institute of Certified Public Accountants.

170.27 (b) The commissioner must issue payments by November 15, February 15, May 15, and
170.28 August 15. A separate payment must be made for each claim filed.

170.29 Subd. 6. **Appropriation.** (a) In fiscal year 2025, a sum sufficient to make the payments
170.30 required by this section, not to exceed \$1,500,000, is appropriated from the general fund to
170.31 the commissioner. This is a onetime appropriation.

170.32 (b) From fiscal year 2026 through fiscal year 2034, a sum sufficient to make the payments
170.33 required by this section, not to exceed \$3,000,000 in a fiscal year, is annually appropriated
170.34 from the general fund to the commissioner.

171.1 Sec. 8. [116J.9924] TARGETED COMMUNITY CAPITAL PROJECT GRANT
171.2 PROGRAM.

171.3 Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have
171.4 the meanings given.

171.5 (b) "Capital project" or "project" means the acquisition or betterment of land, buildings,
171.6 and other improvements of a capital nature.

171.7 (c) "Commissioner" means the commissioner of employment and economic development.

171.8 (d) "Government entity" means a city, township, county, or any political subdivision,
171.9 or an American Indian Tribal government entity located within a federally recognized
171.10 American Indian reservation.

171.11 (e) "Nonprofit organization" means a not-for-profit corporation under section 501(c)(3)
171.12 of the Internal Revenue Code or a Tribal nonprofit under section 7871 of the Internal Revenue
171.13 Code that serves underserved communities. Nonprofit organization includes nonprofits
171.14 -serving as fiscal agents for other nonprofits. Nonprofit hospitals, private schools, credit
171.15 unions, and higher education institutions do not qualify as a nonprofit organization for the
171.16 purposes of this section.

171.17 Subd. 2. Grant program established. (a) The commissioner shall make competitive
171.18 grants for capital projects to nonprofit organizations and government entities that provide
171.19 services, either alone or in partnership, in one or more of the following areas:

171.20 (1) economic development;

171.21 (2) education;

171.22 (3) food;

171.23 (4) arts;

171.24 (5) veterans services;

171.25 (6) housing;

171.26 (7) health care; or

171.27 (8) workforce development.

171.28 (b) The commissioner shall give priority to applicants under subdivision 3 that:

171.29 (1) do not have a history of receiving capital grants from the state;

171.30 (2) have previously received phased grant funds as described under subdivision 4; or

172.1 (3) represent or serve underserved communities.

172.2 Subd. 3. **Eligibility.** A prospective grantee under this section must submit a written
172.3 application to the commissioner in the form, at the time, and in the manner prescribed by
172.4 the commissioner. The written application must include:

172.5 (1) a description of the capital project to be funded by the grant;

172.6 (2) the rationale for the project, including a description of the services provided and
172.7 populations served by the applicant;

172.8 (3) the total cost of the project and the cost of individual phases of the project, including
172.9 but not limited to predesign, design, construction, engineering, furnishing, and equipping;

172.10 (4) the requested grant amount;

172.11 (5) the property owner of the facility to be improved;

172.12 (6) the sources and amounts of state and nonstate funds previously received and
172.13 committed to the project;

172.14 (7) the public purpose achieved by the project;

172.15 (8) an estimated timeline of the project; and

172.16 (9) any additional information requested by the commissioner.

172.17 Subd. 4. **Project phasing; minimum grant amount.** The commissioner has the discretion
172.18 to fund one or more phases of a capital project for which an applicant has applied for grant
172.19 funds under this section, up to the total project cost. A grant awarded under this section
172.20 must be no less than the amount required to complete a phase of the project, less any nonstate
172.21 funds already committed for such activities.

172.22 Subd. 5. **Determination of application.** On the basis of applicable law and available
172.23 information, the commissioner must determine whether an applicant shall be awarded a
172.24 grant under this section. The commissioner must notify the applicant of the determination.
172.25 This notice must be in writing and contain the basis for the determination. An applicant
172.26 who is not selected for a grant award may apply for a grant under this section the fiscal year
172.27 following receipt of the notice of determination under this subdivision.

172.28 Subd. 6. **Applicability of other laws.** The provisions of chapter 16A that apply to general
172.29 fund appropriations for capital projects also apply to grants under this section. Money
172.30 granted under this section is available until the project is completed or abandoned subject
172.31 to section 16A.642.

173.1 Subd. 7. **Appropriation; administration and monitoring.** Up to five percent of any
173.2 appropriation for the program under this section is for administration and monitoring of the
173.3 program. The commissioner must also use the funds under this subdivision to provide
173.4 technical assistance, education, and support for program applicants, as needed, and may
173.5 contract with a third party to provide such services.

173.6 Subd. 8. **Report to the legislature.** On or before January 15, 2022, and every January
173.7 15 thereafter, the commissioner must submit a report as required under section 3.195 that
173.8 details the grants awarded under this section, including the total grants distributed, the
173.9 recipients of the grants, the services supported by the grants, and any other information the
173.10 commissioner deems pertinent. A copy of this report must also be sent to the chairs and
173.11 ranking minority members of the legislative committees having jurisdiction over capital
173.12 investment and economic development.

173.13 **EFFECTIVE DATE.** This section is effective August 1, 2021.

173.14 Sec. 9. Minnesota Statutes 2020, section 270A.04, is amended by adding a subdivision to
173.15 read:

173.16 Subd. 5. **Private nonprofit hospital.** A private nonprofit hospital that leases its building
173.17 from the county or city in which it is located must annually provide the commissioner with
173.18 a copy of the lease agreement.

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

173.20 Sec. 10. Minnesota Statutes 2020, section 270B.13, is amended by adding a subdivision
173.21 to read:

173.22 Subd. 3. **Background check; access to federal tax information.** An individual
173.23 performing services for an independent contractor or a vendor under subdivision 1 who has
173.24 or will have access to federal tax information is subject to the requirements of section
173.25 299C.76.

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

173.27 Sec. 11. Minnesota Statutes 2020, section 270C.11, subdivision 2, is amended to read:

173.28 Subd. 2. **Preparation; submission.** The commissioner shall prepare a tax expenditure
173.29 budget for the state. The tax expenditure budget report shall be submitted to the legislature
173.30 by ~~February~~ November 1 of each even-numbered year.

174.1 **EFFECTIVE DATE.** This section is effective for tax expenditure budgets due on or
 174.2 after November 1, 2023.

174.3 Sec. 12. Minnesota Statutes 2020, section 270C.11, subdivision 4, is amended to read:

174.4 Subd. 4. **Contents.** (a) The report shall detail for each tax expenditure item:

174.5 (1) the amount of tax revenue forgone;

174.6 (2) a citation of the statutory or other legal authority for the expenditure; ~~and;~~

174.7 (3) the year in which it was enacted or the tax year in which it became effective;

174.8 (4) the purpose of the expenditure, as identified in the enacting legislation in accordance
 174.9 with section 3.192 or by the Tax Expenditure Review Commission;

174.10 (5) the incidence of the expenditure, if it is a significant sales or income tax expenditure;

174.11 and

174.12 (6) the revenue-neutral amount by which the relevant tax rate could be reduced if the
 174.13 expenditure were repealed.

174.14 (b) The report may contain additional information which the commissioner considers
 174.15 relevant to the legislature's consideration and review of individual tax expenditure items.

174.16 This may include, but is not limited to, ~~statements of the intended purpose of the tax~~

174.17 ~~expenditure,~~ analysis of whether the expenditure is achieving that objective, and the effect

174.18 of the expenditure ~~device~~ on the ~~distribution of the tax burden~~ and administration of the tax

174.19 system.

174.20 **EFFECTIVE DATE.** This section is effective for tax expenditure budgets due on or
 174.21 after November 1, 2023.

174.22 Sec. 13. Minnesota Statutes 2020, section 270C.11, subdivision 6, is amended to read:

174.23 Subd. 6. **Definitions.** For purposes of this section, the following terms have the meanings
 174.24 given:

174.25 (1) "business tax credit" means:

174.26 (i) a credit against the corporate franchise tax claimed by a C corporation; or

174.27 (ii) a credit against the individual or fiduciary income tax claimed by a pass-through

174.28 entity that is allocated to its partners, members, or shareholders;

174.29 (2) "pass-through entity" means a partnership, limited liability corporation, or S

174.30 corporation;

175.1 (3) "significant tax expenditure" means a tax expenditure, but excluding any tax
175.2 expenditure that:

175.3 (i) is incorporated into state law by reference to a federal definition of income;

175.4 (ii) results in a revenue reduction of less than \$10,000,000 per biennium; or

175.5 (iii) is a business tax credit;

175.6 (4) "tax expenditure" means a tax provision which provides a gross income definition,
175.7 deduction, exemption, credit, or rate for certain persons, types of income, transactions, or
175.8 property that results in reduced tax revenue, but excludes provisions used to mitigate tax
175.9 pyramiding; and

175.10 ~~(2)~~ (5) "tax" means any tax of statewide application or any tax authorized by state law
175.11 to be levied by local governments generally. It does not include a special local tax levied
175.12 pursuant to special law or to a special local tax levied pursuant to general authority that is
175.13 no longer applicable to local governments generally; and

175.14 (6) "tax pyramiding" means imposing sales taxes under chapter 297A on intermediate
175.15 business-to-business transactions rather than sales to final consumers.

175.16 **EFFECTIVE DATE.** This section is effective for tax expenditure budgets due on or
175.17 after November 1, 2023.

175.18 Sec. 14. Minnesota Statutes 2020, section 270C.13, subdivision 1, is amended to read:

175.19 Subdivision 1. **Biennial report.** (a) The commissioner shall report to the legislature ~~by~~
175.20 ~~March 1 of each odd-numbered year~~ on the overall incidence of the income tax, sales and
175.21 excise taxes, and property tax.

175.22 (b) The commissioner must submit the report:

175.23 (1) by March 1, 2021; and

175.24 (2) by March 1, 2024, and each even-numbered year thereafter.

175.25 (c) The report shall present information on the distribution of the tax burden as follows:

175.26 (1) for the overall income distribution, using a systemwide incidence measure such as the
175.27 Suits index or other appropriate measures of equality and inequality; (2) by income classes,
175.28 including at a minimum deciles of the income distribution; and (3) by other appropriate
175.29 taxpayer characteristics.

175.30 **EFFECTIVE DATE.** This section is effective for tax incidence reports due on or after
175.31 March 1, 2021.

176.1 Sec. 15. Minnesota Statutes 2020, section 297H.04, subdivision 2, is amended to read:

176.2 Subd. 2. **Rate.** (a) Commercial generators that generate nonmixed municipal solid waste
176.3 shall pay a solid waste management tax of 60 cents per noncompacted cubic yard of periodic
176.4 waste collection capacity purchased by the generator, based on the size of the container for
176.5 the nonmixed municipal solid waste, the actual volume, or the weight-to-volume conversion
176.6 schedule in paragraph (c). However, the tax must be calculated by the waste management
176.7 service provider using the same method for calculating the waste management service fee
176.8 so that both are calculated according to container capacity, actual volume, or weight.

176.9 (b) Notwithstanding section 297H.02, a residential generator that generates nonmixed
176.10 municipal solid waste shall pay a solid waste management tax in the same manner as provided
176.11 in paragraph (a).

176.12 (c) The ~~weight-to-volume conversion schedule~~ tax for:

176.13 (1) construction debris as defined in section 115A.03, subdivision 7, is equal to 60 cents
176.14 per cubic yard. The commissioner of revenue, after consultation with the commissioner of
176.15 the Pollution Control Agency, shall determine and ~~may~~ publish by notice a weight-to-volume
176.16 conversion schedule for construction debris;

176.17 (2) industrial waste as defined in section 115A.03, subdivision 13a, is equal to 60 cents
176.18 per cubic yard. The commissioner of revenue after consultation with the commissioner of
176.19 the Pollution Control Agency, shall determine, and ~~may~~ publish by notice, a
176.20 weight-to-volume conversion schedule for various industrial wastes; and

176.21 (3) infectious waste as defined in section 116.76, subdivision 12, and pathological waste
176.22 as defined in section 116.76, subdivision 14, is 150 pounds equals one cubic yard, or 60
176.23 cents per 150 pounds.

176.24 **EFFECTIVE DATE.** This section is effective July 1, 2021.

176.25 Sec. 16. Minnesota Statutes 2020, section 297H.05, is amended to read:

176.26 **297H.05 SELF-HAULERS.**

176.27 (a) A self-hauler of mixed municipal solid waste shall pay the tax to the operator of the
176.28 waste management facility to which the waste is delivered at the rate imposed under section
176.29 297H.03, based on the sales price of the waste management services.

176.30 (b) A self-hauler of nonmixed municipal solid waste shall pay the tax to the operator of
176.31 the waste management facility to which the waste is delivered at the rate imposed under
176.32 section 297H.04.

177.1 (c) The tax imposed on the self-hauler of nonmixed municipal solid waste may be based
177.2 either on the capacity of the container, the actual volume, or the weight-to-volume conversion
177.3 schedule in paragraph (d). However, the tax must be calculated by the operator using the
177.4 same method for calculating the tipping fee so that both are calculated according to container
177.5 capacity, actual volume, or weight.

177.6 (d) The ~~weight-to-volume conversion schedule~~ tax for:

177.7 (1) construction debris as defined in section 115A.03, subdivision 7, is ~~one ton equals~~
177.8 ~~3.33 cubic yards, or \$2 per ton~~ equal to 60 cents per cubic yard. The commissioner of
177.9 revenue, after consultation with the commissioner of the Pollution Control Agency, shall
177.10 determine and publish by notice a weight-to-volume conversion schedule for construction
177.11 debris;

177.12 (2) industrial waste as defined in section 115A.03, subdivision 13a, is equal to 60 cents
177.13 per cubic yard. The commissioner of revenue, after consultation with the commissioner of
177.14 the Pollution Control Agency, shall determine, and ~~may~~ publish by notice, a
177.15 weight-to-volume conversion schedule for various industrial wastes; and

177.16 (3) infectious waste as defined in section 116.76, subdivision 12, and pathological waste
177.17 as defined in section 116.76, subdivision 14, is 150 pounds equals one cubic yard, or 60
177.18 cents per 150 pounds.

177.19 (e) For mixed municipal solid waste the tax is imposed upon the difference between the
177.20 market price and the tip fee at a processing or disposal facility if the tip fee is less than the
177.21 market price and the political subdivision subsidizes the cost of service at the facility. The
177.22 political subdivision is liable for the tax.

177.23 **EFFECTIVE DATE.** This section is effective July 1, 2021, except the new rate for
177.24 construction debris applies to waste delivered after June 30, 2021.

177.25 Sec. 17. Minnesota Statutes 2020, section 298.001, is amended by adding a subdivision
177.26 to read:

177.27 **Subd. 13. Merchantable iron ore concentrate.** "Merchantable iron ore concentrate"
177.28 means iron-bearing material that has been treated in Minnesota by any means of beneficiation,
177.29 separation, concentration, or refinement for the purpose of making it salable for its iron ore
177.30 content.

177.31 **EFFECTIVE DATE.** This section is effective for taxes payable in 2022 and thereafter.

178.1 Sec. 18. Minnesota Statutes 2020, section 298.24, subdivision 1, is amended to read:

178.2 Subdivision 1. **Imposed; calculation.** (a) For concentrate produced in 2013, there is
178.3 imposed upon taconite and iron sulphides, and upon the mining and quarrying thereof, and
178.4 upon the production of iron ore concentrate therefrom, and upon the concentrate so produced,
178.5 a tax of \$2.56 per gross ton of merchantable iron ore concentrate produced therefrom.

178.6 (b) For concentrates produced in 2014 and subsequent years, the tax rate shall be equal
178.7 to the preceding year's tax rate plus an amount equal to the preceding year's tax rate multiplied
178.8 by the percentage increase in the implicit price deflator from the fourth quarter of the second
178.9 preceding year to the fourth quarter of the preceding year. "Implicit price deflator" means
178.10 the implicit price deflator for the gross domestic product prepared by the Bureau of Economic
178.11 Analysis of the United States Department of Commerce.

178.12 (c) An additional tax is imposed equal to three cents per gross ton of merchantable iron
178.13 ore concentrate for each one percent that the iron content of the product exceeds 72 percent,
178.14 when dried at 212 degrees Fahrenheit.

178.15 (d) The tax on taconite and iron sulphides shall be imposed on the average of the
178.16 production for the current year and the previous two years. The rate of the tax imposed will
178.17 be the current year's tax rate. This clause shall not apply in the case of the closing of a
178.18 taconite facility if the property taxes on the facility would be higher if this clause and section
178.19 298.25 were not applicable.

178.20 (e) The tax under paragraph (a) is also imposed upon other iron-bearing material as
178.21 described in section 298.405 on the tonnage of merchantable iron ore concentrate produced
178.22 therefrom. The tax on other iron-bearing material shall be imposed on the current year
178.23 production. The rate of the tax imposed is the current year's tax rate.

178.24 (f) If the tax or any part of the tax imposed by this subdivision is held to be
178.25 unconstitutional, a tax of \$2.56 per gross ton of merchantable iron ore concentrate produced
178.26 shall be imposed.

178.27 (g) Consistent with the intent of this subdivision to impose a tax based upon the weight
178.28 of merchantable iron ore concentrate, the commissioner of revenue may indirectly determine
178.29 the weight of merchantable iron ore concentrate included in fluxed pellets by subtracting
178.30 the weight of the limestone, dolomite, or olivine derivatives or other basic flux additives
178.31 included in the pellets from the weight of the pellets. For purposes of this paragraph, "fluxed
178.32 pellets" are pellets produced in a process in which limestone, dolomite, olivine, or other
178.33 basic flux additives are combined with merchantable iron ore concentrate. No subtraction

179.1 from the weight of the pellets shall be allowed for binders, mineral and chemical additives
179.2 other than basic flux additives, or moisture.

179.3 (h)(1) Notwithstanding any other provision of this subdivision, for the first two years
179.4 of a plant's commercial production of direct reduced ore from ore mined in this state, no
179.5 tax is imposed under this section. For the third year of a plant's commercial production of
179.6 direct reduced ore, the rate to be applied to direct reduced ore is 25 percent of the rate
179.7 otherwise determined under this subdivision. For the fourth commercial production year,
179.8 the rate is 50 percent of the rate otherwise determined under this subdivision; for the fifth
179.9 commercial production year, the rate is 75 percent of the rate otherwise determined under
179.10 this subdivision; and for all subsequent commercial production years, the full rate is imposed.

179.11 (2) Subject to clause (1), production of direct reduced ore in this state is subject to the
179.12 tax imposed by this section, but if that production is not produced by a producer of taconite,
179.13 iron sulfides, or other iron-bearing material, the production of taconite, iron sulfides, or
179.14 other iron-bearing material, that is consumed in the production of direct reduced ore in this
179.15 state is not subject to the tax imposed by this section on taconite, iron sulfides, or other
179.16 iron-bearing material.

179.17 (3) Notwithstanding any other provision of this subdivision, no tax is imposed on direct
179.18 reduced ore under this section during the facility's noncommercial production of direct
179.19 reduced ore. The taconite or iron sulphides consumed in the noncommercial production of
179.20 direct reduced ore is subject to the tax imposed by this section on taconite and iron sulphides.
179.21 Three-year average production of direct reduced ore does not include production of direct
179.22 reduced ore in any noncommercial year.

179.23 (4) Three-year average production for a direct reduced ore facility that has noncommercial
179.24 production is the average of the commercial production of direct reduced ore for the current
179.25 year and the previous two commercial years.

179.26 (5) As used in this paragraph, "commercial production" means production of more than
179.27 50,000 tons of direct reduced ore in the current year or in any prior year, and "noncommercial
179.28 production" means production of 50,000 tons or less of direct reduced ore in any year.

179.29 (6) This paragraph applies only to plants for which all environmental permits have been
179.30 obtained and construction has begun before July 1, 2008.

179.31 **EFFECTIVE DATE.** This section is effective for taxes payable in 2022 and thereafter.

180.1 Sec. 19. Minnesota Statutes 2020, section 298.285, is amended to read:

180.2 **298.285 STATE AID AMOUNT; APPROPRIATION.**

180.3 (a) The commissioner of revenue shall determine a state aid amount equal to a tax of 33
 180.4 cents per taxable ton of iron ore concentrates for production year 2001 and 22 cents per
 180.5 taxable ton of iron ore concentrates for production years 2002 and thereafter, except as
 180.6 provided in paragraph (b). There is appropriated from the general fund to the commissioner
 180.7 an amount equal to the state aid determined under this section. It must be distributed under
 180.8 section 298.28, as if the aid were production tax revenues.

180.9 (b) Other iron-bearing material, as defined in section 298.001, subdivision 9, must not
 180.10 be included in the determination of state aid amounts under paragraph (a) until distribution
 180.11 year 2024.

180.12 (c) There is appropriated from the general fund to the commissioner an amount equal
 180.13 to the state aid determined under this section. The appropriation must be distributed under
 180.14 section 298.28, as if the aid were production tax revenues.

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

180.16 Sec. 20. Minnesota Statutes 2020, section 298.405, subdivision 1, is amended to read:

180.17 Subdivision 1. **Definition.** Iron-bearing material, other than taconite and semitaconite,
 180.18 having not more than 46.5 percent natural iron content on the average, is subject to taxation
 180.19 under section 298.24. The tax under that section applies to material that is:

180.20 ~~(1) finer than or ground to 90 percent passing 20 mesh; and~~

180.21 ~~(2) treated in Minnesota for the purpose of separating the iron particles from silica,~~
 180.22 ~~alumina, or other detrimental compounds or elements unless used in a direct reduction~~
 180.23 ~~process; making the iron-bearing material merchantable by any means of beneficiation,~~
 180.24 separation, concentration, or refinement. The tax under section 298.24 does not apply to
 180.25 unmined iron ore and low-grade iron-bearing formations as described in section 273.13,
 180.26 subdivision 31, clause (1).

180.27 ~~(i) by electrostatic separation, roasting and magnetic separation, or flotation;~~

180.28 ~~(ii) by a direct reduction process;~~

180.29 ~~(iii) by any combination of such processes; or~~

181.1 ~~(iv) by any other process or method not presently employed in gravity separation plants~~
181.2 ~~employing only crushing, screening, washing, jigging, heavy media separation, spirals,~~
181.3 ~~eyelones, drying or any combination thereof.~~

181.4 **EFFECTIVE DATE.** This section is effective for taxes payable in 2022 and thereafter.

181.5 Sec. 21. **[299C.76] BACKGROUND CHECK; ACCESS TO FEDERAL TAX**
181.6 **INFORMATION.**

181.7 Subdivision 1. **Definitions.** (a) For the purposes of this section, the following definitions
181.8 apply.

181.9 (b) "Federal tax information" means federal tax returns and return information or
181.10 information derived or created from federal tax returns, in possession of or control by the
181.11 requesting agency, that is covered by the safeguarding provisions of section 6103(p)(4) of
181.12 the Internal Revenue Code.

181.13 (c) "IRS Publication 1075" means Internal Revenue Service Publication 1075 that
181.14 provides guidance and requirements for the protection and confidentiality of federal tax
181.15 information as required in section 6103(p)(4) of the Internal Revenue Code.

181.16 (d) "National criminal history record information" means the Federal Bureau of
181.17 Investigation identification records as defined in Code of Federal Regulations, title 28,
181.18 section 20.3(d).

181.19 (e) "Requesting agency" means the Department of Revenue, Department of Employment
181.20 and Economic Development, Department of Human Services, board of directors of MNsure,
181.21 the Office of MN.IT Services, and counties.

181.22 Subd. 2. **National criminal history record information check.** As required by IRS
181.23 Publication 1075, a requesting agency shall require fingerprints for a national criminal
181.24 history record information check from the following individuals who have or will have
181.25 access to federal tax information:

181.26 (1) a current or prospective permanent or temporary employee of the requesting agency;

181.27 (2) an independent contractor or vendor of the requesting agency;

181.28 (3) an employee or agent of an independent contractor or vendor of the requesting agency;

181.29 or

181.30 (4) any other individual authorized to access federal tax information by the requesting
181.31 agency.

182.1 Subd. 3. **Fingerprint submission and written statement of understanding.** An
 182.2 individual subject to this section must provide fingerprints and a written statement of
 182.3 understanding that the fingerprints will be used for a background check to the requesting
 182.4 agency. The requesting agency must submit the fingerprints and written statement of
 182.5 understanding, along with the processing fees, to the superintendent of the Bureau of Criminal
 182.6 Apprehension. The fingerprints must only be used for the purposes described in this section.

182.7 Subd. 4. **Bureau of Criminal Apprehension requirements.** (a) After the superintendent
 182.8 of the Bureau of Criminal Apprehension notifies requesting agencies that the United States
 182.9 Attorney General has approved the request for submission under Public Law 92-544, a
 182.10 requesting agency may submit information under subdivision 3.

182.11 (b) Upon receipt of the information under subdivision 3, the superintendent of the Bureau
 182.12 of Criminal Apprehension must:

182.13 (1) perform a state criminal history record information search;

182.14 (2) exchange the fingerprints to the Federal Bureau of Investigation to facilitate a search
 182.15 of the national criminal history record information;

182.16 (3) compile the results of the state and national criminal history record information
 182.17 searches; and

182.18 (4) provide the results to the requesting agency.

182.19 Subd. 5. **Classification of data.** (a) All data collected, created, received, maintained, or
 182.20 disseminated by the requesting agency under this section is classified as private data on
 182.21 individuals as defined in section 13.02, subdivision 12.

182.22 (b) Notwithstanding any law to the contrary, a requesting agency must not further
 182.23 disseminate the results received under subdivision 4.

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

182.25 Sec. 22. Laws 2020, Fifth Special Session chapter 3, article 3, section 5, subdivision 10,
 182.26 is amended to read:

182.27 **Subd. 10. Victoria Theater, St. Paul** 1,400,000

182.28 For a grant to the city of St. Paul to acquire
 182.29 property located at 825 University Avenue
 182.30 West, and to predesign, design, and construct,
 182.31 ~~furnish, and equip the renovation of the~~
 182.32 ~~historic Victoria Theater, to serve as a regional~~

183.1 ~~multicultural community and event center.~~
183.2 ~~This appropriation includes money for:~~
183.3 ~~demolition work;~~ improvements to or
183.4 replacement of the mechanical, electrical,
183.5 plumbing, ~~heating, and ventilating, and air~~
183.6 ~~conditioning~~ systems; repairs to the existing
183.7 roof and exterior enclosure; site
183.8 improvements; construction or renovation of
183.9 interior spaces; and other improvements of a
183.10 capital nature to the historic Victoria Theater,
183.11 to serve as a regional multicultural community
183.12 and event center.

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

183.14 Sec. 23. **ELIGIBILITY OF PRIOR TARGETED GRANT RECIPIENTS FOR**
183.15 **TARGETED COMMUNITY CAPITAL PROJECT GRANTS.**

183.16 Notwithstanding the eligibility criteria in Minnesota Statutes, section 116J.9924, any
183.17 grantee named in Laws 2020, Fifth Special Session chapter 3, article 3, is eligible for a grant
183.18 under the targeted community capital project grant program under Minnesota Statutes,
183.19 section 116J.9924, in fiscal year 2022, so long as the grantee submits a written application
183.20 at the time, and in the form and manner, prescribed by the commissioner of employment
183.21 and economic development.

183.22 **EFFECTIVE DATE.** This section is effective August 1, 2021.

183.23 Sec. 24. **FRONTLINE WORKER PAY WORKING GROUP.**

183.24 Subdivision 1. **Establishment.** A working group is established to make recommendations
183.25 to the legislature on the disbursement of \$250,000,000 in direct financial support to frontline
183.26 workers.

183.27 Subd. 2. **Membership.** (a) The working group consists of nine members:

183.28 (1) two members of the house of representatives appointed by the speaker of the house
183.29 of representatives;

183.30 (2) one member of the house of representatives appointed by the minority leader of the
183.31 house of representatives;

183.32 (3) two members of the senate appointed by the senate majority leader;

184.1 (4) one member of the senate appointed by the minority leader of the senate; and

184.2 (5) three members representing the executive branch appointed by the governor.

184.3 (b) All appointments under this subdivision must be made by July 15, 2021. The working
184.4 group must elect a chair and vice-chair from among its members.

184.5 Subd. 3. **Duties.** The working group must make a recommendation for the disbursement
184.6 of \$250,000,000 in direct financial support to frontline workers, including but not limited
184.7 to long-term care workers. In developing its recommendation, the working group must
184.8 consider factors including a frontline worker's increased financial burden and increased risk
184.9 of virus exposure due to the nature of their work.

184.10 Subd. 4. **Meetings; administrative support.** The speaker of the house must designate
184.11 one member to convene the first meeting. Meetings of the working group must be open to
184.12 the public. The Legislative Coordinating Commission must provide physical or electronic
184.13 meeting space and other administrative support as requested by the working group.

184.14 Subd. 5. **Submission of legislation.** (a) The working group must submit proposed
184.15 legislative language implementing its recommendations to the governor, speaker of the
184.16 house, and senate majority leader by September 6, 2021. For the working group to adopt a
184.17 recommendation, seven of nine members must vote to approve it.

184.18 (b) If seven of nine members do not approve a single recommendation, then the working
184.19 group may present not more than three drafts of legislation implementing potential options.

184.20 Subd. 6. **Expiration.** The working group expires upon submission of the proposed
184.21 legislation required by subdivision 5.

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

184.23 Sec. 25. **2008 DISTRIBUTION TRANSFER; CITY OF BIWABIK STREET AND**
184.24 **HIGHWAY IMPROVEMENTS.**

184.25 Notwithstanding any law to the contrary, by July 1, 2021, St. Louis County shall transfer
184.26 \$1,500,000 from the appropriation in Laws 2006, chapter 259, article 12, section 12,
184.27 subdivision 4, to the city of Biwabik for deposit in its general fund account to be used for
184.28 the preservation and reconstruction of existing streets and highways in the city of Biwabik
184.29 or the construction of new streets in the city of Biwabik. Any remaining unspent money
184.30 from the appropriation in Laws 2006, chapter 259, article 12, section 12, subdivision 4,
184.31 shall be retained by St. Louis County for road improvements to County Road 138, north of
184.32 Giants Ridge.

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

185.2 Sec. 26. **APPROPRIATION; TARGETED COMMUNITY CAPITAL PROJECT**
185.3 **GRANT PROGRAM.**

185.4 \$24,000,000 in fiscal year 2022 is appropriated from the general fund to the commissioner
185.5 of employment and economic development for the targeted community capital project grant
185.6 program under Minnesota Statutes, section 116J.9924. This appropriation is available until
185.7 encumbered or spent subject to Minnesota Statutes, section 16A.642.

185.8 **EFFECTIVE DATE.** This section is effective August 1, 2021.

185.9 Sec. 27. **APPROPRIATIONS; TAX EXPENDITURE REVIEW.**

185.10 (a) \$36,000 in fiscal year 2022 and \$628,000 in fiscal year 2023 are appropriated from
185.11 the general fund to the Legislative Coordinating Commission for the Tax Expenditure
185.12 Review Commission under Minnesota Statutes, section 3.8855. The base for this
185.13 appropriation is \$607,000 in fiscal year 2024 and \$658,000 in fiscal year 2025.

185.14 (b) \$148,000 in fiscal year 2023 is appropriated from the general fund to the commissioner
185.15 of revenue to provide research support to the Tax Expenditure Review Commission under
185.16 Minnesota Statutes, section 3.8855.

185.17 Sec. 28. **ADMINISTRATIVE APPROPRIATION.**

185.18 \$3,000,000 in fiscal year 2022 is appropriated from the general fund to the commissioner
185.19 of revenue to administer this act. This appropriation is available until June 30, 2023. The
185.20 base for this appropriation is \$1,000,000 in fiscal year 2024 and \$0 in fiscal year 2025.

185.21 Sec. 29. **APPROPRIATION; DEPARTMENT OF TRANSPORTATION.**

185.22 \$6,200,000 in fiscal year 2022 is appropriated from the general fund to the commissioner
185.23 of transportation for project development of a land bridge freeway lid over marked Interstate
185.24 Highway 94 in a portion of the segment from Lexington Avenue to Rice Street in St. Paul.
185.25 This amount is available to match federal funds and for project planning and development,
185.26 including area planning, community and land use planning, economic development planning,
185.27 design, and project management and analysis. From this amount, the commissioner may
185.28 make grants to Reconnect Rondo to perform any eligible project development activities.
185.29 This is a onetime appropriation and is available until June 30, 2025.

186.1 **Sec. 30. APPROPRIATIONS; FIRE REMEDIATION GRANTS.**

186.2 Subdivision 1. **City of Melrose.** \$643,729 in fiscal year 2022 is appropriated from the
186.3 general fund to the commissioner of revenue for a grant to the city of Melrose to remediate
186.4 the effects of fires in the city on September 8, 2016. This appropriation represents the
186.5 amounts that lapsed by the terms of the appropriation in Laws 2017, First Special Session
186.6 chapter 1, article 4, section 31. The commissioner of revenue must remit the funds to the
186.7 city of Melrose by July 20, 2021. The city must use the funds to administer grants to public
186.8 or private entities for use in accordance with subdivision 3.

186.9 Subd. 2. **City of Alexandria.** \$120,000 in fiscal year 2022 is appropriated from the
186.10 general fund to the commissioner of revenue for a grant to the city of Alexandria to remediate
186.11 the effects of the fire in the city on February 25, 2020. The commissioner of revenue must
186.12 remit the funds to the city of Alexandria by July 20, 2021. The city must use the funds to
186.13 administer grants to public or private entities for use in accordance with subdivision 3.

186.14 Subd. 3. **Allowed use.** A grant recipient must use the money appropriated under this
186.15 section for remediation costs, including disaster recovery, infrastructure, reimbursement
186.16 for emergency personnel costs, reimbursement for equipment costs, and reimbursements
186.17 for property tax abatements, incurred by public or private entities as a result of the fires.
186.18 These appropriations are onetime and are available until June 30, 2023.

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

186.20 **Sec. 31. RECOVERY GRANT; GRAND PORTAGE BAND.**

186.21 If a bill styled as Senate File 20, the first engrossment, is enacted in 2021, the First
186.22 Special Session, \$250,000 of the amount appropriated to Explore Minnesota Tourism in
186.23 article 1, section 9, paragraph (d), is for a grant to the Grand Portage Band to focus tourism
186.24 to Grand Portage.

186.25 **ARTICLE 12**

186.26 **DEPARTMENT OF REVENUE POLICY AND TECHNICAL: INCOME AND**
186.27 **CORPORATE FRANCHISE TAXES**

186.28 Section 1. Minnesota Statutes 2020, section 289A.08, subdivision 7, is amended to read:

186.29 **Subd. 7. Composite income tax returns for nonresident partners, shareholders, and**
186.30 **beneficiaries.** (a) The commissioner may allow a partnership with nonresident partners to
186.31 file a composite return and to pay the tax on behalf of nonresident partners who have no
186.32 other Minnesota source income. This composite return must include the names, addresses,

187.1 Social Security numbers, income allocation, and tax liability for the nonresident partners
187.2 electing to be covered by the composite return.

187.3 (b) The computation of a partner's tax liability must be determined by multiplying the
187.4 income allocated to that partner by the highest rate used to determine the tax liability for
187.5 individuals under section 290.06, subdivision 2c. Nonbusiness deductions, standard
187.6 deductions, or personal exemptions are not allowed.

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

187.11 (d) The electing partner must not have any Minnesota source income other than the
187.12 income from the partnership and other electing partnerships. If it is determined that the
187.13 electing partner has other Minnesota source income, the inclusion of the income and tax
187.14 liability for that partner under this provision will not constitute a return to satisfy the
187.15 requirements of subdivision 1. The tax paid for the individual as part of the composite return
187.16 is allowed as a payment of the tax by the individual on the date on which the composite
187.17 return payment was made. If the electing nonresident partner has no other Minnesota source
187.18 income, filing of the composite return is a return for purposes of subdivision 1.

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

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

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

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

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

188.5 (j) For the purposes of this subdivision, "income" means the partner's share of federal
188.6 adjusted gross income from the partnership modified by the additions provided in section
188.7 290.0131, subdivisions 8 to 10 ~~and~~ 16, and 17, and the subtractions provided in: (1) section
188.8 290.0132, ~~subdivision~~ subdivisions 9, 27, and 28, to the extent the amount is assignable or
188.9 allocable to Minnesota under section 290.17; and (2) section 290.0132, subdivision 14. The
188.10 subtraction allowed under section 290.0132, subdivision 9, is only allowed on the composite
188.11 tax computation to the extent the electing partner would have been allowed the subtraction.

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

188.14 Sec. 2. Minnesota Statutes 2020, section 289A.09, subdivision 2, is amended to read:

188.15 Subd. 2. **Withholding statement.** (a) A person required to deduct and withhold from
188.16 an employee a tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, or
188.17 who would have been required to deduct and withhold a tax under section 290.92, subdivision
188.18 2a or 3, or persons required to withhold tax under section 290.923, subdivision 2, determined
188.19 without regard to section 290.92, subdivision 19, if the employee or payee had claimed no
188.20 more than one withholding ~~exemption~~ allowance, or who paid wages or made payments
188.21 not subject to withholding under section 290.92, subdivision 2a or 3, or 290.923, subdivision
188.22 2, to an employee or person receiving royalty payments in excess of \$600, or who has
188.23 entered into a voluntary withholding agreement with a payee under section 290.92,
188.24 subdivision 20, must give every employee or person receiving royalty payments in respect
188.25 to the remuneration paid by the person to the employee or person receiving royalty payments
188.26 during the calendar year, on or before January 31 of the succeeding year, or, if employment
188.27 is terminated before the close of the calendar year, within 30 days after the date of receipt
188.28 of a written request from the employee if the 30-day period ends before January 31, a written
188.29 statement showing the following:

188.30 (1) name of the person;

188.31 (2) the name of the employee or payee and the employee's or payee's Social Security
188.32 account number;

189.1 (3) the total amount of wages as that term is defined in section 290.92, subdivision 1,
189.2 paragraph (1); the total amount of remuneration subject to withholding under section 290.92,
189.3 subdivision 20; the amount of sick pay as required under section 6051(f) of the Internal
189.4 Revenue Code; and the amount of royalties subject to withholding under section 290.923,
189.5 subdivision 2; and

189.6 (4) the total amount deducted and withheld as tax under section 290.92, subdivision 2a
189.7 or 3, or 290.923, subdivision 2.

189.8 (b) The statement required to be furnished by paragraph (a) with respect to any
189.9 remuneration must be furnished at those times, must contain the information required, and
189.10 must be in the form the commissioner prescribes.

189.11 (c) The commissioner may prescribe rules providing for reasonable extensions of time,
189.12 not in excess of 30 days, to employers or payers required to give the statements to their
189.13 employees or payees under this subdivision.

189.14 (d) A duplicate of any statement made under this subdivision and in accordance with
189.15 rules prescribed by the commissioner must be filed with the commissioner on or before
189.16 January 31 of the year after the payments were made.

189.17 (e) If an employer cancels the employer's Minnesota withholding account number required
189.18 by section 290.92, subdivision 24, the information required by paragraph (d), must be filed
189.19 with the commissioner within 30 days of the end of the quarter in which the employer
189.20 cancels its account number.

189.21 (f) The employer must submit the statements required to be sent to the commissioner.
189.22 The commissioner shall prescribe the content, format, and manner of the statement pursuant
189.23 to section 270C.30.

189.24 (g) A "third-party bulk filer" as defined in section 290.92, subdivision 30, paragraph
189.25 (a), clause (2), must submit the returns required by this subdivision and subdivision 1,
189.26 paragraph (a), with the commissioner by electronic means.

189.27 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
189.28 31, 2020.

189.29 Sec. 3. Minnesota Statutes 2020, section 290.0121, subdivision 3, is amended to read:

189.30 Subd. 3. **Inflation adjustment.** For taxable years beginning after December 31, 2019,
189.31 the commissioner must adjust for inflation the exemption amount in subdivision 1, paragraph
189.32 (b), and the threshold amounts in subdivision 2, as provided in section 270C.22. The statutory

190.1 year is taxable year 2019. The amounts as adjusted must be rounded down to the nearest
190.2 \$50 amount. ~~If the amount ends in \$25, the amount is rounded down to the nearest \$50~~
190.3 ~~amount.~~ The threshold amount for married individuals filing separate returns must be one-half
190.4 of the adjusted amount for married individuals filing joint returns.

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

190.6 Sec. 4. Minnesota Statutes 2020, section 290.92, subdivision 1, is amended to read:

190.7 Subdivision 1. **Definitions.** (1) **Wages.** For purposes of this section, the term "wages"
190.8 means the same as that term is defined in section 3401(a), (f), and (i) of the Internal Revenue
190.9 Code.

190.10 (2) **Payroll period.** For purposes of this section the term "payroll period" means a period
190.11 for which a payment of wages is ordinarily made to the employee by the employee's
190.12 employer, and the term "miscellaneous payroll period" means a payroll period other than a
190.13 daily, weekly, biweekly, semimonthly, monthly, quarterly, semiannual, or annual payroll
190.14 period.

190.15 (3) **Employee.** For purposes of this section the term "employee" means any resident
190.16 individual performing services for an employer, either within or without, or both within and
190.17 without the state of Minnesota, and every nonresident individual performing services within
190.18 the state of Minnesota, the performance of which services constitute, establish, and determine
190.19 the relationship between the parties as that of employer and employee. As used in the
190.20 preceding sentence, the term "employee" includes an officer of a corporation, and an officer,
190.21 employee, or elected official of the United States, a state, or any political subdivision thereof,
190.22 or the District of Columbia, or any agency or instrumentality of any one or more of the
190.23 foregoing.

190.24 (4) **Employer.** For purposes of this section the term "employer" means any person,
190.25 including individuals, fiduciaries, estates, trusts, partnerships, limited liability companies,
190.26 and corporations transacting business in or deriving any income from sources within the
190.27 state of Minnesota for whom an individual performs or performed any service, of whatever
190.28 nature, as the employee of such person, except that if the person for whom the individual
190.29 performs or performed the services does not have control of the payment of the wages for
190.30 such services, the term "employer," except for purposes of paragraph (1), means the person
190.31 having control of the payment of such wages. As used in the preceding sentence, the term
190.32 "employer" includes any corporation, individual, estate, trust, or organization which is
190.33 exempt from taxation under section 290.05 and further includes, but is not limited to, officers

191.1 of corporations who have control, either individually or jointly with another or others, of
191.2 the payment of the wages.

191.3 (5) **Number of withholding ~~exemptions~~ allowances claimed.** For purposes of this
191.4 section, the term "number of withholding ~~exemptions~~ allowances claimed" means the number
191.5 of withholding ~~exemptions~~ allowances claimed in a withholding ~~exemption~~ allowances
191.6 certificate in effect under subdivision 5, except that if no such certificate is in effect, the
191.7 number of withholding ~~exemptions~~ allowances claimed shall be considered to be zero.

191.8 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
191.9 31, 2020.

191.10 Sec. 5. Minnesota Statutes 2020, section 290.92, subdivision 2a, is amended to read:

191.11 Subd. 2a. **Collection at source. (1) Deductions.** Every employer making payment of
191.12 wages shall deduct and withhold upon such wages a tax as provided in this section.

191.13 (2) **Withholding on payroll period.** The employer shall withhold the tax on the basis
191.14 of each payroll period or as otherwise provided in this section.

191.15 (3) **Withholding tables.** Unless the amount of tax to be withheld is determined as
191.16 provided in subdivision 3, the amount of tax to be withheld for each individual shall be
191.17 based upon tables to be prepared and distributed by the commissioner. The tables shall be
191.18 computed for the several permissible withholding periods and shall take account of
191.19 ~~exemptions~~ allowances allowed under this section; and the amounts computed for withholding
191.20 shall be such that the amount withheld for any individual during the individual's taxable
191.21 year shall approximate in the aggregate as closely as possible the tax which is levied and
191.22 imposed under this chapter for that taxable year, upon the individual's salary, wages, or
191.23 compensation for personal services of any kind for the employer.

191.24 (4) **Miscellaneous payroll period.** If wages are paid with respect to a period which is
191.25 not a payroll period, the amount to be deducted and withheld shall be that applicable in the
191.26 case of a miscellaneous payroll period containing a number of days, including Sundays and
191.27 holidays, equal to the number of days in the period with respect to which such wages are
191.28 paid.

191.29 (5) **Miscellaneous payroll period.** (a) In any case in which wages are paid by an
191.30 employer without regard to any payroll period or other period, the amount to be deducted
191.31 and withheld shall be that applicable in the case of a miscellaneous payroll period containing
191.32 a number of days equal to the number of days, including Sundays and holidays, which have
191.33 elapsed since the date of the last payment of such wages by such employer during the

192.1 calendar year, or the date of commencement of employment with such employer during
192.2 such year, or January 1 of such year, whichever is the later.

192.3 (b) In any case in which the period, or the time described in clause (a), in respect of any
192.4 wages is less than one week, the commissioner, under rules prescribed by the commissioner,
192.5 may authorize an employer to determine the amount to be deducted and withheld under the
192.6 tables applicable in the case of a weekly payroll period, in which case the aggregate of the
192.7 wages paid to the employee during the calendar week shall be considered the weekly wages.

192.8 (6) **Wages computed to nearest dollar.** If the wages exceed the highest bracket, in
192.9 determining the amount to be deducted and withheld under this subdivision, the wages may,
192.10 at the election of the employer, be computed to the nearest dollar.

192.11 (7) **Rules on withholding.** The commissioner may, by rule, authorize employers:

192.12 (a) to estimate the wages which will be paid to any employee in any quarter of the
192.13 calendar year;

192.14 (b) to determine the amount to be deducted and withheld upon each payment of wages
192.15 to such employee during such quarter as if the appropriate average of the wages so estimated
192.16 constituted the actual wages paid; and

192.17 (c) to deduct and withhold upon any payment of wages to such employee during such
192.18 quarter such amount as may be necessary to adjust the amount actually deducted and withheld
192.19 upon wages of such employee during such quarter to the amount required to be deducted
192.20 and withheld during such quarter without regard to this paragraph (7).

192.21 (8) **Additional withholding.** The commissioner is authorized to provide by rule for
192.22 increases or decreases in the amount of withholding otherwise required under this section
192.23 in cases where the employee requests the changes. Such additional withholding shall for
192.24 all purposes be considered tax required to be deducted and withheld under this section.

192.25 (9) **Tips.** In the case of tips which constitute wages, this subdivision shall be applicable
192.26 only to such tips as are included in a written statement furnished to the employer pursuant
192.27 to section 6053 of the Internal Revenue Code and only to the extent that the tax can be
192.28 deducted and withheld by the employer, at or after the time such statement is so furnished
192.29 and before the close of the calendar year in which such statement is furnished, from such
192.30 wages of the employee (excluding tips, but including funds turned over by the employee to
192.31 the employer for the purpose of such deduction and withholding) as are under the control
192.32 of the employer; and an employer who is furnished by an employee a written statement of
192.33 tips (received in a calendar month) pursuant to section 6053 of the Internal Revenue Code

193.1 to which subdivision 1 is applicable may deduct and withhold the tax with respect to such
193.2 tips from any wages of the employee (excluding tips) under the employer's control, even
193.3 though at the time such statement is furnished the total amount of the tips included in
193.4 statements furnished to the employer as having been received by the employee in such
193.5 calendar month in the course of employment by such employer is less than \$20. Such tax
193.6 shall not at any time be deducted and withheld in an amount which exceeds the aggregate
193.7 of such wages and funds as are under the control of the employer minus any tax required
193.8 by other provisions of state or federal law to be collected from such wages and funds.

193.9 (10) **Vehicle fringe benefits.** An employer shall not deduct and withhold any tax under
193.10 this section with respect to any vehicle fringe benefit provided to an employee if the employer
193.11 has so elected for federal purposes and the requirement of and the definition contained in
193.12 section 3402(s) of the Internal Revenue Code are complied with.

193.13 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
193.14 31, 2020.

193.15 Sec. 6. Minnesota Statutes 2020, section 290.92, subdivision 3, is amended to read:

193.16 Subd. 3. **Withholding, irregular period.** If payment of wages is made to an employee
193.17 by an employer

193.18 (a) With respect to a payroll period or other period, any part of which is included in a
193.19 payroll period or other period with respect to which wages are also paid to such employees
193.20 by such employer, or

193.21 (b) Without regard to any payroll period or other period, but on or prior to the expiration
193.22 of a payroll period or other period with respect to which wages are also paid to such employee
193.23 by such employer, or

193.24 (c) With respect to a period beginning in one and ending in another calendar year, or

193.25 (d) Through an agent, fiduciary, or other person who also has the control, receipt, custody,
193.26 or disposal of or pays, the wages payable by another employer to such employee.

193.27 The manner of withholding and the amount to be deducted and withheld under subdivision
193.28 2a shall be determined in accordance with rules prescribed by the commissioner under which
193.29 the withholding ~~exemption~~ allowance allowed to the employee in any calendar year shall
193.30 approximate the withholding ~~exemption~~ allowance allowable with respect to an annual
193.31 payroll period, except that if supplemental wages are not paid concurrent with a payroll
193.32 period the employer shall withhold tax on the supplemental payment at the rate of 6.25
193.33 percent as if no ~~exemption~~ allowance had been claimed.

194.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
194.2 31, 2020.

194.3 Sec. 7. Minnesota Statutes 2020, section 290.92, subdivision 4b, is amended to read:

194.4 Subd. 4b. **Withholding by partnerships.** (a) A partnership shall deduct and withhold
194.5 a tax as provided in paragraph (b) for nonresident individual partners based on their
194.6 distributive shares of partnership income for a taxable year of the partnership.

194.7 (b) The amount of tax withheld is determined by multiplying the partner's distributive
194.8 share allocable to Minnesota under section 290.17, paid or credited during the taxable year
194.9 by the highest rate used to determine the income tax liability for an individual under section
194.10 290.06, subdivision 2c, except that the amount of tax withheld may be determined by the
194.11 commissioner if the partner submits a withholding ~~exemption~~ allowance certificate under
194.12 subdivision 5.

194.13 (c) The commissioner may reduce or abate the tax withheld under this subdivision if the
194.14 partnership had reasonable cause to believe that no tax was due under this section.

194.15 (d) Notwithstanding paragraph (a), a partnership is not required to deduct and withhold
194.16 tax for a nonresident partner if:

194.17 (1) the partner elects to have the tax due paid as part of the partnership's composite return
194.18 under section 289A.08, subdivision 7;

194.19 (2) the partner has Minnesota assignable federal adjusted gross income from the
194.20 partnership of less than \$1,000; or

194.21 (3) the partnership is liquidated or terminated, the income was generated by a transaction
194.22 related to the termination or liquidation, and no cash or other property was distributed in
194.23 the current or prior taxable year;

194.24 (4) the distributive shares of partnership income are attributable to:

194.25 (i) income required to be recognized because of discharge of indebtedness;

194.26 (ii) income recognized because of a sale, exchange, or other disposition of real estate,
194.27 depreciable property, or property described in section 179 of the Internal Revenue Code;
194.28 or

194.29 (iii) income recognized on the sale, exchange, or other disposition of any property that
194.30 has been the subject of a basis reduction pursuant to section 108, 734, 743, 754, or 1017 of
194.31 the Internal Revenue Code

195.1 to the extent that the income does not include cash received or receivable or, if there is cash
195.2 received or receivable, to the extent that the cash is required to be used to pay indebtedness
195.3 by the partnership or a secured debt on partnership property; or

195.4 (5) the partnership is a publicly traded partnership, as defined in section 7704(b) of the
195.5 Internal Revenue Code.

195.6 (e) For purposes of sections 270C.60, 289A.09, subdivision 2, 289A.20, subdivision 2,
195.7 paragraph (c), 289A.50, 289A.56, 289A.60, and 289A.63, a partnership is considered an
195.8 employer.

195.9 (f) To the extent that income is exempt from withholding under paragraph (d), clause
195.10 (4), the commissioner has a lien in an amount up to the amount that would be required to
195.11 be withheld with respect to the income of the partner attributable to the partnership interest,
195.12 but for the application of paragraph (d), clause (4). The lien arises under section 270C.63
195.13 from the date of assessment of the tax against the partner, and attaches to that partner's share
195.14 of the profits and any other money due or to become due to that partner in respect of the
195.15 partnership. Notice of the lien may be sent by mail to the partnership, without the necessity
195.16 for recording the lien. The notice has the force and effect of a levy under section 270C.67,
195.17 and is enforceable against the partnership in the manner provided by that section. Upon
195.18 payment in full of the liability subsequent to the notice of lien, the partnership must be
195.19 notified that the lien has been satisfied.

195.20 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
195.21 31, 2020.

195.22 Sec. 8. Minnesota Statutes 2020, section 290.92, subdivision 4c, is amended to read:

195.23 Subd. 4c. **Withholding by S corporations.** (a) A corporation having a valid election in
195.24 effect under section 290.9725 shall deduct and withhold a tax as provided in paragraph (b)
195.25 for nonresident individual shareholders their share of the corporation's income for the taxable
195.26 year.

195.27 (b) The amount of tax withheld is determined by multiplying the amount of income
195.28 allocable to Minnesota under section 290.17 by the highest rate used to determine the income
195.29 tax liability of an individual under section 290.06, subdivision 2c, except that the amount
195.30 of tax withheld may be determined by the commissioner if the shareholder submits a
195.31 withholding ~~exemption~~ allowance certificate under subdivision 5.

195.32 (c) Notwithstanding paragraph (a), a corporation is not required to deduct and withhold
195.33 tax for a nonresident shareholder, if:

196.1 (1) the shareholder elects to have the tax due paid as part of the corporation's composite
196.2 return under section 289A.08, subdivision 7;

196.3 (2) the shareholder has Minnesota assignable federal adjusted gross income from the
196.4 corporation of less than \$1,000; or

196.5 (3) the corporation is liquidated or terminated, the income was generated by a transaction
196.6 related to the termination or liquidation, and no cash or other property was distributed in
196.7 the current or prior taxable year.

196.8 (d) For purposes of sections 270C.60, 289A.09, subdivision 2, 289A.20, subdivision 2,
196.9 paragraph (c), 289A.50, 289A.56, 289A.60, and 289A.63, a corporation is considered an
196.10 employer.

196.11 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
196.12 31, 2020.

196.13 Sec. 9. Minnesota Statutes 2020, section 290.92, subdivision 5, is amended to read:

196.14 Subd. 5. ~~Exemptions~~ Allowances. (1) ~~Entitlement.~~ An employee receiving wages shall
196.15 on any day be entitled to claim withholding ~~exemptions~~ allowances in a number not to
196.16 exceed the number of withholding ~~exemptions~~ allowances that the employee claims and
196.17 that are allowable pursuant to section 3402(f)(1), ~~(m), and (n)~~ of the Internal Revenue Code
196.18 for federal withholding purposes, except:

196.19 (i) the standard deduction amount for the purposes of section 3402(f)(1)(E) of the Internal
196.20 Revenue Code shall be the amount calculated under section 290.0123, ~~subdivision 1; and~~

196.21 (ii) the ~~exemption~~ allowance amount for the purposes of section 3402(f)(1)(A) of the
196.22 Internal Revenue Code shall be the amount calculated under section 290.0121, subdivision
196.23 1;

196.24 (iii) withholding allowances under sections 3402(f)(1)(C) and (D) of the Internal Revenue
196.25 Code are not allowed;

196.26 (iv) estimated itemized deductions allowable under section 290.0122, but only if the
196.27 employee's spouse does not have in effect a withholding certificate electing this allowance;
196.28 and

196.29 (v) any additional allowances, at the discretion of the commissioner, that are in the best
196.30 interests of determining the proper amount to withhold for the payment of taxes under this
196.31 chapter.

197.1 (2) **Withholding ~~exemption~~ allowance certificate.** The provisions concerning ~~exemption~~
197.2 allowance certificates contained in section 3402(f)(2) and (3) of the Internal Revenue Code
197.3 shall apply.

197.4 (3) **Form of certificate.** Withholding ~~exemption~~ allowance certificates shall be in such
197.5 form and contain such information as the commissioner may by rule prescribe.

197.6 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
197.7 31, 2020.

197.8 Sec. 10. Minnesota Statutes 2020, section 290.92, subdivision 5a, is amended to read:

197.9 Subd. 5a. **Verification of withholding ~~exemptions~~ allowances; appeal.** (a) An employer
197.10 shall submit to the commissioner a copy of any withholding ~~exemption~~ allowance certificate
197.11 or any affidavit of residency received from an employee on which the employee claims any
197.12 of the following:

197.13 (1) a total number of withholding ~~exemptions~~ allowances in excess of ten or a number
197.14 prescribed by the commissioner, or

197.15 (2) a status that would exempt the employee from Minnesota withholding, including
197.16 where the employee is a nonresident exempt from withholding under subdivision 4a, clause
197.17 (3), except where the employer reasonably expects, at the time that the certificate is received,
197.18 that the employee's wages under subdivision 1 from the employer will not then usually
197.19 exceed \$200 per week, or

197.20 (3) any number of withholding ~~exemptions~~ allowances which the employer has reason
197.21 to believe is in excess of the number to which the employee is entitled.

197.22 (b) Copies of ~~exemption~~ allowance certificates and affidavits of residency required to
197.23 be submitted by paragraph (a) shall be submitted to the commissioner within 30 days after
197.24 receipt by the employer unless the employer is also required by federal law to submit copies
197.25 to the Internal Revenue Service, in which case the employer may elect to submit the copies
197.26 to the commissioner at the same time that the employer is required to submit them to the
197.27 Internal Revenue Service.

197.28 (c) An employer who submits a copy of a withholding ~~exemption~~ allowance certificate
197.29 in accordance with paragraph (a) shall honor the certificate until notified by the commissioner
197.30 that the certificate is invalid. The commissioner shall mail a copy of any such notice to the
197.31 employee. Upon notification that a particular certificate is invalid, the employer shall not
197.32 honor that certificate or any subsequent certificate unless instructed to do so by the
197.33 commissioner. The employer shall allow the employee the number of ~~exemptions~~ allowances

198.1 and compute the withholding tax as instructed by the commissioner in accordance with
198.2 paragraph (d).

198.3 (d) The commissioner may require an employee to verify entitlement to the number of
198.4 ~~exemptions~~ allowances or to the exempt status claimed on the withholding ~~exemption~~
198.5 allowance certificate or, to verify nonresidency. The employee shall be allowed at least 30
198.6 days to submit the verification, after which time the commissioner shall, on the basis of the
198.7 best information available to the commissioner, determine the employee's status and allow
198.8 the employee the maximum number of withholding ~~exemptions~~ allowances allowable under
198.9 this chapter. The commissioner shall mail a notice of this determination to the employee at
198.10 the address listed on the ~~exemption~~ allowance certificate in question or to the last known
198.11 address of the employee. Pursuant to section 270B.06, the commissioner may notify the
198.12 employer of this determination and instruct the employer to withhold tax in accordance with
198.13 the determination.

198.14 However, where the commissioner has reasonable grounds for believing that the employee
198.15 is about to leave the state or that the collection of any tax due under this chapter will be
198.16 jeopardized by delay, the commissioner may immediately notify the employee and the
198.17 employer, pursuant to section 270B.06, that the certificate is invalid, and the employer must
198.18 not honor that certificate or any subsequent certificate unless instructed to do so by the
198.19 commissioner. The employer shall allow the employee the number of ~~exemptions~~ allowances
198.20 and compute the withholding tax as instructed by the commissioner.

198.21 (e) The commissioner's determination under paragraph (d) shall be appealable to Tax
198.22 Court in accordance with section 271.06, and shall remain in effect for withholding tax
198.23 purposes pending disposition of any appeal.

198.24 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
198.25 31, 2020.

198.26 Sec. 11. Minnesota Statutes 2020, section 290.92, subdivision 19, is amended to read:

198.27 Subd. 19. **Employees incurring no income tax liability.** Notwithstanding any other
198.28 provision of this section, except the provisions of subdivision 5a, an employer is not required
198.29 to deduct and withhold any tax under this chapter from wages paid to an employee if:

198.30 (1) the employee furnished the employer with a withholding ~~exemption~~ allowance
198.31 certificate that:

198.32 (i) certifies the employee incurred no liability for income tax imposed under this chapter
198.33 for the employee's preceding taxable year;

199.1 (ii) certifies the employee anticipates incurring no liability for income tax imposed under
 199.2 this chapter for the current taxable year; and

199.3 (iii) is in a form and contains any other information prescribed by the commissioner; or

199.4 (2)(i) the employee is not a resident of Minnesota when the wages were paid; and

199.5 (ii) the employer reasonably expects that the employer will not pay the employee enough
 199.6 wages assignable to Minnesota under section 290.17, subdivision 2, paragraph (a)(1), to
 199.7 meet the nonresident requirement to file a Minnesota individual income tax return for the
 199.8 taxable year under section 289A.08, subdivision 1, paragraph (a).

199.9 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
 199.10 31, 2020.

199.11 Sec. 12. Minnesota Statutes 2020, section 290.92, subdivision 20, is amended to read:

199.12 Subd. 20. ~~Voluntary withholding agreements~~ **Miscellaneous withholding**
 199.13 **arrangements.** (a) For purposes of this section, any payment ~~of an annuity to an individual,~~
 199.14 ~~if at the time the payment is made a request that such annuity be subject to withholding~~
 199.15 ~~under this section is in effect,~~ or distribution to an individual as defined under section
 199.16 3405(e)(2) or (3) of the Internal Revenue Code shall be treated as if it were a payment of
 199.17 wages by an employer to an employee for a payroll period. Any payment to an individual
 199.18 of sick pay which does not constitute wages, determined without regard to this subdivision,
 199.19 shall be treated as if it were a payment of wages by an employer to an employee for a payroll
 199.20 period, if, at the time the payment is made a request that such sick pay be subject to
 199.21 withholding under this section is in effect. Sick pay means any amount which:

199.22 (1) is paid to an employee pursuant to a plan to which the employer is a party, and

199.23 (2) constitutes remuneration or a payment in lieu of remuneration for any period during
 199.24 which the employee is temporarily absent from work on account of sickness or personal
 199.25 injuries.

199.26 (b) A request for withholding, the amount withheld, and sick pay paid pursuant to certain
 199.27 collective bargaining agreements shall conform with the provisions of section 3402(o)(3),
 199.28 (4), and (5) of the Internal Revenue Code.

199.29 (c) The commissioner is authorized by rules to provide for withholding:

199.30 (1) from remuneration for services performed by an employee for the employer which,
 199.31 without regard to this subdivision, does not constitute wages, and

200.1 (2) from any other type of payment with respect to which the commissioner finds that
200.2 withholding would be appropriate under the provisions of this section, if the employer and
200.3 the employee, or in the case of any other type of payment the person making and the person
200.4 receiving the payment, agree to such withholding. Such agreement shall be made in such
200.5 form and manner as the commissioner may by rules provide. For purposes of this section
200.6 remuneration or other payments with respect to which such agreement is made shall be
200.7 treated as if they were wages paid by an employer to an employee to the extent that such
200.8 remuneration is paid or other payments are made during the period for which the agreement
200.9 is in effect.

200.10 (d) An individual receiving a payment or distribution under paragraph (a) may elect to
200.11 have paragraph (a) not apply to the payment or distribution as follows.

200.12 (1) For payments defined under section 3405(e)(2) of the Internal Revenue Code, an
200.13 election remains in effect until revoked by such individual.

200.14 (2) For distributions defined under section 3405(e)(3) of the Internal Revenue Code, the
200.15 election is on a distribution-by-distribution basis.

200.16 **EFFECTIVE DATE.** This section is effective for payments and distributions made
200.17 after December 31, 2021.

200.18 Sec. 13. Minnesota Statutes 2020, section 290.923, subdivision 9, is amended to read:

200.19 Subd. 9. **Payees incurring no income tax liability.** Notwithstanding any other provision
200.20 of this section a payor shall not be required to deduct and withhold any tax under this chapter
200.21 upon a payment of royalties to a payee if there is in effect with respect to the payment a
200.22 withholding ~~exemption~~ allowance certificate, in the form and containing the information
200.23 prescribed by the commissioner, furnished to the payor by the payee certifying that the
200.24 payee:

200.25 (1) incurred no liability for income tax imposed under this chapter for the payee's
200.26 preceding taxable year; and

200.27 (2) anticipates incurring no liability for income tax under this chapter for the current
200.28 taxable year.

200.29 The commissioner shall provide by rule for the coordination of the provisions of this
200.30 subdivision with the provisions of subdivision 4.

200.31 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
200.32 31, 2020.

201.1 Sec. 14. Minnesota Statutes 2020, section 290.993, is amended to read:

201.2 **290.993 SPECIAL LIMITED ADJUSTMENT.**

201.3 (a) For an individual ~~income taxpayer subject to tax under section 290.06, subdivision~~
 201.4 ~~2e, estate, or trust,~~ or a partnership that elects to file a composite return under section
 201.5 289A.08, subdivision 7, for taxable years beginning after December 31, 2017, and before
 201.6 January 1, 2019, the following special rules apply:

201.7 (1) an individual income taxpayer may: (i) take the standard deduction; or (ii) make an
 201.8 election under section 63(e) of the Internal Revenue Code to itemize, for Minnesota individual
 201.9 income tax purposes, regardless of the choice made on their federal return; and

201.10 (2) there is an adjustment to tax equal to the difference between the tax calculated under
 201.11 this chapter using the Internal Revenue Code as amended through December 16, 2016, and
 201.12 the tax calculated under this chapter using the Internal Revenue Code amended through
 201.13 December 31, 2018, before the application of credits. The end result must be zero additional
 201.14 tax due or refund.

201.15 (b) The adjustment in paragraph (a), clause (2), does not apply to any changes due to
 201.16 sections 11012, 13101, 13201, 13202, 13203, 13204, 13205, 13207, 13301, 13302, 13303,
 201.17 13313, 13502, 13503, 13801, 14101, 14102, 14211 through 14215, and 14501 of Public
 201.18 Law 115-97; and section 40411 of Public Law 115-123.

201.19 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
 201.20 after December 31, 2017, and before January 1, 2019.

201.21 **ARTICLE 13**

201.22 **DEPARTMENT OF REVENUE POLICY AND TECHNICAL: PROPERTY TAXES**
 201.23 **AND LOCAL GOVERNMENT AIDS**

201.24 Section 1. Minnesota Statutes 2020, section 270.41, subdivision 3a, is amended to read:

201.25 Subd. 3a. **Report on disciplinary actions.** ~~Each odd-numbered year,~~ When issuing the
 201.26 report required under section 214.07, the board must publish a report detailing include the
 201.27 number and types of disciplinary actions recommended by the commissioner of revenue
 201.28 under section 273.0645, subdivision 2, and the disposition of those recommendations by
 201.29 the board. The report must be presented to the house of representatives and senate committees
 201.30 with jurisdiction over property taxes by February 1 of each odd-numbered year in addition
 201.31 to the recipients required under section 214.07.

201.32 **EFFECTIVE DATE.** This section is effective for reports issued in 2022 and thereafter.

202.1 Sec. 2. Minnesota Statutes 2020, section 270.44, is amended to read:

202.2 **270.44 CHARGES FOR COURSES, EXAMINATIONS OR MATERIALS.**

202.3 The board shall charge the following fees:

202.4 (1) \$150 for a senior accredited Minnesota assessor license;

202.5 (2) \$125 for an accredited Minnesota assessor license;

202.6 (3) \$95 for a certified Minnesota assessor specialist license;

202.7 (4) \$85 for a certified Minnesota assessor license;

202.8 (5) \$85 for a temporary license;

202.9 (6) \$50 for a trainee registration;

202.10 (7) \$80 for grading a form appraisal;

202.11 (8) \$140 for grading a narrative appraisal; and

202.12 (9) \$50 for reinstatement; ~~and.~~

202.13 ~~(10) \$20 for record retention.~~

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

202.15 Sec. 3. Minnesota Statutes 2020, section 272.029, subdivision 2, is amended to read:

202.16 Subd. 2. **Definitions.** (a) For the purposes of this section:

202.17 (1) "wind energy conversion system" has the meaning given in section 216C.06,
202.18 subdivision 19, and also includes a substation that is used and owned by one or more wind
202.19 energy conversion facilities;

202.20 (2) "large scale wind energy conversion system" means a wind energy conversion system
202.21 of more than 12 megawatts, as measured by the nameplate capacity of the system or as
202.22 combined with other systems as provided in paragraph (b);

202.23 (3) "medium scale wind energy conversion system" means a wind energy conversion
202.24 system of over two and not more than 12 megawatts, as measured by the nameplate capacity
202.25 of the system or as combined with other systems as provided in paragraph (b); and

202.26 (4) "small scale wind energy conversion system" means a wind energy conversion system
202.27 of two megawatts and under, as measured by the nameplate capacity of the system or as
202.28 combined with other systems as provided in paragraph (b).

203.1 (b) For systems installed and contracted for after January 1, 2002, the total size of a
203.2 wind energy conversion system under this subdivision shall be determined according to this
203.3 paragraph. Unless the systems are interconnected with different distribution systems, the
203.4 nameplate capacity of one wind energy conversion system shall be combined with the
203.5 nameplate capacity of any other wind energy conversion system that is:

203.6 (1) located within five miles of the wind energy conversion system;

203.7 (2) constructed within the same 12-month period as the wind energy conversion system;

203.8 and

203.9 (3) under common ownership.

203.10 In the case of a dispute, the commissioner of commerce shall determine the total size of the
203.11 system, and shall draw all reasonable inferences in favor of combining the systems.

203.12 For the purposes of making a determination under this paragraph, the original construction
203.13 date of an existing wind energy conversion system is not changed if the system is replaced,
203.14 repaired, or otherwise maintained or altered.

203.15 (c) In making a determination under paragraph (b), the commissioner of commerce may
203.16 determine that two wind energy conversion systems are under common ownership when
203.17 the underlying ownership structure contains similar persons or entities, even if the ownership
203.18 shares differ between the two systems. Wind energy conversion systems are not under
203.19 common ownership solely because the same person or entity provided equity financing for
203.20 the systems.

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

203.22 Sec. 4. Minnesota Statutes 2020, section 272.0295, subdivision 2, is amended to read:

203.23 Subd. 2. **Definitions.** (a) For the purposes of this section, the term "solar energy
203.24 generating system" means a set of devices whose primary purpose is to produce electricity
203.25 by means of any combination of collecting, transferring, or converting solar generated
203.26 energy.

203.27 (b) The total size of a solar energy generating system under this subdivision shall be
203.28 determined according to this paragraph. Unless the systems are interconnected with different
203.29 distribution systems, the nameplate capacity of a solar energy generating system shall be
203.30 combined with the nameplate capacity of any other solar energy generating system that:

203.31 (1) is constructed within the same 12-month period as the solar energy generating system;

203.32 and

204.1 (2) exhibits characteristics of being a single development, including but not limited to
204.2 ownership structure, an umbrella sales arrangement, shared interconnection, revenue-sharing
204.3 arrangements, and common debt or equity financing.

204.4 In the case of a dispute, the commissioner of commerce shall determine the total size of the
204.5 system and shall draw all reasonable inferences in favor of combining the systems.

204.6 For the purposes of making a determination under this paragraph, the original construction
204.7 date of an existing solar energy conversion system is not changed if the system is replaced,
204.8 repaired, or otherwise maintained or altered.

204.9 (c) In making a determination under paragraph (b), the commissioner of commerce may
204.10 determine that two solar energy generating systems are under common ownership when the
204.11 underlying ownership structure contains similar persons or entities, even if the ownership
204.12 shares differ between the two systems. Solar energy generating systems are not under
204.13 common ownership solely because the same person or entity provided equity financing for
204.14 the systems.

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

204.16 Sec. 5. Minnesota Statutes 2020, section 272.0295, subdivision 5, is amended to read:

204.17 Subd. 5. **Notification of tax.** (a) On or before February 28, the commissioner of revenue
204.18 shall notify the owner of each solar energy generating system of the tax due to each county
204.19 for the current year and shall certify to the county auditor of each county in which the system
204.20 is located the tax due from each owner for the current year.

204.21 (b) If the commissioner of revenue determines that the amount of production tax has
204.22 been erroneously calculated, the commissioner may correct the error. The commissioner
204.23 must notify the owner of the solar energy generating system of the correction and the amount
204.24 of tax due to each county and must certify the correction to the county auditor of each county
204.25 in which the system is located on or before April 1 of the current year. The commissioner
204.26 may correct errors that are clerical in nature until December 31.

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

205.1 Sec. 6. Minnesota Statutes 2020, section 273.063, is amended to read:

205.2 **273.063 APPLICATION; LIMITATIONS.**

205.3 The provisions of sections 272.161, 273.061, 273.062, 273.063, 273.072, 273.08, 273.10,
205.4 274.01, and 375.192 shall apply to all counties except Ramsey County. The following
205.5 limitations shall apply as to the extent of the county assessors jurisdiction:

205.6 In counties having a city of the first class, the powers and duties of the county assessor
205.7 within such city shall be performed by the duly appointed city assessor. In all other cities
205.8 having a population of 30,000 persons or more, according to the last preceding federal
205.9 census, except in counties having a county assessor on January 1, 1967, the powers and
205.10 duties of the county assessor within such cities shall be performed by the duly appointed
205.11 city assessor, provided that the county assessor shall retain the supervisory duties contained
205.12 in section 273.061, subdivision 8. For purposes of this section, "powers and duties" means
205.13 the powers and duties identified in section 273.061, subdivision 8, clauses (5) to (16).

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

205.15 Sec. 7. Minnesota Statutes 2020, section 273.0755, is amended to read:

205.16 **273.0755 TRAINING AND EDUCATION OF PROPERTY TAX PERSONNEL.**

205.17 (a) Beginning with the four-year period starting on July 1, ~~2000~~ 2020, every person
205.18 licensed by the state Board of Assessors at the Accredited Minnesota Assessor level or
205.19 higher, shall successfully complete ~~a weeklong Minnesota laws course~~ 30 hours of
205.20 educational coursework on Minnesota laws, assessment administration, and administrative
205.21 procedures sponsored by the Department of Revenue ~~at least once~~ in every four-year period.
205.22 ~~An assessor need not attend the course if they successfully pass the test for the course.~~

205.23 (b) The commissioner of revenue may require that each county, and each city for which
205.24 the city assessor performs the duties of county assessor, have (1) a person on the assessor's
205.25 staff who is certified by the Department of Revenue in sales ratio calculations, (2) an officer
205.26 or employee who is certified by the Department of Revenue in tax calculations, and (3) an
205.27 officer or employee who is certified by the Department of Revenue in the proper preparation
205.28 of information reported to the commissioner under section 270C.85, subdivision 2, clause
205.29 (4). Certifications under this paragraph expire after four years.

205.30 (c) Beginning with the four-year educational licensing period starting on July 1, 2004,
205.31 every Minnesota assessor licensed by the State Board of Assessors must attend and participate
205.32 in a seminar that focuses on ethics, professional conduct and the need for standardized
205.33 assessment practices developed and presented by the commissioner of revenue. This

206.1 requirement must be met at least once in every subsequent four-year period. This requirement
206.2 applies to all assessors licensed for one year or more in the four-year period.

206.3 (d) When the commissioner of revenue determines that an individual or board that
206.4 performs functions related to property tax administration has performed those functions in
206.5 a manner that is not uniform or equitable, the commissioner may require that the individual
206.6 or members of the board complete supplemental training. The commissioner may not require
206.7 that an individual complete more than 32 hours of supplemental training pursuant to this
206.8 paragraph. If the individual is required to complete supplemental training due to that
206.9 individual's membership on a local or county board of appeal and equalization, the
206.10 commissioner may not require that the individual complete more than two hours of
206.11 supplemental training.

206.12 **EFFECTIVE DATE.** This section is effective retroactively for the four-year licensing
206.13 period starting on July 1, 2020, and thereafter.

206.14 Sec. 8. Minnesota Statutes 2020, section 273.124, subdivision 14, is amended to read:

206.15 Subd. 14. **Agricultural homesteads; special provisions.** (a) Real estate of less than ten
206.16 acres that is the homestead of its owner must be classified as class 2a under section 273.13,
206.17 subdivision 23, paragraph (a), if:

206.18 (1) the parcel on which the house is located is contiguous on at least two sides to (i)
206.19 agricultural land, (ii) land owned or administered by the United States Fish and Wildlife
206.20 Service, or (iii) land administered by the Department of Natural Resources on which in lieu
206.21 taxes are paid under sections 477A.11 to 477A.14 or section 477A.17;

206.22 (2) its owner also owns a noncontiguous parcel of agricultural land that is at least 20
206.23 acres;

206.24 (3) the noncontiguous land is located not farther than four townships or cities, or a
206.25 combination of townships or cities from the homestead; and

206.26 (4) the agricultural use value of the noncontiguous land and farm buildings is equal to
206.27 at least 50 percent of the market value of the house, garage, and one acre of land.

206.28 Homesteads initially classified as class 2a under the provisions of this paragraph shall
206.29 remain classified as class 2a, irrespective of subsequent changes in the use of adjoining
206.30 properties, as long as the homestead remains under the same ownership, the owner owns a
206.31 noncontiguous parcel of agricultural land that is at least 20 acres, and the agricultural use
206.32 value qualifies under clause (4). Homestead classification under this paragraph is limited
206.33 to property that qualified under this paragraph for the 1998 assessment.

207.1 (b)(i) Agricultural property shall be classified as the owner's homestead, to the same
207.2 extent as other agricultural homestead property, if all of the following criteria are met:

207.3 (1) the agricultural property consists of at least 40 acres including undivided government
207.4 lots and correctional 40's;

207.5 (2) the owner, the owner's spouse, or a grandchild, child, sibling, or parent of the owner
207.6 or of the owner's spouse, is actively farming the agricultural property, either on the person's
207.7 own behalf as an individual or on behalf of a partnership operating a family farm, family
207.8 farm corporation, joint family farm venture, or limited liability company of which the person
207.9 is a partner, shareholder, or member;

207.10 (3) both the owner of the agricultural property and the person who is actively farming
207.11 the agricultural property under clause (2), are Minnesota residents;

207.12 (4) neither the owner nor the spouse of the owner claims another agricultural homestead
207.13 in Minnesota; and

207.14 (5) neither the owner nor the person actively farming the agricultural property lives
207.15 farther than four townships or cities, or a combination of four townships or cities, from the
207.16 agricultural property, except that if the owner or the owner's spouse is required to live in
207.17 employer-provided housing, the owner or owner's spouse, whichever is actively farming
207.18 the agricultural property, may live more than four townships or cities, or combination of
207.19 four townships or cities from the agricultural property.

207.20 The relationship under this paragraph may be either by blood or marriage.

207.21 (ii) Property containing the residence of an owner who owns qualified property under
207.22 clause (i) shall be classified as part of the owner's agricultural homestead, if that property
207.23 is also used for noncommercial storage or drying of agricultural crops.

207.24 (iii) As used in this paragraph, "agricultural property" means class 2a property and any
207.25 class 2b property that is contiguous to and under the same ownership as the class 2a property.

207.26 (c) Noncontiguous land shall be included as part of a homestead under section 273.13,
207.27 subdivision 23, paragraph (a), only if the homestead is classified as class 2a and the detached
207.28 land is located in the same township or city, or not farther than four townships or cities or
207.29 combination thereof from the homestead. Any taxpayer of these noncontiguous lands must
207.30 notify the county assessor that the noncontiguous land is part of the taxpayer's homestead,
207.31 and, if the homestead is located in another county, the taxpayer must also notify the assessor
207.32 of the other county.

208.1 (d) Agricultural land used for purposes of a homestead and actively farmed by a person
208.2 holding a vested remainder interest in it must be classified as a homestead under section
208.3 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a, any other
208.4 dwellings on the land used for purposes of a homestead by persons holding vested remainder
208.5 interests who are actively engaged in farming the property, and up to one acre of the land
208.6 surrounding each homestead and reasonably necessary for the use of the dwelling as a home,
208.7 must also be assessed class 2a.

208.8 (e) Agricultural land and buildings that were class 2a homestead property under section
208.9 273.13, subdivision 23, paragraph (a), for the 1997 assessment shall remain classified as
208.10 agricultural homesteads for subsequent assessments if:

208.11 (1) the property owner abandoned the homestead dwelling located on the agricultural
208.12 homestead as a result of the April 1997 floods;

208.13 (2) the property is located in the county of Polk, Clay, Kittson, Marshall, Norman, or
208.14 Wilkin;

208.15 (3) the agricultural land and buildings remain under the same ownership for the current
208.16 assessment year as existed for the 1997 assessment year and continue to be used for
208.17 agricultural purposes;

208.18 (4) the dwelling occupied by the owner is located in Minnesota and is within 30 miles
208.19 of one of the parcels of agricultural land that is owned by the taxpayer; and

208.20 (5) the owner notifies the county assessor that the relocation was due to the 1997 floods,
208.21 and the owner furnishes the assessor any information deemed necessary by the assessor in
208.22 verifying the change in dwelling. Further notifications to the assessor are not required if the
208.23 property continues to meet all the requirements in this paragraph and any dwellings on the
208.24 agricultural land remain uninhabited.

208.25 (f) Agricultural land and buildings that were class 2a homestead property under section
208.26 273.13, subdivision 23, paragraph (a), for the 1998 assessment shall remain classified
208.27 agricultural homesteads for subsequent assessments if:

208.28 (1) the property owner abandoned the homestead dwelling located on the agricultural
208.29 homestead as a result of damage caused by a March 29, 1998, tornado;

208.30 (2) the property is located in the county of Blue Earth, Brown, Cottonwood, LeSueur,
208.31 Nicollet, Nobles, or Rice;

208.32 (3) the agricultural land and buildings remain under the same ownership for the current
208.33 assessment year as existed for the 1998 assessment year;

209.1 (4) the dwelling occupied by the owner is located in this state and is within 50 miles of
209.2 one of the parcels of agricultural land that is owned by the taxpayer; and

209.3 (5) the owner notifies the county assessor that the relocation was due to a March 29,
209.4 1998, tornado, and the owner furnishes the assessor any information deemed necessary by
209.5 the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the
209.6 owner must notify the assessor by December 1, 1998. Further notifications to the assessor
209.7 are not required if the property continues to meet all the requirements in this paragraph and
209.8 any dwellings on the agricultural land remain uninhabited.

209.9 (g) Agricultural property of a family farm corporation, joint family farm venture, family
209.10 farm limited liability company, or partnership operating a family farm as described under
209.11 subdivision 8 shall be classified homestead, to the same extent as other agricultural homestead
209.12 property, if all of the following criteria are met:

209.13 (1) the property consists of at least 40 acres including undivided government lots and
209.14 correctional 40's;

209.15 (2) a shareholder, member, or partner of that entity is actively farming the agricultural
209.16 property;

209.17 (3) that shareholder, member, or partner who is actively farming the agricultural property
209.18 is a Minnesota resident;

209.19 (4) neither that shareholder, member, or partner, nor the spouse of that shareholder,
209.20 member, or partner claims another agricultural homestead in Minnesota; and

209.21 (5) that shareholder, member, or partner does not live farther than four townships or
209.22 cities, or a combination of four townships or cities, from the agricultural property.

209.23 Homestead treatment applies under this paragraph even if:

209.24 (i) the shareholder, member, or partner of that entity is actively farming the agricultural
209.25 property on the shareholder's, member's, or partner's own behalf; or

209.26 (ii) the family farm is operated by a family farm corporation, joint family farm venture,
209.27 partnership, or limited liability company other than the family farm corporation, joint family
209.28 farm venture, partnership, or limited liability company that owns the land, provided that:

209.29 (A) the shareholder, member, or partner of the family farm corporation, joint family
209.30 farm venture, partnership, or limited liability company that owns the land who is actively
209.31 farming the land is a shareholder, member, or partner of the family farm corporation, joint

210.1 family farm venture, partnership, or limited liability company that is operating the farm;
210.2 and

210.3 (B) more than half of the shareholders, members, or partners of each family farm
210.4 corporation, joint family farm venture, partnership, or limited liability company are persons
210.5 or spouses of persons who are a qualifying relative under section 273.124, subdivision 1,
210.6 paragraphs (c) and (d).

210.7 Homestead treatment applies under this paragraph for property leased to a family farm
210.8 corporation, joint farm venture, limited liability company, or partnership operating a family
210.9 farm if legal title to the property is in the name of an individual who is a member, shareholder,
210.10 or partner in the entity.

210.11 (h) To be eligible for the special agricultural homestead under this subdivision, an initial
210.12 full application must be submitted to the county assessor where the property is located.
210.13 Owners and the persons who are actively farming the property shall be required to complete
210.14 only a one-page abbreviated version of the application in each subsequent year provided
210.15 that none of the following items have changed since the initial application:

210.16 (1) the day-to-day operation, administration, and financial risks remain the same;

210.17 (2) the owners and the persons actively farming the property continue to live within the
210.18 four townships or city criteria and are Minnesota residents;

210.19 (3) the same operator of the agricultural property is listed with the Farm Service Agency;

210.20 (4) a Schedule F or equivalent income tax form was filed for the most recent year;

210.21 (5) the property's acreage is unchanged; and

210.22 (6) none of the property's acres have been enrolled in a federal or state farm program
210.23 since the initial application.

210.24 The owners and any persons who are actively farming the property must include the
210.25 appropriate Social Security numbers, and sign and date the application. If any of the specified
210.26 information has changed since the full application was filed, the owner must notify the
210.27 assessor, and must complete a new application to determine if the property continues to
210.28 qualify for the special agricultural homestead. The commissioner of revenue shall prepare
210.29 a standard reapplication form for use by the assessors.

210.30 (i) Agricultural land and buildings that were class 2a homestead property under section
210.31 273.13, subdivision 23, paragraph (a), for the 2007 assessment shall remain classified
210.32 agricultural homesteads for subsequent assessments if:

211.1 (1) the property owner abandoned the homestead dwelling located on the agricultural
211.2 homestead as a result of damage caused by the August 2007 floods;

211.3 (2) the property is located in the county of Dodge, Fillmore, Houston, Olmsted, Steele,
211.4 Wabasha, or Winona;

211.5 (3) the agricultural land and buildings remain under the same ownership for the current
211.6 assessment year as existed for the 2007 assessment year;

211.7 (4) the dwelling occupied by the owner is located in this state and is within 50 miles of
211.8 one of the parcels of agricultural land that is owned by the taxpayer; and

211.9 (5) the owner notifies the county assessor that the relocation was due to the August 2007
211.10 floods, and the owner furnishes the assessor any information deemed necessary by the
211.11 assessor in verifying the change in homestead dwelling. For taxes payable in 2009, the
211.12 owner must notify the assessor by December 1, 2008. Further notifications to the assessor
211.13 are not required if the property continues to meet all the requirements in this paragraph and
211.14 any dwellings on the agricultural land remain uninhabited.

211.15 (j) Agricultural land and buildings that were class 2a homestead property under section
211.16 273.13, subdivision 23, paragraph (a), for the 2008 assessment shall remain classified as
211.17 agricultural homesteads for subsequent assessments if:

211.18 (1) the property owner abandoned the homestead dwelling located on the agricultural
211.19 homestead as a result of the March 2009 floods;

211.20 (2) the property is located in the county of Marshall;

211.21 (3) the agricultural land and buildings remain under the same ownership for the current
211.22 assessment year as existed for the 2008 assessment year and continue to be used for
211.23 agricultural purposes;

211.24 (4) the dwelling occupied by the owner is located in Minnesota and is within 50 miles
211.25 of one of the parcels of agricultural land that is owned by the taxpayer; and

211.26 (5) the owner notifies the county assessor that the relocation was due to the 2009 floods,
211.27 and the owner furnishes the assessor any information deemed necessary by the assessor in
211.28 verifying the change in dwelling. Further notifications to the assessor are not required if the
211.29 property continues to meet all the requirements in this paragraph and any dwellings on the
211.30 agricultural land remain uninhabited.

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

212.1 Sec. 9. Minnesota Statutes 2020, section 273.18, is amended to read:

212.2 **273.18 LISTING, VALUATION, AND ASSESSMENT OF EXEMPT PROPERTY**
 212.3 **BY COUNTY AUDITORS.**

212.4 (a) In every sixth year after the year 2010, the county auditor shall enter the description
 212.5 of each tract of real property exempt by law from taxation, with the name of the owner, and
 212.6 the assessor shall value and assess the same in the same manner that other real property is
 212.7 valued and assessed, and shall designate in each case the purpose for which the property is
 212.8 used.

212.9 (b) The county auditor shall include in the exempt property information that the
 212.10 commissioner may require under section 270C.85, subdivision 2, clause (4), the total number
 212.11 of acres of all natural resources lands for which in lieu payments are made under sections
 212.12 477A.11 to 477A.14 and 477A.17. The assessor shall estimate its market value, provided
 212.13 that if the assessor is not able to estimate the market value of the land on a per parcel basis,
 212.14 the assessor shall furnish the commissioner of revenue with an estimate of the average value
 212.15 per acre of this land within the county.

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

212.17 Sec. 10. Minnesota Statutes 2020, section 287.04, is amended to read:

212.18 **287.04 EXEMPTIONS.**

212.19 The tax imposed by section 287.035 does not apply to:

212.20 ~~(a)~~ (1) a decree of marriage dissolution or an instrument made pursuant to it;

212.21 ~~(b)~~ (2) a mortgage given to correct a misdescription of the mortgaged property;

212.22 ~~(c)~~ (3) a mortgage or other instrument that adds additional security for the same debt
 212.23 for which mortgage registry tax has been paid;

212.24 ~~(d)~~ (4) a contract for the conveyance of any interest in real property, including a contract
 212.25 for deed;

212.26 ~~(e)~~ (5) a mortgage secured by real property subject to the minerals production tax of
 212.27 sections 298.24 to 298.28;

212.28 ~~(f) The principal amount of~~ (6) a mortgage loan made under a low and moderate income
 212.29 housing program, or other affordable housing program, if: (i) the mortgagee is a federal,
 212.30 state, or local government agency; or (ii) the assignee is a federal, state, or local government
 212.31 agency;

- 213.1 ~~(g)~~ (7) mortgages granted by fraternal benefit societies subject to section 64B.24.;
- 213.2 ~~(h)~~ (8) a mortgage amendment or extension, as defined in section 287.01.;
- 213.3 ~~(i)~~ (9) an agricultural mortgage if the proceeds of the loan secured by the mortgage are
- 213.4 used to acquire or improve real property classified under section 273.13, subdivision 23,
- 213.5 paragraph (a) or (b).; and
- 213.6 ~~(j)~~ (10) a mortgage on an armory building as set forth in section 193.147.

213.7 **EFFECTIVE DATE.** This section is effective for mortgages recorded after June 30,

213.8 2021.

213.9 Sec. 11. Minnesota Statutes 2020, section 477A.10, is amended to read:

213.10 **477A.10 NATURAL RESOURCES LAND PAYMENTS IN LIEU; PURPOSE.**

213.11 The purposes of sections 477A.11 to 477A.14 and 477A.17 are:

- 213.12 (1) to compensate local units of government for the loss of tax base from state ownership
- 213.13 of land and the need to provide services for state land;
- 213.14 (2) to address the disproportionate impact of state land ownership on local units of
- 213.15 government with a large proportion of state land; and
- 213.16 (3) to address the need to manage state lands held in trust for the local taxing districts.

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

213.18

ARTICLE 14

213.19

DEPARTMENT OF REVENUE POLICY AND TECHNICAL: SALES AND USE TAXES

213.20

213.21 Section 1. Minnesota Statutes 2020, section 289A.20, subdivision 4, is amended to read:

- 213.22 Subd. 4. **Sales and use tax.** (a) The taxes imposed by chapter 297A are due and payable
- 213.23 to the commissioner monthly on or before the 20th day of the month following the month
- 213.24 in which the taxable event occurred, or following another reporting period as the
- 213.25 commissioner prescribes or as allowed under section 289A.18, subdivision 4, paragraph (f)
- 213.26 or (g), except that use taxes due on an annual use tax return as provided under section
- 213.27 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year.
- 213.28 (b) A vendor having a liability of \$250,000 or more during a fiscal year ending June 30
- 213.29 must remit the June liability for the next year in the following manner:

214.1 (1) Two business days before June 30 of calendar year 2020 and 2021, the vendor must
214.2 remit 87.5 percent of the estimated June liability to the commissioner. Two business days
214.3 before June 30 of calendar year 2022 and thereafter, the vendor must remit 84.5 percent of
214.4 the estimated June liability to the commissioner.

214.5 (2) On or before August 20 of the year, the vendor must pay any additional amount of
214.6 tax not remitted in June.

214.7 (c) A vendor having a liability of:

214.8 (1) \$10,000 or more, but less than \$250,000 during a fiscal year ending June 30, 2013,
214.9 and fiscal years thereafter, must remit by electronic means all liabilities on returns due for
214.10 periods beginning in all subsequent calendar years on or before the 20th day of the month
214.11 following the month in which the taxable event occurred, or on or before the 20th day of
214.12 the month following the month in which the sale is reported under section 289A.18,
214.13 subdivision 4; or

214.14 (2) \$250,000 or more, during a fiscal year ending June 30, 2013, and fiscal years
214.15 thereafter, must remit by electronic means all liabilities in the manner provided in paragraph
214.16 (a) on returns due for periods beginning in the subsequent calendar year, except for ~~90~~
214.17 ~~percent~~ the percentage of the estimated June liability, as provided in paragraph (b), clause
214.18 (1), which is due two business days before June 30. The remaining amount of the June
214.19 liability is due on August 20.

214.20 (d) Notwithstanding paragraph (b) or (c), a person prohibited by the person's religious
214.21 beliefs from paying electronically shall be allowed to remit the payment by mail. The filer
214.22 must notify the commissioner of revenue of the intent to pay by mail before doing so on a
214.23 form prescribed by the commissioner. No extra fee may be charged to a person making
214.24 payment by mail under this paragraph. The payment must be postmarked at least two business
214.25 days before the due date for making the payment in order to be considered paid on a timely
214.26 basis.

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

214.28 Sec. 2. Minnesota Statutes 2020, section 295.75, subdivision 2, is amended to read:

214.29 Subd. 2. **Gross receipts tax imposed.** A tax is imposed on each liquor retailer equal to
214.30 2.5 percent of gross receipts from retail sales in Minnesota of liquor. The liquor retailer
214.31 may, but is not required to, collect the tax from the purchaser. If separately stated on the
214.32 invoice, bill of sale, or similar document given to the purchaser, the tax is excluded from
214.33 the sales price for purposes of the tax imposed under chapter 297A.

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

215.2 Sec. 3. Minnesota Statutes 2020, section 297A.66, subdivision 3, is amended to read:

215.3 Subd. 3. **Marketplace provider liability.** (a) A marketplace provider is deemed the
215.4 retailer or seller for all retail sales it facilitates, and is subject to audit on the retail sales it
215.5 facilitates if it is required to collect sales and use taxes and remit them to the commissioner
215.6 under subdivision 2, paragraphs (b) and (c).

215.7 (b) A marketplace provider is not liable for failing to file, collect, and remit sales and
215.8 use taxes to the commissioner if the marketplace provider demonstrates that the error was
215.9 due to incorrect or insufficient information given to the marketplace provider by the retailer.
215.10 This paragraph does not apply if the marketplace provider and the marketplace retailer are
215.11 related as defined in subdivision 4, paragraph (b).

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

215.13 Sec. 4. **REPEALER.**

215.14 Minnesota Statutes 2020, section 270C.17, subdivision 2, is repealed.

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

215.16 **ARTICLE 15**

215.17 **DEPARTMENT OF REVENUE POLICY AND TECHNICAL: SPECIAL TAXES**

215.18 Section 1. Minnesota Statutes 2020, section 296A.06, subdivision 2, is amended to read:

215.19 Subd. 2. **Suspension of license.** (a) Notwithstanding subdivision 1, the license of a
215.20 distributor, special fuel dealer, or bulk purchaser that has not filed a tax return or report or
215.21 paid a delinquent tax or fee within five days after notice and demand by the commissioner
215.22 is suspended. The suspension remains in effect until the demanded tax return or report has
215.23 been filed and the tax and fees shown on that return or report have been paid. If the
215.24 commissioner determines that the failure to file or failure to pay is due to reasonable cause,
215.25 then a license must not be suspended, or if suspended, must be reinstated.

215.26 (b) A licensee whose license is suspended under this subdivision may request a contested
215.27 case hearing under chapter 14. Any such hearing must be held within 20 days of the issuance
215.28 of the notice and demand issued under paragraph (a), unless the parties agree to a later
215.29 hearing date. The administrative law judge's report must be issued within 20 days after the
215.30 close of the hearing record, unless the parties agree to a later report issuance date. The
215.31 commissioner must issue a final decision within 30 days after receipt of the report of the

216.1 administrative law judge and subsequent exceptions and argument under section 14.61. The
216.2 suspension imposed under paragraph (a) remains in effect during any contested case hearing
216.3 process requested pursuant to this paragraph.

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

216.5 Sec. 2. Minnesota Statutes 2020, section 297F.04, subdivision 2, is amended to read:

216.6 Subd. 2. **Refusal to issue or renew; revocation.** The commissioner must not issue or
216.7 renew a license under this chapter, and may revoke a license under this chapter, if the
216.8 applicant or licensee:

216.9 (1) owes \$500 or more in delinquent taxes as defined in section 270C.72, subdivision
216.10 2;

216.11 (2) after demand, has not filed tax returns required by the commissioner;

216.12 (3) had a cigarette or tobacco license revoked by the commissioner within the past two
216.13 years;

216.14 (4) had a sales and use tax permit revoked by the commissioner within the past two
216.15 years; or

216.16 (5) has been convicted of a crime involving cigarettes or tobacco products, including
216.17 but not limited to: selling stolen cigarettes or tobacco products, receiving stolen cigarettes
216.18 or tobacco products, or involvement in the smuggling of cigarettes or tobacco products.

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

216.20 Sec. 3. Minnesota Statutes 2020, section 297F.09, subdivision 10, is amended to read:

216.21 Subd. 10. **Accelerated tax payment; cigarette or tobacco products distributor.** A
216.22 cigarette or tobacco products distributor having a liability of \$250,000 or more during a
216.23 fiscal year ending June 30, shall remit the June liability for the next year in the following
216.24 manner:

216.25 (a) Two business days before June 30 of calendar ~~years 2020 and~~ year 2021, the
216.26 distributor shall remit the actual May liability and 87.5 percent of the estimated June liability
216.27 to the commissioner and file the return in the form and manner prescribed by the
216.28 commissioner. Two business days before June 30 of calendar year 2022 and each calendar
216.29 year thereafter, the distributor must remit the actual May liability and 84.5 percent of the
216.30 estimated June liability to the commissioner and file the return in the form and manner
216.31 prescribed by the commissioner.

217.1 (b) On or before August 18 of the year, the distributor shall submit a return showing the
 217.2 actual June liability and pay any additional amount of tax not remitted in June. A penalty
 217.3 is imposed equal to ten percent of the amount of June liability required to be paid in June,
 217.4 less the amount remitted in June. However, the penalty is not imposed if the amount remitted
 217.5 in June equals ~~the lesser of:~~

217.6 (1) for calendar year 2021, the lesser of 87.5 percent of the actual June liability for the
 217.7 that calendar year 2020 and 2021 June liabilities and 84.5 of the actual June liability for
 217.8 June 2022 and thereafter or 87.5 percent of the May liability for that calendar year; or

217.9 (2) 87.5 for calendar year 2022 and each calendar year thereafter, the lesser of 84.5
 217.10 percent of the preceding actual June liability for that calendar year or 84.5 percent of the
 217.11 May liability for the calendar year 2020 and 2021 June liabilities and 84.5 percent of the
 217.12 preceding May liability for June 2022 and thereafter for that calendar year.

217.13 (c) ~~For calendar year 2022 and thereafter, the percent of the estimated June liability the~~
 217.14 ~~vendor must remit by two business days before June 30 is 84.5 percent.~~

217.15 **EFFECTIVE DATE.** This section is effective for estimated payments required to be
 217.16 made after the date following final enactment.

217.17 Sec. 4. Minnesota Statutes 2020, section 297F.13, subdivision 4, is amended to read:

217.18 Subd. 4. **Retailer and subjobber to preserve purchase invoices.** Every retailer and
 217.19 subjobber shall procure itemized invoices of all cigarettes or tobacco products purchased.

217.20 The retailer and subjobber shall preserve a legible copy of each invoice for one year
 217.21 from the date of the invoice or as long as the cigarette or tobacco product listed on the
 217.22 invoice is available for sale or in their possession, whichever period is longer. The retailer
 217.23 and subjobber shall preserve copies of the invoices at each retail location or at a central
 217.24 location provided that the invoice must be produced and made available at a retail location
 217.25 within one hour when requested by the commissioner or duly authorized agents and
 217.26 employees. Copies should be numbered and kept in chronological order.

217.27 To determine whether the business is in compliance with the provisions of this chapter,
 217.28 at any time during usual business hours, the commissioner, or duly authorized agents and
 217.29 employees, may enter any place of business of a retailer or subjobber without a search
 217.30 warrant and inspect the premises, the records required to be kept under this chapter, and the
 217.31 packages of cigarettes, tobacco products, and vending devices contained on the premises.

217.32 **EFFECTIVE DATE.** This section is effective for all cigarette and tobacco products
 217.33 available for sale or in a retailer or subjobber's possession after December 31, 2021.

218.1 Sec. 5. Minnesota Statutes 2020, section 297F.17, subdivision 1, is amended to read:

218.2 Subdivision 1. **General rule.** Except as otherwise provided in this chapter, the amount
218.3 of any tax due must be assessed within 3-1/2 years after a return is filed. ~~The taxes are~~
218.4 ~~considered assessed within the meaning of this section when the commissioner has prepared~~
218.5 ~~a notice of tax assessment and mailed it to the person required to file a return to the post~~
218.6 ~~office address given in the return. The notice of tax assessment must be sent by mail to the~~
218.7 ~~post office address given in the return and the record of the mailing is presumptive evidence~~
218.8 ~~of the giving of such notice, and such records must be preserved by the commissioner.~~

218.9 **EFFECTIVE DATE.** This section is effective for notices of tax assessment issued after
218.10 the date of final enactment.

218.11 Sec. 6. Minnesota Statutes 2020, section 297G.09, subdivision 9, is amended to read:

218.12 Subd. 9. **Accelerated tax payment; penalty.** A person liable for tax under this chapter
218.13 having a liability of \$250,000 or more during a fiscal year ending June 30, shall remit the
218.14 June liability for the next year in the following manner:

218.15 (a) Two business days before June 30 of calendar ~~years 2020 and~~ year 2021, the taxpayer
218.16 shall remit the actual May liability and 87.5 percent of the estimated June liability to the
218.17 commissioner and file the return in the form and manner prescribed by the commissioner.
218.18 Two business days before June 30 of calendar year 2022 and each calendar year thereafter,
218.19 the distributor must remit the actual May liability and 84.5 percent of the estimated June
218.20 liability to the commissioner and file the return in the form and manner prescribed by the
218.21 commissioner.

218.22 (b) On or before August 18 of the year, the taxpayer shall submit a return showing the
218.23 actual June liability and pay any additional amount of tax not remitted in June. A penalty
218.24 is imposed equal to ten percent of the amount of June liability required to be paid in June
218.25 less the amount remitted in June. However, the penalty is not imposed if the amount remitted
218.26 in June equals ~~the lesser of:~~

218.27 (1) for calendar year 2021, the lesser of 87.5 percent of the actual June liability for the
218.28 that calendar year 2020 and 2021 June liabilities and 84.5 percent of the actual June liability
218.29 for June 2022 and thereafter or 87.5 percent of the May liability for that calendar year; or

218.30 (2) 87.5 for calendar year 2022 and each calendar year thereafter, the lesser of 84.5
218.31 percent of the preceding actual June liability for that calendar year or 84.5 percent of the
218.32 May liability for the calendar year 2020 and 2021 June liabilities and 84.5 percent of the
218.33 preceding May liability for June 2022 and thereafter for that calendar year.

219.1 ~~(e) For calendar year 2022 and thereafter, the percent of the estimated June liability the~~
219.2 ~~vendor must remit by two business days before June 30 is 84.5 percent.~~

219.3 EFFECTIVE DATE. This section is effective for estimated payments required to be
219.4 made after the date following final enactment.

219.5 Sec. 7. Minnesota Statutes 2020, section 609B.153, is amended to read:

219.6 **609B.153 CIGARETTE AND TOBACCO DISTRIBUTOR OR SUBJOBBER**
219.7 **LICENSE; SUSPENSION OR REVOCATION.**

219.8 Under section 297F.04, the commissioner of revenue must not issue or renew a license
219.9 issued under chapter 297F, and may revoke a license issued under chapter 297F, if the
219.10 applicant has been convicted of a crime involving cigarettes or tobacco products.

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

219.12 **ARTICLE 16**

219.13 **DEPARTMENT OF REVENUE POLICY AND TECHNICAL: MISCELLANEOUS**

219.14 Section 1. Minnesota Statutes 2020, section 270C.22, subdivision 1, is amended to read:

219.15 Subdivision 1. **Adjustment; definition; period; rounding.** (a) The commissioner shall
219.16 annually make a cost of living adjustment to the dollar amounts noted in sections that
219.17 reference this section. The commissioner shall adjust the amounts based on the index as
219.18 provided in this section. For purposes of this section, "index" means the Chained Consumer
219.19 Price Index for All Urban Consumers published by the Bureau of Labor Statistics. The
219.20 values of the index used to determine the adjustments under this section are the latest
219.21 published values when the Bureau of Labor Statistics publishes the initial value of the index
219.22 for August of the year preceding the year to which the adjustment applies.

219.23 (b) For the purposes of this section, "statutory year" means the year preceding the first
219.24 year for which dollar amounts are to be adjusted for inflation under sections that reference
219.25 this section. For adjustments under chapter 290A, the statutory year refers to the year in
219.26 which a taxpayer's household income used to calculate refunds under chapter 290A was
219.27 earned and not the year in which refunds are payable. For all other adjustments, the statutory
219.28 year refers to the taxable year unless otherwise specified.

219.29 (c) To determine the dollar amounts for taxable year 2020, the commissioner shall
219.30 determine the percentage change in the index for the 12-month period ending on August
219.31 31, 2019, and increase each of the unrounded dollar amounts in the sections referencing
219.32 this section by that percentage change. For each subsequent taxable year, the commissioner

220.1 shall increase the dollar amounts by the percentage change in the index from August 31 of
220.2 the year preceding the statutory year to August 31 of the year preceding the taxable year.

220.3 (d) To determine the dollar amounts for refunds payable in 2020 under chapter 290A,
220.4 the commissioner shall determine the percentage change in the index for the 12-month
220.5 period ending on August 31, 2019, and increase each of the unrounded dollar amounts in
220.6 the sections referencing this section by that percentage change. For each subsequent year,
220.7 the commissioner shall increase the dollar amounts by the percentage change in the index
220.8 from August 31 of the ~~year preceding~~ the statutory year to August 31 of the year preceding
220.9 the year in which refunds are payable.

220.10 (e) Unless otherwise provided, the commissioner shall round the amounts as adjusted
220.11 to the nearest \$10 amount. If an amount ends in \$5, the amount is rounded up to the nearest
220.12 \$10 amount.

220.13 **EFFECTIVE DATE.** This section is effective retroactively for property tax refunds
220.14 based on property taxes payable in 2020, and rent paid in 2019.

220.15 Sec. 2. Minnesota Statutes 2020, section 270C.445, subdivision 3, is amended to read:

220.16 Subd. 3. **Standards of conduct.** No tax preparer shall:

220.17 (1) without good cause fail to promptly, diligently, and without unreasonable delay
220.18 complete a client's return;

220.19 (2) obtain the signature of a client to a return or authorizing document that contains
220.20 blank spaces to be filled in after it has been signed;

220.21 (3) fail to sign a client's return when compensation for services rendered has been made;

220.22 (4) fail to provide on a client's return the preparer tax identification number when required
220.23 under section 6109(a)(4) of the Internal Revenue Code or section 289A.60, subdivision 28;

220.24 (5) fail or refuse to give a client a copy of any document requiring the client's signature
220.25 within a reasonable time after the client signs the document;

220.26 (6) fail to retain for at least four years a copy of a client's returns;

220.27 (7) fail to maintain a confidential relationship with clients or former clients;

220.28 (8) fail to take commercially reasonable measures to safeguard a client's nonpublic
220.29 personal information;

- 221.1 (9) make, authorize, publish, disseminate, circulate, or cause to make, either directly or
221.2 indirectly, any false, deceptive, or misleading statement or representation relating to or in
221.3 connection with the offering or provision of tax preparation services;
- 221.4 (10) require a client to enter into a loan arrangement in order to complete a client's return;
- 221.5 (11) claim credits or deductions on a client's return for which the tax preparer knows or
221.6 reasonably should know the client does not qualify;
- 221.7 (12) report a household income on a client's claim filed under chapter 290A that the tax
221.8 preparer knows or reasonably should know is not accurate;
- 221.9 (13) engage in any conduct that is subject to a penalty under section 289A.60, subdivision
221.10 13, 20, 20a, 26, or 28;
- 221.11 (14) whether or not acting as a taxpayer representative, fail to conform to the standards
221.12 of conduct required by Minnesota Rules, part 8052.0300, subpart 4;
- 221.13 (15) whether or not acting as a taxpayer representative, engage in any conduct that is
221.14 incompetent conduct under Minnesota Rules, part 8052.0300, subpart 5;
- 221.15 (16) whether or not acting as a taxpayer representative, engage in any conduct that is
221.16 disreputable conduct under Minnesota Rules, part 8052.0300, subpart 6;
- 221.17 (17) charge, offer to accept, or accept a fee based upon a percentage of an anticipated
221.18 refund for tax preparation services;
- 221.19 (18) under any circumstances, withhold or fail to return to a client a document provided
221.20 by the client for use in preparing the client's return;
- 221.21 (19) ~~establish~~ take control or ownership of a client's refund by any means, including:
- 221.22 (i) directly or indirectly endorsing or otherwise negotiating a check or other refund
221.23 instrument, including an electronic version of a check;
- 221.24 (ii) directing an electronic or direct deposit of the refund into an account unless the
221.25 client's name is on the account; and
- 221.26 (iii) establishing or using an account in the preparer's name to receive a client's refund
221.27 through a direct deposit or any other instrument unless the client's name is also on the
221.28 account, except that a taxpayer may assign the portion of a refund representing the Minnesota
221.29 education credit available under section 290.0674 to a bank account without the client's
221.30 name, as provided under section 290.0679;
- 221.31 (20) fail to act in the best interests of the client;

- 222.1 (21) fail to safeguard and account for any money handled for the client;
- 222.2 (22) fail to disclose all material facts of which the preparer has knowledge which might
222.3 reasonably affect the client's rights and interests;
- 222.4 (23) violate any provision of section 332.37;
- 222.5 (24) include any of the following in any document provided or signed in connection
222.6 with the provision of tax preparation services:
- 222.7 (i) a hold harmless clause;
- 222.8 (ii) a confession of judgment or a power of attorney to confess judgment against the
222.9 client or appear as the client in any judicial proceeding;
- 222.10 (iii) a waiver of the right to a jury trial, if applicable, in any action brought by or against
222.11 a debtor;
- 222.12 (iv) an assignment of or an order for payment of wages or other compensation for
222.13 services;
- 222.14 (v) a provision in which the client agrees not to assert any claim or defense otherwise
222.15 available;
- 222.16 (vi) a waiver of any provision of this section or a release of any obligation required to
222.17 be performed on the part of the tax preparer; or
- 222.18 (vii) a waiver of the right to injunctive, declaratory, or other equitable relief or relief on
222.19 a class basis; or
- 222.20 (25) if making, providing, or facilitating a refund anticipation loan, fail to provide all
222.21 disclosures required by the federal Truth in Lending Act, United States Code, title 15, in a
222.22 form that may be retained by the client.
- 222.23 **EFFECTIVE DATE.** This section is effective the day following final enactment.

270C.17 COMMISSIONER TO COLLECT CERTAIN LOCAL TAXES.

Subd. 2. **Development costs.** If the commissioner determines that a new computer system will be required to collect the local taxes, the costs of development of the system will be charged to the first local units of government to be included in the system. Any additional local units of government that by agreement are added to the system will be charged for a share of the development costs. The charge will be determined by the commissioner who shall then refund to the original local units of government their portion of the development costs recovered from the additional users.

469.055 POWERS AND DUTIES.

Subd. 7. **Sale of realty.** The authority may sell, convey, and exchange any real or personal property owned or held by it in any manner and on any terms it wishes. Real property owned by the authority must not be sold, be exchanged, or have its title transferred without approval of two-thirds of the commissioners. All commissioners must have ten days' written notice of a regular or special meeting at which a sale, conveyance, exchange, or transfer of property is to be voted on. The notice must contain a complete description of the affected real estate. The resolution authorizing the real estate transaction is not effective unless a quorum is present.