## CHAPTER 13--H.F.No. 9

*An act relating to taxation; modifying individual income and corporate franchise taxes, property taxes, sales and use taxes, excise taxes, local government aids, tax increment financing provisions, local sales and use taxes, public finance provisions, and other miscellaneous taxes and tax-related provisions; modifying the research and development credit and making the credit partially refundable; modifying and providing for income tax credits and subtractions; modifying provisions for the political contribution refund; modifying property tax exemptions and classifications; providing for land bank organizations; providing for June accelerated payments of sales taxes by certain vendors; modifying the sales and use tax exemption for data centers to remove the exemption for electricity; modifying payments under the Sustainable Forest Incentive Act; modifying the appropriation for aquatic invasive species aid; increasing the tax on cannabis products; eliminating local cannabis aid; modifying provisions for the provider tax; repealing the controlled substance tax; making related clarifying and technical changes; requiring and modifying reports; modifying appropriations; appropriation money; amending Minnesota Statutes 2024, sections 3.192; 3.8855, subdivisions 2, 3, 4, 5, 7, 8; 8.31, subdivision 2c; 10A.02, subdivision 11b; 10A.322, subdivision 4; 16A.151, subdivision 2; 37.31, subdivision 1; 41A.30, subdivision 5; 116U.27, subdivision 2; 270C.11, subdivision 4; 270C.445, subdivisions 3, 6; 272.02, subdivisions 7, 19, by adding subdivisions; 273.117; 273.128, subdivision 1; 273.13, subdivisions 22, 23; 273.38; 273.41; 279.37, subdivision 2; 289A.12, subdivision 18; 289A.20, subdivision 4; 289A.60, subdivision 12, by adding a subdivision; 290.0132, subdivisions 26, as amended, 34, by adding subdivisions; 290.0134, subdivision 20; 290.06, subdivision 23; 290.068, subdivision 3, by adding subdivisions; 290.0693, subdivisions 1, 4, 6, 8; 290.0695, subdivisions 1, 2, 3; 290.091, subdivision 2; 290A.03, subdivision 3; 290A.19; 290C.07; 290C.10; 295.53, subdivision 4a; 295.54, subdivision 2; 295.81, subdivisions 2, 10; 297A.68, subdivision 42; 297A.71, subdivision 54; 297A.75, subdivisions 1, as amended, 2, 3; 297A.94; 297A.99, subdivision 10; 297A.995, subdivisions 2, 10; 297E.06, subdivision 4; 297G.09, subdivision 10; 297I.20, subdivision 4; 373.40, subdivision 2; 446A.086, subdivisions 1, 2; 449.08; 462C.04, subdivision 2; 469.104; 469.154, subdivision 4; 469.176, subdivision 4n; 469.1812, by adding a subdivision; 469.1813, subdivisions 1, 5, 6, by adding a subdivision; 474A.091, subdivisions 2, 2a; 475.521, subdivision 2; 477A.013, subdivision 1; 477A.19, subdivision 5; 609.902, subdivision 4; 641.23; Laws 1996, chapter 471, article 2, section 29, subdivisions 1, as amended, 4, as amended; Laws 2010, chapter 389, article 7, section 22, as amended; Laws 2013, chapter 143, article 9, section 21; Laws 2014, chapter 308, article 6, section 9, as amended; Laws 2017, First Special Session chapter 1, article 6, section 22; Laws 2023, chapter 1, sections 22; 28; proposing coding for new law in Minnesota Statutes, chapter 8; repealing Minnesota Statutes 2024, sections 13.4967, subdivisions 2a, 5; 275.065, subdivision 3c; 276.04, subdivision 2a; 290.0679; 297D.01; 297D.02; 297D.03; 297D.04; 297D.05; 297D.06; 297D.07; 297D.08; 297D.085; 297D.09; 297D.10; 297D.11; 297D.12; 297D.13; 477A.32.*

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

## ARTICLE 1

## INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES

Section 1. Minnesota Statutes 2024, section 10A.02, subdivision 11b, is amended to read:

Subd. 11b. **Data privacy related to electronic reporting system.** (a) The board may develop and maintain systems to enable treasurers to enter and store electronic records online for the purpose of complying with this chapter. Data entered into such systems by treasurers or their authorized agents is not government data under chapter 13 and may not be accessed or used by the board for any purpose without the treasurer's written consent. Data from such systems that has been submitted to the board as a filed report is government data under chapter 13.

(b) For purposes of administering the refund under section 290.06, subdivision 23, the board may access or use the following data entered and stored in an electronic reporting system and share the data with the commissioner of revenue: (1) the amount of the contribution; (2) the name and address of the contributor; (3) any unique identifier for the contribution; (4) the name and campaign identification number of the party or candidate that received the contribution; and (5) the date on which the contribution was received. Data accessed, used, or maintained by the board under this paragraph are classified as nonpublic data, as defined in section 13.02, subdivision 9, and private data on individuals, as defined in section 13.02, subdivision 12.

**EFFECTIVE DATE.** This section is effective January 1, 2027.

Sec. 2. Minnesota Statutes 2024, section 10A.322, subdivision 4, is amended to read:

Subd. 4. **Refund ~~receipt forms~~ receipts; penalty.** (a) The board must make available to a political party on request and to any candidate for whom an agreement under this section is effective, ~~a supply of~~ official refund ~~receipt forms~~ receipts in an electronic format that state in boldface type that:

(1) a contributor who is given a receipt ~~form~~ is eligible to claim a refund as provided in section 290.06, subdivision 23; and

(2) if the contribution is to a candidate, that the candidate has signed an agreement to limit campaign expenditures as provided in this section.

~~The forms must provide duplicate copies of the receipt to be attached to the contributor's claim.~~ An official refund receipt must only be issued for a contribution of $10 or more. Each receipt must be in an electronic format and include a unique receipt validation number that allows the commissioner of revenue to verify the information on the receipt with the Campaign Finance Board. A political party or candidate may provide a printed copy of the electronic receipt to the contributor.

(b) Once each business day, the board must provide the commissioner of revenue a receipt validation report. For each contribution reported to the board since the previous report, the report must include:

(1) the date and amount of the contribution;

(2) the name and address of the contributor;

(3) the name and campaign identification number of the party or candidate that received the contribution; and

(4) the receipt validation number assigned to the contribution.

~~(b)~~ (c) The willful issuance of an official refund receipt ~~form or a facsimile of one~~ to any of the candidate's contributors by a candidate or treasurer of a candidate who did not sign an agreement under this section is subject to a civil penalty of up to $3,000 imposed by the board.

~~(c)~~ (d) The willful issuance of an official refund receipt ~~form or a facsimile~~ to an individual not eligible to claim a refund under section 290.06, subdivision 23, is subject to a civil penalty of up to $3,000 imposed by the board.

~~(d)~~ (e) A violation of paragraph ~~(b)~~ (c) or ~~(c)~~ (d) is a misdemeanor.

(f) A receipt validation report and a receipt validation number prepared pursuant to this section are classified as nonpublic data, as defined in section 13.02, subdivision 9, and private data on individuals, as defined in section 13.02, subdivision 12.

**EFFECTIVE DATE.** This section is effective for contributions made after December 31, 2026.

Sec. 3. Minnesota Statutes 2024, section 41A.30, subdivision 5, is amended to read:

Subd. 5. **Allocation limits.** (a) Subject to additional rollover allocation as provided in paragraph (b), for tax credits allowed under subdivision 2, the commissioner must not issue credit certificates for more than $11,600,000 in total, allocated as follows:

(1) $7,400,000 for fiscal year 2025; and

(2) $2,100,000 for each of fiscal years 2026 and 2027.

(b) ~~If the entire amount authorized under paragraph (a) is not allocated in fiscal year 2025 or 2026, any remaining amount is available for allocation through fiscal year 2030 until the entire allocation has been made.~~ Any portion of a fiscal year's credits that is not allocated by the commissioner does not cancel and may be carried forward to subsequent fiscal years until all credits have been allocated, except that the commissioner must not issue any credit certificates for fiscal years beginning after June 30, 2030, and any unallocated amounts cancel on that date.

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

Sec. 4. Minnesota Statutes 2024, section 270C.445, subdivision 3, is amended to read:

Subd. 3. **Standards of conduct.** No tax preparer shall:

(1) without good cause fail to promptly, diligently, and without unreasonable delay complete a client's return;

(2) obtain the signature of a client to a return or authorizing document that contains blank spaces to be filled in after it has been signed;

(3) fail to sign a client's return when compensation for services rendered has been made;

(4) fail to provide on a client's return the preparer tax identification number when required under section 6109(a)(4) of the Internal Revenue Code or section 289A.60, subdivision 28;

(5) fail or refuse to give a client a copy of any document requiring the client's signature within a reasonable time after the client signs the document;

(6) fail to retain for at least four years a copy of a client's returns;

(7) fail to maintain a confidential relationship with clients or former clients;

(8) fail to take commercially reasonable measures to safeguard a client's nonpublic personal information;

(9) make, authorize, publish, disseminate, circulate, or cause to make, either directly or indirectly, any false, deceptive, or misleading statement or representation relating to or in connection with the offering or provision of tax preparation services;

(10) require a client to enter into a loan arrangement in order to complete a client's return;

(11) claim credits or deductions on a client's return for which the tax preparer knows or reasonably should know the client does not qualify;

(12) report a household income on a client's claim filed under chapter 290A that the tax preparer knows or reasonably should know is not accurate;

(13) engage in any conduct that is subject to a penalty under section 289A.60, subdivision 13, 20, 20a, 26, or 28;

(14) whether or not acting as a taxpayer representative, fail to conform to the standards of conduct required by Minnesota Rules, part 8052.0300, subpart 4;

(15) whether or not acting as a taxpayer representative, engage in any conduct that is incompetent conduct under Minnesota Rules, part 8052.0300, subpart 5;

(16) whether or not acting as a taxpayer representative, engage in any conduct that is disreputable conduct under Minnesota Rules, part 8052.0300, subpart 6;

(17) charge, offer to accept, or accept a fee based upon a percentage of an anticipated refund for tax preparation services;

(18) under any circumstances, withhold or fail to return to a client a document provided by the client for use in preparing the client's return;

(19) take control or ownership of a client's refund by any means, including:

(i) directly or indirectly endorsing or otherwise negotiating a check or other refund instrument, including an electronic version of a check;

(ii) directing an electronic or direct deposit of the refund into an account unless the client's name is on the account; and

(iii) establishing or using an account in the preparer's name to receive a client's refund through a direct deposit or any other instrument unless the client's name is also on the account~~, except that a taxpayer may assign the portion of a refund representing the Minnesota education credit available under section 290.0674 to a bank account without the client's name, as provided under section 290.0679~~;

(20) fail to act in the best interests of the client;

(21) fail to safeguard and account for any money handled for the client;

(22) fail to disclose all material facts of which the preparer has knowledge which might reasonably affect the client's rights and interests;

(23) violate any provision of section 332.37;

(24) include any of the following in any document provided or signed in connection with the provision of tax preparation services:

(i) a hold harmless clause;

(ii) a confession of judgment or a power of attorney to confess judgment against the client or appear as the client in any judicial proceeding;

(iii) a waiver of the right to a jury trial, if applicable, in any action brought by or against a debtor;

(iv) an assignment of or an order for payment of wages or other compensation for services;

(v) a provision in which the client agrees not to assert any claim or defense otherwise available;

(vi) a waiver of any provision of this section or a release of any obligation required to be performed on the part of the tax preparer; or

(vii) a waiver of the right to injunctive, declaratory, or other equitable relief or relief on a class basis; or

(25) if making, providing, or facilitating a refund anticipation loan, fail to provide all disclosures required by the federal Truth in Lending Act, United States Code, title 15, in a form that may be retained by the client.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2025.

Sec. 5. Minnesota Statutes 2024, section 290.0132, is amended by adding a subdivision to read:

Subd. 36. **Discharges of indebtedness; coerced debt.** The amount of discharge of indebtedness awarded to a claimant under section 332.74, subdivision 3, is a subtraction.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2024.

Sec. 6. Minnesota Statutes 2024, section 290.0132, is amended by adding a subdivision to read:

Subd. 37. **Consumer enforcement public compensation payments.** The amount of consumer enforcement public compensation received as a distribution to an eligible consumer under section 8.37, subdivision 5, is a subtraction.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2024.

Sec. 7. Minnesota Statutes 2024, section 290.0132, is amended by adding a subdivision to read:

Subd. 38. **Student loan education assistance paid by critical access dental clinics.** (a) The amount of student loan educational assistance payments that is received from a critical access dental clinic is a subtraction.

(b) For the purposes of this subdivision, the following terms have the meanings given.

(c) "Critical access dental clinic" means a dentist or dental clinic that is designated as a critical access dental provider under section 256B.76, subdivision 4.

(d) "Student loan educational assistance payments" means payments by an employer on the education loan of an employee that are included in the definition of educational assistance under section 127(c)(1)(B) of the Internal Revenue Code, disregarding the expiration of that clause. Student loan educational assistance payments are limited to amounts in excess of the limit in section 127(a)(2) of the Internal Revenue Code.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2025.

Sec. 8. Minnesota Statutes 2024, section 290.0132, is amended by adding a subdivision to read:

Subd. 39. **Foreign service pension; retirement pay.** (a) Compensation received from a pension or other retirement pay from the federal government for service in the foreign service and established under United States Code, title 22, sections 4041 to 4069 and 4071, is a subtraction.

(b) The subtraction equals the product of:

(1) the amount of compensation received under paragraph (a); and

(2) the number of years of foreign service divided by the total number of years of civil service for which the taxpayer receives pension income.

(c) Any amount used to claim the subtraction in this subdivision must not be used to claim the subtraction in subdivision 34.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2024.

Sec. 9. Minnesota Statutes 2024, 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 total refund per calendar year for an individual must not exceed $75 and for a married couple, filing jointly, must not exceed $150. The commissioner must not issue a refund, whether in one payment or in aggregate, to a taxpayer that exceeds the maximum refund amounts specified in this subdivision. A refund of a contribution is allowed only if the taxpayer files:

(1) 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.~~; or

(2) a claim using the electronic filing system authorized in paragraph (i).

The form or claim must include one or more unique receipt validation numbers from receipts issued pursuant to section 10A.322, subdivision 4.

(b) 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.~~ A claim must be for a minimum of $10. 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)~~ (c) 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)~~ (d) 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)~~ (e) The commissioner shall make copies of the form available to the public and candidates upon request.

~~(e)~~ (f) 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)~~ (g) 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)~~ (h) 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).~~

(i) The commissioner must establish an electronic filing system by which refunds are claimed.

**EFFECTIVE DATE.** This section is effective for contributions made after December 31, 2026.

Sec. 10. Minnesota Statutes 2024, section 290.068, subdivision 3, is amended to read:

Subd. 3. **Limitation; carryover.** (a) The credit for taxable years beginning before January 1, 2025, shall not exceed the liability for tax.

(b) If the amount of the credit allowed for the taxable year exceeds the liability for tax of the taxpayer, but is allowed as a result of the liability for tax of other members of the unitary group ~~for the taxable year~~, the taxpayer must allocate the excess as a research credit to another member of the unitary group.

~~(b)~~ (c) In the case of a corporation which is a partner in a partnership, the credit allowed for the taxable year shall not exceed the lesser of the amount determined under paragraph ~~(a)~~ (b) for the taxable year or an amount (separately computed with respect to the corporation's interest in the trade or business or entity) equal to the amount of tax attributable to that portion of taxable income which is allocable or apportionable to the corporation's interest in the trade or business or entity.

~~(c)~~ (d) If the amount of the credit determined under this section for any taxable year exceeds the limitation under ~~paragraph~~ paragraphs (a) ~~or (b)~~ to (c), including amounts allocated to other members of the unitary group, and is not refunded under subdivision 3a, the excess shall be a research credit carryover to each of the 15 succeeding taxable years. The entire amount of the excess unused credit for the taxable year shall 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 which may be added under this clause shall not exceed the taxpayer's liability for tax less the research credit for the taxable year.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2024.

Sec. 11. Minnesota Statutes 2024, section 290.068, is amended by adding a subdivision to read:

Subd. 3a. **Credit to be partially refundable.** (a) If the amount of credit allowed in this section for qualified research expenses incurred in taxable years beginning after December 31, 2024, exceeds the limitations in subdivision 3, paragraphs (a) to (c), including after the credit amounts are allocated to other members of the unitary group, the taxpayer may elect to receive a refund.

(b) The refundable amount allowed under paragraph (a) is equal to the refundability rate calculated under subdivision 3b multiplied by the excess, if any, of the allowed credit amount under subdivision 1 for the current taxable year remaining after the liability for tax has been reduced to zero.

(c) Any amount not refunded under paragraph (a) is allowed as a carryover under subdivision 3, paragraph (d).

(d) An election under paragraph (a) is irrevocable for the taxable year.

(e) This subdivision applies only to an allowed credit claimed on a tax return filed on or before the due date under section 289A.18 or the extended due date under section 289A.19.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2024.

Sec. 12. Minnesota Statutes 2024, section 290.068, is amended by adding a subdivision to read:

Subd. 3b. **Determination of refundability rate.** (a) For purposes of this section, the refundability rate equals:

(1) 19.2 percent for taxable years beginning after December 31, 2024, and before January 1, 2026; and

(2) 25 percent for taxable years beginning after December 31, 2025, and before January 1, 2028.

(b) For taxable years beginning after December 31, 2027, the refundability rate equals the lesser of 25 percent or the rate determined under paragraph (c).

(c) By December 15, 2027, and each year thereafter, the commissioner must determine the refundability rate for the immediately succeeding taxable year based on the most recent November forecast required under section 16A.103. If the commissioner determines that the total amount of refunds paid under this section

will exceed $25,000,000 for the immediately succeeding taxable year, the commissioner must adjust the refundability rate so the total amount of projected refunds paid in the immediately succeeding taxable year will approximate $25,000,000 or less. The percentage must be rounded to the nearest whole percentage point. The commissioner must publish the refundability rate on the department's external website.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2024.

Sec. 13. Minnesota Statutes 2024, section 290.068, is amended by adding a subdivision to read:

Subd. 8. **Appropriation.** An amount sufficient to pay the refunds required under this section is appropriated to the commissioner from the general fund.

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

Sec. 14. Minnesota Statutes 2024, section 290.0695, subdivision 1, is amended to read:

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

(b) "Credit certificate" means the certificate issued by the commissioner of transportation under subdivision 3, paragraph (a).

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

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

~~(d)~~ (e) "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.

(f) "Transfer credit certificate" means the certificate issued to a transferee by the commissioner under subdivision 3, paragraph (d).

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2024.

Sec. 15. Minnesota Statutes 2024, section 290.0695, subdivision 3, is amended to read:

Subd. 3. **~~Transferability~~ Credit certificates; written agreement required; ~~credit certificate~~ transferability.** (a) To qualify for a credit under this section, an eligible taxpayer must apply to the commissioner of transportation for a credit certificate. The application for the credit certificate must be in the form and manner prescribed by the commissioner of transportation, in consultation with the commissioner. If the application is approved, the commissioner of transportation must issue the credit certificate to the eligible taxpayer within 30 days of receipt of the application. The credit certificate must state the number of miles of qualified railroad reconstruction or replacement expenditures in the taxable year and the total amount of credit calculated under subdivision 2, paragraph (a). The commissioner of transportation must provide a copy of the credit certificate to the commissioner. The commissioner of transportation must not issue more than one credit certificate to an eligible taxpayer in a taxable year.

(b) By written agreement, 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.~~ as follows:

(1) any amount of the credit allowed that is stated in the credit certificate before any of the credit is claimed; or

(2) the entire amount of the credit carryover in each of the five succeeding taxable years.

~~(b)~~ (c) 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)~~ (d) The commissioner must issue a transfer 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.~~

(e) An eligible taxpayer must not transfer a credit to an eligible transferee more than once in a taxable year.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2024.

Sec. 16. Minnesota Statutes 2024, section 290.091, subdivision 2, 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, 31, and 34~~, and 35~~ to 39;

(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, 2024.

Sec. 17. Minnesota Statutes 2024, 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;

(10) to the extent included in federal adjusted gross income, the amount of discharge of indebtedness awarded to the claimant under section 332.74, subdivision 3; or

(11) to the extent included in federal adjusted gross income, the amount of consumer enforcement public compensation received as a distribution to an eligible consumer under section 8.37, subdivision 5.

(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, 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 property taxes payable in 2026 and thereafter.

Sec. 18. **CORRECTION OF ERRORS; CERTAIN RETIREMENT CONTRIBUTIONS.**

An annuity contract provider that receives a contribution from an individual to an individual retirement plan on an annuity contract no later than the time prescribed by law under section 219(f)(3) of the Internal Revenue Code, must treat the contribution as having been made on account of the preceding taxable year. This section applies only if the annuity contract provider receives notification from the individual indicating the tax year designation for the contribution within three years from the original due date for filing the return for that taxable year.

**EFFECTIVE DATE.** This section is effective retroactively for contributions made in calendar year 2023 and designated to apply to the tax year 2022 contribution limitation.

Sec. 19. **STIPEND PAYMENTS TO SEIU HEALTHCARE MINNESOTA & IOWA BARGAINING UNIT MEMBERS.**

(a) The commissioner of human services shall issue stipend payments to collective bargaining unit members as required by the labor agreement between the state of Minnesota and the Service Employees International Union (SEIU) Healthcare Minnesota & Iowa.

(b) The definitions in Minnesota Statutes, section 290.01, apply to this section.

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

(d) The amount of stipend payments received by SEIU Healthcare Minnesota & Iowa collective bargaining unit members under this section is a subtraction.

(e) The amount of stipend payments received by SEIU Healthcare Minnesota & Iowa collective bargaining unit members under this section is excluded from alternative minimum taxable income under Minnesota Statutes, section 290.091, and income as defined in Minnesota Statutes, sections 290.0693, subdivision 1, paragraph (i), and 290A.03, subdivision 3.

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

(1) child care assistance programs under Minnesota Statutes, chapter 142E;

(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 under Minnesota Statutes, chapter 142G; and

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

(g) The commissioner of human services must not consider stipend payments 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.

(h) If this section is enacted more than once during the 2025 first special session in substantially the same form, this section prevails regardless of order of enactment.

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

Sec. 20. **REPEALER.**

Minnesota Statutes 2024, sections 13.4967, subdivision 2a; and 290.0679, are repealed.

**EFFECTIVE DATE.** This section is effective for assignments after December 31, 2025.

## ARTICLE 2

## PROPERTY TAXES

Section 1. Minnesota Statutes 2024, section 272.02, subdivision 7, is amended to read:

Subd. 7. **Institutions of public charity.** (a) Institutions of purely public charity that are exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code are exempt if they meet the requirements of this subdivision. In determining whether real property is exempt under this subdivision, the following factors must be considered:

(1) whether the stated purpose of the undertaking is to be helpful to others without immediate expectation of material reward;

(2) whether the institution of public charity is supported by material donations, gifts, or government grants for services to the public in whole or in part;

(3) whether a material number of the recipients of the charity receive benefits or services at reduced or no cost, or whether the organization provides services to the public that alleviate burdens or responsibilities that would otherwise be borne by the government;

(4) whether the income received, including material gifts and donations, produces a profit to the charitable institution that is not distributed to private interests;

(5) whether the beneficiaries of the charity are restricted or unrestricted, and, if restricted, whether the class of persons to whom the charity is made available is one having a reasonable relationship to the charitable objectives; and

(6) whether dividends, in form or substance, or assets upon dissolution, are not available to private interests.

A charitable organization must satisfy the factors in clauses (1) to (6) for its property to be exempt under this subdivision, unless there is a reasonable justification for failing to meet the factors in clause (2), (3), or (5), and the organization provides to the assessor the factual basis for that justification. If there is reasonable justification for failing to meet the factors in clause (2), (3), or (5), an organization is a purely public charity under this subdivision without meeting those factors. After an exemption is properly granted under this subdivision, it will remain in effect unless there is a material change in facts.

(b) For purposes of this subdivision, a grant is a written instrument or electronic document defining a legal relationship between a granting agency and a grantee when the principal purpose of the relationship is to transfer cash or something of value to the grantee to support a public purpose authorized by law in a general manner instead of acquiring by professional or technical contract, purchase, lease, or barter property or services for the direct benefit or use of the granting agency.

(c) Rental housing property does not qualify for an exemption under this subdivision unless: (1) the use of the rental property is in furtherance of the tax-exempt charitable purpose of the organization; and (2) the use of the rental property does not further the tax-exempt charitable purpose of the organization solely by providing rental housing to persons or families on the basis of the income characteristics of those persons or families.

~~(c)~~ (d) In determining whether rental housing property qualifies for exemption under this subdivision, the following are not gifts or donations to the owner of the rental housing:

(1) rent assistance provided by the government to or on behalf of tenants; and

(2) financing assistance or tax credits provided by the government to the owner on condition that specific units or a specific quantity of units be set aside for persons or families with certain income characteristics.

**EFFECTIVE DATE.** This section is effective for property taxes payable in 2026 and thereafter.

Sec. 2. Minnesota Statutes 2024, section 272.02, subdivision 19, is amended to read:

Subd. 19. **Property used to distribute electricity to farmers.** Electric power distribution ~~lines and their attachments and appurtenances~~ systems, not including substations, or transmission or generation equipment, that are used primarily for supplying electricity to farmers at retail, are exempt.

**EFFECTIVE DATE.** This section is effective beginning with assessment year 2025 and thereafter.

Sec. 3. Minnesota Statutes 2024, section 272.02, is amended by adding a subdivision to read:

Subd. 106. **Certain property owned by an Indian Tribe.** (a) Property is exempt that:

(1) was classified as class 3a under section 273.13, subdivision 24, for taxes payable in 2025;

(2) is located in a city of the first class with a population greater than 400,000 as of the 2020 federal census;

(3) was on January 1, 2024, 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 the purposes of this subdivision, a "Tribal purpose" means a public purpose defined in subdivision 8 and includes noncommercial Tribal government activities. Property that qualifies for the exemption under this subdivision is limited to one parcel that does not exceed 40,000 square feet. Property used for single-family housing, market-rate apartments, agriculture, or forestry does not qualify for this exemption.

**EFFECTIVE DATE.** This section is effective beginning with assessment year 2026.

Sec. 4. Minnesota Statutes 2024, section 272.02, is amended by adding a subdivision to read:

Subd. 107. **Certain property owned by an Indian Tribe.** (a) Property is exempt that:

(1) was classified as class 2b under section 273.13, subdivision 23, for taxes payable in 2025;

(2) is located within a county with a population greater than 5,580 but less than 5,620 according to the 2020 federal census;

(3) is located in an unorganized territory with a population less than 800 according to the 2020 federal census; and

(4) was on January 2, 2023, and is for the current assessment, owned by a federally recognized Indian Tribe, or its instrumentality, that is located within the state of Minnesota.

(b) Property that qualifies for exemption under this subdivision is limited to no more than five parcels.

**EFFECTIVE DATE.** This section is effective beginning with assessment year 2026.

Sec. 5. Minnesota Statutes 2024, section 272.02, is amended by adding a subdivision to read:

Subd. 108. **Certain property owned by an Indian Tribe.** (a) Property is exempt that:

(1) is located in a city of the first class with a population greater than 400,000 as of the 2020 federal census;

(2) was on January 1, 2025, 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

(3) contains a mixed-use development constructed after January 1, 2024, that includes space used exclusively for noncommercial Tribal government activities.

(b) Any portion of the property used for housing, parking facilities, agriculture, or forestry does not qualify for this exemption.

**EFFECTIVE DATE.** This section is effective beginning with assessment year 2026.

Sec. 6. Minnesota Statutes 2024, section 273.117, is amended to read:

**273.117 CONSERVATION PROPERTY TAX VALUATION.**

(a) The value of real property ~~which~~ that is subject to a conservation restriction or easement ~~shall~~ must not be reduced by the assessor if:

~~(a)~~ (1) the restriction or easement is for a conservation purpose and is recorded on the property; and

~~(b)~~ (2) the property is being used in accordance with the terms of the conservation restriction or easement.

(b) This section does not apply to:

(1) conservation restrictions or easements covering riparian buffers along lakes, rivers, and streams that are used for water quantity or quality control;

(2) easements in a county that has adopted, by referendum, a program to protect farmland and natural areas since 1999; ~~or~~

(3) conservation restrictions or easements entered into prior to May 23, 2013~~.~~; or

(4) conservation easements in a metropolitan county that has adopted, by resolution, a program to protect farmland or natural areas. A metropolitan county that has adopted a program to protect farmland or natural areas may, by resolution, authorize the assessor to consider the impact of the conservation easement on the property's value. For purposes of this clause, "metropolitan county" has the meaning given in section 473.121, subdivision 4.

**EFFECTIVE DATE.** This section is effective for assessment year 2026 and thereafter.

Sec. 7. Minnesota Statutes 2024, section 273.128, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** (a) Low-income rental property classified as class 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 under this clause 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.

~~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 2026.

Sec. 8. Minnesota Statutes 2024, section 273.13, subdivision 23, is amended to read:

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

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

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

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

(d) Class 2c managed forest land consists of no less than 20 and no more than 1,920 acres statewide per taxpayer that is being managed under a forest management plan that meets the requirements of chapter 290C, but is not enrolled in the sustainable forest resource management incentive program. It has a classification rate of .65 percent, provided that the owner of the property must apply to the assessor in order for the property to initially qualify for the reduced rate and provide the information required by the assessor to verify that the property qualifies for the reduced rate. If the assessor receives the application and information before May 1 in an assessment year, the property qualifies beginning with that assessment year. If the assessor receives the application and information after April 30 in an assessment year, the property may not qualify until the next assessment year. The commissioner of natural resources must concur that the land is qualified. The commissioner of natural resources shall annually provide county assessors verification information on a timely basis. The presence of a minor, ancillary nonresidential structure as defined by the commissioner of revenue does not disqualify the property from classification under this paragraph.

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

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

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

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

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

(f) Agricultural land under this section also includes:

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

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

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

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

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

(3) contiguous acreage that contains a residence and is less than 15 acres in size, if the contiguous acreage inclusive of the house, garage, and surrounding one acre of land was used in the preceding year for market farming and the owner provides the county assessor with the filed federal Schedule F (Form 1040) for the most recent completed tax year that reports gross income of at least $20,000.

For purposes of this paragraph, "market farming" means the cultivation of one or more fruits or vegetables or production of animal or other agricultural products for sale to local markets by the farmer or an organization with which the farmer is affiliated, and "contiguous acreage~~,~~" ~~for purposes of this paragraph,~~ means all of a tax parcel as described in section 272.193, or all of a set of contiguous tax parcels under that section that are owned by the same person.

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

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

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

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

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

(2) aquacultural products for sale and consumption, as defined under section 17.47, if the aquaculture occurs on land zoned for agricultural use;

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

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

(5) game birds and waterfowl bred and raised (i) on a game farm licensed under section 97A.105, provided that the annual licensing report to the Department of Natural Resources, which must be submitted annually by March 30 to the assessor, indicates that at least 500 birds were raised or used for breeding stock on the property during the preceding year and that the owner provides a copy of the owner's most recent schedule F; or (ii) for use on a shooting preserve licensed under section 97A.115;

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

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

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

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

(1) wholesale and retail sales;

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

(3) warehousing or storage of processed goods; and

(4) office facilities for the support of the activities enumerated in clauses (1), (2), and (3), the assessor shall classify the part of the parcel used for agricultural purposes as class 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use. The grading, sorting, and packaging of raw agricultural products for first sale is considered an agricultural purpose. A greenhouse or other building where floricultural, horticultural or nursery products are grown that is also used for the conduct of retail sales must be classified as agricultural if it is primarily used for the growing of floricultural, horticultural or nursery products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products. Use of a greenhouse or building only for the display of already grown floricultural, horticultural or nursery products does not qualify as an agricultural purpose.

"Floriculture," for the purposes of this paragraph, includes production of bedding and garden plants, foliage plants, potted flowering plants, and cut flowers.

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

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

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

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

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

The land contained in a landing area under this paragraph must be described and certified by the commissioner of transportation. The certification is effective until it is modified, or until the airport or landing area no longer meets the requirements of this paragraph. For purposes of this paragraph, "public access area" means property used as an aircraft parking ramp, apron, or storage hangar, or an arrival and departure building in connection with the airport.

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

(1) a legal description of the property;

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

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

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

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

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

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

**EFFECTIVE DATE.** This section is effective beginning with assessment year 2026.

Sec. 9. Minnesota Statutes 2024, section 273.38, is amended to read:

**273.38 PERCENTAGE OF ASSESSMENTS; EXCEPTIONS.**

The distribution ~~lines and the attachments and appurtenances thereto~~ systems, not including substations, or transmission or generation equipment, of cooperative associations organized under the provisions of Laws 1923, chapter 326, and laws amendatory thereof and supplemental thereto, and engaged in the electrical heat, light and power business, upon a mutual, nonprofit and cooperative plan, shall be assessed and taxed as provided in sections 273.40 and 273.41.

**EFFECTIVE DATE.** This section is effective beginning with assessment year 2025 and thereafter.

Sec. 10. Minnesota Statutes 2024, section 273.41, is amended to read:

**273.41 AMOUNT OF TAX; DISTRIBUTION.**

There is hereby imposed upon each such cooperative association on December 31 of each year a tax of $10 for each 100 members, or fraction thereof, of such association. The tax, when paid, shall be in lieu of all personal property taxes, state, county, or local, upon ~~distribution lines and the attachments and appurtenances thereto of such associations~~ that part of the association's distribution system, not including substations, or transmission or generation equipment, located in rural areas. The tax shall be payable on or before March 1 of the next succeeding year, to the commissioner of revenue. If the tax, or any portion thereof, is not paid within the time herein specified for the payment thereof, there shall be added thereto a specific penalty equal to ten percent of the amount so remaining unpaid. Such penalty shall be collected as part of said tax, and the amount of said tax not timely paid, together with said penalty, shall bear interest at the rate specified in section 270C.40 from the time such tax should have been paid until paid. The commissioner shall deposit the amount so received in the general fund of the state treasury.

**EFFECTIVE DATE.** This section is effective beginning with assessment year 2025 and thereafter.

Sec. 11. Minnesota Statutes 2024, section 279.37, subdivision 2, is amended to read:

Subd. 2. **Installment payments.** (a) The owner of any such parcel, or any person to whom the right to pay taxes has been given by statute, mortgage, or other agreement, may make and file with the county auditor of the county in which the parcel is located a written offer to pay the current taxes each year before they become delinquent, or to contest the taxes under chapter 278 and agree to confess judgment for the amount provided, as determined by the county auditor. By filing the offer, the owner waives all irregularities in connection with the tax proceedings affecting the parcel and any defense or objection which the owner may have to the proceedings, and also waives the requirements of any notice of default in the payment of any installment or interest to become due pursuant to the composite judgment to be so entered. Unless the property is subject to subdivision 1a, with the offer, the owner shall (i) tender one-tenth of the amount of the delinquent taxes, costs, penalty, and interest, and (ii) tender all current year taxes and penalty due at the time the confession of judgment is entered. In the offer, the owner shall agree to pay the balance in nine equal installments, with interest as provided in section 279.03, payable annually on installments remaining

unpaid from time to time, on or before December 31 of each year following the year in which judgment was confessed.

(b) For property which qualifies under section 279.03, subdivision 2, paragraph (b), each year the commissioner shall set the interest rate for offers made under paragraph (a) at the greater of five percent or ~~two percent above~~ the prime rate charged by banks during the six-month period ending on September 30 of that year, rounded to the nearest full percent, provided that the rate must not exceed the maximum annum rate specified under section 279.03, subdivision 1a. The rate of interest becomes effective on January 1 of the immediately succeeding year. The commissioner's determination under this subdivision is not a rule subject to the Administrative Procedure Act in chapter 14, including section 14.386. If a default occurs in the payments under any confessed judgment entered under this paragraph, the taxes and penalties due are subject to the interest rate specified in section 279.03.

For the purposes of this subdivision:

(1) the term "prime rate charged by banks" means the average predominant prime rate quoted by commercial banks to large businesses, as determined by the Board of Governors of the Federal Reserve System; and

(2) "default" means the cancellation of the confession of judgment due to nonpayment of the current year tax or failure to make any installment payment required by this confessed judgment within 60 days from the date on which payment was due.

(c) The interest rate established at the time judgment is confessed is fixed for the duration of the judgment. By October 15 of each year, the commissioner of revenue must determine the rate of interest as provided under paragraph (b) and, by November 1 of each year, must certify the rate to the county auditor.

(d) A qualified property owner eligible to enter into a second confession of judgment may do so at the interest rate provided in paragraph (b).

(e) Repurchase agreements or contracts for repurchase for properties being repurchased under section 282.261 are not eligible to receive the interest rate under paragraph (b).

(f) The offer must be substantially as follows:

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

..... Upon that real estate there are delinquent taxes for the year ....., and prior years, as follows: (here insert year of delinquency and the total amount of delinquent taxes, costs, interest, and penalty). By signing this document I offer to confess judgment in the sum of $..... and waive all irregularities in the tax proceedings affecting these taxes and any defense or objection which I may have to them, and direct judgment to be entered for the amount stated above, minus the sum of $....., to be paid with this document, which is one-tenth or one-fifth of the amount of the taxes, costs, penalty, and interest stated above. I agree to pay the balance of the judgment in nine or four equal, annual installments, with interest as provided in section 279.03, payable annually, on the installments remaining unpaid. I agree to pay the installments and interest on or before December 31 of each year following the year in which this judgment is confessed and current taxes each year before they become delinquent, or within 30 days after the entry of final judgment in proceedings to contest the taxes under chapter 278.

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

**EFFECTIVE DATE.** This section is effective January 1, 2026.

Sec. 12. Minnesota Statutes 2024, section 449.08, is amended to read:

**449.08 TAX LEVY FOR FREE MUSIC IN THIRD CLASS CITIES.**

The council of any city of the third class may levy a tax for the purpose of providing free musical entertainment for the general public. The proceeds of this tax shall be used only for the purpose of providing free musical entertainment for the public. The annual expenditure for this purpose is limited to ~~$3,000~~ $10,000.

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

Sec. 13. Minnesota Statutes 2024, section 469.1812, is amended by adding a subdivision to read:

Subd. 2a. **Land bank organization.** "Land bank organization" means an organization that, at least in part, acquires, holds, or manages vacant, blighted, foreclosed, or tax-forfeited property for future development, redevelopment, or disposal, and that is either:

(1) a nonprofit organization exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code whose governing board members are elected or appointed by the state of Minnesota, any political subdivision of the state of Minnesota, or an agency of the state of Minnesota or its political subdivisions, or are elected or appointed officials of the state of Minnesota or any of its political subdivisions; or

(2) a limited liability company of which a nonprofit organization described in clause (1) is the sole member.

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

Sec. 14. Minnesota Statutes 2024, section 469.1813, subdivision 1, is amended to read:

Subdivision 1. **Authority.** The governing body of a political subdivision may grant a current or prospective abatement, by contract or otherwise, of the taxes imposed by the political subdivision on a parcel of property, which may include personal property and machinery, or defer the payments of the taxes and abate the interest and penalty that otherwise would apply, if:

(1) it expects the benefits to the political subdivision of the proposed abatement agreement to at least equal the costs to the political subdivision of the proposed agreement or intends the abatement to phase in a property tax increase, as provided in clause (2)(vii); and

(2) it finds that doing so is in the public interest because it will:

(i) increase or preserve tax base;

(ii) provide employment opportunities in the political subdivision;

(iii) provide or help acquire or construct public facilities;

(iv) help redevelop or renew blighted areas;

(v) help provide access to services for residents of the political subdivision;

(vi) finance or provide public infrastructure;

(vii) phase in a property tax increase on the parcel resulting from an increase of 50 percent or more in one year on the estimated market value of the parcel, other than increase attributable to improvement of the parcel; ~~or~~

(viii) stabilize the tax base through equalization of property tax revenues for a specified period of time with respect to a taxpayer whose real and personal property is subject to valuation under Minnesota Rules, chapter 8100~~.~~;

(ix) provide for the development of affordable housing to households at or below 80 percent of area median income as estimated by the United States Department of Housing and Urban Development for the political subdivision in which the project is located; or

(x) allow the property to be held by a land bank organization for future development.

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

Sec. 15. Minnesota Statutes 2024, section 469.1813, subdivision 6, is amended to read:

Subd. 6. **Duration limit.** (a) A political subdivision may grant an abatement for a period no longer than 15 years, except as provided under ~~paragraph~~ paragraphs (b) and (c). The abatement period commences in the first year in which the abatement granted is either paid or retained in accordance with section 469.1815, subdivision 2. The subdivision may specify in the abatement resolution a shorter duration. If the resolution does not specify a period of time, the abatement is for eight years. If an abatement has been granted to a parcel of property and the period of the abatement has expired, the political subdivision that granted the abatement may not grant another abatement for eight years after the expiration of the first abatement. This prohibition does not apply to improvements added after and not subject to the first abatement. Economic abatement agreements for real and personal property subject to valuation under Minnesota Rules, chapter 8100, are not subject to this prohibition and may be granted successively.

(b) A political subdivision proposing to abate taxes for a parcel may request, in writing, that the other political subdivisions in which the parcel is located grant an abatement for the property. If one of the other political subdivisions declines, in writing, to grant an abatement or if 90 days pass after receipt of the request to grant an abatement without a written response from one of the political subdivisions, the duration limit for an abatement for the parcel by the requesting political subdivision and any other participating political subdivision is increased to 20 years. If the political subdivision which declined to grant an abatement later grants an abatement for the parcel, the 20-year duration limit is reduced by one year for each year that the declining political subdivision grants an abatement for the parcel during the period of the abatement granted by the requesting political subdivision. The duration limit may not be reduced below the limit under paragraph (a).

(c) An abatement under subdivision 1, clause (2), items (ix) and (x), may be granted for a period no longer than five years. This limit also applies if the resolution does not specify a period of time.

**EFFECTIVE DATE.** This section is effective for abatement resolutions approved after the day following final enactment.

Sec. 16. Minnesota Statutes 2024, section 469.1813, is amended by adding a subdivision to read:

Subd. 11. **Repayment.** A land bank organization receiving an abatement under subdivision 1, clause (2), item (ix) or (x), must repay the abatement with interest if the land for which the abatement was granted is used for a purpose other than the purpose given by the land bank organization prior to redevelopment, as

determined by the governing body of the political subdivision that granted the abatement. The repayment must be paid to the county treasurer and the county auditor shall distribute the repayment in the same proportion to the political subdivisions which granted the abatement. This subdivision applies immediately after the abatement under this section expires and land is subject to repayment under this subdivision for the same number of years that the abatement was granted. Interest under this section is payable at the rate determined in section 270C.40, subdivision 5.

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

Sec. 17. **EXEMPTION FOR LAND HELD FOR ECONOMIC DEVELOPMENT.**

Notwithstanding Minnesota Statutes, section 272.02, subdivision 39, property owned by the Port Authority of the city of Bloomington that was acquired by the Port Authority in May 2016 and exempt under Minnesota Statutes, section 272.02, subdivision 39, for taxes payable in 2017 through 2025, must continue to be exempt pursuant to Minnesota Statutes, section 272.02, subdivision 39, for taxes payable in 2026 through 2031 provided that the requirements of that subdivision are met. Notwithstanding Minnesota Statutes, section 272.025, an initial application for the exemption under this section must be filed with the assessor by June 30, 2025.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Bloomington and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 18. **PROPERTY TAX EXEMPTION; RED LAKE NATION COLLEGE.**

(a) Notwithstanding Minnesota Statutes, section 272.02, subdivision 38, paragraph (b), and any other law to the contrary, property located in the city of Minneapolis acquired by Red Lake Nation College Without Borders, LLC in either August 2021 or September 2021 is exempt from property taxes payable in 2022 and the portion of property taxes payable in 2021 due after the property was acquired. An amount necessary to make a payment to the county for the property taxes that would be payable but for the exemption is appropriated from the general fund to the commissioner of revenue in fiscal year 2026. All prior year penalties, interest, and costs are canceled.

(b) By August 1, 2025, 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, 2025.

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

Sec. 19. **REPEALER.**

Minnesota Statutes 2024, sections 275.065, subdivision 3c; and 276.04, subdivision 2a, are repealed.

**EFFECTIVE DATE.** This section is effective beginning with property taxes payable in 2026.

## ARTICLE 3

## SALES AND USE TAXES; EXCISE TAXES

Section 1. Minnesota Statutes 2024, section 289A.20, subdivision 4, is amended to read:

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

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

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

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

(b) A vendor having a liability of $250,000 or more during a fiscal year ending June 30, except for taxes imposed under chapters 168E, 295, and 297H, must remit the June liability for the next year in the following manner:

(1) Two business days before June 30 of calendar year 2027 and each year thereafter, the vendor must remit 5.6 percent of the estimated June liability to the commissioner.

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

(c) A vendor having a liability of:

(1) $10,000 or more, but less than $250,000, during a fiscal year must remit by electronic means all liabilities on returns due for periods beginning in all subsequent calendar years on or before the 20th day of the month following the month in which the taxable event occurred, or on or before the 20th day of the month following the month in which the sale is reported under section 289A.18, subdivision 4; or

(2) $250,000 or more during a fiscal year must remit by electronic means all liabilities in the manner provided in paragraph (a) on returns due for periods beginning in the subsequent calendar year, except that a vendor subject to the remittance requirements of paragraph (b) must remit the percentage of the estimated June liability, as provided in paragraph (b), clause (1), which is due two business days before June 30. The remaining amount of the June liability is due on August 20.

(d) Notwithstanding paragraph (b) or (c), a person prohibited by the person's religious beliefs from paying electronically shall be allowed to remit the payment by mail. The filer must notify the commissioner of revenue of the intent to pay by mail before doing so on a form prescribed by the commissioner. No extra

fee may be charged to a person making payment by mail under this paragraph. The payment must be postmarked at least two business days before the due date for making the payment in order to be considered paid on a timely basis.

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

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

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

~~(3) concrete, cement, and masonry.~~

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

**EFFECTIVE DATE.** This section is effective for taxes remitted after May 31, 2027.

Sec. 2. Minnesota Statutes 2024, section 289A.60, is amended by adding a subdivision to read:

Subd. 15a. **Accelerated payment of June sales tax liability; penalty for underpayment.** For payments made after December 31, 2026, if a vendor is required by law to submit an estimation of June sales tax liabilities and 5.6 percent payment by a certain date, the vendor shall pay a penalty equal to ten percent of the amount of actual June liability required to be paid in June less the amount remitted in June. The penalty must not be imposed, however, if the amount remitted in June equals the lesser of 5.6 percent of the preceding May's liability or 5.6 percent of the average monthly liability for the previous calendar year.

**EFFECTIVE DATE.** This section is effective for taxes remitted after May 31, 2027.

Sec. 3. Minnesota Statutes 2024, section 295.81, subdivision 2, is amended to read:

Subd. 2. **Gross receipts tax imposed.** (a) A tax equal to ~~ten~~ 15 percent of gross receipts from retail sales in Minnesota of taxable cannabis products is imposed on any taxable cannabis product retailer that sells these products to customers. A taxable cannabis product retailer may but is not required to collect the tax imposed by this section from the purchaser as long as the tax is separately stated on the receipt, invoice, bill of sale, or similar document given to the purchaser.

(b) If a product subject to the tax imposed under this section is included in a bundled transaction, the entire sales price of the bundled transaction is subject to the tax imposed under this section.

(c) The tax imposed under this section is in addition to any other tax imposed on the sale or use of taxable cannabis products.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2025.

Sec. 4. Minnesota Statutes 2024, section 297A.68, subdivision 42, is amended to read:

Subd. 42. **Qualified data centers.** (a) Purchases of enterprise information technology equipment and computer software for use in a qualified data center, or a qualified refurbished data center, are exempt, except that computer software maintenance agreements are exempt for purchases made after June 30, 2013. The tax on purchases exempt under this paragraph must be imposed and collected as if the rate under section

297A.62, subdivision 1, applied, and then refunded after June 30, 2013, in the manner provided in section 297A.75. This exemption includes enterprise information technology equipment and computer software purchased to replace or upgrade enterprise information technology equipment and computer software in a qualified data center, or a qualified refurbished data center.

~~(b) Electricity used or consumed in the operation of a qualified data center or qualified refurbished data center is exempt.~~

~~(c)~~ (b) For purposes of this subdivision, "qualified data center" means a facility in Minnesota:

(1) that is comprised of one or more buildings that consist in the aggregate of at least 25,000 square feet, and that are located on a single parcel or on contiguous parcels, where the total cost of construction or refurbishment, investment in enterprise information technology equipment, and computer software is at least $30,000,000 within a 48-month period. The 48-month period begins no sooner than July 1, 2012, except that costs for computer software maintenance agreements purchased before July 1, 2013, are not included in determining if the $30,000,000 threshold has been met;

(2) that is constructed or substantially refurbished after June 30, 2012, where "substantially refurbished" means that at least 25,000 square feet have been rebuilt or modified, including:

(i) installation of enterprise information technology equipment; environmental control, computer software, and energy efficiency improvements; and

(ii) building improvements; and

(3) that is used to house enterprise information technology equipment, where the facility has the following characteristics:

(i) uninterruptible power supplies, generator backup power, or both;

(ii) sophisticated fire suppression and prevention systems; and

(iii) enhanced security. A facility will be considered to have enhanced security if it has restricted access to the facility to selected personnel; permanent security guards; video camera surveillance; an electronic system requiring pass codes, keycards, or biometric scans, such as hand scans and retinal or fingerprint recognition; or similar security features.

In determining whether the facility has the required square footage, the square footage of the following spaces shall be included if the spaces support the operation of enterprise information technology equipment: office space, meeting space, and mechanical and other support facilities. For purposes of this subdivision, "computer software" includes, but is not limited to, software utilized or loaded at a qualified data center or qualified refurbished data center, including maintenance, licensing, and software customization.

~~(d)~~ (c) For purposes of this subdivision, a "qualified refurbished data center" means an existing facility that qualifies as a data center under paragraph ~~(c)~~ (b), clauses (2) and (3), but that is comprised of one or more buildings that consist in the aggregate of at least 25,000 square feet, and that are located on a single parcel or contiguous parcels, where the total cost of construction or refurbishment, investment in enterprise information technology equipment, and computer software is at least $50,000,000 within a 24-month period.

~~(e)~~ (d) For purposes of this subdivision, "enterprise information technology equipment" means computers and equipment supporting computing, networking, or data storage, including servers and routers. It includes, but is not limited to: cooling systems, cooling towers, and other temperature control infrastructure; power infrastructure for transformation, distribution, or management of electricity used for the maintenance and

operation of a qualified data center or qualified refurbished data center, including but not limited to exterior dedicated business-owned substations, backup power generation systems, battery systems, and related infrastructure; and racking systems, cabling, and trays, which are necessary for the maintenance and operation of the qualified data center or qualified refurbished data center.

~~(f)~~ (e) A qualified data center or qualified refurbished data center may claim the exemptions in this subdivision for purchases made either within 20 years of the date of its first purchase qualifying for the exemption under paragraph (a), or by June 30, 2042, whichever is earlier.

~~(g)~~ (f) The purpose of this exemption is to create jobs in the construction and data center industries.

~~(h)~~ (g) This subdivision is effective for sales and purchases made before July 1, 2042.

~~(i)~~ (h) The commissioner of employment and economic development must certify to the commissioner of revenue, in a format approved by the commissioner of revenue, when a qualified data center has met the requirements under paragraph ~~(c)~~ (b) or a qualified refurbished data center has met the requirements under paragraph ~~(d)~~ (c). The certification must provide the following information regarding each qualified data center or qualified refurbished data center:

(1) the total square footage amount;

(2) the total amount of construction or refurbishment costs and the total amount of qualifying investments in enterprise information technology equipment and computer software;

(3) the beginning and ending of the applicable period under either paragraph ~~(c) or (d)~~ (b) or (c) in which the qualifying expenditures and purchases under clause (2) were made, but in no case shall the period begin before July 1, 2012; and

(4) the date upon which the qualified data center first met the requirements under paragraph ~~(c)~~ (b) or a qualified refurbished data center first met the requirements under paragraph ~~(d)~~ (c).

~~(j)~~ (k) Any refund for sales tax paid on qualifying purchases under this subdivision must not be issued unless the commissioner of revenue has received the certification required under paragraph ~~(i)~~ (h) issued by the commissioner of employment and economic development.

~~(k)~~ (j) The commissioner of employment and economic development must annually notify the commissioner of revenue of the qualified data centers that are projected to meet the requirements under paragraph ~~(c)~~ (b) and the qualified refurbished data centers that are projected to meet the requirements under paragraph ~~(d)~~ (c) in each of the next four years. The notification must provide the information required under paragraph ~~(i)~~ (h), clauses (1) to (4), for each qualified data center or qualified refurbished data center.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2025.

Sec. 5. Minnesota Statutes 2024, section 297G.09, subdivision 10, is amended to read:

Subd. 10. **Quarterly and annual payments and returns.** (a) If a manufacturer, wholesaler, brewer, or importer has an average liquor tax liability equal to or less than $500 per month in any quarter of a calendar year, and has substantially complied with the state tax laws during the preceding four calendar quarters, the manufacturer, wholesaler, brewer, or importer may request authorization to file and pay the taxes quarterly in subsequent calendar quarters. The authorization remains in effect during the period in which the manufacturer's, wholesaler's, brewer's, or importer's quarterly returns reflect liquor tax liabilities of less than $1,500 and there is continued compliance with state tax laws.

(b) If a manufacturer, wholesaler, brewer, or importer has an average liquor tax liability equal to or less than $100 per month during a calendar year, and has substantially complied with the state tax laws during that period, the manufacturer, wholesaler, brewer, or importer may request authorization to file and pay the taxes annually in subsequent years. The authorization remains in effect during the period in which the manufacturer's, wholesaler's, brewer's, or importer's annual returns reflect liquor tax liabilities of less than $1,200 and there is continued compliance with state tax laws. A qualified brewer as defined under section 297G.04, subdivision 2, that meets the same criteria during a calendar year may file and pay the taxes annually the following calendar year without authorization. A qualified brewer must provide notice of intent to file and pay the taxes annually to the commissioner in a form and manner prescribed by the commissioner.

(c) The commissioner may also grant quarterly or annual filing and payment authorizations to manufacturers, wholesalers, brewers, or importers if the commissioner concludes that the manufacturer's, wholesaler's, brewer's, or importer's future tax liabilities will be less than the monthly totals identified in paragraphs (a) and (b). An authorization granted under this paragraph is subject to the same conditions as an authorization granted under paragraphs (a) and (b).

(d) The annual tax return and payments must be filed and paid on or before the 18th day of January following the calendar year. The quarterly returns and payments must be filed and paid on or before April 18 for the quarter ending March 31, on or before July 18 for the quarter ending June 30, on or before October 18 for the quarter ending September 30, and on or before January 18 for the quarter ending December 31.

**EFFECTIVE DATE.** This section is effective January 1, 2026, for 2026 tax return obligations.

## ARTICLE 4

## PROPERTY TAX AIDS

Section 1. Minnesota Statutes 2024, section 290C.07, is amended to read:

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

(a) An approved claimant under the sustainable forest incentive program is eligible to receive an annual payment for each acre of enrolled land, excluding any acre improved with a paved trail under easement, lease, or terminable license to the state of Minnesota or a political subdivision. The payment shall equal a percentage of the property tax that would be paid on the land determined by using the previous year's statewide average total tax rate for all taxes levied within townships and unorganized territories, the estimated market value per acre as calculated in section 290C.06, and a class rate of one percent as follows: (1) for claimants enrolling land that is subject to a conservation easement funded under section 97A.056 or a comparable permanent easement conveyed to a governmental or nonprofit entity before May 31, 2013, ~~25~~ 22.5 percent; (2) for claimants enrolling land that is not subject to a conservation easement under an eight-year covenant, ~~65~~ 58.5 percent; (3) for claimants enrolling land that is not subject to a conservation easement under a 20-year covenant, ~~90~~ 81 percent; and (4) for claimants enrolling land that is not subject to a conservation easement under a 50-year covenant, ~~115~~ 103.5 percent.

(b) The calculated payment must not increase ~~or decrease~~ by more than ten percent relative to the payment received for the previous year. In no case may the payment be less than 90 percent of the amount paid to the claimant for the land enrolled in the program in 2017. ~~If an eligible claimant elects to change the length of the covenant on enrolled land on or before May 15, 2019, the limits under this paragraph do not apply and the claimant must receive payment in the amount corresponding to the new covenant length as calculated under paragraph (a).~~

(c) In addition to the payments provided under this section, a claimant enrolling more than 1,920 acres shall be allowed an additional payment per acre equal to the amount prescribed in paragraph (a), clause (1), for all acres of enrolled land on which public access is allowed, as required under section 290C.03, paragraph (a), clause (6), excluding any land subject to a conservation easement funded under section 97A.056, or a permanent easement conveyed to a governmental or nonprofit entity that is required to allow for public access under section 290C.03, paragraph (a), clause (6).

**EFFECTIVE DATE.** This section is effective beginning for payments in calendar year 2027.

Sec. 2. Minnesota Statutes 2024, section 290C.10, is amended to read:

**290C.10 WITHDRAWAL PROCEDURES.**

(a) The current owner of land enrolled under the sustainable forest incentive program for a minimum of one-half the number of years of the covenant's minimum duration may notify the commissioner of the intent to terminate enrollment. Within 90 days of receipt of notice to terminate enrollment, the commissioner shall inform the claimant in writing, acknowledging receipt of this notice and indicating the effective date of termination from the sustainable forest incentive program. Termination of enrollment in the sustainable forest incentive program occurs on January 1 of the calendar year following receipt by the commissioner of the termination notice, but no earlier than January 1 of the fifth, 11th, or 26th calendar year for the eight-, 20-, or 50-year respective minimum covenant, subject to the applicable covenant duration period under section 290C.055. After the commissioner issues an effective date of termination, a claimant wishing to continue the land's enrollment in the sustainable forest incentive program beyond the termination date must apply for enrollment as prescribed in section 290C.04. A claimant who withdraws a parcel of land from this program may not reenroll the parcel for a period of three years. Within 90 days after the termination date, the commissioner shall execute and acknowledge a document releasing the land from the covenant required under this chapter. The document must be mailed to the claimant and is entitled to be recorded.

(b) Notwithstanding paragraph (a), on request of the claimant, the commissioner may allow early withdrawal from the Sustainable Forest Incentive Act without penalty when the state of Minnesota, any local government unit, or any other entity which has the power of eminent domain acquires title or possession to the land for a public purpose. In the case of an eligible acquisition under this paragraph, the commissioner shall execute and acknowledge a document releasing the land acquired by the state, local government unit, or other entity from the covenant.

(c) Notwithstanding paragraph (a), upon request of the claimant, the commissioner shall allow early withdrawal from the Sustainable Forest Incentive Act without penalty when a government or nonprofit entity acquires a permanent conservation easement on the enrolled property and the conservation easement is at least as restrictive as the covenant required under section 290C.04. The commissioner of natural resources must notify the commissioner of lands acquired under this paragraph that are eligible for withdrawal. In the case of an eligible easement acquisition under this paragraph, the commissioner shall execute and acknowledge a document releasing the land subject to the easement from the covenant.

(d) Notwithstanding paragraph (a), upon request of the claimant, the commissioner shall allow early withdrawal from the Sustainable Forest Incentive Act without penalty for land that is subject to fee or easement acquisition or lease to the state of Minnesota or a political subdivision of the state for the public purpose of a paved trail. The commissioner of natural resources must notify the commissioner of lands acquired under this paragraph that are eligible for withdrawal. In the case of an eligible fee or easement acquisition or lease under this paragraph, the commissioner shall execute and acknowledge a document

releasing the land subject to fee or easement acquisition or lease by the state or political subdivision of the state.

(e) Notwithstanding paragraph (a), as provided in section 290C.055, paragraph (c), on request of the claimant, the commissioner must allow early withdrawal from the Sustainable Forest Incentive Act without penalty: (1) if there is a reduction in payments due to changes in the payment formula under section 290C.07; or (2) if, as a result of executive action, the amount of payment a claimant is eligible to receive under section 290C.07 is reduced or limited.

(f) All other enrolled land must remain in the program.

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

Sec. 3. Minnesota Statutes 2024, section 477A.013, subdivision 1, is amended to read:

Subdivision 1. **Towns.** (a) ~~In 2014 and thereafter, each town is eligible for a distribution under this subdivision equal to the product of (i) its agricultural property factor, (ii) its town area factor, (iii) its population factor, and (iv) 0.0045.~~ As used in this subdivision, the following terms have the meanings given them:

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

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

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

(i) the United States Bureau of the Census;

(ii) the ~~State Land Management Information Center~~ Minnesota Geospatial Information Office; or

(iii) the secretary of state; ~~and~~

(4) "population factor" means the square root of the town's population~~.~~; and

(5) "town aid factor" means the product of the town's (i) agricultural property factor, (ii) town area factor, and (iii) population factor.

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

(b) Each town is eligible for a distribution under this subdivision equal to the product of (1) the total amount available for town aid under section 477A.03, subdivision 2c, and (2) the ratio of (i) the town's town aid factor, to (ii) the sum of the town aid factors for all towns.

(c) Data used in calculating aids to towns under this subdivision, other than acreage, 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 2026 and thereafter.

Sec. 4. Minnesota Statutes 2024, section 477A.19, subdivision 5, is amended to read:

Subd. 5. **Appropriation.** For aids payable in 2025 and 2026, $10,000,000 ~~each year~~ is annually appropriated from the general fund to the commissioner of revenue to make the payments required under this section. For aids payable in 2027 and thereafter, $5,000,000 is annually appropriated from the general fund to the commissioner of revenue to make the payments required under this section.

**EFFECTIVE DATE.** This section is effective for aids payable in 2026 and thereafter.

Sec. 5. **AID PENALTY FORGIVENESS.**

Subdivision 1. **City of Stewart.** Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Stewart must receive its aid payment for calendar year 2023 under Minnesota Statutes, section 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision 3, provided the state auditor certifies to the commissioner of revenue by June 16, 2025, that the state auditor received the annual financial reporting for 2022 from the city of Stewart by June 1, 2025. Upon certification from the state auditor to the commissioner of revenue, the commissioner of revenue must make a payment of $87,501.50 to the city of Stewart by June 30, 2025.

Subd. 2. **City of Alpha.** Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Alpha must receive its aid payment for calendar year 2023 under Minnesota Statutes, section 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision 3, provided the state auditor certifies to the commissioner of revenue by June 16, 2025, that the state auditor received the annual financial reporting for 2022 from the city of Alpha by June 1, 2025. Upon certification from the state auditor to the commissioner of revenue, the commissioner of revenue must make a payment of $18,472 to the city of Alpha by June 30, 2025.

Subd. 3. **City of Odin.** Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Odin must receive its aid payment for calendar year 2024 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 2024 under Minnesota Statutes, section 162.145, that was withheld under Minnesota Statutes, section 162.145, subdivision 3, paragraph (c), provided the state auditor certifies to the commissioner of revenue by June 16, 2025, that the state auditor received the annual financial reporting for 2023 from the city of Odin by June 1, 2025. Upon certification from the state auditor to the commissioner of revenue, the commissioner of revenue must make a payment of $39,909 to the city of Odin by June 30, 2025.

Subd. 4. **City of Trosky.** Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Trosky must receive its aid payment for calendar year 2024 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 2024 under Minnesota Statutes, section 162.145, that was withheld under Minnesota Statutes, section 162.145, subdivision 3, paragraph (c), provided the state auditor certifies to the commissioner of revenue by June 16, 2025, that the state auditor received the annual financial reporting for 2023 from the city of Trosky by June 1, 2025. Upon certification from the state auditor to the commissioner of revenue, the commissioner of revenue must make a payment of $25,003 to the city of Trosky by June 30, 2025.

Subd. 5. **Appropriation.** The amounts necessary to make the payments required under subdivisions 1 and 2 are appropriated in fiscal year 2025 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. 6. **BASE YEAR FORMULA AID FOR THE CITY OF BALDWIN.**

For the calculation under Minnesota Statutes, section 477A.013, subdivisions 8 and 9, for aids payable in 2026, the city of Baldwin's aid for 2025, used in calculating aid payable in 2026, is deemed to be equal to $2.85 multiplied by Baldwin's 2023 population.

**EFFECTIVE DATE.** This section is effective for aids payable in 2026 only.

## ARTICLE 5

## TAX INCREMENT FINANCING

Section 1. Minnesota Statutes 2024, section 469.176, subdivision 4n, is amended to read:

Subd. 4n. **Temporary use of increment authorized.** (a) Notwithstanding any other provision of this section or any other law to the contrary, except the requirements to pay bonds to which increments are pledged, the authority may elect, by resolution, to transfer unobligated increment for one or more of the following purposes:

(1) to provide improvements, loans, interest rate subsidies, or assistance in any form to private development consisting of the construction or substantial rehabilitation of buildings and ancillary facilities, if doing so will create or retain jobs in the state, including construction jobs, and the construction commences before December 31, ~~2025~~ 2026, and would not have commenced before that date without the assistance; or

(2) to make an equity or similar investment in a corporation, partnership, or limited liability company that the authority determines is necessary to make construction of a development that meets the requirement of clause (1) financially feasible.

(b) For each calendar year for which transfers are permitted under this subdivision, the maximum transfer equals the excess of the district's unobligated increment which includes any increment not required for payments of obligations due during six months following the transfer on outstanding bonds, binding contracts, and other outstanding financial obligations of the district to which the district's increment is pledged.

(c) The authority may transfer increments permitted under this subdivision after creating a written spending plan that authorizes the authority to take the action described in paragraph (a) and details the use of transferred increment, including the use of interest earned on transferred increment. Additionally, the municipality must approve the authority's spending plan after holding a public hearing. The municipality must publish notice of the hearing in a newspaper of general circulation in the municipality and on the municipality's public website at least ten days, but not more than 30 days, prior to the date of the hearing. Prior to December 31, 2025, the municipality may amend a written spending plan to extend the date by which transferred increment may be used, and to authorize use of interest earned on transferred increment, after holding a public hearing as required in this section. A signed and approved copy of the amended plan must be filed with the state auditor. Interest earned on transferred increment may be treated the same as transferred increment regardless of whether a municipality amends a spending plan.

(d) Increment that is improperly retained, received, spent, or transferred is not eligible for transfer under this subdivision.

(e) An authority making a transfer under this subdivision must provide to the Office of the State Auditor a copy of the spending plan approved and signed by the municipality.

(f) The authority to transfer increments under this subdivision expires on December 31, 2022. All transferred increments must be spent, loaned, invested, or otherwise irrevocably committed by December 31, 2025, or by December 31, 2026, if authorized by an amended spending plan pursuant to paragraph (c). Increment not spent, loaned, invested, or otherwise irrevocably committed by ~~December 31, 2025~~ the applicable deadline in the preceding sentence, must be returned to the district. The requirement to return increment to the district includes any proceeds, principal, and interest received on loans of transferred increment; interest or investment earnings on transferred increment; or other repayments or returns of transferred increment defined as tax increment under section 469.174, subdivision 25, that remain in the funds or accounts of the authority or municipality on the applicable deadline, or that are subsequently received by the authority or municipality. If the district has already been decertified when increment is returned under this paragraph, the increment shall be treated as excess increment and distributed as provided in subdivision 2, paragraph (c), clause (4).

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

Sec. 2. Laws 2010, chapter 389, article 7, section 22, as amended by Laws 2011, chapter 112, article 11, section 16, is amended to read:

Sec. 22. **CITY OF RAMSEY; TAX INCREMENT FINANCING DISTRICT; SPECIAL RULES.**

(a) If the city of Ramsey or an authority of the city elects upon the adoption of a tax increment financing plan for a district, the rules under this section apply to a redevelopment tax increment financing district established by the city or an authority of the city. The redevelopment tax increment district includes parcels within the area bounded on the east by Ramsey Boulevard, on the north by Bunker Lake Boulevard as extended west to Llama Street, on the west by Llama Street, and on the south by a line running parallel to and 600 feet south of the southerly right-of-way for U.S. Highway 10, but including Parcels 28-32-25-43-0007 and 28-32-25-34-0002 in their entirety, and excluding the Anoka County Regional Park property in its entirety. A parcel within this area that is included in a tax increment financing district that was certified before the date of enactment of this act may be included in the district created under this act if the initial district is decertified.

(b) The requirements for qualifying a redevelopment tax increment district under Minnesota Statutes, section 469.174, subdivision 10, do not apply to the parcels located within the district.

(c) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district. Eligible expenditures within the district include but are not limited to (1) the city's share of the costs necessary to provide for the construction of the Northstar Transit Station and related infrastructure, including structured parking, a pedestrian overpass, and roadway improvements, (2) the cost of land acquired by the city or the housing and redevelopment authority in and for the city of Ramsey within the district prior to the establishment of the district, and (3) the cost of public improvements installed within the tax increment financing district prior to the establishment of the district.

(d) 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 considered to be met for the district if the activities were undertaken within ten years from the date of certification of the district.

(e) Except for administrative expenses, the in-district percentage for purposes of the restriction on pooling under Minnesota Statutes, section 469.1763, subdivision 2, for this district is 100 percent.

(f) The requirement of Minnesota Statutes, section 469.177, subdivision 4, does not apply to Parcels 28-32-25-42-0021 and 28-32-25-41-0014, where development occurred after enactment of Laws 2010, chapter 389, article 7, section 22, and prior to adoption of the tax increment financing plan for the district.

(g) The requirement of Minnesota Statutes, section 469.178, subdivision 7, paragraph (b), is considered to be met for the district if the city adopts interfund loan resolutions reflecting the terms and conditions required by Minnesota Statutes, section 469.178, subdivision 7, paragraph (d), by December 31, 2025.

**EFFECTIVE DATE.** This section is effective the day after the city of Ramsey and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 3. Laws 2013, chapter 143, article 9, section 21, is amended to read:

Sec. 21. **CITY OF MAPLEWOOD; TAX INCREMENT FINANCING DISTRICT; SPECIAL RULES.**

(a) If the city of Maplewood elects, upon the adoption of a tax increment financing plan for a district, the rules under this section apply to one or more redevelopment tax increment financing districts established by the city or the economic development authority of the city. The area within which the redevelopment tax increment districts may be created is parcel 362922240002 (the "parcel") or any replatted parcels constituting a part of the parcel and the adjacent rights-of-way. For purposes of this section, the parcel is the "3M Renovation and Retention Project Area" or "project area."

(b) The requirements for qualifying redevelopment tax increment districts under Minnesota Statutes, section 469.174, subdivision 10, do not apply to the parcel, which is deemed eligible for inclusion in a redevelopment tax increment district.

(c) The 90 percent rule under Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the parcel.

(d) The expenditures outside district rule under Minnesota Statutes, section 469.1763, subdivision 2, does not apply; the five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ten years; and expenditures must only be made within the project area or the area bounded by State Highway 61 to the West, Interstate Highway 694 to the North, White Bear Avenue to the East, and both sides of Beam Avenue to the South.

(e) If, after one year from the date of certification of the original net tax capacity of the tax increment district, no demolition, rehabilitation, or renovation of property has been commenced on a parcel located within the tax increment district, no additional tax increment may be taken from that parcel, and the original net tax capacity of the parcel shall be excluded from the original net tax capacity of the tax increment district. If 3M Company subsequently commences demolition, rehabilitation, or renovation, the authority shall certify to the county auditor that the activity has commenced, and the county auditor shall certify the net tax capacity thereof as most recently certified by the commissioner of revenue and add it to the original net tax capacity of the tax increment district. The authority must submit to the county auditor evidence that the required activity has taken place for each parcel in the district.

(f) The authority to approve a tax increment financing plan and to establish a tax increment financing district under this section expires December 31, 2018.

**EFFECTIVE DATE.** This section is effective the day after the city of Maplewood and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 4. Laws 2014, chapter 308, article 6, section 9, as amended by Laws 2017, First Special Session chapter 1, article 6, section 12, is amended to read:

Sec. 9. **CITY OF MAPLE GROVE; TAX INCREMENT FINANCING DISTRICT.**

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

(b) "City" means the city of Maple Grove.

(c) "Project area" means all or a portion of the area in the city commencing at a point 130 feet East and 120 feet North of the southwest corner of the Southeast Quarter of Section 23, Township 119, Range 22, Hennepin County, said point being on the easterly right-of-way line of Hemlock Lane; thence northerly along said easterly right-of-way line of Hemlock Lane to a point on the west line of the east one-half of the Southeast Quarter of section 23, thence south along said west line a distance of 1,200 feet; thence easterly to the east line of Section 23, 1,030 feet North from the southeast corner thereof; thence South 74 degrees East 1,285 feet; thence East a distance of 1,000 feet; thence North 59 degrees West a distance of 650 feet; thence northerly to a point on the northerly right-of-way line of 81st Avenue North, 650 feet westerly measured at right angles, from the east line of the Northwest Quarter of Section 24; thence North 13 degrees West a distance of 795 feet; thence West to the west line of the Southeast Quarter of the Northwest Quarter of Section 24; thence North 55 degrees West to the south line of the Northwest Quarter of the Northwest Quarter of Section 24; thence West along said south line to the east right-of-way line of Zachary Lane; thence North along the east right-of-way line of Zachary Lane to the southwest corner of Lot 1, Block 1, Metropolitan Industrial Park 5th Addition; thence East along the south line of said Lot 1 to the northeast corner of Outlot A, Metropolitan Industrial Park 5th Addition; thence South along the east line of said Outlot A and its southerly extension to the south right-of-way line of County State-Aid Highway (CSAH) 109; thence easterly along the south right-of-way line of CSAH 109 to the east line of the Northwest Quarter of the Northeast Quarter of Section 24; thence South along said east line to the north line of the South Half of the Northeast Quarter of Section 24; thence East along said north line to the westerly right-of-way line of Jefferson Highway North; thence southerly along the westerly right-of-way line of Jefferson Highway to the centerline of CSAH 130; thence continuing South along the west right-of-way line of Pilgrim Lane North to the westerly extension of the north line of Outlot A, Park North Fourth Addition; thence easterly along the north line of Outlot A, Park North Fourth Addition to the northeast corner of said Outlot A; thence southerly along the east line of said Outlot A to the southeast corner of said Outlot A; thence easterly along the south line of Lot 1, Block 1, Park North Fourth Addition to the westerly right-of-way line of State Highway 169; thence southerly, southwesterly, westerly, and northwesterly along the westerly right-of-way line of State Highway 169 and the northerly right-of-way line of Interstate 694 to its intersection with the southerly extension of the easterly right-of-way line of Zachary Lane North; thence northerly along the easterly right-of-way line of Zachary Lane North and its northerly extension to the north right-of-way line of CSAH 130; thence westerly, southerly, northerly, southwesterly, and northwesterly to the point of beginning and there terminating, provided that the project area includes the rights-of-way for all present and future highway interchanges abutting the area described in this paragraph, and may include any additional property necessary to cause the property included in the tax increment financing district to consist of complete parcels.

(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 80 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), but 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), (11), and (12), 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.

(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~~ 13 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~~ 25 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.

(i) Notwithstanding the restrictions in paragraph (f), clause (2), the city may use increments from a soil deficiency district to acquire parcels and for other infrastructure costs either inside or outside of the district, but within the project area, if the acquisition or infrastructure is for a qualified development. For purposes of this paragraph, a development is a qualified development only if all of the following requirements are satisfied:

(1) the city finds, by resolution, that the land acquisition and infrastructure are undertaken primarily to serve the development;

(2) the city has a binding, written commitment and adequate financial assurances from the developer that the development will be constructed; and

(3) the development does not consist of retail trade or housing improvements.

**EFFECTIVE DATE.** (a) The amendment to subdivision 2, paragraph (d), is effective the day after the governing body of the city of Maple Grove and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

(b) The amendment to subdivision 2, paragraph (f), is effective upon compliance by the city of Maple Grove, Hennepin County, and Independent School District No. 279 with the requirements of Minnesota Statutes, section 469.1782, subdivision 2.

Sec. 5. Laws 2017, First Special Session chapter 1, article 6, section 22, is amended to read:

Sec. 22. **CITY OF ST. PAUL; FORD SITE REDEVELOPMENT TIF DISTRICT.**

(a) For purposes of computing the duration limits under Minnesota Statutes, section 469.176, subdivision 1b, the housing and redevelopment authority of the city of St. Paul may waive receipt of increment for the Ford Site Redevelopment Tax Increment Financing District. This authority is limited to the first four years of increment or increments derived from taxes payable in 2023, whichever occurs first.

(b) If the city elects to waive receipt of increment under paragraph (a), for purposes of applying any limits based on when the district was certified under Minnesota Statutes, section 469.176, subdivision 6, or 469.1763, the date of certification for the district is deemed to be January 2 of the property tax assessment year for which increment is first received under the waiver.

(c) The five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ten years and the period under Minnesota Statutes, section 469.1763, subdivision 4, relating to the use of increment after the expiration of the five-year period, is extended to 11 years for the Ford Site Redevelopment Tax Increment Financing District in the city of St. Paul.

**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 the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 6. **CITY OF BLOOMINGTON; TEMPORARY USE OF INCREMENT; EXTENSION.**

(a) Notwithstanding Minnesota Statutes, section 469.176, subdivision 4n, the city of Bloomington may amend its spending plan to spend, loan, or invest transferred increment, including any interest or investment earnings on such transferred increment, as authorized under Minnesota Statutes, section 469.176, subdivision 4n, through December 31, 2027, provided that:

(1) construction commences prior to December 31, 2027;

(2) the transferred increment was collected from and used in TIF District No. 1-C or TIF District No. 1-G, in the city of Bloomington; and

(3) the use of the transferred increment is detailed in the city's written spending plan adopted pursuant to Minnesota Statutes, section 469.176, subdivision 4n, paragraph (c).

(b) Increment not spent, loaned, or invested by December 31, 2027, must be returned to the district. The requirement to return increment to the district includes any proceeds, principal, and interest received on loans of transferred increment; interest or investment earnings on transferred increment; or other repayments or returns of transferred increment defined as tax increment under Minnesota Statutes, section 469.174, subdivision 25, that remain in the funds or accounts of the authority or municipality on December 31, 2027, or that are subsequently received by the authority or municipality.

(c) If the city amends its spending plan pursuant to paragraph (a), the city must provide a copy of its amended spending plan to the legislative committees with jurisdiction over tax increment financing within 30 days.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Bloomington and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 7. **CITY OF BROOKLYN CENTER; TIF AUTHORITY.**

Subdivision 1. **Establishment.** Under the special rules established in subdivision 2, the economic development authority of the city of Brooklyn Center or the city of Brooklyn Center may establish not more than two redevelopment tax increment financing districts located wholly within the area in the city identified as the "Opportunity Site," which includes the area bounded by Shingle Creek Parkway from Hennepin County State-Aid Highway 10 to Summit Drive North; Summit Drive North from Shingle Creek Parkway to marked Trunk Highway 100; marked Trunk Highway 100 from Summit Drive North to Hennepin County State-Aid Highway 10; and Hennepin County State-Aid Highway 10 from marked Trunk Highway 100 to Shingle Creek Parkway, together with internal and adjacent roads and rights of way.

Subd. 2. **Special rules.** If the city or the authority establishes a 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 on December 31, 2031.

**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 the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 8. **CITY OF BROOKLYN PARK; TIF AUTHORITY; 610/ZANE AREA.**

Subdivision 1. **Establishment of districts.** Under the special rules established in subdivision 2, the economic development authority of the city of Brooklyn Park or the city of Brooklyn Park may establish not more than two redevelopment districts located wholly within the area of the city of Brooklyn Park. The districts may be composed of the following parcels identified by their current parcel identification numbers together with adjacent and internal roads and rights-of-way:

| | | | | |
|---|---|---|---|---|
| 0811921410009 | 0811921440008 | 0911921210097 | 0911921210099 | 0911921220014 |
| 0911921220015 | 0911921220068 | 0911921230005 | 0911921320016 | 0911921320021 |
| 0911921320024 | 0911921330006 | 0911921340015 | 0911921340016 | 0911921430009 |
| 0911921430010 | 0911921430011 | 0911921430012 | 0911921430016 | 0911921430023 |
| 0911921430027 | 0911921430043 | 0911921430047 | 0911921430050 | 0911921430051 |
| 0911921430052 | 0911921430056 | 0911921430066 | 0911921430070 | 0911921430074 |
| 0911921430075 | 0911921430079 | 0911921430084 | 0911921430085 | 0911921430089 |
| 0911921430091 | 0911921430092 | 0911921430096 | 0911921430101 | 0911921430106 |
| 0911921430109 | 0911921430111 | 0911921430116 | 0911921430119 | 0911921120005 |
| 0911921210007 | 0911921230008 | 0911921230049 | 0911921240006 | 0911921240009 |
| 0911921320018 | 0911921330009 | 0911921430006 | 0911921430014 | 0911921430015 |
| 0911921430019 | 0911921430020 | 0911921430028 | 0911921430030 | 0911921430033 |
| 0911921430037 | 0911921430038 | 0911921430040 | 0911921430048 | 0911921430054 |
| 0911921430055 | 0911921430059 | 0911921430069 | 0911921430071 | 0911921430072 |
| 0911921430076 | 0911921430080 | 0911921430081 | 0911921430082 | 0911921430083 |
| 0911921430086 | 0911921430087 | 0911921430088 | 0911921430094 | 0911921430095 |
| 0911921430099 | 0911921430104 | 0911921430114 | 0911921210006 | 0911921210096 |
| 0911921210100 | 0911921210101 | 0911921220008 | 0911921220017 | 0911921230014 |
| 0911921230015 | 0911921240004 | 0911921240007 | 0911921310010 | 0911921310011 |
| 0911921310012 | 0911921330010 | 0911921330012 | 0911921340009 | 0911921430013 |
| 0911921430017 | 0911921430021 | 0911921430022 | 0911921430026 | 0911921430031 |

| | | | | |
|---|---|---|---|---|
| 0911921430032 | 0911921430036 | 0911921430041 | 0911921430042 | 0911921430046 |
| 0911921430053 | 0911921430057 | 0911921430064 | 0911921430065 | 0911921430073 |
| 0911921430077 | 0911921430078 | 0911921430100 | 0911921430105 | 0911921430107 |
| 0911921430108 | 0911921430110 | 0911921430115 | 0911921430117 | 0911921430118 |
| 0811921140050 | 0811921140051 | 0911921210005 | 0911921210095 | 0911921220070 |
| 0911921220071 | 0911921230009 | 0911921230010 | 0911921230011 | 0911921230012 |
| 0911921230013 | 0911921240005 | 0911921240008 | 0911921310007 | 0911921310009 |
| 0911921320023 | 0911921330008 | 0911921330011 | 0911921340008 | 0911921340014 |
| 0911921340017 | 0911921430018 | 0911921430024 | 0911921430025 | 0911921430029 |
| 0911921430034 | 0911921430035 | 0911921430039 | 0911921430044 | 0911921430045 |
| 0911921430049 | 0911921430058 | 0911921430060 | 0911921430061 | 0911921430062 |
| 0911921430063 | 0911921430067 | 0911921430068 | 0911921430090 | 0911921430093 |
| 0911921430097 | 0911921430098 | 0911921430102 | 0911921430103 | 0911921430112 |
| 0911921430113 | 0911921430120 | 1011921330022 | | |

Subd. 2. **Special rules.** If the city or the authority establishes a tax increment financing district under subdivision 1, 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 finance district under this section expires on December 31, 2031.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Brooklyn Park and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 9. **CITY OF BROOKLYN PARK; TIF AUTHORITY; BIOTECH AREA.**

Subdivision 1. **Establishment of districts.** Under the special rules established in subdivision 2, the economic development authority of the city of Brooklyn Park or the city of Brooklyn Park may establish not more than two redevelopment districts located wholly within the area of the city of Brooklyn Park. The districts may be composed of the following parcels identified by their current parcel identification numbers together with adjacent and internal roads and rights-of-way:

| | | | | |
|---|---|---|---|---|
| 0711921110003 | 0711921120006 | 0711921110007 | 0711921140001 | 0711921140002 |
| 0711921140007 | 0711921240002 | 0711921240004 | 0711921110004 | 0711921110006 |

| | | | | |
|---|---|---|---|---|
| 0711921110008 | 0711921120005 | 0711921130005 | 0711921140005 | 0711921140006 |
| 0711921210003 | 0811921230002 | 0811921230004 | 0711921110005 | 0711921120009 |
| 0711921220003 | 0711921230001 | 0711921230002 | 0811921220002 | |

Subd. 2. **Special rules.** If the city or the authority establishes a tax increment financing district under subdivision 1, 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 finance district under this section expires on December 31, 2031.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Brooklyn Park and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 10. **CITY OF BROOKLYN PARK; TIF AUTHORITY; BROOKLYN BOULEVARD/WEST BROADWAY AREA.**

Subdivision 1. **Establishment of districts.** Under the special rules established in subdivision 2, the economic development authority of the city of Brooklyn Park or the city of Brooklyn Park may establish not more than two redevelopment tax increment financing districts located wholly within the area of the city of Brooklyn Park. The districts may be composed of the following parcels identified by their current parcel identification numbers together with adjacent and internal roads and rights-of-way:

| | | | | |
|---|---|---|---|---|
| 2011921430092 | 2011921430099 | 2011921440089 | 2011921430101 | 2011921440088 |
| 2911921120001 | 2911921120004 | 2911921120032 | 2911921110004 | 2911921120005 |
| 2011921430093 | 2011921430100 | 2011921430102 | 2011921430103 | 2911921110118 |
| 2911921120006 | 2911921120043 | 2011921340022 | 2011921340027 | 2011921340036 |
| 2011921340038 | 2011921340042 | 2011921340047 | 2011921340048 | 2011921340070 |
| 2011921340071 | 2011921340026 | 2011921340037 | 2011921340046 | 2011921340050 |
| 2011921340069 | 2011921340075 | 2011921340079 | 2011921340080 | 2011921330004 |
| 2011921330005 | 2011921330006 | 2011921330012 | 2011921340024 | 2011921340025 |
| 2011921340029 | 2011921340044 | 2011921340066 | 2011921340068 | 2011921340073 |
| 2011921340076 | 2011921340078 | 2911921210023 | 2911921210030 | 2911921210040 |
| 2911921210042 | 2911921210051 | 2911921210052 | 2911921210054 | 2911921210056 |
| 2911921210057 | 2911921210063 | 2911921210074 | 2911921210077 | 2911921210078 |

| | | | | |
|---|---|---|---|---|
| 2911921210079 | 2911921210090 | 2911921220010 | 2911921220012 | 2911921220021 |
| 2911921220023 | 2911921220025 | 2911921240102 | 2911921240117 | 2911921240132 |
| 2911921210021 | 2911921210024 | 2911921210025 | 2911921210026 | 2911921210027 |
| 2911921210028 | 2911921210029 | 2911921210034 | 2911921210035 | 2911921210037 |
| 2911921210038 | 2911921210039 | 2911921210053 | 2911921210061 | 2911921210062 |
| 2911921210066 | 2911921210070 | 2911921210073 | 2911921210081 | 2911921210082 |
| 2911921210086 | 2911921210094 | 2911921210105 | 2911921210106 | 2911921220011 |
| 2911921220020 | 2911921220022 | 2911921220028 | 2911921240101 | 2911921240104 |
| 2911921240105 | 2911921240106 | 2911921240109 | 2911921240134 | 2911921210007 |
| 2911921210050 | 2911921210055 | 2911921210058 | 2911921210059 | 2911921210071 |
| 2911921210083 | 2911921210104 | 2911921240095 | 2911921240099 | 2911921240118 |
| 2011921320010 | 2011921330003 | 2011921330007 | 2011921340023 | 2011921340028 |
| 2011921340034 | 2011921340035 | 2011921340039 | 2011921340040 | 2011921340043 |
| 2011921340045 | 2011921340049 | 2011921340077 | 2911921210022 | 2911921210031 |
| 2911921210032 | 2911921210033 | 2911921210036 | 2911921210041 | 2911921210060 |
| 2911921210064 | 2911921210065 | 2911921210067 | 2911921210068 | 2911921210069 |
| 2911921210080 | 2911921210084 | 2911921210085 | 2911921210087 | 2911921210088 |
| 2911921210089 | 2911921210091 | 2911921210092 | 2911921210093 | 2911921210096 |
| 2911921210103 | 2911921210111 | 2911921220024 | 2911921220026 | 2911921220029 |
| 2911921240100 | 2911921240103 | 2911921240107 | 2911921240133 | 2911921240135 |
| 3011921110009 | 3011921110007 | | | |

and the following roadways within the city of Brooklyn Park: Brooklyn Boulevard (from and including the intersection at Highway 169 to and including the intersection at Kentucky Avenue North) and West Broadway Avenue (from and including the intersection at 75th Avenue and to and including the intersection at 78th Avenue).

Subd. 2. **Special rules.** If the city or the authority establishes a tax increment financing district under subdivision 1, 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 finance district under this section expires on December 31, 2031.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Brooklyn Park and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 11. **CITY OF EDEN PRAIRIE; TAX INCREMENT FINANCING AUTHORITY; EDEN PRAIRIE CENTER.**

Subdivision 1. **Establishment.** Pursuant to the special rules established in subdivision 2, the economic development authority of the city of Eden Prairie or the city of Eden Prairie may establish not more than two redevelopment districts located within the area of the city of Eden Prairie consisting of parcels, together with adjacent roads and rights-of-way, within the area surrounded by Flying Cloud Drive, West 78th Street, and Prairie Center Drive.

Subd. 2. **Special rules.** If the city or authority establishes a tax increment financing district under this section, the following special rules apply:

(1) the districts are deemed to meet 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, 2026.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Eden Prairie and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 12. **CITY OF EDINA; 70TH & FRANCE TIF DISTRICT; FIVE-YEAR RULE EXTENSION; DURATION EXTENSION.**

(a) The five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ten years and the period under Minnesota Statutes, section 469.1763, subdivision 4, relating to the use of increment after the expiration of the five-year period, is extended to 11 years for Tax Increment Financing District 70th & France in the city of Edina.

(b) Notwithstanding Minnesota Statutes, section 469.176, subdivisions 1b and 1d, the city of Edina or its housing and redevelopment authority may elect to extend the duration of the district by ten years for Tax Increment Financing District 70th & France.

**EFFECTIVE DATE.** Paragraph (a) is effective the day after the governing body of the city of Edina 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 governing bodies of the city of Edina, Hennepin County, and Independent School District No. 273 with the requirements of Minnesota Statutes, section 469.1782, subdivision 2.

Sec. 13. **CITY OF EDINA; 72ND & FRANCE 2 TIF DISTRICT; FIVE-YEAR RULE EXTENSION; DURATION EXTENSION.**

(a) The five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ten years and the period under Minnesota Statutes, section 469.1763, subdivision 4, relating to the use of increment after the expiration of the five-year period, is extended to 11 years for Tax Increment Financing District 72nd & France 2 in the city of Edina.

(b) Notwithstanding Minnesota Statutes, section 469.176, subdivisions 1b and 1d, the city of Edina or its housing and redevelopment authority may elect to extend the duration of the district by five years for Tax Increment Financing District 72nd & France 2.

**EFFECTIVE DATE.** Paragraph (a) is effective the day after the governing body of the city of Edina 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 governing bodies of the city of Edina, Hennepin County, and Independent School District No. 273 with the requirements of Minnesota Statutes, section 469.1782, subdivision 2.

Sec. 14. **CITY OF MARSHALL; TEMPORARY USE OF INCREMENT; EXTENSION.**

(a) Notwithstanding Minnesota Statutes, section 469.176, subdivision 4n, paragraph (f), the city of Marshall may elect to spend, loan, or invest transferred increment, including any interest or investment earnings on such transferred increment, as authorized under Minnesota Statutes, section 469.176, subdivision 4n, through December 31, 2027, provided that the transferred increment was collected from TIF District No. 1-1, TIF District No. 1-7, or TIF District No. 2-1, in the city of Marshall, and the use of the transferred increment is detailed in the city's written spending plan adopted pursuant to Minnesota Statutes, section 469.176, subdivision 4n, paragraph (c).

(b) Increment not spent, loaned, or invested by December 31, 2027, must be returned to the district. The requirement to return increment to the district includes any proceeds, principal, and interest received on loans of transferred increment; interest or investment earnings on transferred increment; or other repayments or returns of transferred increment defined as tax increment under Minnesota Statutes, section 469.174, subdivision 25, that remain in the funds or accounts of the authority or municipality on December 31, 2027, or that are subsequently received by the authority or municipality.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Marshall and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 15. **CITY OF MINNETONKA; OPUS TIF DISTRICT; FIVE-YEAR RULE EXTENSION.**

(a) The five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ten years and the period under Minnesota Statutes, section 469.1763, subdivision 4, relating to the use of increment after the expiration of the five-year period, is extended to 11 years for the Opus tax increment financing district established in 2021 by the economic development authority in the city of Minnetonka.

(b) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Minnetonka and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 16. **CITY OF MOORHEAD; TAX INCREMENT FINANCING DISTRICT NO. 31; FIVE-YEAR RULE EXTENSION.**

The five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ten years and the period under Minnesota Statutes, section 469.1763, subdivision 4, relating to the use of increment after the expiration of the five-year period, is extended to 11 years for Tax Increment Financing District No. 31 in the city of Moorhead.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Moorhead and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 17. **CITY OF OAKDALE; TEMPORARY USE OF INCREMENT; EXTENSION.**

(a) Notwithstanding Minnesota Statutes, section 469.176, subdivision 4n, paragraph (f), the city of Oakdale may elect to spend, loan, or invest transferred increment, including any interest or investment earnings on such transferred increment, as authorized under Minnesota Statutes, section 469.176, subdivision 4n, through December 31, 2027, provided that the transferred increment was collected from TIF District No. 1-4 or TIF District No. 1-6, in the city of Oakdale, and the use of the transferred increment is detailed in the city's written spending plan adopted pursuant to Minnesota Statutes, section 469.176, subdivision 4n, paragraph (c).

(b) Increment not spent, loaned, or invested by December 31, 2027, must be returned to the district. The requirement to return increment to the district includes any proceeds, principal, and interest received on loans of transferred increment; interest or investment earnings on transferred increment; or other repayments or returns of transferred increment defined as tax increment under Minnesota Statutes, section 469.174, subdivision 25, that remain in the funds or accounts of the authority or municipality on December 31, 2027, or that are subsequently received by the authority or municipality.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Oakdale and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 18. **CITY OF PLYMOUTH; TAX INCREMENT FINANCING; ESTABLISHMENT.**

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 area identified as the city center district in the Plymouth, Minnesota Zoning Map in effect on January 1, 2024, and adopted pursuant to section 21000.12 of the Plymouth Zoning Code of Ordinances.

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) the five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ten years, and the period under Minnesota Statutes, section 469.1763, subdivision 4, relating to the use of increment after the expiration of the five-year period, is extended to 11 years.

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, 2031.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Plymouth and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 19. **CITY OF ST. CLOUD; TAX INCREMENT FINANCING; ESTABLISHMENT.**

Subdivision 1. **Establishment.** Under the special rules established in subdivision 2, the economic development authority of the city of St. Cloud or the city of St. Cloud may establish not more than two redevelopment districts adjacent to the Division Street corridor or within the Central Business District or Fringe Central District, limited to the following parcels identified by tax identification numbers, together with the adjacent roads and rights-of-way:

(1) in Stearns County: 82517020000 (Lady Slipper Catalyst Site); 82515440001 (North Riverfront Catalyst Site); 82515470000; 82515480000 (Empire Catalyst Site); 82518760015 (Swan Lot Catalyst Site); 82528850020 (Riverboat Lot Catalyst Site); 82528850001 (Former Herberger's); 82528850065 (Former Herberger's); 82528850005 (Former Herberger's); 82528850053; 82528850050; 82528850048 (Former Press Bar/Cowboy Jacks Lots); and

(2) in Benton County: 170037810 (Transit Oriented Development Catalyst Site); 170058101 (Ace Block Catalyst Site); 170042000; 170041600; 170041100; 170041601; 170041200; 170041800; 170059600 (Star Bank Catalyst Site); 170059300 (Riverfront South Catalyst Site); 170058300; 170059200; 170058600; 170058800; 170059100; 170058900; 1700113900 (Transit Oriented Development Catalyst Site); 170060600; 170060700; and 170060800 (EDA Parking Lot & adjacent sites).

Subd. 2. **Special rules.** If the city or authority establishes a tax increment financing district 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;

(2) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district; and

(3) increments generated from the districts may be expended for the reconstruction, expansion, or new construction of adjacent public infrastructure, including but not limited to public parking, streets, and utilities necessary to serve the development, and all expenditures under this clause are deemed expended on activities within the district for 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 on December 31, 2031.

**EFFECTIVE DATE.** This section is effective the day after the city of St. Cloud and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 20. **CITY OF ST. CLOUD; COOPER AVENUE REDEVELOPMENT TAX INCREMENT FINANCING DISTRICT; FIVE-YEAR RULE EXTENSION.**

The following special rule applies for the Cooper Avenue Redevelopment Tax Increment Financing District administered by the city of St. Cloud. 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 five-year period to April 30, 2031. Beginning in 2032, the requirements of Minnesota Statutes, section 469.1763, subdivision 4, apply to the district.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of St. Cloud and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

## ARTICLE 6

## LOCAL SALES AND USE TAXES

Section 1. Laws 1996, chapter 471, article 2, section 29, subdivision 1, as amended by Laws 2006, chapter 259, article 3, section 3, Laws 2011, First Special Session chapter 7, article 4, section 4, and Laws 2017, First Special Session chapter 1, article 5, section 6, is amended to read:

Subdivision 1. **Sales tax authorized.** (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Hermantown may, by ordinance, impose an additional sales tax of up to one percent on sales transactions taxable pursuant to Minnesota Statutes, chapter 297A, that occur within the city. The proceeds of the tax imposed under this section must be used to meet the costs of:

(1) extending ~~a~~ sewer interceptor ~~line~~ lines;

(2) construction of ~~a~~ booster pump ~~station~~ stations, reservoirs, and related improvements to the water system; and

(3) construction of a building containing a police and fire station and an administrative services facility.

(b) If the city imposed a sales tax of only one-half of one percent under paragraph (a), it may increase the tax to one percent to fund the purposes under paragraph (a) provided it is approved by the voters at a general election held before December 31, 2012.

(c) As approved by the voters at the November 8, 2016, general election, the proceeds under this section may also be used to meet the costs of debt service payments for construction of the Hermantown Wellness Center.

**EFFECTIVE DATE.** This section is effective the day following final enactment without local approval pursuant to Minnesota Statutes, section 645.023, subdivision 1.

Sec. 2. Laws 1996, chapter 471, article 2, section 29, subdivision 4, as amended by Laws 2006, chapter 259, article 3, section 4, and Laws 2017, First Special Session chapter 1, article 5, section 7, is amended to read:

Subd. 4. **Termination.** The tax authorized under this section terminates at the earlier of (1) December 31, ~~2036~~ 2046, or (2) when the Hermantown City Council first determines that sufficient funds have been received from the tax to fund the costs, including bonds and associated bond costs for the uses specified in

subdivision 1. Any funds remaining after completion of the improvements and retirement or redemption of the bonds may be placed in the general fund of the city.

**EFFECTIVE DATE.** This section is effective the day following final enactment without local approval pursuant to Minnesota Statutes, section 645.023, subdivision 1.

## ARTICLE 7

## PUBLIC FINANCE

Section 1. Minnesota Statutes 2024, section 373.40, subdivision 2, is amended to read:

Subd. 2. **Application of election requirement.** (a) Bonds issued by a county to finance capital improvements under an approved capital improvement plan are not subject to the election requirements of section 375.18 or 475.58. The bonds must be approved by vote of at least three-fifths of the members of the county board. In the case of a metropolitan county, the bonds must be approved by vote of at least two-thirds of the members of the county board.

(b) Before issuance of bonds qualifying under this section, the county must publish a notice of its intention to issue the bonds and the date and time of a hearing to obtain public comment on the matter. The notice must be published in the official newspaper of the county or in a newspaper of general circulation in the county. The notice must be published at least ~~14~~ ten, but not more than 28, days before the date of the hearing.

(c) A county may issue the bonds only upon obtaining the approval of a majority of the voters voting on the question of issuing the obligations, if a petition requesting a vote on the issuance is signed by voters equal to five percent of the votes cast in the county in the last county general election and is filed with the county auditor within 30 days after the public hearing. If the county elects not to submit the question to the voters, the county shall not propose the issuance of bonds under this section for the same purpose and in the same amount for a period of 365 days from the date of receipt of the petition. If the question of issuing the bonds is submitted and not approved by the voters, the provisions of section 475.58, subdivision 1a, shall apply.

Sec. 2. Minnesota Statutes 2024, section 446A.086, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) As used in this section, the following terms have the meanings given.

(b) "Authority" means the Minnesota Public Facilities Authority.

(c) "Commissioner" means the commissioner of management and budget.

(d) "Debt obligation" means:

(1) a general obligation bond or note issued by a county, a bond or note to which the general obligation of a county is pledged under section 469.034, subdivision 2, or a bond or note payable from a county lease obligation under section 641.24, to provide funds for the construction of:

(i) jails;

(ii) correctional facilities;

(iii) law enforcement facilities;

(iv) a courthouse or justice center, if connected to a jail, correctional facility, or other law enforcement facility;

~~(iv)~~ (v) social services and human services facilities;

~~(v)~~ (vi) solid waste facilities; or

~~(vi)~~ (vii) qualified housing development projects as defined in section 469.034, subdivision 2; or

(2) a general obligation bond or note issued by a governmental unit to provide funds for the construction, improvement, or rehabilitation of:

(i) wastewater facilities;

(ii) drinking water facilities;

(iii) stormwater facilities; or

(iv) any publicly owned building or infrastructure improvement that has received partial funding from grants awarded by the commissioner of employment and economic development related to redevelopment, contaminated site cleanup, bioscience, small cities development programs, and rural business infrastructure programs, for which bonds are issued by the authority under section 446A.087.

(e) "Governmental unit" means a county or a statutory or home rule charter city.

Sec. 3. Minnesota Statutes 2024, section 446A.086, subdivision 2, is amended to read:

Subd. 2. **Application.** (a) This section provides a state guarantee of the payment of principal and interest on debt obligations if:

(1) the obligations are issued for new projects or the refunding at a net present value savings of debt service costs of obligations that are currently guaranteed pursuant to this section and are not issued for the purposes of refunding previous obligations other than as described in this sentence;

(2) application to the Public Facilities Authority is made before issuance; and

(3) the obligations are covered by an agreement meeting the requirements of subdivision 3.

(b) Applications to be covered by the provisions of this section must be made in a form and contain the information prescribed by the authority. Applications are subject to either a fee of $500 for each bond issue requested by a county or governmental unit or the applicable fees under section 446A.087.

(c) Application fees paid under this section must be deposited in a separate credit enhancement bond guarantee account in the special revenue fund. Money in the credit enhancement bond guarantee account is appropriated to the authority for purposes of administering this section.

(d) Neither the authority nor the commissioner is required to promulgate administrative rules under this section and the procedures and requirements established by the authority or commissioner under this section are not subject to chapter 14.

Sec. 4. Minnesota Statutes 2024, section 462C.04, subdivision 2, is amended to read:

Subd. 2. **Program review.** A public hearing shall be held on each program after one publication of notice in a newspaper circulating generally in the city, at least ~~15~~ ten days before the hearing. On or before

the day on which notice of the public hearing is published, the city shall submit the program to the Metropolitan Council, if the city is located in the metropolitan area as defined in section 473.121, subdivision 2, or to the regional development commission for the area in which the city is located, if any, for review and comment. The appropriate reviewing agency shall comment on:

(a) whether the program furthers local and regional housing policies and is consistent with the Metropolitan Development Guide, if the city is located in the metropolitan area, or adopted policies of the regional development commission; and

(b) the compatibility of the program with the housing portion of the comprehensive plan of the city, if any.

Review of the program may be conducted either by the board of the reviewing agency or by the staff of the agency. Any comment submitted by the reviewing agency to the city must be presented to the body considering the proposed program at the public hearing held on the program.

A member or employee of the reviewing agency shall be permitted to present the comments of the reviewing agency at the public hearing. After conducting the public hearing, the program may be adopted with or without amendment, provided that any amendments must not be inconsistent with the comments, if any, of the reviewing agency and must not contain any material changes from the program submitted to the reviewing agency other than changes in the financial aspects of any proposed issue of bonds or obligations. If any material change other than a change in the financial aspects of a proposed issue of bonds or obligations, or any change which is inconsistent with the comments of the reviewing agency is adopted, the amended program shall be resubmitted to the appropriate reviewing agency for review and comment, and a public hearing shall be held on the amended program after one publication of notice in a newspaper circulating generally in the city at least ~~15~~ ten days before the hearing. The amended program shall be considered after the public hearing in the same manner as consideration of the initial program.

Sec. 5. Minnesota Statutes 2024, section 469.104, is amended to read:

**469.104 SECTIONS THAT APPLY IF FEDERAL LIMIT APPLIES.**

Sections 474A.01 to 474A.21 apply to obligations issued under sections 469.090 to 469.108 that are ~~limited~~ required by federal tax law as defined in section 474A.02, subdivision 8, to obtain an allocation of volume cap.

Sec. 6. Minnesota Statutes 2024, section 469.154, subdivision 4, is amended to read:

Subd. 4. **Hearing.** Prior to submitting an application to the department requesting approval of a project pursuant to subdivision 3, the governing body or a committee of the governing body of the municipality or redevelopment agency shall conduct a public hearing on the proposal to undertake and finance the project. Notice of the time and place of hearing, and stating the general nature of the project and an estimate of the principal amount of bonds or other obligations to be issued to finance the project, shall be published at least once not less than ~~14~~ ten days nor more than 30 days prior to the date fixed for the hearing, in the official newspaper and a newspaper of general circulation of the municipality or redevelopment agency. The notice shall state that a draft copy of the proposed application to the department, together with all attachments and exhibits, shall be available for public inspection following the publication of the notice and shall specify the place and times where and when it will be so available. The governing body of the municipality or the redevelopment agency shall give all parties who appear at the hearing an opportunity to express their views with respect to the proposal to undertake and finance the project. Following the completion of the public

hearing, the governing body of the municipality or redevelopment agency shall adopt a resolution determining whether or not to proceed with the project and its financing; it may thereafter apply to the department for approval of the project.

Sec. 7. Minnesota Statutes 2024, section 469.1813, subdivision 5, is amended to read:

Subd. 5. **Notice and public hearing.** (a) The governing body of the political subdivision may approve an abatement under sections 469.1812 to 469.1815 only after holding a public hearing on the abatement.

(b) Notice of the hearing must be published in a newspaper of general circulation in the political subdivision at least once ~~more than~~ at least ten days but less than 30 days before the hearing. The newspaper must be one of general interest and readership in the community, and not one of limited subject matter. The newspaper must be published at least once per week. The notice must indicate that the governing body will consider granting a property tax abatement, identify the property or properties for which an abatement is under consideration, and the total estimated amount of the abatement.

Sec. 8. Minnesota Statutes 2024, section 474A.091, subdivision 2, is amended to read:

Subd. 2. **Application for residential rental projects.** (a) Issuers may apply for an allocation for residential rental bonds under this section by submitting to the department an application on forms provided by the department accompanied by:

(1) a preliminary resolution;

(2) a statement of bond counsel that the proposed issue of obligations requires an allocation under this chapter and the Internal Revenue Code;

(3) an application deposit in the amount of two percent of the requested allocation;

(4) a sworn statement from the applicant identifying the project as a preservation project, 30 percent AMI residential rental project, 50 percent AMI residential rental project, 100 percent LIHTC project, 20 percent LIHTC project, or any other residential rental project; and

(5) a certification from the applicant or its accountant stating that the requested allocation does not exceed the aggregate bond limitation.

The issuer must pay the application deposit to the Department of Management and Budget. An entitlement issuer may not apply for an allocation for residential rental project bonds under this section unless it has either permanently issued bonds equal to the amount of its entitlement allocation for the current year plus any amount carried forward from previous years or returned for reallocation all of its unused entitlement allocation. For purposes of this subdivision, its entitlement allocation includes an amount obtained under section 474A.04, subdivision 6.

(b) An issuer that receives an allocation under this subdivision must permanently issue obligations equal to all or a portion of the allocation received on or before the earlier of: (1) 180 days of the allocation; or (2) the last business day of December. If an issuer that receives an allocation under this subdivision does not permanently issue obligations equal to all or a portion of the allocation received within the time period provided in this paragraph or returns the allocation to the commissioner, the amount of the allocation is canceled and returned for reallocation through the unified pool.

(c) The Minnesota Housing Finance Agency may apply for and receive an allocation under this section without submitting an application deposit.

Sec. 9. Minnesota Statutes 2024, section 474A.091, subdivision 2a, is amended to read:

Subd. 2a. **Application for all other types of qualified bonds.** (a) Issuers may apply for an allocation for all types of qualified bonds other than residential rental bonds under this section by submitting to the department an application on forms provided by the department accompanied by:

(1) a preliminary resolution;

(2) a statement of bond counsel that the proposed issue of obligations requires an allocation under this chapter and the Internal Revenue Code;

(3) the type of qualified bonds to be issued;

(4) an application deposit in the amount of two percent of the requested allocation; and

(5) a public purpose scoring worksheet for manufacturing and enterprise zone applications.

The issuer must pay the application deposit to the Department of Management and Budget. An entitlement issuer may not apply for an allocation for public facility bonds or mortgage bonds under this section unless it has either permanently issued bonds equal to the amount of its entitlement allocation for the current year plus any amount carried forward from previous years or returned for reallocation all of its unused entitlement allocation. For purposes of this subdivision, an entitlement allocation includes an amount obtained under section 474A.04, subdivision 6.

(b) An issuer that receives an allocation under this subdivision must permanently issue obligations equal to all or a portion of the allocation received on or before the earlier of: (1) 120 days of the allocation; or (2) the last business day of December. If an issuer that receives an allocation under this subdivision does not permanently issue obligations equal to all or a portion of the allocation received within the time period provided in this paragraph or returns the allocation to the commissioner, the amount of the allocation is canceled and returned for reallocation through the unified pool.

(c) Notwithstanding the restrictions imposed on entitlement issuers under this subdivision, the Minnesota Housing Finance Agency may not receive an allocation for mortgage bonds under this section prior to the first Monday in October, but may be awarded allocations for mortgage bonds from the unified pool on or after the first Monday in October. The Minnesota Housing Finance Agency, the Minnesota Office of Higher Education, and the Minnesota Rural Finance Authority may apply for and receive an allocation under this section without submitting an application deposit.

Sec. 10. Minnesota Statutes 2024, section 475.521, subdivision 2, is amended to read:

Subd. 2. **Election requirement.** (a) Bonds issued by a municipality to finance capital improvements under an approved capital improvements plan are not subject to the election requirements of section 475.58. The bonds must be approved by an affirmative vote of three-fifths of the members of a five-member governing body. In the case of a governing body having more or less than five members, the bonds must be approved by a vote of at least two-thirds of the members of the governing body.

(b) Before the issuance of bonds qualifying under this section, the municipality must publish a notice of its intention to issue the bonds and the date and time of the hearing to obtain public comment on the matter. The notice must be published in the official newspaper of the municipality or in a newspaper of general circulation in the municipality. Additionally, the notice may be posted on the official website, if any, of the municipality. The notice must be published at least ~~14~~ ten but not more than 28 days before the date of the hearing.

(c) A municipality may issue the bonds only after obtaining the approval of a majority of the voters voting on the question of issuing the obligations, if a petition requesting a vote on the issuance is signed by voters equal to five percent of the votes cast in the municipality in the last municipal general election and is filed with the clerk within 30 days after the public hearing. If the municipality elects not to submit the question to the voters, the municipality shall not propose the issuance of bonds under this section for the same purpose and in the same amount for a period of 365 days from the date of receipt of the petition. If the question of issuing the bonds is submitted and not approved by the voters, the provisions of section 475.58, subdivision 1a, shall apply.

Sec. 11. Minnesota Statutes 2024, section 641.23, is amended to read:

**641.23 FUNDS; HOW PROVIDED.**

Before any contract is made for the erection of a county jail, sheriff's residence, ~~or both~~ sheriff's offices, law enforcement center, or courthouse or justice center attached to a county jail, the county board shall either levy a sufficient tax to provide the necessary funds, or issue county bonds therefor in accordance with the provisions of chapter 475, provided that no election is required if the amount of all bonds issued for this purpose and interest on them which are due and payable in any year does not exceed an amount equal to 0.09671 percent of estimated market value of taxable property within the county, as last determined before the bonds are issued.

## ARTICLE 8

## MISCELLANEOUS

Section 1. Minnesota Statutes 2024, section 3.192, is amended to read:

**3.192 REQUIREMENTS FOR NEW OR RENEWED TAX EXPENDITURES.**

(a) ~~Any~~ Within 60 days after final enactment of a bill that creates, renews, or continues a tax expenditure ~~must include a statement of intent~~, the chairs of the house of representatives and senate committees with primary jurisdiction over taxes must submit to the Tax Expenditure Review Commission a statement of objective that clearly provides the purpose of the tax expenditure and a standard or goal against which its effectiveness may be measured.

(b) For purposes of this section, "tax expenditure" has the meaning given in section 270C.11, subdivision 6, and "Tax Expenditure Review Commission" means the commission established under section 3.8855.

(c) Any bill that creates a new tax expenditure or continues an expiring tax expenditure must include an expiration date for the tax expenditure that is no more than eight years from the day the provision takes effect.

**EFFECTIVE DATE.** This section is effective the day following final enactment for tax expenditures authorized in this act.

Sec. 2. Minnesota Statutes 2024, section 3.8855, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For the purposes of this section~~,~~:

(1) "commissioner" means the commissioner of revenue; and

(2) "significant tax expenditure," "tax," and "tax expenditure" have the meanings given in section 270C.11, subdivision 6.

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

Sec. 3. Minnesota Statutes 2024, section 3.8855, subdivision 3, is amended to read:

Subd. 3. **Membership.** (a) The commission consists of:

(1) two senators appointed by the senate majority leader;

(2) two senators appointed by the senate minority leader;

(3) two representatives appointed by the speaker of the house;

(4) two representatives appointed by the minority leader of the house of representatives; and

(5) the commissioner ~~of revenue~~ or the commissioner's designee.

(b) Each appointing authority must make appointments by January 31 of the regular legislative session in the odd-numbered year.

(c) If the chair of the house or senate committee with primary jurisdiction over taxes is not an appointed member, the chair is an ex officio, nonvoting member of the commission.

(d) The commissioner may designate another individual to represent the commissioner or the commissioner's designee at any meeting of the commission.

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

Sec. 4. Minnesota Statutes 2024, section 3.8855, subdivision 4, is amended to read:

Subd. 4. **Duties.** (a) 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~~ objective of each of the state's tax expenditures~~,~~ if none was ~~identified in the enacting legislation~~ submitted to the commission in accordance with section 3.192. The commission may also identify metrics for evaluating the effectiveness of an expenditure.

(b) 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~~ February 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. 5. Minnesota Statutes 2024, section 3.8855, subdivision 5, is amended to read:

Subd. 5. **Components of review.** (a) When reviewing a tax expenditure, the commission must at a minimum:

(1) provide an estimate of the annual revenue lost as a result of the expenditure;

(2) identify the ~~purpose~~ objective of the tax expenditure if none was ~~identified in the enacting legislation~~ submitted to the commission in accordance with section 3.192;

(3) estimate the measurable impacts and efficiency of the tax expenditure in accomplishing the ~~purpose~~ objective of the expenditure;

(4) compare the effectiveness of the tax expenditure and a direct expenditure with the same ~~purpose~~ objective;

(5) identify potential modifications to the tax expenditure to increase its efficiency or effectiveness;

(6) estimate the amount by which the tax rate for the relevant tax could be reduced if the revenue lost due to the tax expenditure were applied to a rate reduction;

(7) if the tax expenditure is a significant tax expenditure, estimate the incidence of the tax expenditure and the effect of the expenditure on the incidence of the state's tax system;

(8) consider the cumulative fiscal impacts of other state and federal taxes providing benefits to taxpayers for similar activities; and

(9) recommend whether the expenditure be continued, repealed, or modified.

(b) The commission may omit a component in paragraph (a) if the commission determines it is not feasible due to the lack of available data, third-party research, staff resources, or lack of a majority support for a recommendation.

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

Sec. 6. Minnesota Statutes 2024, section 3.8855, subdivision 7, is amended to read:

Subd. 7. **Report to legislature.** (a) By ~~December~~ February 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 for the 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~~ objective 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. 7. Minnesota Statutes 2024, section 3.8855, subdivision 8, is amended to read:

Subd. 8. **Terms; vacancies; meetings.** (a) Members of the commission serve a term beginning upon appointment and ending at the beginning of the regular legislative session in the next odd-numbered year. The appropriate appointing authority must fill a vacancy for a seat of a current legislator for the remainder of the unexpired term. Members may be removed or replaced at the pleasure of the appointing authority.

(b) If a commission member ceases to be a member of the legislative body from which the member was appointed, the member vacates membership on the commission.

(c) The commissioner must convene the first meeting of each year required under subdivision 4, paragraph (c).

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

Sec. 8. Minnesota Statutes 2024, section 8.31, subdivision 2c, is amended to read:

Subd. 2c. **Undistributed money to ~~general fund~~ consumer protection restitution account.** If a court of competent jurisdiction finds that a sum recovered under this section for the benefit of injured persons cannot reasonably be distributed to the victims, because the victims cannot readily be located or identified, or because the cost of distributing the money would outweigh the benefit to the victims, then the court ~~may order that the money be paid into the general fund. All sums recovered must be deposited into the state treasury and credited to the general fund~~ or attorney general must deposit the money in the consumer protection restitution account under section 8.37. Consumer enforcement public compensation that the attorney general attempts to distribute to an eligible consumer, but that is not redeemed by the consumer within 120 days, may be redeposited in the account. For purposes of this subdivision, "consumer enforcement public compensation" and "eligible consumer" have the meanings given in section 8.37, subdivision 2.

**EFFECTIVE DATE.** This section is effective July 1, 2025.

Sec. 9. **[8.37] CONSUMER PROTECTION RESTITUTION ACCOUNT.**

Subdivision 1. **Creation of account.** The consumer protection restitution account is established in the special revenue fund. Money in the account is appropriated annually to the attorney general for the purposes provided under subdivision 4.

Subd. 2. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Account" means the consumer protection restitution account established under this section.

(c) "Account administrator" means a person appointed by the attorney general as an account administrator under this section.

(d) "Consumer enforcement action" means litigation in any forum, or settlement of a matter that could have resulted in litigation, by the attorney general in whole or in part under (1) the authority of the attorney general provided in section 8.31, or (2) other authority granted to the attorney general by law to obtain the remedies provided in section 8.31.

(e) "Consumer enforcement public compensation" means money awarded or recovered in a consumer enforcement action to vindicate public interests by providing restitution or other compensation to persons directly impacted by unlawful acts and practices that are the subject of the consumer enforcement action.

(f) "Court-appointed administrator" means an administrator appointed by a court under section 8.31, subdivision 3c.

(g) "Eligible consumer" means a person who was directly impacted by unlawful acts and practices that are the subject of a consumer enforcement action and, as a result, is eligible to receive consumer enforcement public compensation under a final order.

(h) "Final order" means a judgment, assurance of discontinuance, consent order, settlement, stipulation, or other order or settlement that is no longer appealable and for which no appeals are pending. A final order does not include any judgment, assurance of discontinuance, consent order, settlement, stipulation, or other order or settlement entered into before January 1, 2024.

(i) "Identified amount of unpaid consumer enforcement public compensation" means a specific amount of consumer enforcement public compensation that the attorney general, court-appointed administrator, or fund administrator has determined a specific eligible consumer is entitled to receive following a final order in a consumer enforcement action and that has not been distributed to the specific eligible consumer.

Subd. 3. **Money deposited in the account.** 50 percent of all money recovered by the attorney general in a consumer enforcement action that is payable to the state and not designated as consumer enforcement public compensation or for another specific purpose up to the first $5,000,000 each fiscal year must be deposited into the account. The remaining 50 percent of money recovered by the attorney general in a consumer enforcement action that is payable to the state and not designated as consumer enforcement public compensation or for another specific purpose must be deposited into the general fund. For purposes of this subdivision, the amount of money recovered in a consumer enforcement action that must be deposited into the fund is determined at the time when the money otherwise would have been deposited into the general fund.

Subd. 4. **Permissible use of account.** Money in the account must be used only to distribute consumer enforcement action public compensation to eligible consumers under subdivision 5 and for costs to administer the account. The costs to administer the account may include the cost to retain for any permissible purpose an account administrator or court-appointed administrator but must not exceed three percent of the total amount of money available. The attorney general may pay an account administrator from the account if the account contains excess money.

Subd. 5. **Distributions to eligible consumers.** (a) Money in the account may be distributed to any eligible consumer with an identified amount of unpaid consumer enforcement public compensation. If the amount of money in the account is insufficient to pay all distributions to eligible consumers with an identified amount of unpaid consumer enforcement public compensation, the money must be distributed first to consumers eligible for unpaid consumer enforcement public compensation based on a consumer enforcement action with a final order of the oldest date.

(b) If the attorney general projects that there will be insufficient funding to pay all eligible consumers from the funds available on an ongoing basis, the attorney general may recommend to the legislature that the legislature prescribe a formula for prorating or capping payments to eligible consumers so that more eligible consumers will receive payment from the fund.

Subd. 6. **Impractical payments and unreasonable effort as to unpaid compensation.** (a) The attorney general may deem a distribution to an eligible consumer with an identified amount of unpaid consumer enforcement public compensation impractical if:

(1) the distribution to the eligible consumer is too small to justify the cost to locate the eligible consumer or make the payment;

(2) the eligible consumer does not redeem a payment within a reasonable time; or

(3) other circumstances make distributing the unpaid consumer enforcement compensation to the eligible consumer unreasonable.

(b) The attorney general may deem an attempt to determine an identified amount of unpaid consumer enforcement public compensation for some or all eligible consumers relating to a consumer enforcement action is unreasonable when the judgment, assurance of discontinuance, consent order, settlement, stipulation, or other order or settlement does not identify specific amounts of consumer enforcement public compensation for specific consumers if:

(1) the number of likely eligible consumers and the amount of likely unpaid consumer enforcement public compensation is too small to justify the cost to determine an identified amount of unpaid consumer enforcement public compensation;

(2) the information needed to identify an amount of unpaid consumer enforcement public compensation is unavailable or too costly to obtain; or

(3) other circumstances make an attempt to determine an identified amount of unpaid consumer enforcement public compensation unreasonable.

Subd. 7. **Concluded distributions.** The attorney general must stop providing distributions of unpaid consumer enforcement public compensation relating to a consumer enforcement action when the attorney general determines:

(1) all eligible consumers with an identified amount of unpaid consumer enforcement public compensation for the consumer enforcement action have received a distribution through the account or the distribution has been deemed impractical under subdivision 6, paragraph (a); and

(2) no additional eligible consumers with unpaid consumer enforcement public compensation for the consumer enforcement action exist or the attorney general has deemed identifying unpaid compensation under subdivision 6, paragraph (b), unreasonable.

Subd. 8. **Annual report.** (a) The attorney general must publish on the attorney general's website an annual report identifying the following information for the annual period:

(1) the consumer enforcement actions resulting in payment of money to the account and the amount of money paid to the account for each consumer enforcement action;

(2) the consumer enforcement actions for which distributions were made to eligible consumers, the amount of money distributed for each consumer enforcement action, and the amount of money distributed to each eligible consumer;

(3) the consumer enforcement actions for which there are eligible consumers awaiting distribution from the account and the amount of money for which those eligible consumers are awaiting distribution for each consumer enforcement action;

(4) the consumer enforcement actions for which the attorney general has concluded account distribution;

(5) the consumer enforcement actions in which the attorney general determined that some or all eligible compensation was impractical to distribute or unreasonable to determine under subdivision 6; and

(6) the cost incurred to administer the account.

(b) The attorney general must provide the report to the chairs and ranking minority members of the legislative committees with jurisdiction over state government, commerce, and judiciary.

Subd. 9. **Account administrator.** (a) The attorney general may appoint an administrator for any of the following purposes:

(1) determining identified amounts of unpaid consumer enforcement public compensation for eligible consumers;

(2) collecting money that can be deposited, in whole or in part, to the account;

(3) distributing money to eligible consumers; or

(4) any other costs to administer the account.

(b) The attorney general may appoint more than one account administrator.

Subd. 10. **No private right of action.** A person does not have a private right of action with respect to a payment from the account or administration of the account.

Subd. 11. **Collection efforts unaffected.** The distribution of money from the account to eligible consumers does not affect the attorney general's authority to collect, satisfy, or enforce final orders against persons ordered to pay consumer enforcement public compensation to eligible consumers in the final order. To the extent the attorney general collects consumer enforcement public compensation pursuant to a final order after money has been distributed from the account to eligible consumers that are the subject of that final order, the collected consumer enforcement public compensation must be deposited in the account in an amount equal to the prior account distribution.

**EFFECTIVE DATE.** This section is effective July 1, 2025.

Sec. 10. Minnesota Statutes 2024, section 16A.151, subdivision 2, is amended to read:

Subd. 2. **Exceptions.** (a) If a state official litigates or settles a matter on behalf of specific injured persons or entities, this section does not prohibit distribution of money to the specific injured persons or entities on whose behalf the litigation or settlement efforts were initiated. If money recovered on behalf of injured persons or entities cannot reasonably be distributed to those persons or entities because they cannot readily be located or identified or because the cost of distributing the money would outweigh the benefit to the persons or entities, the money must be paid into the general fund.

(b) Money recovered on behalf of a fund in the state treasury other than the general fund may be deposited in that fund.

(c) This section does not prohibit a state official from distributing money to a person or entity other than the state in litigation or potential litigation in which the state is a defendant or potential defendant.

(d) State agencies may accept funds as directed by a federal court for any restitution or monetary penalty under United States Code, title 18, section 3663(a)(3), or United States Code, title 18, section 3663A(a)(3).

Funds received must be deposited in a special revenue account and are appropriated to the commissioner of the agency for the purpose as directed by the federal court.

~~(e) Tobacco settlement revenues as defined in section 16A.98, subdivision 1, paragraph (t), may be deposited as provided in section 16A.98, subdivision 12.~~

~~(f)~~ (e) Any money received by the state resulting from a settlement agreement or an assurance of discontinuance entered into by the attorney general of the state, or a court order in litigation brought by the attorney general of the state, on behalf of the state or a state agency, related to alleged violations of consumer fraud laws in the marketing, sale, or distribution of opioids in this state or other alleged illegal actions that contributed to the excessive use of opioids, must be deposited in the settlement account established in the opiate epidemic response fund under section 256.043, subdivision 1. This paragraph does not apply to attorney fees and costs awarded to the state or the Attorney General's Office, to contract attorneys hired by the state or Attorney General's Office, or to other state agency attorneys.

~~(g)~~ (f) Notwithstanding paragraph ~~(f)~~ (e), if money is received from a settlement agreement or an assurance of discontinuance entered into by the attorney general of the state or a court order in litigation brought by the attorney general of the state on behalf of the state or a state agency against a consulting firm working for an opioid manufacturer or opioid wholesale drug distributor, the commissioner shall deposit any money received into the settlement account established within the opiate epidemic response fund under section 256.042, subdivision 1. Notwithstanding section 256.043, subdivision 3a, paragraph (a), any amount deposited into the settlement account in accordance with this paragraph shall be appropriated to the commissioner of human services to award as grants as specified by the opiate epidemic response advisory council in accordance with section 256.043, subdivision 3a, paragraph (e).

~~(h)~~ (g) If the Minnesota Pollution Control Agency, through litigation or settlement of a matter that could have resulted in litigation, recovers $250,000 or more in a civil penalty from violations of a permit issued by the agency, then 40 percent of the money recovered must be distributed to the community health board, as defined in section 145A.02, where the permitted facility is located. Within 30 days of a final court order in the litigation or the effective date of the settlement agreement, the commissioner of the Minnesota Pollution Control Agency must notify the applicable community health board that the litigation has concluded or a settlement has been reached. The commissioner must collect the money and transfer it to the applicable community health board. The community health board must meet directly with the residents potentially affected by the pollution that was the subject of the litigation or settlement to identify the residents' concerns and incorporate those concerns into a project that benefits the residents. The project must be implemented by the community health board and funded as directed in this paragraph. The community health board may recover the reasonable costs it incurs to administer this paragraph from the funds transferred to the board under this paragraph. This paragraph directs the transfer and use of money only and does not create a right of intervention in the litigation or settlement of the enforcement action for any person or entity. A supplemental environmental project funded as part of a settlement agreement is not part of a civil penalty and must not be included in calculating the amount of funds required to be distributed to a community health board under this paragraph. For the purposes of this paragraph, "supplemental environmental project" means a project that benefits the environment or public health that a regulated facility agrees to undertake, though not legally required to do so, as part of a settlement with respect to an enforcement action taken by the Minnesota Pollution Control Agency to resolve noncompliance.

~~(i)~~ (h) A community health board receiving a transfer of funds under paragraph ~~(h)~~ (g) must, no later than one year after receiving the funds, submit a report to the chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over environment policy and natural resources that describes:

(1) the process of community engagement employed to solicit community input regarding the use of the funds;

(2) the purposes and activities for which the funds were used; and

(3) an account of expenditures.

~~(j)~~ (i) The commissioner of the Minnesota Pollution Control Agency must submit a report in September each even-numbered year, beginning in 2024, to the chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over environmental policy and natural resources that includes:

(1) the amount transferred under paragraph ~~(h)~~ (g) to each community health board during the previous two years; and

(2) any agency services provided to the community health board or community residents during the duration of the project funded by the transfer, and the cost of those agency services, for consideration by the legislature for future appropriations that address reimbursement of the amount of the transfers and the cost of services provided by the agency.

~~(k)~~ (j) Any money received by the state resulting from a settlement agreement or an assurance of discontinuance entered into by the attorney general of the state, or a court order in litigation brought by the attorney general of the state on behalf of the state or a state agency related to alleged violations of consumer fraud laws in the marketing, sale, or distribution of electronic nicotine delivery systems in this state or other alleged illegal actions that contributed to the exacerbation of youth nicotine use, must be deposited in the tobacco use prevention account under section 144.398. This paragraph does not apply to: (1) attorney fees and costs awarded or paid to the state or the Attorney General's Office; (2) contract attorneys hired by the state or Attorney General's Office; or (3) other state agency attorneys. The commissioner of management and budget must transfer to the tobacco use prevention account, any money subject to this paragraph that is received by the state before May 24, 2023.

(k) This section does not apply to money deposited in the consumer protection restitution account under section 8.37.

**EFFECTIVE DATE.** This section is effective July 1, 2025.

Sec. 11. Minnesota Statutes 2024, section 37.31, subdivision 1, is amended to read:

Subdivision 1. **Bonding authority.** The society may issue negotiable bonds in a principal amount that the society determines necessary to provide sufficient money for achieving its purposes, including the payment of interest on bonds of the society, the establishment of reserves to secure its bonds, the payment of fees to a third party providing credit enhancement, and the payment of all other expenditures of the society incident to and necessary or convenient to carry out its corporate purposes and powers. Bonds of the society may be issued as bonds or notes or in any other form authorized by law. The principal amount of bonds issued and outstanding under this section at any time may not exceed ~~$30,000,000~~ $50,000,000, excluding bonds for which refunding bonds or crossover refunding bonds have been issued.

**EFFECTIVE DATE.** This section is effective July 1, 2025.

Sec. 12. Minnesota Statutes 2024, section 270C.11, subdivision 4, is amended to read:

Subd. 4. **Contents.** (a) The report shall detail for each tax expenditure item:

(1) the amount of tax revenue forgone;

(2) a citation of the statutory or other legal authority for the expenditure;

(3) the year in which it was enacted or the tax year in which it became effective;

(4) the ~~purpose~~ objective of the expenditure, as ~~identified in the enacting legislation~~ submitted to the commission in accordance with section 3.192 or identified by the Tax Expenditure Review Commission;

(5) the incidence of the expenditure, if it is a significant sales or income tax expenditure; and

(6) the revenue-neutral amount by which the relevant tax rate could be reduced if the expenditure were repealed.

(b) The report may contain additional information which the commissioner considers relevant to the legislature's consideration and review of individual tax expenditure items. This may include but is not limited to analysis of whether the expenditure is achieving that objective and the effect of the expenditure on the administration of the tax system.

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

Sec. 13. Minnesota Statutes 2024, section 289A.60, subdivision 12, is amended to read:

Subd. 12. **Penalties relating to property tax refunds and certificates of rent paid.** (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 paid to a renter, as required by sections 290.0693, subdivision 4, paragraph (a), and 290A.19, paragraph (a), is liable to the commissioner for a penalty of ~~$100~~ $50 for each failure. The commissioner may abate the penalty using the abatement authority in section 270C.34.

(c) An owner who fails to file a certificate of rent paid with the commissioner, as required by sections 290.0693, subdivision 4, paragraph (b), and 290A.19, paragraph (b), is liable to the commissioner for a penalty of $50 for each failure. The commissioner may abate the penalty using the abatement authority in section 270C.34.

~~(c)~~ (d) 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 rent paid after December 31, 2025.

Sec. 14. Minnesota Statutes 2024, section 290.0693, subdivision 4, is amended to read:

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~~ must 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.

(c) An owner who fails to furnish the certificate of rent paid to the renter or to the commissioner as required under this section is subject to the penalty imposed under section 289A.60, subdivision 12.

**EFFECTIVE DATE.** This section is effective for rent paid after December 31, 2025.

Sec. 15. Minnesota Statutes 2024, section 290A.19, is amended to read:

**290A.19 PARK OWNER TO FURNISH RENT CERTIFICATE.**

(a) The park owner 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 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 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~~, through a simple process, to~~ must 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, 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.

(c) For the purposes of this section, "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.

(d) A park owner who fails to furnish the certificate of rent paid to the renter or to the commissioner, as required under this section, is subject to the penalty imposed under section 289A.60, subdivision 12.

**EFFECTIVE DATE.** This section is effective for rent paid after December 31, 2025.

Sec. 16. Minnesota Statutes 2024, section 295.53, subdivision 4a, is amended to read:

Subd. 4a. **Credit for research.** (a) In addition to the exemptions allowed under subdivision 1, a hospital or health care provider may claim an annual credit against the total amount of tax, if any, the hospital or health care provider owes for that calendar year under sections 295.50 to 295.57. The credit shall equal ~~2.5~~ 0.5 percent of revenues for patient services used to fund expenditures for qualifying research conducted by an allowable research program. The amount of the credit shall not exceed the tax liability of the hospital or health care provider under sections 295.50 to 295.57.

(b) For purposes of this subdivision, the following requirements apply:

(1) expenditures must be for program costs of qualifying research conducted by an allowable research program;

(2) an allowable research program must be a formal program of medical and health care research conducted by an entity which is exempt under section 501(c)(3) of the Internal Revenue Code as defined in section 289A.02, subdivision 7, or is owned and operated under authority of a governmental unit;

(3) qualifying research must:

(A) be approved in writing by the governing body of the hospital or health care provider which is taking the deduction under this subdivision;

(B) have as its purpose the development of new knowledge in basic or applied science relating to the diagnosis and treatment of conditions affecting the human body;

(C) be subject to review by individuals with expertise in the subject matter of the proposed study but who have no financial interest in the proposed study and are not involved in the conduct of the proposed study; and

(D) be subject to review and supervision by an institutional review board operating in conformity with federal regulations if the research involves human subjects or an institutional animal care and use committee operating in conformity with federal regulations if the research involves animal subjects. Research expenses are not exempt if the study is a routine evaluation of health care methods or products used in a particular setting conducted for the purpose of making a management decision. Costs of clinical research activities paid directly for the benefit of an individual patient are excluded from this exemption. Basic research in fields including biochemistry, molecular biology, and physiology are also included if such programs are subject to a peer review process.

(c) No credit shall be allowed under this subdivision for any revenue received by the hospital or health care provider in the form of a grant, gift, or otherwise, whether from a government or nongovernment source, on which the tax liability under section 295.52 is not imposed.

(d) The taxpayer shall apply for the credit under this section on the annual return under section 295.55, subdivision 5.

~~(e) Beginning September 1, 2001, if the actual or estimated amount paid under this section for the calendar year exceeds $2,500,000, the commissioner of management and budget shall determine the rate of the research credit for the following calendar year to the nearest one-half percent so that refunds paid under this section will most closely equal $2,500,000. The commissioner of management and budget shall publish~~

~~in the State Register by October 1 of each year the rate of the credit for the following calendar year. A determination under this section is not subject to the rulemaking provisions of chapter 14.~~

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

Sec. 17. Minnesota Statutes 2024, section 295.54, subdivision 2, is amended to read:

Subd. 2. **Pharmacy refund.** (a) A pharmacy may claim ~~an annual~~ a quarterly refund ~~against the total amount of tax, if any, the pharmacy owes during that calendar year under section 295.52, subdivision 4. The refund shall~~ equal to the amount paid by the pharmacy to a wholesale drug distributor subject to tax under section 295.52, subdivision 3, for legend drugs delivered by the pharmacy outside of Minnesota, multiplied by the tax percentage specified in section 295.52, subdivision 3. ~~If the amount of the refund exceeds the tax liability of the pharmacy under section 295.52, subdivision 4, the commissioner shall provide the pharmacy with a refund equal to the excess amount.~~

(b) Each qualifying pharmacy must apply for the refund on the ~~annual~~ quarterly return as prescribed by the commissioner, ~~on or before March 15 of the year following the calendar year the legend drugs were delivered outside Minnesota.~~ as required under the following schedule:

(1) for legend drugs delivered by the pharmacy outside of Minnesota between January 1 and March 31, a pharmacy may file its refund request on or after July 1 of the calendar year in which the legend drugs are delivered by the pharmacy outside of Minnesota;

(2) for legend drugs delivered by the pharmacy outside of Minnesota between April 1 and June 30, a pharmacy may file its refund request on or after July 1 of the calendar year in which the legend drugs are delivered by the pharmacy outside of Minnesota;

(3) for legend drugs delivered by the pharmacy outside of Minnesota between July 1 and September 30, a pharmacy may file its refund request on or after October 1 of the calendar year in which the legend drugs are delivered by the pharmacy outside of Minnesota; and

(4) for legend drugs delivered by the pharmacy outside of Minnesota between October 1 and December 31, a pharmacy may file its refund request on or after January 1 of the calendar year immediately following the calendar year in which the legend drugs are delivered by the pharmacy outside of Minnesota.

~~The refund shall not be~~ (c) No refund is allowed if the ~~initial~~ claim for refund is filed more than one year after the ~~original due date of the return~~ end of the quarter in which the legend drugs were delivered by the pharmacy outside of Minnesota. Interest on refunds paid under this subdivision ~~will begin~~ begins to accrue 60 days after the date a claim for refund is filed. ~~For purposes of this subdivision, the date a claim is filed is the due date of the return if a return is due or the date of the actual claim for refund, whichever is later.~~

**EFFECTIVE DATE.** This section is effective for legend drugs delivered outside of Minnesota after December 31, 2025.

Sec. 18. Minnesota Statutes 2024, section 295.81, subdivision 10, is amended to read:

Subd. 10. **Deposit of revenues; account established.** ~~(a)~~ The commissioner must deposit the revenues, including penalties and interest, derived from the tax imposed by this section ~~as follows:~~

~~(1) 80 percent to~~ in the general fund~~; and~~.

~~(2) 20 percent to the local government cannabis aid account in the special revenue fund.~~

~~(b) The local government cannabis aid account is established in the special revenue fund.~~

**EFFECTIVE DATE.** The amendment to paragraph (a) is effective for revenues received after June 30, 2025. The amendment to paragraph (b) is effective January 2, 2026.

Sec. 19. Minnesota Statutes 2024, section 609.902, subdivision 4, is amended to read:

Subd. 4. **Criminal act.** "Criminal act" means conduct constituting, or a conspiracy or attempt to commit, a felony violation of chapter 152, or a felony violation of section ~~297D.09;~~ 299F.79; 299F.80; 299F.82; 609.185; 609.19; 609.195; 609.20; 609.205; 609.221; 609.222; 609.223; 609.2231; 609.228; 609.235; 609.245; 609.25; 609.27; 609.322; 609.342; 609.343; 609.344; 609.345; 609.42; 609.48; 609.485; 609.495; 609.496; 609.497; 609.498; 609.52, subdivision 2, if the offense is punishable under subdivision 3, clause (1), if the property is a firearm, clause (3)(b), or clause (3)(d)(v); section 609.52, subdivision 2, paragraph (a), clause (1) or (4); 609.527, if the crime is punishable under subdivision 3, clause (4); 609.528, if the crime is punishable under subdivision 3, clause (4); 609.53; 609.561; 609.562; 609.582, subdivision 1 or 2; 609.668, subdivision 6, paragraph (a); 609.67; 609.687; 609.713; 609.86; 609.894, subdivision 3 or 4; 609.895; 624.713; 624.7191; or 626A.02, subdivision 1, if the offense is punishable under section 626A.02, subdivision 4, paragraph (a). "Criminal act" also includes conduct constituting, or a conspiracy or attempt to commit, a felony violation of section 609.52, subdivision 2, clause (3), (4), (15), or (16), if the violation involves an insurance company as defined in section 60A.02, subdivision 4, a nonprofit health service plan corporation regulated under chapter 62C, a health maintenance organization regulated under chapter 62D, or a fraternal benefit society regulated under chapter 64B.

**EFFECTIVE DATE.** This section is effective August 1, 2025.

Sec. 20. **CANCELLATION OF AMOUNTS IN LOCAL GOVERNMENT CANNABIS AID ACCOUNT.**

On January 2, 2026, any balance within the local government cannabis aid account in the special revenue fund is canceled to the general fund.

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

Sec. 21. **APPROPRIATION; EXTENSION OF AVAILABILITY.**

Notwithstanding Minnesota Statutes, section 16A.28, the appropriation in Laws 2023, chapter 64, article 15, section 30, is available until June 30, 2027.

Sec. 22. **REPEALER.**

(a) Minnesota Statutes 2024, sections 297D.01; 297D.02; 297D.03; 297D.04; 297D.05; 297D.06; 297D.07; 297D.08; 297D.085; 297D.09; 297D.10; 297D.11; 297D.12; and 297D.13, are repealed.

(b) Minnesota Statutes 2024, section 477A.32, is repealed.

(c) Minnesota Statutes 2024, section 13.4967, subdivision 5, is repealed.

**EFFECTIVE DATE.** Paragraph (a) is effective August 1, 2025. Paragraph (b) is effective for aids payable in 2026 and thereafter. Paragraph (c) is effective August 1, 2025.

## ARTICLE 9

## DEPARTMENT OF REVENUE; INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES

Section 1. Minnesota Statutes 2024, section 116U.27, subdivision 2, is amended to read:

Subd. 2. **Credit allowed.** A taxpayer is eligible for a credit up to 25 percent of eligible production costs paid in ~~a taxable year~~ any consecutive 12-month period as described in subdivision 1, paragraph (h). A taxpayer may only claim a credit if the taxpayer was issued a credit certificate under subdivision 4.

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

Sec. 2. Minnesota Statutes 2024, section 290.0132, subdivision 26, as amended by Laws 2025, chapter 20, section 230, is amended to read:

Subd. 26. **Social Security benefits.** (a) A taxpayer is allowed a subtraction 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 (f), (g), and (h).

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

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

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

(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.

(j) The commissioner shall adjust the phaseout threshold amounts in paragraph (c), clauses (1) and (2), as provided in section 270C.22. The statutory year is taxable year 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 retroactively for taxable years beginning after December 31, 2022.

Sec. 3. Minnesota Statutes 2024, section 290.0132, subdivision 34, is amended 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~~ did not earn 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~~ did not earn 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~~ did not earn 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 the day following final enactment.

Sec. 4. Minnesota Statutes 2024, section 290.0134, subdivision 20, is amended to read:

Subd. 20. **Delayed business interest.** (a) For each taxable year an addition is required under section ~~290.0131, subdivision 19~~ 290.0133, subdivision 15, the amount of the addition, less the sum of all amounts subtracted under this paragraph in all prior taxable years, that does not exceed the limitation on business interest in section 163(j) of the Internal Revenue Code of 1986, as amended through December 15, 2022, notwithstanding the special rule in section 163(j)(10) of the Internal Revenue Code, is a subtraction. Any excess is a delayed business interest carryforward, the entire amount of which must be carried to the earliest taxable year. No subtraction is allowed under this paragraph for taxable years beginning after December 31, 2022.

(b) For each of the five taxable years beginning after December 31, 2022, there is allowed a subtraction equal to one-fifth of the sum of all carryforward amounts that remain after the expiration of paragraph (a).

(c) Entities that are part of a combined reporting group under the unitary rules of section 290.17, subdivision 4, must compute deductions and additions as required under section 290.34, subdivision 5.

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

Sec. 5. Minnesota Statutes 2024, section 290.0693, subdivision 1, is amended to read:

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 and was claimed by the taxpayer as a dependent.

(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.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2024.

Sec. 6. Minnesota Statutes 2024, section 290.0693, subdivision 6, is amended to read:

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.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2024.

Sec. 7. Minnesota Statutes 2024, section 290.0693, subdivision 8, is amended to read:

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 couple filing a joint return, the couple may claim a credit under this section based on the total amount of both spouses' gross rent. 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 both spouses' share of the gross rent and not solely on the income of the spouse.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2024.

Sec. 8. Minnesota Statutes 2024, section 290.0695, subdivision 2, is amended to read:

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~~ the qualified railroad reconstruction or replacement expenditures ~~as of the close of the taxable year for which the credit is claimed~~ made by an eligible taxpayer within this state during the taxable year for which the credit is claimed.

(b) The credit allowed under paragraph (a) for any taxable year must not exceed the product of:

(1) $3,000, multiplied by;

(2) the number of miles of railroad track owned or leased by the eligible taxpayer within this state as of the close of the taxable year for which the taxpayer made qualified railroad reconstruction or replacement expenditures for which the credit is claimed.

~~(b)~~ (c) 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)~~ (d) 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.

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

Sec. 9. Laws 2023, chapter 1, section 22, is amended to read:

Sec. 22. **TEMPORARY ADDITIONS AND SUBTRACTIONS; INDIVIDUALS, ESTATES, AND TRUSTS.**

(a) For the purposes of this section:

(1) "subtraction" has the meaning given in Minnesota Statutes, section 290.0132, subdivision 1, and the rules in that subdivision apply to this section;

(2) "addition" has the meaning given in Minnesota Statutes, section 290.0131, subdivision 1, and the rules in that subdivision apply to this section; and

(3) the definitions in Minnesota Statutes, section 290.01, apply to this section.

(b) The following amounts are subtractions:

(1) the amount of wages used for the calculation of the employee retention credit for employers affected by qualified disasters, to the extent not deducted from income, under Public Law 116-94, division Q, section 203, or Public Law 116-260, division EE, section 303;

(2) the amount of wages used for the calculation of the payroll credit for required paid sick leave, to the extent not deducted from income, under Public Law 116-127, section 7001, as amended by section 9641 of Public Law 117-2;

(3) the amount of wages or expenses used for the calculation of the payroll credit for required paid family leave, to the extent not deducted from income, under Public Law 116-127, section 7003, as amended by section 9641 of Public Law 117-2;

(4) the amount of wages used for the calculation of the employee retention credit for employers subject to closure due to COVID-19, to the extent not deducted from income, under Public Law 116-136, section 2301, as amended by Public Law 116-260, division EE, section 207, and Public Law 117-2, section 9651; and

(5) the amount required to be added to gross income to claim the credit in section 6432 of the Internal Revenue Code.

(c) The following amounts are additions:

(1) the amount subtracted for qualified tuition expenses under section 222 of the Internal Revenue Code, as amended by Public Law 116-94, division Q, section 104;

(2) the amount of above the line charitable contributions deducted under section 2204 of Public Law 116-136;

(3) the amount of meal expenses in excess of the 50 percent limitation under section 274(n)(1) of the Internal Revenue Code allowed under subsection (n), paragraph (2), subparagraph (D), of that section; and

(4) the amount of charitable contributions deducted from federal taxable income by a trust for taxable year 2020 under Public Law 116-136, section 2205(a).

(d) The commissioner of revenue must apply the subtractions in paragraph (b) and the additions in paragraph (c), when calculating the following:

(1) the percentage under Minnesota Statutes, section 290.06, subdivision 2c, paragraph (e);

(2) a taxpayer's alternative minimum taxable income under Minnesota Statutes, section 290.091; and

(3) "income" ~~as defined in Minnesota Statutes, section 289A.08, subdivision 7, paragraph (j),~~ for the purposes of determining the tax for composite filers and the pass-through entity tax, means the partner's share of federal adjusted gross income from the partnership modified by the additions provided in Minnesota Statutes, section 290.0131, subdivisions 8 to 10, 16, 17, and 19, and the subtractions provided in (i) Minnesota Statutes, section 290.0132, subdivisions 9, 27, and 28, to the extent the amount is assignable or allocable to Minnesota under Minnesota Statutes, section 290.17; and (ii) Minnesota Statutes, section 290.0132,

subdivision 14. The subtraction allowed under Minnesota Statutes, 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.

(e) For the purpose of calculating property tax refunds under Minnesota Statutes, chapter 290A, any amounts allowed as a subtraction in paragraph (b) are excluded from "income," as defined in Minnesota Statutes, section 290A.03, subdivision 3.

**EFFECTIVE DATE.** This section is effective retroactively at the same time the changes in Laws 2023, chapter 1, section 22, were effective for federal purposes.

## ARTICLE 10

## DEPARTMENT OF REVENUE; SALES AND USE TAXES

Section 1. Minnesota Statutes 2024, section 297A.71, subdivision 54, is amended to read:

Subd. 54. **Sustainable aviation fuel facilities.** (a) Materials and supplies used or consumed in and equipment incorporated into the construction, reconstruction, or improvement of a facility located in Minnesota that produces or blends sustainable aviation fuel, as defined in section 41A.30, subdivision 1, ~~is~~ if materials, supplies, and equipment are purchased after June 30, 2027, and before July 1, 2034, are exempt.

(b) The tax must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied and then refunded in the manner as provided for projects under section 297A.75, subdivision 1~~, clause (1)~~.

(c) For a project, a portion of which is not used to produce or blend sustainable aviation fuel, the amount of purchases that are exempt under this subdivision must be determined by multiplying the total purchases, as specified in paragraph (a), by the ratio of:

(1) the capacity to generate sustainable aviation fuel either through production or blending; and

(2) the capacity to generate all fuels.

(d) This subdivision expires July 1, 2034. The expiration does not affect refunds due for sales and purchases made prior to July 1, 2034.

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

Sec. 2. Minnesota Statutes 2024, section 297A.75, subdivision 1, as amended by Laws 2025, chapter 20, section 233, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

(12) materials, supplies, and equipment for qualifying capital projects under section 297A.71, subdivision 44, paragraphs (a) and (b);

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

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

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

(16) building materials, equipment, and supplies for qualifying capital projects under section 297A.71, subdivision 52; ~~and~~

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

(18) building materials, equipment, and supplies for constructing, remodeling, or improving a sustainable aviation fuel facility exempt under section 297A.71, subdivision 54.

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

Sec. 3. Minnesota Statutes 2024, section 297A.75, subdivision 2, is amended to read:

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

(1) for subdivision 1, clauses (1), (2), and (13), the applicant must be the purchaser;

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

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

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

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

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

(7) for subdivision 1, clauses (8), (11), and (14), the owner of the qualifying business;

(8) for subdivision 1, clauses (9), (10), (12), (16), and (17), the applicant must be the governmental entity that owns or contracts for the project or facility; ~~and~~

(9) for subdivision 1, clause (15), the applicant must be the owner or developer of the building or project~~.~~; and

(10) for subdivision 1, clause (18), the applicant must be the owner or developer of the sustainable aviation fuel facility.

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

Sec. 4. Minnesota Statutes 2024, section 297A.75, subdivision 3, is amended to read:

Subd. 3. **Application.** (a) The application must include sufficient information to permit the commissioner to verify the tax paid. If the tax was paid by a contractor, subcontractor, or builder, under subdivision 1, clauses (3) to (12) or (14) to ~~(17)~~ (18), the contractor, subcontractor, or builder must furnish to the refund applicant a statement including the cost of the exempt items and the taxes paid on the items unless otherwise specifically provided by this subdivision. The provisions of sections 289A.40 and 289A.50 apply to refunds under this section.

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

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

Sec. 5. Minnesota Statutes 2024, section 297A.94, is amended to read:

**297A.94 DEPOSIT OF REVENUES.**

(a) Except as provided in this section, the commissioner shall deposit the revenues, including interest and penalties, derived from the taxes imposed by this chapter in the state treasury and credit them to the general fund.

(b) The commissioner shall deposit taxes in the Minnesota agricultural and economic account in the special revenue fund if:

(1) the taxes are derived from sales and use of property and services purchased for the construction and operation of an agricultural resource project; and

(2) the purchase was made on or after the date on which a conditional commitment was made for a loan guaranty for the project under section 41A.04, subdivision 3.

The commissioner of management and budget shall certify to the commissioner the date on which the project received the conditional commitment. The amount deposited in the loan guaranty account must be reduced by any refunds and by the costs incurred by the Department of Revenue to administer and enforce the assessment and collection of the taxes.

(c) The commissioner shall deposit the revenues, including interest and penalties, derived from the taxes imposed on sales and purchases included in section 297A.61, subdivision 3, paragraph (g), clauses (1) and (4), in the state treasury, and credit them as follows:

(1) first to the general obligation special tax bond debt service account in each fiscal year the amount required by section 16A.661, subdivision 3, paragraph (b); and

(2) after the requirements of clause (1) have been met, the balance to the general fund.

(d) Beginning with sales taxes remitted after July 1, 2017, the commissioner shall deposit in the state treasury the revenues collected under section 297A.64, subdivision 1, including interest and penalties and minus refunds, and credit them to the highway user tax distribution fund.

(e) The commissioner shall deposit the revenues, including interest and penalties, collected under section 297A.64, subdivision 5, in the state treasury and credit them to the general fund. By July 15 of each year the commissioner shall transfer to the highway user tax distribution fund an amount equal to the excess fees collected under section 297A.64, subdivision 5, for the previous calendar year.

(f) Beginning with sales taxes remitted after July 1, 2017, in conjunction with the deposit of revenues under paragraph (d), the commissioner shall deposit into the state treasury and credit to the highway user tax distribution fund an amount equal to the estimated revenues derived from the tax rate imposed under section 297A.62, subdivision 1, on the lease or rental for not more than 28 days of rental motor vehicles subject to section 297A.64. The commissioner shall estimate the amount of sales tax revenue deposited under this paragraph based on the amount of revenue deposited under paragraph (d).

(g) Each month the commissioner must deposit ~~the~~ an amount equal to the estimated revenues derived from the taxes imposed under section 297A.62, subdivision 1, on the sale and purchase of motor vehicle repair and replacement parts in the state treasury and credit:

(1) 43.5 percent in each fiscal year to the highway user tax distribution fund;

(2) a percentage to the transportation advancement account under section 174.49 as follows:

(i) 3.5 percent in fiscal year 2024;

(ii) 4.5 percent in fiscal year 2025;

(iii) 5.5 percent in fiscal year 2026;

(iv) 7.5 percent in fiscal year 2027;

(v) 14.5 percent in fiscal year 2028;

(vi) 21.5 percent in fiscal year 2029;

(vii) 28.5 percent in fiscal year 2030;

(viii) 36.5 percent in fiscal year 2031;

(ix) 44.5 percent in fiscal year 2032; and

(x) 56.5 percent in fiscal year 2033 and thereafter; and

(3) the remainder in each fiscal year to the general fund.

After each February forecast, and prior to the following April 15, the commissioner shall estimate the monthly deposit amount for use in the following fiscal year based on the estimate of average revenue derived from the taxes imposed under section 297A.62, subdivision 1, on the sale and purchase of motor vehicle repair and replacement parts from the department's three most recent consumption tax models. For purposes of this paragraph, "motor vehicle" has the meaning given in section 297B.01, subdivision 11, and "motor vehicle repair and replacement parts" includes (i) all parts, tires, accessories, and equipment incorporated into or affixed to the motor vehicle as part of the motor vehicle maintenance and repair, and (ii) paint, oil, and other fluids that remain on or in the motor vehicle as part of the motor vehicle maintenance or repair. For purposes of this paragraph, "tire" means any tire of the type used on highway vehicles, if wholly or partially made of rubber and if marked according to federal regulations for highway use.

(h) 81.56 percent of the revenues, including interest and penalties, transmitted to the commissioner under section 297A.65, must be deposited by the commissioner in the state treasury as follows:

(1) 47.5 percent of the receipts must be deposited in the heritage enhancement account in the game and fish fund, and may be spent only on activities that improve, enhance, or protect fish and wildlife resources, including conservation, restoration, and enhancement of land, water, and other natural resources of the state;

(2) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only for state parks and trails;

(3) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only on metropolitan park and trail grants;

(4) three percent of the receipts must be deposited in the natural resources fund, and may be spent only on local trail grants;

(5) two percent of the receipts must be deposited in the natural resources fund, and may be spent only for the Minnesota Zoological Garden, the Como Park Zoo and Conservatory, and the Duluth Zoo; and

(6) 2.5 percent of the receipts must be deposited in the pollinator account established in section 103B.101, subdivision 19.

(i) 1.5 percent of the revenues, including interest and penalties, transmitted to the commissioner under section 297A.65 must be deposited in a regional parks and trails account in the natural resources fund and may only be spent for parks and trails of regional significance outside of the seven-county metropolitan area under section 85.535, based on recommendations from the Greater Minnesota Regional Parks and Trails Commission under section 85.536.

(j) 1.5 percent of the revenues, including interest and penalties, transmitted to the commissioner under section 297A.65 must be deposited in an outdoor recreational opportunities for underserved communities account in the natural resources fund and may only be spent on projects and activities that connect diverse and underserved Minnesotans through expanding cultural environmental experiences, exploration of their environment, and outdoor recreational activities.

(k) The revenue dedicated under paragraph (h) may not be used as a substitute for traditional sources of funding for the purposes specified, but the dedicated revenue shall supplement traditional sources of funding for those purposes. Land acquired with money deposited in the game and fish fund under paragraph

(h) must be open to public hunting and fishing during the open season, except that in aquatic management areas or on lands where angling easements have been acquired, fishing may be prohibited during certain times of the year and hunting may be prohibited. At least 87 percent of the money deposited in the game and fish fund for improvement, enhancement, or protection of fish and wildlife resources under paragraph (h) must be allocated for field operations.

(l) The commissioner must deposit the revenues, including interest and penalties minus any refunds, derived from the sale of items regulated under section 624.20, subdivision 1, that may be sold to persons 18 years old or older and that are not prohibited from use by the general public under section 624.21, in the state treasury and credit:

(1) 25 percent to the volunteer fire assistance grant account established under section 88.068;

(2) 25 percent to the fire safety account established under section 297I.06, subdivision 3; and

(3) the remainder to the general fund.

For purposes of this paragraph, the percentage of total sales and use tax revenue derived from the sale of items regulated under section 624.20, subdivision 1, that are allowed to be sold to persons 18 years old or older and are not prohibited from use by the general public under section 624.21, is a set percentage of the total sales and use tax revenues collected in the state, with the percentage determined under Laws 2017, First Special Session chapter 1, article 3, section 39.

(m) The revenues deposited under paragraphs (a) to (l) do not include the revenues, including interest and penalties, generated by the sales tax imposed under section 297A.62, subdivision 1a, which must be deposited as provided under the Minnesota Constitution, article XI, section 15.

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

Sec. 6. Minnesota Statutes 2024, section 297A.99, subdivision 10, is amended to read:

Subd. 10. **Use of zip code in determining location of sale.** (a) The lowest combined tax rate imposed in the zip code area applies if the area includes more than one tax rate in any level of taxing jurisdictions.

(b) If a nine-digit zip code designation is not available for a street address or if a seller is unable to determine the nine-digit zip code designation of a purchaser after exercising due diligence to determine the designation, the seller may apply the rate for the five-digit zip code area.

(c) For the purposes of this subdivision, there is a rebuttable presumption that a seller has exercised due diligence for a sale that requires a full street address to be completed if the seller has attempted to determine the nine-digit zip code designation by utilizing (1) the look-up application form the United States Postal Service; (2) software certified by the Coding Accuracy Support System; or (3) other software approved by the governing board that makes this designation from the street address and the five-digit zip code of the purchaser. For a sale that does not require a full street address to be completed, a seller has not exercised due diligence unless the seller has obtained or requested from the purchaser (1) the complete street address, including the five-digit zip code; or (2) the nine-digit zip code. A seller that has not exercised due diligence is not relieved from any additional liability that may be due as a result of incorrect sourcing.

(d) Notwithstanding subdivision 13, this subdivision applies to all local sales taxes without regard to the date of authorization. This subdivision does not apply when the purchased product is received by the purchaser at the business location of the seller.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2025.

Sec. 7. Minnesota Statutes 2024, section 297A.995, subdivision 2, is amended to read:

Subd. 2. **Definitions.** As used in this section:

(a) "Agreement" means the Streamlined Sales and Use Tax Agreement.

(b) "Certified automated system" means software certified jointly by the states that are signatories to the agreement to calculate the tax imposed by each jurisdiction on a transaction, determine the amount of tax to remit to the appropriate state, and maintain a record of the transaction.

(c) "Certified service provider" means an agent certified ~~jointly by the states that are signatories to the agreement to perform all of the seller's sales tax functions~~ under the Agreement to perform the seller's sales and use tax functions as outlined in the contract between the Streamlined Sales Tax Governing Board and the certified service providers, except that sellers retain the obligation to remit tax on their own purchases.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2025.

Sec. 8. Minnesota Statutes 2024, section 297A.995, subdivision 10, is amended to read:

Subd. 10. **Relief from certain liability.** (a) Notwithstanding subdivision 9, sellers and certified service providers are relieved from liability to the state for having charged and collected the incorrect amount of sales or use tax resulting from the seller or certified service provider (1) relying on erroneous data provided by the commissioner in the database files on tax rates, boundaries, or taxing jurisdiction assignments, or (2) relying on erroneous data provided by the state in its taxability matrix concerning the taxability of products and services.

(b) Notwithstanding subdivision 9, sellers and certified service providers are relieved from liability to the state for having charged and collected the incorrect amount of sales or use tax resulting from the seller or certified service provider relying on the certification by the commissioner as to the accuracy of a certified automated system as to the taxability of product categories. The relief from liability provided by this paragraph does not apply when the sellers or certified service providers have incorrectly classified an item or transaction into a product category, unless the item or transaction within a product category was approved by the commissioner or approved jointly by the states that are signatories to the agreement. The sellers and certified service providers must revise a classification within ten days after receipt of notice from the commissioner that an item or transaction within a product category is incorrectly classified as to its taxability, or they are not relieved from liability for the incorrect classification following the notification.

(c) Notwithstanding subdivision 9, if there are not at least 30 days between the enactment of a new tax rate and the effective date of the new rate, sellers and certified service providers shall be relieved from liability for failing to collect tax at the new rate during the first 30 days of the rate change, beginning on the day after the date of enactment of the rate change, provided the seller or certified service provider continued to impose and collect the tax at the immediately preceding tax rate during this period. Relief from liability provided by this paragraph shall not apply if the failure to collect at the newly effective rate extends beyond 30 days after the enactment of the new rate. The relief provided by this paragraph shall not apply if the commissioner determines that the seller or certified service provider fraudulently failed to collect at the new rate or that the seller or certified service provider solicited purchasers based on the immediately preceding tax rate.

(d) Certified service providers are relieved from liability to the state when a seller fails to remit all or a portion of the seller's taxes prior to the due date of the remittance if the certified service provider has provided notification as outlined in the contract between the Streamlined Sales Tax Governing Board and the certified service provider.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2025.

## ARTICLE 11

## DEPARTMENT OF REVENUE; MISCELLANEOUS

Section 1. Minnesota Statutes 2024, section 270C.445, subdivision 3, is amended to read:

Subd. 3. **Standards of conduct.** No tax preparer shall:

(1) without good cause fail to promptly, diligently, and without unreasonable delay complete a client's return;

(2) obtain the signature of a client to a return or authorizing document that contains blank spaces to be filled in after it has been signed;

(3) fail to sign a client's return when compensation for services rendered has been made;

(4) fail to provide on a client's return the preparer tax identification number when required under section 6109(a)(4) of the Internal Revenue Code or section 289A.60, subdivision 28;

(5) fail or refuse to give a client a copy of any document requiring the client's signature within a reasonable time after the client signs the document;

(6) fail to retain for at least four years a copy of a client's returns;

(7) fail to maintain a confidential relationship with clients or former clients;

(8) fail to take commercially reasonable measures to safeguard a client's nonpublic personal information;

(9) make, authorize, publish, disseminate, circulate, or cause to make, either directly or indirectly, any false, deceptive, or misleading statement or representation relating to or in connection with the offering or provision of tax preparation services;

(10) require a client to enter into a loan arrangement in order to complete a client's return;

(11) claim credits or deductions on a client's return for which the tax preparer knows or reasonably should know the client does not qualify;

(12) report a household income on a client's claim filed under chapter 290A that the tax preparer knows or reasonably should know is not accurate;

(13) engage in any conduct that is subject to a penalty under section 289A.60, subdivision 13, 20, 20a, 26, or 28;

(14) whether or not acting as a taxpayer representative, fail to conform to the standards of conduct required by Minnesota Rules, part 8052.0300, subpart 4;

(15) whether or not acting as a taxpayer representative, engage in any conduct that is incompetent conduct under Minnesota Rules, part 8052.0300, subpart 5;

(16) whether or not acting as a taxpayer representative, engage in any conduct that is disreputable conduct under Minnesota Rules, part 8052.0300, subpart 6;

(17) charge, offer to accept, or accept a fee based upon a percentage of an anticipated refund for tax preparation services;

(18) under any circumstances, withhold or fail to return to a client a document provided by the client for use in preparing the client's return;

(19) take control or ownership of a client's refund or department payment by any means, including:

(i) directly or indirectly endorsing or otherwise negotiating a check or other refund instrument, including an electronic version of a check;

(ii) directing an electronic or direct deposit of the refund or department payment into an account unless the client's name is on the account; and

(iii) establishing or using an account in the preparer's name to receive a client's refund or department payment through a direct deposit or any other instrument unless the client's name is also on the account, except that a taxpayer may assign the portion of a refund representing the Minnesota education credit available under section 290.0674 to a bank account without the client's name, as provided under section 290.0679;

(20) fail to act in the best interests of the client;

(21) fail to safeguard and account for any money handled for the client;

(22) fail to disclose all material facts of which the preparer has knowledge which might reasonably affect the client's rights and interests;

(23) violate any provision of section 332.37;

(24) include any of the following in any document provided or signed in connection with the provision of tax preparation services:

(i) a hold harmless clause;

(ii) a confession of judgment or a power of attorney to confess judgment against the client or appear as the client in any judicial proceeding;

(iii) a waiver of the right to a jury trial, if applicable, in any action brought by or against a debtor;

(iv) an assignment of or an order for payment of wages or other compensation for services;

(v) a provision in which the client agrees not to assert any claim or defense otherwise available;

(vi) a waiver of any provision of this section or a release of any obligation required to be performed on the part of the tax preparer; or

(vii) a waiver of the right to injunctive, declaratory, or other equitable relief or relief on a class basis; or

(25) if making, providing, or facilitating a refund anticipation loan, fail to provide all disclosures required by the federal Truth in Lending Act, United States Code, title 15, in a form that may be retained by the client.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2024.

Sec. 2. Minnesota Statutes 2024, section 270C.445, subdivision 6, is amended to read:

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

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

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

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

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

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

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

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

(g) If a tax preparer timely requests a hearing regarding an administrative order issued under paragraph (b), the hearing must be commenced by the issuance of a notice of and order for hearing by the commissioner within ~~ten~~ 30 days after the commissioner receives the request for a hearing.

(h) A hearing timely requested under paragraph (e) is subject to the contested case procedure under chapter 14, as modified by this subdivision. The administrative law judge must issue a report containing findings of fact, conclusions of law, and a recommended order within ~~ten~~ 30 days after the completion of the hearing, the receipt of late-filed exhibits, or the submission of written arguments, whichever is later.

(i) Within ~~five~~ 15 days of the date of the administrative law judge's report issued under paragraph (h), any party aggrieved by the administrative law judge's report may submit written exceptions and arguments to the commissioner. Within ~~15~~ 45 days after receiving the administrative law judge's report, the commissioner must issue an order vacating, modifying, or making final the administrative order.

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

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

(l) The commissioner may impose an administrative penalty, in addition to the penalty under paragraph (a), up to $5,000 per violation of a cease and desist order issued under paragraph (b). Imposition of a penalty under this paragraph is subject to the contested case procedure under chapter 14. Within 30 days after the commissioner imposes a penalty under this paragraph, the tax preparer assessed the penalty may request a hearing to review the penalty order. The request for hearing must be made in writing and must be served on the commissioner at the address specified in the order. The hearing request must specifically state the reasons for seeking review of the order. The cease and desist order issued under paragraph (b) is not subject to review in a proceeding to challenge the penalty order under this paragraph. The date on which a request for hearing is served by mail is the postmark date on the envelope in which the request for hearing is mailed. If the tax preparer does not timely request a hearing, the penalty order becomes a final order of the commissioner and is not subject to review by any court or agency. A penalty imposed by the commissioner under this paragraph may be collected and enforced by the commissioner as an income tax liability. There is no right to make a claim for refund under section 289A.50 of the penalty imposed under this paragraph. A penalty imposed under this paragraph is public data.

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

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

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

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

**EFFECTIVE DATE.** This section is effective for penalties assessed and orders issued after the day following final enactment.

Sec. 3. Minnesota Statutes 2024, section 273.13, subdivision 22, is amended to read:

Subd. 22. **Class 1.** (a) Except as provided in subdivision 23 and in paragraphs (b) and (c), real estate which is residential and used for homestead purposes is class 1a. In the case of a duplex or triplex in which one of the units is used for homestead purposes, the entire property is deemed to be used for homestead

purposes. The market value of class 1a property must be determined based upon the value of the house, garage, and land.

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

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

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

(2) any person who is permanently and totally disabled or by the person with a disability and the spouse of the person with a disability; or

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

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

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

Permanently and totally disabled for the purpose of this subdivision means a condition which is permanent in nature and totally incapacitates the person from working at an occupation which brings the person an income. The first $50,000 market value of class 1b property has a net classification rate of ~~.45~~ 0.45 percent of its market value. The remaining market value of class 1b property is classified as class 1a ~~or~~ property, class 2a property, or class 4d(2) property, whichever is appropriate.

(c) Class 1c property is commercial use real and personal property that abuts public water as defined in section 103G.005, subdivision 15, or abuts a state trail administered by the Department of Natural Resources, and is devoted to temporary and seasonal residential occupancy for recreational purposes but not devoted to commercial purposes for more than 250 days in the year preceding the year of assessment, and that includes a portion used as a homestead by the owner, which includes a dwelling occupied as a homestead by a shareholder of a corporation that owns the resort, a partner in a partnership that owns the resort, or a member of a limited liability company that owns the resort even if the title to the homestead is held by the corporation, partnership, or limited liability company. For purposes of this paragraph, property is devoted to a commercial purpose on a specific day if any portion of the property, excluding the portion used exclusively as a homestead, is used for residential occupancy and a fee is charged for residential occupancy. Class 1c property 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. Class 1c property must provide recreational activities such as the rental of ice fishing houses, boats and motors, snowmobiles, downhill or cross-country ski equipment; provide marina services, launch services, or guide services; or sell bait and fishing tackle. Any unit in which the right to use the property is transferred to an individual or entity by deeded interest, or the sale of shares or stock, no longer qualifies for class 1c even though it may remain available for rent. A camping pad offered for rent by a property that otherwise qualifies for class 1c is also class 1c, regardless of the term of the rental agreement, as long as the use of the camping

pad does not exceed 250 days. If the same owner owns two separate parcels that are located in the same township, and one of those properties is classified as a class 1c property and the other would be eligible to be classified as a class 1c property if it was used as the homestead of the owner, both properties will be assessed as a single class 1c property; for purposes of this sentence, properties are deemed to be owned by the same owner if each of them is owned by a limited liability company, and both limited liability companies have the same membership. The portion of the property used as a homestead is class 1a property under paragraph (a). The remainder of the property is classified as follows: the first $600,000 of market value is tier I, the next $1,700,000 of market value is tier II, and any remaining market value is tier III. The classification rates for class 1c are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III, 1.25 percent. Owners of real and personal property devoted to temporary and seasonal residential occupancy for recreation purposes in which all or a portion of the property was devoted to commercial purposes for not more than 250 days in the year preceding the year of assessment desiring classification as class 1c, 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 as class 1c as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located must be designated as class 3a commercial. The owner of property desiring designation as class 1c property must provide guest registers or other records demonstrating that the units for which class 1c 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 1c.

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

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

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

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

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

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

**EFFECTIVE DATE.** This section is effective beginning with assessment year 2025 and thereafter.

Sec. 4. Minnesota Statutes 2024, section 289A.12, subdivision 18, is amended to read:

Subd. 18. ~~**Returns**~~ **Return by qualified heirs.** A qualified heir, as defined in section 291.03, subdivision 8, paragraph (c), must file ~~two returns~~ a return with the commissioner attesting that no disposition or cessation as provided by section 291.03, subdivision 11, paragraph (a), occurred. ~~The first return must be filed no earlier than 24 months and no later than 26 months after the decedent's death.~~ The ~~second~~ return must be filed no earlier than 36 months and no later than 39 months after the decedent's death.

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

Sec. 5. Minnesota Statutes 2024, section 297E.06, subdivision 4, is amended to read:

Subd. 4. **Annual audit~~,~~ and 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~~ report 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~~,~~ and certified inventory~~, and cash count reports~~ report 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 July 1, 2025.

Sec. 6. Minnesota Statutes 2024, section 297I.20, subdivision 4, is amended to read:

Subd. 4. **Film production credit.** (a) 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 116U.27. 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.

(b) This subdivision expires January 1, ~~2025~~ 2031, for taxable years beginning after and premiums received after December 31, ~~2024~~ 2030.

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

Sec. 7. Laws 2023, chapter 1, section 28, is amended to read:

Sec. 28. **EXTENSION OF STATUTE OF LIMITATIONS.**

(a) Notwithstanding any law to the contrary, a taxpayer whose tax liability changes as a result of this act may file an amended return by December 31, 2023. The commissioner may review and assess the return of a taxpayer covered by this provision for the later of:

(1) the periods under Minnesota Statutes, sections 289A.38; ~~289.39~~ 289A.39, subdivision 3; and 289A.40; or

(2) one year from the time the amended return is filed as a result of a change in tax liability under this section.

(b) Interest on any additional liabilities as a result of any provision in this act accrue beginning on January 1, 2024.

**EFFECTIVE DATE.** This section is effective retroactively at the same time the changes incorporated in Laws 2023, chapter 1, were effective for federal purposes.

Presented to the governor June 12, 2025

Signed by the governor June 14, 2025, 10:31 a.m.