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State of Minnesota  
HOUSE OF REPRESENTATIVES  
*First Division Engrossment*

NINETY-FIRST SESSION

H. F. No. **346**

01/24/2019 Authored by Carlson, A.; Howard; Xiong, T.; Elkins; Hornstein and others  
The bill was read for the first time and referred to the Committee on Taxes

**Division Action**

02/06/2019 Referred by Chair to the Property and Local Tax Division  
05/06/2020 Division action, to adopt as amended and return to the Committee on Taxes

1.1 A bill for an act  
1.2 relating to taxation; property; modifying provisions governing property taxes, fire  
1.3 and police state aids, local taxes, and tax increment financing; amending Minnesota  
1.4 Statutes 2018, sections 270.41, subdivision 3a; 272.02, by adding a subdivision;  
1.5 272.029, subdivision 2; 272.0295, subdivisions 2, 5; 273.063; 273.124, subdivision  
1.6 1; 273.13, subdivision 25; 287.04; 469.176, by adding a subdivision; 469.1763,  
1.7 subdivisions 3, 4; 469.190, subdivisions 1, 7; 477A.10; Minnesota Statutes 2019  
1.8 Supplement, sections 6.495, subdivision 3; 270C.22, subdivision 1; 273.0755;  
1.9 273.124, subdivision 14; 273.13, subdivision 34; 273.18; 297I.26, subdivision 2;  
1.10 477B.01, subdivisions 5, 10, 11, by adding subdivisions; 477B.02, subdivisions  
1.11 2, 3, 5, 8, 9, 10, by adding a subdivision; 477B.03, subdivisions 3, 4, 7; 477B.04,  
1.12 subdivision 1, by adding a subdivision; 477C.02, subdivision 4; 477C.03,  
1.13 subdivisions 2, 5; 477C.04, by adding a subdivision; proposing coding for new  
1.14 law in Minnesota Statutes, chapters 273; 469; repealing Minnesota Statutes 2018,  
1.15 section 270C.17, subdivision 2; Minnesota Statutes 2019 Supplement, sections  
1.16 477B.02, subdivision 4; 477B.03, subdivision 6.

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

1.18 **ARTICLE 1**

1.19 **PROPERTY TAXES AND AIDS**

1.20 Section 1. Minnesota Statutes 2018, section 272.02, is amended by adding a subdivision  
1.21 to read:

1.22 Subd. 104. Certain property owned by an Indian tribe. (a) Property is exempt that:

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

1.25 (2) was on January 2, 2016, and is for the current assessment owned by a federally  
1.26 recognized Indian tribe or its instrumentality, that is located in Minnesota;

1.27 (3) was on January 2, 2016, exempt under subdivision 7; and

2.1 (4) is used exclusively for tribal purposes or institutions of purely public charity as  
2.2 defined in subdivision 7.

2.3 (b) For purposes of this subdivision, a "tribal purpose" means a public purpose as defined  
2.4 in subdivision 8 and includes noncommercial tribal government activities. Property acquired  
2.5 for single-family housing, market-rate apartments, agriculture, or forestry does not qualify  
2.6 for this exemption.

2.7 (c) For assessment years 2019 and 2020, an exemption application under this subdivision  
2.8 must be filed with the county assessor by July 1, 2020. Property taxes paid on property  
2.9 exempt under this section for taxes payable in 2020 only shall be refunded by the county  
2.10 by August 1, 2020.

2.11 **EFFECTIVE DATE.** This section is effective retroactively from assessment year 2019.

2.12 Sec. 2. Minnesota Statutes 2018, section 273.124, subdivision 1, is amended to read:

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

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

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

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

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

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

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

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

3.10 (c) Residential real estate that is occupied and used for purposes of a homestead by a  
3.11 relative of the owner is a homestead but only to the extent of the homestead treatment that  
3.12 would be provided if the related owner occupied the property. For purposes of this paragraph  
3.13 and paragraph (g), "relative" means a parent, stepparent, child, stepchild, grandparent,  
3.14 grandchild, brother, sister, uncle, aunt, nephew, or niece. This relationship may be by blood  
3.15 or marriage. Property that has been classified as seasonal residential recreational property  
3.16 at any time during which it has been owned by the current owner or spouse of the current  
3.17 owner will not be reclassified as a homestead unless it is occupied as a homestead by the  
3.18 owner; this prohibition also applies to property that, in the absence of this paragraph, would  
3.19 have been classified as seasonal residential recreational property at the time when the  
3.20 residence was constructed. Neither the related occupant nor the owner of the property may  
3.21 claim a property tax refund under chapter 290A for a homestead occupied by a relative. In  
3.22 the case of a residence located on agricultural land, only the house, garage, and immediately  
3.23 surrounding one acre of land shall be classified as a homestead under this paragraph, except  
3.24 as provided in paragraph (d).

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

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

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

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

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

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

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

4.10 (e) In the case of property owned by a property owner who is married, the assessor must  
4.11 not deny homestead treatment in whole or in part if only one of the spouses occupies the  
4.12 property and the other spouse is absent due to: (1) marriage dissolution proceedings, (2)  
4.13 legal separation, (3) employment or self-employment in another location, or (4) other  
4.14 personal circumstances causing the spouses to live separately, not including an intent to  
4.15 obtain two homestead classifications for property tax purposes. To qualify under clause (3),  
4.16 the spouse's place of employment or self-employment must be at least 50 miles distant from  
4.17 the other spouse's place of employment, and the homesteads must be at least 50 miles distant  
4.18 from each other.

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

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

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

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

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

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

5.10 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable  
5.11 in 2021.

5.12 Sec. 3. **[273.129] ELDERLY LIVING FACILITY DEFERRAL.**

5.13 Subdivision 1. **Requirements.** An elderly living facility is eligible for tax deferment  
5.14 under this section if it meets all of the following requirements:

5.15 (1) the facility is located in a city of the first class with a population of fewer than  
5.16 110,000;

5.17 (2) the facility is owned and operated by a nonprofit organization organized under section  
5.18 501(c)(3) of the Internal Revenue Code;

5.19 (3) construction of the facility was completed between January 1, 1963, and January 1,  
5.20 1964;

5.21 (4) the facility has a housing with services license under chapter 144D and a  
5.22 comprehensive home care license under chapter 144A;

5.23 (5) residents of the facility must be (i) at least 62 years of age, or (ii) disabled; and

5.24 (6) at least 30 percent of the units in the facility are occupied by persons whose annual  
5.25 income does not exceed 50 percent of the median family income for the area.

5.26 Subd. 2. **Deferral of taxes.** An elderly living facility meeting the requirements of  
5.27 subdivision 1 must, upon timely application by the owner in the manner provided in  
5.28 subdivision 3, be treated as exempt property as defined in section 272.02. The assessor must  
5.29 make a separate determination of market value of such property and the tax based upon the  
5.30 appropriate tax rate applicable to such property in the taxing district must be recorded on  
5.31 the property assessment records.

6.1 Subd. 3. **Application.** A nonprofit organization meeting the requirements of subdivision  
6.2 1 must file an application for a deferment of taxes under this section by December 1 of the  
6.3 year prior to the year in which the taxes are payable. Any application filed and granted  
6.4 under this subdivision shall continue in effect for subsequent years until the property no  
6.5 longer qualifies. The application must be filed with the assessor in the taxing district in  
6.6 which the property is located on the form prescribed by the commissioner of revenue.

6.7 Subd. 4. **Payment of taxes.** Property receiving tax deferment under this section continues  
6.8 to qualify until it is sold, transferred, or no longer qualifies under subdivision 1. If a portion  
6.9 of the property is sold, transferred, or no longer qualifies under subdivision 1, that portion  
6.10 is subject to taxes in the amount equal to the tax that would have been due on the property  
6.11 had it not been treated as exempt property under subdivision 2. The county auditor must  
6.12 extend these taxes against the property for taxes payable in the year the property is sold,  
6.13 transferred, or no longer qualifies under subdivision 1, plus the four prior years, to the extent  
6.14 that the property qualifies for a tax deferment under this section. No interest or penalties  
6.15 shall be levied on the taxes due under this subdivision if timely paid.

6.16 Subd. 5. **Lien.** The taxes imposed by this section are a lien upon the property assessed  
6.17 to the same extent and for the same duration as other taxes imposed on the property in this  
6.18 state. The tax shall be annually extended by the county auditor and if and when payable  
6.19 shall be collected and distributed in the manner provided by law for the collection and  
6.20 distribution of other property taxes.

6.21 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable  
6.22 in 2021.

6.23 Sec. 4. Minnesota Statutes 2018, section 273.13, subdivision 25, is amended to read:

6.24 Subd. 25. **Class 4.** (a) Class 4a is residential real estate containing four or more units  
6.25 and used or held for use by the owner or by the tenants or lessees of the owner as a residence  
6.26 for rental periods of 30 days or more, excluding property qualifying for class 4d. Class 4a  
6.27 also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt  
6.28 under section 272.02, and contiguous property used for hospital purposes, without regard  
6.29 to whether the property has been platted or subdivided. The market value of class 4a property  
6.30 has a classification rate of 1.25 percent.

6.31 (b) Class 4b includes:

7.1 (1) residential real estate containing less than four units, including property rented as a  
7.2 short-term rental property for more than 14 days in the preceding year, that does not qualify  
7.3 as class 4bb, other than seasonal residential recreational property;

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

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

7.7 (4) unimproved property that is classified residential as determined under subdivision  
7.8 33.

7.9 For the purposes of this paragraph, "short-term rental property" means nonhomestead  
7.10 residential real estate rented for periods of less than 30 consecutive days.

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

7.12 (c) Class 4bb includes:

7.13 (1) nonhomestead residential real estate containing one unit, other than seasonal  
7.14 residential recreational property;

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

7.17 (3) a condominium-type storage unit having an individual property identification number  
7.18 that is not used for a commercial purpose.

7.19 Class 4bb property has the same classification rates as class 1a property under subdivision  
7.20 22.

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

7.24 (d) Class 4c property includes:

7.25 (1) except as provided in subdivision 22, paragraph (c), real and personal property  
7.26 devoted to commercial temporary and seasonal residential occupancy for recreation purposes,  
7.27 for not more than 250 days in the year preceding the year of assessment. For purposes of  
7.28 this clause, property is devoted to a commercial purpose on a specific day if any portion of  
7.29 the property is used for residential occupancy, and a fee is charged for residential occupancy.  
7.30 Class 4c property under this clause must contain three or more rental units. A "rental unit"  
7.31 is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site  
7.32 equipped with water and electrical hookups for recreational vehicles. A camping pad offered

8.1 for rent by a property that otherwise qualifies for class 4c under this clause is also class 4c  
8.2 under this clause regardless of the term of the rental agreement, as long as the use of the  
8.3 camping pad does not exceed 250 days. In order for a property to be classified under this  
8.4 clause, either (i) the business located on the property must provide recreational activities,  
8.5 at least 40 percent of the annual gross lodging receipts related to the property must be from  
8.6 business conducted during 90 consecutive days, and either (A) at least 60 percent of all paid  
8.7 bookings by lodging guests during the year must be for periods of at least two consecutive  
8.8 nights; or (B) at least 20 percent of the annual gross receipts must be from charges for  
8.9 providing recreational activities, or (ii) the business must contain 20 or fewer rental units,  
8.10 and must be located in a township or a city with a population of 2,500 or less located outside  
8.11 the metropolitan area, as defined under section 473.121, subdivision 2, that contains a portion  
8.12 of a state trail administered by the Department of Natural Resources. For purposes of item  
8.13 (i)(A), a paid booking of five or more nights shall be counted as two bookings. Class 4c  
8.14 property also includes commercial use real property used exclusively for recreational  
8.15 purposes in conjunction with other class 4c property classified under this clause and devoted  
8.16 to temporary and seasonal residential occupancy for recreational purposes, up to a total of  
8.17 two acres, provided the property is not devoted to commercial recreational use for more  
8.18 than 250 days in the year preceding the year of assessment and is located within two miles  
8.19 of the class 4c property with which it is used. In order for a property to qualify for  
8.20 classification under this clause, the owner must submit a declaration to the assessor  
8.21 designating the cabins or units occupied for 250 days or less in the year preceding the year  
8.22 of assessment by January 15 of the assessment year. Those cabins or units and a proportionate  
8.23 share of the land on which they are located must be designated class 4c under this clause  
8.24 as otherwise provided. The remainder of the cabins or units and a proportionate share of  
8.25 the land on which they are located will be designated as class 3a. The owner of property  
8.26 desiring designation as class 4c property under this clause must provide guest registers or  
8.27 other records demonstrating that the units for which class 4c designation is sought were not  
8.28 occupied for more than 250 days in the year preceding the assessment if so requested. The  
8.29 portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center  
8.30 or meeting room, and (5) other nonresidential facility operated on a commercial basis not  
8.31 directly related to temporary and seasonal residential occupancy for recreation purposes  
8.32 does not qualify for class 4c. For the purposes of this paragraph, "recreational activities"  
8.33 means renting ice fishing houses, boats and motors, snowmobiles, downhill or cross-country  
8.34 ski equipment; providing marina services, launch services, or guide services; or selling bait  
8.35 and fishing tackle;

8.36 (2) qualified property used as a golf course if:

9.1 (i) it is open to the public on a daily fee basis. It may charge membership fees or dues,  
9.2 but a membership fee may not be required in order to use the property for golfing, and its  
9.3 green fees for golfing must be comparable to green fees typically charged by municipal  
9.4 courses; and

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

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

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

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

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

9.17 For purposes of this clause:

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

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

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

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

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

10.5 The organization shall maintain records of its charitable contributions and donations  
10.6 and of public meetings and events held on the property and make them available upon  
10.7 request any time to the assessor to ensure eligibility. An organization meeting the requirement  
10.8 under item (ii) must file an application by May 1 with the assessor for eligibility for the  
10.9 current year's assessment. The commissioner shall prescribe a uniform application form  
10.10 and instructions;

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

10.15 (5)(i) manufactured home parks as defined in section 327.14, subdivision 3, excluding  
10.16 manufactured home parks described in items (ii) and (iii), (ii) manufactured home parks as  
10.17 defined in section 327.14, subdivision 3, that are described in section 273.124, subdivision  
10.18 3a, and (iii) class I manufactured home parks as defined in section 327C.01, subdivision  
10.19 13;

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

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

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

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

10.29 If a hangar classified under this clause is sold after June 30, 2000, a bill of sale must be  
10.30 filed by the new owner with the assessor of the county where the property is located within  
10.31 60 days of the sale;

10.32 (8) a privately owned noncommercial aircraft storage hangar not exempt under section  
10.33 272.01, subdivision 2, and the land on which it is located, provided that:

- 11.1 (i) the land abuts a public airport; and
- 11.2 (ii) the owner of the aircraft storage hangar provides the assessor with a signed agreement  
11.3 restricting the use of the premises, prohibiting commercial use or activity performed at the  
11.4 hangar; and
- 11.5 (9) residential real estate, a portion of which is used by the owner for homestead purposes,  
11.6 and that is also a place of lodging, if all of the following criteria are met:
- 11.7 (i) rooms are provided for rent to transient guests that generally stay for periods of 14  
11.8 or fewer days;
- 11.9 (ii) meals are provided to persons who rent rooms, the cost of which is incorporated in  
11.10 the basic room rate;
- 11.11 (iii) meals are not provided to the general public except for special events on fewer than  
11.12 seven days in the calendar year preceding the year of the assessment; and
- 11.13 (iv) the owner is the operator of the property.
- 11.14 The market value subject to the 4c classification under this clause is limited to five rental  
11.15 units. Any rental units on the property in excess of five, must be valued and assessed as  
11.16 class 3a. The portion of the property used for purposes of a homestead by the owner must  
11.17 be classified as class 1a property under subdivision 22;
- 11.18 (10) real property up to a maximum of three acres and operated as a restaurant as defined  
11.19 under section 157.15, subdivision 12, provided it: (i) is located on a lake as defined under  
11.20 section 103G.005, subdivision 15, paragraph (a), clause (3); and (ii) is either devoted to  
11.21 commercial purposes for not more than 250 consecutive days, or receives at least 60 percent  
11.22 of its annual gross receipts from business conducted during four consecutive months. Gross  
11.23 receipts from the sale of alcoholic beverages must be included in determining the property's  
11.24 qualification under item (ii). The property's primary business must be as a restaurant and  
11.25 not as a bar. Gross receipts from gift shop sales located on the premises must be excluded.  
11.26 Owners of real property desiring 4c classification under this clause must submit an annual  
11.27 declaration to the assessor by February 1 of the current assessment year, based on the  
11.28 property's relevant information for the preceding assessment year;
- 11.29 (11) lakeshore and riparian property and adjacent land, not to exceed six acres, used as  
11.30 a marina, as defined in section 86A.20, subdivision 5, which is made accessible to the public  
11.31 and devoted to recreational use for marina services. The marina owner must annually provide  
11.32 evidence to the assessor that it provides services, including lake or river access to the public  
11.33 by means of an access ramp or other facility that is either located on the property of the

12.1 marina or at a publicly owned site that abuts the property of the marina. No more than 800  
12.2 feet of lakeshore may be included in this classification. Buildings used in conjunction with  
12.3 a marina for marina services, including but not limited to buildings used to provide food  
12.4 and beverage services, fuel, boat repairs, or the sale of bait or fishing tackle, are classified  
12.5 as class 3a property; and

12.6 (12) real and personal property devoted to noncommercial temporary and seasonal  
12.7 residential occupancy for recreation purposes.

12.8 Class 4c property has a classification rate of 1.5 percent of market value, except that (i)  
12.9 each parcel of noncommercial seasonal residential recreational property under clause (12)  
12.10 has the same classification rates as class 4bb property, (ii) manufactured home parks assessed  
12.11 under clause (5), item (i), have the same classification rate as class 4b property, the market  
12.12 value of manufactured home parks assessed under clause (5), item (ii), have a classification  
12.13 rate of 0.75 percent if more than 50 percent of the lots in the park are occupied by  
12.14 shareholders in the cooperative corporation or association and a classification rate of one  
12.15 percent if 50 percent or less of the lots are so occupied, and class I manufactured home  
12.16 parks as defined in section 327C.01, subdivision 13, have a classification rate of 1.0 percent,  
12.17 (iii) commercial-use seasonal residential recreational property and marina recreational land  
12.18 as described in clause (11), has a classification rate of one percent for the first \$500,000 of  
12.19 market value, and 1.25 percent for the remaining market value, (iv) the market value of  
12.20 property described in clause (4) has a classification rate of one percent, (v) the market value  
12.21 of property described in clauses (2), (6), and (10) has a classification rate of 1.25 percent,  
12.22 (vi) that portion of the market value of property in clause (9) qualifying for class 4c property  
12.23 has a classification rate of 1.25 percent, and (vii) property qualifying for classification under  
12.24 clause (3) that is owned or operated by a congressionally chartered veterans organization  
12.25 has a classification rate of one percent. The commissioner of veterans affairs must provide  
12.26 a list of congressionally chartered veterans organizations to the commissioner of revenue  
12.27 by June 30, 2017, and by January 1, 2018, and each year thereafter.

12.28 (e) Class 4d property is qualifying low-income rental housing certified to the assessor  
12.29 by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion of  
12.30 the units in the building qualify as low-income rental housing units as certified under section  
12.31 273.128, subdivision 3, only the proportion of qualifying units to the total number of units  
12.32 in the building qualify for class 4d. The remaining portion of the building shall be classified  
12.33 by the assessor based upon its use. Class 4d also includes the same proportion of land as  
12.34 the qualifying low-income rental housing units are to the total units in the building. For all

13.1 properties qualifying as class 4d, the market value determined by the assessor must be based  
13.2 on the normal approach to value using normal unrestricted rents.

13.3 (f) The first tier of market value of class 4d property has a classification rate of 0.75  
13.4 percent. The remaining value of class 4d property has a classification rate of 0.25 percent.  
13.5 For the purposes of this paragraph, the "first tier of market value of class 4d property" means  
13.6 the market value of each housing unit up to the first tier limit. For the purposes of this  
13.7 paragraph, all class 4d property value must be assigned to individual housing units. The  
13.8 first tier limit is \$100,000 for assessment year 2014. For subsequent years, the limit is  
13.9 adjusted each year by the average statewide change in estimated market value of property  
13.10 classified as class 4a and 4d under this section for the previous assessment year, excluding  
13.11 valuation change due to new construction, rounded to the nearest \$1,000, provided, however,  
13.12 that the limit may never be less than \$100,000. Beginning with assessment year 2015, the  
13.13 commissioner of revenue must certify the limit for each assessment year by November 1  
13.14 of the previous year.

13.15 **EFFECTIVE DATE.** This section is effective beginning with assessments in 2020 and  
13.16 thereafter.

13.17 Sec. 5. Minnesota Statutes 2019 Supplement, section 273.13, subdivision 34, is amended  
13.18 to read:

13.19 Subd. 34. **Homestead of veteran with a disability or family caregiver.** (a) All or a  
13.20 portion of the market value of property owned by a veteran and serving as the veteran's  
13.21 homestead under this section is excluded in determining the property's taxable market value  
13.22 if the veteran has a service-connected disability of 70 percent or more as certified by the  
13.23 United States Department of Veterans Affairs. To qualify for exclusion under this subdivision,  
13.24 the veteran must have been honorably discharged from the United States armed forces, as  
13.25 indicated by United States Government Form DD214 or other official military discharge  
13.26 papers.

13.27 (b)(1) For a disability rating of 70 percent or more, \$150,000 of market value is excluded,  
13.28 except as provided in clause (2); and

13.29 (2) for a total (100 percent) and permanent disability, \$300,000 of market value is  
13.30 excluded.

13.31 (c) If a veteran with a disability qualifying for a valuation exclusion under paragraph  
13.32 (b), clause (2), predeceases the veteran's spouse, and if upon the death of the veteran the  
13.33 spouse holds the legal or beneficial title to the homestead and permanently resides there,

14.1 the exclusion shall carry over to the benefit of the veteran's spouse until such time as the  
14.2 spouse remarries, or sells, transfers, or otherwise disposes of the property, except as otherwise  
14.3 provided in paragraph (n). Qualification under this paragraph requires an application under  
14.4 paragraph (h), and a spouse must notify the assessor if there is a change in the spouse's  
14.5 marital status, ownership of the property, or use of the property as a permanent residence.

14.6 (d) If the spouse of a member of any branch or unit of the United States armed forces  
14.7 who dies due to a service-connected cause while serving honorably in active service, as  
14.8 indicated on United States Government Form DD1300 or DD2064, holds the legal or  
14.9 beneficial title to a homestead and permanently resides there, the spouse is entitled to the  
14.10 benefit described in paragraph (b), clause (2), until such time as the spouse remarries or  
14.11 sells, transfers, or otherwise disposes of the property, except as otherwise provided in  
14.12 paragraph (n).

14.13 (e) If a veteran meets the disability criteria of paragraph (a) but does not own property  
14.14 classified as homestead in the state of Minnesota, then the homestead of the veteran's primary  
14.15 family caregiver, if any, is eligible for the exclusion that the veteran would otherwise qualify  
14.16 for under paragraph (b).

14.17 (f) In the case of an agricultural homestead, only the portion of the property consisting  
14.18 of the house and garage and immediately surrounding one acre of land qualifies for the  
14.19 valuation exclusion under this subdivision.

14.20 (g) A property qualifying for a valuation exclusion under this subdivision is not eligible  
14.21 for the market value exclusion under subdivision 35, or classification under subdivision 22,  
14.22 paragraph (b).

14.23 (h) To qualify for a valuation exclusion under this subdivision a property owner must  
14.24 apply to the assessor by December 15 of the first assessment year for which the exclusion  
14.25 is sought. For an application received after December 15, the exclusion shall become effective  
14.26 for the following assessment year. Except as provided in paragraph (c), the owner of a  
14.27 property that has been accepted for a valuation exclusion must notify the assessor if there  
14.28 is a change in ownership of the property or in the use of the property as a homestead.

14.29 (i) A first-time application by a qualifying spouse for the market value exclusion under  
14.30 paragraph (d) must be made any time within two years of the death of the service member.

14.31 (j) For purposes of this subdivision:

14.32 (1) "active service" has the meaning given in section 190.05;

14.33 (2) "own" means that the person's name is present as an owner on the property deed;

15.1 (3) "primary family caregiver" means a person who is approved by the secretary of the  
15.2 United States Department of Veterans Affairs for assistance as the primary provider of  
15.3 personal care services for an eligible veteran under the Program of Comprehensive Assistance  
15.4 for Family Caregivers, codified as United States Code, title 38, section 1720G; and

15.5 (4) "veteran" has the meaning given the term in section 197.447.

15.6 (k) If a veteran dying after December 31, 2011, did not apply for or receive the exclusion  
15.7 under paragraph (b), clause (2), before dying, the veteran's spouse is entitled to the benefit  
15.8 under paragraph (b), clause (2), until the spouse remarries or sells, transfers, or otherwise  
15.9 disposes of the property, except as otherwise provided in paragraph (n), if:

15.10 (1) the spouse files a first-time application within two years of the death of the service  
15.11 member or by June 1, 2019, whichever is later;

15.12 (2) upon the death of the veteran, the spouse holds the legal or beneficial title to the  
15.13 homestead and permanently resides there;

15.14 (3) the veteran met the honorable discharge requirements of paragraph (a); and

15.15 (4) the United States Department of Veterans Affairs certifies that:

15.16 (i) the veteran met the total (100 percent) and permanent disability requirement under  
15.17 paragraph (b), clause (2); or

15.18 (ii) the spouse has been awarded dependency and indemnity compensation.

15.19 (l) The purpose of this provision of law providing a level of homestead property tax  
15.20 relief for veterans with a disability, their primary family caregivers, and their surviving  
15.21 spouses is to help ease the burdens of war for those among our state's citizens who bear  
15.22 those burdens most heavily.

15.23 (m) By July 1, the county veterans service officer must certify the disability rating and  
15.24 permanent address of each veteran receiving the benefit under paragraph (b) to the assessor.

15.25 (n) A spouse who received the benefit in paragraph (c), (d), or (k) but no longer holds  
15.26 the legal or beneficial title to the property may continue to receive the exclusion for a  
15.27 property other than the property for which the exclusion was initially granted until the spouse  
15.28 remarries or sells, transfers, or otherwise disposes of the property, provided that:

15.29 (1) the spouse applies under paragraph (h) for the continuation of the exclusion allowed  
15.30 under this paragraph;

15.31 (2) the spouse holds the legal or beneficial title to the property for which the continuation  
15.32 of the exclusion is sought under this paragraph, and permanently resides there;

16.1 (3) the estimated market value of the property for which the exclusion is sought under  
16.2 this paragraph is less than or equal to the estimated market value of the property that first  
16.3 received the exclusion, based on the value of each property on the date of the sale of the  
16.4 property that first received the exclusion; and

16.5 (4) the spouse has not previously received the benefit under this paragraph for a property  
16.6 other than the property for which the exclusion is sought.

16.7 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2021.

16.8 Sec. 6. **DISTRIBUTION OF FUNDS.**

16.9 (a) Notwithstanding the settlement procedures prescribed by Minnesota Statutes, sections  
16.10 276.09 to 276.112, for receipts received after the settlement day determined in Minnesota  
16.11 Statutes, section 276.09, distributions of collections received after the settlement day  
16.12 determined in Minnesota Statutes, section 276.09, may be made as provided in this section  
16.13 for property taxes payable in 2020:

16.14 (1) on a date determined by the county board, the county treasurer must make full  
16.15 settlement with the county auditor of all collections under this paragraph, and the county  
16.16 auditor and county treasurer must distribute all undistributed funds in the treasury. The  
16.17 funds must be apportioned as provided by law and credited to the town, city, school district,  
16.18 special taxing district, and each county fund. The county treasurer must then pay the treasurer  
16.19 of a town, city, school district, or special taxing district all receipts of taxes levied by the  
16.20 taxing district as soon as practical; and

16.21 (2) on the same date determined by the county board under clause (1), the county treasurer  
16.22 must make full settlement with the county auditor for all receipts of state property taxes  
16.23 levied under Minnesota Statutes, section 275.025, and must transmit those receipts to the  
16.24 commissioner of revenue as soon as practical.

16.25 (b) For the purposes of this section, "collections" means all first half property tax  
16.26 payments due on May 15 received by the county treasurer.

16.27 (c) Reports required by the state auditor for the settlement of taxes under Minnesota  
16.28 Statutes, sections 276.09 and 276.10, must be made within 30 days of the date determined  
16.29 by the county board under clause (1) for settlements of taxes under this section.

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

17.1 **Sec. 7. 2019 AID PENALTY FORGIVENESS; ADDITIONAL FILING REQUIRED**  
17.2 **IN 2020.**

17.3 (a) Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the  
17.4 commissioner of revenue shall make a payment of \$9,280 to the city of Sargeant by June  
17.5 30, 2020, to compensate the city for its 2019 aid payment under Minnesota Statutes, section  
17.6 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision 3.

17.7 (b) The first half of the calendar year 2020 aid payment to the city under Minnesota  
17.8 Statutes, section 477A.013, will be withheld until the state auditor certifies to the  
17.9 commissioner of revenue that the city has complied with all reporting requirements under  
17.10 Minnesota Statutes, section 477A.017, subdivision 3, for calendar years 2018 and 2019.  
17.11 The commissioner of revenue must make the first payment for calendar year 2020 within  
17.12 one month of receiving this certification from the state auditor. If the city has not complied  
17.13 with all reporting requirements under Minnesota Statutes, section 477A.017, subdivision  
17.14 3, for calendar years 2018 and 2019 by December 1, 2020, the city will receive no aid  
17.15 payment under Minnesota Statutes, section 477A.013, for calendar year 2020.

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

17.17 **Sec. 8. 2019 AID PENALTY FORGIVENESS.**

17.18 Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of  
17.19 Roosevelt shall receive its aid payment for calendar year 2019 under Minnesota Statutes,  
17.20 section 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision  
17.21 3, provided that the state auditor certifies to the commissioner of revenue that the state  
17.22 auditor received the annual financial reporting form for 2018 from the city as well as all  
17.23 forms, including the financial statement and annual financial reporting form for calendar  
17.24 year 2019 by June 1, 2020. The commissioner of revenue shall make a payment of \$25,410  
17.25 by June 30, 2020.

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

17.27 **ARTICLE 2**

17.28 **MISCELLANEOUS**

17.29 Section 1. Minnesota Statutes 2018, section 469.176, is amended by adding a subdivision  
17.30 to read:

17.31 **Subd. 4n. Temporary use of increment authorized.** (a) Notwithstanding any other  
17.32 provision of this section, section 469.1763, or special law, upon the request of the

18.1 municipality, the authority may elect, by resolution, to transfer unobligated increments from  
18.2 a district to the municipality for deposit into the municipality's general fund. The permitted  
18.3 transfer is allowed only after the spending plan and public hearing requirements under  
18.4 paragraph (c) are met. Transferred increments may be expended for any purpose the  
18.5 municipality's general fund permits.

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

18.11 (c) The authority may undertake actions pursuant to this subdivision only after creating  
18.12 a written spending plan that authorizes the authority to take the action described in paragraph  
18.13 (a) and details the use of transferred increment. Additionally, the municipality must approve  
18.14 the authority's spending plan and modify the authority's tax increment financing plan after  
18.15 holding a public hearing. The municipality must publish notice of the hearing in a newspaper  
18.16 of general circulation in the municipality and on the municipality's public website at least  
18.17 ten days, but not more than 30 days, prior to the date of the hearing.

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

18.20 (e) An authority making a transfer under this subdivision must provide to the Office of  
18.21 the State Auditor a copy of the spending plan approved and signed by the municipality, as  
18.22 well as a copy of the updated tax increment financing plan.

18.23 (f) The authority to transfer increments under this subdivision expires on December 31,  
18.24 2021. All transferred increment must be spent by December 31, 2021. If the transferred  
18.25 increment cannot be spent by December 31, 2021, the municipality must adopt a plan that  
18.26 details the use of transferred increment.

18.27 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
18.28 applies to increments, unobligated as of the date of enactment, from any district, regardless  
18.29 of when the request for certification was made.

18.30 Sec. 2. Minnesota Statutes 2018, section 469.1763, subdivision 3, is amended to read:

18.31 Subd. 3. **Five-year rule.** (a) Revenues derived from tax increments paid by properties  
18.32 in the district are considered to have been expended on an activity within the district under  
18.33 subdivision 2 only if one of the following occurs:

19.1 (1) before or within five years after certification of the district, the revenues are actually  
19.2 paid to a third party with respect to the activity;

19.3 (2) bonds, the proceeds of which must be used to finance the activity, are issued and  
19.4 sold to a third party before or within five years after certification, the revenues are spent to  
19.5 repay the bonds, and the proceeds of the bonds either are, on the date of issuance, reasonably  
19.6 expected to be spent before the end of the later of (i) the five-year period, or (ii) a reasonable  
19.7 temporary period within the meaning of the use of that term under section 148(c)(1) of the  
19.8 Internal Revenue Code, or are deposited in a reasonably required reserve or replacement  
19.9 fund;

19.10 (3) binding contracts with a third party are entered into for performance of the activity  
19.11 before or within five years after certification of the district and the revenues are spent under  
19.12 the contractual obligation;

19.13 (4) costs with respect to the activity are paid before or within five years after certification  
19.14 of the district and the revenues are spent to reimburse a party for payment of the costs,  
19.15 including interest on unreimbursed costs; or

19.16 (5) expenditures are made for housing purposes as permitted by subdivision 2, paragraphs  
19.17 (b) and (d), or for public infrastructure purposes within a zone as permitted by subdivision  
19.18 2, paragraph (e).

19.19 (b) For purposes of this subdivision, bonds include subsequent refunding bonds if the  
19.20 original refunded bonds meet the requirements of paragraph (a), clause (2).

19.21 (c) For a redevelopment district or a renewal and renovation district certified after June  
19.22 30, 2003, and before April 20, 2009, the five-year periods described in paragraph (a) are  
19.23 extended to ten years after certification of the district. For a redevelopment district certified  
19.24 after April 20, 2009, and before June 30, 2012, the five-year periods described in paragraph  
19.25 (a) are extended to eight years after certification of the district. This extension is provided  
19.26 primarily to accommodate delays in development activities due to unanticipated economic  
19.27 circumstances.

19.28 (d) For a redevelopment district that is located outside of the metropolitan area defined  
19.29 in section 473.121, subdivision 2, that is certified after June 30, 2020, the five-year periods  
19.30 described in paragraph (a) are extended to ten years after certification of the district.

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

20.1 Sec. 3. Minnesota Statutes 2018, section 469.1763, subdivision 4, is amended to read:

20.2 Subd. 4. **Use of revenues for decertification.** (a) In each year beginning with the sixth  
20.3 year following certification of the district, or beginning with the eleventh year following  
20.4 certification of the district for districts whose five-year rule is extended to ten years under  
20.5 subdivision 3, if the applicable in-district percent of the revenues derived from tax increments  
20.6 paid by properties in the district exceeds the amount of expenditures that have been made  
20.7 for costs permitted under subdivision 3, an amount equal to the difference between the  
20.8 in-district percent of the revenues derived from tax increments paid by properties in the  
20.9 district and the amount of expenditures that have been made for costs permitted under  
20.10 subdivision 3 must be used and only used to pay or defease the following or be set aside to  
20.11 pay the following:

20.12 (1) outstanding bonds, as defined in subdivision 3, paragraphs (a), clause (2), and (b);

20.13 (2) contracts, as defined in subdivision 3, paragraph (a), clauses (3) and (4);

20.14 (3) credit enhanced bonds to which the revenues derived from tax increments are pledged,  
20.15 but only to the extent that revenues of the district for which the credit enhanced bonds were  
20.16 issued are insufficient to pay the bonds and to the extent that the increments from the  
20.17 applicable pooling percent share for the district are insufficient; or

20.18 (4) the amount provided by the tax increment financing plan to be paid under subdivision  
20.19 2, paragraphs (b), (d), and (e).

20.20 (b) The district must be decertified and the pledge of tax increment discharged when  
20.21 the outstanding bonds have been defeased and when sufficient money has been set aside to  
20.22 pay, based on the increment to be collected through the end of the calendar year, the following  
20.23 amounts:

20.24 (1) contractual obligations as defined in subdivision 3, paragraph (a), clauses (3) and  
20.25 (4);

20.26 (2) the amount specified in the tax increment financing plan for activities qualifying  
20.27 under subdivision 2, paragraph (b), that have not been funded with the proceeds of bonds  
20.28 qualifying under paragraph (a), clause (1); and

20.29 (3) the additional expenditures permitted by the tax increment financing plan for housing  
20.30 activities under an election under subdivision 2, paragraph (d), that have not been funded  
20.31 with the proceeds of bonds qualifying under paragraph (a), clause (1).

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

21.1 Sec. 4. Minnesota Statutes 2018, section 469.190, subdivision 1, is amended to read:

21.2 Subdivision 1. **Authorization.** (a) Notwithstanding section 477A.016 or any other law,  
21.3 a statutory or home rule charter city may by ordinance, and a town may by the affirmative  
21.4 vote of the electors at the annual town meeting, or at a special town meeting, impose a tax  
21.5 of up to three percent on the gross receipts from the furnishing for consideration of lodging  
21.6 at a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing  
21.7 of it for a continuous period of 30 days or more. A statutory or home rule charter city may  
21.8 by ordinance impose the tax authorized under this subdivision on the camping site receipts  
21.9 of a municipal campground.

21.10 (b) Except as provided in paragraph (c), the tax imposed under this subdivision, under  
21.11 a city charter, or under a special law applies to the entire consideration paid to obtain access  
21.12 to lodging, including ancillary or related services, such as services provided by  
21.13 accommodation intermediaries as defined under section 297A.61, subdivision 47, and similar  
21.14 services.

21.15 (c) A statutory or home rule charter city upon an affirmative vote by the city council,  
21.16 or a town by an affirmative vote by the voters at a regular or special town meeting, may  
21.17 exempt accommodation intermediaries, as defined in section 297A.61, subdivision 47, and  
21.18 similar services from a tax as required under paragraph (b), provided that:

21.19 (1) the taxing jurisdiction collects and administers its lodging tax; and

21.20 (2) there are ten or fewer lodging establishments located in the taxing jurisdiction.

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

21.22 Sec. 5. Minnesota Statutes 2018, section 469.190, subdivision 7, is amended to read:

21.23 Subd. 7. **Collection.** (a) The statutory or home rule charter city may agree with the  
21.24 commissioner of revenue that a tax imposed pursuant to this section shall be collected by  
21.25 the commissioner together with the tax imposed by chapter 297A, and subject to the same  
21.26 interest, penalties, and other rules and that its proceeds, less the cost of collection, shall be  
21.27 remitted to the city.

21.28 (b) If a tax under this section or under a special law is not collected by the commissioner  
21.29 of revenue, the local government imposing the tax, may by ordinance, limit the required  
21.30 filing and remittance of the tax by an accommodation intermediary, as defined in section  
21.31 297A.61, subdivision 47, to once in every calendar year. The local government must inform  
21.32 the accommodation intermediary of the date when the return or remittance is due and the  
21.33 dates must coincide with one of the monthly dates for filing and remitting state sales tax

22.1 under chapter 297A. The local government must also provide accommodation intermediaries  
22.2 electronically with geographic and zip code information necessary to correctly collect the  
22.3 tax.

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

22.5 Sec. 6. **[469.1905] TEMPORARY USE OF SPECIAL TAX REVENUES.**

22.6 (a) Notwithstanding the provisions of the enabling special law, or local ordinances or  
22.7 charter provisions, a city, town, or county may, subject to the limitations in paragraph (b)  
22.8 and the notice and hearing requirements in paragraph (c), use the revenues for any allowed  
22.9 municipal purpose, from the following local taxes enacted before 1972, imposed pursuant  
22.10 to section 297A.993, or imposed under a special law:

22.11 (1) a general local sales tax;

22.12 (2) a food and beverage tax;

22.13 (3) a liquor tax;

22.14 (4) an amusement tax;

22.15 (5) an admissions tax; or

22.16 (6) a lodging tax, other than a lodging tax imposed under section 469.190.

22.17 (b) The amount of local taxes used by the municipality for purposes other than the  
22.18 purposes allowed under the enabling special law or other ordinance or charter provisions  
22.19 is limited in any calendar quarter to the amount of local taxes raised in excess of the sum  
22.20 of:

22.21 (1) required payments of obligations due during the calendar quarter following the  
22.22 transfer on outstanding bonds and binding contracts to which the revenues from the local  
22.23 taxes are pledged; plus

22.24 (2) the amount of revenues from any lodging taxes under paragraph (a) that are required  
22.25 to be used for the same purposes as a lodging tax imposed under section 469.190, subdivision  
22.26 3.

22.27 (c) The municipality may undertake actions pursuant to this subdivision only after  
22.28 approving a written spending plan that authorizes the municipality to take the action described  
22.29 in paragraph (a) and details the use of transferred special tax revenues. The municipality  
22.30 must approve the spending plan after holding a public hearing. The municipality must  
22.31 publish notice of the hearing in a newspaper of general circulation in the municipality and

23.1 on the municipality's public website at least ten days, but not more than 30 days, prior to  
23.2 the date of the hearing.

23.3 (d) This section expires on December 31, 2021.

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

23.5 **Sec. 7. LOCAL SALES TAX CRITERIA WORKING GROUP.**

23.6 Subdivision 1. **Working group established; purpose.** A local sales tax criteria working  
23.7 group is established to develop definitions and criteria for evaluating local sales tax proposals  
23.8 under Minnesota Statutes, section 297A.99, subdivisions 1a and 2. The goals of the working  
23.9 group are to (1) identify specific types of capital projects that could potentially be deemed  
23.10 as regionally significant, and (2) develop criteria for each type of project to use to determine  
23.11 regional significance for purposes of granting a local sales tax as the funding mechanism  
23.12 for the project.

23.13 Subd. 2. **Working group members.** The local sales tax criteria working group consists  
23.14 of the following members:

23.15 (1) the commissioner of revenue or the commissioner's designee;

23.16 (2) one member appointed by the League of Minnesota Cities;

23.17 (3) one member appointed by the Association of Minnesota Counties;

23.18 (4) one member appointed by the Minnesota Association of Townships;

23.19 (5) one member appointed by the Minnesota Small City Association;

23.20 (6) one member appointed by the Coalition of Greater Minnesota Cities;

23.21 (7) one member appointed by the Association of Metropolitan Municipalities; and

23.22 (8) four public members appointed by the governor representing both metropolitan and  
23.23 greater Minnesota, two members who represent the interests of residents of small cities and  
23.24 rural areas with little retail base, one member who represents the interests of main street  
23.25 retailers, and one member who represents the interests of online retailers.

23.26 Subd. 3. **Working group duties.** (a) The working group shall make recommendations  
23.27 regarding lists and criteria that (1) are useful for local governments when making decisions  
23.28 on whether a capital project is a candidate for being funded through a local sales tax, and  
23.29 (2) provide the legislature with consistent standards for evaluating and approving the types  
23.30 of projects funded with local sales taxes.

23.31 (b) At a minimum, the working group must:

24.1 (1) develop a list of specific types of capital projects that could be considered regionally  
24.2 significant if they meet certain criteria, including a description of the project type and any  
24.3 information necessary to determine the scope of one rather than multiple projects;

24.4 (2) develop a list of capital projects that will generally not be considered projects of  
24.5 regional significance, either because the main purpose of the capital project is to serve the  
24.6 needs of the resident population and would be constructed absent any use by persons outside  
24.7 of the jurisdiction, or because the capital project is one provided by most local governments  
24.8 and generally funded in other jurisdictions in the state through property taxes or other sources  
24.9 of revenue other than a local sales tax; and

24.10 (3) for each type of capital project on the list developed under clause (1), develop  
24.11 minimum criteria for local government to meet to ensure the project is considered regionally  
24.12 significant. Criteria includes but is not limited to:

24.13 (i) documentation of some percentage of regular use of the facility by persons residing  
24.14 outside of the local taxing district;

24.15 (ii) a joint powers or other facility sharing arrangement with surrounding jurisdictions;

24.16 (iii) documentation of the absence of any other facility within a specified distance that  
24.17 could meet the same need; or

24.18 (iv) other information identified by the working group.

24.19 Measures of potential future economic or tourism development may not be used as the main  
24.20 criteria for determining regional significance.

24.21 (c) The working group must develop statutory language necessary to effectuate the  
24.22 group's recommendations. The recommendations must be included in the report under  
24.23 subdivision 5.

24.24 Subd. 4. **Administration.** (a) Each appointing authority under subdivision 2 must make  
24.25 appointments and notify the commissioner of revenue by September 1, 2020.

24.26 (b) The commissioner of revenue or the commissioner's designee must convene the  
24.27 initial meeting of the working group no later than October 1, 2020. At the initial meeting,  
24.28 the members of the working group must elect a chair or cochairs from among the working  
24.29 group members.

24.30 (c) Upon request of the working group, the Department of Revenue must use existing  
24.31 resources to provide data, information, meeting space, and administrative services to the  
24.32 working group. The working group may also use nonpartisan legislative staff, and staff

25.1 from any of the appointing authorities, except the governor's office, to provide information,  
25.2 drafting, and other support necessary to fulfill its duties.

25.3 (d) Members of the working group serve without compensation or payment of expenses.

25.4 Subd. 5. **Report.** By July 31, 2021, the working group must submit a report to the chairs,  
25.5 ranking minority members, and staff of the legislative committees with jurisdiction over  
25.6 local sales taxes. The report must contain at minimum:

25.7 (1) a recommended list of types of capital projects presumed to potentially meet a  
25.8 definition of regional significance for purposes of funding with a local sales tax;

25.9 (2) a recommended list of types of capital projects presumed not to meet a definition of  
25.10 regional significance for purposes of funding the project with a local sales tax;

25.11 (3) a recommended set of data and supporting documentation used to indicate the level  
25.12 of regional significance for each type of project listed in clause (1); and

25.13 (4) proposed language needed to incorporate the recommendations of clauses (1) to (3)  
25.14 into Minnesota Statutes.

25.15 Subd. 6. **Expiration date.** The working group under this section expires December 31,  
25.16 2021, or upon submission of the report required under subdivision 5, whichever is earlier.

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

25.18

### ARTICLE 3

25.19 **DEPARTMENT OF REVENUE POLICY AND TECHNICAL: PROPERTY TAXES**  
25.20 **AND MISCELLANEOUS**

25.21 Section 1. Minnesota Statutes 2018, section 270.41, subdivision 3a, is amended to read:

25.22 Subd. 3a. **Report on disciplinary actions.** ~~Each odd-numbered year,~~ When issuing the  
25.23 report required under section 214.07, the board must ~~publish a report detailing~~ include the  
25.24 number and types of disciplinary actions recommended by the commissioner of revenue  
25.25 under section 273.0645, subdivision 2, and the disposition of those recommendations by  
25.26 the board. The report must be presented to the house of representatives and senate committees  
25.27 with jurisdiction over property taxes ~~by February 1 of each odd-numbered year~~ in addition  
25.28 to the recipients required under section 214.07.

25.29 **EFFECTIVE DATE.** This section is effective for reports issued in 2020 and thereafter.

26.1 Sec. 2. Minnesota Statutes 2019 Supplement, section 270C.22, subdivision 1, is amended  
26.2 to read:

26.3 Subdivision 1. **Adjustment; definition; period; rounding.** (a) The commissioner shall  
26.4 annually make a cost of living adjustment to the dollar amounts noted in sections that  
26.5 reference this section. The commissioner shall adjust the amounts based on the index as  
26.6 provided in this section. For purposes of this section, "index" means the Chained Consumer  
26.7 Price Index for All Urban Consumers published by the Bureau of Labor Statistics. The  
26.8 values of the index used to determine the adjustments under this section are the latest  
26.9 published values when the Bureau of Labor Statistics publishes the initial value of the index  
26.10 for August of the year preceding the year to which the adjustment applies.

26.11 (b) For the purposes of this section, "statutory year" means the year preceding the first  
26.12 year for which dollar amounts are to be adjusted for inflation under sections that reference  
26.13 this section. For adjustments under chapter 290A, the statutory year refers to the year in  
26.14 which a taxpayer's household income used to calculate refunds under chapter 290A was  
26.15 earned and not the year in which refunds are payable. For all other adjustments, the statutory  
26.16 year refers to the taxable year unless otherwise specified.

26.17 (c) To determine the dollar amounts for taxable year 2020, the commissioner shall  
26.18 determine the percentage change in the index for the 12-month period ending on August  
26.19 31, 2019, and increase each of the unrounded dollar amounts in the sections referencing  
26.20 this section by that percentage change. For each subsequent taxable year, the commissioner  
26.21 shall increase the dollar amounts by the percentage change in the index from August 31 of  
26.22 the year preceding the statutory year to August 31 of the year preceding the taxable year.

26.23 (d) To determine the dollar amounts for refunds payable in 2020 under chapter 290A,  
26.24 the commissioner shall determine the percentage change in the index for the 12-month  
26.25 period ending on August 31, 2019, and increase each of the unrounded dollar amounts in  
26.26 the sections referencing this section by that percentage change. For each subsequent year,  
26.27 the commissioner shall increase the dollar amounts by the percentage change in the index  
26.28 from August 31 of the ~~year preceding the~~ statutory year to August 31 of the year preceding  
26.29 the year in which refunds are payable.

26.30 (e) Unless otherwise provided, the commissioner shall round the amounts as adjusted  
26.31 to the nearest \$10 amount. If an amount ends in \$5, the amount is rounded up to the nearest  
26.32 \$10 amount.

26.33 **EFFECTIVE DATE.** This section is effective for property tax refunds based on property  
26.34 taxes payable in 2020, and rent paid in 2019.

27.1 Sec. 3. Minnesota Statutes 2018, section 272.029, subdivision 2, is amended to read:

27.2 Subd. 2. **Definitions.** (a) For the purposes of this section:

27.3 (1) "wind energy conversion system" has the meaning given in section 216C.06,  
27.4 subdivision 19, and also includes a substation that is used and owned by one or more wind  
27.5 energy conversion facilities;

27.6 (2) "large scale wind energy conversion system" means a wind energy conversion system  
27.7 of more than 12 megawatts, as measured by the nameplate capacity of the system or as  
27.8 combined with other systems as provided in paragraph (b);

27.9 (3) "medium scale wind energy conversion system" means a wind energy conversion  
27.10 system of over two and not more than 12 megawatts, as measured by the nameplate capacity  
27.11 of the system or as combined with other systems as provided in paragraph (b); and

27.12 (4) "small scale wind energy conversion system" means a wind energy conversion system  
27.13 of two megawatts and under, as measured by the nameplate capacity of the system or as  
27.14 combined with other systems as provided in paragraph (b).

27.15 (b) For systems installed and contracted for after January 1, 2002, the total size of a  
27.16 wind energy conversion system under this subdivision shall be determined according to this  
27.17 paragraph. Unless the systems are interconnected with different distribution systems, the  
27.18 nameplate capacity of one wind energy conversion system shall be combined with the  
27.19 nameplate capacity of any other wind energy conversion system that is:

27.20 (1) located within five miles of the wind energy conversion system;

27.21 (2) constructed within the same 12-month period as the wind energy conversion system;  
27.22 and

27.23 (3) under common ownership.

27.24 In the case of a dispute, the commissioner of commerce shall determine the total size of the  
27.25 system, and shall draw all reasonable inferences in favor of combining the systems.

27.26 For the purposes of making a determination under this paragraph, the original construction  
27.27 date of an existing wind energy conversion system is not changed if the system is replaced,  
27.28 repaired, or otherwise maintained or altered.

27.29 (c) In making a determination under paragraph (b), the commissioner of commerce may  
27.30 determine that two wind energy conversion systems are under common ownership when  
27.31 the underlying ownership structure contains similar persons or entities, even if the ownership  
27.32 shares differ between the two systems. Wind energy conversion systems are not under

28.1 common ownership solely because the same person or entity provided equity financing for  
28.2 the systems.

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

28.4 Sec. 4. Minnesota Statutes 2018, section 272.0295, subdivision 2, is amended to read:

28.5 Subd. 2. **Definitions.** (a) For the purposes of this section, the term "solar energy  
28.6 generating system" means a set of devices whose primary purpose is to produce electricity  
28.7 by means of any combination of collecting, transferring, or converting solar generated  
28.8 energy.

28.9 (b) The total size of a solar energy generating system under this subdivision shall be  
28.10 determined according to this paragraph. Unless the systems are interconnected with different  
28.11 distribution systems, the nameplate capacity of a solar energy generating system shall be  
28.12 combined with the nameplate capacity of any other solar energy generating system that:

28.13 (1) is constructed within the same 12-month period as the solar energy generating system;  
28.14 and

28.15 (2) exhibits characteristics of being a single development, including but not limited to  
28.16 ownership structure, an umbrella sales arrangement, shared interconnection, revenue-sharing  
28.17 arrangements, and common debt or equity financing.

28.18 In the case of a dispute, the commissioner of commerce shall determine the total size of the  
28.19 system and shall draw all reasonable inferences in favor of combining the systems.

28.20 For the purposes of making a determination under this paragraph, the original construction  
28.21 date of an existing solar energy conversion system is not changed if the system is replaced,  
28.22 repaired, or otherwise maintained or altered.

28.23 (c) In making a determination under paragraph (b), the commissioner of commerce may  
28.24 determine that two solar energy generating systems are under common ownership when the  
28.25 underlying ownership structure contains similar persons or entities, even if the ownership  
28.26 shares differ between the two systems. Solar energy generating systems are not under  
28.27 common ownership solely because the same person or entity provided equity financing for  
28.28 the systems.

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

29.1 Sec. 5. Minnesota Statutes 2018, section 272.0295, subdivision 5, is amended to read:

29.2 Subd. 5. **Notification of tax.** (a) On or before February 28, the commissioner of revenue  
29.3 shall notify the owner of each solar energy generating system of the tax due to each county  
29.4 for the current year and shall certify to the county auditor of each county in which the system  
29.5 is located the tax due from each owner for the current year.

29.6 (b) If the commissioner of revenue determines that the amount of production tax has  
29.7 been erroneously calculated, the commissioner may correct the error. The commissioner  
29.8 must notify the owner of the solar energy generating system of the correction and the amount  
29.9 of tax due to each county and must certify the correction to the county auditor of each county  
29.10 in which the system is located on or before April 1 of the current year. The commissioner  
29.11 may correct errors that are clerical in nature until December 31.

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

29.13 Sec. 6. Minnesota Statutes 2018, section 273.063, is amended to read:

29.14 **273.063 APPLICATION; LIMITATIONS.**

29.15 The provisions of sections 272.161, 273.061, 273.062, 273.063, 273.072, 273.08, 273.10,  
29.16 274.01, and 375.192 shall apply to all counties except Ramsey County. The following  
29.17 limitations shall apply as to the extent of the county assessors jurisdiction:

29.18 In counties having a city of the first class, the powers and duties of the county assessor  
29.19 within such city shall be performed by the duly appointed city assessor. In all other cities  
29.20 having a population of 30,000 persons or more, according to the last preceding federal  
29.21 census, except in counties having a county assessor on January 1, 1967, the powers and  
29.22 duties of the county assessor within such cities shall be performed by the duly appointed  
29.23 city assessor, provided that the county assessor shall retain the supervisory duties contained  
29.24 in section 273.061, subdivision 8. For purposes of this section, "powers and duties" means  
29.25 the powers and duties identified in section 273.061, subdivision 8, clauses (5) to (16).

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

29.27 Sec. 7. Minnesota Statutes 2019 Supplement, section 273.0755, is amended to read:

29.28 **273.0755 TRAINING AND EDUCATION OF PROPERTY TAX PERSONNEL.**

29.29 (a) Beginning with the four-year period starting on July 1, ~~2000~~ 2020, every person  
29.30 licensed by the state Board of Assessors at the Accredited Minnesota Assessor level or  
29.31 higher, shall successfully complete ~~a weeklong Minnesota laws course~~ 30 hours of  
29.32 educational coursework on Minnesota laws, assessment administration, and administrative

30.1 procedures sponsored by the Department of Revenue ~~at least once~~ in every four-year period.

30.2 ~~An assessor need not attend the course if they successfully pass the test for the course.~~

30.3 (b) The commissioner of revenue may require that each county, and each city for which  
30.4 the city assessor performs the duties of county assessor, have (1) a person on the assessor's  
30.5 staff who is certified by the Department of Revenue in sales ratio calculations, (2) an officer  
30.6 or employee who is certified by the Department of Revenue in tax calculations, and (3) an  
30.7 officer or employee who is certified by the Department of Revenue in the proper preparation  
30.8 of information reported to the commissioner under section 270C.85, subdivision 2, clause  
30.9 (4). Certifications under this paragraph expire after four years.

30.10 (c) Beginning with the four-year educational licensing period starting on July 1, 2004,  
30.11 every Minnesota assessor licensed by the State Board of Assessors must attend and participate  
30.12 in a seminar that focuses on ethics, professional conduct and the need for standardized  
30.13 assessment practices developed and presented by the commissioner of revenue. This  
30.14 requirement must be met at least once in every subsequent four-year period. This requirement  
30.15 applies to all assessors licensed for one year or more in the four-year period.

30.16 (d) When the commissioner of revenue determines that an individual or board that  
30.17 performs functions related to property tax administration has performed those functions in  
30.18 a manner that is not uniform or equitable, the commissioner may require that the individual  
30.19 or members of the board complete supplemental training. The commissioner may not require  
30.20 that an individual complete more than 32 hours of supplemental training pursuant to this  
30.21 paragraph. If the individual is required to complete supplemental training due to that  
30.22 individual's membership on a local or county board of appeal and equalization, the  
30.23 commissioner may not require that the individual complete more than two hours of  
30.24 supplemental training.

30.25 **EFFECTIVE DATE.** This section is effective for the four-year licensing period starting  
30.26 on July 1, 2020, and thereafter.

30.27 Sec. 8. Minnesota Statutes 2019 Supplement, section 273.124, subdivision 14, is amended  
30.28 to read:

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

30.32 (1) the parcel on which the house is located is contiguous on at least two sides to (i)  
30.33 agricultural land, (ii) land owned or administered by the United States Fish and Wildlife

31.1 Service, or (iii) land administered by the Department of Natural Resources on which in lieu  
31.2 taxes are paid under sections 477A.11 to 477A.14 or section 477A.17;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

32.14 (d) Agricultural land used for purposes of a homestead and actively farmed by a person  
32.15 holding a vested remainder interest in it must be classified as a homestead under section  
32.16 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a, any other  
32.17 dwellings on the land used for purposes of a homestead by persons holding vested remainder  
32.18 interests who are actively engaged in farming the property, and up to one acre of the land  
32.19 surrounding each homestead and reasonably necessary for the use of the dwelling as a home,  
32.20 must also be assessed class 2a.

32.21 (e) Agricultural land and buildings that were class 2a homestead property under section  
32.22 273.13, subdivision 23, paragraph (a), for the 1997 assessment shall remain classified as  
32.23 agricultural homesteads for subsequent assessments if:

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

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

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

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

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

33.6 (f) Agricultural land and buildings that were class 2a homestead property under section  
33.7 273.13, subdivision 23, paragraph (a), for the 1998 assessment shall remain classified  
33.8 agricultural homesteads for subsequent assessments if:

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

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

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

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

33.17 (5) the owner notifies the county assessor that the relocation was due to a March 29,  
33.18 1998, tornado, and the owner furnishes the assessor any information deemed necessary by  
33.19 the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the  
33.20 owner must notify the assessor by December 1, 1998. Further notifications to the assessor  
33.21 are not required if the property continues to meet all the requirements in this paragraph and  
33.22 any dwellings on the agricultural land remain uninhabited.

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

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

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

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

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

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

34.5 Homestead treatment applies under this paragraph even if:

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

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

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

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

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

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

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

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

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

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

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

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

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

35.11 (i) Agricultural land and buildings that were class 2a homestead property under section  
35.12 273.13, subdivision 23, paragraph (a), for the 2007 assessment shall remain classified  
35.13 agricultural homesteads for subsequent assessments if:

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

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

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

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

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

35.28 (j) Agricultural land and buildings that were class 2a homestead property under section  
35.29 273.13, subdivision 23, paragraph (a), for the 2008 assessment shall remain classified as  
35.30 agricultural homesteads for subsequent assessments if:

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

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

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

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

36.7 (5) the owner notifies the county assessor that the relocation was due to the 2009 floods,  
36.8 and the owner furnishes the assessor any information deemed necessary by the assessor in  
36.9 verifying the change in dwelling. Further notifications to the assessor are not required if the  
36.10 property continues to meet all the requirements in this paragraph and any dwellings on the  
36.11 agricultural land remain uninhabited.

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

36.13 Sec. 9. Minnesota Statutes 2019 Supplement, section 273.18, is amended to read:

36.14 **273.18 LISTING, VALUATION, AND ASSESSMENT OF EXEMPT PROPERTY**  
36.15 **BY COUNTY AUDITORS.**

36.16 (a) In every sixth year after the year 2010, the county auditor shall enter the description  
36.17 of each tract of real property exempt by law from taxation, with the name of the owner, and  
36.18 the assessor shall value and assess the same in the same manner that other real property is  
36.19 valued and assessed, and shall designate in each case the purpose for which the property is  
36.20 used.

36.21 (b) The county auditor shall include in the exempt property information that the  
36.22 commissioner may require under section 270C.85, subdivision 2, clause (4), the total number  
36.23 of acres of all natural resources lands for which in lieu payments are made under sections  
36.24 477A.11 to 477A.14 and 477A.17. The assessor shall estimate its market value, provided  
36.25 that if the assessor is not able to estimate the market value of the land on a per parcel basis,  
36.26 the assessor shall furnish the commissioner of revenue with an estimate of the average value  
36.27 per acre of this land within the county.

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

36.29 Sec. 10. Minnesota Statutes 2018, section 287.04, is amended to read:

36.30 **287.04 EXEMPTIONS.**

36.31 The tax imposed by section 287.035 does not apply to:

- 37.1 ~~(a)~~ (1) a decree of marriage dissolution or an instrument made pursuant to it;
- 37.2 ~~(b)~~ (2) a mortgage given to correct a misdescription of the mortgaged property;
- 37.3 ~~(c)~~ (3) a mortgage or other instrument that adds additional security for the same debt
- 37.4 for which mortgage registry tax has been paid;
- 37.5 ~~(d)~~ (4) a contract for the conveyance of any interest in real property, including a contract
- 37.6 for deed;
- 37.7 ~~(e)~~ (5) a mortgage secured by real property subject to the minerals production tax of
- 37.8 sections 298.24 to 298.28;
- 37.9 ~~(f) The principal amount of~~ (6) a mortgage loan made under a low and moderate income
- 37.10 housing program, or other affordable housing program, if: (i) the mortgagee is a federal,
- 37.11 state, or local government agency; or (ii) the assignee is a federal, state, or local government
- 37.12 agency;
- 37.13 ~~(g)~~ (7) mortgages granted by fraternal benefit societies subject to section 64B.24;
- 37.14 ~~(h)~~ (8) a mortgage amendment or extension, as defined in section 287.01;
- 37.15 ~~(i)~~ (9) an agricultural mortgage if the proceeds of the loan secured by the mortgage are
- 37.16 used to acquire or improve real property classified under section 273.13, subdivision 23,
- 37.17 paragraph (a) or (b); and
- 37.18 ~~(j)~~ (10) a mortgage on an armory building as set forth in section 193.147.

37.19 **EFFECTIVE DATE.** This section is effective for mortgages recorded after July 31,

37.20 2020.

37.21 Sec. 11. Minnesota Statutes 2018, section 477A.10, is amended to read:

37.22 **477A.10 NATURAL RESOURCES LAND PAYMENTS IN LIEU; PURPOSE.**

37.23 The purposes of sections 477A.11 to 477A.14 and 477A.17 are:

- 37.24 (1) to compensate local units of government for the loss of tax base from state ownership
- 37.25 of land and the need to provide services for state land;
- 37.26 (2) to address the disproportionate impact of state land ownership on local units of
- 37.27 government with a large proportion of state land; and
- 37.28 (3) to address the need to manage state lands held in trust for the local taxing districts.

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

38.1 Sec. 12. **REPEALER.**

38.2 Minnesota Statutes 2018, section 270C.17, subdivision 2, is repealed.

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

38.4 **ARTICLE 4**

38.5 **DEPARTMENT OF REVENUE POLICY AND TECHNICAL: FIRE AND POLICE**  
38.6 **STATE AIDS**

38.7 Section 1. Minnesota Statutes 2019 Supplement, section 6.495, subdivision 3, is amended  
38.8 to read:

38.9 Subd. 3. **Report to commissioner of revenue.** (a) On or before September 15, the state  
38.10 auditor shall ~~shall~~ must file with the commissioner of revenue a financial compliance report  
38.11 certifying for each relief association:

38.12 (1) the completion of the annual financial report required under section 424A.014 and  
38.13 the auditing or certification of those financial reports under subdivision 1; and

38.14 (2) the receipt of any actuarial valuations required under section 424A.093 or Laws  
38.15 2013, chapter 111, article 5, sections 31 to 42.

38.16 (b) The state auditor must file with the commissioner of revenue reports as described in  
38.17 paragraph (a) on or before November 1, March 1, and June 1 certifying relief associations  
38.18 that have satisfied the criteria of paragraph (a) since the previously filed financial compliance  
38.19 report.

38.20 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021  
38.21 and thereafter.

38.22 Sec. 2. Minnesota Statutes 2019 Supplement, section 297I.26, subdivision 2, is amended  
38.23 to read:

38.24 Subd. 2. **Penalties.** (a) A company that fails to file the report on or before the due date  
38.25 in subdivision 1 is liable for a penalty equal to \$25 for each seven days, or fraction thereof,  
38.26 that the report is delinquent, but not to exceed \$200.

38.27 ~~(b) Any person whose duty it is to file the report and who fails or refuses to file within~~  
38.28 ~~30 days after the postmark of the notice in subdivision 1 must be fined an amount of no~~  
38.29 ~~more than \$1,000.~~

38.30 ~~(c) Any (b)~~ (b) A company that knowingly makes and files an inaccurate or false report is  
38.31 ~~liable for a fine in an amount not less than \$25 nor more than \$1,000, as determined by the~~

39.1 ~~commissioner~~ may be prosecuted under section 609.41, and the commissioner of commerce  
39.2 may revoke the company's certificate of authority.

39.3 **EFFECTIVE DATE.** This section is effective for reports required to be filed after  
39.4 December 31, 2020.

39.5 Sec. 3. Minnesota Statutes 2019 Supplement, section 477B.01, is amended by adding a  
39.6 subdivision to read:

39.7 Subd. 1a. **Apportionment agreement.** "Apportionment agreement" means an agreement  
39.8 between two or more fire departments that provide contracted fire protection service to the  
39.9 same municipality and establishes the percentage of the population and the percentage of  
39.10 the estimated market value within the municipality serviced by each fire department.

39.11 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021  
39.12 and thereafter.

39.13 Sec. 4. Minnesota Statutes 2019 Supplement, section 477B.01, subdivision 5, is amended  
39.14 to read:

39.15 Subd. 5. **Fire department.** (a) "Fire department" ~~includes~~ means:

39.16 (1) a municipal fire department ~~and~~;

39.17 (2) an independent nonprofit firefighting corporation;

39.18 (3) a fire department established as or operated by a joint powers entity; or

39.19 (4) a fire protection special taxing district.

39.20 (b) This subdivision only applies to this chapter.

39.21 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021  
39.22 and thereafter.

39.23 Sec. 5. Minnesota Statutes 2019 Supplement, section 477B.01, is amended by adding a  
39.24 subdivision to read:

39.25 Subd. 6a. **Fire protection special taxing district.** "Fire protection special taxing district"  
39.26 means a special taxing district authorized by law or statute that provides fire protection  
39.27 services within the district and may exercise all the powers of the local governments that  
39.28 relate to fire protection within the district.

39.29 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021  
39.30 and thereafter.

40.1 Sec. 6. Minnesota Statutes 2019 Supplement, section 477B.01, is amended by adding a  
40.2 subdivision to read:

40.3 Subd. 7a. **Joint powers entity.** "Joint powers entity" means a joint powers entity under  
40.4 section 471.59.

40.5 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021  
40.6 and thereafter.

40.7 Sec. 7. Minnesota Statutes 2019 Supplement, section 477B.01, subdivision 10, is amended  
40.8 to read:

40.9 Subd. 10. **Municipality.** (a) "Municipality" means:

40.10 (1) a home rule charter or statutory city;

40.11 (2) an organized town;

40.12 (3) ~~a park district subject to chapter 398~~ a joint powers entity;

40.13 (4) ~~the University of Minnesota~~ a fire protection special taxing district; and or

40.14 (5) an American Indian tribal government entity located within a federally recognized  
40.15 American Indian reservation.

40.16 (b) This subdivision only applies to this chapter 477B.

40.17 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021  
40.18 and thereafter.

40.19 Sec. 8. Minnesota Statutes 2019 Supplement, section 477B.01, subdivision 11, is amended  
40.20 to read:

40.21 Subd. 11. **Secretary.** (a) "Secretary" means:

40.22 (1) the secretary of an independent nonprofit firefighting corporation that has a subsidiary  
40.23 incorporated firefighters' relief association or whose firefighters participate in the voluntary  
40.24 statewide volunteer firefighter retirement plan; or

40.25 (2) the secretary of a joint powers entity or fire protection special taxing district or, if  
40.26 there is no such person, the person primarily responsible for managing the finances of a  
40.27 joint powers entity or fire protection special taxing district.

40.28 (b) This subdivision only applies to this chapter.

41.1 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021  
41.2 and thereafter.

41.3 Sec. 9. Minnesota Statutes 2019 Supplement, section 477B.02, subdivision 2, is amended  
41.4 to read:

41.5 Subd. 2. **Establishment of fire department.** (a) An independent nonprofit firefighting  
41.6 corporation must be created under the nonprofit corporation act of this state operating for  
41.7 the exclusive purpose of firefighting, or the governing body of a municipality must officially  
41.8 establish a fire department.

41.9 (b) The fire department must have provided firefighting services for at least one calendar  
41.10 year, and must have a current fire department identification number issued by the state fire  
41.11 marshal.

41.12 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021  
41.13 and thereafter.

41.14 Sec. 10. Minnesota Statutes 2019 Supplement, section 477B.02, subdivision 3, is amended  
41.15 to read:

41.16 Subd. 3. ~~**Personnel and Benefits requirements.** (a) A fire department must have a~~  
41.17 ~~minimum of ten paid or volunteer firefighters, including a fire chief and assistant fire chief.~~

41.18 ~~(b) The fire department must have regular scheduled meetings and frequent drills that~~  
41.19 ~~include instructions in firefighting tactics and in the use, care, and operation of all fire~~  
41.20 ~~apparatus and equipment.~~

41.21 ~~(c)~~ (a) The fire department must have a separate subsidiary incorporated firefighters'  
41.22 relief association that provides retirement benefits or must participate in the voluntary  
41.23 statewide volunteer firefighter retirement plan; or if the municipality solely employs full-time  
41.24 firefighters as defined in section 299N.03, subdivision 5, retirement coverage must be  
41.25 provided by the public employees police and fire retirement plan. For purposes of retirement  
41.26 benefits, a fire department may be associated with only one volunteer firefighters' relief  
41.27 association or one account in the voluntary statewide volunteer firefighter retirement plan  
41.28 at one time.

41.29 ~~(d)~~ (b) Notwithstanding paragraph ~~(c)~~ (a), a municipality without a relief association as  
41.30 described under section 424A.08, paragraph (a), may still qualify to receive fire state aid if  
41.31 all other requirements of this section are met.

42.1 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021  
42.2 and thereafter.

42.3 Sec. 11. Minnesota Statutes 2019 Supplement, section 477B.02, is amended by adding a  
42.4 subdivision to read:

42.5 Subd. 4a. **Public safety answering point requirement.** The fire department must be  
42.6 dispatched by a public safety answering point as defined in section 403.02, subdivision 19.

42.7 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021  
42.8 and thereafter.

42.9 Sec. 12. Minnesota Statutes 2019 Supplement, section 477B.02, subdivision 5, is amended  
42.10 to read:

42.11 Subd. 5. **Fire service contract or agreement; apportionment agreement filing**  
42.12 **requirement.** (a) Every municipality or independent nonprofit firefighting corporation must  
42.13 file a copy of any duly executed and valid fire service contract ~~or agreement~~ with the  
42.14 commissioner. A written notification of contract termination must be filed with the  
42.15 commissioner when a fire service contract is terminated.

42.16 (b) If more than one fire department provides service to a municipality, the fire  
42.17 departments furnishing service must ~~enter into an agreement apportioning among themselves~~  
42.18 ~~the percentage of the population and the percentage of the estimated market value of each~~  
42.19 ~~shared service fire department service area. The agreement must be in writing and must be~~  
42.20 ~~filed~~ file an apportionment agreement with the commissioner.

42.21 (c) When a municipality is a joint powers entity, it must file its joint powers agreement  
42.22 with the commissioner. If the joint powers agreement does not include sufficient information  
42.23 defining the fire department service area of the joint powers entity for the purposes of  
42.24 calculating fire state aid, the secretary must file a written statement with the commissioner  
42.25 defining the fire department service area.

42.26 (d) When a municipality is a fire protection special taxing district, it must file its  
42.27 resolution establishing the fire protection special taxing district, and any agreements required  
42.28 for the establishment of the fire protection special taxing district, with the commissioner.  
42.29 If the resolution or agreement does not include sufficient information defining the fire  
42.30 department service area of the fire protection special taxing district, the secretary must file  
42.31 a written statement with the commissioner defining the fire department service area.

43.1 (e) The commissioner shall prescribe the format, manner, and time of filing of a written  
43.2 notification of contract termination, an apportionment agreement, a joint powers agreement,  
43.3 a resolution, or a written statement under paragraphs (a) to (d).

43.4 (f) A document filed with the commissioner under this subdivision must be refiled any  
43.5 time it is updated. An apportionment agreement must be refiled only when a change in the  
43.6 averaged sum of the percentage of population and percentage of estimated market value  
43.7 served by a fire department subject to the apportionment agreement is at least one percent.  
43.8 The percentage amount must be rounded to the nearest whole percentage.

43.9 (g) Upon the request of the commissioner, the county auditor must provide information  
43.10 that the commissioner requires to accurately apportion the estimated market value of a fire  
43.11 department service area for a fire department providing service to an unorganized territory  
43.12 located in the county.

43.13 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021  
43.14 and thereafter.

43.15 Sec. 13. Minnesota Statutes 2019 Supplement, section 477B.02, subdivision 8, is amended  
43.16 to read:

43.17 Subd. 8. **PERA certification to commissioner.** On or before February 1 each year, if  
43.18 ~~retirement coverage for a fire department is provided by the voluntary statewide volunteer~~  
43.19 ~~firefighter retirement plan,~~ the executive director of the Public Employees Retirement  
43.20 Association must certify the existence of retirement coverage to the commissioner the fire  
43.21 departments that transferred retirement coverage to, or terminated participation in, the  
43.22 voluntary statewide volunteer firefighter retirement plan since the previous certification  
43.23 under this paragraph.

43.24 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021  
43.25 and thereafter.

43.26 Sec. 14. Minnesota Statutes 2019 Supplement, section 477B.02, subdivision 9, is amended  
43.27 to read:

43.28 Subd. 9. **Fire department certification to commissioner.** On or before March 15 of  
43.29 each year, the municipal clerk or the secretary, ~~and the fire chief,~~ must jointly certify to the  
43.30 commissioner ~~that the fire department exists and meets the qualification requirements of~~  
43.31 ~~this section~~ the fire department service area as of December 31 of the previous year, and  
43.32 that the fire department meets the qualification requirements of this section. The fire

44.1 department must provide the commissioner with documentation that the commissioner  
44.2 deems necessary for determining eligibility for fire state aid or for calculating and  
44.3 apportioning fire state aid under section 477B.03. The certification must be on a form  
44.4 prescribed by the commissioner and must include all other information that the commissioner  
44.5 requires. The municipal clerk or the secretary must send a copy of the certification filed  
44.6 under this subdivision to the fire chief within five business days of the date the certification  
44.7 was filed with the commissioner.

44.8 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021  
44.9 and thereafter.

44.10 Sec. 15. Minnesota Statutes 2019 Supplement, section 477B.02, subdivision 10, is amended  
44.11 to read:

44.12 Subd. 10. **Penalty for failure to file or correct certification.** (a) If the certification  
44.13 under subdivision 9 is not filed with the commissioner on or before March 15<sup>1</sup>, the  
44.14 commissioner must notify the municipal clerk or the secretary that a penalty ~~equal to a~~  
44.15 ~~portion or all of the current year aid will apply if the certification is not received within ten~~  
44.16 ~~days of the postmark date of the notification~~ will be deducted from fire state aid certified  
44.17 for the current year if the certification is not filed on or before March 15.

44.18 (b) If the commissioner rejects the certification by the municipal clerk or secretary under  
44.19 subdivision 9 for inaccurate or incomplete information, the municipal clerk or the secretary  
44.20 must file a corrective certification after taking corrective action as identified by the  
44.21 commissioner in the notice of rejection. The corrective certification must be filed within  
44.22 30 days of the date on the notice of rejection.

44.23 ~~(b)~~ (c) A penalty applies to (1) a certification under subdivision 9 filed after March 15  
44.24 and (2) a corrective certification under paragraph (b) filed after March 15 that is also filed  
44.25 more than 30 days after the date on the notice of rejection. The penalty for failure to file  
44.26 ~~the certification under subdivision 9~~ is equal to the amount of fire state aid determined for  
44.27 the municipality or the independent nonprofit firefighting corporation for the current year,  
44.28 multiplied by five ten percent for each week or fraction of a week that the certification or  
44.29 corrective certification is late filed after March 15. The penalty must be computed beginning  
44.30 ~~ten days after the postmark date of the commissioner's notification.~~ Aid amounts forfeited  
44.31 as a result of the penalty revert to the state general fund. Failure to receive the certification  
44.32 form is not a defense for a failure to file.

44.33 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021  
44.34 and thereafter.

45.1 Sec. 16. Minnesota Statutes 2019 Supplement, section 477B.03, subdivision 3, is amended  
45.2 to read:

45.3 Subd. 3. **Population and estimated market value.** (a) ~~Official statewide federal census~~  
45.4 ~~figures~~ Population estimates made by the state demographer pursuant to section 4A.02,  
45.5 paragraph (d), must be used in calculations requiring the use of population figures under  
45.6 this chapter. ~~Increases or decreases in population disclosed by reason of any special census~~  
45.7 ~~must not be taken into consideration.~~

45.8 (b) The latest available estimated market value property figures must be used in  
45.9 calculations requiring the use of estimated market value property figures under this chapter.

45.10 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021  
45.11 and thereafter.

45.12 Sec. 17. Minnesota Statutes 2019 Supplement, section 477B.03, subdivision 4, is amended  
45.13 to read:

45.14 Subd. 4. **Initial fire state aid allocation amount.** (a) The initial fire state aid allocation  
45.15 amount is the amount available for apportionment as fire state aid under subdivision 2,  
45.16 without the inclusion of any additional funding amount to support a minimum fire state aid  
45.17 amount under section 423A.02, subdivision 3. The initial fire state aid allocation amount  
45.18 is allocated one-half in proportion to the population for each fire department service area  
45.19 and one-half in proportion to the estimated market value of each fire department service  
45.20 area, including (1) the estimated market value of tax-exempt property, and (2) the estimated  
45.21 market value of natural resources lands receiving in lieu payments under sections 477A.11  
45.22 to 477A.14 and 477A.17. The estimated market value of minerals is excluded.

45.23 (b) In the case of a municipality or independent nonprofit firefighting corporation  
45.24 furnishing fire protection to other municipalities as evidenced by valid fire service contracts,  
45.25 joint powers agreements, resolutions, and other supporting documents filed with the  
45.26 commissioner under section 477B.02, subdivision 5, the distribution must be adjusted  
45.27 proportionately to take into consideration the crossover fire protection service. Necessary  
45.28 adjustments must be made to subsequent apportionments.

45.29 (c) In the case of municipalities or independent nonprofit firefighting corporations  
45.30 qualifying for aid, the commissioner must calculate the state aid for the municipality or  
45.31 independent nonprofit firefighting corporation on the basis of the population and the estimated  
45.32 market value of the area furnished fire protection service by the fire department as evidenced

46.1 by valid fire service agreements contracts, joint powers agreements, resolutions, and other  
46.2 supporting documents filed with the commissioner under section 477B.02, subdivision 5.

46.3 (d) In the case of more than one fire department furnishing contracted fire service to a  
46.4 municipality, the population and estimated market value in the apportionment agreement  
46.5 filed with the commissioner under section 477B.02, subdivision 5, must be used in calculating  
46.6 the state aid.

46.7 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021  
46.8 and thereafter.

46.9 Sec. 18. Minnesota Statutes 2019 Supplement, section 477B.03, subdivision 7, is amended  
46.10 to read:

46.11 Subd. 7. **Appeal.** A municipality, an independent nonprofit firefighting corporation, a  
46.12 fire relief association, or the voluntary statewide volunteer firefighter retirement plan may  
46.13 object to the amount of fire state aid apportioned to it by filing a written request with the  
46.14 commissioner to review and adjust the apportionment of funds within the state. The objection  
46.15 of a municipality, an independent nonprofit firefighting corporation, a fire relief association,  
46.16 or the voluntary statewide volunteer firefighter retirement plan must be filed with the  
46.17 commissioner within 60 days of the date the amount of apportioned fire state aid is paid.

46.18 The decision of the commissioner is subject to appeal, review, and adjustment by the district  
46.19 court in the county in which the applicable municipality or independent nonprofit firefighting  
46.20 corporation is located or by the Ramsey County District Court with respect to the voluntary  
46.21 statewide volunteer firefighter retirement plan.

46.22 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021  
46.23 and thereafter.

46.24 Sec. 19. Minnesota Statutes 2019 Supplement, section 477B.04, subdivision 1, is amended  
46.25 to read:

46.26 Subdivision 1. **Payments.** (a) The commissioner must make payments to the Public  
46.27 Employees Retirement Association for deposit in the voluntary statewide volunteer firefighter  
46.28 retirement fund on behalf of a municipality or independent nonprofit firefighting corporation  
46.29 that is a member of the voluntary statewide volunteer firefighter retirement plan under  
46.30 chapter 353G, ~~or directly to a municipality or county designated by an independent nonprofit~~  
46.31 ~~firefighting corporation.~~ The commissioner must directly pay all other municipalities  
46.32 qualifying for fire state aid, except as provided in paragraph (d). The payment is equal to

47.1 the amount of fire state aid apportioned to the applicable fire state aid recipient under section  
47.2 477B.03.

47.3 (b) Fire state aid is payable on October 1 annually. The amount of state aid due and not  
47.4 paid by October 1 accrues interest payable to the recipient at the rate of one percent for each  
47.5 month or part of a month that the amount remains unpaid after October 1.

47.6 (c) In the event of noncompliance with sections 424A.014 and 477B.02, subdivision 7,  
47.7 the amount of fire state aid apportioned to a municipality or independent nonprofit firefighting  
47.8 corporation under section 477B.03 must be withheld from payment to the Public Employees  
47.9 Retirement Association or the municipality. The commissioner of revenue must issue a  
47.10 withheld payment within ten business days of receipt of a financial compliance report under  
47.11 section 6.495, subdivision 3, certifying that the municipality or independent nonprofit  
47.12 firefighting corporation has fulfilled the requirements of sections 424A.014 and 477B.02,  
47.13 subdivision 7. The interest under paragraph (b) does not apply when to a payment has not  
47.14 been made by October 1 due to noncompliance with sections 424A.014 and 477B.02,  
47.15 subdivision 7 withheld under this paragraph.

47.16 (d) A joint powers entity must designate the city or town to be paid fire state aid on its  
47.17 behalf in the first year the joint powers entity qualifies for fire state aid. An independent  
47.18 nonprofit firefighting corporation must designate the city or town within its fire department  
47.19 service area to be paid fire state aid on its behalf in the first year the independent nonprofit  
47.20 firefighting corporation qualifies for fire state aid. If there is no city or town within the fire  
47.21 department service area of an independent nonprofit firefighting corporation, fire state aid  
47.22 must be paid to the county where the independent nonprofit firefighting corporation is  
47.23 located. A local government payment designation under this paragraph must be in writing  
47.24 in the form and manner and at the time prescribed by the commissioner.

47.25 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021  
47.26 and thereafter.

47.27 Sec. 20. Minnesota Statutes 2019 Supplement, section 477B.04, is amended by adding a  
47.28 subdivision to read:

47.29 Subd. 4. **Aid amount corrections.** (a) An adjustment needed to correct a fire state aid  
47.30 overpayment or underpayment due to a clerical error must be made to subsequent fire state  
47.31 aid payments as provided in paragraphs (b) and (c). The authority to correct an aid payment  
47.32 under this subdivision is limited to three years after the payment was issued.

48.1 (b) If the adjustment equals more than ten percent of the most recently paid aid amount,  
48.2 the commissioner must reduce the aid a municipality or independent nonprofit firefighting  
48.3 corporation is to receive by the amount overpaid over a period of no more than three years.  
48.4 If the adjustment equals or is less than ten percent of the most recently paid aid amount, the  
48.5 commissioner must reduce the next aid payment occurring in 30 days or more by the amount  
48.6 overpaid.

48.7 (c) In the event of an underpayment, the commissioner must distribute the amount of  
48.8 underpaid funds to the municipality or independent nonprofit firefighting corporation over  
48.9 a period of no more than three years. An additional distribution to a municipality or  
48.10 independent nonprofit firefighting corporation must be paid from the general fund and must  
48.11 not diminish the payments made to other municipalities or independent nonprofit firefighting  
48.12 corporations under this chapter.

48.13 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021  
48.14 and thereafter.

48.15 Sec. 21. Minnesota Statutes 2019 Supplement, section 477C.02, subdivision 4, is amended  
48.16 to read:

48.17 Subd. 4. **Penalty for failure to file or correct certification.** (a) If a certification under  
48.18 subdivision 1 or 2 is not filed with the commissioner on or before March ~~15~~ 1, the  
48.19 commissioner must notify the municipal clerk, municipal clerk-treasurer, or county auditor  
48.20 that a penalty equal to a portion or all of its current year aid will apply if the certification  
48.21 ~~is not received within ten days~~ will be deducted from police state aid certified for the current  
48.22 year if the certification is not filed on or before March 15.

48.23 (b) If the commissioner rejects the certification under subdivision 1 or 2 for inaccurate  
48.24 or incomplete information, the municipal clerk, municipal clerk-treasurer, or county auditor  
48.25 must file a corrective certification after taking corrective action as identified by the  
48.26 commissioner in the notice of rejection. The corrective certification must be filed within  
48.27 30 days of the date on the notice of rejection.

48.28 ~~(b)~~ (c) A penalty applies to (1) a certification under subdivisions 1 and 2 filed after  
48.29 March 15 and (2) a corrective certification under paragraph (b) filed after March 15 that is  
48.30 also filed more than 30 days after the date on the notice of rejection. The penalty for failure  
48.31 to file the certification under subdivision 1 or 2 is equal to the amount of police state aid  
48.32 determined for the municipality for the current year, multiplied by five ten percent for each  
48.33 week or fraction of a week that the certification or corrective certification is ~~late~~ filed after  
48.34 March 15. The penalty must be computed beginning ~~ten days after the postmark~~ the date of the

49.1 ~~commissioner's notification as required under this subdivision.~~ All aid amounts forfeited  
49.2 as a result of the penalty revert to the state general fund. Failure to receive the certification  
49.3 form may not be used as a defense for a failure to file.

49.4 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021  
49.5 and thereafter.

49.6 Sec. 22. Minnesota Statutes 2019 Supplement, section 477C.03, subdivision 2, is amended  
49.7 to read:

49.8 **Subd. 2. Apportionment of police state aid.** (a) The total amount available for  
49.9 apportionment as police state aid is equal to 104 percent of the amount of premium taxes  
49.10 paid to the state on the premiums reported to the commissioner by companies or insurance  
49.11 companies on the Minnesota Aid to Police Premium Report. The total amount for  
49.12 apportionment for the police state aid program must not be less than two percent of the  
49.13 amount of premiums reported to the commissioner by companies or insurance companies  
49.14 on the Minnesota Aid to Police Premium Report.

49.15 (b) The commissioner must calculate the percentage of increase or decrease reflected in  
49.16 the apportionment over or under the previous year's available state aid using the same  
49.17 premiums as a basis for comparison.

49.18 (c) In addition to the amount for apportionment of police state aid under paragraph (a),  
49.19 each year \$100,000 must be apportioned for police state aid. An amount sufficient to pay  
49.20 this increase is annually appropriated from the general fund.

49.21 (d) The commissioner must apportion police state aid to all municipalities in proportion  
49.22 to the relationship that the total number of peace officers employed by that municipality for  
49.23 the prior calendar year and the proportional or fractional number who were employed less  
49.24 than a calendar year as credited under section 477C.02, subdivision 1, paragraph (c), bears  
49.25 to the total number of peace officers employed by all municipalities subject to any reduction  
49.26 under subdivision 3.

49.27 ~~(e) Any necessary additional adjustments must be made to subsequent police state aid~~  
49.28 ~~apportionments.~~

49.29 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021  
49.30 and thereafter.

50.1 Sec. 23. Minnesota Statutes 2019 Supplement, section 477C.03, subdivision 5, is amended  
50.2 to read:

50.3 Subd. 5. **Appeal.** A municipality may object to the amount of police state aid apportioned  
50.4 to it by filing a written request with the commissioner to review and adjust the apportionment  
50.5 of funds to the municipality. The objection of a municipality must be filed with the  
50.6 commissioner within 60 days of the date the amount of apportioned police state aid is paid.  
50.7 The decision of the commissioner is subject to appeal, review, and adjustment by the district  
50.8 court in the county in which the applicable municipality is located or by the Ramsey County  
50.9 District Court with respect to the Departments of Natural Resources or Public Safety.

50.10 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021  
50.11 and thereafter.

50.12 Sec. 24. Minnesota Statutes 2019 Supplement, section 477C.04, is amended by adding a  
50.13 subdivision to read:

50.14 Subd. 4. **Aid amount corrections.** (a) An adjustment needed to correct a police state  
50.15 aid overpayment or underpayment due to a clerical error must be made to subsequent police  
50.16 state aid payments as provided in paragraphs (b) and (c). The authority to correct an aid  
50.17 payment under this subdivision is limited to three years after the payment was issued.

50.18 (b) If the adjustment equals more than ten percent of the most recently paid aid amount,  
50.19 the commissioner must reduce the aid a municipality is to receive by the amount overpaid  
50.20 over a period of no more than three years. If the adjustment equals or is less than ten percent  
50.21 of the most recently paid aid amount, the commissioner must reduce the next aid payment  
50.22 occurring in 30 days or more by the amount overpaid.

50.23 (c) In the event of an underpayment, the commissioner must distribute the amount of  
50.24 underpaid funds to the municipality over a period of no more than three years. An additional  
50.25 distribution to a municipality must be paid from the general fund and must not diminish the  
50.26 payments made to other municipalities under this chapter.

50.27 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021  
50.28 and thereafter.

50.29 Sec. 25. **REPEALER.**

50.30 Minnesota Statutes 2019 Supplement, sections 477B.02, subdivision 4; and 477B.03,  
50.31 subdivision 6, are repealed.

- 51.1 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021
- 51.2 and thereafter.

**270C.17 COMMISSIONER TO COLLECT CERTAIN LOCAL TAXES.**

Subd. 2. **Development costs.** If the commissioner determines that a new computer system will be required to collect the local taxes, the costs of development of the system will be charged to the first local units of government to be included in the system. Any additional local units of government that by agreement are added to the system will be charged for a share of the development costs. The charge will be determined by the commissioner who shall then refund to the original local units of government their portion of the development costs recovered from the additional users.

**477B.02 QUALIFYING FOR FIRE STATE AID.**

Subd. 4. **Equipment requirements.** The fire department must have all of the following equipment, or the equivalent as determined by the state fire marshal, by December 31 of the year preceding the certification required in subdivision 8:

- (1) a motorized fire truck equipped with:
  - (i) a motorized pump;
  - (ii) a 250-gallon or larger water tank;
  - (iii) 300 feet of one inch or larger fire hose in two lines with combination spray and straight stream nozzles;
  - (iv) five-gallon hand pumps - tank extinguisher or equivalent;
  - (v) a dry chemical extinguisher or equivalent;
  - (vi) ladders;
  - (vii) extension ladders;
  - (viii) pike poles;
  - (ix) crowbars;
  - (x) axes;
  - (xi) lanterns; and
  - (xii) fire coats, helmets, and boots;
- (2) the items in clause (1) suitably housed in a building of good construction with facilities for care of hoses and equipment;
- (3) a reliable and adequate method of receiving fire alarms by telephone or with electric siren and suitable means of sounding an alarm; and
- (4) if response is to be provided outside the corporate limits of the municipality where the fire department is located, another piece of motorized apparatus to make the response.

**477B.03 CALCULATION OF FIRE STATE AID; APPEAL.**

Subd. 6. **Corrective aid adjustments.** Any adjustments needed to correct prior misallocations must be made to subsequent fire state aid apportionments.