

CHAPTER 64--H.F.No. 1938

An act relating to financing and operation of state and local government; modifying provisions governing individual income and corporate franchise taxes, federal income tax conformity, property taxes, certain state aid and credit programs, sales and use taxes, minerals taxes, tax increment financing, certain local taxes, provisions related to public finance, and various other taxes and tax-related provisions; modifying and establishing various income tax credits; modifying existing and proposing new additions and subtractions; modifying provisions related to the taxation of pass-through entities; providing for certain federal tax conformity; modifying provisions related to reporting of corporate income; providing a onetime refundable rebate credit; modifying property tax exemptions, classifications, and refunds; modifying local government aid calculations; establishing a soil and water conservation district aid, an electric generation transition aid, a Tribal Nation aid, and a statewide local housing aid; providing public safety aid; modifying sales tax exemptions and authorizing new sales tax exemptions; modifying taconite taxes and distributions; converting the renter's property tax refund into a refundable individual income tax credit; modifying provisions related to tax increment financing and allowing certain special local provisions; modifying existing local taxes and authorizing new local taxes; providing provisions related to public finance; modifying certain retirement plans; providing for a process to refund the state stadium bonds; modifying electronic bingo and electronic pull-tab devices; establishing tourism improvement districts; requiring reports; providing for certain policy and technical modifications; appropriating money; amending Minnesota Statutes 2022, sections 3.8855, subdivisions 4, 7; 6.495, subdivision 3; 13.46, subdivision 2; 16A.726; 38.27, subdivision 4; 41B.0391, subdivisions 1, 2, 4, 6, 7; 103D.905, subdivision 3; 116J.8737, subdivisions 5, 12; 116U.27, subdivisions 1, 4, 7; 118A.04, subdivision 5; 123B.61; 126C.10, subdivision 37; 270A.03, subdivision 2; 270B.12, subdivision 8; 270B.14, subdivision 1; 270C.13, subdivision 1; 270C.19, subdivisions 1, 2; 270C.446, subdivision 2; 270C.52, subdivision 2; 272.02, subdivisions 24, 73, 98, by adding a subdivision; 273.11, subdivisions 12, 23; 273.111, by adding a subdivision; 273.124, subdivisions 6, 13, 13a, 13c, 13d, 14; 273.1245, subdivision 1; 273.128, subdivisions 1, 2, by adding a subdivision; 273.13, subdivisions 25, 34, 35; 273.1315, subdivision 2; 273.1341; 273.1392; 275.065, subdivisions 3, 3b, 4; 278.01, subdivision 1; 279.03, subdivision 1a; 282.261, subdivision 2; 289A.02, subdivision 7, as amended; 289A.08, subdivisions 7, as amended, 7a, as amended, by adding a subdivision; 289A.18, subdivision 5; 289A.38, subdivision 4; 289A.382, subdivision 2; 289A.50, by adding a subdivision; 289A.56, subdivision 6; 289A.60, subdivisions 12, 13; 290.01, subdivisions 19, as amended, 21a, 31, as amended; 290.0122, subdivision 2; 290.0123, subdivisions 5, 6; 290.0131, subdivision 17; 290.0132, subdivisions 4, 24, 26, 27, by adding subdivisions; 290.0133, subdivision 6; 290.0134, subdivision 18; 290.06, subdivisions 2c, as amended, 22, 23, 39, by adding a subdivision; 290.067; 290.0671, as amended; 290.0674; 290.0677, subdivision 1; 290.0681, subdivision 10; 290.091, subdivision 2, as amended; 290.095, subdivision 2; 290.21, subdivisions 4, 9, by adding a subdivision; 290.92, subdivision 20; 290.9705, subdivision 1; 290A.02; 290A.03, subdivisions 3, 6, 8, 12, 13, 15, as amended, by adding a subdivision; 290A.04, subdivisions 1, 2, 2h, 4, 5; 290A.05; 290A.07, subdivision 2a; 290A.08; 290A.09; 290A.091; 290A.13; 290A.19; 290A.25; 290B.03, subdivision 1; 290B.04, subdivisions 3, 4; 290B.05, subdivision 1; 291.005, subdivision 1, as amended; 295.50, subdivision 4; 296A.083, subdivision 3; 297A.61, subdivisions 4, 29; 297A.67, subdivisions 35, 38, by adding a subdivision; 297A.68, subdivisions 4, 25, by adding a subdivision; 297A.70, subdivisions 7, 21; 297A.71, subdivision 51; 297A.99, by adding a subdivision; 297A.994, subdivision 4; 297E.02, subdivision 6; 297E.06, subdivision 4; 297H.13, subdivision 2; 297I.20, by adding a subdivision; 298.015; 298.018, subdivisions 1, 1a; 298.28,

subdivisions 5, 7a, by adding a subdivision; 298.296, subdivision 4; 299C.76, subdivisions 1, 2; 327C.02, subdivision 5; 349.11; 349.12, subdivisions 12a, 12b, 12c, by adding a subdivision; 349.151, subdivision 4d; 349.163, by adding subdivisions; 354.05, subdivision 38; 354.42, subdivisions 2, 3; 354A.011, subdivision 15a; 354A.12, subdivisions 1, as amended, 2a; 356.215, subdivision 11; 366.095, subdivision 1; 373.01, subdivision 3; 383B.117, subdivision 2; 383E.21; 410.32; 412.301; 462A.05, subdivision 24; 462A.38; 469.033, subdivision 6; 469.053, subdivisions 4, 6; 469.107, subdivision 1; 469.174, subdivisions 14, 27, by adding a subdivision; 469.175, subdivision 6; 469.176, subdivisions 3, 4; 469.1763, subdivisions 2, 3, 4, 6; 469.1771, subdivisions 2, 2a, 3; 473F.02, subdivisions 2, 8; 473J.13, subdivisions 2, 4; 474A.02, subdivisions 22b, 23a; 475.54, subdivision 1; 477A.011, subdivision 34, by adding subdivisions; 477A.0124, subdivisions 2, 3; 477A.013, subdivisions 8, 9; 477A.014, subdivision 1; 477A.015; 477A.03, subdivisions 2a, 2b; 477A.12, subdivisions 1, 3, by adding a subdivision; 477A.30; 477B.01, subdivisions 5, 10, 11, by adding subdivisions; 477B.02, subdivisions 2, 3, 5, 8, 9, 10, by adding a subdivision; 477B.03, subdivisions 2, 3, 4, 5, 7; 477B.04, subdivision 1, by adding a subdivision; 477C.02, subdivision 4; 477C.03, subdivisions 2, 5; 477C.04, by adding a subdivision; Laws 1971, chapter 773, section 1, subdivision 2, as amended; Laws 1980, chapter 511, sections 1, subdivision 2, as amended; 2, as amended; Laws 1993, chapter 375, article 9, section 46, as amended; Laws 1998, chapter 389, article 8, section 43, as amended; Laws 2003, chapter 127, article 10, section 31, subdivision 1, as amended; Laws 2006, chapter 259, article 11, section 3, as amended; Laws 2008, chapter 366, article 5, sections 26, as amended; 36, subdivisions 1, 3, as amended; article 7, sections 17; 20, as amended; article 17, section 6; Laws 2011, First Special Session chapter 7, article 4, section 14; Laws 2014, chapter 308, article 6, section 12, subdivision 2; Laws 2019, First Special Session chapter 6, article 6, sections 13, subdivisions 3, 4, by adding a subdivision; 18; 26; article 7, section 7; Laws 2021, First Special Session chapter 14, article 8, sections 5; 6, subdivisions 2, 3; 15, subdivisions 2, 3, 4, by adding a subdivision; 20, subdivision 4; article 9, section 10; Laws 2023, chapter 1, section 15; proposing coding for new law in Minnesota Statutes, chapters 16A; 181; 290; 477A; proposing coding for new law as Minnesota Statutes, chapter 428B; repealing Minnesota Statutes 2022, sections 16A.965; 270A.04, subdivision 5; 290.01, subdivision 19i; 290.0131, subdivision 18; 290.0132, subdivisions 28, 33; 290.0134, subdivision 17; 290A.03, subdivisions 9, 11; 290A.04, subdivision 2a; 290A.23, subdivision 1; 297E.021; 477A.011, subdivisions 30a, 38, 42, 45; 477A.013, subdivision 13; 477A.16, subdivisions 1, 2, 3; 477B.02, subdivision 4; 477B.03, subdivision 6.

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

ARTICLE 1

INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES

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

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

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

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

(1) is a resident of Minnesota;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) "Emerging farmer" means an emerging farmer within the meaning of section 17.055, subdivision 1.

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

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

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

~~(g)~~ (h) "Owner of agricultural assets" means an individual, trust, or pass-through entity that is the owner in fee of agricultural land or has legal title to any other agricultural asset. Owner of agricultural assets does not mean an equipment dealer, livestock dealer defined in section 17A.03, subdivision 7, or comparable entity that is engaged in the business of selling agricultural assets for profit and that is not engaged in farming

as its primary business activity. An owner of agricultural assets approved and certified by the authority under subdivision 4 must notify the authority if the owner no longer meets the definition in this paragraph within the three year certification period and is then no longer eligible for credits under this section.

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

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

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

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

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

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

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

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

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

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

(d) An owner of agricultural assets or beginning farmer may terminate a rental agreement, including a share rent agreement, for reasonable cause upon approval of the authority. If a rental agreement is terminated without the fault of the owner of agricultural assets, the tax credits shall not be retroactively disallowed. In determining reasonable cause, the authority must look at which party was at fault in the termination of the agreement. If the authority determines the owner of agricultural assets did not have reasonable cause, the owner of agricultural assets must repay all credits received as a result of the rental agreement to the commissioner of revenue. The repayment is additional income tax for the taxable year in which the authority makes its decision or when a final adjudication under subdivision 5, paragraph (a), is made, whichever is later.

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

(f) For purposes of the credit for the sale of agricultural land only, the family member definitional exclusions in subdivision 1, paragraph (c), clauses (4) and (5), do not apply. For a sale to a family member to qualify for the credit, the sales price of the agricultural land must equal or exceed the assessed value of

the land as of the date of the sale. For purposes of this paragraph, "sale to a family member" means a sale to a beginning farmer in which the beginning farmer or the beginning farmer's spouse is a family member of:

(1) the owner of the agricultural land; or

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

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

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

Sec. 3. Minnesota Statutes 2022, section 41B.0391, subdivision 4, is amended to read:

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

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

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

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

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

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

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

(c) For credits for owners of agricultural assets allowed under subdivision 2, the authority must not allocate more than \$5,000,000 for taxable years beginning after December 31, 2017, and before January 1, 2019, and must not allocate more than \$6,000,000 for taxable years beginning after December 31, 2018 \$6,500,000 for taxable years beginning after December 31, 2022, and before January 1, 2024, and \$4,000,000 for taxable years beginning after December 31, 2023. The authority must allocate credits on a first-come, first-served basis beginning on January 1 of each year, except that recertifications for the second and third years of credits under subdivision 2, paragraph (a), clauses (1) and (2), have first priority. Any amount authorized but not allocated for taxable years ending before January 1, 2023, is canceled and is not allocated for future taxable years. For taxable years beginning after December 31, 2022, any amount authorized but not allocated in any taxable year does not cancel and is added to the allocation for the next taxable year. For each taxable year, 50 percent of newly allocated credits must be allocated to emerging farmers. Any portion of a taxable year's newly allocated credits that is reserved for emerging farmers that is not allocated by

September 30 of the taxable year is available for allocation to other credit allocations beginning on October 1.

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

Sec. 4. Minnesota Statutes 2022, section 41B.0391, subdivision 6, is amended to read:

Subd. 6. **Report to legislature.** (a) No later than February 1, ~~2022~~ 2024, the Rural Finance Authority, in consultation with the commissioner of revenue, must provide a report to the chairs and ranking minority members of the legislative committees having jurisdiction over agriculture, economic development, rural development, and taxes, in compliance with sections 3.195 and 3.197, on the beginning farmer tax credits under this section issued in tax years beginning after December 31, 2017, and before January 1, ~~2022~~ 2024.

(b) The report must include background information on beginning farmers in Minnesota and any other information the commissioner and authority find relevant to evaluating the effect of the credits on increasing opportunities for and the number of beginning farmers.

(c) For credits issued under subdivision 2, paragraph (a), clauses (1) to (3), the report must include:

(1) the number and amount of credits issued under each clause;

(2) the geographic distribution of credits issued under each clause;

(3) the type of agricultural assets for which credits were issued under clause (1);

(4) the number and geographic distribution of beginning farmers whose purchase or rental of assets resulted in credits for the seller or owner of the asset;

(5) the number and amount of credits disallowed under subdivision 2, paragraph (d);

(6) data on the number of beginning farmers by geographic region in calendar years 2017 through ~~2021~~ 2023, including:

(i) the number of beginning farmers by race and ethnicity, as those terms are applied in the 2020 United States Census; and

(ii) to the extent available, the number of beginning farmers who are emerging farmers; and

(7) the number and amount of credit applications that exceeded the allocation available in each year.

(d) For credits issued under subdivision 3, the report must include:

(1) the number and amount of credits issued;

(2) the geographic distribution of credits;

(3) a listing and description of each approved financial management program for which credits were issued; and

(4) a description of the approval procedure for financial management programs not on the list maintained by the authority, as provided in subdivision 3, paragraph (a).

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

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

Subd. 7. **Sunset.** This section expires for taxable years beginning after December 31, ~~2023~~ 2030.

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

Sec. 6. Minnesota Statutes 2022, section 116J.8737, subdivision 5, is amended to read:

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

(b) The commissioner may not allocate more than a total maximum amount in credits for a taxable year to a qualified investor for the investor's cumulative qualified investments as an individual qualified investor and as an investor in a qualified fund; for married couples filing joint returns the maximum is \$250,000, and for all other filers the maximum is \$125,000. The commissioner may not allocate more than a total of \$1,000,000 in credits over all taxable years for qualified investments in any one qualified small business.

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

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

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

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

(d) Applications for tax credits must be made available on the department's website by November 1 of the preceding year.

(e) Qualified investors and qualified funds must apply to the commissioner for tax credits. Tax credits must be allocated to qualified investors or qualified funds in the order that the tax credit request applications are filed with the department. The commissioner must approve or reject tax credit request applications within 15 days of receiving the application. The investment specified in the application must be made within 60 days of the allocation of the credits. If the investment is not made within 60 days, the credit allocation is canceled and available for reallocation. A qualified investor or qualified fund that fails to invest as specified

in the application, within 60 days of allocation of the credits, must notify the commissioner of the failure to invest within five business days of the expiration of the 60-day investment period.

(f) All tax credit request applications filed with the department on the same day must be treated as having been filed contemporaneously. If two or more qualified investors or qualified funds file tax credit request applications on the same day, and the aggregate amount of credit allocation claims exceeds the aggregate limit of credits under this section or the lesser amount of credits that remain unallocated on that day, then the credits must be allocated among the qualified investors or qualified funds who filed on that day on a pro rata basis with respect to the amounts claimed. The pro rata allocation for any one qualified investor or qualified fund is the product obtained by multiplying a fraction, the numerator of which is the amount of the credit allocation claim filed on behalf of a qualified investor and the denominator of which is the total of all credit allocation claims filed on behalf of all applicants on that day, by the amount of credits that remain unallocated on that day for the taxable year.

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

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

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

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

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

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

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

(i) The credit allowed under this subdivision is effective as follows:

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

(2) \$5,000,000 for taxable years beginning after December 31, 2021, and before January 1, ~~2023~~ 2025.

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

Sec. 7. Minnesota Statutes 2022, section 116J.8737, subdivision 12, is amended to read:

Subd. 12. **Sunset.** This section expires for taxable years beginning after December 31, ~~2022~~ 2024, except that reporting requirements under subdivision 6 and revocation of credits under subdivision 7 remain in effect through ~~2024~~ 2026 for qualified investors and qualified funds, and through ~~2026~~ 2028 for qualified small businesses, reporting requirements under subdivision 9 remain in effect through ~~2022~~ 2024, and the appropriation in subdivision 11 remains in effect through ~~2026~~ 2028.

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

Sec. 8. Minnesota Statutes 2022, section 116U.27, subdivision 1, is amended to read:

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

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

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

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

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

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

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

(h) "Project" means a film:

(1) that includes the promotion of Minnesota;

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

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

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

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

Sec. 9. Minnesota Statutes 2022, section 116U.27, subdivision 4, is amended to read:

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

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

- (1) verify eligibility for the credit;
- (2) state the amount of credit anticipated for the eligible project, with the credit amount up to 25 percent of eligible project costs; and
- (3) state the taxable year in which the credit is allocated.

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

(c) The commissioner must not issue allocation certificates for more than ~~\$4,950,000~~ \$24,950,000 of credits each year. If the entire amount is not allocated in that taxable year, any remaining amount is available for allocation for the four following taxable years until the entire allocation has been made. The commissioner must not award any credits for taxable years beginning after December 31, ~~2024~~ 2030, and any unallocated amounts cancel on that date.

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

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

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

Sec. 10. Minnesota Statutes 2022, section 116U.27, subdivision 7, is amended to read:

Subd. 7. **Expiration.** Subdivisions 1 to 5 expire January 1, ~~2025~~ 2031, for taxable years beginning after December 31, ~~2024~~ 2030.

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

Sec. 11. **[181.141] SEXUAL HARASSMENT OR ABUSE SETTLEMENT; PAYMENT AS SEVERANCE OR WAGES PROHIBITED.**

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

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

Sec. 12. Minnesota Statutes 2022, section 289A.08, subdivision 7, as amended by Laws 2023, chapter 1, section 2, is amended to read:

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

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

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

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

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

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

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

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

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

(j) For the purposes of this subdivision, "income" ~~means the partner's share of federal adjusted gross income from the partnership modified by the additions provided in section 290.0131, subdivisions 8 to 10, 16, and 17, and the subtractions provided in: (1) section 290.0132, subdivisions 9, 27, 28, and 31, to the extent the amount is assignable or allocable to Minnesota under section 290.17; and (2) section 290.0132, subdivision 14. The subtraction allowed under section 290.0132, subdivision 9, is only allowed on the~~

~~composite tax computation to the extent the electing partner would have been allowed the subtraction.~~ has the meaning given in section 290.01, subdivision 19, paragraph (h).

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

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

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

(b) The computation of a partner's tax liability must be determined by multiplying the income allocated to that partner by the highest rate used to determine the tax liability for individuals under section 290.06, subdivision 2c. Nonbusiness deductions, standard deductions, or personal exemptions are not allowed. The computation of a partner's net investment income tax liability must be computed under section 290.033.

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

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

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

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

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

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

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

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

EFFECTIVE DATE. Effective for taxable years beginning after December 31, 2023.

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

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

(1) "income" has the meaning given in ~~subdivision 7, paragraph (j), modified by the addition provided in section 290.0131, subdivision 5, and the subtraction provided in section 290.0132, subdivision 3, except that the provisions that apply to a partnership apply to a qualifying entity and the provisions that apply to a partner apply to a qualifying owner. The income of both a resident and nonresident qualifying owner is allocated and assigned to this state as provided for nonresident partners and shareholders under sections 290.17, 290.191, and 290.20~~ section 290.01, subdivision 19, paragraph (i). The income of a resident qualifying owner of a qualifying entity that is a partnership or limited liability company taxed as a partnership under the Internal Revenue Code is not subject to allocation outside this state as provided for resident individuals under section 290.17, subdivision 1, paragraph (a). The income of a nonresident qualifying owner of a qualifying entity and the income of a resident qualifying owner of a qualifying entity that is an S corporation, including a qualified subchapter S subsidiary organized under section 1361(b)(3)(B) of the Internal Revenue Code, are allocated and assigned to this state as provided for nonresident partners and shareholders under sections 290.17, 290.191, and 290.20;

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

(3) "qualifying owner" means:

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

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

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

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

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

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

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

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

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

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

(d) The amount of a qualifying owner's tax liability under paragraph (c) is the amount of the qualifying owner's income multiplied by the highest tax rate for individuals under section 290.06, subdivision 2c. The computation of a qualifying owner's net investment income tax liability must be computed under section 290.033. When making this determination:

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

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

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

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

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

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

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

(j) If a nonresident qualifying owner of a qualifying entity making the election to file and pay the tax under this subdivision has no other Minnesota source income, filing of the pass-through entity tax return is a return for purposes of subdivision 1, provided that the nonresident qualifying owner must not have any Minnesota source income other than the income from the qualifying entity, other electing qualifying entities, and other partnerships electing to file a composite return under subdivision 7. If it is determined that the

nonresident qualifying owner has other Minnesota source income, the inclusion of the income and tax liability for that owner under this provision will not constitute a return to satisfy the requirements of subdivision 1. The tax paid for the qualifying owner as part of the pass-through entity tax return is allowed as a payment of the tax by the qualifying owner on the date on which the pass-through entity tax return payment was made.

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

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

EFFECTIVE DATE. (a) Paragraphs (a), (b), and (l) are effective for taxable years beginning after December 31, 2022.

(b) Paragraph (d) is effective for taxable years beginning after December 31, 2023.

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 16. Minnesota Statutes 2022, section 290.01, subdivision 19, is amended to read:

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

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

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

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

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

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

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

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

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

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

(h) In the case of a partnership electing to file a composite return under section 289A.08, subdivision 7, "net income" means the partner's share of federal adjusted gross income from the partnership modified by the additions provided in section 290.0131, subdivisions 8 to 10, 16, and 17, and the subtractions provided

in: (1) section 290.0132, subdivisions 9, 27, and 28, to the extent the amount is assignable or allocable to Minnesota under section 290.17; and (2) section 290.0132, subdivision 14. The subtraction allowed under section 290.0132, subdivision 9, is only allowed on the composite tax computation to the extent the electing partner would have been allowed the subtraction.

(i) In the case of a qualifying entity electing to pay the pass-through entity tax under section 289A.08, subdivision 7a, "net income" means the qualifying owner's share of federal adjusted gross income from the qualifying entity modified by the additions provided in section 290.0131, subdivisions 5, 8 to 10, 16, and 17, and the subtractions provided in: (1) section 290.0132, subdivisions 3, 9, 27, and 28, to the extent the amount is assignable or allocable to Minnesota under section 290.17; and (2) section 290.0132, subdivision 14. The subtraction allowed under section 290.0132, subdivision 9, is only allowed on the pass-through entity tax computation to the extent the qualifying owners would have been allowed the subtraction. The income of both a resident and nonresident qualifying owner is allocated and assigned to this state as provided for nonresident partners and shareholders under sections 290.17, 290.191, and 290.20.

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

Sec. 17. Minnesota Statutes 2022, section 290.01, subdivision 21a, is amended to read:

Subd. 21a. **Adjusted gross income; federal adjusted gross income.** (a) The terms "adjusted gross income" and "federal adjusted gross income" mean adjusted gross income, as defined in section 62 of the Internal Revenue Code, as amended through the date named in subdivision 19, paragraph (f), incorporating the federal effective date of changes to the Internal Revenue Code and any elections made by the taxpayer under the Internal Revenue Code in determining federal adjusted gross income for federal income tax purposes.

(b) When computing federal adjusted gross income for purposes of credits and deductions, a taxpayer must calculate their federal adjusted gross income without any deduction for the specified income tax payments as defined in Internal Revenue Code Notice 2020-75. The taxpayer must provide detailed substantiation to support the computation.

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

Sec. 18. Minnesota Statutes 2022, section 290.0122, subdivision 2, is amended to read:

Subd. 2. **Deductions limited; inflation adjustment.** (a) The itemized deductions of a taxpayer with adjusted gross income ~~in excess of the applicable amount~~ over \$220,650 are reduced by the lesser of:

(1) three percent of the excess of the taxpayer's federal adjusted gross income over the applicable amount \$220,650 but not over \$304,970; plus ten percent of the taxpayer's adjusted gross income over \$304,970;
or

(2) 80 percent of the amount of the taxpayer's itemized deductions.

~~(b) "Applicable amount" means \$194,650, or \$97,325~~

(b) Notwithstanding paragraph (a), for a taxpayer with adjusted gross income over \$1,000,000, a taxpayer's itemized deductions are reduced by 80 percent.

(c) For a married individual filing a separate return, the reduction under paragraph (a) must be calculated using one-half of the adjusted gross income amounts specified in that paragraph.

~~(e)~~ (d) For the purposes of this subdivision, "itemized deductions" means the itemized deductions otherwise allowable to the taxpayer under subdivision 1, except itemized deductions excludes:

- (1) the portion of the deduction for interest under subdivision 5 that represents investment interest;
- (2) the deduction for medical expenses under subdivision 6; and
- (3) the deduction for losses under subdivision 8.

~~(d)~~ (e) For taxable years beginning after December 31, ~~2019~~ 2023, the commissioner must adjust for inflation the ~~applicable~~ adjusted gross income amounts under ~~paragraph~~ paragraphs (a) and (b) as provided in section 270C.22. The statutory year is taxable year ~~2019~~ 2023. The amounts as adjusted must be rounded down to the nearest \$50 amount. The threshold amount for married individuals filing separate returns must be one-half of the adjusted amount for married individuals filing joint returns.

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

Sec. 19. Minnesota Statutes 2022, section 290.0123, subdivision 5, is amended to read:

Subd. 5. **Deduction limited.** (a) The standard deduction of a taxpayer with adjusted gross income ~~in excess of the applicable amount~~ over \$220,650 is reduced by the lesser of:

(1) three percent of the excess of the taxpayer's ~~federal~~ adjusted gross income over ~~the applicable amount~~ \$220,650 but not over \$304,970; plus ten percent of the taxpayer's adjusted gross income over \$304,970; or

(2) 80 percent of the standard deduction otherwise allowable under this section.

(b) Notwithstanding paragraph (a), for a taxpayer with adjusted gross income over \$1,000,000, the standard deduction is reduced by 80 percent of the standard deduction otherwise allowable under this section.

~~(b) "Applicable amount" means \$194,650, or \$97,325~~ (c) For a married individual filing a separate return, the reduction under paragraph (a) must be calculated using one-half of the adjusted gross income amounts specified in that paragraph.

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

Sec. 20. Minnesota Statutes 2022, section 290.0123, subdivision 6, is amended to read:

Subd. 6. **Inflation adjustment.** For taxable years beginning after December 31, ~~2019~~ 2023, the commissioner must adjust for inflation the standard deduction amounts in subdivision 1, the additional amounts in subdivision 2, the amounts in subdivision 3, and the ~~applicable~~ adjusted gross income amounts in subdivision 5 as provided in section 270C.22. The statutory year is taxable year ~~2019~~ 2023. The amounts as adjusted must be rounded down to the nearest \$50 amount. The standard deduction amount for married individuals filing separate returns is one-half of the adjusted amount for married individuals filing joint returns.

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

Sec. 21. Minnesota Statutes 2022, section 290.0131, subdivision 17, is amended to read:

Subd. 17. **Foreign-derived intangible income.** To the extent deducted from net income, the amount of ~~foreign-derived intangible~~ income deducted under section 250 of the Internal Revenue Code for the taxable year is an addition.

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

Sec. 22. Minnesota Statutes 2022, section 290.0132, subdivision 4, is amended to read:

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

(1) education-related expenses; plus

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

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

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

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

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

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

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

Sec. 23. Minnesota Statutes 2022, section 290.0132, subdivision 24, is amended to read:

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

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

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

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

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

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

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

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

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

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

(4) section 136A.1791.

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

Sec. 24. Minnesota Statutes 2022, section 290.0132, subdivision 26, is amended to read:

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

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

(c) For a taxpayer other than a married taxpayer filing a separate return with adjusted gross income above the phaseout threshold, the simplified subtraction is reduced by ten percent for each \$4,000 of adjusted gross income, or fraction thereof, in excess of the phaseout threshold. The phaseout threshold equals:

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

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

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

(d) For a married taxpayer filing a separate return, the simplified subtraction is reduced by ten percent for each \$2,000 of adjusted gross income, or fraction thereof, in excess of the phaseout threshold.

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

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

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

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

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

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

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

Sec. 25. Minnesota Statutes 2022, section 290.0132, subdivision 27, is amended to read:

Subd. 27. **Deferred foreign income.** The amount of deferred foreign income ~~recognized because of section 965 of the Internal Revenue Code~~ under section 965 of the Internal Revenue Code included in federal adjusted gross income or federal taxable income, is a subtraction.

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

Sec. 26. Minnesota Statutes 2022, section 290.0132, is amended by adding a subdivision to read:

Subd. 34. **Qualified retirement benefits.** (a) The amount of qualified public pension income is a subtraction. The subtraction in this section is limited to:

- (1) \$25,000 for a married taxpayer filing a joint return or surviving spouse; or
- (2) \$12,500 for all other filers.

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

- (1) \$100,000 for a married taxpayer filing a joint return or surviving spouse;
- (2) \$78,000 for a single or head of household taxpayer; or

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

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

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

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

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

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

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

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

Sec. 27. Minnesota Statutes 2022, section 290.0132, is amended by adding a subdivision to read:

Subd. 35. **Damages for sexual harassment or abuse.** The amount of damages received under a sexual harassment or abuse claim that is not excluded from gross income under section 104(a)(2) of the Internal Revenue Code because the damages are not received on account of personal physical injuries or physical sickness is a subtraction.

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

Sec. 28. Minnesota Statutes 2022, section 290.0133, subdivision 6, is amended to read:

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

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

Sec. 29. Minnesota Statutes 2022, section 290.0134, subdivision 18, is amended to read:

Subd. 18. **Deferred foreign income.** The amount of deferred foreign income ~~recognized because of section 965 of the Internal Revenue Code~~ under section 965 of the Internal Revenue Code included in federal taxable income, is a subtraction.

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

Sec. 30. **[290.033] NET INVESTMENT INCOME TAX.**

(a) For purposes of this section, "net investment income" has the meaning given in section 1411(c) of the Internal Revenue Code, excluding the net gain attributable to the disposition of property classified as class 2a under section 273.13, subdivision 23.

(b) In addition to the tax computed under section 290.06, subdivision 2c, a tax is imposed on the net investment income of individuals, estates, and trusts in excess of \$1,000,000 at a rate of one percent.

(c) For an individual who is not a Minnesota resident for the entire taxable year, the tax under this subdivision must be calculated as if the individual is a Minnesota resident for the entire year, and that amount must be multiplied by a fraction in which:

(1) the numerator is net investment income allocable under section 290.17 to Minnesota; and

(2) the denominator is the total amount of net investment income for the taxable year.

(d) For an estate or trust, the tax on net investment income must be computed by multiplying the net investment income tax liability by a fraction, the numerator of which is the amount of the estate or trust's

net investment income allocated to the state pursuant to the provisions of sections 290.17, 290.191, and 290.20, and the denominator of which is the taxpayer's total net investment income.

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

Sec. 31. Minnesota Statutes 2022, section 290.06, subdivision 23, is amended to read:

Subd. 23. **Refund of contributions to political parties and candidates.** (a) A taxpayer may claim a refund equal to the amount of the taxpayer's contributions made in the calendar year to candidates and to a political party. The maximum refund for an individual must not exceed ~~\$50~~ \$75 and for a married couple, filing jointly, must not exceed ~~\$100~~ \$150. A refund of a contribution is allowed only if the taxpayer files a form required by the commissioner and attaches to the form a copy of an official refund receipt form issued by the candidate or party and signed by the candidate, the treasurer of the candidate's principal campaign committee, or the chair or treasurer of the party unit, after the contribution was received. The receipt forms must be numbered, and the data on the receipt that are not public must be made available to the campaign finance and public disclosure board upon its request. A claim must be filed with the commissioner no sooner than January 1 of the calendar year in which the contribution was made and no later than April 15 of the calendar year following the calendar year in which the contribution was made. A taxpayer may file only one claim per calendar year. Amounts paid by the commissioner after June 15 of the calendar year following the calendar year in which the contribution was made must include interest at the rate specified in section 270C.405.

(b) No refund is allowed under this subdivision for a contribution to a candidate unless the candidate:

- (1) has signed an agreement to limit campaign expenditures as provided in section 10A.322;
- (2) is seeking an office for which voluntary spending limits are specified in section 10A.25; and
- (3) has designated a principal campaign committee.

This subdivision does not limit the campaign expenditures of a candidate who does not sign an agreement but accepts a contribution for which the contributor improperly claims a refund.

(c) For purposes of this subdivision, "political party" means a major political party as defined in section 200.02, subdivision 7, or a minor political party qualifying for inclusion on the income tax or property tax refund form under section 10A.31, subdivision 3a.

A "major party" or "minor party" includes the aggregate of that party's organization within each house of the legislature, the state party organization, and the party organization within congressional districts, counties, legislative districts, municipalities, and precincts.

"Candidate" means a candidate as defined in section 10A.01, subdivision 10, except a candidate for judicial office.

"Contribution" means a gift of money.

(d) The commissioner shall make copies of the form available to the public and candidates upon request.

(e) The following data collected or maintained by the commissioner under this subdivision are private: the identities of individuals claiming a refund, the identities of candidates to whom those individuals have made contributions, and the amount of each contribution.

(f) The commissioner shall report to the campaign finance and public disclosure board by each August 1 a summary showing the total number and aggregate amount of political contribution refunds made on behalf of each candidate and each political party. These data are public.

(g) The amount necessary to pay claims for the refund provided in this section is appropriated from the general fund to the commissioner of revenue.

(h) For a taxpayer who files a claim for refund via the Internet or other electronic means, the commissioner may accept the number on the official receipt as documentation that a contribution was made rather than the actual receipt as required by paragraph (a).

EFFECTIVE DATE. This section is effective January 1, 2024, and applies to refunds for contributions made in calendar year 2024 and thereafter.

Sec. 32. Minnesota Statutes 2022, section 290.06, is amended by adding a subdivision to read:

Subd. 23a. **Pass-through entity tax paid to another state.** (a) A credit is allowed against the tax imposed on a qualifying entity under section 289A.08, subdivision 7a, for pass-through entity tax paid to another state. The credit under this subdivision is allowed as a credit for taxes paid to another state under subdivision 22, paragraph (a) and may only be claimed by a qualifying owner. The credit allowed under this subdivision must be claimed in a manner prescribed by the commissioner.

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

(c) As used in this subdivision, the following terms have the meanings given:

(1) "income" has the meaning provided in section 290.01, subdivision 19, paragraph (i);

(2) "pass-through entity tax" means an entity-level tax imposed on the income of a partnership, limited liability corporation, or S corporation;

(3) "qualifying entity" has the meaning provided in section 289A.08, subdivision 7a, paragraph (a); and

(4) "qualifying owner" has the meaning provided in section 289A.08, subdivision 7a, paragraph (b).

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

Sec. 33. Minnesota Statutes 2022, section 290.06, subdivision 39, is amended to read:

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

(b) The credit is limited to the liability for tax, as computed under this chapter, for the taxable year. If the amount of the credit determined under this subdivision for any taxable year exceeds this limitation, the excess is a film production credit carryover to each of the five succeeding taxable years. The entire amount of the excess unused credit for the taxable year is carried first to the earliest of the taxable years to which the credit may be carried and then to each successive year to which the credit may be carried. The amount

of the unused credit that may be added under this paragraph must not exceed the taxpayer's liability for tax, less any film production credit for the taxable year.

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

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

(e) This subdivision expires January 1, ~~2025~~ 2031, for taxable years beginning after December 31, ~~2024~~ 2030, except that the expiration of this section does not affect the commissioner of revenue's authority to audit or power of examination and assessment for credits claimed under this subdivision.

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

Sec. 34. **[290.0661] MINNESOTA CHILD TAX CREDIT.**

Subdivision 1. **Definitions.** For the purposes of this section, "qualifying child" has the meaning given in section 32(c) of the Internal Revenue Code, except:

- (1) excluding individuals who attained the age of 18 or greater in the taxable year; and
- (2) section 32(m) of the Internal Revenue Code does not apply.

Subd. 2. **Credit allowed.** A taxpayer who is a resident of Minnesota is allowed a credit against the tax imposed by this chapter, as provided in this section. To be eligible for the credit under this section, the taxpayer must be eligible for the credit under section 290.0671, except a taxpayer whose earned income was insufficient to claim a credit under that section but who otherwise qualifies to claim the credit is eligible.

Subd. 3. **Credit amount.** The credit under this section equals \$1,750 per qualifying child.

Subd. 4. **Phaseout.** The credits under this section and section 290.0671 are phased down jointly. The combined amount of the credits is reduced by 12 percent of earned income or adjusted gross income, whichever is greater, in excess of the phaseout threshold. The phaseout threshold equals:

- (1) \$35,000 for a married taxpayer filing a joint return; or
- (2) \$29,500 for all other filers.

Subd. 5. **Part-year residents.** For a part-year resident, the combined amounts of the credit under this section and section 290.0671, after the phaseout in subdivision 4, must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

Subd. 6. **Credit refundable; appropriation.** If the amount of credit which the claimant is eligible to receive under this section exceeds the claimant's tax liability under this chapter, the commissioner shall

refund the excess to the claimant. An amount sufficient to pay the refunds required by this section is appropriated to the commissioner from the general fund.

Subd. 7. **Inflation adjustment.** (a) For taxable years beginning after December 31, 2025, the commissioner of revenue must annually adjust for inflation the credit amount in subdivision 3 as provided in section 270C.22. The adjusted amounts must be rounded to the nearest \$60. The statutory year is taxable year 2025.

(b) For taxable years beginning after December 31, 2023, the commissioner of revenue must annually adjust for inflation the phaseout thresholds in subdivision 4, as provided in section 270C.22. The statutory year is taxable year 2023.

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

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

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

Sec. 35. Minnesota Statutes 2022, section 290.067, is amended to read:

290.067 DEPENDENT CARE CREDIT.

Subdivision 1. **Amount of credit.** (a) A taxpayer may take as a credit against the tax due from the taxpayer and a spouse, if any, under this chapter an amount equal to the dependent care credit for which the taxpayer is eligible pursuant to the provisions of section 21 of the Internal Revenue Code except that in determining whether the child qualified as a dependent, income received as a Minnesota family investment program grant or allowance to or on behalf of the child must not be taken into account in determining whether the child received more than half of the child's support from the taxpayer.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Subd. 4. **Right to file claim.** The right to file a claim under this section shall be personal to the claimant and shall not survive death, but such right may be exercised on behalf of a claimant by the claimant's legal

guardian or attorney-in-fact. When a claimant dies after having filed a timely claim the amount thereof shall be disbursed to another member of the household as determined by the commissioner of revenue. If the claimant was the only member of a household, the claim may be paid to the claimant's personal representative, but if neither is appointed and qualified within two years of the filing of the claim, the amount of the claim shall escheat to the state.

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

Sec. 36. Minnesota Statutes 2022, section 290.0671, as amended by Laws 2023, chapter 1, section 16, is amended to read:

290.0671 MINNESOTA WORKING FAMILY CREDIT.

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

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

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

(3) section 32(m) of the Internal Revenue Code does not apply.

(b) A taxpayer's working family credit equals four percent of the first \$8,750 of earned income.

(c) The credit under this section is increased by:

(1) \$925 for a taxpayer with one qualifying older child;

(2) \$2,100 for a taxpayer with two qualifying older children; or

(3) \$2,500 for a taxpayer with three or more qualifying older children.

(d) The credit under this section is phased out jointly with the credit under section 290.0661, subdivision 4. For a taxpayer with one or more qualifying older children who did not qualify for the credit under section 290.0661, the phaseout rate equals nine percent.

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

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

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

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

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

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

- (1) the subtractions for military pay under section 290.0132, subdivisions 11 and 12;
- (2) the exclusion of combat pay under section 112 of the Internal Revenue Code; and
- (3) income derived from an Indian reservation by an enrolled member of the reservation while living on the reservation.

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

- ~~(1) \$14,570 for married taxpayers filing joint returns with no qualifying children;~~
- ~~(2) \$8,730 for all other taxpayers with no qualifying children;~~
- ~~(3) \$28,610 for married taxpayers filing joint returns with one qualifying child;~~
- ~~(4) \$22,770 for all other taxpayers with one qualifying child;~~
- ~~(5) \$32,840 for married taxpayers filing joint returns with two qualifying children;~~
- ~~(6) \$27,000 for all other taxpayers with two qualifying children;~~
- ~~(7) \$33,140 for married taxpayers filing joint returns with three or more qualifying children; and~~
- ~~(8) \$27,300 for all other taxpayers with three or more qualifying children.~~

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

Subd. 1a. **Definitions.** For purposes of this section, ~~the term "qualifying child" has the meaning given "qualifying older child" means a qualifying child, as defined in section 32(c) of the Internal Revenue Code.~~ "earned income of the lesser-earning spouse" has the meaning given in section 290.0675, subdivision 1, paragraph (d), that attained at least the age of 18 in the taxable year. For the purposes of determining a qualifying older child, section 32(m) of the Internal Revenue Code does not apply.

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

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

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

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

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

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

Sec. 37. Minnesota Statutes 2022, section 290.0674, is amended to read:

290.0674 MINNESOTA EDUCATION CREDIT.

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

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

(b) "Education-related expenses" means:

~~(1) qualifying instructional fees or tuition for instruction by an instructor under section 120A.22, subdivision 10, clause (1), (2), (3), (4), or (5), or a member of the Minnesota Music Teachers Association, and who is not a lineal ancestor or sibling of the dependent for instruction outside the regular school day or school year, including tutoring, driver's education offered as part of school curriculum, regardless of whether it is taken from a public or private entity or summer camps, in grade or age appropriate curricula that supplement curricula and instruction available during the regular school year, that assists a dependent to improve knowledge of core curriculum areas or to expand knowledge and skills under the required academic standards under section 120B.021, subdivision 1, and the world languages standards under section 120B.022, subdivision 1, and that do not include the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship;~~

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

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

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

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

- (1) an instructor under section 120A.22, subdivision 10, clause (1), (2), (3), (4), or (5); or
- (2) a member of the Minnesota Music Teachers Association.

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

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

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

(2) tutoring or summer camps that:

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

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

(iii) expand knowledge and skills under:

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

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

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

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

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

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

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

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

- (i) ~~all nontaxable income;~~
 - (ii) ~~the amount of a passive activity loss that is not disallowed as a result of section 469, paragraph (i) or (m) of the Internal Revenue Code and the amount of passive activity loss carryover allowed under section 469(b) of the Internal Revenue Code;~~
 - (iii) ~~an amount equal to the total of any discharge of qualified farm indebtedness of a solvent individual excluded from gross income under section 108(g) of the Internal Revenue Code;~~
 - (iv) ~~cash public assistance and relief;~~
 - (v) ~~any pension or annuity (including railroad retirement benefits, all payments received under the federal Social Security Act, Supplemental Security Income, and veterans benefits), which was not exclusively funded by the claimant or spouse, or which was funded exclusively by the claimant or spouse and which funding payments were excluded from federal adjusted gross income in the years when the payments were made;~~
 - (vi) ~~interest received from the federal or a state government or any instrumentality or political subdivision thereof;~~
 - (vii) ~~workers' compensation;~~
 - (viii) ~~nontaxable strike benefits;~~
 - (ix) ~~the gross amounts of payments received in the nature of disability income or sick pay as a result of accident, sickness, or other disability, whether funded through insurance or otherwise;~~
 - (x) ~~a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1995;~~
 - (xi) ~~contributions made by the claimant to an individual retirement account, including a qualified voluntary employee contribution; simplified employee pension plan; self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal Revenue Code;~~
 - (xii) ~~nontaxable scholarship or fellowship grants;~~
 - (xiii) ~~the amount of deduction allowed under section 199 of the Internal Revenue Code;~~
 - (xiv) ~~the amount of deduction allowed under section 220 or 223 of the Internal Revenue Code;~~
 - (xv) ~~the amount deducted for tuition expenses under section 222 of the Internal Revenue Code; and~~
 - (xvi) ~~the amount deducted for certain expenses of elementary and secondary school teachers under section 62(a)(2)(D) of the Internal Revenue Code.~~
- ~~In the case of an individual who files an income tax return on a fiscal year basis, the term "federal adjusted gross income" means federal adjusted gross income reflected in the fiscal year ending in the next calendar year. Federal adjusted gross income may not be reduced by the amount of a net operating loss carryback or carryforward or a capital loss carryback or carryforward allowed for the year.~~
- (b) ~~"Income" does not include:~~
 - (1) ~~amounts excluded pursuant to the Internal Revenue Code, sections 101(a) and 102;~~

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

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

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

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

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

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

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

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

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

Sec. 38. Minnesota Statutes 2022, section 290.0677, subdivision 1, is amended to read:

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

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

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

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

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

Sec. 39. Minnesota Statutes 2022, section 290.0681, subdivision 10, is amended to read:

Subd. 10. **Sunset.** This section expires after fiscal year ~~2022~~ 2030, except that the office's authority to issue credit certificates under subdivision 4 based on allocation certificates that were issued before fiscal year ~~2023~~ 2031 remains in effect through ~~2025~~ 2034, and the reporting requirements in subdivision 9 remain in effect through the year following the year in which all allocation certificates have either been canceled or resulted in issuance of credit certificates, or ~~2026~~ 2035, whichever is earlier.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2022.

Sec. 40. [290.0694] CREDIT FOR SALES OF MANUFACTURED HOME PARKS TO COOPERATIVES.

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

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

(c) "Qualified seller" means a taxpayer, as defined under section 290.01, subdivision 6, who sells qualified property to: (1) a corporation or association organized under chapter 308A or 308B, where each person who owns a share or shares in the corporation or association would be entitled to occupy a lot within the qualified property after the sale; (2) a charitable corporation, organized under the laws of Minnesota with no outstanding stock, and granted a ruling by the Internal Revenue Service for 501(c)(3) tax-exempt status, whose members hold residential participation warrants entitling the members to occupy the units in the manufactured home park; or (3) a nonprofit or a representative acting on behalf of residents, as defined by section 327C.015, subdivision 13, who purchases the property on behalf of residents who intend to form a corporation or association as described in clause (1) or (2).

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

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

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

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

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

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

Sec. 41. [290.0695] SHORT LINE RAILROAD INFRASTRUCTURE MODERNIZATION CREDIT.

Subdivision 1. Definitions. (a) For purpose of this section, the following terms have the meanings given them.

(b) "Eligible taxpayer" means any railroad that is classified by the United States Surface Transportation Board as a Class II or Class III railroad.

(c) "Eligible transferee" means any taxpayer subject to tax under this chapter or chapter 297I.

(d) "Qualified railroad reconstruction or replacement expenditures" means gross expenditures in the taxable year for maintenance, reconstruction, or replacement of railroad infrastructure, including track, roadbed, bridges, industrial leads and sidings, and track-related structures owned or leased by a Class II or Class III railroad in Minnesota as of January 1, 2021. Qualified railroad reconstruction or replacement expenditures also includes new construction of industrial leads, switches, spurs and sidings and extensions of existing sidings in Minnesota by a Class II or Class III railroad.

Subd. 2. **Credit allowed; limitation; carryover.** (a) An eligible taxpayer is allowed a credit against tax due under this chapter equal to 50 percent of eligible expenses, not to exceed \$3,000 per mile, multiplied by the number of miles of railroad track owned or leased within the state by the eligible taxpayer for which the taxpayer made qualified railroad reconstruction or replacement expenditures as of the close of the taxable year for which the credit is claimed.

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

(c) An eligible taxpayer claiming a credit under this section may not also claim the credit under section 297I.20, subdivision 6, for the same qualified railroad reconstruction or replacement expenditures.

Subd. 3. **Transferability; written agreement required; credit certificate.** (a) An eligible taxpayer may transfer the credit allowed under this section by written agreement to an eligible transferee. The amount of the transferred credit is limited to the unused, remaining portion of the credit.

(b) The eligible taxpayer and the eligible transferee must jointly file a copy of the written transfer agreement with the commissioner within 30 days of the transfer. The written agreement must contain the name, address, and taxpayer identification number of the parties to the transfer; the taxable year the eligible taxpayer incurred the qualified expenditures; the amount of credit being transferred; and the taxable year or years for which the transferred credit may be claimed.

(c) The commissioner must issue a credit certificate to the transferee within 30 days of the joint filing of a copy of the written transfer agreement with the commissioner.

(d) In the case of an audit or assessment, the transferee is liable for repayment of credits claimed in excess of the allowed amount.

Subd. 4. **Partnerships; multiple owners.** Credits granted or transferred to a partnership, a limited liability company taxed as a partnership, an S corporation, or multiple owners of property are passed through to the partners, members, shareholders, or owners, respectively, pro rata to each partner, member, shareholder, or owner based on their share of the entity's assets or as specially allocated in their organizational documents or any other executed agreement, as of the last day of the taxable year.

Subd. 5. Allocation for nonresidents and part-year residents. For a nonresident or part-year resident, the credit determined under this section must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

Subd. 6. Sunset. This section expires January 1, 2031, for taxable years beginning after December 31, 2030.

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

Sec. 42. Minnesota Statutes 2022, section 290.091, subdivision 2, as amended by Laws 2023, chapter 1, section 18, is amended to read:

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

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

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

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

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

(ii) the medical expense deduction;

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

(iv) the impairment-related work expenses of a person with a disability;

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

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

(5) to the extent not included in federal alternative minimum taxable income, the amount of interest income as provided by section 290.0131, subdivision 2;

(6) the amount of addition required by section 290.0131, subdivisions 9, 10, and 16;

(7) the deduction allowed under section 199A of the Internal Revenue Code, to the extent not included in the addition required under clause (6); and

(8) to the extent not included in federal alternative minimum taxable income, the amount of foreign-derived intangible income deducted under section 250 of the Internal Revenue Code;

less the sum of the amounts determined under the following:

- (i) interest income as defined in section 290.0132, subdivision 2;
- (ii) an overpayment of state income tax as provided by section 290.0132, subdivision 3, to the extent included in federal alternative minimum taxable income;
- (iii) the amount of investment interest paid or accrued within the taxable year on indebtedness to the extent that the amount does not exceed net investment income, as defined in section 163(d)(4) of the Internal Revenue Code. Interest does not include amounts deducted in computing federal adjusted gross income;
- (iv) amounts subtracted from federal taxable or adjusted gross income as provided by section 290.0132, subdivisions 7, 9 to 15, 17, 21, 24, 26 to 29, ~~and~~ 31, 34, and 35;
- (v) the amount of the net operating loss allowed under section 290.095, subdivision 11, paragraph (c); and
- (vi) the amount allowable as a Minnesota itemized deduction under section 290.0122, subdivision 7.

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

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

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

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

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

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

Sec. 43. Minnesota Statutes 2022, section 290.091, subdivision 2, as amended by Laws 2023, chapter 1, section 18, is amended to read:

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

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

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

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

- (i) the charitable contribution deduction under section 170 of the Internal Revenue Code;
- (ii) the medical expense deduction;
- (iii) the casualty, theft, and disaster loss deduction; and
- (iv) the impairment-related work expenses of a person with a disability;

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

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

(5) to the extent not included in federal alternative minimum taxable income, the amount of interest income as provided by section 290.0131, subdivision 2;

(6) the amount of addition required by section 290.0131, subdivisions 9, 10, and 16;

(7) the deduction allowed under section 199A of the Internal Revenue Code, to the extent not included in the addition required under clause (6); and

(8) to the extent not included in federal alternative minimum taxable income, the amount of foreign-derived intangible income deducted under section 250 of the Internal Revenue Code;

less the sum of the amounts determined under the following:

(i) interest income as defined in section 290.0132, subdivision 2;

(ii) an overpayment of state income tax as provided by section 290.0132, subdivision 3, to the extent included in federal alternative minimum taxable income;

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

(iv) amounts subtracted from federal taxable or adjusted gross income as provided by section 290.0132, subdivisions 7, 9 to 15, 17, 21, 24, 26 to 29, and 31;

(v) the amount of the net operating loss allowed under section 290.095, subdivision 11, paragraph (c); and

(vi) the amount allowable as a Minnesota itemized deduction under section 290.0122, subdivision 7.

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

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

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

(d) "Regular tax" means the tax that would be imposed under this chapter (without regard to this section, section 290.033 and section 290.032), reduced by the sum of the nonrefundable credits allowed under this chapter.

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

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

Sec. 44. Minnesota Statutes 2022, section 290.095, subdivision 2, is amended to read:

Subd. 2. **Defined and limited.** (a) The term "net operating loss" as used in this section shall mean a net operating loss as defined in section 172(c) of the Internal Revenue Code, with the modifications specified in subdivision 4. The deductions provided in section 290.21 cannot be used in the determination of a net operating loss.

(b) The term "net operating loss deduction" as used in this section means the aggregate of the net operating loss carryovers to the taxable year, computed in accordance with subdivision 3. The provisions of section 172(b) of the Internal Revenue Code relating to the carryback of net operating losses, do not apply.

(c) The amount of net operating loss deduction under this section must not exceed ~~80~~ 70 percent of taxable net income in a single taxable year.

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

Sec. 45. Minnesota Statutes 2022, section 290.21, subdivision 4, is amended to read:

Subd. 4. **Dividends received from another corporation.** (a)(1) ~~Eighty~~ Fifty percent of dividends received by a corporation during the taxable year from another corporation, in which the recipient owns 20 percent or more of the stock, by vote and value, not including stock described in section 1504(a)(4) of the Internal Revenue Code when the corporate stock with respect to which dividends are paid does not constitute the stock in trade of the taxpayer or would not be included in the inventory of the taxpayer, or does not constitute property held by the taxpayer primarily for sale to customers in the ordinary course of the taxpayer's trade or business, or when the trade or business of the taxpayer does not consist principally of the holding of the stocks and the collection of the income and gains therefrom; and

(2)(i) the remaining ~~20~~ 50 percent of dividends if the dividends received are the stock in an affiliated company transferred in an overall plan of reorganization and the dividend is eliminated in consolidation under Treasury Department Regulation 1.1502-14(a), as amended through December 31, 1989;

(ii) the remaining ~~20~~ 50 percent of dividends if the dividends are received from a corporation which is subject to tax under section 290.36 and which is a member of an affiliated group of corporations as defined by the Internal Revenue Code and the dividend is eliminated in consolidation under Treasury Department Regulation 1.1502-14(a), as amended through December 31, 1989, or is deducted under an election under section 243(b) of the Internal Revenue Code; or

(iii) the remaining ~~20~~ 50 percent of the dividends if the dividends are received from a property and casualty insurer as defined under section 60A.60, subdivision 8, which is a member of an affiliated group of corporations as defined by the Internal Revenue Code and either: (A) the dividend is eliminated in consolidation under Treasury Regulation 1.1502-14(a), as amended through December 31, 1989; or (B) the dividend is deducted under an election under section 243(b) of the Internal Revenue Code.

(b) ~~Seventy~~ Forty percent of dividends received by a corporation during the taxable year from another corporation in which the recipient owns less than 20 percent of the stock, by vote or value, not including stock described in section 1504(a)(4) of the Internal Revenue Code when the corporate stock with respect

to which dividends are paid does not constitute the stock in trade of the taxpayer, or does not constitute property held by the taxpayer primarily for sale to customers in the ordinary course of the taxpayer's trade or business, or when the trade or business of the taxpayer does not consist principally of the holding of the stocks and the collection of income and gain therefrom.

(c) The dividend deduction provided in this subdivision shall be allowed only with respect to dividends that are included in a corporation's Minnesota taxable net income for the taxable year.

The dividend deduction provided in this subdivision does not apply to a dividend from a corporation which, for the taxable year of the corporation in which the distribution is made or for the next preceding taxable year of the corporation, is a corporation exempt from tax under section 501 of the Internal Revenue Code.

The dividend deduction provided in this subdivision does not apply to a dividend received from a real estate investment trust as defined in section 856 of the Internal Revenue Code.

The dividend deduction provided in this subdivision applies to the amount of regulated investment company dividends only to the extent determined under section 854(b) of the Internal Revenue Code.

The dividend deduction provided in this subdivision shall not be allowed with respect to any dividend for which a deduction is not allowed under the provisions of section 246(c) or 246A of the Internal Revenue Code.

(d) If dividends received by a corporation that does not have nexus with Minnesota under the provisions of Public Law 86-272 are included as income on the return of an affiliated corporation permitted or required to file a combined report under section 290.17, subdivision 4, or 290.34, subdivision 2, then for purposes of this subdivision the determination as to whether the trade or business of the corporation consists principally of the holding of stocks and the collection of income and gains therefrom shall be made with reference to the trade or business of the affiliated corporation having a nexus with Minnesota.

(e) The deduction provided by this subdivision does not apply if the dividends are paid by a FSC as defined in section 922 of the Internal Revenue Code.

(f) If one or more of the members of the unitary group whose income is included on the combined report received a dividend, the deduction under this subdivision for each member of the unitary business required to file a return under this chapter is the product of: (1) 100 percent of the dividends received by members of the group; (2) the percentage allowed pursuant to paragraph (a) or (b); and (3) the percentage of the taxpayer's business income apportionable to this state for the taxable year under section 290.191 or 290.20.

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

Sec. 46. Minnesota Statutes 2022, section 290.21, subdivision 9, is amended to read:

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

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

Sec. 47. Minnesota Statutes 2022, section 290.21, is amended by adding a subdivision to read:

Subd. 10. **Global intangible low-taxed income.** Any amounts included in taxable income pursuant to section 951A of the Internal Revenue Code, are dividend income.

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

Sec. 48. Minnesota Statutes 2022, section 297I.20, is amended by adding a subdivision to read:

Subd. 6. **Short line railroad infrastructure modernization credit.** A taxpayer may claim a credit against the premiums tax imposed under this chapter equal to the amount indicated on the credit certificate statement issued to the company under section 290.0695, provided that the taxpayer is not also claiming a credit under that section for the same qualified railroad reconstruction or replacement expenditures. If the amount of the credit exceeds the taxpayer's liability for tax under this chapter, the excess is a credit carryover to each of the five succeeding taxable years. The entire amount of the excess unused credit for the taxable year must be carried first to the earliest of the taxable years to which the credit may be carried and then to each successive year to which the credit may be carried. This credit does not affect the calculation of fire state aid under section 477B.03 and police state aid under section 477C.03. This subdivision expires January 1, 2031, for taxable years beginning after December 31, 2030.

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

Sec. 49. **ONETIME REFUNDABLE TAX CREDIT PAYMENT.**

Subdivision 1. **Credit allowed; eligibility.** (a) For taxable years beginning after December 31, 2020, and before January 1, 2022, a taxpayer is allowed a credit against the individual income tax imposed under Minnesota Statutes, chapter 290. The credit equals \$520 for a married couple filing a joint return and \$260 for a single filer, head of household, or married taxpayer filing a separate return.

(b) For a taxpayer with a dependent as defined in sections 151 and 152 of the Internal Revenue Code, the credit is increased by \$260 per dependent up to an additional maximum credit of \$780.

(c) The credit is not available to a taxpayer who:

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

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

(3) did not file a 2021 Minnesota individual income tax return, or a property tax refund return under Minnesota Statutes, chapter 290A, based on property taxes payable in 2022 or rent constituting property taxes paid in 2021, by December 31, 2022;

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

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

(ii) \$75,000 for all other income tax filers; or

(5) died before January 1, 2023.

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

(e) If the amount of the credit under this subdivision exceeds the taxpayer's liability for tax under Minnesota Statutes, chapter 290, the commissioner shall refund the excess to the taxpayer. The commissioner shall pay the credit based on information available in the commissioner's records on January 1, 2023, and taxpayers are not required to file a claim with the commissioner. The commissioner's determination is final and cannot be appealed.

(f) The commissioner may contract with a third party to implement all or part of the payment process of this section.

Subd. 2. **Adjustments.** (a) If the commissioner determines that a taxpayer who received a payment under subdivision 1 is not eligible for the credit, the commissioner may recover the overpayment.

(b) If, within the time for requesting a refund under Minnesota Statutes, section 289A.40, the commissioner determines that a taxpayer meets all requirements under subdivision 1 but did not receive proper payment of the credit, the commissioner shall pay the credit to the taxpayer.

(c) All provisions not inconsistent with this section under Minnesota Statutes, chapters 270C and 289A, relating to audit, assessment, penalties, interest, enforcement, collection remedies, appeal and administration of the 2021 individual income tax apply to this section. No interest is payable on any amounts paid under section.

Subd. 3. **Definitions.** The definitions in Minnesota Statutes, section 290.01, apply for this section.

Subd. 4. **Data classification.** Data classified as nonpublic or private data on individuals, including return information, as defined in Minnesota Statutes, section 270B.01, subdivision 3, may be shared or disclosed between the commissioner of revenue and any third-party vendor contracted with under this section, to the extent necessary to administer this section.

Subd. 5. **Credit not subject to recapture.** The commissioner of revenue must not apply, and must not certify to another agency to apply, a refund based on a credit under this section to any unpaid tax or nontax debt.

Subd. 6. **Not income.** (a) The credit under this section is not considered income in determining Minnesota income tax, Minnesota income tax credits, the Minnesota property tax refund, or the Minnesota senior citizen property tax deferral.

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

(1) child care assistance programs under Minnesota Statutes, chapter 199B;

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

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

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

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

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

Subd. 7. **Contracting with private vendors.** (a) To the extent necessary to administer this section, the commissioner of revenue is exempt from the requirements of Minnesota Statutes, sections 16A.15, subdivision 3, 16C.05, and 16C.06, and any other state procurement laws, rules, and procedures.

(b) Notwithstanding Minnesota Statutes, sections 9.031 and 16B.49, Minnesota Statutes, chapter 16C, and any other law to the contrary, the commissioner of revenue may take whatever actions the commissioner deems necessary to make payments required by this section, and may, in consultation with the commissioner of management and budget, contract with a private vendor or vendors to process, print, mail or deliver the checks, warrants, or debit cards and notices required under this section and receive and disburse state funds to make the payments by check, warrant, electronic funds transfer, or debit card.

Subd. 8. **Appropriation.** (a) The amount necessary to make the refunds based on credits payable under this section is appropriated to the commissioner of revenue from the general fund.

(b) \$1,000,000 in fiscal year 2023 is appropriated from the general fund to the commissioner of revenue for administrative costs to implement the payments under this section. This appropriation does not lapse and is available until June 30, 2025. This appropriation is onetime.

(c) \$21,000,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of revenue for administrative costs to implement the payments under this section. This appropriation is available until June 30, 2025.

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

Sec. 50. **HISTORIC STRUCTURE REHABILITATION CREDIT; SPECIAL PROVISION.**

For the purposes of the credit under Minnesota Statutes, section 290.0681, projects that have started rehabilitation work after June 30, 2022, and before July 1, 2023, that otherwise meet all other requirements of Minnesota Statutes, section 290.0681, subdivision 3, may be eligible for the credit if the application is received on or before August 30, 2023.

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

Sec. 51. **REVIVAL AND REENACTMENT OF EXPIRED PROVISIONS.**

(a) The expired provisions of Minnesota Statutes, section 116J.8737, subdivisions 1 to 9, 11, and 12, as amended by Laws 2021, First Special Session chapter 14, article 1, sections 1 and 2, and sections 6 and 7 of this article, are revived and reenacted.

(b) The expired provisions of Minnesota Statutes, section 290.0692, are revived and reenacted.

(c) The expired provisions of Minnesota Statutes, section 290.0681, subdivisions 1 to 9, are revived and reenacted.

EFFECTIVE DATE. Paragraphs (a) and (b) are effective for taxable years beginning after December 31, 2022. Paragraph (c) is effective retroactively for applications for allocation certificates submitted after June 30, 2022.

Sec. 52. **SUBTRACTION; CERTAIN UNEMPLOYMENT COMPENSATION.**

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

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

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

Sec. 53. **REPEALER.**

Minnesota Statutes 2022, sections 290.01, subdivision 19i; 290.0131, subdivision 18; 290.0132, subdivision 28; and 290.0134, subdivision 17, are repealed.

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

ARTICLE 2

FEDERAL CONFORMITY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- (1) On the first \$38,770, 5.35 percent;
- (2) On all over \$38,770, but not over \$154,020, 6.8 percent;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(6) "Personal representative" means the executor, administrator or other person appointed by the court to administer and dispose of the property of the decedent. If there is no executor, administrator or other person appointed, qualified, and acting within this state, then any person in actual or constructive possession of any property having a situs in this state which is included in the federal gross estate of the decedent shall be deemed to be a personal representative to the extent of the property and the Minnesota estate tax due with respect to the property.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 8. **REPEALER.**

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

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

ARTICLE 3

PROPERTY TAX

Section 1. Minnesota Statutes 2022, section 103D.905, subdivision 3, is amended to read:

Subd. 3. **General fund.** A general fund, consisting of an ad valorem tax levy, may not exceed ~~0.048~~ 0.096 percent of estimated market value, or ~~\$250,000~~ \$500,000, whichever is less. The money in the fund shall be used for general administrative expenses and for the construction or implementation and maintenance of projects of common benefit to the watershed district. The managers may make an annual levy for the general fund as provided in section 103D.911. In addition to the annual general levy, the managers may annually levy a tax not to exceed 0.00798 percent of estimated market value for a period not to exceed 15 consecutive years to pay the cost attributable to the basic water management features of projects initiated by petition of a political subdivision within the watershed district or by petition of at least 50 resident owners whose property is within the watershed district.

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

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

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

EFFECTIVE DATE. This section is effective beginning with assessment year 2024.

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

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

- (1) was classified as 3a under section 273.13, subdivision 24, for taxes payable in 2013;
- (2) is located in a city of the first class with a population greater than 300,000 as of the 2010 federal census;
- (3) was on January 2, 2012, and is for the current assessment owned by a federally recognized Indian tribe, or its instrumentality, that is located within the state of Minnesota; and
- (4) is used exclusively for tribal purposes or institutions of purely public charity as defined in subdivision 7.

(b) For purposes of this subdivision, a "tribal purpose" means a public purpose as defined in subdivision 8 and includes noncommercial tribal government activities. Property that qualifies for the exemption under this subdivision is limited to no more than two contiguous parcels and structures that do not exceed in the aggregate 20,000 square feet. Property acquired for single-family housing, market-rate apartments, agriculture, or forestry does not qualify for this exemption. ~~The exemption created by~~ This subdivision expires with taxes payable in ~~2024~~ 2034.

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

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

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

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

- (1) the facility is located in a city of the first class with a population of fewer than 110,000;
- (2) the facility is owned and operated by a nonprofit organization with tax exempt status under section 501(c)(3) of the Internal Revenue Code;
- (3) construction of the facility was completed between January 1, 1963, and January 1, 1964;
- (4) the facility is an assisted living facility licensed by the state of Minnesota;
- (5) residents of the facility must be (i) at least 55 years of age, or (ii) disabled; and
- (6) at least 30 percent of the units in the facility are occupied by persons whose annual income does not exceed 50 percent of the median family income for the area.

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

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

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

Subd. 12. **Community land trusts.** (a) A community land trust, as defined under chapter 462A, is (i) a community-based nonprofit corporation organized under chapter 317A, which qualifies for tax exempt status under 501(c)(3), or (ii) a "city" as defined in section 462C.02, subdivision 6, which has received funding from the Minnesota housing finance agency for purposes of the community land trust program. The Minnesota Housing Finance Agency shall set the criteria for community land trusts.

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

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

EFFECTIVE DATE. This section is effective beginning with assessment year 2024.

Sec. 6. Minnesota Statutes 2022, section 273.11, subdivision 23, is amended to read:

Subd. 23. **First tier valuation limit; agricultural homestead property.** (a) The commissioner of revenue shall annually certify the first tier limit for agricultural homestead property. For assessment year ~~2010~~ 2024, the limit is ~~\$1,140,000~~ \$3,500,000. Beginning with assessment year ~~2011~~ 2025, the limit is the product of (i) the first tier limit for the preceding assessment year, and (ii) the ratio of the statewide average taxable market value of agricultural property per acre of deeded farm land in the preceding assessment year to the statewide average taxable market value of agricultural property per acre of deeded farm land for the second preceding assessment year. The limit shall be rounded to the nearest \$10,000.

(b) For the purposes of this subdivision, "agricultural property" means all class 2a property under section 273.13, subdivision 23, except for property consisting of the house, garage, and immediately surrounding one acre of land of an agricultural homestead.

(c) The commissioner shall certify the limit by January 2 of each assessment year.

EFFECTIVE DATE. This section is effective beginning with assessment year 2024.

Sec. 7. Minnesota Statutes 2022, section 273.111, is amended by adding a subdivision to read:

Subd. 3b. Property no longer eligible for deferment. (a) Real estate that received the tax deferment under this section for assessment year 2012 and would have continued to qualify for tax deferment for assessment years from 2013 to 2023 but for an eminent domain action that reduced the real estate to less than ten acres, shall reapply as provided in paragraph (b) and, if determined eligible, shall qualify for the tax deferment under this section for assessment year 2024 and thereafter until:

(1) the property no longer qualifies for classification as class 2a under section 273.13;

(2) the property is voluntarily withdrawn from the program; or

(3) the property is sold, transferred, or subdivided.

(b) Application for deferment under this subdivision shall be filed by May 1 of the year prior to the year in which the taxes are payable. The application must be filed with the assessor of the taxing district in which the real property is located on the form prescribed by the commissioner of revenue. The assessor may request additional information necessary to determine eligibility under this subdivision.

(c) Property assessed under this subdivision is subject to additional taxes, as provided in subdivision 9, when the property:

(1) no longer qualifies for classification as class 2a under section 273.13;

(2) is voluntarily withdrawn from the program; or

(3) is sold, transferred, or subdivided.

EFFECTIVE DATE. This section is effective for assessment year 2024 and thereafter.

Sec. 8. Minnesota Statutes 2022, section 273.124, subdivision 6, is amended to read:

Subd. 6. Leasehold cooperatives. When one or more dwellings or one or more buildings which each contain several dwelling units is owned by a nonprofit corporation subject to the provisions of chapter 317A and qualifying under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code, or a limited partnership which corporation or partnership operates the property in conjunction with a cooperative association, and has received public financing, homestead treatment may be claimed by the cooperative association on behalf of the members of the cooperative for each dwelling unit occupied by a member of the cooperative. The cooperative association must provide the assessor with the Social Security numbers or individual taxpayer identification numbers of those members. To qualify for the treatment provided by this subdivision, the following conditions must be met:

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

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

(c) to the extent permitted under state or federal law, the cooperative association must have a right under a written agreement with the owner to purchase the property if the owner proposes to sell it; if the cooperative

association does not purchase the property it is offered for sale, the owner may not subsequently sell the property to another purchaser at a price lower than the price at which it was offered for sale to the cooperative association unless the cooperative association approves the sale;

(d) a minimum of 40 percent of the cooperative association's members must have incomes at or less than 60 percent of area median gross income as determined by the United States Secretary of Housing and Urban Development under section 142(d)(2)(B) of the Internal Revenue Code. For purposes of this clause, "member income" means the income of a member existing at the time the member acquires cooperative membership;

(e) if a limited partnership owns the property, it must include as the managing general partner a nonprofit organization operating under the provisions of chapter 317A and qualifying under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code and the limited partnership agreement must provide that the managing general partner have sufficient powers so that it materially participates in the management and control of the limited partnership;

(f) prior to becoming a member of a leasehold cooperative described in this subdivision, a person must have received notice that (1) describes leasehold cooperative property in plain language, including but not limited to the effects of classification under this subdivision on rents, property taxes and tax credits or refunds, and operating expenses, and (2) states that copies of the articles of incorporation and bylaws of the cooperative association, the lease between the owner and the cooperative association, a sample sublease between the cooperative association and a tenant, and, if the owner is a partnership, a copy of the limited partnership agreement, can be obtained upon written request at no charge from the owner, and the owner must send or deliver the materials within seven days after receiving any request;

(g) if a dwelling unit of a building was occupied on the 60th day prior to the date on which the unit became leasehold cooperative property described in this subdivision, the notice described in paragraph (f) must have been sent by first class mail to the occupant of the unit at least 60 days prior to the date on which the unit became leasehold cooperative property. For purposes of the notice under this paragraph, the copies of the documents referred to in paragraph (f) may be in proposed version, provided that any subsequent material alteration of those documents made after the occupant has requested a copy shall be disclosed to any occupant who has requested a copy of the document. Copies of the articles of incorporation and certificate of limited partnership shall be filed with the secretary of state after the expiration of the 60-day period unless the change to leasehold cooperative status does not proceed;

(h) the county attorney of the county in which the property is located must certify to the assessor that the property meets the requirements of this subdivision;

(i) the public financing received must be from at least one of the following sources:

(1) tax increment financing proceeds used for the acquisition or rehabilitation of the building or interest rate write-downs relating to the acquisition of the building;

(2) government issued bonds exempt from taxes under section 103 of the Internal Revenue Code, the proceeds of which are used for the acquisition or rehabilitation of the building;

(3) programs under section 221(d)(3), 202, or 236, of Title II of the National Housing Act;

(4) rental housing program funds under Section 8 of the United States Housing Act of 1937, as amended, or the market rate family graduated payment mortgage program funds administered by the Minnesota Housing Finance Agency that are used for the acquisition or rehabilitation of the building;

(5) low-income housing credit under section 42 of the Internal Revenue Code;

(6) public financing provided by a local government used for the acquisition or rehabilitation of the building, including grants or loans from (i) federal community development block grants; (ii) HOME block grants; or (iii) residential rental bonds issued under chapter 474A; or

(7) other rental housing program funds provided by the Minnesota Housing Finance Agency for the acquisition or rehabilitation of the building;

(j) at the time of the initial request for homestead classification or of any transfer of ownership of the property, the governing body of the municipality in which the property is located must hold a public hearing and make the following findings:

(1) that the granting of the homestead treatment of the apartment's units will facilitate safe, clean, affordable housing for the cooperative members that would otherwise not be available absent the homestead designation;

(2) that the owner has presented information satisfactory to the governing body showing that the savings garnered from the homestead designation of the units will be used to reduce tenant's rents or provide a level of furnishing or maintenance not possible absent the designation; and

(3) that the requirements of paragraphs (b), (d), and (i) have been met.

Homestead treatment must be afforded to units occupied by members of the cooperative association and the units must be assessed as provided in subdivision 3, provided that any unit not so occupied shall be classified and assessed pursuant to the appropriate class. No more than three acres of land may, for assessment purposes, be included with each dwelling unit that qualifies for homestead treatment under this subdivision.

When dwelling units no longer qualify under this subdivision, the current owner must notify the assessor within 60 days. Failure to notify the assessor within 60 days shall result in the loss of benefits under this subdivision for taxes payable in the year that the failure is discovered. For these purposes, "benefits under this subdivision" means the difference in the net tax capacity of the units which no longer qualify as computed under this subdivision and as computed under the otherwise applicable law, times the local tax rate applicable to the building for that taxes payable year. Upon discovery of a failure to notify, the assessor shall inform the auditor of the difference in net tax capacity for the building or buildings in which units no longer qualify, and the auditor shall calculate the benefits under this subdivision. Such amount, plus a penalty equal to 100 percent of that amount, shall then be demanded of the building's owner. The property owner may appeal the county's determination by serving copies of a petition for review with county officials as provided in section 278.01 and filing a proof of service as provided in section 278.01 with the Minnesota Tax Court within 60 days of the date of the notice from the county. The appeal shall be governed by the Tax Court procedures provided in chapter 271, for cases relating to the tax laws as defined in section 271.01, subdivision 5; disregarding sections 273.125, subdivision 5, and 278.03, but including section 278.05, subdivision 2. If the amount of the benefits under this subdivision and penalty are not paid within 60 days, and if no appeal has been filed, the county auditor shall certify the amount of the benefit and penalty to the succeeding year's tax list to be collected as part of the property taxes on the affected buildings.

EFFECTIVE DATE. This section is effective retroactively for homestead applications filed in 2023 and thereafter.

Sec. 9. Minnesota Statutes 2022, section 273.124, subdivision 13, is amended to read:

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

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

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

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

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

(d) If residential real estate is occupied and used for purposes of a homestead by a relative of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in order for the property to receive homestead status, a homestead application must be filed with the assessor. The Social Security number or individual taxpayer identification number of each relative occupying the property and the name and Social Security number or individual taxpayer identification number of the spouse of a relative occupying the property shall be required on the homestead application filed under this subdivision. If a different relative of the owner subsequently occupies the property, the owner of the property must notify the assessor within 30 days of the change in occupancy. The Social Security number or individual taxpayer identification number of a relative occupying the property or the spouse of a relative occupying the property is private data on individuals as defined by section 13.02, subdivision 12, but may be disclosed to the commissioner of revenue, or, for the purposes of proceeding under the Revenue Recapture Act to recover personal property taxes owing, to the county treasurer.

(e) The homestead application shall also notify the property owners that if the property is granted homestead status for any assessment year, that same property shall remain classified as homestead until the property is sold or transferred to another person, or the owners, the spouse of the owner, or the relatives no longer use the property as their homestead. Upon the sale or transfer of the homestead property, a certificate

of value must be timely filed with the county auditor as provided under section 272.115. Failure to notify the assessor within 30 days that the property has been sold, transferred, or that the owner, the spouse of the owner, or the relative is no longer occupying the property as a homestead, shall result in the penalty provided under this subdivision and the property will lose its current homestead status.

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

EFFECTIVE DATE. This section is effective retroactively for homestead applications filed in 2023 and thereafter.

Sec. 10. Minnesota Statutes 2022, section 273.124, subdivision 13a, is amended to read:

Subd. 13a. **Occupant list.** At the request of the commissioner, each county must give the commissioner a list that includes the name and Social Security number or individual taxpayer identification number of each occupant of homestead property who is the property owner, property owner's spouse, qualifying relative of a property owner, or a spouse of a qualifying relative. The commissioner shall use the information provided on the lists as appropriate under the law, including for the detection of improper claims by owners, or relatives of owners, under chapter 290A.

EFFECTIVE DATE. This section is effective for homestead data provided to the commissioner in 2024 and thereafter.

Sec. 11. Minnesota Statutes 2022, section 273.124, subdivision 13c, is amended to read:

Subd. 13c. **Property lists.** In addition to lists of homestead properties, the commissioner may ask the counties to furnish lists of all properties and the record owners. The Social Security numbers, individual taxpayer identification numbers, and federal identification numbers that are maintained by a county or city assessor for property tax administration purposes, and that may appear on the lists retain their classification as private or nonpublic data; but may be viewed, accessed, and used by the county auditor or treasurer of the same county for the limited purpose of assisting the commissioner in the preparation of microdata samples under section 270C.12. The commissioner shall use the information provided on the lists as appropriate under the law, including for the detection of improper claims by owners, or relatives of owners, under chapter 290A.

EFFECTIVE DATE. This section is effective for homestead data provided to the commissioner in 2024 and thereafter.

Sec. 12. Minnesota Statutes 2022, section 273.124, subdivision 13d, is amended to read:

Subd. 13d. **Homestead data.** On or before April 30 each year beginning in 2007, each county must provide the commissioner with the following data for each parcel of homestead property by electronic means as defined in section 289A.02, subdivision 8:

(1) the property identification number assigned to the parcel for purposes of taxes payable in the current year;

(2) the name and Social Security number or individual taxpayer identification number of each occupant of homestead property who is the property owner or qualifying relative of a property owner, and the spouse

of the property owner who occupies homestead property or spouse of a qualifying relative of a property owner who occupies homestead property;

(3) the classification of the property under section 273.13 for taxes payable in the current year and in the prior year;

(4) an indication of whether the property was classified as a homestead for taxes payable in the current year because of occupancy by a relative of the owner or by a spouse of a relative;

(5) the property taxes payable as defined in section 290A.03, subdivision 13, for the current year and the prior year;

(6) the market value of improvements to the property first assessed for tax purposes for taxes payable in the current year;

(7) the assessor's estimated market value assigned to the property for taxes payable in the current year and the prior year;

(8) the taxable market value assigned to the property for taxes payable in the current year and the prior year;

(9) whether there are delinquent property taxes owing on the homestead;

(10) the unique taxing district in which the property is located; and

(11) such other information as the commissioner decides is necessary.

The commissioner shall use the information provided on the lists as appropriate under the law, including for the detection of improper claims by owners, or relatives of owners, under chapter 290A.

EFFECTIVE DATE. This section is effective for homestead data provided to the commissioner in 2024 and thereafter.

Sec. 13. Minnesota Statutes 2022, section 273.124, subdivision 14, is amended to read:

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

(1) the parcel on which the house is located is contiguous on at least two sides to (i) agricultural land, (ii) land owned or administered by the United States Fish and Wildlife Service, or (iii) land administered by the Department of Natural Resources on which in lieu taxes are paid under sections 477A.11 to 477A.14 or section 477A.17;

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

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

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

Homesteads initially classified as class 2a under the provisions of this paragraph shall remain classified as class 2a, irrespective of subsequent changes in the use of adjoining properties, as long as the homestead

remains under the same ownership, the owner owns a noncontiguous parcel of agricultural land that is at least 20 acres, and the agricultural use value qualifies under clause (4). Homestead classification under this paragraph is limited to property that qualified under this paragraph for the 1998 assessment.

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

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

(2) the owner, the owner's spouse, or a grandchild, child, sibling, or parent of the owner or of the owner's spouse, is actively farming the agricultural property, either on the person's own behalf as an individual or on behalf of a partnership operating a family farm, family farm corporation, joint family farm venture, or limited liability company of which the person is a partner, shareholder, or member;

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

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

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

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

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

(iii) As used in this paragraph, "agricultural property" means class 2a property and any class 2b property that is contiguous to and under the same ownership as the class 2a property.

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

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

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

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

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

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

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

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

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

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

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

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

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

(5) the owner notifies the county assessor that the relocation was due to a March 29, 1998, tornado, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the owner must notify the assessor by December 1, 1998. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

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

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

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

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

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

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

Homestead treatment applies under this paragraph even if:

(i) the shareholder, member, or partner of that entity is actively farming the agricultural property on the shareholder's, member's, or partner's own behalf; or

(ii) the family farm is operated by a family farm corporation, joint family farm venture, partnership, or limited liability company other than the family farm corporation, joint family farm venture, partnership, or limited liability company that owns the land, provided that:

(A) the shareholder, member, or partner of the family farm corporation, joint family farm venture, partnership, or limited liability company that owns the land who is actively farming the land is a shareholder, member, or partner of the family farm corporation, joint family farm venture, partnership, or limited liability company that is operating the farm; and

(B) more than half of the shareholders, members, or partners of each family farm corporation, joint family farm venture, partnership, or limited liability company are persons or spouses of persons who are a qualifying relative under section 273.124, subdivision 1, paragraphs (c) and (d).

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

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

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

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

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

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

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

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

The owners and any persons who are actively farming the property must include the appropriate Social Security numbers or individual taxpayer identification numbers, and sign and date the application. If any of the specified information has changed since the full application was filed, the owner must notify the assessor, and must complete a new application to determine if the property continues to qualify for the special

agricultural homestead. The commissioner of revenue shall prepare a standard reapplication form for use by the assessors.

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

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

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

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

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

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

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

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

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

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

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

(5) the owner notifies the county assessor that the relocation was due to the 2009 floods, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in dwelling. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

EFFECTIVE DATE. This section is effective retroactively for homestead applications filed in 2023 and thereafter.

Sec. 14. Minnesota Statutes 2022, section 273.1245, subdivision 1, is amended to read:

Subdivision 1. **Private or nonpublic data.** The following data are private or nonpublic data as defined in section 13.02, subdivisions 9 and 12, when they are submitted to a county or local assessor under section

273.124, 273.13, or another section, to support a claim for the property tax homestead classification under section 273.13, or other property tax classification or benefit:

(1) Social Security numbers;

(2) individual taxpayer identification numbers;

~~(2)~~ (3) copies of state or federal income tax returns; and

~~(3)~~ (4) state or federal income tax return information, including the federal income tax schedule F.

EFFECTIVE DATE. This section is effective retroactively for homestead applications filed in 2023 and thereafter.

Sec. 15. Minnesota Statutes 2022, section 273.128, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** (a) Low-income rental property classified as class 4d 4d(1) under section 273.13, subdivision 25, is entitled to valuation under this section if at least 20 percent of the units in the rental housing property meet any of the following qualifications:

(1) the units are subject to a housing assistance payments contract under Section 8 of the United States Housing Act of 1937, as amended;

(2) the units are rent-restricted and income-restricted units of a qualified low-income housing project receiving tax credits under section 42(g) of the Internal Revenue Code;

(3) the units are financed by the Rural Housing Service of the United States Department of Agriculture and receive payments under the rental assistance program pursuant to section 521(a) of the Housing Act of 1949, as amended; or

(4) the units are subject to rent and income restrictions under the terms of financial assistance provided to the rental housing property by the federal government or the state of Minnesota, or a local unit of government, as evidenced by a document recorded against the property.

The restrictions must require assisted units to be occupied by residents whose household income at the time of initial occupancy does not exceed 60 percent of the greater of area or state median income, adjusted for family size, as determined by the United States Department of Housing and Urban Development. The restriction must also require the rents for assisted units to not exceed 30 percent of 60 percent of the greater of area or state median income, adjusted for family size, as determined by the United States Department of Housing and Urban Development.

(b) The owner of a property certified as class 4d(1) under this section must use the property tax savings received from the 4d(1) classification for one or more of the following eligible uses: property maintenance, property security, improvements to the property, rent stabilization, or increases to the property's replacement reserve account. To maintain the class 4d(1) classification, the property owner must annually reapply and certify to the Housing Finance Agency that the property tax savings were used for one or more eligible uses.

(c) In order to meet the requirements of this section, property which received the 4d(1) classification in the prior year must demonstrate compliance with paragraph (b).

EFFECTIVE DATE. This section is effective beginning with assessment year 2024.

Sec. 16. Minnesota Statutes 2022, section 273.128, is amended by adding a subdivision to read:

Subd. 1a. **Approval.** A property owner must receive approval by resolution of the governing body of the city or town where the property is located before submitting an initial application to the Housing Finance Agency, as required under subdivision 2, for property that has not, in whole or in part, been classified as class 4d(1) under section 273.13, subdivision 25, prior to assessment year 2024. A property owner that receives approval as required under this subdivision, and the certification made under subdivision 3, shall not be required to seek approval under this subdivision prior to submitting an application under subdivision 2 in each subsequent year. If the property is located in a city or town in which the net tax capacity of 4d(1) property did not exceed two percent of the total net tax capacity in the city or town in the prior assessment year, the property owner does not need to receive approval under this subdivision. The commissioner of revenue must annually certify to the Housing Finance Agency a list of the cities and towns in which the net tax capacity of 4d(1) property exceeded two percent of the total net tax capacity in the prior assessment year.

EFFECTIVE DATE. This section is effective beginning with assessment year 2024.

Sec. 17. Minnesota Statutes 2022, section 273.128, subdivision 2, is amended to read:

Subd. 2. **Application.** (a) Application for certification under this section must be filed by March 31 of the levy year, or at a later date if the Housing Finance Agency deems practicable. The application must be filed with the Housing Finance Agency, on a form prescribed by the agency, and must contain the information required by the Housing Finance Agency.

(b) Each application must include:

(1) the property tax identification number; and

(2) evidence that the property meets the requirements of ~~subdivision~~ subdivisions 1 and 1a.

(c) The Housing Finance Agency may charge an application fee approximately equal to the costs of processing and reviewing the applications but not to exceed \$10 per unit. If imposed, the applicant must pay the application fee to the Housing Finance Agency. The fee must be deposited in the housing development fund.

EFFECTIVE DATE. This section is effective beginning with assessment year 2024.

Sec. 18. Minnesota Statutes 2022, section 273.13, subdivision 25, is amended to read:

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

(b) Class 4b includes:

(1) residential real estate containing less than four units, including property rented as a short-term rental property for more than 14 days in the preceding year, that does not qualify as class 4bb, other than seasonal residential recreational property;

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

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

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

For the purposes of this paragraph, "short-term rental property" means nonhomestead residential real estate rented for periods of less than 30 consecutive days.

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

(c) Class 4bb includes:

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

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

(3) a condominium-type storage unit having an individual property identification number that is not used for a commercial purpose.

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

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

(d) Class 4c property includes:

(1) except as provided in subdivision 22, paragraph (c), real and personal property devoted to commercial temporary and seasonal residential occupancy for recreation purposes, for not more than 250 days in the year preceding the year of assessment. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property is used for residential occupancy, and a fee is charged for residential occupancy. Class 4c property under this clause must contain three or more rental units. A "rental unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site equipped with water and electrical hookups for recreational vehicles. A camping pad offered for rent by a property that otherwise qualifies for class 4c under this clause is also class 4c under this clause regardless of the term of the rental agreement, as long as the use of the camping pad does not exceed 250 days. In order for a property to be classified under this clause, either (i) the business located on the property must provide recreational activities, at least 40 percent of the annual gross lodging receipts related to the property must be from business conducted during 90 consecutive days, and either (A) at least 60 percent of all paid bookings by lodging guests during the year must be for periods of at least two consecutive nights; or (B) at least 20 percent of the annual gross receipts must be from charges for providing recreational activities, or (ii) the business must contain 20 or fewer rental units, and must be located in a township or a city with a population of 2,500 or less located outside the metropolitan area, as defined under section 473.121, subdivision 2, that contains a portion of a state trail administered by the Department of Natural Resources. For purposes of item (i)(A), a paid booking of five or more nights shall be counted as two bookings. Class 4c property also includes commercial use real property used exclusively for recreational purposes in conjunction with other class 4c property classified under this clause and devoted to temporary and seasonal residential occupancy for recreational purposes, up to a total of two acres, provided the property is not devoted to commercial recreational use for more than 250 days in the year preceding the year of assessment and is located within two miles of the class 4c property with which it is used. In order for a property to qualify for classification under this clause, the owner must submit a declaration to the assessor designating the cabins or units occupied

for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or units and a proportionate share of the land on which they are located must be designated class 4c under this clause as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located will be designated as class 3a. The owner of property desiring designation as class 4c property under this clause must provide guest registers or other records demonstrating that the units for which class 4c designation is sought were not occupied for more than 250 days in the year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes does not qualify for class 4c. For the purposes of this paragraph, "recreational activities" means renting ice fishing houses, boats and motors, snowmobiles, downhill or cross-country ski equipment; providing marina services, launch services, or guide services; or selling bait and fishing tackle;

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

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

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

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

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

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

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

For purposes of this clause:

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

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

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

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

organizations licensed under chapter 349, an insurance business, or office or other space leased or rented to a lessee who conducts a for-profit enterprise on the premises.

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

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

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

(5)(i) manufactured home parks as defined in section 327.14, subdivision 3, excluding manufactured home parks described in items (ii) and (iii), (ii) manufactured home parks as defined in section 327.14, subdivision 3, that are described in section 273.124, subdivision 3a, and (iii) class I manufactured home parks as defined in section 327C.015, subdivision 2;

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

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

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

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

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

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

(i) the land abuts a public airport; and

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

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

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

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

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

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

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

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

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

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

Class 4c property has a classification rate of 1.5 percent of market value, except that (i) each parcel of noncommercial seasonal residential recreational property under clause (12) has the same classification rates as class 4bb property, (ii) manufactured home parks assessed under clause (5), item (i), have the same classification rate as class 4b property, the market value of manufactured home parks assessed under clause (5), item (ii), have a classification rate of 0.75 percent if more than 50 percent of the lots in the park are occupied by shareholders in the cooperative corporation or association and a classification rate of one percent if 50 percent or less of the lots are so occupied, and class I manufactured home parks as defined in section 327C.015, subdivision 2, have a classification rate of 1.0 percent, (iii) commercial-use seasonal residential recreational property and marina recreational land as described in clause (11), has a classification rate of one percent for the first \$500,000 of market value, and 1.25 percent for the remaining market value, (iv) the market value of property described in clause (4) has a classification rate of one percent, (v) the market value of property described in clauses (2), (6), and (10) has a classification rate of 1.25 percent, (vi) that portion of the market value of property in clause (9) qualifying for class 4c property has a classification rate of 1.25 percent, and (vii) property qualifying for classification under clause (3) that is owned or operated by a

congressionally chartered veterans organization has a classification rate of one percent. The commissioner of veterans affairs must provide a list of congressionally chartered veterans organizations to the commissioner of revenue by June 30, 2017, and by January 1, 2018, and each year thereafter.

(e) Class 4d property ~~is~~ includes:

(1) qualifying low-income rental housing certified to the assessor by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion of the units in the building qualify as low-income rental housing units as certified under section 273.128, subdivision 3, only the proportion of qualifying units to the total number of units in the building qualify for class ~~4d~~ 4d(1). The remaining portion of the building shall be classified by the assessor based upon its use. Class ~~4d~~ 4d(1) also includes the same proportion of land as the qualifying low-income rental housing units are to the total units in the building. For all properties qualifying as class ~~4d~~ 4d(1), the market value determined by the assessor must be based on the normal approach to value using normal unrestricted rents; and

(2) a unit that is owned by the occupant and used as a homestead by the occupant, and otherwise meets all the requirements for community land trust property under section 273.11, subdivision 12, provided that by December 31 of each assessment year, the community land trust certifies to the assessor that (i) the community land trust owns the real property on which the unit is located, and (ii) the unit owner is a member in good standing of the community land trust. For all units qualifying as class 4d(2), the market value determined by the assessor must be based on the normal approach to value without regard to any restrictions that apply because the unit is a community land trust property.

~~(f) The first tier of market value of class 4d property has a classification rate of 0.75 percent. The remaining value of class 4d property has a classification rate of 0.25 percent. For the purposes of this paragraph, the "first tier of market value of class 4d property" means the market value of each housing unit up to the first tier limit. For the purposes of this paragraph, all class 4d property value must be assigned to individual housing units. The first tier limit is \$100,000 for assessment years 2022 and 2023. For subsequent assessment years, the limit is adjusted each year by the average statewide change in estimated market value of property classified as class 4a and 4d under this section for the previous assessment year, excluding valuation change due to new construction, rounded to the nearest \$1,000, provided, however, that the limit may never be less than \$100,000. Beginning with assessment year 2015, the commissioner of revenue must certify the limit for each assessment year by November 1 of the previous year. Class 4d(1) property has a classification rate of 0.25 percent. Class 4d(2) property has a classification rate of 0.75 percent.~~

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

Sec. 19. Minnesota Statutes 2022, section 273.13, subdivision 34, is amended to read:

Subd. 34. **Homestead of veteran with a disability or family caregiver.** (a) All or a portion of the market value of property owned by a veteran and serving as the veteran's homestead under this section is excluded in determining the property's taxable market value if the veteran has a service-connected disability of 70 percent or more as certified by the United States Department of Veterans Affairs. To qualify for exclusion under this subdivision, the veteran must have been honorably discharged from the United States armed forces, as indicated by United States Government Form DD214 or other official military discharge papers.

(b)(1) For a disability rating of 70 percent or more, \$150,000 of market value is excluded, except as provided in clause (2); and

(2) for a total (100 percent) and permanent disability, \$300,000 of market value is excluded.

(c) If a veteran with a disability qualifying for a valuation exclusion under paragraph (b), clause (2), predeceases the veteran's spouse, and if upon the death of the veteran the spouse holds the legal or beneficial title to the homestead and permanently resides there, the exclusion shall carry over to the benefit of the veteran's spouse until such time as the spouse remarries, or sells, transfers, or otherwise disposes of the property, except as otherwise provided in paragraph (n). Qualification under this paragraph requires an application under paragraph (h), and a spouse must notify the assessor if there is a change in the spouse's marital status, ownership of the property, or use of the property as a permanent residence.

(d) If the spouse of a member of any branch or unit of the United States armed forces who dies due to a service-connected cause while serving honorably in active service, as indicated on United States Government Form DD1300 or DD2064, holds the legal or beneficial title to a homestead and permanently resides there, the spouse is entitled to the benefit described in paragraph (b), clause (2), until such time as the spouse remarries or sells, transfers, or otherwise disposes of the property, except as otherwise provided in paragraph (n).

(e) If a veteran meets the disability criteria of paragraph (a) but does not own property classified as homestead in the state of Minnesota, then the homestead of the veteran's primary family caregiver, if any, is eligible for the exclusion that the veteran would otherwise qualify for under paragraph (b).

(f) In the case of an agricultural homestead, only the portion of the property consisting of the house and garage and immediately surrounding one acre of land qualifies for the valuation exclusion under this subdivision.

(g) A property qualifying for a valuation exclusion under this subdivision is not eligible for the market value exclusion under subdivision 35, or classification under subdivision 22, paragraph (b).

(h) To qualify for a valuation exclusion under this subdivision a property owner must apply to the assessor by December 31 of the first assessment year for which the exclusion is sought. Except as provided in paragraph (c), the owner of a property that has been accepted for a valuation exclusion must notify the assessor if there is a change in ownership of the property or in the use of the property as a homestead.

(i) A first-time application by a qualifying spouse for the market value exclusion under paragraph (d) must be made any time within two years of the death of the service member.

(j) For purposes of this subdivision:

(1) "active service" has the meaning given in section 190.05;

(2) "own" means that the person's name is present as an owner on the property deed;

(3) "primary family caregiver" means a person who is approved by the secretary of the United States Department of Veterans Affairs for assistance as the primary provider of personal care services for an eligible veteran under the Program of Comprehensive Assistance for Family Caregivers, codified as United States Code, title 38, section 1720G; and

(4) "veteran" has the meaning given the term in section 197.447.

(k) If a veteran ~~dying after December 31, 2011~~, did not apply for or receive the exclusion under paragraph (b), clause (2), before dying, or the exclusion under paragraph (b), clause (2), did not exist at the time of the veterans death, the veteran's spouse is entitled to the benefit under paragraph (b), clause (2), until the spouse remarries or sells, transfers, or otherwise disposes of the property, except as otherwise provided in paragraph (n), if:

(1) the spouse files a first-time application ~~within two years of the death of the service member or by June 1, 2019, whichever is later;~~

(2) upon the death of the veteran, the spouse holds the legal or beneficial title to the homestead and permanently resides there;

(3) the veteran met the honorable discharge requirements of paragraph (a); and

(4) the United States Department of Veterans Affairs certifies that:

(i) the veteran met the total (100 percent) and permanent disability requirement under paragraph (b), clause (2); or

(ii) the spouse has been awarded dependency and indemnity compensation.

(l) The purpose of this provision of law providing a level of homestead property tax relief for veterans with a disability, their primary family caregivers, and their surviving spouses is to help ease the burdens of war for those among our state's citizens who bear those burdens most heavily.

(m) By July 1, the county veterans service officer must certify the disability rating and permanent address of each veteran receiving the benefit under paragraph (b) to the assessor.

(n) A spouse who received the benefit in paragraph (c), (d), or (k) but no longer holds the legal or beneficial title to the property may continue to receive the exclusion for a property other than the property for which the exclusion was initially granted until the spouse remarries or sells, transfers, or otherwise disposes of the property, provided that:

(1) the spouse applies under paragraph (h) for the continuation of the exclusion allowed under this paragraph;

(2) the spouse holds the legal or beneficial title to the property for which the continuation of the exclusion is sought under this paragraph, and permanently resides there;

(3) the estimated market value of the property for which the exclusion is sought under this paragraph is less than or equal to the estimated market value of the property that first received the exclusion, based on the value of each property on the date of the sale of the property that first received the exclusion; and

(4) the spouse has not previously received the benefit under this paragraph for a property other than the property for which the exclusion is sought.

(o) If a spouse had previously received the exclusion under paragraph (c) or (d) and the exclusion expired prior to taxes payable in 2020, the spouse may reapply under this section for the exclusion under paragraph (c) or (d).

EFFECTIVE DATE. This section is effective beginning with assessment year 2023.

Sec. 20. Minnesota Statutes 2022, section 273.13, subdivision 35, is amended to read:

Subd. 35. **Homestead market value exclusion.** (a) Prior to determining a property's net tax capacity under this section, property classified as 4d(2) under subdivision 25, paragraph (e), clause (2), class 1a₂ or 1b under subdivision 22, and the portion of property classified as class 2a under subdivision 23 consisting of the house, garage, and surrounding one acre of land, shall be eligible for a market value exclusion as determined under paragraph (b).

(b) For a homestead valued at ~~\$76,000~~ \$95,000 or less, the exclusion is 40 percent of market value. For a homestead valued between ~~\$76,000~~ \$95,000 and ~~\$413,800~~ \$517,200, the exclusion is ~~\$30,400~~ \$38,000 minus nine percent of the valuation over ~~\$76,000~~ \$95,000. For a homestead valued at ~~\$413,800~~ \$517,200 or more, there is no valuation exclusion. The valuation exclusion shall be rounded to the nearest whole dollar, and may not be less than zero.

(c) Any valuation exclusions or adjustments under section 273.11 shall be applied prior to determining the amount of the valuation exclusion under this subdivision.

(d) In the case of a property that is classified as part homestead and part nonhomestead, (i) the exclusion shall apply only to the homestead portion of the property, but (ii) if a portion of a property is classified as nonhomestead solely because not all the owners occupy the property, not all the owners have qualifying relatives occupying the property, or solely because not all the spouses of owners occupy the property, the exclusion amount shall be initially computed as if that nonhomestead portion were also in the homestead class and then prorated to the owner-occupant's percentage of ownership. For the purpose of this section, when an owner-occupant's spouse does not occupy the property, the percentage of ownership for the owner-occupant spouse is one-half of the couple's ownership percentage.

EFFECTIVE DATE. This section is effective for assessment year 2024 and thereafter.

Sec. 21. Minnesota Statutes 2022, section 273.1315, subdivision 2, is amended to read:

Subd. 2. **Class 1b homestead declaration 2009 and thereafter.** (a) Any property owner seeking classification and assessment of the owner's homestead as class 1b property pursuant to section 273.13, subdivision 22, paragraph (b), after October 1, 2008, shall file with the county assessor a class 1b homestead declaration, on a form prescribed by the commissioner of revenue. The declaration must contain the following information:

(1) the information necessary to verify that, on or before June 30 of the filing year, the property owner or the owner's spouse satisfies the requirements of section 273.13, subdivision 22, paragraph (b), for class 1b classification; and

(2) any additional information prescribed by the commissioner.

(b) The declaration must be filed on or before October 1 to be effective for property taxes payable during the succeeding calendar year. The Social Security numbers, individual taxpayer identification numbers, and income and medical information received from the property owner pursuant to this subdivision are private data on individuals as defined in section 13.02. If approved by the assessor, the declaration remains in effect until the property no longer qualifies under section 273.13, subdivision 22, paragraph (b). Failure to notify the assessor within 30 days that the property no longer qualifies under that paragraph because of a sale, change in occupancy, or change in the status or condition of an occupant shall result in the penalty provided in section 273.124, subdivision 13b, computed on the basis of the class 1b benefits for the property, and the property shall lose its current class 1b classification.

EFFECTIVE DATE. This section is effective retroactively for homestead applications filed in 2023 and thereafter.

Sec. 22. Minnesota Statutes 2022, section 275.065, subdivision 3, is amended to read:

Subd. 3. **Notice of proposed property taxes.** (a) The county auditor shall prepare and the county treasurer shall deliver after November 10 and on or before November 24 each year, by first class mail to

each taxpayer at the address listed on the county's current year's assessment roll, a notice of proposed property taxes. Upon written request by the taxpayer, the treasurer may send the notice in electronic form or by electronic mail instead of on paper or by ordinary mail.

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

(c) The notice must inform taxpayers that it contains the amount of property taxes each taxing authority proposes to collect for taxes payable the following year. In the case of a town, or in the case of the state general tax, the final tax amount will be its proposed tax. The notice must clearly state for each city that has a population over 500, county, school district, regional library authority established under section 134.201, metropolitan taxing districts as defined in paragraph (i), and fire protection and emergency medical services special taxing districts established under section 144F.01, the time and place of a meeting for each taxing authority in which the budget and levy will be discussed and public input allowed, prior to the final budget and levy determination. The taxing authorities must provide the county auditor with the information to be included in the notice on or before the time it certifies its proposed levy under subdivision 1. The public must be allowed to speak at that meeting, which must occur after November 24 and must not be held before 6:00 p.m. It must provide a website address and a telephone number for the taxing authority that taxpayers may call if they have questions related to the notice and an address where comments will be received by mail, except that no notice required under this section shall be interpreted as requiring the printing of a personal telephone number or address as the contact information for a taxing authority. If a taxing authority does not maintain a website or public offices where telephone calls can be received by the authority, the authority may inform the county of the lack of a public website or telephone number and the county shall not list a website or telephone number for that taxing authority.

(d) The notice must state for each parcel:

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

(2) the items listed below, shown separately by county, city or town, and state general tax, agricultural homestead credit under section 273.1384, school building bond agricultural credit under section 273.1387, voter approved school levy, other local school levy, and the sum of the special taxing districts, and as a total of all taxing authorities:

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

(ii) the proposed tax amount.

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

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

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

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

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

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

(1) special assessments;

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

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

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

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

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

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

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

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

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

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

The notice must be mailed or posted by the taxpayer by November 27 or within three days of receipt of the notice, whichever is later. A taxpayer may notify the county treasurer of the address of the taxpayer,

agent, caretaker, or manager of the premises to which the notice must be mailed in order to fulfill the requirements of this paragraph.

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

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

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

(3) Metropolitan Mosquito Control Commission under section 473.711.

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

(j) The governing body of a county, city, or school district may, with the consent of the county board, include supplemental information with the statement of proposed property taxes about the impact of state aid increases or decreases on property tax increases or decreases and on the level of services provided in the affected jurisdiction. This supplemental information may include information for the following year, the current year, and for as many consecutive preceding years as deemed appropriate by the governing body of the county, city, or school district. It may include only information regarding:

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

(2) population growth and decline;

(3) state or federal government action; and

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

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

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

Sec. 23. Minnesota Statutes 2022, section 275.065, subdivision 3b, is amended to read:

Subd. 3b. **Notice of proposed property taxes required supplemental information.** ~~(a)~~ The county auditor must prepare ~~a separate statement~~ supplemental information to be delivered with the notice of proposed taxes described in subdivision 3. The ~~statement~~ information must fit on one sheet of paper and contain ~~for each parcel:~~

~~(1) for the county, city or township, all home rule charter or statutory cities and school district in which the parcel lies~~ districts within the county, the certified levy for the current taxes payable year, the proposed levy for taxes payable in the following year, and the increase or decrease between these two amounts, expressed as a percentage; and each listed separately.

~~(2) summary budget information listed in paragraph (b).~~

~~(b) Summary budget information must contain budget data from the county, city, and school district that proposes a property tax levy on the parcel for taxes payable the following year. For the school district, the summary budget data must include the information provided to the public under section 123B.10, subdivision 1, paragraph (b), for the current year and prior year. For the county and city, the reported summary budget data must contain the same information, in the same categories, and in the same format as provided to the Office of the State Auditor as required by section 6.745. The statement must provide the governmental revenues and current expenditures information in clauses (1) and (2) for the taxing authority's budget for taxes payable the following year and the taxing authority's budget from taxes payable in the current year, as well as the percent change between the two years. The city must provide the county auditor with the summary budget data at the same time as the information required under subdivision 3. Only cities with a population of at least 500 are required to report the data described in this paragraph. If a city with a population over 500 fails to report the required information to the county auditor, the county auditor must list the city as "budget information not reported" on the portion of the statement dedicated to the city's budget information. The statement may take the same format as the annual summary budget report for cities and counties issued by the Office of the State Auditor. The summary budget data must include:~~

~~(1) a governmental revenues category, including and separately stating:~~

~~(i) "property taxes" defined as property taxes levied on an assessed valuation of real property and personal property, if applicable, by the city and county, including fiscal disparities;~~

~~(ii) "special assessments" defined as levies made against certain properties to defray all or part of the costs of a specific improvement, such as new sewer and water mains, deemed to benefit primarily those properties;~~

~~(iii) "state general purpose aid" defined as aid received from the state that has no restrictions on its use, including local government aid, county program aid, and market value credits; and~~

~~(iv) "state categorical aid" defined as revenues received for a specific purpose, such as streets and highways, fire relief, and flood control, including but not limited to police and fire state aid and out-of-home placement aid; and~~

~~(2) a current expenditures category, including and separately stating:~~

~~(i) "general government" defined as administration costs of city or county governments, including salaries of officials and maintenance of buildings;~~

~~(ii) "public safety" defined as costs related to the protection of persons and property, such as police, fire, ambulance services, building inspections, animal control, and flood control;~~

~~(iii) "streets and highways" defined as costs associated with the maintenance and repair of local highways, streets, bridges, and street equipment, such as patching, seal coating, street lighting, street cleaning, and snow removal;~~

~~(iv) "sanitation" defined as costs of refuse collection and disposal, recycling, and weed and pest control;~~

~~(v) "human services" defined as activities designed to provide public assistance and institutional care for individuals economically unable to provide for themselves;~~

~~(vi) "health" defined as costs of the maintenance of vital statistics, restaurant inspection, communicable disease control, and various health services and clinics;~~

~~(vii) "culture and recreation" defined as costs of libraries, park maintenance, mowing, planting, removal of trees, festivals, bands, museums, community centers, cable television, baseball fields, and organized recreation activities;~~

~~(viii) "conservation of natural resources" defined as the conservation and development of natural resources, including agricultural and forestry programs and services, weed inspection services, and soil and water conservation services;~~

~~(ix) "economic development and housing" defined as costs for development and redevelopment activities in blighted or otherwise economically disadvantaged areas, including low-interest loans, cleanup of hazardous sites, rehabilitation of substandard housing and other physical facilities, and other assistance to those wanting to provide housing and economic opportunity within a disadvantaged area; and~~

~~(x) "all other current expenditures" defined as costs not classified elsewhere, such as airport expenditures, cemeteries, unallocated insurance costs, unallocated pension costs, and public transportation costs.~~

~~(c) If a taxing authority reporting this data does not have revenues or expenditures in a category listed in paragraph (b), then the taxing authority must designate the amount as "0" for that specific category.~~

~~(d) The supplemental statement information provided under this subdivision must be sent in electronic form or by email if the taxpayer requests an electronic version of the notice of proposed property taxes under subdivision 3, paragraph (a).~~

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

Sec. 24. Minnesota Statutes 2022, section 275.065, subdivision 4, is amended to read:

Subd. 4. **Costs.** If the reasonable cost of the county auditor's services and the cost of preparing and mailing the notice required in this section exceed the amount distributed to the county by the commissioner of revenue to administer this section, the county may require the taxing authority ~~must~~ to reimburse the county for the excess cost. The excess cost must be apportioned between taxing jurisdictions as follows:

- (1) one-third is allocated to the county;
- (2) one-third is allocated to cities and towns within the county; and
- (3) one-third is allocated to school districts within the county.

The amounts in clause (2) must be further apportioned among the cities and towns in the proportion that the number of parcels in the city and town bears to the number of parcels in all the cities and towns within the county. The amount in clause (3) must be further apportioned among the school districts in the proportion that the number of parcels in the school district bears to the number of parcels in all school districts within the county.

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

Sec. 25. Minnesota Statutes 2022, section 290A.03, subdivision 6, is amended to read:

Subd. 6. **Homestead.** "Homestead" means the dwelling occupied as the claimant's principal residence and so much of the land surrounding it, not exceeding ten acres, as is reasonably necessary for use of the dwelling as a home and any other property used for purposes of a homestead as defined in section 273.13, subdivision 22, ~~except~~ or section 273.13, subdivision 25, paragraph (e), clause (2). For agricultural land

assessed as part of a homestead pursuant to section 273.13, subdivision 23, "homestead" is limited to the house and garage and immediately surrounding one acre of land. The homestead may be owned or rented and may be a part of a multidwelling or multipurpose building and the land on which it is built. A manufactured home, as defined in section 273.125, subdivision 8, or a park trailer taxed as a manufactured home under section 168.012, subdivision 9, assessed as personal property may be a dwelling for purposes of this subdivision.

EFFECTIVE DATE. This section is effective for refund claims based on taxes payable in 2025 and thereafter.

Sec. 26. Minnesota Statutes 2022, section 290B.03, subdivision 1, is amended to read:

Subdivision 1. **Program qualifications.** The qualifications for the senior citizens' property tax deferral program are as follows:

(1) the property must be owned and occupied as a homestead by a person 65 years of age or older. In the case of a married couple, at least one of the spouses must be at least 65 years old at the time the first property tax deferral is granted, regardless of whether the property is titled in the name of one spouse or both spouses, or titled in another way that permits the property to have homestead status, and the other spouse must be at least 62 years of age;

(2) the total household income of the qualifying homeowners, as defined in section 290A.03, subdivision 5, for the calendar year preceding the year of the initial application may not exceed ~~\$60,000~~ \$96,000;

(3) the homestead must have been owned and occupied as the homestead of at least one of the qualifying homeowners for at least ~~15~~ five years prior to the year the initial application is filed;

(4) there are no state or federal tax liens or judgment liens on the homesteaded property;

(5) there are no mortgages or other liens on the property that secure future advances, except for those subject to credit limits that result in compliance with clause (6); and

(6) the total unpaid balances of debts secured by mortgages and other liens on the property, including unpaid and delinquent special assessments and interest and any delinquent property taxes, penalties, and interest, but not including property taxes payable during the year or debts secured by a residential PACE lien, as defined in section 216C.435, subdivision 10d, does not exceed 75 percent of the assessor's estimated market value for the year.

EFFECTIVE DATE. This section is effective for applications for deferral of taxes payable in 2024 and thereafter.

Sec. 27. Minnesota Statutes 2022, section 290B.04, subdivision 3, is amended to read:

Subd. 3. **Excess-income certification by taxpayer.** A taxpayer whose initial application has been approved under subdivision 2 shall notify the commissioner of revenue in writing by July 1 if the taxpayer's household income for the preceding calendar year exceeded ~~\$60,000~~ \$96,000. The certification must state the homeowner's total household income for the previous calendar year. No property taxes may be deferred under this chapter in any year following the year in which a program participant filed or should have filed an excess-income certification under this subdivision, unless the participant has filed a resumption of eligibility certification as described in subdivision 4.

EFFECTIVE DATE. This section is effective for applications for deferral of taxes payable in 2024 and thereafter.

Sec. 28. Minnesota Statutes 2022, section 290B.04, subdivision 4, is amended to read:

Subd. 4. **Resumption of eligibility certification by taxpayer.** A taxpayer who has previously filed an excess-income certification under subdivision 3 may resume program participation if the taxpayer's household income for a subsequent year is ~~\$60,000~~ \$96,000 or less. If the taxpayer chooses to resume program participation, the taxpayer must notify the commissioner of revenue in writing by July 1 of the year following a calendar year in which the taxpayer's household income is ~~\$60,000~~ \$96,000 or less. The certification must state the taxpayer's total household income for the previous calendar year. Once a taxpayer resumes participation in the program under this subdivision, participation will continue until the taxpayer files a subsequent excess-income certification under subdivision 3 or until participation is terminated under section 290B.08, subdivision 1.

EFFECTIVE DATE. This section is effective for applications for deferral of taxes payable in 2024 and thereafter.

Sec. 29. Minnesota Statutes 2022, section 290B.05, subdivision 1, is amended to read:

Subdivision 1. **Determination by commissioner.** The commissioner shall determine each qualifying homeowner's "annual maximum property tax amount" following approval of the homeowner's initial application and following the receipt of a resumption of eligibility certification. The "annual maximum property tax amount" equals three percent of the homeowner's total household income for the year preceding either the initial application or the resumption of eligibility certification, whichever is applicable. Following approval of the initial application, the commissioner shall determine the qualifying homeowner's "maximum allowable deferral." No tax may be deferred relative to the appropriate assessment year for any homeowner whose total household income for the previous year exceeds ~~\$60,000~~ \$96,000. No tax shall be deferred in any year in which the homeowner does not meet the program qualifications in section 290B.03. The maximum allowable total deferral is equal to 75 percent of the assessor's estimated market value for the year, less the balance of any mortgage loans and other amounts secured by liens against the property at the time of application, including any unpaid and delinquent special assessments and interest and any delinquent property taxes, penalties, and interest, but not including property taxes payable during the year.

EFFECTIVE DATE. This section is effective for applications for deferral of taxes payable in 2024 and thereafter.

Sec. 30. Minnesota Statutes 2022, section 383E.21, is amended to read:

383E.21 COUNTYWIDE PUBLIC SAFETY IMPROVEMENTS AND EQUIPMENT; BONDING AND TAX LEVIES.

Subdivision 1. **Authority to levy property taxes and incur debt.** (a) To finance the cost of designing, constructing, and acquiring countywide public safety improvements and equipment, including personal property, benefiting both Anoka County and the municipalities located within Anoka County, the governing body of Anoka County may levy property taxes for public safety improvements and equipment, and issue:

(1) capital improvement bonds under the provisions of section 373.40 as if the infrastructure and equipment qualified as a "capital improvement" within the meaning of section 373.40, subdivision 1, paragraph (b); and

(2) capital notes under the provisions of section 373.01, subdivision 3, as if the equipment qualified as "capital equipment" within the meaning of section 373.01, subdivision 3. Personal property acquired with the proceeds of the bonds or capital notes issued under this section must have an expected useful life at least as long as the term of debt.

(b) The outstanding principal amount of the bonds and the capital notes issued under this section may not exceed \$8,000,000 at any time. Any bonds or notes issued pursuant to this section must only be issued after approval by a majority vote of the Anoka County Joint Law Enforcement Council, a joint powers board.

Subd. 2. Treatment of levy. (a) Anoka County shall not include any taxes levied under this section in its levy certified under section 275.07, subdivision 1, paragraph (a). Anoka County shall separately certify taxes levied under this section to the county auditor.

(b) Notwithstanding sections 275.065, subdivision 3, and 276.04, the county may report the tax attributable to any levy to fund public safety capital improvements or equipment projects approved by the Anoka County Joint Law Enforcement Council or pay principal and interest on bonds or notes issued under this section as a separate line item on the proposed property tax notice and the property tax statement.

Subd. 3. Expiration. This section expires on December 31, ~~2023~~ 2033. The county may not issue a bond or note under this section with a maturity or payment date after the expiration date of this section. No property tax may be levied under this section for taxes payable in a calendar year after the calendar year in which this section expires. Expiration of this section does not affect the obligation to pay or the authority to collect taxes levied under this section before its expiration.

EFFECTIVE DATE. This section is effective the day after the governing body of Anoka County and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 31. Minnesota Statutes 2022, section 473F.02, subdivision 2, is amended to read:

Subd. 2. Area. "Area" means the territory included within the ~~boundaries of Anoka, Carver, Dakota~~ excluding the city of Northfield, Hennepin, Ramsey, Scott ~~excluding the city of New Prague, and Washington~~ Counties metropolitan area as defined in section 473.121, subdivision 2, excluding lands constituting a major or an intermediate airport as defined under section 473.625.

EFFECTIVE DATE; APPLICATION. This section is effective for taxes payable in 2024 and thereafter and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 32. Minnesota Statutes 2022, section 473F.02, subdivision 8, is amended to read:

Subd. 8. Municipality. "Municipality" means a city, town, or township located in whole or part within the area, ~~but not the cities of New Prague or Northfield~~ as defined in subdivision 2. If a municipality is located partly within and partly without the area, the references in sections 473F.01 to 473F.13 to property or any portion thereof subject to taxation or taxing jurisdiction within the municipality are to such property or portion thereof as is located in that portion of the municipality within the area, except that the fiscal capacity of such a municipality shall be computed upon the basis of the valuation and population of the entire municipality.

A municipality shall be excluded from the area if its municipal comprehensive zoning and planning policies conscientiously exclude most commercial-industrial development, for reasons other than preserving an agricultural use. The Metropolitan Council and the commissioner of revenue shall jointly make this

determination annually and shall notify those municipalities that are ineligible to participate in the tax base sharing program provided in this chapter for the following year.

EFFECTIVE DATE; APPLICATION. This section is effective for taxes payable in 2024 and thereafter and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 33. NORTHWEST MINNESOTA MULTI-COUNTY HOUSING AND REDEVELOPMENT AUTHORITY; LEVY AUTHORITY.

Notwithstanding any law to the contrary, Laws 2008, chapter 366, article 5, section 33, the effective date, as amended by Laws 2013, chapter 143, article 4, section 35, and Laws 2019, First Special Session chapter 6, article 4, section 31, is effective for taxes levied in 2008, payable in 2009, and is repealed effective for taxes levied in 2033, payable in 2034, and thereafter.

EFFECTIVE DATE. This section is effective the day after the governing body of the Northwest Minnesota Multi-County Housing and Redevelopment Authority and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 34. PROPERTY TAX EXEMPTION; INDEPENDENT SCHOOL DISTRICT NO. 745, ALBANY.

(a) Notwithstanding Minnesota Statutes, section 272.02, subdivision 38, paragraph (b), and any other law to the contrary, certain hospital property acquired by Independent School District No. 745 in September 2022 is exempt from property taxes payable in 2023. The county assessor must provide the school district with an exemption application for assessment year 2022 and the school district must file the application with the county assessor by August 1, 2023, to qualify for the exemption under this section. An amount necessary to make a payment to the county for the property taxes attributable to the exemption is appropriated from the general fund to the commissioner of revenue in fiscal year 2023.

(b) By August 1, 2023, the auditor of the county in which the property is located must certify to the commissioner of revenue the amount to be paid by the commissioner of revenue to the county under paragraph (a). The commissioner of revenue must make this payment by August 15, 2023. The county auditor must distribute the payment to local jurisdictions in proportion to the amount of tax levied on the property in paragraph (a) by each jurisdiction for property taxes payable in 2023.

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

ARTICLE 4

PROPERTY TAX AIDS

Section 1. Minnesota Statutes 2022, section 273.1392, is amended to read:

273.1392 PAYMENT; SCHOOL DISTRICTS.

The amounts of bovine tuberculosis credit reimbursements under section 273.113; conservation tax credits under section 273.119; disaster or emergency reimbursement under sections 273.1231 to 273.1235; agricultural credits under sections 273.1384 and 273.1387; aids and credits under section 273.1398; enterprise zone property credit payments under section 469.171; ~~and metropolitan agricultural preserve reduction under section 473H.10;~~ and electric generation transition aid under section 477A.24 for school districts, shall be

certified to the Department of Education by the Department of Revenue. The amounts so certified shall be paid according to section 127A.45, subdivisions 9, 10, and 13.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 2. Minnesota Statutes 2022, section 290A.04, subdivision 2, is amended to read:

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

Household Income	Percent of Income	Percent Paid by Claimant	Maximum State Refund
\$0 to 1,739		15 percent	2,770
<u>\$0 to 2,079</u>	1.0 percent	<u>12 percent</u>	\$ <u>3,310</u>
1,740 to 3,459		15 percent	2,770
<u>2,080 to 4,139</u>	1.1 percent	<u>12 percent</u>	\$ <u>3,310</u>
3,460 to 5,239		15 percent	2,770
<u>4,140 to 6,269</u>	1.2 percent	<u>12 percent</u>	\$ <u>3,310</u>
5,240 to 6,989		20 percent	2,770
<u>6,270 to 8,369</u>	1.3 percent	<u>17 percent</u>	\$ <u>3,310</u>
6,990 to 8,719		20 percent	2,770
<u>8,370 to 10,439</u>	1.4 percent	<u>17 percent</u>	\$ <u>3,310</u>
8,720 to 12,219		20 percent	2,770
<u>10,440 to 14,619</u>	1.5 percent	<u>17 percent</u>	\$ <u>3,310</u>
12,220 to 13,949		20 percent	2,770
<u>14,620 to 16,689</u>	1.6 percent	<u>17 percent</u>	\$ <u>3,310</u>
13,950 to 15,709		20 percent	2,770
<u>16,690 to 18,799</u>	1.7 percent	<u>17 percent</u>	\$ <u>3,310</u>
15,710 to 17,449		20 percent	2,770
<u>18,800 to 20,879</u>	1.8 percent	<u>17 percent</u>	\$ <u>3,310</u>
17,450 to 19,179		25 percent	2,770
<u>20,880 to 22,949</u>	1.9 percent	<u>22 percent</u>	\$ <u>3,310</u>
19,180 to 24,429		25 percent	2,770
<u>22,950 to 29,239</u>	2.0 percent	<u>22 percent</u>	\$ <u>3,310</u>
24,430 to 26,169		30 percent	2,770
<u>29,240 to 31,319</u>	2.0 percent	<u>27 percent</u>	\$ <u>3,310</u>

26,170 to 29,669		30 percent	2,770
<u>31,320 to 35,509</u>	2.0 percent	<u>27 percent</u>	\$ <u>3,310</u>
29,670 to 41,859		35 percent	2,770
<u>35,510 to 50,099</u>	2.0 percent	<u>32 percent</u>	\$ <u>3,310</u>
41,860 to 61,049		35 percent	2,240
<u>50,100 to 73,059</u>	2.0 percent	<u>32 percent</u>	\$ <u>2,680</u>
61,050 to 69,769		40 percent	1,960
<u>73,060 to 83,499</u>	2.0 percent	<u>37 percent</u>	\$ <u>2,350</u>
69,770 to 78,499		40 percent	1,620
<u>83,500 to 93,939</u>	2.1 percent	<u>37 percent</u>	\$ <u>1,940</u>
78,500 to 87,219		40 percent	1,450
<u>93,940 to 104,379</u>	2.2 percent	<u>37 percent</u>	\$ <u>1,740</u>
87,220 to 95,939		40 percent	1,270
<u>104,380 to 114,819</u>	2.3 percent	<u>37 percent</u>	\$ <u>1,520</u>
95,940 to 101,179		45 percent	1,070
<u>114,820 to 121,089</u>	2.4 percent	<u>42 percent</u>	\$ <u>1,280</u>
101,180 to 104,689		45 percent	890
<u>121,090 to 125,289</u>	2.5 percent	<u>42 percent</u>	\$ <u>1,070</u>
104,690 to 108,919		50 percent	730
<u>125,290 to 130,349</u>	2.5 percent	<u>47 percent</u>	\$ <u>870</u>
108,920 to 113,149		50 percent	540
<u>130,350 to 135,409</u>	2.5 percent	<u>47 percent</u>	\$ <u>650</u>

The payment made to a claimant shall be the amount of the state refund calculated under this subdivision. No payment is allowed if the claimant's household income is ~~\$113,150~~ \$135,410 or more.

EFFECTIVE DATE. This section is effective for claims based on property taxes payable in 2024 and following years.

Sec. 3. Minnesota Statutes 2022, section 290A.04, subdivision 4, is amended to read:

Subd. 4. **Inflation adjustment.** The commissioner shall annually adjust the dollar amounts of the income thresholds and the maximum refunds under ~~subdivisions subdivision 2 and 2a~~ as provided in section 270C.22. The statutory year is ~~2018~~ 2023.

EFFECTIVE DATE. This section is effective for claims based on property taxes payable in 2025 and thereafter.

Sec. 4. Minnesota Statutes 2022, section 477A.011, is amended by adding a subdivision to read:

Subd. 3b. **Population age 65 and over.** "Population age 65 and over" means the population age 65 and over established as of July 15 in an aid calculation year by the most recent federal census, by a special census conducted under contract with the United States Bureau of the Census, by a population estimate

made by the Metropolitan Council, or by a population estimate of the state demographer made pursuant to section 4A.02, whichever is the most recent as to the stated date of the count or estimate for the preceding calendar year and which has been certified to the commissioner of revenue on or before July 15 of the aid calculation year. A revision to an estimate or count is effective for these purposes only if certified to the commissioner on or before July 15 of the aid calculation year. Clerical errors in the certification or use of estimates and counts established as of July 15 in the aid calculation year are subject to correction within the time periods allowed under section 477A.014.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 5. Minnesota Statutes 2022, section 477A.011, is amended by adding a subdivision to read:

Subd. 3c. **Transformed population.** "Transformed population" means the logarithm to the base 10 of the population.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 6. Minnesota Statutes 2022, section 477A.011, subdivision 34, is amended to read:

Subd. 34. **City revenue need.** (a) For a city with a population equal to or greater than 10,000, "city revenue need" is 1.15 times the sum of (1) ~~4.59~~ 8.572 times the pre-1940 housing percentage; plus (2) ~~0.622~~ 11.494 times the city age index; plus (3) ~~169.415~~ 5.719 times the commercial industrial utility percentage; plus (4) ~~the sparsity adjustment~~ 9.484 times peak population decline; plus (5) ~~307.664~~ 293.056.

(b) For a city with a population equal to or greater than 2,500 and less than 10,000, "city revenue need" is 1.15 times the sum of (1) ~~572.62~~ 497.308; plus (2) ~~5.026~~ 6.667 times the pre-1940 housing percentage; ~~minus~~ plus (3) ~~53.768~~ 9.215 times the commercial industrial utility percentage; plus (4) ~~14.022~~ 16.081 times peak population decline; ~~plus (5) the sparsity adjustment.~~

(c) For a city with a population less than 2,500, "city revenue need" is the sum of (1) ~~440~~ 196.487; plus (2) ~~0.367~~ 220.877 times the city's transformed population over 100; ~~plus (3) the sparsity adjustment.~~ The city revenue need for a city under this paragraph shall not exceed 630 plus the city's sparsity adjustment.

(d) For a city with a population of at least 2,500 but less than 3,000, the "city revenue need" equals (1) the transition factor times the city's revenue need calculated in paragraph (b); plus (2) ~~630~~ the city's revenue need calculated under the formula in paragraph (c) times the difference between one and the transition factor. For a city with a population of at least 10,000 but less than 11,000, the "city revenue need" equals (1) the transition factor times the city's revenue need calculated in paragraph (a); plus (2) the city's revenue need calculated under the formula in paragraph (b) times the difference between one and the transition factor. For purposes of the first sentence of this paragraph "transition factor" is 0.2 percent times the amount that the city's population exceeds the minimum threshold. For purposes of the second sentence of this paragraph, "transition factor" is 0.1 percent times the amount that the city's population exceeds the minimum threshold.

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

(f) For calendar year ~~2015~~ 2024 and subsequent years, the city revenue need for a city, as determined in paragraphs (a) to (e), is multiplied by the ratio of the annual implicit price deflator for government consumption expenditures and gross investment for state and local governments as prepared by the United States Department of Commerce, for the most recently available year to the ~~2013~~ 2022 implicit price deflator for state and local government purchases.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 7. Minnesota Statutes 2022, section 477A.011, is amended by adding a subdivision to read:

Subd. 46. City age index. "City age index" means 100 times the ratio of (1) the population age 65 and over within the city, to (2) the population of the city.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 8. Minnesota Statutes 2022, section 477A.011, is amended by adding a subdivision to read:

Subd. 47. Commercial industrial utility percentage. The "commercial industrial utility percentage" for a city is 100 times the ratio of (1) the sum of the estimated market values of all real and personal property in the city classified as class 3 under section 273.13, subdivision 24, to (2) the total market value of all taxable real and personal property in the city. The market values are the amounts computed before any adjustments for fiscal disparities under section 276A.06 or 473F.08. The market values used for this subdivision are not equalized.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 9. Minnesota Statutes 2022, section 477A.0124, subdivision 2, is amended to read:

Subd. 2. Definitions. (a) For the purposes of this section, the following terms have the meanings given them.

(b) "County program aid" means the sum of "county need aid," "county tax base equalization aid," and "county transition aid."

(c) "Age-adjusted population" means a county's population multiplied by the county age index.

(d) "County age index" means the percentage of the population age 65 and over within the county divided by the percentage of the population age 65 and over within the state, except that the age index for any county may not be greater than 1.8 nor less than 0.8.

~~(e) "Population age 65 and over" means the population age 65 and over established as of July 15 in an aid calculation year by the most recent federal census, by a special census conducted under contract with the United States Bureau of the Census, by a population estimate made by the Metropolitan Council, or by a population estimate of the state demographer made pursuant to section 4A.02, whichever is the most recent as to the stated date of the count or estimate for the preceding calendar year and which has been certified to the commissioner of revenue on or before July 15 of the aid calculation year. A revision to an estimate or count is effective for these purposes only if certified to the commissioner on or before July 15 of the aid calculation year. Clerical errors in the certification or use of estimates and counts established as of July 15 in the aid calculation year are subject to correction within the time periods allowed under section 477A.014 has the meaning given in section 477A.011, subdivision 3b.~~

(f) "Part I crimes" means the ~~three-year average~~ annual number of Part I crimes reported for each county by the Department of Public Safety ~~for the most recent years available~~. By July 1 of each year, the commissioner of public safety shall certify to the commissioner of revenue the number of Part I crimes reported for each county for the three most recent calendar years available.

(g) "Households receiving Supplemental Nutrition Assistance Program (SNAP) benefits" means the average monthly number of households receiving SNAP benefits for the three most recent years for which

data is available. By July 1 of each year, the commissioner of human services must certify to the commissioner of revenue the average monthly number of households in the state and in each county that receive SNAP benefits, for the three most recent calendar years available.

(h) "County net tax capacity" means the county's adjusted net tax capacity under section 273.1325.

(i) "Group A offenses" means the annual number of Group A offenses under the National Incident-Based Reporting System reported for each county by the Department of Public Safety. By July 1 of each year, the commissioner of public safety shall certify to the commissioner of revenue the number of Group A offenses reported for each county for the three most recent full calendar years available.

(j) "Adjusted offenses" means the county's average annual number of Group A offenses for the three-year period ending with the second prior calendar year to the year in which the aid is certified. For aids payable in 2024 and 2025 only, for the purpose of the three-year average calculated under this paragraph, the commissioner must substitute the annual number of Part I crimes for any year in which the annual number of Group A offenses is not available.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 10. Minnesota Statutes 2022, section 477A.0124, subdivision 3, is amended to read:

Subd. 3. **County need aid.** ~~For 2005 and subsequent years,~~ The money appropriated to county need aid each calendar year shall be allocated as follows: 40 percent based on each county's share of age-adjusted population, 40 percent based on each county's share of the state total of households receiving SNAP benefits, and 20 percent based on each county's share of the state total of ~~Part I crimes~~ adjusted offenses.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 11. Minnesota Statutes 2022, section 477A.013, subdivision 8, is amended to read:

Subd. 8. **City formula aid.** (a) For aids payable in ~~2018~~ 2024 and thereafter, the formula aid for a city is equal to the product of (1) the difference between its unmet need and its certified aid in the previous year ~~and before any aid adjustment under subdivision 13,~~ and (2) the aid gap percentage.

(b) The applicable aid gap percentage must be calculated by the Department of Revenue so that the total of the aid under subdivision 9 equals the total amount available for aid under section 477A.03. The aid gap percentage must be the same for all cities subject to paragraph (a). Data used in calculating aids to cities under sections 477A.011 to 477A.013 shall be the most recently available data as of January 1 in the year in which the aid is calculated.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 12. Minnesota Statutes 2022, section 477A.013, subdivision 9, is amended to read:

Subd. 9. **City aid distribution.** (a) In calendar year ~~2018~~ 2024 and thereafter, if a city's certified aid ~~before any aid adjustment under subdivision 13~~ for the previous year is less than its current unmet need, the city shall receive an aid distribution equal to the sum of (1) its certified aid in the previous year ~~before any aid adjustment under subdivision 13,~~ and (2) the city formula aid under subdivision 8, ~~and (3) its aid adjustment under subdivision 13.~~

(b) ~~For aids payable in 2020 only, no city's aid amount before any adjustment under subdivision 13 may be less than its pay 2019 certified aid amount, less any aid adjustment under subdivision 13 for that year.~~

For aids payable in ~~2020~~ 2024 and thereafter, if a city's certified aid before any aid adjustment under subdivision 13 for the previous year is equal to or greater than its current unmet need, the total aid for a city is equal to the greater of (1) its unmet need plus any aid adjustment under subdivision 13, or (2) the amount it was certified to receive in the previous year minus the sum of (i) any adjustment under subdivision 13 that was paid in the previous year but has expired, and (ii) the lesser of (i) \$10 multiplied by its population, or (ii) five percent of its net levy in the year prior to the aid distribution. No city may have a total aid amount less than \$0.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 13. Minnesota Statutes 2022, section 477A.014, subdivision 1, is amended to read:

Subdivision 1. **Calculations and payments.** (a) The commissioner of revenue shall make all necessary calculations and make payments pursuant to sections 477A.013 and 477A.03 under this chapter directly to the affected ~~taxing authorities~~ political subdivisions annually. ~~In addition,~~ The commissioner shall notify the ~~authorities~~ political subdivisions of their aid amounts, ~~as well as the computational factors used in making the calculations for their authority,~~ and those statewide total figures that are pertinent, before August 1 of the year preceding the aid distribution year, unless a different date is specified.

(b) For the purposes of this subdivision, aid is determined for a city or town based on its city or town status as of June 30 of the year preceding the aid distribution year. If the effective date for a municipal incorporation, consolidation, annexation, detachment, dissolution, or township organization is on or before June 30 of the year preceding the aid distribution year, such change in boundaries or form of government shall be recognized for aid determinations for the aid distribution year. If the effective date for a municipal incorporation, consolidation, annexation, detachment, dissolution, or township organization is after June 30 of the year preceding the aid distribution year, such change in boundaries or form of government shall not be recognized for aid determinations until the following year.

Subd. 1a. **Adjustments to computational factors.** ~~(e)~~ (a) Changes in boundaries or form of government ~~will~~ may only be recognized for the purposes of this subdivision, to the extent that, on or before July 15 of the aid calculation year: (1) changes in ~~market values are included in market values reported by assessors to the commissioner, and changes in population and household size are included in their respective certifications to the commissioner as referenced in section 477A.014;~~ computational factors have been recertified or otherwise reported in reliable form to the commissioner, or (2) an annexation information report as provided in paragraph ~~(d)~~ (b) is received by the commissioner ~~on or before July 15 of the aid calculation year.~~ Revisions to estimates or data for use in recognizing changes in boundaries or form of government are not effective for purposes of this subdivision unless received by the commissioner on or before July 15 of the aid calculation year. Clerical errors in the certification or use of estimates and data established as of July 15 in the aid calculation year are subject to correction within the time periods allowed under subdivision 3.

~~(d)~~ (b) In the case of an annexation, an annexation information report may be completed by the annexing jurisdiction and submitted to the commissioner for purposes of this subdivision if the net tax capacity of annexed area for the assessment year preceding the effective date of the annexation exceeds five percent of the city's net tax capacity for the same year. The form and contents of the annexation information report shall be prescribed by the commissioner. The commissioner shall ~~change the net tax capacity, the population, the population decline, the commercial industrial percentage, and the transformed population~~ adjust the computational factors used to calculate aid under section 477A.013, subdivision 9, for the annexing jurisdiction only if the annexation information report provides data the commissioner determines to be reliable for ~~all of these factors used to compute city revenue need for the annexing jurisdiction. The commissioner shall~~

~~adjust the pre-1940 housing percentage and household size only if the entire area of an existing city or town is annexed or consolidated and only if reliable data is available for all of these factors used to compute city revenue need for the annexing jurisdiction the entire annexed area.~~

EFFECTIVE DATE. This section is effective July 1, 2023.

Sec. 14. Minnesota Statutes 2022, section 477A.015, is amended to read:

477A.015 PAYMENT DATES.

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

(b) Notwithstanding paragraph (a), for aids payable in ~~2019~~ 2025 only, the commissioner of revenue shall make payments of the aid payable under section 477A.013, subdivision 9, in three installments as follows: (1) ~~14.6~~ 9.402 percent of the aid shall be paid on ~~June 15, 2019~~ March 20, 2025; (2) ~~35.4~~ 40.598 percent of the aid shall be paid on July 20, ~~2019~~ 2025; and (3) 50 percent of the aid shall be paid on December 26, ~~2019~~ 2025.

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

(d) The commissioner may pay all or part of the payments of aids under sections 477A.011 to 477A.014, which are due on December 26 at any time after August 15 if a local government requests such payment as being necessary for meeting its cash flow needs.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 15. Minnesota Statutes 2022, section 477A.03, subdivision 2a, is amended to read:

Subd. 2a. **Cities.** ~~For aids payable in 2016 and 2017, the total aid paid under section 477A.013, subdivision 9, is \$519,398,012. For aids payable in 2018 and 2019, the total aid paid under section 477A.013, subdivision 9, is \$534,398,012. For aids payable in 2020, the total aid paid under section 477A.013, subdivision 9, is \$560,398,012. For aids payable in 2021 and thereafter through 2023, the total aid payable under section 477A.013, subdivision 9, is \$564,398,012. For aids payable in 2024 and thereafter, the total aid payable under section 477A.013, subdivision 9, is \$644,398,012.~~

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 16. Minnesota Statutes 2022, section 477A.03, subdivision 2b, is amended to read:

Subd. 2b. **Counties.** (a) ~~For aids payable in 2018 and 2019, the total aid payable under section 477A.0124, subdivision 3, is \$103,795,000, of which \$3,000,000 shall be allocated as required under Laws 2014, chapter 150, article 4, section 6. For aids payable in 2020, the total aid payable under section 477A.0124, subdivision 3, is \$116,795,000, of which \$3,000,000 shall be allocated as required under Laws 2014, chapter 150, article 4, section 6. For aids payable in 2021 through 2024 2023, the total aid payable under section 477A.0124, subdivision 3, is \$118,795,000, of which \$3,000,000 shall be allocated as required under Laws 2014, chapter 150, article 4, section 6. For aids payable in 2024, the total aid payable under section 477A.0124, subdivision 3, is \$154,197,053, of which \$3,000,000 shall be allocated as required under Laws 2014, chapter~~

150, article 4, section 6. For aids payable in 2025 and thereafter, the total aid payable under section 477A.0124, subdivision 3, is ~~\$115,795,000~~ \$151,197,053. On or before the first installment date provided in section 477A.015, paragraph (a), \$500,000 of this appropriation shall be transferred each year by the commissioner of revenue to the Board of Public Defense for the payment of services under section 611.27. Any transferred amounts not expended or encumbered in a fiscal year shall be certified by the Board of Public Defense to the commissioner of revenue on or before October 1 and shall be included in the next certification of county need aid.

(b) ~~For aids payable in 2018 and 2019, the total aid under section 477A.0124, subdivision 4, is \$130,873,444. For aids payable in 2020, the total aid under section 477A.0124, subdivision 4, is \$143,873,444. For aids payable in 2021 and thereafter through 2023, the total aid under section 477A.0124, subdivision 4, is \$145,873,444. For aids payable in 2024 and thereafter, the total aid under section 477A.0124, subdivision 4, is \$190,471,391.~~ The commissioner of revenue shall transfer to the Legislative Budget Office \$207,000 annually for the cost of preparation of local impact notes as required by section 3.987, and other local government activities. The commissioner of revenue shall transfer to the commissioner of education \$7,000 annually for the cost of preparation of local impact notes for school districts as required by section 3.987. The commissioner of revenue shall deduct the amounts transferred under this paragraph from the appropriation under this paragraph. The amounts transferred are appropriated to the Legislative Coordinating Commission and the commissioner of education respectively.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 17. Minnesota Statutes 2022, section 477A.12, subdivision 1, is amended to read:

Subdivision 1. **Types of land; payments.** The following amounts are annually appropriated to the commissioner of natural resources from the general fund for transfer to the commissioner of revenue. The commissioner of revenue shall pay the transferred funds to counties as required by sections 477A.11 to 477A.14. The amounts, based on the acreage as of July 1 of each year prior to the payment year, are:

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

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

(3) \$5.133, multiplied by the total number of acres of wildlife management land, or, at the county's option, three-fourths of one percent of the appraised value of all wildlife management land in the county, whichever is greater;

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

(5) ~~\$2~~ \$3, multiplied by the number of acres of county-administered other natural resources land in the county;

(6) \$5.133, multiplied by the total number of acres of land utilization project land in the county;

(7) ~~\$2~~ \$3, multiplied by the number of acres of commissioner-administered other natural resources land in the county; ~~and~~

(8) \$0.18, multiplied by the total number of acres in the county eligible for payment under clauses (1) to (7), provided that the total number of acres in the county eligible for payment under clauses (1) to (7) is equal to or greater than 25 percent of the total acreage in the county;

(9) \$0.08, multiplied by the total number of acres in the county eligible for payment under clauses (1) to (7), provided that the total number of acres in the county eligible for payment under clauses (1) to (7) is equal to or greater than ten percent, but less than 25 percent of the total acreage in the county; and

(10) without regard to acreage, and notwithstanding the rules adopted under section 84A.55, \$300,000 for local assessments under section 84A.55, subdivision 9, that shall be divided and distributed to the counties containing state-owned lands within a conservation area in proportion to each county's percentage of the total annual ditch assessments.

EFFECTIVE DATE. This section is effective beginning with aids payable in 2024.

Sec. 18. Minnesota Statutes 2022, section 477A.12, subdivision 3, is amended to read:

Subd. 3. **Determination of appraised value.** For the purposes of this section, the appraised value of acquired natural resources land is the purchase price until the next six-year appraisal required under this subdivision. The appraised value of acquired natural resources land received as a donation is the value determined for the commissioner of natural resources by a licensed appraiser, or the county assessor's estimated market value if no appraisal is done. The appraised value must be determined by the county assessor every six years, except that the appraised value shall not be less than the 2022 or subsequent appraised value, if it is higher. All reappraisals shall be done in the same year as county assessors are required to assess exempt land under section 273.18.

EFFECTIVE DATE. This section is effective beginning with aids payable in 2024.

Sec. 19. Minnesota Statutes 2022, section 477A.12, is amended by adding a subdivision to read:

Subd. 4. **Adjustment.** The commissioner of revenue shall annually adjust the amounts in subdivision 1, clauses (1) to (10), as provided in section 270C.22, subdivision 1, except as provided in this subdivision. To determine the dollar amounts for payments in calendar year 2025, the commissioner shall determine the percentage change in the index for the 12-month period ending on August 31, 2024, and increase each of the unrounded dollar amounts in section 477A.12, subdivision 1, by that percentage change. For each subsequent year, the commissioner shall increase the dollar amounts by the percentage change in the index from August 31 of the year preceding the statutory year, to August 31 of the year preceding the taxable year. The commissioner shall round the amounts as adjusted to the nearest tenth of a cent.

EFFECTIVE DATE. This section is effective beginning with aids payable in 2024.

Sec. 20. **[477A.23] SOIL AND WATER CONSERVATION DISTRICT AID.**

Subdivision 1. **Definitions.** For purposes of this section, the following terms have the meanings given:

(1) "nonpublic lands" means "real property" as defined by section 272.03 that is not owned by the federal government, the state, or a local government unit;

(2) "population" means the population estimated as of June 1 in an aid calculation year by the most recent federal census;

(3) "transformed population" means the cube root of population; and

(4) "soil and water conservation district" means a district under chapter 103C that is implementing the duties under that chapter as determined by the Board of Water and Soil Resources as of the date the board provides the certification to the commissioner of revenue required by subdivision 3. For purposes of this section, soil and water conservation district includes a county exercising the duties and authorities of a soil and water conservation district under section 383A.606 or 383B.761.

Subd. 2. **Distribution.** The Board of Water and Soil Resources must calculate the amount of aid to be distributed to the certified soil and water conservation districts from the appropriation in subdivision 6 as follows:

(1) 80 percent of the appropriation must be distributed equally among the districts;

(2) 10 percent of the appropriation must be distributed proportionally among the districts according to the amount of nonpublic land located in a district as compared to the amount of nonpublic land in all districts; and

(3) ten percent of the appropriation must be distributed proportionally among the districts according to the transformed population of the district as compared to the total transformed population of all districts.

Subd. 3. **Certification to commissioner.** On or before June 1 each year, the Board of Water and Soil Resources must certify to the commissioner of revenue the soil and water conservation districts that will receive a payment under this section and the amount of each payment.

Subd. 4. **Use of proceeds.** (a) Notwithstanding section 103C.401, subdivision 2, a soil and water conservation district that receives a distribution under this section must use the proceeds to implement chapter 103C and other duties and services prescribed by statute.

(b) The board of each soil and water conservation district must establish, by resolution, annual guidelines for using payments received under this section. Current year guidelines and guidelines from the year immediately prior must be posted on the district website.

(c) A soil and water conservation district that receives a payment under this section may appropriate any portion of the payment to a governmental unit with which the district has a cooperative agreement under section 103C.231. Any payment received under this section and appropriated by the district must be used as required by this section.

Subd. 5. **Payments.** The commissioner of revenue must distribute soil and water conservation district aid in the same manner and at the same times as aid payments provided under section 477A.015.

Subd. 6. **Appropriation.** For aids payable in 2023 and 2024, \$15,000,000 is appropriated in each year from the general fund to the commissioner of revenue to make the payments required under this section. For aids payable in 2025 and thereafter, \$12,000,000 is annually appropriated from the general fund to the commissioner of revenue to make the payments required under this section.

Subd. 7. **Aid amount corrections.** If, due to a clerical error, the amount certified by the Board of Water and Soil Resources to the commissioner of revenue is less than the amount to which the district is entitled under this section, the Board of Water and Soil Resources shall recertify the correct amount to the commissioner of revenue and communicate the error and the corrected amount to the affected soil and water conservation district as soon as practical after the error is discovered.

EFFECTIVE DATE. This section is effective beginning with aids payable in calendar year 2023 and thereafter.

Sec. 21. **[477A.24] ELECTRIC GENERATION TRANSITION AID.**

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

(b) "Electric generating unit" means a single generating unit at an electric generating plant powered by coal, nuclear, or natural gas.

(c) "Electric generation property" means taxable property of an electric generating plant owned by a public utility, as defined in section 216B.02, subdivision 4, that is powered by coal, nuclear, or natural gas and located in an eligible taxing jurisdiction.

(d) "Eligible taxing jurisdiction" means a county, home rule charter or statutory city, town, or school district.

(e) "Unit base year" means the assessment year in which the assessed value of electric generation property is reduced due to the retirement of the electric generating unit.

(f) "Unit differential" means (1) the tax capacity of electric generation property in the assessment year preceding the unit base year, minus (2) the tax capacity of electric generation property in the unit base year. The unit differential may not be less than zero. The unit differential equals zero if the tax capacity of electric generation property in the eligible taxing jurisdiction in the assessment year preceding the unit base year is less than four percent of the total net tax capacity of the eligible taxing jurisdiction in that year, as adjusted under section 473F.08, subdivision 2, or 276A.06, subdivision 2, as applicable, except that, in an eligible taxing jurisdiction with multiple electric generating units, only the unit differential calculated upon the first retirement of an electric generating unit in that jurisdiction following the effective date of this section is subject to the reduction under this sentence.

Subd. 2. **Required notification.** Notwithstanding the requirements of Minnesota Rules, chapter 8100, a public utility must notify the commissioner when the public utility expects to retire an electric generating unit and remove that unit from the property tax base. The notification must be in the form and manner determined by the commissioner, include information required by the commissioner to calculate transition aid under this section, and be filed together with the reports required under section 273.371.

Subd. 3. **Unit transition amount.** (a) The initial unit transition amount equals the product of (1) the unit differential, times (2) the jurisdiction's tax rate for taxes payable in the unit base year.

(b) The unit transition amount for the year following the unit base year, or in the year as provided under subdivision 7, equals the initial unit transition amount. Unit transition amounts in subsequent years must be reduced each year by an amount equal to five percent of the initial unit transition amount. If the unit transition amount attributable to any unit is less than \$5,000 in any year, the unit transition amount for that unit equals zero.

Subd. 4. **Electric generation transition aid.** Electric generation transition aid for an eligible taxing jurisdiction equals the sum of the unit transition amounts for that jurisdiction.

Subd. 5. **Aid elimination.** (a) Notwithstanding subdivision 4, beginning for aid in the year after the year in which the jurisdiction first qualified for aid, aid for an eligible taxing jurisdiction equals zero if the commissioner determines that the eligible taxing jurisdiction's total net tax capacity in the assessment year preceding the aid calculation year is greater than the product of:

(1) 90 percent of the jurisdiction's total net tax capacity in the assessment year preceding the aid calculation year in which the jurisdiction first qualified for aid under this section; times

(2) the greater of one or the ratio of (i) the statewide total net tax capacity of real and personal property in the assessment year preceding the aid calculation year to (ii) the statewide total net tax capacity of real and personal property in the assessment year preceding the aid calculation year in which the jurisdiction first qualified for aid under this section.

(b) For the purposes of this subdivision, "net tax capacity" means net tax capacity as adjusted under section 473F.08, subdivision 2, or 276A.06, subdivision 2, as applicable.

(c) If aid to a jurisdiction attributable to a previous unit retirement has been eliminated under this subdivision, the jurisdiction may qualify for aid under this section for subsequent unit retirements.

Subd. 6. **Commissioner's duties; payment schedule.** (a) The commissioner of revenue shall compute the amount of electric generation transition aid payable to each jurisdiction under this section. The portion of aid to an eligible taxing jurisdiction that consists of the initial unit transition amount under subdivision 3, paragraph (a), must be certified on or before May 1 in the year the aid is payable. The portion of aid to an eligible taxing jurisdiction that consists of the unit transition amount under subdivision 3, paragraph (b), must be certified by August 1 of each year for aids payable in the following calendar year. The commissioner shall pay aid to each jurisdiction other than school districts annually at the times provided in section 477A.015. Aids to school districts must be certified to the commissioner of education and paid under section 273.1392.

(b) The commissioner of revenue may require counties to provide any data that the commissioner deems necessary to administer this section.

Subd. 7. **Aid for prior unit retirements.** An electric generating unit with a unit base year after 2016 but before 2023 must be counted for the purpose of calculating aid under this section. For a unit eligible to be counted under this subdivision and for the purpose of the schedule of amounts under subdivision 3, paragraph (b), the unit base year is 2023.

Subd. 8. **Appropriation.** An amount sufficient to make the aid payments required by this section to eligible taxing jurisdictions other than school districts is annually appropriated from the general fund to the commissioner of revenue. An amount sufficient to make the aid payments required by this section for school districts is annually appropriated from the general fund to the commissioner of education.

EFFECTIVE DATE. This section is effective for aids payable in 2024 and thereafter.

Sec. 22. Minnesota Statutes 2022, section 477A.30, is amended to read:

477A.30 LOCAL HOMELESS PREVENTION AID.

Subdivision 1. **Definitions.** For purposes of this section, the following terms have the meanings given:

(1) "city" means a statutory or home rule charter city;

(2) "distribution factor" means the total number of students experiencing homelessness in a county in the current school year and the previous two school years divided by the total number of students experiencing homelessness in all counties in the current school year and the previous two school years; ~~and~~

(3) "families" means families and persons 24 years of age or younger; and

(4) "Tribal government" means any of the 11 federally recognized Indian Tribes located in Minnesota.

Subd. 2. **Purpose.** The purpose of this section is to help local governments and Tribal governments ensure no child is homeless within a local jurisdiction by keeping families from losing housing and helping those experiencing homelessness find housing.

Subd. 3. **County distribution.** (a) A county's initial local homeless prevention aid amount equals the greater of: (1) \$5,000; or (2)(i) five percent of the money appropriated ~~to local homeless prevention aid under this section~~ subdivision 6, paragraph (a), times (ii) the ratio of the population of the county to the population of all counties. For the purpose of this paragraph, "population" means the population estimate used to calculate aid under section 477A.0124 for the same aid payable year.

(b) The amount of the appropriation in subdivision 6, paragraph (a), remaining after the allocation under paragraph (a) must be allocated to counties by multiplying each county's distribution factor by the total distribution available under this paragraph. Distribution factors must be based on the most recent counts of students experiencing homelessness in each county, as certified by the commissioner of education to the commissioner of revenue by July 1 of the year the aid is certified to the counties under subdivision 5.

(c) A county's total local homeless prevention aid equals the sum of the amounts under paragraphs (a) and (b).

Subd. 3a. **Tribal governments distribution.** (a) A Tribal government may choose to receive an aid distribution under this section by submitting an application under this subdivision. The application must be in the manner and form prescribed by the commissioner of revenue and must be annually submitted by July 1 in the year prior to the year the aid is paid. For aid payable in 2023 only, the application must be submitted by July 15, 2023.

(b) The total local homeless prevention aid distributed to Tribal governments equals the amount appropriated under subdivision 6, paragraph (b). Each Tribal government which, pursuant to this subdivision, chooses to receive a distribution under this section must receive an equal share of the amount available under subdivision 6, paragraph (b).

Subd. 4. **Use of proceeds.** (a) Counties and Tribal governments that receive a distribution under this section must use the proceeds to fund new or existing family homeless prevention and assistance projects or programs. These projects or programs may be administered by a county, a group of contiguous counties jointly acting together, a city, a group of contiguous cities jointly acting together, ~~a Tribe~~ a Tribal government, a group of ~~Tribes~~ Tribal governments, or a community-based nonprofit organization. Each project or program must include plans for:

(1) targeting families with children who are eligible for a prekindergarten through grade 12 academic program and are:

- (i) living in overcrowded conditions in their current housing;
- (ii) paying more than 50 percent of their income for rent; or
- (iii) lacking a fixed, regular, and adequate nighttime residence;

(2) targeting unaccompanied youth in need of an alternative residential setting;

(3) connecting families with the social services necessary to maintain the families' stability in their homes, including but not limited to housing navigation, legal representation, and family outreach; and

(4) one or more of the following:

(i) providing rental assistance for a specified period of time which may exceed 24 months; or

(ii) providing support and case management services to improve housing stability, including but not limited to housing navigation and family outreach.

(b) Counties may choose not to spend all or a portion of the distribution under this section. Any unspent funds must be returned to the commissioner of revenue by December 31 of the year following the year that the aid was received. Any funds returned to the commissioner under this paragraph must be added to the overall distribution of aids certified under this section in the following year. Any unspent funds returned to the commissioner after the expiration under subdivision 8 are canceled to the general fund.

Subd. 5. **Payments.** The commissioner of revenue must compute the amount of local homeless prevention aid payable to each county and Tribal government under this section. On or before August 1 of each year, the commissioner shall certify the amount to be paid to each county and Tribal government in the following year. The commissioner shall pay local homeless prevention aid annually at the times provided in section 477A.015. For aids payable in 2023 only, the commissioner must recalculate and recertify the aid under this section by July 15, 2023.

Subd. 6. **Appropriation.** ~~\$20,000,000~~ (a) \$17,600,000 is annually appropriated from the general fund to the commissioner of revenue to make payments to counties required under this section.

(b) \$2,400,000 is annually appropriated from the general fund to the commissioner of revenue to make payments to Tribal governments required under this section.

Subd. 7. **Report.** (a) No later than January 15, 2025, the commissioner of revenue must produce a report on projects and programs funded by counties and Tribal governments under this section. The report must include a list of the projects and programs, the number of people served by each, and an assessment of how each project and program impacts people who are currently experiencing homelessness or who are at risk of experiencing homelessness, as reported by the counties and Tribal governments to the commissioner by December 31 each year on a form prescribed by the commissioner. The commissioner must provide a copy of the report to the chairs and ranking minority members of the legislative committees with jurisdiction over property taxes and services for persons experiencing homelessness.

(b) The report in paragraph (a) must be updated every two years and the commissioner of revenue must provide copies of the updated reports to the chairs and ranking minority members of the legislative committees with jurisdiction over property taxes and services for persons experiencing homelessness by January 15 of the year the report is due. Report requirements under this subdivision expire following the report which includes the final distribution preceding the expiration in subdivision 8.

Subd. 8. **Expiration.** Distributions under this section expire after aids payable in 2028 have been distributed.

EFFECTIVE DATE. This section is effective beginning with aids payable in 2023 and thereafter.

Sec. 23. [477A.31] MAHNOMEN PROPERTY TAX REIMBURSEMENT AID.

Subdivision 1. **Aid amounts.** (a) The commissioner of revenue shall make reimbursement aid payments to compensate for the loss of property tax revenue related to the trust conversion application of the Shooting Star Casino. The commissioner shall pay the county of Mahnomen, \$1,010,000; the city of Mahnomen, \$210,000; and Independent School District No. 432, Mahnomen, \$140,000.

(b) The payments shall be made annually on July 20.

Subd. 2. **Appropriation.** An amount sufficient to pay reimbursement aid under this section is annually appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 24. **[477A.36] STATEWIDE LOCAL HOUSING AID.**

Subdivision 1. **Definitions.** For the purposes of this section, the following terms have the meanings given:

(1) "city distribution factor" means the number of households in a tier I city that are cost-burdened divided by the total number of households that are cost-burdened in Minnesota tier I cities. The number of cost-burdened households shall be determined using the most recent estimates or experimental estimates provided by the American Community Survey of the United States Census Bureau as of May 1 of the aid calculation year;

(2) "cost-burdened household" means a household in which gross rent is 30 percent or more of household income or in which homeownership costs are 30 percent or more of household income;

(3) "county distribution factor" means the number of households in a county that are cost-burdened divided by the total number of households in Minnesota that are cost-burdened. The number of cost-burdened households shall be determined using the most recent estimates or experimental estimates provided by the American Community Survey of the United States Census Bureau as of May 1 of the aid calculation year;

(4) "eligible Tribal Nation" means the following federally recognized Indian Tribes located in Minnesota: Bois Forte Band; Fond du Lac Band; Grand Portage Band; Leech Lake Band; Mille Lacs Band; White Earth Band; and Red Lake Nation;

(5) "population" has the meaning given in section 477A.011, subdivision 3;

(6) "tier I city" means a statutory or home rule charter city that is a city of the first, second, or third class and is not located in a metropolitan county, as defined by section 473.121, subdivision 4; and

(7) "tier II city" means a statutory or home rule charter city that is a city of the fourth class and is not located in a metropolitan county, as defined by section 473.121, subdivision 4.

Subd. 2. **Distribution.** (a) Each county shall receive the sum of:

(1) 0.6 percent of the total amount available to counties under this section; plus

(2) the product of:

(i) the county distribution factor; multiplied by

(ii) the total amount available to counties under this section minus the product of clause (1) multiplied by the number of Minnesota counties.

(b) The commissioner of revenue shall determine the amount of funding available to a tier I city under this section by multiplying the city's city distribution factor and the amount of funding available to tier I cities under this section.

(c) The commissioner of revenue shall determine the amount of funding available to an eligible Tribal Nation by dividing the amount of money available for aid to Tribal Nations under this section by the number of eligible Tribal Nations that have applied to receive an aid distribution under this section.

Subd. 3. **Grants to tier II cities.** (a) The commissioner of the Minnesota Housing Finance Agency shall establish a program to award grants of at least \$25,000 to tier II cities. The agency shall develop program guidelines and criteria in consultation with the League of Minnesota Cities. Notwithstanding section 16C.06, the commissioner may use a formula to determine the amounts of awards to tier II cities applying for funding under this section. Awards may be made in conjunction with funding awards under other agency programs that serve tier II cities.

(b) Among comparable proposals, the agency shall prioritize grants to tier II cities that have a higher proportion of cost-burdened households.

(c) A grantee must use its grant on a qualifying project.

(d) In making grants, the agency shall determine the circumstances, terms, and conditions under which all or any portion thereof will be repaid and shall determine the appropriate security should repayment be required. Any repaid funds shall be returned to the account or accounts established pursuant to paragraph (e).

(e) The agency shall establish a bookkeeping account or accounts in the housing development fund for money distributed to the agency for grants under this subdivision. By May 1 of each year, the Minnesota Housing Finance Agency shall report to the Department of Revenue on the amount in the account or accounts.

Subd. 4. **Qualifying projects.** (a) Qualifying projects shall include: (1) emergency rental assistance for households earning less than 80 percent of area median income as determined by the United States Department of Housing and Urban Development; (2) financial support to nonprofit affordable housing providers in their mission to provide safe, dignified, affordable and supportive housing; (3) outside the metropolitan counties as defined in section 473.121, subdivision 4, development of market rate residential rental properties, as defined in section 462A.39, subdivision 2, paragraph (d), if the relevant unit of government submits with the report required under subdivision 6 a resolution and supporting documentation showing that the area meets the requirements of section 462A.39, subdivision 4, paragraph (a); and (4) projects designed for the purpose of construction, acquisition, rehabilitation, demolition or removal of existing structures, construction financing, permanent financing, interest rate reduction, refinancing, and gap financing of housing to provide affordable housing to households that have incomes which do not exceed, for homeownership projects, 115 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development and, for rental housing projects, 80 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development, except that the housing developed or rehabilitated with funds under this section must be affordable to the local work force.

Projects shall be prioritized that provide affordable housing to households that have incomes that do not exceed, for homeownership projects, 80 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development, and for rental housing projects, 50 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development. Priority may be given to projects that: reduce disparities in home ownership; reduce housing cost burden, housing instability, or homelessness; improve the habitability of homes; create accessible housing; or create more energy- or water-efficient homes.

(b) Gap financing is either:

(1) the difference between the costs of the property, including acquisition, demolition, rehabilitation, and construction, and the market value of the property upon sale; or

(2) the difference between the cost of the property and the amount the targeted household can afford for housing, based on industry standards and practices.

(c) If aid under this section is used for demolition or removal of existing structures, the cleared land must be used for the construction of housing to be owned or rented by persons who meet the income limits of paragraph (a).

(d) If an aid recipient uses the aid on new construction or substantial rehabilitation of a building containing more than four units, the loan recipient must construct, convert, or otherwise adapt the building to include:

(1) the greater of: (i) at least one unit; or (ii) at least five percent of units that are accessible units, as defined by section 1002 of the current State Building Code Accessibility Provisions for Dwelling Units in Minnesota, and include at least one roll-in shower; and

(2) the greater of: (i) at least one unit; or (ii) at least five percent of units that are sensory-accessible units that include:

(A) soundproofing between shared walls for first and second floor units;

(B) no florescent lighting in units and common areas;

(C) low-fume paint;

(D) low-chemical carpet; and

(E) low-chemical carpet glue in units and common areas.

Nothing in this paragraph relieves a project funded by this section from meeting other applicable accessibility requirements.

Subd. 5. **Use of proceeds.** (a) Any funds distributed under this section must be spent on a qualifying project. If a tier I city or county demonstrates to the Minnesota Housing Finance Agency that the tier I city or county cannot expend funds on a qualifying project by the deadline imposed by paragraph (b) due to factors outside the control of the tier I city or county, funds shall be considered spent on a qualifying project if the funds are transferred to a local housing trust fund. Funds transferred to a local housing trust fund must be spent on a project or household that meets the affordability requirements of subdivision 4, paragraph (a).

(b) Any funds must be returned to the commissioner of revenue if the funds are not spent by December 31 in the third year following the year after the aid was received.

Subd. 6. **Administration.** (a) The commissioner of revenue must compute the amount of aid payable to each aid recipient under this section. Beginning with aids payable in calendar year 2024, before computing the amount of aid for counties and after receiving the report required by subdivision 3, paragraph (e), the commissioner shall compute the amount necessary to increase the amount in the account or accounts established under that paragraph to \$1,250,000. The amount calculated under the preceding sentence shall be deducted from the amount available to counties for the purposes of certifying the amount of aid to be paid to counties in the following year. By August 1 of each year, the commissioner must certify the amount to be paid to each aid recipient in the following year. The commissioner must pay statewide local housing aid annually at the times provided in section 477A.015. Before paying the first installment of aid annually, the commissioner of revenue shall transfer to the Minnesota Housing Finance Agency from the funds available for counties, for deposit in the account or accounts established under subdivision 3, paragraph (e), the amount computed in the prior year to be necessary to increase the amount in the account or accounts established under that paragraph to \$1,250,000.

(b) Beginning in 2025, aid recipients shall submit a report annually, no later than December 1 of each year, to the Minnesota Housing Finance Agency. The report shall include documentation of the location of any unspent funds distributed under this section and of qualifying projects completed or planned with funds under this section. If an aid recipient fails to submit a report, fails to spend funds within the timeline imposed under subdivision 5, paragraph (b), or uses funds for a project that does not qualify under this section, the Minnesota Housing Finance Agency shall notify the Department of Revenue and the aid recipient must repay funds under paragraph (c) by February 15 of the following year.

(c) By May 15, after receiving notice from the Minnesota Housing Finance Agency, an aid recipient must pay to the Minnesota Housing Finance Agency funds the aid recipient received under this section if the aid recipient:

(1) fails to spend the funds within the time allowed under subdivision 5, paragraph (b);

(2) spends the funds on anything other than a qualifying project; or

(3) fails to submit a report documenting use of the funds.

(d) The commissioner of revenue must stop distributing funds to an aid recipient that the Minnesota Housing Finance Agency reports to have, in three consecutive years, failed to use funds, misused funds, or failed to report on its use of funds.

(e) The commissioner may resume distributing funds to an aid recipient to which the commissioner has stopped payments in the year following the August 1 after the Minnesota Housing Finance Agency certifies that the city or county has submitted documentation of plans for a qualifying project.

(f) By June 1, any funds paid to the Minnesota Housing Finance Agency under paragraph (c) must be deposited in the housing development fund. Funds deposited under this paragraph are appropriated to the commissioner of the Minnesota Housing Finance Agency for use on the family homeless prevention and assistance program under section 462A.204, the economic development and housing challenge program under section 462A.33, and the workforce and affordable homeownership development program under section 462A.38.

(g) An eligible Tribal Nation may choose to receive an aid distribution under this section by submitting an application under this subdivision. An eligible Tribal Nation which has not received a distribution in a prior aids payable year may elect to begin participation in the program by submitting an application in the manner and form prescribed by the commissioner of revenue by January 15 of the aids payable year. In order to receive a distribution, an eligible Tribal Nation must certify to the commissioner of revenue the most recent estimate of the total number of enrolled members of the eligible Tribal Nation. The information must be annually certified by March 1 in the form prescribed by the commissioner of revenue. The commissioner of revenue must annually calculate and certify the amount of aid payable to each eligible Tribal Nation on or before August 1.

Subd. 7. **County consultation with cities.** A county that receives funding under this section shall regularly consult with the cities in the jurisdictions of which its qualifying projects are planned or located.

Subd. 8. **Appropriations.** (a) \$6,800,000 is annually appropriated from the general fund to the commissioner of revenue to make payments to counties as required under this section.

(b) \$2,000,000 is annually appropriated from the general fund to the commissioner of revenue to make payments to tier I cities as required under this section.

(c) \$1,200,000 is annually appropriated from the general fund to the commissioner of revenue to make payments to eligible Tribal Nations as required under this section.

(d) In fiscal years 2024 and 2025 only, an additional \$8,500,000 is annually appropriated from the general fund to the commissioner of revenue to make payments to counties as required under this section. In fiscal years 2024 and 2025 only, an additional \$2,500,000 is annually appropriated from the general fund to the commissioner of revenue to make payments to tier I cities as required under this section. In fiscal years 2024 and 2025 only, an additional \$1,500,000 is annually appropriated from the general fund to the commissioner of revenue to make payments to eligible Tribal Nations as required under this section. In fiscal years 2024 and 2025 only, the commissioner shall transfer from the funds available to counties to the Minnesota Housing Finance Agency a sum sufficient to increase the amount in the account or accounts established under subdivision 3, paragraph (e), to \$2,250,000. For aids payable in 2023 only, the commissioner may compute the amount of aid to be paid to aid recipients as late as August 1, 2023, and may make payments of aid under this section in one installment on December 26.

EFFECTIVE DATE. This section is effective beginning with aids payable in calendar year 2023.

Sec. 25. **[477A.40] TRIBAL NATION AID.**

Subdivision 1. **Aid not to be considered reparations.** Aid distributions under this section are not a substitute for reparations to eligible Tribal Nations, their members, or their members' descendants.

Subd. 2. **Definitions.** For the purposes of this section, the following terms have the meanings given:

(1) "distribution share" means the number of enrolled members in an eligible Tribal Nation divided by the total number of enrolled members for all eligible Tribal Nations certified under this section; and

(2) "eligible Tribal Nation" means any of the 11 federally recognized Indian Tribes located in Minnesota which submit an application under subdivision 4.

Subd. 3. **Distribution.** An eligible Tribal Nation's annual aid amount is equal to the sum of:

(1) the quotient of:

(i) 0.5 times the amount appropriated under this section; divided by

(ii) the number of eligible Tribal Nations; plus

(2) the product of:

(i) the eligible Tribal Nation's distribution share; multiplied by

(ii) 0.5 times the amount appropriated under this section.

Subd. 4. **Application.** An eligible Tribal Nation may choose to receive an aid distribution under this section by submitting an application under this subdivision. An eligible Tribal Nation which has not received a distribution in a prior aids payable year may elect to begin participation in the program by submitting an application in the manner and form prescribed by the commissioner of revenue by January 15 of the aids payable year. In order to receive a distribution, an eligible Tribal Nation must certify to the commissioner of revenue the most recent estimate of the total number of enrolled members of the eligible Tribal Nation. The information must be annually certified by March 1 in the form prescribed by the commissioner of revenue. The commissioner of revenue must annually calculate and certify the amount of aid payable to each eligible Tribal Nation on or before August 1.

Subd. 5. **Payments.** The commissioner of revenue must pay Tribal Nation aid annually by December 27 of the year the aid is certified.

Subd. 6. **Appropriation.** \$35,000,000 is annually appropriated from the general fund to the commissioner of revenue to make payments under this section.

EFFECTIVE DATE. This section is effective beginning with aids payable in 2024.

Sec. 26. Laws 2006, chapter 259, article 11, section 3, as amended by Laws 2008, chapter 154, article 1, section 4, and Laws 2013, chapter 143, article 2, section 33, is amended to read:

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

Subdivision 1. **Aid appropriation.** (a) \$1,200,000 is appropriated annually from the general fund to the commissioner of revenue to be used to make payments to compensate for the loss of property tax revenue related to the trust conversion application of the Shooting Star Casino. The commissioner shall pay the county of Mahnomen, \$900,000; the city of Mahnomen, \$160,000; and Independent School District No. 432, Mahnomen, \$140,000. The payments shall be made on July 20, of 2013 and each subsequent year.

(b) This section expires after aids payable year 2023.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 27. 2023 PUBLIC SAFETY AID.

Subdivision 1. **Definitions.** For purposes of this section, the following terms have the meanings given:

(1) "commissioner" means the commissioner of revenue;

(2) "local unit" means (i) a town with a population of at least 10,000, or (ii) a statutory or home rule charter city;

(3) "population" means population estimates made or conducted by the United States Bureau of the Census; the Metropolitan Council pursuant to Minnesota Statutes, section 473.24; or by the state demographer pursuant to Minnesota Statutes, section 4A.02, paragraph (d), whichever is the most recent estimate and available as of January 1, 2023;

(4) "Tribal governments" has the meaning given to "Minnesota Tribal governments" in Minnesota Statutes, section 10.65, subdivision 2, paragraph (a), clause (4); and

(5) "Tribal population" means population estimates made or conducted by the United States Bureau of the Census of the federally recognized American Indian reservations and off-reservation trust lands in Minnesota, whichever is the most recent estimate and available as of January 1, 2023.

Subd. 2. **County aid.** A county's public safety aid equals the sum of:

(1) the product of (i) the county's population, and (ii) the county basic allowance; plus

(2) the product of (i) the county's population minus the total population of every local unit located in that county, and (ii) the county additional allowance.

Subd. 3. **Tribal government aid.** A Tribal government's public safety aid equals the sum of:

(1) the product of (i) the Tribe's population, and (ii) the county basic allowance; plus

(2) the product of (i) the Tribe's population, and (ii) the county additional allowance.

Subd. 4. **Local unit aid.** A local unit's public safety aid equals the product of (1) the local unit's population, and (2) the local unit allowance.

Subd. 5. **Commissioner to calculate allowances.** (a) The commissioner must calculate the county basic allowance so that the total amount of aid distributed under subdivisions 2, clause (1), and 3, clause (1), equals 70 percent of the amount appropriated for aid to counties and Tribal governments.

(b) The commissioner must calculate the county additional allowance so that the total amount of aid distributed under subdivisions 2, clause (2), and 3, clause (2), equals 30 percent of the amount appropriated for aid to counties and Tribal governments.

(c) The commissioner must calculate the local unit allowance so that the total amount of aid distributed under subdivision 4 equals the amount appropriated for aid to local units.

Subd. 6. **Eligible uses.** (a) A county, Tribal government, or local unit must use the aid under this section to provide public safety, including community violence prevention and intervention programs; community engagement; mental health crisis responses; victim services; training programs; first responder wellness; equipment related to fire, rescue, and emergency services; or to pay other personnel or equipment costs.

(b) Notwithstanding paragraph (a), a county, Tribal government, or local unit may not apply the aid under this section toward:

(1) its employer contribution to the public employees police and fire fund if the county, Tribal government, or local unit received police state aid under Minnesota Statutes, chapter 477C, in calendar year 2022;

(2) any costs associated with alleged wrongdoing or misconduct;

(3) the purchase of an armored or tactical vehicle or substantially similar vehicle;

(4) the purchase of tear gas, chemical munitions, or substantially similar items; or

(5) the costs of construction, reconstruction, remodeling, expansion, or improvement of a police station, including related facilities. For purposes of this clause, "related facilities" includes access roads, lighting, sidewalks, and utility components on or adjacent to the property on which the police station is located that are necessary for safe access to and use of the building.

Subd. 7. **Certification; payment date.** The commissioner must certify the aid amount to be paid in 2023 to each county, Tribal government, and local unit by September 1, 2023. The commissioner must make the full 2023 payment to each county, Tribal government, and local unit by December 26, 2023.

Subd. 8. **Appropriation.** (a) \$300,000,000 is appropriated in fiscal year 2024 from the general fund to the commissioner of revenue for public safety aid under this section.

(b) Of the amount in paragraph (a), 30 percent is for aid to counties and Tribal governments and 70 percent is for aid to local units.

(c) This is a onetime appropriation.

EFFECTIVE DATE. This section is effective for aids payable in 2023.

Sec. 28. 2021 AID PENALTY FORGIVENESS.

Subdivision 1. **City of Echo.** Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Echo is eligible to receive its aid payment for calendar year 2021 under Minnesota Statutes, section 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision 3, and its small city assistance payment for calendar year 2021 under Minnesota Statutes, section 162.145, that was withheld under Minnesota Statutes, section 162.145, subdivision 3, paragraph (c). If the state auditor certifies to the commissioner of revenue that it received the annual financial reporting form for 2020 from the city by June 1, 2023, the commissioner of revenue must make a payment of \$46,060 to the city by June 30, 2023.

Subd. 2. **City of Morton.** Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Morton is eligible to receive its aid payment for calendar year 2021 under Minnesota Statutes, section 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision 3, and its small city assistance payment for calendar year 2021 under Minnesota Statutes, section 162.145, that was withheld under Minnesota Statutes, section 162.145, subdivision 3, paragraph (c). If the state auditor certifies to the commissioner of revenue that it received the annual financial reporting form for 2020 from the city by June 1, 2023, the commissioner of revenue must make a payment of \$79,476 to the city by June 30, 2023.

Subd. 3. **Appropriation.** The amounts necessary to make the payments required under this section are appropriated in fiscal year 2023 from the general fund to the commissioner of revenue. This is a onetime appropriation.

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

Sec. 29. STUDY OF STATE-OWNED LAKESHORE.

No later than January 31, 2025, the commissioner of revenue, in consultation with the Department of Natural Resources and counties, must produce a report on valuation methods used to value the acreage and shoreline areas within all commissioner-administered and county-administered other natural resources land, as defined in Minnesota Statutes, section 477A.11, subdivision 4. The report must comply with the requirements of Minnesota Statutes, sections 3.195 and 3.197. The report must include, by county, the most recent assessed value and acreage, as required under Minnesota Statutes, section 273.18, paragraph (b), aggregated by parcels abutting lakes identified by a Department of Natural Resources Division of Waters Lake Number and by parcels not abutting lakes identified by a Department of Natural Resources Division of Waters Lake Number. Counties must report to the commissioner of revenue any necessary data by December 30, 2023. The commissioner must provide a copy of the report to the chairs and ranking minority members of the legislative committees with jurisdiction over taxes and property taxation by January 31, 2025.

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

Sec. 30. ONETIME INCREASE IN THE RENTER'S CREDIT AND HOMESTEAD CREDIT STATE REFUND.

Subdivision 1. **Homestead credit refund.** For claims filed based on taxes payable in 2023, the commissioner shall increase by 20.572 percent the refund otherwise payable under Minnesota Statutes, section 290A.04, subdivision 2.

Subd. 2. **Renter's credit increase.** For claims filed based on rent paid in 2022, the commissioner shall increase by 20.572 percent the refund otherwise payable under Minnesota Statutes, section 290A.04, subdivision 2a.

Subd. 3. **No notification of appeal rights.** In adjusting homestead credit refunds and renter property tax refunds under this section, the commissioner is not required to provide information concerning appeal rights that ordinarily must be provided whenever the commissioner adjusts refunds payable under Minnesota Statutes, chapter 290. Taxpayers retain all rights to appeal adjustments under this section.

Subd. 4. **Appropriation.** The amount necessary to make the payments required under this section is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective only for refunds based on rent paid in 2022 and property taxes payable in 2023.

Sec. 31. TARGETING PROPERTY TAX REFUND; TEMPORARY INCREASE FOR PROPERTY TAXES PAYABLE IN 2023.

Notwithstanding any law to the contrary, for refunds based on property taxes payable in 2023, the refund calculated under Minnesota Statutes, section 290A.04, subdivision 2h, must be calculated by substituting:

(1) six percent for 12 percent; and

(2) \$2,500 for \$1,000.

EFFECTIVE DATE. This section is effective for refunds based on property taxes payable in 2023 only.

Sec. 32. APPROPRIATION; CLASS 4D(1) LOW-INCOME RENTAL PROPERTY 2025 AND 2026 TRANSITION AID.

Subdivision 1. **Definitions.** (a) For the purposes of this section, the terms in this subdivision have the meanings given.

(b) "4d(1) property" means class 4d(1) low-income rental property under Minnesota Statutes, section 273.13, subdivision 25.

(c) "Base assessment year" means assessment year 2023.

(d) "City" means a home rule charter or statutory city.

(e) "Modified transition tax capacity" means the product of (1) one minus the transition ratio for the city, times (2) the transition tax capacity for the city.

(f) "Transition ratio" means the ratio of (1) the net tax capacity of 4d(1) property for the city in the base assessment year calculated using the classification rates and first-tier limit in effect for 4d(1) property for taxes payable in 2025, to (2) the net tax capacity of 4d(1) property for the city in the base assessment year calculated using the classification rates and first-tier limit in effect for 4d(1) property for taxes payable in 2024.

(g) "Transition tax capacity" means the greater of zero or the difference between (1) the net tax capacity of 4d(1) property for the city in the base assessment year, minus (2) two percent of the total net tax capacity for the city in the base assessment year.

Subd. 2. **Aid amount.** In 2025 and 2026 only, transition aid for a city equals the product of (1) the city's tax rate for taxes payable in 2024, times (2) the modified transition tax capacity for the city.

Subd. 3. **Administration; payment schedule.** (a) For purposes of this section, net tax capacity must be determined by the commissioner of revenue based on information available to the commissioner as of July 15, 2024.

(b) The commissioner of revenue must certify the aid amount to be paid to each city before August 1 of the year preceding the aid distribution year and must pay the aid in two installments on the dates specified in Minnesota Statutes, section 477A.015.

Subd. 4. **Appropriation.** An amount sufficient to pay transition aid under this section is annually appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective for aid payable in calendar year 2025 and 2026 only.

Sec. 33. REPEALER.

Minnesota Statutes 2022, sections 477A.011, subdivisions 30a, 38, 42, and 45; 477A.013, subdivision 13; and 477A.16, subdivisions 1, 2, and 3, are repealed.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

ARTICLE 5

SALES AND USE TAXES

Section 1. Minnesota Statutes 2022, section 38.27, subdivision 4, is amended to read:

Subd. 4. Use of a portion of county fair revenues. A county agricultural society must annually determine the amount of sales tax savings attributable to section 297A.70, subdivision 21. ~~If the county agricultural society owns its own fairgrounds, it, and must use the amount equal to the sales tax savings to maintain, improve, or expand society-owned buildings and facilities on the fairgrounds; otherwise it must transfer this amount to the owner of the fairgrounds. An owner that receives a transfer of money under this subdivision must use the transferred amount to maintain, improve, and expand entity-owned buildings and facilities on the county fairgrounds.~~

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

Sec. 2. Minnesota Statutes 2022, section 297A.61, subdivision 4, is amended to read:

Subd. 4. Retail sale. (a) A "retail sale" means:

(1) any sale, lease, or rental of tangible personal property for any purpose, other than resale, sublease, or subrent of items by the purchaser in the normal course of business as defined in subdivision 21; and

(2) any sale of a service enumerated in subdivision 3, for any purpose other than resale by the purchaser in the normal course of business as defined in subdivision 21.

(b) A sale of property used by the owner only by leasing it to others or by holding it in an effort to lease it, and put to no use by the owner other than resale after the lease or effort to lease, is a sale of property for resale.

(c) A sale of master computer software that is purchased and used to make copies for sale or lease is a sale of property for resale.

(d) A sale of building materials, supplies, and equipment to owners, contractors, subcontractors, or builders for the erection of buildings or the alteration, repair, or improvement of real property is a retail sale in whatever quantity sold, whether the sale is for purposes of resale in the form of real property or otherwise.

(e) A sale of carpeting, linoleum, or similar floor covering to a person who provides for installation of the floor covering is a retail sale and not a sale for resale since a sale of floor covering which includes installation is a contract for the improvement of real property.

(f) A sale of shrubbery, plants, sod, trees, and similar items to a person who provides for installation of the items is a retail sale and not a sale for resale since a sale of shrubbery, plants, sod, trees, and similar items that includes installation is a contract for the improvement of real property.

(g) A sale of tangible personal property that is awarded as prizes is a retail sale and is not considered a sale of property for resale.

(h) A sale of tangible personal property utilized or employed in the furnishing or providing of services under subdivision 3, paragraph (g), clause (1), including, but not limited to, property given as promotional items, is a retail sale and is not considered a sale of property for resale.

(i) A sale of tangible personal property used in conducting lawful gambling under chapter 349 or the State Lottery under chapter 349A, including, but not limited to, property given as promotional items, is a retail sale and is not considered a sale of property for resale.

(j) a sale of machines, equipment, or devices that are used to furnish, provide, or dispense goods or services, including, but not limited to, coin-operated devices, is a retail sale and is not considered a sale of property for resale.

(k) In the case of a lease, a retail sale occurs (1) when an obligation to make a lease payment becomes due under the terms of the agreement or the trade practices of the lessor or (2) in the case of a lease of a motor vehicle, as defined in section 297B.01, subdivision 11, but excluding vehicles with a manufacturer's gross vehicle weight rating greater than 10,000 pounds and rentals of vehicles for not more than 28 days, at the time the lease is executed.

(l) In the case of a conditional sales contract, a retail sale occurs upon the transfer of title or possession of the tangible personal property.

(m) A sale of a bundled transaction in which one or more of the products included in the bundle is a taxable product is a retail sale, except that if one of the products is a telecommunication service, ancillary service, Internet access, ~~or~~ audio or video programming service, a suite license exempt under section 297A.67, subdivision 35, or a right to purchase season tickets to collegiate events exempt under section 297A.67, subdivision 38, and the seller has maintained books and records identifying through reasonable and verifiable standards the portions of the price that are attributable to the distinct and separately identifiable products, then the products are not considered part of a bundled transaction. For purposes of this paragraph:

(1) the books and records maintained by the seller must be maintained in the regular course of business, and do not include books and records created and maintained by the seller primarily for tax purposes;

(2) books and records maintained in the regular course of business include, but are not limited to, financial statements, general ledgers, invoicing and billing systems and reports, and reports for regulatory tariffs and other regulatory matters; and

(3) books and records are maintained primarily for tax purposes when the books and records identify taxable and nontaxable portions of the price, but the seller maintains other books and records that identify different prices attributable to the distinct products included in the same bundled transaction.

(n) A sale of motor vehicle repair paint and materials by a motor vehicle repair or body shop business is a retail sale and the sales tax is imposed on the gross receipts from the retail sale of the paint and materials. The motor vehicle repair or body shop that purchases motor vehicle repair paint and motor vehicle repair materials for resale must either:

(1) separately state each item of paint and each item of materials, and the sales price of each, on the invoice to the purchaser; or

(2) in order to calculate the sales price of the paint and materials, use a method which estimates the amount and monetary value of the paint and materials used in the repair of the motor vehicle by multiplying the number of labor hours by a rate of consideration for the paint and materials used in the repair of the motor vehicle following industry standard practices that fairly calculate the gross receipts from the retail sale of the motor vehicle repair paint and motor vehicle repair materials. An industry standard practice fairly calculates the gross receipts if the sales price of the paint and materials used or consumed in the repair of a motor vehicle equals or exceeds the purchase price paid by the motor vehicle repair or body shop business. Under this clause, the invoice must either separately state the "paint and materials" as a single taxable item, or separately state "paint" as a taxable item and "materials" as a taxable item. This clause does not apply to wholesale transactions at an auto auction facility.

(o) A sale of specified digital products or other digital products to an end user with or without rights of permanent use and regardless of whether rights of use are conditioned upon payment by the purchaser is a retail sale. When a digital code has been purchased that relates to specified digital products or other digital products, the subsequent receipt of or access to the related specified digital products or other digital products is not a retail sale.

(p) A payment made to a cooperative electric association or public utility as a contribution in aid of construction is a contract for improvement to real property and is not a retail sale.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after June 30, 2022.

Sec. 3. Minnesota Statutes 2022, section 297A.67, subdivision 35, is amended to read:

Subd. 35. **Suite licenses.** The sale of the privilege of admission under section 297A.61, subdivision 3, paragraph (g), clause (1), to a place of amusement or athletic event does not include consideration paid for a license to use a private suite, private skybox, or private box seat, and the sale of the license is exempt provided that: (1) the lessee may use the private suite, private skybox, or private box seat by mutual arrangement with the lessor on days when there is no amusement or athletic event; and (2) the sales price for the privilege of admission is ~~separately stated and is~~ equal to or greater than the highest priced general admission ticket for the closest seat not in the private suite, private skybox, or private box seat.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after June 30, 2022.

Sec. 4. Minnesota Statutes 2022, section 297A.67, subdivision 38, is amended to read:

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

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

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

~~(3)~~ (2) the admission price is equal to or greater than the highest priced general admission ticket for the closest seat not in the preferred viewing location.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after June 30, 2022.

Sec. 5. Minnesota Statutes 2022, section 297A.67, is amended by adding a subdivision to read:

Subd. 39. **Firearm storage units.** (a) Secure firearm storage units are exempt. For the purposes of this subdivision:

(1) "secure firearm storage unit" means a container that is fully enclosed and locked by a padlock, keylock, combination lock, or similar locking device, and is either specifically designed for the safe storage of firearms or sold for that purpose by a federally licensed firearms dealer; and

(2) "firearm" has the meaning provided in section 97A.015, subdivision 19.

(b) The seller of a secure firearm storage unit must neither collect, nor transmit to any private or public entity, any personal data of or information about a purchaser resulting from a sale eligible for the exemption under this subdivision.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2023.

Sec. 6. Minnesota Statutes 2022, section 297A.68, subdivision 25, is amended to read:

Subd. 25. **Sale of property used in a trade or business.** (a) The sale of tangible personal property primarily used in a trade or business is exempt if the sale is not made in the normal course of business of selling that kind of property and if one of the following conditions is satisfied:

(1) the sale occurs in a transaction subject to or described in section 118, 331, 332, 336, 337, 338, 351, 355, 368, 721, 731, 1031, or 1033 of the Internal Revenue Code, as amended through December 16, 2016;

(2) the sale is between members of a controlled group as defined in section 1563(a) of the Internal Revenue Code;

(3) the sale is between a sole member of a disregarded limited liability company and the disregarded limited liability company;

~~(3)~~ (4) the sale is a sale of farm machinery;

~~(4)~~ (5) the sale is a farm auction sale;

~~(5)~~ (6) the sale is a sale of substantially all of the assets of a trade or business; or

~~(6)~~ (7) the total amount of gross receipts from the sale of trade or business property made during the calendar month of the sale and the preceding 11 calendar months does not exceed \$1,000.

The use, storage, distribution, or consumption of tangible personal property acquired as a result of a sale exempt under this subdivision is also exempt.

(b) For purposes of this subdivision, the following terms have the meanings given.

(1) "Disregarded limited liability company" means a limited liability company that is disregarded as an entity separate from its owner under the Internal Revenue Code.

~~(+)~~ (2) A "farm auction" is a public auction conducted by a licensed auctioneer if substantially all of the property sold consists of property used in the trade or business of farming and property not used primarily in a trade or business.

~~(2)~~ (3) "Trade or business" includes the assets of a separate division, branch, or identifiable segment of a trade or business if, before the sale, the income and expenses attributable to the separate division, branch, or identifiable segment could be separately ascertained from the books of account or record (the lease or rental of an identifiable segment does not qualify for the exemption).

~~(3)~~ (4) A "sale of substantially all of the assets of a trade or business" must occur as a single transaction or a series of related transactions within the 12-month period beginning on the date of the first sale of assets intended to qualify for the exemption provided in paragraph (a), clause (5).

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2023.

Sec. 7. Minnesota Statutes 2022, section 297A.68, is amended by adding a subdivision to read:

Subd. 46. **Amenities included with the privilege of admission.** (a) The sale of amenities, including but not limited to food and beverages, parking services, and promotional items, that are included in the sales price of the privilege of admission to athletic events and places of amusement under section 297A.61, subdivision 3, paragraph (m), are exempt when sold by a seller of the privilege of admission that is a professional sports team competing in Major League Baseball, Major League Soccer, the National Basketball Association, the Women's National Basketball Association, the National Football League, or the National Hockey League.

(b) Under this subdivision, the exempt portion of the sale of the privilege of admission is equal to the purchase price of the amenity if sales or use tax was paid on the amenity when purchased by the seller.

(c) The seller must retain records documenting the price and tax paid by the seller when purchasing the amenities and the price and tax collected when the seller sells the privilege of admission.

(d) This subdivision expires July 1, 2030.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after June 30, 2022, and before July 1, 2030.

Sec. 8. Minnesota Statutes 2022, section 297A.70, subdivision 7, is amended to read:

Subd. 7. **Hospitals, outpatient surgical centers, and critical access dental providers, and blood centers.** (a) Sales, except for those listed in paragraph ~~(d)~~ (f), to a hospital are exempt, if the items purchased are used in providing hospital services. For purposes of this subdivision, "hospital" means a hospital organized

and operated for charitable purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, and licensed under chapter 144 or by any other jurisdiction, and "hospital services" are services authorized or required to be performed by a "hospital" under chapter 144.

(b) Sales, except for those listed in paragraph ~~(d)~~ (f), to an outpatient surgical center are exempt, if the items purchased are used in providing outpatient surgical services. For purposes of this subdivision, "outpatient surgical center" means an outpatient surgical center organized and operated for charitable purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, and licensed under chapter 144 or by any other jurisdiction. For the purposes of this subdivision, "outpatient surgical services" means: (1) services authorized or required to be performed by an outpatient surgical center under chapter 144; and (2) urgent care. For purposes of this subdivision, "urgent care" means health services furnished to a person whose medical condition is sufficiently acute to require treatment unavailable through, or inappropriate to be provided by, a clinic or physician's office, but not so acute as to require treatment in a hospital emergency room.

(c) Sales, except for those listed in paragraph ~~(d)~~ (f), to a critical access dental provider are exempt, if the items purchased are used in providing critical access dental care services. For the purposes of this subdivision, "critical access dental provider" means a dentist or dental clinic that qualifies under section 256B.76, subdivision 4, paragraph (b), and, in the previous calendar year, had no more than 15 percent of its patients covered by private dental insurance.

(d) Sales, except for those listed in paragraph (f), to a blood center are exempt, if the items purchased are used in providing blood collection and distribution services. Notwithstanding paragraph (f), leases by a blood center of a truck, as defined in section 168.002; a bus, as defined in section 168.002; or a passenger automobile, as defined in section 168.002, if the truck, bus, or automobile is used for carrying out the purposes of the blood center, including the collection of blood from donors, setting up of blood drives, and delivering blood to hospitals are exempt. For purposes of this subdivision, "blood center" means an entity organized and operated for charitable purposes under section 501(c)(3) of the Internal Revenue Code that is:

(1) registered as a blood establishment pursuant to Code of Federal Regulations, title 21, part 607;

(2) a human cells, tissues, and cellular and tissue-based products establishment under Code of Federal Regulations, title 21, part 1271, subpart B; or

(3) a clinical lab that performs infectious disease testing, blood typing, and other laboratory testing services in connection with blood processing for transfusion into humans under Code of Federal Regulations, title 42, part 493.

(e) The exemption provided under paragraph (d) expires January 1, 2028.

(f) This exemption does not apply to the following products and services:

(1) purchases made by a clinic, physician's office, or any other medical facility not operating as a hospital, outpatient surgical center, ~~or critical access dental provider~~, or blood center, even though the clinic, office, or facility may be owned and operated by a hospital, outpatient surgical center, ~~or critical access dental provider~~, or blood center;

(2) sales under section 297A.61, subdivision 3, paragraph (g), clause (2), and prepared food, candy, and soft drinks;

(3) building and construction materials used in constructing buildings or facilities that will not be used principally by the hospital, outpatient surgical center, ~~or critical access dental provider~~, or blood center;

(4) building, construction, or reconstruction materials purchased by a contractor or a subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed maximum price covering both labor and materials for use in the construction, alteration, or repair of a hospital, outpatient surgical center, ~~or~~ critical access dental provider, or blood center; or

(5) the leasing of a motor vehicle as defined in section 297B.01, subdivision 11.

~~(e)~~ (g) A limited liability company also qualifies for exemption under this subdivision if (1) it consists of a sole member that would qualify for the exemption, and (2) the items purchased qualify for the exemption.

~~(f)~~ (h) An entity that contains both a hospital and a nonprofit unit may claim this exemption on purchases made for both the hospital and nonprofit unit provided that:

(1) the nonprofit unit would have qualified for exemption under subdivision 4; and

(2) the items purchased would have qualified for the exemption.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after December 31, 2019, and before January 1, 2028.

Sec. 9. Minnesota Statutes 2022, section 297A.70, subdivision 21, is amended to read:

Subd. 21. **County agricultural society sales at county fairs.** (a) The following sales by a county agricultural society during a regularly scheduled county fair are exempt. For purposes of this subdivision, sales include are exempt:

(1) admissions to and parking at the county fairgrounds;

(2) admissions to separately ticketed events run by the county agricultural society; and

(3) concessions and other sales made by employees or volunteers of the county agricultural society on the county fairgrounds.

~~This~~ (b) The exemption under paragraph (a) does not apply to sales ~~or for events by a county agricultural society~~ held at a time other than at the time of the regularly scheduled county fair, or events not held on the county fairgrounds.

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

Sec. 10. Minnesota Statutes 2022, section 297A.71, subdivision 51, is amended to read:

Subd. 51. **Properties destroyed by fire.** (a) Building materials and supplies used or consumed in, and equipment incorporated into, the construction or replacement of real property affected by, and capital equipment to replace equipment destroyed in, the fire on March 11, 2018, in the city of Mazeppa are exempt. The tax must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied and then refunded in the manner provided in section 297A.75. For purposes of this subdivision, "capital equipment" includes durable equipment used in a restaurant for food storage, preparation, and serving.

(b) The exemption under this subdivision applies to sales and purchases made after March 11, 2018, and before January 1, ~~2022~~ 2025. Notwithstanding section 289A.40, a claim for refund may be filed until June 1, 2028.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after March 11, 2018, and before January 1, 2025.

Sec. 11. SALES AND USE TAX EXEMPTION; CERTAIN NATURAL GAS FEES.

Subdivision 1. **Exemption.** Fees related to natural gas sold for residential use to customers who were metered and billed as residential users and who used natural gas for their primary source of residential heat are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, for purposes of the billing periods May to October, provided that:

(1) the fee for the natural gas is subject to a cost recovery plan for the price increase in natural gas during the period from February 13, 2021, to February 17, 2021, identified in docket G-999/CI-21-135 before the Minnesota Public Utilities Commission; and

(2) the fee is separately stated and labeled as a fee pursuant to a cost recovery plan under clause (1).

Subd. 2. **Application; refund.** (a) By October 1, 2023, each utility must apply to the commissioner of revenue for a refund of sales taxes collected and remitted pursuant to Minnesota Statutes, section 297A.77, on fees for sales and purchases of natural gas subject to a cost recovery plan under subdivision 1, clause (1), that were added to residential customers' bills for the period beginning September 1, 2021, and ending June 30, 2023.

(b) The provisions of Minnesota Statutes, section 289A.50, subdivision 2, paragraphs (a), (b), and (d), apply to refunds issued under this subdivision. For purposes of this subdivision, "utility" means a utility subject to the cost recovery plan under subdivision 1, clause (1). Within 90 days after the date the commissioner issues the refund under Minnesota Statutes, section 289A.50, subdivision 2, paragraph (a), to the utility, the utility must provide a plan to the Minnesota Public Utilities Commission for crediting taxes exempt under subdivision 1 to residential customers.

(c) The plan must be approved by the Minnesota Public Utilities Commission. Any amount not refunded or credited to a residential customer by a utility within 60 days of approval of the plan must be returned to the commissioner by the utility.

EFFECTIVE DATE. This section is effective retroactively for fees applied to sales and purchases of natural gas that are billed from September 1, 2021, to December 31, 2026.

Sec. 12. CITY OF CHANHASSEN; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used or consumed in and equipment incorporated into the construction, reconstruction, upgrade, expansion, renovation, or remodeling of a new city hall and senior center, council chambers, and park amenities in the city of Chanhassen are exempt from sales and use tax under Minnesota Statutes, chapter 297A, provided that the materials, supplies, and equipment are purchased after January 31, 2024, and before February 1, 2027.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17).

Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective for sales and purchases made after January 31, 2024, and before February 1, 2027.

Sec. 13. CHISHOLM PUBLIC SCHOOLS; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment incorporated into the construction and renovation projects for Chisholm Elementary School, Chisholm High School, and Vaughan Steffensrud School in Independent School District No. 695, Chisholm Public Schools, are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A. The exemption under this subdivision only applies if materials, supplies, and equipment are purchased after December 31, 2021, and before January 1, 2025.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied, and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible purchases must not be issued until after June 30, 2023.

Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after December 31, 2021, and before January 1, 2025.

Sec. 14. DULUTH PUBLIC SCHOOLS; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment incorporated into the construction of an administrative building and a transportation facility in Independent School District No. 709, Duluth Public Schools, are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and equipment are purchased after June 30, 2021, and before January 1, 2025.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied, and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible purchases must not be issued until after June 30, 2023.

Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after June 30, 2021, and before January 1, 2025.

Sec. 15. CITY OF EDINA; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used or consumed in and equipment incorporated into the construction, reconstruction, upgrade, expansion, renovation, or remodeling of a community health and safety center in the city of Edina are exempt from sales and use tax under Minnesota Statutes, chapter 297A, provided that the materials, supplies, and equipment are purchased after December 31, 2023, and before January 1, 2026.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied and then refunded in the same manner provided in Minnesota Statutes, section 297A.75, subdivision 1, clause (17).

Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective for sales and purchases made after December 31, 2023, and before January 1, 2026.

Sec. 16. ELY PUBLIC SCHOOLS; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment incorporated into the following projects in Independent School District No. 696, Ely Public Schools, are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and equipment are purchased after May 1, 2019, and before January 1, 2024:

(1) renovations to the elementary school building and high school building; and

(2) construction of a building that connects the elementary school and high school buildings containing classrooms, a common area, a gymnasium, and administrative offices.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible purchases must not be issued until after June 30, 2023. Notwithstanding Minnesota Statutes, section 289A.40, a claim for refund may be filed until June 1, 2027.

Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after May 1, 2019, and before January 1, 2024.

Sec. 17. HIBBING PUBLIC SCHOOLS; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment incorporated into the following projects in the city of Hibbing are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and equipment are purchased after May 1, 2019, and before January 1, 2025:

(1) the addition of an Early Childhood Family Education Center to an existing elementary school;

(2) improvements to an existing athletic facility in Independent School District No. 701, Hibbing Public Schools;

(3) a reroofing project at Hibbing Washington Elementary School; and

(4) a Hibbing High School restroom remodel project.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied, and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible purchases must not be issued until after June 30, 2023. Notwithstanding Minnesota Statutes, section 289A.40, a claim for refund may be filed until June 1, 2028.

Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after May 1, 2019, and before January 1, 2025.

Sec. 18. CITY OF MAPLE GROVE; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment incorporated into the construction, reconstruction, upgrade, expansion, or remodeling of the North Metro Regional Public Safety Training Facility in the city of Maple Grove are exempt, if materials, supplies, and equipment are purchased after August 31, 2021, and before December 31, 2023.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied, and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible purchases must not be issued until after June 30, 2023.

Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after August 31, 2021, and before January 1, 2024.

Sec. 19. MINNEAPOLIS-ST. PAUL INTERNATIONAL AIRPORT; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment incorporated into the construction, reconstruction, repair, maintenance, or improvement of public infrastructure at the Minneapolis-St. Paul International Airport purchased by a contractor or subcontractor are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and equipment are purchased after June 30, 2023, and before July 1, 2024.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17).

(c) The total amount of refunds issued for the exemption under paragraph (a) must not exceed \$8,000,000.

Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2023, and before July 1, 2024.

Sec. 20. CITY OF MOORHEAD; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.

Subdivision 1. Exemption; refund. (a) Materials and supplies used or consumed in and equipment incorporated into the construction, reconstruction, upgrade, expansion, renovation, or remodeling of a regional library and community center in the city of Moorhead are exempt from sales and use tax under Minnesota Statutes, chapter 297A, provided that the materials, supplies, and equipment are purchased after February 29, 2024, and before April 1, 2027.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17).

Subd. 2. Appropriation. The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective for sales and purchases made after February 29, 2024, and before April 1, 2027.

Sec. 21. NASHWAUK-KEEWATIN PUBLIC SCHOOLS; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.

Subdivision 1. Exemption; refund. (a) Materials and supplies used in and equipment incorporated into the construction of a new school building and attached community wellness center to replace Keewatin Elementary School and the Nashwauk High School in Independent School District No. 319, Nashwauk-Keewatin Public Schools, are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and equipment are purchased after December 31, 2021, and before January 1, 2025.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied, and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible purchases must not be issued until after June 30, 2023.

Subd. 2. Appropriation. The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after December 31, 2021, and before January 1, 2025.

Sec. 22. NORTHERN LIGHTS ACADEMY; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.

Subdivision 1. Exemption; refund. (a) Materials and supplies used in and equipment incorporated into the following projects at Northern Lights Academy Cooperative No. 6096 are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and equipment are purchased after December 31, 2021, and before January 1, 2025:

- (1) the construction of a new addition to the existing facility; and
- (2) renovations and improvements to the existing facility.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied, and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible purchases must not be issued until after June 30, 2023.

Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after December 31, 2021, and before January 1, 2025.

Sec. 23. NORTHLAND LEARNING CENTER; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment incorporated into the following projects at Independent School District No. 6076 are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and equipment are purchased after December 31, 2021, and before January 1, 2025:

(1) the construction of a new addition to the James Madison Building for Northland Learning Center; and

(2) renovations and improvements to the existing facility.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied, and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible purchases must not be issued until after June 30, 2023.

Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after December 31, 2021, and before January 1, 2025.

Sec. 24. CITY OF OAKDALE; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used or consumed in and equipment incorporated into the construction of a new public works facility in the city of Oakdale are exempt from sales and use tax under Minnesota Statutes, chapter 297A, provided that the materials, supplies, and equipment are purchased after August 31, 2023, and before January 1, 2027.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible purchases must not be issued until after June 30, 2023.

Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective for sales and purchases made after August 31, 2023, and before January 1, 2027.

Sec. 25. CITY OF RAMSEY; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used or consumed in and equipment incorporated into the construction, reconstruction, upgrade, expansion, renovation, or remodeling of a new water treatment plant in the city of Ramsey are exempt from sales and use tax under Minnesota Statutes, chapter 297A, provided that the materials, supplies, and equipment are purchased after December 31, 2022, and before July 1, 2027.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible purchases must not be issued until after June 30, 2023, and before July 1, 2027.

Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after December 31, 2022.

Sec. 26. RED LAKE COUNTY SCHOOL DISTRICT; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment incorporated into the construction of a new school in Independent School District No. 2906, Red Lake County School District, are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and equipment are purchased after December 31, 2020, and before January 1, 2026.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible purchases must not be issued until after June 30, 2023.

Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after December 31, 2020, and before January 1, 2026.

Sec. 27. RED ROCK CENTRAL SCHOOL DISTRICT; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment incorporated into the construction of a new prekindergarten through grade 12 learning facility in Independent School District No. 2884, Red Rock Central School District, are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and equipment are purchased after December 31, 2021, and before July 1, 2025.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible purchases must not be issued until after June 30, 2023.

Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after December 31, 2021, and before July 1, 2025.

Sec. 28. ROCK RIDGE PUBLIC SCHOOLS; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment incorporated into the construction of two new elementary school buildings and a new high school building in Independent School District No. 2909, Rock Ridge Public Schools, are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and equipment are purchased after May 1, 2019, and before January 1, 2024.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied, and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible purchases must not be issued until after June 30, 2023. Notwithstanding Minnesota Statutes, section 289A.40, a claim for refund may be filed until June 1, 2027.

Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after May 1, 2019, and before January 1, 2024.

Sec. 29. CITY OF SPRING GROVE; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS AND CAPITAL EQUIPMENT.

Subdivision 1. **Exemption; refund.** (a) The sale and purchase of the following items are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if the items are used to repair, replace, or otherwise recover from real and personal property damage that occurred during the fire on December 22, 2022, in the city of Spring Grove:

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

(2) capital equipment to replace equipment destroyed in the fire.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). The exemption under paragraph (a) applies to sales and purchases made after December 22, 2022, and before January 1, 2028. Refunds for eligible purchases must not be issued until after June 30, 2023.

Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after December 22, 2022, and before January 1, 2028.

Sec. 30. SPRINGFIELD SCHOOL DISTRICT; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment incorporated into the following projects for Independent School District No. 85, Springfield School District, are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and equipment are purchased after December 31, 2021, and before July 1, 2025:

- (1) construction of a main secure entrance;
- (2) construction of a required tornado storm shelter and related safety, security, and accessibility improvements;
- (3) installation of HVAC improvements;
- (4) renovation and interior modifications necessary to convert the existing elementary school gymnasium for use for career and technical education trades and an auto shop; and
- (5) addition of a new school gymnasium, including the construction and improvement of new locker rooms, and the renovation and repurposing of existing locker rooms for use for cafeteria improvements and school programming needs.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible purchases must not be issued until after June 30, 2023.

Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after December 31, 2021, and before July 1, 2025.

Sec. 31. CITY OF WAYZATA; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used or consumed in and equipment incorporated into the following projects in the city of Wayzata are exempt from sales and use tax under Minnesota Statutes, chapter 297A, provided that the materials, supplies, and equipment are purchased after March 31, 2020, and before July 1, 2025:

- (1) expansion and remodeling of Depot Park;
- (2) construction of community docks for purposes of access from Lake Minnetonka;
- (3) construction of a lakeside boardwalk of approximately 1,500 lineal feet;
- (4) shoreline restoration, including installation of native plants, trees, and natural habitat;
- (5) restoration of Section Foreman House, including installation of a learning center to provide indoor and outdoor classroom and community space;
- (6) construction of Eco Park, including shoreline restoration and marsh and water quality improvement, a pier extension of the lakeside boardwalk, and creation of eco-living classrooms;

(7) construction of a public plaza with a restroom, 9/11 memorial, interactive water display, and gathering space;

(8) construction of a regional multiuse trail; and

(9) construction of railroad crossings.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible purchases must not be issued until after June 30, 2023.

Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after March 31, 2020, and before January 1, 2025.

Sec. 32. CITY OF WOODBURY; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used or consumed in and equipment incorporated into the construction, reconstruction, upgrade, expansion, renovation, or remodeling of the Central Park project in the city of Woodbury are exempt from sales and use tax under Minnesota Statutes, chapter 297A, provided that the materials, supplies, and equipment are purchased after June 30, 2023, and before January 1, 2026.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17).

Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2023, and before January 1, 2026.

ARTICLE 6

MINERALS TAXES

Section 1. Minnesota Statutes 2022, section 272.02, subdivision 73, is amended to read:

Subd. 73. **Property subject to taconite production tax or ~~net gross~~ proceeds tax.** (a) Real and personal property described in section 298.25 is exempt to the extent the tax on taconite and iron sulphides under section 298.24 is described in section 298.25 as being in lieu of other taxes on such property. This exemption applies for taxes payable in each year that the tax under section 298.24 is payable with respect to such property.

(b) Deposits of mineral, metal, or energy resources the mining of which is subject to taxation or the minimum payment under section 298.015 are exempt.

EFFECTIVE DATE. This section is effective beginning with assessment year 2023.

Sec. 2. Minnesota Statutes 2022, section 273.1341, is amended to read:

273.1341 TACONITE ASSISTANCE AREA.

A "taconite assistance area" means the geographic area that falls within the boundaries of a school district that contains:

(1) a municipality in which the assessed valuation of unmined iron ore on May 1, 1941, was not less than 40 percent of the assessed valuation of all real property; ~~or~~

(2) a municipality in which on January 1, 1977, or the applicable assessment date, there is a taconite concentrating plant or where taconite is mined or quarried or where there is located an electric generating plant which qualifies as a taconite facility; or

(3) a municipality:

(i) that is located in a county that contains a school district described in clause (1) or (2); and

(ii) where active mining of materials subject to the tax under section 298.015, subdivision 1, is occurring, or where a mine subject to the minimum payment under section 298.015, subdivision 3, is located.

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

Sec. 3. Minnesota Statutes 2022, section 297A.68, subdivision 4, is amended to read:

Subd. 4. **Taconite, other ores, metals, or minerals; production materials.** Mill liners, grinding rods, and grinding balls that are substantially consumed in the production of taconite or other ores, metals, or minerals are exempt when sold to or stored, used, or consumed by persons taxed under the in-lieu or ~~net gross~~ proceeds provisions of chapter 298.

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

Sec. 4. Minnesota Statutes 2022, section 298.015, is amended to read:

298.015 ~~NET GROSS~~ PROCEEDS TAX ON MINING.

Subdivision 1. **Tax imposed.** A person engaged in the business of mining shall pay to the state of Minnesota for distribution as provided in section 298.018 a ~~net gross~~ proceeds tax equal to ~~two~~ 0.4 percent of the ~~net gross~~ proceeds from mining in Minnesota. The tax applies to all ores, metals, and minerals mined, extracted, produced, or refined within the state of Minnesota except for sand, silica sand, gravel, building stone, crushed rock, limestone, granite, dimension granite, dimension stone, horticultural peat, clay, soil, iron ore, and taconite concentrates. The tax is in addition to all other taxes provided for by law.

Subd. 2. **Net Gross proceeds.** For purposes of this section, the term "~~net proceeds~~" "gross proceeds" means the gross proceeds from mining, as defined in section 298.016, ~~less the deductions for purposes of determining taxable income under section 298.01, subdivision 3b, applied to the mining, production, processing, beneficiation, smelting, or refining of metal or mineral products. No other credits or deductions shall apply to this tax.~~

Subd. 3. **Minimum payment.** (a) A person who has obtained all required permits to mine all ores and metals, except for sand, silica sand, gravel, building stone, crushed rock, limestone, granite, dimension granite, dimension stone, horticultural peat, clay, soil, iron ore, and iron concentrates, is annually subject to the minimum payment under this subdivision, unless:

(1) the tax imposed on the person under subdivision 1 in a given year is greater than zero;

(2) the person demonstrates to the commissioner of revenue that it is legally prohibited from engaging in the business of mining under a permit it has obtained; or

(3) the mine is in the process of closure, as defined Minnesota Rules, part 6132.0100, subpart 6, and the commissioner of the natural resources determines that the person will no longer engage in mining at the mine.

(b) The annual minimum payment under this subdivision is (1) \$2,000,000, multiplied by (2) the number of months in a calendar year the individual is subject to the minimum payment under this subdivision, as determined under paragraph (a), divided by 12.

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

Sec. 5. Minnesota Statutes 2022, section 298.018, subdivision 1, is amended to read:

Subdivision 1. **Within taconite assistance area.** (a) The proceeds of the tax paid under sections 298.015 and 298.016 on ores, metals, or minerals mined or extracted within the taconite assistance area defined in section 273.1341, shall be allocated as follows:

(1) except as provided under paragraph (b), five percent to the city or town within which the minerals or energy resources are mined or extracted, or within which the concentrate was produced. If the mining and concentration, or different steps in either process, are carried on in more than one taxing district, the commissioner shall apportion equitably the proceeds among the cities and towns by attributing 50 percent of the proceeds of the tax to the operation of mining or extraction, and the remainder to the concentrating plant and to the processes of concentration, and with respect to each thereof giving due consideration to the relative extent of the respective operations performed in each taxing district;

(2) ten percent to the taconite municipal aid account to be distributed as provided in section 298.282, subdivisions 1 and 2, on the dates provided under this section;

(3) ten percent to the school district within which the minerals or energy resources are mined or extracted, or within which the concentrate was produced. If the mining and concentration, or different steps in either process, are carried on in more than one school district, distribution among the school districts must be based on the apportionment formula prescribed in clause (1);

(4) 20 percent to a group of school districts comprised of those school districts wherein the mineral or energy resource was mined or extracted or in which there is a qualifying municipality as defined by section 273.134, paragraph (b), in direct proportion to school district indexes as follows: for each school district, its pupil units determined under section 126C.05 for the prior school year shall be multiplied by the ratio of the average adjusted net tax capacity per pupil unit for school districts receiving aid under this clause as calculated pursuant to chapters 122A, 126C, and 127A for the school year ending prior to distribution to the adjusted net tax capacity per pupil unit of the district. Each district shall receive that portion of the distribution which its index bears to the sum of the indices for all school districts that receive the distributions;

(5) ~~20~~ ten percent to the county within which the minerals or energy resources are mined or extracted, or within which the concentrate was produced. If the mining and concentration, or different steps in either process, are carried on in more than one county, distribution among the counties must be based on the apportionment formula prescribed in clause (1), provided that any county receiving distributions under this clause shall pay one percent of its proceeds to the Range Association of Municipalities and Schools;

(6) ~~20~~ five percent to St. Louis County acting as the counties' fiscal agent to be distributed as provided in sections 273.134 to 273.136;

(7) ~~five~~ 20 percent to the commissioner of Iron Range resources and rehabilitation for the purposes of section 298.22;

(8) three percent to the Douglas J. Johnson economic protection trust fund; ~~and~~

(9) seven percent to the taconite environmental protection fund; and

(10) ten percent to the commissioner of Iron Range resources and rehabilitation for capital improvements to Giants Ridge Recreation Area.

(b) If the materials or energy resources are mined, extracted, or concentrated in School District No. 2711, Mesabi East, then the amount under paragraph (a), clause (1), must instead be distributed pursuant to this paragraph. The cities of Aurora, Babbitt, Ely, and Hoyt Lakes must each receive 20 percent of the amount. The city of Biwabik and Embarrass Township must each receive ten percent of the amount.

(c) For the first five years that tax paid under section 298.015, subdivisions 1 and 2, is distributed under this subdivision, ten percent of the total proceeds distributed in each year must first be distributed pursuant to this paragraph. The remaining 90 percent of the total proceeds distributed in each of those years must be distributed as outlined in paragraph (a). Of the amount available under this paragraph, the cities of Aurora, Babbitt, Ely, and Hoyt Lakes must each receive 20 percent. Of the amount available under this paragraph, the city of Biwabik and Embarrass Township must each receive ten percent.

EFFECTIVE DATE. This section is effective for distributions beginning after December 31, 2022.

Sec. 6. Minnesota Statutes 2022, section 298.018, subdivision 1a, is amended to read:

Subd. 1a. **Distribution date.** The proceeds of the tax allocated under subdivision 1 shall be distributed on December 15 each year. Any payment of proceeds received after December 15 shall be distributed on the next ~~net~~ gross proceeds tax distribution date.

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

Sec. 7. Minnesota Statutes 2022, section 298.28, subdivision 5, is amended to read:

Subd. 5. **Counties.** ~~(a) 21.05 cents per taxable ton for distributions in 2015 through 2023, and 26.05 cents per taxable ton for distributions beginning in 2024, is allocated to counties to be distributed, based upon certification by the commissioner of revenue, under paragraphs (b) to (d).~~

(b) 10.525 cents per taxable ton shall be distributed to the county in which the taconite is mined or quarried or in which the concentrate is produced, less any amount which is to be distributed pursuant to paragraph (c). The apportionment formula prescribed in subdivision 2 is the basis for the distribution.

(c) 1.0 cent per taxable ton of the tax distributed to the counties under paragraph (b) shall be paid to a county that received a distribution under this section in 2000 because there was located in the county an electric power plant owned by and providing the primary source of power for a taxpayer mining and concentrating taconite in a different county.

(d) 10.525 cents per taxable ton ~~for distributions in 2015 through 2023, and 15.525 cents per taxable ton for distributions beginning in 2024,~~ shall be paid to the county from which the taconite was mined,

quarried or concentrated to be deposited in the county road and bridge fund. If the mining, quarrying and concentrating, or separate steps in any of those processes are carried on in more than one county, the commissioner shall follow the apportionment formula prescribed in subdivision 2.

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

Sec. 8. Minnesota Statutes 2022, section 298.28, subdivision 7a, is amended to read:

Subd. 7a. **Iron Range school consolidation and cooperatively operated school account.** (a) The following amounts must be allocated to the commissioner of Iron Range resources and rehabilitation to be deposited in the Iron Range school consolidation and cooperatively operated school account that is hereby created:

(1)(i) for distributions beginning in 2015 through 2023, ten cents per taxable ton of the tax imposed under section 298.24; ~~and~~

~~(ii) for distributions beginning in 2024, five cents per taxable ton of the tax imposed under section 298.24;~~

(2) the amount as determined under section 298.17, paragraph (b), clause (3); and

(3) any other amount as provided by law.

(b) Expenditures from this account may be approved as ongoing annual expenditures and shall be made only to provide disbursements to assist school districts with the payment of bonds that were issued for qualified school projects, or for any other school disbursement as approved by the commissioner of Iron Range resources and rehabilitation after consultation with the Iron Range Resources and Rehabilitation Board. For purposes of this section, "qualified school projects" means school projects within the taconite assistance area as defined in section 273.1341, that were (1) approved, by referendum, after April 3, 2006; and (2) approved by the commissioner of education pursuant to section 123B.71.

(c) Beginning in fiscal year 2019, the disbursement to school districts for payments for bonds issued under section 123A.482, subdivision 9, must be increased each year to offset any reduction in debt service equalization aid that the school district qualifies for in that year, under section 123B.53, subdivision 6, compared with the amount the school district qualified for in fiscal year 2018.

(d) No expenditure under this section shall be made unless approved by the commissioner of Iron Range resources and rehabilitation after consultation with the Iron Range Resources and Rehabilitation Board.

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

Sec. 9. Minnesota Statutes 2022, section 298.28, is amended by adding a subdivision to read:

Subd. 16. **Transfer.** Of the amount annually distributed to the Douglas J. Johnson Economic Protection Trust Fund under this section, \$3,500,000 shall be transferred to the Iron Range school consolidation and cooperatively operated school account under subdivision 7a. Any remaining amount of the amount annually distributed to the Douglas J. Johnson Economic Protection Trust Fund shall be transferred to the Iron Range resources and rehabilitation account under subdivision 7. The transfers under this subdivision must be made within ten days of the August payment.

EFFECTIVE DATE. This section is effective beginning with production year 2023.

Sec. 10. Minnesota Statutes 2022, section 298.296, subdivision 4, is amended to read:

Subd. 4. **Temporary loan authority.** (a) After consultation with the advisory board, the commissioner may use up to \$7,500,000 from the corpus of the trust for loans, loan guarantees, grants, or equity investments as provided in this subdivision. The money would be available for loans for construction and equipping of facilities constituting (1) a value added iron products plant, which may be either a new plant or a facility incorporated into an existing plant that produces iron upgraded to a minimum of 75 percent iron content or any iron alloy with a total minimum metallic content of 90 percent; or (2) a new mine or minerals processing plant for any mineral subject to the ~~net~~ gross proceeds tax imposed under section 298.015. A loan or loan guarantee under this paragraph may not exceed \$5,000,000 for any facility.

(b) Additionally, the commissioner, after consultation with the advisory board, may use up to \$5,500,000 from the corpus of the trust for additional grants, loans, loan guarantees, or equity investments for the purposes set forth in paragraph (a).

(c) The commissioner, after consultation with the advisory board, may require that the fund receive an equity percentage in any project to which it contributes under this section.

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

Sec. 11. **TRANSFER 2023 DISTRIBUTION ONLY; PROPERTY TAX RELIEF ACCOUNT.**

(a) The fund established under Minnesota Statutes, section 298.28, subdivision 7, shall receive the excess balance remaining in the fund established under Minnesota Statutes, section 298.28, subdivision 6, after the distribution of amounts required under Minnesota Statutes, section 298.28, subdivision 6, for the 2023 distribution. The transfer amount under this section must not exceed \$6,000,000 and must be made within ten days of the August 2023 payment. The commissioner of Iron Range resources and rehabilitation must distribute these transferred funds as outlined in this section. The uses listed are not subject to review or recommendation by the Iron Range Resources and Rehabilitation Board. The commissioner must distribute the funds for the following uses:

(1) \$250,000 to St. Louis County for a grant to the St. Louis County Agricultural Society for construction and furnishing of a facility to house a food booth and equipment for the St. Louis County 4-H Club;

(2) \$100,000 to Alborn Snow Devils Inc. for trail grooming costs and equipment;

(3) \$300,000 to School District No. 2142, St. Louis County Schools, for the purchase and installation of lights at the Cherry School baseball and softball fields;

(4) \$150,000 to the Seitaniemi Housebarn and Sisu Heritage Site for facility upgrades;

(5) \$600,000 to the city of Aurora for downtown beautification projects, as outlined in paragraph (c);

(6) \$500,000 to School District No. 2142, St. Louis County Schools, for wastewater upgrades at the South Ridge School;

(7) \$500,000 to the city of Mountain Iron for the Outdoor Recreation Center;

(8) \$100,000 to the city of Buhl for capital improvements to the city hall;

(9) \$150,000 to School District No. 712, Mountain Iron-Buhl Public School, for fitness equipment and capital upgrades to the fitness center;

(10) \$100,000 to the Mesabi Sno Voyageurs Snowmobile Club for trail grooming costs and equipment;

(11) \$100,000 to the PathBlazers Snowmobile Club for trail grooming costs and equipment;

(12) \$100,000 to the Ely Igloo Snowmobile Club for trail grooming costs and equipment;

(13) \$100,000 to the Voyager Trail Society, Inc. for trail grooming costs and equipment;

(14) \$200,000 to Veterans On The Lake Resort for cabin accessibility upgrades, a handicap dock, tennis court repaving, and replacement of an underground power cable;

(15) \$650,000 to School District No. 2142, St. Louis County Schools, for wastewater upgrades at the North Woods School;

(16) \$200,000 to the City of Babbitt for capital improvements to city-owned buildings;

(17) \$750,000 to the Boundary Waters Care Center for capital equipment purchases;

(18) \$700,000 to the Cook County Historical Society to predesign, design, construct, furnish, and equip the renovation of the following Historic Cook County sites: (i) the Cook County History Museum; (ii) the Johnson Heritage Post Art Gallery; (iii) the Bally Blacksmith Shop; (iv) the St. Francis Xavier Church, also known as the Chippewa City Church; and (v) 1930s Nee-Gee Fishing Tug and Fish House; and to complete design for and to construct, furnish, and equip a new collections storage facility in Cook County;

(19) \$100,000 to the Virginia Community Foundation for the Mesabi Fit Coalition to rehabilitate the former Mesabi Family YMCA building;

(20) \$50,000 to the United States Hockey Hall of Fame Museum Inc. for capital improvements;

(21) \$100,000 to the Ranger Snowmobile and ATV Club for trail grooming costs and equipment;

(22) \$100,000 to the Crane Lake Voyageurs Snowmobile Club for trail grooming costs and equipment;
and

(23) \$100,000 to the Babbitt ATV and Snowmobile Club for trail grooming costs and equipment.

(b) If the amount of the transfer under paragraph (a) is less than \$6,000,000, each of the uses in paragraph (a), clauses (1) to (23), must be proportionally reduced so that the total amount distributed under those clauses does not exceed the amount of the transfer.

(c) The city of Aurora must use the funds received under this section for improvements to city-owned property in the downtown area and to establish a grant program to businesses for front entrance enhancements and exterior storefront improvements. The grants may award no more than \$25,000 to a business. All improvements under this paragraph must be made along St. Louis County State-Aid Highway 100 (3rd Avenue North and Main Street), from marked Trunk Highway 135 to St. Louis County State-Aid Highway 110.

(d) The funds under paragraph (a), clause (19), must only be distributed if the Virginia Community Foundation purchases the former Mesabi Family YMCA building.

EFFECTIVE DATE. This section is effective the day following final enactment and applies only to the 2023 distribution.

Sec. 12. TRANSFER 2023 DISTRIBUTION ONLY; DOUGLAS J. JOHNSON ECONOMIC PROTECTION TRUST FUND.

Of the funds distributed to the Douglas J. Johnson Economic Protection Trust Fund under Minnesota Statutes, section 298.28, for the 2023 distribution only, an amount equal to \$3,500,000 shall be transferred from the Douglas J. Johnson Economic Protection Trust Fund to the Iron Range school consolidation and cooperatively operated school account under Minnesota Statutes, section 298.28, subdivision 7a. The transfer must be made within ten days of the August 2023 payment.

EFFECTIVE DATE. This section is effective the day following final enactment and applies only to the 2023 distribution.

Sec. 13. IRON RANGE RESOURCES AND REHABILITATION COMMISSIONER; BONDS AUTHORIZED.

Subdivision 1. **Issuance; purpose.** Notwithstanding any provision of Minnesota Statutes, chapter 298, to the contrary, the commissioner of Iron Range resources and rehabilitation shall issue revenue bonds in a principal amount of up to \$42,000,000 plus an amount sufficient to pay costs of issuance in one or more series, and thereafter may issue bonds to refund those bonds. The proceeds of the bonds must be used to pay costs of issuance and to make grants to the following school districts located in the taconite assistance area as defined in Minnesota Statutes, section 273.1341: Independent School District No. 381, Lake Superior; Independent School District No. 695, Chisholm; Independent School District No. 696, Ely; Independent School District No. 701, Hibbing; Independent School District No. 2909, Rock Ridge; and Cooperative District No. 6076, Northland Learning Center. Grants must be used by the districts to pay for building projects, such as energy efficiency, technology, infrastructure, health, safety, and maintenance improvements.

Subd. 2. **Appropriation.** (a) There is annually appropriated from the distribution of taconite production tax revenues under Minnesota Statutes, section 298.28, prior to the calculation of the amount of the remainder under Minnesota Statutes, section 298.28, subdivision 11, an amount sufficient to pay when due the principal and interest on the bonds issued pursuant to subdivision 1.

(b) If in any year the amount available under paragraph (a) is insufficient to pay principal and interest due on the bonds in that year, an additional amount is appropriated from the Douglas J. Johnson economic protection trust fund to make up the deficiency.

(c) The appropriation under this subdivision terminates upon payment or maturity of the last of the bonds issued under this section.

Subd. 3. **Credit enhancement.** The bonds issued under this section are "debt obligations" and the commissioner of Iron Range resources and rehabilitation is a "district" for purposes of Minnesota Statutes, section 126C.55, except that payments made under Minnesota Statutes, section 126C.55, subdivision 2, are not subject to Minnesota Statutes, section 126C.55, subdivisions 4 to 7.

EFFECTIVE DATE. This section is effective the day following final enactment and applies beginning with the 2023 distribution under Minnesota Statutes, section 298.28.

ARTICLE 7**RENTER'S CREDIT**

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

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

(1) according to section 13.05;

(2) according to court order;

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

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

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

(6) to administer federal funds or programs;

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

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

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

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

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

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

under chapter 119B, medical programs under chapter 256B or 256L, or a medical program formerly codified under chapter 256D; and

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

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

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

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

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

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

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

(i) the participant:

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

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

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

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

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

(17) information obtained from a SNAP applicant or recipient households may be disclosed to local, state, or federal law enforcement officials, upon their written request, for the purpose of investigating an

alleged violation of the Food and Nutrition Act, according to Code of Federal Regulations, title 7, section 272.1(c);

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

(i) the member:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 2. Minnesota Statutes 2022, section 270B.12, subdivision 8, is amended to read:

Subd. 8. **County assessors; homestead classification and ~~renter~~ renter's credit.** The commissioner may disclose names and Social Security or individual taxpayer identification numbers of individuals who have applied for both homestead classification under section 273.13 and a ~~property tax refund as a renter under chapter 290A~~ renter's credit under section 290.0693 for the purpose of and to the extent necessary to administer section 290A.25.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 3. Minnesota Statutes 2022, section 270B.14, subdivision 1, is amended to read:

Subdivision 1. **Disclosure to commissioner of human services.** (a) On the request of the commissioner of human services, the commissioner shall disclose return information regarding taxes imposed by chapter 290, and claims for refunds under chapter 290A, to the extent provided in paragraph (b) and for the purposes set forth in paragraph (c).

(b) Data that may be disclosed are limited to data relating to the identity, whereabouts, employment, income, and property of a person owing or alleged to be owing an obligation of child support.

(c) The commissioner of human services may request data only for the purposes of carrying out the child support enforcement program and to assist in the location of parents who have, or appear to have, deserted their children. Data received may be used only as set forth in section 256.978.

(d) The commissioner shall provide the records and information necessary to administer the supplemental housing allowance to the commissioner of human services.

(e) At the request of the commissioner of human services, the commissioner of revenue shall electronically match the Social Security or individual taxpayer identification numbers and names of participants in the telephone assistance plan operated under sections 237.69 to 237.71, with those of property tax refund filers under chapter 290A or renter's credit filers under section 290.0693, and determine whether each participant's household income is within the eligibility standards for the telephone assistance plan.

(f) The commissioner may provide records and information collected under sections 295.50 to 295.59 to the commissioner of human services for purposes of the Medicaid Voluntary Contribution and Provider-Specific Tax Amendments of 1991, Public Law 102-234. Upon the written agreement by the United States Department of Health and Human Services to maintain the confidentiality of the data, the commissioner may provide records and information collected under sections 295.50 to 295.59 to the Centers for Medicare and Medicaid Services section of the United States Department of Health and Human Services for purposes of meeting federal reporting requirements.

(g) The commissioner may provide records and information to the commissioner of human services as necessary to administer the early refund of refundable tax credits.

(h) The commissioner may disclose information to the commissioner of human services as necessary for income verification for eligibility and premium payment under the MinnesotaCare program, under section 256L.05, subdivision 2, as well as the medical assistance program under chapter 256B.

(i) The commissioner may disclose information to the commissioner of human services necessary to verify whether applicants or recipients for the Minnesota family investment program, general assistance, the Supplemental Nutrition Assistance Program (SNAP), Minnesota supplemental aid program, and child care assistance have claimed refundable tax credits under chapter 290 and the property tax refund under chapter 290A, and the amounts of the credits.

(j) The commissioner may disclose information to the commissioner of human services necessary to verify income for purposes of calculating parental contribution amounts under section 252.27, subdivision 2a.

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

Sec. 4. Minnesota Statutes 2022, section 289A.18, subdivision 5, is amended to read:

Subd. 5. **Property tax refund claims.** A claim for a refund based on property taxes payable must be filed with the commissioner on or before August 15 of the year in which the property taxes are due and payable. ~~Any claim for refund based on rent paid must be filed on or before August 15 of the year following the year in which the rent was paid.~~

EFFECTIVE DATE. This section is effective for property taxes payable in 2025 and thereafter.

Sec. 5. Minnesota Statutes 2022, section 289A.38, subdivision 4, is amended to read:

Subd. 4. **Property tax refund.** For purposes of computing the limitation under this section, the due date of the property tax refund return as provided for in chapter 290A is the due date for an income tax return covering ~~the year in which the rent was paid or~~ the year preceding the year in which the property taxes are payable.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 6. Minnesota Statutes 2022, section 289A.56, subdivision 6, is amended to read:

Subd. 6. **Property tax refunds under chapter 290A.** ~~(a) When a renter is owed a property tax refund, an unpaid refund bears interest after August 14, or 60 days after the refund claim was made, whichever is later, until the date the refund is paid.~~

~~(b)~~ When ~~any other~~ a claimant is owed a property tax refund under chapter 290A, the unpaid refund bears interest after September 29, or 60 days after the refund claim was made, whichever is later, until the date the refund is paid.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 7. Minnesota Statutes 2022, section 289A.60, subdivision 12, is amended to read:

Subd. 12. **Penalties relating to property tax refunds.** (a) If it is determined that a property tax refund claim is excessive and was negligently prepared, a claimant is liable for a penalty of ten percent of the

disallowed claim. If the claim has been paid, the amount disallowed must be recovered by assessment and collection.

(b) An owner who without reasonable cause fails to give a certificate of rent ~~constituting property tax~~ paid to a renter, as required by ~~section~~ sections 290.0693, subdivision 4, and 290A.19, paragraph (a), is liable to the commissioner for a penalty of \$100 for each failure.

(c) If the owner or managing agent knowingly gives rent certificates that report total rent constituting property taxes in excess of the amount of actual rent constituting property taxes paid on the rented part of a property, the owner or managing agent is liable for a penalty equal to the greater of (1) \$100 or (2) 50 percent of the excess that is reported. An overstatement of rent constituting property taxes is presumed to be knowingly made if it exceeds by ten percent or more the actual rent constituting property taxes.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 8. Minnesota Statutes 2022, section 289A.60, subdivision 13, is amended to read:

Subd. 13. **Penalties for tax preparers.** (a) If an understatement of liability with respect to a return or claim for refund is due to a reckless disregard of laws and rules or willful attempt in any manner to understate the liability for a tax by a person who is a tax preparer with respect to the return or claim, the person shall pay to the commissioner a penalty of \$500. If a part of a claim filed under section 290.0677, subdivision 1; 290.0693; or chapter 290A is excessive due to a reckless disregard or willful attempt in any manner to overstate the claim allowed by a person who is a tax preparer, the tax preparer shall pay to the commissioner a penalty of \$500 with respect to the claim. These penalties may not be assessed against the employer of a tax preparer unless the employer was actively involved in the reckless disregard or willful attempt to understate the liability for a tax or to overstate the claim for refund. These penalties are income tax liabilities and may be assessed at any time as provided in section 289A.38, subdivision 5.

(b) A civil action in the name of the state of Minnesota may be commenced to enjoin any person who is a tax preparer doing business in this state as provided in section 270C.447.

(c) The commissioner may terminate or suspend a tax preparer's authority to transmit returns electronically to the state, if the commissioner determines that the tax preparer has engaged in a pattern and practice of conduct in violation of paragraph (a) of this subdivision or has been convicted under section 289A.63.

(d) For purposes of this subdivision, the term "understatement of liability" means an understatement of the net amount payable with respect to a tax imposed by state tax law, or an overstatement of the net amount creditable or refundable with respect to a tax. The determination of whether or not there is an understatement of liability must be made without regard to any administrative or judicial action involving the taxpayer. For purposes of this subdivision, the amount determined for underpayment of estimated tax under either section 289A.25 or 289A.26 is not considered an understatement of liability.

(e) For purposes of this subdivision, the term "overstatement of claim" means an overstatement of the net amount refundable with respect to a claim filed under section 290.0677, subdivision 1, or chapter 290A. The determination of whether or not there is an overstatement of a claim must be made without regard to administrative or judicial action involving the claimant.

(f) For purposes of this section, the term "tax preparer" or "preparer" has the meaning given in section 270C.445, subdivision 2, paragraph (h).

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

Sec. 9. **[290.0693] RENTER'S CREDIT.**

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

(b) "Dependent" means any individual who is considered a dependent under sections 151 and 152 of the Internal Revenue Code.

(c) "Disability" has the meaning given in section 290A.03, subdivision 10.

(d) "Exemption amount" means the exemption amount under section 290.0121, subdivision 1, paragraph (b).

(e) "Gross rent" means rent paid for the right of occupancy, at arm's length, of a homestead, exclusive of charges for any medical services furnished by the landlord as a part of the rental agreement, whether expressly set out in the rental agreement or not. The gross rent of a resident of a nursing home or intermediate care facility is \$600 per month. The gross rent of a resident of an adult foster care home is \$930 per month. The commissioner shall annually adjust the amounts in this paragraph as provided in section 270C.22. The statutory year is 2023. If the landlord and tenant have not dealt with each other at arm's length and the commissioner determines that the gross rent charged was excessive, the commissioner may adjust the gross rent to a reasonable amount for purposes of this section.

(f) "Homestead" has the meaning given in section 290A.03, subdivision 6.

(g) "Household" has the meaning given in section 290A.03, subdivision 4.

(h) "Household income" means all income received by all persons of a household in a taxable year while members of the household, other than income of a dependent.

(i) "Income" means adjusted gross income, minus:

(1) for the taxpayer's first dependent, the exemption amount multiplied by 1.4;

(2) for the taxpayer's second dependent, the exemption amount multiplied by 1.3;

(3) for the taxpayer's third dependent, the exemption amount multiplied by 1.2;

(4) for the taxpayer's fourth dependent, the exemption amount multiplied by 1.1;

(5) for the taxpayer's fifth dependent, the exemption amount; and

(6) if the taxpayer or taxpayer's spouse had a disability or attained the age of 65 on or before the close of the taxable year, the exemption amount.

(j) "Rent constituting property taxes" means 17 percent of the gross rent actually paid in cash, or its equivalent, or the portion of rent paid in lieu of property taxes, in any taxable year by a claimant for the right of occupancy of the claimant's Minnesota homestead in the taxable year, and which rent constitutes the basis, in the succeeding taxable year of a claim for a credit under this section by the claimant. If an individual occupies a homestead with another person or persons not related to the individual as the individual's spouse or as dependents, and the other person or persons are residing at the homestead under a rental or lease agreement with the individual, the amount of rent constituting property tax for the individual equals that portion not covered by the rental agreement.

Subd. 2. Credit allowed; refundable. (a) An individual is allowed a credit against the tax due under this chapter equal to the amount that rent constituting property taxes exceeds the percentage of the household income of the claimant specified in subdivision 3 in the taxable year in which the rent was paid as specified in that subdivision.

(b) If the amount of credit which a taxpayer is eligible to receive under this section exceeds the taxpayer's liability for tax under this chapter, the commissioner shall refund the excess to the taxpayer.

Subd. 3. Renters. (a) A taxpayer whose rent constituting property taxes exceeds the percentage of the household income stated below must pay an amount equal to the percent of income shown for the appropriate household income level along with the percent paid by claimant of the remaining amount of rent constituting property taxes. The credit under subdivision 2 equals the amount of rent constituting property taxes that remain, up to the maximum credit amount shown below.

<u>Household Income</u>	<u>Percent of Income</u>	<u>Percent paid by claimant</u>	<u>Maximum Credit</u>
<u>\$0 to 6,479</u>	<u>1.0 percent</u>	<u>5 percent</u>	<u>\$ 2,640</u>
<u>6,480 to 8,609</u>	<u>1.0 percent</u>	<u>10 percent</u>	<u>\$ 2,640</u>
<u>8,610 to 10,759</u>	<u>1.1 percent</u>	<u>10 percent</u>	<u>\$ 2,570</u>
<u>10,760 to 15,089</u>	<u>1.2 percent</u>	<u>10 percent</u>	<u>\$ 2,510</u>
<u>15,090 to 19,399</u>	<u>1.3 percent</u>	<u>15 percent</u>	<u>\$ 2,430</u>
<u>19,400 to 21,539</u>	<u>1.4 percent</u>	<u>15 percent</u>	<u>\$ 2,370</u>
<u>21,540 to 23,679</u>	<u>1.4 percent</u>	<u>20 percent</u>	<u>\$ 2,310</u>
<u>23,680 to 28,009</u>	<u>1.5 percent</u>	<u>20 percent</u>	<u>\$ 2,240</u>
<u>28,010 to 30,159</u>	<u>1.6 percent</u>	<u>20 percent</u>	<u>\$ 2,180</u>
<u>30,160 to 32,309</u>	<u>1.7 percent</u>	<u>25 percent</u>	<u>\$ 2,180</u>
<u>32,310 to 36,629</u>	<u>1.8 percent</u>	<u>25 percent</u>	<u>\$ 2,180</u>
<u>36,630 to 38,769</u>	<u>1.9 percent</u>	<u>30 percent</u>	<u>\$ 2,180</u>
<u>38,770 to 45,229</u>	<u>2.0 percent</u>	<u>30 percent</u>	<u>\$ 2,180</u>
<u>45,230 to 51,689</u>	<u>2.0 percent</u>	<u>35 percent</u>	<u>\$ 2,180</u>
<u>51,690 to 60,319</u>	<u>2.0 percent</u>	<u>40 percent</u>	<u>\$ 2,180</u>
<u>60,320 to 62,459</u>	<u>2.0 percent</u>	<u>45 percent</u>	<u>\$ 1,980</u>
<u>62,460 to 64,619</u>	<u>2.0 percent</u>	<u>45 percent</u>	<u>\$ 1,780</u>
<u>64,620 to 66,789</u>	<u>2.0 percent</u>	<u>45 percent</u>	<u>\$ 1,510</u>
<u>66,790 to 68,929</u>	<u>2.0 percent</u>	<u>50 percent</u>	<u>\$ 1,320</u>
<u>68,930 to 71,089</u>	<u>2.0 percent</u>	<u>50 percent</u>	<u>\$ 1,190</u>

<u>71,090 to 73,239</u>	<u>2.0 percent</u>	<u>50 percent</u>	<u>\$</u>	<u>660</u>
<u>73,240 to 75,389</u>	<u>2.0 percent</u>	<u>50 percent</u>	<u>\$</u>	<u>260</u>

The credit is the amount calculated under this subdivision. No credit is allowed if the taxpayer's household income is \$75,389 or more.

(b) The commissioner must annually adjust the dollar amounts of the income thresholds and the maximum refunds in paragraph (a), as provided in section 270C.22. The statutory year is 2024.

(c) The commissioner shall construct and make available to taxpayers a comprehensive table showing the rent constituting property taxes to be paid and refund allowed at various levels of income and assessment. The table shall follow the schedule of income percentages, maximums, and other provisions specified in paragraph (a), except that the commissioner may graduate the transition between income brackets. All refunds shall be computed in accordance with tables prepared and issued by the commissioner.

Subd. 4. **Owner or managing agent to furnish rent certificate.** (a) The owner or managing agent of any property for which rent is paid for occupancy as a homestead must furnish a certificate of rent paid to a person who is a renter on December 31, in the form prescribed by the commissioner. If the renter moves before December 31, the owner or managing agent may give the certificate to the renter at the time of moving, or mail the certificate to the forwarding address if an address has been provided by the renter. The certificate must be made available to the renter before February 1 of the year following the year in which the rent was paid. The owner or managing agent must retain a duplicate of each certificate or an equivalent record showing the same information for a period of four years. The duplicate or other record must be made available to the commissioner upon request.

(b) The commissioner may require the owner or managing agent, through a simple process, to furnish to the commissioner on or before January 31 a copy of each certificate of rent paid furnished to a renter for rent paid in the prior year. The commissioner shall prescribe the content, format, and manner of the form pursuant to section 270C.30. The commissioner may require the Social Security number, individual taxpayer identification number, federal employer identification number, or Minnesota taxpayer identification number of the owner or managing agent who is required to furnish a certificate of rent paid under this paragraph. Before implementation, the commissioner, after consulting with representatives of owners or managing agents, shall develop an implementation and administration plan for the requirements of this paragraph that attempts to minimize financial burdens, administration and compliance costs, and takes into consideration existing systems of owners and managing agents.

Subd. 5. **Eligibility; residency.** (a) A taxpayer is eligible for the credit under this section if the taxpayer is an individual, other than a dependent, as defined under sections 151 and 152 of the Internal Revenue Code, disregarding section 152(b)(3) of the Internal Revenue Code, who filed for a credit and who was a resident of this state during the taxable year for which the credit was claimed.

(b) In the case of a credit for rent constituting property taxes of a part-year Minnesota resident, the household income and rent constituting property taxes reflected in this computation shall be for the period of Minnesota residency only. Any rental expenses paid that may be reflected in arriving at federal adjusted gross income cannot be utilized for this computation.

(c) When two individuals of a household are able to meet the qualifications to claim a credit under this section, the individuals may determine among them as to which individual may claim the credit. If the individuals are unable to agree, the matter shall be referred to the commissioner of revenue whose decision shall be final.

(d) To claim a credit under this section, the taxpayer must have resided in a rented or leased unit on which ad valorem taxes or payments made in lieu of ad valorem taxes, including payments of special assessments imposed in lieu of ad valorem taxes, are payable at some time during the taxable year for which the taxpayer claimed the credit.

Subd. 6. Residents of nursing homes, intermediate care facilities, long-term care facilities, or facilities accepting housing support payments. (a) A taxpayer must not claim a credit under this section if the taxpayer is a resident of a nursing home, intermediate care facility, long-term residential facility, or a facility that accepts housing support payments whose rent constituting property taxes is paid pursuant to the Supplemental Security Income program under title XVI of the Social Security Act, the Minnesota supplemental aid program under sections 256D.35 to 256D.54, the medical assistance program pursuant to title XIX of the Social Security Act, or the housing support program under chapter 256I.

(b) If only a portion of the rent constituting property taxes is paid by these programs, the resident is eligible for a credit, but the credit calculated must be multiplied by a fraction, the numerator of which is adjusted gross income, reduced by the total amount of income from the above sources other than vendor payments under the medical assistance program and the denominator of which is adjusted gross income, plus vendor payments under the medical assistance program, to determine the allowable credit.

(c) Notwithstanding paragraphs (a) and (b), if the taxpayer was a resident of the nursing home, intermediate care facility, long-term residential facility, or facility for which the rent was paid for the claimant by the housing support program for only a portion of the taxable year covered by the claim, the taxpayer may compute rent constituting property taxes by disregarding the rent constituting property taxes from the nursing home or facility and may use only that amount of rent constituting property taxes or property taxes payable relating to that portion of the year when the taxpayer was not in the facility. The taxpayer's household income is the income for the entire taxable year covered by the claim.

Subd. 7. Credit for unmarried taxpayers residing in the same household. If a homestead is occupied by two or more renters who are not married to each other, the rent shall be deemed to be paid equally by each renter, and separate claims shall be filed by each renter. The income of each renter shall be each renter's household income for purposes of computing the amount of credit to be allowed.

Subd. 8. One claimant per household. Only one taxpayer per household per year is entitled to claim a credit under this section. In the case of a married taxpayer filing a separate return, only one spouse may claim the credit under this section. The credit amount for the spouse that claims the credit must be calculated based on household income and not solely on the income of the spouse.

Subd. 9. Proof of claim. (a) Every taxpayer claiming a credit under this section shall supply to the commissioner of revenue, in support of the claim, proof of eligibility under this section, including but not limited to amount of rent paid, name and address of owner or managing agent of property rented, changes in household membership, and household income.

(b) Taxpayers with a disability shall submit proof of disability in the form and manner as the commissioner prescribes. The department may require examination and certification by the taxpayer's physician or by a physician designated by the commissioner. The cost of any examination shall be borne by the taxpayer, unless the examination proves the disability, in which case the cost of the examination shall be borne by the commissioner.

(c) A determination of disability of a taxpayer by the Social Security Administration under Title II or Title XVI of the Social Security Act shall constitute presumptive proof of disability.

Subd. 10. **No relief allowed in certain cases.** No claim for a credit under this section shall be allowed if the commissioner determines that the claimant received tenancy to the homestead primarily for the purpose of receiving a credit under this section and not for bona fide residence purposes.

Subd. 11. **Appropriation.** The amount necessary to pay the refunds under this section is appropriated from the general fund to the commissioner.

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

Sec. 10. Minnesota Statutes 2022, section 290A.02, is amended to read:

290A.02 PURPOSE.

The purpose of this chapter is to provide property tax relief to certain persons who own ~~or rent~~ their homesteads.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 11. Minnesota Statutes 2022, section 290A.03, subdivision 3, is amended to read:

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

- (1) federal adjusted gross income as defined in the Internal Revenue Code; and
- (2) the sum of the following amounts to the extent not included in clause (1):
 - (i) all nontaxable income;
 - (ii) the amount of a passive activity loss that is not disallowed as a result of section 469, paragraph (i) or (m) of the Internal Revenue Code and the amount of passive activity loss carryover allowed under section 469(b) of the Internal Revenue Code;
 - (iii) an amount equal to the total of any discharge of qualified farm indebtedness of a solvent individual excluded from gross income under section 108(g) of the Internal Revenue Code;
 - (iv) cash public assistance and relief;
 - (v) any pension or annuity (including railroad retirement benefits, all payments received under the federal Social Security Act, Supplemental Security Income, and veterans benefits), which was not exclusively funded by the claimant or spouse, or which was funded exclusively by the claimant or spouse and which funding payments were excluded from federal adjusted gross income in the years when the payments were made;
 - (vi) interest received from the federal or a state government or any instrumentality or political subdivision thereof;
 - (vii) workers' compensation;
 - (viii) nontaxable strike benefits;
 - (ix) the gross amounts of payments received in the nature of disability income or sick pay as a result of accident, sickness, or other disability, whether funded through insurance or otherwise;

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

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

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

(xiii) nontaxable scholarship or fellowship grants;

(xiv) alimony received to the extent not included in the recipient's income;

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

(xvi) the amount deducted for tuition expenses under section 222 of the Internal Revenue Code; and

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

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

(b) "Income" does not include:

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

(2) amounts of any pension or annuity which was exclusively funded by the claimant or spouse and which funding payments were not excluded from federal adjusted gross income in the years when the payments were made;

(3) to the extent included in federal adjusted gross income, amounts contributed by the claimant or spouse to a traditional or Roth style retirement account or plan, but not to exceed the retirement base amount reduced by the amount of contributions excluded from federal adjusted gross income, but not less than zero;

(4) surplus food or other relief in kind supplied by a governmental agency;

(5) relief granted under this chapter;

(6) child support payments received under a temporary or final decree of dissolution or legal separation;

(7) restitution payments received by eligible individuals and excludable interest as defined in section 803 of the Economic Growth and Tax Relief Reconciliation Act of 2001, Public Law 107-16;

(8) alimony paid; or

(9) veterans disability compensation paid under title 38 of the United States Code.

(c) The sum of the following amounts may be subtracted from income:

- (1) for the claimant's first dependent, the exemption amount multiplied by 1.4;
- (2) for the claimant's second dependent, the exemption amount multiplied by 1.3;
- (3) for the claimant's third dependent, the exemption amount multiplied by 1.2;
- (4) for the claimant's fourth dependent, the exemption amount multiplied by 1.1;
- (5) for the claimant's fifth dependent, the exemption amount; and
- (6) if the claimant or claimant's spouse had a disability or attained the age of 65 on or before December 31 of the year for which the taxes were levied ~~or rent paid~~, the exemption amount.

(d) For purposes of this subdivision, the following terms have the meanings given:

(1) "exemption amount" means the exemption amount under section 290.0121, subdivision 1, paragraph (b), for the taxable year for which the income is reported;

(2) "retirement base amount" means the deductible amount for the taxable year for the claimant and spouse under section 219(b)(5)(A) of the Internal Revenue Code, adjusted for inflation as provided in section 219(b)(5)(C) of the Internal Revenue Code, without regard to whether the claimant or spouse claimed a deduction; and

(3) "traditional or Roth style retirement account or plan" means retirement plans under sections 401, 403, 408, 408A, and 457 of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 12. Minnesota Statutes 2022, section 290A.03, subdivision 6, is amended to read:

Subd. 6. **Homestead.** "Homestead" means the dwelling occupied as the claimant's principal residence and so much of the land surrounding it, not exceeding ten acres, as is reasonably necessary for use of the dwelling as a home and any other property used for purposes of a homestead as defined in section 273.13, subdivision 22, except for agricultural land assessed as part of a homestead pursuant to section 273.13, subdivision 23, "homestead" is limited to the house and garage and immediately surrounding one acre of land. The homestead may be owned ~~or rented and may be~~ as a part of a multidwelling or multipurpose building and the land on which it is built. A manufactured home, as defined in section 273.125, subdivision 8, or a park trailer taxed as a manufactured home under section 168.012, subdivision 9, assessed as personal property may be a dwelling for purposes of this subdivision.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 13. Minnesota Statutes 2022, section 290A.03, subdivision 8, is amended to read:

Subd. 8. **Claimant.** ~~(a)~~ "Claimant" means a person, other than a dependent, as defined under sections 151 and 152 of the Internal Revenue Code disregarding section 152(b)(3) of the Internal Revenue Code, who filed a claim authorized by this chapter and who was a resident of this state as provided in chapter 290 during the calendar year for which the claim for relief was filed.

~~(b) In the case of a claim relating to rent constituting property taxes, the claimant shall have resided in a rented or leased unit on which ad valorem taxes or payments made in lieu of ad valorem taxes, including~~

~~payments of special assessments imposed in lieu of ad valorem taxes, are payable at some time during the calendar year covered by the claim.~~

~~(c) "Claimant" shall not include a resident of a nursing home, intermediate care facility, long term residential facility, or a facility that accepts housing support payments whose rent constituting property taxes is paid pursuant to the Supplemental Security Income program under title XVI of the Social Security Act, the Minnesota supplemental aid program under sections 256D.35 to 256D.54, the medical assistance program pursuant to title XIX of the Social Security Act, or the housing support program under chapter 256I.~~

~~If only a portion of the rent constituting property taxes is paid by these programs, the resident shall be a claimant for purposes of this chapter, but the refund calculated pursuant to section 290A.04 shall be multiplied by a fraction, the numerator of which is income as defined in subdivision 3, paragraphs (a) and (b), reduced by the total amount of income from the above sources other than vendor payments under the medical assistance program and the denominator of which is income as defined in subdivision 3, paragraphs (a) and (b), plus vendor payments under the medical assistance program, to determine the allowable refund pursuant to this chapter.~~

~~(d) Notwithstanding paragraph (c), if the claimant was a resident of the nursing home, intermediate care facility, long term residential facility, or facility for which the rent was paid for the claimant by the housing support program for only a portion of the calendar year covered by the claim, the claimant may compute rent constituting property taxes by disregarding the rent constituting property taxes from the nursing home or facility and use only that amount of rent constituting property taxes or property taxes payable relating to that portion of the year when the claimant was not in the facility. The claimant's household income is the income for the entire calendar year covered by the claim.~~

~~(e) In the case of a claim for rent constituting property taxes of a part-year Minnesota resident, the income and rent reflected in this computation shall be for the period of Minnesota residency only. Any rental expenses paid which may be reflected in arriving at federal adjusted gross income cannot be utilized for this computation. When two individuals of a household are able to meet the qualifications for a claimant, they may determine among them as to who the claimant shall be. If they are unable to agree, the matter shall be referred to the commissioner of revenue whose decision shall be final. If a homestead property owner was a part-year Minnesota resident, the income reflected in the computation made pursuant to section 290A.04 shall be for the entire calendar year, including income not assignable to Minnesota.~~

~~(f) If a homestead is occupied by two or more renters, who are not married to each other, the rent shall be deemed to be paid equally by each, and separate claims shall be filed by each. The income of each shall be each renter's household income for purposes of computing the amount of credit to be allowed.~~

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 14. Minnesota Statutes 2022, section 290A.03, subdivision 12, is amended to read:

Subd. 12. **Gross rent.** (a) "Gross rent" means rent paid for the right of occupancy, at arm's length, of a site on which a homestead, ~~exclusive of charges for any medical services furnished by the landlord as a part of the rental agreement, whether expressly set out in the rental agreement or not~~ which is a manufactured home is located.

~~(b) The gross rent of a resident of a nursing home or intermediate care facility is \$500 per month. The gross rent of a resident of an adult foster care home is \$780 per month. The commissioner shall annually adjust the amounts in this paragraph as provided in section 270C.22. The statutory year is 2018.~~

~~(e)~~ (b) If the landlord and tenant have not dealt with each other at arm's length and the commissioner determines that the gross rent charged was excessive, the commissioner may adjust the gross rent to a reasonable amount for purposes of this chapter.

~~(d)~~ (c) Any amount paid by a claimant residing in property assessed pursuant to section 273.124, subdivision 3, 4, 5, or 6 for occupancy in that property shall be excluded from gross rent for purposes of this chapter. However, property taxes imputed to the homestead of the claimant or the dwelling unit occupied by the claimant that qualifies for homestead treatment pursuant to section 273.124, subdivision 3, 4, 5, or 6 shall be included within the term "property taxes payable" as defined in subdivision 13, to the extent allowed, notwithstanding the fact that ownership is not in the name of the claimant.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 15. Minnesota Statutes 2022, section 290A.03, subdivision 13, is amended to read:

Subd. 13. **Property taxes payable.** "Property taxes payable" means the property tax exclusive of special assessments, penalties, and interest payable on a claimant's homestead after deductions made under sections 273.135, 273.1384, 273.1391, 273.42, subdivision 2, and any other state paid property tax credits in any calendar year, and after any refund claimed and allowable under section 290A.04, subdivision 2h, that is first payable in the year that the property tax is payable. In the case of a claimant who makes ground lease payments, "property taxes payable" includes the amount of the payments directly attributable to the property taxes assessed against the parcel on which the house is located. Regardless of the limitations in section 280A(c)(5) of the Internal Revenue Code, "property taxes payable" must be apportioned or reduced for the use of a portion of the claimant's homestead for a business purpose if the claimant deducts any business depreciation expenses for the use of a portion of the homestead or deducts expenses under section 280A of the Internal Revenue Code for a business operated in the claimant's homestead. For ~~homesteads which are manufactured homes as defined in section 273.125, subdivision 8, including manufactured homes located in a manufactured home community owned by a cooperative organized under chapter 308A or 308B, and park trailers taxed as manufactured homes under section 168.012, subdivision 9,~~ "property taxes payable" shall also include 17 percent of the gross rent paid in the preceding year for the site on which the homestead is located. When a homestead is owned by two or more persons as joint tenants or tenants in common, such tenants shall determine between them which tenant may claim the property taxes payable on the homestead. If they are unable to agree, the matter shall be referred to the commissioner of revenue whose decision shall be final. Property taxes are considered payable in the year prescribed by law for payment of the taxes.

In the case of a claim relating to "property taxes payable," the claimant must have owned and occupied the homestead on January 2 of the year in which the tax is payable and (i) the property must have been classified as homestead property pursuant to section 273.124, on or before December 15 of the assessment year to which the "property taxes payable" relate; or (ii) the claimant must provide documentation from the local assessor that application for homestead classification has been made on or before December 15 of the year in which the "property taxes payable" were payable and that the assessor has approved the application.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 16. Minnesota Statutes 2022, section 290A.03, is amended by adding a subdivision to read:

Subd. 16. **Manufactured home.** "Manufactured home" means homesteads that are manufactured homes as defined in section 273.125, subdivision 8, including manufactured homes located in a manufactured

home community owned by a cooperative organized under chapter 308A or 308B, and park trailers taxed as manufactured homes under section 168.012, subdivision 9.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 17. Minnesota Statutes 2022, section 290A.04, subdivision 1, is amended to read:

Subdivision 1. **Refund.** A refund shall be allowed each claimant in the amount that property taxes payable ~~or rent constituting property taxes~~ exceed the percentage of the household income of the claimant specified in subdivision 2 ~~or 2a~~ in the year for which the taxes were levied ~~or in the year in which the rent was paid~~ as specified in subdivision 2 ~~or 2a~~. If the amount of property taxes payable ~~or rent constituting property taxes~~ is equal to or less than the percentage of the household income of the claimant specified in subdivision 2 ~~or 2a~~ in the year for which the taxes were levied ~~or in the year in which the rent was paid~~, the claimant shall not be eligible for a state refund pursuant to this section.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 18. Minnesota Statutes 2022, section 290A.04, subdivision 2h, is amended to read:

Subd. 2h. **Additional refund.** (a) If the gross property taxes payable on a homestead increase more than 12 percent over the property taxes payable in the prior year on the same property that is owned and occupied by the same owner on January 2 of both years, and the amount of that increase is \$100 or more, a claimant who is a homeowner shall be allowed an additional refund equal to 60 percent of the amount of the increase over the greater of 12 percent of the prior year's property taxes payable or \$100. This subdivision shall not apply to any increase in the gross property taxes payable attributable to improvements made to the homestead after the assessment date for the prior year's taxes. This subdivision shall not apply to any increase in the gross property taxes payable attributable to the termination of valuation exclusions under section 273.11, subdivision 16.

The maximum refund allowed under this subdivision is \$1,000.

(b) For purposes of this subdivision "gross property taxes payable" means property taxes payable determined without regard to the refund allowed under this subdivision.

(c) In addition to the other proofs required by this chapter, each claimant under this subdivision shall file with the property tax refund return a copy of the property tax statement for taxes payable in the preceding year or other documents required by the commissioner.

(d) Upon request, the appropriate county official shall make available the names and addresses of the property taxpayers who may be eligible for the additional property tax refund under this section. The information shall be provided ~~on a magnetic computer disk~~ electronically. The county may recover its costs by charging the person requesting the information the reasonable cost for preparing the data. The information may not be used for any purpose other than for notifying the homeowner of potential eligibility and assisting the homeowner, without charge, in preparing a refund claim.

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

Sec. 19. Minnesota Statutes 2022, section 290A.04, subdivision 5, is amended to read:

Subd. 5. ~~Combined renter and homeowner refund~~ **Homeowner refund and renter's credit.** ~~In the case of a claimant who is entitled to a refund in a calendar year for claims based both on rent constituting property taxes and property taxes payable, the refund allowable equals the sum of the refunds allowable. A claimant is allowed to make a claim for refund under this chapter in addition to any credit the claimant is eligible for under section 290.0693.~~

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 20. Minnesota Statutes 2022, section 290A.05, is amended to read:

290A.05 COMBINED HOUSEHOLD INCOME; RENTAL AGREEMENTS AND REDUCTION OF PROPERTY TAXES PAYABLE.

(a) If a person occupies a homestead with another person not related to the person as the person's spouse, excluding dependents, roomers or boarders on contract, and has property tax payable with respect to the homestead, the household income of the claimant or claimants for the purpose of computing the refund allowed by section 290A.04 shall include the total income received by the other persons residing in the homestead. For purposes of this section, "dependent" includes a parent of the claimant or spouse who lives in the claimant's homestead and does not have an ownership interest in the homestead.

(b) If a person occupies a homestead with another person or persons not related to the person as the person's spouse or as dependents, ~~the property tax payable or rent constituting property tax shall be reduced as follows:~~

~~If and~~ the other person or persons are residing at the homestead under a rental or lease agreement with the homeowner, the amount of property tax payable ~~or rent constituting property tax shall be equals~~ that portion not covered by the rental agreement.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and property taxes payable in 2024, and following years.

Sec. 21. Minnesota Statutes 2022, section 290A.07, subdivision 2a, is amended to read:

Subd. 2a. **Time of payment to ~~renter or~~ manufactured home homeowner.** A claimant who is a ~~renter or~~ a homeowner who occupies a manufactured home, as defined in section 273.125, subdivision 8, paragraph (c), or a park trailer taxed as a manufactured home under section 168.012, subdivision 9, shall receive full payment after August 1 and before August 15 or 60 days after receipt of the application, whichever is later.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 22. Minnesota Statutes 2022, section 290A.08, is amended to read:

290A.08 ONE CLAIMANT PER HOUSEHOLD.

Only one claimant per household per year is entitled to relief under this chapter. Payment of the claim for relief may be made payable to the spouses as one claimant. The commissioner, upon written request, may issue separate checks, to the spouses for one-half of the relief provided the original check has not been

issued or has been returned. Individuals related as spouses who were married during the year may elect to file a joint claim which shall include each spouse's income, ~~rent constituting property taxes,~~ and property taxes payable. Spouses who were married for the entire year and were domiciled in the same household for the entire year must file a joint claim. The maximum dollar amount allowable for a joint claim shall not exceed the amount that one person could receive.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 23. Minnesota Statutes 2022, section 290A.09, is amended to read:

290A.09 PROOF OF CLAIM.

(a) Every claimant shall supply to the commissioner of revenue, in support of the claim, proof of eligibility under this chapter, including but not limited to amount of ~~rent paid or~~ property taxes accrued, ~~name and address of owner or managing agent of property rented,~~ changes in homestead, household membership, household income, size and nature of property claimed as a homestead.

(b) For manufactured homes, every claimant shall supply to the commissioner of revenue the name and address of the owner or managing agent of the property rented.

(c) Persons with a disability filing claims shall submit proof of disability in the form and manner as the commissioner may prescribe. The department may require examination and certification by the claimant's physician or by a physician designated by the commissioner. The cost of any examination shall be borne by the claimant, unless the examination proves the disability, in which case the cost of the examination shall be borne by the commissioner.

(d) A determination of disability of a claimant by the Social Security Administration under Title II or Title XVI of the Social Security Act shall constitute presumptive proof of disability.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 24. Minnesota Statutes 2022, section 290A.091, is amended to read:

290A.091 CLAIMS OF TENANTS IN LEASEHOLD COOPERATIVES.

The cooperative manager of a leasehold cooperative shall furnish a statement to each tenant by March 31 of the year in which the property tax is payable showing each unit's share of the gross property tax and each unit's share of any property tax credits. Each tenant may apply for a property tax refund under this chapter as a homeowner based on each tenant's share of property taxes. The tenant may not ~~include any rent constituting property taxes paid on that unit~~ claim the renter's credit under section 290.0693. For the purposes of this section, a leasehold cooperative is formed on the day that leasehold cooperative status is granted by the appropriate county official.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 25. Minnesota Statutes 2022, section 290A.13, is amended to read:

290A.13 NO RELIEF ALLOWED IN CERTAIN CASES.

No claim for relief under this chapter shall be allowed if the commissioner determines that the claimant received title ~~or tenancy~~ to the homestead primarily for the purpose of receiving benefits under this chapter and not for bona fide residence purposes.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 26. Minnesota Statutes 2022, section 290A.19, is amended to read:

290A.19 OWNER OR MANAGING AGENT TO FURNISH RENT CERTIFICATE.

(a) The ~~park owner or managing agent of any~~ of a property for which rent is paid for occupancy as a homestead must furnish a certificate of rent paid to a person who is a renter on December 31, in the form prescribed by the commissioner. If the renter moves before December 31, the ~~park owner or managing agent~~ may give the certificate to the renter at the time of moving, or mail the certificate to the forwarding address if an address has been provided by the renter. The certificate must be made available to the renter before February 1 of the year following the year in which the rent was paid. The ~~park owner or managing agent~~ must retain a duplicate of each certificate or an equivalent record showing the same information for a period of three years. The duplicate or other record must be made available to the commissioner upon request.

(b) The commissioner may require the ~~park owner or managing agent~~, through a simple process, to furnish to the commissioner on or before March 1 a copy of each certificate of rent paid furnished to a renter for rent paid in the prior year. The commissioner shall prescribe the content, format, and manner of the form pursuant to section 270C.30. The commissioner may require the Social Security number, individual taxpayer identification number, federal employer identification number, or Minnesota taxpayer identification number of the park owner who is required to furnish a certificate of rent paid under this paragraph. Prior to implementation, the commissioner, after consulting with representatives of ~~park owners or managing agents~~, shall develop an implementation and administration plan for the requirements of this paragraph that attempts to minimize financial burdens, administration and compliance costs, and takes into consideration existing systems of ~~park owners and managing agents~~.

(c) For the purposes of this section, ~~"owner" includes~~ "park owner" means a park owner as defined under section 327C.015, subdivision 9, and "property" includes a lot as defined under section 327C.015, subdivision 6.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 27. Minnesota Statutes 2022, section 290A.25, is amended to read:

290A.25 VERIFICATION OF SOCIAL SECURITY OR INDIVIDUAL TAXPAYER IDENTIFICATION NUMBERS.

Annually, the commissioner of revenue shall furnish a list to the county assessor containing the names and Social Security or individual taxpayer identification numbers of persons who have applied for both homestead classification under section 273.13 and a ~~property tax refund as a renter under this chapter~~ renter's credit under section 290.0693.

Within 90 days of the notification, the county assessor shall investigate to determine if the homestead classification was improperly claimed. If the property owner does not qualify, the county assessor shall notify the county auditor who will determine the amount of homestead benefits that has been improperly allowed. For the purpose of this section, "homestead benefits" has the meaning given in section 273.124, subdivision 13b. The county auditor shall send a notice to persons who owned the affected property at the time the homestead application related to the improper homestead was filed, demanding reimbursement of the homestead benefits plus a penalty equal to 100 percent of the homestead benefits. The person notified may appeal the county's determination with the Minnesota Tax Court within 60 days of the date of the notice from the county as provided in section 273.124, subdivision 13b.

If the amount of homestead benefits and penalty is not paid within 60 days, and if no appeal has been filed, the county auditor shall certify the amount of taxes and penalty to the county treasurer. The county treasurer will add interest to the unpaid homestead benefits and penalty amounts at the rate provided for delinquent personal property taxes for the period beginning 60 days after demand for payment was made until payment. If the person notified is the current owner of the property, the treasurer may add the total amount of benefits, penalty, interest, and costs to the real estate taxes otherwise payable on the property in the following year. If the person notified is not the current owner of the property, the treasurer may collect the amounts due under the Revenue Recapture Act in chapter 270A, or use any of the powers granted in sections 277.20 and 277.21 without exclusion, to enforce payment of the benefits, penalty, interest, and costs, as if those amounts were delinquent tax obligations of the person who owned the property at the time the application related to the improperly allowed homestead was filed. The treasurer may relieve a prior owner of personal liability for the benefits, penalty, interest, and costs, and instead extend those amounts on the tax lists against the property for taxes payable in the following year to the extent that the current owner agrees in writing.

Any amount of homestead benefits recovered by the county from the property owner shall be distributed to the county, city or town, and school district where the property is located in the same proportion that each taxing district's levy was to the total of the three taxing districts' levy for the current year. Any amount recovered attributable to taconite homestead credit shall be transmitted to the St. Louis County auditor to be deposited in the taconite property tax relief account. Any amount recovered that is attributable to supplemental homestead credit is to be transmitted to the commissioner of revenue for deposit in the general fund of the state treasury. The total amount of penalty collected must be deposited in the county general fund.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 28. Minnesota Statutes 2022, section 327C.02, subdivision 5, is amended to read:

Subd. 5. **Written notice required.** A prospective resident, before being asked to sign a rental agreement, must be given the following notice printed verbatim in boldface type of a minimum size of ten points. The notice must be provided with the park residency application. The notice must be posted in a conspicuous and public location in the park:

"IMPORTANT NOTICE

State law provides special rules for the owners, residents, and prospective residents of manufactured home parks.

You may keep your home in the park as long as the park is in operation and you meet your financial obligations, obey state and local laws which apply to the park, obey reasonable park rules, do not substantially annoy or endanger the other residents or substantially endanger park personnel and do not substantially damage the park premises. You may not be evicted or have your rent increased or your services cut for complaining to the park owner or to a governmental official.

If you receive an eviction notice and do not leave the park, the park owner may take you to court. If you lose in court, a sheriff may remove you and your home from the park within seven days. Or, the court may require you to leave the park within seven days but give you 60 days to sell the home within the park.

If you receive an eviction notice for a new or amended rule and the court finds the rule to be reasonable and not a substantial modification of your original agreement, the court will not order you to leave but will order you to comply with the rule within ten days. If you do not comply within the time given or if you violate the rule at a later time, you will be subject to eviction.

All park rules and policies must be reasonable. Your rent may not be increased more than twice a year. Changes made in park rules after you become a park resident will not apply to you if they substantially change your original agreement.

The park may not charge you an entrance fee.

The park may require a security deposit, but the deposit must not amount to more than two months rent.

You have a right to sell the home in the park. But the sale is not final until the park owner approves the buyer as a new resident, and you must advise in writing anyone who wants to buy your home that the sale is subject to final approval by the park owner.

The park must provide to you, in writing, the procedures and criteria used to evaluate a prospective resident. If your application is denied, you can request, in writing, the reason why.

You must also disclose in writing certain safety information about your home to anyone who wants to buy it in the park. You must give this information to the buyer before the sale, in writing, on the form that is attached to this notice. You must completely and accurately fill out the form and you and the buyer should each keep a copy.

Your rental agreement and the park rules contain important information about your rights and duties. Read them carefully and keep a copy.

You must be given a copy of the shelter or evacuation plan for the park. This document contains information on where to seek shelter in times of severe weather conditions. You should carefully review the plan and keep a copy.

By February 1 of each year, the park must give you a certificate of rent ~~constituting property taxes paid~~ as required by ~~Minnesota Statutes, section~~ sections 290.0693, subdivision 4, and 290A.19.

For further information concerning your rights, consult a private attorney. The state law governing the rental of lots in manufactured home parks may also be enforced by the Minnesota Attorney General."

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

Sec. 29. Minnesota Statutes 2022, section 462A.05, subdivision 24, is amended to read:

Subd. 24. Housing for elderly, persons with physical or developmental disabilities, and single parent families. (a) It may engage in housing programs for low- and moderate-income elderly, persons with physical or developmental disabilities, or single parent families in the case of home sharing programs, as defined by the agency, to provide grants or loans, with or without interest, for:

(1) accessibility improvements to residences occupied by elderly persons;

(2) housing sponsors, as defined by the agency, of home sharing programs to match existing homeowners with prospective tenants who will contribute either rent or services to the homeowner, where either the homeowner or the prospective tenant is elderly, a person with physical or developmental disabilities, or the head of a single parent family;

(3) the construction of or conversion of existing buildings into structures for occupancy by the elderly that contain from three to 12 private sleeping rooms with shared cooking facilities and common space; and

(4) housing sponsors, as defined by the agency, to demonstrate the potential for home equity conversion in Minnesota for the elderly, in both rural and urban areas, and to determine the need in those equity conversions for consumer safeguards.

(b) In making the grants or loans, the agency shall determine the terms and conditions of repayment and the appropriate security, if any, should repayment be required. The agency may provide technical assistance to sponsors of home sharing programs or may contract or delegate the provision of the technical assistance in accordance with section 462A.07, subdivision 12.

(c) Housing sponsors who receive funding through these programs shall provide homeowners and tenants participating in a home sharing program with information regarding their rights and obligations as they relate to federal and state tax law including, but not limited to, taxable rental income, homestead classification under chapter 273, the renter's credit under section 290.0693, and the property tax refund act under chapter 290A.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 30. **TAX CREDIT OUTREACH; APPROPRIATION.**

(a) \$1,000,000 in fiscal year 2024 and \$1,000,000 in fiscal year 2025 are appropriated from the general fund to the commissioner of revenue to make grants to one or more eligible organizations. An eligible organization receiving a grant must use the funds to:

(1) publicize and promote the availability of eligible credits to taxpayers likely to be eligible for those credits; or

(2) provide taxpayer assistance services.

(b) For the purposes of this section the following terms have the meanings given:

(1) "eligible credit" means a credit targeting low-income taxpayers, including but not limited to the credits under sections 290.0661, 290.0693, and 290.0671 and chapter 290A;

(2) "eligible organization" means a nonprofit organization or federally recognized Indian Tribe with experience serving demographic groups or geographic regions that have historically had low rates of

participation in eligible credits. Eligible organization includes but is not limited to organizations qualifying under section 7526A(e)(2)(B) of the Internal Revenue Code; and

(3) "taxpayer assistance services" means accounting and tax preparation services provided by volunteers to low-income, elderly, and disadvantaged Minnesota residents to help them file federal and state income tax returns and Minnesota property tax refund claims and to provide personal representation before the Department of Revenue and Internal Revenue Service.

Sec. 31. **REPEALER.**

Minnesota Statutes 2022, sections 290A.03, subdivisions 9 and 11; 290A.04, subdivision 2a; and 290A.23, subdivision 1, are repealed.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

ARTICLE 8

TAX INCREMENT FINANCING

Section 1. Minnesota Statutes 2022, section 469.174, subdivision 27, is amended to read:

Subd. 27. **Small city.** "Small city" means any home rule charter or statutory city that has a population of 5,000 or less and that is located ~~ten~~ five miles or more from a home rule charter or statutory city, located in this state, with a population of 10,000 or more. For purposes of this definition, the distance between cities is measured by drawing a straight line from the nearest boundaries of the two cities.

EFFECTIVE DATE. This section is effective for districts for which the request for certification was made after July 1, 2023.

Sec. 2. Laws 2003, chapter 127, article 10, section 31, subdivision 1, as amended by Laws 2008, chapter 366, article 5, section 21, and Laws 2019, First Special Session chapter 6, article 7, section 1, is amended to read:

Subdivision 1. **District extension.** (a) The governing body of the city of Hopkins may elect to extend the duration of its redevelopment tax increment financing district 2-11 by up to four additional years.

(b) Notwithstanding Minnesota Statutes, section 469.1763, subdivision 2, effective upon approval of this subdivision, no increments may be spent on activities located outside of the area of the district, other than:

(1) to pay administrative expenses, not to exceed ten percent of the total tax increments from the district; or

(2) to pay the costs of housing or redevelopment activities that are consistent with Minnesota Statutes, section 469.176, subdivision 4j, provided that expenditures under this clause may not exceed ~~20~~ 25 percent of the total tax increments from the district.

The total amount of increment that may be spent on activities located outside the area of the district under this section shall be limited to ~~25~~ 28 percent.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Hopkins and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 3. Laws 2008, chapter 366, article 5, section 26, as amended by Laws 2013, chapter 143, article 9, section 11, and Laws 2019, First Special Session chapter 6, article 7, section 2, is amended to read:

Sec. 26. BLOOMINGTON TAX INCREMENT FINANCING; FIVE-YEAR RULE.

(a) The requirements of Minnesota Statutes, section 469.1763, subdivision 3, that activities must be undertaken within a five-year period from the date of certification of a tax increment financing district, are increased to a ~~24-year~~ 26-year period for the Port Authority of the City of Bloomington's Tax Increment Financing District No. 1-I, Bloomington Central Station. The requirements of Minnesota Statutes, section 469.1763, subdivision 4, relating to the use of increment after the expiration of the five-year rule, is extended to the 27th year.

(b) Notwithstanding the provisions of Minnesota Statutes, section 469.176, or any other law to the contrary, the city of Bloomington and its port authority may extend the duration limits of the district for a period through December 31, ~~2039~~ 2044.

(c) Effective for taxes payable in 2014, tax increment for the district must be computed using the current local tax rate, notwithstanding the provisions of Minnesota Statutes, section 469.177, subdivision 1a.

EFFECTIVE DATE. This section is effective upon compliance by the city of Bloomington, Hennepin County, and Independent School District No. 271 with the requirements of Minnesota Statutes, section 469.1782, subdivision 2.

Sec. 4. Laws 2008, chapter 366, article 5, section 36, subdivision 1, is amended to read:

Subdivision 1. **Authorization.** Notwithstanding the provisions of any other law, upon approval of the governing body of the city of St. Paul, the Housing and Redevelopment Authority of the city of St. Paul may establish a redevelopment tax increment financing district comprised of the properties included in the existing downtown and Seventh Place tax increment district (County #82). Notwithstanding Minnesota Statutes, section 469.177, subdivision 6, if certification of the district is requested by July 31, 2008, the certification will be recognized by the county auditor in determining local tax rates for taxes payable in 2009 and subsequent years. The district created under this section terminates December 31, ~~2023~~ 2033. The city may create the district under this section only if it enters into an agreement with Ramsey County to pay the county annually out of the increment from this district an amount equal to the tax that would have been payable to the county on the captured tax capacity of the district had the district not been created.

EFFECTIVE DATE. This section is effective the day after the governing bodies of St. Paul, Ramsey County, and Independent School District No. 625 comply with the requirements of Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021, subdivisions 2 and 3.

Sec. 5. Laws 2008, chapter 366, article 5, section 36, subdivision 3, as amended by Laws 2014, chapter 150, article 5, section 5, is amended to read:

Subd. 3. **Authorized expenditures.** Tax increment from the district may be expended only to pay principal and interest on bond obligations issued by the city of St. Paul in 2009 for the RiverCentre Arena, including payment of principal and interest on any bonds issued to repay the bonds or loans, as amended in 2014, but only through taxes payable year 2023. Commencing with taxes payable year 2024, tax increments

from the district may be expended to facilitate capital improvements within the city's RiverCentre complex, including but not limited to the St. Paul RiverCentre, Xcel Energy Center, Roy Wilkins Auditorium, and St. Paul RiverCentre Parking Ramp and adjacent areas controlled by the city. All such expenditures are deemed to be activities within the district under Minnesota Statutes, section 469.1763, subdivisions 2, 3, and 4.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of St. Paul and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 6. Laws 2014, chapter 308, article 6, section 12, subdivision 2, is amended to read:

Subd. 2. **Special rules.** (a) If the city elects, upon the adoption of the tax increment financing plan for a district, the rules under this section apply to a redevelopment district, renewal and renovation district, soil condition district, or soil deficiency district established by the city or a development authority of the city in the project area.

(b) Prior to or upon the adoption of the first tax increment plan subject to the special rules under this subdivision, the city must find by resolution that parcels consisting of at least 80 percent of the acreage of the project area, excluding street and railroad rights-of-way, are characterized by one or more of the following conditions:

(1) peat or other soils with geotechnical deficiencies that impair development of commercial buildings or infrastructure;

(2) soils or terrain that require substantial filling in order to permit the development of commercial buildings or infrastructure;

(3) landfills, dumps, or similar deposits of municipal or private waste;

(4) quarries or similar resource extraction sites;

(5) floodway; and

(6) substandard buildings, within the meaning of Minnesota Statutes, section 469.174, subdivision 10.

(c) For the purposes of paragraph (b), clauses (1) to (5), a parcel is characterized by the relevant condition if at least 70 percent of the area of the parcel contains the relevant condition. For the purposes of paragraph (b), clause (6), a parcel is characterized by substandard buildings if substandard buildings occupy at least 30 percent of the area of the parcel.

(d) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ~~eight~~ 12 years for any district; ~~the five-year rule under Minnesota Statutes, section 469.175, subdivision 4, paragraph (f), is extended to nine years for any district;~~ and Minnesota Statutes, section 469.1763, subdivision 4, does not apply to any district.

(e) Notwithstanding any provision to the contrary in Minnesota Statutes, section 469.1763, subdivision 2, paragraph (a), not more than 40 percent of the total revenue derived from tax increments paid by properties in any district, measured over the life of the district, may be expended on activities outside the district but within the project area.

(f) For a soil deficiency district:

(1) increments may be collected through 20 years after the receipt by the authority of the first increment from the district;

(2) increments may be used only to:

(i) acquire parcels on which the improvements described in item (ii) will occur;

(ii) pay for the cost of correcting the unusual terrain or soil deficiencies and the additional cost of installing public improvements directly caused by the deficiencies; and

(iii) pay for the administrative expenses of the authority allocable to the district; and

(3) any parcel acquired with increments from the district must be sold at no less than their fair market value.

(g) Increments spent for any infrastructure costs, whether inside a district or outside a district but within the project area, are deemed to satisfy the requirements of Minnesota Statutes, section 469.176, subdivision 4j.

(h) The authority to approve tax increment financing plans to establish tax increment financing districts under this section expires June 30, 2020.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Savage and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 7. Laws 2019, First Special Session chapter 6, article 7, section 7, is amended to read:

Sec. 7. CITY OF DULUTH; TAX INCREMENT FINANCING DISTRICT; SPECIAL RULES AUTHORIZATION.

Subdivision 1. **Establishment.** The city of Duluth or the Duluth Economic Development Authority may establish, by resolution, ~~one not more than two~~ redevelopment tax increment financing ~~district~~ districts located in the city of Duluth, St. Louis County, Minnesota, within the area bordered on the northeast by Slip 3 and the Pier B Resort property line extended northwest to Interstate 35, on the southeast by the Duluth Harbor, on the southwest by the Compass Minerals property line extended northwest to Interstate 35, and on the northwest by Interstate 35, together with adjacent roads and rights-of-way; and such property is deemed to meet the requirements of Minnesota Statutes, section 469.174, subdivision 10.

Subd. 2. **Eligible expenditures.** Expenditures incurred in connection with the development of the property described in subdivision 1 are deemed to meet the requirements of Minnesota Statutes, section 469.176, subdivision 4j. Eligible expenditures for any tax increment financing district established in the area described in subdivision 1 include, without limitation, seawalls and pier facings adjacent to the boundaries of such district.

Subd. 3. **Duration.** Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, or any other law to the contrary, the city of Duluth or its economic development authority may extend the duration limit of a district established under subdivision 1 by five years.

EFFECTIVE DATE. (a) The amendment to subdivision 1 is effective the day after the governing body of the city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

(b) Subdivision 3 is effective upon compliance by the city of Duluth, St. Louis County, and Independent School District No. 709 with the requirements of Minnesota Statutes, section 469.1782, subdivision 2.

Sec. 8. Laws 2021, First Special Session chapter 14, article 9, section 10, is amended to read:

Sec. 10. CITY OF RAMSEY; TAX INCREMENT FINANCING DISTRICT NO. 14; FIVE-YEAR RULE EXTENSION.

(a) The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that activities must be undertaken within a five-year period from the date of certification of a tax increment financing district, is extended by a ~~two-year~~ five-year period to November 28, ~~2023~~ 2026, for Tax Increment Financing District No. 14 administered by the city of Ramsey.

(b) The requirements of Minnesota Statutes, section 469.1763, subdivision 4, relating to the use of increment after the expiration of the five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is extended to the ~~13th~~ 16th year for Tax Increment Financing District No. 14.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Ramsey and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 9. CITY OF CHATFIELD; TIF AUTHORITY; ECONOMIC DEVELOPMENT AUTHORIZATION.

Notwithstanding Minnesota Statutes, section 469.176, subdivision 4c, paragraph (b), or any other law to the contrary, the city of Chatfield or its economic development authority may establish an economic development district to construct a multilevel hotel on Mill Creek Road and Division Street NW, south of Trunk Highway 30, in the city of Chatfield, Olmsted County, provided that the first floor of the hotel does not exceed 15,000 square feet. For purposes of this section, "first floor" means the floor at street level where the public is permitted to enter and exit.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Chatfield and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 10. CITY OF DULUTH; TAX INCREMENT FINANCING DISTRICT; SPECIAL RULES.

Subdivision 1. **Establishment.** Under the special rules established in subdivision 2, the economic development authority of the city of Duluth or the city of Duluth may establish one or more redevelopment districts located wholly within the area of the city of Duluth, St. Louis County, Minnesota, limited to the area classified as the Medical Regional Exchange District and East 1st Street Corridor as bounded by: East 6th Street from North 3rd Avenue East to North 7th Avenue East; North 7th Avenue East from East 6th Street to East 3rd Street; East 3rd Street from North 7th Avenue East to North 12th Avenue East; North 12th Avenue East from East 3rd Street straight through the Duluth Rose Garden to the Lake Superior Waterfront; the Lake Superior waterfront from the Duluth Rose Garden at North 12th Avenue East to Lake Place Park at North 3rd Avenue East; North 3rd Avenue East from Lake Place Park at the Lake Superior waterfront to East Superior Street; East Superior Street from North 3rd Avenue East to North Lake Avenue; North Lake Avenue from East Superior Street to East 2nd Street; East 2nd Street from North Lake Avenue to North 3rd Avenue East; North 3rd Avenue East from East 2nd Street to East 6th Street.

Subd. 2. **Special rules.** If the city or authority establishes a redevelopment tax increment financing district under this section, the following special rules apply:

(1) the district is deemed to meet all the requirements of Minnesota Statutes, section 469.174, subdivision 10; and

(2) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district.

Subd. 3. **Expiration.** The authority to approve a tax increment financing plan to establish a tax increment financing district under this section expires December 31, 2030.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Duluth and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 11. **CITY OF FRIDLEY; TAX INCREMENT FINANCING DISTRICT; SPECIAL RULES.**

Subdivision 1. **Transfer of increment.** Notwithstanding Minnesota Statutes, section 469.176, subdivision 4j, the city of Fridley or its economic development authority may transfer tax increment accumulated from Fridley Tax Increment Financing District No. 20 to the Fridley Housing and Redevelopment Authority for the purposes authorized in subdivision 2. Only increment allowed to be expended outside of the district pursuant to Minnesota Statutes, section 469.1763, subdivision 2, may be transferred under this section.

Subd. 2. **Allowable use.** Tax increment transferred under subdivision 1 must be used only to:

(1) make grants, loans, and loan guarantees for the development, rehabilitation, or financing of housing;
or

(2) match other funds from federal, state, or private resources for housing projects.

Subd. 3. **Annual financial reporting.** Tax increment transferred under this section is subject to the annual reporting requirements under Minnesota Statutes, section 469.175, subdivision 6.

Subd. 4. **Legislative reports.** By February 1, 2025, and February 1, 2027, the city of Fridley must issue a report to the chairs and ranking minority members of the legislative committees with jurisdiction over taxes and property taxes. Each report must include detailed information relating to each program financed with increment transferred under this section.

Subd. 5. **Expiration.** The authority to make transfers under subdivision 1 expires December 31, 2027.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Fridley and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 12. **CITY OF PLYMOUTH; TIF AUTHORITY.**

Subdivision 1. **Establishment.** Under the special rules established in subdivision 2, the city of Plymouth may establish not more than two redevelopment districts located wholly within the city of Plymouth, Hennepin County, Minnesota, limited to the following parcels identified by tax identification numbers: 34-119-22-44-0002, 03-118-22-12-0002, 03-118-22-11-0007, 02-118-22-22-0005, and 03-118-22-14-0032, together with adjacent roads and rights-of-way.

Subd. 2. **Special rules.** If the city establishes a tax increment financing district under this section, the following special rules apply:

(1) the district is deemed to meet the requirements of Minnesota Statutes, section 469.174, subdivision 10;

(2) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district; and

(3) not more than 75 percent of increments generated from the district may be expended on improvements to Chankahda Trail, formerly known as Hennepin County Road 47, outside the project area, and all such expenditures are deemed expended on activities within the district for the purposes of Minnesota Statutes, section 469.1763.

Subd. 3. **Expiration.** The authority to approve a tax increment financing plan to establish a tax increment financing district under this section expires December 31, 2030.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Plymouth and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 13. **CITY OF SHAKOPEE; TAX INCREMENT FINANCING DISTRICT.**

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

(b) "City" means the city of Shakopee.

(c) "Project area" means the following parcels, identified by parcel identification numbers: 279160102, 279160110, 279170020, and 279160120.

(d) "Soil deficiency district" means a type of tax increment financing district consisting of a portion of the project area in which the city finds by resolution that the following conditions exist:

(1) unusual terrain or soil deficiencies that occurred over 70 percent of the acreage in the district require substantial filling, grading, or other physical preparation for use; and

(2) the estimated cost of the physical preparation under clause (1), excluding costs directly related to roads as defined in Minnesota Statutes, section 160.01, and local improvements as described in Minnesota Statutes, sections 429.021, subdivision 1, clauses (1) to (7) and (11) to (22), and 430.01, exceeds the fair market value of the land before completion of the preparation.

Subd. 2. **Special rules.** (a) If the city elects, upon the adoption of the tax increment financing plan for a district, the rules under this section apply to a redevelopment district, renewal and renovation district, soil condition district, or soil deficiency district established by the city or a development authority of the city in the project area. The city, or a development authority acting on its behalf, may establish one or more soil deficiency districts within the project area.

(b) Prior to or upon the adoption of the first tax increment plan subject to the special rules under this subdivision, the city must find by resolution that parcels consisting of at least 70 percent of the acreage of the project area, excluding street and railroad rights-of-way, are characterized by one or more of the following conditions:

(1) peat or other soils with geotechnical deficiencies that impair development of residential or commercial buildings or infrastructure;

(2) soils or terrain that requires substantial filling in order to permit the development of residential or commercial buildings or infrastructure;

(3) landfills, dumps, or similar deposits of municipal or private waste;

(4) quarries or similar resource extraction sites;

(5) floodways; and

(6) substandard buildings, within the meaning of Minnesota Statutes, section 469.174, subdivision 10.

(c) For the purposes of paragraph (b), clauses (1) to (5), a parcel is characterized by the relevant condition if at least 60 percent of the area of the parcel contains the relevant condition. For the purposes of paragraph (b), clause (6), a parcel is characterized by substandard buildings if substandard buildings occupy at least 30 percent of the area of the parcel.

(d) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ten years for any district, and the period under Minnesota Statutes, section 469.1763, subdivision 4, is extended to 11 years.

(e) Notwithstanding any provision to the contrary in Minnesota Statutes, section 469.1763, subdivision 2, paragraph (a), not more than 80 percent of the total revenue derived from tax increments paid by properties in any district, measured over the life of the district, may be expended on activities outside the district but within the project area.

(f) For a soil deficiency district:

(1) increments may be collected through 20 years after the receipt by the authority of the first increment from the district; and

(2) except as otherwise provided in this subdivision, increments may be used only to:

(i) acquire parcels on which the improvements described in item (ii) will occur;

(ii) pay for the cost of correcting the unusual terrain or soil deficiencies and the additional cost of installing public improvements directly caused by the deficiencies; and

(iii) pay for the administrative expenses of the authority allocable to the district.

(g) The authority to approve tax increment financing plans to establish tax increment financing districts under this section expires December 31, 2026.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Shakopee and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 14. CITY OF WEST ST. PAUL; TIF AUTHORITY.

Subdivision 1. **Establishment.** Under the special rules established in subdivision 2, the economic development authority of the city of West St. Paul or the city of West St. Paul may establish one or more redevelopment tax increment financing districts consisting of the parcels in the city of West St. Paul, Dakota County, Minnesota, currently identified with the following parcel identification numbers: 42-83680-01-011, 42-11561-00-010, 42-11561-01-010, 42-11560-01-021, 42-11561-00-020, and 42-11560-01-022, as the same may be replatted or reconfigured, together with adjacent roads and rights-of-way.

Subd. 2. **Special rules.** If the city or authority establishes one or more tax increment financing districts under this section, the following special rules apply:

(1) the districts are deemed to meet all the requirements of Minnesota Statutes, section 469.174, subdivision 10; and

(2) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district.

Subd. 3. **Expiration.** The authority to approve a tax increment financing plan to establish a tax increment financing district under this section expires December 31, 2030.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of West St. Paul and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 15. CITY OF WOODBURY; TAX INCREMENT FINANCING DISTRICT NO. 13; EXPENDITURES ALLOWED; DURATION EXTENSION.

(a) Notwithstanding Minnesota Statutes, section 469.1763, subdivision 2, or any other law to the contrary, the city of Woodbury may expend increments generated from Tax Increment Financing District No. 13 for the maintenance, and facility and infrastructure upgrades to Central Park. All such expenditures are deemed expended on activities within the district.

(b) Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, the city of Woodbury may elect to extend the duration of Tax Increment Financing District No. 13 by five years.

EFFECTIVE DATE. Paragraph (a) is effective the day after the governing body of the city of Woodbury and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3. Paragraph (b) is effective upon compliance by the city of Woodbury, Washington County, and Independent School District No. 833 with the requirements of Minnesota Statutes, section 469.1782, subdivision 2.

ARTICLE 9

OFFICE OF THE STATE AUDITOR: TAX INCREMENT FINANCING GENERAL LAW MODIFICATIONS

Section 1. Minnesota Statutes 2022, section 469.174, subdivision 14, is amended to read:

Subd. 14. **Administrative expenses.** (a) "Administrative expenses" or "administrative costs" means all documented expenditures of an authority ~~other than~~ or municipality, including but not limited to:

(1) amounts paid for services provided by bond counsel, fiscal consultants, and economic development consultants;

(2) allocated expenses and staff time of the authority or municipality for administering a project, including but not limited to preparing the tax increment financing plan, negotiating and preparing agreements, accounting for segregated funds of the district, preparing and submitting required reporting for the district, and reviewing and monitoring compliance with sections 469.174 to 469.1794;

(3) amounts paid to publish annual disclosures and provide notices under section 469.175;

(4) amounts to provide for the usual and customary maintenance and operation of properties purchased with tax increments, including necessary reserves for repairs and the cost of any insurance;

(5) amounts allocated or paid to prepare a development action response plan for a soils condition district or hazardous substance subdistrict; and

(6) amounts used to pay bonds, interfund loans, or other financial obligations to the extent those obligations were used to finance costs described in clauses (1) to (5).

(b) Administrative expenses and administrative costs do not include:

(1) amounts paid for the purchase of land or buildings;

(2) amounts paid to contractors or others providing materials and services, including architectural and engineering services, directly connected with the physical development of the real property in the project, including architectural and engineering services and materials and services for demolition, soil correction, and the construction or installation of public improvements;

(3) relocation benefits paid to or services provided for persons residing or businesses located in the project;

~~(4) amounts used to pay principal or interest on, fund a reserve for, or sell at a discount bonds issued pursuant to section 469.178; or~~

~~(5)~~ (4) amounts paid for property taxes or payments in lieu of taxes; and

(5) amounts used to pay principal or interest on, fund a reserve for, or sell at a discount bonds issued pursuant to section 469.178 or other financial obligations to the extent those obligations were used to finance costs described in clauses (1) to ~~(3)~~ (4).

~~For districts for which the requests for certifications were made before August 1, 1979, or after June 30, 1982, "administrative expenses" includes amounts paid for services provided by bond counsel, fiscal consultants, and planning or economic development consultants.~~

This definition does not apply to administrative expenses or administrative costs referenced under section 469.176, subdivision 4h.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to all districts, regardless of when the request for certification was made.

Sec. 2. Minnesota Statutes 2022, section 469.174, is amended by adding a subdivision to read:

Subd. 30. **Pay-as-you-go contract and note.** "Pay-as-you-go contract and note" means a written note or contractual obligation under which all of the following apply:

(1) the note or contractual obligation evidences an authority's commitment to reimburse a developer, property owner, or note holder for the payment of costs of activities, including any interest on unreimbursed costs;

(2) the reimbursement is made from tax increment revenues identified in the note or contractual obligation as received by a municipality or authority as taxes are paid; and

(3) the risk that available tax increments may be insufficient to fully reimburse the costs is borne by the developer, property owner, or note holder.

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

Sec. 3. Minnesota Statutes 2022, section 469.175, subdivision 6, is amended to read:

Subd. 6. **Annual financial reporting.** (a) The state auditor shall develop a uniform system of accounting and financial reporting for tax increment financing districts. The system of accounting and financial reporting shall, as nearly as possible:

(1) provide for full disclosure of the sources and uses of tax increments of the district;

(2) permit comparison and reconciliation with the affected local government's accounts and financial reports;

(3) permit auditing of the funds expended on behalf of a district, including a single district that is part of a multidistrict project or that is funded in part or whole through the use of a development account funded with tax increments from other districts or with other public money;

(4) be consistent with generally accepted accounting principles.

(b) The authority must annually submit to the state auditor a financial report in compliance with paragraph (a). Copies of the report must also be provided to the county auditor and to the governing body of the municipality, if the authority is not the municipality. To the extent necessary to permit compliance with the requirement of financial reporting, the county and any other appropriate local government unit or private entity must provide the necessary records or information to the authority or the state auditor as provided by the system of accounting and financial reporting developed pursuant to paragraph (a). The authority must submit the annual report for a year on or before August 1 of the next year.

(c) The annual financial report must also include the following items:

(1) the original net tax capacity of the district and any subdistrict under section 469.177, subdivision 1;

(2) the net tax capacity for the reporting period of the district and any subdistrict;

(3) the captured net tax capacity of the district;

(4) any fiscal disparity deduction from the captured net tax capacity under section 469.177, subdivision 3;

(5) the captured net tax capacity retained for tax increment financing under section 469.177, subdivision 2, paragraph (b), clause (1);

(6) any captured net tax capacity distributed among affected taxing districts under section 469.177, subdivision 2, paragraph (b), clause (2);

(7) the type of district;

(8) the date the municipality approved the tax increment financing plan and the date of approval of any modification of the tax increment financing plan, the approval of which requires notice, discussion, a public hearing, and findings under subdivision 4, paragraph (a);

(9) the date the authority first requested certification of the original net tax capacity of the district and the date of the request for certification regarding any parcel added to the district;

(10) the date the county auditor first certified the original net tax capacity of the district and the date of certification of the original net tax capacity of any parcel added to the district;

(11) the ~~month and~~ year in which the authority has received or anticipates it will receive the first increment from the district;

(12) the date the district must be decertified;

(13) for the reporting period and prior years of the district, the actual amount received from, at least, the following categories:

(i) tax increments paid by the captured net tax capacity retained for tax increment financing under section 469.177, subdivision 2, paragraph (b), clause (1), but excluding any excess taxes;

(ii) tax increments that are interest or other investment earnings on or from tax increments;

(iii) tax increments that are proceeds from the sale or lease of property, tangible or intangible, purchased by the authority with tax increments;

(iv) tax increments that are repayments of loans or other advances made by the authority with tax increments;

(v) bond proceeds; and

(vi) the agricultural homestead market value credit paid to the authority under section 273.1384;

(14) for the reporting period and for the prior years of the district, the actual amount expended for, at least, the following categories:

(i) acquisition of land and buildings through condemnation or purchase;

(ii) site improvements or preparation costs;

(iii) installation of public utilities, parking facilities, streets, roads, sidewalks, or other similar public improvements;

(iv) administrative costs, including the allocated cost of the authority; and

(v) for housing districts, construction of affordable housing;

(15) the amount of any payments for activities and improvements located outside of the district that are paid for or financed with tax increments;

(16) the amount of payments of principal and interest that are made during the reporting period on any nondefeased:

(i) general obligation tax increment financing bonds; and

(ii) other tax increment financing bonds, including pay-as-you-go contracts and notes;

(17) the principal amount, at the end of the reporting period, of any nondefeased:

(i) general obligation tax increment financing bonds; and

(ii) other tax increment financing bonds, including pay-as-you-go contracts and notes;

(18) the amount of principal and interest payments that are due for the current calendar year on any nondefeased:

- (i) general obligation tax increment financing bonds; and
- (ii) other tax increment financing bonds, including pay-as-you-go contracts and notes;

(19) if the fiscal disparities contribution under chapter 276A or 473F for the district is computed under section 469.177, subdivision 3, paragraph (a), the amount of total increased property taxes to be paid from outside the tax increment financing district; and

(20) any additional information the state auditor may require.

(d) The reporting requirements imposed by this subdivision apply to districts certified before, on, and after August 1, 1979.

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

Sec. 4. Minnesota Statutes 2022, section 469.176, subdivision 3, is amended to read:

Subd. 3. **Limitation on administrative expenses.** (a) For districts for which certification was requested before August 1, 2001, no tax increment shall be used to pay any administrative expenses for a project which exceed ten percent of the total estimated tax increment expenditures authorized by the tax increment financing plan or ten percent of the total tax increment expenditures for the project net of any amounts returned to the county auditor as excess increment; as returned increment under section 469.1763, subdivision 4, paragraph (g); or as remedies under section 469.1771, subdivision 2, whichever is less.

(b) For districts for which certification was requested after July 31, 2001, no tax increment may be used to pay any administrative expenses for a project which exceed ten percent of total estimated tax increment expenditures authorized by the tax increment financing plan or ten percent of the total tax increments, as defined in section 469.174, subdivision 25, clause (1), from received for the district net of any amounts returned to the county auditor as excess increment; as returned increment under section 469.1763, subdivision 4, paragraph (g); or as remedies under section 469.1771, subdivision 2, whichever is less.

(c) Increments used to pay the county's administrative expenses under subdivision 4h are not subject to the percentage limits in this subdivision.

(d) Increments defined under section 469.174, subdivision 25, clause (2), used for administrative expenses described under section 469.174, subdivision 14, paragraph (a), clause (4), are not subject to the percentage limits in this subdivision.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to all districts, regardless of when the request for certification was made.

Sec. 5. Minnesota Statutes 2022, section 469.176, subdivision 4, is amended to read:

Subd. 4. **Limitation on use of tax increment; general rule.** All revenues derived from tax increment shall be used in accordance with the tax increment financing plan. The revenues shall be used solely for the following purposes: (1) to pay the principal of and interest on bonds issued to finance a project; (2) by a rural development financing authority for the purposes stated in section 469.142; by a port authority or municipality exercising the powers of a port authority to finance or otherwise pay the cost of redevelopment pursuant to sections 469.048 to 469.068; by an economic development authority to finance or otherwise

pay the cost of redevelopment pursuant to sections 469.090 to 469.108; by a housing and redevelopment authority or economic development authority to finance or otherwise pay public redevelopment costs pursuant to sections 469.001 to 469.047; by a municipality or economic development authority to finance or otherwise pay the capital and administration costs of a development district pursuant to sections 469.124 to 469.133; by a municipality or authority to finance or otherwise pay the costs of developing and implementing a development action response plan; by a municipality or redevelopment agency to finance or otherwise pay premiums for insurance or other security guaranteeing the payment when due of principal of and interest on the bonds pursuant to chapter 462C, sections 469.152 to 469.165, or both, or to accumulate and maintain a reserve securing the payment when due of the principal of and interest on the bonds pursuant to chapter 462C, sections 469.152 to 469.165, or both, which revenues in the reserve shall not exceed, subsequent to the fifth anniversary of the date of issue of the first bond issue secured by the reserve, an amount equal to 20 percent of the aggregate principal amount of the outstanding and nondefeased bonds secured by the reserve; and (3) to pay administrative expenses.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to all districts, regardless of when the request for certification was made.

Sec. 6. Minnesota Statutes 2022, section 469.1763, subdivision 2, is amended to read:

Subd. 2. **Expenditures outside district.** (a) For each tax increment financing district, an amount equal to at least 75 percent of the total revenue derived from tax increments paid by properties in the district must be expended on activities in the district or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities in the district or to pay, or secure payment of, debt service on credit enhanced bonds. For districts, other than redevelopment districts for which the request for certification was made after June 30, 1995, the in-district percentage for purposes of the preceding sentence is 80 percent. Not more than 25 percent of the total revenue derived from tax increments paid by properties in the district may be expended, through a development fund or otherwise, on activities outside of the district but within the defined geographic area of the project except to pay, or secure payment of, debt service on credit enhanced bonds. For districts, other than redevelopment districts for which the request for certification was made after June 30, 1995, the pooling percentage for purposes of the preceding sentence is 20 percent. The revenues derived from tax increments paid by properties in the district that are expended on costs under section 469.176, subdivision 4h, ~~paragraph (b)~~, may be deducted first before calculating the percentages that must be expended within and without the district.

(b) In the case of a housing district, a housing project, as defined in section 469.174, subdivision 11, is an activity in the district.

(c) All administrative expenses are considered to be expenditures for activities outside of the district, except that if the only expenses for activities outside of the district under this subdivision are for the purposes described in paragraph (d), administrative expenses will be considered as expenditures for activities in the district.

(d) The authority may elect, in the tax increment financing plan for the district, to increase by up to ten percentage points the permitted amount of expenditures for activities located outside the geographic area of the district under paragraph (a). As permitted by section 469.176, subdivision 4k, the expenditures, including the permitted expenditures under paragraph (a), need not be made within the geographic area of the project. Expenditures that meet the requirements of this paragraph are legally permitted expenditures of the district, notwithstanding section 469.176, subdivisions 4b, 4c, and 4j. To qualify for the increase under this paragraph, the expenditures must:

(1) be used exclusively to assist housing that meets the requirement for a qualified low-income building, as that term is used in section 42 of the Internal Revenue Code; and

(2) not exceed the qualified basis of the housing, as defined under section 42(c) of the Internal Revenue Code, less the amount of any credit allowed under section 42 of the Internal Revenue Code; and

(3) be used to:

(i) acquire and prepare the site of the housing;

(ii) acquire, construct, or rehabilitate the housing; or

(iii) make public improvements directly related to the housing; or

(4) be used to develop housing:

(i) if the market value of the housing does not exceed the lesser of:

(A) 150 percent of the average market value of single-family homes in that municipality; or

(B) \$200,000 for municipalities located in the metropolitan area, as defined in section 473.121, or \$125,000 for all other municipalities; and

(ii) if the expenditures are used to pay the cost of site acquisition, relocation, demolition of existing structures, site preparation, and pollution abatement on one or more parcels, if the parcel contains a residence containing one to four family dwelling units that has been vacant for six or more months and is in foreclosure as defined in section 325N.10, subdivision 7, but without regard to whether the residence is the owner's principal residence, and only after the redemption period has expired; or

(5) to assist owner-occupied housing that meets the requirements of section 469.1761, subdivision 2.

(e) The authority under paragraph (d), clause (4), expires on December 31, 2016. Increments may continue to be expended under this authority after that date, if they are used to pay bonds or binding contracts that would qualify under subdivision 3, paragraph (a), if December 31, 2016, is considered to be the last date of the five-year period after certification under that provision.

(f) For purposes of determining whether the minimum percentage of expenditures for activities in the district and maximum percentages of expenditures allowed on activities outside the district have been met under this subdivision, any amounts returned to the county auditor as excess increment, as returned increment under subdivision 4, paragraph (g), or as remedies under section 469.1771, subdivision 2, shall first be subtracted from the total revenues derived from tax increments paid by properties in the district. Any other amounts returned to the county auditor for purposes other than a remedy under section 469.1771, subdivision 3, are considered to be expenditures for activities in the district.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to all districts with a request for certification date after April 30, 1990, except that paragraph (f) shall apply to districts decertifying after December 31, 2023.

Sec. 7. Minnesota Statutes 2022, section 469.1763, subdivision 3, is amended to read:

Subd. 3. **Five-year rule.** (a) Revenues derived from tax increments paid by properties in the district that are considered to have been expended on an activity within the district under will instead be considered

to have been expended on an activity outside the district for purposes of subdivision 2 only if one of the following occurs unless:

(1) before or within five years after certification of the district, the revenues are actually paid to a third party with respect to the activity;

(2) bonds, the proceeds of which must be used to finance the activity, are issued and sold to a third party before or within five years after certification of the district, the revenues are spent to repay the bonds, and the proceeds of the bonds either are, on the date of issuance, reasonably expected to be spent before the end of the later of (i) the five-year period, or (ii) a reasonable temporary period within the meaning of the use of that term under section 148(c)(1) of the Internal Revenue Code, or are deposited in a reasonably required reserve or replacement fund;

(3) binding contracts with a third party are entered into for performance of the activity before or within five years after certification of the district and the revenues are spent under the contractual obligation;

(4) costs with respect to the activity are paid before or within five years after certification of the district and the revenues are spent to reimburse a party for payment of the costs, including interest on unreimbursed costs; or

(5) ~~expenditures are made~~ revenues are spent for housing purposes as ~~permitted described~~ by subdivision 2, ~~paragraphs paragraph~~ (b) and (d), or for public infrastructure purposes within a zone as ~~permitted by subdivision 2, paragraph (e).~~

(b) For purposes of this subdivision, bonds include subsequent refunding bonds if the original refunded bonds meet the requirements of paragraph (a), clause (2).

(c) For a redevelopment district or a renewal and renovation district certified after June 30, 2003, and before April 20, 2009, the five-year periods described in paragraph (a) are extended to ten years after certification of the district. For a redevelopment district certified after April 20, 2009, and before June 30, 2012, the five-year periods described in paragraph (a) are extended to eight years after certification of the district. This extension is provided primarily to accommodate delays in development activities due to unanticipated economic circumstances.

(d) For a redevelopment district that was certified after December 31, 2017, and before June 30, 2020, the five-year periods described in paragraph (a) are extended to eight years after certification of the district.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to all districts with a request for certification date after April 30, 1990.

Sec. 8. Minnesota Statutes 2022, section 469.1763, subdivision 4, is amended to read:

Subd. 4. Use of revenues for decertification. ~~(a) In each year beginning with the sixth year following certification of the district, or beginning with the ninth year following certification of the district for districts whose five-year rule is extended to eight years under subdivision 3, paragraph (d), if the applicable in-district percent of the revenues derived from tax increments paid by properties in the district exceeds the amount of expenditures that have been made for costs permitted under subdivision 3, an amount equal to the difference between the in-district percent of the revenues derived from tax increments paid by properties in the district and the amount of expenditures that have been made for costs permitted under subdivision 3 must be used and only used to pay or defease the following or be set aside to pay the following:~~

~~(1) outstanding bonds, as defined in subdivision 3, paragraphs (a), clause (2), and (b);~~

~~(2) contracts, as defined in subdivision 3, paragraph (a), clauses (3) and (4);~~

~~(3) credit enhanced bonds to which the revenues derived from tax increments are pledged, but only to the extent that revenues of the district for which the credit enhanced bonds were issued are insufficient to pay the bonds and to the extent that the increments from the applicable pooling percent share for the district are insufficient; or~~

~~(4) the amount provided by the tax increment financing plan to be paid under subdivision 2, paragraphs (b), (d), and (e).~~

~~(b) The (a) Beginning with the sixth year following certification of the district, or beginning with the year following the extended period for districts whose five-year period is extended under subdivision 3, paragraphs (c) and (d), a district must be decertified and the pledge of tax increment discharged when the outstanding bonds have been defeased and when sufficient money has been set aside to pay, based on the product of the applicable in-district percentage multiplied by the increment to be cumulative revenues derived from tax increments paid by properties in the district that have been collected through the end of the calendar year, equals or exceeds an amount sufficient to pay the following amounts:~~

~~(1) contractual any costs and obligations as defined described in subdivision 3, paragraph paragraphs (a), clauses (3) and (4); and (b), excluding those under a qualifying pay-as-you-go contract and note;~~

~~(2) the amount specified in the tax increment financing plan for activities qualifying under subdivision 2, paragraph (b), that have not been funded with the proceeds of bonds qualifying under paragraph (a), clause (1); and~~

~~(3) the additional expenditures permitted by the tax increment financing plan for housing activities under an election under subdivision 2, paragraph (d), that have not been funded with the proceeds of bonds qualifying under paragraph (a), clause (1).~~

~~(2) any accrued interest on the costs and obligations in clause (1), payable in accordance with the terms thereof; and~~

~~(3) any administrative expenses falling within the exception in subdivision 2, paragraph (c).~~

~~(b) For districts with an outstanding qualifying pay-as-you-go contract and note, the required decertification under paragraph (a) is deferred until the end of the remaining term of the last outstanding qualifying pay-as-you-go contract and note, and the applicable in-district percentage of cumulative revenues derived from tax increments paid by properties in the district are sufficient to pay the obligations identified in subdivision 3, paragraphs (a) and (b), provided that the deferral shall not exceed the district's duration limit under section 469.176. During the deferral, beginning at the time paragraph (a) would otherwise require decertification, the authority must annually either:~~

~~(1) remove from the district, by the end of the year, all parcels that will no longer have their tax increment revenue pledged or subject to a qualifying pay-as-you-go contract and note or other costs and obligations described in subdivision 3, paragraphs (a) and (b), after the end of the year; or~~

~~(2) use the applicable in-district percentage of revenues derived from tax increments paid by those parcels to prepay an outstanding qualifying pay-as-you-go contract and note of the district or other costs and obligations described in subdivision 3, paragraphs (a) and (b), or to accumulate and use revenues derived from tax increments paid by those parcels as permitted under paragraph (i).~~

The authority must remove any parcels as required by this paragraph by modification of the tax increment financing plan and notify the county auditor of the removed parcels by the end of the same calendar year. Notwithstanding section 469.175, subdivision 4, paragraphs (b), clause (1), and (e), the notice, discussion, public hearing, and findings required for approval of the original plan are not required for such a modification.

(c) Notwithstanding paragraph (a) or (b), if tax increment was pledged prior to August 1, 2023, to a bond other than a pay-as-you-go contract and note or interfund loan, and the proceeds of the bond were used solely or in part to pay authorized costs for activities outside the district, the requirement to decertify under paragraph (a) or remove parcels under paragraph (b) shall not apply prior to the bond being fully paid or defeased.

(d) For purposes of this subdivision, "applicable in-district percentage" means the percentage of tax increment revenue that is restricted for expenditures within the district, as determined under subdivision 2, paragraphs (a) and (d), for the district.

(e) For purposes of this subdivision, "qualifying pay-as-you-go contract and note" means a pay-as-you-go contract and note that is considered to be for activities within the district under subdivision 3, paragraph (a).

(f) For purposes of this subdivision, the reference in paragraph (a) to cumulative revenues derived from tax increments paid by properties in the district through the end of the calendar year shall include any final settlement distributions made in the following January. For purposes of the calculation in paragraph (a), any amounts returned to the county auditor as excess increment or as remedies under section 469.1771, subdivision 2, shall first be subtracted from the cumulative revenues derived from tax increments paid by properties in the district.

(g) The timing and implementation of a decertification pursuant to paragraphs (a) and (b) shall be subject to the following:

(1) when a decertification is required under paragraph (a) and not deferred under paragraph (b), the authority must, as soon as practical and no later than the final settlement distribution date of January 25 as identified in section 276.111 for the property taxes payable in the calendar year identified in paragraph (a), make the decertification by resolution effective for the end of the calendar year identified in paragraph (a), and communicate the decertification to the county auditor;

(2) when a decertification is deferred under paragraph (b), the authority must, by December 31 of the year in which the last qualifying pay-as-you-go contract and note reaches termination, make the decertification by resolution effective for the end of that calendar year and communicate the decertification to the county auditor;

(3) if the county auditor is unable to prevent tax increments from being calculated for taxes payable in the year following the year for which the decertification is made effective, the county auditor may redistribute the tax increments in the same manner as excess increments under section 469.176, subdivision 2, paragraph (c), clause (4), without first distributing them to the authority; and

(4) if tax increments are distributed to an authority for a taxes payable year after the year for which the decertification was required to be effective, the authority must return the amount of the distributions to the county auditor for redistribution in the same manner as excess increments under section 469.176, subdivision 2, paragraph (c), clause (4).

(h) The provisions of this subdivision do not apply to a housing district.

(i) Notwithstanding anything to the contrary in paragraph (a) or (b), if an authority has made the election in the tax increment financing plan for the district under subdivision 2, paragraph (d), then the requirement to decertify under paragraph (a) or remove parcels under paragraph (b) shall not apply prior to such time that the accumulated revenues derived from tax increments paid by properties in the district that are eligible to be expended for housing purposes described under subdivision 2, paragraph (d), equals the lesser of the amount the authority is permitted to expend for housing purposes described under subdivision 2, paragraph (d), or the amount authorized for such purposes in the tax increment financing plan. Increment revenues collected after the district would have decertified under paragraph (a) or from parcels which otherwise would be subject to removal under paragraph (b), absent the exception of this paragraph, shall be used solely for housing purposes as described in subdivision 2, paragraph (d).

EFFECTIVE DATE. This section is effective the day following final enactment and applies to all districts with a request for certification after April 30, 1990, except that the requirements under paragraph (b) to remove parcels or use revenues from such parcels as prescribed in paragraph (b) apply only to districts for which the request for certification was made after the day following final enactment.

Sec. 9. Minnesota Statutes 2022, section 469.1763, subdivision 6, is amended to read:

Subd. 6. **Pooling permitted for deficits.** (a) This subdivision applies only to districts for which the request for certification was made before August 1, 2001, and without regard to whether the request for certification was made prior to August 1, 1979.

(b) The municipality for the district may transfer available increments from another tax increment financing district located in the municipality, if the transfer is necessary to eliminate a deficit in the district to which the increments are transferred. The municipality may transfer increments as provided by this subdivision without regard to whether the transfer or expenditure is authorized by the tax increment financing plan for the district from which the transfer is made. A deficit in the district for purposes of this subdivision means the lesser of the following two amounts:

(1)~~(i)~~ the amount due during the calendar year to pay preexisting obligations of the district; minus the sum of

~~(ii)~~ (i) the total increments collected or to be collected from properties located within the district that are available for the calendar year including amounts collected in prior years that are currently available; plus

~~(iii)~~ (ii) total increments from properties located in other districts in the municipality including amounts collected in prior years that are available to be used to meet the district's obligations under this section, excluding this subdivision, or other provisions of law; or

(2) the reduction in increments collected from properties located in the district for the calendar year as a result of the changes in classification rates in Laws 1997, chapter 231, article 1; Laws 1998, chapter 389, article 2; and Laws 1999, chapter 243, and Laws 2001, First Special Session chapter 5, or the elimination of the general education tax levy under Laws 2001, First Special Session chapter 5.

The authority may compute the deficit amount under clause (1) only (without regard to the limit under clause (2)) if the authority makes an irrevocable commitment, by resolution, to use increments from the district to which increments are to be transferred and any transferred increments are only used to pay preexisting obligations and administrative expenses for the district that are required to be paid under section 469.176, subdivision 4h, paragraph (a).

(c) A preexisting obligation means:

(1) bonds issued and sold before August 1, 2001, or bonds issued pursuant to a binding contract requiring the issuance of bonds entered into before July 1, 2001, and bonds issued to refund such bonds or to reimburse expenditures made in conjunction with a signed contractual agreement entered into before August 1, 2001, to the extent that the bonds are secured by a pledge of increments from the tax increment financing district; and

(2) binding contracts entered into before August 1, 2001, to the extent that the contracts require payments secured by a pledge of increments from the tax increment financing district.

(d) The municipality may require a development authority, other than a seaway port authority, to transfer available increments including amounts collected in prior years that are currently available for any of its tax increment financing districts in the municipality to make up an insufficiency in another district in the municipality, regardless of whether the district was established by the development authority or another development authority. This authority applies notwithstanding any law to the contrary, but applies only to a development authority that:

(1) was established by the municipality; or

(2) the governing body of which is appointed, in whole or part, by the municipality or an officer of the municipality or which consists, in whole or part, of members of the governing body of the municipality. The municipality may use this authority only after it has first used all available increments of the receiving development authority to eliminate the insufficiency and exercised any permitted action under section 469.1792, subdivision 3, for preexisting districts of the receiving development authority to eliminate the insufficiency.

(e) The authority under this subdivision to spend tax increments outside of the area of the district from which the tax increments were collected:

(1) is an exception to the restrictions under section 469.176, subdivisions 4b, 4c, 4d, 4e, 4i, and 4j; the expenditure limits under section 469.176, subdivision 1c; and the other provisions of this section; and the percentage restrictions under subdivision 2 must be calculated after deducting increments spent under this subdivision from the total increments for the district; and

(2) applies notwithstanding the provisions of the Tax Increment Financing Act in effect for districts for which the request for certification was made before June 30, 1982, or any other law to the contrary.

(f) If a preexisting obligation requires the development authority to pay an amount that is limited to the increment from the district or a specific development within the district and if the obligation requires paying a higher amount to the extent that increments are available, the municipality may determine that the amount due under the preexisting obligation equals the higher amount and may authorize the transfer of increments under this subdivision to pay up to the higher amount. The existence of a guarantee of obligations by the individual or entity that would receive the payment under this paragraph is disregarded in the determination of eligibility to pool under this subdivision. The authority to transfer increments under this paragraph may only be used to the extent that the payment of all other preexisting obligations in the municipality due during the calendar year have been satisfied.

(g) For transfers of increments made in calendar year 2005 and later, the reduction in increments as a result of the elimination of the general education tax levy for purposes of paragraph (b), clause (2), for a taxes payable year equals the general education tax rate for the school district under Minnesota Statutes

2000, section 273.1382, subdivision 1, for taxes payable in 2001, multiplied by the captured tax capacity of the district for the current taxes payable year.

EFFECTIVE DATE. This section is effective the day following final enactment and applies only to districts for which the request for certification was made before August 1, 2001, and without regard to whether the request for certification was made prior to August 1, 1979.

Sec. 10. Minnesota Statutes 2022, section 469.1771, subdivision 2, is amended to read:

Subd. 2. **Collection of increment.** If an authority includes or retains a parcel of property in a tax increment financing district that does not qualify for inclusion or retention within the district, the authority must pay to the county auditor an amount of money equal to the increment collected from the property for the year or years. The property must be eliminated from the original and captured tax capacity of the district effective for the current property tax assessment year. ~~This subdivision does not apply to a failure to decertify a district at the end of the duration limit specified in the tax increment financing plan.~~

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

Sec. 11. Minnesota Statutes 2022, section 469.1771, subdivision 2a, is amended to read:

Subd. 2a. **Suspension of distribution of tax increment.** (a) If an authority fails to make a disclosure or to submit a report containing the information required by section 469.175, subdivisions 5 and 6, regarding a tax increment financing district within the time provided in section 469.175, subdivisions 5 and 6, the state auditor shall mail to the authority a written notice that it or the municipality has failed to make the required disclosure or to submit a required report with respect to a particular district. The state auditor shall mail the notice on or before the third Tuesday of August of the year in which the disclosure or report was required to be made or submitted. The notice must describe the consequences of failing to disclose or submit a report as provided in paragraph (b). If the state auditor has not received a copy of a disclosure or a report described in this paragraph on or before the first day of October of the year in which the disclosure or report was required to be made or submitted, the state auditor shall mail a written notice to the county auditor to hold the distribution of tax increment from a particular district.

(b) Upon receiving written notice from the state auditor to hold the distribution of tax increment, the county auditor shall hold: all tax increment that otherwise would be distributed after receipt of the notice, until further notified under paragraph (c).

~~(1) 100 percent of the amount of tax increment that otherwise would be distributed, if the distribution is made after the first day of October but during the year in which the disclosure or report was required to be made or submitted; or~~

~~(2) 100 percent of the amount of tax increment that otherwise would be distributed, if the distribution is made after December 31 of the year in which the disclosure or report was required to be made or submitted.~~

(c) Upon receiving the copy of the disclosure and all of the reports described in paragraph (a) with respect to a district regarding which the state auditor has mailed to the county auditor a written notice to hold distribution of tax increment, the state auditor shall mail to the county auditor a written notice lifting the hold and authorizing the county auditor to distribute to the authority or municipality any tax increment that the county auditor had held pursuant to paragraph (b). The state auditor shall mail the written notice required by this paragraph within five working days after receiving the last outstanding item. The county auditor shall distribute the tax increment to the authority or municipality within 15 working days after receiving the written notice required by this paragraph.

(d) Notwithstanding any law to the contrary, any interest that accrues on tax increment while it is being held by the county auditor pursuant to paragraph (b) is not tax increment and may be retained by the county.

(e) For purposes of sections 469.176, subdivisions 1a to 1g, and 469.177, subdivision 11, tax increment being held by the county auditor pursuant to paragraph (b) is considered distributed to or received by the authority or municipality as of the time that it would have been distributed or received but for paragraph (b).

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

Sec. 12. Minnesota Statutes 2022, section 469.1771, subdivision 3, is amended to read:

Subd. 3. **Expenditure of increment.** If an authority expends revenues derived from tax increments, including the proceeds of tax increment bonds, (1) for a purpose that is not a permitted project under ~~section 469.176~~ sections 469.174 to 469.1794, (2) for a purpose that is not permitted under ~~section 469.176~~ sections 469.174 to 469.1794 for the district from which the increment was received, or (3) on activities outside of the geographic area in which the revenues may be expended under this chapter, the authority must pay to the county auditor an amount equal to the expenditures made in violation of the law.

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

ARTICLE 10

LOCAL SALES AND USE TAXES

Section 1. Minnesota Statutes 2022, section 297A.99, is amended by adding a subdivision to read:

Subd. 3a. **Temporary moratorium.** (a) Notwithstanding subdivisions 1, 2, and 3, until after May 31, 2025, a political subdivision may not engage in any of the following activities in connection with imposing a new local sales and use tax or modifying an existing local sales and use tax:

(1) any activity described in subdivision 1, paragraph (d);

(2) adopt a resolution; or

(3) seek voter approval.

(b) Paragraph (a) does not apply to new local sales and use taxes or modifications to existing local sales and use taxes authorized in May, 2023.

(c) This subdivision expires June 1, 2025.

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

Sec. 2. Laws 1993, chapter 375, article 9, section 46, as amended by Laws 1997, chapter 231, article 7, section 40, Laws 1998, chapter 389, article 8, sections 30, 31, and 32, Laws 2003, First Special Session chapter 21, article 8, section 13, Laws 2005, First Special Session chapter 3, article 5, sections 26 and 27, Laws 2009, chapter 88, article 4, sections 15 and 16, and Laws 2013, chapter 143, article 8, sections 44 and 45, is amended by adding a subdivision to read:

Subd. 1a. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at an election as required under

Minnesota Statutes, section 297A.99, subdivision 3, the city of St. Paul may impose by ordinance a sales and use tax of one percent for the purposes specified in subdivision 2b. Notwithstanding Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), the city may, but is not required to, present one question on the ballot for all projects authorized under subdivision 3a. If all projects are presented in one question, the question must state each project proposed to be funded with the tax, the amount for each project proposed to be funded with the tax, and the estimated length of time the tax will be in effect for each project. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any other local sales and use tax imposed by the city of St. Paul under any other special law.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of St. Paul and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 3. Laws 1993, chapter 375, article 9, section 46, as amended by Laws 1997, chapter 231, article 7, section 40, Laws 1998, chapter 389, article 8, sections 30, 31, and 32, Laws 2003, First Special Session chapter 21, article 8, section 13, Laws 2005, First Special Session chapter 3, article 5, sections 26 and 27, Laws 2009, chapter 88, article 4, sections 15 and 16, and Laws 2013, chapter 143, article 8, sections 44 and 45, is amended by adding a subdivision to read:

Subd. 2b. **Use of revenues.** (a) The revenues derived from the tax authorized under subdivision 1a must be used by the city of St. Paul to pay the costs of collecting and administering the tax and to finance all or part of the following projects in the city, including securing and paying debt service on bonds issued under subdivision 3a:

(1) notwithstanding Minnesota Statutes, section 297A.99, subdivision 2, paragraphs (a), clause (2), and (d), \$738,000,000, plus associated bonding costs for improvements to:

(i) streets; and

(ii) bridges; and

(2) notwithstanding Minnesota Statutes, section 297A.99, subdivision 2, paragraph (d), \$246,000,000, plus associated bonding costs for capital improvements to St. Paul parks and recreation facilities.

(b) The city must adopt an amended resolution authorizing use of the revenues from the tax authorized under subdivision 1a for the use listed in paragraph (a), clause (1), item (ii). The city must submit the resolution to the state auditor no later than August 31 of the year the city presents the tax for voter approval as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). The question to approve the tax as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), must indicate the purposes for which the revenues must be used as included in the amended resolution.

(c) If the city does not adopt and submit the amended resolution under paragraph (b), the question presented to the voters under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), must not include, and revenues from the tax authorized under subdivision 1a must not be used for, the purpose specified in paragraph (a), clause (1), item (ii).

EFFECTIVE DATE. This section is effective the day after the governing body of the city of St. Paul and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 4. Laws 1993, chapter 375, article 9, section 46, as amended by Laws 1997, chapter 231, article 7, section 40, Laws 1998, chapter 389, article 8, sections 30, 31, and 32, Laws 2003, First Special Session chapter 21, article 8, section 13, Laws 2005, First Special Session chapter 3, article 5, sections 26 and 27, Laws 2009, chapter 88, article 4, sections 15 and 16, and Laws 2013, chapter 143, article 8, sections 44 and 45, is amended by adding a subdivision to read:

Subd. 3a. **Bonding authority.** (a) The city of St. Paul may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in subdivision 2b and approved by the voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued under this subdivision may not exceed \$984,000,000 for the projects listed in subdivision 2b, plus an amount to be applied to the payment of the costs of issuing the bonds.

(b) The bonds may be paid from or secured by any funds available to the city of St. Paul, including the tax authorized under subdivision 1a. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(c) The bonds are not included in computing any debt limitation applicable to the city of St. Paul, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of St. Paul and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 5. Laws 1993, chapter 375, article 9, section 46, subdivision 5, as amended by Laws 1998, chapter 389, article 8, section 32, and Laws 2013, chapter 143, article 8, section 45, is amended to read:

Subd. 5. **Expiration of taxing authority.** (a) The authority granted by subdivision 1 to the city to impose a sales tax shall expire on December 31, 2042, or at an earlier time as the city shall, by ordinance, determine. Any funds remaining after completion of projects approved under subdivision 2, paragraph (a) and retirement or redemption of any bonds or other obligations may be placed in the general fund of the city.

(b) The tax imposed under subdivision 1a expires at the earlier of (1) 20 years after the tax is first imposed, or (2) when the city council determines that the amount of revenues received from the tax is sufficient to pay for the project costs authorized under subdivision 2b for projects approved by the voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance of the bonds under subdivision 3a, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of the city. The tax imposed under subdivision 1a may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of St. Paul and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 6. Laws 1998, chapter 389, article 8, section 43, as amended by Laws 2005, First Special Session chapter 3, article 5, sections 28, 29, and 30, Laws 2011, First Special Session chapter 7, article 4, sections

5, 6, and 7, and Laws 2013, chapter 143, article 10, sections 11, 12, and 13, is amended by adding a subdivision to read:

Subd. 1a. **Authorization; extension.** Notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter, and notwithstanding Minnesota Statutes, section 297A.99, subdivision 3, paragraph (d), if approved by the voters at an election held in 2023, the city of Rochester may extend the sales and use tax of one-half of one percent authorized under subdivision 1, paragraph (a), for the purposes specified in subdivision 3a. Notwithstanding Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), the city may, but is not required to, present one question on the ballot for all projects authorized under subdivision 3a. If all projects are presented in one question, the question must state each project proposed to be funded with the tax, the amount for each project proposed to be funded with the tax, and the estimated length of time the tax will be in effect for each project. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Rochester and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 7. Laws 1998, chapter 389, article 8, section 43, as amended by Laws 2005, First Special Session chapter 3, article 5, sections 28, 29, and 30, Laws 2011, First Special Session chapter 7, article 4, sections 5, 6, and 7, and Laws 2013, chapter 143, article 10, sections 11, 12, and 13, is amended by adding a subdivision to read:

Subd. 3a. **Use of sales and use tax revenues; additional projects.** The revenues derived from the extension of the tax authorized under subdivision 1a must be used by the city of Rochester to pay the costs of collecting and administering the tax and paying for the following projects in the city, including securing and paying debt service on bonds issued to finance all or part of the following projects, plus associated bonding costs:

(1) notwithstanding Minnesota Statutes, section 297A.99, subdivision 2, paragraph (d), \$50,000,000 for an economic vitality fund and expenses eligible to be paid from the fund;

(2) notwithstanding Minnesota Statutes, section 297A.99, subdivision 2, paragraph (d), \$50,000,000 for street reconstruction;

(3) notwithstanding Minnesota Statutes, section 297A.99, subdivision 2, paragraph (d), \$40,000,000 for flood control and water quality, excluding removal of the MN00515 dam; and

(4) \$65,000,000 for a sports and recreation complex.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Rochester and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 8. Laws 1998, chapter 389, article 8, section 43, as amended by Laws 2005, First Special Session chapter 3, article 5, sections 28, 29, and 30, Laws 2011, First Special Session chapter 7, article 4, sections 5, 6, and 7, and Laws 2013, chapter 143, article 10, sections 11, 12, and 13, is amended by adding a subdivision to read:

Subd. 4a. **Bonding authority; additional projects and extension of tax.** (a) The city of Rochester may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the projects

authorized in subdivision 3a and approved by the voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued under this subdivision may not exceed \$205,000,000 for the projects described in subdivision 3a, clauses (1) to (4), plus an amount to be applied to the payment of the costs of issuing the bonds.

(b) The bonds may be paid from or secured by any funds available to the city of Rochester, including the tax authorized under subdivision 1a and the full faith and credit of the city. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(c) The bonds are not included in computing any debt limitation applicable to the city of Rochester, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Rochester and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 9. Laws 1998, chapter 389, article 8, section 43, subdivision 5, as amended by Laws 2005, First Special Session chapter 3, article 5, section 30, Laws 2011, First Special Session chapter 7, article 4, section 7, and Laws 2013, chapter 143, article 10, section 13, is amended to read:

Subd. 5. **Termination of taxes.** (a) The taxes imposed under subdivisions 1 and 2 expire at the later of (1) December 31, 2009, or (2) when the city council determines that sufficient funds have been received from the taxes to finance the first \$71,500,000 of capital expenditures and bonds for the projects authorized in subdivision 3, including the amount to prepay or retire at maturity the principal, interest, and premium due on any bonds issued for the projects under subdivision 4, unless the taxes are extended as allowed in paragraph (b). Any funds remaining after completion of the project and retirement or redemption of the bonds shall also be used to fund the projects under subdivision 3. The taxes imposed under subdivisions 1 and 2 may expire at an earlier time if the city so determines by ordinance.

(b) Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Rochester may, by ordinance, extend the taxes authorized in subdivisions 1 and 2 beyond December 31, 2009, if approved by the voters of the city at a special election in 2005 or the general election in 2006. The question put to the voters must indicate that an affirmative vote would allow up to an additional \$40,000,000 of sales tax revenues be raised and up to \$40,000,000 of bonds to be issued above the amount authorized in the June 23, 1998, referendum for the projects specified in subdivision 3. If the taxes authorized in subdivisions 1 and 2 are extended under this paragraph, the taxes expire when the city council determines that sufficient funds have been received from the taxes to finance the projects and to prepay or retire at maturity the principal, interest, and premium due on any bonds issued for the projects under subdivision 4. Any funds remaining after completion of the project and retirement or redemption of the bonds may be placed in the general fund of the city.

(c) Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Rochester may, by ordinance, extend the taxes authorized in subdivisions 1, paragraph (a), and 2, up to December 31, 2049, provided that all additional revenues above those necessary to fund the projects and associated financing costs listed in subdivision 3, paragraphs (a) to (e), are committed to fund public infrastructure projects contained in the development plan adopted under Minnesota Statutes, section 469.43, including all financing costs; otherwise the taxes terminate when the city council determines that sufficient funds have been received from the taxes to finance expenditures and bonds for the projects authorized in subdivision 3, paragraphs (a) to (e), plus an amount equal to the costs

of issuance of the bonds and including the amount to prepay or retire at maturity the principal, interest, and premiums due on any bonds issued for the projects under subdivision 4.

(d) The tax imposed under subdivision 1, paragraph (b), expires at the earlier of December 31, 2049, or when the city council determines that sufficient funds have been raised from the tax plus all other city funding sources authorized in this article to meet the city obligation for financing the public infrastructure projects contained in the development plan adopted under Minnesota Statutes, section 469.43, including all financing costs.

(e) The tax imposed under subdivision 1a expires at the earlier of (1) 24 years after first imposed, or (2) when the city council determines that the amount of revenues received from the tax is sufficient to pay for the project costs authorized under subdivision 3a for projects approved by the voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance of the bonds under subdivision 4a, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of the city. The tax imposed under subdivision 1a may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Rochester and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 10. Laws 2008, chapter 366, article 7, section 20, as amended by Laws 2017, First Special Session chapter 1, article 5, section 17, is amended to read:

Sec. 20. CITY OF NORTH MANKATO; TAXES AUTHORIZED.

Subdivision 1. **Sales and use tax authorized.** Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, pursuant to the approval of the voters on November 7, 2006, the city of North Mankato may impose by ordinance a sales and use tax of one-half of one percent for the purposes specified in subdivision 2. The provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the taxes authorized under this subdivision.

Subd. 2. **Use of revenues.** Revenues received from the tax authorized by subdivision 1 must be used to pay all or part of the capital costs of the following projects:

- (1) the local share of the Trunk Highway 14/County State-Aid Highway 41 interchange project;
- (2) development of regional parks and hiking and biking trails, including construction of indoor regional athletic facilities;
- (3) expansion of the North Mankato Taylor Library;
- (4) riverfront redevelopment; and
- (5) lake improvement projects.

The total amount of revenues from the tax in subdivision 1 that may be used to fund these projects is \$15,000,000 plus any associated bond costs.

Subd. 2a. **Authorization to extend the tax.** Notwithstanding Minnesota Statutes, section 297A.99, subdivision 3, the North Mankato city council may, by resolution, extend the tax authorized under subdivision

1 to cover an additional ~~\$9,000,000~~ \$15,000,000 in bonds, plus associated bond costs, to fund the projects in subdivision 2 pursuant to voter approval to extend the tax at the November 8, 2016, general election.

Subd. 3. **Bonds.** (a) The city of North Mankato, pursuant to the approval of the voters at the November 7, 2006 referendum authorizing the imposition of the taxes in this section, may issue bonds under Minnesota Statutes, chapter 475, to pay capital and administrative expenses for the projects described in subdivision 2, in an amount that does not exceed \$6,000,000. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

(b) The city of North Mankato, pursuant to approval of the voters at the November 8, 2016, referendum extending the tax to provide additional revenue to be spent for the projects in subdivision 2, may issue additional bonds under Minnesota Statutes, chapter 475, to pay capital and administrative expenses for those projects in an amount that does not exceed ~~\$9,000,000~~ \$15,000,000. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

(c) The debt represented by the bonds is not included in computing any debt limitation applicable to the city, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation.

Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the earlier of December 31, ~~2038~~ 2044, or when revenues from the taxes first equal or exceed ~~\$15,000,000~~ \$21,000,000 plus the additional amount needed to pay costs related to issuance of bonds under subdivision 3, including interest. Any funds remaining after completion of the projects and retirement or redemption of the bonds shall be placed in a capital facilities and equipment replacement fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of North Mankato and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 11. Laws 2011, First Special Session chapter 7, article 4, section 14, is amended to read:

Sec. 14. CITY OF MARSHALL; SALES AND USE TAX.

Subdivision 1. **Authorization.** Notwithstanding Minnesota Statutes, section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city charter, the city of Marshall, if approved by the voters at a general election held within two years of the date of final enactment of this section, may impose the tax authorized under subdivision 2. Two separate ballot questions must be presented to the voters, one for each of the two facility projects named in subdivision 3.

Subd. 2. **Sales and use tax authorized.** The city of Marshall may impose by ordinance a sales and use tax of up to one-half of one percent for the purposes specified in subdivision 3. The provisions of Minnesota Statutes, section 297A.99, except subdivisions 1 and 2, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

Subd. 2a. **Authorization; extension.** (a) Notwithstanding Minnesota Statutes, section 297A.99, subdivision 3, paragraph (d), or 477A.016, or any other law, ordinance, or city charter, after payment of the bonds authorized under subdivision 4, and if approved by the voters at an election held on November 7, 2023, the city of Marshall may extend the sales and use tax of one-half of one percent authorized under subdivision 2 for the purposes specified in subdivision 3a.

(b) Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 3. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 2 must be used by the city of Marshall to pay the costs of collecting and administering the sales and use tax and to pay all or part of the costs of the new and existing facilities of the Minnesota Emergency Response and Industry Training Center and all or part of the costs of the new facilities of the Southwest Minnesota Regional Amateur Sports Center. Authorized expenses include, but are not limited to, acquiring property, predesign, design, and paying construction, furnishing, and equipment costs related to these facilities and paying debt service on bonds or other obligations issued by the city of Marshall under subdivision 4 to finance the capital costs of these facilities.

Subd. 3a. **Use of sales and use tax revenues; aquatic center.** The revenues derived from the extension of the tax authorized under subdivision 2a must be used by the city of Marshall to pay the costs of collecting and administering the tax and paying for \$18,370,000 plus associated bonding costs for the construction of a new municipal aquatic center in the city, including securing and paying debt service on bonds issued to finance the project.

Subd. 4. **Bonds.** (a) If the imposition of a sales and use tax is approved by the voters, the city of Marshall may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in subdivision 3, and may issue bonds to refund bonds previously issued. The aggregate principal amount of bonds issued under this subdivision may not exceed \$17,290,000, plus an amount to be applied to the payment of the costs of issuing the bonds. The bonds may be paid from or secured by any funds available to the city of Marshall, including the tax authorized under subdivision 2.

(b) The bonds are not included in computing any debt limitation applicable to the city of Marshall, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds, is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4a. **Bonds; additional use and extension of tax.** (a) After payment of the bonds authorized under subdivision 4, the city of Marshall may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in subdivision 2a. The aggregate principal amount of bonds issued under this subdivision may not exceed \$18,370,000, plus an amount to be applied to the payment of the costs of issuing the bonds. The bonds may be paid from or secured by any funds available to the city of Marshall, including the tax authorized under subdivision 2a. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(b) The bonds are not included in computing any debt limitation applicable to the city of Marshall, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 5. **Termination of taxes.** (a) The tax imposed under subdivision 2 expires at the earlier of (1) 15 years after the tax is first imposed, or (2) when the city council determines that the amount of revenues received from the tax to pay for the capital and administrative costs of the facilities under subdivision 3 first equals or exceeds the amount authorized to be spent for the facilities plus the additional amount needed to pay the costs related to issuance of the bonds under subdivision 4, including interest on the bonds. Any funds

remaining after payment of all such costs and retirement or redemption of the bonds shall be placed in the general fund of the city. The tax imposed under subdivision 2 may expire at an earlier time if the city so determines by ordinance.

(b) The tax imposed under subdivision 2a expires at the earlier of (1) 35 years after the tax under subdivision 2 is first imposed, or (2) when the city council determines that the amount of revenues received from the tax is sufficient to pay for the project costs authorized under subdivision 3a, plus an amount sufficient to pay the costs related to issuance of the bonds under subdivision 4a, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of the city. The tax imposed under subdivision 2a may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after compliance by the governing body of the city of Marshall and its chief clerical officer with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 12. Laws 2019, First Special Session chapter 6, article 6, section 13, is amended by adding a subdivision to read:

Subd. 1a. **Sales and use tax authorization; modification.** Notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter, the modifications to bonding authority in subdivision 3 and the amount of tax that may be collected before the termination of taxes in subdivision 5 are effective if approved by the voters at an election as required under Minnesota Statutes, section 297A.99, subdivision 3.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Avon and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 13. Laws 2019, First Special Session chapter 6, article 6, section 13, subdivision 3, is amended to read:

Subd. 3. **Bonding authority.** (a) The city may issue bonds under Minnesota Statutes, chapter 475, to pay the costs of the projects authorized in subdivision 2. The aggregate principal amount of bonds issued under this subdivision may not exceed ~~\$1,500,000~~ \$8,135,000 plus an amount to be applied to the payment of the costs of issuing the bonds. The bonds may be paid from or secured by any funds available to the city, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(b) The bonds are not included in computing any debt limitation applicable to the city, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Avon and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 14. Laws 2019, First Special Session chapter 6, article 6, section 13, subdivision 4, is amended to read:

Subd. 4. **Termination of taxes.** (a) The tax imposed under subdivision 1 expires at the earlier of: (1) December 31, 2045; or (2) when the city council determines that ~~\$1,500,000~~ \$8,135,000 has been received from the tax to pay for the cost of the projects authorized under subdivision 2, plus an amount sufficient to pay the costs related to issuance of the bonds authorized under subdivision 3, including interest on the bonds.

(b) Any funds remaining after payment of all such costs and retirement or redemption of the bonds shall be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Avon and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 15. Laws 2019, First Special Session chapter 6, article 6, section 18, is amended to read:

Sec. 18. CITY OF EXCELSIOR; LOCAL SALES AND USE TAX AUTHORIZED.

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city charter, the city of Excelsior may impose, by ordinance, a sales and use tax of up to one-half of one percent for the purposes specified in subdivision 2, as approved by the voters at the November 4, 2014, general election. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

Subd. 1a. **Authorization; additional revenues allowed.** Notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at an election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Excelsior may collect additional revenue from the sales and use tax authorized under subdivision 1, for the purpose specified in subdivision 2a. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of Excelsior to pay the costs of collecting and administering the tax and to finance the capital and administrative costs of improvements to the commons as indicated in the Commons Master Plan as adopted by the city council on November 20, 2017. Authorized expenses include, but are not limited to, improvements for walkability and accessibility, enhancement of beach area and facilities, prevention and management of shoreline erosion, redesign of the port and band shell, improvement of playground equipment, and securing and paying debt service on bonds issued under subdivision 3 or other obligations issued to the improvements listed in this subdivision in the city of Excelsior.

Subd. 2a. **Use of sales and use tax revenues; expanded.** The revenues derived from the additional authorization granted under subdivision 1a must be used by the city of Excelsior to pay the costs of collecting and administering the tax and paying for \$23,000,000, plus associated bonding costs, for the costs of improvements to the commons as indicated in the Commons Master Plan as adopted by the city council on January 9, 2023, including securing and paying debt service on bonds issued to finance the project.

Subd. 3. **Bonding authority.** (a) If the imposition of the tax is approved by the voters under subdivision 1, the city of Excelsior may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in subdivision 2, without a second vote. The aggregate principal amount of bonds issued under this subdivision may not exceed \$7,000,000, plus an amount to be applied to the payment of the costs of issuing the bonds. The bonds may be paid from or secured by any funds available to the city of Excelsior, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(b) The bonds are not included in computing any debt limitation applicable to the city of Excelsior, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 3a. **Bonding authority; additional use of tax.** (a) After payment of the bonds authorized under subdivision 3, the city of Excelsior may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in subdivision 2a. The aggregate principal amount of bonds issued under this subdivision may not exceed \$23,000,000, plus an amount to be applied to the payment of the costs of issuing the bonds.

(b) The bonds may be paid from or secured by any funds available to the city of Excelsior, including the tax authorized under subdivision 1a. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(c) The bonds are not included in computing any debt limitation applicable to the city of Excelsior, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 and subdivision 1a expires at the earlier of: (1) 25 years after the tax is first imposed; or (2) when the city council determines that ~~\$7,000,000~~ \$30,000,000 has been received from the tax to pay for the cost of the projects authorized under subdivision 2 and subdivision 2a, plus an amount sufficient to pay the costs related to issuance of the bonds authorized under subdivision 3 and subdivision 3a, including interest on the bonds. Any funds remaining after payment of all such costs and retirement or redemption of the bonds shall be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Excelsior and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 16. Laws 2019, First Special Session chapter 6, article 6, section 26, is amended to read:

Sec. 26. CITY OF ROGERS; LOCAL TAXES AUTHORIZED.

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any other law or ordinance, and as approved by the voters at the general election of November 6, 2018, the city of Rogers may impose, by ordinance, a sales and use tax of one-quarter of one percent for the purposes specified in subdivision 3. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the taxes authorized under this subdivision.

Subd. 2. **Excise tax authorized.** Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, or ordinance, the city of Rogers may impose by ordinance, for the purposes specified in subdivision 3, an excise tax of up to \$20 per motor vehicle, as defined by ordinance, purchased or acquired from any person engaged within the city of Rogers in the business of selling motor vehicles at retail.

Subd. 3. **Use of sales and use tax and excise tax revenues.** (a) The revenues derived from the taxes authorized under subdivisions 1 and 2 must be used by the city of Rogers to pay the costs of collecting and administering the taxes and the capital and administrative costs of any or all of the following projects:

(1) trail and pedestrian facilities including an I-94 pedestrian crossing, a County Road 144 pedestrian tunnel, and other new trails and trail connections;

(2) aquatics facilities consisting of either or both of a splash pad and any contribution toward the community portion of a school pool; and

(3) community athletic facilities including construction of South Community park, site improvements for future recreation facilities, and a multipurpose indoor turf facility.

(b) The total that may be raised from the taxes to pay for these projects is limited to ~~\$16,500,000~~ \$25,000,000, plus the costs related to the issuance and paying debt service on bonds for these projects.

Subd. 4. **Bonding authority.** (a) The city of Rogers may issue bonds under Minnesota Statutes, chapter 475, pursuant to approval by the voters at the general election of November 6, 2018, to finance all or a portion of the costs of the projects authorized in subdivision 3. The aggregate principal amount of bonds issued under this subdivision may not exceed ~~\$16,500,000~~ \$25,000,000, minus an amount equal to any state grant authorized before October 1, 2019, to fund any of the projects listed in subdivision 3, and plus an amount equal to interest on and the costs of issuing the bonds. The bonds may be paid from or secured by any funds available to the city of Rogers, including the taxes authorized under subdivisions 1 and 2.

(b) The bonds are not included in computing any debt limitation applicable to the city of Rogers, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 5. **Termination of taxes.** The taxes imposed under subdivisions 1 and 2 expire at the earlier of: (1) 20 years after the taxes are first imposed; or (2) when the city council determines that ~~\$16,500,000~~ \$25,000,000, minus an amount equal to any state grant authorized before October 1, 2019, to fund any of the projects listed in subdivision 3, and plus an amount sufficient to pay interest on and the costs of issuing the bonds authorized under subdivision 4, has been received from the taxes to pay for the cost of the projects authorized under subdivision 3. Any funds remaining after payment of all such costs and payment of the bonds in full shall be placed in the general fund of the city. The taxes imposed under subdivisions 1 and 2 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Rogers and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 17. Laws 2021, First Special Session chapter 14, article 8, section 5, is amended to read:

Sec. 5. CITY OF EDINA; TAXES AUTHORIZED.

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Edina may impose by ordinance a sales and use tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of Edina to pay the costs of collecting and administering the tax and paying for the following projects in the city, including securing and paying debt service on bonds issued to finance all or part of the following projects:

(1) \$17,700,000 plus associated bonding costs for development of Fred Richards Park as identified in the Fred Richards Park Master Plan; and

(2) ~~\$21,600,000~~ \$53,300,000 plus associated bonding costs for improvements to Braemar Park as identified in the Braemar Park Master Plan.

Subd. 3. **Bonding authority.** (a) The city of Edina may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued under this subdivision may not exceed: (1) \$17,700,000 for the project listed in subdivision 2, clause (1), plus an amount to be applied to the payment of the costs of issuing the bonds; and (2) ~~\$21,600,000~~ \$53,300,000 for the project listed in subdivision 2, clause (2), plus an amount to be applied to the payment of the costs of issuing the bonds. The bonds may be paid from or secured by any funds available to the city of Edina, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(b) The bonds are not included in computing any debt limitation applicable to the city of Edina, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99, subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 19 years after the tax is first imposed, or (2) when the city council determines that the amount received from the tax is sufficient to pay for the project costs authorized under subdivision 2 for projects approved by voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, must be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Edina and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 18. Laws 2021, First Special Session chapter 14, article 8, section 6, subdivision 2, is amended to read:

Subd. 2. **Use of sales and use tax revenues.** (a) The revenues derived from the tax authorized under subdivision 1 must be used by the city of Fergus Falls to pay the costs of collecting and administering the tax and for the following projects in the city, including securing and paying debt service, on bonds issued to finance all or part of the following projects:

- (1) \$7,800,000 for an aquatics center; and
- (2) \$5,200,000 for the DeLagoon Improvement Project.

(b) Notwithstanding Minnesota Statutes, section 297A.99, subdivision 3, and as approved by the voters at the November 8, 2022, general election, the city of Fergus Falls may by ordinance increase the cost for the project in paragraph (a), clause (1), by up to \$3,000,000, without holding another local election.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Fergus Falls and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 19. Laws 2021, First Special Session chapter 14, article 8, section 6, subdivision 3, is amended to read:

Subd. 3. **Bonding authority.** (a) The city of Fergus Falls may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in subdivision 2, and approved by the voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued under this subdivision may not exceed:

- (1) \$7,800,000 for the project listed in subdivision 2, clause (1), plus an amount needed to pay capitalized interest and an amount to be applied to the payment of the costs of issuing the bonds; and
- (2) \$5,200,000 for the project listed in subdivision 2, clause (2), plus an amount needed to pay capitalized interest and an amount to be applied to the payment of the costs of issuing the bonds.

(b) The bonds may be paid from or secured by any funds available to the city of Fergus Falls, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(c) The bonds are not included in computing any debt limitation applicable to the city of Fergus Falls, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

(d) Notwithstanding Minnesota Statutes, section 297A.99, subdivision 3, and as approved by the voters at the November 8, 2022, general election, the city of Fergus Falls may by ordinance increase the amount of bonding for the project in paragraph (a), clause (1), by up to \$3,000,000, without holding another local election.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Fergus Falls and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 20. Laws 2021, First Special Session chapter 14, article 8, section 15, subdivision 2, is amended to read:

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of Oakdale to pay the costs of collecting and administering the tax and paying for the following projects in the city, including securing and paying debt service on bonds issued to finance all or part of the following projects:

(1) ~~\$22,000,000~~ \$28,000,000 plus associated bonding costs for construction of a new public works facility; and

(2) ~~\$15,000,000~~ \$18,000,000 plus associated bonding costs for construction and rehabilitation, and associated building costs of the police department facility.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Oakdale and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 21. Laws 2021, First Special Session chapter 14, article 8, section 15, subdivision 3, is amended to read:

Subd. 3. **Bonding authority.** (a) The city of Oakdale may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in subdivision 2. The aggregate principal amount of bonds issued under this subdivision may not exceed: (1) ~~\$22,000,000~~ \$28,000,000 for the project listed in subdivision 2, clause (1), plus an amount applied to the payment of costs of issuing the bonds; and (2) ~~\$15,000,000~~ \$18,000,000 for the projects listed in subdivision 2, clause (2), plus an amount applied to the payment of costs of issuing the bonds. The bonds may be paid from or secured by any funds available to the city of Oakdale, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(b) The bonds are not included in computing any debt limitation applicable to the city. Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Oakdale and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 22. Laws 2021, First Special Session chapter 14, article 8, section 15, subdivision 4, is amended to read:

Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the earlier of: (1) ~~25~~ 30 years after the tax is first imposed; or (2) when the city council determines that the city has received from this tax ~~\$37,000,000~~ \$46,000,000 to fund the projects listed in subdivision 2, plus an amount sufficient to pay costs related to issuance of any bonds authorized in subdivision 3, including interest on the bonds. Except as otherwise provided under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to timing of the termination under Minnesota Statutes, section 297A.99, shall be placed in the city's general fund. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Oakdale and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 23. Laws 2021, First Special Session chapter 14, article 8, section 15, is amended by adding a subdivision to read:

Subd. 5. Requirements. (a) The city of Oakdale must adopt a resolution that includes the requirements of Minnesota Statutes, section 297A.99, subdivision 2, paragraph (a), and reflects the increases in project costs and bond issuance in subdivisions 2 and 3 and the increase in the duration of the tax in subdivision 4, and submit the resolution to the state auditor no later than September 1, 2023.

(b) The modifications in subdivisions 2 to 4 are subject to approval by the voters of the city of Oakdale at an election conducted on the first Tuesday after the first Monday in November within the two-year period after the governing body of the city has received authority to modify the tax. Notwithstanding the authorizing legislation, a modification that is not approved by the voters may not be funded with the local sales tax revenue and the termination date of the tax set in subdivision 4 must be reduced proportionately based on the share of that project's cost to the total costs of all projects included in the authorizing legislation.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Oakdale and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 24. Laws 2021, First Special Session chapter 14, article 8, section 20, subdivision 4, is amended to read:

Subd. 4. Termination of taxes. Subject to Minnesota Statutes, section 297A.99, subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) ~~19~~ 20 years after the tax is first imposed, or (2) when the city council determines that the amount received from the tax is sufficient to pay for the project costs authorized under subdivision 2 for projects approved by voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

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

Sec. 25. **BELTRAMI COUNTY; TAXES AUTHORIZED.**

Subdivision 1. Sales and use tax authorization. Notwithstanding Minnesota Statutes, section 297A.99, subdivision 1, or 477A.016, or any other law or ordinance, and if approved by the voters at an election as required under Minnesota Statutes, section 297A.99, subdivision 3, Beltrami County may impose by ordinance a sales and use tax of five-eighths of one percent for the purpose specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. Use of sales and use tax revenues. The revenues derived from the tax authorized under subdivision 1 must be used by Beltrami County to pay the costs of collecting and administering the tax, and to finance up to \$80,000,000, plus associated bonding costs, for the construction of a new county jail.

Subd. 3. Bonding authority. (a) Beltrami County may issue bonds under Minnesota Statutes, chapter 475, to finance the costs of the facility authorized in subdivision 2. The aggregate principal amount of bonds

issued under this subdivision may not exceed \$80,000,000 for the project listed in subdivision 2, plus an amount to be applied to the payment of the costs of issuing the bonds. The bonds may be paid from or secured by any funds available to the county, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(b) The bonds are not included in computing any debt limitation applicable to the county, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99, subdivision 12, the tax imposed under subdivision 1 expires at the earlier of: (1) 30 years after the tax is first imposed; or (2) when the county board determines that the amount received from the tax is sufficient to pay \$80,000,000 in project costs authorized under subdivision 2, plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of the county. The tax imposed under subdivision 1 may expire at an earlier time if the county so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of Beltrami County and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 26. **CITY OF BLACKDUCK; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at an election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Blackduck may impose, by ordinance, a sales and use tax of up to one-half of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of Blackduck to pay the costs of collecting and administering the tax, including associated bond costs on bonds issued under subdivision 3, and securing and paying debt service on the bonds, and to finance all or part of the following projects:

- (1) \$200,000 for electricity and utility improvements at the city campground;
- (2) \$250,000 for construction of a playground and ADA-compliant restroom at the city wayside rest;
- (3) \$300,000 for trail extensions and improvements adjacent to Wayside Rest Park;
- (4) \$150,000 for irrigation improvements at the city golf course; and
- (5) \$100,000 for rehabilitation of the Blackduck Community Library.

Subd. 3. **Bonding authority.** (a) The city of Blackduck may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in subdivision 2 and approved

by the voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued under this subdivision may not exceed:

(1) \$200,000 for the project listed in subdivision 2, clause (1), plus an amount to be applied to the payment of the costs of issuing the bonds;

(2) \$250,000 for the project listed in subdivision 2, clause (2), plus an amount to be applied to the payment of the costs of issuing the bonds;

(3) \$300,000 for the project listed in subdivision 2, clause (3), plus an amount to be applied to the payment of the costs of issuing the bonds;

(4) \$150,000 for the project listed in subdivision 2, clause (4), plus an amount to be applied to the payment of the costs of issuing the bonds; and

(5) \$100,000 for the project listed in subdivision 2, clause (5), plus an amount to be applied to the payment of the costs of issuing the bonds.

(b) The bonds may be paid from or secured by any funds available to the city, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(c) The bonds are not included in computing any debt limitation applicable to the city. Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the earlier of: (1) 20 years after the tax is first imposed; or (2) when the city determines that the amount it has received from this tax is sufficient to pay for the project costs authorized under subdivision 2 for projects approved by voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the city's general fund. The tax imposed under subdivision 1 may expire at an earlier time if the city determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Blackduck and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 27. **CITY OF BLOOMINGTON; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at an election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Bloomington may impose by ordinance a sales and use tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. Use of sales and use tax revenues. (a) The revenues derived from the tax authorized under subdivision 1 must be used by the city of Bloomington to pay the costs of collecting and administering the tax and paying for the following projects in the city, including securing and paying debt service on bonds issued to finance all or part of the following projects:

(1) \$35,000,000 for new construction and rehabilitation of the Bloomington Ice Garden and associated infrastructure;

(2) \$100,000,000 for construction of a new Community Health and Wellness Center and associated infrastructure; and

(3) \$20,000,000 for new construction and restoration of the Nine Mile Creek Corridor Renewal and associated infrastructure.

(b) For purposes of this subdivision, "associated infrastructure" includes but is not limited to any or all of the following items required for the safe access or use of the capital projects: facilities, roads, lighting, sidewalks, parking, landscaping, and utilities.

Subd. 3. Bonding authority. (a) The city of Bloomington may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued under this subdivision may not exceed:

(1) \$35,000,000 for the project listed in subdivision 2, paragraph (a), clause (1), plus an amount to be applied to the payment of the costs of issuing the bonds;

(2) \$100,000,000 for the project listed in subdivision 2, paragraph (a), clause (2), plus an amount to be applied to the payment of the costs of issuing the bonds; and

(3) \$20,000,000 for the project listed in subdivision 2, paragraph (a), clause (3), plus an amount to be applied to the payment of the costs of issuing the bonds.

(b) The bonds may be paid from or secured by any funds available to the city of Bloomington, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(c) The bonds are not included in computing any debt limitation applicable to the city of Bloomington, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. Termination of taxes. Subject to Minnesota Statutes, section 297A.99, subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years after the tax is first imposed, or (2) when the city council determines that the amount received from the tax is sufficient to pay for the project costs authorized under subdivision 2 for projects approved by voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, must be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Bloomington and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 28. **CITY OF BROOKLYN CENTER; TAXES AUTHORIZED.**

Subdivision 1. Sales and use tax authorization. Notwithstanding Minnesota Statutes, section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Brooklyn Center may impose by ordinance a sales and use tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. Use of sales and use tax revenues. The revenues derived from the tax authorized under subdivision 1 must be used by the city of Brooklyn Center to pay the costs of collecting and administering the tax, and to finance \$44,000,000, plus associated bonding costs, for the renovation and expansion of the Brooklyn Center Community Center.

Subd. 3. Bonding authority. (a) The city of Brooklyn Center may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued under this subdivision may not exceed \$44,000,000 for the projects listed in subdivision 2 plus an amount to be applied to the payment of the costs of issuing the bonds.

(b) The bonds may be paid from or secured by any funds available to the city of Brooklyn Center, including the tax authorized under subdivision 1 and the full faith and credit of the city. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(c) The bonds are not included in computing any debt limitation applicable to the city of Brooklyn Center and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. Termination of taxes. Subject to Minnesota Statutes, section 297A.99, subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years after being first imposed, or (2) when the city council determines that the amount received from the tax is sufficient to pay for the project costs authorized under subdivision 2 for projects approved by voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Brooklyn Center and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 29. CITY OF CHANHASSEN; TAXES AUTHORIZED.

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at an election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Chanhassen may impose by ordinance a sales and use tax of up to one-half of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of Chanhassen to pay the costs of collecting and administering the tax and paying for up to \$40,000,000 for construction costs of the Avienda Recreational Facility, including securing and paying debt service on bonds issued to finance all or part of the project.

Subd. 3. **Bonding authority.** (a) The city of Chanhassen may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in subdivision 2. The aggregate principal amount of bonds issued under this subdivision may not exceed \$40,000,000, plus an amount to be applied to the payment of the costs of issuing the bonds.

(b) The bonds may be paid from or secured by any funds available to the city of Chanhassen, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(c) The bonds are not included in computing any debt limitation applicable to the city of Chanhassen, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99, subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years after the tax is first imposed, or (2) when the city council determines that the amount received from the tax is sufficient to pay for the project costs authorized under subdivision 2, plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, must be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Chanhassen and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 30. CITY OF COTTAGE GROVE; TAXES AUTHORIZED.

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at an election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Cottage Grove may impose by ordinance a sales and use tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition,

administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of Cottage Grove to pay the costs of collecting and administering the tax and paying for the following projects in the city, including securing and paying debt service on bonds issued to finance all or part of the following projects:

- (1) \$17,000,000 for construction of improvements to Hamlet Park;
- (2) \$6,000,000 for construction of improvements to River Oaks Golf Course; and
- (3) \$13,000,000 for construction of improvements to the Mississippi Dunes Park project.

Subd. 3. **Bonding authority.** (a) The city of Cottage Grove may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued under this subdivision may not exceed:

(1) \$17,000,000 for the project listed in subdivision 2, clause (1), plus an amount to be applied to the payment of the costs of issuing the bonds;

(2) \$6,000,000 for the project listed in subdivision 2, clause (2), plus an amount to be applied to the payment of the costs of issuing the bonds; and

(3) \$13,000,000 for the project listed in subdivision 2, clause (3), plus an amount to be applied to the payment of the costs of issuing the bonds.

(b) The bonds may be paid from or secured by any funds available to the city of Cottage Grove, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(c) The bonds are not included in computing any debt limitation applicable to the city of Cottage Grove, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99, subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 25 years after the tax is first imposed, or (2) when the city council determines that the amount received from the tax is sufficient to pay for the project costs authorized under subdivision 2 for projects approved by voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, must be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Cottage Grove and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 31. CITY OF DETROIT LAKES; TAXES AUTHORIZED.

Subdivision 1. Sales and use tax authorization. Notwithstanding Minnesota Statutes, section 297A.99, subdivision 3, paragraphs (a) and (d), and section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at an election held on either November 7, 2023, or as otherwise required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Detroit Lakes may impose by ordinance a sales and use tax of one-half of one percent for the purpose specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. Use of sales and use tax revenues. The revenues derived from the tax authorized under subdivision 1 must be used by the city of Detroit Lakes to pay the costs of collecting and administering the tax, and to finance up to \$17,300,000, plus associated bond costs, for the construction and renovation of the Detroit Lakes Pavilion, including park improvements, beachfront improvements, and parking improvements.

Subd. 3. Bonding authority. (a) The city of Detroit Lakes may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the project costs authorized in subdivision 2. The aggregate principal amount of bonds issued under this subdivision may not exceed \$17,300,000, plus an amount to be applied to the payment of the costs of issuing the bonds.

(b) The bonds may be paid from or secured by any funds available to the city of Detroit Lakes, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(c) The bonds are not included in computing any debt limitation applicable to the city of Detroit Lakes, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. Termination of taxes. Subject to Minnesota Statutes, section 297A.99, subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 12 years after the tax is first imposed, or (2) when the city council determines that the amount received from the tax is sufficient to pay for the project costs authorized under subdivision 2, plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, must be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Detroit Lakes and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 32. CITY OF DILWORTH; TAXES AUTHORIZED.

Subdivision 1. Sales and use tax authorization. Notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at an election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Dilworth may impose by ordinance a sales and use tax of one-half of one percent for the purpose specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,

collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of Dilworth to pay the costs of collecting and administering the tax, and to finance up to \$5,400,000, plus associated bonding costs, for the construction of a community and recreational center.

Subd. 3. **Bonding authority.** (a) The city of Dilworth may issue bonds under Minnesota Statutes, chapter 475, to finance the costs of the facility authorized in subdivision 2. The aggregate principal amount of bonds issued under this subdivision may not exceed \$5,400,000 for the project listed in subdivision 2, plus an amount to be applied to the payment of the costs of issuing the bonds.

(b) The bonds may be paid from or secured by any funds available to the city, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(c) The bonds are not included in computing any debt limitation applicable to the city, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99, subdivision 12, the tax imposed under subdivision 1 expires at the earlier of: (1) 25 years after the tax is first imposed; or (2) when the city council determines that the amount received from the tax is sufficient to pay \$5,400,000 in project costs authorized under subdivision 2, plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Dilworth and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 33. **CITY OF EAST GRAND FORKS; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at an election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of East Grand Forks may impose by ordinance a sales and use tax of up to one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of East Grand Forks to pay the costs of collecting and administering the tax and paying for the following projects in the city, including securing and paying debt service on bonds issued to finance all or part of the following projects:

(1) \$6,745,000 plus associated bonding costs for reconstruction and remodeling of, and upgrades and additions to, the Civic Center Sports Complex; and

(2) \$8,000,000 plus associated bonding costs for reconstruction and remodeling of, and upgrades and additions to, the VFW Memorial Arena and Blue Line Arena.

Subd. 3. **Bonding authority.** (a) The city of East Grand Forks may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued under this subdivision may not exceed:

(1) \$6,745,000 for the project listed in subdivision 2, clause (1), plus an amount to be applied to the payment of the costs of issuing the bonds; and

(2) \$8,000,000 for the project listed in subdivision 2, clause (2), plus an amount to be applied to the payment of the costs of issuing the bonds.

(b) The bonds may be paid from or secured by any funds available to the city, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(c) The bonds are not included in computing any debt limitation applicable to the city and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99, subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years after being first imposed, or (2) when the city council determines that the amount received from the tax is sufficient to pay for the project costs authorized under subdivision 2 for projects approved by voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of East Grand Forks and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 34. **CITY OF FAIRMONT; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 297A.99, subdivisions 1 and 3, paragraph (d), or 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at an election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Fairmont may impose by ordinance a sales and use tax of one-half of one percent for the purpose specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of Fairmont to pay the costs of collecting and administering the tax and to finance up to \$20,000,000, plus associated bonding costs, for construction of a community center and ice arena.

Subd. 3. **Bonding authority.** (a) The city of Fairmont may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in subdivision 2. The aggregate principal amount of bonds issued under this subdivision may not exceed \$20,000,000, plus an amount to be applied to the payment of the costs of issuing the bonds.

(b) The bonds may be paid from or secured by any funds available to the city of Fairmont, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(c) The bonds are not included in computing any debt limitation applicable to the city of Fairmont, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99, subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 25 years after the tax is first imposed, or (2) when the city council determines that the amount received from the tax is sufficient to pay, plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, must be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Fairmont and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 35. **CITY OF HENDERSON; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at an election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Henderson may impose by ordinance a sales and use tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of Henderson to pay the costs of collecting and administering the tax, and to finance up to \$250,000 for the Allanson's Park Campground and Trail project. Authorized project costs include improvements to trails, improvements to the park campground and related facilities, utility improvements, handicap access improvements, and other improvements related to linkage to other local trails, as well as the associated bond costs for any bonds issued under subdivision 3.

Subd. 3. **Bonding authority.** (a) The city of Henderson may issue bonds under Minnesota Statutes, chapter 475, to finance up to \$250,000 of the portion of the costs of the project authorized in subdivision 2, and approved by the voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph

(a). The aggregate principal amount of bonds issued under this subdivision may not exceed \$250,000 plus an amount to be applied to the payment of the costs of issuing the bonds.

(b) The bonds may be paid from or secured by any funds available to the city of Henderson, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(c) The bonds are not included in computing any debt limitation applicable to the city of Henderson, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99, subdivision 12, the tax imposed under subdivision 1 expires at the earlier of: (1) 15 years after the tax is first imposed; or (2) when the city council determines that the amount received from the tax is sufficient to pay for the project costs authorized under subdivision 2 for projects approved by voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Henderson and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 36. **CITY OF HIBBING; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at an election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Hibbing may impose by ordinance a sales and use tax of one-half of one percent for the purpose specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of Hibbing to pay the costs of collecting and administering the tax, and to finance up to \$19,600,000 for the construction of a regional public safety center. Authorized costs include the associated bond costs for any bonds issued under subdivision 3.

Subd. 3. **Bonding authority.** (a) The city of Hibbing may issue bonds under Minnesota Statutes, chapter 475, to finance the costs of the facility authorized in subdivision 2. The aggregate principal amount of bonds issued under this subdivision may not exceed \$19,600,000 for the project listed in subdivision 2, plus an amount to be applied to the payment of the costs of issuing the bonds.

(b) The bonds may be paid from or secured by any funds available to the city, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(c) The bonds are not included in computing any debt limitation applicable to the city, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99, subdivision 12, the tax imposed under subdivision 1 expires at the earlier of: (1) 20 years after the tax is first imposed; or (2) when the city council determines that the amount received from the tax is sufficient to pay \$19,600,000 in project costs authorized under subdivision 2, plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Hibbing and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 37. **CITY OF GOLDEN VALLEY; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at an election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Golden Valley may impose by ordinance a sales and use tax of 1.25 percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of Golden Valley to pay the costs of collecting and administering the tax and paying for the following projects in the city, including securing and paying debt service on bonds issued to finance all or part of the following projects:

- (1) \$45,000,000 plus associated bonding costs for construction of a new public works facility;
- (2) \$15,000,000 plus associated bonding costs for the purchase of land for a new public works facility;
- and
- (3) \$45,000,000 plus associated bonding costs for construction of a new public safety facility.

Subd. 3. **Bonding authority.** (a) The city of Golden Valley may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued under this subdivision may not exceed:

- (1) \$45,000,000 for the project listed in subdivision 2, clause (1), plus an amount to be applied to the payment of the costs of issuing the bonds;
- (2) \$15,000,000 for the project listed in subdivision 2, clause (2), plus an amount to be applied to the payment of the costs of issuing the bonds; and

(3) \$45,000,000 for the project listed in subdivision 2, clause (3), plus an amount to be applied to the payment of the costs of issuing the bonds.

(b) The bonds may be paid from or secured by any funds available to the city of Golden Valley, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(c) The bonds are not included in computing any debt limitation applicable to the city of Golden Valley, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99, subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 30 years after the tax is first imposed, or (2) when the city council determines that the amount received from the tax is sufficient to pay for the project costs authorized under subdivision 2 for projects approved by voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, must be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Golden Valley and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 38. **CITY OF JACKSON; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at an election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Jackson may impose by ordinance a sales and use tax of one percent for the purpose specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of Jackson to pay the costs of collecting and administering the tax, and to finance up to \$5,750,000 for construction, renovation, and improvements to a new outdoor athletic complex, including securing and paying debt service on bonds issued under subdivision 3.

Subd. 3. **Bonding authority.** (a) The city of Jackson may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in subdivision 2. The aggregate principal amount of bonds issued under this subdivision may not exceed \$5,750,000, plus an amount to be applied to the payment of the costs of issuing the bonds.

(b) The bonds may be paid from or secured by any funds available to the city of Jackson, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(c) The bonds are not included in computing any debt limitation applicable to the city of Jackson, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99, subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 30 years after the tax is first imposed, or (2) when the city council determines that the amount received from the tax is sufficient to pay for the project costs authorized under subdivision 2, plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, must be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Jackson and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 39. **JACKSON COUNTY; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 477A.016, or any other law or ordinance, and if approved by the voters at an election as required under Minnesota Statutes, section 297A.99, subdivision 3, Jackson County may impose by ordinance a sales and use tax of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by Jackson County to pay the costs of collecting and administering the tax and paying for up to \$39,000,000 for construction of a law enforcement center and government center in the county, including associated bond costs for any bonds issued under subdivision 3.

Subd. 3. **Bonding authority.** (a) Jackson County may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in subdivision 2. The aggregate principal amount of bonds issued under this subdivision may not exceed \$39,000,000, plus an amount to be applied to the payment of the costs of issuing the bonds.

(b) The bonds may be paid from or secured by any funds available to Jackson County, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(c) The bonds are not included in computing any debt limitation applicable to Jackson County, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99, subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 30 years after the tax is first imposed, or (2) when the county board of commissioners determines that the amount received from the tax is sufficient to pay for the project costs authorized under subdivision 2, plus an amount sufficient to pay the costs related

to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of the county. The tax imposed under subdivision 1 may expire at an earlier time if the county so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of Jackson County and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 40. **CITY OF MONTICELLO; TAXES AUTHORIZED.**

Subdivision 1. Sales and use tax authorization. Notwithstanding Minnesota Statutes, section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at an election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Monticello may impose by ordinance a sales and use tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. Use of sales and use tax revenues. The revenues derived from the tax authorized under subdivision 1 must be used by the city of Monticello to pay the costs of collecting and administering the tax and paying for the following projects in the city, including securing and paying debt service on bonds issued to finance all or part of the following projects:

(1) \$15,000,000 for new construction and rehabilitation of the Bertram Chain of Lakes Regional Athletic Park; and

(2) \$15,000,000 for new construction and improvements to the Pointes at Cedar Recreation Area.

Subd. 3. Bonding authority. (a) The city of Monticello may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued under this subdivision may not exceed:

(1) \$15,000,000 for the project listed in subdivision 2, clause (1), plus an amount to be applied to the payment of the costs of issuing the bonds; and

(2) \$15,000,000 for the project listed in subdivision 2, clause (2), plus an amount to be applied to the payment of the costs of issuing the bonds.

(b) The bonds may be paid from or secured by any funds available to the city of Monticello, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(c) The bonds are not included in computing any debt limitation applicable to the city of Monticello, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. Termination of taxes. Subject to Minnesota Statutes, section 297A.99, subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years after the tax is first imposed, or (2)

when the city council determines that the amount received from the tax is sufficient to pay for the project costs authorized under subdivision 2 for projects approved by voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, must be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Monticello and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 41. **CITY OF MOUNDS VIEW; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at an election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Mounds View may impose, by ordinance, a sales and use tax of up to one and one-half percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of Mounds View to pay the costs of collecting and administering the tax, including associated bond costs on bonds issued under subdivision 3, and securing and paying debt service on the bonds, and to finance up to \$16,500,000, for construction of an expanded community center into a regional amateur sports and recreational facility.

Subd. 3. **Bonding authority.** (a) The city of Mounds View may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in subdivision 2. The aggregate principal amount of bonds issued under this subdivision may not exceed \$16,500,000, plus an amount applied to the payment of costs of issuing the bonds.

(b) The bonds may be paid from or secured by any funds available to the city, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(c) The bonds are not included in computing any debt limitation applicable to the city. Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the earlier of: (1) 20 years after the tax is first imposed; or (2) when the city determines that it has received from this tax \$16,500,000 to fund the project listed in subdivision 2, plus an amount sufficient to pay costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section

297A.99, subdivision 12, shall be placed in the city's general fund. The tax imposed under subdivision 1 may expire at an earlier time if the city determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Mounds View and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 42. **CITY OF PROCTOR; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at an election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Proctor may impose by ordinance a sales and use tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of Proctor to pay the costs of collecting and administering the tax and to finance up to \$6,900,000 plus associated bonding costs for construction of a new regional and statewide trail spur in the city, including securing and paying debt service on bonds issued to finance all or part of the project.

Subd. 3. **Bonding authority.** (a) The city of Proctor may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in subdivision 2. The aggregate principal amount of bonds issued under this subdivision may not exceed \$6,900,000, plus an amount to be applied to the payment of the costs of issuing the bonds.

(b) The bonds may be paid from or secured by any funds available to the city of Proctor, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(c) The bonds are not included in computing any debt limitation applicable to the city of Proctor, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99, subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years after the tax is first imposed, or (2) when the city council determines that the amount received from the tax is sufficient to pay for the project costs authorized under subdivision 2, plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Proctor and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 43. RICE COUNTY; TAXES AUTHORIZED.

Subdivision 1. Sales and use tax authorization. Notwithstanding Minnesota Statutes, section 477A.016, or any other law or ordinance, and if approved by the voters at an election as required under Minnesota Statutes, section 297A.99, subdivision 3, Rice County may impose by ordinance a sales and use tax of three-eighths of one percent for the purpose specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. Use of sales and use tax revenues. The revenues derived from the tax authorized under subdivision 1 must be used by Rice County to pay the costs of collecting and administering the tax and paying for up to \$48,000,000 for the construction of a public safety facility in the county, including associated bond costs for any bonds issued under subdivision 3.

Subd. 3. Bonding authority. (a) Rice County may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in subdivision 2. The aggregate principal amount of bonds issued under this subdivision may not exceed \$48,000,000, plus an amount to be applied to the payment of the costs of issuing the bonds.

(b) The bonds may be paid from or secured by any funds available to Rice County, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(c) The bonds are not included in computing any debt limitation applicable to Rice County, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. Termination of taxes. Subject to Minnesota Statutes, section 297A.99, subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 30 years after the tax is first imposed, or (2) when the county board of commissioners determines that the amount received from the tax is sufficient to pay for the project costs authorized under subdivision 2, plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of the county. The tax imposed under subdivision 1 may expire at an earlier time if the county so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of Rice County and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 44. CITY OF RICHFIELD; TAXES AUTHORIZED.

Subdivision 1. Sales and use tax authorization. Notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at an election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Richfield may impose, by ordinance, a sales and use tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

Subd. 2. Use of sales and use tax revenues. The revenues derived from the tax authorized under subdivision 1 must be used by the city of Richfield to pay the costs of collecting and administering the tax and paying for the following projects in the city, including securing and paying debt service on bonds issued to finance all or part of the following regional projects:

(1) \$11,000,000 plus associated bonding costs for construction of the Wood Lake Nature Center building;

(2) \$9,000,000 plus associated bonding costs for construction of the Veterans Park Complex; and

(3) \$45,000,000 plus associated bonding costs for construction of the Richfield Community Center Project.

Subd. 3. Bonding authority. (a) The city of Richfield may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in subdivision 2 and approved by voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued under this subdivision may not exceed \$65,000,000, plus an amount applied to the payment of costs of issuing the bonds. The bonds may be paid from or secured by any funds available to the city of Richfield, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(b) The bonds are not included in computing any debt limitation applicable to the city. Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. Termination of taxes. Subject to Minnesota Statutes, section 297A.99, subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years after being first imposed, or (2) when the city council determines that the amount received from the tax is sufficient to pay for the project costs authorized under subdivision 2 for projects approved by voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Richfield and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 45. CITY OF ROSEVILLE; TAXES AUTHORIZED.

Subdivision 1. Sales and use tax authorization. Notwithstanding Minnesota Statutes, section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at an election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Roseville may impose by ordinance a sales and use tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of Roseville to pay the costs of collecting and administering the tax and paying for the following projects in the city, including securing and paying debt service on bonds issued to finance all or part of the following projects:

(1) \$64,200,000 for construction of a new maintenance facility; and

(2) \$12,700,000 for construction of a new license and passport center.

Subd. 3. **Bonding authority.** (a) The city of Roseville may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued under this subdivision may not exceed:

(1) \$64,200,000 for the project listed in subdivision 2, clause (1), plus an amount to be applied to the payment of the costs of issuing the bonds; and

(2) \$12,700,000 for the project listed in subdivision 2, clause (2), plus an amount to be applied to the payment of the costs of issuing the bonds.

(b) The bonds may be paid from or secured by any funds available to the city of Roseville, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(c) The bonds are not included in computing any debt limitation applicable to the city of Roseville, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99, subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years after the tax is first imposed, or (2) when the city council determines that the amount received from the tax is sufficient to pay for the project costs authorized under subdivision 2 for projects approved by voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Roseville and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 46. **CITY OF ST. JOSEPH; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at an election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of St. Joseph may impose by ordinance a sales and use tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition,

administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of St. Joseph to pay the costs of collecting and administering the tax and paying for the following projects in the city, including securing and paying debt service on bonds issued to finance all or part of the following projects:

(1) \$11,000,000 for construction of Phase II of the St. Joseph community center expansion; and

(2) \$6,000,000 for Phases II and III of the improvements to East Park along the Sauk River in the city of St. Joseph.

Subd. 3. **Bonding authority.** (a) The city of St. Joseph may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued under this subdivision may not exceed:

(1) \$11,000,000 for the project listed in subdivision 2, clause (1), plus an amount to be applied to the payment of the costs of issuing the bonds; and

(2) \$6,000,000 for the project listed in subdivision 2, clause (2), plus an amount to be applied to the payment of the costs of issuing the bonds.

(b) The bonds may be paid from or secured by any funds available to the city of St. Joseph, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(c) The bonds are not included in computing any debt limitation applicable to the city of St. Joseph, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99, subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 17 years after the tax is first imposed, or (2) when the city council determines that the amount received from the tax is sufficient to pay for the project costs authorized under subdivision 2 for projects approved by voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of St. Joseph and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 47. **STEARNS COUNTY; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 297A.99, subdivision 1, or 477A.016, or any other law or ordinance, and if approved by the voters at an election as required under Minnesota Statutes, section 297A.99, subdivision 3, Stearns County may impose by ordinance

a sales and use tax of three-eighths of one percent for the purpose specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by Stearns County to pay the costs of collecting and administering the tax, and to finance up to \$325,000,000, plus associated bonding costs, for the construction of a new Stearns County Justice Center consisting of a law enforcement center, judicial center, and jail.

Subd. 3. **Bonding authority.** (a) Stearns County may issue bonds under Minnesota Statutes, chapter 475, to finance the costs of the facility authorized in subdivision 2. The aggregate principal amount of bonds issued under this subdivision may not exceed \$325,000,000 for the project listed in subdivision 2, plus an amount to be applied to the payment of the costs of issuing the bonds.

(b) The bonds may be paid from or secured by any funds available to the county, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(c) The bonds are not included in computing any debt limitation applicable to the county, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99, subdivision 12, the tax imposed under subdivision 1 expires at the earlier of: (1) 30 years after the tax is first imposed; or (2) when the county board determines that the amount received from the tax is sufficient to pay \$325,000,000 in project costs authorized under subdivision 2, plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of the county. The tax imposed under subdivision 1 may expire at an earlier time if the county so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of Stearns County and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 48. **CITY OF STILLWATER; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at an election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Stillwater may impose by ordinance a sales and use tax of one-half of one percent for the purpose specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of Stillwater to pay the costs of collecting and administering the tax,

and to finance up to \$12,500,000 for the construction, renovation, and improvements to the Riverfront Improvement Project.

Subd. 3. **Bonding authority.** (a) The city of Stillwater may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in subdivision 2. The aggregate principal amount of bonds issued under this subdivision may not exceed \$12,500,000.

(b) The bonds may be paid from or secured by any funds available to the city of Stillwater, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(c) The bonds are not included in computing any debt limitation applicable to the city of Stillwater, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99, subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years after the tax is first imposed, or (2) when the city council determines that the amount received from the tax is sufficient to pay for the project costs authorized under subdivision 2, plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, must be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Stillwater and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 49. **WINONA COUNTY; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, sections 297A.99, subdivision 1, and 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at an election as required under Minnesota Statutes, section 297A.99, subdivision 3, Winona County may impose, by ordinance, a sales and use tax of one-quarter of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by Winona County to pay the costs of collecting and administering the tax, and to finance up to \$28,000,000 for construction of a new correctional facility or upgrades to an existing correctional facility, as well as the associated bond costs for any bonds issued under subdivision 3.

Subd. 3. **Bonding authority.** (a) Winona County may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in subdivision 2. The aggregate principal amount of bonds issued under this subdivision may not exceed \$28,000,000, plus an amount applied to the payment of costs of issuing the bonds.

(b) The bonds may be paid from or secured by any funds available to the county, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(c) The bonds are not included in computing any debt limitation applicable to the county. Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the earlier of: (1) 25 years after the tax is first imposed; or (2) when the county determines that it has received from this tax \$28,000,000 to fund the project listed in subdivision 2, plus an amount sufficient to pay costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the county's general fund. The tax imposed under subdivision 1 may expire at an earlier time if the county determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of Winona County and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 50. **CITY OF WOODBURY; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 297A.99, subdivision 3, paragraph (d), or 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at an election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Woodbury may impose by ordinance a sales and use tax of one-half of one percent for the purpose specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of Woodbury to pay the costs of collecting and administering the tax and to finance up to \$50,000,000, plus associated bonding costs, for the construction of a new public safety campus.

Subd. 3. **Bonding authority.** (a) The city of Woodbury may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in subdivision 2. The aggregate principal amount of bonds issued under this subdivision may not exceed \$50,000,000, plus an amount to be applied to the payment of the costs of issuing the bonds.

(b) The bonds may be paid from or secured by any funds available to the city of Woodbury, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(c) The bonds are not included in computing any debt limitation applicable to the city of Woodbury, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99, subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years after the tax is first imposed, or (2) when the city council determines that the amount received from the tax is sufficient to pay \$50,000,000 in project costs authorized under subdivision 2, plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, must be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Woodbury and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 51. **LOCAL TAXES ADVISORY TASK FORCE.**

Subdivision 1. **Establishment.** The Local Taxes Advisory Task Force is established. The purpose of the task force is to examine the use of local taxes as a funding mechanism for cities and counties to fund capital projects and other improvement projects.

Subd. 2. **Membership.** (a) The task force consists of the following members:

- (1) the commissioner of revenue or the commissioner's designee;
- (2) four members of the public appointed by the commissioner of revenue;
- (3) one member from the League of Minnesota Cities; and
- (4) one member from the Association of Minnesota Counties.

(b) The task force must not include legislators.

(c) Appointments to the task force must be made no later than July 1, 2023.

Subd. 3. **Meetings.** (a) The commissioner of revenue shall convene the first meeting to be held no later than July 15, 2023. The commissioner of revenue must convene all subsequent meetings in a manner and frequency as prescribed by this subdivision.

(b) The task force shall meet twice monthly, at a time and space designated by the commissioner of revenue. All meetings must be open to the public.

(c) After September 15, 2023, the commissioner of revenue may increase or decrease the frequency of the meetings as necessary for the task force to accomplish the duties specified in subdivision 4.

Subd. 4. **Duties; considerations.** (a) The task force shall examine the role of local taxes as a funding mechanism for local governments and must determine:

- (1) objective evaluation criteria for general local sales tax proposals;
- (2) objective evaluation criteria for food and beverage tax proposals;
- (3) objective evaluation criteria for lodging tax proposals seeking accommodations beyond the restrictions of Minnesota Statutes, section 469.190;

(4) the appropriate entity or entities to evaluate local tax proposals based on the established criteria in an objective manner prior to legislation on these taxes being heard in the legislative committees with jurisdiction over local sales taxes;

(5) the appropriate process for enacting special laws authorizing new or modifying existing general and special local taxes; and

(6) the necessary changes to current law to accommodate the determinations made regarding clauses (1) to (5).

(b) In making determinations regarding paragraph (a), clause (1), the task force must consider:

(1) the current requirement of demonstrating regional significance and what, if any, measures should be in place to define regional significance;

(2) the role of a local government's receipt of general purpose state aid and the amount of aid received;

(3) the role of a local government's ability to levy for all or a portion of project costs through property taxes as demonstrated by the local government's net tax capacity tax rate compared to the statewide and countywide averages; and

(4) any other considerations identified by the task force.

(c) The task force must make recommendations to the legislature regarding its determinations from paragraphs (a) and (b) in a report pursuant to subdivision 5.

Subd. 5. **Report; expiration.** (a) The task force shall make recommendations regarding the objectives specified in subdivision 4 that reflect the recommendations held by a majority of the members of the task force in a report to the legislature. The commissioner of revenue must draft and compile the report and send it to the legislative committees with jurisdiction over local taxes no later than January 15, 2024. The report may include any additional information the task force deems relevant.

(b) The task force expires upon submission of its report.

Subd. 6. **Hearing required.** The legislative committees with jurisdiction over local taxes must hold a public hearing on the report during the regular legislative session in the year in which the report is submitted.

Subd. 7. **Officer; support.** The commissioner of revenue or the commissioner's designee must act as the chair of the task force. The commissioner of revenue must provide professional, technical, and administrative support to the task force.

Subd. 8. **Expenses.** The members of the task force shall be reimbursed for all travel expenses actually and necessarily incurred in the performance of the members' duties in accordance with the reimbursement policies established in Minnesota Statutes, section 15.059, subdivision 6.

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

ARTICLE 11

LOCAL SPECIAL TAXES

Section 1. Laws 1980, chapter 511, section 1, subdivision 2, as amended by Laws 1991, chapter 291, article 8, section 22, Laws 1998, chapter 389, article 8, section 25, Laws 2003, First Special Session chapter

21, article 8, section 11, Laws 2008, chapter 154, article 5, section 2, Laws 2014, chapter 308, article 3, section 21, and Laws 2017, First Special Session chapter 1, article 5, section 1, is amended to read:

Subd. 2. (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter provision to the contrary, the city of Duluth may, by ordinance, impose an additional sales tax of up to one and three-quarter percent on sales transactions which are described in Minnesota Statutes 2000, section 297A.01, subdivision 3, clause (c). The imposition of this tax shall not be subject to voter referendum under either state law or city charter provisions. When the city council determines that the taxes imposed under this paragraph at a rate of three-quarters of one percent and other sources of revenue produce revenue sufficient to pay debt service on bonds in the principal amount of \$40,285,000 plus issuance and discount costs, issued for capital improvements at the Duluth Entertainment and Convention Center, which include a new arena, the rate of tax under this subdivision must be reduced by three-quarters of one percent.

(b) In addition to the tax in paragraph (a) and notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter provision to the contrary, the city of Duluth may, by ordinance, impose an additional sales tax of up to one-half of one percent on sales transactions which are described in Minnesota Statutes 2000, section 297A.01, subdivision 3, clause (c). This tax expires when the city council determines that the tax imposed under this paragraph, along with the tax imposed under section 22, paragraph (b), has produced revenues sufficient to pay the debt service on bonds in a principal amount of no more than ~~\$18,000,000~~ \$54,000,000, plus issuance and discount costs, to finance capital improvements to public facilities to support tourism and recreational activities in that portion of the city west of 14th Avenue West and the area south of and including Skyline Parkway, and capital improvements to parks-based public athletic facilities to support sports tourism.

(c) The city of Duluth may sell and issue up to ~~\$18,000,000~~ \$54,000,000 in general obligation bonds under Minnesota Statutes, chapter 475, plus an additional amount to pay for the costs of issuance and any premiums. The proceeds may be used to finance capital improvements to public facilities that support tourism and recreational activities in the portion of the city west of 14th Avenue West and the area south of and including Skyline Parkway and capital improvements to parks-based public athletic facilities to support sports tourism, as described in paragraph (b). The issuance of the bonds is subject to the provisions of Minnesota Statutes, chapter 475, except no election shall be required unless required by the city charter. The bonds shall not be included in computing net debt. The revenues from the taxes that the city of Duluth may impose under paragraph (b) and under section 22, paragraph (b), may be pledged to pay principal of and interest on such bonds.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 2. Laws 1980, chapter 511, section 2, as amended by Laws 1998, chapter 389, article 8, section 26, Laws 2003, First Special Session chapter 21, article 8, section 12, Laws 2014, chapter 308, article 3, section 22, and Laws 2017, First Special Session chapter 1, article 5, section 2, is amended to read:

Sec. 2. CITY OF DULUTH; TAX ON RECEIPTS BY HOTELS AND MOTELS.

(a) Notwithstanding Minnesota Statutes, section 477A.016, or any other law, or ordinance, or city charter provision to the contrary, the city of Duluth may, by ordinance, impose an additional tax of one percent upon the gross receipts from the sale of lodging for periods of less than 30 days in hotels and motels located in the city. The tax shall be collected in the same manner as the tax set forth in the Duluth city charter, section 54(d), paragraph one. The imposition of this tax shall not be subject to voter referendum under either state law or city charter provisions.

(b) In addition to the tax in paragraph (a) and notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter provision to the contrary, the city of Duluth may, by ordinance, impose an additional sales tax of up to one-half of one percent on the gross receipts from the sale of lodging for periods of less than 30 days in hotels and motels located in the city. This tax expires when the city council first determines that the tax imposed under this paragraph, along with the tax imposed under section 21, paragraph (b), has produced revenues sufficient to pay the debt service on bonds in a principal amount of no more than ~~\$18,000,000~~ \$54,000,000, plus issuance and discount costs, to finance capital improvements to public facilities to support tourism and recreational activities in that portion of the city west of 14th Avenue West and the area south of and including Skyline Parkway, and capital improvements to parks-based public athletic facilities to support sports tourism.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 3. Laws 2008, chapter 366, article 7, section 17, is amended to read:

Sec. 17. COOK COUNTY; LODGING AND ADMISSIONS TAXES TAX.

Subdivision 1. **Lodging tax.** Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, the Board of Commissioners of Cook County may impose, by ordinance, a tax of up to one percent on the gross receipts subject to the lodging tax under Minnesota Statutes, section 469.190. This tax is in addition to any tax imposed under Minnesota Statutes, section 469.190, and the total tax imposed under that section and this provision must not exceed four percent.

~~Subd. 2. **Admissions and recreation tax.** Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, the Board of Commissioners of Cook County may impose, by ordinance, a tax of up to three percent on admissions to entertainment and recreational facilities and rental of recreation equipment.~~

Subd. 3. **Use of taxes.** The ~~taxes tax~~ imposed in ~~subdivisions~~ subdivision 1 and 2 must be used to fund a new Cook County Event and Visitors Bureau as established by the Board of Commissioners of Cook County. The Board of Commissioners of Cook County must annually review the budget of the Cook County Event and Visitors Bureau. The event and visitors bureau may not receive revenues raised from the ~~taxes~~ tax imposed in ~~subdivisions~~ subdivision 1 and 2 until the board of commissioners approves the annual budget.

Subd. 4. **Termination.** The ~~taxes tax~~ imposed in ~~subdivisions~~ subdivision 1 and 2 ~~terminate~~ terminates 30 years after they are it is first imposed.

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

Sec. 4. LAKE OF THE WOODS COUNTY LODGING TAX AUTHORIZED.

(a) Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, and subject to the limitation in paragraph (b), the Board of Commissioners of Lake of the Woods County may impose, by ordinance, a tax of up to three percent on gross receipts in Lake of the Woods County subject to the lodging tax provisions under Minnesota Statutes, section 469.190.

(b) The provisions of paragraph (a) do not apply to any statutory or home rule city or town located in Lake of the Woods County that imposes a lodging tax under Minnesota Statutes, section 469.190, or the

city of Baudette. The total tax imposed under Minnesota Statutes, section 469.190, and this section must not exceed three percent.

(c) To the extent not inconsistent with Minnesota Statutes, section 469.190, this section is governed by Minnesota Statutes, section 469.190.

(d) Revenues derived from taxes imposed under this section must be used to fund a new Lake of the Woods County Event and Visitors Bureau, as established by the Board of Commissioners of Lake of the Woods County, for purposes of marketing Lake of the Woods County. The Board of Commissioners must annually review the budget of the Event and Visitors Bureau. The Event and Visitors Bureau may receive revenues raised from the taxes imposed under this section only upon annual approval by the Board of Commissioners of the Event and Visitors Bureau budget.

EFFECTIVE DATE. This section is effective the day after the governing body of Lake of the Woods County and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

ARTICLE 12

PUBLIC FINANCE

Section 1. Minnesota Statutes 2022, section 118A.04, subdivision 5, is amended to read:

Subd. 5. **Time deposits.** Funds may be invested in time deposits that are fully insured by the Federal Deposit Insurance Corporation, the National Credit Union Administration, or bankers acceptances of United States banks.

Sec. 2. Minnesota Statutes 2022, section 123B.61, is amended to read:

123B.61 PURCHASE OF CERTAIN EQUIPMENT.

The board of a district may issue general obligation certificates of indebtedness or capital notes subject to the district debt limits to: (a) purchase vehicles, computers, telephone systems, cable equipment, photocopy and office equipment, technological equipment for instruction, and other capital equipment having an expected useful life at least as long as the terms of the certificates or notes; (b) purchase computer hardware and software, without regard to its expected useful life, whether bundled with machinery or equipment or unbundled, together with application development services and training related to the use of the computer; and (c) prepay special assessments. The certificates or notes must be payable in not more than ~~ten~~ 20 years and must be issued on the terms and in the manner determined by the board, ~~except that certificates or notes issued to prepay special assessments must be payable in not more than 20 years.~~ The certificates or notes may be issued by resolution and without the requirement for an election. The certificates or notes are general obligation bonds for purposes of section 126C.55. A tax levy must be made for the payment of the principal and interest on the certificates or notes, in accordance with section 475.61, as in the case of bonds. The sum of the tax levies under this section and section 123B.62 for each year must not exceed the lesser of the amount of the district's total operating capital revenue or the sum of the district's levy in the general and community service funds excluding the adjustments under this section for the year preceding the year the initial debt service levies are certified. The district's general fund levy for each year must be reduced by the sum of (1) the amount of the tax levies for debt service certified for each year for payment of the principal and interest on the certificates or notes issued under this section as required by section 475.61, (2) the amount

of the tax levies for debt service certified for each year for payment of the principal and interest on bonds issued under section 123B.62, and (3) any excess amount in the debt redemption fund used to retire bonds, certificates, or notes issued under this section or section 123B.62 after April 1, 1997, other than amounts used to pay capitalized interest. If the district's general fund levy is less than the amount of the reduction, the balance shall be deducted first from the district's community service fund levy, and next from the district's general fund or community service fund levies for the following year. A district using an excess amount in the debt redemption fund to retire the certificates or notes shall report the amount used for this purpose to the commissioner by July 15 of the following fiscal year. A district having an outstanding capital loan under section 126C.69 must not use an excess amount in the debt redemption fund to retire the certificates or notes.

Sec. 3. Minnesota Statutes 2022, section 366.095, subdivision 1, is amended to read:

Subdivision 1. **Certificates of indebtedness.** The town board may issue certificates of indebtedness within the debt limits for a town purpose otherwise authorized by law, including projects that eliminate R-22, as defined in section 240A.09, paragraph (b), clause (2). The certificates shall be payable in not more than ~~ten~~ 20 years and be issued on the terms and in the manner as determined by the board ~~may determine, provided that notes issued for projects that eliminate R-22, as defined in section 240A.09, paragraph (b), clause (2), must be payable in not more than 20 years.~~ If the amount of the certificates to be issued exceeds 0.25 percent of the estimated market value of the town, they shall not be issued for at least ten days after publication in a newspaper of general circulation in the town of the board's resolution determining to issue them. If within that time, a petition asking for an election on the proposition signed by voters equal to ten percent of the number of voters at the last regular town election is filed with the clerk, the certificates shall not be issued until their issuance has been approved by a majority of the votes cast on the question at a regular or special election. A tax levy shall be made to pay the principal and interest on the certificates as in the case of bonds.

Sec. 4. Minnesota Statutes 2022, section 373.01, subdivision 3, is amended to read:

Subd. 3. **Capital notes.** (a) A county board may, by resolution and without referendum, issue capital notes subject to the county debt limit to purchase capital equipment useful for county purposes that has an expected useful life at least equal to the term of the notes. The notes shall be payable in not more than ~~ten~~ 20 years and shall be issued on the terms and in a the manner determined by the board ~~determines.~~ A tax levy shall be made for payment of the principal and interest on the notes, in accordance with section 475.61, as in the case of bonds.

(b) For purposes of this subdivision, "capital equipment" means:

- (1) public safety, ambulance, road construction or maintenance, and medical equipment; ~~and~~
- (2) computer hardware and software, whether bundled with machinery or equipment or unbundled, together with application development services and training related to the use of the computer hardware or software; and
- (3) projects that eliminate R-22, as defined in section 240A.09, paragraph (b), clause (2).

Sec. 5. Minnesota Statutes 2022, section 383B.117, subdivision 2, is amended to read:

Subd. 2. **Equipment acquisition; capital notes.** The board may, by resolution and without public referendum, issue capital notes within existing debt limits for the purpose of purchasing ambulance and other medical equipment, road construction or maintenance equipment, public safety equipment, including

projects that eliminate R-22, as defined in section 240A.09, paragraph (b), clause (2), and other capital equipment having an expected useful life at least equal to the term of the notes issued. The notes shall be payable in not more than ~~ten~~ 20 years and shall be issued on the terms and in a the manner as determined by the board determines, ~~provided that notes issued for projects that eliminate R-22, as defined in section 240A.09, paragraph (b), clause (2), must be payable in not more than 20 years.~~ The total principal amount of the notes issued for any fiscal year shall not exceed one percent of the total annual budget for that year and shall be issued solely for the purchases authorized in this subdivision. A tax levy shall be made for the payment of the principal and interest on such notes as in the case of bonds. For purposes of this subdivision, "equipment" includes computer hardware and software, whether bundled with machinery or equipment or unbundled. For purposes of this subdivision, the term "medical equipment" includes computer hardware and software and other intellectual property for use in medical diagnosis, medical procedures, research, record keeping, billing, and other hospital applications, together with application development services and training related to the use of the computer hardware and software and other intellectual property, all without regard to their useful life. For purposes of determining the amount of capital notes which the county may issue in any year, the budget of the county and Hennepin Healthcare System, Inc. shall be combined and the notes issuable under this subdivision shall be in addition to obligations issuable under section 373.01, subdivision 3.

Sec. 6. Minnesota Statutes 2022, section 410.32, is amended to read:

410.32 CITIES MAY ISSUE CAPITAL NOTES FOR CAPITAL EQUIPMENT.

(a) Notwithstanding any contrary provision of other law or charter, a home rule charter city may, by resolution and without public referendum, issue capital notes subject to the city debt limit to purchase capital equipment.

(b) For purposes of this section, "capital equipment" means:

(1) public safety equipment, ambulance and other medical equipment, road construction and maintenance equipment, and other capital equipment; ~~and~~

(2) computer hardware and software, whether bundled with machinery or equipment or unbundled, together with application development services and training related to the use of the computer hardware and software; and

(3) projects that eliminate R-22, as defined in section 240A.09, paragraph (b), clause (2).

(c) The equipment or software must have an expected useful life at least as long as the term of the notes.

(d) The notes shall be payable in not more than ~~ten~~ 20 years and be issued on the terms and in the manner determined by the city determines, ~~provided that notes issued for projects that eliminate R-22, as defined in section 240A.09, paragraph (b), clause (2), must be payable in not more than 20 years.~~ The total principal amount of the capital notes issued in a fiscal year shall not exceed 0.03 percent of the estimated market value of taxable property in the city for that year.

(e) A tax levy shall be made for the payment of the principal and interest on the notes, in accordance with section 475.61, as in the case of bonds.

(f) Notes issued under this section shall require an affirmative vote of two-thirds of the governing body of the city.

(g) Notwithstanding a contrary provision of other law or charter, a home rule charter city may also issue capital notes subject to its debt limit in the manner and subject to the limitations applicable to statutory cities pursuant to section 412.301.

Sec. 7. Minnesota Statutes 2022, section 412.301, is amended to read:

412.301 FINANCING PURCHASE OF CERTAIN EQUIPMENT.

(a) The council may issue certificates of indebtedness or capital notes subject to the city debt limits to purchase capital equipment.

(b) For purposes of this section, "capital equipment" means:

(1) public safety equipment, ambulance and other medical equipment, road construction and maintenance equipment, and other capital equipment; ~~and~~

(2) computer hardware and software, whether bundled with machinery or equipment or unbundled, together with application development services and training related to the use of the computer hardware or software; and

(3) projects that eliminate R-22, as defined in section 240A.09, paragraph (b), clause (2).

(c) The equipment or software must have an expected useful life at least as long as the terms of the certificates or notes.

(d) Such certificates or notes shall be payable in not more than ~~ten~~ 20 years and shall be issued on ~~such the terms and in such the manner as determined by the council may determine, provided, however, that notes issued for projects that eliminate R-22, as defined in section 240A.09, paragraph (b), clause (2), must be payable in not more than 20 years.~~

(e) If the amount of the certificates or notes to be issued to finance any such purchase exceeds 0.25 percent of the estimated market value of taxable property in the city, they shall not be issued for at least ten days after publication in the official newspaper of a council resolution determining to issue them; and if before the end of that time, a petition asking for an election on the proposition signed by voters equal to ten percent of the number of voters at the last regular municipal election is filed with the clerk, such certificates or notes shall not be issued until the proposition of their issuance has been approved by a majority of the votes cast on the question at a regular or special election.

(f) A tax levy shall be made for the payment of the principal and interest on such certificates or notes, in accordance with section 475.61, as in the case of bonds.

Sec. 8. Minnesota Statutes 2022, section 469.033, subdivision 6, is amended to read:

Subd. 6. **Operation area as taxing district, special tax.** All of the territory included within the area of operation of any authority shall constitute a taxing district for the purpose of levying and collecting special benefit taxes as provided in this subdivision. All of the taxable property, both real and personal, within that taxing district shall be deemed to be benefited by projects to the extent of the special taxes levied under this subdivision. Subject to the consent by resolution of the governing body of the city in and for which it was created, an authority may levy a tax upon all taxable property within that taxing district. The tax shall be extended, spread, and included with and as a part of the general taxes for state, county, and municipal purposes by the county auditor, to be collected and enforced therewith, together with the penalty, interest, and costs. As the tax, including any penalties, interest, and costs, is collected by the county treasurer it shall

be accumulated and kept in a separate fund to be known as the "housing and redevelopment project fund." The money in the fund shall be turned over to the authority at the same time and in the same manner that the tax collections for the city are turned over to the city, and shall be expended only for the purposes of sections 469.001 to 469.047. It shall be paid out upon vouchers signed by the chair of the authority or an authorized representative. The amount of the levy shall be an amount approved by the governing body of the city, but shall not exceed 0.0185 percent of estimated market value. The authority shall each year formulate and file a budget in accordance with the budget procedure of the city in the same manner as required of executive departments of the city or, if no budgets are required to be filed, by August 1. The amount of the tax levy for the following year shall be based on that budget. The requirements of section 275.067 apply to a housing and redevelopment authority that has not previously certified a levy.

Sec. 9. Minnesota Statutes 2022, section 469.053, subdivision 4, is amended to read:

Subd. 4. **Mandatory city levy.** A city shall, at the request of the port authority, levy a tax in any year for the benefit of the port authority. The tax must not exceed 0.01813 percent of estimated market value. The amount levied must be paid by the city treasurer to the treasurer of the port authority, to be spent by the authority. The requirements of section 275.067 apply to a port authority that has not previously certified a levy.

Sec. 10. Minnesota Statutes 2022, section 469.053, subdivision 6, is amended to read:

Subd. 6. **Discretionary city levy.** Upon request of a port authority, the port authority's city may levy a tax to be spent by and for its port authority. The tax must enable the port authority to carry out efficiently and in the public interest sections 469.048 to 469.068 to create and develop industrial development districts. The levy must not be more than 0.00282 percent of estimated market value. The county treasurer shall pay the proceeds of the tax to the port authority treasurer. The money may be spent by the authority in performance of its duties to create and develop industrial development districts. In spending the money the authority must judge what best serves the public interest. The levy in this subdivision is in addition to the levy in subdivision 4. The requirements of section 275.067 apply to a port authority that has not previously certified a levy.

Sec. 11. Minnesota Statutes 2022, section 469.107, subdivision 1, is amended to read:

Subdivision 1. **City tax levy.** A city may, at the request of the authority, levy a tax in any year for the benefit of the authority. The tax must be not more than 0.01813 percent of estimated market value. The amount levied must be paid by the city treasurer to the treasurer of the authority, to be spent by the authority. The requirements of section 275.067 apply to an economic development authority that has not previously certified a levy.

Sec. 12. Minnesota Statutes 2022, section 474A.02, subdivision 22b, is amended to read:

Subd. 22b. **Public facilities project.** "Public facilities project" means ~~any publicly owned facility, or a facility that is used for district heating or cooling,~~ whether publicly or privately owned, that is eligible to be financed with the proceeds of public facilities bonds as defined under section 474A.02, subdivision 23a.

Sec. 13. Minnesota Statutes 2022, section 474A.02, subdivision 23a, is amended to read:

Subd. 23a. **Qualified bonds.** "Qualified bonds" means the specific type or types of obligations that are subject to the annual volume cap. Qualified bonds include the following types of obligations as defined in federal tax law:

(a) "public facility bonds" means "exempt facility bonds" as defined in federal tax law, except for residential rental project bonds, ~~which are those obligations issued to finance airports, docks and wharves, mass commuting facilities, facilities for the furnishing of water, sewage facilities, solid waste disposal facilities, facilities for the local furnishing of electric energy or gas, local district heating or cooling facilities, and qualified hazardous waste facilities.~~ New bonds and other obligations are ineligible to receive state allocations or entitlement authority for public facility projects under this section if they have been issued:

(1) for the purpose of refinancing, refunding, or otherwise defeasing existing debt; and

(2) more than one calendar year prior to the date of application;

(b) "residential rental project bonds" which are those obligations issued to finance qualified residential rental projects;

(c) "mortgage bonds";

(d) "small issue bonds" issued to finance manufacturing projects and the acquisition or improvement of agricultural real or personal property under sections 41C.01 to 41C.13;

(e) "student loan bonds" issued by or on behalf of the Minnesota Office of Higher Education;

(f) "redevelopment bonds";

(g) "governmental bonds" with a nonqualified amount in excess of \$15,000,000 as set forth in section 141(b)5 of federal tax law; and

(h) "enterprise zone facility bonds" issued to finance facilities located within empowerment zones or enterprise communities, as authorized under Public Law 103-66, section 13301.

Sec. 14. Minnesota Statutes 2022, section 475.54, subdivision 1, is amended to read:

Subdivision 1. **In installments; exception; annual limit.** Except as provided in subdivision 3, 5a, 15, or 17, or as expressly authorized in another law, all obligations of each issue shall mature or be subject to mandatory sinking fund redemption in installments, the first not later than three years and the last not later than 30 years from the date of the issue; or 40 years or the useful life of the asset, whichever is less, for ~~municipal water and wastewater treatment systems and~~ essential community facilities financed or guaranteed by the United States Department of Agriculture and municipal water and wastewater treatment systems. No amount of principal of the issue payable in any calendar year shall exceed an amount equal to the smallest amount payable in any preceding calendar year ending three years or more after the issue date multiplied:

(1) by five, in the case of obligations maturing not later than 25 years from the date of issue; and

(2) by six, in the case of obligations maturing 25 years or later from the date of issue.

Sec. 15. Laws 1971, chapter 773, section 1, subdivision 2, as amended by Laws 1974, chapter 351, section 5, Laws 1976, chapter 234, sections 1 and 7, Laws 1978, chapter 788, section 1, Laws 1981, chapter 369, section 1, Laws 1983, chapter 302, section 1, Laws 1988, chapter 513, section 1, Laws 1992, chapter 511, article 9, section 23, Laws 1998, chapter 389, article 3, section 27, Laws 2002, chapter 390, section 23, and Laws 2013, chapter 143, article 12, section 18, is amended to read:

Subd. 2. For each of the years ~~2013 to 2024~~ 2023 to 2035, the city of St. Paul is authorized to issue bonds in the aggregate principal amount of ~~\$20,000,000~~ \$30,000,000 for each year.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of St. Paul and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 16. **CITY OF VIRGINIA; NET DEBT LIMIT EXEMPTION.**

The city of Virginia may finance the construction of a public safety building in the city of Virginia by obtaining a loan from the United States Department of Agriculture secured by its general obligation pledge. Any bonds issued relating to this construction project or repayment of the loan must not be included in the computation of the city's limit on net debt under Minnesota Statutes, section 475.53, subdivision 1.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Virginia and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

ARTICLE 13

STADIUM PAYOFF; ELECTRONIC PULL-TABS; GAMBLING TAXES

Section 1. Minnesota Statutes 2022, section 16A.726, is amended to read:

16A.726 SPORTS FACILITIES TRANSFERS; APPROPRIATIONS.

~~(a) If state appropriation bonds have not been issued under section 16A.965, amounts not to exceed the increased revenues estimated by the commissioner of management and budget under section 297E.021, subdivision 2, are appropriated from the general fund to the commissioner of management and budget to make transfers to the Minnesota Sports Facilities Authority for stadium costs as defined under section 473J.03, subdivision 9.~~

~~(b)~~ (a) The commissioner shall make transfers to the Minnesota Sports Facilities Authority required to make the state payments under section 473J.13, subdivisions 2 and 4, and for the amount of Minneapolis taxes withheld under section 297A.994, subdivision 4, paragraph (a), clause ~~(5)~~ (4). Amounts sufficient to make the transfers are appropriated to the commissioner from the general fund.

~~(c)~~ (b) \$2,700,000 is annually appropriated from the general fund from fiscal year 2014 through fiscal year 2033 to the commissioner of management and budget for a grant to the city of St. Paul for the operating or capital costs of new or existing sports facilities.

EFFECTIVE DATE; APPLICATION. This section is effective July 1, 2023. This section does not affect amounts retained for recapture of state advances through June 30, 2023.

Sec. 2. Minnesota Statutes 2022, section 297A.994, subdivision 4, is amended to read:

Subd. 4. **General fund allocations.** (a) The commissioner must retain and deposit to the general fund the following amounts, as required by subdivision 3, clause (3):

(1) for state bond debt service support beginning in calendar year 2021, and for each calendar year thereafter through calendar year 2046, periodic amounts so that not later than December 31, 2046, an aggregate amount equal to a present value of \$150,000,000 has been deposited in the general fund. To determine aggregate present value, the commissioner must consult with the commissioner of management and budget regarding the present value dates, discount rate or rates, and schedules of annual amounts. The present value date or dates must be based on the date or dates bonds are sold under section 16A.965, or the date or dates other state funds, if any, are deposited into the construction fund. The discount rate or rates

must be based on the true interest cost of the bonds issued under section 16A.965, or an equivalent 30-year bond index, as determined by the commissioner of management and budget. The schedule of annual amounts must be certified to the commissioner by the commissioner of management and budget and the finance officer of the city;

(2) for the capital improvement reserve appropriation to the Minnesota Sports Facilities Authority beginning in calendar year 2021, and for each calendar year thereafter through calendar year 2046, an aggregate annual amount equal to the amount paid by the state for this purpose in that calendar year under section 473J.13, subdivision 4;

(3) for the operating expense appropriation to the Minnesota Sports Facilities Authority beginning in calendar year 2021, and for each calendar year thereafter through calendar year 2046, an aggregate annual amount equal to the amount paid by the state for this purpose in that calendar year under section 473J.13, subdivision 2;

~~(4) for recapture of state advances for capital improvements and operating expenses for calendar years 2016 through 2020 beginning in calendar year 2021, and for each calendar year thereafter until all amounts under this clause have been paid, proportionate amounts periodically until an aggregate amount equal to the present value of all amounts paid by the state have been deposited in the general fund. To determine the present value of the amounts paid by the state to the authority and the present value of amounts deposited to the general fund under this clause, the commissioner shall consult with the commissioner of management and budget regarding the present value dates, discount rate or rates, and schedule of annual amounts. The present value dates must be based on the dates state funds are paid to the authority, or the dates the commissioner of revenue deposits taxes for purposes of this clause to the general fund. The discount rates must be based on the reasonably equivalent cost of state funds as determined by the commissioner of management and budget. The schedule of annual amounts must be revised to reflect amounts paid under section 473J.13, subdivision 2, paragraph (b), for 2016 to 2020, and subdivision 4, paragraph (e), for 2016 to 2020, and taxes deposited to the general fund from time to time under this clause, and the schedule and revised schedules must be certified to the commissioner by the commissioner of management and budget and the finance officer of the city, and are transferred as accrued from the general fund for repayment of advances made by the state to the authority; and~~

~~(5)~~ (4) to capture increases in taxes imposed under the special law, for the benefit of the Minnesota Sports Facilities Authority, beginning in calendar year 2013 and for each calendar year thereafter through 2046, there shall be deposited to the general fund in proportionate periodic payments in the following year, an amount equal to the ~~following~~ lesser of:

(i) ~~(A)~~ 50 percent of the difference, if any, by which the amount of the net annual taxes for the previous year exceeds the sum of the net actual taxes in calendar year 2011 plus \$1,000,000, inflated at two percent per year since 2011, minus

~~(ii)~~ (B) 25 percent of the difference, if any, by which the amount of the net annual taxes for the preceding year exceeds the sum of the net actual taxes in calendar year 2011 plus \$3,000,000, inflated at two percent per year since 2011-; or

(ii) the amount of the net annual taxes for the preceding year multiplied by three percent; and

(5) if the bonds under section 16A.965 are defeased, redeemed, or paid in full, the commissioner of management and budget and finance officer of the city must agree to a revised schedule of annual amounts under clause (1). The revised schedule of annual amounts must factor in a discount rate equal to zero percent and otherwise consistent with the methodology previously agreed upon by the parties.

(b) The Minnesota Sports Facility Authority must use the amounts available from the deposits under paragraph (a), clause (4), for capital repairs, replacements, and improvements for the stadium and stadium infrastructure.

EFFECTIVE DATE; APPLICATION. This section is effective July 1, 2023. This section does not affect amounts retained for recapture of state advances through June 30, 2023.

Sec. 3. Minnesota Statutes 2022, section 297E.02, subdivision 6, is amended to read:

Subd. 6. **Combined net receipts tax.** (a) In addition to the taxes imposed under subdivision 1, a tax is imposed on the combined net receipts of the organization. As used in this section, "combined net receipts" is the sum of the organization's gross receipts from lawful gambling less gross receipts directly derived from the conduct of paper bingo, raffles, and paddlewheels, as defined in section 297E.01, subdivision 8, and less the net prizes actually paid, other than prizes actually paid for paper bingo, raffles, and paddlewheels, for the fiscal year. The combined net receipts of an organization are subject to a tax computed according to the following schedule:

If the combined net receipts for the fiscal year are:	The tax is:
Not over \$87,500	nine <u>eight</u> percent
Over \$87,500, but not over \$122,500	\$7,875 <u>\$7,000</u> plus 18 <u>17</u> percent of the amount over \$87,500, but not over \$122,500
Over \$122,500, but not over \$157,500	\$14,175 <u>\$12,950</u> plus 27 <u>25</u> percent of the amount over \$122,500, but not over \$157,500
Over \$157,500	\$23,625 <u>\$21,700</u> plus 36 <u>33.5</u> percent of the amount over \$157,500

(b) Gross receipts derived from sports-themed tipboards are exempt from taxation under this section. For purposes of this paragraph, a sports-themed tipboard means a sports-themed tipboard as defined in section 349.12, subdivision 34, under which the winning numbers are determined by the numerical outcome of a professional sporting event.

EFFECTIVE DATE. This section is effective for games reported as played after June 30, 2023.

Sec. 4. Minnesota Statutes 2022, section 297E.06, subdivision 4, is amended to read:

Subd. 4. **Annual audit, certified inventory, and cash count.** (a) An organization licensed under chapter 349 with gross receipts from lawful gambling of more than \$750,000 in any year must have an annual financial audit of its lawful gambling activities and funds for that year. For the purposes of this subdivision, "gross receipts" does not include a licensed organization's receipts from electronic pull-tabs regulated under chapter 349 provided the electronic pull-tab manufacturer has completed an annual system and organization controls audit, containing standards that must incorporate and be consistent with standards prescribed by the American Institute of Certified Public Accountants.

(b) The commissioner may require a financial audit of the lawful gambling activities and funds of an organization licensed under chapter 349, with gross receipts less than \$750,000 annually, when an organization has:

- (1) failed to timely file required gambling tax returns;
- (2) failed to timely pay the gambling tax or regulatory fee;
- (3) filed fraudulent gambling tax returns;
- (4) failed to take corrective actions required by the commissioner; or
- (5) failed to otherwise comply with this chapter.

(c) Audits under this subdivision must be performed by an independent accountant firm licensed in accordance with chapter 326A.

(d) An organization licensed under chapter 349 must perform an annual certified inventory and cash count at the end of its fiscal year and submit the report to the commissioner within 30 days after the end of its fiscal year. The report shall be on a form prescribed by the commissioner.

(e) The commissioner of revenue shall prescribe standards for the audits, certified inventory, and cash count reports required under this subdivision. The standards may vary based on the gross receipts of the organization. The standards must incorporate and be consistent with standards prescribed by the American Institute of Certified Public Accountants. A complete, true, and correct copy of the audits, certified inventory, and cash count report must be filed as prescribed by the commissioner.

EFFECTIVE DATE. This section is effective for audits conducted after June 30, 2024.

Sec. 5. Minnesota Statutes 2022, section 349.11, is amended to read:

349.11 PURPOSE.

The purpose of sections 349.11 to 349.22 is to regulate lawful gambling, to ~~insure~~ ensure integrity of operations, ~~and to provide for the use of net profits only for lawful purposes, and to authorize only those games or game features discussed in this chapter.~~

EFFECTIVE DATE. This section is effective for games approved after August 1, 2023.

Sec. 6. Minnesota Statutes 2022, section 349.12, subdivision 12a, is amended to read:

Subd. 12a. **Electronic bingo device.** "Electronic bingo device" means a handheld and portable electronic device that:

- (1) is used by a bingo player to:
 - (i) monitor bingo paper sheets or a facsimile of a bingo paper sheet purchased and played at the time and place of an organization's bingo occasion, or to play an electronic bingo game that is linked with other permitted premises;
 - (ii) activate numbers announced or displayed, and to compare the numbers to the bingo faces previously stored in the memory of the device;
 - (iii) identify a winning bingo pattern or game requirement; and
 - (iv) play against other bingo players;
- (2) limits the play of bingo faces to 36 faces per game;

(3) requires coded entry to activate play but does not allow the use of a coin, currency, or tokens to be inserted to activate play;

(4) may only be used for play against other bingo players in a bingo game;

(5) has no additional function as an amusement or gambling device other than as an electronic pull-tab game defined under section 349.12, subdivision 12c;

(6) has the capability to ensure adequate levels of security internal controls;

(7) has the capability to permit the board to electronically monitor the operation of the device and the internal accounting systems; ~~and~~

(8) has the capability to allow use by a player who is visually impaired; and

(9) contains no spinning reels or other representations that mimic a video slot machine, including but not limited to free plays, bonus games, screens, or game features that are triggered after the initial symbols are revealed that display the results of the game.

EFFECTIVE DATE. This section is effective for games approved after August 1, 2023.

Sec. 7. Minnesota Statutes 2022, section 349.12, subdivision 12b, is amended to read:

Subd. 12b. **Electronic pull-tab device.** "Electronic pull-tab device" means a handheld and portable electronic device that:

(1) is used to play one or more electronic pull-tab games;

(2) requires coded entry to activate play but does not allow the use of coin, currency, or tokens to be inserted to activate play;

(3) requires that a player must individually activate or individually open each electronic pull-tab ticket and each individual line, row, or column of each electronic pull-tab ticket;

(4) maintains information pertaining to accumulated win credits that may be applied to games in play or redeemed upon termination of play;

(5) has no spinning reels or other representations that mimic a video slot machine;

(6) has no additional function as a gambling device other than as an electronic-linked bingo game played on a device defined under section 349.12, subdivision 12a;

(7) may incorporate an amusement game feature as part of the pull-tab game but may not require additional consideration for that feature or award any prize, or other benefit for that feature;

(8) may have auditory or visual enhancements to promote or provide information about the game being played, provided the component does not affect the outcome of a game or display the results of a game;

(9) maintains, on nonresettable meters, a printable, permanent record of all transactions involving each device and electronic pull-tab games played on the device;

(10) is not a pull-tab dispensing device as defined under subdivision 32a; and

(11) has the capability to allow use by a player who is visually impaired.

(b) An electronic pull-tab device must not include representations that mimic the display or user interface of a video slot machine by requiring a player to manually activate the reveal or result of each single row of symbols with a separate and distinct action for each electronic pull-tab ticket.

EFFECTIVE DATE. This section is effective for games approved after August 1, 2023.

Sec. 8. Minnesota Statutes 2022, section 349.12, subdivision 12c, is amended to read:

Subd. 12c. **Electronic pull-tab game.** (a) "Electronic pull-tab game" means a pull-tab game containing:

- (1) facsimiles of pull-tab tickets that are played on an electronic pull-tab device;
- (2) a predetermined, finite number of winning and losing tickets, not to exceed 7,500 tickets;
- (3) the same price for each ticket in the game;
- (4) a price paid by the player of not less than 25 cents per ticket;
- (5) tickets that are in conformance with applicable board rules for pull-tabs;
- (6) winning tickets that comply with prize limits under section 349.211;
- (7) a unique serial number that may not be regenerated;

(8) an electronic flare that displays the game name; form number; predetermined, finite number of tickets in the game; and prize tier; and

(9) no spinning reels or other representations that mimic a video slot machine-, including but not limited to free plays, bonus games, screens, or game features that are triggered after the initial symbols are revealed that display the results of the game;

(10) a mechanism requiring a player to manually activate each electronic pull-tab ticket to be opened; and

(11) a mechanism requiring a player to manually activate the reveal of each single row of symbols with a separate and distinct action.

(b) Each electronic pull-tab game shall include a certification from a board-approved testing laboratory that the game and device meets the standards and requirements established in Minnesota Statutes and Minnesota Rules and is in conformance with game procedures provided by the manufacturer.

EFFECTIVE DATE. This section is effective for games approved after August 1, 2023.

Sec. 9. Minnesota Statutes 2022, section 349.12, is amended by adding a subdivision to read:

Subd. 25e. **Manually activate.** For purposes of this section, "manually activate" means that a person must either touch an icon on the electronic pull-tab device screen or press a button located elsewhere on the electronic pull-tab device, or, exclusively for purposes of accommodating use by a player who is visually impaired, perform some other action that initiates activity on an electronic pull-tab device.

EFFECTIVE DATE. This section is effective for games approved after August 1, 2023.

Sec. 10. Minnesota Statutes 2022, section 349.151, subdivision 4d, is amended to read:

Subd. 4d. **Electronic pull-tab devices and electronic pull-tab game system.** (a) The board may adopt rules it deems necessary to ensure the integrity of electronic pull-tab devices, the electronic pull-tab games played on the devices, and the electronic pull-tab game system necessary to operate them.

(b) The board may not require an organization to use electronic pull-tab devices.

(c) Before authorizing the lease or sale of electronic pull-tab devices and the electronic pull-tab game system, the board shall examine electronic pull-tab devices allowed under section 349.12, subdivision 12b. The board may contract for the examination of the game system and electronic pull-tab devices and may require a working model to be transported to locations the board designates for testing, examination, and analysis. The manufacturer must pay all costs of any testing, examination, analysis, and transportation of the model. The system must be approved by the board before its use in the state and must have the capability to permit the board to electronically monitor its operation and internal accounting systems.

(d) The board may require a manufacturer to submit a certificate from an independent testing laboratory approved by the board to perform testing services, stating that the equipment has been tested, analyzed, and meets the standards required in this chapter and any applicable board rules.

(e) The board, or the director if authorized by the board, may require the deactivation of an electronic pull-tab device for violation of a law or rule and to implement any other controls deemed necessary to ensure and maintain the integrity of electronic pull-tab devices and the electronic pull-tab games played on the devices.

(f) The board, or the director if authorized by the board, may remove any electronic pull-tab device that does not conform to the requirements of section 349.12, subdivision 12b, and any electronic pull-tab device containing games that do not conform to the requirements of section 349.12, subdivision 12c, from the inventories of distributors and organizations.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 11. Minnesota Statutes 2022, section 349.163, is amended by adding a subdivision to read:

Subd. 11. **Electronic pull-tab distributor fees.** (a) Beginning July 1, 2024, a licensed distributor may not charge a licensed organization more than 25 percent of gross profits derived from electronic pull-tab games supplied by the licensed distributor.

(b) A licensed distributor may request a hearing before the board to seek to impose a fee in excess of the limitations established in paragraph (a). Unless otherwise agreed between the licensee and the board, the licensee must submit its request no later than 20 days prior to a scheduled board meeting. The board must grant or deny the licensee's request within 20 days after the hearing is held.

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

Sec. 12. Minnesota Statutes 2022, section 349.163, is amended by adding a subdivision to read:

Subd. 12. **Electronic pull-tab manufacturer audit required.** A manufacturer of electronic pull-tabs licensed under this section must complete and submit an annual system and organization controls audit. The standards of the audit must incorporate and be consistent with standards prescribed by the American Institute of Certified Public Accountants. Audits conducted under this subdivision must be performed by an independent accountant firm licensed in accordance with chapter 326A.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 13. Minnesota Statutes 2022, section 473J.13, subdivision 2, is amended to read:

Subd. 2. **Operating expenses.** (a) The authority must pay or cause to be paid all operating expenses of the stadium. The authority must require in the lease or use agreement with the NFL team that the NFL team pay the authority, beginning January 1, 2016, or other date as mutually agreed upon by the parties, toward operating costs of the stadium, \$8,500,000 each year, increased by a three percent annual inflation rate.

(b) Beginning January 1, 2016, or other date as mutually agreed upon by the parties, and continuing through 2020, the state shall pay the authority operating expenses, \$6,000,000 each year, increased by an annual adjustment factor. ~~The payment of \$6,000,000 per year beginning in 2016 is a payment by the state, which shall be repaid to the state, using funds as provided under section 297A.994, subdivision 4, clause (4).~~ After 2020, the state shall assume this payment, using funds generated in accordance with the city of Minneapolis as specified under section 297A.994, subdivision 4, clause (3).

(c) The authority may establish an operating reserve to cover operating expense shortfalls and may accept funds from any source for deposit in the operating reserve. The establishment or funding of an authority operating reserve must not decrease the amounts required to be paid to the authority toward operating costs under this subdivision unless agreed to by the authority.

(d) The authority will be responsible for operating cost overruns.

(e) After the joint selection of the third-party manager or program manager, the authority may agree with a program manager or other third-party manager of the stadium on a fixed cost operating, management, or employment agreement with operating cost protections under which the program manager or third-party manager assumes responsibility for stadium operating costs and shortfalls. The agreement with the manager must require the manager to prepare an initial and ongoing operating plan and operating budgets for approval by the authority in consultation with the NFL team. The manager must agree to operate the stadium in accordance with the approved operating plan and operating budget.

EFFECTIVE DATE; APPLICATION. This section is effective July 1, 2023. This section does not affect amounts retained for recapture of state advances through June 30, 2023.

Sec. 14. Minnesota Statutes 2022, section 473J.13, subdivision 4, is amended to read:

Subd. 4. **Capital improvements.** (a) The authority shall establish a capital reserve fund. The authority shall be responsible for making, or for causing others to make, all capital repairs, replacements, and improvements for the stadium and stadium infrastructure. The authority shall maintain, or cause others to maintain, the stadium and stadium infrastructure in a safe, clean, attractive, and first-class manner so as to cause them to remain in a condition comparable to that of other comparable NFL facilities of similar design and age. The authority shall make, or cause others to make, all necessary or appropriate repairs, renewals, and replacements, whether structural or nonstructural, interior or exterior, ordinary or extraordinary, foreseen or unforeseen, in a prompt and timely manner. In addition, the authority, with approval of the NFL team, may enter into an agreement with a program manager to perform some or all of the responsibilities of the authority in this subdivision and to assume and accept financial liability for the cost of performing the responsibilities.

(b) The NFL team must contribute \$1,500,000 each year, beginning in 2016 or as otherwise determined for the term of the lease or use agreement to the capital reserve fund, increased by a three percent annual inflation rate.

(c) The state shall contribute \$1,500,000 each year, beginning in 2016 or as otherwise determined for the term of the lease to the capital reserve fund. The contributions of the state are subject to increase by an annual adjustment factor. ~~The contribution under this paragraph by the state from 2016 through 2020 shall be repaid to the state using funds in accordance with section 297A.994, subdivision 4, clause (4).~~

(d) The authority with input from the NFL team shall develop short-term and long-term capital funding plans and shall use those plans to guide the future capital needs of the stadium and stadium infrastructure. The authority shall make the final determination with respect to funding capital needs. Any capital improvement proposed by the NFL team intended primarily to provide revenue enhancements to the NFL team shall be paid for by the NFL team, unless otherwise agreed to with the authority.

(e) The NFL team has authority to determine the design of a retractable roof feature for the stadium. The NFL team must cooperate with the authority in designing the feature to minimize any additional operating cost. The design must not result in a material marginal increase in the operating or capital costs of the stadium, considering current collections and reserves.

EFFECTIVE DATE; APPLICATION. This section is effective July 1, 2023. This section does not affect amounts retained for recapture of state advances through June 30, 2023.

Sec. 15. **LAWFUL GAMBLING; REMOVAL OF INVENTORIES.**

The Gambling Control Board must remove games not meeting the requirements of this article from the inventories of licensed distributors and licensed organizations by December 31, 2024.

Sec. 16. **APPROPRIATION; SECURE PERIMETER.**

\$15,700,000 is appropriated in fiscal year 2023 from the general fund to the commissioner of management and budget to provide for a secure perimeter around the professional football stadium in Minneapolis. The commissioner must allocate these funds to the Minnesota Sports Facilities Authority after notifying the chairs and ranking minority members of the house of representatives Ways and Means Committee and the senate Finance Committee. This is a onetime appropriation.

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

Sec. 17. **APPROPRIATION; OPTIONAL DEBT PAYOFF.**

(a) If the commissioner of management and budget elects to apply an amount from the general reserve account established in Minnesota Statutes, section 297E.021, subdivision 4, to prepay the debt issued under Minnesota Statutes, section 16A.965, during fiscal year 2023, then the commissioner may also use the appropriation in paragraph (b) for the same purpose.

(b) The amount necessary, when added to the amount in the general reserve account established in Minnesota Statutes, section 297E.021, to prepay in fiscal year 2023 the entire debt issued under Minnesota Statutes, section 16A.965, including any accrued interest and associated financing costs, is appropriated from the general fund to the commissioner of management and budget in fiscal year 2023.

(c) This appropriation is only effective to the extent available and to the extent the amount in the general reserve account established in Minnesota Statutes, section 297E.021, is not sufficient to prepay the debt in full in fiscal year 2023, including any accrued interest and associated financing costs.

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

Sec. 18. **REPEALER.**

Minnesota Statutes 2022, sections 16A.965; and 297E.021, are repealed.

EFFECTIVE DATE; NOTIFICATION TO REVISOR. (a) This section is effective 60 days after the commissioner of management and budget certifies that the bonds authorized under Minnesota Statutes, section 16A.965, are no longer outstanding.

(b) The commissioner of management and budget must notify the revisor of statutes within 30 days of the certification under paragraph (a).

ARTICLE 14

TEACHERS RETIREMENT ASSOCIATION; ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION; NORMAL RETIREMENT AGE

Section 1. Minnesota Statutes 2022, section 126C.10, subdivision 37, is amended to read:

Subd. 37. **Pension adjustment revenue.** (a) A school district's pension adjustment revenue equals the sum of:

(1) the greater of zero or the product of:

(i) the difference between the district's adjustment under Minnesota Statutes 2012, section 127A.50, subdivision 1, for fiscal year 2014 per adjusted pupil unit and the state average adjustment under Minnesota Statutes 2012, section 127A.50, subdivision 1, for fiscal year 2014 per adjusted pupil unit; and

(ii) the district's adjusted pupil units for the fiscal year; and

(2) the product of the salaries paid to district employees who were members of the Teachers Retirement Association and the St. Paul Teachers' Retirement Fund Association for the prior fiscal year and the district's pension adjustment rate for the fiscal year. The pension adjustment rate for Independent School District No. 625, St. Paul, equals ~~0.84 percent for fiscal year 2019, 1.67 percent for fiscal year 2020, 1.88 percent for fiscal year 2021, 2.09 percent for fiscal year 2022,~~ 2.3 percent for fiscal year 2023, ~~and 2.5 percent for fiscal year 2024 and fiscal year 2025,~~ and 3.25 percent for fiscal year 2026 and later. The pension adjustment rate for all other districts equals ~~0.21 percent for fiscal year 2019, 0.42 percent for fiscal year 2020, 0.63 percent for fiscal year 2021, 0.84 percent for fiscal year 2022,~~ 1.05 percent for fiscal year 2023, ~~and 1.25 percent for fiscal year 2024 and later~~ 1.05 percent for fiscal year 2023, and 1.25 percent for fiscal year 2024 and later fiscal year 2025, and 2.0 percent for fiscal year 2026 and later.

(b) For fiscal year 2025 ~~and later~~, the state total pension adjustment revenue under paragraph (a), clause (2), must not exceed the amount calculated under paragraph (a), clause (2), for fiscal year 2024. The commissioner must prorate the pension adjustment revenue under paragraph (a), clause (2), so as not to exceed the maximum.

(c) For fiscal year 2026 and fiscal year 2027, the state total pension adjustment revenue under paragraph (a), clause (2), must not be prorated.

(d) For fiscal year 2028 and later, the state total pension adjustment revenue under paragraph (a), clause (2), must not exceed the amount calculated under paragraph (a), clause (2) for fiscal year 2027. The commissioner must prorate the pension adjustment revenue under paragraph (a), clause (2), so as not to exceed the maximum.

(e) Notwithstanding section 123A.26, subdivision 1, a cooperative unit, as defined in section 123A.24, subdivision 2, qualifies for pension adjustment revenue under paragraph (a), clause (2), as if it was a district, and the aid generated by the cooperative unit shall be paid to the cooperative unit.

Sec. 2. Minnesota Statutes 2022, section 354.05, subdivision 38, is amended to read:

Subd. 38. **Normal retirement age.** "Normal retirement age" means age 65 for a person who first became a member of the association or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989. Through June 30, 2025, for a person who first becomes a member of the association after June 30, 1989, normal retirement age means the higher of age 65 or "retirement age," as defined in United States Code, title 42, section 416(l), as amended, but not to exceed age 66. Beginning July 1, 2025, normal retirement age for all members means age 65.

Sec. 3. Minnesota Statutes 2022, section 354.42, subdivision 2, is amended to read:

Subd. 2. **Employee contribution.** (a) The employee contribution to the fund is the following percentage of the member's salary:

Period	Basic Program	Coordinated Program
from July 1, 2014, through June 30, 2023	11 percent	7.5 percent
<u>after June 30, from July 1, 2023, through June 30, 2025</u>	11.25 percent	7.75 percent
<u>after June 30, 2025</u>	<u>11.5 percent</u>	<u>8.0 percent</u>

(b) When an employee contribution rate changes for a fiscal year, the new contribution rate is effective for the entire salary paid for each employer unit with the first payroll cycle reported.

(c) This contribution must be made by deduction from salary. Where any portion of a member's salary is paid from other than public funds, the member's employee contribution must be based on the entire salary received.

Sec. 4. Minnesota Statutes 2022, section 354.42, subdivision 3, is amended to read:

Subd. 3. **Employer.** (a) The regular employer contribution to the fund by Special School District No. 1, Minneapolis, is an amount equal to the applicable following percentage of salary of each coordinated member and the applicable percentage of salary of each basic member specified in paragraph (c).

The additional employer contribution to the fund by Special School District No. 1, Minneapolis, is an amount equal to 3.64 percent of the salary of each teacher who is a coordinated member or who is a basic member.

(b) The regular employer contribution to the fund by Independent School District No. 709, Duluth, is an amount equal to the applicable percentage of salary of each old law or new law coordinated member specified for the coordinated program in paragraph (c).

(c) The employer contribution to the fund for every other employer is an amount equal to the applicable following percentage of the salary of each coordinated member and the applicable following percentage of the salary of each basic member:

Period	Coordinated Member	Basic Member
from July 1, 2014, through June 30, 2018	7.5 percent	11.5 percent
from July 1, 2018, through June 30, 2019	7.71 percent	11.71 percent
from July 1, 2019, through June 30, 2020	7.92 percent	11.92 percent
from July 1, 2020, through June 30, 2021	8.13 percent	12.13 percent
from July 1, 2021, through June 30, 2022	8.34 percent	12.34 percent
from July 1, 2022, through June 30, 2023	8.55 percent	12.55 percent
after June 30 <u>from July 1, 2023, through June 30, 2025</u>	8.75 percent	12.75 percent
<u>after June 30, 2025</u>	<u>9.5 percent</u>	<u>13.5 percent</u>

(d) When an employer contribution rate changes for a fiscal year, the new contribution rate is effective for the entire salary paid for each employer unit with the first payroll cycle reported.

Sec. 5. Minnesota Statutes 2022, section 354A.011, subdivision 15a, is amended to read:

Subd. 15a. **Normal retirement age.** (a) "Normal retirement age" means age 65 for a person who first became a member of the coordinated program of the St. Paul Teachers Retirement Fund Association or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989. Through June 30, 2025, for a person who first became a member of the coordinated program of the St. Paul Teachers Retirement Fund Association after June 30, 1989, normal retirement age means the higher of age 65 or retirement age, as defined in United States Code, title 42, section 416(l), as amended, but not to exceed age 66. Beginning July 1, 2025, for all members of the coordinated program of the St. Paul Teachers Retirement Fund Association, normal retirement age means age 65.

(b) For a person who is a member of the basic program of the St. Paul Teachers Retirement Fund Association, normal retirement age means the age at which a teacher becomes eligible for a normal retirement annuity computed upon meeting the age and service requirements specified in the applicable provisions of the articles of incorporation or bylaws of the teachers retirement fund association.

Sec. 6. Minnesota Statutes 2022, section 354A.12, subdivision 1, as amended by Laws 2023, chapter 45, article 5, section 1, is amended to read:

Subdivision 1. **Employee contributions.** (a) The contribution required to be paid by each member is the percentage of total salary specified below for the applicable program:

Program	Percentage of Total Salary
basic program after June 30, 2016, through June 30, 2023	10 percent
basic program after June 30, 2023, through June 30, 2025	10.25 percent
basic program after June 30, 2025	11.25 <u>11.5</u> percent
coordinated program after June 30, 2016, through June 30, 2023	7.5 percent
coordinated program after June 30, 2023, through June 30, 2025	7.75 percent
coordinated program after June 30, 2025	8.75 <u>9</u> percent

(b) Contributions must be made by deduction from salary and must be remitted directly to the St. Paul Teachers Retirement Fund Association at least once each month.

(c) When an employee contribution rate changes for a fiscal year, the new contribution rate is effective for the entire salary paid by the employer with the first payroll cycle reported.

Sec. 7. Minnesota Statutes 2022, section 354A.12, subdivision 2a, is amended to read:

Subd. 2a. **Employer regular and additional contributions.** (a) The employing units shall make the following employer contributions to the teachers retirement fund association:

(1) for each coordinated member of the St. Paul Teachers Retirement Fund Association, the employing unit shall make a regular employer contribution to the retirement fund association in an amount equal to the designated percentage of the salary of the coordinated member as provided below:

after June 30, 2016	6.25 percent
after June 30, 2017	6.5 percent
after June 30, 2018	7.335 percent
after June 30, 2019	8.17 percent
after June 30, 2020	8.38 percent
after June 30, 2021	8.59 percent
after June 30, 2022	8.8 percent
after June 30, 2023	9 percent
<u>after June 30, 2025</u>	<u>9.75 percent</u>

(2) for each basic member of the St. Paul Teachers Retirement Fund Association, the employing unit shall make a regular employer contribution to the respective retirement fund in an amount according to the schedule below:

after June 30, 2016	9.75 percent of salary
after June 30, 2017	10 percent of salary
after June 30, 2018	10.835 percent of salary
after June 30, 2019	11.67 percent of salary
after June 30, 2020	11.88 percent of salary
after June 30, 2021	12.09 percent of salary
after June 30, 2022	12.3 percent of salary
after June 30, 2023	12.5 percent of salary
<u>after June 30, 2025</u>	<u>13.25 percent of salary</u>

(3) for each basic member of the St. Paul Teachers Retirement Fund Association, the employing unit shall make an additional employer contribution to the respective fund in an amount equal to 3.64 percent of the salary of the basic member;

(4) for each coordinated member of the St. Paul Teachers Retirement Fund Association, the employing unit shall make an additional employer contribution to the respective fund in an amount equal to 3.84 percent of the coordinated member's salary.

(b) The regular and additional employer contributions must be remitted directly to the St. Paul Teachers Retirement Fund Association at least once each month. Delinquent amounts are payable with interest under the procedure in subdivision 1a.

(c) Payments of regular and additional employer contributions for school district or technical college employees who are paid from normal operating funds must be made from the appropriate fund of the district or technical college.

(d) When an employer contribution rate changes for a fiscal year, the new contribution rate is effective for the entire salary paid by the employer with the first payroll cycle reported.

Sec. 8. Minnesota Statutes 2022, section 356.215, subdivision 11, is amended to read:

Subd. 11. **Amortization contributions.** (a) In addition to the exhibit indicating the level normal cost, the actuarial valuation of the retirement plan must contain an exhibit for financial reporting purposes indicating the additional annual contribution sufficient to amortize the unfunded actuarial accrued liability and must contain an exhibit indicating the additional contribution sufficient to amortize the unfunded actuarial accrued liability. For the retirement plans listed in subdivision 8, paragraph (a), but excluding the legislators retirement plan, the Bloomington Fire Department Relief Association, and the local monthly benefit volunteer firefighter relief associations, the additional contribution must be calculated on a level percentage of covered payroll basis by the established date for full funding in effect when the valuation is prepared, assuming annual payroll growth at the applicable percentage rate set forth in the appendix described in subdivision 8, paragraph (c). For the legislators retirement plan, the additional annual contribution must be calculated on a level annual dollar amount basis.

(b) For any retirement plan other than a retirement plan governed by paragraph (d), (e), (f), (g), (h), (i), or (j), if there has not been a change in the actuarial assumptions used for calculating the actuarial accrued

liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, which change or changes by itself or by themselves without inclusion of any other items of increase or decrease produce a net increase in the unfunded actuarial accrued liability of the fund, the established date for full funding is the first actuarial valuation date occurring after June 1, 2020.

(c) For any retirement plan, if there has been a change in any or all of the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, and the change or changes, by itself or by themselves and without inclusion of any other items of increase or decrease, produce a net increase in the unfunded actuarial accrued liability in the fund, the established date for full funding must be determined using the following procedure:

(i) the unfunded actuarial accrued liability of the fund must be determined in accordance with the plan provisions governing annuities and retirement benefits and the actuarial assumptions in effect before an applicable change;

(ii) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the unfunded actuarial accrued liability amount determined under item (i) by the established date for full funding in effect before the change must be calculated using the investment return assumption specified in subdivision 8 in effect before the change;

(iii) the unfunded actuarial accrued liability of the fund must be determined in accordance with any new plan provisions governing annuities and benefits payable from the fund and any new actuarial assumptions and the remaining plan provisions governing annuities and benefits payable from the fund and actuarial assumptions in effect before the change;

(iv) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the difference between the unfunded actuarial accrued liability amount calculated under item (i) and the unfunded actuarial accrued liability amount calculated under item (iii) over a period of 30 years from the end of the plan year in which the applicable change is effective must be calculated using the applicable investment return assumption specified in subdivision 8 in effect after any applicable change;

(v) the level annual dollar or level percentage amortization contribution under item (iv) must be added to the level annual dollar amortization contribution or level percentage calculated under item (ii);

(vi) the period in which the unfunded actuarial accrued liability amount determined in item (iii) is amortized by the total level annual dollar or level percentage amortization contribution computed under item (v) must be calculated using the investment return assumption specified in subdivision 8 in effect after any applicable change, rounded to the nearest integral number of years, but not to exceed 30 years from the end of the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and not to be less than the period of years beginning in the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and ending by the date for full funding in effect before the change; and

(vii) the period determined under item (vi) must be added to the date as of which the actuarial valuation was prepared and the date obtained is the new established date for full funding.

(d) For the general employees retirement plan of the Public Employees Retirement Association, the established date for full funding is June 30, 2048.

(e) For the Teachers Retirement Association, the established date for full funding is June 30, 2048, through June 30, 2025. Beginning July 1, 2025, the established date for full funding is June 30, 2053.

(f) For the correctional state employees retirement plan and the State Patrol retirement plan of the Minnesota State Retirement System, the established date for full funding is June 30, 2048.

(g) For the judges retirement plan, the established date for full funding is June 30, 2048.

(h) For the local government correctional service retirement plan and the public employees police and fire retirement plan, the established date for full funding is June 30, 2048.

(i) For the St. Paul Teachers Retirement Fund Association, the established date for full funding is June 30, 2048.

(j) For the general state employees retirement plan of the Minnesota State Retirement System, the established date for full funding is June 30, 2048.

(k) For the retirement plans for which the annual actuarial valuation indicates an excess of valuation assets over the actuarial accrued liability, the valuation assets in excess of the actuarial accrued liability must be recognized as a reduction in the current contribution requirements by an amount equal to the amortization of the excess expressed as a level percentage of pay over a 30-year period beginning anew with each annual actuarial valuation of the plan.

Sec. 9. **BASE ADJUSTMENT.**

(a) The commissioner of management and budget shall increase the total operations and maintenance base for the Board of Trustees of the Minnesota State Colleges and Universities established in law for fiscal year 2026 and later by \$1,446,000 for increased employer pension contributions to the Teachers Retirement Association.

(b) The commissioner of management and budget shall increase the budget base for the Minnesota State Academies established in law for fiscal year for 2026 and later by \$44,000 for increased employer pension contributions to the Teachers Retirement Association.

(c) The commissioner of management and budget shall increase the total budget base for the Perpich Center for Arts Education established in law for fiscal year 2026 and later by \$12,000 for increased employer pension contributions to the Teachers Retirement Association.

ARTICLE 15

MISCELLANEOUS

Section 1. Minnesota Statutes 2022, section 3.8855, subdivision 4, is amended to read:

Subd. 4. **Duties.** (a) ~~In the first~~ For not more than three years after the commission is established, the commission must complete an initial review of the state's tax expenditures. The initial review must identify the purpose of each of the state's tax expenditures, if none was identified in the enacting legislation in accordance with section 3.192. The commission may also identify metrics for evaluating the effectiveness of an expenditure.

(b) ~~In each year following the initial review under paragraph (a),~~ The commission must review and evaluate Minnesota's tax expenditures on a regular, rotating basis. The commission must establish a review schedule that ensures each tax expenditure will be reviewed by the commission at least once every ten years. The commission may review expenditures affecting similar constituencies or policy areas in the same year, but the commission must review a subset of the tax expenditures within each tax type each year. To the extent possible, the commission must review a similar number of tax expenditures within each tax type each year. The commission may decide not to review a tax expenditure that is adopted by reference to federal law.

(c) Before December 1 of the year a tax expenditure is included in a commission report, the commission must hold a public hearing on the expenditure, including but not limited to a presentation of the review components in subdivision 5.

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

Sec. 2. Minnesota Statutes 2022, section 3.8855, subdivision 7, is amended to read:

Subd. 7. **Report to legislature.** (a) By December 15 of each year, the commission must submit a written report to the legislative committees with jurisdiction over tax policy. The report must detail the results of the commission's review of tax expenditures in for the ~~previous calendar~~ year, including the review components detailed in subdivision 5.

(b) Notwithstanding paragraph (a), during the period of initial review under subdivision 4, the report may be limited to the purpose statements and metrics for evaluating the effectiveness of expenditures, as identified by the commission. The report may also include relevant publicly available data on an expenditure.

(c) The report may include any additional information the commission deems relevant to the review of an expenditure.

(d) The legislative committees with jurisdiction over tax policy must hold a public hearing on the report during the regular legislative session in the year following the year in which the report was submitted.

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

Sec. 3. **[16A.067] TAXPAYER RECEIPT.**

(a) The commissioner, in consultation with the commissioner of revenue, must develop and publish on the Department of Management and Budget's website an interactive taxpayer receipt in accordance with this section. The receipt must describe the share of state general fund expenditures represented by major expenditure categories in the most recent fiscal year for which data is available. The receipt must show the approximate allocation of motor vehicle fuel taxes among eligible transportation purposes.

(b) For each expenditure category, the receipt must include select data on the performance goals and outcomes for the category, based on the goals and outcomes data required under section 16A.10, subdivision 1b.

(c) The website must allow a user to input an income amount, and must estimate the amount of major state taxes paid by the user. The website must allocate the user's estimated state tax liability to each major expenditure category based on the category's percentage share of total state general fund spending. For the purposes of this section, "major state taxes" means income, sales, alcohol, tobacco, and motor vehicle fuels taxes.

(d) Using the income amount entered by the user, the website must estimate the amount of income and direct sales taxes paid based upon the taxpayer's income. The website must allow a user to indicate whether the user used tobacco, consumed alcohol, or purchased motor vehicle fuel in the previous year, and provide a corresponding estimate of the cigarette, alcohol, and motor vehicle fuel taxes paid by the user.

(e) The commissioner of management and budget, in consultation with the commissioner of revenue, must update the receipt by December 31 of each year, and must annually promote to the public the availability of the website.

Sec. 4. Minnesota Statutes 2022, section 270A.03, subdivision 2, is amended to read:

Subd. 2. **Claimant agency.** "Claimant agency" means any state agency, as defined by section 14.02, subdivision 2, the regents of the University of Minnesota, any district court of the state, any county, any statutory or home rule charter city, including a city that is presenting a claim for a municipal hospital or a public library or a municipal ambulance service, a hospital district, ~~a private nonprofit hospital that leases its building from the county or city in which it is located,~~ any ambulance service licensed under chapter 144E, any public agency responsible for child support enforcement, any public agency responsible for the collection of court-ordered restitution, and any public agency established by general or special law that is responsible for the administration of a low-income housing program.

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

Sec. 5. Minnesota Statutes 2022, section 270C.19, subdivision 1, is amended to read:

Subdivision 1. **Taxes paid by Indians.** (a) Notwithstanding any other law which limits the refund of tax, the commissioner is authorized to enter into a tax refund agreement with the governing body of any federally recognized Indian ~~reservation~~ Tribe in Minnesota.

(b) The agreement may provide for:

(1) a mutually agreed-upon amount as a refund to the governing body of an estimate of any sales or excise tax paid by the total resident Indian population on or adjacent to a reservation into the state treasury, Tribal members on transactions occurring on the reservation or on transactions that would occur on the reservation if there was no agreement; or

(2) ~~for~~ an amount which measures the economic value of an agreement by the Tribal government to pay the equivalent of the state sales tax on items included in the sales tax base but exempt on the reservation; notwithstanding any other law which limits the refundment of taxes. The total resident Indian population on or adjacent to a reservation shall be defined according to the United States Department of the Interior, Bureau of Indian Affairs, as determined and stated in its Report on Service Population and Labor Force.

(c) For purposes of this section, "Tribal members" means the number of enrolled members of the Tribe who live on or adjacent to the reservation as defined in the agreement.

(d) In arriving at the refund amount, the commissioner must consider the number of Tribal members as most recently submitted by the Tribe to the commissioner, estimates contained in the tax incidence report under section 270C.13, and any other information available to the commissioner.

EFFECTIVE DATE. This section is effective retroactively for agreements entered into or amended after December 31, 2022.

Sec. 6. Minnesota Statutes 2022, section 270C.52, subdivision 2, is amended to read:

Subd. 2. **Payment agreements.** (a) When any portion of any tax payable to the commissioner together with interest and penalty thereon, if any, has not been paid, the commissioner may extend the time for payment for a further period. When the authority of this section is invoked, the extension shall be evidenced by written agreement signed by the taxpayer and the commissioner, stating the amount of the tax with penalty and interest, if any, and providing for the payment of the amount in installments.

(b) The agreement may contain a confession of judgment for the amount and for any unpaid portion thereof. If the agreement contains a confession of judgment, the confession of judgment must provide that the commissioner may enter judgment against the taxpayer in the district court of the county of residence as shown upon the taxpayer's tax return for the unpaid portion of the amount specified in the extension agreement.

(c) The agreement shall provide that it can be terminated, after notice by the commissioner, if information provided by the taxpayer prior to the agreement was inaccurate or incomplete, collection of the tax covered by the agreement is in jeopardy, there is a subsequent change in the taxpayer's financial condition, the taxpayer has failed to make a payment due under the agreement, or the taxpayer has failed to pay any other tax or file a tax return coming due after the agreement.

(d) The notice must be given at least 14 calendar days prior to termination, and shall advise the taxpayer of the right to request a reconsideration from the commissioner of whether termination is reasonable and appropriate under the circumstances. A request for reconsideration does not stay collection action beyond the 14-day notice period. If the commissioner has reason to believe that collection of the tax covered by the agreement is in jeopardy, the commissioner may proceed under section 270C.36 and terminate the agreement without regard to the 14-day period.

(e) The commissioner may accept other collateral the commissioner considers appropriate to secure satisfaction of the tax liability. The principal sum specified in the agreement shall bear interest at the rate specified in section 270C.40 on all unpaid portions thereof until the same has been fully paid or the unpaid portion thereof has been entered as a judgment. The judgment shall bear interest at the rate specified in section 270C.40.

(f) If it appears to the commissioner that the tax reported by the taxpayer is in excess of the amount actually owing by the taxpayer, the extension agreement or the judgment entered pursuant thereto shall be corrected. If after making the extension agreement or entering judgment with respect thereto, the commissioner determines that the tax as reported by the taxpayer is less than the amount actually due, the commissioner shall assess a further tax in accordance with the provisions of law applicable to the tax.

(g) The authority granted to the commissioner by this section is in addition to any other authority granted to the commissioner by law to extend the time of payment or the time for filing a return and shall not be construed in limitation thereof.

~~(h) The commissioner shall charge a fee for entering into payment agreements. The fee is set at \$50 and is charged for entering into a payment agreement, for entering into a new payment agreement after the taxpayer has defaulted on a prior agreement, and for entering into a new payment agreement as a result of renegotiation of the terms of an existing agreement. The fee is paid to the commissioner before the payment agreement becomes effective and does not reduce the amount of the liability.~~

EFFECTIVE DATE; APPLICATION. This section is effective for payment plans entered into beginning 30 days after the day following final enactment.

Sec. 7. Minnesota Statutes 2022, section 278.01, subdivision 1, is amended to read:

Subdivision 1. **Determination of validity.** (a) Any person having personal property, or any estate, right, title, or interest in or lien upon any parcel of land, who claims that such property has been partially, unfairly, or unequally assessed in comparison with other property in the (1) city, or (2) county, or (3) in the case of a county containing a city of the first class, the portion of the county excluding the first class city, or that the parcel has been assessed at a valuation greater than its real or actual value, or that the tax levied against the same is illegal, in whole or in part, or has been paid, or that the property is exempt from the tax so levied, may have the validity of the claim, defense, or objection determined by the district court of the county in which the tax is levied or by the Tax Court by personally serving one copy of a petition for such determination upon the county auditor, one copy on the county attorney, one copy on the county treasurer, and three copies on the county assessor. The county assessor shall immediately forward one copy of the petition to the appropriate governmental authority in a home rule charter or statutory city or town in which the property is located if that city or town employs its own certified assessor. A copy of the petition shall also be forwarded by the assessor to the school board of the school district in which the property is located. The county auditor may waive personal service of a petition by: (i) agreeing to accept service through an alternative service method; (ii) designating an alternative service method on the county website; or (iii) acknowledging receipt of a petition served through an alternative service method. An alternative service method includes but is not limited to service by email or by an electronic upload to a website designated by the county. Service may be made by any person, including a party to the action.

(b) ~~In counties where the office of county treasurer has been combined with the office of county auditor, the county may elect to require the petitioner to serve the number of copies as determined by the county. Within 30 days after a petition is served and filed, the county auditor must provide a copy of the petition, if a copy has not already been provided, to the county assessor, county treasurer, and the county attorney. The county assessor shall immediately forward one copy of the petition to the appropriate governmental authority in a home rule charter or statutory city or town in which the property is located if that city or town employs its own certified assessor. On or before the first day of July, the county auditor must send a list of petitioned properties, including to the school board of the school district in which the property is located. The list must include the name of the petitioner, the identification number of the property, and the estimated market value; shall be sent on or before the first day of July by the county auditor/treasurer to the school board of the school district in which the property is located of the property.~~

(c) For all counties, the petitioner must file ~~the copies with~~ a copy of the petition and proof of service; of the petition in the office of the court administrator of the district court on or before April 30 of the year in which the tax becomes payable. A petition for determination under this section may be transferred by the district court to the Tax Court. An appeal may also be taken to the Tax Court under chapter 271 at any time following receipt of the valuation notice that county assessors or city assessors having the powers of a county assessor are required by section 273.121 to send to persons whose property is to be included on the assessment roll that year, but prior to May 1 of the year in which the taxes are payable.

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

Sec. 8. Minnesota Statutes 2022, section 279.03, subdivision 1a, is amended to read:

Subd. 1a. **Rate.** (a) Except as provided in ~~paragraph~~ paragraphs (b) and (c), interest on delinquent property taxes, penalties, and costs unpaid on or after January 1 is payable at the per annum rate determined in section 270C.40, subdivision 5. ~~If the rate so determined is less than ten percent, the rate of interest is ten percent.~~ The maximum per annum rate is 14 percent if the rate specified under section 270C.40, subdivision 5, exceeds 14 percent. The rate is subject to change on January 1 of each year.

(b) If a person is the owner of one or more parcels of property on which taxes are delinquent, and the delinquent taxes are more than 25 percent of the prior year's school district levy, interest on the delinquent property taxes, penalties, and costs unpaid is payable at twice the rate determined under paragraph (a) for the year.

(c) A county board, by resolution, may establish an interest rate lower than the interest rate determined under paragraph (a).

EFFECTIVE DATE. This section is effective for property taxes, penalties, and costs determined to be delinquent on or after January 1, 2024.

Sec. 9. Minnesota Statutes 2022, section 282.261, subdivision 2, is amended to read:

Subd. 2. **Interest rate.** (a) Except as provided under paragraph (b), the unpaid balance on any repurchase contract approved by the county board is subject to interest at the rate determined in section 279.03, subdivision 1a. The interest rate is subject to change each year on the unpaid balance in the manner provided for rate changes in section 279.03, subdivision 1a.

(b) A county board, by resolution, or a county auditor, if delegated the responsibility to administer tax-forfeited land assigned to the county board as provided under section 282.135, may establish an interest rate lower than the interest rate determined under paragraph (a).

EFFECTIVE DATE. This section is effective January 1, 2024.

Sec. 10. Minnesota Statutes 2022, section 289A.08, is amended by adding a subdivision to read:

Subd. 18. **Taxpayer receipt.** (a) The commissioner must offer all individual income taxpayers the opportunity to elect to receive information about a taxpayer receipt via email or United States mail. In the manner selected by the taxpayer, the commissioner must provide the taxpayer with information about how to access the taxpayer receipt website established under section 16A.067. The commissioner must allow a taxpayer to elect not to receive information about the receipt.

(b) Both the long and short forms described in subdivision 13 must include the opportunity to elect to receive information about the receipt.

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

Sec. 11. Minnesota Statutes 2022, section 297H.13, subdivision 2, is amended to read:

Subd. 2. **Allocation of revenues.** (a) ~~\$33,760,000, or 70 percent, whichever is greater,~~ Of the amounts remitted under this chapter, 70 percent must be credited to the environmental fund established in section 16A.531, subdivision 1.

(b) In addition to the amounts credited to the environmental fund in paragraph (a), in fiscal year 2024 and later, three percent of the amounts remitted under this chapter shall be deposited into the resource management account in the environmental fund.

(c) The remainder must be deposited into the general fund.

(d) Beginning in fiscal year 2024 and annually thereafter, the money deposited in the resource management account in the environmental fund under paragraph (b) is appropriated to the commissioner of the Pollution

Control Agency for distribution to counties under section 115A.557, subdivision 2, paragraph (a), clauses (1) to (7) and (9) to (11).

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

Sec. 12. **[428B.01] DEFINITIONS.**

Subdivision 1. **Applicability.** As used in sections 428B.01 to 428B.09, the terms in this section have the meanings given them.

Subd. 2. **Activity.** "Activity" means but is not limited to all of the following:

(1) promotion of tourism within the district;

(2) promotion of business activity, including but not limited to tourism, of businesses subject to the service charge within the tourism improvement district;

(3) marketing, sales, and economic development; and

(4) other services provided for the purpose of conferring benefits upon businesses located in the tourism improvement district that are subject to the tourism improvement district service charge.

Subd. 3. **Business.** "Business" means a lodging business as defined by municipal ordinance.

Subd. 4. **Business owner.** "Business owner" means a person recognized by a municipality as the owner of a business.

Subd. 5. **City.** "City" means a home rule charter or statutory city.

Subd. 6. **Clerk.** "Clerk" means the chief clerical officer of the municipality.

Subd. 7. **Governing body.** "Governing body" means, with respect to a city, a city council or other governing body of a city. With respect to a town, governing body means a town board or other governing body of a town. With respect to a county, governing body means a board of commissioners or other governing body of a county.

Subd. 8. **Impacted business owners.** "Impacted business owners" means a majority of business owners located within a proposed or established tourism improvement district.

Subd. 9. **Municipality.** "Municipality" means a county, city, or town.

Subd. 10. **Tourism improvement association.** "Tourism improvement association" means a new or existing and tax-exempt nonprofit corporation, entity, or agency charged with promoting tourism within the tourism improvement district and that is under contract with the municipality to administer the tourism improvement district and implement the activities and improvements listed in the municipality's ordinance.

Subd. 11. **Tourism improvement district.** "Tourism improvement district" means a tourism improvement district established under this chapter.

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

Sec. 13. **[428B.02] ESTABLISHMENT OF TOURISM IMPROVEMENT DISTRICT.**

Subdivision 1. **Ordinance.** (a) Upon a petition by impacted business owners, a governing body of a municipality may adopt an ordinance establishing a tourism improvement district after holding a public hearing on the district. The ordinance must include:

(1) a map that identifies the tourism improvement district boundaries in sufficient detail to allow a business owner to determine whether a business is located within the tourism improvement district boundaries;

(2) the name of the tourism improvement association designated to administer the tourism improvement district and implement the approved activities and improvements;

(3) a list of the proposed activities and improvements in the tourism improvement district;

(4) the time and manner of collecting the service charge and any interest and penalties for nonpayment;

(5) a definition describing the type or class of businesses to be included in the tourism improvement district and subject to the service charge;

(6) the rate, method, and basis of the service charge with intent, and penalties on delinquent payments for the district, including the portion dedicated to covering expenses listed in subdivision 4, paragraph (b); and

(7) the number of years the service charge will be in effect.

(b) If the boundaries of a proposed tourism improvement district overlap with the boundaries of an existing special service district, the tourism improvement district ordinance may list measures to avoid any impediments on the ability of the special service district to continue to provide its services to benefit its property owners.

Subd. 2. **Notice.** A municipality must provide notice of the hearing by publication in at least two issues of the official newspaper of the municipality. The two publications must be two weeks apart and the municipality must hold the hearing at least three days after the last publication. Not less than ten days before the hearing, the municipality must mail, or deliver by electronic means, notice to the business owner of each business subject to the proposed service charge by the tourism improvement district. The notice must include:

(1) a map showing the boundaries of the proposed district;

(2) the time and place of the hearing;

(3) a statement that all interested persons will be given an opportunity to be heard at the hearing regarding the proposed service charge; and

(4) a brief description of the proposed activities, improvements, and service charge.

Subd. 3. **Business owner determination.** A business must provide ownership information to the municipality. A municipality has no obligation to obtain other information regarding the ownership of businesses, and its determination of ownership shall be final for the purposes of this chapter. If this chapter requires the signature of a business owner, the signature of the authorized representative of a business owner is sufficient.

Subd. 4. **Service charges; relationship to services.** (a) A municipality may impose a service charge on a business pursuant to this chapter for the purpose of providing activities and improvements that will provide benefits to a business that is located within the tourism improvement district and subject to the

tourism improvement district service charge. Each business paying a service charge within a district must benefit directly or indirectly from improvements provided by a tourism improvement association, provided, however, the business need not benefit equally. Service charges must be based on a percent of gross business revenue, a fixed dollar amount per transaction, or any other reasonable method based upon benefit and approved by the municipality.

(b) Service charges may be used to cover the costs of collections, as well as other administrative costs associated with operating, forming, or maintaining the district.

Subd. 5. **Public hearing.** At the hearing regarding the adoption of the ordinance establishing a tourism improvement district, business owners and persons affected by the proposed district may testify on issues relevant to the proposed district. The hearing may be adjourned from time to time. The ordinance establishing the district may be adopted at any time within six months after the date of the conclusion of the hearing by a vote of the majority of the governing body of the municipality.

Subd. 6. **Appeal to district court.** Within 45 days after the adoption of the ordinance establishing a tourism improvement district, a person aggrieved, who is not precluded by failure to object before or at the hearing, may appeal to the district court by serving a notice on the clerk of the municipality or governing body. The validity of the tourism improvement district and the service charge imposed under this chapter shall not be contested in an action or proceeding unless the action or proceeding is commenced within 45 days after the adoption of the ordinance establishing a tourism improvement district. The petitioner must file notice with the court administrator of the district court within ten days after its service. The clerk of the municipality must provide the petitioner with a certified copy of the findings and determination of the governing body. The court may affirm the action objected to or, if the petitioner's objections have merit, modify or cancel it. If the petitioner does not prevail on the appeal, the costs incurred shall be charged to the petitioner by the court and judgment entered for them. All objections shall be deemed waived unless presented on appeal.

Subd. 7. **Notice to the commissioner of revenue.** Within 30 days of adoption of the ordinance, the governing body must send a copy of the ordinance to the commissioner of revenue.

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

Sec. 14. **[428B.03] SERVICE CHARGE AUTHORITY; NOTICE; HEARING REQUIREMENT.**

Subdivision 1. **Authority.** A municipality may impose service charges authorized under section 428B.02, subdivision 4, to finance an activity or improvement in the tourism improvement district that is provided by the municipality if the activity or improvement is provided in the tourism improvement district at an increased level of service. The service charges may be imposed in the amount needed to pay for the increased level of service provided by the activity or improvement.

Subd. 2. **Annual hearing requirement; notice.** Beginning one year after the establishment of the tourism improvement district, the municipality must hold an annual public hearing regarding continuation of the service charges in the tourism improvement district. The municipality must provide notice of the hearing by publication in the official newspaper at least seven days before the hearing. The municipality must mail, or deliver by electronic means, notice of the hearing to business owners subject to the service charge at least seven days before the hearing. At the hearing, a person affected by the proposed district may testify on issues relevant to the proposed district. Within six months of the hearing, the municipality may adopt a resolution to continue imposing service charges within the district not exceeding the amount or rate expressed in the notice. For purposes of this section, the notice must include:

- (1) a map showing the boundaries of the district;
- (2) the time and place of the hearing;
- (3) a statement that all interested persons will be given an opportunity to be heard at the hearing regarding the proposed service charge;
- (4) a brief description of the proposed activities and improvements;
- (5) the estimated annual amount of proposed expenditures for activities and improvements;
- (6) the rate of the service charge for the district during the year and the nature and character of the proposed activities and improvements for the district during the year in which service charges are collected;
- (7) the number of years the service charge will be in effect; and
- (8) a statement that the petition requirement of section 428B.07 has either been met or does not apply to the proposed service charge.

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

Sec. 15. **[428B.04] MODIFICATION OF ORDINANCE.**

Subdivision 1. Adoption of ordinance; request for modification. Upon written request of the tourism improvement association, the governing body of a municipality may adopt an ordinance to modify the district after conducting a public hearing on the proposed modifications. If the modification includes a change to the rate, method, and basis of imposing the service charge or the expansion of the tourism improvement district's geographic boundaries, a petition as described in section 428B.07 must be submitted by impacted business owners to initiate proceedings for modification.

Subd. 2. Notice of modification. A municipality must provide notice of the hearing by publication in at least two issues of the municipality's official newspaper. The two publications must be two weeks apart and the municipality must hold a hearing at least three days after the last publication. Not less than ten days before the hearing, the municipality must mail, or deliver by electronic means, notice to the business owner of each business subject to the service charge by the tourism improvement district. The notice must include:

- (1) a map showing the boundaries of the district and any proposed changes to the boundaries of the district;
- (2) the time and place of the hearing;
- (3) a statement that all interested persons will be given an opportunity to be heard at the hearing regarding the proposed service charge; and
- (4) a brief description of the proposed modification to the ordinance.

Subd. 3. Hearing on modification. At the hearing regarding modification to the ordinance, business owners and persons affected by the proposed modification may testify on issues relevant to the proposed modification. Within six months after the conclusion of the hearing, the municipality may adopt the ordinance modifying the district by a vote of the majority of the governing body in accordance with the request for modification by the tourism improvement association and as described in the notice.

Subd. 4. Objection. If the modification of the ordinance includes the expansion of the tourism improvement district's geographic boundaries, the ordinance modifying the district may be adopted after

following the notice and veto requirements in section 428B.08; however, a successful objection will be determined based on a majority of business owners who will pay the service charge in the expanded area of the district. For all other modifications, the ordinance modifying the district may be adopted following the notice and veto requirements in section 428B.08.

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

Sec. 16. [428B.05] COLLECTION OF SERVICE CHARGES; PENALTIES.

The service charges imposed under this chapter may be collected by the municipality, tourism improvement association, or other designated agency or entity. Collection of the service charges must be made at the time and in the manner set forth in the ordinance. The entity collecting the service charges may charge interest and penalties on delinquent payments for service charges imposed under this chapter as set forth in the municipality's ordinance.

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

Sec. 17. [428B.06] TOURISM IMPROVEMENT ASSOCIATION.

Subdivision 1. **Composition and duties.** The tourism improvement association must be designated in the municipality's ordinance. The tourism improvement association shall appoint a governing board or committee composed of a majority of business owners who pay the tourism improvement district service charge, or the representatives of those business owners. The governing board or committee must manage the funds raised by the tourism improvement district and fulfill the obligations of the tourism improvement district. A tourism improvement association has full discretion to select the specific activities and improvements that are funded with tourism improvement district service charges within the authorized activities and improvements described in the ordinance.

Subd. 2. **Annual report.** The tourism improvement association must submit to the municipality an annual report for each year in which a service charge is imposed. The report must include a financial statement of revenue raised by the district. The municipality may also, as part of the enabling ordinance, require the submission of other relevant information related to the association.

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

Sec. 18. [428B.07] PETITION REQUIRED.

A municipality may not establish a tourism improvement district under section 428B.02 unless impacted business owners file a petition requesting a public hearing on the proposed action with the clerk of the municipality.

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

Sec. 19. [428B.08] VETO POWER OF OWNERS.

Subdivision 1. **Notice of right to file objections.** The effective date of an ordinance or resolution adopted under this chapter must be at least 45 days after it is adopted by the municipality. Within five days after the municipality adopts the ordinance or resolution, the municipality must mail a summary of the ordinance or resolution to each business owner subject to the service charge within the tourism improvement district in the same manner that notice is mailed, or delivered by electronic means, under section 428B.02. The mailing must include a notice that business owners subject to the service charge have the right to veto,

by a simple majority, the ordinance or resolution by filing the required number of objections with the clerk of the municipality before the effective date of the ordinance or resolution and include notice that a copy of the ordinance or resolution is available for public inspection with the clerk of the municipality.

Subd. 2. **Requirements for veto.** If impacted business owners file an objection to the ordinance or resolution before the effective date of the ordinance or resolution, the ordinance or resolution does not become effective.

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

Sec. 20. [428B.09] DISESTABLISHMENT.

Subdivision 1. **Procedure for disestablishment.** An ordinance adopted under this chapter must provide a 30-day period each year in which business owners subject to the service charge may request disestablishment of the district. Beginning one year after establishment of the tourism improvement district, an annual 30-day period of disestablishment begins with the anniversary of the date of establishment. Upon submission of a petition from impacted business owners, the municipality may disestablish a tourism improvement district by adopting an ordinance after holding a public hearing on the disestablishment. Prior to the hearing, the municipality must publish notice of the hearing on disestablishment in at least two issues of the municipality's official newspaper. The two publications must be two weeks apart and the municipality must hold the hearing at least three days after the last publication. Not less than ten days before the hearing, the municipality must mail, or deliver by electronic means, notice to the business owner of each business subject to the service charge. The notice must include:

(1) the time and place of the hearing;

(2) a statement that all interested persons will be given an opportunity to be heard at the hearing regarding disestablishment;

(3) the reason for disestablishment; and

(4) a proposal to dispose of any assets acquired with the revenues of the service charge imposed under the tourism improvement district.

Subd. 2. **Objection.** An ordinance disestablishing the tourism improvement district becomes effective following the notice and veto requirements in section 428B.08.

Subd. 3. **Refund to business owners.** (a) Upon the disestablishment of a tourism improvement district, any remaining revenues derived from the service charge, or any revenues derived from the sale of assets acquired with the service charge revenues, shall be refunded to business owners located and operating within the tourism improvement district in which service charges were imposed by applying the same method and basis that was used to calculate the service charges levied in the fiscal year in which the district is disestablished.

(b) If the disestablishment occurs before the service charge is imposed for the fiscal year, the method and basis that was used to calculate the service charge imposed in the immediate prior fiscal year shall be used to calculate the amount of a refund, if any.

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

Sec. 21. **[428B.10] COORDINATION OF DISTRICTS.**

If a county establishes a tourism improvement district in a city or town under this chapter, a city or town may not establish a tourism improvement district in the part of the city or town located in the county-established district. If a city or town establishes a tourism improvement district under this chapter, a county may not establish a tourism improvement district in the part of the city or town located in the city- or town-established district.

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

Sec. 22. Minnesota Statutes 2022, section 462A.38, is amended to read:

462A.38 WORKFORCE AND AFFORDABLE HOMEOWNERSHIP DEVELOPMENT PROGRAM.

Subdivision 1. **Establishment.** A workforce and affordable homeownership development program is established to award homeownership development grants and loans to cities, tribal governments, nonprofit organizations, cooperatives created under chapter 308A or 308B, and community land trusts created for the purposes outlined in section 462A.31, subdivision 1, for development of workforce and affordable homeownership projects. The purpose of the program is to increase the supply of workforce and affordable, owner-occupied multifamily or single-family housing throughout Minnesota.

Subd. 2. **Use of funds.** (a) Grant funds and loans awarded under this program may be used for:

- (1) development costs;
- (2) rehabilitation;
- (3) land development; and
- (4) residential housing, including storm shelters and related community facilities.

(b) A project funded through ~~the grant~~ this program shall serve households that meet the income limits as provided in section 462A.33, subdivision 5, unless a project is intended for the purpose outlined in section 462A.02, subdivision 6.

Subd. 3. **Application.** The commissioner shall develop forms and procedures for soliciting and reviewing applications for grants and loans under this section. The commissioner shall consult with interested stakeholders when developing the guidelines and procedures for the program. In making grants and loans, the commissioner shall establish semiannual application deadlines in which grants and loans will be authorized from all or part of the available appropriations.

Subd. 4. **Awarding grants and loans.** Among comparable proposals, preference must be given to proposals that include contributions from nonstate resources for the greatest portion of the total development cost.

Subd. 5. **Statewide program.** The agency shall attempt to make grants and loans in approximately equal amounts to applicants outside and within the metropolitan area, as defined under section 473.121, subdivision 2.

Subd. 6. **Report.** Beginning January 15, ~~2018~~ 2024, the commissioner must annually submit a report to the chairs and ranking minority members of the senate and house of representatives committees having

jurisdiction over housing and workforce development specifying the projects that received grants and loans under this section and the specific purposes for which the grant or loan funds were used.

Subd. 7. **Workforce and affordable homeownership development account.** A workforce and affordable homeownership development account is established in the housing development fund. Money in the account, including interest, is appropriated to the commissioner of the Housing Finance Agency for the purposes of this section. The amount appropriated under this section must supplement traditional sources of funding for this purpose and must not be used as a substitute for traditional sources of funding or to pay debt service on bonds. All loan repayments received under this section are to be deposited into the workforce and affordable homeownership development account in the housing development fund. A borrower under this section may, instead of repaying its loan, spend the money on a qualifying project under subdivision 2.

EFFECTIVE DATE. This section is effective July 1, 2023.

Sec. 23. DEPARTMENT OF REVENUE FREE FILING REPORT.

Subdivision 1. **Department of Revenue free filing report.** (a) By January 15, 2024, the commissioner of revenue must provide a written report to the chairs and ranking minority members of the legislative committees with jurisdiction over taxes. The report must comply with the requirements of Minnesota Statutes, sections 3.195 and 3.197, and must also provide information on free electronic filing options for preparing and filing Minnesota individual income tax returns.

(b) The commissioner must survey tax preparation software vendors for information on a free electronic preparation and filing option for taxpayers to file Minnesota individual income tax returns. The survey must request information from vendors that addresses the following concerns:

- (1) system development, capability, security, and costs for consumer-based tax filing software;
- (2) costs per return that would be charged to the state of Minnesota to provide an electronic individual income tax return preparation, submission, and payment remittance process;
- (3) providing customer service and issue resolution to taxpayers using the software;
- (4) providing and maintaining an appropriate link between the Department of Revenue and the Internal Revenue Service Modernized Electronic Filing Program;
- (5) ensuring that taxpayer return information is maintained and protected as required by Minnesota Statutes, chapters 13 and 270B, Internal Revenue Service Publication 1075, and any other applicable requirements; and
- (6) current availability of products for the free filing and submitting of both Minnesota and federal returns offered to customers and the income thresholds for using those products.

(c) The report by the commissioner must include at a minimum:

- (1) a review of options that other states use for state electronic filing;
- (2) an assessment of taxpayer needs for electronic filing, including current filing practices;
- (3) an analysis of alternative options to provide free filing, such as tax credits, vendor incentives, or other benefits; and
- (4) an analysis of the Internal Revenue Service Free File Program usage.

Subd. 2. **Appropriation; Department of Revenue free filing report.** \$175,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of revenue for the free filing report required under this section. This is a onetime appropriation.

Sec. 24. TAX FILING MODERNIZATION.

Subdivision 1. **Account established; appropriation.** A tax filing modernization account is established in the special revenue fund. All funds in the tax filing modernization account are appropriated to the commissioner of revenue for the purposes specified in subdivision 3.

Subd. 2. **Transfer.** \$5,000,000 in fiscal year 2024 is transferred to the tax filing modernization account from the general fund. This is a onetime transfer.

Subd. 3. **Eligible uses.** (a) The commissioner of revenue may use funds in the tax filing modernization account to modernize the state process for filing individual income tax returns, including:

(1) updating and reviewing changes to individual income tax forms resulting from this act;

(2) coordinating the process for filing state individual income tax returns with free filing options for the federal income tax; and

(3) development and implementation of state free filing options for the individual income tax.

(b) Beginning July 1, 2026, the commissioner of revenue may use any unspent funds in the tax filing modernization account to make taxpayer assistance grants to eligible organizations qualifying under section 7526A(e)(2)(B) of the Internal Revenue Code.

Subd. 4. **Unspent funds.** Any unspent funds in the tax filing modernization account cancel to the general fund on June 30, 2027.

Sec. 25. RAMSEY COUNTY; EXTENDING REDEMPTION PERIODS OF PROPERTIES IN TARGETED COMMUNITIES.

The period of redemption under Minnesota Statutes, chapter 281, shall be three years for all lands in Ramsey County that are located in a targeted community as defined in Minnesota Statutes, section 469.201, subdivision 10, and that are sold to the state in a tax judgment sale as a result of delinquency in paying taxes for taxes payable year 2023 or later.

EFFECTIVE DATE. This section is effective the day after the governing body of Ramsey County and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3, but any compliance with these requirements must be completed no later than December 31, 2023.

Sec. 26. FINANCIAL REVIEW OF GRANT AND BUSINESS SUBSIDY RECIPIENTS.

Subdivision 1. **Definitions.** The definitions in Minnesota Statutes, section 16B.981, apply to this section.

Subd. 2. **Financial review.** A grant funded by an appropriation in this act is subject to the financial review requirements of Minnesota Statutes, section 16B.981, as applicable, notwithstanding the effective date for enactment of Minnesota Statutes, section 16B.981.

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

Sec. 27. APPROPRIATION; TAXPAYER RECEIPT.

\$144,000 in fiscal year 2024 and \$47,000 in fiscal year 2025 are appropriated from the general fund to the commissioner of management and budget to develop and publish the taxpayer receipt under Minnesota Statutes, section 16A.067.

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

Sec. 28. APPROPRIATION; WORKFORCE AND AFFORDABLE HOMEOWNERSHIP DEVELOPMENT PROGRAM.

\$40,000,000 in fiscal year 2024 is appropriated from the general fund to the Minnesota Housing Finance Agency for deposit in the workforce and affordable homeownership development account for the purposes of the workforce and affordable homeownership development program under Minnesota Statutes, section 462A.38.

Sec. 29. APPROPRIATION; CRANE LAKE WATER AND SANITARY DISTRICT DEBT RELIEF.

(a) \$1,294,000 in fiscal year 2024 is appropriated from the general fund to the Public Facilities Authority for a grant to the Crane Lake Water and Sanitary District to retire debt of the district in order to bring the district's monthly wastewater rates in line with those of similarly situated facilities across the state. This is a onetime appropriation.

(b) If the appropriation in this section is enacted more than once during the 2023 regular session for substantially similar purposes, the appropriation is to be given effect only once.

Sec. 30. APPROPRIATION; CITY OF MINNEAPOLIS; GRANT.

(a) \$10,000,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of employment and economic development for a grant to the city of Minneapolis. This is a onetime appropriation. The grant must be paid by July 15, 2023. The city of Minneapolis may use up to one percent of the grant for administrative costs.

(b) Of the amount granted to the city of Minneapolis under paragraph (a), \$8,000,000 must be used for a grant to a foundation that provides business advising, branding and marketing support, and real estate consulting to businesses located on Lake Street in Minneapolis, between 30th Avenue South and Nicollet Avenue. The organization must use the funds for direct business support or direct corridor support, including assistance with marketing, placemaking, and public relations services.

(c) Of the amount granted to the city of Minneapolis under paragraph (a), \$2,000,000 must be used for property acquisition in the city of Minneapolis at 1860 28th Street East and 2717 Longfellow Avenue.

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

Sec. 31. APPROPRIATION; CITY OF NORTHFIELD; GRANT.

(a) \$300,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of revenue for a grant to the city of Northfield. This is a onetime appropriation. The grant must be paid by July 15, 2023.

(b) The grant under this section must be used by the city of Northfield to pay for infrastructure related to a cooperatively owned manufactured home park.

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

Sec. 32. APPROPRIATION; CITY OF SPRING GROVE FIRE REMEDIATION GRANT.

\$250,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of revenue for a grant to the city of Spring Grove to remediate the effects of the fire in the city on December 22, 2022. The grant recipient must use the money appropriated under this section for remediation costs incurred by public or private entities as a result of the fire, including disaster recovery, infrastructure, reimbursement for emergency personnel costs, reimbursement for equipment costs, and reimbursement for property tax abatements. This appropriation is onetime and is available until June 30, 2025.

EFFECTIVE DATE. This section is effective July 1, 2023.

Sec. 33. APPROPRIATION; CITY OF WINDOM.

(a) \$13,000,000 in fiscal year 2023 is appropriated from the general fund to the commissioner of employment and economic development for a grant to the city of Windom to be allocated as provided under paragraph (b). This appropriation is onetime and is available until June 30, 2025.

(b) Of the amount appropriated under paragraph (a):

(1) \$10,000,000 must be used by the city to facilitate completion of the Windom HyLife Affordable Housing Development;

(2) \$2,000,000 must be used by the city for repayment of loans issued to the city from the Public Facilities Authority for wastewater improvements related to the HyLife Foods Windom processing plant; and

(3) \$1,000,000 must be used by the city for recruitment efforts including locating and securing a purchaser of the HyLife Foods Windom processing plant.

(c) The appropriations under paragraph (b), clauses (1) and (2), are contingent upon certification from the city that Hylife Foods has not entered into a contract to transfer ownership of the Hylife Foods Windom processing plant. Certification from the city to the commissioner of revenue must be made on or before July 1, 2023.

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

Sec. 34. APPROPRIATION; WINDOM SCHOOL DISTRICT.

Subdivision 1. **Department of Education.** The sum indicated in this section is appropriated from the general fund to the Department of Education for the fiscal year designated.

Subd. 2. **Windom School District onetime supplemental aid.** (a) For aid to Independent School District No. 177, Windom:

\$	<u>1,000,000</u>	<u>.....</u>	<u>2024</u>
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(b) For fiscal year 2024 only, Windom School District's onetime supplemental aid equals the greater of zero or the product of: (1) \$10,000, and (2) the difference between the October 1, 2022, pupil enrollment count and the October 1, 2023, pupil enrollment count. The amount calculated under this paragraph must not exceed \$1,000,000.

(c) 100 percent of the aid must be paid in the current year.

(d) This is a onetime appropriation.

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

Sec. 35. **ADMINISTRATIVE APPROPRIATION; DEPARTMENT OF REVENUE.**

\$3,000,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of revenue to administer this act. The base for this appropriation in fiscal year 2026 is \$3,000,000.

Sec. 36. **REPEALER.**

Minnesota Statutes 2022, section 270A.04, subdivision 5, is repealed.

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

ARTICLE 16

DEPARTMENT OF REVENUE: INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES

Section 1. Minnesota Statutes 2022, section 289A.50, is amended by adding a subdivision to read:

Subd. 3a. **Nonresident withholding tax refunds.** When there is an overpayment of nonresident withholding tax by a partnership or S corporation, a refund allowable under this section to the payor is limited to the amount of the overpayment that was not deducted and withheld from the shares of the payor's partners or shareholders.

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

Sec. 2. Minnesota Statutes 2022, section 290.06, subdivision 22, is amended to read:

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

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

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

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

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

(e) In the case of the tax assessed on a lump-sum distribution under section 290.032, the credit allowed under paragraph (a) is the tax assessed by the other state on the lump-sum distribution that is also subject to tax under section 290.032, and shall not exceed the tax assessed under section 290.032. To the extent the total lump-sum distribution defined in section 290.032, subdivision 1, includes lump-sum distributions received in prior years or is all or in part an annuity contract, the reduction to the tax on the lump-sum distribution allowed under section 290.032, subdivision 2, includes tax paid to another state that is properly apportioned to that distribution.

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

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

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

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

(1) includes:

(i) the District of Columbia; and

(ii) a province or territory of Canada; but

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

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

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

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

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

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

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

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

(m) For purposes of this subdivision, a resident sole member of a disregarded limited liability company must be considered to have paid a tax imposed on the sole member in an amount equal to the net income tax paid by the disregarded limited liability company to another state. For the purposes of this paragraph, the term "disregarded limited liability company" means a limited liability company that is disregarded as an entity separate from its owner as defined in Code of Federal Regulations, title 26, section 301.7701, and "net income tax" means any tax imposed on or measured by a disregarded limited liability company's net income.

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

Sec. 3. Minnesota Statutes 2022, section 290.92, subdivision 20, is amended to read:

Subd. 20. **Miscellaneous withholding arrangements.** (a) For purposes of this subdivision:

(1) "periodic payment" means a payment as defined under section 3405(e)(2) of the Internal Revenue Code;

(2) "nonperiodic distribution" means a distribution as defined under section 3405(e)(3) of the Internal Revenue Code; and

(3) "sick pay" means any amount which:

(i) is paid to an employee pursuant to a plan to which the employer is a party; and

(ii) constitutes remuneration or a payment in lieu of remuneration for any period during which the employee is temporarily absent from work on account of sickness or personal injuries.

~~(a)~~ (b) For purposes of this section, any periodic payment or nonperiodic distribution to an individual as defined under section 3405(e)(2) or (3) of the Internal Revenue Code shall be treated as if it were a payment of wages by an employer to an employee for a payroll period, and it is subject to withholding at a rate of 6.25 percent or any rate specified by the recipient. Any payment to an individual of sick pay which does not constitute wages, determined without regard to this subdivision, shall be treated as if it were a

payment of wages by an employer to an employee for a payroll period, if, at the time the payment is made a request that such sick pay be subject to withholding under this section is in effect. ~~Sick pay means any amount which:~~

~~(1) is paid to an employee pursuant to a plan to which the employer is a party, and~~

~~(2) constitutes remuneration or a payment in lieu of remuneration for any period during which the employee is temporarily absent from work on account of sickness or personal injuries.~~

~~(b)~~ (c) A request for withholding, the amount withheld, and sick pay paid pursuant to certain collective bargaining agreements shall conform with the provisions of section 3402(o)(3), (4), and (5) of the Internal Revenue Code.

~~(e)~~ (d) The commissioner is authorized by rules to provide for withholding:

(1) from remuneration for services performed by an employee for the employer which, without regard to this subdivision, does not constitute wages, and

(2) from any other type of payment with respect to which the commissioner finds that withholding would be appropriate under the provisions of this section, if the employer and the employee, or in the case of any other type of payment the person making and the person receiving the payment, agree to such withholding. Such agreement shall be made in such form and manner as the commissioner may by rules provide. For purposes of this section remuneration or other payments with respect to which such agreement is made shall be treated as if they were wages paid by an employer to an employee to the extent that such remuneration is paid or other payments are made during the period for which the agreement is in effect.

~~(d)~~ (e) An individual receiving a periodic payment or nonperiodic distribution under paragraph ~~(a)~~ (b) may elect to have paragraph ~~(a)~~ (b) not apply to the payment or distribution ~~as follows~~, and an election remains in effect until revoked by such individual.

~~(1) For payments defined under section 3405(e)(2) of the Internal Revenue Code, an election remains in effect until revoked by such individual.~~

~~(2) For distributions defined under section 3405(e)(3) of the Internal Revenue Code, the election is on a distribution-by-distribution basis.~~

EFFECTIVE DATE; APPLICATION. (a) This section is effective for periodic payments and nonperiodic distributions made on or after the day following final enactment.

(b) For periodic payments and nonperiodic distributions made on or after the day following final enactment but before January 1, 2024, the commissioner of revenue must not assess penalties relating to this amendment against a payor who complies with Minnesota Statutes 2021 Supplement, section 290.92, subdivision 20.

Sec. 4. Minnesota Statutes 2022, section 290.9705, subdivision 1, is amended to read:

Subdivision 1. **Withholding of payments to out-of-state contractors.** (a) In this section, "person" means a person, corporation, or cooperative, the state of Minnesota and its political subdivisions, and a city, county, and school district in Minnesota.

(b) A person who in the regular course of business is hiring, contracting, or having a contract with a nonresident person or ~~foreign corporation~~ a corporation or cooperative created or organized outside Minnesota, to perform construction work in Minnesota, shall deduct and withhold eight percent of payments made to the contractor if the value of the contract exceeds \$50,000.

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

Sec. 5. Minnesota Statutes 2022, section 290A.03, subdivision 13, is amended to read:

Subd. 13. **Property taxes payable.** "Property taxes payable" means the property tax exclusive of special assessments, penalties, and interest payable on a claimant's homestead after deductions made under sections 273.135, 273.1384, 273.1391, 273.42, subdivision 2, and any other state paid property tax credits in any calendar year, and after any refund claimed and allowable under section 290A.04, subdivision 2h, that is first payable in the year that the property tax is payable. In the case of a claimant who makes ground lease payments, "property taxes payable" includes the amount of the payments directly attributable to the property taxes assessed against the parcel on which the house is located. Regardless of the limitations in section 280A(c)(5) of the Internal Revenue Code, "property taxes payable" must be apportioned or reduced for the use of a portion of the claimant's homestead for a business purpose if the claimant deducts any business depreciation expenses for the use of a portion of the homestead or deducts expenses under section 280A of the Internal Revenue Code for a business operated in the claimant's homestead. For homesteads which are manufactured homes as defined in section 273.125, subdivision 8, including manufactured homes located in a manufactured home community owned by a cooperative organized under chapter 308A or 308B, and park trailers taxed as manufactured homes under section 168.012, subdivision 9, "property taxes payable" shall also include 17 percent of the gross rent paid in the preceding year for the site on which the homestead is located. When a homestead is owned by two or more persons as joint tenants or tenants in common, such tenants shall determine between them which tenant may claim the property taxes payable on the homestead. If they are unable to agree, the matter shall be referred to the commissioner of revenue whose decision shall be final. Property taxes are considered payable in the year prescribed by law for payment of the taxes.

In the case of a claim relating to "property taxes payable," the claimant must have owned and occupied the homestead on January 2 of the year in which the tax is payable and (i) the property must have been classified as homestead property pursuant to section 273.124, on or before December ~~15~~ 31 of the assessment year to which the "property taxes payable" relate; or (ii) the claimant must provide documentation from the local assessor that application for homestead classification has been made on or before December ~~15~~ 31 of the year in which the "property taxes payable" were payable and that the assessor has approved the application.

EFFECTIVE DATE. This section is effective retroactively for refund claims based on property taxes payable in 2022 and thereafter.

ARTICLE 17

DEPARTMENT OF REVENUE: FIRE AND POLICE STATE AIDS

Section 1. Minnesota Statutes 2022, section 6.495, subdivision 3, is amended to read:

Subd. 3. **Report Reports to commissioner of revenue.** (a) On or before September 15, November 1, March 1, and June 1, the state auditor shall must file with the commissioner of revenue a financial compliance report certifying for each relief association:

(1) the completion of the annual financial report required under section 424A.014 and the auditing or certification of those financial reports under subdivision 1; and

(2) the receipt of any actuarial valuations required under section 424A.093 or Laws 2013, chapter 111, article 5, sections 31 to 42.

(b) The commissioner of revenue shall prescribe the content, format, and manner of the financial compliance reports required by paragraph (a), pursuant to section 270C.30.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 2. Minnesota Statutes 2022, section 477B.01, is amended by adding a subdivision to read:

Subd. 1a. **Apportionment agreement.** "Apportionment agreement" means an agreement between two or more fire departments that provide contracted fire protection service to the same municipality and establishes the percentage of the population and the percentage of the estimated market value within the municipality serviced by each fire department.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 3. Minnesota Statutes 2022, section 477B.01, subdivision 5, is amended to read:

Subd. 5. **Fire department.** (a) "Fire department" ~~includes~~ means:

- (1) a municipal fire department ~~and~~;
- (2) an independent nonprofit firefighting corporation;
- (3) a fire department established as or operated by a joint powers entity; or
- (4) a fire protection special taxing district established under chapter 144F or special law.
- (b) This subdivision only applies to this chapter.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 4. Minnesota Statutes 2022, section 477B.01, is amended by adding a subdivision to read:

Subd. 7a. **Joint powers entity.** "Joint powers entity" means a joint powers entity created under section 471.59.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 5. Minnesota Statutes 2022, section 477B.01, subdivision 10, is amended to read:

Subd. 10. **Municipality.** (a) "Municipality" means:

- (1) a home rule charter or statutory city;
 - (2) an organized town;
 - (3) ~~a park district subject to chapter 398~~ a joint powers entity;
 - (4) ~~the University of Minnesota~~ a fire protection special taxing district; and or
 - (5) an American Indian tribal government entity located within a federally recognized American Indian reservation.
- (b) This subdivision only applies to this chapter ~~477B~~.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 6. Minnesota Statutes 2022, section 477B.01, subdivision 11, is amended to read:

Subd. 11. **Secretary.** (a) "Secretary" means:

(1) the secretary of an independent nonprofit firefighting corporation that has a subsidiary incorporated firefighters' relief association or whose firefighters participate in the statewide volunteer firefighter plan;
or

(2) the secretary of a joint powers entity or fire protection special taxing district or, if there is no such person, the person primarily responsible for managing the finances of a joint powers entity or fire protection special taxing district.

(b) This subdivision only applies to this chapter.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 7. Minnesota Statutes 2022, section 477B.02, subdivision 2, is amended to read:

Subd. 2. **Establishment of fire department.** (a) An independent nonprofit firefighting corporation must be created under the nonprofit corporation act of this state operating for the exclusive purpose of firefighting, or the governing body of a municipality must officially establish a fire department.

(b) The fire department must have provided firefighting services for at least one calendar year, and must have a current fire department identification number issued by the state fire marshal.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 8. Minnesota Statutes 2022, section 477B.02, subdivision 3, is amended to read:

Subd. 3. ~~**Personnel and Benefits requirements.** (a) A fire department must have a minimum of ten paid or volunteer firefighters, including a fire chief and assistant fire chief.~~

~~(b) The fire department must have regular scheduled meetings and frequent drills that include instructions in firefighting tactics and in the use, care, and operation of all fire apparatus and equipment.~~

~~(c)~~ (a) The fire department must have a separate subsidiary incorporated firefighters' relief association that provides retirement benefits or must participate in the statewide volunteer firefighter plan; or if the municipality solely employs full-time firefighters as defined in section 299N.03, subdivision 5, retirement coverage must be provided by the public employees police and fire retirement plan. For purposes of retirement benefits, a fire department may be associated with only one volunteer firefighters' relief association or one account in the voluntary statewide volunteer firefighter retirement plan at one time.

~~(d)~~ (b) Notwithstanding paragraph ~~(c)~~ (a), a municipality without a relief association as described under section 424A.08, paragraph (a), may still qualify to receive fire state aid if all other requirements of this section are met.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 9. Minnesota Statutes 2022, section 477B.02, is amended by adding a subdivision to read:

Subd. 4a. **Public safety answering point requirement.** The fire department must be dispatched by a public safety answering point as defined in section 403.02, subdivision 19.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 10. Minnesota Statutes 2022, section 477B.02, subdivision 5, is amended to read:

Subd. 5. **Fire service contract or agreement; apportionment agreement filing requirement requirements.** (a) Every municipality or independent nonprofit firefighting corporation must file a copy of any duly executed and valid fire service contract or agreement with the commissioner (1) a copy of any duly executed and valid fire service contracts, (2) written notification of any fire service contract terminations, and (3) written notification of any dissolution of a fire department, within 60 days of contract execution or termination, or department dissolution.

(b) If more than one fire department provides service to a municipality, the fire departments furnishing service must enter into an agreement apportioning among themselves the percentage of the population and the percentage of the estimated market value of each shared service fire department service area. The agreement must be in writing and must be filed file an apportionment agreement with the commissioner.

(c) When a municipality is a joint powers entity, it must file its joint powers agreement with the commissioner. If the joint powers agreement does not include sufficient information defining the fire department service area of the joint powers entity for the purposes of calculating fire state aid, the secretary must file a written statement with the commissioner defining the fire department service area.

(d) When a municipality is a fire protection special taxing district, it must file its resolution establishing the fire protection special taxing district, and any agreements required for the establishment of the fire protection special taxing district, with the commissioner. If the resolution or agreement does not include sufficient information defining the fire department service area of the fire protection special taxing district, the secretary must file a written statement with the commissioner defining the fire department service area.

(e) The commissioner shall prescribe the content, format, and manner of the notifications, apportionment agreements, and written statements under paragraphs (a) to (d), pursuant to section 270C.30, except that copies of fire service contracts, joint powers agreements, and resolutions establishing fire protection special taxing districts shall be filed in their existing form.

(f) A document filed with the commissioner under this subdivision must be refiled any time it is updated within 60 days of the update. An apportionment agreement must be refiled only when a change in the averaged sum of the percentage of population and percentage of estimated market value serviced by a fire department subject to the apportionment agreement is at least one percent. The percentage amount must be rounded to the nearest whole percentage.

(g) Upon the request of the commissioner, the county auditor must provide information that the commissioner requires to accurately apportion the estimated market value of a fire department service area for a fire department providing service to an unorganized territory located in the county.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 11. Minnesota Statutes 2022, section 477B.02, subdivision 8, is amended to read:

Subd. 8. **PERA certification to commissioner.** On or before February 1 each year, if retirement coverage for a fire department is provided by the statewide volunteer firefighter plan, the executive director of the Public Employees Retirement Association must certify the existence of retirement coverage to the commissioner the fire departments that transferred retirement coverage to, or terminated participation in, the voluntary statewide volunteer firefighter retirement plan since the previous certification under this

paragraph. This certification must include the number of active volunteer firefighters under section 477B.03, subdivision 5, paragraph (e).

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 12. Minnesota Statutes 2022, section 477B.02, subdivision 9, is amended to read:

Subd. 9. **Fire department certification to commissioner.** On or before March 15 of each year, the municipal clerk or the secretary, ~~and the fire chief,~~ must ~~jointly~~ certify to the commissioner ~~that the fire department exists and meets the qualification requirements of this section~~ the fire department service area as of December 31 of the previous year, and that the fire department meets the qualification requirements of this section. The municipal clerk or the secretary must provide the commissioner with documentation that the commissioner deems necessary for determining eligibility for fire state aid or for calculating and apportioning fire state aid under section 477B.03. The certification must be on a form prescribed by the commissioner and must include all other information that the commissioner requires. The municipal clerk or the secretary must send a copy of the certification filed under this subdivision to the fire chief within five business days of the date the certification was filed with the commissioner.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 13. Minnesota Statutes 2022, section 477B.02, subdivision 10, is amended to read:

Subd. 10. **Penalty for failure to file or correct certification.** (a) ~~If the certification under subdivision 9 is not filed with the commissioner on or before March 15, the commissioner must notify the municipal clerk or the secretary that a penalty equal to a portion or all of the current year aid will apply if the certification is not received within ten days of the postmark date of the notification will be deducted from fire state aid certified for the current year if the certification is not filed on or before March 15.~~

~~(b) If the commissioner rejects the certification by the municipal clerk or secretary under subdivision 9 for inaccurate or incomplete information, the municipal clerk or the secretary must file a corrective certification after taking corrective action as identified by the commissioner in the notice of rejection. The corrective certification must be filed within 30 days of the date on the notice of rejection or by March 15, whichever date is later.~~

~~(b) (c) A penalty applies to (1) a certification under subdivision 9 filed after March 15, and (2) a corrective certification under paragraph (b) filed after March 15 that is also filed more than 30 days after the date on the notice of rejection. The penalty for failure to file the certification under subdivision 9 is equal to the amount of fire state aid determined for the municipality or the independent nonprofit firefighting corporation for the current year, multiplied by five ten percent for each week or fraction of a week that the certification or corrective certification is late filed after March 15 or more than 30 days after the date on the notice of rejection. The penalty must be computed beginning ten days after the postmark date of the commissioner's notification. Aid amounts forfeited as a result of the penalty revert to the state general fund. Failure to receive the certification form is not a defense for a failure to file.~~

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 14. Minnesota Statutes 2022, section 477B.03, subdivision 2, is amended to read:

Subd. 2. **Apportionment of fire state aid.** (a) The amount of fire state aid available for apportionment, before the addition of the minimum fire state aid allocation amount under subdivision 5, is equal to 107 percent of the amount of premium taxes paid to the state upon the fire, lightning, sprinkler leakage, and

extended coverage premiums reported to the commissioner by companies or insurance companies on the Minnesota Fire Premium Report, except that credits claimed under section 297I.20, subdivisions 3, 4, 5, and 6, do not affect the calculation of the amount of fire state aid available for apportionment. This amount must be reduced by the amount required to pay the state auditor's costs and expenses of the audits or exams of the firefighters' relief associations.

(b) The total amount available for apportionment must not be less than two percent of the premiums less return premiums reported to the commissioner by companies or insurance companies on the Minnesota Fire Premium Report after subtracting the following amounts:

(1) the amount required to pay the state auditor's costs and expenses of the audits or exams of the firefighters' relief associations; and

(2) one percent of the premiums reported by township mutual insurance companies and mutual property and casualty companies with total assets of \$5,000,000 or less.

(c) The commissioner must apportion the fire state aid to each municipality or independent nonprofit firefighting corporation qualified under section 477B.02 relative to the premiums reported on the Minnesota Fire Premium Reports filed under this chapter.

(d) The commissioner must calculate the percentage of increase or decrease reflected in the apportionment over or under the previous year's available state aid using the same premiums as a basis for comparison.

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

Sec. 15. Minnesota Statutes 2022, section 477B.03, subdivision 3, is amended to read:

Subd. 3. **Population and estimated market value.** (a) ~~Official statewide federal census figures~~ The most recent population estimates made by the state demographer pursuant to section 4A.02, paragraph (d), must be used in calculations requiring the use of population figures under this chapter. ~~Increases or decreases in population disclosed by reason of any special census must not be taken into consideration.~~

(b) ~~The latest available~~ estimated market value property figures for the assessment year immediately preceding the year the aid is distributed must be used in calculations requiring the use of estimated market value property figures under this chapter.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 16. Minnesota Statutes 2022, section 477B.03, subdivision 4, is amended to read:

Subd. 4. **Initial fire state aid allocation amount.** (a) The initial fire state aid allocation amount is the amount available for apportionment as fire state aid under subdivision 2, without the inclusion of any additional funding amount to support a minimum fire state aid amount under section 423A.02, subdivision 3. The initial fire state aid allocation amount is allocated one-half in proportion to the population for each fire department service area and one-half in proportion to the estimated market value of each fire department service area, including (1) the estimated market value of tax-exempt property, and (2) the estimated market value of natural resources lands receiving in lieu payments under sections 477A.11 to 477A.14 and 477A.17. The estimated market value of minerals is excluded.

(b) In the case of a municipality or independent nonprofit firefighting corporation furnishing fire protection to other municipalities as evidenced by valid fire service contracts, joint powers agreements, resolutions, and other supporting documents filed with the commissioner under section 477B.02, subdivision 5, the

distribution must be adjusted proportionately to take into consideration the crossover fire protection service. Necessary adjustments must be made to subsequent apportionments.

(c) In the case of municipalities or independent nonprofit firefighting corporations qualifying for aid, the commissioner must calculate the state aid for the municipality or independent nonprofit firefighting corporation on the basis of the population and the estimated market value of the area furnished fire protection service by the fire department as evidenced by valid fire service agreements, contracts, joint powers agreements, resolutions, and other supporting documents filed with the commissioner under section 477B.02, subdivision 5.

(d) In the case of more than one fire department furnishing contracted fire service to a municipality, the population and estimated market value in the apportionment agreement filed with the commissioner under section 477B.02, subdivision 5, must be used in calculating the state aid.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 17. Minnesota Statutes 2022, section 477B.03, subdivision 5, is amended to read:

Subd. 5. **Minimum fire state aid allocation amount.** (a) The minimum fire state aid allocation amount is the amount derived from any additional funding amount to support a minimum fire state aid amount under section 423A.02, subdivision 3. The minimum fire state aid allocation amount is allocated to municipalities or independent nonprofit firefighting corporations with volunteer firefighters' relief associations or covered by the statewide volunteer firefighter plan. The amount is based on the number of active volunteer firefighters who are (1) members of the relief association as reported to the Office of the State Auditor in a specific annual financial reporting year as specified in paragraphs (b) to (d), or (2) covered by the statewide volunteer firefighter plan as specified in paragraph (e).

(b) For relief associations established in calendar year 1993 or a prior year, the number of active volunteer firefighters equals the number of active volunteer firefighters who were members of the relief association as reported in the annual financial reporting for calendar year 1993, but not to exceed 30 active volunteer firefighters.

(c) For relief associations established in calendar year 1994 through calendar year 1999, the number of active volunteer firefighters equals the number of active volunteer firefighters who were members of the relief association as reported in the annual financial reporting for calendar year 1998 to the Office of the State Auditor, but not to exceed 30 active volunteer firefighters.

(d) For relief associations established after calendar year 1999, the number of active volunteer firefighters equals the number of active volunteer firefighters who are members of the relief association as reported in the first annual financial reporting submitted to the Office of the State Auditor, but not to exceed 20 active volunteer firefighters.

(e) ~~If a relief association is terminated as a result of~~ For a municipality or independent nonprofit firefighting corporation that is providing retirement coverage for volunteer firefighters by the statewide volunteer firefighter plan under chapter 353G, the number of active volunteer firefighters equals the number of active volunteer firefighters of the municipality or independent nonprofit firefighting corporation covered by the statewide plan as certified by the executive director of the Public Employees Retirement Association to the commissioner and the state auditor within 30 days of the date the municipality or independent nonprofit firefighting corporation begins coverage in the plan, but not to exceed 30 active firefighters.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 18. Minnesota Statutes 2022, section 477B.03, subdivision 7, is amended to read:

Subd. 7. **Appeal.** A municipality, an independent nonprofit firefighting corporation, a fire relief association, or the statewide volunteer firefighter plan may object to the amount of fire state aid apportioned to it by filing a written request with the commissioner to review and adjust the apportionment of funds within the state. The objection of a municipality, an independent nonprofit firefighting corporation, a fire relief association, or the voluntary statewide volunteer firefighter retirement plan must be filed with the commissioner within 60 days of the date the amount of apportioned fire state aid is paid. The decision of the commissioner is subject to appeal, review, and adjustment by the district court in the county in which the applicable municipality or independent nonprofit firefighting corporation is located or by the Ramsey County District Court with respect to the statewide volunteer firefighter plan.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 19. Minnesota Statutes 2022, section 477B.04, subdivision 1, is amended to read:

Subdivision 1. **Payments.** (a) The commissioner must make payments to the Public Employees Retirement Association for deposit in the statewide volunteer firefighter fund on behalf of a municipality or independent nonprofit firefighting corporation that is a member of the statewide volunteer firefighter plan under chapter 353G, ~~or directly to a municipality or county designated by an independent nonprofit firefighting corporation.~~ The commissioner must directly pay all other municipalities qualifying for fire state aid, except as provided in paragraph (d). The payment is equal to the amount of fire state aid apportioned to the applicable fire state aid recipient under section 477B.03.

(b) Fire state aid is payable on October 1 annually. The amount of state aid due and not paid by October 1 accrues interest payable to the recipient at the rate of one percent for each month or part of a month that the amount remains unpaid after October 1.

(c) If the commissioner of revenue does not receive a financial compliance report described in section 6.495, subdivision 3, for a relief association, the amount of fire state aid apportioned to a municipality or independent nonprofit firefighting corporation under section 477B.03 for that relief association must be withheld from payment to the Public Employees Retirement Association or the municipality. The commissioner of revenue must issue a withheld payment within ten business days of receipt of a financial compliance report under section 6.495, subdivision 3. The interest under paragraph (b) does not apply when to a payment has not been made by October 1 due to noncompliance with sections 424A.014 and 477B.02, subdivision 7 withheld under this paragraph.

(d) The commissioner must make payments directly to the largest municipality in population located within any area included in a joint powers entity that does not have a designated agency under section 471.59, subdivision 3, or within the fire department service area of an eligible independent nonprofit firefighting corporation. If there is no city or town within the fire department service area of an eligible independent nonprofit firefighting corporation, fire state aid must be paid to the county where the independent nonprofit firefighting corporation is located.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 20. Minnesota Statutes 2022, section 477B.04, is amended by adding a subdivision to read:

Subd. 4. **Aid amount corrections.** (a) An adjustment needed to correct a fire state aid overpayment or underpayment due to a clerical error must be made to subsequent fire state aid payments as provided in

paragraphs (b) and (c). The authority to correct an aid payment under this subdivision is limited to three years after the payment was issued.

(b) If an overpayment equals more than ten percent of the most recently paid aid amount, the commissioner must reduce the aid a municipality or independent nonprofit firefighting corporation is to receive by the amount overpaid over a period of no more than three years. If an overpayment equals or is less than ten percent of the most recently paid aid amount, the commissioner must reduce the next aid payment occurring in 30 days or more by the amount overpaid.

(c) In the event of an underpayment, the commissioner must distribute the amount of underpaid funds to the municipality or independent nonprofit firefighting corporation over a period of no more than three years. An additional distribution to a municipality or independent nonprofit firefighting corporation must be paid from the general fund and must not diminish the payments made to other municipalities or independent nonprofit firefighting corporations under this chapter.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 21. Minnesota Statutes 2022, section 477C.02, subdivision 4, is amended to read:

Subd. 4. **Penalty for failure to file or correct certification.** (a) If a certification under subdivision 1 or 2 is not filed with the commissioner on or before March 15, the commissioner must notify the municipal clerk, municipal clerk-treasurer, or county auditor that a penalty equal to a portion or all of its current year aid will apply if the certification is not received within ten days will be deducted from police state aid certified for the current year if the certification is not filed on or before March 15.

(b) If the commissioner rejects the certification under subdivision 1 or 2 for inaccurate or incomplete information, the municipal clerk, municipal clerk-treasurer, or county auditor must file a corrective certification after taking corrective action as identified by the commissioner in the notice of rejection. The corrective certification must be filed within 30 days of the date on the notice of rejection, or by March 15, whichever date is later.

~~(b)~~ (c) A penalty applies to (1) a certification under subdivisions 1 and 2 filed after March 15, and (2) a corrective certification under paragraph (b) filed after March 15 that is also filed more than 30 days after the date on the notice of rejection. The penalty for failure to file the certification under subdivision 1 or 2 is equal to the amount of police state aid determined for the municipality for the current year, multiplied by five ten percent for each week or fraction of a week that the certification or corrective certification is late filed after March 15 or more than 30 days after the date on the notice of rejection. The penalty must be computed beginning ten days after the postmark date of the commissioner's notification as required under this subdivision. All aid amounts forfeited as a result of the penalty revert to the state general fund. Failure to receive the certification form may not be used as a defense for a failure to file.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 22. Minnesota Statutes 2022, section 477C.03, subdivision 2, is amended to read:

Subd. 2. **Apportionment of police state aid.** (a) The total amount available for apportionment as police state aid is equal to 104 percent of the amount of premium taxes paid to the state on the premiums reported to the commissioner by companies or insurance companies on the Minnesota Aid to Police Premium Report, except that credits claimed under section 297I.20, subdivisions 3, 4, 5, and 6, do not affect the calculation of the total amount of police state aid available for apportionment. The total amount for apportionment for

the police state aid program must not be less than two percent of the amount of premiums reported to the commissioner by companies or insurance companies on the Minnesota Aid to Police Premium Report.

(b) The commissioner must calculate the percentage of increase or decrease reflected in the apportionment over or under the previous year's available state aid using the same premiums as a basis for comparison.

(c) In addition to the amount for apportionment of police state aid under paragraph (a), each year \$100,000 must be apportioned for police state aid. An amount sufficient to pay this increase is annually appropriated from the general fund.

(d) The commissioner must apportion police state aid to all municipalities in proportion to the relationship that the total number of peace officers employed by that municipality for the prior calendar year and the proportional or fractional number who were employed less than a calendar year as credited under section 477C.02, subdivision 1, paragraph (c), bears to the total number of peace officers employed by all municipalities subject to any reduction under subdivision 3.

~~(e) Any necessary additional adjustments must be made to subsequent police state aid apportionments.~~

EFFECTIVE DATE. (a) The amendment to paragraph (a) is effective the day following final enactment.

(b) The amendment striking paragraph (e) is effective for aids payable in calendar year 2024 and thereafter.

Sec. 23. Minnesota Statutes 2022, section 477C.03, subdivision 5, is amended to read:

Subd. 5. **Appeal.** A municipality may object to the amount of police state aid apportioned to it by filing a written request with the commissioner to review and adjust the apportionment of funds to the municipality. The objection of a municipality must be filed with the commissioner within 60 days of the date the amount of apportioned police state aid is paid. The decision of the commissioner is subject to appeal, review, and adjustment by the district court in the county in which the applicable municipality is located or by the Ramsey County District Court with respect to the Departments of Natural Resources or Public Safety.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 24. Minnesota Statutes 2022, section 477C.04, is amended by adding a subdivision to read:

Subd. 4. **Aid amount corrections.** (a) An adjustment needed to correct a police state aid overpayment or underpayment due to a clerical error must be made to subsequent police state aid payments as provided in paragraphs (b) and (c). The authority to correct an aid payment under this subdivision is limited to three years after the payment was issued.

(b) If an overpayment equals more than ten percent of the most recently paid aid amount, the commissioner must reduce the aid a municipality is to receive by the amount overpaid over a period of no more than three years. If an overpayment equals or is less than ten percent of the most recently paid aid amount, the commissioner must reduce the next aid payment occurring in 30 days or more by the amount overpaid.

(c) In the event of an underpayment, the commissioner must distribute the amount of underpaid funds to the municipality over a period of no more than three years. An additional distribution to a municipality must be paid from the general fund and must not diminish the payments made to other municipalities under this chapter.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 25. REPEALER.

Minnesota Statutes 2022, sections 477B.02, subdivision 4; and 477B.03, subdivision 6, are repealed.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

ARTICLE 18**DEPARTMENT OF REVENUE:
DATA PRACTICES**

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

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

(1) according to section 13.05;

(2) according to court order;

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

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

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

(6) to administer federal funds or programs;

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

(8) to the Department of Revenue to assess parental contribution amounts for purposes of section 252.27, subdivision 2a, administer and evaluate tax refund or tax credit programs and to identify individuals who may benefit from these programs, and prepare the databases for reports required under section 270C.13 and Laws 2008, chapter 366, article 17, section 6. The following information may be disclosed under this paragraph: an individual's and their dependent's names, dates of birth, Social Security numbers, income, addresses, and other data as required, upon request by the Department of Revenue. Disclosures by the commissioner of revenue to the commissioner of human services for the purposes described in this clause are governed by section 270B.14, subdivision 1. Tax refund or tax credit programs include, but are not limited to, the dependent care credit under section 290.067, the Minnesota working family credit under section 290.0671, the property tax refund and rental credit under section 290A.04, and the Minnesota education credit under section 290.0674;

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

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

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

(iii) to monitor and evaluate the Minnesota family investment program or the child care assistance program by exchanging data on recipients and former recipients of Supplemental Nutrition Assistance Program (SNAP) benefits, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, medical programs under chapter 256B or 256L, or a medical program formerly codified under chapter 256D; and

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

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

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

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

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

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

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

(i) the participant:

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

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

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

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

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

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

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

(i) the member:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) Data provided to law enforcement agencies under paragraph (a), clause (15), (16), (17), or (18), or paragraph (b), are investigative data and are confidential or protected nonpublic while the investigation is

active. The data are private after the investigation becomes inactive under section 13.82, subdivision 7, clause (a) or (b).

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

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

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

Sec. 2. Minnesota Statutes 2022, section 270C.13, subdivision 1, is amended to read:

Subdivision 1. **Biennial report.** (a) The commissioner shall report to the legislature on the overall incidence of the income tax, sales and excise taxes, and property tax.

(b) The commissioner must submit the report:

(1) by March 1, 2021; and

(2) by March 1, 2024, and each even-numbered year thereafter.

(c) The report shall present information on the distribution of the tax burden as follows: (1) for the overall income distribution, using a systemwide incidence measure such as the Suits index or other appropriate measures of equality and inequality; (2) by income classes, including at a minimum deciles of the income distribution; and (3) by other appropriate taxpayer characteristics.

(d) The commissioner may request information from any state officer or agency to assist in carrying out this section. The state officer or agency shall provide the data requested to the extent permitted by law.

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

Sec. 3. Minnesota Statutes 2022, section 270C.446, subdivision 2, is amended to read:

Subd. 2. **Required and excluded tax preparers.** (a) Subject to the limitations of paragraph (b), the commissioner must publish lists of tax preparers as defined in section 270C.445, subdivision 2, paragraph (h), who have been:

(1) convicted under section 289A.63;

(2) assessed penalties in excess of \$1,000 under section 289A.60, subdivision 13, paragraph (a);

(3) convicted for identity theft under section 609.527, or a similar statute, for a return filed with the commissioner, the Internal Revenue Service, or another state;

(4) assessed a penalty under section 270C.445, subdivision 6, paragraph (a), in excess of \$1,000;

(5) issued a cease and desist order under section 270C.445, subdivision 6, paragraph (b), that has become a final order; ~~or~~

(6) assessed a penalty under section 270C.445, subdivision 6, paragraph (l), for violating a cease and desist order; or

(7) assessed a penalty under section 289A.60, subdivision 28, paragraph (c), or (d), in excess of \$1,000.

(b) For the purposes of this section, tax preparers are not subject to publication if:

(1) an administrative or court action contesting or appealing a penalty described in paragraph (a), clause (2), (4), or (6), has been filed or served and is unresolved at the time when notice would be given under subdivision 3;

(2) an appeal period to contest a penalty described in paragraph (a), clause (2), (4), or (6), has not expired;

(3) the commissioner has been notified that the tax preparer is deceased;

(4) an appeal period to contest a cease and desist order issued under section 270C.445, subdivision 6, paragraph (b), has not expired;

(5) an administrative or court action contesting or appealing a cease and desist order issued under section 270C.445, subdivision 6, paragraph (b), has been filed or served and is unresolved at the time when notice would be given under subdivision 3;

(6) a direct appeal of a conviction described in paragraph (a), clause (1) or (3), has been filed or served and is unresolved at the time when the notice would be given under subdivision 3; or

(7) an appeal period to contest a conviction described in paragraph (a), clause (1) or (3), has not expired.

EFFECTIVE DATE. This section is effective for returns filed after December 31, 2023.

Sec. 4. Minnesota Statutes 2022, section 290A.19, is amended to read:

290A.19 OWNER OR MANAGING AGENT TO FURNISH RENT CERTIFICATE.

(a) The owner or managing agent of any property for which rent is paid for occupancy as a homestead must furnish a certificate of rent paid to a person who is a renter on December 31, in the form prescribed by the commissioner. If the renter moves before December 31, the owner or managing agent may give the certificate to the renter at the time of moving, or mail the certificate to the forwarding address if an address has been provided by the renter. The certificate must be made available to the renter before February 1 of the year following the year in which the rent was paid. The owner or managing agent must retain a duplicate of each certificate or an equivalent record showing the same information for a period of three years. The duplicate or other record must be made available to the commissioner upon request.

(b) The commissioner may require the owner or managing agent, through a simple process, to furnish to the commissioner on or before March 1 a copy of each certificate of rent paid furnished to a renter for rent paid in the prior year. The commissioner shall prescribe the content, format, and manner of the form pursuant to section 270C.30. The commissioner may require the Social Security number, individual taxpayer identification number, federal employer identification number, or Minnesota taxpayer identification number of the owner or managing agent who is required to furnish a certificate of rent paid under this paragraph. Prior to implementation, the commissioner, after consulting with representatives of owners or managing agents, shall develop an implementation and administration plan for the requirements of this paragraph that attempts to minimize financial burdens, administration and compliance costs, and takes into consideration existing systems of owners and managing agents.

(c) For the purposes of this section, "owner" includes a park owner as defined under section 327C.015, subdivision 9, and "property" includes a lot as defined under section 327C.015, subdivision 6.

EFFECTIVE DATE. This section is effective for refund claims based on rent paid in 2023 and thereafter.

Sec. 5. Minnesota Statutes 2022, section 299C.76, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For the purposes of this section, the following definitions apply.

(b) "Federal tax information" means federal tax returns and return information or information derived or created from federal tax returns, in possession of or control by the requesting agency, that is covered by the safeguarding provisions of section 6103(p)(4) of the Internal Revenue Code.

(c) "IRS Publication 1075" means Internal Revenue Service Publication 1075 that provides guidance and requirements for the protection and confidentiality of federal tax information as required in section 6103(p)(4) of the Internal Revenue Code.

(d) "National criminal history record information" means the Federal Bureau of Investigation identification records as defined in Code of Federal Regulations, title 28, section 20.3(d).

(e) "Requesting agency" means the Department of Revenue, Department of Employment and Economic Development, Department of Human Services, board of directors of MNsure, Department of Information Technology Services, attorney general, and counties.

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

Sec. 6. Minnesota Statutes 2022, section 299C.76, subdivision 2, is amended to read:

Subd. 2. **National criminal history record information check.** As required by IRS Publication 1075, a requesting agency shall require fingerprints for a national criminal history record information check from the following individuals who have or will have access to federal tax information:

- (1) a current or prospective permanent or temporary employee of the requesting agency;
- (2) an independent contractor or vendor of the requesting agency; or
- (3) an employee ~~or agent~~ of an independent contractor or vendor of the requesting agency; ~~or~~
- (4) ~~any other individual authorized to access federal tax information by the requesting agency.~~

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

Sec. 7. Laws 2008, chapter 366, article 17, section 6, is amended to read:

Sec. 6. **DATA UPDATE.**

The commissioner of revenue must continue to maintain, update, and make available the information required under Laws 1987, chapter 268, article 7, section 1, subdivision 6, paragraph (b). The commissioner may request information from any state officer or agency to assist in carrying out paragraph (b). The state officer or agency shall provide the data requested to the extent permitted by law. The commissioner must provide the most complete and current data available, when requested, to the chairs of the senate and house of representatives committees on taxes.

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

ARTICLE 19**DEPARTMENT OF REVENUE:
MISCELLANEOUS**

Section 1. Minnesota Statutes 2022, section 270C.19, subdivision 2, is amended to read:

Subd. 2. Sales, use, and excise taxes. (a) The commissioner is authorized to enter into a tax agreement with the governing body of any federally recognized Indian ~~reservation~~ Tribe in Minnesota, that provides for the state and the Tribal government to share sales, use, and excise tax revenues generated from on-reservation activities of ~~non-Indians~~ non-Tribal members and off-reservation activities of Tribal members ~~of the reservation~~. Every agreement entered into pursuant to this subdivision must require the commissioner to collect all state and Tribal taxes covered by the agreement.

(b) The commissioner is authorized to collect any Tribal taxes imposed pursuant to any agreement entered into pursuant to this subdivision and to make payments authorized by the agreement to the Tribal government from the funds collected.

(c) The commissioner shall pay to the Tribal government its share of the taxes collected pursuant to the agreement, as indicated in the agreement, and grant the taxpayer a credit for the taxpayer's share of the amount paid to the Tribal government against the taxpayer's Minnesota tax.

EFFECTIVE DATE. This section is effective retroactively for agreements entered into or amended after December 31, 2022.

Sec. 2. Minnesota Statutes 2022, section 295.50, subdivision 4, is amended to read:

Subd. 4. Health care provider. (a) "Health care provider" means:

(1) a person whose health care occupation is regulated or required to be regulated by the state of Minnesota furnishing any or all of the following goods or services directly to a patient or consumer: medical, surgical, optical, visual, dental, hearing, nursing services, drugs, laboratory, diagnostic or therapeutic services;

(2) a person who provides goods and services not listed in clause (1) that qualify for reimbursement under the medical assistance program provided under chapter 256B;

(3) a staff model health plan company;

(4) an ambulance service required to be licensed;

(5) a person who sells or repairs hearing aids and related equipment or prescription eyewear; or

(6) a person providing patient services, who does not otherwise meet the definition of health care provider and is not specifically excluded in clause (b), who employs or contracts with a health care provider as defined in clauses (1) to (5) to perform, supervise, otherwise oversee, or consult with regarding patient services.

(b) Health care provider does not include:

(1) hospitals; medical supplies distributors, except as specified under paragraph (a), clause (5); nursing homes licensed under chapter 144A or licensed in any other jurisdiction; wholesale drug distributors; pharmacies; surgical centers; bus and taxicab transportation, or any other providers of transportation services other than ambulance services required to be licensed; supervised living facilities for persons with developmental disabilities, licensed under Minnesota Rules, parts 4665.0100 to 4665.9900; housing with

services establishments required to be registered under chapter 144D; board and lodging establishments providing only custodial services that are licensed under chapter 157 and registered under section 157.17 to provide supportive services or health supervision services; adult foster homes as defined in Minnesota Rules, part 9555.5105; day training and habilitation services for adults with developmental disabilities as defined in section 252.41, subdivision 3; boarding care homes, as defined in Minnesota Rules, part 4655.0100; and adult day care centers as defined in Minnesota Rules, part 9555.9600;

(2) home health agencies as defined in Minnesota Rules, part 9505.0175, subpart 15; a person providing personal care services and supervision of personal care services as defined in Minnesota Rules, part 9505.0335; a person providing home care nursing services as defined in Minnesota Rules, part 9505.0360; and home care providers required to be licensed under chapter 144A for home care services provided under chapter 144A;

(3) a person who employs health care providers solely for the purpose of providing patient services to its employees;

(4) an educational institution that employs health care providers solely for the purpose of providing patient services to its students if the institution does not receive fee for service payments or payments for extended coverage; and

(5) a person who receives all payments for patient services from health care providers, surgical centers, or hospitals for goods and services that are taxable to the paying health care providers, surgical centers, or hospitals, as provided under section 295.53, subdivision 1, paragraph (b), clause (3) or (4), or from a source of funds that is excluded or exempt from tax under this chapter sections 295.50 to 295.59.

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

Sec. 3. Minnesota Statutes 2022, section 296A.083, subdivision 3, is amended to read:

Subd. 3. **Surcharge rate.** (a) ~~By July 16, 2008, and each April 1 thereafter~~ May 1 each year, the commissioner of revenue shall calculate and publish a surcharge as provided in ~~paragraphs~~ paragraph (b) and (e). The surcharge is imposed ~~from August 1, 2008, through June 30, 2009, and each new surcharge thereafter is imposed the following~~ beginning July 1 of the year it is published through June 30 of the following year.

~~(b) For fiscal years 2009 through 2012, the commissioner shall set the surcharge as specified in the following surcharge rate schedule.~~

Surcharge Rate Schedule

Fiscal Year	Rate (in cents per gallon)
2009	0.5
2010	2.1
2011	2.5
2012	3.0

~~(e) For fiscal year 2013 and thereafter,~~ (b) The commissioner shall set the surcharge at the lesser of (1) 3.5 cents, or (2) an amount calculated so that the total proceeds from the surcharge deposited in the trunk

highway fund from fiscal year 2009 to the upcoming fiscal year equals the total amount of debt service from fiscal years 2009 to 2039, and the surcharge is rounded to the nearest 0.1 cent.

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

Sec. 4. Minnesota Statutes 2022, section 297A.61, subdivision 29, is amended to read:

Subd. 29. **State.** Unless specifically provided otherwise, "state" means any state of the United States, ~~the Commonwealth of Puerto Rico, and~~ the District of Columbia, and any territory of the United States, including American Samoa, Guam, Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2023.

Presented to the governor May 23, 2023