

1.1 CONFERENCE COMMITTEE REPORT ON H. F. No. 3729

1.2 A bill for an act

1.3 relating to the financing and operation of state and local government; making
1.4 policy, technical, administrative, payment, enforcement, collection, refund,
1.5 and other changes to individual income; corporate franchise, estate, sales and
1.6 use, local taxes, gross receipts, gross revenues, cigarette, tobacco, insurance,
1.7 property, minerals, petroleum, and other taxes and tax-related provisions;
1.8 requiring sunset of new tax expenditures; property tax reform, accountability,
1.9 value, and efficiency provisions; modifying certain payment schedules; making
1.10 changes to tax-forfeited land, emergency debt certificate, local government aid,
1.11 job opportunity building zone, special service district, agricultural preserve, tax
1.12 increment financing, economic development authority, and special taxing district
1.13 provisions; increasing and modifying certain borrowing authorities; modifying
1.14 bond allocation provisions; specifying duties of assessors; requiring studies;
1.15 providing appointments; repealing political contribution refund; appropriating
1.16 money; amending Minnesota Statutes 2008, sections 60A.209, subdivision
1.17 1; 82B.035, subdivision 2; 103D.335, subdivision 17; 270.075, subdivisions
1.18 1, 2; 270.41, subdivision 5; 270A.03, subdivision 7; 270C.11, subdivision
1.19 4; 270C.34, subdivision 1; 270C.52, subdivision 2; 270C.87; 270C.94,
1.20 subdivision 3; 272.0213; 272.025, subdivisions 1, 3; 272.029, subdivisions 4,
1.21 7; 273.061, subdivisions 7, 8; 273.113, subdivision 3; 273.1231, subdivision 1;
1.22 273.1232, subdivision 1; 273.124, subdivisions 1, 8, 14; 273.13, subdivision
1.23 34; 273.1392; 275.71, subdivisions 4, 5; 275.75; 276.02; 276.112; 279.01,
1.24 subdivision 3; 279.025; 279.37, subdivision 1; 282.01, subdivisions 1, 1a, 1b,
1.25 1c, 1d, 2, 3, 4, 7, 7a, by adding subdivisions; 289A.08, subdivision 7; 289A.09,
1.26 subdivision 2; 289A.10, subdivision 1; 289A.12, subdivision 14; 289A.30,
1.27 subdivision 2; 289A.50, subdivisions 1, 2, 4; 289A.60, subdivision 7, by
1.28 adding a subdivision; 290.014, subdivision 2; 290.067, subdivision 1; 290.081;
1.29 290.0921, subdivision 3; 290.17, subdivision 2; 290.21, subdivision 4; 290A.04,
1.30 subdivision 2; 290B.03, by adding a subdivision; 290B.04, subdivisions 3, 4;
1.31 290B.05, subdivision 1; 291.03, by adding a subdivision; 295.55, subdivisions
1.32 2, 3; 297A.62, as amended; 297A.665; 297A.68, subdivision 39; 297A.70,
1.33 subdivision 13; 297A.71, subdivisions 23, 39; 297A.995, subdivisions 10, 11;
1.34 297F.01, subdivision 22a; 297F.04, by adding a subdivision; 297F.07, subdivision
1.35 4; 297F.25, subdivision 1; 297I.01, subdivision 9; 297I.05, subdivision 7;
1.36 297I.30, subdivisions 1, 2, 7, 8; 297I.40, subdivisions 1, 5; 297I.65, by adding
1.37 a subdivision; 298.282, subdivision 1; 428A.12; 428A.18, subdivision 2;
1.38 469.101, subdivision 1; 469.319, subdivision 5; 469.3193; 473.39, by adding
1.39 a subdivision; 473H.05, subdivision 1; 474A.04, subdivision 6; 474A.091,
1.40 subdivision 3; Minnesota Statutes 2009 Supplement, sections 134.34, subdivision
1.41 4; 137.025, subdivision 1; 273.114, subdivision 2; 273.124, subdivision 3a;
1.42 273.13, subdivisions 23, 25; 275.065, subdivision 3; 275.70, subdivision 5, as
1.43 amended; 276.04, subdivision 2; 279.01, subdivision 1; 289A.18, subdivision 1;

2.1 289A.20, subdivision 4; 290.01, subdivisions 19a, 19b, as amended, 19d; 290.06,
2.2 subdivision 2c; 290.0671, subdivision 1; 290.091, subdivision 2; 290B.03,
2.3 subdivision 1; 291.005, subdivision 1, as amended; 297I.35, subdivision 2;
2.4 475.755; 477A.011, subdivision 36, as amended; 477A.013, subdivision 8; Laws
2.5 2001, First Special Session chapter 5, article 3, section 50, as amended; Laws
2.6 2002, chapter 377, article 3, section 25, as amended; Laws 2009, chapter 88,
2.7 article 2, section 49; article 4, sections 5; 23, subdivision 4; Laws 2010, chapter
2.8 216, sections 2, subdivision 3; 3, subdivision 6; by adding subdivisions; 4,
2.9 subdivisions 1, 2, 4, 6, 7, 8; proposing coding for new law in Minnesota Statutes,
2.10 chapters 3; 6; 270C; 273; 296A; 524; 645; repealing Minnesota Statutes 2008,
2.11 sections 10A.322, subdivision 4; 13.4967, subdivision 2; 282.01, subdivisions 9,
2.12 10, 11; 290.06, subdivision 23; 297I.30, subdivisions 4, 5, 6; 383A.76.

2.13 May 15, 2010

2.14 The Honorable Margaret Anderson Kelliher
2.15 Speaker of the House of Representatives

2.16 The Honorable James P. Metzen
2.17 President of the Senate

2.18 We, the undersigned conferees for H. F. No. 3729 report that we have agreed upon
2.19 the items in dispute and recommend as follows:

2.20 That the Senate recede from its amendment and that H. F. No. 3729 be further
2.21 amended as follows:

2.22 Delete everything after the enacting clause and insert:

2.23 **"ARTICLE 1**

2.24 **PROPERTY TAXES**

2.25 Section 1. Minnesota Statutes 2008, section 270.075, subdivision 1, is amended to read:

2.26 Subdivision 1. **Rate of tax.** The commissioner shall determine the rate of tax to be
2.27 levied and collected against the net tax capacity as determined pursuant to section 270.074,
2.28 subdivision ~~2~~ 3, to generate revenues sufficient to fund the airflight property tax portion
2.29 of each year's state airport fund appropriation, as certified to the commissioner by the
2.30 commissioner of transportation. The certification shall be presented to the commissioner
2.31 prior to December 31 of each year. The property tax portion of the state airport fund
2.32 appropriation is the difference between the total fund appropriation and the estimated total
2.33 fund revenues from other sources for the state fiscal year in which the tax is payable
2.34 and may include a portion of the balance in the state airports fund as determined to be
2.35 available by the commissioner of transportation. ~~If a levy amount has not been certified by~~
2.36 ~~September 1 of a levy year, the commissioner shall use the last previous certified amount~~
2.37 ~~to determine the rate of tax.~~ The certification by the commissioner of transportation to
2.38 the commissioner shall state the total fund appropriation and shall list individually the
2.39 estimated fund revenues including the account carryover balance in the airport fund.
2.40 The difference of these amounts shall be shown as the property tax portion of the state
2.41 airport fund appropriation.

3.1 If a levy amount has not been certified by December 31 of a levy year, the
3.2 commissioner shall use the last previous certified amount to determine the rate of tax, and
3.3 shall notify the chairs and the ranking minority members of the committees of the house
3.4 of representatives and senate having jurisdiction over the Department of Transportation
3.5 that a certification was not made under this subdivision.

3.6 **EFFECTIVE DATE.** This section is effective for taxes payable in 2011 and
3.7 thereafter.

3.8 Sec. 2. Minnesota Statutes 2008, section 270.075, subdivision 2, is amended to read:

3.9 Subd. 2. **Notice of taxes; payment.** As soon as practicable and not later than
3.10 ~~December~~ March 1 next following the levy of the tax, the commissioner shall give actual
3.11 notice to the airline company of the net tax capacity and of the tax. The taxes imposed
3.12 under sections 270.071 to 270.079 shall become due and payable on ~~January~~ April 1
3.13 following the levy thereof. If any tax is not paid on the due date or, if an appeal is made
3.14 pursuant to section 270.076, within 60 days after notice of an increased tax, a late payment
3.15 penalty of five percent of the unpaid tax shall be assessed. If the tax remains unpaid for
3.16 more than 30 days, an additional penalty of five percent of the unpaid tax is imposed for
3.17 each additional 30 days or fraction of 30 days that the tax remains unpaid. The penalty
3.18 imposed under this section must not exceed the lesser of \$25,000 or 25 percent of the
3.19 unpaid tax. The unpaid tax and penalty shall bear interest at the rate specified in section
3.20 270C.40 from the time such tax should have been paid until paid. All interest and penalties
3.21 shall be added to the tax and collected as a part thereof.

3.22 **EFFECTIVE DATE.** This section is effective for taxes payable in 2011 and
3.23 thereafter.

3.24 Sec. 3. Minnesota Statutes 2008, section 272.02, subdivision 31, is amended to read:

3.25 Subd. 31. **Business incubator property.** Property owned by a nonprofit charitable
3.26 organization that qualifies for tax exemption under section 501(c)(3) of the Internal
3.27 Revenue Code that is intended to be used as a business incubator in a high-unemployment
3.28 county, is exempt. As used in this subdivision, a "business incubator" is a facility
3.29 used for the development of nonretail businesses, offering access to equipment, space,
3.30 services, and advice to the tenant businesses, for the purpose of encouraging economic
3.31 development, diversification, and job creation in the area served by the organization, and
3.32 "high-unemployment county" is a county that had an average annual unemployment rate
3.33 of 7.9 percent or greater in 1997. Property that qualifies for the exemption under this

4.1 subdivision is limited to no more than two contiguous parcels and structures that do not
4.2 exceed in the aggregate 40,000 square feet. This exemption expires after taxes payable
4.3 in ~~2011~~ 2016.

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

4.5 Sec. 4. Minnesota Statutes 2008, section 272.0213, is amended to read:

4.6 **272.0213 LEASED SEASONAL-RECREATIONAL LAND.**

4.7 (a) A county board may elect, by resolution, to exempt from taxation, including the
4.8 tax under section 273.19, qualified lands. "Qualified lands" for purposes of this section
4.9 means property that:

4.10 (1) is owned by a county, city, town, or the state, ~~or the federal governments~~;

4.11 (2) is rented by the entity for noncommercial seasonal-recreational or noncommercial
4.12 seasonal-recreational residential use; and

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

4.15 (b) Lands owned by the federal government and rented for noncommercial
4.16 seasonal-recreational or noncommercial seasonal-recreational residential use is exempt
4.17 from taxation, including the tax under section 273.19.

4.18 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2011.

4.19 Sec. 5. Minnesota Statutes 2009 Supplement, section 273.111, subdivision 3a, is
4.20 amended to read:

4.21 Subd. 3a. **Property no longer eligible for deferment.** (a) Real estate receiving the
4.22 tax deferment under this section for assessment year 2008, but that does not qualify for
4.23 the 2009 assessment year due to changes in qualification requirements under Laws 2008,
4.24 chapter 366, shall continue to qualify until: (1) the land is sold, transferred, or subdivided,
4.25 or (2) the 2013 assessment, whichever is earlier, provided that the property continues to
4.26 meet the requirements of Minnesota Statutes 2006, section 273.111, subdivision 3.

4.27 (b) Except as provided in paragraph (c), and subdivision 9, paragraph (b), when
4.28 property assessed under this subdivision is withdrawn from the program or becomes
4.29 ineligible, the property shall be subject to additional taxes as provided in subdivision 9.

4.30 (c) If land described in paragraph (a) is (1) sold or otherwise transferred to a son or
4.31 daughter of the owner, or (2) transferred from a family farm limited liability company
4.32 upon its termination to a son or daughter of an individual who had an ownership interest
4.33 in the company, it will continue to qualify for treatment under this section as long as

5.1 it continues to meet the requirements of Minnesota Statutes 2006, section 273.111,
5.2 subdivision 3, but no later than the 2013 assessment.

5.3 (d) When property assessed under this subdivision is removed from the program
5.4 and is enrolled in the rural preserve property tax law program under section 273.114,
5.5 the property is not subject to the additional taxes required under this subdivision or
5.6 subdivision 9.

5.7 **EFFECTIVE DATE.** This section is effective for taxes payable in 2011 and
5.8 thereafter.

5.9 Sec. 6. Minnesota Statutes 2009 Supplement, section 273.111, subdivision 4, is
5.10 amended to read:

5.11 Subd. 4. **Determination of value.** (a) The value of any real estate described
5.12 in subdivision 3 shall upon timely application by the owner, in the manner provided
5.13 in subdivision 8, be determined solely with reference to its appropriate agricultural
5.14 classification and value notwithstanding sections 272.03, subdivision 8, and 273.11.
5.15 Furthermore, the assessor shall not consider any added values resulting from
5.16 nonagricultural factors. In order to account for the presence of nonagricultural influences
5.17 that may affect the value of agricultural land, the commissioner of revenue shall, in
5.18 consultation with the Department of Applied Economics at the University of Minnesota,
5.19 develop a fair and uniform method of determining ~~agricultural values~~ the average value
5.20 of agricultural land for each county in the state ~~that are~~ consistent with this subdivision.
5.21 The values must be determined using appropriate sales data. When appropriate, the
5.22 commissioner may make reasonable adjustments to the values based on the most
5.23 recent available county or regional data for agricultural production, commodity prices,
5.24 production expenses, rent, and investment return. The commissioner shall annually assign
5.25 the resulting ~~values~~ countywide average value to each county, and these values shall be
5.26 used as the basis for determining the agricultural value for all properties in the county
5.27 qualifying for tax deferral under this section. The county assessor, in consultation with
5.28 the Department of Revenue, shall determine the relative value of agricultural land for each
5.29 assessment district in comparison to the countywide average value, considering and giving
5.30 recognition to appropriate agricultural market and soil data available.

5.31 (b) In the case of property qualifying for tax deferral only under subdivision 3a,
5.32 the assessor shall not consider the presence of commercial, industrial, residential, or
5.33 seasonal recreational land use influences in determining the value for ad valorem tax
5.34 purposes provided that in no case shall the value exceed the value prescribed by the
5.35 commissioner of revenue for class 2a tillable property in that county.

6.1 **EFFECTIVE DATE.** This section is effective for assessment year 2012 and
6.2 thereafter.

6.3 Sec. 7. Minnesota Statutes 2009 Supplement, section 273.114, subdivision 1, is
6.4 amended to read:

6.5 Subdivision 1. **Definitions.** (a) In this section, the terms defined in this subdivision
6.6 have the meanings given them.

6.7 (b) "Conservation ~~management~~ assessment plan" means a written document
6.8 approved by the soil and water conservation district providing a framework for
6.9 site-specific healthy, productive, and sustainable conservation resources. A conservation
6.10 ~~management~~ assessment plan must include at least the following:

6.11 (1) conservation ~~management~~ goals for the land;

6.12 (2) a ~~reliable field inventory of the individual conservation practices and cover types~~
6.13 United States Department of Agriculture field map;

6.14 (3) a description of the soil type and quality;

6.15 (4) an aerial photo or map of the vegetation and other natural features of the land
6.16 clearly indicating the boundaries of the conservation land;

6.17 (5) the proposed future conditions of the land;

6.18 (6) prescriptions to meet proposed future conditions of the land;

6.19 (7) a recommended timetable for implementing the prescribed practices; and

6.20 (8) a legal description of the land encompassing the parcels included in the plan.

6.21 (c) The Board of Water and Soil Resources shall develop and distribute guidance for
6.22 conservation ~~management~~ assessment plan preparation and approval.

6.23 (d) The commissioner of revenue is the final arbiter of disputes arising over plan
6.24 approvals.

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

6.26 Sec. 8. Minnesota Statutes 2009 Supplement, section 273.114, subdivision 2, is
6.27 amended to read:

6.28 Subd. 2. **Requirements.** Class 2a or 2b property that had been assessed under
6.29 Minnesota Statutes 2006, section 273.111, or that is part of an agricultural homestead
6.30 under Minnesota Statutes, section 273.13, subdivision 23, paragraph (a), is entitled to
6.31 valuation and tax deferment under this section if:

6.32 (1) the land consists of at least ten acres;

7.1 (2) a conservation ~~management~~ assessment plan for the land must be prepared by an
7.2 approved plan writer and implemented during the period in which the land is subject to
7.3 valuation and deferment under this section;

7.4 (3) the land must be enrolled for a minimum of ~~ten~~ eight years; ~~and~~

7.5 (4) there are no delinquent property taxes on the land; and

7.6 ~~Real estate may~~ (5) the property is not ~~be~~ also enrolled for valuation and deferment
7.7 under ~~this section and~~ section 273.111, or 273.112, ~~or 273.117~~, or chapter 290C;
7.8 ~~concurrently~~ or 473H.

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

7.10 Sec. 9. Minnesota Statutes 2009 Supplement, section 273.114, subdivision 5, is
7.11 amended to read:

7.12 Subd. 5. **Application and covenant agreement.** (a) Application for deferment
7.13 of taxes and assessment under this section shall be filed by May 1 of the year prior to
7.14 the year in which the taxes are payable. Any application filed under this subdivision
7.15 and granted shall continue in effect for subsequent years until the termination of the
7.16 covenant agreement under paragraph (b). The application must be filed with the assessor
7.17 of the taxing district in which the real property is located on the form prescribed by the
7.18 commissioner of revenue. The assessor may require proof by affidavit or otherwise that
7.19 the property qualifies under subdivision 2.

7.20 (b) The owner of the property must sign a covenant agreement that is filed with the
7.21 county recorder and recorded in the county where the property is located. The covenant
7.22 agreement must include all of the following:

7.23 (1) legal description of the area to which the covenant applies;

7.24 (2) name and address of the owner;

7.25 (3) a statement that the land described in the covenant must be kept as rural preserve
7.26 land, which meets the requirements of subdivision 2, for the duration of the covenant;

7.27 (4) a statement that the landowner may terminate the covenant agreement by
7.28 notifying the county assessor in writing ~~five~~ three years in advance of the date of proposed
7.29 termination, provided that the notice of intent to terminate may not be given at any time
7.30 before the land has been subject to the covenant for a period of five years;

7.31 (5) a statement that the covenant is binding on the owner or the owner's successor or
7.32 assigns and runs with the land; and

7.33 (6) a witnessed signature of the owner, agreeing by covenant, to maintain the land as
7.34 described in subdivision 2.

8.1 (c) After a covenant under this section has been terminated, the land that had been
8.2 subject to the covenant is ineligible for subsequent valuation under this section for a
8.3 period of three years after the termination.

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

8.5 Sec. 10. Minnesota Statutes 2009 Supplement, section 273.124, subdivision 3a,
8.6 is amended to read:

8.7 Subd. 3a. **Manufactured home park cooperative.** (a) When a manufactured home
8.8 park is owned by a corporation or association organized under chapter 308A or 308B,
8.9 and each person who owns a share or shares in the corporation or association is entitled
8.10 to occupy a lot within the park, the corporation or association may claim homestead
8.11 treatment for ~~each lot occupied by a shareholder~~ the park. Each lot must be designated
8.12 by legal description or number, and each lot is limited to not more than one-half acre of
8.13 land ~~for each homestead~~.

8.14 (b) The manufactured home park shall be ~~valued and assessed as if it were~~
8.15 ~~homestead property within class 4~~ entitled to homestead treatment if all of the following
8.16 criteria are met:

8.17 (1) ~~the occupant is using the property as a permanent residence;~~

8.18 ~~(2)~~ the occupant or the cooperative corporation or association is paying the ad
8.19 valorem property taxes and any special assessments levied against the land and structure
8.20 either directly, or indirectly through dues to the corporation or association; and

8.21 ~~(3)~~ (2) the corporation or association organized under chapter 308A or 308B is
8.22 wholly owned by persons having a right to occupy a lot owned by the corporation or
8.23 association.

8.24 (c) A charitable corporation, organized under the laws of Minnesota with no
8.25 outstanding stock, and granted a ruling by the Internal Revenue Service for 501(c)(3)
8.26 tax-exempt status, qualifies for homestead treatment with respect to ~~member residents of~~
8.27 ~~the~~ a manufactured home park ~~who~~ if its members hold residential participation warrants
8.28 entitling them to occupy a lot in the manufactured home park.

8.29 (d) "Homestead treatment" under this subdivision means the class rate provided for
8.30 class 4c property classified under section 273.13, subdivision 25, paragraph (d), clause (5),
8.31 item (ii). The homestead market value credit under section 273.1384 does not apply and
8.32 the property taxes assessed against the park shall not be included in the determination of
8.33 taxes payable for rent paid under section 290A.03.

9.1 **EFFECTIVE DATE.** This section is effective for taxes payable in 2011 and
9.2 thereafter.

9.3 Sec. 11. Minnesota Statutes 2008, section 273.124, subdivision 8, is amended to read:

9.4 Subd. 8. **Homestead owned by or leased to family farm corporation, joint farm**
9.5 **venture, limited liability company, or partnership.** (a) Each family farm corporation;
9.6 each joint family farm venture; and each limited liability company or partnership which
9.7 operates a family farm; is entitled to class 1b under section 273.13, subdivision 22,
9.8 paragraph (b), or class 2a assessment for one homestead occupied by a shareholder,
9.9 member, or partner thereof who is residing on the land, and actively engaged in farming of
9.10 the land owned by the family farm corporation, joint family farm venture, limited liability
9.11 company, or partnership. Homestead treatment applies even if legal title to the property is
9.12 in the name of the family farm corporation, joint family farm venture, limited liability
9.13 company, or partnership, and not in the name of the person residing on it.

9.14 "Family farm corporation," "family farm," and "partnership operating a family
9.15 farm" have the meanings given in section 500.24, except that the number of allowable
9.16 shareholders, members, or partners under this subdivision shall not exceed 12. "Limited
9.17 liability company" has the meaning contained in sections 322B.03, subdivision 28, and
9.18 500.24, subdivision 2, paragraphs (l) and (m). "Joint family farm venture" means a
9.19 cooperative agreement among two or more farm enterprises authorized to operate a family
9.20 farm under section 500.24.

9.21 (b) In addition to property specified in paragraph (a), any other residences owned
9.22 by family farm corporations, joint family farm ventures, limited liability companies,
9.23 or partnerships described in paragraph (a) which are located on agricultural land and
9.24 occupied as homesteads by its shareholders, members, or partners who are actively
9.25 engaged in farming on behalf of that corporation, joint farm venture, limited liability
9.26 company, or partnership must also be assessed as class 2a property or as class 1b property
9.27 under section 273.13.

9.28 (c) Agricultural property that is owned by a member, partner, or shareholder of a
9.29 family farm corporation or joint family farm venture, limited liability company operating
9.30 a family farm, or by a partnership operating a family farm and leased to the family farm
9.31 corporation, limited liability company, partnership, or joint farm venture, as defined in
9.32 paragraph (a), is eligible for classification as class 1b or class 2a under section 273.13, if
9.33 the owner is actually residing on the property, and is actually engaged in farming the land
9.34 on behalf of that corporation, joint farm venture, limited liability company, or partnership.
9.35 This paragraph applies without regard to any legal possession rights of the family farm

10.1 corporation, joint family farm venture, limited liability company, or partnership under
10.2 the lease.

10.3 (d) Agricultural property that (1) is owned by a family farm corporation, joint
10.4 farm venture, limited liability company, or partnership and (2) is contiguous to a class
10.5 2a homestead under section 273.13, subdivision 23, or if noncontiguous, is located in
10.6 the same township or city, or not farther than four townships or cities, or combination
10.7 thereof from a class 2a homestead, and the class 2a homestead is owned by one of the
10.8 shareholders, members, or partners; is entitled to receive the first tier homestead class rate
10.9 up to the first tier maximum market value on any remaining market value not received
10.10 on the shareholder's, member's, or partner's homestead class 2a property. The owner
10.11 must notify the county assessor by July 1 that a portion of the market value under this
10.12 subdivision may be eligible for homestead classification for the current assessment year,
10.13 for taxes payable in the following year.

10.14 **EFFECTIVE DATE.** This section is effective for assessment year 2010 and
10.15 thereafter, for taxes payable in 2011 and thereafter.

10.16 Sec. 12. Minnesota Statutes 2008, section 273.124, subdivision 14, is amended to read:

10.17 Subd. 14. **Agricultural homesteads; special provisions.** (a) Real estate of less than
10.18 ten acres that is the homestead of its owner must be classified as class 2a under section
10.19 273.13, subdivision 23, paragraph (a), if:

10.20 (1) the parcel on which the house is located is contiguous on at least two sides to (i)
10.21 agricultural land, (ii) land owned or administered by the United States Fish and Wildlife
10.22 Service, or (iii) land administered by the Department of Natural Resources on which in
10.23 lieu taxes are paid under sections 477A.11 to 477A.14;

10.24 (2) its owner also owns a noncontiguous parcel of agricultural land that is at least
10.25 20 acres;

10.26 (3) the noncontiguous land is located not farther than four townships or cities, or a
10.27 combination of townships or cities from the homestead; and

10.28 (4) the agricultural use value of the noncontiguous land and farm buildings is equal
10.29 to at least 50 percent of the market value of the house, garage, and one acre of land.

10.30 Homesteads initially classified as class 2a under the provisions of this paragraph shall
10.31 remain classified as class 2a, irrespective of subsequent changes in the use of adjoining
10.32 properties, as long as the homestead remains under the same ownership, the owner owns a
10.33 noncontiguous parcel of agricultural land that is at least 20 acres, and the agricultural use
10.34 value qualifies under clause (4). Homestead classification under this paragraph is limited
10.35 to property that qualified under this paragraph for the 1998 assessment.

11.1 (b)(i) Agricultural property shall be classified as the owner's homestead, to the same
11.2 extent as other agricultural homestead property, if all of the following criteria are met:

11.3 (1) the property consists of at least 40 acres including undivided government lots
11.4 and correctional 40's;

11.5 (2) the owner, the owner's spouse, the son or daughter of the owner or owner's
11.6 spouse, the brother or sister of the owner or owner's spouse, or the grandson or
11.7 granddaughter of the owner or the owner's spouse, is actively farming the agricultural
11.8 property, either on the person's own behalf as an individual or on behalf of a partnership
11.9 operating a family farm, family farm corporation, joint family farm venture, or limited
11.10 liability company of which the person is a partner, shareholder, or member;

11.11 (3) both the owner of the agricultural property and the person who is actively
11.12 farming the agricultural property under clause (2), are Minnesota residents;

11.13 (4) neither the owner nor the spouse of the owner claims another agricultural
11.14 homestead in Minnesota; and

11.15 (5) neither the owner nor the person actively farming the property lives farther
11.16 than four townships or cities, or a combination of four townships or cities, from the
11.17 agricultural property, except that if the owner or the owner's spouse is required to live in
11.18 employer-provided housing, the owner or owner's spouse, whichever is actively farming
11.19 the agricultural property, may live more than four townships or cities, or combination of
11.20 four townships or cities from the agricultural property.

11.21 The relationship under this paragraph may be either by blood or marriage.

11.22 (ii) Real property held by a trustee under a trust is eligible for agricultural homestead
11.23 classification under this paragraph if the qualifications in clause (i) are met, except that
11.24 "owner" means the grantor of the trust.

11.25 (iii) Property containing the residence of an owner who owns qualified property
11.26 under clause (i) shall be classified as part of the owner's agricultural homestead, if that
11.27 property is also used for noncommercial storage or drying of agricultural crops.

11.28 (c) Noncontiguous land shall be included as part of a homestead under section
11.29 273.13, subdivision 23, paragraph (a), only if the homestead is classified as class 2a
11.30 and the detached land is located in the same township or city, or not farther than four
11.31 townships or cities or combination thereof from the homestead. Any taxpayer of these
11.32 noncontiguous lands must notify the county assessor that the noncontiguous land is part of
11.33 the taxpayer's homestead, and, if the homestead is located in another county, the taxpayer
11.34 must also notify the assessor of the other county.

11.35 (d) Agricultural land used for purposes of a homestead and actively farmed by a
11.36 person holding a vested remainder interest in it must be classified as a homestead under

12.1 section 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a,
12.2 any other dwellings on the land used for purposes of a homestead by persons holding
12.3 vested remainder interests who are actively engaged in farming the property, and up to
12.4 one acre of the land surrounding each homestead and reasonably necessary for the use of
12.5 the dwelling as a home, must also be assessed class 2a.

12.6 (e) Agricultural land and buildings that were class 2a homestead property under
12.7 section 273.13, subdivision 23, paragraph (a), for the 1997 assessment shall remain
12.8 classified as agricultural homesteads for subsequent assessments if:

12.9 (1) the property owner abandoned the homestead dwelling located on the agricultural
12.10 homestead as a result of the April 1997 floods;

12.11 (2) the property is located in the county of Polk, Clay, Kittson, Marshall, Norman,
12.12 or Wilkin;

12.13 (3) the agricultural land and buildings remain under the same ownership for the
12.14 current assessment year as existed for the 1997 assessment year and continue to be used
12.15 for agricultural purposes;

12.16 (4) the dwelling occupied by the owner is located in Minnesota and is within 30
12.17 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

12.18 (5) the owner notifies the county assessor that the relocation was due to the 1997
12.19 floods, and the owner furnishes the assessor any information deemed necessary by the
12.20 assessor in verifying the change in dwelling. Further notifications to the assessor are not
12.21 required if the property continues to meet all the requirements in this paragraph and any
12.22 dwellings on the agricultural land remain uninhabited.

12.23 (f) Agricultural land and buildings that were class 2a homestead property under
12.24 section 273.13, subdivision 23, paragraph (a), for the 1998 assessment shall remain
12.25 classified agricultural homesteads for subsequent assessments if:

12.26 (1) the property owner abandoned the homestead dwelling located on the agricultural
12.27 homestead as a result of damage caused by a March 29, 1998, tornado;

12.28 (2) the property is located in the county of Blue Earth, Brown, Cottonwood,
12.29 LeSueur, Nicollet, Nobles, or Rice;

12.30 (3) the agricultural land and buildings remain under the same ownership for the
12.31 current assessment year as existed for the 1998 assessment year;

12.32 (4) the dwelling occupied by the owner is located in this state and is within 50 miles
12.33 of one of the parcels of agricultural land that is owned by the taxpayer; and

12.34 (5) the owner notifies the county assessor that the relocation was due to a March 29,
12.35 1998, tornado, and the owner furnishes the assessor any information deemed necessary by
12.36 the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the

13.1 owner must notify the assessor by December 1, 1998. Further notifications to the assessor
13.2 are not required if the property continues to meet all the requirements in this paragraph
13.3 and any dwellings on the agricultural land remain uninhabited.

13.4 (g) Agricultural property of a family farm corporation, joint family farm venture,
13.5 family farm limited liability company, or partnership operating a family farm as described
13.6 under subdivision 8 shall be classified homestead, to the same extent as other agricultural
13.7 homestead property, if all of the following criteria are met:

13.8 (1) the property consists of at least 40 acres including undivided government lots
13.9 and correctional 40's;

13.10 (2) a shareholder, member, or partner of that entity is actively farming the
13.11 agricultural property;

13.12 (3) that shareholder, member, or partner who is actively farming the agricultural
13.13 property is a Minnesota resident;

13.14 (4) neither that shareholder, member, or partner, nor the spouse of that shareholder,
13.15 member, or partner claims another agricultural homestead in Minnesota; and

13.16 (5) that shareholder, member, or partner does not live farther than four townships or
13.17 cities, or a combination of four townships or cities, from the agricultural property.

13.18 Homestead treatment applies under this paragraph for property leased to a family
13.19 farm corporation, joint farm venture, limited liability company, or partnership operating a
13.20 family farm if legal title to the property is in the name of an individual who is a member,
13.21 shareholder, or partner in the entity.

13.22 (h) To be eligible for the special agricultural homestead under this subdivision, an
13.23 initial full application must be submitted to the county assessor where the property is
13.24 located. Owners and the persons who are actively farming the property shall be required
13.25 to complete only a one-page abbreviated version of the application in each subsequent
13.26 year provided that none of the following items have changed since the initial application:

13.27 (1) the day-to-day operation, administration, and financial risks remain the same;

13.28 (2) the owners and the persons actively farming the property continue to live within
13.29 the four townships or city criteria and are Minnesota residents;

13.30 (3) the same operator of the agricultural property is listed with the Farm Service
13.31 Agency;

13.32 (4) a Schedule F or equivalent income tax form was filed for the most recent year;

13.33 (5) the property's acreage is unchanged; and

13.34 (6) none of the property's acres have been enrolled in a federal or state farm program
13.35 since the initial application.

14.1 The owners and any persons who are actively farming the property must include
14.2 the appropriate Social Security numbers, and sign and date the application. If any of the
14.3 specified information has changed since the full application was filed, the owner must
14.4 notify the assessor, and must complete a new application to determine if the property
14.5 continues to qualify for the special agricultural homestead. The commissioner of revenue
14.6 shall prepare a standard reapplication form for use by the assessors.

14.7 (i) Agricultural land and buildings that were class 2a homestead property under
14.8 section 273.13, subdivision 23, paragraph (a), for the 2007 assessment shall remain
14.9 classified agricultural homesteads for subsequent assessments if:

14.10 (1) the property owner abandoned the homestead dwelling located on the agricultural
14.11 homestead as a result of damage caused by the August 2007 floods;

14.12 (2) the property is located in the county of Dodge, Fillmore, Houston, Olmsted,
14.13 Steele, Wabasha, or Winona;

14.14 (3) the agricultural land and buildings remain under the same ownership for the
14.15 current assessment year as existed for the 2007 assessment year;

14.16 (4) the dwelling occupied by the owner is located in this state and is within 50 miles
14.17 of one of the parcels of agricultural land that is owned by the taxpayer; and

14.18 (5) the owner notifies the county assessor that the relocation was due to the August
14.19 2007 floods, and the owner furnishes the assessor any information deemed necessary by
14.20 the assessor in verifying the change in homestead dwelling. For taxes payable in 2009, the
14.21 owner must notify the assessor by December 1, 2008. Further notifications to the assessor
14.22 are not required if the property continues to meet all the requirements in this paragraph
14.23 and any dwellings on the agricultural land remain uninhabited.

14.24 (j) Agricultural land and buildings that were class 2a homestead property under
14.25 section 273.13, subdivision 23, paragraph (a), for the 2008 assessment shall remain
14.26 classified as agricultural homesteads for subsequent assessments if:

14.27 (1) the property owner abandoned the homestead dwelling located on the agricultural
14.28 homestead as a result of the March 2009 floods;

14.29 (2) the property is located in the county of Marshall;

14.30 (3) the agricultural land and buildings remain under the same ownership for the
14.31 current assessment year as existed for the 2008 assessment year and continue to be used
14.32 for agricultural purposes;

14.33 (4) the dwelling occupied by the owner is located in Minnesota and is within 50
14.34 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

14.35 (5) the owner notifies the county assessor that the relocation was due to the 2009
14.36 floods, and the owner furnishes the assessor any information deemed necessary by the

15.1 assessor in verifying the change in dwelling. Further notifications to the assessor are not
15.2 required if the property continues to meet all the requirements in this paragraph and any
15.3 dwellings on the agricultural land remain uninhabited.

15.4 **EFFECTIVE DATE.** This section is effective for assessment years 2010 and 2011,
15.5 for taxes payable in 2011 and 2012.

15.6 Sec. 13. Minnesota Statutes 2008, section 273.13, subdivision 22, is amended to read:

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

15.12 The first \$500,000 of market value of class 1a property has a net class rate of
15.13 one percent of its market value; and the market value of class 1a property that exceeds
15.14 \$500,000 has a class rate of 1.25 percent of its market value.

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

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

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

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

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

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

15.30 Permanently and totally disabled for the purpose of this subdivision means a
15.31 condition which is permanent in nature and totally incapacitates the person from working
15.32 at an occupation which brings the person an income. The first \$50,000 market value of
15.33 class 1b property has a net class rate of .45 percent of its market value. The remaining
15.34 market value of class 1b property has a class rate using the rates for class 1a or class 2a
15.35 property, whichever is appropriate, of similar market value.

16.1 (c) Class 1c property is commercial use real and personal property that abuts public
16.2 water as defined in section 103G.005, subdivision 15, and is devoted to temporary and
16.3 seasonal residential occupancy for recreational purposes but not devoted to commercial
16.4 purposes for more than 250 days in the year preceding the year of assessment, and that
16.5 includes a portion used as a homestead by the owner, which includes a dwelling occupied
16.6 as a homestead by a shareholder of a corporation that owns the resort, a partner in a
16.7 partnership that owns the resort, or a member of a limited liability company that owns
16.8 the resort even if the title to the homestead is held by the corporation, partnership, or
16.9 limited liability company. For purposes of this clause, property is devoted to a commercial
16.10 purpose on a specific day if any portion of the property, excluding the portion used
16.11 exclusively as a homestead, is used for residential occupancy and a fee is charged for
16.12 residential occupancy. Class 1c property must contain three or more rental units. A
16.13 "rental unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual
16.14 camping site equipped with water and electrical hookups for recreational vehicles. Class
16.15 1c property must provide recreational activities such as the rental of ice fishing houses,
16.16 boats and motors, snowmobiles, downhill or cross-country ski equipment; provide marina
16.17 services, launch services, or guide services; or sell bait and fishing tackle. Any unit in
16.18 which the right to use the property is transferred to an individual or entity by deeded
16.19 interest, or the sale of shares or stock, no longer qualifies for class 1c even though it may
16.20 remain available for rent. A camping pad offered for rent by a property that otherwise
16.21 qualifies for class 1c is also class 1c, regardless of the term of the rental agreement, as
16.22 long as the use of the camping pad does not exceed 250 days. If an owner of property
16.23 that had been classified as class 1c ceases to use that property as a homestead but retains
16.24 ownership of that property and continues to operate it as a resort, and begins to occupy
16.25 a second property that is located in the same township as the original class 1c property,
16.26 both properties will be assessed as a single class 1c property, provided that the second
16.27 property would separately qualify to be assessed as class 1c property. The portion of the
16.28 property used as a homestead is class 1a property under paragraph (a). The remainder
16.29 of the property is classified as follows: the first \$600,000 of market value is tier I, the
16.30 next \$1,700,000 of market value is tier II, and any remaining market value is tier III.
16.31 The class rates for class 1c are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III,
16.32 1.25 percent. Owners of real and personal property devoted to temporary and seasonal
16.33 residential occupancy for recreation purposes in which all or a portion of the property
16.34 was devoted to commercial purposes for not more than 250 days in the year preceding
16.35 the year of assessment desiring classification as class 1c, must submit a declaration to the
16.36 assessor designating the cabins or units occupied for 250 days or less in the year preceding

17.1 the year of assessment by January 15 of the assessment year. Those cabins or units and
17.2 a proportionate share of the land on which they are located must be designated as class
17.3 1c as otherwise provided. The remainder of the cabins or units and a proportionate share
17.4 of the land on which they are located must be designated as class 3a commercial. The
17.5 owner of property desiring designation as class 1c property must provide guest registers or
17.6 other records demonstrating that the units for which class 1c designation is sought were
17.7 not occupied for more than 250 days in the year preceding the assessment if so requested.
17.8 The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference
17.9 center or meeting room, and (5) other nonresidential facility operated on a commercial
17.10 basis not directly related to temporary and seasonal residential occupancy for recreation
17.11 purposes does not qualify for class 1c.

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

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

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

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

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

17.23 The market value of class 1d property has the same class rates as class 1a property
17.24 under paragraph (a).

17.25 **EFFECTIVE DATE.** This section is effective for taxes levied in 2010, payable
17.26 in 2011, and thereafter.

17.27 Sec. 14. Minnesota Statutes 2009 Supplement, section 273.13, subdivision 23, is
17.28 amended to read:

17.29 Subd. 23. **Class 2.** (a) An agricultural homestead consists of class 2a agricultural
17.30 land that is homesteaded, along with any class 2b rural vacant land that is contiguous to
17.31 the class 2a land under the same ownership. The market value of the house and garage
17.32 and immediately surrounding one acre of land has the same class rates as class 1a or 1b
17.33 property under subdivision 22. The value of the remaining land including improvements
17.34 up to the first tier valuation limit of agricultural homestead property has a net class rate
17.35 of 0.5 percent of market value. The remaining property over the first tier has a class rate

18.1 of one percent of market value. For purposes of this subdivision, the "first tier valuation
18.2 limit of agricultural homestead property" and "first tier" means the limit certified under
18.3 section 273.11, subdivision 23.

18.4 (b) Class 2a agricultural land consists of parcels of property, or portions thereof, that
18.5 are agricultural land and buildings. Class 2a property has a net class rate of one percent of
18.6 market value, unless it is part of an agricultural homestead under paragraph (a). Class
18.7 2a property must also include any property that would otherwise be classified as 2b,
18.8 but is interspersed with class 2a property, including but not limited to sloughs, wooded
18.9 wind shelters, acreage abutting ditches, ravines, rock piles, land subject to a setback
18.10 requirement, and other similar land that is impractical for the assessor to value separately
18.11 from the rest of the property or that is unlikely to be able to be sold separately from
18.12 the rest of the property.

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

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

18.25 (d) Class 2c managed forest land consists of no less than 20 and no more than 1,920
18.26 acres statewide per taxpayer that is being managed under a forest management plan that
18.27 meets the requirements of chapter 290C, but is not enrolled in the sustainable forest
18.28 resource management incentive program. It has a class rate of .65 percent, provided that
18.29 the owner of the property must apply to the assessor in order for the property to initially
18.30 qualify for the reduced rate and provide the information required by the assessor to verify
18.31 that the property qualifies for the reduced rate. If the assessor receives the application
18.32 and information before May 1 in an assessment year, the property qualifies beginning
18.33 with that assessment year. If the assessor receives the application and information after
18.34 April 30 in an assessment year, the property may not qualify until the next assessment
18.35 year. The commissioner of natural resources must concur that the land is qualified. The
18.36 commissioner of natural resources shall annually provide county assessors verification

19.1 information on a timely basis. The presence of a minor, ancillary nonresidential structure
19.2 as defined by the commissioner of revenue does not disqualify the property from
19.3 classification under this paragraph.

19.4 (e) Agricultural land as used in this section means contiguous acreage of ten
19.5 acres or more, used during the preceding year for agricultural purposes. "Agricultural
19.6 purposes" as used in this section means the raising, cultivation, drying, or storage of
19.7 agricultural products for sale, or the storage of machinery or equipment used in support
19.8 of agricultural production by the same farm entity. For a property to be classified as
19.9 agricultural based only on the drying or storage of agricultural products, the products
19.10 being dried or stored must have been produced by the same farm entity as the entity
19.11 operating the drying or storage facility. "Agricultural purposes" also includes enrollment
19.12 in the Reinvest in Minnesota program under sections 103F.501 to 103F.535 or the federal
19.13 Conservation Reserve Program as contained in Public Law 99-198 or a similar state
19.14 or federal conservation program if the property was classified as agricultural (i) under
19.15 this subdivision for the assessment year 2002 or (ii) in the year prior to its enrollment.
19.16 Agricultural classification shall not be based upon the market value of any residential
19.17 structures on the parcel or contiguous parcels under the same ownership.

19.18 (f) Real estate of less than ten acres, which is exclusively or intensively used for
19.19 raising or cultivating agricultural products, shall be considered as agricultural land. To
19.20 qualify under this paragraph, property that includes a residential structure must be used
19.21 intensively for one of the following purposes:

19.22 (i) for drying or storage of grain or storage of machinery or equipment used to
19.23 support agricultural activities on other parcels of property operated by the same farming
19.24 entity;

19.25 (ii) as a nursery, provided that only those acres used to produce nursery stock are
19.26 considered agricultural land;

19.27 (iii) for livestock or poultry confinement, provided that land that is used only for
19.28 pasturing and grazing does not qualify; or

19.29 (iv) for market farming; for purposes of this paragraph, "market farming" means the
19.30 cultivation of one or more fruits or vegetables or production of animal or other agricultural
19.31 products for sale to local markets by the farmer or an organization with which the farmer
19.32 is affiliated.

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

19.35 Classification under this subdivision is not determinative for qualifying under
19.36 section 273.111.

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

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

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

20.9 (2) fish bred for sale and consumption if the fish breeding occurs on land zoned
20.10 for agricultural use;

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

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

20.17 (5) game birds and waterfowl bred and raised for use on a shooting preserve licensed
20.18 under section 97A.115;

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

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

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

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

20.26 (1) wholesale and retail sales;

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

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

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

20.31 the assessor shall classify the part of the parcel used for agricultural purposes as class
20.32 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its
20.33 use. The grading, sorting, and packaging of raw agricultural products for first sale is
20.34 considered an agricultural purpose. A greenhouse or other building where horticultural
20.35 or nursery products are grown that is also used for the conduct of retail sales must be
20.36 classified as agricultural if it is primarily used for the growing of horticultural or nursery

21.1 products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of
21.2 those products. Use of a greenhouse or building only for the display of already grown
21.3 horticultural or nursery products does not qualify as an agricultural purpose.

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

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

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

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

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

21.22 The land contained in a landing area under this paragraph must be described and certified
21.23 by the commissioner of transportation. The certification is effective until it is modified,
21.24 or until the airport or landing area no longer meets the requirements of this paragraph.

21.25 For purposes of this paragraph, "public access area" means property used as an aircraft
21.26 parking ramp, apron, or storage hangar, or an arrival and departure building in connection
21.27 with the airport.

21.28 (m) Class 2e consists of land with a commercial aggregate deposit that is not actively
21.29 being mined and is not otherwise classified as class 2a or 2b, provided that the land is not
21.30 located in a county that has elected to opt-out of the aggregate preservation program as
21.31 provided in section 273.1115, subdivision 6. It has a class rate of one percent of market
21.32 value. To qualify for classification under this paragraph, the property must be at least
21.33 ten contiguous acres in size and the owner of the property must record with the county
21.34 recorder of the county in which the property is located an affidavit containing:

21.35 (1) a legal description of the property;

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

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

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

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

22.13 (n) When any portion of the property under this subdivision or subdivision 22 begins
22.14 to be actively mined, the owner must file a supplemental affidavit within 60 days from
22.15 the day any aggregate is removed stating the number of acres of the property that is
22.16 actively being mined. The acres actively being mined must be (1) valued and classified
22.17 under subdivision 24 in the next subsequent assessment year, and (2) removed from the
22.18 aggregate resource preservation property tax program under section 273.1115, if the
22.19 land was enrolled in that program. Copies of the original affidavit and all supplemental
22.20 affidavits must be filed with the county assessor, the local zoning administrator, and the
22.21 Department of Natural Resources, Division of Land and Minerals. A supplemental
22.22 affidavit must be filed each time a subsequent portion of the property is actively mined,
22.23 provided that the minimum acreage change is five acres, even if the actual mining activity
22.24 constitutes less than five acres.

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

22.28 **EFFECTIVE DATE.** This section is effective for taxes payable in 2011 and
22.29 thereafter.

22.30 Sec. 15. Minnesota Statutes 2009 Supplement, section 273.13, subdivision 25, is
22.31 amended to read:

22.32 Subd. 25. **Class 4.** (a) Class 4a is residential real estate containing four or more
22.33 units and used or held for use by the owner or by the tenants or lessees of the owner
22.34 as a residence for rental periods of 30 days or more, excluding property qualifying for
22.35 class 4d. Class 4a also includes hospitals licensed under sections 144.50 to 144.56, other

23.1 than hospitals exempt under section 272.02, and contiguous property used for hospital
23.2 purposes, without regard to whether the property has been platted or subdivided. The
23.3 market value of class 4a property has a class rate of 1.25 percent.

23.4 (b) Class 4b includes:

23.5 (1) residential real estate containing less than four units that does not qualify as class
23.6 4bb, other than seasonal residential recreational property;

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

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

23.10 (4) unimproved property that is classified residential as determined under subdivision
23.11 33.

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

23.13 (c) Class 4bb includes:

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

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

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

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

23.22 (d) Class 4c property includes:

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

23.25 including real and personal property devoted to temporary and seasonal residential
23.26 occupancy for recreation purposes and not devoted to commercial purposes for more

23.27 than 250 days in the year preceding the year of assessment. For purposes of this clause,
23.28 property is devoted to a commercial purpose on a specific day if any portion of the

23.29 property is used for residential occupancy, and a fee is charged for residential occupancy.

23.30 Class 4c property under this clause must contain three or more rental units. A "rental unit"
23.31 is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site

23.32 equipped with water and electrical hookups for recreational vehicles. Class 4c property

23.33 under this clause must provide recreational activities such as renting ice fishing houses,

23.34 boats and motors, snowmobiles, downhill or cross-country ski equipment; provide marina

23.35 services, launch services, or guide services; or sell bait and fishing tackle. A camping pad

23.36 offered for rent by a property that otherwise qualifies for class 4c under this clause is also

24.1 class 4c under this clause regardless of the term of the rental agreement, as long as the use
24.2 of the camping pad does not exceed 250 days. In order for a property to be classified as
24.3 class 4c, seasonal residential recreational for commercial purposes under this clause, at
24.4 least 40 percent of the annual gross lodging receipts related to the property must be from
24.5 business conducted during 90 consecutive days and either (i) at least 60 percent of all paid
24.6 bookings by lodging guests during the year must be for periods of at least two consecutive
24.7 nights; or (ii) at least 20 percent of the annual gross receipts must be from charges for
24.8 rental of fish houses, boats and motors, snowmobiles, downhill or cross-country ski
24.9 equipment, or charges for marina services, launch services, and guide services, or the
24.10 sale of bait and fishing tackle. For purposes of this determination, a paid booking of
24.11 five or more nights shall be counted as two bookings. Class 4c property classified under
24.12 this clause also includes commercial use real property used exclusively for recreational
24.13 purposes in conjunction with other class 4c property classified under this clause and
24.14 devoted to temporary and seasonal residential occupancy for recreational purposes, up to a
24.15 total of two acres, provided the property is not devoted to commercial recreational use for
24.16 more than 250 days in the year preceding the year of assessment and is located within two
24.17 miles of the class 4c property with which it is used. Owners of real and personal property
24.18 devoted to temporary and seasonal residential occupancy for recreation purposes and all
24.19 or a portion of which was devoted to commercial purposes for not more than 250 days in
24.20 the year preceding the year of assessment desiring classification as class 4c, must submit a
24.21 declaration to the assessor designating the cabins or units occupied for 250 days or less in
24.22 the year preceding the year of assessment by January 15 of the assessment year. Those
24.23 cabins or units and a proportionate share of the land on which they are located must
24.24 be designated class 4c under this clause as otherwise provided. The remainder of the
24.25 cabins or units and a proportionate share of the land on which they are located will be
24.26 designated as class 3a. The owner of property desiring designation as class 4c property
24.27 under this clause must provide guest registers or other records demonstrating that the units
24.28 for which class 4c designation is sought were not occupied for more than 250 days in the
24.29 year preceding the assessment if so requested. The portion of a property operated as a
24.30 (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other
24.31 nonresidential facility operated on a commercial basis not directly related to temporary
24.32 and seasonal residential occupancy for recreation purposes does not qualify for class 4c;
24.33 (2) qualified property used as a golf course if:
24.34 (i) it is open to the public on a daily fee basis. It may charge membership fees or
24.35 dues, but a membership fee may not be required in order to use the property for golfing,

25.1 and its green fees for golfing must be comparable to green fees typically charged by
25.2 municipal courses; and

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

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

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

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

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

25.15 For purposes of this clause,

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

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

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

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

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

25.35 The organization shall maintain records of its charitable contributions and donations
25.36 and of public meetings and events held on the property and make them available upon

26.1 request any time to the assessor to ensure eligibility. An organization meeting the
26.2 requirement under item (ii) must file an application by May 1 with the assessor for
26.3 eligibility for the current year's assessment. The commissioner shall prescribe a uniform
26.4 application form and instructions;

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

26.9 (5)(i) manufactured home parks as defined in section 327.14, subdivision 3,
26.10 excluding manufactured home parks described in section 273.124, subdivision 3a, and (ii)
26.11 manufactured home parks as defined in section 327.14, subdivision 3, that are described in
26.12 section 273.124, subdivision 3a;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

27.30 Class 4c property has a class rate of 1.5 percent of market value, except that (i) each
27.31 parcel of seasonal residential recreational property not used for commercial purposes
27.32 has the same class rates as class 4bb property, (ii) manufactured home parks assessed
27.33 under clause (5), item (i), have the same class rate as class 4b property, and the market
27.34 value of manufactured home parks assessed under clause (5), item (ii), has the same class
27.35 rate as class 4d property if more than 50 percent of the lots in the park are occupied by
27.36 shareholders in the cooperative corporation or association and a class rate of one percent if

28.1 50 percent or less of the lots are so occupied, (iii) commercial-use seasonal residential
28.2 recreational property and marina recreational land as described in clause (11), has a
28.3 class rate of one percent for the first \$500,000 of market value, and 1.25 percent for the
28.4 remaining market value, (iv) the market value of property described in clause (4) has a
28.5 class rate of one percent, (v) the market value of property described in clauses (2), (6), and
28.6 (10) has a class rate of 1.25 percent, and (vi) that portion of the market value of property
28.7 in clause (9) qualifying for class 4c property has a class rate of 1.25 percent.

28.8 (e) Class 4d property is qualifying low-income rental housing certified to the assessor
28.9 by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion
28.10 of the units in the building qualify as low-income rental housing units as certified under
28.11 section 273.128, subdivision 3, only the proportion of qualifying units to the total number
28.12 of units in the building qualify for class 4d. The remaining portion of the building shall be
28.13 classified by the assessor based upon its use. Class 4d also includes the same proportion of
28.14 land as the qualifying low-income rental housing units are to the total units in the building.
28.15 For all properties qualifying as class 4d, the market value determined by the assessor must
28.16 be based on the normal approach to value using normal unrestricted rents.

28.17 Class 4d property has a class rate of 0.75 percent.

28.18 **EFFECTIVE DATE.** This section is effective for taxes levied in 2010, payable in
28.19 2011 and thereafter.

28.20 Sec. 16. Minnesota Statutes 2009 Supplement, section 275.065, subdivision 3, is
28.21 amended to read:

28.22 Subd. 3. **Notice of proposed property taxes.** (a) The county auditor shall prepare
28.23 and the county treasurer shall deliver after November 10 and on or before November 24
28.24 each year, by first class mail to each taxpayer at the address listed on the county's current
28.25 year's assessment roll, a notice of proposed property taxes. Upon written request by
28.26 the taxpayer, the treasurer may send the notice in electronic form or by electronic mail
28.27 instead of on paper or by ordinary mail.

28.28 (b) The commissioner of revenue shall prescribe the form of the notice.

28.29 (c) The notice must inform taxpayers that it contains the amount of property taxes
28.30 each taxing authority proposes to collect for taxes payable the following year. In the case
28.31 of a town, or in the case of the state general tax, the final tax amount will be its proposed
28.32 tax. The notice must clearly state for each city, county, school district, regional library
28.33 authority established under section 134.201, and metropolitan taxing districts as defined in
28.34 paragraph (i), the time and place of the taxing authorities' regularly scheduled meetings in
28.35 which the budget and levy will be discussed and the final budget and levy determined,

29.1 which must occur after November 24. The taxing authorities must provide the county
29.2 auditor with the information to be included in the notice on or before the time it certifies its
29.3 proposed levy under subdivision 1. The public must be allowed to speak at the meetings
29.4 and the meetings shall not be held before 6:00 p.m. It must provide a telephone number
29.5 for the taxing authority that taxpayers may call if they have questions related to the notice
29.6 and an address where comments will be received by mail, except that no notice required
29.7 under this section shall be interpreted as requiring the printing of a personal telephone
29.8 number or address as the contact information for a taxing authority. If a taxing authority
29.9 does not maintain public offices where telephone calls can be received by the authority, the
29.10 authority may inform the county of the lack of a public telephone number and the county
29.11 shall not list a telephone number for that taxing authority.

29.12 (d) The notice must state for each parcel:

29.13 (1) the market value of the property as determined under section 273.11, and used
29.14 for computing property taxes payable in the following year and for taxes payable in the
29.15 current year as each appears in the records of the county assessor on November 1 of the
29.16 current year; and, in the case of residential property, whether the property is classified as
29.17 homestead or nonhomestead. The notice must clearly inform taxpayers of the years to
29.18 which the market values apply and that the values are final values;

29.19 (2) the items listed below, shown separately by county, city or town, and state general
29.20 tax, net of the residential and agricultural homestead credit under section 273.1384, voter
29.21 approved school levy, other local school levy, and the sum of the special taxing districts,
29.22 and as a total of all taxing authorities:

29.23 (i) the actual tax for taxes payable in the current year; and

29.24 (ii) the proposed tax amount.

29.25 If the county levy under clause (2) includes an amount for a lake improvement
29.26 district as defined under sections 103B.501 to 103B.581, the amount attributable for that
29.27 purpose must be separately stated from the remaining county levy amount.

29.28 In the case of a town or the state general tax, the final tax shall also be its proposed
29.29 tax unless the town changes its levy at a special town meeting under section 365.52. If a
29.30 school district has certified under section 126C.17, subdivision 9, that a referendum will
29.31 be held in the school district at the November general election, the county auditor must
29.32 note next to the school district's proposed amount that a referendum is pending and that, if
29.33 approved by the voters, the tax amount may be higher than shown on the notice. In the
29.34 case of the city of Minneapolis, the levy for Minneapolis Park and Recreation shall be
29.35 listed separately from the remaining amount of the city's levy. In the case of the city of
29.36 St. Paul, the levy for the St. Paul Library Agency must be listed separately from the

30.1 remaining amount of the city's levy. In the case of Ramsey County, any amount levied
30.2 under section 134.07 may be listed separately from the remaining amount of the county's
30.3 levy. In the case of a parcel where tax increment or the fiscal disparities areawide tax
30.4 under chapter 276A or 473F applies, the proposed tax levy on the captured value or the
30.5 proposed tax levy on the tax capacity subject to the areawide tax must each be stated
30.6 separately and not included in the sum of the special taxing districts; and

30.7 (3) the increase or decrease between the total taxes payable in the current year and
30.8 the total proposed taxes, expressed as a percentage.

30.9 For purposes of this section, the amount of the tax on homesteads qualifying under
30.10 the senior citizens' property tax deferral program under chapter 290B is the total amount
30.11 of property tax before subtraction of the deferred property tax amount.

30.12 (e) The notice must clearly state that the proposed or final taxes do not include
30.13 the following:

30.14 (1) special assessments;

30.15 (2) levies approved by the voters after the date the proposed taxes are certified,
30.16 including bond referenda and school district levy referenda;

30.17 (3) a levy limit increase approved by the voters by the first Tuesday after the first
30.18 Monday in November of the levy year as provided under section 275.73;

30.19 (4) amounts necessary to pay cleanup or other costs due to a natural disaster
30.20 occurring after the date the proposed taxes are certified;

30.21 (5) amounts necessary to pay tort judgments against the taxing authority that become
30.22 final after the date the proposed taxes are certified; and

30.23 (6) the contamination tax imposed on properties which received market value
30.24 reductions for contamination.

30.25 (f) Except as provided in subdivision 7, failure of the county auditor to prepare or
30.26 the county treasurer to deliver the notice as required in this section does not invalidate the
30.27 proposed or final tax levy or the taxes payable pursuant to the tax levy.

30.28 (g) If the notice the taxpayer receives under this section lists the property as
30.29 nonhomestead, and satisfactory documentation is provided to the county assessor by the
30.30 applicable deadline, and the property qualifies for the homestead classification in that
30.31 assessment year, the assessor shall reclassify the property to homestead for taxes payable
30.32 in the following year.

30.33 (h) In the case of class 4 residential property used as a residence for lease or rental
30.34 periods of 30 days or more, the taxpayer must either:

30.35 (1) mail or deliver a copy of the notice of proposed property taxes to each tenant,
30.36 renter, or lessee; or

31.1 (2) post a copy of the notice in a conspicuous place on the premises of the property.

31.2 The notice must be mailed or posted by the taxpayer by November 27 or within
31.3 three days of receipt of the notice, whichever is later. A taxpayer may notify the county
31.4 treasurer of the address of the taxpayer, agent, caretaker, or manager of the premises to
31.5 which the notice must be mailed in order to fulfill the requirements of this paragraph.

31.6 (i) For purposes of this subdivision and subdivision 6, "metropolitan special taxing
31.7 districts" means the following taxing districts in the seven-county metropolitan area that
31.8 levy a property tax for any of the specified purposes listed below:

31.9 (1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325,
31.10 473.446, 473.521, 473.547, or 473.834;

31.11 (2) Metropolitan Airports Commission under section 473.667, 473.671, or 473.672;
31.12 and

31.13 (3) Metropolitan Mosquito Control Commission under section 473.711.

31.14 For purposes of this section, any levies made by the regional rail authorities in the
31.15 county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter
31.16 398A shall be included with the appropriate county's levy.

31.17 (j) The governing body of a county, city, or school district may, with the consent
31.18 of the county board, include supplemental information with the statement of proposed
31.19 property taxes about the impact of state aid increases or decreases on property tax
31.20 increases or decreases and on the level of services provided in the affected jurisdiction.

31.21 This supplemental information may include information for the following year, the current
31.22 year, and for as many consecutive preceding years as deemed appropriate by the governing
31.23 body of the county, city, or school district. It may include only information regarding:

31.24 (1) the impact of inflation as measured by the implicit price deflator for state and
31.25 local government purchases;

31.26 (2) population growth and decline;

31.27 (3) state or federal government action; and

31.28 (4) other financial factors that affect the level of property taxation and local services
31.29 that the governing body of the county, city, or school district may deem appropriate to
31.30 include.

31.31 The information may be presented using tables, written narrative, and graphic
31.32 representations and may contain instruction toward further sources of information or
31.33 opportunity for comment.

31.34 **EFFECTIVE DATE.** This section is effective for notices prepared in 2010, for
31.35 taxes payable in 2011 and thereafter.

32.1 Sec. 17. Minnesota Statutes 2008, section 275.71, subdivision 4, is amended to read:

32.2 Subd. 4. **Adjusted levy limit base.** For taxes levied in 2008 through 2010, the
32.3 adjusted levy limit base is equal to the levy limit base computed under subdivision 2
32.4 or section 275.72, multiplied by:

32.5 (1) one plus ~~the lesser of 3.9 percent or~~ the percentage growth in the implicit price
32.6 deflator, but the percentage shall not be less than zero or exceed 3.9 percent;

32.7 (2) one plus a percentage equal to 50 percent of the percentage increase in the number
32.8 of households, if any, for the most recent 12-month period for which data is available; and

32.9 (3) one plus a percentage equal to 50 percent of the percentage increase in the
32.10 taxable market value of the jurisdiction due to new construction of class 3 property, as
32.11 defined in section 273.13, subdivision 4, except for state-assessed utility and railroad
32.12 property, for the most recent year for which data is available.

32.13 **EFFECTIVE DATE.** This section is effective for taxes levied in 2010 and thereafter.

32.14 Sec. 18. Minnesota Statutes 2008, section 275.75, is amended to read:

32.15 **275.75 CHARTER EXEMPTION FOR AID LOSS.**

32.16 Notwithstanding any other provision of a municipal charter that limits ad valorem
32.17 taxes to a lesser amount, or that would require voter approval for any increase, the
32.18 governing body of a municipality may by resolution increase its levy ~~for taxes payable in~~
32.19 ~~2004 and 2005 only by an amount equal to the reduction in the amount of aid it is certified~~
32.20 ~~to receive under sections 477A.011 to 477A.03 for that same payable year compared to~~
32.21 ~~the amount certified for payment in 2003~~ in any year by an amount equal to its special
32.22 levies under section 275.70, subdivision 5, clauses 22 and 25.

32.23 **EFFECTIVE DATE.** This section is effective for levies payable in calendar year
32.24 2011 and thereafter.

32.25 Sec. 19. Minnesota Statutes 2008, section 276.02, is amended to read:

32.26 **276.02 TREASURER TO BE COLLECTOR.**

32.27 The county treasurer shall collect all taxes extended on the tax lists of the county
32.28 and the fines, forfeitures, or penalties received by any person or officer for the use of
32.29 the county. The treasurer shall collect the taxes according to law and credit them to the
32.30 proper funds. This section does not apply to fines and penalties accruing to municipal
32.31 corporations for the violation of their ordinances that are recoverable before a city justice.
32.32 Taxes, fines, interest, and penalties must be paid with United States currency or by check
32.33 or money order, or electronic payments, including, but not limited to, automated clearing

33.1 house transactions and federal wires drawn on a bank or other financial institution in the
33.2 United States. The county board may by resolution authorize the treasurer to impose a
33.3 charge for any dishonored checks or electronic payments. The charges for dishonored
33.4 payment of property taxes may be added to the tax, shall constitute a lien on the property,
33.5 and when collected shall be distributed to the county.

33.6 The county board may, by resolution, authorize the treasurer and/or other designees
33.7 to accept payments of real property taxes by credit card provided that a fee is charged for
33.8 its use. The fee charged must be commensurate with the costs assessed by the card issuer.
33.9 If a credit card transaction under this section is subsequently voided or otherwise reversed,
33.10 the lien of real property taxes under section 272.31 is revived and attaches in the manner
33.11 and time provided in that section as though the credit card transaction had never occurred,
33.12 and the voided or reversed credit card transaction shall not impair the right of a lienholder
33.13 under section 272.31 to enforce the lien in its favor.

33.14 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2011
33.15 and thereafter.

33.16 Sec. 20. Minnesota Statutes 2009 Supplement, section 279.01, subdivision 1, is
33.17 amended to read:

33.18 Subdivision 1. **Due dates; penalties.** Except as provided in subdivision 3 or 4, on
33.19 May 16 or 21 days after the postmark date on the envelope containing the property tax
33.20 statement, whichever is later, a penalty accrues and thereafter is charged upon all unpaid
33.21 taxes on real estate on the current lists in the hands of the county treasurer. The penalty is
33.22 at a rate of two percent on homestead property until May 31 and four percent on June 1.
33.23 The penalty on nonhomestead property is at a rate of four percent until May 31 and eight
33.24 percent on June 1. This penalty does not accrue until June 1 of each year, or 21 days after
33.25 the postmark date on the envelope containing the property tax statements, whichever is
33.26 later, on commercial use real property used for seasonal residential recreational purposes
33.27 and classified as class 1c or 4c, and on other commercial use real property classified as
33.28 class 3a, provided that over 60 percent of the gross income earned by the enterprise on the
33.29 class 3a property is earned during the months of May, June, July, and August. In order for
33.30 the first half of the tax due on class 3a property to be paid after May 15 and before June 1,
33.31 or 21 days after the postmark date on the envelope containing the property tax statement,
33.32 whichever is later, without penalty, the owner of the property must attach an affidavit to the
33.33 payment attesting to compliance with the income provision of this subdivision. Thereafter,
33.34 for both homestead and nonhomestead property, on the first day of each month beginning
33.35 July 1, up to and including October 1 following, an additional penalty of one percent for

34.1 each month accrues and is charged on all such unpaid taxes provided that if the due date
 34.2 was extended beyond May 15 as the result of any delay in mailing property tax statements
 34.3 no additional penalty shall accrue if the tax is paid by the extended due date. If the tax is
 34.4 not paid by the extended due date, then all penalties that would have accrued if the due
 34.5 date had been May 15 shall be charged. When the taxes against any tract or lot exceed
 34.6 ~~\$250~~ \$100, one-half thereof may be paid prior to May 16 or 21 days after the postmark
 34.7 date on the envelope containing the property tax statement, whichever is later; and, if so
 34.8 paid, no penalty attaches; the remaining one-half may be paid at any time prior to October
 34.9 16 following, without penalty; but, if not so paid, then a penalty of two percent accrues
 34.10 thereon for homestead property and a penalty of four percent on nonhomestead property.
 34.11 Thereafter, for homestead property, on the first day of November an additional penalty of
 34.12 four percent accrues and on the first day of December following, an additional penalty of
 34.13 two percent accrues and is charged on all such unpaid taxes. Thereafter, for nonhomestead
 34.14 property, on the first day of November and December following, an additional penalty of
 34.15 four percent for each month accrues and is charged on all such unpaid taxes. If one-half of
 34.16 such taxes are not paid prior to May 16 or 21 days after the postmark date on the envelope
 34.17 containing the property tax statement, whichever is later, the same may be paid at any time
 34.18 prior to October 16, with accrued penalties to the date of payment added, and thereupon
 34.19 no penalty attaches to the remaining one-half until October 16 following.

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

34.22 A county may provide by resolution that in the case of a property owner that has
 34.23 multiple tracts or parcels with aggregate taxes exceeding ~~\$250~~ \$100, payments may be
 34.24 made in installments as provided in this subdivision.

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

34.32 **EFFECTIVE DATE.** This section is effective for taxes payable in 2011 and
 34.33 thereafter.

34.34 Sec. 21. Minnesota Statutes 2008, section 279.025, is amended to read:

35.1 **279.025 PAYMENT OF DELINQUENT PROPERTY TAXES, SPECIAL**
35.2 **ASSESSMENTS.**

35.3 Payment of delinquent property tax and related interest and penalties and special
35.4 assessments shall be paid with United States currency or by check ~~or~~, money order, or
35.5 electronic means, including, but not limited to, automated clearing house transactions and
35.6 federal wires drawn on a bank or other financial institution in the United States.

35.7 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2011
35.8 and thereafter.

35.9 Sec. 22. Minnesota Statutes 2008, section 428A.12, is amended to read:

35.10 **428A.12 PETITION REQUIRED.**

35.11 No action may be taken under sections 428A.13 and 428A.14 unless owners of
35.12 ~~25~~ 50 percent or more of the housing units that would be subject to fees in the proposed
35.13 housing improvement area file a petition requesting a public hearing on the proposed
35.14 action with the city clerk. No action may be taken under section 428A.14 to impose a fee
35.15 unless owners of ~~25~~ 50 percent or more of the housing units subject to the proposed
35.16 fee file a petition requesting a public hearing on the proposed fee with the city clerk or
35.17 other appropriate official.

35.18 **EFFECTIVE DATE.** This section is effective for petitions filed beginning July
35.19 1, 2010.

35.20 Sec. 23. Minnesota Statutes 2008, section 428A.18, subdivision 2, is amended to read:

35.21 Subd. 2. **Requirements for veto.** If residents of ~~35~~ 45 percent or more of the
35.22 housing units in the area subject to the fee file an objection to the ordinance adopted by the
35.23 city under section 428A.13 with the city clerk before the effective date of the ordinance,
35.24 the ordinance does not become effective. If owners of ~~35~~ 45 percent or more of the housing
35.25 units' tax capacity subject to the fee under section 428A.14 file an objection with the city
35.26 clerk before the effective date of the resolution, the resolution does not become effective.

35.27 **EFFECTIVE DATE.** This section is effective beginning July 1, 2010.

35.28 Sec. 24. Minnesota Statutes 2008, section 473H.05, subdivision 1, is amended to read:

35.29 Subdivision 1. **Before ~~March~~ June 1 for next year's taxes.** An owner or owners
35.30 of certified long-term agricultural land may apply to the authority with jurisdiction over
35.31 the land on forms provided by the commissioner of agriculture for the creation of an

36.1 agricultural preserve at any time. Land for which application is received prior to ~~March~~
36.2 June 1 of any year shall be assessed pursuant to section 473H.10 for taxes payable in the
36.3 following year. Land for which application is received on or after ~~March~~ June 1 of any
36.4 year shall be assessed pursuant to section 473H.10 in the following year. The application
36.5 shall be executed and acknowledged in the manner required by law to execute and
36.6 acknowledge a deed and shall contain at least the following information and such other
36.7 information as the commissioner deems necessary:

36.8 (a) Legal description of the area proposed to be designated and parcel identification
36.9 numbers if so designated by the county auditor and the certificate of title number if the
36.10 land is registered;

36.11 (b) Name and address of owner;

36.12 (c) An affidavit by the authority evidencing that the land is certified long-term
36.13 agricultural land at the date of application;

36.14 (d) A statement by the owner covenanting that the land shall be kept in agricultural
36.15 use, and shall be used in accordance with the provisions of sections 473H.02 to 473H.17
36.16 which exist on the date of application and providing that the restrictive covenant shall be
36.17 binding on the owner or the owner's successor or assignee, and shall run with the land.

36.18 **EFFECTIVE DATE.** This section is effective the day following final enactment,
36.19 except that in 2010 the application date in this section shall be extended to August 1.

36.20 Sec. 25. Minnesota Statutes 2008, section 477A.17, is amended to read:

36.21 **477A.17 LAKE VERMILION STATE PARK AND SOUDAN**
36.22 **UNDERGROUND MINE STATE PARK; ANNUAL PAYMENTS.**

36.23 (a) Beginning in fiscal year ~~2010~~ 2012, in lieu of the payment amount provided under
36.24 section 477A.12, subdivision 1, clause (1), the county shall receive an annual payment for
36.25 land acquired for Lake Vermilion State Park, established in section 85.012, subdivision
36.26 38a, and land within the boundary of Soudan Underground Mine State Park, established in
36.27 section 85.012, subdivision 53a, equal to 1.5 percent of the appraised value of the land.

36.28 (b) For the purposes of this section, the appraised value of the land acquired for
36.29 Lake Vermilion State Park for the first five years after acquisition shall be the purchase
36.30 price of the land, plus the value of any portion of the land that is acquired by donation.
36.31 The appraised value must be redetermined by the county assessor every five years after
36.32 the land is acquired.

36.33 (c) The annual payments under this section shall be distributed to the taxing
36.34 jurisdictions containing the property as follows: one-third to the school districts; one-third

37.1 to the town; and one-third to the county. The payment to school districts is not a county
37.2 apportionment under section 127A.34 and is not subject to aid recapture. Each of those
37.3 taxing jurisdictions may use the payments for their general purposes.

37.4 (d) Except as provided in this section, the payments shall be made as provided
37.5 in sections 477A.11 to 477A.13.

37.6 Sec. 26. Laws 2009, chapter 88, article 2, section 49, is amended to read:

37.7 Sec. 49. **TAX ABATEMENT; NEWLY CONSTRUCTED RESIDENTIAL**
37.8 **STRUCTURES IN FLOOD-DAMAGED CITIES.**

37.9 Subdivision 1. **Eligibility.** A residential structure qualifies for a tax abatement
37.10 under this section if:

37.11 (1) the structure is located in a city that is eligible to designate a development zone
37.12 under Minnesota Statutes, section 469.1731;

37.13 (2) the structure is located in a county designated as an emergency area under
37.14 presidential declaration FEMA-3304-EM;

37.15 (3) the structure is located on property classified as class 1a, 1b, 2a, 4a, 4b, 4bb, or
37.16 4d under Minnesota Statutes, section 273.13;

37.17 (4) no part of the structure was in existence prior to January 1, 2009, unless (i) the
37.18 structure is located on property classified as 1a, 1b, 2a, 4b, or 4bb; (ii) a building permit
37.19 was issued and construction commenced in 2008; and (iii) as of March 26, 2009, the
37.20 property was owned by the original builder, was not subject to any form of purchase
37.21 contract or agreement, and had never been occupied; and

37.22 (5) construction of the structure is commenced prior to December 31, ~~2010~~ 2011.

37.23 For the purposes of this clause, construction is deemed to have been commenced if a
37.24 proper building permit has been issued and the mandatory footing or foundation inspection
37.25 has been completed.

37.26 Subd. 2. **Application.** Application for the abatement authorized under this section
37.27 must be filed by January 2 of the year following the year in which construction began,
37.28 except that those qualifying structures for which construction commenced in 2008 must
37.29 file an application no later than January 2, 2010, for assessment years 2010 and 2011. The
37.30 application must be filed with the assessor of the county or city in which the property is
37.31 located on a form prescribed by the commissioner of revenue.

37.32 Subd. 3. **Tax abated.** (a) For a property qualifying under subdivision 1 and
37.33 classified as either 1a, 1b, 2a, 4b, or 4bb, the tax attributable to (1) \$200,000 of market
37.34 value, or (2) the entire market value of the structure, whichever is less, shall be abated.
37.35 For a property qualifying under subdivision 1 and classified as class 4a or 4d, the tax

38.1 attributable to (1) \$20,000 of market value per residential unit, or (2) the entire market
38.2 value of the structure, whichever is less, shall be abated.

38.3 (b) The abatement under paragraph (a) shall be in effect for two taxes payable years,
38.4 corresponding to the two assessment years after construction has begun. The abatement
38.5 shall not apply to any special assessments that have been levied against the property.

38.6 Subd. 4. **Reimbursement.** By May 1 of each taxes payable year in which an
38.7 abatement has been authorized under this section, the auditor shall report the amount of
38.8 taxes abated for each jurisdiction within the county to the commissioner of revenue, on a
38.9 form prescribed by the commissioner. On or before September 1 of each taxes payable
38.10 year in which an abatement has been authorized under this section, the commissioner of
38.11 revenue shall reimburse each local jurisdiction for the amount of taxes abated for the
38.12 year under this section.

38.13 Subd. 5. **Appropriation.** The amount necessary to make the reimbursements
38.14 required under this section is annually appropriated to the commissioner of revenue from
38.15 the general fund.

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

38.17 Sec. 27. Laws 2009, chapter 88, article 2, section 49, the effective date, is amended to
38.18 read:

38.19 **EFFECTIVE DATE.** This section is effective for assessment years 2010 to ~~2012~~
38.20 2013, for taxes payable in 2011 to ~~2013~~ 2014.

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

38.22 Sec. 28. **FISCAL DISPARITIES STUDY.**

38.23 The commissioner of revenue shall conduct a study of the metropolitan revenue
38.24 distribution program contained in Minnesota Statutes, chapter 473F, commonly known
38.25 as the fiscal disparities program. By February 1, 2012, the commissioner shall submit a
38.26 report to the chairs and ranking minority members of the house of representatives and
38.27 senate tax committees consisting of the findings of the study and identification of issues
38.28 for policy makers to consider. The study must analyze:

38.29 (1) the extent to which the benefits of economic growth of the region are shared
38.30 throughout the region, especially for growth that results from state or regional decisions;

38.31 (2) the program's impact on the variability of tax rates across jurisdictions of the
38.32 region;

39.1 (3) the program's impact on the distribution of homestead property tax burdens
39.2 across jurisdictions of the region; and

39.3 (4) the relationship between the impacts of the program and overburden on
39.4 jurisdictions containing properties that provide regional benefits, specifically the costs
39.5 those properties impose on their host jurisdictions in excess of their tax payments.

39.6 The report must include a description of other property tax, aid, and local
39.7 development programs that interact with the fiscal disparities program.

39.8 **EFFECTIVE DATE.** This section is effective January 1, 2011.

39.9 Sec. 29. **FUND TRANSFER FROM FISCAL DISPARITIES LEVY.**

39.10 For taxes payable in 2011 only, the Metropolitan Council must certify to the Ramsey
39.11 County auditor the amount of \$100,000, to be certified by the Ramsey County auditor to
39.12 the administrative auditor as an addition to the Metropolitan Council's areawide levy
39.13 under Minnesota Statutes, section 473F.08, subdivision 5. Upon receipt of the proceeds
39.14 of this levy, the Metropolitan Council must transfer this money to the commissioner of
39.15 management and budget for deposit into the general fund. One-half of the proceeds of the
39.16 levy must be transferred prior to June 30, 2011.

39.17 Sec. 30. **THIEF RIVER FALLS AIRPORT AUTHORITY; SPECIAL LEVY**
39.18 **AUTHORITY.**

39.19 If an airport authority is established under Minnesota Statutes, section 360.042, that
39.20 includes the city of Thief River Falls within its boundaries, the authority may exercise
39.21 its levy authority through a levy on the referendum market value of the area, as defined
39.22 in Minnesota Statutes, section 126C.01, subdivision 3, in lieu of a levy on the net tax
39.23 capacity of the area. If an authority exercises its option under this section, the intent to do
39.24 so must be stated in the joint agreement establishing the authority.

39.25 **EFFECTIVE DATE.** This section is effective the day following final enactment,
39.26 without local approval, as provided by Minnesota Statutes, section 654.023, subdivision 1,
39.27 paragraph (a).

39.28 Sec. 31. **CITY OF ST. CHARLES; ADDITIONAL AID, 2010 ONLY.**

39.29 \$50,000 is appropriated in fiscal year 2011 from the general fund to the commissioner
39.30 of revenue to make a payment to the city of St. Charles to compensate the city for a loss of
39.31 a major manufacturing facility in the city due to a fire in April 2009. The payment shall be
39.32 made with the December 2010 payment under Minnesota Statutes, section 477A.015.

40.1 Sec. 32. **APPROPRIATION.**

40.2 The sum of \$50,000 in fiscal year 2011 and \$50,000 in fiscal year 2012 is
40.3 appropriated from the general fund to the commissioner of revenue to pay for the study
40.4 required under section 28. These are onetime appropriations.

40.5 **ARTICLE 2**

40.6 **PROPERTY TAX REFORM, ACCOUNTABILITY, VALUE, AND**
40.7 **EFFICIENCY PROVISIONS**

40.8 Section 1. **[6.90] COUNCIL ON LOCAL RESULTS AND INNOVATION.**

40.9 Subdivision 1. **Creation.** The Council on Local Results and Innovation consists of
40.10 11 members, as follows:

40.11 (1) the state auditor;

40.12 (2) two persons appointed by the chair of the Property and Local Sales Tax Division
40.13 of the house of representatives Taxes Committee;

40.14 (3) two persons appointed by the designated lead member of the largest minority
40.15 party of the Property and Local Sales Tax Division of the house of representatives Taxes
40.16 Committee;

40.17 (4) four persons appointed by the Subcommittee on Committees of the Senate Rules
40.18 and Administration Committee;

40.19 (5) one person appointed by the Association of Minnesota Counties; and

40.20 (6) one person appointed by the League of Minnesota Cities.

40.21 Each appointment under clauses (2) to (4) must include one person with expertise
40.22 or interest in county government and one person with expertise or interest in city
40.23 government. No members appointed under clauses (2) to (4) may be members of the
40.24 legislature. The appointing authorities must use their best efforts to ensure that a majority
40.25 of council members have experience with local performance measurement systems. The
40.26 membership of the council must include geographically balanced representation as well as
40.27 representation balanced between large and small jurisdictions. The appointments under
40.28 clauses (2) to (6) must be made within two months of the date of enactment.

40.29 Appointees to the council under clauses (2) to (4) serve terms of four years, except
40.30 that one of each of the initial appointments under clauses (2) to (4) shall serve a term of
40.31 two years; each appointing agent must designate which appointee is serving the two-year
40.32 term. Subsequent appointments for members appointed under clauses (2) to (4) must
40.33 be made by the council, including appointments to replace any appointees who might
40.34 resign from the council prior to completion of their term. Appointees under clauses (2) to
40.35 (4) are not eligible to vote on appointing their successor, nor on the successors of other
40.36 appointees whose terms are expiring contemporaneously. In making appointments, the

41.1 council shall make all possible efforts to reflect the geographical distribution and meet the
41.2 qualifications of appointees required of the initial appointees. Subsequent appointments
41.3 for members appointed under clauses (5) and (6) must be made by the original appointing
41.4 authority. Appointees to the council under clauses (2) to (6) may serve no more than two
41.5 consecutive terms.

41.6 Subd. 2. **Duties.** (a) By February 15, 2011, the council shall develop a standard
41.7 set of approximately ten performance measures for counties and ten performance
41.8 measures for cities that will aid residents, taxpayers, and state and local elected officials
41.9 in determining the efficacy of counties and cities in providing services, and measure
41.10 residents' opinions of those services. In developing its measures, the council must solicit
41.11 input from private citizens. Counties and cities that elect to participate in the standard
41.12 measures system shall report their results to the state auditor under section 6.91, who
41.13 shall compile the results and make them available to all interested parties by publishing
41.14 them on the auditor's Web site and report them to the legislative tax committees. Each
41.15 year after the initial designation of performance measures, the council shall evaluate the
41.16 usefulness of the standard set of performance measures and may revise the set by adding
41.17 or removing measures as it deems appropriate.

41.18 (b) By February 15, 2012, the council shall develop minimum standards for
41.19 comprehensive performance measurement systems, which may vary by size and type
41.20 of governing jurisdiction.

41.21 (c) In addition to its specific duties under paragraphs (a) and (b), the council
41.22 shall generally promote the use of performance measurement for governmental entities
41.23 across the state and shall serve as a resource for all governmental entities seeking to
41.24 implement a system of local performance measurement. The council may highlight and
41.25 promote systems that are innovative, or are ones that it deems to be best practices of local
41.26 performance measurement systems across the state and nation. The council should give
41.27 preference in its recommendations to systems that are results-oriented. The council may,
41.28 with the cooperation of the state auditor, establish and foster a collaborative network
41.29 of practitioners of local performance measurement systems. The council may support
41.30 the Association of Minnesota Counties and the League of Minnesota Cities to seek and
41.31 receive private funding to provide expert technical assistance to local governments for
41.32 the purposes of replicating best practices.

41.33 Subd. 3. **Reports.** (a) The council shall report its initial set of standard performance
41.34 measures to the Property and Local Sales Tax Division of the house of representatives
41.35 Taxes Committee and the Taxes Division on Property Taxes of the senate Taxes Committee
41.36 by February 28, 2011.

42.1 (b) By February 1 of each subsequent year, the council shall report to the committees
42.2 with jurisdiction over taxes in the house of representatives and the senate on participation
42.3 in and results of the performance measurement system, along with any revisions in the
42.4 standard set of performance measures for the upcoming year. These reports may be made
42.5 by the state auditor in lieu of the council if agreed to by the auditor and the council.

42.6 Subd. 4. **Operation of council.** (a) The state auditor shall convene the initial
42.7 meeting of the council.

42.8 (b) The chair of the council shall be elected by the members. Once elected, a chair
42.9 shall serve a term of two years.

42.10 (c) Members of the council serve without compensation.

42.11 (d) Council members shall share and rotate responsibilities for administrative
42.12 support of the council.

42.13 (e) Chapter 13D does not apply to meetings of the council. Meetings of the council
42.14 must be open to the public and the council must provide notice of a meeting on the state
42.15 auditor's Web site at least seven days before the meeting. A meeting of the council occurs
42.16 when a quorum is present.

42.17 (f) The council must meet at least two times prior to the initial release of the standard
42.18 set of measurements. After the initial set has been developed, the council must meet a
42.19 minimum of once per year.

42.20 Subd. 5. **Termination.** The council expires on January 1, 2020.

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

42.22 Sec. 2. **[6.91] LOCAL PERFORMANCE MEASUREMENT AND REPORTING.**

42.23 Subdivision 1. **Reports of local performance measures.** (a) A county or city
42.24 that elects to participate in the standard measures program must report its results to its
42.25 citizens annually through publication, direct mailing, posting on the jurisdiction's Web
42.26 site, or through a public hearing at which the budget and levy will be discussed and public
42.27 input allowed.

42.28 (b) Each year, jurisdictions participating in the local performance measurement
42.29 and improvement program must file a report with the state auditor by July 1, in a form
42.30 prescribed by the auditor. All reports must include a declaration that the jurisdiction has
42.31 complied with, or will have complied with by the end of the year, the requirement in
42.32 paragraph (a). For jurisdictions participating in the standard measures program, the report
42.33 shall consist of the jurisdiction's results for the standard set of performance measures
42.34 under section 6.90, subdivision 2, paragraph (a). In 2012, jurisdictions participating in the
42.35 comprehensive performance measurement program must submit a resolution approved by

43.1 its local governing body indicating that it either has implemented or is in the process of
43.2 implementing a local performance measurement system that meets the minimum standards
43.3 specified by the council under section 6.90, subdivision 2, paragraph (b). In 2013 and
43.4 thereafter, jurisdictions participating in the comprehensive performance measurement
43.5 program must submit a statement approved by its local governing body affirming that
43.6 it has implemented a local performance measurement system that meets the minimum
43.7 standards specified by the council under section 6.90, subdivision 2, paragraph (b).

43.8 Subd. 2. **Benefits of participation.** (a) A county or city that elects to participate in
43.9 the standard measures program for 2011 is: (1) eligible for per capita reimbursement of
43.10 \$0.14 per capita, but not to exceed \$25,000 for any government entity; and (2) exempt
43.11 from levy limits under sections 275.70 to 275.74 for taxes payable in 2012, if levy limits
43.12 are in effect.

43.13 (b) Any county or city that elects to participate in the standard measures program
43.14 for 2012 is eligible for per capita reimbursement of \$0.14 per capita, but not to exceed
43.15 \$25,000 for any government entity. Any jurisdiction participating in the comprehensive
43.16 performance measurement program is exempt from levy limits under sections 275.70 to
43.17 275.74 for taxes payable in 2013 if levy limits are in effect.

43.18 (c) Any county or city that elects to participate in the standard measures program for
43.19 2013 or any year thereafter is eligible for per capita reimbursement of \$0.14 per capita,
43.20 but not to exceed \$25,000 for any government entity. Any jurisdiction participating in
43.21 the comprehensive performance measurement program for 2013 or any year thereafter is
43.22 exempt from levy limits under sections 275.70 to 275.74 for taxes payable in the following
43.23 year, if levy limits are in effect.

43.24 Subd. 3. **Certification of participation.** (a) The state auditor shall certify to
43.25 the commissioner of revenue by August 1 of each year the counties and cities that are
43.26 participating in the standard measures program and the comprehensive performance
43.27 measurement program.

43.28 (b) The commissioner of revenue shall make per capita aid payments under this
43.29 section on the second payment date specified in section 477A.015, in the same year that
43.30 the measurements were reported.

43.31 (c) The commissioner of revenue shall notify each county and city that is entitled to
43.32 exemption from levy limits by August 10 of each levy year.

43.33 Subd. 4. **Appropriation.** (a) The amount necessary to fund obligations under
43.34 subdivision 2 is annually appropriated from the general fund to the commissioner of
43.35 revenue.

44.1 (b) The sum of \$6,000 in fiscal year 2011 and \$2,000 in each fiscal year thereafter is
44.2 annually appropriated from the general fund to the state auditor to carry out the auditor's
44.3 responsibilities under sections 6.90 to 6.91.

44.4 **EFFECTIVE DATE.** This section is effective December 31, 2010.

44.5 Sec. 3. **[270C.991] PROPERTY TAX SYSTEM BENCHMARKS AND**
44.6 **CRITICAL INDICATORS.**

44.7 Subdivision 1. **Purpose.** State policy makers should be provided with the tools to
44.8 create a more accountable and efficient property tax system. This section provides the
44.9 principles and available tools necessary to work toward achieving that goal.

44.10 Subd. 2. **Property tax principles.** To better evaluate the various property tax
44.11 proposals that come before the legislature, the following basic property tax principles
44.12 should be taken into consideration. The property taxes proposed should be:

44.13 (1) transparent and understandable;

44.14 (2) simple and efficient;

44.15 (3) equitable;

44.16 (4) stable and predictable;

44.17 (5) compliance and accountability;

44.18 (6) competitive, both nationally and globally; and

44.19 (7) responsive to economic conditions.

44.20 Subd. 3. **Major indicators.** There are many different types of indicators available to
44.21 legislators to evaluate tax legislation. Indicators are useful to have available as benchmarks
44.22 when legislators are contemplating changes. Each tool has its own limitation, and no one
44.23 tool is perfect or should be used independently. Some of the tools measure the global
44.24 characteristics of the entire tax system, while others are only a measure of the property tax
44.25 impacts and its administration. The following is a list of the available major indicators:

44.26 (1) property tax principles scale, the components of which are listed in subdivision
44.27 2, as they relate to the various features of the property tax system;

44.28 (2) price of government report, as required under section 16A.102;

44.29 (3) tax incidence report, as required under section 270C.13;

44.30 (4) tax expenditure budget and report, as required under section 270C.11;

44.31 (5) state tax rankings;

44.32 (6) property tax levy plus aid data, and market value and net tax capacity data, by
44.33 taxing district for current and past years;

44.34 (7) effective tax rate (tax as a percent of market value) and the equalized effective
44.35 tax rate (effective tax rate adjusted for assessment differences);

- 45.1 (8) assessment sales ratio study, as required under section 127A.48;
45.2 (9) "Voss" database, which matches homeowner property taxes and household
45.3 income;
45.4 (10) revenue estimates under section 270C.11, subdivision 5, and state fiscal notes
45.5 under section 477A.03, subdivision 2b; and
45.6 (11) local impact notes under section 3.987.

45.7 Subd. 4. **Property tax working group.** (a) A property tax working group is
45.8 established as provided in this subdivision. The goals of the working group are:

45.9 (1) to investigate ways to simplify the property tax system and make advisory
45.10 recommendations on ways to make the system more understandable;

45.11 (2) to reexamine the property tax calendar to determine what changes could be made
45.12 to shorten the two-year cycle from assessment through property tax collection; and

45.13 (3) to determine the cost versus the benefits of the various property tax components,
45.14 including property classifications, credits, aids, exclusions, exemptions, and abatements,
45.15 and to suggest ways to achieve some of the goals in simpler and more cost-efficient ways.

45.16 (b) The 13-member working group shall consist of the following members:

45.17 (1) two state representatives, both appointed by the chair of the house of
45.18 representatives Taxes Committee, one from the majority party and one from the largest
45.19 minority party;

45.20 (2) two senators appointed by the Subcommittee on Committees of the Senate Rules
45.21 and Administration Committee, one from the majority party and one from the largest
45.22 minority party;

45.23 (3) the commissioner of revenue, or designee;

45.24 (4) one person appointed by the Association of Minnesota Counties;

45.25 (5) one person appointed by the League of Minnesota Cities;

45.26 (6) one person appointed by the Minnesota Association of Townships;

45.27 (7) one person appointed by the Minnesota Chamber of Commerce;

45.28 (8) one person appointed by the Minnesota Association of Assessing Officers;

45.29 (9) two homeowners, one who is under 65 years of age, and one who is 65 years of
45.30 age or older, both appointed by the commissioner of revenue; and

45.31 (10) one person jointly appointed by the Minnesota Farm Bureau and the Minnesota
45.32 Farmers Union.

45.33 The commissioner of revenue shall chair the initial meeting, and the working
45.34 group shall elect a chair at that initial meeting. The working group will meet at the call
45.35 of the chair. Members of the working group shall serve without compensation. The
45.36 commissioner of revenue must provide administrative support to the working group.

46.1 Chapter 13D does not apply to meetings of the working group. Meetings of the working
46.2 group must be open to the public and the working group must provide notice of a meeting
46.3 to potentially interested persons at least seven days before the meeting. A meeting of the
46.4 council occurs when a quorum is present.

46.5 (c) The working group shall make its advisory recommendations to the chairs of the
46.6 house of representatives and senate Taxes Committees on or before February 1, 2012, at
46.7 which time the working group shall be finished and this subdivision expires. The advisory
46.8 recommendations should be reviewed by the Taxes Committee under subdivision 5.

46.9 Subd. 5. **Taxes Committee review and resolution.** On or before March 1,
46.10 2012, and every two years thereafter, the house of representatives and senate Taxes
46.11 Committees must review the major indicators as contained in subdivision 3, and ascertain
46.12 the accountability and efficiency of the property tax system. The house of representatives
46.13 and senate Taxes Committees shall prepare a resolution on targets and benchmarks for
46.14 use during the current biennium.

46.15 Subd. 6. **Department of Revenue; revenue estimates.** As provided under
46.16 section 270C.11, subdivision 5, the Department of Revenue is required to prepare an
46.17 estimate of the effect on the state's tax revenues which result from the passage of a
46.18 legislative bill establishing, extending, or restricting a tax expenditure. Beginning
46.19 with the 2011 legislative session, those revenue estimates must also identify how the
46.20 property tax principles contained in subdivision 2 apply to the proposed tax changes. The
46.21 commissioner of revenue shall develop a scale for measuring the appropriate principles
46.22 for each proposed change. The department shall quantify the effects, if possible, or at a
46.23 minimum, shall identify the relevant factors so that legislators are aware of possible
46.24 outcomes, including administrative difficulties and cost. The interaction of property tax
46.25 shifting should be identified and quantified to the degree possible.

46.26 Subd. 7. **Appropriation.** The sum of \$30,000 in fiscal year 2011 and \$25,000 in
46.27 each fiscal year thereafter is appropriated from the general fund to the commissioner of
46.28 revenue to carry out the commissioner's added responsibilities under subdivision 6.

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

46.30 **ARTICLE 3**

46.31 **INCOME, CORPORATE FRANCHISE, AND ESTATE TAXES**

46.32 Section 1. Minnesota Statutes 2008, section 289A.08, subdivision 7, is amended to
46.33 read:

46.34 Subd. 7. **Composite income tax returns for nonresident partners, shareholders,**
46.35 **and beneficiaries.** (a) The commissioner may allow a partnership with nonresident

47.1 partners to file a composite return and to pay the tax on behalf of nonresident partners who
47.2 have no other Minnesota source income. This composite return must include the names,
47.3 addresses, Social Security numbers, income allocation, and tax liability for the nonresident
47.4 partners electing to be covered by the composite return.

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

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

47.13 (d) The electing partner must not have any Minnesota source income other than
47.14 the income from the partnership and other electing partnerships. If it is determined that
47.15 the electing partner has other Minnesota source income, the inclusion of the income
47.16 and tax liability for that partner under this provision will not constitute a return to
47.17 satisfy the requirements of subdivision 1. The tax paid for the individual as part of the
47.18 composite return is allowed as a payment of the tax by the individual on the date on
47.19 which the composite return payment was made. If the electing nonresident partner has no
47.20 other Minnesota source income, filing of the composite return is a return for purposes of
47.21 subdivision 1.

47.22 (e) This subdivision does not negate the requirement that an individual pay estimated
47.23 tax if the individual's liability would exceed the requirements set forth in section 289A.25.
47.24 A composite estimate may, however, be filed in a manner similar to and containing the
47.25 information required under paragraph (a).

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

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

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

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

48.5 (j) For the purposes of this subdivision, "income" means the partner's share of
48.6 federal adjusted gross income from the partnership modified by the additions provided in
48.7 section 290.01, subdivision 19a, clauses (6) to (10), and the subtractions provided in: (i)
48.8 section 290.01, subdivision 19b, clause ~~(9)~~ (8), to the extent the amount is assignable or
48.9 allocable to Minnesota under section 290.17; and (ii) section 290.01, subdivision 19b,
48.10 clause ~~(14)~~ (13). The subtraction allowed under section 290.01, subdivision 19b, clause
48.11 ~~(9)~~ (8), is only allowed on the composite tax computation to the extent the electing partner
48.12 would have been allowed the subtraction.

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

48.14 Sec. 2. Minnesota Statutes 2008, section 289A.09, subdivision 2, is amended to read:

48.15 Subd. 2. **Withholding statement.** (a) A person required to deduct and withhold
48.16 from an employee a tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision
48.17 2, or who would have been required to deduct and withhold a tax under section 290.92,
48.18 subdivision 2a or 3, or persons required to withhold tax under section 290.923, subdivision
48.19 2, determined without regard to section 290.92, subdivision 19, if the employee or payee
48.20 had claimed no more than one withholding exemption, or who paid wages or made
48.21 payments not subject to withholding under section 290.92, subdivision 2a or 3, or 290.923,
48.22 subdivision 2, to an employee or person receiving royalty payments in excess of \$600,
48.23 or who has entered into a voluntary withholding agreement with a payee under section
48.24 290.92, subdivision 20, must give every employee or person receiving royalty payments in
48.25 respect to the remuneration paid by the person to the employee or person receiving royalty
48.26 payments during the calendar year, on or before January 31 of the succeeding year, or, if
48.27 employment is terminated before the close of the calendar year, within 30 days after the
48.28 date of receipt of a written request from the employee if the 30-day period ends before
48.29 January 31, a written statement showing the following:

48.30 (1) name of the person;

48.31 (2) the name of the employee or payee and the employee's or payee's Social Security
48.32 account number;

48.33 (3) the total amount of wages as that term is defined in section 290.92, subdivision
48.34 1, paragraph (1); the total amount of remuneration subject to withholding under section
48.35 290.92, subdivision 20; the amount of sick pay as required under section 6051(f) of the

49.1 Internal Revenue Code; and the amount of royalties subject to withholding under section
49.2 290.923, subdivision 2; and

49.3 (4) the total amount deducted and withheld as tax under section 290.92, subdivision
49.4 2a or 3, or 290.923, subdivision 2.

49.5 (b) The statement required to be furnished by paragraph (a) with respect to any
49.6 remuneration must be furnished at those times, must contain the information required, and
49.7 must be in the form the commissioner prescribes.

49.8 (c) The commissioner may prescribe rules providing for reasonable extensions of
49.9 time, not in excess of 30 days, to employers or payers required to give the statements to
49.10 their employees or payees under this subdivision.

49.11 (d) A duplicate of any statement made under this subdivision and in accordance
49.12 with rules prescribed by the commissioner, along with a reconciliation in the form the
49.13 commissioner prescribes of the statements for the calendar year, including a reconciliation
49.14 of the quarterly returns required to be filed under subdivision 1, must be filed with the
49.15 commissioner on or before February 28 of the year after the payments were made.

49.16 (e) If an employer cancels the employer's Minnesota withholding account number
49.17 required by section 290.92, subdivision 24, the information required by paragraph (d),
49.18 must be filed with the commissioner within 30 days of the end of the quarter in which
49.19 the employer cancels its account number.

49.20 (f) The employer must submit the statements required to be sent to the commissioner
49.21 in the same manner required to satisfy the federal reporting requirements of section
49.22 6011(e) of the Internal Revenue Code and the regulations issued under it. ~~For wages paid~~
49.23 ~~in calendar year 2008,~~ An employer must submit statements to the commissioner required
49.24 by this section by electronic means if the employer is required to send more than ~~100~~
49.25 25 statements to the commissioner, even though the employer is not required to submit
49.26 the returns federally by electronic means. ~~For calendar year 2009, the 100 statements~~
49.27 ~~threshold is reduced to 50, and for calendar year 2010, the threshold is reduced to 25, and~~
49.28 ~~for statements issued for wages paid in 2011 and after, the threshold is reduced to ten.~~
49.29 All statements issued for withholding required under section 290.92 are aggregated for
49.30 purposes of determining whether the electronic submission threshold is met.

49.31 (g) A "third-party bulk filer" as defined in section 290.92, subdivision 30, paragraph
49.32 (a), clause (2), must submit the returns required by this subdivision and subdivision 1,
49.33 paragraph (a), with the commissioner by electronic means.

49.34 **EFFECTIVE DATE.** This section is effective for statements required to be filed
49.35 after December 31, 2010.

50.1 Sec. 3. Minnesota Statutes 2008, section 289A.12, subdivision 14, is amended to read:

50.2 Subd. 14. **Regulated investment companies; reporting exempt-interest**
50.3 **dividends.** (a) A regulated investment company paying \$10 or more in exempt-interest
50.4 dividends to an individual who is a resident of Minnesota must make a return indicating
50.5 the amount of the exempt-interest dividends, the name, address, and Social Security
50.6 number of the recipient, and any other information that the commissioner specifies. The
50.7 return must be provided to the shareholder ~~no later than 30 days after the close of the~~
50.8 ~~taxable year~~ by February 15 of the year following the year of the payment. The return
50.9 provided to the shareholder must include a clear statement, in the form prescribed by the
50.10 commissioner, that the exempt-interest dividends must be included in the computation of
50.11 Minnesota taxable income. ~~The regulated investment company is required in a manner~~
50.12 ~~prescribed by the commissioner to file a copy of the return with the commissioner.~~ By
50.13 June 1 of each year, the regulated investment company must file a copy of the return
50.14 with the commissioner.

50.15 (b) This subdivision applies to regulated investment companies required to register
50.16 under chapter 80A.

50.17 (c) For purposes of this subdivision, the following definitions apply.

50.18 (1) "Exempt-interest dividends" mean exempt-interest dividends as defined in
50.19 section 852(b)(5) of the Internal Revenue Code, but does not include the portion of
50.20 exempt-interest dividends that are not required to be added to federal taxable income
50.21 under section 290.01, subdivision 19a, clause (1)(ii).

50.22 (2) "Regulated investment company" means regulated investment company as
50.23 defined in section 851(a) of the Internal Revenue Code or a fund of the regulated
50.24 investment company as defined in section 851(g) of the Internal Revenue Code.

50.25 **EFFECTIVE DATE.** This section is effective for returns due after December 31,
50.26 2010.

50.27 Sec. 4. Minnesota Statutes 2009 Supplement, section 289A.18, subdivision 1, is
50.28 amended to read:

50.29 Subdivision 1. **Individual income, fiduciary income, corporate franchise, and**
50.30 **entertainment taxes; partnership and S corporation returns; information returns;**
50.31 **mining company returns.** The returns required to be made under sections 289A.08 and
50.32 289A.12 must be filed at the following times:

50.33 (1) returns made on the basis of the calendar year must be filed on April 15
50.34 following the close of the calendar year, except that returns of corporations must be filed

51.1 on ~~March 15 following the close of the calendar year~~ the due date for filing the federal
51.2 income tax return;

51.3 (2) returns made on the basis of the fiscal year must be filed on the 15th day of the
51.4 fourth month following the close of the fiscal year, except that returns of corporations
51.5 must be filed on the ~~15th day of the third month following the close of the fiscal year~~ due
51.6 date for filing the federal income tax return;

51.7 (3) returns for a fractional part of a year must be filed on the ~~15th day of the fourth~~
51.8 ~~month following the end of the month in which falls the last day of the period for which~~
51.9 ~~the return is made, except that the returns of corporations must be filed on the 15th day of~~
51.10 ~~the third month following the end of the tax year; or, in the case of a corporation which~~
51.11 ~~is a member of a unitary group, the return of the corporation must be filed on the 15th~~
51.12 ~~day of the third month following the end of the tax year of the unitary group in which~~
51.13 ~~falls the last day of the period for which the return is made~~ due date for filing the federal
51.14 income tax return;

51.15 (4) in the case of a final return of a decedent for a fractional part of a year, the return
51.16 must be filed on the 15th day of the fourth month following the close of the 12-month
51.17 period that began with the first day of that fractional part of a year;

51.18 (5) in the case of the return of a cooperative association, returns must be filed on or
51.19 before the 15th day of the ninth month following the close of the taxable year;

51.20 (6) if a corporation has been divested from a unitary group and files a return for
51.21 a fractional part of a year in which it was a member of a unitary business that files a
51.22 combined report under section 290.17, subdivision 4, the divested corporation's return
51.23 must be filed on the 15th day of the third month following the close of the common
51.24 accounting period that includes the fractional year;

51.25 (7) returns of entertainment entities must be filed on April 15 following the close of
51.26 the calendar year;

51.27 (8) returns required to be filed under section 289A.08, subdivision 4, must be filed
51.28 on the 15th day of the fifth month following the close of the taxable year;

51.29 (9) returns of mining companies must be filed on May 1 following the close of the
51.30 calendar year; and

51.31 (10) returns required to be filed with the commissioner under section 289A.12,
51.32 subdivision 2, 4 to 10, or 16 must be filed within 30 days after being demanded by the
51.33 commissioner.

51.34 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
51.35 December 31, 2009.

52.1 Sec. 5. Minnesota Statutes 2008, section 289A.30, subdivision 2, is amended to read:

52.2 Subd. 2. **Estate tax.** Where good cause exists, the commissioner may extend the
52.3 time for payment of estate tax for a period of not more than six months. If an extension to
52.4 pay the federal estate tax has been granted under section 6161 of the Internal Revenue
52.5 Code, the time for payment of the estate tax without penalty is extended for that period. A
52.6 taxpayer who owes at least \$5,000 in taxes and who, under section 6161 or 6166 of the
52.7 Internal Revenue Code has been granted an extension for payment of the tax shown on the
52.8 return, may elect to pay the tax due to the commissioner in equal amounts at the same
52.9 time as required for federal purposes. A taxpayer electing to pay the tax in installments
52.10 shall defer a percentage of tax that does not exceed the percentage of federal tax deferred
52.11 and must notify the commissioner in writing no later than nine months after the death of
52.12 the person whose estate is subject to taxation. If the taxpayer fails to pay an installment on
52.13 time, unless it is shown that the failure is due to reasonable cause, the election is revoked
52.14 and the entire amount of unpaid tax plus accrued interest is due and payable 90 days after
52.15 the date on which the installment was payable.

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

52.17 Sec. 6. Minnesota Statutes 2008, section 289A.50, subdivision 4, is amended to read:

52.18 Subd. 4. **Notice of refund.** The commissioner shall determine the amount of refund,
52.19 if any, that is due, and notify the taxpayer of the determination as soon as practicable
52.20 after a claim has been filed.

52.21 If the commissioner determines that the address provided by the taxpayer to claim a
52.22 refund is invalid or is no longer the current address of the taxpayer, then the date of the
52.23 mailing of the notification provided under this subdivision is considered the date that
52.24 the refund is paid for purposes of the payment of interest under section 289A.56 and is
52.25 considered the date of issuance of the original warrant or check for purposes of issuing a
52.26 new warrant or check under section 270C.347.

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

52.28 Sec. 7. Minnesota Statutes 2008, section 289A.60, subdivision 7, is amended to read:

52.29 Subd. 7. **Penalty for frivolous return.** If a taxpayer files what purports to be
52.30 a tax return or a claim for refund but which does not contain information on which
52.31 the substantial correctness of the purported return or claim for refund may be judged
52.32 or contains information that on its face shows that the purported return or claim for
52.33 refund is substantially incorrect and the conduct is due to a position that is frivolous or

53.1 a desire that appears on the purported return or claim for refund to delay or impede the
53.2 administration of Minnesota tax laws, then the ~~individual~~ taxpayer shall pay a penalty of
53.3 the greater of \$1,000 or 25 percent of the amount of tax required to be shown on the
53.4 return. In a proceeding involving the issue of whether or not a ~~person~~ taxpayer is liable for
53.5 this penalty, the burden of proof is on the commissioner.

53.6 **EFFECTIVE DATE.** This section is effective the day following final enactment
53.7 and applies to returns filed after that date.

53.8 Sec. 8. Minnesota Statutes 2009 Supplement, section 290.01, subdivision 19a, is
53.9 amended to read:

53.10 Subd. 19a. **Additions to federal taxable income.** For individuals, estates, and
53.11 trusts, there shall be added to federal taxable income:

53.12 (1)(i) interest income on obligations of any state other than Minnesota or a political
53.13 or governmental subdivision, municipality, or governmental agency or instrumentality
53.14 of any state other than Minnesota exempt from federal income taxes under the Internal
53.15 Revenue Code or any other federal statute; and

53.16 (ii) exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue
53.17 Code, except:

53.18 (A) the portion of the exempt-interest dividends exempt from state taxation under
53.19 the laws of the United States; and

53.20 (B) the portion of the exempt-interest dividends derived from interest income
53.21 on obligations of the state of Minnesota or its political or governmental subdivisions,
53.22 municipalities, governmental agencies or instrumentalities, but only if the portion of the
53.23 exempt-interest dividends from such Minnesota sources paid to all shareholders represents
53.24 95 percent or more of the exempt-interest dividends, including any dividends exempt
53.25 under subitem (A), that are paid by the regulated investment company as defined in section
53.26 851(a) of the Internal Revenue Code, or the fund of the regulated investment company as
53.27 defined in section 851(g) of the Internal Revenue Code, making the payment; and

53.28 (iii) for the purposes of items (i) and (ii), interest on obligations of an Indian tribal
53.29 government described in section 7871(c) of the Internal Revenue Code shall be treated as
53.30 interest income on obligations of the state in which the tribe is located;

53.31 (2) the amount of income, sales and use, motor vehicle sales, or excise taxes paid
53.32 or accrued within the taxable year under this chapter and the amount of taxes based on
53.33 net income paid, sales and use, motor vehicle sales, or excise taxes paid to any other
53.34 state or to any province or territory of Canada, to the extent allowed as a deduction
53.35 under section 63(d) of the Internal Revenue Code, but the addition may not be more

54.1 than the amount by which the itemized deductions as allowed under section 63(d) of
54.2 the Internal Revenue Code exceeds the amount of the standard deduction as defined in
54.3 section 63(c) of the Internal Revenue Code, disregarding the amounts allowed under
54.4 sections 63(c)(1)(C) and 63(c)(1)(E) of the Internal Revenue Code. For the purpose of
54.5 this paragraph, the disallowance of itemized deductions under section 68 of the Internal
54.6 Revenue Code of 1986, income, sales and use, motor vehicle sales, or excise taxes are
54.7 the last itemized deductions disallowed;

54.8 (3) the capital gain amount of a lump-sum distribution to which the special tax under
54.9 section 1122(h)(3)(B)(ii) of the Tax Reform Act of 1986, Public Law 99-514, applies;

54.10 (4) the amount of income taxes paid or accrued within the taxable year under this
54.11 chapter and taxes based on net income paid to any other state or any province or territory
54.12 of Canada, to the extent allowed as a deduction in determining federal adjusted gross
54.13 income. For the purpose of this paragraph, income taxes do not include the taxes imposed
54.14 by sections 290.0922, subdivision 1, paragraph (b), 290.9727, 290.9728, and 290.9729;

54.15 (5) the amount of expense, interest, or taxes disallowed pursuant to section 290.10
54.16 other than expenses or interest used in computing net interest income for the subtraction
54.17 allowed under subdivision 19b, clause (1);

54.18 (6) the amount of a partner's pro rata share of net income which does not flow
54.19 through to the partner because the partnership elected to pay the tax on the income under
54.20 section 6242(a)(2) of the Internal Revenue Code;

54.21 (7) 80 percent of the depreciation deduction allowed under section 168(k) of the
54.22 Internal Revenue Code. For purposes of this clause, if the taxpayer has an activity that
54.23 in the taxable year generates a deduction for depreciation under section 168(k) and the
54.24 activity generates a loss for the taxable year that the taxpayer is not allowed to claim for
54.25 the taxable year, "the depreciation allowed under section 168(k)" for the taxable year is
54.26 limited to excess of the depreciation claimed by the activity under section 168(k) over the
54.27 amount of the loss from the activity that is not allowed in the taxable year. In succeeding
54.28 taxable years when the losses not allowed in the taxable year are allowed, the depreciation
54.29 under section 168(k) is allowed;

54.30 (8) 80 percent of the amount by which the deduction allowed by section 179 of the
54.31 Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal
54.32 Revenue Code of 1986, as amended through December 31, 2003;

54.33 (9) to the extent deducted in computing federal taxable income, the amount of the
54.34 deduction allowable under section 199 of the Internal Revenue Code;

54.35 (10) the exclusion allowed under section 139A of the Internal Revenue Code for
54.36 federal subsidies for prescription drug plans;

- 55.1 (11) the amount of expenses disallowed under section 290.10, subdivision 2;
- 55.2 (12) the amount deducted for qualified tuition and related expenses under section
55.3 222 of the Internal Revenue Code, to the extent deducted from gross income;
- 55.4 (13) the amount deducted for certain expenses of elementary and secondary school
55.5 teachers under section 62(a)(2)(D) of the Internal Revenue Code, to the extent deducted
55.6 from gross income;
- 55.7 (14) the additional standard deduction for property taxes payable that is allowable
55.8 under section 63(c)(1)(C) of the Internal Revenue Code;
- 55.9 (15) the additional standard deduction for qualified motor vehicle sales taxes
55.10 allowable under section 63(c)(1)(E) of the Internal Revenue Code;
- 55.11 (16) discharge of indebtedness income resulting from reacquisition of business
55.12 indebtedness and deferred under section 108(i) of the Internal Revenue Code; and
- 55.13 (17) the amount of unemployment compensation exempt from tax under section
55.14 85(c) of the Internal Revenue Code.

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

55.16 Sec. 9. Minnesota Statutes 2009 Supplement, section 290.01, subdivision 19b, as
55.17 amended by Laws 2010, chapter 187, section 2, is amended to read:

55.18 Subd. 19b. **Subtractions from federal taxable income.** For individuals, estates,
55.19 and trusts, there shall be subtracted from federal taxable income:

55.20 (1) net interest income on obligations of any authority, commission, or
55.21 instrumentality of the United States to the extent includable in taxable income for federal
55.22 income tax purposes but exempt from state income tax under the laws of the United States;

55.23 (2) if included in federal taxable income, the amount of any overpayment of income
55.24 tax to Minnesota or to any other state, for any previous taxable year, whether the amount
55.25 is received as a refund or as a credit to another taxable year's income tax liability;

55.26 (3) the amount paid to others, less the amount used to claim the credit allowed under
55.27 section 290.0674, not to exceed \$1,625 for each qualifying child in grades kindergarten
55.28 to 6 and \$2,500 for each qualifying child in grades 7 to 12, for tuition, textbooks, and
55.29 transportation of each qualifying child in attending an elementary or secondary school
55.30 situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a
55.31 resident of this state may legally fulfill the state's compulsory attendance laws, which
55.32 is not operated for profit, and which adheres to the provisions of the Civil Rights Act
55.33 of 1964 and chapter 363A. For the purposes of this clause, "tuition" includes fees or
55.34 tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause,
55.35 "textbooks" includes books and other instructional materials and equipment purchased

56.1 or leased for use in elementary and secondary schools in teaching only those subjects
56.2 legally and commonly taught in public elementary and secondary schools in this state.
56.3 Equipment expenses qualifying for deduction includes expenses as defined and limited in
56.4 section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional
56.5 books and materials used in the teaching of religious tenets, doctrines, or worship, the
56.6 purpose of which is to instill such tenets, doctrines, or worship, nor does it include books
56.7 or materials for, or transportation to, extracurricular activities including sporting events,
56.8 musical or dramatic events, speech activities, driver's education, or similar programs. No
56.9 deduction is permitted for any expense the taxpayer incurred in using the taxpayer's or
56.10 the qualifying child's vehicle to provide such transportation for a qualifying child. For
56.11 purposes of the subtraction provided by this clause, "qualifying child" has the meaning
56.12 given in section 32(c)(3) of the Internal Revenue Code;

56.13 (4) income as provided under section 290.0802;

56.14 (5) to the extent included in federal adjusted gross income, income realized on
56.15 disposition of property exempt from tax under section 290.491;

56.16 (6) to the extent not deducted or not deductible pursuant to section 408(d)(8)(E)
56.17 of the Internal Revenue Code in determining federal taxable income by an individual
56.18 who does not itemize deductions for federal income tax purposes for the taxable year, an
56.19 amount equal to 50 percent of the excess of charitable contributions over \$500 allowable
56.20 as a deduction for the taxable year under section 170(a) of the Internal Revenue Code,
56.21 under the provisions of Public Law 109-1 and Public Law 111-126;

56.22 ~~(7) for taxable years beginning before January 1, 2008, the amount of the federal~~
56.23 ~~small ethanol producer credit allowed under section 40(a)(3) of the Internal Revenue Code~~
56.24 ~~which is included in gross income under section 87 of the Internal Revenue Code;~~

56.25 ~~(8)~~ (7) for individuals who are allowed a federal foreign tax credit for taxes that do
56.26 not qualify for a credit under section 290.06, subdivision 22, an amount equal to the
56.27 carryover of subnational foreign taxes for the taxable year, but not to exceed the total
56.28 subnational foreign taxes reported in claiming the foreign tax credit. For purposes of
56.29 this clause, "federal foreign tax credit" means the credit allowed under section 27 of the
56.30 Internal Revenue Code, and "carryover of subnational foreign taxes" equals the carryover
56.31 allowed under section 904(c) of the Internal Revenue Code minus national level foreign
56.32 taxes to the extent they exceed the federal foreign tax credit;

56.33 ~~(9)~~ (8) in each of the five tax years immediately following the tax year in which an
56.34 addition is required under subdivision 19a, clause (7), or 19c, clause (15), in the case
56.35 of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth
56.36 of the delayed depreciation. For purposes of this clause, "delayed depreciation" means

57.1 the amount of the addition made by the taxpayer under subdivision 19a, clause (7), or
 57.2 subdivision 19c, clause (15), in the case of a shareholder of an S corporation, minus the
 57.3 positive value of any net operating loss under section 172 of the Internal Revenue Code
 57.4 generated for the tax year of the addition. The resulting delayed depreciation cannot be
 57.5 less than zero;

57.6 ~~(10)~~ (9) job opportunity building zone income as provided under section 469.316;
 57.7 ~~(11)~~ (10) to the extent included in federal taxable income, the amount of
 57.8 compensation paid to members of the Minnesota National Guard or other reserve
 57.9 components of the United States military for active service performed in Minnesota,
 57.10 excluding compensation for services performed under the Active Guard Reserve (AGR)
 57.11 program. For purposes of this clause, "active service" means (i) state active service as
 57.12 defined in section 190.05, subdivision 5a, clause (1); (ii) federally funded state active
 57.13 service as defined in section 190.05, subdivision 5b; or (iii) federal active service as
 57.14 defined in section 190.05, subdivision 5c, but "active service" excludes service performed
 57.15 in accordance with section 190.08, subdivision 3;

57.16 ~~(12)~~ (11) to the extent included in federal taxable income, the amount of
 57.17 compensation paid to Minnesota residents who are members of the armed forces of the
 57.18 United States or United Nations for active duty performed outside Minnesota under United
 57.19 States Code, title 10, section 101(d); United States Code, title 32, section 101(12); or the
 57.20 authority of the United Nations;

57.21 ~~(13)~~ (12) an amount, not to exceed \$10,000, equal to qualified expenses related to a
 57.22 qualified donor's donation, while living, of one or more of the qualified donor's organs
 57.23 to another person for human organ transplantation. For purposes of this clause, "organ"
 57.24 means all or part of an individual's liver, pancreas, kidney, intestine, lung, or bone marrow;
 57.25 "human organ transplantation" means the medical procedure by which transfer of a human
 57.26 organ is made from the body of one person to the body of another person; "qualified
 57.27 expenses" means unreimbursed expenses for both the individual and the qualified donor
 57.28 for (i) travel, (ii) lodging, and (iii) lost wages net of sick pay, except that such expenses
 57.29 may be subtracted under this clause only once; and "qualified donor" means the individual
 57.30 or the individual's dependent, as defined in section 152 of the Internal Revenue Code. An
 57.31 individual may claim the subtraction in this clause for each instance of organ donation for
 57.32 transplantation during the taxable year in which the qualified expenses occur;

57.33 ~~(14)~~ (13) in each of the five tax years immediately following the tax year in which an
 57.34 addition is required under subdivision 19a, clause (8), or 19c, clause (16), in the case of a
 57.35 shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the
 57.36 addition made by the taxpayer under subdivision 19a, clause (8), or 19c, clause (16), in the

58.1 case of a shareholder of a corporation that is an S corporation, minus the positive value of
58.2 any net operating loss under section 172 of the Internal Revenue Code generated for the
58.3 tax year of the addition. If the net operating loss exceeds the addition for the tax year, a
58.4 subtraction is not allowed under this clause;

58.5 ~~(15)~~ (14) to the extent included in federal taxable income, compensation paid to a
58.6 service member as defined in United States Code, title 10, section 101(a)(5), for military
58.7 service as defined in the Servicemembers Civil Relief Act, Public Law 108-189, section
58.8 101(2);

58.9 ~~(16)~~ (15) international economic development zone income as provided under
58.10 section 469.325;

58.11 ~~(17)~~ (16) to the extent included in federal taxable income, the amount of national
58.12 service educational awards received from the National Service Trust under United States
58.13 Code, title 42, sections 12601 to 12604, for service in an approved Americorps National
58.14 Service program; and

58.15 ~~(18)~~ (17) to the extent included in federal taxable income, discharge of indebtedness
58.16 income resulting from reacquisition of business indebtedness included in federal taxable
58.17 income under section 108(i) of the Internal Revenue Code. This subtraction applies only
58.18 to the extent that the income was included in net income in a prior year as a result of the
58.19 addition under section 290.01, subdivision 19a, clause (16).

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

58.21 Sec. 10. Minnesota Statutes 2009 Supplement, section 290.01, subdivision 19d,
58.22 is amended to read:

58.23 Subd. 19d. **Corporations; modifications decreasing federal taxable income.** For
58.24 corporations, there shall be subtracted from federal taxable income after the increases
58.25 provided in subdivision 19c:

58.26 (1) the amount of foreign dividend gross-up added to gross income for federal
58.27 income tax purposes under section 78 of the Internal Revenue Code;

58.28 (2) the amount of salary expense not allowed for federal income tax purposes due to
58.29 claiming the work opportunity credit under section 51 of the Internal Revenue Code;

58.30 (3) any dividend (not including any distribution in liquidation) paid within the
58.31 taxable year by a national or state bank to the United States, or to any instrumentality of
58.32 the United States exempt from federal income taxes, on the preferred stock of the bank
58.33 owned by the United States or the instrumentality;

59.1 (4) amounts disallowed for intangible drilling costs due to differences between
59.2 this chapter and the Internal Revenue Code in taxable years beginning before January
59.3 1, 1987, as follows:

59.4 (i) to the extent the disallowed costs are represented by physical property, an amount
59.5 equal to the allowance for depreciation under Minnesota Statutes 1986, section 290.09,
59.6 subdivision 7, subject to the modifications contained in subdivision 19e; and

59.7 (ii) to the extent the disallowed costs are not represented by physical property, an
59.8 amount equal to the allowance for cost depletion under Minnesota Statutes 1986, section
59.9 290.09, subdivision 8;

59.10 (5) the deduction for capital losses pursuant to sections 1211 and 1212 of the
59.11 Internal Revenue Code, except that:

59.12 (i) for capital losses incurred in taxable years beginning after December 31, 1986,
59.13 capital loss carrybacks shall not be allowed;

59.14 (ii) for capital losses incurred in taxable years beginning after December 31, 1986,
59.15 a capital loss carryover to each of the 15 taxable years succeeding the loss year shall be
59.16 allowed;

59.17 (iii) for capital losses incurred in taxable years beginning before January 1, 1987, a
59.18 capital loss carryback to each of the three taxable years preceding the loss year, subject to
59.19 the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed; and

59.20 (iv) for capital losses incurred in taxable years beginning before January 1, 1987,
59.21 a capital loss carryover to each of the five taxable years succeeding the loss year to the
59.22 extent such loss was not used in a prior taxable year and subject to the provisions of
59.23 Minnesota Statutes 1986, section 290.16, shall be allowed;

59.24 (6) an amount for interest and expenses relating to income not taxable for federal
59.25 income tax purposes, if (i) the income is taxable under this chapter and (ii) the interest and
59.26 expenses were disallowed as deductions under the provisions of section 171(a)(2), 265 or
59.27 291 of the Internal Revenue Code in computing federal taxable income;

59.28 (7) in the case of mines, oil and gas wells, other natural deposits, and timber for
59.29 which percentage depletion was disallowed pursuant to subdivision 19c, clause (9), a
59.30 reasonable allowance for depletion based on actual cost. In the case of leases the deduction
59.31 must be apportioned between the lessor and lessee in accordance with rules prescribed
59.32 by the commissioner. In the case of property held in trust, the allowable deduction must
59.33 be apportioned between the income beneficiaries and the trustee in accordance with the
59.34 pertinent provisions of the trust, or if there is no provision in the instrument, on the basis
59.35 of the trust's income allocable to each;

60.1 (8) for certified pollution control facilities placed in service in a taxable year
60.2 beginning before December 31, 1986, and for which amortization deductions were elected
60.3 under section 169 of the Internal Revenue Code of 1954, as amended through December
60.4 31, 1985, an amount equal to the allowance for depreciation under Minnesota Statutes
60.5 1986, section 290.09, subdivision 7;

60.6 (9) amounts included in federal taxable income that are due to refunds of income,
60.7 excise, or franchise taxes based on net income or related minimum taxes paid by the
60.8 corporation to Minnesota, another state, a political subdivision of another state, the
60.9 District of Columbia, or a foreign country or possession of the United States to the extent
60.10 that the taxes were added to federal taxable income under section 290.01, subdivision 19c,
60.11 clause (1), in a prior taxable year;

60.12 (10) 80 percent of royalties, fees, or other like income accrued or received from a
60.13 foreign operating corporation or a foreign corporation which is part of the same unitary
60.14 business as the receiving corporation, unless the income resulting from such payments or
60.15 accruals is income from sources within the United States as defined in subtitle A, chapter
60.16 1, subchapter N, part 1, of the Internal Revenue Code;

60.17 (11) income or gains from the business of mining as defined in section 290.05,
60.18 subdivision 1, clause (a), that are not subject to Minnesota franchise tax;

60.19 (12) the amount of disability access expenditures in the taxable year which are not
60.20 allowed to be deducted or capitalized under section 44(d)(7) of the Internal Revenue Code;

60.21 (13) the amount of qualified research expenses not allowed for federal income tax
60.22 purposes under section 280C(c) of the Internal Revenue Code, but only to the extent that
60.23 the amount exceeds the amount of the credit allowed under section 290.068;

60.24 (14) the amount of salary expenses not allowed for federal income tax purposes due
60.25 to claiming the Indian employment credit under section 45A(a) of the Internal Revenue
60.26 Code;

60.27 ~~(15) for taxable years beginning before January 1, 2008, the amount of the federal~~
60.28 ~~small ethanol producer credit allowed under section 40(a)(3) of the Internal Revenue Code~~
60.29 ~~which is included in gross income under section 87 of the Internal Revenue Code;~~

60.30 ~~(16)~~ (15) for a corporation whose foreign sales corporation, as defined in section
60.31 922 of the Internal Revenue Code, constituted a foreign operating corporation during any
60.32 taxable year ending before January 1, 1995, and a return was filed by August 15, 1996,
60.33 claiming the deduction under section 290.21, subdivision 4, for income received from
60.34 the foreign operating corporation, an amount equal to 1.23 multiplied by the amount of
60.35 income excluded under section 114 of the Internal Revenue Code, provided the income is
60.36 not income of a foreign operating company;

61.1 ~~(17)~~ (16) any decrease in subpart F income, as defined in section 952(a) of the
61.2 Internal Revenue Code, for the taxable year when subpart F income is calculated without
61.3 regard to the provisions of Division C, title III, section 303(b) of Public Law 110-343;

61.4 ~~(18)~~ (17) in each of the five tax years immediately following the tax year in which
61.5 an addition is required under subdivision 19c, clause (15), an amount equal to one-fifth
61.6 of the delayed depreciation. For purposes of this clause, "delayed depreciation" means
61.7 the amount of the addition made by the taxpayer under subdivision 19c, clause (15). The
61.8 resulting delayed depreciation cannot be less than zero;

61.9 ~~(19)~~ (18) in each of the five tax years immediately following the tax year in which an
61.10 addition is required under subdivision 19c, clause (16), an amount equal to one-fifth of
61.11 the amount of the addition; and

61.12 ~~(20)~~ (19) to the extent included in federal taxable income, discharge of indebtedness
61.13 income resulting from reacquisition of business indebtedness included in federal taxable
61.14 income under section 108(i) of the Internal Revenue Code. This subtraction applies only
61.15 to the extent that the income was included in net income in a prior year as a result of the
61.16 addition under section 290.01, subdivision 19c, clause (25).

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

61.18 Sec. 11. Minnesota Statutes 2008, section 290.014, subdivision 2, is amended to read:

61.19 Subd. 2. **Nonresident individuals.** Except as provided in section 290.015, a
61.20 nonresident individual is subject to the return filing requirements and to tax as provided in
61.21 this chapter to the extent that the income of the nonresident individual is:

61.22 (1) allocable to this state under section 290.17, 290.191, or 290.20;

61.23 (2) taxed to the individual under the Internal Revenue Code (or not taxed under the
61.24 Internal Revenue Code by reason of its character but of a character which is taxable under
61.25 this chapter) in the individual's capacity as a beneficiary of an estate with income allocable
61.26 to this state under section 290.17, 290.191, or 290.20 and the income, taking into account
61.27 the income character provisions of section 662(b) of the Internal Revenue Code, would be
61.28 allocable to this state under section 290.17, 290.191, or 290.20 if realized by the individual
61.29 directly from the source from which realized by the estate;

61.30 (3) taxed to the individual under the Internal Revenue Code (or not taxed under the
61.31 Internal Revenue Code by reason of its character but of a character that is taxable under
61.32 this chapter) in the individual's capacity as a beneficiary or grantor or other person treated
61.33 as a substantial owner of a trust with income allocable to this state under section 290.17,
61.34 290.191, or 290.20 and the income, taking into account the income character provisions of
61.35 section 652(b), 662(b), or 664(b) of the Internal Revenue Code, would be allocable to this

62.1 state under section 290.17, 290.191, or 290.20 if realized by the individual directly from
62.2 the source from which realized by the trust;

62.3 (4) taxed to the individual under the Internal Revenue Code (or not taxed under the
62.4 Internal Revenue Code by reason of its character but of a character which is taxable under
62.5 this chapter) in the individual's capacity as a limited or general partner in a partnership
62.6 with income allocable to this state under section 290.17, 290.191, or 290.20 and the
62.7 income, taking into account the income character provisions of section 702(b) of the
62.8 Internal Revenue Code, would be allocable to this state under section 290.17, 290.191,
62.9 or 290.20 if realized by the individual directly from the source from which realized by
62.10 the partnership; ~~or~~

62.11 (5) taxed to the individual under the Internal Revenue Code (or not taxed under the
62.12 Internal Revenue Code by reason of its character but of a character which is taxable under
62.13 this chapter) in the individual's capacity as a shareholder of a corporation treated as an
62.14 "S" corporation under section 290.9725, and income allocable to this state under section
62.15 290.17, 290.191, or 290.20 and the income, taking into account the income character
62.16 provisions of section 1366(b) of the Internal Revenue Code, would be allocable to this
62.17 state under section 290.17, 290.191, or 290.20 if realized by the individual directly from
62.18 the source from which realized by the corporation; or

62.19 (6) taxed to the individual under the Internal Revenue Code (or not taxed under the
62.20 Internal Revenue Code by reason of its character but of a character which is taxable under
62.21 this chapter) in the individual's capacity as the sole member of a limited liability company
62.22 that is disregarded for federal income tax purposes, with income allocable to this state
62.23 under section 290.17, 290.191, or 290.20, as though realized by the individual directly
62.24 from the source from which it was realized by the limited liability company.

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

62.26 Sec. 12. Minnesota Statutes 2009 Supplement, section 290.06, subdivision 2c, is
62.27 amended to read:

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

- 62.32 (1) On the first \$25,680, 5.35 percent;
- 62.33 (2) On all over \$25,680, but not over \$102,030, 7.05 percent;
- 62.34 (3) On all over \$102,030, 7.85 percent.

63.1 Married individuals filing separate returns, estates, and trusts must compute their
63.2 income tax by applying the above rates to their taxable income, except that the income
63.3 brackets will be one-half of the above amounts.

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

63.6 (1) On the first \$17,570, 5.35 percent;

63.7 (2) On all over \$17,570, but not over \$57,710, 7.05 percent;

63.8 (3) On all over \$57,710, 7.85 percent.

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

63.12 (1) On the first \$21,630, 5.35 percent;

63.13 (2) On all over \$21,630, but not over \$86,910, 7.05 percent;

63.14 (3) On all over \$86,910, 7.85 percent.

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

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

63.26 (1) the numerator is the individual's Minnesota source federal adjusted gross income
63.27 as defined in section 62 of the Internal Revenue Code and increased by the additions
63.28 required under section 290.01, subdivision 19a, clauses (1), (5), (6), (7), (8), (9), (12),
63.29 (13), (16), and (17), and reduced by the Minnesota assignable portion of the subtraction
63.30 for United States government interest under section 290.01, subdivision 19b, clause
63.31 (1), and the subtractions under section 290.01, subdivision 19b, clauses ~~(9), (10), (14),~~
63.32 ~~(15), (16), and (18)~~ (8), (9), (13), (14), (15), and (17), after applying the allocation and
63.33 assignability provisions of section 290.081, clause (a), or 290.17; and

63.34 (2) the denominator is the individual's federal adjusted gross income as defined in
63.35 section 62 of the Internal Revenue Code of 1986, increased by the amounts specified in
63.36 section 290.01, subdivision 19a, clauses (1), (5), (6), (7), (8), (9), (12), (13), (16), and

64.1 (17), and reduced by the amounts specified in section 290.01, subdivision 19b, clauses (1),
64.2 ~~(9), (10), (14), (15), (16), and (18)~~ (8), (9), (13), (14), (15), and (17).

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

64.4 Sec. 13. Minnesota Statutes 2008, section 290.067, subdivision 1, is amended to read:

64.5 Subdivision 1. **Amount of credit.** (a) A taxpayer may take as a credit against the
64.6 tax due from the taxpayer and a spouse, if any, under this chapter an amount equal to the
64.7 dependent care credit for which the taxpayer is eligible pursuant to the provisions of
64.8 section 21 of the Internal Revenue Code subject to the limitations provided in subdivision
64.9 2 except that in determining whether the child qualified as a dependent, income received
64.10 as a Minnesota family investment program grant or allowance to or on behalf of the child
64.11 must not be taken into account in determining whether the child received more than half
64.12 of the child's support from the taxpayer, and the provisions of section 32(b)(1)(D) of
64.13 the Internal Revenue Code do not apply.

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

64.23 (c) If a married couple:

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

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

64.27 (3) does not participate in a dependent care assistance program as defined in section
64.28 129 of the Internal Revenue Code, in lieu of the actual employment related expenses paid
64.29 for that child under paragraph (a) or the deemed amount under paragraph (b), the lesser of
64.30 (i) the combined earned income of the couple or (ii) the amount of the maximum limit for
64.31 one qualified individual under section 21(c) and (d) of the Internal Revenue Code will
64.32 be deemed to be the employment related expense paid for that child. The earned income
64.33 limitation of section 21(d) of the Internal Revenue Code shall not apply to this deemed
64.34 amount. These deemed amounts apply regardless of whether any employment-related
64.35 expenses have been paid.

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

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

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

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

65.11 In the case of a nonresident, part-year resident, or a person who has earned income
65.12 not subject to tax under this chapter including earned income excluded pursuant to section
65.13 290.01, subdivision 19b, clause ~~(+9)~~ (9) or ~~(+6)~~ (15), the credit determined under section
65.14 21 of the Internal Revenue Code must be allocated based on the ratio by which the earned
65.15 income of the claimant and the claimant's spouse from Minnesota sources bears to the
65.16 total earned income of the claimant and the claimant's spouse.

65.17 For residents of Minnesota, the subtractions for military pay under section 290.01,
65.18 subdivision 19b, clauses ~~(+1)~~ (10) and ~~(+2)~~ (11), are not considered "earned income not
65.19 subject to tax under this chapter."

65.20 For residents of Minnesota, the exclusion of combat pay under section 112 of the
65.21 Internal Revenue Code is not considered "earned income not subject to tax under this
65.22 chapter."

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

65.24 Sec. 14. Minnesota Statutes 2009 Supplement, section 290.0671, subdivision 1,
65.25 is amended to read:

65.26 Subdivision 1. **Credit allowed.** (a) An individual is allowed a credit against the tax
65.27 imposed by this chapter equal to a percentage of earned income. To receive a credit, a
65.28 taxpayer must be eligible for a credit under section 32 of the Internal Revenue Code.

65.29 (b) For individuals with no qualifying children, the credit equals 1.9125 percent of
65.30 the first \$4,620 of earned income. The credit is reduced by 1.9125 percent of earned
65.31 income or adjusted gross income, whichever is greater, in excess of \$5,770, but in no
65.32 case is the credit less than zero.

65.33 (c) For individuals with one qualifying child, the credit equals 8.5 percent of the first
65.34 \$6,920 of earned income and 8.5 percent of earned income over \$12,080 but less than

66.1 \$13,450. The credit is reduced by 5.73 percent of earned income or adjusted gross income,
66.2 whichever is greater, in excess of \$15,080, but in no case is the credit less than zero.

66.3 (d) For individuals with two or more qualifying children, the credit equals ten
66.4 percent of the first \$9,720 of earned income and 20 percent of earned income over
66.5 \$14,860 but less than \$16,800. The credit is reduced by 10.3 percent of earned income
66.6 or adjusted gross income, whichever is greater, in excess of \$17,890, but in no case is
66.7 the credit less than zero.

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

66.10 (f) For a person who was a resident for the entire tax year and has earned income
66.11 not subject to tax under this chapter, including income excluded under section 290.01,
66.12 subdivision 19b, clause ~~(10)~~ (9) or ~~(16)~~ (15), the credit must be allocated based on the
66.13 ratio of federal adjusted gross income reduced by the earned income not subject to tax
66.14 under this chapter over federal adjusted gross income. For purposes of this paragraph, the
66.15 subtractions for military pay under section 290.01, subdivision 19b, clauses ~~(11)~~ (10) and
66.16 ~~(12)~~ (11), are not considered "earned income not subject to tax under this chapter."

66.17 For the purposes of this paragraph, the exclusion of combat pay under section 112
66.18 of the Internal Revenue Code is not considered "earned income not subject to tax under
66.19 this chapter."

66.20 (g) For tax years beginning after December 31, 2007, and before December 31,
66.21 2010, the \$5,770 in paragraph (b), the \$15,080 in paragraph (c), and the \$17,890 in
66.22 paragraph (d), after being adjusted for inflation under subdivision 7, are each increased by
66.23 \$3,000 for married taxpayers filing joint returns. For tax years beginning after December
66.24 31, 2008, the commissioner shall annually adjust the \$3,000 by the percentage determined
66.25 pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in
66.26 section 1(f)(3)(B), the word "2007" shall be substituted for the word "1992." For 2009,
66.27 the commissioner shall then determine the percent change from the 12 months ending on
66.28 August 31, 2007, to the 12 months ending on August 31, 2008, and in each subsequent
66.29 year, from the 12 months ending on August 31, 2007, to the 12 months ending on August
66.30 31 of the year preceding the taxable year. The earned income thresholds as adjusted
66.31 for inflation must be rounded to the nearest \$10. If the amount ends in \$5, the amount
66.32 is rounded up to the nearest \$10. The determination of the commissioner under this
66.33 subdivision is not a rule under the Administrative Procedure Act.

66.34 (h) The commissioner shall construct tables showing the amount of the credit at
66.35 various income levels and make them available to taxpayers. The tables shall follow

67.1 the schedule contained in this subdivision, except that the commissioner may graduate
67.2 the transition between income brackets.

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

67.4 Sec. 15. Minnesota Statutes 2008, section 290.081, is amended to read:

67.5 **290.081 INCOME OF NONRESIDENTS, RECIPROCITY.**

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

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

67.16 (c) For the purposes of paragraph (a), whenever the Wisconsin tax on Minnesota
67.17 residents which would have been paid Wisconsin without paragraph (a) exceeds the
67.18 Minnesota tax on Wisconsin residents which would have been paid Minnesota without
67.19 paragraph (a), or vice versa, then the state with the net revenue loss resulting from
67.20 paragraph (a) ~~shall receive from~~ must be compensated by the other state ~~the amount~~
67.21 ~~of such loss~~ as provided in the agreement under paragraph (d). This provision shall be
67.22 effective for all years beginning after December 31, 1972. The data used for computing
67.23 the loss to either state shall be determined on or before September 30 of the year following
67.24 the close of the previous calendar year.

67.25 (d) Interest is payable on all amounts calculated under paragraph (c) relating to
67.26 taxable years beginning after December 31, 2000. Interest accrues from July 1 of the
67.27 taxable year. The commissioner of revenue is authorized to enter into agreements with
67.28 the state of Wisconsin specifying the compensation required under paragraph (b), the
67.29 reciprocity payment due date, conditions constituting delinquency, interest rates, and a
67.30 method for computing interest due. Calculation of compensation under the agreement
67.31 must specify if the revenue loss is determined before or after the allowance of each state's
67.32 credit for taxes paid to the other state.

67.33 (e) If an agreement cannot be reached as to the amount of the loss, the commissioner
67.34 of revenue and the taxing official of the state of Wisconsin shall each appoint a member

68.1 of a board of arbitration and these members shall appoint the third member of the board.
68.2 The board shall select one of its members as chair. Such board may administer oaths, take
68.3 testimony, subpoena witnesses, and require their attendance, require the production of
68.4 books, papers and documents, and hold hearings at such places as are deemed necessary.
68.5 The board shall then make a determination as to the amount to be paid the other state
68.6 which determination shall be final and conclusive.

68.7 (f) The commissioner may furnish copies of returns, reports, or other information to
68.8 the taxing official of the state of Wisconsin, a member of the board of arbitration, or a
68.9 consultant under joint contract with the states of Minnesota and Wisconsin for the purpose
68.10 of making a determination as to the amount to be paid the other state under the provisions
68.11 of this section. Prior to the release of any information under the provisions of this section,
68.12 the person to whom the information is to be released shall sign an agreement which
68.13 provides that the person will protect the confidentiality of the returns and information
68.14 revealed thereby to the extent that it is protected under the laws of the state of Minnesota.

68.15 Sec. 16. Minnesota Statutes 2009 Supplement, section 290.091, subdivision 2, is
68.16 amended to read:

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

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

68.21 (1) the taxpayer's federal alternative minimum taxable income as defined in section
68.22 55(b)(2) of the Internal Revenue Code;

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

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

68.27 (ii) the medical expense deduction;

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

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

68.30 (3) for depletion allowances computed under section 613A(c) of the Internal
68.31 Revenue Code, with respect to each property (as defined in section 614 of the Internal
68.32 Revenue Code), to the extent not included in federal alternative minimum taxable income,
68.33 the excess of the deduction for depletion allowable under section 611 of the Internal
68.34 Revenue Code for the taxable year over the adjusted basis of the property at the end of the
68.35 taxable year (determined without regard to the depletion deduction for the taxable year);

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

69.4 (5) to the extent not included in federal alternative minimum taxable income, the
69.5 amount of interest income as provided by section 290.01, subdivision 19a, clause (1); and

69.6 (6) the amount of addition required by section 290.01, subdivision 19a, clauses (7)
69.7 to (9), (12), (13), (16), and (17);

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

69.9 (1) interest income as defined in section 290.01, subdivision 19b, clause (1);

69.10 (2) an overpayment of state income tax as provided by section 290.01, subdivision
69.11 19b, clause (2), to the extent included in federal alternative minimum taxable income;

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

69.16 (4) amounts subtracted from federal taxable income as provided by section 290.01,
69.17 subdivision 19b, clauses (6), ~~(9)~~ (8) to ~~(16)~~ (15), and ~~(18)~~ (17).

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

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

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

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

69.26 (e) "Tentative minimum tax" equals 6.4 percent of alternative minimum taxable
69.27 income after subtracting the exemption amount determined under subdivision 3.

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

69.29 Sec. 17. Minnesota Statutes 2008, section 290.0921, subdivision 3, is amended to read:

69.30 Subd. 3. **Alternative minimum taxable income.** "Alternative minimum taxable
69.31 income" is Minnesota net income as defined in section 290.01, subdivision 19, and
69.32 includes the adjustments and tax preference items in sections 56, 57, 58, and 59(d), (e),
69.33 (f), and (h) of the Internal Revenue Code. If a corporation files a separate company
69.34 Minnesota tax return, the minimum tax must be computed on a separate company basis.

70.1 If a corporation is part of a tax group filing a unitary return, the minimum tax must be
70.2 computed on a unitary basis. The following adjustments must be made.

70.3 (1) For purposes of the depreciation adjustments under section 56(a)(1) and
70.4 56(g)(4)(A) of the Internal Revenue Code, the basis for depreciable property placed in
70.5 service in a taxable year beginning before January 1, 1990, is the adjusted basis for federal
70.6 income tax purposes, including any modification made in a taxable year under section
70.7 290.01, subdivision 19e, or Minnesota Statutes 1986, section 290.09, subdivision 7,
70.8 paragraph (c).

70.9 For taxable years beginning after December 31, 2000, the amount of any remaining
70.10 modification made under section 290.01, subdivision 19e, or Minnesota Statutes 1986,
70.11 section 290.09, subdivision 7, paragraph (c), not previously deducted is a depreciation
70.12 allowance in the first taxable year after December 31, 2000.

70.13 (2) The portion of the depreciation deduction allowed for federal income tax
70.14 purposes under section 168(k) of the Internal Revenue Code that is required as an
70.15 addition under section 290.01, subdivision 19c, clause (15), is disallowed in determining
70.16 alternative minimum taxable income.

70.17 (3) The subtraction for depreciation allowed under section 290.01, subdivision
70.18 19d, clause ~~(18)~~ (17), is allowed as a depreciation deduction in determining alternative
70.19 minimum taxable income.

70.20 (4) The alternative tax net operating loss deduction under sections 56(a)(4) and 56(d)
70.21 of the Internal Revenue Code does not apply.

70.22 (5) The special rule for certain dividends under section 56(g)(4)(C)(ii) of the Internal
70.23 Revenue Code does not apply.

70.24 (6) The special rule for dividends from section 936 companies under section
70.25 56(g)(4)(C)(iii) does not apply.

70.26 (7) The tax preference for depletion under section 57(a)(1) of the Internal Revenue
70.27 Code does not apply.

70.28 (8) The tax preference for intangible drilling costs under section 57(a)(2) of the
70.29 Internal Revenue Code must be calculated without regard to subparagraph (E) and the
70.30 subtraction under section 290.01, subdivision 19d, clause (4).

70.31 (9) The tax preference for tax exempt interest under section 57(a)(5) of the Internal
70.32 Revenue Code does not apply.

70.33 (10) The tax preference for charitable contributions of appreciated property under
70.34 section 57(a)(6) of the Internal Revenue Code does not apply.

70.35 (11) For purposes of calculating the tax preference for accelerated depreciation or
70.36 amortization on certain property placed in service before January 1, 1987, under section

71.1 57(a)(7) of the Internal Revenue Code, the deduction allowable for the taxable year is the
71.2 deduction allowed under section 290.01, subdivision 19e.

71.3 For taxable years beginning after December 31, 2000, the amount of any remaining
71.4 modification made under section 290.01, subdivision 19e, not previously deducted is a
71.5 depreciation or amortization allowance in the first taxable year after December 31, 2004.

71.6 (12) For purposes of calculating the adjustment for adjusted current earnings in
71.7 section 56(g) of the Internal Revenue Code, the term "alternative minimum taxable
71.8 income" as it is used in section 56(g) of the Internal Revenue Code, means alternative
71.9 minimum taxable income as defined in this subdivision, determined without regard to the
71.10 adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code.

71.11 (13) For purposes of determining the amount of adjusted current earnings under
71.12 section 56(g)(3) of the Internal Revenue Code, no adjustment shall be made under section
71.13 56(g)(4) of the Internal Revenue Code with respect to (i) the amount of foreign dividend
71.14 gross-up subtracted as provided in section 290.01, subdivision 19d, clause (1), (ii) the
71.15 amount of refunds of income, excise, or franchise taxes subtracted as provided in section
71.16 290.01, subdivision 19d, clause (9), or (iii) the amount of royalties, fees or other like
71.17 income subtracted as provided in section 290.01, subdivision 19d, clause (10).

71.18 (14) Alternative minimum taxable income excludes the income from operating in a
71.19 job opportunity building zone as provided under section 469.317.

71.20 (15) Alternative minimum taxable income excludes the income from operating in a
71.21 biotechnology and health sciences industry zone as provided under section 469.337.

71.22 (16) Alternative minimum taxable income excludes the income from operating in an
71.23 international economic development zone as provided under section 469.326.

71.24 Items of tax preference must not be reduced below zero as a result of the
71.25 modifications in this subdivision.

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

71.27 Sec. 18. Minnesota Statutes 2008, section 290.17, subdivision 2, is amended to read:

71.28 Subd. 2. **Income not derived from conduct of a trade or business.** The income of
71.29 a taxpayer subject to the allocation rules that is not derived from the conduct of a trade or
71.30 business must be assigned in accordance with paragraphs (a) to (f):

71.31 (a)(1) Subject to paragraphs (a)(2) and (a)(3), income from wages as defined in
71.32 section 3401(a) and (f) of the Internal Revenue Code is assigned to this state if, and to the
71.33 extent that, the work of the employee is performed within it; all other income from such
71.34 sources is treated as income from sources without this state.

72.1 Severance pay shall be considered income from labor or personal or professional
72.2 services.

72.3 (2) In the case of an individual who is a nonresident of Minnesota and who is an
72.4 athlete or entertainer, income from compensation for labor or personal services performed
72.5 within this state shall be determined in the following manner:

72.6 (i) The amount of income to be assigned to Minnesota for an individual who is a
72.7 nonresident salaried athletic team employee shall be determined by using a fraction in
72.8 which the denominator contains the total number of days in which the individual is under
72.9 a duty to perform for the employer, and the numerator is the total number of those days
72.10 spent in Minnesota. For purposes of this paragraph, off-season training activities, unless
72.11 conducted at the team's facilities as part of a team imposed program, are not included in
72.12 the total number of duty days. Bonuses earned as a result of play during the regular season
72.13 or for participation in championship, play-off, or all-star games must be allocated under
72.14 the formula. Signing bonuses are not subject to allocation under the formula if they are
72.15 not conditional on playing any games for the team, are payable separately from any other
72.16 compensation, and are nonrefundable; and

72.17 (ii) The amount of income to be assigned to Minnesota for an individual who is a
72.18 nonresident, and who is an athlete or entertainer not listed in clause (i), for that person's
72.19 athletic or entertainment performance in Minnesota shall be determined by assigning to
72.20 this state all income from performances or athletic contests in this state.

72.21 (3) For purposes of this section, amounts received by a nonresident as "retirement
72.22 income" as defined in section (b)(1) of the State Income Taxation of Pension Income
72.23 Act, Public Law 104-95, are not considered income derived from carrying on a trade
72.24 or business or from wages or other compensation for work an employee performed in
72.25 Minnesota, and are not taxable under this chapter.

72.26 (b) Income or gains from tangible property located in this state that is not employed
72.27 in the business of the recipient of the income or gains must be assigned to this state.

72.28 (c) Income or gains from intangible personal property not employed in the business
72.29 of the recipient of the income or gains must be assigned to this state if the recipient of the
72.30 income or gains is a resident of this state or is a resident trust or estate.

72.31 Gain on the sale of a partnership interest is allocable to this state in the ratio of the
72.32 original cost of partnership tangible property in this state to the original cost of partnership
72.33 tangible property everywhere, determined at the time of the sale. If more than 50 percent
72.34 of the value of the partnership's assets consists of intangibles, gain or loss from the sale
72.35 of the partnership interest is allocated to this state in accordance with the sales factor of

73.1 the partnership for its first full tax period immediately preceding the tax period of the
73.2 partnership during which the partnership interest was sold.

73.3 Gain on the sale of an interest in a single member limited liability company that
73.4 is disregarded for federal income tax purposes is allocable to this state as if the single
73.5 member limited liability company did not exist and the assets of the limited liability
73.6 company are personally owned by the sole member.

73.7 Gain on the sale of goodwill or income from a covenant not to compete that is
73.8 connected with a business operating all or partially in Minnesota is allocated to this state
73.9 to the extent that the income from the business in the year preceding the year of sale was
73.10 assignable to Minnesota under subdivision 3.

73.11 When an employer pays an employee for a covenant not to compete, the income
73.12 allocated to this state is in the ratio of the employee's service in Minnesota in the calendar
73.13 year preceding leaving the employment of the employer over the total services performed
73.14 by the employee for the employer in that year.

73.15 (d) Income from winnings on a bet made by an individual while in Minnesota is
73.16 assigned to this state. In this paragraph, "bet" has the meaning given in section 609.75,
73.17 subdivision 2, as limited by section 609.75, subdivision 3, clauses (1), (2), and (3).

73.18 (e) All items of gross income not covered in paragraphs (a) to (d) and not part of the
73.19 taxpayer's income from a trade or business shall be assigned to the taxpayer's domicile.

73.20 (f) For the purposes of this section, working as an employee shall not be considered
73.21 to be conducting a trade or business.

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

73.23 Sec. 19. Laws 2010, chapter 216, section 2, subdivision 3, is amended to read:

73.24 Subd. 3. **Certification of qualified investors.** (a) Investors may apply to the
73.25 commissioner for certification as a qualified investor for a taxable year. The application
73.26 must be in the form and be made under the procedures specified by the commissioner,
73.27 accompanied by an application fee of \$350. Application fees are deposited in the small
73.28 business investment tax credit administration account in the special revenue fund. The
73.29 application for certification for 2010 must be made available on the department's Web
73.30 site by August 1, 2010. Applications for subsequent years' certification must be made
73.31 available on the department's Web site by November 1 of the preceding year.

73.32 (b) Within 30 days of receiving an application for certification under this subdivision,
73.33 the commissioner must either certify the investor as satisfying the conditions required
73.34 of a qualified investor, request additional information from the investor, or reject the
73.35 application for certification. If the commissioner requests additional information from the

74.1 investor, the commissioner must either certify the investor or reject the application within
74.2 30 days of receiving the additional information. If the commissioner neither certifies the
74.3 investor nor rejects the application within 30 days of receiving the original application or
74.4 within 30 days of receiving the additional information requested, whichever is later, then
74.5 the application is deemed rejected, and the commissioner must refund the \$350 application
74.6 fee. An investor who applies for certification and is rejected may reapply.

74.7 (c) To receive certification, an investor must (1) be a natural person; and (2) certify
74.8 to the commissioner that the investor will only invest in a transaction that is exempt under
74.9 section 80A.46, clause (13) or (14), or in a security registered under section 80A.50,
74.10 paragraph (b).

74.11 (d) In order for a qualified investment in a qualified small business to be eligible
74.12 for tax credits, a qualified investor who makes the investment must have applied for
74.13 and received certification for the calendar year prior to making the qualified investment,
74.14 except in the case of an investor who is not an accredited investor, within the meaning of
74.15 Regulation D of the Securities and Exchange Commission, Code of Federal Regulations,
74.16 title 17, section 230.501, paragraph (a), application for certification may be made within
74.17 30 days after making the qualified investment.

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

74.19 **ARTICLE 4**

74.20 **SALES AND USE TAXES**

74.21 Section 1. Minnesota Statutes 2008, section 289A.50, subdivision 2, is amended to
74.22 read:

74.23 Subd. 2. **Refund of sales tax to vendors; limitation.** (a) If a vendor has collected
74.24 from a purchaser and remitted to the state a tax on a transaction that is not subject to the
74.25 tax imposed by chapter 297A, the tax is refundable to the vendor only if and to the extent
74.26 that the tax and any interest earned on the tax is credited to amounts due to the vendor by
74.27 the purchaser or returned to the purchaser by the vendor.

74.28 (b) In addition to the requirements of subdivision 1, a claim for refund under this
74.29 subdivision must state in writing that the tax and interest earned on the tax has been or
74.30 will be refunded or credited to the purchaser by the vendor.

74.31 (c) Within 60 days after the date the commissioner issues the refund, any amount not
74.32 refunded or credited to the purchaser by the vendor, as required by paragraph (a), must be
74.33 returned to the commissioner by the vendor.

74.34 (d) After the commissioner refunds the tax and interest to the vendor, if the
74.35 commissioner determines that the vendor did not refund or credit the tax and interest as

75.1 provided in this subdivision, or did not return the amount required to be returned under
75.2 paragraph (c), the commissioner may assess the vendor for underpayment of tax and
75.3 interest equal to that portion of the amount that was not refunded or credited to the
75.4 purchaser. The assessment bears interest which is computed at the rate specified in section
75.5 270C.40, subdivision 5, on the unpaid amount from the date the commissioner issues the
75.6 refund until the date the amount is paid to the commissioner. The assessment may be made
75.7 at any time within 3-1/2 years after the commissioner refunds the tax and interest to the
75.8 vendor. If part of the refund was induced by fraud or misrepresentation of a material fact,
75.9 the assessment may be made at any time.

75.10 **EFFECTIVE DATE.** This section is effective for refunds issued after June 30, 2010.

75.11 Sec. 2. Minnesota Statutes 2008, section 297A.62, as amended by Laws 2009, chapter
75.12 88, article 4, section 4, is amended to read:

75.13 **297A.62 SALES TAX IMPOSED; RATES.**

75.14 Subdivision 1. **Generally.** Except as otherwise provided in subdivision 3 or in this
75.15 chapter, a sales tax of 6.5 percent is imposed on the gross receipts from retail sales as
75.16 defined in section 297A.61, subdivision 4, made in this state or to a destination in this
75.17 state by a person who is required to have or voluntarily obtains a permit under section
75.18 297A.83, subdivision 1.

75.19 Subd. 1a. **Constitutionally required sales tax increase.** Except as otherwise
75.20 provided in subdivision 3 or in this chapter, an additional sales tax of 0.375 percent, as
75.21 required under the Minnesota Constitution, article XI, section 15, is imposed on the gross
75.22 receipts from retail sales as defined in section 297A.61, subdivision 4, made in this state or
75.23 to a destination in this state by a person who is required to have or voluntarily obtains a
75.24 permit under section 297A.83, subdivision 1. This additional tax expires July 1, 2034.

75.25 Subd. 3. **Manufactured housing and park trailers.** For retail sales of
75.26 manufactured homes as defined in section 327.31, subdivision 6, for residential uses, the
75.27 sales tax under ~~subdivision~~ subdivisions 1 and 1a is imposed on 65 percent of the dealer's
75.28 cost of the manufactured home. For retail sales of new or used park trailers, as defined in
75.29 section 168.002, subdivision 23, the sales tax under ~~subdivision~~ subdivisions 1 and 1a is
75.30 imposed on 65 percent of the sales price of the park trailer.

75.31 Subd. 4. **Combined rates.** In this chapter, wherever there is a reference to the rate
75.32 under subdivision 1, or to a combined rate under subdivisions 1 and 1a, the rate to be
75.33 applied is the combined rate under subdivisions 1 and 1a until the additional tax imposed
75.34 by subdivision 1a expires. This subdivision does not apply to section 297A.65.

76.1 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
76.2 made after June 30, 2009, except for sales and purchases subject to subdivision 3. This
76.3 section is effective for sales and purchases subject to subdivision 3 made after June 30,
76.4 2010.

76.5 Sec. 3. Minnesota Statutes 2008, section 297A.665, is amended to read:

76.6 **297A.665 PRESUMPTION OF TAX; BURDEN OF PROOF.**

76.7 (a) For the purpose of the proper administration of this chapter and to prevent
76.8 evasion of the tax, until the contrary is established, it is presumed that:

76.9 (1) all gross receipts are subject to the tax; and

76.10 (2) all retail sales for delivery in Minnesota are for storage, use, or other consumption
76.11 in Minnesota.

76.12 (b) The burden of proving that a sale is not a taxable retail sale is on the seller.

76.13 However, a seller is relieved of liability if:

76.14 (1) the seller obtains a fully completed exemption certificate or all the relevant
76.15 information required by section 297A.72, subdivision 2, at the time of the sale or within
76.16 90 days after the date of the sale; or

76.17 (2) if the seller has not obtained a fully completed exemption certificate or all the
76.18 relevant information required by section 297A.72, subdivision 2, within the time provided
76.19 in clause (1), within 120 days after a request for substantiation by the commissioner,
76.20 the seller either:

76.21 (i) obtains in good faith a fully completed exemption certificate or all the relevant
76.22 information required by section 297A.72, subdivision 2, from the purchaser; or

76.23 (ii) proves by other means that the transaction was not subject to tax.

76.24 (c) Notwithstanding paragraph (b), relief from liability does not apply to a seller who:

76.25 (1) fraudulently fails to collect the tax; or

76.26 (2) solicits purchasers to participate in the unlawful claim of an exemption.

76.27 (d) A certified service provider, as defined in section 297A.995, subdivision 2, is
76.28 relieved of liability under this section to the extent a seller who is its client is relieved of
76.29 liability.

76.30 (e) A purchaser of tangible personal property or any items listed in section 297A.63
76.31 that are shipped or brought to Minnesota by the purchaser has the burden of proving
76.32 that the property was not purchased from a retailer for storage, use, or consumption in
76.33 Minnesota.

76.34 (f) If a seller claims that certain sales are exempt and does not provide the certificate,
76.35 information, or proof required by paragraph (b), clause (2), within 120 days after the date

77.1 of the commissioner's request for substantiation, then the exemptions claimed by the seller
77.2 that required substantiation are disallowed.

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

77.4 Sec. 4. Minnesota Statutes 2008, section 297A.68, subdivision 39, is amended to read:

77.5 Subd. 39. **Preexisting bids or contracts.** (a) The sale of tangible personal property
77.6 or services is exempt from tax or a tax rate increase for a period of six months from
77.7 the effective date of the law change that results in the imposition of the tax or the tax
77.8 rate increase under this chapter if:

77.9 (1) the act imposing the tax or increasing the tax rate does not have transitional
77.10 effective date language for existing construction contracts and construction bids; and

77.11 (2) the requirements of paragraph (b) are met.

77.12 (b) A sale is tax exempt under paragraph (a) if it meets the requirements of either
77.13 clause (1) or (2):

77.14 (1) For a construction contract:

77.15 (i) the goods or services sold must be used for the performance of a bona fide written
77.16 lump sum or fixed price construction contract;

77.17 (ii) the contract must be entered into before the date the goods or services become
77.18 subject to the sales tax or the tax rate was increased;

77.19 (iii) the contract must not provide for allocation of future taxes; and

77.20 (iv) for each qualifying contract the contractor must ~~give the seller~~ keep
77.21 documentation of the contract on which an exemption is to be claimed.

77.22 (2) For a construction bid:

77.23 (i) the goods or services sold must be used pursuant to an obligation of a bid or bids;

77.24 (ii) the bid or bids must be submitted and accepted before the date the goods or
77.25 services became subject to the sales tax or the tax rate was increased;

77.26 (iii) the bid or bids must not be able to be withdrawn, modified, or changed without
77.27 forfeiting a bond; and

77.28 (iv) for each qualifying bid, the contractor must ~~give the seller~~ keep documentation
77.29 of the bid on which an exemption is to be claimed.

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

77.31 Sec. 5. Minnesota Statutes 2008, section 297A.70, subdivision 13, is amended to read:

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

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

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

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

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

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

78.16 (1) the exemption under paragraph (a), clauses (1) and (2), applies only if the gross
78.17 annual receipts of the organization from fund-raising do not exceed \$10,000; and

78.18 (2) the exemption under paragraph (a), clause (1), does not apply if the sales are
78.19 derived from admission charges or from activities for which the money must be deposited
78.20 with the school district treasurer under section 123B.49, subdivision 2, or be recorded in
78.21 the same manner as other revenues or expenditures of the school district under section
78.22 123B.49, subdivision 4.

78.23 (c) Sales of tangible personal property are exempt if the entire proceeds, less the
78.24 necessary expenses for obtaining the property, will be contributed to a registered combined
78.25 charitable organization described in section 43A.50, to be used exclusively for charitable,
78.26 religious, or educational purposes, and the registered combined charitable organization
78.27 has given its written permission for the sale. Sales that occur over a period of more than
78.28 24 days per year are not exempt under this paragraph.

78.29 (d) For purposes of this subdivision, a club, association, or other organization of
78.30 elementary or secondary school students organized for the purpose of carrying on sports,
78.31 educational, or other extracurricular activities is a separate organization from the school
78.32 district or school for purposes of applying the \$10,000 limit.

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

78.34 Sec. 6. Minnesota Statutes 2008, section 297A.71, subdivision 23, is amended to read:

79.1 Subd. 23. **Construction materials for qualified low-income housing projects.** (a)
79.2 Purchases of materials and supplies used or consumed in and equipment incorporated into
79.3 the construction, improvement, or expansion of qualified low-income housing projects are
79.4 exempt from the tax imposed under this chapter if the owner of the qualified low-income
79.5 housing project is:

79.6 (1) the public housing agency or housing and redevelopment authority of a political
79.7 subdivision;

79.8 (2) an entity exercising the powers of a housing and redevelopment authority within
79.9 a political subdivision;

79.10 (3) a limited partnership in which the sole or managing general partner is an
79.11 authority under clause (1) or an entity under clause (2) ~~or~~ (4), or (5);

79.12 (4) a nonprofit corporation subject to the provisions of chapter 317A, and qualifying
79.13 under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1986, as amended; ~~or~~

79.14 (5) a limited liability company if it consists of a sole member that is an entity under
79.15 clause (4); or

79.16 (6) an owner entity, as defined in Code of Federal Regulations, title 24, part 941.604,
79.17 for a qualified low-income housing project described in paragraph (b), clause (5).

79.18 This exemption applies regardless of whether the purchases are made by the owner
79.19 of the facility or a contractor.

79.20 (b) For purposes of this exemption, "qualified low-income housing project" means:

79.21 (1) a housing or mixed use project in which at least 20 percent of the residential units
79.22 are qualifying low-income rental housing units as defined in section 273.126;

79.23 (2) a federally assisted low-income housing project financed by a mortgage insured
79.24 or held by the United States Department of Housing and Urban Development under
79.25 United States Code, title 12, section 1701s, 1715l(d)(3), 1715l(d)(4), or 1715z-1; United
79.26 States Code, title 42, section 1437f; the Native American Housing Assistance and
79.27 Self-Determination Act, United States Code, title 25, section 4101 et seq.; or any similar
79.28 successor federal low-income housing program;

79.29 (3) a qualified low-income housing project as defined in United States Code, title
79.30 26, section 42(g), meeting all of the requirements for a low-income housing credit under
79.31 section 42 of the Internal Revenue Code regardless of whether the project actually applies
79.32 for or receives a low-income housing credit;

79.33 (4) a project that will be operated in compliance with Internal Revenue Service
79.34 revenue procedure 96-32; or

79.35 (5) a housing or mixed use project in which all or a portion of the residential units
79.36 are subject to the requirements of section 5 of the United States Housing Act of 1937.

80.1 (c) For a project, a portion of which is not used for low-income housing units,
80.2 the amount of purchases that are exempt under this subdivision must be determined by
80.3 multiplying the total purchases, as specified in paragraph (a), by the ratio of:

80.4 (1) the total gross square footage of units subject to the income limits under section
80.5 273.126, the financing for the project, the federal low-income housing tax credit, revenue
80.6 procedure 96-32, or section 5 of the United States Housing Act of 1937, as applicable
80.7 to the project; and

80.8 (2) the total gross square footage of all units in the project.

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

80.11 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
80.12 June 30, 2010.

80.13 Sec. 7. Minnesota Statutes 2008, section 297A.71, subdivision 39, is amended to read:

80.14 Subd. 39. **Hydroelectric generating facility.** Materials and supplies used or
80.15 consumed in the construction of a 10.3 megawatt run-of-the-river hydroelectric generating
80.16 facility that meets the requirements of this subdivision are exempt. To qualify for the
80.17 exemption under this subdivision, a hydroelectric generating facility must:

80.18 (1) utilize between 12 and 16 turbine generators at a dam site existing on March
80.19 31, 1994;

80.20 (2) be located on land within 3,000 feet of a 13.8 kilovolt distribution circuit; and

80.21 (3) be eligible to receive a renewable energy production incentive payment under
80.22 section 216C.41.

80.23 **This exemption applies to materials and supplies purchased after April 30, 2006, and**
80.24 **on or before December 31, 2010.**

80.25 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
80.26 **made after December 31, 2009.**

80.27 Sec. 8. Minnesota Statutes 2008, section 297A.71, is amended by adding a subdivision
80.28 to read:

80.29 Subd. 42. **Aerospace defense manufacturing facility.** (a) Materials and
80.30 supplies used or consumed in, capital equipment incorporated into, and privately owned
80.31 infrastructure in support of the construction, improvement, or expansion of an aerospace
80.32 defense manufacturing facility are exempt if:

81.1 (1) the facility is used for the manufacturing of aerospace or defense-related sensors
81.2 and the production of micro-electro-mechanical systems; and

81.3 (2) the total capital investment made at the facility is at least \$59,000,000.

81.4 (b) The tax must be imposed and collected as if the rate under section 297A.62,
81.5 subdivision 1, applied, and refunded in the manner provided in section 297A.75, only
81.6 after the following criteria have been met:

81.7 (1) a refund may not be issued until the owner of the aerospace defense
81.8 manufacturing facility has received certification from the Department of Employment and
81.9 Economic Development that the aerospace defense manufacturing facility employs no
81.10 less than 1,653 full-time equivalent workers within the state, and has made a total capital
81.11 investment of at least \$59,000,000;

81.12 (2) for each year that the owner of the aerospace defense manufacturing facility
81.13 receives certification from the Department of Employment and Economic Development
81.14 that no less than 1,653 full-time equivalent worker residents are employed workers within
81.15 the state, the refund may be issued to the owner of the aerospace defense manufacturing
81.16 facility at a rate of 25 percent of the total allowable refund payable to date, provided that
81.17 the Department of Employment and Economic Development continues to certify that no
81.18 less than 1,653 full-time equivalent workers are employed workers within the state, the
81.19 commissioner of revenue may make annual payments of the remaining refund until all
81.20 of the refund has been paid; and

81.21 (3) to receive the refund, the owner of the aerospace defense manufacturing facility
81.22 must initially apply to the Department of Employment and Economic Development for
81.23 certification no later than one year from the final completion date of construction of the
81.24 expansion of the aerospace defense manufacturing facility.

81.25 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
81.26 July 1, 2010, and before December 31, 2015.

81.27 Sec. 9. Minnesota Statutes 2009 Supplement, section 297A.75, subdivision 1, is
81.28 amended to read:

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

81.32 (1) capital equipment exempt under section 297A.68, subdivision 5;

81.33 (2) building materials for an agricultural processing facility exempt under section
81.34 297A.71, subdivision 13;

- 82.1 (3) building materials for mineral production facilities exempt under section
82.2 297A.71, subdivision 14;
- 82.3 (4) building materials for correctional facilities under section 297A.71, subdivision
82.4 3;
- 82.5 (5) building materials used in a residence for disabled veterans exempt under section
82.6 297A.71, subdivision 11;
- 82.7 (6) elevators and building materials exempt under section 297A.71, subdivision 12;
- 82.8 (7) building materials for the Long Lake Conservation Center exempt under section
82.9 297A.71, subdivision 17;
- 82.10 (8) materials and supplies for qualified low-income housing under section 297A.71,
82.11 subdivision 23;
- 82.12 (9) materials, supplies, and equipment for municipal electric utility facilities under
82.13 section 297A.71, subdivision 35;
- 82.14 (10) equipment and materials used for the generation, transmission, and distribution
82.15 of electrical energy and an aerial camera package exempt under section 297A.68,
82.16 subdivision 37;
- 82.17 (11) tangible personal property and taxable services and construction materials,
82.18 supplies, and equipment exempt under section 297A.68, subdivision 41;
- 82.19 (12) commuter rail vehicle and repair parts under section 297A.70, subdivision
82.20 3, clause (11);
- 82.21 (13) materials, supplies, and equipment for construction or improvement of projects
82.22 and facilities under section 297A.71, subdivision 40; ~~and~~
- 82.23 (14) materials, supplies, and equipment for construction or improvement of a meat
82.24 processing facility exempt under section 297A.71, subdivision 41; and
- 82.25 (15) materials, supplies, and equipment for construction, improvement, or expansion
82.26 of an aerospace defense manufacturing facility exempt under section 297A.71, subdivision
82.27 42.

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

82.29 Sec. 10. Minnesota Statutes 2009 Supplement, section 297A.75, subdivision 2, is
82.30 amended to read:

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

82.34 (1) for subdivision 1, clauses (1) to (3), the applicant must be the purchaser;

83.1 (2) for subdivision 1, clauses (4) and (7), the applicant must be the governmental
83.2 subdivision;

83.3 (3) for subdivision 1, clause (5), the applicant must be the recipient of the benefits
83.4 provided in United States Code, title 38, chapter 21;

83.5 (4) for subdivision 1, clause (6), the applicant must be the owner of the homestead
83.6 property;

83.7 (5) for subdivision 1, clause (8), the owner of the qualified low-income housing
83.8 project;

83.9 (6) for subdivision 1, clause (9), the applicant must be a municipal electric utility or
83.10 a joint venture of municipal electric utilities;

83.11 (7) for subdivision 1, clauses (10), (11), ~~and (14)~~, and (15), the owner of the
83.12 qualifying business; and

83.13 (8) for subdivision 1, clauses (12) and (13), the applicant must be the governmental
83.14 entity that owns or contracts for the project or facility.

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

83.16 Sec. 11. Minnesota Statutes 2008, section 297A.75, subdivision 3, is amended to read:

83.17 Subd. 3. **Application.** (a) The application must include sufficient information
83.18 to permit the commissioner to verify the tax paid. If the tax was paid by a contractor,
83.19 subcontractor, or builder, under subdivision 1, clause (4), (5), (6), (7), (8), (9), (10), (11),
83.20 (12), (13), ~~or (14)~~, or (15), the contractor, subcontractor, or builder must furnish to the
83.21 refund applicant a statement including the cost of the exempt items and the taxes paid on
83.22 the items unless otherwise specifically provided by this subdivision. The provisions of
83.23 sections 289A.40 and 289A.50 apply to refunds under this section.

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

83.26 (c) Total refunds for purchases of items in section 297A.71, subdivision 40, must not
83.27 exceed \$5,000,000 in fiscal years 2010 and 2011. Applications for refunds for purchases
83.28 of items in sections 297A.70, subdivision 3, paragraph (a), clause (11), and 297A.71,
83.29 subdivision 40, must not be filed until after June 30, 2009.

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

83.31 Sec. 12. Minnesota Statutes 2008, section 297A.995, subdivision 10, is amended to
83.32 read:

84.1 Subd. 10. **Relief from certain liability.** (a) Notwithstanding subdivision 9, sellers
84.2 and certified service providers are relieved from liability to the state for having charged
84.3 and collected the incorrect amount of sales or use tax resulting from the seller or certified
84.4 service provider (1) relying on erroneous data provided by the commissioner in the
84.5 database files on tax rates, boundaries, or taxing jurisdiction assignments, or (2) relying
84.6 on erroneous data provided by the state in its taxability matrix concerning the taxability
84.7 of products and services.

84.8 (b) Notwithstanding subdivision 9, sellers and certified service providers are
84.9 relieved from liability to the state for having charged and collected the incorrect amount
84.10 of sales or use tax resulting from the seller or certified service provider relying on the
84.11 certification by the commissioner as to the accuracy of a certified automated system as to
84.12 the taxability of product categories. The relief from liability provided by this paragraph
84.13 does not apply when the sellers or certified service providers have incorrectly classified
84.14 an item or transaction into a product category, unless the item or transaction within a
84.15 product category was approved by the commissioner or approved jointly by the states that
84.16 are signatories to the agreement. The sellers and certified service providers must revise a
84.17 classification within ten days after receipt of notice from the commissioner that an item or
84.18 transaction within a product category is incorrectly classified as to its taxability, or they
84.19 are not relieved from liability for the incorrect classification following the notification.

84.20 (c) Notwithstanding subdivision 9, if there are not at least 30 days between the
84.21 enactment of a new tax rate and the effective date of the new rate, sellers and certified
84.22 service providers shall be relieved from liability for failing to collect tax at the new rate
84.23 during the first 30 days of the rate change, beginning on the day after the date of enactment
84.24 of the rate change, provided the seller or certified service provider continued to impose
84.25 and collect the tax at the immediately preceding tax rate during this period. Relief from
84.26 liability provided by this paragraph shall not apply if the failure to collect at the newly
84.27 effective rate extends beyond 30 days after the enactment of the new rate. The relief
84.28 provided by this paragraph shall not apply if the commissioner determines that the seller or
84.29 certified service provider fraudulently failed to collect at the new rate or that the seller or
84.30 certified service provider solicited purchasers based on the immediately preceding tax rate.

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

84.32 Sec. 13. Minnesota Statutes 2008, section 297A.995, subdivision 11, is amended to
84.33 read:

84.34 Subd. 11. **Purchaser relief from certain liability.** (a) Notwithstanding other
84.35 provisions in the law, a purchaser is relieved from liability resulting from having paid

85.1 the incorrect amount of sales or use tax if a purchaser, whether or not ~~holding a~~ the
85.2 commissioner gave the purchaser direct pay permit authorization, or a purchaser's seller or
85.3 certified service provider relied on erroneous data provided by this state in the database
85.4 files on tax rates, boundaries, taxing jurisdiction assignments, or in the taxability matrix.
85.5 After providing an address-based database for assigning taxing jurisdictions and their
85.6 associated rates, no relief for errors resulting from the purchaser's reliance on a database
85.7 using zip codes is allowed.

85.8 (b) With respect to reliance on the taxability matrix provided by this state in
85.9 paragraph (a), relief is limited to erroneous classifications in the taxability matrix for
85.10 items included within the classifications as "taxable," "exempt," "included in sales
85.11 price," "excluded from sales price," "included in the definition," and "excluded from
85.12 the definition."

85.13 (c) Notwithstanding other provisions in the law, if there are not at least 30 days
85.14 between the enactment of a new tax rate and the effective date of the new rate, a purchaser
85.15 shall be relieved from liability resulting from failing to pay the tax at the new rate during
85.16 the first 30 days of the rate change, beginning on the day after the date of enactment of
85.17 the rate change, whether or not the purchaser has been given direct pay authorization by
85.18 the commissioner. Relief from liability provided by this paragraph shall not apply if the
85.19 failure to pay at the newly effective rate extends beyond 30 days after the enactment of
85.20 the new rate, and shall not apply to a purchaser that did not continue to pay the tax at the
85.21 immediately preceding tax rate during the 30-day period. The relief provided by this
85.22 paragraph shall not apply if the commissioner determines that the purchaser fraudulently
85.23 failed to pay at the new rate.

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

85.25 Sec. 14. **[645.025] SPECIAL LAWS; LOCAL TAXES.**

85.26 **Subdivision 1. Definitions.** (a) If a special law grants a local government unit
85.27 or group of units the authority to impose a local tax other than sales tax, including but
85.28 not limited to taxes such as lodging, entertainment, admissions, or food and beverage
85.29 taxes, and the Department of Revenue either has agreed to or is required to administer
85.30 the tax, such that the tax is reported and paid with the chapter 297A taxes, then the local
85.31 government unit or group of units must adopt each definition used in the special law
85.32 as follows:

85.33 (1) the definition must be identical to the definition found in chapter 297A or in
85.34 Minnesota Rules, chapter 8130; or

86.1 (2) if the specific term is not defined either in chapter 297A or in Minnesota Rules,
86.2 chapter 8130, then the definition must be consistent with the position of the Department of
86.3 Revenue as to the extent of the tax base.

86.4 (b) This subdivision does not apply to terms that are defined by the authorizing
86.5 special law.

86.6 Subd. 2. **Application.** This section applies to a special law that is described in
86.7 subdivision 1 that was:

86.8 (1) originally enacted prior to 2010, and that was amended by special law in or after
86.9 2010, to extend the time for imposing the tax or to modify the tax base; or

86.10 (2) first enacted in or after 2010.

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

86.12 Sec. 15. Laws 2009, chapter 88, article 4, section 5, the effective date, is amended to
86.13 read:

86.14 **EFFECTIVE DATE.** This section is effective July 1, 2009, and applies to
86.15 ~~registrations~~ leases or rentals made or renewed on or after that date.

86.16 **EFFECTIVE DATE.** This section is effective retroactively for leases or rentals
86.17 made or renewed after June 30, 2009.

86.18 **ARTICLE 5**

86.19 **LOCAL SALES TAX**

86.20 Section 1. Laws 1999, chapter 243, article 4, section 18, subdivision 3, as amended by
86.21 Laws 2008, chapter 366, article 7, section 13, is amended to read:

86.22 Subd. 3. **Use of revenues.** (a) Revenues received from taxes authorized by
86.23 subdivisions 1 and 2 must be used by the city to pay the cost of collecting the taxes and to
86.24 pay for construction and improvement of the following city facilities:

86.25 (1) streets; and

86.26 (2) constructing and equipping the Proctor community activity center.

86.27 Authorized expenses include, but are not limited to, acquiring property, paying
86.28 construction and operating expenses related to the development of an authorized facility,
86.29 and paying debt service on bonds or other obligations, including lease obligations, issued
86.30 to finance the construction, expansion, or improvement of an authorized facility. ~~The~~
86.31 ~~capital expenses for all projects authorized under this paragraph that may be paid with~~
86.32 ~~these taxes is limited to \$3,600,000, plus an amount equal to the costs related to issuance~~
86.33 ~~of the bonds.~~

87.1 (b) Additional revenues received from taxes authorized by subdivision 1, may be
87.2 used by the city to pay for the following capital improvement projects: public utilities,
87.3 including water, sanitary sewer, storm sewer, and electric; sidewalks; bikeways and trails;
87.4 and parks and recreation.

87.5 **EFFECTIVE DATE.** This section is effective the day following final enactment,
87.6 upon compliance by the city of Proctor with Minnesota Statutes, section 645.021,
87.7 subdivisions 2 and 3.

87.8 Sec. 2. Laws 1999, chapter 243, article 4, section 18, subdivision 4, is amended to read:

87.9 Subd. 4. **Bonding authority.** (a) The city may issue bonds under Minnesota
87.10 Statutes, chapter 475, to finance the capital expenditure and improvement projects
87.11 described in subdivision 3. An election to approve the bonds under Minnesota Statutes,
87.12 section 475.58, is not required.

87.13 (b) The issuance of bonds under this subdivision is not subject to Minnesota Statutes,
87.14 sections 275.60 and 279.61.

87.15 (c) The bonds are not included in computing any debt limitation applicable to the
87.16 city, and the levy of taxes under Minnesota Statutes, section 475.61, to pay principal of
87.17 and interest on the bonds is not subject to any levy limitation.

87.18 (d) The aggregate principal amount of bonds, plus the aggregate of the taxes
87.19 used directly to pay eligible capital expenditures and improvements, may not exceed
87.20 ~~\$3,600,000, plus an amount equal to the costs related to issuance of the bonds, including~~
87.21 ~~interest on the bonds~~ \$10,000,000.

87.22 (e) The sales and use and excise taxes authorized in this section may be pledged to
87.23 and used for the payment of the bonds and any bonds issued to refund them only if the
87.24 bonds and any refunding bonds are general obligations of the city.

87.25 **EFFECTIVE DATE.** This section is effective when approved by the voters at a
87.26 general or special election held within two years after enactment of this section and upon
87.27 compliance by the city of Proctor with Minnesota Statutes, section 645.021, subdivisions
87.28 2 and 3.

87.29 Sec. 3. Laws 2002, chapter 377, article 3, section 25, as amended by Laws 2009,
87.30 chapter 88, article 4, section 19, is amended to read:

87.31 Sec. 25. **ROCHESTER LODGING TAX.**

87.32 Subdivision 1. **Authorization.** Notwithstanding Minnesota Statutes, section
87.33 469.190 or 477A.016, or any other law, the city of Rochester may impose an additional

88.1 tax of one percent on the gross receipts from the furnishing for consideration of lodging at
88.2 a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing of it
88.3 for a continuous period of 30 days or more.

88.4 Subd. 1a. **Authorization.** Notwithstanding Minnesota Statutes, section 469.190 or
88.5 477A.016, or any other law, and in addition to the tax authorized by subdivision 1, the city
88.6 of Rochester may impose an additional tax of one percent on the gross receipts from the
88.7 furnishing for consideration of lodging at a hotel, motel, rooming house, tourist court, or
88.8 resort, other than the renting or leasing of it for a continuous period of 30 days or more only
88.9 upon the approval of the city governing body of a total financial package for the project.

88.10 Subd. 2. **Disposition of proceeds.** (a) The gross proceeds from the tax imposed
88.11 under subdivision 1 must be used by the city to fund a local convention or tourism bureau
88.12 for the purpose of marketing and promoting the city as a tourist or convention center.

88.13 (b) The gross proceeds from the one percent tax imposed under subdivision 1a shall
88.14 be used to pay for (1) construction, renovation, improvement, and expansion of the Mayo
88.15 Civic Center and related skyway access, lighting, parking, or landscaping; and (2) for
88.16 payment of any principal, interest, or premium on bonds issued to finance the construction,
88.17 renovation, improvement, and expansion of the Mayo Civic Center Complex.

88.18 Subd. 2a. **Bonds.** The city of Rochester may issue, without an election, general
88.19 obligation bonds of the city, in one or more series, in the aggregate principal amount
88.20 not to exceed \$43,500,000, to pay for capital and administrative costs for the design,
88.21 construction, renovation, improvement, and expansion of the Mayo Civic Center Complex,
88.22 and related skyway, access, lighting, parking, and landscaping. The city may pledge
88.23 the lodging tax authorized by subdivision 1a and the food and beverage tax authorized
88.24 under Laws 2009, chapter 88, article 4, section 23, to the payment of the bonds. The debt
88.25 represented by the bonds is not included in computing any debt limitations applicable to
88.26 the city, and the levy of taxes required by Minnesota Statutes, section 475.61, to pay the
88.27 principal of and interest on the bonds is not subject to any levy limitation or included in
88.28 computing or applying any levy limitation applicable to the city.

88.29 Subd. 3. **Expiration of taxing authority.** The authority of the city to impose a tax
88.30 under subdivision 1a shall expire when the principal and interest on any bonds or other
88.31 obligations issued prior to December 31, 2014, to finance the construction, renovation,
88.32 improvement, and expansion of the Mayo Civic Center Complex and related skyway
88.33 access, lighting, parking, or landscaping have been paid, including any bonds issued to
88.34 refund such bonds, or at an earlier time as the city shall, by ordinance, determine. Any
88.35 funds remaining after completion of the project and retirement or redemption of the bonds
88.36 shall be placed in the general fund of the city.

89.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of
89.2 the city of Rochester and its chief clerical officer comply with Minnesota Statutes, section
89.3 645.021, subdivisions 2 and 3.

89.4 Sec. 4. Laws 2009, chapter 88, article 4, section 23, subdivision 4, is amended to read:

89.5 Subd. 4. **Expiration of taxing authority.** The authority granted under subdivision
89.6 1 to the city to impose a one percent tax on food and beverages shall expire when the
89.7 principal and interest on any bonds or other obligations issued prior to December 31,
89.8 2014, to finance the construction, renovation, improvement, and expansion of the Mayo
89.9 Civic Center Complex and related skyway access, lighting, parking, or landscaping, and
89.10 any bonds issued to refund such bonds, have been paid or at an earlier time as the city
89.11 shall, by ordinance, determine. Any funds remaining after completion of the project and
89.12 retirement or redemption of the bonds shall be placed in the general fund of the city.

89.13 **EFFECTIVE DATE.** This section is effective the day after the governing body of
89.14 the city of Rochester and its chief clerical officer comply with Minnesota Statutes, section
89.15 645.021, subdivisions 2 and 3.

89.16 Sec. 5. **CITY OF DETROIT LAKES; LOCAL TAXES AUTHORIZED.**

89.17 Subdivision 1. **Food and beverage tax authorized.** Notwithstanding Minnesota
89.18 Statutes, section 477A.016, or any ordinance, city charter, or other provision of law, the
89.19 city of Detroit Lakes may, if approved by the voters at a general or special election held
89.20 within two years of enactment of this section, impose a sales tax of up to one percent on
89.21 the gross receipts of all food and beverages sold by a restaurant or place of refreshment,
89.22 as defined by resolution of the city, that is located within the city. For purposes of this
89.23 section, "food and beverages" include retail on-sale of intoxicating liquor and fermented
89.24 malt beverages.

89.25 Subd. 2. **Use of proceeds from authorized taxes.** The proceeds of the taxes
89.26 imposed under subdivision 1 must be used by the city to pay all or a portion of the
89.27 expenses of the following projects:

89.28 (1) control of flowering rush infestation;

89.29 (2) construction and improvement of bike trail facilities;

89.30 (3) parking improvements near public facilities; and

89.31 (4) redevelopment of the area returned to the city as a result of realignment of
89.32 Highway 10.

90.1 Subd. 3. **Expiration of taxing authority.** The taxes authorized under subdivision 1
90.2 expire when the governing body of the city determines that sufficient revenues have been
90.3 raised to finance the projects in subdivision 2, including the amount to prepay to retire at
90.4 maturity the principal, interest, and premium due on any bonds issued for the projects.

90.5 Subd. 4. **Collection, administration, and enforcement.** The city may enter into
90.6 an agreement with the commissioner of revenue to administer, collect, and enforce the
90.7 taxes under subdivision 1. If the commissioner agrees to collect the tax, the provisions
90.8 of Minnesota Statutes, section 297A.99, related to collection, administration, and
90.9 enforcement apply.

90.10 **EFFECTIVE DATE.** This section is effective the day after the governing body of
90.11 the city of Detroit Lakes and its chief clerical officer comply with Minnesota Statutes,
90.12 section 645.021, subdivisions 2 and 3.

90.13 Sec. 6. **CITY OF MARSHALL; LOCAL TAXES AUTHORIZED.**

90.14 Subdivision 1. **Authorization.** Notwithstanding Minnesota Statutes, section
90.15 297A.99, subdivisions 1, 2, and 3, or 477A.016, or any other law, ordinance, or city
90.16 charter, the city of Marshall, if imposed within two years of the date of final enactment of
90.17 this section, may impose any or all of the taxes described in this section.

90.18 Subd. 2. **Bonds.** (a) The city of Marshall may issue bonds under Minnesota Statutes,
90.19 chapter 475, to finance all or a portion of the costs of the new and existing facilities of the
90.20 Minnesota Emergency Response and Industry Training Center and all or part of the costs
90.21 of the facilities of the Southwest Minnesota Regional Amateur Sports Center, and may
90.22 issue bonds to refund bonds previously issued. Authorized expenses include, but are not
90.23 limited to, acquiring property, predesign, design, and paying construction, furnishing, and
90.24 equipment costs related to these facilities. The aggregate principal amount of bonds issued
90.25 under this subdivision may not exceed \$17,290,000, plus an amount to be applied to the
90.26 payment of the costs of issuing the bonds. The bonds may be paid from or secured by
90.27 any funds available to the city of Marshall.

90.28 (b) The bonds are not included in computing any debt limitation applicable to the
90.29 city of Marshall, and any levy of taxes under Minnesota Statutes, section 475.61, to pay
90.30 principal and interest on the bonds, is not subject to any levy limitation. A separate
90.31 election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

90.32 Subd. 3. **Lodging tax.** The city of Marshall may impose by ordinance a tax of up to
90.33 1-1/2 percent on the gross receipts subject to the lodging tax under Minnesota Statutes,

91.1 section 469.190, for the purposes specified in subdivision 4. This lodging tax is in addition
91.2 to any tax imposed under Minnesota Statutes, section 469.190, and may be imposed within
91.3 a tax district defined by the city council.

91.4 Subd. 4. **Use of lodging tax revenues.** The revenues derived from the tax imposed
91.5 under subdivision 3 must be used by the city of Marshall to pay the costs of collecting
91.6 and administering the lodging tax, to pay all or part of the operating costs of the new and
91.7 existing facilities of the Minnesota Emergency Response and Industry Training Center,
91.8 including the payment of debt service on bonds issued under subdivision 2, and to pay
91.9 all or part of the operating costs of the facilities of the Southwest Minnesota Regional
91.10 Amateur Sports Center, including the payment of debt service on bonds issued under
91.11 subdivision 2.

91.12 Subd. 5. **Food and beverages tax.** The city of Marshall may impose, if approved
91.13 by the voters at a general or special election held within two years of enactment of
91.14 this section, an additional sales tax of up to 1-1/2 percent on gross receipts of food and
91.15 beverages sold primarily for consumption on the premises by restaurants and places of
91.16 refreshment that occur in the city of Marshall. The provisions of Minnesota Statutes,
91.17 section 297A.99, except subdivisions 1, 2, and 3, govern the imposition, administration,
91.18 collection, and enforcement of the tax authorized under this subdivision.

91.19 Subd. 6. **Use of food and beverages tax.** The revenues derived from the tax
91.20 imposed under subdivision 5 must be used by the city of Marshall to pay the costs of
91.21 collecting and administering the food and beverages tax, to pay all or part of the operating
91.22 costs of the new and existing facilities of the Minnesota Emergency Response and
91.23 Industry Training Center, including the payment of debt service on bonds issued under
91.24 subdivision 2, and to pay all or part of the operating costs of the facilities of the Southwest
91.25 Minnesota Regional Amateur Sports Center, including the payment of debt service on
91.26 bonds issued under subdivision 2.

91.27 Subd. 7. **Termination of taxes.** The taxes imposed under subdivisions 3 and 5
91.28 expire at the earlier of (1) 30 years after the tax is first imposed, or (2) when the city
91.29 council determines that the amount of revenues received from the taxes to pay for the
91.30 capital, operating, and administrative costs of the facilities under subdivisions 2, 4,
91.31 and 6 first equals or exceeds the amount authorized to be spent for the facilities plus
91.32 the additional amount needed to pay the costs related to issuance of the bonds under
91.33 subdivision 2, including interest on the bonds. Any funds remaining after payment of all
91.34 the costs and retirement or redemption of the bonds must be placed in the general fund of

92.1 the city. The taxes imposed under subdivisions 3 and 5 may expire at an earlier time if the
92.2 city so determines by ordinance.

92.3 **EFFECTIVE DATE.** This section is effective the day after compliance by the
92.4 governing body of the city of Marshall with Minnesota Statutes, section 645.021,
92.5 subdivisions 2 and 3.

92.6 Sec. 7. **GIANTS RIDGE RECREATION AREA TAXING AUTHORITY.**

92.7 Subdivision 1. **Additional taxes authorized.** Notwithstanding Minnesota Statutes,
92.8 section 477A.016, or any other law, ordinance, or charter provision to the contrary, the
92.9 city of Biwabik, upon approval both by its governing body and by the vote of at least
92.10 seven members of the Iron Range Resources and Rehabilitation Board, may impose any or
92.11 all of the taxes described in this section.

92.12 Subd. 2. **Use of proceeds.** The proceeds of any taxes imposed under this section,
92.13 less refunds and costs of collection, must be deposited into the Iron Range Resources and
92.14 Rehabilitation Board account enterprise fund created under the provisions of Minnesota
92.15 Statutes, section 298.221, paragraph (c), and must be dedicated and expended by the
92.16 commissioner of the Iron Range Resources and Rehabilitation Board, upon approval by
92.17 the vote of at least seven members of the Iron Range Resources and Rehabilitation Board,
92.18 to pay costs for the construction, renovation, improvement, expansion, and maintenance
92.19 of public recreational facilities located in those portions of the city within the Giants
92.20 Ridge Recreation Area as defined in Minnesota Statutes, section 298.22, subdivision 7, or
92.21 to pay any principal, interest, or premium on any bond issued to finance the construction,
92.22 renovation, improvement, or expansion of such public recreational facilities.

92.23 Subd. 3. **Lodging tax.** The city of Biwabik, upon approval both by its governing
92.24 body and by the vote of at least seven members of the Iron Range Resources and
92.25 Rehabilitation Board, may impose, by ordinance, a tax of not more than five percent on the
92.26 gross receipts subject to the lodging tax under Minnesota Statutes, section 469.190. This
92.27 tax is in addition to any tax imposed under Minnesota Statutes, section 469.190, and may
92.28 be imposed only on gross lodging receipts generated within the Giants Ridge Recreation
92.29 Area as defined in Minnesota Statutes, section 298.22, subdivision 7.

92.30 Subd. 4. **Admissions and recreation tax.** (a) The city of Biwabik, upon approval
92.31 both by its governing body and by the vote of at least seven members of the Iron Range
92.32 Resources and Rehabilitation Board, may impose, by ordinance, a tax of not more than five
92.33 percent on admission receipts to entertainment and recreational facilities and on receipts

93.1 from the rental of recreation equipment, at sites within the Giants Ridge Recreation Area as
93.2 defined in Minnesota Statutes, section 298.22, subdivision 7. The provisions of Minnesota
93.3 Statutes, section 297A.99, except for subdivisions 2 and 3, govern the imposition,
93.4 administration, collection, and enforcement of the tax authorized in this subdivision.

93.5 (b) If the city imposes the tax under paragraph (a), it must include in the ordinance
93.6 an exemption for purchases of season tickets or passes.

93.7 Subd. 5. **Food and beverage tax.** The city of Biwabik, upon approval both by its
93.8 governing body and by the vote of at least seven members of the Iron Range Resources
93.9 and Rehabilitation Board, may impose, by ordinance, an additional sales tax of not more
93.10 than one percent on gross receipts of food and beverages sold whether it is consumed on
93.11 or off the premises by restaurants and places of refreshment as defined by resolution of the
93.12 city within the Giants Ridge Recreation Area as defined in Minnesota Statutes, section
93.13 298.22, subdivision 7. The provisions of Minnesota Statutes, section 297A.99, except for
93.14 subdivisions 2 and 3, govern the imposition, administration, collection, and enforcement
93.15 of the tax authorized in this subdivision.

93.16 **EFFECTIVE DATE.** This section shall be effective the day after compliance with
93.17 Minnesota Statutes, section 645.021, subdivisions 2 and 3, by the governing body of the
93.18 city of Biwabik. Notwithstanding Minnesota Statutes, section 645.021, subdivision 3, the
93.19 city may comply with Minnesota Statutes, section 645.021, at any time before January
93.20 1, 2012.

93.21 **ARTICLE 6**

93.22 **SPECIAL TAXES**

93.23 Section 1. Minnesota Statutes 2008, section 60A.209, subdivision 1, is amended to
93.24 read:

93.25 Subdivision 1. **Authorization; regulation.** A resident of this state may obtain
93.26 insurance from an ineligible surplus lines insurer in this state through a surplus lines
93.27 licensee. The licensee shall first attempt to place the insurance with a licensed insurer, or
93.28 if that is not possible, with an eligible surplus lines insurer. If coverage is not obtainable
93.29 from a licensed insurer or an eligible surplus lines insurer, the licensee shall certify to the
93.30 commissioner, on a form prescribed by the commissioner, that these attempts were made.
93.31 Upon obtaining coverage from an ineligible surplus lines insurer, the licensee shall:

93.32 (a) Have printed, typed, or stamped in red ink upon the face of the policy in
93.33 not less than 10-point type the following notice: "THIS INSURANCE IS ISSUED
93.34 PURSUANT TO THE MINNESOTA SURPLUS LINES INSURANCE ACT. THIS

94.1 INSURANCE IS PLACED WITH AN INSURER THAT IS NOT LICENSED BY THE
94.2 STATE NOR RECOGNIZED BY THE COMMISSIONER OF COMMERCE AS AN
94.3 ELIGIBLE SURPLUS LINES INSURER. IN CASE OF ANY DISPUTE RELATIVE
94.4 TO THE TERMS OR CONDITIONS OF THE POLICY OR THE PRACTICES OF
94.5 THE INSURER, THE COMMISSIONER OF COMMERCE WILL NOT BE ABLE TO
94.6 ASSIST IN THE DISPUTE. IN CASE OF INSOLVENCY, PAYMENT OF CLAIMS IS
94.7 NOT GUARANTEED." The notice may not be covered or concealed in any manner; and

94.8 (b) Collect from the insured appropriate premium taxes, as provided under chapter
94.9 297L, and report the transaction to the commissioner of revenue on a form prescribed by
94.10 the commissioner. If the insured fails to pay the taxes when due, the insured shall be
94.11 subject to a civil fine of not more than \$3,000, plus accrued interest from the inception of
94.12 the insurance.

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

94.14 Sec. 2. Minnesota Statutes 2008, section 295.55, subdivision 2, is amended to read:

94.15 Subd. 2. **Estimated tax; hospitals; surgical centers.** (a) Each hospital or surgical
94.16 center must make estimated payments of the taxes for the calendar year in monthly
94.17 installments to the commissioner within 15 days after the end of the month.

94.18 (b) Estimated tax payments are not required of hospitals or surgical centers if: (1)
94.19 the tax for the current calendar year is ~~less than \$500~~ or less; or (2) the tax for the previous
94.20 calendar year is ~~less than \$500, if the taxpayer had a tax liability and was doing business~~
94.21 ~~the entire year~~ or less.

94.22 (c) Underpayment of estimated installments bear interest at the rate specified in
94.23 section 270C.40, from the due date of the payment until paid or until the due date of the
94.24 annual return whichever comes first. An underpayment of an estimated installment is the
94.25 difference between the amount paid and the lesser of (1) 90 percent of one-twelfth of the
94.26 tax for the calendar year or (2) one-twelfth of the total tax for the previous calendar year
94.27 ~~if the taxpayer had a tax liability and was doing business the entire year.~~

94.28 **EFFECTIVE DATE.** This section is effective for gross revenues received after
94.29 December 31, 2010.

94.30 Sec. 3. Minnesota Statutes 2008, section 295.55, subdivision 3, is amended to read:

94.31 Subd. 3. **Estimated tax; other taxpayers.** (a) Each taxpayer, other than a hospital
94.32 or surgical center, must make estimated payments of the taxes for the calendar year in

95.1 quarterly installments to the commissioner by April 15, July 15, October 15, and January
95.2 15 of the following calendar year.

95.3 (b) Estimated tax payments are not required if: (1) the tax for the current calendar
95.4 year is ~~less than~~ \$500 or less; or (2) the tax for the previous calendar year is ~~less than~~
95.5 \$500, if the taxpayer had a tax liability and was doing business the entire year or less.

95.6 (c) Underpayment of estimated installments bear interest at the rate specified in
95.7 section 270C.40, from the due date of the payment until paid or until the due date of the
95.8 annual return whichever comes first. An underpayment of an estimated installment is the
95.9 difference between the amount paid and the lesser of (1) 90 percent of one-quarter of the
95.10 tax for the calendar year or (2) one-quarter of the total tax for the previous calendar year
95.11 ~~if the taxpayer had a tax liability and was doing business the entire year.~~

95.12 **EFFECTIVE DATE.** This section is effective for gross revenues received after
95.13 December 31, 2010.

95.14 Sec. 4. **[296A.061] CANCELLATION OR NONRENEWAL OF LICENSES.**

95.15 The commissioner may cancel a license or not renew a license if one of the following
95.16 conditions occurs:

95.17 (1) the license holder has not filed a petroleum tax return or report for at least one
95.18 year;

95.19 (2) the license holder has not reported any petroleum tax liability on the license
95.20 holder's returns or reports for at least one year; or

95.21 (3) the license holder requests cancellation of the license.

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

95.23 Sec. 5. Minnesota Statutes 2008, section 297F.01, subdivision 22a, is amended to read:

95.24 Subd. 22a. **Weighted average retail price.** "Weighted average retail price" means

95.25 (1) the average retail price per pack of 20 cigarettes, with the average price weighted by
95.26 the number of packs sold at each price, (2) reduced by the sales tax included in the retail
95.27 price, and (3) adjusted for the expected inflation ~~from the time of the survey to the average~~
95.28 ~~of the 12 months that the sales tax will be imposed. The commissioner shall make the~~
95.29 ~~inflation adjustment in accordance with the Consumer Price Index for all urban consumers~~
95.30 ~~inflation indicator as published in the most recent state budget forecast. The inflation~~
95.31 ~~factor for the calendar year in which the new tax rate takes effect must be used. If the~~
95.32 ~~survey indicates that the average retail price of cigarettes has not increased relative to the~~

96.1 ~~average retail price in the previous year's survey, then no inflation adjustment must be~~
96.2 ~~made~~ as provided in section 297F.25, subdivision 1.

96.3 **EFFECTIVE DATE.** This section is effective January 1, 2011.

96.4 Sec. 6. Minnesota Statutes 2008, section 297F.04, is amended by adding a subdivision
96.5 to read:

96.6 Subd. 2a. **Cancellation or nonrenewal.** The commissioner may cancel a license or
96.7 not renew a license if one of the following conditions occurs:

96.8 (1) the license holder has not filed a cigarette or tobacco products tax return for at
96.9 least one year;

96.10 (2) the license holder has not reported any cigarette or tobacco products tax liability
96.11 on the license holder's returns for at least one year; or

96.12 (3) the license holder requests cancellation of the license.

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

96.14 Sec. 7. Minnesota Statutes 2008, section 297F.07, subdivision 4, is amended to read:

96.15 Subd. 4. **Sales to nonqualified buyers.** A retailer who sells or otherwise disposes of
96.16 unstamped or untaxed stock other than to a qualified purchaser shall collect from the buyer
96.17 or transferee the tax imposed by section 297F.05, and remit the tax to the Department of
96.18 Revenue at the same time and manner as required by section 297F.09. If the retailer fails
96.19 to collect the tax from the buyer or transferee, or fails to remit the tax, the retailer is
96.20 personally responsible for the tax and the commissioner may seize any product destined to
96.21 be delivered to the retailer. The product so seized shall be considered contraband and be
96.22 subject to the procedures outlined in section 297F.21, subdivision 3. ~~The proceeds of the~~
96.23 ~~sale of the stock may be applied to any tax liability owed by the retailer after deducting all~~
96.24 ~~costs and expenses.~~

96.25 This section does not relieve the buyer or possessor of unstamped or untaxed stock
96.26 from personal liability for the tax.

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

96.28 Sec. 8. Minnesota Statutes 2008, section 297F.25, subdivision 1, is amended to read:

96.29 Subdivision 1. **Imposition.** (a) A tax is imposed on distributors on the sale of
96.30 cigarettes by a cigarette distributor to a retailer or cigarette subjobber for resale in this
96.31 state. The tax is equal to 6.5 percent of the weighted average retail price. ~~The weighted~~
96.32 ~~average retail price and~~ must be expressed in cents per pack ~~when~~ rounded to the nearest

97.1 one-tenth of a cent. The weighted average retail price must be determined annually,
 97.2 with new rates published by ~~May~~ November 1, and effective for sales on or after ~~August~~
 97.3 January 1 of the following year. The weighted average retail price must be established
 97.4 by surveying cigarette retailers statewide in a manner and time determined by the
 97.5 commissioner. The commissioner shall make an inflation adjustment in accordance with
 97.6 the Consumer Price Index for all urban consumers inflation indicator as published in the
 97.7 most recent state budget forecast. The commissioner shall use the inflation factor for
 97.8 the calendar year in which the new tax rate takes effect. If the survey indicates that the
 97.9 average retail price of cigarettes has not increased relative to the average retail price in
 97.10 the previous year's survey, then the commissioner shall not make an inflation adjustment.
 97.11 The determination of the commissioner pursuant to this subdivision is not a "rule" and is
 97.12 not subject to the Administrative Procedure Act contained in chapter 14. ~~As of August 1,~~
 97.13 ~~2005, the tax is 25.5 cents per pack of 20 cigarettes.~~ For packs of cigarettes with other
 97.14 than 20 cigarettes, the tax must be adjusted proportionally.

97.15 (b) Notwithstanding paragraph (a), and in lieu of a survey of cigarette retailers, the
 97.16 tax calculation of the weighted average retail price for the sales of cigarettes from August
 97.17 1, 2011, through December 31, 2011, shall be calculated by: (1) increasing the average
 97.18 retail price per pack of 20 cigarettes from the most recent survey by the percentage change
 97.19 in a weighted average of the presumed legal prices for cigarettes during the year after
 97.20 completion of that survey, as reported and published by the Department of Commerce
 97.21 under section 325D.371; (2) subtracting the sales tax included in the retail price; and (3)
 97.22 adjusting for expected inflation. The rate must be published by May 1 and is effective for
 97.23 sales after July 31. If the weighted average of the presumed legal prices indicates that the
 97.24 average retail price of cigarettes has not increased relative to the average retail price in the
 97.25 most recent survey, then no inflation adjustment must be made. For packs of cigarettes
 97.26 with other than 20 cigarettes, the tax must be adjusted proportionally.

97.27 **EFFECTIVE DATE.** This section is effective January 1, 2011.

97.28 Sec. 9. Minnesota Statutes 2008, section 297I.01, subdivision 9, is amended to read:

97.29 Subd. 9. **Gross premiums.** "Gross premiums" means total premiums paid by
 97.30 policyholders and applicants of policies, whether received in the form of money or other
 97.31 valuable consideration, on property, persons, lives, interests and other risks located,
 97.32 resident, or to be performed in this state, but excluding consideration and premiums for
 97.33 reinsurance assumed from other insurance companies.

97.34 ~~The term~~ (a) "Gross premiums" includes the total consideration paid to bail bond
 97.35 agents for bail bonds.

98.1 **(b)** For title insurance companies, "gross premiums" means the charge for title
98.2 insurance made by a title insurance company or its agents according to the company's rate
98.3 filing approved by the commissioner of commerce without a deduction for commissions
98.4 paid to or retained by the agent. Gross premiums of a title insurance company does not
98.5 include any other charge or fee for abstracting, searching, or examining the title, or
98.6 escrow, closing, or other related services.

98.7 ~~The term~~ **(c)** "Gross premiums" includes any workers' compensation special
98.8 compensation fund premium surcharge pursuant to section 176.129.

98.9 **(d)** "Gross premiums" for surplus lines insurance includes all related charges,
98.10 commissions, and fees received by the licensee. Gross premiums does not include the
98.11 stamping fee, as provided under section 60A.2085, subdivision 7, nor the operating
98.12 assessment, as provided under section 60A.208, subdivision 8.

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

98.14 Sec. 10. Minnesota Statutes 2008, section 297I.05, subdivision 7, is amended to read:

98.15 Subd. 7. **Surplus lines tax.** (a) A tax is imposed on surplus lines licensees. The rate
98.16 of tax is equal to three percent of the gross premiums less return premiums ~~received by the~~
98.17 ~~licensee minus any licensee association operating assessments paid under section 60A.208.~~

98.18 (b) If surplus lines insurance placed by a surplus lines licensee and taxed under this
98.19 subdivision covers a subject of insurance residing, located, or to be performed outside
98.20 this state, a proper pro rata portion of the entire premium payable for all of that insurance
98.21 must be allocated according to the subjects of insurance residing, located, or to be
98.22 performed in this state.

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

98.24 Sec. 11. Minnesota Statutes 2008, section 297I.30, subdivision 1, is amended to read:

98.25 Subdivision 1. **General rule.** On or before March 1, every ~~insurer~~ taxpayer subject
98.26 to taxation under section 297I.05, subdivisions 1 to ~~6~~ 5, ~~and 9, 10,~~ 12, paragraphs
98.27 (a), clauses (1) to ~~(5)~~ (4), ~~and (b), (c), and (d), and 14,~~ shall file an annual return for
98.28 the preceding calendar year ~~setting forth such information as the commissioner may~~
98.29 ~~reasonably require on forms~~ in the form prescribed by the commissioner.

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

98.31 Sec. 12. Minnesota Statutes 2008, section 297I.30, subdivision 2, is amended to read:

99.1 Subd. 2. **Surplus lines licensees and purchasing groups.** On or before February 15
99.2 and August 15 of each year, every surplus lines licensee subject to taxation under section
99.3 297I.05, subdivision 7, and every purchasing group or member of a purchasing group
99.4 subject to tax under section 297I.05, subdivision 12, paragraph (a), clause ~~(6)~~ (5), shall file
99.5 a return with the commissioner for the preceding six-month period ending December 31,
99.6 or June 30, ~~setting forth any information the commissioner reasonably prescribes on forms~~
99.7 in the form prescribed by the commissioner.

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

99.9 Sec. 13. Minnesota Statutes 2008, section 297I.30, subdivision 7, is amended to read:

99.10 Subd. 7. **Surcharge.** (a)~~(1)~~ By April 30 of each year, every company required to pay
99.11 the surcharge under section 297I.10, subdivision 1, shall file a return for the five-month
99.12 period ending March 31 ~~setting forth any information the commissioner reasonably~~
99.13 ~~requires on forms~~ in the form prescribed by the commissioner.

99.14 ~~(2)~~ (b) By June 30 of each year, every company required to pay the surcharge under
99.15 section 297I.10, subdivision 1, shall file a return for the two-month period ending May 31
99.16 ~~setting forth any information the commissioner reasonably requires on forms~~ in the form
99.17 prescribed by the commissioner.

99.18 ~~(3)~~ (c) By November 30 of each year, every company required to pay the surcharge
99.19 under section 297I.10, subdivision 1, shall file a return for the five-month period ending
99.20 October 31 ~~setting forth any information the commissioner reasonably requires on forms~~
99.21 in the form prescribed by the commissioner.

99.22 ~~(b)~~ By February 15 and August 15 of each year, every company required to pay
99.23 a surcharge under section 297I.10, subdivision 2, must file a return for the preceding
99.24 six-month period ending December 31 and June 30.

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

99.26 Sec. 14. Minnesota Statutes 2008, section 297I.30, subdivision 8, is amended to read:

99.27 Subd. 8. **Fire insurance surcharge.** On or before May 15, August 15, November
99.28 15, and February 15 of each year, every insurer required to pay the surcharge under
99.29 section 297I.06, subdivisions 1 and 2, shall file a return with the commissioner for the
99.30 preceding three-month period ending March 31, June 30, September 30, and December
99.31 31, ~~setting forth any information the commissioner reasonably requires on forms~~ in the
99.32 form prescribed by the commissioner.

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

100.1 Sec. 15. Minnesota Statutes 2009 Supplement, section 297I.35, subdivision 2, is
100.2 amended to read:

100.3 Subd. 2. **Electronic payments.** If the aggregate amount of tax and surcharges
100.4 due under this chapter during a ~~calendar~~ fiscal year ending June 30 is equal to or
100.5 exceeds \$10,000, or if the taxpayer is required to make payment of any other tax to the
100.6 commissioner by electronic means, then all tax and surcharge payments in the subsequent
100.7 calendar year must be paid by electronic means.

100.8 **EFFECTIVE DATE.** This section is effective for payments due in calendar year
100.9 2010 and thereafter, based upon liabilities incurred in the fiscal year ending June 30,
100.10 2009, and in fiscal years thereafter.

100.11 Sec. 16. Minnesota Statutes 2008, section 297I.40, subdivision 1, is amended to read:

100.12 Subdivision 1. **Requirement to pay.** On or before March 15, June 15, September
100.13 15, and December 15 of the current year, every taxpayer subject to tax under section
100.14 297I.05, subdivisions 1 to ~~6~~ 5, and 12, ~~paragraphs~~ paragraph (a), clauses (1) to ~~(5), (b),~~
100.15 ~~and (c) (4), and 14~~, must pay to the commissioner an installment equal to one-fourth of the
100.16 insurer's total estimated tax for the current year.

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

100.18 Sec. 17. Minnesota Statutes 2008, section 297I.40, subdivision 5, is amended to read:

100.19 Subd. 5. **Definition of tax.** The term "tax" as used in this section means the tax
100.20 imposed by section 297I.05, subdivisions 1 to ~~6~~ 5, 11, and 12, paragraphs (a), clauses (1)
100.21 to ~~(5)~~ (4), (b), and (d), and 14, less any offset in section 297I.20.

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

100.23 Sec. 18. Minnesota Statutes 2008, section 297I.65, is amended by adding a subdivision
100.24 to read:

100.25 Subd. 4. **Omission in excess of 25 percent.** Additional taxes or surcharges may be
100.26 assessed within 6-1/2 years after the due date of the return or the date the return was filed,
100.27 whichever is later, if the taxpayer omits from a gross premiums tax or surcharge return an
100.28 amount of tax in excess of 25 percent of the tax or surcharge reported in the return.

100.29 **EFFECTIVE DATE.** This section is effective for premium taxes due after
100.30 December 31, 2010.

101.1 Sec. 19. Minnesota Statutes 2008, section 298.282, subdivision 1, is amended to read:

101.2 Subdivision 1. **Distribution of taconite municipal aid account.** The amount
101.3 deposited with the county as provided in section 298.28, subdivision 3, must be distributed
101.4 as provided by this section among: (1) the municipalities comprising a ~~tax relief~~ taconite
101.5 assistance area under section ~~273.134, paragraph (b)~~ 273.1341; (2) a township that
101.6 contains a state park consisting primarily of an underground iron ore mine; and (3) a city
101.7 located within five miles of that state park, each being referred to in this section as a
101.8 qualifying municipality.

101.9 **EFFECTIVE DATE.** This section is effective for distributions made after the
101.10 day following final enactment.

101.11 Sec. 20. **REPEALER.**

101.12 Minnesota Statutes 2008, section 297I.30, subdivisions 4, 5, and 6, are repealed.

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

101.14 ARTICLE 7

101.15 PUBLIC FINANCE

101.16 Section 1. Minnesota Statutes 2008, section 103D.335, subdivision 17, is amended to
101.17 read:

101.18 Subd. 17. **Borrowing funds.** The managers may borrow funds from an agency of
101.19 the federal government, a state agency, a county where the watershed district is located
101.20 in whole or in part, or a financial institution authorized under chapter 47 to do business
101.21 in this state. A county board may lend the amount requested by a watershed district. A
101.22 watershed district may not have more than a total of ~~\$600,000~~ \$2,000,000 in loans from
101.23 counties and financial institutions under this subdivision outstanding at any time.

101.24 Sec. 2. Minnesota Statutes 2008, section 373.40, subdivision 1, is amended to read:

101.25 Subdivision 1. **Definitions.** For purposes of this section, the following terms have
101.26 the meanings given.

101.27 (a) "Bonds" means an obligation as defined under section 475.51.

101.28 (b) "Capital improvement" means acquisition or betterment of public lands,
101.29 buildings, or other improvements within the county for the purpose of a county
101.30 courthouse, administrative building, health or social service facility, correctional facility,
101.31 jail, law enforcement center, hospital, morgue, library, park, qualified indoor ice arena,
101.32 roads and bridges, and the acquisition of development rights in the form of conservation

102.1 easements under chapter 84C. An improvement must have an expected useful life of
102.2 five years or more to qualify. "Capital improvement" does not include ~~light rail transit~~
102.3 ~~or any activity related to it~~ or a recreation or sports facility building (such as, but not
102.4 limited to, a gymnasium, ice arena, racquet sports facility, swimming pool, exercise room
102.5 or health spa), unless the building is part of an outdoor park facility and is incidental to
102.6 the primary purpose of outdoor recreation.

102.7 (c) "Metropolitan county" means a county located in the seven-county metropolitan
102.8 area as defined in section 473.121 or a county with a population of 90,000 or more.

102.9 (d) "Population" means the population established by the most recent of the
102.10 following (determined as of the date the resolution authorizing the bonds was adopted):

102.11 (1) the federal decennial census,

102.12 (2) a special census conducted under contract by the United States Bureau of the
102.13 Census, or

102.14 (3) a population estimate made either by the Metropolitan Council or by the state
102.15 demographer under section 4A.02.

102.16 (e) "Qualified indoor ice arena" means a facility that meets the requirements of
102.17 section 373.43.

102.18 (f) "Tax capacity" means total taxable market value, but does not include captured
102.19 market value.

102.20 Sec. 3. Minnesota Statutes 2008, section 383B.79, subdivision 5, is amended to read:

102.21 Subd. 5. **Financing.** Hennepin County may appropriate funds for any of the
102.22 activities described in subdivision 1, whether or not state funds are appropriated for the
102.23 activity. Hennepin County may include any part of the costs of a project described in
102.24 section 469.002, subdivision 12, in a capital improvement plan adopted under section
102.25 373.40, and may issue bonds for such purposes pursuant to and subject to the procedures
102.26 and limitations set forth in section 373.40, whether or not the capital improvement to be
102.27 financed is to be owned by the county or any other governmental entity. Such purposes are
102.28 in addition to the capital improvements described in section 373.40, but shall not include
102.29 ~~light rail transit, commuter rail, or any activity related to either of those,~~ or a sports facility
102.30 building designed or used primarily for professional sports. No funds appropriated under
102.31 this subdivision may be used to pay operating expenses.

102.32 Sec. 4. Minnesota Statutes 2009 Supplement, section 429.011, subdivision 2a, is
102.33 amended to read:

103.1 Subd. 2a. **Municipality; certain counties.** "Municipality" also includes the
103.2 following:

103.3 (1) a county in the case of construction, reconstruction, or improvement of a county
103.4 state-aid highway;

103.5 (2) a county in the case of construction, reconstruction, or improvement of a county
103.6 highway as defined in section 160.02 including curbs and gutters and storm sewers;

103.7 (3) a county exercising its powers and duties under section 444.075, subdivision 1;

103.8 (4) a county for expenses not paid for under section 403.113, subdivision 3,
103.9 paragraph (b), clause (3); ~~and~~

103.10 (5) a county in the case of the abatement of nuisances; and

103.11 (6) a county operating an energy improvements financing program under section
103.12 216C.436.

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

103.14 Sec. 5. Minnesota Statutes 2008, section 469.101, subdivision 1, is amended to read:

103.15 Subdivision 1. **Establishment.** An economic development authority may create and
103.16 define the boundaries of economic development districts at any place or places within the
103.17 city ~~if the district satisfies the requirements of section 469.174, subdivision 10,~~ except that
103.18 the district boundaries must be contiguous, and may use the powers granted in sections
103.19 469.090 to 469.108 to carry out its purposes. First the authority must hold a public hearing
103.20 on the matter. At least ten days before the hearing, the authority shall publish notice of
103.21 the hearing in a daily newspaper of general circulation in the city. Also, the authority
103.22 shall find that an economic development district is proper and desirable to establish and
103.23 develop within the city.

103.24 **EFFECTIVE DATE.** This section is effective for economic development districts
103.25 created after the day following final enactment.

103.26 Sec. 6. Minnesota Statutes 2008, section 469.319, subdivision 5, is amended to read:

103.27 Subd. 5. **Waiver authority.** (a) The commissioner may waive all or part of a
103.28 repayment required under subdivision 1, if the commissioner, in consultation with
103.29 the commissioner of employment and economic development and appropriate officials
103.30 from the local government units in which the qualified business is located, determines
103.31 that requiring repayment of the tax is not in the best interest of the state or the local
103.32 government units and the business ceased operating as a result of circumstances beyond
103.33 its control including, but not limited to:

- 104.1 (1) a natural disaster;
- 104.2 (2) unforeseen industry trends; or
- 104.3 (3) loss of a major supplier or customer.

104.4 (b)(1) The commissioner shall waive repayment required under subdivision 1a if
104.5 the commissioner has waived repayment by the operating business under subdivision 1,
104.6 unless the person that received benefits without having to operate a business in the zone
104.7 was a contributing factor in the qualified business becoming subject to repayment under
104.8 subdivision 1;

104.9 (2) the commissioner shall waive the repayment required under subdivision 1a, even
104.10 if the repayment has not been waived for the operating business if:

104.11 (i) the person that received benefits without having to operate a business in the zone
104.12 and the business that operated in the zone are not related parties as defined in section
104.13 267(b) of the Internal Revenue Code of 1986, as amended through December 31, 2007; and

104.14 (ii) actions of the person were not a contributing factor in the qualified business
104.15 becoming subject to repayment under subdivision 1.

104.16 (c) Requests for waiver must be made no later than 60 days after the notice date of
104.17 an order issued under subdivision 4, paragraph (d), or, in the case of property taxes, within
104.18 60 days of the date of a tax statement issued under subdivision 4, paragraph (c).

104.19 **EFFECTIVE DATE.** This section is effective for waivers requested in response
104.20 to notices issued after the day following final enactment.

104.21 Sec. 7. Minnesota Statutes 2008, section 469.3193, is amended to read:

104.22 **469.3193 CERTIFICATION OF CONTINUING ELIGIBILITY FOR JOBZ**
104.23 **BENEFITS.**

104.24 (a) By ~~December 1~~ October 15 of each year, every qualified business must certify
104.25 to the commissioner of revenue, on a form prescribed by the commissioner of revenue,
104.26 whether it is in compliance with any agreement required as a condition for eligibility for
104.27 benefits listed under section 469.315. A business that fails to submit the certification, or
104.28 any business, including those still operating in the zone, that submits a certification that
104.29 the commissioner of revenue later determines materially misrepresents the business's
104.30 compliance with the agreement, is subject to the repayment provisions under section
104.31 469.319 from January 1 of the year in which the report is due or the date that the business
104.32 became subject to section 469.319, whichever is earlier. Any such business is permanently
104.33 barred from obtaining benefits under section 469.315. For purposes of this section, the bar

105.1 applies to an entity and also applies to any individuals or entities that have an ownership
105.2 interest of at least 20 percent of the entity.

105.3 (b) Before the sanctions under paragraph (a) apply to a business that fails to
105.4 submit the certification, the commissioner of revenue shall send notice to the business,
105.5 demanding that the certification be submitted within 30 days and advising the business
105.6 of the consequences for failing to do so. The commissioner of revenue shall notify
105.7 the commissioner of employment and economic development and the appropriate job
105.8 opportunity subzone administrator whenever notice is sent to a business under this
105.9 paragraph.

105.10 (c) The certification required under this section is public.

105.11 (d) The commissioner of revenue shall promptly notify the commissioner of
105.12 employment and economic development of all businesses that certify that they are not
105.13 in compliance with the terms of their business subsidy agreement and all businesses
105.14 that fail to file the certification.

105.15 **EFFECTIVE DATE.** This section is effective for certifications required to be
105.16 made in 2010 and thereafter.

105.17 Sec. 8. Minnesota Statutes 2008, section 473.39, is amended by adding a subdivision
105.18 to read:

105.19 Subd. 1p. **Obligations.** After July 1, 2010, in addition to other authority in this
105.20 section, the council may issue certificates of indebtedness, bonds, or other obligations
105.21 under this section in an amount not exceeding \$34,600,000 for capital expenditures as
105.22 prescribed in the council's transit capital improvement program and for related costs,
105.23 including the costs of issuance and sale of the obligations.

105.24 **EFFECTIVE DATE.** This section is effective the day following final enactment
105.25 and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and
105.26 Washington.

105.27 Sec. 9. Minnesota Statutes 2008, section 474A.04, subdivision 6, is amended to read:

105.28 Subd. 6. **Entitlement transfers.** An entitlement issuer may enter into an agreement
105.29 with another entitlement issuer whereby the recipient entitlement issuer issues obligations
105.30 pursuant to bonding authority allocated to the original entitlement issuer under this
105.31 section. An entitlement issuer may enter into an agreement with an issuer which is not
105.32 an entitlement issuer whereby the recipient issuer issues qualified mortgage bonds, up to
105.33 \$100,000 of which are issued pursuant to bonding authority allocated to the original

106.1 entitlement issuer under this section. The agreement may be approved and executed by the
106.2 mayor of the entitlement issuer with or without approval or review by the city council.
106.3 Notwithstanding section 474A.091, subdivision 4, prior to December 1, the Minnesota
106.4 Housing Finance Agency, Minnesota Office of Higher Education, and Minnesota Rural
106.5 Finance Authority may transfer allocated bonding authority made available under this
106.6 chapter to one another under an agreement by each agency and the commissioner.

106.7 Sec. 10. Minnesota Statutes 2008, section 474A.091, subdivision 3, is amended to read:

106.8 Subd. 3. **Allocation procedure.** (a) The commissioner shall allocate available
106.9 bonding authority under this section on the Monday of every other week beginning with
106.10 the first Monday in August through and on the last Monday in November. Applications
106.11 for allocations must be received by the department by 4:30 p.m. on the Monday preceding
106.12 the Monday on which allocations are to be made. If a Monday falls on a holiday, the
106.13 allocation will be made or the applications must be received by the next business day
106.14 after the holiday.

106.15 (b) Prior to October 1, only the following applications shall be awarded allocations
106.16 from the unified pool. Allocations shall be awarded in the following order of priority:

- 106.17 (1) applications for residential rental project bonds;
106.18 (2) applications for small issue bonds for manufacturing projects; and
106.19 (3) applications for small issue bonds for agricultural development bond loan
106.20 projects.

106.21 (c) On the first Monday in October through the last Monday in November,
106.22 allocations shall be awarded from the unified pool in the following order of priority:

- 106.23 (1) applications for student loan bonds issued by or on behalf of the Minnesota
106.24 Office of Higher Education;
106.25 (2) applications for mortgage bonds;
106.26 (3) applications for public facility projects funded by public facility bonds;
106.27 (4) applications for small issue bonds for manufacturing projects;
106.28 (5) applications for small issue bonds for agricultural development bond loan
106.29 projects;
106.30 (6) applications for residential rental project bonds;
106.31 (7) applications for enterprise zone facility bonds;
106.32 (8) applications for governmental bonds; and
106.33 (9) applications for redevelopment bonds.

106.34 (d) If there are two or more applications for manufacturing projects from the
106.35 unified pool and there is insufficient bonding authority to provide allocations for all

107.1 manufacturing projects in any one allocation period, the available bonding authority shall
107.2 be awarded based on the number of points awarded a project under section 474A.045
107.3 with those projects receiving the greatest number of points receiving allocation first. If
107.4 two or more applications for manufacturing projects receive an equal amount of points,
107.5 available bonding authority shall be awarded by lot unless otherwise agreed to by the
107.6 respective issuers.

107.7 (e) If there are two or more applications for enterprise zone facility projects from
107.8 the unified pool and there is insufficient bonding authority to provide allocations for
107.9 all enterprise zone facility projects in any one allocation period, the available bonding
107.10 authority shall be awarded based on the number of points awarded a project under section
107.11 474A.045 with those projects receiving the greatest number of points receiving allocation
107.12 first. If two or more applications for enterprise zone facility projects receive an equal
107.13 amount of points, available bonding authority shall be awarded by lot unless otherwise
107.14 agreed to by the respective issuers.

107.15 (f) If there are two or more applications for residential rental projects from the
107.16 unified pool and there is insufficient bonding authority to provide allocations for all
107.17 residential rental projects in any one allocation period, the available bonding authority
107.18 shall be awarded in the following order of priority: (1) projects that preserve existing
107.19 federally subsidized housing; (2) projects that are not restricted to persons who are 55
107.20 years of age or older; and (3) other residential rental projects.

107.21 (g) From the first Monday in August through the last Monday in November,
107.22 \$20,000,000 of bonding authority or an amount equal to the total annual amount of
107.23 bonding authority allocated to the small issue pool under section 474A.03, subdivision 1,
107.24 less the amount allocated to issuers from the small issue pool for that year, whichever is
107.25 less, is reserved within the unified pool for small issue bonds to the extent such amounts
107.26 are available within the unified pool.

107.27 (h) The total amount of allocations for mortgage bonds from the housing pool and
107.28 the unified pool may not exceed:

107.29 (1) \$10,000,000 for any one city; or

107.30 (2) \$20,000,000 for any number of cities in any one county.

107.31 (i) The total amount of allocations for student loan bonds from the unified pool may
107.32 not exceed ~~\$10,000,000~~ \$25,000,000 per year.

107.33 (j) If there is insufficient bonding authority to fund all projects within any qualified
107.34 bond category other than enterprise zone facility projects, manufacturing projects, and
107.35 residential rental projects, allocations shall be awarded by lot unless otherwise agreed to
107.36 by the respective issuers.

108.1 (k) If an application is rejected, the commissioner must notify the applicant and
108.2 return the application deposit to the applicant within 30 days unless the applicant requests
108.3 in writing that the application be resubmitted.

108.4 (l) The granting of an allocation of bonding authority under this section must be
108.5 evidenced by issuance of a certificate of allocation.

108.6 Sec. 11. Laws 2010, chapter 216, section 3, is amended by adding a subdivision to read:

108.7 Subd. 3a. **Authority.** "Authority" means a housing and redevelopment authority
108.8 or economic development authority created pursuant to section 469.003, 469.004, or
108.9 469.091, a port authority pursuant to section 469.049, 469.1082, or special law, or another
108.10 entity authorized by law to exercise the powers of an authority created pursuant to one of
108.11 those sections.

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

108.13 Sec. 12. Laws 2010, chapter 216, section 3, is amended by adding a subdivision to read:

108.14 Subd. 3b. **Implementing entity.** "Implementing entity" means the local government
108.15 or an authority designated by the local government by resolution to implement and
108.16 administer programs described in section 216C.436.

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

108.18 Sec. 13. Laws 2010, chapter 216, section 3, subdivision 6, is amended to read:

108.19 Subd. 6. **Qualifying real property.** "Qualifying real property" means a
108.20 single-family or multifamily residential dwelling, or a commercial or industrial building,
108.21 that the ~~city~~ implementing entity has determined, after review of an energy audit or
108.22 renewable energy system feasibility study, can be benefited by installation of energy
108.23 improvements.

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

108.25 Sec. 14. Laws 2010, chapter 216, section 4, subdivision 1, is amended to read:

108.26 Subdivision 1. **Program authority.** ~~A local government~~ An implementing entity
108.27 may establish a program to finance energy improvements to enable owners of qualifying
108.28 real property to pay for cost-effective energy improvements to the qualifying real property
108.29 with the net proceeds and interest earnings of revenue bonds authorized in this section.
108.30 ~~A local government~~ An implementing entity may limit the number of qualifying real
108.31 properties for which a property owner may receive program financing.

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

109.2 Sec. 15. Laws 2010, chapter 216, section 4, subdivision 2, is amended to read:

109.3 Subd. 2. **Program requirements.** A financing program must:

109.4 (1) impose requirements and conditions on financing arrangements to ensure timely
109.5 repayment;

109.6 (2) require an energy audit or renewable energy system feasibility study to be
109.7 conducted on the qualifying real property and reviewed by the ~~local government~~
109.8 implementing entity prior to approval of the financing;

109.9 (3) require the inspection of all installations and a performance verification of at
109.10 least ten percent of the energy improvements financed by the program;

109.11 (4) require that all cost-effective energy improvements be made to a qualifying
109.12 real property prior to, or in conjunction with, an applicant's repayment of financing for
109.13 energy improvements for that property;

109.14 (5) have energy improvements financed by the program performed by licensed
109.15 contractors as required by chapter 326B or other law or ordinance;

109.16 (6) require disclosures to borrowers by the ~~local government~~ implementing entity
109.17 of the risks involved in borrowing, including the risk of foreclosure if a tax delinquency
109.18 results from a default;

109.19 (7) provide financing only to those who demonstrate an ability to repay;

109.20 (8) not provide financing for a qualifying real property in which the owner is not
109.21 current on mortgage or real property tax payments;

109.22 (9) require a petition to the implementing entity by all owners of the qualifying
109.23 real property requesting collections of repayments as a special assessment under section
109.24 429.101;

109.25 (10) provide that payments and assessments are not accelerated due to a default and
109.26 that a tax delinquency exists only for assessments not paid when due; and

109.27 (11) require that liability for special assessments related to the financing runs with
109.28 the qualifying real property.

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

109.30 Sec. 16. Laws 2010, chapter 216, section 4, subdivision 4, is amended to read:

109.31 Subd. 4. **Financing terms.** Financing provided under this section must have:

109.32 (1) a ~~term not to exceed the weighted average of~~ weighted average maturity not
109.33 exceeding the useful life of the energy improvements installed, as determined by the ~~local~~
109.34 ~~government~~ implementing entity, but in no event may a term exceed 20 years;

110.1 (2) a principal amount not to exceed the lesser of ten percent of the assessed value
110.2 of the real property on which the improvements are to be installed or the actual cost of
110.3 installing the energy improvements, including the costs of necessary equipment, materials,
110.4 and labor, the costs of each related energy audit or renewable energy system feasibility
110.5 study, and the cost of verification of installation; and

110.6 (3) an interest rate sufficient to pay the financing costs of the program, including the
110.7 issuance of bonds and any financing delinquencies.

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

110.9 Sec. 17. Laws 2010, chapter 216, section 4, subdivision 6, is amended to read:

110.10 Subd. 6. **Certificate of participation.** Upon completion of a project, ~~a local~~
110.11 ~~government~~ an implementing entity shall provide a borrower with a certificate stating
110.12 participation in the program and what energy improvements have been made with
110.13 financing program proceeds.

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

110.15 Sec. 18. Laws 2010, chapter 216, section 4, subdivision 7, is amended to read:

110.16 Subd. 7. **Repayment.** ~~A local government financing~~ An implementing entity that
110.17 finances an energy improvement under this section must:

110.18 (1) secure payment with a lien against the benefited qualifying real property; and

110.19 (2) collect repayments as a special assessment as provided for in section 429.101
110.20 or by charter.

110.21 If the implementing entity is an authority, the local government that authorized
110.22 the authority to act as implementing entity shall impose and collect special assessments
110.23 necessary to pay debt service on bonds issued by the implementing entity under
110.24 subdivision 8, and shall transfer all collections of the assessments upon receipt to the
110.25 authority.

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

110.27 Sec. 19. Laws 2010, chapter 216, section 4, subdivision 8, is amended to read:

110.28 Subd. 8. **Bond issuance; repayment.** (a) ~~A local government~~ An implementing
110.29 entity may issue revenue bonds as provided in chapter 475 for the purposes of this section.

110.30 (b) The bonds must be payable as to both principal and interest solely from the
110.31 revenues from the assessments established in subdivision 7.

111.1 (c) No holder of bonds issued under this subdivision may compel any exercise of the
111.2 taxing power of the implementing entity that issued the bonds to pay principal or interest
111.3 on the bonds, and if the implementing entity is an authority, no holder of the bonds may
111.4 compel any exercise of the taxing power of the local government that issued the bonds
111.5 to pay principal or interest on the bonds. Bonds issued under this subdivision are not
111.6 a debt or obligation of the issuer or any local government that issued them, nor is the
111.7 payment of the bonds enforceable out of any money other than the revenue pledged to
111.8 the payment of the bonds.

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

111.10 Sec. 20. Laws 2010, chapter 216, section 58, as amended by Laws 2010, chapter
111.11 347, article 7, section 1, is amended to read:

111.12 Sec. 58. **2010 DISTRIBUTIONS ONLY.**

111.13 For distributions in 2010 only, a special fund is established to receive ~~31.463 cents~~
111.14 ~~per ton~~ the sum of the following amounts that otherwise would be allocated under
111.15 Minnesota Statutes, section 298.28, subdivision 6. The following amounts are allocated to
111.16 St. Louis County acting as the fiscal agent for the recipients for the specific purposes:

111.17 (1) 0.764 cent per ton must be paid to Northern Minnesota Dental to provide
111.18 incentives for at least two dentists to establish dental practices in high-need areas of the
111.19 taconite tax relief area;

111.20 (2) 0.955 cent per ton must be paid to the city of Virginia for repairs and geothermal
111.21 heat at the Olcott Park Greenhouse/Virginia Commons project;

111.22 (3) 0.796 cent per ton must be paid to the city of Virginia for health and safety
111.23 repairs at the Miners Memorial;

111.24 (4) 1.114 cents per ton must be paid to the city of Eveleth for the reconstruction
111.25 of Highway 142/Grant and Park Avenues;

111.26 (5) 0.478 cent per ton must be paid to the Greenway Joint Recreation Board for
111.27 upgrades and capital improvements to the public arena in Coleraine;

111.28 (6) 0.796 cent per ton must be paid to the city of Calumet for water treatment and
111.29 pumphouse modifications;

111.30 (7) 0.159 cent per ton must be paid to the city of Bovey for residential and
111.31 commercial claims for water damage due to water and flood-related damage caused by
111.32 the Canisteo Pit;

111.33 (8) 0.637 cent per ton must be paid to the city of Nashwauk for a community and
111.34 child care center;

- 112.1 (9) 0.637 cent per ton must be paid to the city of Keewatin for water and sewer
112.2 upgrades;
- 112.3 (10) 0.637 cent per ton must be paid to the city of Marble for the city hall and
112.4 library project;
- 112.5 (11) 0.955 cent per ton must be paid to the city of Grand Rapids for extension of
112.6 water and sewer services for Lakewood Housing;
- 112.7 (12) 0.159 cent per ton must be paid to the city of Grand Rapids for exhibits at
112.8 the Children's Museum;
- 112.9 (13) 0.637 cent per ton must be paid to the city of Grand Rapids for Block 20/21 soil
112.10 corrections. This amount must be matched by local sources;
- 112.11 (14) 0.605 cent per ton must be paid to the city of Aitkin for three water loops;
- 112.12 (15) 0.048 cent per ton must be paid to the city of Aitkin for signage;
- 112.13 (16) 0.159 cent per ton must be paid to Aitkin County for a trail;
- 112.14 (17) 0.637 cent per ton must be paid to the city of Cohasset for the Beiers Road
112.15 railroad crossing;
- 112.16 (18) 0.088 cent per ton must be paid to the town of Clinton for expansion and
112.17 striping of the community center parking lot;
- 112.18 (19) 0.398 cent per ton must be paid to the city of Kinney for water line replacement;
- 112.19 (20) 0.796 cent per ton must be paid to the city of Gilbert for infrastructure
112.20 improvements, milling, and overlay for Summit Street between Alaska Avenue and
112.21 Highway 135;
- 112.22 (21) 0.318 cent per ton must be paid to the city of Gilbert for sanitary sewer main
112.23 replacements and improvements in the Northeast Lower Alley area;
- 112.24 (22) 0.637 cent per ton must be paid to the town of White for replacement of the
112.25 Stepetz Road culvert;
- 112.26 (23) 0.796 cent per ton must be paid to the city of Buhl for reconstruction of Sharon
112.27 Street and associated infrastructure;
- 112.28 (24) 0.796 cent per ton must be paid to the city of Mountain Iron for site
112.29 improvements at the Park Ridge development;
- 112.30 (25) 0.796 cent per ton must be paid to the city of Mountain Iron for infrastructure
112.31 and site preparation for its renewable and sustainable energy park;
- 112.32 (26) 0.637 cent per ton must be paid to the city of Biwabik for sanitary sewer
112.33 improvements;
- 112.34 (27) 0.796 cent per ton must be paid to the city of Aurora for alley and road
112.35 rebuilding for the Summit Addition;

- 113.1 (28) 0.955 cent per ton must be paid to the city of Silver Bay for bioenergy facility
113.2 improvements;
- 113.3 (29) 0.318 cent per ton must be paid to the city of Grand Marais for water and
113.4 sewer infrastructure improvements;
- 113.5 (30) 0.318 cent per ton must be paid to the city of Orr for airport, water, and sewer
113.6 improvements;
- 113.7 (31) 0.716 cent per ton must be paid to the city of Cook for street and bridge
113.8 improvements and land purchase, provided that if the city sells or otherwise disposes of
113.9 any of the land purchased with the money provided under this clause within a period of
113.10 ten years after it was purchased, the city must transfer a portion of the proceeds of the
113.11 sale equal to the amount of the purchase price paid from the money provided under this
113.12 clause to the commissioner of Iron Range Resources and Rehabilitation for deposit in the
113.13 taconite environmental protection fund to be used for the purposes of the fund under
113.14 Minnesota Statutes, section 298.223;
- 113.15 (32) 0.955 cent per ton must be paid to the city of Ely for street, water, and sewer
113.16 improvements;
- 113.17 (33) 0.318 cent per ton must be paid to the city of Tower for water and sewer
113.18 improvements;
- 113.19 (34) 0.955 cent per ton must be paid to the city of Two Harbors for water and sewer
113.20 improvements;
- 113.21 (35) 0.637 cent per ton must be paid to the city of Babbitt for water and sewer
113.22 improvements;
- 113.23 (36) 0.096 cent per ton must be paid to the township of Duluth for infrastructure
113.24 improvements;
- 113.25 (37) 0.096 cent per ton must be paid to the township of Tofte for infrastructure
113.26 improvements;
- 113.27 (38) 3.184 cents per ton must be paid to the city of Hibbing for sewer improvements;
- 113.28 (39) 1.273 cents per ton must be paid to the city of Chisholm for NW Area Project
113.29 infrastructure improvements;
- 113.30 (40) 0.318 cent per ton must be paid to the city of Chisholm for health and safety
113.31 improvements at the athletic facility;
- 113.32 (41) 0.796 cent per ton must be paid to the city of Hoyt Lakes for residential street
113.33 improvements;
- 113.34 (42) 0.796 cent per ton must be paid to the Bois Forte Indian Reservation for
113.35 infrastructure related to a housing development;
- 113.36 (43) 0.159 cent per ton must be paid to Balkan Township for building improvements;

114.1 (44) 0.159 cent per ton must be paid to the city of Grand Rapids for a grant to
114.2 a nonprofit for a signage kiosk;

114.3 (45) 0.318 cent per ton must be paid to the city of Crane Lake for sanitary sewer
114.4 lines and adjacent development near County State-Aid Highway 24; and

114.5 (46) 0.159 cent per ton must be paid to the city of Chisholm to rehabilitate historic
114.6 wall infrastructure around the athletic complex; and

114.7 ~~(47) 2.706 cents per ton must be paid to the Virginia Regional Medical Center for~~
114.8 ~~operating room equipment and renovations.~~

114.9 **EFFECTIVE DATE.** This section is effective retroactively from April 2, 2010.

114.10 Sec. 21. **CITY OF LANDFALL VILLAGE; TAX INCREMENT FINANCING**
114.11 **DISTRICT; SPECIAL RULES.**

114.12 The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that
114.13 activities must be undertaken within a five-year period from the date of certification of
114.14 a tax increment financing district, is considered to be met for Tax Increment Financing
114.15 District No. 1-1 in the city of Landfall Village if the activities were undertaken within
114.16 eight years from the date of certification of the district.

114.17 **EFFECTIVE DATE.** This section is effective upon compliance by the governing
114.18 body of the city of Landfall Village with the requirements of Minnesota Statutes, section
114.19 645.021, subdivision 3.

114.20 Sec. 22. **CITY OF RAMSEY; TAX INCREMENT FINANCING DISTRICT;**
114.21 **SPECIAL RULES.**

114.22 (a) If the city of Ramsey or an authority of the city elects upon the adoption of
114.23 a tax increment financing plan for a district, the rules under this section apply to a
114.24 redevelopment tax increment financing district established by the city or an authority
114.25 of the city. The redevelopment tax increment district includes parcels within the area
114.26 bounded on the North by Bunker Lake Boulevard as extended West to Llama Street, on the
114.27 West by Llama Street, and on the south by a line running parallel to and 600 feet south of
114.28 the southerly right-of-way for U.S. Highway 10, but including Parcels 28-32-25-43-0007
114.29 and 28-32-25-34-0002 in their entirety, and excluding the Anoka County Regional Park
114.30 property in its entirety. A parcel within this area that is included in a tax increment
114.31 financing district that was certified before the date of enactment of this act may be included
114.32 in the district created under this act if the initial district is decertified.

115.1 (b) The requirements for qualifying a redevelopment tax increment district under
115.2 Minnesota Statutes, section 469.174, subdivision 10, do not apply to the parcels located
115.3 within the district.

115.4 (c) In addition to the costs permitted by Minnesota Statutes, section 469.176,
115.5 subdivision 4j, eligible expenditures within the district include the city's share of the
115.6 costs necessary to provide for the construction of the Northstar Transit Station and
115.7 related infrastructure, including structured parking, a pedestrian overpass, and roadway
115.8 improvements.

115.9 (d) The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that
115.10 activities must be undertaken within a five-year period from the date of certification of a
115.11 tax increment financing district, is considered to be met for the district if the activities
115.12 were undertaken within ten years from the date of certification of the district.

115.13 (e) Except for administrative expenses, the in-district percentage for purposes of
115.14 the restriction on pooling under Minnesota Statutes, section 469.1763, subdivision 2, for
115.15 this district is 100 percent.

115.16 **EFFECTIVE DATE.** This section is effective upon approval by the governing
115.17 body of the city of Ramsey, and upon compliance by the city with Minnesota Statutes,
115.18 section 645.021, subdivision 3.

115.19 **Sec. 23. CITY OF WAYZATA; TAX INCREMENT FINANCING DISTRICT;**
115.20 **SPECIAL RULES.**

115.21 Subdivision 1. **First receipt extended.** Notwithstanding Minnesota Statutes, section
115.22 469.175, subdivision 1, paragraph (b), the city of Wayzata may modify the tax increment
115.23 financing plan for Redevelopment Tax Increment Financing District No. 5 to change the
115.24 first year in which it elects to receive increment, up to six years following the year of
115.25 approval of the district. Minnesota Statutes, section 469.175, subdivision 4, paragraph (b),
115.26 does not apply to such modification of the tax increment financing plan.

115.27 Subd. 2. **Five-year rule.** The requirement of Minnesota Statutes, section 469.1763,
115.28 subdivision 3, that activities must be undertaken within a five-year period from the
115.29 date of certification of a tax increment financing district, is considered to be met for
115.30 Redevelopment Tax Increment Financing District No. 5 in the city of Wayzata if the
115.31 activities were undertaken within ten years from the date of certification of the district.

115.32 Subd. 3. **Parcels deemed occupied.** Any parcel in Redevelopment Tax Increment
115.33 Financing District No. 5 in the city of Wayzata is deemed to meet the requirements of

116.1 Minnesota Statutes, section 469.174, subdivision 10, paragraph (d), clause (1), if the
116.2 following conditions are met:

116.3 (1) a building on the parcel was demolished by a developer or the city after the city
116.4 council found the building to be structurally substandard upon approval of original tax
116.5 increment financing plan for the district; and

116.6 (2) the city decertifies Redevelopment Tax Increment Financing District No. 5,
116.7 but files a request with the county auditor for certification of the parcel as part of a
116.8 subsequent redevelopment or renewal and renovation district within ten years after the
116.9 date of demolition.

116.10 **EFFECTIVE DATE.** This section is effective upon compliance by the governing
116.11 body of the city of Wayzata with the requirements of Minnesota Statutes, section 645.021,
116.12 subdivision 3.

116.13 Sec. 24. **REVISOR INSTRUCTION.**

116.14 The revisor of statutes shall code section 20 as Minnesota Statutes, section 298.2961,
116.15 subdivision 7.

116.16 **ARTICLE 8**

116.17 **PROPERTY TAXES - TECHNICAL**

116.18 Section 1. Minnesota Statutes 2009 Supplement, section 134.34, subdivision 4, is
116.19 amended to read:

116.20 Subd. 4. **Limitation.** (a) For calendar year 2010 and later, a regional library
116.21 basic system support grant shall not be made to a regional public library system for a
116.22 participating city or county which decreases the dollar amount provided for support for
116.23 operating purposes of public library service below the amount provided by it for the
116.24 second, or third preceding year, whichever is less. For purposes of this subdivision and
116.25 subdivision 1, any funds provided under section 473.757, subdivision 2, for extending
116.26 library hours of operation shall not be considered amounts provided by a city or county for
116.27 support for operating purposes of public library service. This subdivision shall not apply
116.28 to participating cities or counties where the adjusted net tax capacity of that city or county
116.29 has decreased, if the dollar amount of the reduction in support is not greater than the dollar
116.30 amount by which support would be decreased if the reduction in support were made in
116.31 direct proportion to the decrease in adjusted net tax capacity.

116.32 (b) For calendar year 2009 and later, in any calendar year in which a city's or
116.33 county's aid under sections 477A.011 to 477A.014 or ~~credits~~ credit reimbursement under

117.1 section 273.1384 is reduced after the city or county has certified its levy payable in that
117.2 year, it may reduce its local support by the lesser of:

117.3 (1) ten percent; or

117.4 (2) a percent equal to the ratio of the aid and credit reimbursement reductions to the
117.5 city's or county's revenue base, based on aids certified for the current calendar year. For
117.6 calendar year 2009 only, the reduction under this paragraph shall be based on 2008 aid and
117.7 credit reimbursement reductions under the December 2008 unallotment, as well as any
117.8 aid and credit reimbursement reductions in calendar year 2009. For pay 2009 only, the
117.9 commissioner of revenue will calculate the reductions under this paragraph and certify
117.10 them to the commissioner of education within 15 days of May 17, 2009.

117.11 (c) For taxes payable in 2010 and later, in any payable year in which the total
117.12 amounts certified for city or county aids under sections 477A.011 to 477A.014 are less
117.13 than the total amounts paid under those sections in the previous calendar year, a city or
117.14 county may reduce its local support by the lesser of:

117.15 (1) ten percent; or

117.16 (2) a percent equal to the ratio of:

117.17 (i) the difference between (A) the sum of the aid it was paid under sections 477A.011
117.18 to 477A.014 and the ~~credits~~ credit reimbursement it received under section ~~273.1398~~
117.19 273.1384 in the previous calendar year and (B) the sum of the aid it is certified to be paid
117.20 in the current calendar year under sections 477A.011 to 477A.014 and the ~~credits~~ credit
117.21 reimbursement estimated to be paid under section ~~273.1398~~ 273.1384; to

117.22 (ii) its revenue base for the previous year, based on aids actually paid in the previous
117.23 calendar year. The commissioner of revenue shall calculate the percent aid cut for each
117.24 county and city under this paragraph and certify the percentage cuts to the commissioner
117.25 of education by August 1 of the year prior to the year in which the reduced aids and ~~credits~~
117.26 credit reimbursements are to be paid. The percentage of reduction related to reductions to
117.27 ~~credits~~ credit reimbursements under section 273.1384 shall be based on the best estimation
117.28 available as of July 30.

117.29 (d) Notwithstanding paragraph (a), (b), or (c), no city or county shall reduce its
117.30 support for public libraries below the minimum level specified in subdivision 1.

117.31 (e) For purposes of this subdivision, "revenue base" means the sum of:

117.32 (1) its levy for taxes payable in the current calendar year, including the levy on
117.33 the fiscal disparities distribution under section 276A.06, subdivision 3, paragraph (a),
117.34 or 473F.08, subdivision 3, paragraph (a);

117.35 (2) its aid under sections 477A.011 to 477A.014 in the current calendar year; and

117.36 (3) its taconite aid in the current calendar year under sections 298.28 and 298.282.

118.1 **EFFECTIVE DATE.** This section is effective retroactively for support in calendar
118.2 year 2009 and thereafter and for library grants paid in fiscal year 2010 and thereafter.

118.3 Sec. 2. Minnesota Statutes 2008, section 270C.87, is amended to read:

118.4 **270C.87 REVISION OF MINNESOTA ASSESSORS' MANUAL.**

118.5 In accordance with the provisions of section ~~270C.06~~ 270C.85, the commissioner
118.6 shall periodically revise the Minnesota assessors' manual.

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

118.8 Sec. 3. Minnesota Statutes 2008, section 270C.94, subdivision 3, is amended to read:

118.9 Subd. 3. **Failure to appraise.** When an assessor has failed to properly appraise at
118.10 least one-fifth of the parcels of property in a district or county as provided in section
118.11 273.01, the commissioner ~~shall~~ may appoint a special assessor and deputy assessor
118.12 as necessary and cause a reappraisal to be made of the property due for reassessment
118.13 in accordance with law.

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

118.15 Sec. 4. Minnesota Statutes 2008, section 272.025, subdivision 1, is amended to read:

118.16 Subdivision 1. **Statement of exemption.** (a) Except in the case of ~~churches and~~
118.17 ~~houses of worship, property solely used for educational purposes by academics, colleges,~~
118.18 ~~universities or seminaries of learning,~~ property owned by the state of Minnesota or any
118.19 political subdivision thereof, and property exempt from taxation under section 272.02,
118.20 subdivisions 9, 10, 13, 15, 18, 20, and 22 to ~~26~~ 25, and at the times provided in subdivision
118.21 3, a taxpayer claiming an exemption from taxation on property described in section
118.22 272.02, subdivisions 1 to 33, ~~shall~~ must file a statement of exemption with the assessor of
118.23 the assessment district in which the property is located.

118.24 (b) A taxpayer claiming an exemption from taxation on property described in section
118.25 272.02, subdivision 10, ~~shall~~ must file a statement of exemption with the commissioner
118.26 of revenue, on or before February 15 of each year for which the taxpayer claims an
118.27 exemption.

118.28 (c) In case of sickness, absence or other disability or for good cause, the assessor
118.29 or the commissioner may extend the time for filing the statement of exemption for a
118.30 period not to exceed 60 days.

118.31 (d) The commissioner of revenue shall prescribe the form and contents of the
118.32 statement of exemption.

119.1 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and
119.2 thereafter.

119.3 Sec. 5. Minnesota Statutes 2008, section 272.025, subdivision 3, is amended to read:

119.4 Subd. 3. **Filing dates.** (a) The statement required by subdivision 1, paragraph
119.5 (a), must be filed with the assessor by February 1 of the assessment year, however, any
119.6 taxpayer who has filed the statement required by subdivision 1 more than 12 months prior
119.7 to February 1, 1983, or February 1 of each third year after 1983, shall file a statement by
119.8 February 1, 1983, and by February 1 of each third year thereafter.

119.9 (b) For churches and houses of worship, and property solely used for educational
119.10 purposes by academies, colleges, universities, or seminaries of learning, no statement is
119.11 required after the statement filed for the assessment year in which the exemption began.

119.12 (c) This section does not apply to existing churches and houses of worship, and
119.13 property solely used for educational purposes by academies, colleges, universities, or
119.14 seminaries of learning that were exempt for taxes payable in 2011.

119.15 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and
119.16 thereafter.

119.17 Sec. 6. Minnesota Statutes 2008, section 272.029, subdivision 4, is amended to read:

119.18 Subd. 4. **Reports.** (a) An owner of a wind energy conversion system subject to tax
119.19 under subdivision 3 shall file a report with the commissioner of revenue annually on or
119.20 before February 1 detailing the amount of electricity in kilowatt-hours that was produced
119.21 by the wind energy conversion system for the previous calendar year. The commissioner
119.22 shall prescribe the form of the report. The report must contain the information required
119.23 by the commissioner to determine the tax due to each county under this section for the
119.24 current year. If an owner of a wind energy conversion system subject to taxation under
119.25 this section fails to file the report by the due date, the commissioner of revenue shall
119.26 determine the tax based upon the nameplate capacity of the system multiplied by a
119.27 capacity factor of ~~40~~ 60 percent.

119.28 (b) On or before February 28, the commissioner of revenue shall notify the owner of
119.29 the wind energy conversion systems of the tax due to each county for the current year and
119.30 shall certify to the county auditor of each county in which the systems are located the tax
119.31 due from each owner for the current year.

119.32 **EFFECTIVE DATE.** This section is effective beginning with reports due on
119.33 February 1, 2011, and thereafter.

120.1 Sec. 7. Minnesota Statutes 2008, section 272.029, subdivision 7, is amended to read:

120.2 Subd. 7. **Exemption.** The tax imposed under this section does not apply to
120.3 electricity produced by wind energy conversion systems located in a job opportunity
120.4 building zone, ~~designated under section 469.314,~~ for the duration of the zone. The
120.5 exemption applies beginning for the first calendar year after designation of the zone
120.6 and applies to each calendar year that begins during the designation of the zone. The
120.7 exemption only applies if the owner of the system is a qualified business under section
120.8 469.310, subdivision 11, who has entered into a business subsidy agreement that covers
120.9 the land on which the system is situated.

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

120.11 Sec. 8. Minnesota Statutes 2008, section 273.113, subdivision 3, is amended to read:

120.12 Subd. 3. **Reimbursement for lost revenue.** The county auditor shall certify
120.13 to the commissioner of revenue, as part of the abstracts of tax lists required to be filed
120.14 with the commissioner under section 275.29, the amount of tax lost to the county from
120.15 the property tax credit under subdivision 2. Any prior year adjustments must also be
120.16 certified in the abstracts of tax lists. The commissioner of revenue shall review the
120.17 certifications to determine their accuracy. The commissioner may make the changes
120.18 in the certification that are considered necessary or return a certification to the county
120.19 auditor for corrections. The commissioner shall reimburse each taxing district, other than
120.20 school districts, for the taxes lost. The payments must be made at the time provided in
120.21 section 473H.10 for payment to taxing jurisdictions in the same proportion that the ad
120.22 valorem tax is distributed. Reimbursements to school districts must be made as provided
120.23 in section 273.1392. The amount necessary to make the reimbursements under this section
120.24 is annually appropriated from the general fund to the commissioner of revenue.

120.25 **EFFECTIVE DATE.** This section is effective retroactively for taxes payable in
120.26 2009 and thereafter.

120.27 Sec. 9. Minnesota Statutes 2008, section 273.1392, is amended to read:

120.28 **273.1392 PAYMENT; SCHOOL DISTRICTS.**

120.29 The amounts of bovine tuberculosis credit reimbursements under section 273.113;
120.30 conservation tax credits under section 273.119; disaster or emergency reimbursement
120.31 under sections 273.1231 to 273.1235; homestead and agricultural credits under section
120.32 273.1384; aids and credits under section 273.1398; wetlands reimbursement under
120.33 section 275.295; enterprise zone property credit payments under section 469.171; and

121.1 metropolitan agricultural preserve reduction under section 473H.10 for school districts,
121.2 shall be certified to the Department of Education by the Department of Revenue. The
121.3 amounts so certified shall be paid according to section 127A.45, subdivisions 9 and 13.

121.4 **EFFECTIVE DATE.** This section is effective retroactively for taxes payable in
121.5 2009 and thereafter.

121.6 Sec. 10. Minnesota Statutes 2009 Supplement, section 275.065, subdivision 3, is
121.7 amended to read:

121.8 Subd. 3. **Notice of proposed property taxes.** (a) The county auditor shall prepare
121.9 and the county treasurer shall deliver after November 10 and on or before November 24
121.10 each year, by first class mail to each taxpayer at the address listed on the county's current
121.11 year's assessment roll, a notice of proposed property taxes. Upon written request by
121.12 the taxpayer, the treasurer may send the notice in electronic form or by electronic mail
121.13 instead of on paper or by ordinary mail.

121.14 (b) The commissioner of revenue shall prescribe the form of the notice.

121.15 (c) The notice must inform taxpayers that it contains the amount of property taxes
121.16 each taxing authority proposes to collect for taxes payable the following year. In the
121.17 case of a town, or in the case of the state general tax, the final tax amount will be its
121.18 proposed tax. The notice must clearly state for each city that has a population over 500,
121.19 county, school district, regional library authority established under section 134.201, and
121.20 metropolitan taxing districts as defined in paragraph (i), the time and place of ~~the~~ a meeting
121.21 for each taxing ~~authorities' regularly scheduled meetings~~ authority in which the budget
121.22 and levy will be discussed and public input allowed, prior to the final budget and levy
121.23 ~~determined, which must occur after November 24~~ determination. The taxing authorities
121.24 must provide the county auditor with the information to be included in the notice on or
121.25 before the time it certifies its proposed levy under subdivision 1. The public must be
121.26 allowed to speak at ~~the meetings and the meetings shall~~ that meeting, which must occur
121.27 after November 24 and must not be held before 6:00 p.m. It must provide a telephone
121.28 number for the taxing authority that taxpayers may call if they have questions related to
121.29 the notice and an address where comments will be received by mail.

121.30 (d) The notice must state for each parcel:

121.31 (1) the market value of the property as determined under section 273.11, and used
121.32 for computing property taxes payable in the following year and for taxes payable in the
121.33 current year as each appears in the records of the county assessor on November 1 of the
121.34 current year; and, in the case of residential property, whether the property is classified as

122.1 homestead or nonhomestead. The notice must clearly inform taxpayers of the years to
122.2 which the market values apply and that the values are final values;

122.3 (2) the items listed below, shown separately by county, city or town, and state general
122.4 tax, net of the residential and agricultural homestead credit under section 273.1384, voter
122.5 approved school levy, other local school levy, and the sum of the special taxing districts,
122.6 and as a total of all taxing authorities:

122.7 (i) the actual tax for taxes payable in the current year; and

122.8 (ii) the proposed tax amount.

122.9 If the county levy under clause (2) includes an amount for a lake improvement
122.10 district as defined under sections 103B.501 to 103B.581, the amount attributable for that
122.11 purpose must be separately stated from the remaining county levy amount.

122.12 In the case of a town or the state general tax, the final tax shall also be its proposed
122.13 tax unless the town changes its levy at a special town meeting under section 365.52. If a
122.14 school district has certified under section 126C.17, subdivision 9, that a referendum will
122.15 be held in the school district at the November general election, the county auditor must
122.16 note next to the school district's proposed amount that a referendum is pending and that, if
122.17 approved by the voters, the tax amount may be higher than shown on the notice. In the
122.18 case of the city of Minneapolis, the levy for Minneapolis Park and Recreation shall be
122.19 listed separately from the remaining amount of the city's levy. In the case of the city of
122.20 St. Paul, the levy for the St. Paul Library Agency must be listed separately from the
122.21 remaining amount of the city's levy. In the case of Ramsey County, any amount levied
122.22 under section 134.07 may be listed separately from the remaining amount of the county's
122.23 levy. In the case of a parcel where tax increment or the fiscal disparities areawide tax
122.24 under chapter 276A or 473F applies, the proposed tax levy on the captured value or the
122.25 proposed tax levy on the tax capacity subject to the areawide tax must each be stated
122.26 separately and not included in the sum of the special taxing districts; and

122.27 (3) the increase or decrease between the total taxes payable in the current year and
122.28 the total proposed taxes, expressed as a percentage.

122.29 For purposes of this section, the amount of the tax on homesteads qualifying under
122.30 the senior citizens' property tax deferral program under chapter 290B is the total amount
122.31 of property tax before subtraction of the deferred property tax amount.

122.32 (e) The notice must clearly state that the proposed or final taxes do not include
122.33 the following:

122.34 (1) special assessments;

122.35 (2) levies approved by the voters after the date the proposed taxes are certified,
122.36 including bond referenda and school district levy referenda;

123.1 (3) a levy limit increase approved by the voters by the first Tuesday after the first
123.2 Monday in November of the levy year as provided under section 275.73;

123.3 (4) amounts necessary to pay cleanup or other costs due to a natural disaster
123.4 occurring after the date the proposed taxes are certified;

123.5 (5) amounts necessary to pay tort judgments against the taxing authority that become
123.6 final after the date the proposed taxes are certified; and

123.7 (6) the contamination tax imposed on properties which received market value
123.8 reductions for contamination.

123.9 (f) Except as provided in subdivision 7, failure of the county auditor to prepare or
123.10 the county treasurer to deliver the notice as required in this section does not invalidate the
123.11 proposed or final tax levy or the taxes payable pursuant to the tax levy.

123.12 (g) If the notice the taxpayer receives under this section lists the property as
123.13 nonhomestead, and satisfactory documentation is provided to the county assessor by the
123.14 applicable deadline, and the property qualifies for the homestead classification in that
123.15 assessment year, the assessor shall reclassify the property to homestead for taxes payable
123.16 in the following year.

123.17 (h) In the case of class 4 residential property used as a residence for lease or rental
123.18 periods of 30 days or more, the taxpayer must either:

123.19 (1) mail or deliver a copy of the notice of proposed property taxes to each tenant,
123.20 renter, or lessee; or

123.21 (2) post a copy of the notice in a conspicuous place on the premises of the property.

123.22 The notice must be mailed or posted by the taxpayer by November 27 or within
123.23 three days of receipt of the notice, whichever is later. A taxpayer may notify the county
123.24 treasurer of the address of the taxpayer, agent, caretaker, or manager of the premises to
123.25 which the notice must be mailed in order to fulfill the requirements of this paragraph.

123.26 (i) For purposes of this subdivision and subdivision 6, "metropolitan special taxing
123.27 districts" means the following taxing districts in the seven-county metropolitan area that
123.28 levy a property tax for any of the specified purposes listed below:

123.29 (1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325,
123.30 473.446, 473.521, 473.547, or 473.834;

123.31 (2) Metropolitan Airports Commission under section 473.667, 473.671, or 473.672;
123.32 and

123.33 (3) Metropolitan Mosquito Control Commission under section 473.711.

123.34 For purposes of this section, any levies made by the regional rail authorities in the
123.35 county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter
123.36 398A shall be included with the appropriate county's levy.

124.1 (j) The governing body of a county, city, or school district may, with the consent
124.2 of the county board, include supplemental information with the statement of proposed
124.3 property taxes about the impact of state aid increases or decreases on property tax
124.4 increases or decreases and on the level of services provided in the affected jurisdiction.
124.5 This supplemental information may include information for the following year, the current
124.6 year, and for as many consecutive preceding years as deemed appropriate by the governing
124.7 body of the county, city, or school district. It may include only information regarding:

124.8 (1) the impact of inflation as measured by the implicit price deflator for state and
124.9 local government purchases;

124.10 (2) population growth and decline;

124.11 (3) state or federal government action; and

124.12 (4) other financial factors that affect the level of property taxation and local services
124.13 that the governing body of the county, city, or school district may deem appropriate to
124.14 include.

124.15 The information may be presented using tables, written narrative, and graphic
124.16 representations and may contain instruction toward further sources of information or
124.17 opportunity for comment.

124.18 **EFFECTIVE DATE.** This section is effective retroactively for taxes payable in
124.19 2010 and thereafter.

124.20 Sec. 11. Minnesota Statutes 2009 Supplement, section 275.70, subdivision 5, as
124.21 amended by Laws 2010, chapter 215, article 13, section 3, is amended to read:

124.22 Subd. 5. **Special levies.** "Special levies" means those portions of ad valorem taxes
124.23 levied by a local governmental unit for the following purposes or in the following manner:

124.24 (1) to pay the costs of the principal and interest on bonded indebtedness or to
124.25 reimburse for the amount of liquor store revenues used to pay the principal and interest
124.26 due on municipal liquor store bonds in the year preceding the year for which the levy
124.27 limit is calculated;

124.28 (2) to pay the costs of principal and interest on certificates of indebtedness issued for
124.29 any corporate purpose except for the following:

124.30 (i) tax anticipation or aid anticipation certificates of indebtedness;

124.31 (ii) certificates of indebtedness issued under sections 298.28 and 298.282;

124.32 (iii) certificates of indebtedness used to fund current expenses or to pay the costs of
124.33 extraordinary expenditures that result from a public emergency; or

125.1 (iv) certificates of indebtedness used to fund an insufficiency in tax receipts or an
125.2 insufficiency in other revenue sources, provided that nothing in this subdivision limits the
125.3 special levy authorized under section 475.755;

125.4 (3) to provide for the bonded indebtedness portion of payments made to another
125.5 political subdivision of the state of Minnesota;

125.6 (4) to fund payments made to the Minnesota State Armory Building Commission
125.7 under section 193.145, subdivision 2, to retire the principal and interest on armory
125.8 construction bonds;

125.9 (5) property taxes approved by voters which are levied against the referendum
125.10 market value as provided under section 275.61;

125.11 (6) to fund matching requirements needed to qualify for federal or state grants or
125.12 programs to the extent that either (i) the matching requirement exceeds the matching
125.13 requirement in calendar year 2001, or (ii) it is a new matching requirement that did not
125.14 exist prior to 2002;

125.15 (7) to pay the expenses reasonably and necessarily incurred in preparing for or
125.16 repairing the effects of natural disaster including the occurrence or threat of widespread
125.17 or severe damage, injury, or loss of life or property resulting from natural causes, in
125.18 accordance with standards formulated by the Emergency Services Division of the state
125.19 Department of Public Safety, as allowed by the commissioner of revenue under section
125.20 275.74, subdivision 2;

125.21 (8) pay amounts required to correct an error in the levy certified to the county
125.22 auditor by a city or county in a levy year, but only to the extent that when added to the
125.23 preceding year's levy it is not in excess of an applicable statutory, special law or charter
125.24 limitation, or the limitation imposed on the governmental subdivision by sections 275.70
125.25 to 275.74 in the preceding levy year;

125.26 (9) to pay an abatement under section 469.1815;

125.27 (10) to pay any costs attributable to increases in the employer contribution rates
125.28 under chapter 353, or locally administered pension plans, that are effective after June
125.29 30, 2001;

125.30 (11) to pay the operating or maintenance costs of a county jail as authorized in
125.31 section 641.01 or 641.262, or of a correctional facility as defined in section 241.021,
125.32 subdivision 1, paragraph (f), to the extent that the county can demonstrate to the
125.33 commissioner of revenue that the amount has been included in the county budget as
125.34 a direct result of a rule, minimum requirement, minimum standard, or directive of the
125.35 Department of Corrections, or to pay the operating or maintenance costs of a regional jail
125.36 as authorized in section 641.262. For purposes of this clause, a district court order is

126.1 not a rule, minimum requirement, minimum standard, or directive of the Department of
126.2 Corrections. If the county utilizes this special levy, except to pay operating or maintenance
126.3 costs of a new regional jail facility under sections 641.262 to 641.264 which will not
126.4 replace an existing jail facility, any amount levied by the county in the previous levy year
126.5 for the purposes specified under this clause and included in the county's previous year's
126.6 levy limitation computed under section 275.71, shall be deducted from the levy limit
126.7 base under section 275.71, subdivision 2, when determining the county's current year
126.8 levy limitation. The county shall provide the necessary information to the commissioner
126.9 of revenue for making this determination;

126.10 (12) to pay for operation of a lake improvement district, as authorized under section
126.11 103B.555. If the county utilizes this special levy, any amount levied by the county in the
126.12 previous levy year for the purposes specified under this clause and included in the county's
126.13 previous year's levy limitation computed under section 275.71 shall be deducted from
126.14 the levy limit base under section 275.71, subdivision 2, when determining the county's
126.15 current year levy limitation. The county shall provide the necessary information to the
126.16 commissioner of revenue for making this determination;

126.17 (13) to repay a state or federal loan used to fund the direct or indirect required
126.18 spending by the local government due to a state or federal transportation project or other
126.19 state or federal capital project. This authority may only be used if the project is not a
126.20 local government initiative;

126.21 (14) to pay for court administration costs as required under section 273.1398,
126.22 subdivision 4b, less the (i) county's share of transferred fines and fees collected by the
126.23 district courts in the county for calendar year 2001 and (ii) the aid amount certified to be
126.24 paid to the county in 2004 under section 273.1398, subdivision 4c; however, for taxes
126.25 levied to pay for these costs in the year in which the court financing is transferred to the
126.26 state, the amount under this clause is limited to the amount of aid the county is certified to
126.27 receive under section 273.1398, subdivision 4a;

126.28 (15) to fund a police or firefighters relief association as required under section 69.77
126.29 to the extent that the required amount exceeds the amount levied for this purpose in 2001;

126.30 (16) for purposes of a storm sewer improvement district under section 444.20;

126.31 (17) to pay for the maintenance and support of a city or county society for the
126.32 prevention of cruelty to animals under section 343.11, but not to exceed in any year
126.33 \$4,800 or the sum of \$1 per capita based on the county's or city's population as of the most
126.34 recent federal census, whichever is greater. If the city or county uses this special levy, any
126.35 amount levied by the city or county in the previous levy year for the purposes specified
126.36 in this clause and included in the city's or county's previous year's levy limit computed

127.1 under section 275.71, must be deducted from the levy limit base under section 275.71,
127.2 subdivision 2, in determining the city's or county's current year levy limit;

127.3 (18) for counties, to pay for the increase in their share of health and human service
127.4 costs caused by reductions in federal health and human services grants effective after
127.5 September 30, 2007;

127.6 (19) for a city, for the costs reasonably and necessarily incurred for securing,
127.7 maintaining, or demolishing foreclosed or abandoned residential properties, as allowed by
127.8 the commissioner of revenue under section 275.74, subdivision 2. A city must have either
127.9 (i) a foreclosure rate of at least 1.4 percent in 2007, or (ii) a foreclosure rate in 2007 in
127.10 the city or in a zip code area of the city that is at least 50 percent higher than the average
127.11 foreclosure rate in the metropolitan area, as defined in section 473.121, subdivision 2,
127.12 to use this special levy. For purposes of this paragraph, "foreclosure rate" means the
127.13 number of foreclosures, as indicated by sheriff sales records, divided by the number of
127.14 households in the city in 2007;

127.15 (20) for a city, for the unreimbursed costs of redeployed traffic-control agents and
127.16 lost traffic citation revenue due to the collapse of the Interstate 35W bridge, as certified
127.17 to the Federal Highway Administration;

127.18 (21) to pay costs attributable to wages and benefits for sheriff, police, and fire
127.19 personnel. If a local governmental unit did not use this special levy in the previous year its
127.20 levy limit base under section 275.71 shall be reduced by the amount equal to the amount it
127.21 levied for the purposes specified in this clause in the previous year;

127.22 (22) an amount equal to any reductions in the certified aids or ~~credits~~ credit
127.23 reimbursements payable under sections 477A.011 to 477A.014, and section 273.1384, due
127.24 to unallotment under section 16A.152 or reductions under another provision of law. The
127.25 amount of the levy allowed under this clause for each year is equal limited to the amount
127.26 unallotted or reduced ~~in~~ from the aids and credit reimbursements certified for payment in
127.27 the year following the calendar year in which the tax levy is levied certified unless the
127.28 unallotment or reduction amount is not known by September 1 of the levy certification
127.29 year, and the local government has not adjusted its levy under section 275.065, subdivision
127.30 6, or 275.07, subdivision 6, in which case ~~the~~ that unallotment or reduction amount may
127.31 be levied in the following year;

127.32 (23) to pay for the difference between one-half of the costs of confining sex offenders
127.33 undergoing the civil commitment process and any state payments for this purpose pursuant
127.34 to section 253B.185, subdivision 5;

127.35 (24) for a county to pay the costs of the first year of maintaining and operating a new
127.36 facility or new expansion, either of which contains courts, corrections, dispatch, criminal

128.1 investigation labs, or other public safety facilities and for which all or a portion of the
128.2 funding for the site acquisition, building design, site preparation, construction, and related
128.3 equipment was issued or authorized prior to the imposition of levy limits in 2008. The
128.4 levy limit base shall then be increased by an amount equal to the new facility's first full
128.5 year's operating costs as described in this clause; and

128.6 (25) for the estimated amount of reduction to market value credit reimbursements
128.7 under section 273.1384 for credits payable in the year in which the levy is payable.

128.8 **EFFECTIVE DATE.** This section is effective retroactively for taxes payable in
128.9 2010 and thereafter.

128.10 Sec. 12. Minnesota Statutes 2008, section 275.71, subdivision 5, is amended to read:

128.11 Subd. 5. **Property tax levy limit.** (a) For taxes levied in 2008 through 2010, the
128.12 property tax levy limit for a local governmental unit is equal to its adjusted levy limit
128.13 base determined under subdivision 4 plus any additional levy authorized under section
128.14 275.73, which is levied against net tax capacity, reduced by the sum of (i) the total amount
128.15 of aids and reimbursements that the local governmental unit is certified to receive under
128.16 sections 477A.011 to 477A.014, (ii) taconite aids under sections 298.28 and 298.282
128.17 including any aid which was required to be placed in a special fund for expenditure in
128.18 the next succeeding year, (iii) estimated payments to the local governmental unit under
128.19 section 272.029, adjusted for any error in estimation in the preceding year, and (iv) aids
128.20 under section 477A.16.

128.21 (b) If an aid, payment, or other amount used in paragraph (a) to reduce a local
128.22 government unit's levy limit is reduced by an unallotment under section 16A.152, the
128.23 amount of the aid, payment, or other amount prior to the unallotment is used in the
128.24 computations in paragraph (a). In order for a local government unit to levy outside of its
128.25 limit to offset the reduction in revenues attributable to an unallotment, it must do so under,
128.26 and to the extent authorized by, a special levy authorization.

128.27 **EFFECTIVE DATE.** This section is effective retroactively for taxes payable in
128.28 2010 and thereafter.

128.29 Sec. 13. Minnesota Statutes 2008, section 279.01, subdivision 3, is amended to read:

128.30 Subd. 3. **Agricultural property.** (a) In the case of class 1b agricultural homestead,
128.31 class 2a agricultural homestead property, and class ~~2b(3)~~ 2a agricultural nonhomestead
128.32 property, no penalties shall attach to the second one-half property tax payment as provided
128.33 in this section if paid by November 15. Thereafter for class 1b agricultural homestead

129.1 and class 2a homestead property, on November 16 following, a penalty of six percent
129.2 shall accrue and be charged on all such unpaid taxes and on December 1 following, an
129.3 additional two percent shall be charged on all such unpaid taxes. Thereafter for class
129.4 ~~2b(3)~~ 2a agricultural nonhomestead property, on November 16 following, a penalty of
129.5 eight percent shall accrue and be charged on all such unpaid taxes and on December 1
129.6 following, an additional four percent shall be charged on all such unpaid taxes.

129.7 If the owner of class 1b agricultural homestead, ~~class 2a~~, or class ~~2b(3)~~ 2a
129.8 agricultural property receives a consolidated property tax statement that shows only an
129.9 aggregate of the taxes and special assessments due on that property and on other property
129.10 not classified as class 1b agricultural homestead, ~~class 2a~~, or class ~~2b(3)~~ 2a agricultural
129.11 property, the aggregate tax and special assessments shown due on the property by the
129.12 consolidated statement will be due on November 15.

129.13 (b) Notwithstanding paragraph (a), for taxes payable in 2010 and 2011, for any class
129.14 2b property that was subject to a second-half due date of November 15 for taxes payable
129.15 in 2009, the county shall not impose, or if imposed, shall abate penalty amounts in excess
129.16 of those that would apply as if the second-half due date were November 15.

129.17 **EFFECTIVE DATE.** Paragraph (a) is effective for taxes payable in 2012 and
129.18 thereafter. Paragraph (b) is effective for taxes payable in 2010 and 2011 only.

129.19 Sec. 14. Minnesota Statutes 2008, section 279.37, subdivision 1, is amended to read:

129.20 Subdivision 1. **Composition into one item.** Delinquent taxes upon any parcel of real
129.21 estate may be composed into one item or amount by confession of judgment at any time
129.22 prior to the forfeiture of the parcel of land to the state for taxes, for the aggregate amount
129.23 of all the taxes, costs, penalties, and interest accrued against the parcel, as provided in this
129.24 section. Taxes upon property which, for the previous year's assessment, was classified
129.25 as mineral property, employment property, or commercial or industrial property are only
129.26 eligible to be composed into any confession of judgment under this section as provided in
129.27 subdivision 1a. Delinquent taxes for property that has been reclassified from 4bb to 4b
129.28 under section 273.1319 may not be composed into a confession of judgment under this
129.29 subdivision. Delinquent taxes on unimproved land are eligible to be composed into a
129.30 confession of judgment only if the land is classified under section 273.13 as homestead,
129.31 agricultural, ~~or timberland~~ rural vacant land, or managed forest land, in the previous year
129.32 or is eligible for installment payment under subdivision 1a. The entire parcel is eligible
129.33 for the ten-year installment plan as provided in subdivision 2 if 25 percent or more of the
129.34 market value of the parcel is eligible for confession of judgment under this subdivision.

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

130.2 Sec. 15. Minnesota Statutes 2009 Supplement, section 475.755, is amended to read:

130.3 **475.755 EMERGENCY DEBT CERTIFICATES.**

130.4 (a) If at any time during a fiscal year the receipts of a local government are
130.5 reasonably expected to be reduced below the amount provided in the local government's
130.6 budget when the final property tax levy to be collected during the fiscal year was certified
130.7 and the receipts are insufficient to meet the expenses incurred or to be incurred during the
130.8 fiscal year, the governing body of the local government may authorize and sell certificates
130.9 of indebtedness to mature within two years or less from the end of the fiscal year in which
130.10 the certificates are issued. The maximum principal amount of the certificates that it may
130.11 issue in a fiscal year is limited to the expected reduction in receipts plus the cost of
130.12 issuance. The certificates may be issued in the manner and on the terms the governing
130.13 body determines by resolution.

130.14 (b) The governing body of the local government shall levy taxes for the payment of
130.15 principal and interest on the certificates in accordance with section 475.61.

130.16 (c) The certificates are not to be included in the net debt of the issuing local
130.17 government.

130.18 (d) To the extent that a local government issues certificates under this section to fund
130.19 an unallotment or other reduction in its state aid, the local government ~~may~~ must not use ~~a~~
130.20 the special levy authority for the aid reduction reductions under section 275.70, subdivision
130.21 5, clause (22), or a similar or successor provision. ~~This provision does not affect the status~~
130.22 of the, but must instead use the special levy authority for the repayment of indebtedness
130.23 under section 275.70, subdivision 5, clause (2), in order to levy under section 475.61 to
130.24 pay fund repayment of the certificates as with a levy that is not subject to levy limits.

130.25 (e) For purposes of this section, the following terms have the meanings given:

130.26 (1) "Local government" means a statutory or home rule charter city, a town, or
130.27 a county.

130.28 (2) "Receipts" includes the following amounts scheduled to be received by the
130.29 local government for the fiscal year from:

130.30 (i) taxes;

130.31 (ii) aid payments previously certified by the state to be paid to the local government;

130.32 (iii) state reimbursement payments for property tax credits; and

130.33 (iv) any other source.

131.1 **EFFECTIVE DATE.** This section is effective retroactively for taxes payable in
131.2 2010 and thereafter.

131.3 Sec. 16. Minnesota Statutes 2009 Supplement, section 477A.013, subdivision 8,
131.4 is amended to read:

131.5 Subd. 8. **City formula aid.** ~~(a) In calendar year 2009, the formula aid for a city~~
131.6 ~~is equal to the sum of (1) its city jobs base, (2) its small city aid base, and (3) the need~~
131.7 ~~increase percentage multiplied by its unmet need.~~

131.8 ~~(b) In calendar year 2010 and subsequent years,~~ The formula aid for a city is equal
131.9 to the sum of (1) its city jobs base, (2) its small city aid base, and (3) the need increase
131.10 percentage multiplied by the average of its unmet need for the most recently available
131.11 two years.

131.12 No city may have a formula aid amount less than zero. The need increase percentage
131.13 must be the same for all cities.

131.14 The applicable need increase percentage must be calculated by the Department of
131.15 Revenue so that the total of the aid under subdivision 9 equals the total amount available
131.16 for aid under section 477A.03. ~~For aids payable in 2009 only, all data used in calculating~~
131.17 ~~aid to cities under sections 477A.011 to 477A.013 will be based on the data available for~~
131.18 ~~calculating aid to cities for aids payable in 2008. For aids payable in 2010 and thereafter,~~
131.19 Data used in calculating aids to cities under sections 477A.011 to 477A.013 shall be the
131.20 most recently available data as of January 1 in the year in which the aid is calculated except
131.21 ~~as provided in section 477A.011, subdivisions 3 and 35 that the data used to compute "net~~
131.22 levy" in subdivision 9 is the data most recently available at the time of the aid computation.

131.23 **EFFECTIVE DATE.** This section is effective for aid payable in 2010 and thereafter.

131.24 Sec. 17. Laws 2001, First Special Session chapter 5, article 3, section 50, the effective
131.25 date, as amended by Laws 2009, chapter 86, article 1, section 87, is amended to read:

131.26 **EFFECTIVE DATE.** Clause (22) of this section is effective for taxes levied in 2002,
131.27 payable in 2003, ~~through taxes levied in 2011, payable in 2012 and thereafter.~~ Clause (23)
131.28 of this section is effective for taxes levied in 2001, payable in 2002, and thereafter.

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

131.30

ARTICLE 9

131.31

CONDITIONAL USE DEEDS

131.32 Section 1. Minnesota Statutes 2008, section 282.01, subdivision 1, is amended to read:

132.1 Subdivision 1. **Classification as conservation or nonconservation.** ~~It is the~~
132.2 ~~general policy of this state to encourage the best use of tax-forfeited lands, recognizing~~
132.3 ~~(a) When acting on behalf of the state under laws allowing the county board to classify~~
132.4 ~~and manage tax-forfeited lands held by the state in trust for the local units as provided in~~
132.5 ~~section 281.25, the county board has the discretion to decide that some lands in public~~
132.6 ownership should be retained and managed for public benefits while other lands should be
132.7 returned to private ownership. Parcels of land becoming the property of the state in trust
132.8 under law declaring the forfeiture of lands to the state for taxes must be classified by the
132.9 county board of the county in which the parcels lie as conservation or nonconservation. In
132.10 making the classification the board shall consider the present use of adjacent lands, the
132.11 productivity of the soil, the character of forest or other growth, accessibility of lands
132.12 to established roads, schools, and other public services, their peculiar suitability or
132.13 desirability for particular uses, and the suitability of the forest resources on the land for
132.14 multiple use, and sustained yield management. The classification, furthermore, must: (1)
132.15 encourage and foster a mode of land utilization that will facilitate the economical and
132.16 adequate provision of transportation, roads, water supply, drainage, sanitation, education,
132.17 and recreation; (2) facilitate reduction of governmental expenditures; (3) conserve and
132.18 develop the natural resources; and (4) foster and develop agriculture and other industries
132.19 in the districts and places best suited to them.

132.20 ~~In making the classification the county board may use information made available~~
132.21 ~~by any office or department of the federal, state, or local governments, or by any other~~
132.22 ~~person or agency possessing pertinent information at the time the classification is made.~~
132.23 ~~The lands may be reclassified from time to time as the county board considers necessary~~
132.24 ~~or desirable, except for conservation lands held by the state free from any trust in favor of~~
132.25 ~~any taxing district.~~

132.26 ~~If the lands are located within the boundaries of an organized town, with taxable~~
132.27 ~~valuation in excess of \$20,000, or incorporated municipality, the classification or~~
132.28 ~~reclassification and sale must first be approved by the town board of the town or the~~
132.29 ~~governing body of the municipality in which the lands are located. The town board of~~
132.30 ~~the town or the governing body of the municipality is considered to have approved~~
132.31 ~~the classification or reclassification and sale if the county board is not notified of the~~
132.32 ~~disapproval of the classification or reclassification and sale within 60 days of the date the~~
132.33 ~~request for approval was transmitted to the town board of the town or governing body~~
132.34 ~~of the municipality. If the town board or governing body desires to acquire any parcel~~
132.35 ~~lying in the town or municipality by procedures authorized in this section, it must file a~~
132.36 ~~written application with the county board to withhold the parcel from public sale. The~~

133.1 ~~application must be filed within 60 days of the request for classification or reclassification~~
133.2 ~~and sale. The county board shall then withhold the parcel from public sale for six months.~~
133.3 ~~A municipality or governmental subdivision shall pay maintenance costs incurred by~~
133.4 ~~the county during the six-month period while the property is withheld from public sale,~~
133.5 ~~provided the property is not offered for public sale after the six-month period. A clerical~~
133.6 ~~error made by county officials does not serve to eliminate the request of the town board~~
133.7 ~~or governing body if the board or governing body has forwarded the application to the~~
133.8 ~~county auditor. If the town board or governing body of the municipality fails to submit an~~
133.9 ~~application and a resolution of the board or governing body to acquire the property within~~
133.10 ~~the withholding period, the county may offer the property for sale upon the expiration of~~
133.11 ~~the withholding period.~~

133.12 (b) Whenever the county board deems it appropriate, the board may hold a meeting
133.13 for the purpose of reclassifying tax-forfeited land that has not been sold or released from
133.14 the trust. The criteria and procedures for reclassification are the same as those required for
133.15 an initial classification.

133.16 (c) Prior to meeting for the purpose of classifying or reclassifying tax-forfeited lands,
133.17 the county board must give notice of its intent to meet for that purpose as provided in this
133.18 paragraph. The notice must be given no more than 90 days and no less than 60 days before
133.19 the date of the meeting; provided that if the meeting is rescheduled, notice of the new
133.20 date, time, and location must be given at least 14 days before the date of the rescheduled
133.21 meeting. The notice must be posted on a Web site. The notice must also be mailed or
133.22 otherwise delivered to each person who has filed a request for notice of special meetings
133.23 with the public body, regardless of whether the matter is considered at a regular or special
133.24 meeting. The notice must be mailed or delivered at least 60 days before the date of the
133.25 meeting. If the meeting is rescheduled, notice of the new date, time, and location must be
133.26 mailed or delivered at least 14 days before the date of the rescheduled meeting. The public
133.27 body shall publish the notice once, at least 30 days before the meeting, in a newspaper of
133.28 general circulation within the area of the public body's authority. The board must also mail
133.29 a notice by electronic means to each person who requests notice of meetings dealing with
133.30 this subject and who agrees as provided in chapter 325L to accept notice that is mailed
133.31 by electronic means. Receipt of actual notice under the conditions specified in section
133.32 13D.04, subdivision 7, satisfies the notice requirements of this paragraph.

133.33 The board may classify or reclassify tax-forfeited lands at any regular or special
133.34 meeting, as those terms are defined in chapter 13D and may conduct only this business, or
133.35 this business as well as other business or activities at the meeting.

134.1 (d) At the meeting, the county board must allow any person or agency possessing
134.2 pertinent information to make or submit comments and recommendations about the
134.3 pending classification or reclassification. In addition, representatives of governmental
134.4 entities in attendance must be allowed to describe plans, ideas, or projects that may
134.5 involve use or acquisition of the property by that or another governmental entity. The
134.6 county board must solicit and consider any relevant components of current municipal or
134.7 metropolitan comprehensive land use plans that incorporate the area in which the land
134.8 is located. After allowing testimony, the board may classify, reclassify, or delay taking
134.9 action on any parcel or parcels. In order for a state agency or a governmental subdivision
134.10 of the state to preserve its right to request a purchase or other acquisition of a forfeited
134.11 parcel, it may, at any time following forfeiture, file a written request to withhold the parcel
134.12 from sale or lease to others under the provisions of subdivision 1a.

134.13 (e) When classifying, reclassifying, appraising, and selling lands under this chapter,
134.14 the county board may designate the tracts as assessed and acquired, or may by resolution
134.15 provide for the subdivision of the tracts into smaller units or for the grouping of several
134.16 tracts into one tract when the subdivision or grouping is deemed advantageous for
134.17 conservation or sale purposes. This paragraph does not authorize the county board to
134.18 subdivide a parcel or tract of tax-forfeited land that, as assessed and acquired, is withheld
134.19 from sale under section 282.018, subdivision 1.

134.20 (f) A county board may by resolution elect to use the classification and
134.21 reclassification procedures provided in paragraphs (g), (h), and (i), instead of the
134.22 procedures provided in paragraphs (b), (c), and (d). Once an election is made under this
134.23 paragraph, it is effective for a minimum of five years.

134.24 (g) The classification or reclassification of tax-forfeited land that has not been sold or
134.25 released from the trust may be made by the county board using information made available
134.26 to it by any office or department of the federal, state, or local governments, or by any other
134.27 person or agency possessing pertinent information at the time the classification is made.

134.28 (h) If the lands are located within the boundaries of an organized town or
134.29 incorporated municipality, a classification or reclassification and sale must first be
134.30 approved by the town board of the town or the governing body of the municipality in
134.31 which the lands are located. The town board of the town or the governing body of the
134.32 municipality is considered to have approved the classification or reclassification and sale
134.33 if the county board is not notified of the disapproval of the classification or reclassification
134.34 and sale within 60 days of the date the request for approval was transmitted to the town
134.35 board of the town or governing body of the municipality. If the town board or governing
134.36 body disapproves of the classification or reclassification and sale, the county board must

135.1 follow the procedures in paragraphs (c) and (d), with regard to the parcel, and must
135.2 additionally cause to be published in a newspaper a notice of the date, time, location, and
135.3 purpose of the required meeting.

135.4 (i) If a town board or a governing body of a municipality or a park and recreation
135.5 board in a city of the first class desires to acquire any parcel lying in the town or
135.6 municipality by procedures authorized in this section, it may file a written request under
135.7 subdivision 1a, paragraph (a).

135.8 **EFFECTIVE DATE.** This section is effective July 1, 2010.

135.9 Sec. 2. Minnesota Statutes 2008, section 282.01, subdivision 1a, is amended to read:

135.10 Subd. 1a. **Conveyance; generally to public entities.** (a) Upon written request
135.11 from a state agency or a governmental subdivision of the state, a parcel of unsold
135.12 tax-forfeited land must be withheld from sale or lease to others for a maximum of six
135.13 months. The request must be submitted to the county auditor. Upon receipt, the county
135.14 auditor must withhold the parcel from sale or lease to any other party for six months, and
135.15 must confirm the starting date of the six-month withholding period to the requesting
135.16 agency or subdivision. If the request is from a governmental subdivision of the state, the
135.17 governmental subdivision must pay the maintenance costs incurred by the county during
135.18 the period the parcel is withheld. The county board may approve a sale or conveyance to
135.19 the requesting party during the withholding period. A conveyance of the property to the
135.20 requesting party terminates the withholding period.

135.21 A governmental subdivision of the state must not make, and a county auditor must
135.22 not act upon, a second request to withhold a parcel from sale or lease within 18 months
135.23 of a previous request for that parcel. A county may reject a request made under this
135.24 paragraph if the request is made more than 30 days after the county has given notice to the
135.25 requesting state agency or governmental subdivision of the state that the county intends to
135.26 sell or otherwise dispose of the property.

135.27 (b) Nonconservation tax-forfeited lands may be sold by the county board, for
135.28 their market value as determined by the county board, to an organized or incorporated
135.29 governmental subdivision of the state for any public purpose for which the subdivision is
135.30 authorized to acquire property or. When the term "market value" is used in this section, it
135.31 means an estimate of the full and actual market value of the parcel as determined by the
135.32 county board, but in making this determination, the board and the persons employed by or
135.33 under contract with the board in order to perform, conduct, or assist in the determination,
135.34 are exempt from the licensure requirements of chapter 82B.

136.1 (c) Nonconservation tax-forfeited lands may be released from the trust in favor of the
136.2 taxing districts on application ~~of~~ to the county board by a state agency for an authorized
136.3 use at not less than their market value as determined by the county board.

136.4 (d) Nonconservation tax-forfeited lands may be sold by the county board to an
136.5 organized or incorporated governmental subdivision of the state or state agency for less
136.6 than their market value if:

136.7 (1) the county board determines that a sale at a reduced price is in the public interest
136.8 because a reduced price is necessary to provide an incentive to correct the blighted
136.9 conditions that make the lands undesirable in the open market, or the reduced price will
136.10 lead to the development of affordable housing; and

136.11 (2) the governmental subdivision or state agency has documented its specific plans
136.12 for correcting the blighted conditions or developing affordable housing, and the specific
136.13 law or laws that empower it to acquire real property in furtherance of the plans.

136.14 If the sale under this paragraph is to a governmental subdivision of the state, the
136.15 commissioner of revenue must convey the property on behalf of the state by quit claim
136.16 deed. If the sale under this paragraph is to a state agency, the commissioner must issue a
136.17 conveyance document that releases the property from the trust in favor of the taxing
136.18 districts.

136.19 (e) Nonconservation tax-forfeited land held in trust in favor of the taxing districts
136.20 may be conveyed by the commissioner of revenue ~~may convey by deed~~ in the name
136.21 of the state ~~a tract of tax-forfeited land held in trust in favor of the taxing districts~~ to a
136.22 governmental subdivision for an authorized public use, if an application is submitted to
136.23 the commissioner which includes a statement of facts as to the use to be made of the tract
136.24 ~~and the need therefor~~ and the favorable recommendation of the county board. For the
136.25 purposes of this paragraph, "authorized public use" means a use that allows an indefinite
136.26 segment of the public to physically use and enjoy the property in numbers appropriate
136.27 to its size and use, or is for a public service facility. Authorized public uses as defined
136.28 in this paragraph are limited to:

136.29 (1) a road, or right-of-way for a road;

136.30 (2) a park that is both available to, and accessible by, the public that contains
136.31 amenities such as campgrounds, playgrounds, athletic fields, trails, or shelters;

136.32 (3) trails for walking, bicycling, snowmobiling, or other recreational purposes, along
136.33 with a reasonable amount of surrounding land maintained in its natural state;

136.34 (4) transit facilities for buses, light rail transit, commuter rail or passenger rail,
136.35 including transit ways, park-and-ride lots, transit stations, maintenance and garage
136.36 facilities, and other facilities related to a public transit system;

137.1 (5) public beaches or boat launches;

137.2 (6) public parking;

137.3 (7) civic recreation or conference facilities; and

137.4 (8) public service facilities such as fire halls, police stations, lift stations, water
137.5 towers, sanitation facilities, water treatment facilities, and administrative offices.

137.6 No monetary compensation or consideration is required for the conveyance, except as
137.7 provided in subdivision 1g, but the conveyance is subject to the conditions provided in
137.8 law, including, but not limited to, the reversion provisions of subdivisions 1c and 1d.

137.9 (f) The commissioner of revenue shall convey a parcel of nonconservation
137.10 tax-forfeited land to a local governmental subdivision of the state by quit claim deed
137.11 on behalf of the state upon the favorable recommendation of the county board if the
137.12 governmental subdivision has certified to the board that prior to forfeiture the subdivision
137.13 was entitled to the parcel under a written development agreement or instrument, but
137.14 the conveyance failed to occur prior to forfeiture. No compensation or consideration is
137.15 required for, and no conditions attach to, the conveyance.

137.16 (g) The commissioner of revenue shall convey a parcel of nonconservation
137.17 tax-forfeited land to the association of a common interest community by quit claim deed
137.18 upon the favorable recommendation of the county board if the association certifies to the
137.19 board that prior to forfeiture the association was entitled to the parcel under a written
137.20 agreement, but the conveyance failed to occur prior to forfeiture. No compensation or
137.21 consideration is required for, and no conditions attach to, the conveyance.

137.22 (h) Conservation tax-forfeited land may be sold to a governmental subdivision of the
137.23 state for less than its market value for either: (1) creation or preservation of wetlands;
137.24 (2) drainage or storage of storm water under a storm water management plan; or (3)
137.25 preservation, or restoration and preservation, of the land in its natural state. The deed must
137.26 contain a restrictive covenant limiting the use of the land to one of these purposes for
137.27 30 years or until the property is reconveyed back to the state in trust. At any time, the
137.28 governmental subdivision may reconvey the property to the state in trust for the taxing
137.29 districts. The deed of reconveyance is subject to approval by the commissioner of revenue.
137.30 No part of a purchase price determined under this paragraph shall be refunded upon a
137.31 reconveyance, but the amount paid for a conveyance under this paragraph may be taken
137.32 into account by the county board when setting the terms of a future sale of the same
137.33 property to the same governmental subdivision under paragraph (b) or (d). If the lands
137.34 are unplatted and located outside of an incorporated municipality and the commissioner
137.35 of natural resources determines there is a mineral use potential, the sale is subject to the
137.36 approval of the commissioner of natural resources.

138.1 (i) A park and recreation board in a city of the first class is a governmental
138.2 subdivision for the purposes of this section.

138.3 **EFFECTIVE DATE.** This section is effective July 1, 2010.

138.4 Sec. 3. Minnesota Statutes 2008, section 282.01, subdivision 1b, is amended to read:

138.5 Subd. 1b. **Conveyance; targeted ~~neighborhood~~ community lands.** ~~(a)~~
138.6 Notwithstanding subdivision 1a, in the case of tax-forfeited lands located in a targeted
138.7 ~~neighborhood, as defined in section 469.201, subdivision 10~~ community in a city of the
138.8 first class, the commissioner of revenue shall convey by quit claim deed in the name of the
138.9 state any tract of tax-forfeited land held in trust in favor of the taxing districts, to a political
138.10 subdivision of the state that submits an application to the commissioner of revenue and
138.11 the favorable recommendation of the county board. For purposes of this subdivision, the
138.12 term "targeted community" has the meaning given in section 469.201, subdivision 10,
138.13 except that the land must be located within a first class city.

138.14 ~~(b) The application under paragraph (a) must include a statement of facts as to the~~
138.15 ~~use to be made of the tract, the need therefor, and a resolution, adopted by the governing~~
138.16 ~~body of the political subdivision, finding that the conveyance of a tract of tax-forfeited~~
138.17 ~~land to the political subdivision is necessary to provide for the redevelopment of land as~~
138.18 ~~productive taxable property. Deeds of conveyance issued under paragraph (a) are not~~
138.19 ~~conditioned on continued use of the property for the use stated in the application.~~

138.20 **EFFECTIVE DATE.** This section is effective July 1, 2010.

138.21 Sec. 4. Minnesota Statutes 2008, section 282.01, subdivision 1c, is amended to read:

138.22 Subd. 1c. **Deed of conveyance; form; approvals.** The deed of conveyance for
138.23 property conveyed for ~~a~~ an authorized public use under the authorities in subdivision
138.24 1a, paragraph (e), must be on a form approved by the attorney general and must be
138.25 conditioned on continued use for the purpose stated in the application as provided in this
138.26 section. These deeds are conditional use deeds that convey a defeasible estate. Reversion
138.27 of the estate occurs by operation of law and without the requirement for any affirmative
138.28 act by or on behalf of the state when there is a failure to put the property to the approved
138.29 authorized public use for which it was conveyed, or an abandonment of that use, except as
138.30 provided in subdivision 1d.

138.31 **EFFECTIVE DATE.** This section is effective July 1, 2010.

138.32 Sec. 5. Minnesota Statutes 2008, section 282.01, subdivision 1d, is amended to read:

139.1 Subd. 1d. **Reverter for failure to use; conveyance to state.** (a) If after three years
 139.2 from the date of the conveyance a governmental subdivision to which tax-forfeited land
 139.3 has been conveyed for ~~a specified~~ an authorized public use as provided in ~~this section~~
 139.4 subdivision 1a, paragraph (e), fails to put the land to that use, or abandons that use, the
 139.5 governing body of the subdivision ~~may,~~ must: (1) with the approval of the county board,
 139.6 purchase the property for an authorized public purpose at the present ~~appraised~~ market
 139.7 value as determined by the county board. ~~In that case, the commissioner of revenue shall,~~
 139.8 ~~upon proper written application approved by the county board, issue an appropriate deed~~
 139.9 ~~to the subdivisions free of a use restriction and reverter. The governing body may also, or~~
 139.10 (2) authorize the proper officers to convey the land, or the part of the land not required for
 139.11 an authorized public use, to the state of Minnesota: in trust for the taxing districts. If the
 139.12 governing body purchases the property under clause (1), the commissioner of revenue
 139.13 shall, upon proper application submitted by the county auditor, convey the property on
 139.14 behalf of the state by quit claim deed to the subdivision free of a use restriction and the
 139.15 possibility of reversion or defeasement. If the governing body decides to reconvey the
 139.16 property to the state under this clause, the officers shall execute a deed of conveyance
 139.17 immediately. The conveyance is subject to the approval of the commissioner and its form
 139.18 must be approved by the attorney general. ~~A sale, lease, transfer, or other conveyance~~
 139.19 ~~of tax-forfeited lands by a housing and redevelopment authority, a port authority, an~~
 139.20 ~~economic development authority, or a city as authorized by chapter 469 is not an~~
 139.21 ~~abandonment of use and the lands shall not be reconveyed to the state nor shall they~~
 139.22 ~~revert to the state. A certificate made by a housing and redevelopment authority, a port~~
 139.23 ~~authority, an economic development authority, or a city referring to a conveyance by it~~
 139.24 ~~and stating that the conveyance has been made as authorized by chapter 469 may be filed~~
 139.25 ~~with the county recorder or registrar of titles, and the rights of reverter in favor of the state~~
 139.26 ~~provided by subdivision 1e will then terminate. No vote of the people is required for the~~
 139.27 ~~conveyance.~~ For the purposes of this paragraph, there is no failure to put the land to the
 139.28 authorized public use and no abandonment of that use if a formal plan of the governmental
 139.29 subdivision, including, but not limited to, a comprehensive plan or land use plan that
 139.30 shows an intended future use of the land for the authorized public use.

139.31 (b) Property held by a governmental subdivision of the state under a conditional use
 139.32 deed executed under subdivision 1a, paragraph (e), by the commissioner of revenue on or
 139.33 after January 1, 2007, may be acquired by that governmental subdivision after 15 years
 139.34 from the date of the conveyance if the commissioner determines upon written application
 139.35 from the subdivision that the subdivision has in fact put the property to the authorized
 139.36 public use for which it was conveyed, and the subdivision has made a finding that it

140.1 has no current plans to change the use of the lands. Prior to conveying the property, the
140.2 commissioner shall inquire whether the county board where the land is located objects to a
140.3 conveyance of the property to the subdivision without conditions and without further act
140.4 by or obligation of the subdivision. If the county does not object within 60 days, and the
140.5 commissioner makes a favorable determination, the commissioner shall issue a quit claim
140.6 deed on behalf of the state unconditionally conveying the property to the governmental
140.7 subdivision. For purposes of this paragraph, demonstration of an intended future use
140.8 for the authorized public use in a formal plan of the governmental subdivision does not
140.9 constitute use for that authorized public use.

140.10 (c) Property held by a governmental subdivision of the state under a conditional
140.11 use deed executed under subdivision 1a, paragraph (e), by the commissioner of revenue
140.12 before January 1, 2007, is released from the use restriction and possibility of reversion on
140.13 January 1, 2022, if the county board records a resolution describing the land and citing
140.14 this paragraph. The county board may authorize the county treasurer to deduct the amount
140.15 of the recording fees from future settlements of property taxes to the subdivision.

140.16 (d) All property conveyed under a conditional use deed executed under subdivision
140.17 1a, paragraph (e), by the commissioner of revenue is released from the use restriction and
140.18 reverter, and any use restriction or reverter for which no declaration of reversion has been
140.19 recorded with the county recorder or registrar of titles, as appropriate, is nullified on the
140.20 later of: (1) January 1, 2015; (2) 30 years from the date the deed was acknowledged; or
140.21 (3) final resolution of an appeal to district court under subdivision 1e, if a lis pendens
140.22 related to the appeal is recorded in the office of the county recorder or registrar of titles,
140.23 as appropriate, prior to January 1, 2015.

140.24 **EFFECTIVE DATE.** This section is effective July 1, 2010.

140.25 Sec. 6. Minnesota Statutes 2008, section 282.01, is amended by adding a subdivision
140.26 to read:

140.27 Subd. 1g. **Conditional use deed fees.** (a) A governmental subdivision of the state
140.28 applying for a conditional use deed under subdivision 1a, paragraph (e), must submit a fee
140.29 of \$250 to the commissioner of revenue along with the application. If the application is
140.30 denied, the commissioner shall refund \$150 of the application fee.

140.31 (b) The proceeds from the fees must be deposited in a Department of Revenue
140.32 conditional use deed revolving fund. The sums deposited into the revolving fund are
140.33 appropriated to the commissioner of revenue for the purpose of making the refunds
140.34 described in this subdivision, and administering conditional use deed laws.

141.1 **EFFECTIVE DATE.** This section is effective for applications received by the
141.2 commissioner after June 30, 2010.

141.3 Sec. 7. Minnesota Statutes 2008, section 282.01, is amended by adding a subdivision
141.4 to read:

141.5 Subd. 1h. **Conveyance; form.** The instruments of conveyance executed and issued
141.6 by the commissioner of revenue under subdivision 1a, paragraphs (c), (d), (e), (f), (g),
141.7 and (h), and subdivision 1d, paragraph (b), must be on a form approved by the attorney
141.8 general and are prima facie evidence of the facts stated therein and that the execution and
141.9 issuance of the conveyance complies with the applicable laws.

141.10 **EFFECTIVE DATE.** This section is effective for deeds executed by the
141.11 commissioner of revenue after June 30, 2010.

141.12 Sec. 8. Minnesota Statutes 2008, section 282.01, subdivision 2, is amended to read:

141.13 Subd. 2. **Conservation lands; county board supervision.** (a) Lands classified as
141.14 conservation lands, ~~unless reclassified as nonconservation lands, sold to a governmental~~
141.15 ~~subdivision of the state, designated as lands primarily suitable for forest production and~~
141.16 ~~sold as hereinafter provided, or released from the trust in favor of the taxing districts, as~~
141.17 ~~herein provided, will~~ must be held under the supervision of the county board of the county
141.18 within which ~~such~~ the parcels lie; and must not be conveyed or sold unless the lands are:

141.19 ~~The county board may, by resolution duly adopted, declare lands classified as~~
141.20 ~~conservation lands as primarily suitable for timber production and as lands which should~~
141.21 ~~be placed in private ownership for such purposes. If such action be approved by the~~
141.22 ~~commissioner of natural resources, the lands so designated, or any part thereof, may be~~
141.23 ~~sold by the county board in the same manner as provided for the sale of lands classified as~~
141.24 ~~nonconservation lands. Such county action and the approval of the commissioner shall be~~
141.25 ~~limited to lands lying within areas zoned for restricted uses under the provisions of Laws~~
141.26 ~~1939, chapter 340, or any amendments thereof.~~

141.27 (1) reclassified as nonconservation lands;

141.28 (2) conveyed to a governmental subdivision of the state under subdivision 1a;

141.29 (3) released from the trust in favor of the taxing districts as provided in paragraph

141.30 (b); or

141.31 (4) conveyed or sold under the authority of another general or special law.

141.32 (b) The county board may, by resolution duly adopted, resolve that certain lands
141.33 classified as conservation lands shall be devoted to conservation uses and may submit
141.34 ~~such~~ a resolution to the commissioner of natural resources. If, upon investigation,

142.1 the commissioner of natural resources determines that the lands covered by ~~such the~~
142.2 resolution, or any part thereof, can be managed and developed for conservation purposes,
142.3 the commissioner shall make a certificate describing the lands and reciting the acceptance
142.4 thereof on behalf of the state ~~for such purposes~~. The commissioner shall transmit the
142.5 certificate to the county auditor, who shall note the same upon the auditor's records and
142.6 record the same with the county recorder. The title to all lands so accepted shall be held
142.7 by the state free from any trust in favor of any and all taxing districts and ~~such the~~ lands
142.8 shall be devoted thereafter to the purposes of forestry, water conservation, flood control,
142.9 parks, game refuges, controlled game management areas, public shooting grounds, or
142.10 other public recreational or conservation uses, and managed, controlled, and regulated
142.11 ~~for such purposes~~ under the jurisdiction of the commissioner of natural resources and
142.12 the divisions of the department.

142.13 (c) All proceeds derived from the sale of timber, lease of crops of hay, or other
142.14 revenue from lands under the jurisdiction of the commissioner of natural resources shall
142.15 be credited to the general fund of the state.

142.16 ~~In case~~ (d) If the commissioner of natural resources ~~shall determine~~ determines that
142.17 any tract of land ~~so held~~ acquired by the state under paragraph (b) and situated within or
142.18 adjacent to the boundaries of any governmental subdivision of the state is suitable for use
142.19 by ~~such the~~ subdivision for any authorized public purpose, the commissioner may convey
142.20 ~~such the~~ tract by deed in the name of the state to ~~such the~~ subdivision upon the filing
142.21 with the commissioner of a resolution adopted by a majority vote of all the members
142.22 of the governing body thereof, stating the purpose for which the land is desired. The
142.23 deed of conveyance shall be upon a form approved by the attorney general and must be
142.24 conditioned upon continued use for the purpose stated in the resolution. ~~All proceeds~~
142.25 ~~derived from the sale of timber, lease of hay stumpage, or other revenue from such~~
142.26 ~~lands under the jurisdiction of the natural resources commissioner shall be paid into the~~
142.27 ~~general fund of the state.~~

142.28 (e) The county auditor, with the approval of the county board, may lease conservation
142.29 lands remaining under the jurisdiction supervision of the county board and sell timber
142.30 and hay stumpage thereon in the manner hereinafter provided, and all proceeds derived
142.31 therefrom shall be distributed in the same manner as provided in section 282.04.

142.32 **EFFECTIVE DATE.** This section is effective July 1, 2010.

142.33 Sec. 9. Minnesota Statutes 2008, section 282.01, subdivision 3, is amended to read:

142.34 Subd. 3. **Nonconservation lands; appraisal and sale.** (a) All parcels of land
142.35 classified as nonconservation, except those which may be reserved, shall be sold as

143.1 provided, if it is determined, by the county board of the county in which the parcels lie,
143.2 that it is advisable to do so, having in mind their accessibility, their proximity to existing
143.3 public improvements, and the effect of their sale and occupancy on the public burdens.
143.4 Any parcels of land proposed to be sold shall be first appraised by the county board of
143.5 the county in which the parcels lie. The parcels may be reappraised whenever the county
143.6 board deems it necessary to carry out the intent of sections 282.01 to 282.13.

143.7 (b) In an appraisal the value of the land and any standing timber on it shall be
143.8 separately determined. No parcel of land containing any standing timber may be sold until
143.9 the appraised value of the timber on it and the sale of the land have been approved by the
143.10 commissioner of natural resources. The commissioner shall base review of a proposed
143.11 sale on the policy and considerations specified in subdivision 1. The decision of the
143.12 commissioner shall be in writing and shall state the reasons for it. The commissioner's
143.13 decision is exempt from the rulemaking provisions of chapter 14 and section 14.386
143.14 does not apply. The county may appeal the decision of the commissioner in accordance
143.15 with chapter 14.

143.16 (c) In any county in which a state forest or any part of it is located, the county
143.17 auditor shall submit to the commissioner at least 60 days before the first publication of the
143.18 list of lands to be offered for sale a list of all lands included on the list which are situated
143.19 outside of any incorporated municipality. If, at any time before the opening of the sale, the
143.20 commissioner notifies the county auditor in writing that there is standing timber on any
143.21 parcel of ~~such~~ land, the parcel shall not be sold unless the requirements of this section
143.22 respecting the separate appraisal of the timber and the approval of the appraisal by the
143.23 commissioner have been complied with. The commissioner may waive the requirement
143.24 of the 60-day notice as to any parcel of land which has been examined and the timber
143.25 value approved as required by this section.

143.26 (d) If any public improvement is made by a municipality after any parcel of land has
143.27 been forfeited to the state for the nonpayment of taxes, and the improvement is assessed in
143.28 whole or in part against the property benefited by it, the clerk of the municipality shall
143.29 certify to the county auditor, immediately upon the determination of the assessments for
143.30 the improvement, the total amount that would have been assessed against the parcel of land
143.31 if it had been subject to assessment; or if the public improvement is made, petitioned for,
143.32 ordered in or assessed, whether the improvement is completed in whole or in part, at any
143.33 time between the appraisal and the sale of the parcel of land, the cost of the improvement
143.34 shall be included as a separate item and added to the appraised value of the parcel of land
143.35 at the time it is sold. No sale of a parcel of land shall discharge or free the parcel of land
143.36 from lien for the special benefit conferred upon it by reason of the public improvement

144.1 until the cost of it, including penalties, if any, is paid. The county board shall determine
144.2 the amount, if any, by which the value of the parcel was enhanced by the improvement and
144.3 include the amount as a separate item in fixing the appraised value for the purpose of sale.
144.4 ~~In classifying, appraising, and selling the lands, the county board may designate the tracts~~
144.5 ~~as assessed and acquired, or may by resolution provide for the subdivision of the tracts into~~
144.6 ~~smaller units or for the grouping of several tracts into one tract when the subdivision or~~
144.7 ~~grouping is deemed advantageous for the purpose of sale. Each such smaller tract or larger~~
144.8 ~~tract must be classified and appraised as such before being offered for sale. If any such~~
144.9 ~~lands have once been classified, the board of county commissioners, in its discretion, may,~~
144.10 ~~by resolution, authorize the sale of the smaller tract or larger tract without reclassification.~~

144.11 **EFFECTIVE DATE.** This section is effective July 1, 2010.

144.12 Sec. 10. Minnesota Statutes 2008, section 282.01, subdivision 4, is amended to read:

144.13 Subd. 4. **Sale: method, requirements, effects.** The sale authorized under
144.14 subdivision 3 must be conducted by the county auditor at the county seat of the county in
144.15 which the parcels lie, except that in St. Louis and Koochiching Counties, the sale may
144.16 be conducted in any county facility within the county. The sale must not be for less than
144.17 the appraised value except as provided in subdivision 7a. The parcels must be sold for
144.18 cash only ~~and at not less than the appraised value~~, unless the county board of the county
144.19 has adopted a resolution providing for their sale on terms, in which event the resolution
144.20 controls with respect to the sale. When the sale is made on terms other than for cash only
144.21 (1) a payment of at least ten percent of the purchase price must be made at the time of
144.22 purchase, and the balance must be paid in no more than ten equal annual installments, or
144.23 (2) the payments must be made in accordance with county board policy, but in no event
144.24 may the board require more than 12 installments annually, and the contract term must not
144.25 be for more than ten years. Standing timber or timber products must not be removed from
144.26 these lands until an amount equal to the appraised value of all standing timber or timber
144.27 products on the lands at the time of purchase has been paid by the purchaser. If a parcel of
144.28 land bearing standing timber or timber products is sold at public auction for more than
144.29 the appraised value, the amount bid in excess of the appraised value must be allocated
144.30 between the land and the timber in proportion to their respective appraised values. In that
144.31 case, standing timber or timber products must not be removed from the land until the
144.32 amount of the excess bid allocated to timber or timber products has been paid in addition
144.33 to the appraised value of the land. The purchaser is entitled to immediate possession,
144.34 subject to the provisions of any existing valid lease made in behalf of the state.

145.1 For sales occurring on or after July 1, 1982, the unpaid balance of the purchase price
145.2 is subject to interest at the rate determined pursuant to section 549.09. The unpaid balance
145.3 of the purchase price for sales occurring after December 31, 1990, is subject to interest
145.4 at the rate determined in section 279.03, subdivision 1a. The interest rate is subject to
145.5 change each year on the unpaid balance in the manner provided for rate changes in section
145.6 549.09 or 279.03, subdivision 1a, whichever, is applicable. Interest on the unpaid contract
145.7 balance on sales occurring before July 1, 1982, is payable at the rate applicable to the sale
145.8 at the time that the sale occurred.

145.9 **EFFECTIVE DATE.** This section is effective July 1, 2010.

145.10 Sec. 11. Minnesota Statutes 2008, section 282.01, subdivision 7, is amended to read:

145.11 Subd. 7. **County sales; notice, purchase price, disposition.** The sale must
145.12 commence at the time determined by the county board of the county in which the parcels
145.13 are located. The county auditor shall offer the parcels of land in order in which they
145.14 appear in the notice of sale, and shall sell them to the highest bidder, but not for a sum
145.15 less than the appraised value, until all of the parcels of land have been offered. Then the
145.16 county auditor shall sell any remaining parcels to anyone offering to pay the appraised
145.17 value, except that if the person could have repurchased a parcel of property under section
145.18 282.012 or 282.241, that person may not purchase that same parcel of property at the sale
145.19 under this subdivision for a purchase price less than the sum of all taxes, assessments,
145.20 penalties, interest, and costs due at the time of forfeiture computed under section 282.251,
145.21 and any special assessments for improvements certified as of the date of sale. The sale
145.22 must continue until all the parcels are sold or until the county board orders a reappraisal or
145.23 withdraws any or all of the parcels from sale. The list of lands may be added to and the
145.24 added lands may be sold at any time by publishing the descriptions and appraised values.
145.25 The added lands must be: (1) parcels of land that have become forfeited and classified
145.26 as nonconservation since the commencement of any prior sale; (2) parcels classified as
145.27 nonconservation that have been reappraised; (3) parcels that have been reclassified as
145.28 nonconservation; or (4) other parcels that are subject to sale but were omitted from the
145.29 existing list for any reason. The descriptions and appraised values must be published in
145.30 the same manner as provided for the publication of the original list. Parcels added to the
145.31 list must first be offered for sale to the highest bidder before they are sold at appraised
145.32 value. All parcels of land not offered for immediate sale, as well as parcels that are offered
145.33 and not immediately sold, continue to be held in trust by the state for the taxing districts
145.34 interested in each of the parcels, under the supervision of the county board. Those parcels
145.35 may be used for public purposes until sold, as directed by the county board.

146.1 **EFFECTIVE DATE.** This section is effective July 1, 2010.

146.2 Sec. 12. Minnesota Statutes 2008, section 282.01, subdivision 7a, is amended to read:

146.3 Subd. 7a. **City sales; alternate procedures.** Land located in a home rule charter
146.4 or statutory city, or in a town which cannot be improved because of noncompliance with
146.5 local ordinances regarding minimum area, shape, frontage or access may be sold by the
146.6 county auditor pursuant to this subdivision if the auditor determines that a nonpublic sale
146.7 will encourage the approval of sale of the land by the city or town and promote its return
146.8 to the tax rolls. If the physical characteristics of the land indicate that its highest and best
146.9 use will be achieved by combining it with an adjoining parcel and the city or town has not
146.10 adopted a local ordinance governing minimum area, shape, frontage, or access, the land
146.11 may also be sold pursuant to this subdivision. If the property consists of an undivided
146.12 interest in land or land and improvements, the property may also be sold to the other
146.13 owners under this subdivision. The sale of land pursuant to this subdivision shall be
146.14 subject to any conditions imposed by the county board pursuant to section 282.03. The
146.15 governing body of the city or town may recommend to the county board conditions to be
146.16 imposed on the sale. The county auditor may restrict the sale to owners of lands adjoining
146.17 the land to be sold. The county auditor shall conduct the sale by sealed bid or may select
146.18 another means of sale. The land shall be sold to the highest bidder ~~but in no event shall the~~
146.19 ~~land and may~~ be sold for less than its appraised value. All owners of land adjoining the
146.20 land to be sold shall be given a written notice at least 30 days prior to the sale.

146.21 This subdivision shall be liberally construed to encourage the sale and utilization
146.22 of tax-forfeited land, to eliminate nuisances and dangerous conditions and to increase
146.23 compliance with land use ordinances.

146.24 **EFFECTIVE DATE.** This section is effective July 1, 2010.

146.25 Sec. 13. Minnesota Statutes 2008, section 282.01, is amended by adding a subdivision
146.26 to read:

146.27 Subd. 12. **Notice; public hearing for use change.** If a governmental subdivision
146.28 that acquired a parcel for public use under this section later determines to change the use,
146.29 it must hold a public hearing on the proposed use change. The governmental subdivision
146.30 must mail written notice of the proposed use change and the public hearing to each owner
146.31 of property that is within 400 feet of the parcel at least ten days and no more than 60 days
146.32 before it holds the hearing. The notice must identify: (1) the parcel, (2) its current use,
146.33 (3) the proposed use, (4) the date, time, and place of the public hearing, and (5) where

147.1 to submit written comments on the proposal and that the public is invited to testify at
147.2 the public hearing.

147.3 **EFFECTIVE DATE.** This section is effective July 1, 2010, and applies to a change
147.4 in use of a parcel acquired under Minnesota Statutes, section 282.01, whether acquired by
147.5 the governmental subdivision before or after the effective date of this section.

147.6 Sec. 14. **REPEALER.**

147.7 Minnesota Statutes 2008, sections 282.01, subdivisions 9, 10, and 11; and 383A.76,
147.8 are repealed.

147.9 **EFFECTIVE DATE.** This section is effective July 1, 2010.

147.10 **ARTICLE 10**

147.11 **MISCELLANEOUS**

147.12 Section 1. **[3.192] REQUIREMENTS FOR NEW OR RENEWED TAX**
147.13 **EXPENDITURES.**

147.14 Any bill that creates, renews, or continues a tax expenditure must include a statement
147.15 of intent that clearly provides the purpose of the tax expenditure and a standard or goal
147.16 against which its effectiveness may be measured. For purposes of this section, "tax
147.17 expenditure" has the meaning given in section 270C.11, subdivision 6.

147.18 **EFFECTIVE DATE.** This section is effective for tax expenditures enacted after
147.19 July 1, 2010.

147.20 Sec. 2. Minnesota Statutes 2008, section 270C.34, subdivision 1, is amended to read:

147.21 Subdivision 1. **Authority.** (a) The commissioner may abate, reduce, or refund any
147.22 penalty or interest that is imposed by a law administered by the commissioner, or imposed
147.23 by section 270.0725, subdivision 1 or 2, as a result of the late payment of tax or late
147.24 filing of a return, if the failure to timely pay the tax or failure to timely file the return is
147.25 due to reasonable cause, or if the taxpayer is located in a presidentially declared disaster
147.26 or in a presidentially declared state of emergency area or in an area declared to be in a
147.27 state of emergency by the governor under section 12.31.

147.28 (b) The commissioner shall abate any part of a penalty or additional tax charge
147.29 under section 289A.25, subdivision 2, or 289A.26, subdivision 4, attributable to erroneous
147.30 advice given to the taxpayer in writing by an employee of the department acting in
147.31 an official capacity, if the advice:

148.1 (1) was reasonably relied on and was in response to a specific written request of the
148.2 taxpayer; and

148.3 (2) was not the result of failure by the taxpayer to provide adequate or accurate
148.4 information.

148.5 ~~(c) The commissioner may abate a penalty imposed under section 270.0725,~~
148.6 ~~subdivision 1 or 2, if the failure to timely file is due to reasonable cause, or if the airline~~
148.7 ~~company is located in a presidentially declared disaster area.~~

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

148.9 Sec. 3. Minnesota Statutes 2008, section 270C.52, subdivision 2, is amended to read:

148.10 Subd. 2. **Payment agreements.** (a) When any portion of any tax payable to the
148.11 commissioner together with interest and penalty thereon, if any, has not been paid, the
148.12 commissioner may extend the time for payment for a further period. When the authority
148.13 of this section is invoked, the extension shall be evidenced by written agreement signed by
148.14 the taxpayer and the commissioner, stating the amount of the tax with penalty and interest,
148.15 if any, and providing for the payment of the amount in installments.

148.16 (b) The agreement may contain a confession of judgment for the amount and for any
148.17 unpaid portion thereof. If the agreement contains a confession of judgment, the confession
148.18 of judgment must provide that the commissioner may enter judgment against the taxpayer
148.19 in the district court of the county of residence as shown upon the taxpayer's tax return for
148.20 the unpaid portion of the amount specified in the extension agreement.

148.21 (c) The agreement shall provide that it can be terminated, after notice by the
148.22 commissioner, if information provided by the taxpayer prior to the agreement was
148.23 inaccurate or incomplete, collection of the tax covered by the agreement is in jeopardy,
148.24 there is a subsequent change in the taxpayer's financial condition, the taxpayer has failed
148.25 to make a payment due under the agreement, or the taxpayer has failed to pay any other
148.26 tax or file a tax return coming due after the agreement.

148.27 (d) The notice must be given at least 14 calendar days prior to termination, and shall
148.28 advise the taxpayer of the right to request a reconsideration from the commissioner of
148.29 whether termination is reasonable and appropriate under the circumstances. A request for
148.30 reconsideration does not stay collection action beyond the 14-day notice period. If the
148.31 commissioner has reason to believe that collection of the tax covered by the agreement
148.32 is in jeopardy, the commissioner may proceed under section 270C.36 and terminate the
148.33 agreement without regard to the 14-day period.

148.34 (e) The commissioner may accept other collateral the commissioner considers
148.35 appropriate to secure satisfaction of the tax liability. The principal sum specified in the

149.1 agreement shall bear interest at the rate specified in section 270C.40 on all unpaid portions
149.2 thereof until the same has been fully paid or the unpaid portion thereof has been entered as
149.3 a judgment. The judgment shall bear interest at the rate specified in section 270C.40.

149.4 (f) If it appears to the commissioner that the tax reported by the taxpayer is in excess
149.5 of the amount actually owing by the taxpayer, the extension agreement or the judgment
149.6 entered pursuant thereto shall be corrected. If after making the extension agreement
149.7 or entering judgment with respect thereto, the commissioner determines that the tax as
149.8 reported by the taxpayer is less than the amount actually due, the commissioner shall
149.9 assess a further tax in accordance with the provisions of law applicable to the tax.

149.10 (g) The authority granted to the commissioner by this section is in addition to any
149.11 other authority granted to the commissioner by law to extend the time of payment or the
149.12 time for filing a return and shall not be construed in limitation thereof.

149.13 (h) The commissioner shall charge a fee for entering into payment agreements that
149.14 reflects the commissioner's costs for entering into payment agreements. The fee is set at
149.15 \$50 and is charged for entering into a payment agreement, for entering into a new payment
149.16 agreement after the taxpayer has defaulted on a prior agreement, and for entering into a
149.17 new payment agreement as a result of renegotiation of the terms of an existing agreement.
149.18 The fee is paid to the commissioner before the payment agreement becomes effective and
149.19 does not reduce the amount of the liability.

149.20 **EFFECTIVE DATE.** This section is effective for payment agreements entered
149.21 into or renegotiated after June 30, 2010.

149.22 Sec. 4. Minnesota Statutes 2009 Supplement, section 349.12, subdivision 25, is
149.23 amended to read:

149.24 Subd. 25. **Lawful purpose.** (a) "Lawful purpose" means one or more of the
149.25 following:

149.26 (1) any expenditure by or contribution to a 501(c)(3) or festival organization, as
149.27 defined in subdivision 15a, provided that the organization and expenditure or contribution
149.28 are in conformity with standards prescribed by the board under section 349.154, which
149.29 standards must apply to both types of organizations in the same manner and to the same
149.30 extent;

149.31 (2) a contribution to or expenditure for goods and services for an individual or
149.32 family suffering from poverty, homelessness, or disability, which is used to relieve the
149.33 effects of that suffering;

149.34 (3) a contribution to a program recognized by the Minnesota Department of Human
149.35 Services for the education, prevention, or treatment of problem gambling;

150.1 (4) a contribution to or expenditure on a public or private nonprofit educational
150.2 institution registered with or accredited by this state or any other state;

150.3 (5) a contribution to an individual, public or private nonprofit educational institution
150.4 registered with or accredited by this state or any other state, or to a scholarship fund of a
150.5 nonprofit organization whose primary mission is to award scholarships, for defraying the
150.6 cost of education to individuals where the funds are awarded through an open and fair
150.7 selection process;

150.8 (6) activities by an organization or a government entity which recognize military
150.9 service to the United States, the state of Minnesota, or a community, subject to rules
150.10 of the board, provided that the rules must not include mileage reimbursements in the
150.11 computation of the per diem reimbursement limit and must impose no aggregate annual
150.12 limit on the amount of reasonable and necessary expenditures made to support:

150.13 (i) members of a military marching or color guard unit for activities conducted
150.14 within the state;

150.15 (ii) members of an organization solely for services performed by the members at
150.16 funeral services;

150.17 (iii) members of military marching, color guard, or honor guard units may be
150.18 reimbursed for participating in color guard, honor guard, or marching unit events within
150.19 the state or states contiguous to Minnesota at a per participant rate of up to \$35 per diem; or

150.20 (iv) active military personnel and their immediate family members in need of
150.21 support services;

150.22 (7) recreational, community, and athletic facilities and activities intended primarily
150.23 for persons under age 21, provided that such facilities and activities do not discriminate on
150.24 the basis of gender and the organization complies with section 349.154, subdivision 3a;

150.25 (8) payment of local taxes authorized under this chapter, taxes imposed by the
150.26 United States on receipts from lawful gambling, the taxes imposed by section 297E.02,
150.27 subdivisions 1, 4, 5, and 6, and the tax imposed on unrelated business income by section
150.28 290.05, subdivision 3;

150.29 (9) payment of real estate taxes and assessments on permitted gambling premises
150.30 owned by the licensed organization paying the taxes, or wholly leased by a licensed
150.31 veterans organization under a national charter recognized under section 501(c)(19) of the
150.32 Internal Revenue Code;

150.33 (10) a contribution to the United States, this state or any of its political subdivisions,
150.34 or any agency or instrumentality thereof other than a direct contribution to a law
150.35 enforcement or prosecutorial agency;

151.1 (11) a contribution to or expenditure by a nonprofit organization which is a church
151.2 or body of communicants gathered in common membership for mutual support and
151.3 edification in piety, worship, or religious observances;

151.4 (12) an expenditure for citizen monitoring of surface water quality by individuals
151.5 or nongovernmental organizations that is consistent with section 115.06, subdivision 4,
151.6 and Minnesota Pollution Control Agency guidance on monitoring procedures, quality
151.7 assurance protocols, and data management, provided that the resulting data is submitted
151.8 to the Minnesota Pollution Control Agency for review and inclusion in the state water
151.9 quality database;

151.10 (13) a contribution to or expenditure on projects or activities approved by the
151.11 commissioner of natural resources for:

151.12 (i) wildlife management projects that benefit the public at large;

151.13 (ii) grant-in-aid trail maintenance and grooming established under sections 84.83
151.14 and 84.927, and other trails open to public use, including purchase or lease of equipment
151.15 for this purpose; and

151.16 (iii) supplies and materials for safety training and educational programs coordinated
151.17 by the Department of Natural Resources, including the Enforcement Division;

151.18 (14) conducting nutritional programs, food shelves, and congregate dining programs
151.19 primarily for persons who are age 62 or older or disabled;

151.20 (15) a contribution to a community arts organization, or an expenditure to sponsor
151.21 arts programs in the community, including but not limited to visual, literary, performing,
151.22 or musical arts;

151.23 (16) an expenditure by a licensed fraternal organization or a licensed veterans
151.24 organization for payment of water, fuel for heating, electricity, and sewer costs for a
151.25 ~~building wholly owned or wholly leased by and used as the primary headquarters of the~~
151.26 ~~licensed veterans organization or fraternal organization;~~

151.27 (i) up to 100 percent for a building wholly owned or wholly leased by and used as
151.28 the primary headquarters of the licensed veteran or fraternal organization; or

151.29 (ii) a proportional amount subject to approval by the director and based on the
151.30 portion of a building used as the primary headquarters of the licensed veteran or fraternal
151.31 organization;

151.32 (17) expenditure by a licensed veterans organization of up to \$5,000 in a calendar
151.33 year in net costs to the organization for meals and other membership events, limited to
151.34 members and spouses, held in recognition of military service. No more than \$5,000 can be
151.35 expended in total per calendar year under this clause by all licensed veterans organizations
151.36 sharing the same veterans post home;

152.1 (18) payment of fees authorized under this chapter imposed by the state of Minnesota
152.2 to conduct lawful gambling in Minnesota;

152.3 (19) a contribution or expenditure to honor an individual's humanitarian service
152.4 as demonstrated through philanthropy or volunteerism to the United States, this state,
152.5 or local community;

152.6 (20) a contribution by a licensed organization to another licensed organization with
152.7 prior board approval, with the contribution designated to be used for one or more of the
152.8 following lawful purposes under this section: clauses (1) to (7), (11) to (15), (19), and (25);

152.9 (21) an expenditure that is a contribution to a parent organization, if the parent
152.10 organization: (i) has not provided to the contributing organization within one year of the
152.11 contribution any money, grants, property, or other thing of value, and (ii) has received
152.12 prior board approval for the contribution that will be used for a program that meets one or
152.13 more of the lawful purposes under subdivision 7a;

152.14 (22) an expenditure for the repair, maintenance, or improvement of real property
152.15 and capital assets owned by an organization, or for the replacement of a capital asset that
152.16 can no longer be repaired, with a fiscal year limit of five percent of gross profits from
152.17 the previous fiscal year, with no carryforward of unused allowances. The fiscal year is
152.18 July 1 through June 30. Total expenditures for the fiscal year may not exceed the limit
152.19 unless the board has specifically approved the expenditures that exceed the limit due to
152.20 extenuating circumstances beyond the organization's control. An expansion of a building
152.21 or bar-related expenditures are not allowed under this provision.

152.22 (i) The expenditure must be related to the portion of the real property or capital asset
152.23 that must be made available for use free of any charge to other nonprofit organizations,
152.24 community groups, or service groups, or is used for the organization's primary mission or
152.25 headquarters.

152.26 (ii) An expenditure may be made to bring an existing building that the organization
152.27 owns into compliance with the Americans with Disabilities Act.

152.28 (iii) An organization may apply the amount that is allowed under item (ii) to the
152.29 erection or acquisition of a replacement building that is in compliance with the Americans
152.30 with Disabilities Act if the board has specifically approved the amount. The cost of
152.31 the erection or acquisition of a replacement building may not be made from gambling
152.32 proceeds, except for the portion allowed under this item;

152.33 (23) an expenditure for the acquisition or improvement of a capital asset with a cost
152.34 greater than \$2,000, excluding real property, that will be used exclusively for lawful
152.35 purposes under this section if the board has specifically approved the amount;

153.1 (24) an expenditure for the acquisition, erection, improvement, or expansion of real
153.2 property, if the board has first specifically authorized the expenditure after finding that the
153.3 real property will be used exclusively for lawful purpose under this section; or

153.4 (25) an expenditure, including a mortgage payment or other debt service payment,
153.5 for the erection or acquisition of a comparable building to replace an organization-owned
153.6 building that was destroyed or made uninhabitable by fire or catastrophe or to replace an
153.7 organization-owned building that was taken or sold under an eminent domain proceeding.
153.8 The expenditure may be only for that part of the replacement cost not reimbursed by
153.9 insurance for the fire or catastrophe or compensation not received from a governmental
153.10 unit under the eminent domain proceeding, if the board has first specifically authorized
153.11 the expenditure.

153.12 (b) Expenditures authorized by the board under clauses (24) and (25) must be
153.13 51 percent completed within two years of the date of board approval; otherwise the
153.14 organization must reapply to the board for approval of the project. "Fifty-one percent
153.15 completed" means that the work completed must represent at least 51 percent of the value
153.16 of the project as documented by the contractor or vendor.

153.17 (c) Notwithstanding paragraph (a), "lawful purpose" does not include:

153.18 (1) any expenditure made or incurred for the purpose of influencing the nomination
153.19 or election of a candidate for public office or for the purpose of promoting or defeating a
153.20 ballot question;

153.21 (2) any activity intended to influence an election or a governmental decision-making
153.22 process;

153.23 (3) a contribution to a statutory or home rule charter city, county, or town by a
153.24 licensed organization with the knowledge that the governmental unit intends to use the
153.25 contribution for a pension or retirement fund; or

153.26 (4) a contribution to a 501(c)(3) organization or other entity with the intent or effect
153.27 of not complying with lawful purpose restrictions or requirements.

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

153.29 **Sec. 5. TAX EXPENDITURE REVIEW REPORT.**

153.30 **Subdivision 1. Report to the legislature.** By February 15, 2011, the commissioner
153.31 of revenue shall provide a report to the chairs and ranking minority members of the house
153.32 of representatives and senate tax committees with jurisdiction over taxes suggesting a
153.33 process for the periodic review and sunset or extension of tax expenditures on an ongoing
153.34 basis.

- 154.1 Subd. 2. Contents of the report. (a) The report shall include the following
154.2 information for every tax, as defined in Minnesota Statutes, section 270C.11, subdivision 6:
154.3 (1) a definition of the tax base for the tax;
154.4 (2) a definition of a tax expenditure for each tax; and
154.5 (3) a list of existing provisions in law that meet the definition of tax expenditure for
154.6 each tax.
- 154.7 (b) The report shall include a suggested list of information, currently not included in
154.8 the tax expenditure budget under Minnesota Statutes, section 270C.11, needed to allow
154.9 evaluation of the effectiveness of new and existing tax expenditures in meeting not only
154.10 the stated goal of the tax expenditure but also the general tax principles of:
154.11 (1) transparency and understandability;
154.12 (2) simplicity and efficiency;
154.13 (3) equity;
154.14 (4) stability and predictability;
154.15 (5) compliance and accountability;
154.16 (6) national and global competitiveness; and
154.17 (7) conformity of the expenditure with corresponding federal taxes and multistate
154.18 agreements.
- 154.19 (c) The report shall also include recommendations on specific procedures for
154.20 periodic review of tax expenditures, including the need for additional reports, study or
154.21 oversight groups, and fiscal or other resources, and a suggested timetable for systematic
154.22 review of the tax expenditures in the various tax areas.

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

154.24 Sec. 6. **OTTERTAIL COUNTY; ADDITIONAL AID, 2010 ONLY.**

154.25 \$200,000 is appropriated in fiscal year 2011 from the general fund to the
154.26 commissioner of revenue to make a payment to Ottertail County to compensate the
154.27 county for costs incurred for repair of roads and other infrastructure due to flooding. The
154.28 payment shall be made with the December 2010 payment under Minnesota Statutes,
154.29 section 477A.015.

154.30 Sec. 7. **APPROPRIATION; CHISAGO COUNTY.**

154.31 \$100,000 is appropriated in fiscal year 2011 from the general fund to the
154.32 commissioner of commerce to be used to provide a grant to Chisago County for
154.33 development of a carbon neutral industrial park that received a grant under Laws 2009,
154.34 chapter 138, article 4. This is a onetime appropriation.

156.1 297I.30, subdivisions 1, 2, 7, 8; 297I.40, subdivisions 1, 5; 297I.65, by
156.2 adding a subdivision; 298.282, subdivision 1; 373.40, subdivision 1; 383B.79,
156.3 subdivision 5; 428A.12; 428A.18, subdivision 2; 469.101, subdivision 1;
156.4 469.319, subdivision 5; 469.3193; 473.39, by adding a subdivision; 473H.05,
156.5 subdivision 1; 474A.04, subdivision 6; 474A.091, subdivision 3; 477A.17;
156.6 Minnesota Statutes 2009 Supplement, sections 134.34, subdivision 4; 273.111,
156.7 subdivisions 3a, 4; 273.114, subdivisions 1, 2, 5; 273.124, subdivision 3a;
156.8 273.13, subdivisions 23, 25; 275.065, subdivision 3; 275.70, subdivision 5, as
156.9 amended; 279.01, subdivision 1; 289A.18, subdivision 1; 290.01, subdivisions
156.10 19a, 19b, as amended, 19d; 290.06, subdivision 2c; 290.0671, subdivision 1;
156.11 290.091, subdivision 2; 297A.75, subdivisions 1, 2; 297I.35, subdivision 2;
156.12 349.12, subdivision 25; 429.011, subdivision 2a; 475.755; 477A.013, subdivision
156.13 8; Laws 1999, chapter 243, article 4, section 18, subdivisions 3, as amended, 4;
156.14 Laws 2001, First Special Session chapter 5, article 3, section 50, as amended;
156.15 Laws 2002, chapter 377, article 3, section 25, as amended; Laws 2009, chapter
156.16 88, article 2, section 49; article 4, sections 5; 23, subdivision 4; Laws 2010,
156.17 chapter 216, sections 2, subdivision 3; 3, subdivision 6; by adding subdivisions;
156.18 4, subdivisions 1, 2, 4, 6, 7, 8; 58, as amended; proposing coding for new law
156.19 in Minnesota Statutes, chapters 3; 6; 270C; 296A; 645; repealing Minnesota
156.20 Statutes 2008, sections 282.01, subdivisions 9, 10, 11; 297I.30, subdivisions
156.21 4, 5, 6; 383A.76."

We request the adoption of this report and repassage of the bill.

House Conferees:

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Ann Lenczewski

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Paul Marquart

.....
Lyle Koenen

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Diane Loeffler

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Dean Urdahl

Senate Conferees:

.....
Thomas Bakk

.....
Rod Skoe

.....
Ann H. Rest

.....
Mee Moua

.....
Julie Rosen