CHAPTER 128--H.F.No. 2438

An act relating to financing and operation of state and local government; modifying individual income taxes, corporate franchise taxes, property taxes and credits, local government aids, sales and use taxes, minerals taxes, tax increment financing provisions, public finance provisions, and other various taxes and tax-related provisions; providing for federal income tax conformity; modifying income tax credits; modifying provisions related to claims for income tax refunds; providing for a direct free filing system for individual income taxes; extending the pass-through entity tax; providing for seasonal tax base replacement aid; modifying property tax exemptions and classifications; providing a onetime increase in homestead credit refunds; modifying distributions of minerals tax proceeds and exemptions for contributions to certain funds; exempting certain sales and purchases; providing for return of funds, cancellations, and transfers; making minor policy and technical changes; requiring reports; appropriating money; amending Minnesota Statutes 2024, sections 41A.30, subdivisions 1, 2, 7; 41B.0391, by adding a subdivision; 123B.53, subdivision 1; 123B.535, subdivision 1; 126C.17, by adding a subdivision; 270B.14, subdivision 3, by adding a subdivision; 270B.15; 270C.055, by adding a subdivision; 270C.56, subdivision 1; 272.02, subdivision 101, by adding a subdivision; 273.032; 273.111, subdivision 9; 289A.02, subdivision 7; 289A.08, subdivisions 7, 7a; 289A.40, subdivision 1; 289A.60, subdivision 6; 290.01, subdivisions 19, as amended, 29, 31; 290.0122, subdivision 4; 290.0131, subdivision 15, by adding subdivisions; 290.0132, by adding subdivisions; 290.0133, by adding subdivisions; 290.0134, by adding subdivisions; 290.0137; 290.033; 290.06, subdivisions 2h, 40; 290.067; 290.0921, subdivision 3; 290.0922, subdivisions 2, 3; 290.21, subdivisions 9, 10; 290A.03, subdivision 15; 291.005, subdivision 1; 295.52, subdivision 5; 297A.68, by adding a subdivision; 297A.993, subdivision 4; 297B.03; 298.225; 298.227; 298.28, subdivisions 2, 3, 4, 7a, 8, 9a, 9b, 11, by adding a subdivision; 298.282, subdivision 1; 383A.80, subdivision 4; 383B.80, subdivision 4; 428B.02, subdivision 4; 469.060, subdivision 3; 469.0773; 469.081, subdivision 3a; 469.176, subdivision 2; 477A.30, subdivision 8; Minnesota Statutes 2025 Supplement, sections 41A.30, subdivision 5; 41B.0391, subdivisions 2, 4, 6a; 126C.13, subdivision 4; 268.19, subdivision 1; 273.13, subdivision 22; 290.06, subdivisions 2c, 23a; 290.091, subdivision 2; 297A.75, subdivisions 1, 2, 3; 297A.94; 299C.061, subdivision 6; 299C.76, subdivision 1; 412.341, subdivision 3; Laws 2021, First Special Session chapter 14, article 9, sections 9; 11; Laws 2023, chapter 64, article 15, section 24; Laws 2025, First Special Session chapter 13, article 5, section 11, subdivision 3; Laws 2026, chapter 100, article 1, section 2; proposing coding for new law in Minnesota Statutes, chapters 289A; 290; repealing Minnesota Statutes 2024, sections 272.02, subdivision 64; 272.029, subdivision 7; 273.25; 273.65; 273.66; 273.67; 274.07; 289A.12, subdivision 15; 290.06, subdivision 29; 297A.68, subdivision 37; 428B.02, subdivision 7; 469.310; 469.311; 469.312; 469.313; 469.314; 469.315; 469.316; 469.317; 469.318; 469.3181; 469.319; 469.3191; 469.3192; 469.3193; 469.320; 469.3201; 477A.085; Laws 2026, chapter 100, article 1, section 3.

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

ARTICLE 1

FEDERAL CONFORMITY

Section 1. Minnesota Statutes 2024, section 289A.02, subdivision 7, is amended to read:

Subd. 7. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through May 1, ~~2023~~ 2026.

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

Sec. 2. Minnesota Statutes 2024, section 290.01, subdivision 19, as amended by Laws 2026, chapter 88, article 1, section 170, is amended to read:

Subd. 19. **Net income.** (a) For a trust or estate taxable under section 290.03, and a corporation taxable under section 290.02, the term "net income" means the federal taxable income, as defined in section 63 of the Internal Revenue Code of 1986, as amended through the date named in this subdivision, incorporating the federal effective dates of changes to the Internal Revenue Code and any elections made by the taxpayer in accordance with the Internal Revenue Code in determining federal taxable income for federal income tax purposes, and with the modifications provided in sections 290.0131 to 290.0136 and 290.035.

(b) For an individual, the term "net income" means federal adjusted gross income with the modifications provided in sections 290.0131, 290.0132, ~~and~~ 290.0135 to 290.0137, and 290.035.

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

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

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

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

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

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

(f) The Internal Revenue Code of 1986, as amended through May 1, ~~2023~~ 2026, applies for taxable years beginning after December 31, 1996.

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

(h) In the case of a partnership electing to file a composite return under section 289A.08, subdivision 7, "net income" means the partner's share of federal adjusted gross income from the partnership modified by section 290.035 and the additions provided in section 290.0131, subdivisions 8 to 10, 16, 17, ~~and~~ 19, and 24 to 26, and the subtractions provided in: (1) section 290.0132, subdivisions 9, 27, 28, ~~and~~ 31, 40, and 41, to the extent the amount is assignable or allocable to Minnesota under section 290.17; and (2) section 290.0132, subdivision 14. The subtraction allowed under section 290.0132, subdivision 9, is only allowed on the composite tax computation to the extent the electing partner would have been allowed the subtraction.

(i) In the case of a qualifying entity electing to pay the pass-through entity tax under section 289A.08, subdivision 7a, "net income" means the qualifying owner's share of federal adjusted gross income from the qualifying entity modified by section 290.035 and the additions provided in section 290.0131, subdivisions 5, 8 to 10, 16, 17, ~~and~~ 19, and 24 to 26, and the subtractions provided in: (1) section 290.0132, subdivisions 3, 9, 27, 28, ~~and~~ 31, 40, and 41, to the extent the amount is assignable or allocable to Minnesota under section 290.17; and (2) section 290.0132, subdivision 14. The subtraction allowed under section 290.0132, subdivision 9, is only allowed on the pass-through entity tax computation to the extent the qualifying owners would have been allowed the subtraction. The income of both a resident and nonresident qualifying owner is allocated and assigned to this state as provided for nonresident partners and shareholders under sections 290.17, 290.191, and 290.20.

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

Sec. 3. Minnesota Statutes 2024, section 290.01, subdivision 31, is amended to read:

Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through May 1, ~~2023~~ 2026. Internal Revenue Code also includes any uncodified provision in federal law that relates to provisions of the Internal Revenue Code that are incorporated into Minnesota law.

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

Sec. 4. Minnesota Statutes 2024, section 290.0122, subdivision 4, is amended to read:

Subd. 4. **Charitable contributions.** (a) A taxpayer is allowed a deduction for charitable contributions. The deduction equals the amount of the charitable contribution deduction allowable to the taxpayer under section 170 of the Internal Revenue Code, including the denial of the deduction under section 408(d)(8), except that ~~the provisions of section 170(b)(1)(G) apply regardless of~~, notwithstanding section 170(b)(1)(I) of the Internal Revenue Code, the deduction is limited to contributions in excess of one percent of the taxpayer's contribution base for the taxable year.

(b) For taxable years beginning after December 31, 2017, the determination of carryover amounts must be made by applying the rules under section 170 of the Internal Revenue Code based on the charitable contribution deductions claimed and allowable under this section.

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

Sec. 5. Minnesota Statutes 2024, section 290.0131, subdivision 15, is amended to read:

Subd. 15. **529 plan addition.** The lesser of the following amounts is an addition:

(1) the total distributions for the taxable year from a qualified plan under section 529 of the Internal Revenue Code, owned by the taxpayer, that are expended for:

(i) qualified higher education expenses under section 529(c)(7) of the Internal Revenue Code (expenses for tuition for elementary or secondary public, private, or religious school); and

(ii) qualified postsecondary credentialing expenses, as defined in section 529(f) of the Internal Revenue Code; or

(2) the total amount required to be reported to the taxpayer by any trustee of a qualified tuition plan under section 529 of the Internal Revenue Code as earnings on Internal Revenue Service Form 1099Q for the taxable year.

EFFECTIVE DATE. This section is effective retroactively from the same time as the changes under section 70414 of Public Law 119-21 became effective.

Sec. 6. Minnesota Statutes 2024, section 290.0131, is amended by adding a subdivision to read:

Subd. 21. **Disallowed educational assistance payments.** (a) The amount of disallowed educational assistance payments is an addition.

(b) For the purposes of this subdivision, "disallowed educational assistance payments" means the following amounts that are excluded from gross income under section 127 of the Internal Revenue Code:

(1) payments of principal and interest described in section 127(c)(1)(B) of the Internal Revenue Code; plus

(2) the combined amount of educational assistance described in sections 127(c)(1)(A) and 127(c)(1)(C) of the Internal Revenue Code in excess of $5,250.

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

Sec. 7. Minnesota Statutes 2024, section 290.0131, is amended by adding a subdivision to read:

Subd. 22. **Qualified transportation fringe.** (a) The amount of qualified transportation fringe in excess of the prior law limit is an addition.

(b) For the purposes of this subdivision:

(1) "prior law limit" means the limitation under section 132(f)(2) of the Internal Revenue Code, except adjusted for inflation by substituting "1998" for "1997" in section 132(f)(6) of the Internal Revenue Code; and

(2) "qualified transportation fringe" has the meaning given in section 132(f) 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 290.0131, is amended by adding a subdivision to read:

Subd. 23. **Services performed in the Sinai Peninsula and other areas.** The amount excluded from gross income attributable to services performed in the areas listed in section 70118 of Public Law 119-21 is an addition.

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

Sec. 9. Minnesota Statutes 2024, section 290.0131, is amended by adding a subdivision to read:

Subd. 24. **Opportunity zone capital gain income.** (a) The amount of opportunity zone capital gain income is an addition.

(b) For the purposes of this subdivision, "opportunity zone capital gain income" equals the sum of:

(1) the amount of gains the taxpayer excluded from gross income or deferred in the taxable year under section 1400Z-2(a) of the Internal Revenue Code due to a deferral under section 1400Z-2(b)(1) of the Internal Revenue Code; and

(2) for a gain on an investment in the taxable year, the amount by which the taxpayer's basis in the investment was increased under section 1400Z-2(b)(2)(B) or 1400Z-2(c) of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2026.

Sec. 10. Minnesota Statutes 2024, section 290.0131, is amended by adding a subdivision to read:

Subd. 25. **Interest on loans secured by rural or agricultural real property.** The amount of interest excluded from gross income under section 139L of the Internal Revenue Code is an addition.

EFFECTIVE DATE. This section is effective retroactively from the same time as section 70435 of Public Law 119-21 became effective.

Sec. 11. Minnesota Statutes 2024, section 290.0131, is amended by adding a subdivision to read:

Subd. 26. **Business meals provided on fishing boats or at fish processing facilities; expenses for bona fide transactions.** The sum of the following amounts is an addition:

(1) the amount of business meal expenses in excess of the 50 percent limitation that are allowed as a deduction under section 274(n)(2)(C) of the Internal Revenue Code; plus

(2) the amount of expenses allowed as a deduction under section 274(e)(8) of the Internal Revenue Code.

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

Sec. 12. Minnesota Statutes 2024, section 290.0132, is amended by adding a subdivision to read:

Subd. 40. **Previously taxed capital gains in an opportunity zone.** The amount of a gain that was deferred under section 1400Z-2 of the Internal Revenue Code that was previously recognized as an addition under section 290.0131, subdivision 24, and was recognized in the taxable year is a subtraction. The subtraction is not allowed for the increase in basis described in section 290.0131, subdivision 24, paragraph (b), clause (2).

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2026.

Sec. 13. Minnesota Statutes 2024, section 290.0132, is amended by adding a subdivision to read:

Subd. 41. **Net CFC tested income.** The amount calculated under section 290.034, paragraph (a), clause (2), is a subtraction. The subtraction must not exceed the amount of net CFC tested income calculated under section 290.034 for the taxable year.

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

Sec. 14. Minnesota Statutes 2024, section 290.0133, is amended by adding a subdivision to read:

Subd. 16. **Research and experimental expenditures amortization.** (a) Eighty percent of the amount of the deduction claimed for domestic research or experimental expenditures under section 174A(a) of the Internal Revenue Code is an addition.

(b) For a taxpayer making the election under Public Law 119-21, section 70302, subsection (f)(1), 80 percent of the amount of any deduction claimed retroactively for a taxable year is an addition.

(c) For a taxpayer making an election under Public Law 119-21, section 70302, subsection (f)(2)(A)(i) or (ii), the amount of the deduction claimed for unamortized amounts is an addition.

EFFECTIVE DATE. Paragraphs (a) and (c) are effective retroactively for taxable years beginning after December 31, 2024. Paragraph (b) is effective retroactively for taxable years beginning after December 31, 2021.

Sec. 15. Minnesota Statutes 2024, section 290.0133, is amended by adding a subdivision to read:

Subd. 17. **Opportunity zone capital gain income.** (a) The amount of opportunity zone capital gain income is an addition.

(b) For the purposes of this subdivision, "opportunity zone capital gain income" equals the sum of:

(1) the amount of gains the taxpayer excluded from gross income or deferred in the taxable year under section 1400Z-2(a) of the Internal Revenue Code due to a deferral under section 1400Z-2(b)(1) of the Internal Revenue Code; and

(2) for a gain on an investment in the taxable year, the amount by which the taxpayer's basis in the investment was increased under section 1400Z-2(b)(2)(B) or 1400Z-2(c) of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2026.

Sec. 16. Minnesota Statutes 2024, section 290.0133, is amended by adding a subdivision to read:

Subd. 18. **Interest on loans secured by rural or agricultural real property.** The amount of interest excluded from gross income under section 139L of the Internal Revenue Code is an addition.

EFFECTIVE DATE. This section is effective retroactively from the same time as section 70435 of Public Law 119-21 became effective.

Sec. 17. Minnesota Statutes 2024, section 290.0133, is amended by adding a subdivision to read:

Subd. 19. **Business meals provided on fishing boats or at fish processing facilities; expenses for bona fide transactions.** The sum of the following amounts is an addition:

(1) the amount of business meal expenses in excess of the 50 percent limitation that are allowed as a deduction under section 274(n)(2)(C) of the Internal Revenue Code; plus

(2) the amount of expenses allowed as a deduction under section 274(e)(8) of the Internal Revenue Code.

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

Sec. 18. Minnesota Statutes 2024, section 290.0134, is amended by adding a subdivision to read:

Subd. 22. **Research and experimental expenditures amortization.** (a) In each of the four taxable years immediately following the taxable year in which an addition is required under section 290.0133, subdivision 16, paragraph (a) or (b), an amount equal to one-fourth of the amount of the addition is a subtraction.

(b) For the taxable year in which an addition is required under section 290.0133, subdivision 16, paragraph (c), and for each of the taxable years immediately following that taxable year, an amount equal to the amortized amount is a subtraction. For purposes of this paragraph, "amortized amount" means the amount of the deduction allowed for an expenditure in a taxable year under section 174A of the Internal Revenue Code if the taxpayer did not make the election under Public Law 119-21, section 70302, subsection (f)(2)(A)(i) or (ii).

EFFECTIVE DATE. Paragraph (a) is effective retroactively for taxable years beginning after December 31, 2022. Paragraph (b) is effective retroactively for taxable years beginning after December 31, 2024.

Sec. 19. Minnesota Statutes 2024, section 290.0134, is amended by adding a subdivision to read:

Subd. 23. **Previously taxed capital gains in an opportunity zone.** The amount of a gain that was deferred under section 1400Z-2 of the Internal Revenue Code that was previously recognized as an addition under section 290.0133, subdivision 17, and was recognized in the taxable year is a subtraction. The subtraction is not allowed for the increase in basis described in section 290.0133, subdivision 21, paragraph (b), clause (2).

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2026.

Sec. 20. Minnesota Statutes 2024, section 290.0134, is amended by adding a subdivision to read:

Subd. 24. **Net CFC tested income.** The amount calculated under section 290.034, paragraph (a), clause (2), is a subtraction. The subtraction must not exceed the amount of net CFC tested income calculated under section 290.034 for the taxable year.

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

Sec. 21. Minnesota Statutes 2024, section 290.033, is amended to read:

290.033 NET INVESTMENT INCOME TAX.

(a) For purposes of this section, "net investment income" has the meaning given in section 1411(c) of the Internal Revenue Code, ~~excluding~~ except:

(1) net investment income excludes the net gain attributable to the disposition of property classified as class 2a under section 273.13, subdivision 23; and

(2) net investment income is adjusted for capital gains in an opportunity zone, as provided in paragraph (e).

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

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

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

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

(d) For an estate or trust, the tax on net investment income must be computed by multiplying the net investment income tax liability by a fraction, the numerator of which is the amount of the estate or trust's net investment income allocated to the state pursuant to the provisions of sections 290.17, 290.191, and 290.20, and the denominator of which is the taxpayer's total net investment income.

(e) For a taxpayer with an addition under section 290.0131, subdivision 24, net investment income is increased by the amount of the addition. For a taxpayer with a subtraction under section 290.0132, subdivision 40, net investment income is reduced by the amount of the subtraction.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2026.

Sec. 22. **[290.034] NET CFC TESTED INCOME.**

(a) The amount of net CFC tested income for Minnesota purposes is calculated as follows:

(1) any amounts included in federal taxable income pursuant to section 951A of the Internal Revenue Code as modified under section 290.035; minus

(2) the amount calculated under section 951A(b)(2)(A) of the Internal Revenue Code, as amended through May 1, 2023. The calculation excludes section 951A(b)(2)(B). Any internal references to the calculation refer to the Internal Revenue Code as amended through May 1, 2023.

(b) The result of the calculation under paragraph (a) must not be less than zero.

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

Sec. 23. **[290.035] ADJUSTMENT FOR NET CFC TESTED INCOME AND SUBPART F INCOME.**

For purposes of determining a United States shareholder's Net CFC tested income under section 951A of the Internal Revenue Code or subpart F income under section 951 of the Internal Revenue Code, the provisions of Public Law 119-21 relating to the permanent extension of the look-thru rule under section 70351 do not apply.

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

Sec. 24. Minnesota Statutes 2025 Supplement, section 290.06, subdivision 2c, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) the additions required under sections 290.0131, subdivisions 2, 6, 8 to 10, 16, 17, 19, and 20 to 26, and 290.0137, paragraph (a); and reduced by

(ii) the Minnesota assignable portion of the subtraction for United States government interest under section 290.0132, subdivision 2, the subtractions under sections 290.0132, subdivisions 9, 14, 15, 18, 27, 31, ~~and~~ 32, 40, and 41, and 290.0137, paragraph (c), after applying the allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

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

(i) the additions required under sections 290.0131, subdivisions 2, 6, 8 to 10, 16, 17, 19, and 20 to 26, and 290.0137, paragraph (a); and reduced by

(ii) the subtractions under sections 290.0132, subdivisions 2, 9, 14, 15, 18, 27, 31, ~~and~~ 32, 40, and 41, and 290.0137, paragraph (c).

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

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

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

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

Sec. 25. Minnesota Statutes 2024, section 290.06, subdivision 2h, is amended to read:

Subd. 2h. **Section 529 plan recapture.** (a) For the purposes of this subdivision:

(1) the definitions under section 290.0684 apply;

(2) "account owner" means an individual who owns one or more qualified accounts;

(3) "credit ratio" means the ratio of (i) two times the total amount of credits that an account owner claimed under section 290.0684 for contributions to the account owner's qualified accounts to (ii) the total contributions in all taxable years to the account owner's qualified accounts;

(4) "qualified higher education expenses" has the meaning given in section 529(e)(3) of the Internal Revenue Code, except:

(i) section 529(c)(7) does not apply; and

(ii) qualified higher education expenses do not include qualified postsecondary credentialing expenses, as defined in section 529(f) of the Internal Revenue Code; and

(5) "subtraction ratio" means the ratio of (i) the total amount of subtractions that an account owner claimed under section 290.0132, subdivision 23, for contributions to the account owner's qualified accounts to (ii) the total contributions in all taxable years to the account owner's qualified accounts.

(b) If a distribution from a qualified account is used for a purpose other than to pay for qualified higher education expenses, the account owner must pay an additional tax equal to:

(1) 50 percent of the product of the credit ratio and the amount of the distribution; plus

(2) ten percent of the product of the subtraction ratio and the amount of the distribution.

(c) The additional tax under this subdivision does not apply to any portion of a distribution that is subject to the additional tax under section 529(c)(6) of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective retroactively from the same time as the changes under section 70414 of Public Law 119-21 became effective.

Sec. 26. Minnesota Statutes 2024, section 290.067, is amended to read:

290.067 DEPENDENT CARE CREDIT.

Subdivision 1. **Amount of credit.** (a) A taxpayer may take as a credit against the tax due from the taxpayer ~~and a spouse, if any,~~ under this chapter an amount equal to ~~the dependent care credit for which the taxpayer is eligible pursuant to the provisions of section 21 of the Internal Revenue Code except that in determining whether the child qualified as a dependent, income received as a Minnesota family investment program grant or allowance to or on behalf of the child must not be taken into account in determining whether the child received more than half of the child's support from the taxpayer~~ the taxpayer's eligible dependent care expenses, as determined under subdivision 1a, multiplied by the taxpayer's credit percentage, as determined under subdivision 1b. The credit is reduced by five percent of adjusted gross income in excess of $65,610.

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

~~(c) If a taxpayer:~~

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

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

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

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

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

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

~~(e)~~ (b) In the case of a nonresident or part-year resident, the credit determined under this section ~~21 of the Internal Revenue Code~~ must be allocated ~~based on the ratio by which the earned income of the claimant and the claimant's spouse from Minnesota sources bears to the total earned income of the claimant and the claimant's spouse~~ using the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

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

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

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

(c) For the purposes of this section, the following terms have the meanings given:

(1) "employment-related expenses" has the meaning given in section 21(b)(2) of the Internal Revenue Code; and

(2) "qualifying individual" has the meaning given in section 21(b)(1) of the Internal Revenue Code, except that in determining whether the child qualified as a dependent income received as a Minnesota family investment program grant or allowance to or on behalf of the child must not be taken into account in determining whether the child received more than half of the child's support from the taxpayer.

Subd. 1a. **Eligible dependent care expenses.** (a) A taxpayer's eligible dependent care expenses equals the amount of employment-related expenses incurred during the taxable year, subject to the limitation in paragraph (b).

(b) A taxpayer's eligible dependent care expenses are limited to:

(1) $3,000 if there was one qualifying individual with respect to the taxpayer; or

(2) $6,000 if there were two or more qualifying individuals with respect to the taxpayer.

(c) The limits under paragraph (b), clauses (1) and (2), are reduced by the amount of dependent care assistance excluded from gross income under section 129 of the Internal Revenue Code for the taxable year.

(d) For the purposes of determining employment-related expenses, the provisions of section 21(d) of the Internal Revenue Code apply.

Subd. 1b. **Credit percentage.** (a) The credit percentage equals 35 percent, subject to the reductions in paragraph (b).

(b) A taxpayer's credit percentage is reduced by one percentage point for each $2,000, or fraction thereof, by which the taxpayer's adjusted gross income exceeds $15,000, until the credit percentage equals 20 percent.

Subd. 2b. **Inflation adjustment.** The commissioner shall annually adjust the ~~dollar amount of the income threshold at which the maximum credit begins to be reduced under~~ adjusted gross income amount in subdivision 1, paragraph (a), as provided in section 270C.22. The statutory year is taxable year ~~2019~~ 2026.

Subd. 2c. **Deemed expenses.** (a) If a child who has not attained the age of six years at the close of the taxable year is cared for at a licensed family day care home operated by the child's parent, the taxpayer is deemed to have paid employment-related expenses. The amount of expenses deemed to have been paid equals the amount the licensee would charge for the care of a child of the same age for the same number of hours of care up to the maximum eligible expenses allowed, as determined under subdivisions 1a and 1b.

(b) If a taxpayer, regardless of filing status:

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

(2) used the deemed amount under paragraph (a) in lieu of the actual employment-related expenses paid for that child, the amount of deemed employment-related expenses equals the lesser of:

(i) the earned income of the taxpayer; or

(ii) the amount of the maximum limit for one qualified individual under subdivision 1a.

The earned income limitation of section 21(d) of the Internal Revenue Code does not apply to this deemed amount. These deemed amounts apply regardless of whether any employment-related expenses have been paid.

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

Subd. 4. **Right to file claim.** The right to file a claim under this section shall be personal to the claimant and shall not survive death, but such right may be exercised on behalf of a claimant by the claimant's legal guardian or attorney-in-fact. When a claimant dies after having filed a timely claim the amount thereof shall be disbursed to another member of the household as determined by the commissioner of revenue. If the claimant was the only member of a household, the claim may be paid to the claimant's personal representative, but if neither is appointed and qualified within two years of the filing of the claim, the amount of the claim shall escheat to the state.

Subd. 7. **Special rules.** For purposes of this section, the special rules of section 21(e) of the Internal Revenue Code apply.

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

Sec. 27. Minnesota Statutes 2025 Supplement, 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~~ additions required by section 290.0131, subdivisions 9, 10, ~~and~~ 16, and 21 to 26;

(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 to ~~39~~ 41;

(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 the day following final enactment, except the changes incorporated by federal changes are effective retroactively at the same time the changes were effective for federal purposes.

Sec. 28. Minnesota Statutes 2024, section 290.21, subdivision 9, is amended to read:

Subd. 9. **Controlled foreign corporations.** The net income of a corporation that is included pursuant to section 951 of the Internal Revenue Code as modified under section 290.035 is dividend income.

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

Sec. 29. Minnesota Statutes 2024, section 290.21, subdivision 10, is amended to read:

Subd. 10. **~~Global intangible low-taxed~~ Net CFC tested income.** ~~Any amounts included in taxable income pursuant to section 951A of the Internal Revenue Code, are~~ The amount of net CFC tested income calculated under section 290.034 is dividend income.

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

Sec. 30. Minnesota Statutes 2024, section 290A.03, subdivision 15, is amended to read:

Subd. 15. **Internal Revenue Code.** "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through May 1, ~~2023~~ 2026.

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

Sec. 31. Minnesota Statutes 2024, section 291.005, subdivision 1, is amended to read:

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

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

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

(3) "Internal Revenue Code" means the United States Internal Revenue Code of 1986, as amended through May 1, ~~2023~~ 2026.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 2

INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES

Section 1. Minnesota Statutes 2024, section 41A.30, subdivision 1, is amended to read:

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

(b) "Aircraft" has the meaning given in section 296A.01, subdivision 3.

(c) "Aviation gasoline" has the meaning given in section 296A.01, subdivision 7.

(d) "Commissioner" means the commissioner of agriculture.

(e) "Jet fuel" has the meaning given in section 296A.01, subdivision 8.

(f) "Qualifying taxpayer" means a taxpayer, as defined in section 290.01, subdivision 6, that is engaged in the business of:

(1) producing sustainable aviation fuel; or

(2) blending sustainable aviation fuel with aviation gasoline or jet fuel.

(g) "Sustainable aviation fuel" means liquid fuel that:

(1) is derived from:

(i) biomass, as defined in section 41A.15, subdivision 2e, that is produced in the United States, provided that any agricultural feedstocks are from planted crops and crop residue harvested from agricultural land cleared or cultivated any time prior to December 19, 2007, that is either actively managed or fallow;

(ii) gaseous carbon oxides; or

(iii) hydrogen that has a carbon intensity not greater than four kilograms of carbon dioxide equivalent per kilogram of hydrogen produced;

(2) is not derived from palm fatty acid distillates; and

(3) achieves at least a 50 percent life cycle greenhouse gas emissions reduction in comparison with petroleum-based aviation gasoline, aviation turbine fuel, and jet fuel as determined by a test that shows:

(i) that the fuel production pathway achieves at least a 50 percent life cycle greenhouse gas emissions reduction in comparison with petroleum-based aviation gasoline, aviation turbine fuel, and jet fuel utilizing the most recent version of Argonne National Laboratory's Greenhouse Gases, Regulated Emissions, and Energy Use in Technologies (GREET) model that accounts for reduced emissions throughout the fuel production process; or

(ii) that the fuel production pathway achieves at least a 50 percent reduction of the aggregate attributional core life cycle emissions and the positive induced land use change values under the life cycle methodology for sustainable aviation fuels adopted by the International Civil Aviation Organization with the agreement of the United States.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2024, for sustainable aviation fuel sold after June 30, 2025.

Sec. 2. Minnesota Statutes 2024, section 41A.30, subdivision 2, is amended to read:

Subd. 2. **Tax credit establishment.** (a) A qualifying taxpayer may claim a tax credit against the tax due under chapter 290 equal to $1.50 for each gallon of sustainable aviation fuel that is:

(1) produced in Minnesota or blended with aviation or gasoline or jet fuel in Minnesota, provided that carbon oxides sequestered as part of the production process are not used as a tertiary injectant in a qualified enhanced oil recovery project; and

(2) sold in Minnesota to a purchaser who certifies that the sustainable aviation fuel is for use as fuel in an aircraft departing from an airport in Minnesota.

(b) The credit may be claimed only after approval and certification by the commissioner and is limited to the amount stated on the credit certificate issued under subdivision 3. A qualifying taxpayer must apply to the commissioner for certification and allocation of a credit in a form and manner prescribed by the commissioner.

(c) A qualifying taxpayer may claim a credit for blending or producing sustainable aviation fuel, but not both. If sustainable aviation fuel is blended with aviation gasoline or jet fuel, the credit is allowed only for the portion of sustainable aviation fuel that is included in the blended fuel.

(d) If the amount of credit that the taxpayer is eligible to receive under this section exceeds the liability for tax under chapter 290, the commissioner of revenue must refund the excess to the taxpayer.

(e) Subject to the commissioner's certification, a qualifying taxpayer may claim a supplemental tax credit against the tax due under chapter 290 equal to the rate of $0.02 per gallon for each additional whole percentage carbon intensity reduction beyond 50 percent, but capped at $2.00 per gallon.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2024, for sustainable aviation fuel sold after June 30, 2025.

Sec. 3. Minnesota Statutes 2025 Supplement, 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~~ $36,900,000 in total, allocated as follows:

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

(2) $2,100,000 for ~~each of~~ fiscal ~~years~~ year 2026 ~~and 2027~~;

(3) $7,400,000 for fiscal year 2027;

(4) $5,300,000 for fiscal year 2028; and

(5) $2,100,000 for each fiscal year from 2029 through 2035.

(b) 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~~ the entire allocation has been made, except that the commissioner must not issue any credit certificates for fiscal years beginning after June 30, ~~2030~~ 2035, and any unallocated amounts cancel on that date.

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

Sec. 4. Minnesota Statutes 2024, section 41A.30, subdivision 7, is amended to read:

Subd. 7. **Expiration.** This section expires for taxable years beginning after December 31, ~~2030~~ 2035.

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

Sec. 5. Minnesota Statutes 2025 Supplement, section 41B.0391, subdivision 2, is amended to read:

Subd. 2. **Tax credit for owners of agricultural assets.** (a) An owner of agricultural assets may take a credit against the tax due under chapter 290 for the sale or rental of agricultural assets to a beginning farmer in the amount allocated by the authority under subdivision 4, or, for taxable years beginning after December

31, 2025, and before January 1, 2027, subdivision 4a. An owner of agricultural assets is eligible for allocation of a credit equal to:

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

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

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

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

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

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

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

(f) For purposes of the credit for the sale of agricultural land only, the family member definitional exclusions in subdivision 1, paragraph (c), clauses (4) and (5), do not apply. For a sale to a family member to qualify for the credit, the sales price of the agricultural land must equal or exceed the assessed value of the land as of the date of the sale. For purposes of this paragraph, "sale to a family member" means a sale to a beginning farmer in which the beginning farmer or the beginning farmer's spouse is a family member of:

(1) the owner of the agricultural land; or

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

(g) For a sale to a limited land access farmer, the credit rate under paragraph (a), clause (1), is 12 percent rather than eight percent.

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

Sec. 6. Minnesota Statutes 2025 Supplement, section 41B.0391, subdivision 4, is amended to read:

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

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

(2) approve and certify or recertify owners of agricultural assets as eligible for the tax credit under subdivision 2 subject to the allocation limits in paragraph (c), provided that the allocation limits in paragraph (c) do not apply for credits allocated in taxable years beginning after December 31, 2025, and before January 1, 2027;

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

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

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

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

(c) For credits for owners of agricultural assets allowed under subdivision 2, the authority must not allocate more than $6,500,000 for taxable years beginning after December 31, 2022, and before January 1, 2024, and $4,000,000 for taxable years beginning after December 31, 2023. The authority must allocate credits on a first-come, first-served basis beginning on January 1 of each year, except that recertifications for the second and third years of credits under subdivision 2, paragraph (a), clauses (1) and (2), have first priority. Any amount authorized but not allocated for taxable years ending before January 1, 2023, is canceled and is not allocated for future taxable years. For taxable years beginning after December 31, 2022, any amount authorized but not allocated in any taxable year does not cancel and is added to the allocation for the next taxable year. For each taxable year, 50 percent of newly allocated credits must be allocated to limited land access farmers. Any portion of a taxable year's newly allocated credits that is reserved for limited land access farmers that is not allocated by September 30 of the taxable year is available for allocation to other credit allocations beginning on October 1.

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

Sec. 7. Minnesota Statutes 2024, section 41B.0391, is amended by adding a subdivision to read:

Subd. 4a. **Temporary removal of allocation limitation.** For taxable years beginning after December 31, 2025, and before January 1, 2027, the allocation limitations in subdivision 4, paragraph (c), do not apply. This subdivision expires January 1, 2027.

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

Sec. 8. Minnesota Statutes 2025 Supplement, section 41B.0391, subdivision 6a, is amended to read:

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

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

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

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

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

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

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

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

(6) data on the number of beginning farmers by geographic region, including:

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

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

(7) the number and amount of credit applications that exceeded the allocation available under subdivision 4 in each year.

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

(1) the number and amount of credits issued;

(2) the geographic distribution of credits;

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

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

EFFECTIVE DATE. This section is effective for reports due for credits issued for taxable years beginning after December 31, 2025.

Sec. 9. Minnesota Statutes 2024, section 289A.08, subdivision 7a, is amended to read:

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

(1) "income" has the meaning given in section 290.01, subdivision 19, paragraph (i). The income of a resident qualifying owner of a qualifying entity that is a partnership or limited liability company taxed as a partnership under the Internal Revenue Code is not subject to allocation outside this state as provided for resident individuals under section 290.17, subdivision 1, paragraph (a). The income of a nonresident qualifying

owner of a qualifying entity and the income of a resident qualifying owner of a qualifying entity that is an S corporation, including a qualified subchapter S subsidiary organized under section 1361(b)(3)(B) of the Internal Revenue Code, are allocated and assigned to this state as provided for nonresident partners and shareholders under sections 290.17, 290.191, and 290.20;

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

(3) "qualifying owner" means:

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

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

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

(b) For taxable years beginning after December 31, 2020, a qualifying entity may elect to file a return and pay the pass-through entity tax imposed under paragraph (c). The election:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(l) This subdivision expires ~~at the same time and on the same terms as section 164(b)(6)(B) of the Internal Revenue Code~~ for taxable years beginning after December 31, 2027, except that the expiration of this subdivision does not affect the commissioner's authority to audit or power of examination and assessments for credits claimed under this section.

EFFECTIVE DATE. This section is effective retroactively from January 1, 2026.

Sec. 10. **[289A.081] DIRECT FREE FILING OF INDIVIDUAL RETURNS.**

(a) The commissioner must establish an electronic filing system through which taxpayers may directly file an electronic individual income tax return free of charge. The commissioner may contract with a software vendor to develop the filing system required under this section, but the vendor must not offer paid tax preparation services for Minnesota individual income taxpayers for tax years that the system is active, and the filing system must be made available on the Department of Revenue website. The commissioner must not limit access to the system based on a taxpayer's income.

(b) To the extent feasible, the commissioner must coordinate the state filing system under this section with any federal filing systems established for free filing of federal tax returns.

(c) The commissioner must make the system required under this section available for taxable years beginning after December 31, 2026. At a minimum, the system must allow taxpayers to claim:

(1) the marriage penalty credit under section 290.0675;

(2) the education credit under section 290.0674;

(3) the child and working family credits under sections 290.0661 and 290.0671;

(4) the dependent care credit under section 290.067;

(5) the student loan credit under section 290.0682; and

(6) the renter's credit under section 290.0693.

(d) The commissioner may establish an electronic filing system through which individual taxpayers may file a federal income tax return for free.

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

Sec. 11. Minnesota Statutes 2024, section 290.01, subdivision 19, as amended by Laws 2026, chapter 88, article 1, section 170, is amended to read:

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

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

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

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

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

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

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

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

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

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

(h) In the case of a partnership electing to file a composite return under section 289A.08, subdivision 7, "net income" means the partner's share of federal adjusted gross income from the partnership modified by the additions provided in section 290.0131, subdivisions 8 to 10, 16, 17, and 19, and the subtractions provided in: (1) section 290.0132, subdivisions 9, 27, 28, and 31, to the extent the amount is assignable or allocable to Minnesota under section 290.17; and (2) section 290.0132, subdivision 14. The subtraction allowed under section 290.0132, subdivision 9, is only allowed on the composite tax computation to the extent the electing partner would have been allowed the subtraction.

(i) In the case of a qualifying entity electing to pay the pass-through entity tax under section 289A.08, subdivision 7a, "net income" means the qualifying owner's share of federal adjusted gross income from the qualifying entity modified by the additions provided in section 290.0131, subdivisions 5, 8 to 10, 16, 17, and 19, and the subtractions provided in: (1) section 290.0132, subdivisions 3, 9, 27, 28, and 31, to the extent the amount is assignable or allocable to Minnesota under section 290.17; and (2) section 290.0132, subdivision 14. The subtraction allowed under section 290.0132, subdivision 9, is only allowed on the pass-through entity tax computation to the extent the qualifying owners would have been allowed the subtraction. ~~The income of both a resident and nonresident qualifying owner is allocated and assigned to this state as provided for nonresident partners and shareholders under sections 290.17, 290.191, and 290.20.~~

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

Sec. 12. Minnesota Statutes 2025 Supplement, section 290.06, subdivision 23a, is amended to read:

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

(b) This subdivision expires ~~at the same time and on the same terms as section 164(b)(6)(B) of the Internal Revenue Code~~ for taxable years beginning after December 31, 2027, except that the expiration of this subdivision does not affect the commissioner's authority to audit or power of examination and assessments for credits claimed under this section.

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

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

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

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

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

EFFECTIVE DATE. This section is effective retroactively from January 1, 2026.

Sec. 13. Minnesota Statutes 2024, section 290.06, subdivision 40, is amended to read:

Subd. 40. **Pass-through entity tax credit.** (a) A qualifying owner of a qualifying entity that elects to pay the pass-through entity tax under section 289A.08, subdivision 7a, may claim a credit against the tax due under this chapter equal to the amount of the owner's tax liability as calculated under section 289A.08, subdivision 7a, paragraph (d). The commissioner may disallow a credit if the tax liability of the qualifying entity has not been paid.

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

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

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

Sec. 14. Laws 2023, chapter 64, article 15, section 24, is amended to read:

Sec. 24. **TAX FILING MODERNIZATION.**

Subdivision 1. **Account established; appropriation.** A tax filing modernization account is established in the special revenue fund. All funds in the tax filing modernization account are appropriated to the commissioner of revenue for the purposes specified in subdivision 3.

Subd. 2. **Transfer.** $5,000,000 in fiscal year 2024 is transferred to the tax filing modernization account from the general fund. This is a onetime transfer.

Subd. 3. **Eligible uses.** ~~(a)~~ The commissioner of revenue may use funds in the tax filing modernization account to ~~modernize the state process for filing individual income tax returns, including:~~

~~(1) updating and reviewing changes to individual income tax forms resulting from this act;~~

~~(2) coordinating the process for filing state individual income tax returns with free filing options for the federal income tax; and~~

~~(3) development and implementation of~~ develop and implement state free filing options for the individual income tax as provided in Minnesota Statutes, section 289A.081.

~~(b) Beginning July 1, 2026, the commissioner of revenue may use any unspent funds in the tax filing modernization account to make taxpayer assistance grants to eligible organizations qualifying under section 7526A(e)(2)(B) of the Internal Revenue Code.~~

Subd. 4. **Unspent funds.** Any unspent funds in the tax filing modernization account cancel to the general fund on June 30, ~~2027~~ 2029.

Subd. 5. **Sunset.** This section expires and the account is abolished on July 1, 2029.

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

Sec. 15. **INCOME TAX SUBTRACTION; NURSING FACILITY WORKFORCE WAGE SUPPLEMENT PROGRAM.**

(a) For 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; and

(2) the definitions in Minnesota Statutes, section 290.01.

(b) The amount of supplemental wage payments provided under Minnesota Statutes, section 256R.60, is a subtraction.

(c) Payments under this section are excluded from income, as defined in Minnesota Statutes, section 290A.03, subdivision 3.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2025, and before January 1, 2027, only if S.F. 4476 is finally enacted at the 2026 regular legislative session.

Sec. 16. **PASS-THROUGH ENTITY TAX; 2026 ESTIMATED PAYMENTS.**

For estimated payments due from pass-through entities under Minnesota Statutes, section 289A.08, subdivision 7a, paragraph (f), for taxable years beginning after December 31, 2025, and before January 1, 2027, no addition to tax is imposed under Minnesota Statutes, section 289A.25, subdivision 2, if the first estimated payment is paid in full with the second estimated payment, as required under Minnesota Statutes, section 289A.25, subdivision 3.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2025, and before January 1, 2027.

Sec. 17. **REVIVAL AND REENACTMENT.**

Minnesota Statutes, sections 289A.08, subdivision 7a, and 290.06, subdivision 23a, are revived and reenacted retroactively from January 1, 2026.

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

Sec. 18. **APPROPRIATION; DIRECT FREE FILING SYSTEM.**

$2,300,000 in fiscal year 2027 is appropriated from the general fund to the commissioner of revenue for the direct free filing system required under Minnesota Statutes, section 289A.081. The base for this appropriation is $3,500,000 in fiscal year 2028 and $3,500,000 in fiscal year 2029.

ARTICLE 3

SALES AND USE TAXES

Section 1. Minnesota Statutes 2024, section 297A.68, is amended by adding a subdivision to read:

Subd. 9a. **Championship golf tournaments admission and related events.** (a) The granting of the privilege of admission to a world championship golf tournament sponsored by the Professional Golfers'

Association of America and to related events sponsored by the Professional Golfers' Association of America is exempt.

(b) This subdivision expires July 1, 2030.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2026.

Sec. 2. Minnesota Statutes 2024, section 428B.02, subdivision 4, is amended to read:

Subd. 4. **Service charges; relationship to services.** (a) A municipality may impose a service charge on a business pursuant to this chapter for the purpose of providing activities and improvements that will provide benefits to a business that is located within the tourism improvement district and subject to the tourism improvement district service charge. Each business paying a service charge within a district must benefit directly or indirectly from improvements provided by a tourism improvement association, provided, however, the business need not benefit equally. Service charges must be based on a percent of gross business revenue, a fixed dollar amount per transaction, or any other reasonable method based upon benefit and approved by the municipality. A business may, but is not required to, collect the service charge imposed by this section from the purchaser. If separately stated on the invoice, bill of sale, or similar document given to the purchaser, the service charge is excluded from the sales price for purposes of the tax imposed under chapter 297A.

(b) Service charges may be used to cover the costs of collections, as well as other administrative costs associated with operating, forming, or maintaining the district.

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

ARTICLE 4

PROPERTY TAX AIDS AND CREDITS

Section 1. Minnesota Statutes 2025 Supplement, section 126C.13, subdivision 4, is amended to read:

Subd. 4. **General education aid.** ~~For fiscal year 2015 and later,~~ A district's general education aid equals:

(1) general education revenue, excluding operating capital revenue, equity revenue, local optional revenue, and transition revenue; plus

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

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

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

(5) shared time aid under section 126C.01, subdivision 7; plus

(6) referendum aid under section 126C.17, subdivisions 7 ~~and~~, 7a, and 7c; plus

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

(8) local optional aid according to section 126C.10, subdivision 2e, paragraph (f).

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2028 and later.

Sec. 2. Minnesota Statutes 2024, section 126C.17, is amended by adding a subdivision to read:

Subd. 7c. **Seasonal tax base replacement aid.** (a) For purposes of this subdivision, "eligible school district" means a school district for which the seasonal tax base adjustment factor under paragraph (c) is at least equal to 0.15. A school district determined eligible under this paragraph for aid in fiscal year 2028 or any later fiscal year remains an eligible school district for aid in any subsequent fiscal year.

(b) An eligible school district's seasonal tax base replacement aid equals the product of (1) the seasonal tax base adjustment factor, and (2) the district's referendum equalization levy calculated under subdivision 6, after any adjustment under subdivisions 7a and 7b.

(c) A district's seasonal tax base adjustment factor equals the lesser of 0.50 or the ratio of (1) the seasonal market value for the district, to (2) the sum of the referendum market value and the seasonal market value for the district. For the purposes of this paragraph, "seasonal market value" means the market value of all taxable property classified as class 4c(12) under section 273.13.

(d) The amount calculated under paragraph (b) must be used to reduce the district's referendum levy determined after the adjustments under subdivisions 7a and 7b.

EFFECTIVE DATE. This section is effective for taxes payable in 2027 and later.

Sec. 3. Minnesota Statutes 2024, section 272.02, subdivision 101, is amended to read:

Subd. 101. **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 less than 100,000 as of the 2010 federal census;

(2) was on January 1, 2016, 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) is used exclusively as a medical clinic or for a parking lot used exclusively to serve the medical clinic.

(b) Property that qualifies for the exemption under this subdivision is limited to no more than ~~two contiguous~~ five parcels and structures that do not exceed, in the aggregate, 30,000 square feet. Property acquired for single-family housing, market-rate apartments, agriculture, or forestry does not qualify for this exemption. The exemption created by this subdivision expires with taxes payable in ~~2028~~ 2038.

EFFECTIVE DATE. This section is effective beginning with assessment year 2027.

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

Subd. 110. **Certain property owned by an Indian Tribe.** (a) Property is exempt that:

(1) is located in a city with a population greater than 12,400 but less than 12,800 according to the 2020 federal census;

(2) was on January 1, 2026, and is for the current assessment, owned by a federally recognized Indian Tribe, or its instrumentality, that is located within the state; and

(3) is used to store medical clinic equipment and materials.

(b) Property that qualifies for exemption under this subdivision is limited to one parcel. 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 property taxes payable in 2027. For assessment year 2026 only, an exemption application under this section must be filed with the county assessor by July 1, 2026.

Sec. 5. Minnesota Statutes 2025 Supplement, 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 0.45 percent of its market value. The remaining market value of class 1b property is classified as class 1a 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~~ $1,500,000 of market value is tier I, the next ~~$1,700,000~~ $3,000,000 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 2026.

Sec. 6. Minnesota Statutes 2025 Supplement, section 412.341, subdivision 3, is amended to read:

Subd. 3. **Change in membership; procedures.** (a) The number of commission members may be increased or decreased by ordinance within the permitted number of commissioner members as provided in subdivision 1, paragraph (a). The ordinance ~~changing~~ modifying the number of commission members must include a provision for maintaining staggered terms for commission members, provided that if the number of members is reduced, the reduction must be effected in such a manner that all incumbent members are permitted to serve their full terms. An ordinance adopted under this subdivision must not be effective until at least 45 days after its adoption.

(b) An ordinance ~~reducing~~ modifying the size of the commission shall not take effect and the question of whether to ~~reduce~~ modify the size of the commission must be placed on the ballot at the next general or special election if: (1) within 45 days of the ordinance's adoption by the city council, a petition is filed with the city clerk requesting that a referendum be held on ~~reducing~~ modifying the size of the commission; and (2) the petition is signed by a number of eligible voters equal to at least 15 percent of the number of electors voting at the most recent general election. The ballot question shall be substantially stated as follows:

"Shall the size of the public utilities commission be reduced (increased) from .... members to.......members?"

The question shall be followed by the words "Yes" and "No" with an appropriate oval or similar target shape before each in which a voter may record a choice. If a majority of the votes cast on the question are in favor of ~~reducing~~ modifying the size of the commission, the ordinance shall be considered approved and shall be effective immediately. If the majority of votes cast on the question are against ~~reducing~~ modifying the size of the commission, the ordinance shall not take effect.

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

Sec. 7. Minnesota Statutes 2024, section 469.0773, is amended to read:

469.0773 LAKE CITY.

Subdivision 1. **Establishment.** The city of Lake City may establish a port authority commission that has the same powers as a port authority established under section 469.049 or other law, except that the port authority shall have no power to issue debt or bonds of any kind or exercise powers of eminent domain. The port authority may request the city of Lake City to levy a tax for the benefit of the port authority. Notwithstanding section 469.053, subdivision 4, the city of Lake City may grant or deny the request to levy a tax. If the city establishes a port authority commission, the city shall exercise all the powers relating to the port authority granted to a city by sections 469.048 to 469.068 or other law. Notwithstanding any law to the contrary, the city may choose the name of the commission.

Subd. 2. **Municipal housing and redevelopment authority.** If the city of Lake City establishes a port authority commission under subdivision 1, the commission may exercise the same powers as a municipal housing and redevelopment authority established under sections 469.001 to 469.047 or other law, except that the port authority shall have no power to levy taxes, issue debt or bonds of any kind, or exercise powers of eminent domain. The city shall then exercise all the powers relating to the municipal housing and redevelopment authority granted to a city by sections 469.001 to 469.047 or other law.

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

Sec. 8. Minnesota Statutes 2024, section 469.081, subdivision 3a, is amended to read:

Subd. 3a. **Terms of members.** Notwithstanding the enabling resolution or section 469.050, subdivision 4, the term length for an appointee to the Red Wing Port Authority for a term beginning on or after January 1, 2011, shall be ~~three~~ six years.

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

Sec. 9. Minnesota Statutes 2024, section 477A.30, subdivision 8, is amended to read:

Subd. 8. **Expiration.** Distributions under this section expire after aids payable in ~~2028~~ 2032 have been distributed.

Sec. 10. **CITY OF LAKE CITY; VALIDATION OF PRIOR ACT.**

Notwithstanding the time limits in Minnesota Statutes, section 645.021, the city of Lake City may approve, by resolution, Laws 2021, chapter 19, section 1, and file its approval with the secretary of state by January 1, 2027. If approved under this paragraph, actions undertaken by the city in accordance with Laws 2021, chapter 19, section 1, and Minnesota Statutes, section 469.0773, are validated.

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

Sec. 11. **ONETIME INCREASE IN HOMESTEAD CREDIT REFUND.**

Subdivision 1. **Homestead credit refund.** For claims filed based on taxes payable in 2026, the commissioner shall increase by 14.88 percent the refund otherwise payable under Minnesota Statutes, section 290A.04, subdivision 2.

Subd. 2. **No notification of appeal rights.** In adjusting homestead credit refunds under this section, the commissioner is not required to provide information concerning appeal rights that ordinarily must be provided whenever the commissioner adjusts refunds payable under Minnesota Statutes, chapter 290A. Taxpayers retain all rights to appeal adjustments under this section.

Subd. 3. **Appropriation.** The amount necessary to make the payments required under this section is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective only for refunds based on property taxes payable in 2026.

Sec. 12. **ONETIME SCHOOL DISTRICT SEASONAL TAX BASE REPLACEMENT AID.**

Subdivision 1. **Aid amount.** (a) For purposes of this subdivision, "eligible school district" means a school district for which the seasonal tax base adjustment factor under paragraph (c) is at least equal to 0.15.

(b) For fiscal year 2027 only, an eligible school district's seasonal tax base replacement aid equals the product of (1) the seasonal tax base adjustment factor, and (2) the district's referendum equalization levy calculated for fiscal year 2027 under Minnesota Statutes, section 126C.17, subdivision 6, after any adjustment under Minnesota Statutes, section 126C.17, subdivisions 7a and 7b.

(c) A district's seasonal tax base adjustment factor equals the lesser of 0.50 or the ratio of (1) the seasonal market value for the district, to (2) the sum of the referendum market value and the seasonal market value for the district. For the purposes of this paragraph, "seasonal market value" means the market value of all taxable property classified as class 4c(12) under Minnesota Statutes, section 273.13. The market values used for the calculation under this paragraph must be the market values used to calculate levies payable in 2026.

Subd. 2. **Entitlement limit.** If the total initial aid entitlement calculated under subdivision 1 exceeds $2,542,000, the commissioner of education must prorate the aid entitlement for each district proportionately.

Subd. 3. **Payment.** This aid is 100 percent payable in fiscal year 2027.

Subd. 4. **Appropriation.** $2,542,000 is appropriated in fiscal year 2027 from the general fund to the commissioner of education for onetime school district seasonal tax base replacement aid under this section. This is a onetime appropriation.

Sec. 13. **2027 AID CALCULATION.**

(a) Notwithstanding Minnesota Statutes, sections 477A.013 and 477A.014, for aids payable in 2027 only, the commissioner of revenue must calculate and certify aid under Minnesota Statutes, section 477A.013, subdivisions 8 and 9, as if Northern Township is eligible to receive the aid in calendar year 2027. If, by January 31, 2027, Northern Township has not incorporated as a city, the commissioner of revenue must within 30 days recalculate and recertify aid under Minnesota Statutes, section 477A.013, subdivisions 8 and 9, without including the township.

(b) The 2026 aid for the jurisdiction under paragraph (a) is assumed to be $109.35 multiplied by the jurisdiction's 2024 population when calculating aid under Minnesota Statutes, section 477A.013, subdivisions 8 and 9, for aids payable in 2027 only.

EFFECTIVE DATE. This section is effective for aids payable in 2027 only.

ARTICLE 5

MINERALS TAXES

Section 1. Minnesota Statutes 2024, section 298.225, is amended to read:

298.225 APPROPRIATION.

Subdivision 1. **Guaranteed distribution.** (a) Except as provided under ~~paragraph~~ paragraphs (c) to (f), the distribution of the taconite production tax as provided in section 298.28, subdivisions 3 to 5, 6, ~~paragraph~~ paragraphs (b) and (c), 7, and 8, shall equal the lesser of the following amounts:

(1) the amount distributed pursuant to this section and section 298.28, with respect to 1983 production if the production for the year prior to the distribution year is no less than 42,000,000 taxable tons. If the production is less than 42,000,000 taxable tons, the amount of the distributions shall be reduced proportionately at the rate of two percent for each 1,000,000 tons, or part of 1,000,000 tons by which the production is less than 42,000,000 tons; or

(2)(i) for the distributions made pursuant to section 298.28, subdivisions 4, paragraphs (b) and (c), and 6, paragraph (c), 31.2 percent of the amount distributed pursuant to this section and section 298.28, with respect to 1983 production;

(ii) for the distributions made pursuant to section 298.28, subdivision 5, paragraphs (b) and (d), 75 percent of the amount distributed pursuant to this section and section 298.28, with respect to 1983 production provided that the aid guarantee for distributions under section 298.28, subdivision 5, paragraph (b), shall be reduced by five cents per taxable ton for production years 2014 and thereafter.

(b) The distribution of the taconite production tax as provided in section 298.28, subdivision 2, shall equal the following amount:

(1) if the production for the year prior to the distribution year is at least 42,000,000 taxable tons, the amount distributed pursuant to this section and section 298.28 with respect to 1999 production; or

(2) if the production for the year prior to the distribution year is less than 42,000,000 taxable tons, the amount distributed pursuant to this section and section 298.28 with respect to 1999 production, reduced proportionately at the rate of two percent for each 1,000,000 tons or part of 1,000,000 tons by which the production is less than 42,000,000 tons.

(c) The distribution of the taconite production tax under section 298.28, subdivision 3, paragraph (a), must equal the amount distributed under 298.28, with respect to 1983 production.

(d) For the two years after the year in which Mesabi Metallics or its successor begins producing tonnage subject to the taxes under section 298.24, the distribution of the taconite production tax under section 298.28, subdivision 4, paragraph (b), clause (1), must equal the amount distributed under section 298.28, with respect to 2023 production.

(e) For the two years after the year in which Mesabi Metallics or its successor begins producing tonnage subject to the taxes under section 298.24, the distributions of the taconite production tax under section 298.28, subdivision 4, paragraph (b), clause (2), items (i) to (v), must equal the amounts distributed under section 298.28, with respect to 2023 production, and the distributions of the taconite production tax to each school district under section 298.28, subdivision 4, paragraph (b), clause (2), item (vi), subitems (A) and (B), must equal $150,000.

(f) For the two years after the year in which Mesabi Metallics or its successor begins producing tonnage subject to the taxes under section 298.24, the distributions of the taconite production tax to each school district under section 298.28, subdivision 4, paragraph (d), clause (3), items (i) and (ii), must equal $100,000.

(g) For the two years after the year in which Mesabi Metallics or its successor begins producing tonnage subject to the taxes under section 298.24, the distribution of the taconite production tax under section 298.28, subdivision 11, paragraph (d), must equal 75 percent of the amount that each school district received under Minnesota Statutes 1978, section 294.26, in calendar year 1977.

(h) For the two years after the year in which Mesabi Metallics or its successor begins producing tonnage subject to the taxes under section 298.24, the distributions of the taconite production tax to each of the city of Orr and the city of Winton under section 298.282, subdivision 1, paragraph (a), must equal $25,000, and the distributions of the taconite production tax to each of the city of Cook and the city of Two Harbors under section 298.282, subdivision 1, paragraph (a), must equal $75,000.

Subd. 2. **Funding guaranteed distribution level.** (a) The money necessary for funding the difference between the initial distribution made pursuant to section 298.28 and the amount guaranteed in subdivision

1, paragraphs (a) to (c), is appropriated in equal proportions from the initial current year distributions to the taconite environmental protection fund and to the Douglas J. Johnson economic protection trust pursuant to section 298.28. If the initial distributions to the taconite environmental protection fund and the Douglas J. Johnson economic protection trust are insufficient to fund the difference, the commissioner of Iron Range resources and rehabilitation shall make the payments of any remaining difference from the corpus of the taconite environmental protection fund and the corpus of the Douglas J. Johnson economic protection trust fund in equal proportions as directed by the commissioner of revenue.

(b) The money necessary for funding the difference between the initial distribution made pursuant to section 298.28 and the amount guaranteed in subdivision 1, paragraphs (d) to (h), is appropriated from the initial current year distribution to the Douglas J. Johnson economic protection trust pursuant to section 298.28. If the initial distribution to the Douglas J. Johnson economic protection trust is insufficient to fund the difference, the commissioner of Iron Range resources and rehabilitation shall make the payments of any remaining difference from the corpus of the Douglas J. Johnson economic protection trust fund as directed by the commissioner of revenue.

(c) If a taconite producer ceases beneficiation operations permanently and is required by a special law to make bond payments for a school district, the Douglas J. Johnson economic protection trust fund shall assume the payments of the taconite producer if the producer ceases to make the needed payments. The commissioner of Iron Range resources and rehabilitation shall make these school bond payments from the corpus of the Douglas J. Johnson economic protection trust fund in the amounts certified by the commissioner of revenue.

Sec. 2. Minnesota Statutes 2024, section 298.227, is amended to read:

298.227 TACONITE ECONOMIC DEVELOPMENT FUND.

(a) Except as provided in paragraph (b), an amount equal to that distributed pursuant to each taconite producer's taxable production and qualifying sales under section 298.28, subdivision 9a, shall be held by the commissioner of Iron Range resources and rehabilitation in a separate taconite economic development fund for each taconite and direct reduced ore producer. Money from the fund for each producer shall be released by the commissioner after review by a joint committee consisting of an equal number of representatives of the salaried employees and the nonsalaried production and maintenance employees of that producer. The District 11 director of the United States Steelworkers of America, on advice of each local employee president, shall select the employee members. In nonorganized operations, the employee committee shall be elected by the nonsalaried production and maintenance employees. The review must be completed no later than six months after the producer presents a proposal for expenditure of the funds to the committee. The funds held pursuant to this section may be released only for workforce development, concurrent reclamation, plant and stationary mining equipment, facilities for the producer, or for research and development in Minnesota on new mining, taconite, iron, or steel production technology, but only if the producer provides a matching expenditure equal to the amount of the distribution to be used for the same purpose. If a proposed expenditure is not approved by the commissioner, after consultation with the advisory board, the funds must be deposited in the taconite environmental protection fund under sections 298.222 to 298.225. If a taconite production facility is sold after operations at the facility had ceased, any money remaining in the fund for the former producer may be released to the purchaser of the facility on the terms otherwise applicable to the former producer under this section. If a producer fails to provide matching funds for a proposed expenditure within six months after the commissioner approves release of the funds, the funds may be released by the commissioner for deposit in the taconite area environmental protection fund created in section 298.223. Any portion of the fund which is not released by the commissioner within one year of its deposit in the fund shall be distributed to the taconite environmental protection fund.

(b) Notwithstanding any provision to the contrary, a producer operating Mesabi Metallics or its successor may not receive a distribution under this section.

Sec. 3. Minnesota Statutes 2024, section 298.28, subdivision 2, is amended to read:

Subd. 2. **City or town where quarried or produced.** (a) 4.5 cents per gross ton of merchantable iron ore concentrate, hereinafter referred to as "taxable ton," produced by each producer except Mesabi Metallics or its successor, plus one cent per taxable ton produced in 2023 from the proceeds of the taxes collected under section 298.24 from Mesabi Metallics or its successor, plus the amount provided in paragraph (c), must be allocated to the city or town in the county in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. If the mining, quarrying, and concentration, or different steps in either thereof are carried on in more than one taxing district, the commissioner shall apportion equitably the proceeds of the part of the tax going to cities and towns among such subdivisions upon the basis of attributing 50 percent of the proceeds of the tax to the operation of mining or quarrying the taconite, and the remainder to the concentrating plant and to the processes of concentration, and with respect to each thereof giving due consideration to the relative extent of such operations performed in each such taxing district. The commissioner's order making such apportionment shall be subject to review by the Tax Court at the instance of any of the interested taxing districts, in the same manner as other orders of the commissioner.

(b)(1) Four cents per taxable ton produced by each producer except Mesabi Metallics or its successor, and one cent per taxable ton produced in 2023 from the proceeds of the taxes collected under section 298.24 from Mesabi Metallics or its successor shall be allocated to cities and ~~organized~~ townships affected by mining because their boundaries are within three miles of a taconite mine pit that:

(i) was actively mined by LTV Steel Mining Company in 1999; or

(ii) has been actively mined in at least one of the prior three years.

(2) If a city or town is located near more than one mine meeting the criteria under this paragraph, the city or town is eligible to receive aid calculated from only the mine producing the largest taxable tonnage. When more than one municipality qualifies for aid based on one company's production, the aid must be apportioned among the municipalities in proportion to their populations. The amounts distributed under this paragraph to each ~~municipality~~ city and organized township must be used for infrastructure improvement projects. The amounts distributed under this paragraph to counties on behalf of each unorganized township must be used by the county for infrastructure improvement projects within the unorganized township.

(c) The amount that would have been computed for the current year under Minnesota Statutes 2008, section 126C.21, subdivision 4, for a school district shall be distributed to the cities and townships within the school district in the proportion that their taxable net tax capacity within the school district bears to the taxable net tax capacity of the school district for property taxes payable in the year prior to distribution.

Sec. 4. Minnesota Statutes 2024, section 298.28, subdivision 3, is amended to read:

Subd. 3. **Cities; towns.** (a) 12.5 cents per taxable ton~~,~~ produced by each producer except Mesabi Metallics or its successor, plus two cents per taxable ton produced in 2023 from the proceeds of the taxes collected under section 298.24 from Mesabi Metallics or its successor, less any amount distributed under subdivision 8, and paragraph (b), must be allocated to the taconite municipal aid account to be distributed as provided in section 298.282. The amount allocated to the taconite municipal aid account must be annually increased in the same proportion as the increase in the implicit price deflator as provided in section 298.24, subdivision 1.

(b) An amount must be allocated to towns or cities that is annually certified by the county auditor of a county containing a taconite tax relief area as defined in section 273.134, paragraph (b), within which there is (1) an organized township if, as of January 2, 1982, more than 75 percent of the assessed valuation of the township consists of iron ore or (2) a city if, as of January 2, 1980, more than 75 percent of the assessed valuation of the city consists of iron ore.

(c) The amount allocated under paragraph (b) will be the portion of a township's or city's certified levy equal to the proportion of (1) the difference between 50 percent of January 2, 1982, assessed value in the case of a township and 50 percent of the January 2, 1980, assessed value in the case of a city and its current assessed value to (2) the sum of its current assessed value plus the difference determined in (1), provided that the amount distributed shall not exceed $55 per capita in the case of a township or $75 per capita in the case of a city. For purposes of this limitation, population will be determined according to the 1980 decennial census conducted by the United States Bureau of the Census. If the current assessed value of the township exceeds 50 percent of the township's January 2, 1982, assessed value, or if the current assessed value of the city exceeds 50 percent of the city's January 2, 1980, assessed value, this paragraph shall not apply. For purposes of this paragraph, "assessed value," when used in reference to years other than 1980 or 1982, means the appropriate net tax capacities multiplied by 10.2.

(d) In addition to other distributions under this subdivision, three cents per taxable ton for distributions in 2009 must be allocated for distribution to towns that are entirely located within the taconite tax relief area defined in section 273.134, paragraph (b). For distribution in 2010 through 2014 and for distribution in 2018 and subsequent years, the three-cent amount must be annually increased in the same proportion as the increase in the implicit price deflator as provided in section 298.24, subdivision 1. The amount available under this paragraph will be distributed to eligible towns on a per capita basis, provided that no town may receive more than ~~$50,000~~ $70,000 in any year under this paragraph. Any amount of the distribution that exceeds the ~~$50,000~~ $70,000 limitation for a town under this paragraph must be redistributed on a per capita basis among the other eligible towns, to whose distributions do not exceed ~~$50,000~~ $70,000.

Sec. 5. Minnesota Statutes 2024, section 298.28, subdivision 4, is amended to read:

Subd. 4. **School districts.** (a) 32.15 cents per taxable ton produced by each producer except Mesabi Metallics or its successor, plus 32.72 cents per taxable ton produced by Mesabi Metallics or its successor, plus $300,000 from the proceeds of the taxes collected under section 298.24 from Mesabi Metallics or its successor, plus the increase provided in paragraph (b), clause (3), plus the increase provided in paragraph (d), less the amount that would have been computed under Minnesota Statutes 2008, section 126C.21, subdivision 4, for the current year for that district, must be allocated to qualifying school districts to be distributed, based upon the certification of the commissioner of revenue, under paragraphs (b), (c), (d), and (f).

(b)~~(i)~~(1) 3.43 cents per taxable ton must be distributed to the school districts in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced.

The distribution must be based on the apportionment formula prescribed in subdivision 2.

~~(ii)~~ (2) Four cents per taxable ton ~~from each taconite facility~~ produced by each producer except Mesabi Metallics or its successor, plus eight cents per taxable ton produced by Mesabi Metallics or its successor, plus $300,000 from the proceeds of the taxes collected under section 298.24 from Mesabi Metallics or its successor must be distributed to each affected school district for deposit in a fund dedicated to building maintenance and repairs, as follows:

~~(1)~~ (i) proceeds from Keewatin Taconite or its successor are distributed to Independent School Districts Nos. 316, Coleraine, and 319, Nashwauk-Keewatin, or their successor districts;

~~(2)~~ (ii) proceeds from the Hibbing Taconite Company or its successor are distributed to Independent School Districts Nos. 695, Chisholm, and 701, Hibbing, or their successor districts;

~~(3)~~ (iii) proceeds from the Mittal Steel Company and Minntac or their successors are distributed to Independent School Districts Nos. 712, Mountain Iron-Buhl, ~~706, Virginia,~~ 2711, Mesabi East, and ~~2154, Eveleth-Gilbert~~ 2909, Rock Ridge, or their successor districts;

~~(4)~~ (iv) proceeds from the Northshore Mining Company or its successor are distributed to Independent School Districts Nos. 2142, St. Louis County, and 381, Lake Superior, or their successor districts; ~~and~~

~~(5)~~ (v) proceeds from United Taconite or its successor are distributed to Independent School Districts Nos. 2142, St. Louis County, and ~~2154, Eveleth-Gilbert~~ 2909, Rock Ridge, or their successor districts~~.~~; and

(vi) proceeds from Mesabi Metallics or its successor are distributed as follows:

(A) $150,000 to Independent School District No. 318, Grand Rapids, or its successor district;

(B) $150,000 to Independent School District No. 696, Ely, or its successor district; and

(C) eight cents per taxable ton to Independent School Districts Nos. 316, Greenway, and 319, Nashwauk-Keewatin, or their successor districts.

Revenues that are required to be distributed to more than one district shall be apportioned according to the number of pupil units identified in section 126C.05, subdivision 1, enrolled in the second previous year.

(3) Each school district that received a distribution under clause (2) in distribution year 2024 shall receive, from the proceeds of the taxes collected under section 298.24 from Mesabi Metallics or its successor, an additional four cents per taxable ton produced in 2023 by the producer from which the school district received a distribution under clause (2) in distribution year 2024.

(c)~~(i)~~(1) 24.72 cents per taxable ton, less any amount distributed under paragraph (e), shall be distributed to a group of school districts comprised of those school districts which qualify as a tax relief area under section 273.134, paragraph (b), or in which there is a qualifying municipality as defined by section 273.134, paragraph (a), in direct proportion to school district indexes as follows: for each school district, its pupil units determined under section 126C.05 for the prior school year shall be multiplied by the ratio of the average adjusted net tax capacity per pupil unit for school districts receiving aid under this clause as calculated pursuant to chapters 122A, 126C, and 127A for the school year ending prior to distribution to the adjusted net tax capacity per pupil unit of the district. Each district shall receive that portion of the distribution which its index bears to the sum of the indices for all school districts that receive the distributions.

~~(ii)~~ (2) Notwithstanding clause ~~(i)~~ (1), each school district that receives a distribution under sections 298.018; 298.24; and 298.25 to 298.28, exclusive of any amount received under this clause; 298.34 to 298.39; 298.391 to 298.396; 298.405; or any law imposing a tax on severed mineral values after reduction for any portion distributed to cities and towns under section 126C.48, subdivision 8, paragraph (5), that is less than the amount of its levy reduction under section 126C.48, subdivision 8, for the second year prior to the year of the distribution shall receive a distribution equal to the difference; the amount necessary to make this payment shall be derived from proportionate reductions in the initial distribution to other school districts under clause ~~(i)~~ (1). If there are insufficient tax proceeds to make the distribution provided under this paragraph in any year, money must be transferred from the taconite property tax relief account in subdivision 6, to the extent of the shortfall in the distribution.

(d)(1) Any school district described in paragraph (c) where a levy increase pursuant to section 126C.17, subdivision 9, was authorized by referendum for taxes payable in 2001, shall receive a distribution of 21.3 cents per taxable ton. Each district shall receive $175 times the pupil units identified in section 126C.05, subdivision 1, enrolled in the second previous year or the 1983-1984 school year, whichever is greater, less the product of 1.8 percent times the district's taxable net tax capacity in 2011.

(2) Districts qualifying under paragraph (c) must receive additional taconite aid each year equal to 22.5 percent of the amount obtained by subtracting:

(i) 1.8 percent of the district's net tax capacity for 2011, from:

(ii) the district's weighted average daily membership for fiscal year 2012, multiplied by the sum of:

(A) $415, plus

(B) the district's referendum revenue allowance for fiscal year 2013.

(3) In addition to amounts under clauses (1) and (2), 4.57 cents per taxable ton produced in 2023 from the proceeds of the taxes collected under section 298.24 from Mesabi Metallics or its successor must be distributed as follows:

(i) $100,000 from the proceeds of Mesabi Metallics or its successor to Independent School District No. 695, Chisholm, or its successor district;

(ii) $100,000 from the proceeds of Mesabi Metallics or its successor to Independent School District No. 696, Ely, or its successor district; and

(iii) the remainder to school districts eligible for a distribution under paragraph (b), clause (1), based on the apportionment formula prescribed in subdivision 2.

If the total amount provided by paragraph (d), clauses (1) and (2), is insufficient to make the payments herein required then the entitlement of $175 per pupil unit shall be reduced uniformly so as not to exceed the funds available. Any amounts received by a qualifying school district in any fiscal year pursuant to paragraph (d) shall not be applied to reduce general education aid which the district receives pursuant to section 126C.13 or the permissible levies of the district. Any amount remaining after the payments provided in this paragraph shall be paid to the commissioner of Iron Range resources and rehabilitation who shall deposit the same in the taconite environmental protection fund and the Douglas J. Johnson economic protection trust fund as provided in subdivision 11.

Each district receiving money according to this paragraph shall reserve the lesser of the amount received under this paragraph or $25 times the number of pupil units served in the district. It may use the money for early childhood programs.

(e) There shall be distributed to any school district the amount which the school district was entitled to receive under section 298.32 in 1975.

(f) Four cents per taxable ton must be distributed to qualifying school districts according to the distribution specified in paragraph (b), clause ~~(ii)~~ (2), and 11 cents per taxable ton must be distributed according to the distribution specified in paragraph (c). These amounts are not subject to section 126C.48, subdivision 8.

Sec. 6. Minnesota Statutes 2024, section 298.28, subdivision 7a, is amended to read:

Subd. 7a. **Iron Range schools and community development account.** (a) The following amounts must be allocated to the commissioner of Iron Range resources and rehabilitation to be deposited in the Iron Range schools and community development account that is hereby created:

(1)(i) for distributions in 2024 through 2032, 24 cents per taxable ton of the tax imposed under section 298.24, (ii) for distributions beginning in 2033, ten cents per taxable ton of the tax imposed under section 298.24;

(2) the amount as determined under section 298.17, paragraph (b), clause (3); ~~and~~

(3) for distributions in the year after the year in which Mesabi Metallics or its successor begins producing tonnage subject to the taxes under section 298.24 through 2050, 20 cents per taxable ton produced by Mesabi Metallics or its successor, provided that the allocation under this clause must only be used for projects within Independent School District No. 316, Greenway, that are approved by referendum within five years of the date Mesabi Metallics or its successor begins producing tonnage subject to the taxes under section 298.24, and that are approved by the commissioner of Iron Range resources and rehabilitation after review by the Iron Range Resources and Rehabilitation Advisory Board. If projects are not approved by referendum within five years of the date Mesabi Metallics or its successor begins producing tonnage subject to the taxes under section 298.24, or if the commissioner determines that the allocation exceeds the amount necessary for approved projects, the remainder of the allocation under this clause must be used as provided under paragraph (b); and

(4) any other amount as provided by law.

(b) Expenditures from this account, except as provided in paragraph (a), clause (3), may be approved as ongoing annual expenditures and shall be made only ~~to provide~~ for disbursements to assist school districts with the payment of bonds that were issued for qualified school projects, ~~or for any~~ other disbursements to school ~~disbursement as approved by the commissioner of Iron Range resources and rehabilitation after consultation with the Iron Range Resources and Rehabilitation Board~~ districts, or community development. For purposes of this section, "qualified school projects" means school projects within the taconite assistance area as defined in section 273.1341, that were (1) approved, by referendum, after April 3, 2006; and (2) approved by the commissioner of education pursuant to section 123B.71.

(c) Beginning in fiscal year 2019, the disbursement to school districts for payments for bonds issued under section 123A.482, subdivision 9, must be increased each year to offset any reduction in debt service equalization aid that the school district qualifies for in that year, under section 123B.53, subdivision 6, compared with the amount the school district qualified for in fiscal year 2018.

(d) No expenditure under this section shall be made unless approved by the commissioner of Iron Range resources and rehabilitation after consultation with the Iron Range Resources and Rehabilitation Advisory Board.

Sec. 7. Minnesota Statutes 2024, section 298.28, subdivision 8, is amended to read:

Subd. 8. **Range Association of Municipalities and Schools.** 0.50 cent per taxable ton produced by each producer except Mesabi Metallics or its successor shall be paid to the Range Association of Municipalities and Schools, for the purpose of providing an areawide approach to problems which demand coordinated and cooperative actions and which are common to those areas of northeast Minnesota affected by operations involved in mining iron ore and taconite and producing concentrate therefrom, and for the purpose of promoting the general welfare and economic development of the cities, towns, and school districts within the Iron Range area of northeast Minnesota.

Sec. 8. Minnesota Statutes 2024, section 298.28, subdivision 9a, is amended to read:

Subd. 9a. **Taconite economic development fund.** (a) 25.1 cents per taxable ton ~~for distributions in 2002 and thereafter~~ produced by each producer except Mesabi Metallics or its successor must be paid to the taconite economic development fund. No distribution shall be made under this paragraph in ~~2004~~ 2027 or any subsequent year in which total industry production in the preceding year, excluding production by MagIron or its successor at Plant 4 in Arbo Township and production by Mesabi Metallics or its successor, falls below 30 million tons. Distribution shall only be made to a Minnesota taconite pellet producer's fund under section 298.227 if the producer timely pays its tax under section 298.24 by the dates provided under section 298.27, or pursuant to the due dates provided by an administrative agreement with the commissioner.

(b) An amount equal to 50 percent of the ~~tax~~ taxes collected under section 298.24 from each producer except Mesabi Metallics or its successor for concentrate sold in the form of pellet chips and fines not exceeding 5/16 inch in size and not including crushed pellets shall be paid to the taconite economic development fund. The amount paid shall not exceed $700,000 annually for all Minnesota taconite pellet producers. If the initial amount to be paid to the fund exceeds this amount, each Minnesota taconite pellet producer's payment shall be prorated so the total does not exceed $700,000.

Sec. 9. Minnesota Statutes 2024, section 298.28, subdivision 9b, is amended to read:

Subd. 9b. **Taconite environmental fund.** Five cents per taxable ton must be paid to the taconite environmental fund for use under section 298.2961, subdivision 4.

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

Sec. 10. Minnesota Statutes 2024, section 298.28, is amended by adding a subdivision to read:

Subd. 10a. **Insufficient proceeds.** If the proceeds of the taxes collected under section 298.24 from Mesabi Metallics or its successor are insufficient to fund the allocations designated from those proceeds under this section, the following allocations and distributions must be proportionally decreased such that the proceeds of the taxes collected under section 298.24 from Mesabi Metallics or its successor are sufficient to fund the allocations designated from those proceeds under this section:

(1) allocations under this section calculated based on taxable tonnage produced in 2023;

(2) distributions under subdivision 4, paragraph (b), clause (2), item (vi), subitems (A) and (B); and

(3) distributions under subdivision 4, paragraph (d), clause (3), items (i) and (ii).

Sec. 11. Minnesota Statutes 2024, section 298.28, subdivision 11, is amended to read:

Subd. 11. **Remainder.** (a) The proceeds of the tax imposed by section 298.24 which remain after the distributions and payments in subdivisions 2 to ~~10a~~ 10, as certified by the commissioner of revenue, and paragraphs (b), (c), and (d) have been made, together with interest earned on all money distributed under this section prior to distribution, shall be divided between the taconite environmental protection fund created in section 298.223 and the Douglas J. Johnson economic protection trust fund created in section 298.292 as follows: Two-thirds to the taconite environmental protection fund and one-third to the Douglas J. Johnson economic protection trust fund. The proceeds shall be placed in the respective special accounts.

(b) There shall be distributed to each city, town, and county the amount that it received under Minnesota Statutes 1978, section 294.26, in calendar year 1977; provided, however, that (1) the amount distributed in 1981 to the unorganized territory number 2 of Lake County and the town of Beaver Bay based on the between-terminal trackage of Erie Mining Company will be distributed in 1982 and subsequent years to the unorganized territory number 2 of Lake County and the towns of Beaver Bay and Stony River based on the miles of track of Erie Mining Company in each taxing district; and (2) a city located within six miles of five other cities qualifying for a distribution under section 298.282 shall receive a distribution equal to $5,000 under this paragraph in calendar year 2020 and subsequent years. The distribution to all other cites and towns receiving a distribution under this paragraph shall be reduced by the ratio that $5,000 bears to the total aid distribution received by all cities and towns under this paragraph.

(c) There shall be distributed to the Iron Range resources and rehabilitation account the amounts it received in 1977 under Minnesota Statutes 1978, section 298.22. The amount distributed under this paragraph shall be expended within or for the benefit of the taconite assistance area defined in section 273.1341.

(d) There shall be distributed to each school district ~~62~~ 75 percent of the amount that it received under Minnesota Statutes 1978, section 294.26, in calendar year 1977.

Sec. 12. Minnesota Statutes 2024, section 298.282, subdivision 1, is amended to read:

Subdivision 1. **Distribution of taconite municipal aid account.** (a) The amount deposited with the county as provided in section 298.28, subdivision 3, must be distributed as provided by this section among: (1) the municipalities located within a taconite assistance area under section 273.1341 that meet the criteria of section 273.1341, clause (1) or (2); (2) a township that contains a state park consisting primarily of an underground iron ore mine; (3) a city located within five miles of that state park; (4) the city of Cook in St. Louis County; (5) the city of Two Harbors in Lake County; (6) the city of Orr in St. Louis County; (7) the city of Winton in St. Louis County; and ~~(4)~~ (8) Breitung Township in St. Louis County, each being referred to in this section as a qualifying municipality. The ~~distribution to~~ distributions to each of the city of Orr, the city of Winton, and Breitung Township under this subdivision shall be $25,000 annually. The distributions to each of the city of Cook and the city of Two Harbors under this subdivision shall be $75,000 annually.

(b) The amount deposited in the state general fund as provided in section 298.018, subdivision 1, must be distributed in the same manner as provided under paragraph (a), except that subdivisions 3, 4, and 5 do not apply, and the distributions shall be made on the dates provided under section 298.018, subdivision 1a.

Sec. 13. **EFFECTIVE DATE; REVISOR NOTIFICATION.**

(a) Sections 1 to 8 and 10 to 12 are effective for distributions in the year after the year in which Mesabi Metallics or its successor begins producing tonnage subject to the taxes under Minnesota Statutes, section

298.24, and thereafter. The commissioner of revenue must certify to the commissioner of Iron Range resources and rehabilitation when production begins.

(b) The commissioner of revenue must notify the revisor of statutes within 30 days of the certification under paragraph (a).

ARTICLE 6

TAX INCREMENT FINANCING

Section 1. Minnesota Statutes 2024, section 469.176, subdivision 2, is amended to read:

Subd. 2. **Excess increments.** (a) The authority ~~shall~~ must annually determine the amount of excess increments for a district, if any. This determination must be based on the tax increment financing plan in effect on December 31 of the year being reviewed and the increments ~~and other revenues~~ received as of December 31 of the year. ~~The authority must spend or return the excess increments under paragraph (c) within nine months after the end of the year.~~ If the authority determines there are excess increments for a district, within nine months after December 31, the authority must:

(1) return the excess increments to the county auditor; and

(2) absent an outstanding qualifying pay-as-you-go contract and note, as defined under section 469.1763, subdivision 4, paragraph (e), decertify the district.

(b) The requirement to decertify under paragraph (a) is deferred if:

(1) within nine months after December 31, a modification of the tax increment financing plan is approved under section 469.175, subdivision 4; and

(2) the modification increases the total costs authorized to be paid with increments from the district by an amount greater than the excess increment determined under paragraph (a).

(c) The deferral permitted under paragraph (b) expires nine months following the next year for which:

(1) the authority determines an amount of excess increments exists;

(2) there are no further approved modifications to the tax increment financing plan that increase the total costs authorized to be paid with increments from the district by an amount greater than the excess increment; and

(3) the district has no outstanding qualifying pay-as-you-go contract and note.

~~(b)~~ (d) For purposes of this subdivision, "excess increments" equals the excess of:

(1) total increments collected from the district since its certification, reduced by any excess increments ~~paid~~ returned under paragraph ~~(c), clause (4),~~ (e) for a prior year, over

(2) the total costs authorized by the tax increment financing plan to be paid with increments from the district, ~~reduced, but not below zero, by the sum of:~~

~~(i) the amounts of those authorized costs that have been paid from sources other than tax increments from the district;~~

~~(ii) revenues, other than tax increments from the district, that are dedicated for or otherwise required to be used to pay those authorized costs and that the authority has received and that are not included in item (i);~~

~~(iii) the amount of principal and interest obligations due on outstanding bonds after December 31 of the year and not prepaid under paragraph (c) in a prior year; and~~

~~(iv)~~ increased by the sum of the transfers of increments made under section 469.1763, subdivision 6, to reduce deficits in other districts made by December 31 of the year.

~~(c) The authority shall use excess increment only to do one or more of the following:~~

~~(1) prepay any outstanding bonds;~~

~~(2) discharge the pledge of tax increment for any outstanding bonds;~~

~~(3) pay into an escrow account dedicated to the payment of any outstanding bonds; or~~

~~(4) return the excess amount to~~ (e) The county auditor ~~who shall~~ must distribute the excess ~~amount~~ increments returned under paragraph (a) to the city or town, county, and school district in which the tax increment financing district is located in direct proportion to their respective local tax rates.

~~(d) For purposes of a district for which the request for certification was made prior to August 1, 1979, excess increments equal the amount of increments on hand on December 31, less the principal and interest obligations due on outstanding bonds or advances, qualifying under subdivision 1e, clauses (1), (2), (4), and (5), after December 31 of the year and not prepaid under paragraph (c).~~

~~(e)~~ (f) The county auditor must, prior to February 1 of each year, report to the commissioner of education the amount of any excess tax increment distributed to a school district for the preceding taxable year.

~~(f) For purposes of this subdivision, "outstanding bonds" means bonds which are secured by increments from the district.~~

~~(g) The state auditor may exempt an authority from reporting the amounts calculated under this subdivision for a calendar year, if the authority certifies to the auditor in its report that the total amount authorized by the tax increment plan to be paid with increments from the district exceeds the sum of the total increments collected for the district for all years by 20 percent.~~

EFFECTIVE DATE. This section applies to all districts and is effective for excess increment determinations for calendar year 2026 and thereafter.

Sec. 2. Laws 2021, First Special Session chapter 14, article 9, section 9, is amended to read:

Sec. 9. **CITY OF MOUNTAIN LAKE; TIF DISTRICT NO. 1-8; FIVE-YEAR RULE EXTENSION.**

(a) The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that activities must be undertaken within a five-year period from the date of certification of a tax increment financing district, is extended by ~~a five-year~~ an eight-year period to April 1, 2029, for Tax Increment Financing District No. 1-8, administered by the city of Mountain Lake or its economic development authority.

(b) The requirement of Minnesota Statutes, section 469.1763, subdivision 4, relating to the use of increment after the expiration of the five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is extended to the ~~11th~~ 14th year for Tax Increment Financing District No. 1-8.

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

Sec. 3. Laws 2021, First Special Session chapter 14, article 9, section 11, is amended to read:

Sec. 11. **CITY OF WAYZATA; TIF DISTRICT NO. 6; EXPENDITURES ALLOWED.**

(a) Notwithstanding Minnesota Statutes, ~~section~~ sections 469.176, subdivision 4l, and 469.1763, subdivision 2, the city of Wayzata may expend increments generated from Tax Increment Financing District No. 6 for the design and construction of the lakefront pedestrian walkway and community transient lake public access infrastructure related to the Panoway on Wayzata Bay project, and all such expenditures are deemed expended on activities within the district.

(b) Notwithstanding Minnesota Statutes, sections 469.176, subdivision 4l, and 469.1763, subdivision 2, the city of Wayzata may expend increments generated from Tax Increment Financing District No. 6 on the following projects:

(1) design and construction of the Eco Park, including shoreline restoration, marsh and water quality improvements, a pier extension of the lakeside boardwalk, and creation of eco-living classrooms;

(2) restoration of the Section Foreman House, including installation of a learning center and community space; and

(3) expansion and remodeling of the Depot Park, including accessibility improvements related to the Panoway on Wayzata Bay project.

(c) Notwithstanding Minnesota Statutes, section 469.1763, subdivisions 2, 3, and 4, expenditures on projects in paragraph (b) are deemed expended on activities within the district.

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

Sec. 4. Laws 2025, First Special Session chapter 13, article 5, section 11, subdivision 3, is amended to read:

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~~ 2028.

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. 5. **CITY OF CHASKA; TAX INCREMENT FINANCING DISTRICT NO. 23.**

Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, the Chaska Economic Development Authority may collect tax increment from Chaska Tax Increment Financing District No. 23 for up to 35 years after receipt of the first increment.

EFFECTIVE DATE. This section is effective upon compliance by the governing bodies of the city of Chaska, Carver County, and Independent School District No. 112 with the requirements of Minnesota Statutes, section 469.1782, subdivision 2.

Sec. 6. **CITY OF COLUMBIA HEIGHTS; ALATUS TAX INCREMENT FINANCING DISTRICT; FIVE-YEAR RULE EXTENSION; SIX-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 the Alatus Tax Increment Financing District in the city of Columbia Heights.

(b) Notwithstanding Minnesota Statutes, section 469.176, subdivisions 1b and 1d, the city of Columbia Heights or its economic development authority may elect to extend the duration of the Alatus Tax Increment Financing District in the city of Columbia Heights by five years.

EFFECTIVE DATE. Paragraph (a) is effective the day after the governing body of the city of Columbia Heights 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 Columbia Heights, Anoka County, and Independent School District No. 13 with the requirements of Minnesota Statutes, section 469.1782, subdivision 2.

Sec. 7. **CITY OF HOPKINS; TAX INCREMENT FINANCING DISTRICT 1-6 (325 BLAKE); FIVE-YEAR RULE EXTENSION; SIX-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 1-6 (325 Blake) in the city of Hopkins.

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

ARTICLE 7

PUBLIC FINANCE

Section 1. Minnesota Statutes 2024, section 297A.993, subdivision 4, is amended to read:

Subd. 4. **Bonds.** (a) A county may, by resolution, authorize, issue, and sell its bonds, notes, or other obligations for the purposes specified in subdivision 2. The county may also, by resolution, issue bonds to refund the bonds issued pursuant to this subdivision.

(b) The bonds may be limited obligations, payable solely from or secured by taxes levied under this section, and the county may also pledge its full faith, credit, and taxing power as additional security for the bonds. A regional railroad authority within the county may also pledge its taxing powers as additional security for the bonds.

(c) A county may issue and sell bonds in one or more series and without an election. The county may determine how the bonds shall be secured; how the bonds will bear interest, and the rate or rates, or variable rate; the rank or priority; how the bonds will be executed and be payable, and how they will mature; and how the bonds will be subject to any defaults, redemptions, repurchases, tender options, or other terms. The county may also determine how the bonds shall be sold.

(d) The county may enter into and perform all contracts deemed necessary or desirable by it to issue and secure the bonds, including an indenture of trust with a trustee located within or outside of the state.

(e) Before issuing 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.

(f) Any project financed with bonds issued under this section must be included in a capital improvement plan as defined in section 373.40, subdivision 3. For purposes of this paragraph, "project" means any project described in subdivision 2, notwithstanding section 373.40, subdivision 1, paragraph (b).

(g) Except as otherwise provided in this subdivision, the bonds must be issued and sold in the manner provided under chapter 475.

Sec. 2. Minnesota Statutes 2024, section 469.060, subdivision 3, is amended to read:

Subd. 3. **Detail; maturity.** The port authority with the consent of its city's council shall set the date, denominations, place of payment, form, and details of the bonds. ~~The bonds must mature serially.~~ The first installment must be due in not more than three years and the last in not more than 30 years from the date of issuance.

ARTICLE 8

MISCELLANEOUS

Section 1. Minnesota Statutes 2024, section 270B.14, is amended by adding a subdivision to read:

Subd. 25. **Exchange of criminal investigative data between Department of Revenue and Financial Crimes and Fraud Section.** (a) For purposes of this subdivision, "FCFS" means the Financial Crimes and Fraud Section of the Bureau of Criminal Apprehension.

(b) The commissioner may disclose active criminal investigative data as classified under section 270B.03, subdivision 6, to the FCFS. The FCFS may disclose active criminal investigative data concerning tax administration to the commissioner as outlined in section 299C.061, subdivision 6. The commissioner may enter into an agreement with the FCFS outlining procedures to implement the exchange of information under this subdivision, but an agreement may provide for the disclosure of data only to the extent allowed under this subdivision. Disclosure is allowed only for the purpose of and to the extent necessary for tax administration and for the purpose of and to the extent necessary for the FCFS to carry out section 299C.061, subdivision 3.

(c) Data disclosed by the commissioner to the FCFS under this subdivision are classified under section 270B.03, subdivision 6. Data disclosed by the FCFS to the commissioner under section 299C.061, subdivision 6, are classified under section 13.82, subdivision 7.

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

Sec. 2. Minnesota Statutes 2024, section 270B.15, is amended to read:

270B.15 DISCLOSURE TO LEGISLATIVE AUDITOR AND STATE AUDITOR; INSPECTOR GENERAL.

Subdivision 1. **Legislative auditor and state auditor.** (a) Returns and return information must be disclosed to the legislative auditor to the extent necessary for the legislative auditor to carry out sections 3.97 to 3.979.

(b) The commissioner must disclose return information, including the report required under section 289A.12, subdivision 15, to the state auditor to the extent necessary to conduct audits of job opportunity building zones as required under section 469.3201.

Subd. 2. **Inspector general.** Returns and return information must be disclosed to the inspector general, as given meaning in section 15E.10, to the extent necessary for the inspector general to carry out chapter 15E. The inspector general may disseminate data of any classification to the commissioner for purposes of administering the provisions of section 290.036.

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

Sec. 3. Minnesota Statutes 2024, section 270C.56, subdivision 1, is amended to read:

Subdivision 1. **Liability imposed.** A person who, either singly or jointly with others, has the control of, supervision of, or responsibility for filing returns or reports, paying taxes, or collecting or withholding and remitting taxes and who fails to do so, or a person who is liable under any other law, is liable for the payment of taxes arising under chapters 295, 296A, 297A, 297F, and 297G, or sections 290.036, 290.92, and 297E.02, and the applicable penalties and interest on those taxes.

EFFECTIVE DATE. This section is effective for convictions of fraud made after December 31, 2025.

Sec. 4. Minnesota Statutes 2024, section 289A.40, subdivision 1, is amended to read:

Subdivision 1. **Time limit; generally.** (a) Unless otherwise provided in this chapter, a claim for a refund of an overpayment of state tax must be filed within 3-1/2 years from the date prescribed for filing the return, plus any extension of time granted for filing the return, but only if filed within the extended time, or ~~one year from the date of an order assessing tax under section 270C.33 or an order determining an appeal under section 270C.35, subdivision 8, or one year from the date of a return made by the commissioner under section 270C.33, subdivision 3, upon payment in full of the tax, penalties, and interest shown on the order or return made by the commissioner~~ two years from the date the tax, penalties, or interest was paid, whichever period expires later. ~~Claims for refund, except for taxes under chapter 297A, filed after the 3-1/2 year period but within the one-year period are limited to the amount of the tax, penalties, and interest on the order or return made by the commissioner and to issues determined by the order or return made by the commissioner.~~

~~In the case of assessments under section 289A.38, subdivision 5 or 6, claims for refund under chapter 297A filed after the 3-1/2 year period but within the one-year period are limited to the amount of the tax, penalties, and interest on the order or return made by the commissioner that are due for the period before the 3-1/2 year period.~~

(b) For purposes of this subdivision, the amount of a refund is limited as follows:

(1) if the claim was filed by the taxpayer during the 3-1/2 year period prescribed in paragraph (a), the refund must not exceed the tax, penalties, and interest paid within the period, immediately preceding the

filing of the claim, equal to 3-1/2 years plus any extension of time granted for filing the return, but only if filed within the extended time;

(2) if the claim was not filed by the taxpayer within the 3-1/2 year period prescribed in paragraph (a), the refund must not exceed the tax, penalties, and interest paid during the two years immediately preceding the filing of the claim; and

(3) if no claim was filed by the taxpayer, the refund must not exceed the amount which would be allowable under clause (1) or (2), if the claim was filed on the date the refund is allowed.

(c) For purposes of this subdivision, the prepayment of tax made by withholding of tax at the source or payment of estimated tax before the due date is considered paid on the last day prescribed by law for the payment of the tax by the taxpayer. A return filed before the last day prescribed for filing the return is considered to be filed on the last day. If an extension for filing a return is granted, a return filed before the extended due date is considered to be filed on the extended due date.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to claims for refund filed on or after that date.

Sec. 5. Minnesota Statutes 2024, section 289A.60, subdivision 6, is amended to read:

Subd. 6. **Penalty for failure to file, false or fraudulent return, evasion.** (a) If a person, with intent to evade or defeat a tax or payment of tax, fails to file a return, files a false or fraudulent return, or attempts in any other manner to evade or defeat a tax or payment of tax, there is imposed on the person a penalty equal to 50 percent of the tax, less amounts paid by the person on the basis of the false or fraudulent return, if any, due for the period to which the return related.

(b) If a person files a false or fraudulent return that includes a claim for refund, there is imposed on the person a penalty equal to 50 percent of the portion of any refund claimed that is attributable to fraud. The penalty under this paragraph is in addition to any penalty imposed under paragraph (a) or (c).

(c) If a person receives money, whether reported or not reported on a return, that is due to fraud of a public program as defined in section 290.036, subdivision 1, there may be imposed on the person a penalty equal to 100 percent of the amounts received attributable to the fraud. The penalty under this paragraph is in addition to any penalty imposed under paragraph (a) or (b). This penalty must not be assessed on any amounts already assessed under section 290.036. Any amounts collected must be deposited to the tax relief account identified in section 290.036, subdivision 5. The penalty under this paragraph is an order of assessment by the commissioner that is appealable pursuant to chapters 270C and 271.

EFFECTIVE DATE. This section is effective for determinations of fraud made after December 31, 2025.

Sec. 6. **[290.036] TAX ON AMOUNTS OBTAINED THROUGH FRAUD.**

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

(b) "First-tier rate" means the lowest rate cited in section 290.06, subdivision 2c, paragraphs (a) to (c).

(c) "Public program" and "fraud" have the meanings given in section 13.357.

(d) "Program fraud amount" means the amount of money acquired directly or indirectly by fraud of a public program that is certified to the commissioner under subdivision 4. Program fraud amount excludes refunds for overpayment of taxes.

Subd. 2. **Tax imposed.** (a) A tax equal to 100 percent of the program fraud amount is imposed on any person or organization convicted by a state or federal court of fraud.

(b) The tax under this section applies regardless of any amount of restitution, tax, or penalty imposed on or paid by a person or organization described in paragraph (a).

(c) If multiple persons or organizations are convicted of the same fraud, the liability shall be joint and several on the convicted persons or organizations.

(d) The assessment of this tax under paragraph (a) is considered a jeopardy assessment or jeopardy collection as provided in section 270C.36.

Subd. 3. **Data sharing.** As authorized by section 270B.14, subdivision 25, the commissioner may share with the Financial Crimes and Fraud Section of the Bureau of Criminal Apprehension active investigative data related to enforcement of this section.

Subd. 4. **Agency certification.** (a) After a conviction of a person or organization of fraud of a public program, the agency primarily responsible for administering the public program must certify to the commissioner the name of the person or organization, the name of the public program involved, and the amount of money the court determines the person or organization was responsible for in the conviction, regardless of the restitution amount.

(b) The agency's certification must be in the form and manner prescribed by the commissioner.

(c) An agency's certification to the commissioner is prima facie correct and valid. The person or organization has the burden of establishing its incorrectness or invalidity in any related action or proceeding.

Subd. 5. **Deposit of money.** (a) A tax relief account is established in the special revenue fund. The commissioner must deposit the money collected from the tax imposed under this section to the tax relief account.

(b) The funds will remain in this account until the following:

(1) by December 15 of each year, the commissioner must determine the amount in the tax relief account and determine the amount of a reduction in the first-tier rate for the following taxable year. The determination is based using the most recent November forecast required under section 16A.103;

(2) when there is enough money accumulated in the tax relief account, the commissioner must reduce the first-tier rate for the following taxable year. This reduction must be calculated to approximate the amount currently on deposit in the tax relief fund. The reduction must only be for that taxable year. The threshold for a reduction of the rate must not be below one-tenth of one percent; and

(3) if the rate is reduced for the following taxable year under clause (2), the amounts in the tax relief fund must be deposited in the general fund.

EFFECTIVE DATE. This section is effective for convictions of fraud made after December 31, 2025.

Sec. 7. Minnesota Statutes 2025 Supplement, section 299C.061, subdivision 6, is amended to read:

Subd. 6. **Data sharing authorized.** Notwithstanding chapter 13 or any other statute related to the classification of government data to the contrary, state agencies making a referral under subdivision 4 or 5 shall provide data related to the suspected fraudulent activity to the Section, including data classified as not public. The Section may share active criminal investigative data concerning insurance fraud with the Department of Commerce and active criminal investigative data concerning tax administration with the Department of Revenue. Data shared by the Section under this subdivision are classified under section 13.82, subdivision 7.

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

Sec. 8. Minnesota Statutes 2024, section 383A.80, subdivision 4, is amended to read:

Subd. 4. **Expiration.** The authority to impose the tax under this section expires January 1, ~~2028~~ 2036.

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

Sec. 9. Minnesota Statutes 2024, section 383B.80, subdivision 4, is amended to read:

Subd. 4. **Expiration.** The authority to impose the tax under this section expires January 1, ~~2028~~ 2036.

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

Sec. 10. Laws 2026, chapter 100, article 1, section 2, is amended to read:

Sec. 2. **MINNESOTA HOUSING FINANCE AGENCY APPROPRIATIONS.**

(a) Notwithstanding Minnesota Statutes, sections 462A.20, subdivision 3, and 462A.21, subdivision 10, $25,000,000 in fiscal year 2027 is appropriated from the aggregated earnings from investments of state appropriations made pursuant to Minnesota Statutes, section 462A.20, subdivision 3, in the housing development fund to the commissioner of the Minnesota Housing Finance Agency for the following purposes:

(1) $14,275,000 is for the workforce housing development program under Minnesota Statutes, section 462A.39;

(2) $4,000,000 is for the supportive housing program under Minnesota Statutes, section 462A.42, and must be used for the purposes provided in section 1, paragraph (b), except that, as provided in section 1, paragraph (d), if this amount is not needed for those purposes, it may be used for the purposes provided in Minnesota Statutes, section 462A.42;

(3) $4,000,000 is for the manufactured home park infrastructure grant and loan program under Minnesota Statutes, section 462A.2035, subdivision 1b;

(4) $2,000,000 is for the family homeless prevention and assistance program under Minnesota Statutes, section 462A.204~~, and may be used in the manner provided in section 3, subdivision 3~~. Notwithstanding the procurement provisions outlined in Minnesota Statutes, section 16C.06, subdivisions 1, 2, and 6, the agency may award grants to federally recognized Indian Tribes, to existing program grantees, and to former program grantees. The agency must consider community need, grantee capacity, and geographic distribution when awarding money. Notwithstanding Minnesota Statutes, section 16B.97, the agency must use all available methods and schedule of payments, including advanced payments, to effectuate legislative intent. Money

must be spent by December 31, 2026. The agency may, at its discretion, redistribute unused or underutilized money among grantees to increase program efficiency and effectiveness;

(5) $425,000 is for the capacity-building grants program under Minnesota Statutes, section 462A.21, subdivision 3b, for a grant to a statewide tenant education and hotline service that provides free and confidential legal advice for all Minnesota renters. This amount may be awarded to existing grantees notwithstanding Minnesota Statutes, section 16C.06, subdivisions 1, 2, and 6;

(6) $150,000 is for the homeownership education, counseling, and training program under Minnesota Statutes, section 462A.209. This amount may be awarded to existing grantees notwithstanding Minnesota Statutes, section 16C.06, subdivisions 1, 2, and 6; and

(7) $150,000 is for the Minnesota Nice HomeShare pilot program established under paragraph (b).

(b) The commissioner of the Minnesota Housing Finance Agency must award a grant to St. Louis County for the county to establish and administer the Minnesota Nice HomeShare pilot program to assist seniors in the counties of Lake, St. Louis, and Washington to reduce living expenses by matching seniors who own homes with spare rooms to adults in need of affordable housing. For the purposes of this section, "senior" means a person 55 years of age or older. St. Louis County may partner with the Arrowhead Area Agency on Aging, the other named counties in this paragraph, or organizations that advocate for seniors, to promote the program. The program must:

(1) assist hosts and renters over the telephone, through a text chat function or by video;

(2) collect and process rental payments from renters and distribute payments to hosts in a timely manner;

(3) protect the private information and data of hosts and renters;

(4) conduct background checks on hosts and renters, including contacting at least two references for each host and renter;

(5) acquire from renters employment verification or proof of school enrollment; and

(6) review and process all applications.

(c) This is a onetime appropriation.

Sec. 11. **NUCLEAR ENERGY STUDY; APPROPRIATION.**

(a) $500,000 in fiscal year 2027 is appropriated from the general fund to the commissioner of commerce to contract with the Great Plains Institute to conduct a study to inform policymakers regarding the potential impact of new nuclear generation on the public interest of Minnesota, including affordability, reliability, environmental protection, and public health. This is a onetime appropriation.

(b) The commissioner of commerce must ensure balanced representation of perspectives in the study.

(c) The study must be completed no later than January 30, 2027, and must include, at a minimum, discussion of:

(1) changes in federal regulations governing the licensing of nuclear-powered facilities that may speed the review and approval process;

(2) technological advances made with respect to conventional nuclear-powered facilities that affect safety and cost;

(3) full lifecycle costs, including capital costs, financing costs, construction risk, cost overruns, decommissioning costs, waste management, and long-term liability exposure, compared to alternative baseload resource options. The analysis must include historical evidence from comparable projects in the United States and internationally;

(4) ratepayer impacts where new nuclear generation has been developed, including effects on electricity rates; cost and schedule overruns unrelated to unique events, including but not limited to the COVID pandemic; and the allocation of financial risk between ratepayers and developers;

(5) public subsidies, tax expenditures, and financial incentives that may be applied to new nuclear investments;

(6) the prospects for small modular reactors and factory-built portable modules with a capacity up to 300 megawatts, including:

(i) the types of technologies available;

(ii) current licensing status; and

(iii) estimated costs;

(7) siting issues, including:

(i) the degree to which the requirement for proximity to water resources sufficient for cooling purposes restricts possible locations of nuclear facilities, and what locations that meet that requirement are available in this state;

(ii) the potential for colocating nuclear facilities with businesses that demand very large amounts of electricity;

(iii) the environmental impacts of nuclear facilities, including impacts on the health of nearby residents;

(iv) the prospects for acceptance of nuclear facilities by host communities, and best practices for engaging communities on this issue; and

(v) how interconnection and transmission issues affect potential plant locations;

(8) nuclear waste issues, including:

(i) the amount and toxicity of radioactive waste produced by both conventional nuclear technologies and small modular reactors;

(ii) the costs of on-site storage;

(iii) the prospects for developing permanent storage of radioactive waste at either a federally owned or privately owned repository to which Minnesota's waste could be transported; and

(iv) the feasibility and cost of reprocessing nuclear waste;

(9) the economic impacts of various nuclear technologies on a host community, including:

(i) increased employment levels during construction and operations;

(ii) increased local economic activity resulting from purchases made by the nuclear-powered facility and its employees; and

(iii) potential tax revenue to local communities and schools, and to the state;

(10) impacts of new nuclear-powered electric generating plants on public safety officials and emergency responders in host communities and adjacent areas with respect to emergency planning efforts;

(11) how new nuclear generation would impact Minnesota's statutory greenhouse gas reduction and carbon-free electricity goals;

(12) expected timelines from permitting through operation, including historical averages and delays for similar projects;

(13) current Minnesota statutes and administrative rules that would require modification in order to enable the construction and operation of nuclear reactors;

(14) the feasibility of replacing retiring generation assets in host communities with advanced nuclear reactors; and

(15) the workforce required, workforce available, and training capacity needed to construct and operate new nuclear reactors.

(d) The study must be conducted transparently, with all data, assumptions, and models made publicly available.

(e) No later than February 1, 2027, the commissioner of commerce must submit the study to the chairs and ranking minority members of the legislative committees with jurisdiction over energy policy and finance.

Sec. 12. **CANCELLATIONS.**

$15,000,000 of the fiscal year 2024 Minnesota forward fund account appropriation in Laws 2023, chapter 53, article 21, section 7, paragraph (c), is canceled.

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

Sec. 13. **TRANSFER.**

$15,000,000 in fiscal year 2027 is transferred from the Minnesota forward fund account established in Minnesota Statutes, section 116J.8752, subdivision 3, to the general fund. This is a onetime transfer.

Sec. 14. **TRANSFER.**

$75,000,000 in fiscal year 2027 is transferred from the driver and vehicle services operating account under Minnesota Statutes, section 299A.705, subdivision 1, to the general fund. This is a onetime transfer.

Sec. 15. **RETURN OF UNUSED TAX-FORFEITED SETTLEMENT APPROPRIATION; CANCELLATION.**

Subdivision 1. **Return of funds.** Notwithstanding the cancellation deadline established in Laws 2024, chapter 113, section 1, subdivision 5, on June 29, 2026, the claims administrator appointed under Laws 2024, chapter 113, to settle litigation related to the state's retention of tax-forfeited lands, surplus proceeds from the sale of tax-forfeited lands, and mineral rights in those lands, must return to the commissioner of management and budget the lesser of $40,000,000 or the amount of the appropriation under Laws 2024, chapter 113, section 1, subdivision 5, that constitutes unspent funds in the net settlement fund, as provided in the settlement and final judgment filed on December 16, 2024.

Subd. 2. **Cancellation.** The commissioner of management and budget must cancel the amount received under subdivision 1 to the general fund within one day of the receipt of the funds.

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

Sec. 16. **APPROPRIATION.**

$38,000,000 is appropriated in fiscal year 2026 from the general fund to the commissioner of the Minnesota Housing Finance Agency for the family homeless prevention and assistance program under Minnesota Statutes, section 462A.204. This is a onetime appropriation and is made available for the purposes of the housing development fund. Notwithstanding the procurement provisions outlined in Minnesota Statutes, section 16C.06, subdivisions 1, 2, and 6, the agency may award grants to federally recognized Indian Tribes, existing program grantees, and former program grantees. The agency must consider community need, grantee capacity, and geographic distribution when awarding money. Notwithstanding Minnesota Statutes, section 16B.97, the agency must use all available methods and schedule of payments, including advanced payments, to effectuate legislative intent. Money must be spent by December 31, 2026. The agency may, at its discretion, redistribute unused or underutilized money among grantees to increase program efficiency and effectiveness.

EFFECTIVE DATE. This section is effective the day following final enactment and prevails over any contrary enactment made during the 2026 regular legislative session, regardless of order of enactment.

Sec. 17. **REPEALER.**

Laws 2026, chapter 100, article 1, section 3, is repealed.

EFFECTIVE DATE. This section is effective the day following final enactment and prevails over any contrary enactment made during the 2026 regular legislative session, regardless of order of enactment.

ARTICLE 9

DEPARTMENT OF REVENUE; INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES

Section 1. Minnesota Statutes 2024, section 289A.08, subdivision 7, is amended to read:

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

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

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

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

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

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

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

<u>(h) The composite return election provided in this subdivision is available to a nonresident partner who incurs an accelerated gain on installment sales under section 290.0137, paragraph (a). A nonresident partner who elects to defer the gain on installment sales under section 290.0137, paragraph (b), cannot utilize the composite return election for the partnership until the recognition of the deferred gain is completed. A nonresident who makes the election in section 290.0137, paragraph (b), must report the deferred gain on the nonresident's individual income tax return in the manner prescribed by the commissioner.</u>

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

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

~~(j)~~ <u>(k)</u> For the purposes of this subdivision, "income" has the meaning given in section 290.01, subdivision 19, paragraph (h).

EFFECTIVE DATE. <u>This section is effective for taxable years beginning after December 31, 2025.</u>

Sec. 2. Minnesota Statutes 2024, section 290.01, subdivision 19, as amended by Laws 2026, chapter 88, article 1, section 170, is amended to read:

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

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

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

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

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

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

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

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

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

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

(h) In the case of a partnership electing to file a composite return under section 289A.08, subdivision 7, "net income" means the partner's share of federal adjusted gross income from the partnership modified by:

(1) the additions provided in ~~section~~ sections 290.0131, subdivisions 8 to 10, 16, 17, and 19, and 290.0137, paragraph (a); and

(2) the subtractions provided in: ~~(1)~~ (i) section 290.0132, subdivisions 9, 27, 28, and 31, to the extent the amount is assignable or allocable to Minnesota under section 290.17; ~~and (2)~~ (ii) section 290.0132, subdivision 14; and (iii) section 290.0137, paragraph (c).

The subtraction allowed under section 290.0132, subdivision 9, is only allowed on the composite tax computation to the extent the electing partner would have been allowed the subtraction.

(i) In the case of a qualifying entity electing to pay the pass-through entity tax under section 289A.08, subdivision 7a, "net income" means the qualifying owner's share of federal adjusted gross income from the qualifying entity modified by the additions provided in section 290.0131, subdivisions 5, 8 to 10, 16, 17, and 19, and the subtractions provided in: (1) section 290.0132, subdivisions 3, 9, 27, 28, and 31, to the extent the amount is assignable or allocable to Minnesota under section 290.17; and (2) section 290.0132, subdivision 14. The subtraction allowed under section 290.0132, subdivision 9, is only allowed on the pass-through entity tax computation to the extent the qualifying owners would have been allowed the subtraction. The income of both a resident and nonresident qualifying owner is allocated and assigned to this state as provided for nonresident partners and shareholders under sections 290.17, 290.191, and 290.20.

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

Sec. 3. Minnesota Statutes 2024, section 290.0137, is amended to read:

290.0137 ACCELERATED RECOGNITION OF CERTAIN INSTALLMENT SALE GAINS.

(a) In the case of a nonresident individual or a person who becomes a nonresident individual during the tax year, taxable net income shall include the amount realized upon a sale of the assets of, or any interest in, an S corporation or partnership that operated in Minnesota during the year of sale, including any income or gain to be recognized in future years pursuant to an installment sale method of reporting under the Internal Revenue Code.

(1) For the purposes of this paragraph, an individual who becomes a nonresident of Minnesota in any year after an installment sale is required to recognize the full amount of any income or gain described in this paragraph on the individual's final Minnesota resident tax return to the extent that such income has not been recognized in a prior year.

(2) For the purposes of this section, "realized" has the meaning given in section 1001(b) of the Internal Revenue Code.

(3) For the purposes of this section, "installment sale" means any installment sale under section 453 of the Internal Revenue Code and any other sale that is reported utilizing a method of accounting authorized under subchapter E of the Internal Revenue Code that allows taxpayers to delay reporting or recognizing a realized gain until a future year.

(b) Notwithstanding paragraph (a), nonresident taxpayers may elect to defer recognizing unrecognized installment sale gains by making an election under this paragraph. The election must be filed on a form to be determined or prescribed by the commissioner and must be filed by the due date of the individual income tax return, including any extension. Electing taxpayers must make an irrevocable agreement to:

(1) file Minnesota tax returns in all subsequent years when gains from the installment sales are recognized and reported to the Internal Revenue Service;

(2) allocate gains to the state of Minnesota as though the gains were realized in the year of sale under section 290.17, 290.191, or 290.20; and

(3) include all relevant federal tax documents reporting the installment sale with subsequent Minnesota tax returns.

(c) Income or gain recognized for Minnesota purposes pursuant to paragraph (a) must be excluded from taxable net income in any future year that ~~the taxpayer files a Minnesota tax return~~ a composite Minnesota tax return is filed to the extent that the income or gain has already been subject to tax pursuant to paragraph (a). If a composite Minnesota tax return is not filed, then any income or gain recognized for Minnesota purposes under paragraph (a) must be excluded from taxable net income in any future year in which the taxpayer files a Minnesota tax return to the extent that the income or gain has already been subject to tax pursuant to paragraph (a).

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

ARTICLE 10

DEPARTMENT OF REVENUE; PROPERTY TAXES

Section 1. Minnesota Statutes 2024, section 273.032, is amended to read:

273.032 MARKET VALUE DEFINITION.

(a) Unless otherwise provided, for the purpose of determining any property tax levy limitation based on market value or any limit on net debt, the issuance of bonds, certificates of indebtedness, or capital notes based on market value, any qualification to receive state aid based on market value, or any state aid amount based on market value, the terms "market value," "estimated market value," and "market valuation," whether equalized or unequalized, mean the estimated market value of taxable property within the local unit of government before any of the following or similar adjustments for:

(1) the market value exclusions under:

(i) section 273.11, subdivisions 14a and 14c (vacant platted land);

~~(ii) section 273.11, subdivisions 19 and 20 (certain improvements to business properties);~~

~~(iii)~~ <u>(ii)</u> section 273.11, subdivision 21 (homestead property damaged by mold);

~~(iv)~~ <u>(iii)</u> section 273.13, subdivision 34 (homestead of a veteran with a disability or family caregiver); or

~~(v)~~ <u>(iv)</u> section 273.13, subdivision 35 (homestead market value exclusion); or

(2) the deferment of value under:

(i) the Minnesota Agricultural Property Tax Law, section 273.111;

(ii) the Aggregate Resource Preservation Law, section 273.1115;

(iii) the Minnesota Open Space Property Tax Law, section 273.112;

(iv) the rural preserves property tax program, section 273.114; or

(v) the Metropolitan Agricultural Preserves Act, section 473H.10; or

(3) the adjustments to tax capacity for:

(i) tax increment financing under sections 469.174 to 469.1794;

(ii) fiscal disparities under chapter 276A or 473F; or

(iii) powerline credit under section 273.425.

(b) Estimated market value under paragraph (a) also includes the market value of tax-exempt property if the applicable law specifically provides that the limitation, qualification, or aid calculation includes tax-exempt property.

(c) Unless otherwise provided, "market value," "estimated market value," and "market valuation" for purposes of property tax levy limitations and calculation of state aid, refer to the estimated market value for the previous assessment year and for purposes of limits on net debt, the issuance of bonds, certificates of indebtedness, or capital notes refer to the estimated market value as last finally equalized.

(d) For purposes of a provision of a home rule charter or of any special law that is not codified in the statutes and that imposes a levy limitation based on market value or any limit on debt, the issuance of bonds, certificates of indebtedness, or capital notes based on market value, the terms "market value," "taxable market value," and "market valuation," whether equalized or unequalized, mean "estimated market value" as defined in paragraph (a).

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

Sec. 2. Minnesota Statutes 2024, section 273.111, subdivision 9, is amended to read:

Subd. 9. **Additional taxes.** ~~(a) Except as provided in paragraph (b),~~ When real property which is being, or has been valued and assessed under this section no longer qualifies under subdivision 3, the portion no longer qualifying shall be subject to additional taxes, in the amount equal to the difference between the taxes determined in accordance with subdivision 4, and the amount determined under subdivision 5. Provided, however, that the amount determined under subdivision 5 shall not be greater than it would have been had the actual bona fide sale price of the real property at an arm's-length transaction been used in lieu of the market value determined under subdivision 5. Such additional taxes shall be extended against the property on the tax list for the current year, provided, however, that no interest or penalties shall be levied on such additional taxes if timely paid, and provided further, that such additional taxes shall only be levied with respect to the last three years that the said property has been valued and assessed under this section.

~~(b) Real property that has been valued and assessed under this section prior to May 29, 2008, and that ceases to qualify under this section after May 28, 2008, and is withdrawn from the program before August 16, 2010, is not subject to additional taxes under this subdivision or subdivision 3, paragraph (c). If additional taxes have been paid under this subdivision with respect to property described in this paragraph prior to April 3, 2009, the county must repay the property owner in the manner prescribed by the commissioner of revenue.~~

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

Sec. 3. **REPEALER.**

Minnesota Statutes 2024, sections 273.25; 273.65; 273.66; 273.67; 274.07; 428B.02, subdivision 7; and 477A.085, are repealed.

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

ARTICLE 11

DEPARTMENT OF REVENUE; MISCELLANEOUS

Section 1. Minnesota Statutes 2024, section 123B.53, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For purposes of this section, the eligible debt service revenue of a district is defined as follows:

(1) the amount needed to produce between five and six percent in excess of the amount needed to meet when due the principal and interest payments on the obligations of the district for eligible projects according to subdivision 2, excluding the amounts listed in paragraph (b), minus

(2) the amount of debt service excess levy reduction for that school year calculated according to the procedure established by the commissioner.

(b) The obligations in this paragraph are excluded from eligible debt service revenue:

(1) obligations under section 123B.61;

(2) the part of debt service principal and interest paid from the taconite environmental protection fund or Douglas J. Johnson economic protection trust, excluding the portion of taconite payments from the Iron Range schools and community development account under section 298.28, subdivision 7a;

(3) obligations for long-term facilities maintenance under section 123B.595;

(4) obligations under section 123B.62; and

(5) obligations equalized under section 123B.535.

(c) For purposes of this section, if a preexisting school district reorganized under sections 123A.35 to 123A.43, 123A.46, and 123A.48 is solely responsible for retirement of the preexisting district's bonded indebtedness or capital loans, debt service equalization aid must be computed separately for each of the preexisting districts.

~~(d) For purposes of this section, the adjusted net tax capacity determined according to sections 127A.48 and 273.1325 shall be adjusted to include the tax capacity of property generally exempted from ad valorem taxes under section 272.02, subdivision 64.~~

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

Sec. 2. Minnesota Statutes 2024, section 123B.535, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For purposes of this section, the eligible natural disaster debt service revenue of a district is defined as the amount needed to produce between five and six percent in excess of the amount needed to meet when due the principal and interest payments on the obligations of the district that would otherwise qualify under section 123B.53 under the following conditions:

(1) the district was impacted by a natural disaster event or area occurring January 1, 2005, or later, as declared by the President of the United States of America, which is eligible for Federal Emergency Management Agency payments;

(2) the natural disaster caused $500,000 or more in damages to school district buildings; and

(3) the repair and replacement costs are not covered by insurance payments or Federal Emergency Management Agency payments.

(b) For purposes of this section, the adjusted net tax capacity equalizing factor equals the quotient derived by dividing the total adjusted net tax capacity of all school districts in the state for the year before the year the levy is certified by the total number of adjusted pupil units in the state for the year prior to the year the levy is certified.

~~(c) For purposes of this section, the adjusted net tax capacity determined according to sections 127A.48 and 273.1325 shall be adjusted to include the tax capacity of property generally exempted from ad valorem taxes under section 272.02, subdivision 64.~~

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

Sec. 3. Minnesota Statutes 2025 Supplement, section 268.19, subdivision 1, is amended to read:

Subdivision 1. **Use of data.** (a) Except as provided by this section, data gathered from any person under the administration of the Minnesota Unemployment Insurance Law are private data on individuals or nonpublic data not on individuals as defined in section 13.02, subdivisions 9 and 12, and may not be disclosed except according to a district court order or section 13.05. A subpoena is not considered a district court order. These data may be disseminated to and used by the following agencies without the consent of the subject of the data:

(1) state and federal agencies specifically authorized access to the data by state or federal law;

(2) any agency of any other state or any federal agency charged with the administration of an unemployment insurance program;

(3) any agency responsible for the maintenance of a system of public employment offices for the purpose of assisting individuals in obtaining employment;

(4) the public authority responsible for child support in Minnesota or any other state in accordance with section 518A.83;

(5) human rights agencies within Minnesota that have enforcement powers;

(6) the Department of Revenue to the extent necessary for its duties under Minnesota laws;

(7) public and private agencies responsible for administering publicly financed assistance programs for the purpose of monitoring the eligibility of the program's recipients;

(8) the Department of Labor and Industry, the Department of Commerce, and the Bureau of Criminal Apprehension for uses consistent with the administration of their duties under Minnesota law;

(9) the Department of Human Services and the Office of Inspector General and its agents within the Department of Human Services, including county fraud investigators, for investigations related to recipient or provider fraud and employees of providers when the provider is suspected of committing public assistance fraud;

(10) the Department of Human Services for the purpose of evaluating medical assistance services and supporting program improvement;

(11) local and state welfare agencies for monitoring the eligibility of the data subject for assistance programs, or for any employment or training program administered by those agencies, whether alone, in combination with another welfare agency, or in conjunction with the department or to monitor and evaluate the statewide Minnesota family investment program and other cash assistance programs, the Supplemental Nutrition Assistance Program, and the Supplemental Nutrition Assistance Program Employment and Training program by providing data on recipients and former recipients of Supplemental Nutrition Assistance Program (SNAP) benefits, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 142E, or medical programs under chapter 256B or 256L or formerly codified under chapter 256D;

(12) local and state welfare agencies for the purpose of identifying employment, wages, and other information to assist in the collection of an overpayment debt in an assistance program;

(13) local, state, and federal law enforcement agencies for the purpose of ascertaining the last known address and employment location of an individual who is the subject of a criminal investigation;

(14) the United States Immigration and Customs Enforcement has access to data on specific individuals and specific employers provided the specific individual or specific employer is the subject of an investigation by that agency;

(15) the Department of Health for the purposes of epidemiologic investigations;

(16) the Department of Corrections for the purposes of case planning and internal research for preprobation, probation, and postprobation employment tracking of offenders sentenced to probation and preconfinement and postconfinement employment tracking of committed offenders;

~~(17) the state auditor to the extent necessary to conduct audits of job opportunity building zones as required under section 469.3201;~~

~~(18)~~ (17) the Office of Higher Education for purposes of supporting program improvement, system evaluation, and research initiatives including the Statewide Longitudinal Education Data System;

~~(19)~~ (18) the Family and Medical Benefits Division of the Department of Employment and Economic Development to be used as necessary to administer chapter 268B; and

~~(20)~~ (19) the executive director or interim executive director of the Minnesota Secure Choice Retirement Program established under chapter 187 for the purposes of assisting with communication with employers and to verify employer compliance with chapter 187.

(b) Data on individuals and employers that are collected, maintained, or used by the department in an investigation under section 268.182 are confidential as to data on individuals and protected nonpublic data not on individuals as defined in section 13.02, subdivisions 3 and 13, and must not be disclosed except under statute or district court order or to a party named in a criminal proceeding, administrative or judicial, for preparation of a defense.

(c) Data gathered by the department in the administration of the Minnesota unemployment insurance program must not be made the subject or the basis for any suit in any civil proceedings, administrative or judicial, unless the action is initiated by the department.

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

Sec. 4. Minnesota Statutes 2024, section 270B.14, subdivision 3, is amended to read:

Subd. 3. **Administration of enterprise and job opportunity programs.** The commissioner may disclose return information relating to the taxes imposed by chapters 290 and 297A to the Department of Employment and Economic Development or a municipality with a border city enterprise zone as defined under section 469.166, but only as necessary to administer the funding limitations under section 469.169~~, or to the Department of Employment and Economic Development and appropriate officials from the local government units in which a qualified business is located but only as necessary to enforce the job opportunity building zone benefits under section 469.315~~.

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

Sec. 5. Minnesota Statutes 2024, section 270B.15, is amended to read:

270B.15 DISCLOSURE TO LEGISLATIVE AUDITOR ~~AND STATE AUDITOR~~.

~~(a)~~ Returns and return information must be disclosed to the legislative auditor to the extent necessary for the legislative auditor to carry out sections 3.97 to 3.979.

~~(b) The commissioner must disclose return information, including the report required under section 289A.12, subdivision 15, to the state auditor to the extent necessary to conduct audits of job opportunity building zones as required under section 469.3201.~~

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

Sec. 6. Minnesota Statutes 2024, section 270C.055, is amended by adding a subdivision to read:

Subd. 4. **Venue.** Unless otherwise provided in chapter 289A, if two or more criminal offenses under the state revenue laws or chapter 349 are committed by the same person in more than one county, the accused may be prosecuted for all the offenses in any county in which one of the offenses was committed.

EFFECTIVE DATE. This section is effective for criminal offenses committed after July 31, 2026.

Sec. 7. Minnesota Statutes 2024, section 290.01, subdivision 29, is amended to read:

Subd. 29. **Taxable income.** The term "taxable income" means:

(1) for individuals, estates, and trusts, the same as taxable net income;

(2) for corporations, the taxable net income less

(i) the net operating loss deduction under section 290.095; and

(ii) the dividends received deduction under section 290.21, subdivision 4~~; and~~.

~~(iii) the exemption for operating in a job opportunity building zone under section 469.317.~~

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

Sec. 8. Minnesota Statutes 2024, section 290.0921, subdivision 3, is amended to read:

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

(1) The portion of the depreciation deduction allowed for federal income tax purposes under section 168(k) of the Internal Revenue Code that is required as an addition under section 290.0133, subdivision 11, is disallowed in determining alternative minimum taxable income.

(2) The subtraction for depreciation allowed under section 290.0134, subdivision 13, is allowed as a depreciation deduction in determining alternative minimum taxable income.

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

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

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

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

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

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

(9) For purposes of determining the amount of adjusted current earnings under section 56(g)(3) of the Internal Revenue Code, no adjustment shall be made under section 56(g)(4) of the Internal Revenue Code with respect to (i) the amount of foreign dividend gross-up subtracted as provided in section 290.0134, subdivision 2, or (ii) the amount of refunds of income, excise, or franchise taxes subtracted as provided in section 290.0134, subdivision 8.

~~(10) Alternative minimum taxable income excludes the income from operating in a job opportunity building zone as provided under section 469.317.~~

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

~~(11)~~ (10) The subtraction for disallowed section 280E expenses under section 290.0134, subdivision 19, is allowed as a deduction in determining alternative minimum taxable income.

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

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

Sec. 9. Minnesota Statutes 2024, section 290.0922, subdivision 2, is amended to read:

Subd. 2. **Exemptions.** The following entities are exempt from the tax imposed by this section:

(1) corporations exempt from tax under section 290.05;

(2) real estate investment trusts;

(3) regulated investment companies or a fund thereof;

(4) entities having a valid election in effect under section 860D(b) of the Internal Revenue Code;

(5) township mutual insurance companies; and

(6) cooperatives organized under chapter 308A, 308B, or 308C that provide housing exclusively to persons age 55 and over and are classified as homesteads under section 273.124, subdivision 3~~; and~~.

~~(7) a qualified business as defined under section 469.310, subdivision 11, if for the taxable year all of its property is located in a job opportunity building zone designated under section 469.314 and all of its payroll is a job opportunity building zone payroll under section 469.310.~~

Entities not specifically exempted by this subdivision are subject to tax under this section, notwithstanding section 290.05.

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

Sec. 10. Minnesota Statutes 2024, section 290.0922, subdivision 3, is amended to read:

Subd. 3. **Definitions.** (a) "Minnesota sales or receipts" means the total sales apportioned to Minnesota pursuant to section 290.191, subdivision 5, the total receipts attributed to Minnesota pursuant to section 290.191, subdivisions 6 to 8, and/or the total sales or receipts apportioned or attributed to Minnesota pursuant to any other apportionment formula applicable to the taxpayer.

(b) "Minnesota property" means total Minnesota tangible property as provided in section 290.191, subdivisions 9 to 11, and any other tangible property located in Minnesota~~, but does not include the property of a qualified business as defined under section 469.310, subdivision 11, that is located in a job opportunity building zone designated under section 469.314~~. Intangible property shall not be included in Minnesota property for purposes of this section. Taxpayers who do not utilize tangible property to apportion income shall nevertheless include Minnesota property for purposes of this section. On a return for a short taxable year, the amount of Minnesota property owned, as determined under section 290.191, shall be included in Minnesota property based on a fraction in which the numerator is the number of days in the short taxable year and the denominator is 365.

(c) "Minnesota payrolls" means total Minnesota payrolls as provided in section 290.191, subdivision 12, but does not include the job opportunity building zone payroll under section 469.310, subdivision 8, of a qualified business as defined under section 469.310, subdivision 11. Taxpayers who do not utilize payrolls to apportion income shall nevertheless include Minnesota payrolls for purposes of this section.

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

Sec. 11. Minnesota Statutes 2024, section 295.52, subdivision 5, is amended to read:

Subd. 5. **Volunteer ambulance services.** Volunteer ambulance services are not subject to the tax under this section. For purposes of this requirement, "volunteer ambulance service" means an ambulance service in which all of the individuals whose primary responsibility is direct patient care meet the definition of volunteer ambulance attendant under section 144E.001, subdivision 15. The ambulance service may employ administrative and support staff, and remain eligible for this exemption, if the primary responsibility of these staff is not direct patient care.

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

Sec. 12. Minnesota Statutes 2025 Supplement, section 297A.75, subdivision 1, 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)~~ (8) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, paragraph (a), clause (10);

~~(10)~~ (9) materials, supplies, and equipment for construction or improvement of projects and facilities under section 297A.71, subdivision 40;

~~(11)~~ (10) enterprise information technology equipment and computer software for use in a qualified data center, qualified large-scale data center, or qualified refurbished data center exempt under section 297A.68, subdivision 42;

~~(12)~~ (11) materials, supplies, and equipment for qualifying capital projects under section 297A.71, subdivision 44, paragraphs (a) and (b);

~~(13)~~ (12) items purchased for use in providing critical access dental services exempt under section 297A.70, subdivision 7, paragraph (c);

~~(14)~~ (13) 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)~~ (14) building materials, equipment, and supplies for constructing or replacing real property exempt under section 297A.71, subdivisions ~~49;~~ 50, paragraph (b)~~;~~, and 51;

~~(16)~~ (15) building materials, equipment, and supplies for qualifying capital projects under section 297A.71, subdivision 52;

~~(17)~~ (16) 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)~~ (17) 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. 13. Minnesota Statutes 2025 Supplement, 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)~~ (12), 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)~~ (10) and (13), the owner of the qualifying business;

(8) for subdivision 1, clauses ~~(9), (10), (12), (16), and (17)~~ (8), (9), (11), (15), and (16), the applicant must be the governmental entity that owns or contracts for the project or facility;

(9) for subdivision 1, clause ~~(15)~~ (14), the applicant must be the owner or developer of the building or project; and

(10) for subdivision 1, clause ~~(18)~~ (17), 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. 14. Minnesota Statutes 2025 Supplement, 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)~~ (11) or ~~(14) to (18)~~ (13) to (17), 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. 15. Minnesota Statutes 2025 Supplement, 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 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) a percentage to the highway user tax distribution fund as follows:

(i) 43.5 percent in each of fiscal years 2024 and 2025;

(ii) 43 percent in fiscal year 2026;

(iii) 41 percent in fiscal year 2027;

(iv) 36 percent in fiscal year 2028;

(v) 30 percent in fiscal year 2029;

(vi) 36 percent in each of fiscal years 2030 to 2034;

(vii) 38.5 percent in fiscal year 2035;

(viii) 41 percent in fiscal year 2036; and

(ix) 43.5 percent in fiscal year 2037 and thereafter;

(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. <u>If, after the commissioner estimates the monthly deposit amounts and prior to July 1, the rate of tax imposed under section 297A.62, subdivision 1, or the percentages specified under this paragraph are impacted by a law change, then the commissioner must update the estimated deposit amount by July 15.</u> 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 retroactively from January 1, 2026.

Sec. 16. Minnesota Statutes 2024, section 297B.03, is amended to read:

297B.03 EXEMPTIONS.

There is specifically exempted from the provisions of this chapter and from computation of the amount of tax imposed by it the following:

(1) purchase or use, including use under a lease purchase agreement or installment sales contract made pursuant to section 465.71, of any motor vehicle by the United States and its agencies and instrumentalities and by any person described in and subject to the conditions provided in section 297A.67, subdivision 11;

(2) purchase or use of any motor vehicle by any person who was a resident of another state or country at the time of the purchase and who subsequently becomes a resident of Minnesota, provided the purchase occurred more than 60 days prior to the date such person began residing in the state of Minnesota and the motor vehicle was registered in the person's name in the other state or country;

(3) purchase or use of any motor vehicle by any person making a valid election to be taxed under the provisions of section 297A.90;

(4) purchase or use of any motor vehicle previously registered in the state of Minnesota when such transfer constitutes a transfer within the meaning of section 118, 331, 332, 336, 337, 338, 351, 355, 368, 721, 731, 1031, 1033, or 1563(a) of the Internal Revenue Code, as amended through December 16, 2016;

(5) purchase or use of any vehicle owned by a resident of another state and leased to a Minnesota-based private or for-hire carrier for regular use in the transportation of persons or property in interstate commerce provided the vehicle is titled in the state of the owner or secured party, and that state does not impose a sales tax or sales tax on motor vehicles used in interstate commerce;

(6) purchase or use of a motor vehicle by a private nonprofit or public educational institution for use as an instructional aid in automotive training programs operated by the institution. "Automotive training programs" includes motor vehicle body and mechanical repair courses but does not include driver education programs;

(7) purchase of a motor vehicle by an ambulance service licensed under section 144E.10 when that vehicle is equipped and specifically intended for emergency response or for providing ambulance service;

(8) purchase of a motor vehicle by or for a public library, as defined in section 134.001, subdivision 2, as a bookmobile or library delivery vehicle;

(9) purchase of a ready-mixed concrete truck;

(10) purchase or use of a motor vehicle by a town for use exclusively for road maintenance, including snowplows and dump trucks, but not including automobiles, vans, or pickup trucks;

(11) purchase or use of a motor vehicle by a corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, or educational purposes, except a public school, university, or library, but only if the vehicle is:

(i) a truck, as defined in section 168.002, a bus, as defined in section 168.002, or a passenger automobile, as defined in section 168.002, if the automobile is designed and used for carrying more than nine persons including the driver; and

(ii) intended to be used primarily to transport tangible personal property or individuals, other than employees, to whom the organization provides service in performing its charitable, religious, or educational purpose;

(12) purchase of a motor vehicle for use by a transit provider exclusively to provide transit service is exempt if the transit provider is either (i) receiving financial assistance or reimbursement under section 174.24 or 473.384, or (ii) operating under section 174.29, 473.388, or 473.405;

~~(13) purchase or use of a motor vehicle by a qualified business, as defined in section 469.310, located in a job opportunity building zone, if the motor vehicle is principally garaged in the job opportunity building zone and is primarily used as part of or in direct support of the person's operations carried on in the job opportunity building zone. The exemption under this clause applies to sales, if the purchase was made and delivery received during the duration of the job opportunity building zone. The exemption under this clause also applies to any local sales and use tax;~~

~~(14)~~ (13) purchase of a leased vehicle by the lessee who was a participant in a lease-to-own program from a charitable organization that is:

(i) described in section 501(c)(3) of the Internal Revenue Code; and

(ii) licensed as a motor vehicle lessor under section 168.27, subdivision 4;

~~(15)~~ (14) purchase of a motor vehicle used exclusively as a mobile medical unit for the provision of medical or dental services by a federally qualified health center, as defined under title 19 of the Social Security Act, as amended by Section 4161 of the Omnibus Budget Reconciliation Act of 1990; and

~~(16)~~ (15) purchase of a motor vehicle by a veteran having a total service-connected disability, as defined in section 171.01, subdivision 51.

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

Sec. 17. Minnesota Statutes 2025 Supplement, section 299C.76, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For the purposes of this section, the following definitions apply.

(b) "Federal tax information" means federal tax returns and return information or information derived or created from federal tax returns, in possession of or control by the requesting agency, that is covered by the safeguarding provisions of section 6103(p)(4) of the Internal Revenue Code.

(c) "IRS Publication 1075" means Internal Revenue Service Publication 1075 that provides guidance and requirements for the protection and confidentiality of federal tax information as required in section 6103(p)(4) of the Internal Revenue Code.

(d) "National criminal history record information" means the Federal Bureau of Investigation identification records as defined in Code of Federal Regulations, title 28, section 20.3(d).

(e) "Requesting agency" means the Department of Revenue; Department of Employment and Economic Development; Department of Human Services; Department of Children, Youth, and Families; board of directors of MNsure; Department of Information Technology Services; attorney general; Office of the Legislative Auditor; and counties.

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

Sec. 18. **REPEALER.**

Minnesota Statutes 2024, sections 272.02, subdivision 64; 272.029, subdivision 7; 289A.12, subdivision 15; 290.06, subdivision 29; 297A.68, subdivision 37; 469.310; 469.311; 469.312; 469.313; 469.314; 469.315; 469.316; 469.317; 469.318; 469.3181; 469.319; 469.3191; 469.3192; 469.3193; 469.320; and 469.3201, are repealed.

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

Presented to the governor May 20, 2026

Signed by the governor May 27, 2026, 12:34 p.m.