

**SENATE
STATE OF MINNESOTA
NINETIETH SESSION**

S.F. No. 3711

(SENATE AUTHORS: CHAMBERLAIN, Rest and Dziejcz)

DATE	D-PG	OFFICIAL STATUS
03/21/2018	6872	Introduction and first reading Referred to Taxes See HF4385, Art. 6, Sec. 12; Art. 10-14

1.1 A bill for an act

1.2 relating to taxation; making technical and clarifying changes to individual income

1.3 and corporate franchise taxes, sales and use taxes, tobacco taxes, property taxes,

1.4 and other miscellaneous tax provisions; amending Minnesota Statutes 2016, sections

1.5 270C.85, subdivision 2; 270C.89, subdivision 2; 270C.91; 272.02, subdivisions

1.6 27, 81; 273.032; 273.061, subdivision 9; 273.113, subdivision 3; 273.119,

1.7 subdivision 2; 273.1231, subdivision 3; 273.13, subdivision 35; 273.136,

1.8 subdivision 2; 273.1384, subdivision 3; 273.18; 274.14; 274.16; 289A.08,

1.9 subdivision 6; 289A.25, subdivision 1; 289A.31, subdivision 2; 289A.37,

1.10 subdivision 6; 289A.38, subdivision 7; 290.06, subdivisions 2c, 2d; 290.0802,

1.11 subdivisions 2, 3; 290.92, subdivision 28; 290A.03, subdivision 4; 290A.05;

1.12 290A.08; 290A.09; 290B.09, subdivision 1; 297A.61, subdivision 18; 297A.67,

1.13 subdivision 12; 297A.68, subdivisions 17, 42, 44; 297A.70, subdivisions 3, 16;

1.14 297A.71, subdivisions 22, 45; 297A.77, by adding a subdivision; 297B.01,

1.15 subdivision 14; 297F.01, subdivisions 19, 23, by adding a subdivision; 469.177,

1.16 subdivision 1; Minnesota Statutes 2017 Supplement, sections 270C.89, subdivision

1.17 1; 273.0755; 273.13, subdivisions 22, 34; 273.1384, subdivision 2; 273.1387,

1.18 subdivision 3; 275.025, subdivision 1; 290.0132, subdivision 26; 290.0137; 290.091,

1.19 subdivision 2; 290A.03, subdivisions 3, 8; 297A.67, subdivision 6; 297A.70,

1.20 subdivision 4; 297A.75, subdivision 1; 297B.01, subdivision 16; 462D.03,

1.21 subdivision 2; Laws 2017, First Special Session chapter 1, article 8, section 3;

1.22 repealing Minnesota Statutes 2016, section 275.29.

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

1.24 **ARTICLE 1**

1.25 **INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES**

1.26 Section 1. Minnesota Statutes 2016, section 289A.38, subdivision 7, is amended to read:

1.27 Subd. 7. **Federal tax changes.** (a) If the amount of income, items of tax preference,

1.28 deductions, or credits for any year of a taxpayer, or the wages paid by a taxpayer for any

1.29 period, as reported to the Internal Revenue Service is changed or corrected by the

1.30 commissioner of Internal Revenue or other officer of the United States or other competent

2.1 authority, or where a renegotiation of a contract or subcontract with the United States results
2.2 in a change in income, items of tax preference, deductions, credits, or withholding tax, or,
2.3 in the case of estate tax, where there are adjustments to the taxable estate, the taxpayer shall
2.4 report the change or correction or renegotiation results in writing to the commissioner. The
2.5 report must be submitted within 180 days after the final determination and must be in the
2.6 form of either an amended Minnesota estate, withholding tax, corporate franchise tax, or
2.7 income tax return conceding the accuracy of the federal determination or a letter detailing
2.8 how the federal determination is incorrect or does not change the Minnesota tax. An amended
2.9 Minnesota income tax return must be accompanied by an amended property tax refund
2.10 return, if necessary. A taxpayer filing an amended federal tax return must also file a copy
2.11 of the amended return with the commissioner of revenue within 180 days after filing the
2.12 amended return.

2.13 (b) For the purposes of paragraph (a), a change or correction includes any case where a
2.14 taxpayer reaches a closing agreement or compromise with the Internal Revenue Service
2.15 under section 7121 or 7122 of the Internal Revenue Code.

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

2.17 Sec. 2. Minnesota Statutes 2017 Supplement, section 290.0132, subdivision 26, is amended
2.18 to read:

2.19 Subd. 26. **Social Security benefits.** (a) A portion of Social Security benefits is allowed
2.20 as a subtraction. The subtraction equals the lesser of Social Security benefits or a maximum
2.21 subtraction subject to the limits under paragraphs (b), (c), and (d).

2.22 (b) For married taxpayers filing a joint return and surviving spouses, the maximum
2.23 subtraction equals \$4,500. The maximum subtraction is reduced by 20 percent of provisional
2.24 income over \$77,000. In no case is the subtraction less than zero.

2.25 (c) For single or head-of-household taxpayers, the maximum subtraction equals \$3,500.
2.26 The maximum subtraction is reduced by 20 percent of provisional income over \$60,200.
2.27 In no case is the subtraction less than zero.

2.28 (d) For married taxpayers filing separate returns, the maximum subtraction equals ~~\$2,250~~
2.29 one-half the maximum subtraction for joint returns under paragraph (b). The maximum
2.30 subtraction is reduced by 20 percent of provisional income over ~~\$38,500~~ one-half the
2.31 threshold amount for joint returns under paragraph (b). In no case is the subtraction less
2.32 than zero.

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

3.5 (f) The commissioner shall adjust the maximum subtraction and threshold amounts in
3.6 paragraphs (b) to (d) by the percentage determined pursuant to the provisions of section
3.7 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) of the Internal Revenue
3.8 Code the word "2016" shall be substituted for the word "1992." For 2018, the commissioner
3.9 shall then determine the percentage change from the 12 months ending on August 31, 2016,
3.10 to the 12 months ending on August 31, 2017, and in each subsequent year, from the 12
3.11 months ending on August 31, 2016, to the 12 months ending on August 31 of the year
3.12 preceding the taxable year. The determination of the commissioner pursuant to this
3.13 subdivision must not be considered a rule and is not subject to the Administrative Procedure
3.14 Act contained in chapter 14, including section 14.386. The maximum subtraction and
3.15 threshold amounts as adjusted must be rounded to the nearest \$10 amount. If the amount
3.16 ends in \$5, the amount is rounded up to the nearest \$10 amount.

3.17 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
3.18 31, 2017.

3.19 Sec. 3. Minnesota Statutes 2017 Supplement, section 290.0137, is amended to read:

3.20 **290.0137 ACCELERATED RECOGNITION OF CERTAIN INSTALLMENT**
3.21 **SALE GAINS.**

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

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

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

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

4.5 ~~(4) For the purposes of this section, "allocable amount" means the full amount to be~~
 4.6 ~~apportioned to Minnesota under section 290.191 or 290.20, or the full amount to be assigned~~
 4.7 ~~to Minnesota under section 290.17.~~

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

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

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

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

4.19 (c) Income or gain recognized for Minnesota purposes pursuant to paragraph (a) must
 4.20 be excluded from taxable net income in any future year that the taxpayer files a Minnesota
 4.21 tax return to the extent that the income or gain has already been subject to tax pursuant to
 4.22 paragraph (a).

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

4.24 Sec. 4. Minnesota Statutes 2016, section 290.06, subdivision 2c, is amended to read:

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

4.29 (1) On the first \$35,480, 5.35 percent;

4.30 (2) On all over \$35,480, but not over \$140,960, 7.05 percent;

4.31 (3) On all over \$140,960, but not over \$250,000, 7.85 percent;

5.1 (4) On all over \$250,000, 9.85 percent.

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

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

5.7 (1) On the first \$24,270, 5.35 percent;

5.8 (2) On all over \$24,270, but not over \$79,730, 7.05 percent;

5.9 (3) On all over \$79,730, but not over \$150,000, 7.85 percent;

5.10 (4) On all over \$150,000, 9.85 percent.

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

5.14 (1) On the first \$29,880, 5.35 percent;

5.15 (2) On all over \$29,880, but not over \$120,070, 7.05 percent;

5.16 (3) On all over \$120,070, but not over \$200,000, 7.85 percent;

5.17 (4) On all over \$200,000, 9.85 percent.

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

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

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

6.1 (i) the additions required under ~~section~~ sections 290.0131, subdivisions 2 and 6 to 11,
6.2 and 290.0137, paragraph (a); and reduced by

6.3 (ii) the Minnesota assignable portion of the subtraction for United States government
6.4 interest under section 290.0132, subdivision 2, ~~and~~ the subtractions under ~~section~~ sections
6.5 290.0132, subdivisions 9, 10, 14, 15, 17, and 18, and 290.0137, paragraph (c), after applying
6.6 the allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

6.7 (2) the denominator is the individual's federal adjusted gross income as defined in section
6.8 62 of the Internal Revenue Code, increased by:

6.9 (i) ~~the amounts specified in section~~ additions required under sections 290.0131,
6.10 subdivisions 2 and 6 to 11, and 290.0137, paragraph (a); and reduced by

6.11 (ii) ~~the amounts specified in section~~ subtractions under sections 290.0132, subdivisions
6.12 2, 9, 10, 14, 15, 17, and 18, and 290.0137, paragraph (c).

6.13 **EFFECTIVE DATE.** The amendment to paragraph (a) is effective for taxable years
6.14 beginning after December 31, 2017. The amendment to paragraph (e) is effective the day
6.15 following final enactment.

6.16 Sec. 5. Minnesota Statutes 2016, section 290.06, subdivision 2d, is amended to read:

6.17 Subd. 2d. **Inflation adjustment of brackets.** (a) For taxable years beginning after
6.18 December 31, 2013, the minimum and maximum dollar amounts for each rate bracket for
6.19 which a tax is imposed in subdivision 2c shall be adjusted for inflation by the percentage
6.20 determined under paragraph (b). For the purpose of making the adjustment as provided in
6.21 this subdivision all of the rate brackets provided in subdivision 2c shall be the rate brackets
6.22 as they existed for taxable years beginning after December 31, 2012, and before January 1,
6.23 2014. The rate applicable to any rate bracket must not be changed. The dollar amounts
6.24 setting forth the tax shall be adjusted to reflect the changes in the rate brackets. The rate
6.25 brackets as adjusted must be rounded to the nearest \$10 amount. If the rate bracket ends in
6.26 \$5, it must be rounded up to the nearest \$10 amount.

6.27 (b) The commissioner shall adjust the rate brackets and by the percentage determined
6.28 pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section
6.29 1(f)(3)(B) the word "2012" shall be substituted for the word "1992." For 2014, the
6.30 commissioner shall then determine the percent change from the 12 months ending on August
6.31 31, 2012, to the 12 months ending on August 31, 2013, and in each subsequent year, from
6.32 the 12 months ending on August 31, 2012, to the 12 months ending on August 31 of the
6.33 year preceding the taxable year. The commissioner shall determine the rate bracket for

7.1 married filing separate returns after this adjustment is done. The rate bracket for married
7.2 filing separate must be one-half of the rate bracket for married filing joint. The determination
7.3 of the commissioner pursuant to this subdivision shall not be considered a "rule" and shall
7.4 not be subject to the Administrative Procedure Act contained in chapter 14.

7.5 No later than December 15 of each year, the commissioner shall announce the specific
7.6 percentage that will be used to adjust the tax rate brackets.

7.7 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
7.8 31, 2017.

7.9 Sec. 6. Minnesota Statutes 2016, section 290.92, subdivision 28, is amended to read:

7.10 Subd. 28. **Payments to horse racing license holders.** Effective with payments made
7.11 after April 1, 1988, any holder of a license issued by the Minnesota Racing Commission
7.12 who makes a payment for personal or professional services to a holder of a class C license
7.13 issued by the commission, except an amount paid as a purse, shall deduct from the payment
7.14 and withhold 6.25 percent of the amount as Minnesota withholding tax when the amount
7.15 paid to that individual by the same person during the calendar year exceeds \$600. For
7.16 purposes of the provisions of this section, a payment to any person which is subject to
7.17 withholding under this subdivision must be treated as if the payment was a wage paid by
7.18 an employer to an employee. Every individual who is to receive a payment which is subject
7.19 to withholding under this subdivision shall furnish the license holder with a statement, made
7.20 under the penalties of perjury, containing the name, address, and Social Security account
7.21 number of the person receiving the payment. No withholding is required if the individual
7.22 presents a signed certificate from the individual's employer which states that the individual
7.23 is an employee of that employer. A nonresident individual who holds a class C license must
7.24 be treated as an athlete for purposes of applying the provisions of subdivision 4a and section
7.25 290.17, subdivision ~~2(1)(b)(ii)~~(a)(2)(ii).

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

7.27 Sec. 7. Minnesota Statutes 2017 Supplement, section 462D.03, subdivision 2, is amended
7.28 to read:

7.29 Subd. 2. **Designation of qualified beneficiary.** (a) The account holder must designate
7.30 a first-time home buyer as the qualified beneficiary of the account ~~by April 15 of the year~~
7.31 in a form and manner prescribed by the commissioner following the taxable year in which
7.32 the account was established. The account holder may be the qualified beneficiary. The
7.33 account holder may change the designated qualified beneficiary at any time, but no more

8.1 than one qualified beneficiary may be designated for an account at any one time. For purposes
 8.2 of the one beneficiary restriction, a married couple qualifies as one beneficiary. Changing
 8.3 the designated qualified beneficiary of an account does not affect computation of the ten-year
 8.4 period under section 462D.06, subdivision 2.

8.5 (b) The commissioner shall establish a process for account holders to notify the state
 8.6 that permits recording of the account, the account holder or holders, any transfers under
 8.7 section 462D.04, subdivision 2, and the designated qualified beneficiary for each account.
 8.8 This may be done upon filing the account holder's income tax return or in any other way
 8.9 the commissioner determines to be appropriate.

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

8.11 **ARTICLE 2**

8.12 **SALES AND USE TAXES**

8.13 Section 1. Minnesota Statutes 2016, section 297A.68, subdivision 17, is amended to read:

8.14 Subd. 17. **Ships used in interstate commerce; other vessels.** Repair, replacement, and
 8.15 rebuilding parts and materials, and lubricants, for the following are exempt:

8.16 (1) ships or vessels used or to be used principally in interstate or foreign commerce ~~are~~
 8.17 exempt; and

8.18 (2) vessels with a gross registered tonnage of at least 3,000 tons ~~are exempt.~~

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

8.20 Sec. 2. Minnesota Statutes 2016, section 297A.68, subdivision 42, is amended to read:

8.21 Subd. 42. **Qualified data centers.** (a) Purchases of enterprise information technology
 8.22 equipment and computer software for use in a qualified data center, or a qualified refurbished
 8.23 data center, are exempt, except that computer software maintenance agreements are exempt
 8.24 for purchases made after June 30, 2013. The tax on purchases exempt under this paragraph
 8.25 must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied,
 8.26 and then refunded after June 30, 2013, in the manner provided in section 297A.75. This
 8.27 exemption includes enterprise information technology equipment and computer software
 8.28 purchased to replace or upgrade enterprise information technology equipment and computer
 8.29 software in a qualified data center, or a qualified refurbished data center.

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

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

9.2 (1) that is comprised of one or more buildings that consist in the aggregate of at least
9.3 25,000 square feet, and that are located on a single parcel or on contiguous parcels, in order
9.4 to centralize the storage, management, and dissemination of data and information, where
9.5 the total cost of construction or refurbishment, investment in enterprise information
9.6 technology equipment, and computer software is at least \$30,000,000 within a 48-month
9.7 period. The 48-month period begins no sooner than July 1, 2012, except that costs for
9.8 computer software maintenance agreements purchased before July 1, 2013, are not included
9.9 in determining if the \$30,000,000 threshold has been met;

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

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

9.15 (ii) building improvements; and

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

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

9.19 (ii) sophisticated fire suppression and prevention systems; and

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

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

9.30 (d) For purposes of this subdivision, a "qualified refurbished data center" means an
9.31 existing facility that qualifies as a data center under paragraph (c), clauses (2) and (3), but
9.32 that is comprised of one or more buildings that consist in the aggregate of at least 25,000
9.33 square feet, and that are located on a single parcel or contiguous parcels, where the total

10.1 cost of construction or refurbishment, investment in enterprise information technology
10.2 equipment, and computer software is at least \$50,000,000 within a 24-month period.

10.3 (e) For purposes of this subdivision, "enterprise information technology equipment"
10.4 means computers and equipment supporting computing, networking, or data storage,
10.5 including servers and routers. It includes, but is not limited to: cooling systems, cooling
10.6 towers, and other temperature control infrastructure; power infrastructure for transformation,
10.7 distribution, or management of electricity used for the maintenance and operation of a
10.8 qualified data center or qualified refurbished data center, including but not limited to exterior
10.9 dedicated business-owned substations, backup power generation systems, battery systems,
10.10 and related infrastructure; and racking systems, cabling, and trays, which are necessary for
10.11 the maintenance and operation of the qualified data center or qualified refurbished data
10.12 center.

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

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

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

10.19 (i)~~(1)~~ The commissioner of employment and economic development must certify to the
10.20 commissioner of revenue, in a format approved by the commissioner of revenue, when a
10.21 qualified data center has met the requirements under paragraph (c) or a qualified refurbished
10.22 data center has met the requirements under paragraph (d). The certification must provide
10.23 the following information regarding each qualified data center or qualified refurbished data
10.24 center:

10.25 ~~(i)~~ (1) the total square footage amount;

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

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

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

11.4 ~~(2)(j)~~ Any refund for sales tax paid on qualifying purchases under this subdivision must
 11.5 not be issued unless the commissioner of revenue has received the certification required
 11.6 under ~~clause (1) either from~~ paragraph (i) issued by the commissioner of employment and
 11.7 economic development ~~or the qualified data center or qualified refurbished data center~~
 11.8 ~~claiming the refund; and.~~

11.9 ~~(3)~~ (k) The commissioner of employment and economic development must annually
 11.10 notify the commissioner of revenue of the qualified data centers that are projected to meet
 11.11 the requirements under paragraph (c) and the qualified refurbished data centers that are
 11.12 projected to meet the requirements under paragraph (d) in each of the next four years. The
 11.13 notification must provide the information required under ~~clause (1), items (i) to (iii)~~ paragraph
 11.14 (i), clauses (1) to (4), for each qualified data center or qualified refurbished data center.

11.15 (l) For the purposes of this subdivision, "computer software" includes, but is not limited
 11.16 to, software utilized or loaded at a qualified data center or qualified refurbished data center,
 11.17 including maintenance, licensing, and software customization.

11.18 (m) For purposes of paragraph (a), computer software is purchased for use in a qualified
 11.19 data center or qualified refurbished data center only if the software provides one or more
 11.20 of the following functions at the data center:

11.21 (1) operation, maintenance, or monitoring of the enterprise information technology
 11.22 equipment;

11.23 (2) management, manipulation, analysis, collection, storage, processing, distribution,
 11.24 or allowance of access to large amounts of data at the data center; or

11.25 (3) any other similar functions related to the equipment or data.

11.26 (n) For the purposes of paragraph (a), computer software is not purchased for use in the
 11.27 data center merely because the software is stored, utilized, or loaded at the data center.

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

11.29 Sec. 3. Minnesota Statutes 2016, section 297A.68, subdivision 44, is amended to read:

11.30 Subd. 44. **Greater Minnesota business expansions.** (a) Purchases and use of tangible
 11.31 personal property or taxable services by a qualified business, ~~as defined in section 116J.8738,~~
 11.32 are exempt if:

12.1 (1) the commissioner of employment and economic development certifies to the
 12.2 commissioner of revenue, in a format approved by the commissioner of revenue, that the
 12.3 qualified business meets the requirements under section 116J.8738;

12.4 (2) the business subsidy agreement provides that the exemption under this subdivision
 12.5 applies;

12.6 ~~(2)~~ (3) the property or services are primarily used or consumed at the facility in greater
 12.7 Minnesota identified in the business subsidy agreement; and

12.8 ~~(3)~~ (4) the purchase was made and delivery received during the duration of the
 12.9 ~~certification of the business as a qualified business under section 116J.8738~~ business subsidy
 12.10 agreement.

12.11 (b) Purchase and use of construction materials and supplies used or consumed in, and
 12.12 equipment incorporated into, the construction of improvements to real property in greater
 12.13 Minnesota are exempt if the improvements after completion of construction are to be used
 12.14 in the conduct of the trade or business of the qualified business, ~~as defined in section~~
 12.15 ~~116J.8738~~ and the commissioner of employment and economic development certifies to
 12.16 the commissioner of revenue, in a format approved by the commissioner of revenue, that
 12.17 the qualified business meets the requirements under section 116J.8738. This exemption
 12.18 applies regardless of whether the purchases are made by the business or a contractor.

12.19 (c) The exemptions under this subdivision apply to a local sales and use tax.

12.20 (d) The tax on purchases imposed under this subdivision must be imposed and collected
 12.21 as if the rate under section 297A.62 applied, and then refunded in the manner provided in
 12.22 section 297A.75. The total amount refunded for a facility over the certification period is
 12.23 limited to the amount listed in the business subsidy agreement. No more than \$7,000,000
 12.24 may be refunded in a fiscal year for all purchases under this subdivision. Refunds must be
 12.25 allocated on a first-come, first-served basis. If more than \$7,000,000 of eligible claims are
 12.26 made in a fiscal year, claims by qualified businesses carry over to the next fiscal year, and
 12.27 the commissioner of revenue must first allocate refunds to qualified businesses eligible for
 12.28 a refund in the preceding fiscal year. Any portion of the balance of funds allocated for
 12.29 refunds under this paragraph does not cancel and shall be carried forward to and available
 12.30 for refunds in subsequent fiscal years. Notwithstanding section 297A.75, subdivision 4, for
 12.31 an eligible refund claim that carries over to a subsequent fiscal year, the interest on the
 12.32 amount carried over must be paid on the refund no sooner than from 90 days after July 1
 12.33 of the fiscal year in which funds are available for the eligible claim.

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

13.1 Sec. 4. Minnesota Statutes 2016, section 297A.71, subdivision 45, is amended to read:

13.2 Subd. 45. **Biopharmaceutical manufacturing facility.** (a) Materials and supplies used
13.3 or consumed in, capital equipment incorporated into, and privately owned infrastructure in
13.4 support of the construction, improvement, or expansion of a biopharmaceutical manufacturing
13.5 facility in the state are exempt if the commissioner of employment and economic
13.6 development certifies to the commissioner of revenue that the following criteria are met:

13.7 (1) the facility is used for the manufacturing of biologics;

13.8 (2) the total capital investment made at the facility exceeds \$50,000,000; and

13.9 (3) the facility creates and maintains at least 190 full-time equivalent positions at the
13.10 facility. These positions must be new jobs in Minnesota and not the result of relocating jobs
13.11 that currently exist in Minnesota.

13.12 (b) The tax must be imposed and collected as if the rate under section 297A.62 applied,
13.13 and refunded in the manner provided in section 297A.75.

13.14 (c) To be eligible for a refund, the owner of the biopharmaceutical manufacturing facility
13.15 must:

13.16 (1) initially apply to the ~~Department~~ commissioner of employment and economic
13.17 development for certification no later than one year from the final completion date of
13.18 construction, improvement, or expansion of the facility; and

13.19 (2) for each year that the owner of the biopharmaceutical manufacturing facility applies
13.20 for a refund, the ~~owner~~ commissioner must have received written certification from the
13.21 ~~Department~~ commissioner of employment and economic development that the facility has
13.22 met the criteria of paragraph (a).

13.23 (d) The refund is to be paid annually at a rate of 25 percent of the total allowable refund
13.24 payable to date, with the commissioner making annual payments of the remaining refund
13.25 until all of the refund has been paid.

13.26 (e) For purposes of this subdivision, "biopharmaceutical" and "biologics" are
13.27 interchangeable and mean medical drugs or medicinal preparations produced using
13.28 technology that uses biological systems, living organisms, or derivatives of living organisms
13.29 to make or modify products or processes for specific use. The medical drugs or medicinal
13.30 preparations include but are not limited to proteins, antibodies, nucleic acids, and vaccines.

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

14.1 Sec. 5. Minnesota Statutes 2016, section 297A.77, is amended by adding a subdivision to
 14.2 read:

14.3 Subd. 5. **Records must be kept.** Every person liable for any tax imposed by this chapter,
 14.4 or for the collection thereof, shall keep such records, render such statements, make such
 14.5 returns, and comply with such rules, as the commissioner may from time to time prescribe.

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

14.7 **ARTICLE 3**

14.8 **TOBACCO TAXES**

14.9 Section 1. Minnesota Statutes 2016, section 297F.01, subdivision 19, is amended to read:

14.10 Subd. 19. **Tobacco products.** (a) "Tobacco products" means any product containing,
 14.11 made, or derived from tobacco that is intended for human consumption, whether chewed,
 14.12 smoked, absorbed, dissolved, inhaled, snorted, sniffed, or ingested by any other means, or
 14.13 any component, part, or accessory of a tobacco product, including, but not limited to, cigars;
 14.14 cheroots; stogies; periques; granulated, plug cut, crimp cut, ready rubbed, and other smoking
 14.15 tobacco; snuff; snuff flour; cavendish; plug and twist tobacco; fine-cut and other chewing
 14.16 tobacco; shorts; refuse scraps, clippings, cuttings and sweepings of tobacco, and other kinds
 14.17 and forms of tobacco; but does not include cigarettes as defined in this section. Tobacco
 14.18 products includes vapor products. Tobacco products excludes any tobacco product that has
 14.19 been approved by the United States Food and Drug Administration for sale as a tobacco
 14.20 cessation product, as a tobacco dependence product, or for other medical purposes, and is
 14.21 being marketed and sold solely for such an approved purpose.

14.22 (b) Except for the imposition of tax under section 297F.05, subdivisions 3 and 4, tobacco
 14.23 products includes a premium cigar, as defined in subdivision 13a.

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

14.25 Sec. 2. Minnesota Statutes 2016, section 297F.01, is amended by adding a subdivision to
 14.26 read:

14.27 Subd. 22b. **Vapor products.** (a) "Vapor products" means any cartridge, bottle, or other
 14.28 package that contains nicotine made or derived from tobacco, that is in a solution that is
 14.29 consumed, or meant to be consumed, through the use of a heating element, power source,
 14.30 electronic circuit, or other electronic, chemical, or mechanical means that produces vapor
 14.31 from the nicotine. This paragraph expires December 31, 2018.

15.1 (b) Beginning January 1, 2019, "vapor products" means any cartridge, bottle, or other
 15.2 package that contains nicotine, including nicotine produced from sources other than tobacco,
 15.3 that is in a solution that is consumed, or meant to be consumed, through the use of a heating
 15.4 element, power source, electronic circuit, or other electronic, chemical, or mechanical means
 15.5 that produces vapor from the nicotine.

15.6 (c) Vapor products includes any electronic cigarette, electronic cigar, electronic cigarillo,
 15.7 electronic pipe, or similar product or device, and any batteries, heating elements, or other
 15.8 components, parts, or accessories sold with and meant to be used in the consumption of the
 15.9 nicotine solution.

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

15.11 Sec. 3. Minnesota Statutes 2016, section 297F.01, subdivision 23, is amended to read:

15.12 Subd. 23. **Wholesale sales price.** "Wholesale sales price" means the price at which a
 15.13 distributor purchases a tobacco product. Wholesale sales price includes the applicable federal
 15.14 excise tax, freight charges, or packaging costs, regardless of whether they were included in
 15.15 the purchase price. Wholesale sales price of a vapor product does not include the cost of a
 15.16 product, device, component, part, or accessory described in subdivision 22b that is sold
 15.17 with a nicotine solution if the distributor sells the cartridge of nicotine solution separately
 15.18 and can isolate the cost of the product, device, component, part, or accessory.

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

15.20 **ARTICLE 4**

15.21 **PROPERTY TAXES**

15.22 Section 1. Minnesota Statutes 2016, section 270C.85, subdivision 2, is amended to read:

15.23 Subd. 2. **Powers and duties.** The commissioner shall have and exercise the following
 15.24 powers and duties in administering the property tax laws:;

15.25 ~~(a)~~ (1) confer with, advise, and give the necessary instructions and directions to local
 15.26 assessors and local boards of review throughout the state as to their duties under the laws
 15.27 of the state;;

15.28 ~~(b)~~ (2) direct proceedings, actions, and prosecutions to be instituted to enforce the laws
 15.29 relating to the liability and punishment of public officers and officers and agents of
 15.30 corporations for failure or negligence to comply with the provisions of the property tax
 15.31 laws, and cause complaints to be made against local assessors, members of boards of

16.1 equalization, members of boards of review, or any other assessing or taxing officer, to the
 16.2 proper authority, for their removal from office for misconduct or negligence of duty;

16.3 ~~(e)~~ (3) require county attorneys to assist in the commencement of prosecutions in actions
 16.4 or proceedings for removal, forfeiture, and punishment, for violation of the property tax
 16.5 laws in their respective districts or counties;

16.6 ~~(d)~~ (4) require town, city, county, and other public officers to report and certify
 16.7 information, at the parcel level or in the aggregate, as to the assessment and taxation of real
 16.8 and personal property, and such other information as may be needful in the work of the
 16.9 commissioner, ~~in such form as the commissioner may prescribe~~. The commissioner shall
 16.10 prescribe the content, format, manner, and time of filing of all required reports and
 16.11 certifications;

16.12 ~~(e)~~ (5) transmit to the governor, on or before the third Monday in December of each
 16.13 even-numbered year, and to each member of the legislature, on or before November 15 of
 16.14 each even-numbered year, the report of the department for the preceding years, showing all
 16.15 the taxable property subject to the property tax laws and the value of the same, in tabulated
 16.16 form;

16.17 ~~(f)~~ (6) inquire into the methods of assessment and taxation and ascertain whether the
 16.18 assessors faithfully discharge their duties; and

16.19 ~~(g)~~ (7) assist local assessors in determining the estimated market value of industrial
 16.20 special-use property. For purposes of this ~~paragraph~~ clause, "industrial special-use property"
 16.21 means property that:

16.22 ~~(1)~~ (i) is designed and equipped for a particular type of industry;

16.23 ~~(2)~~ (ii) is not easily adapted to some other use due to the unique nature of the facilities;

16.24 ~~(3)~~ (iii) has facilities totaling at least 75,000 square feet in size; and

16.25 ~~(4)~~ (iv) has a total estimated market value of \$10,000,000 or greater based on the
 16.26 assessor's preliminary determination.

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

16.28 Sec. 2. Minnesota Statutes 2017 Supplement, section 270C.89, subdivision 1, is amended
 16.29 to read:

16.30 Subdivision 1. **Initial report.** Each county assessor shall file ~~by April 1~~ with the
 16.31 commissioner a copy of ~~the abstract~~ preliminary assessment information that the
 16.32 commissioner may require under section 270C.85, subdivision 2, clause (4), that will be

17.1 acted upon by the local and county boards of review. ~~The abstract must list the real and~~
 17.2 ~~personal property in the county itemized by assessment districts.~~ The assessor of each county
 17.3 in the state shall file with the commissioner, within ten working days following final action
 17.4 of the local board of review or equalization and within five days following final action of
 17.5 the county board of equalization, any changes made by the local or county board. ~~The~~
 17.6 ~~information must be filed in the manner prescribed by the commissioner.~~

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

17.8 Sec. 3. Minnesota Statutes 2016, section 270C.89, subdivision 2, is amended to read:

17.9 Subd. 2. **Final report.** The final ~~abstract of assessments~~ assessment information after
 17.10 adjustments by the State Board of Equalization and inclusion of any omitted property shall
 17.11 be ~~submitted~~ reported to the commissioner ~~on or before September 1 of each calendar year~~
 17.12 under section 270C.85, subdivision 2, clause (4). ~~The final abstract must separately report~~
 17.13 ~~the captured tax capacity of tax increment financing districts under section 469.177,~~
 17.14 ~~subdivision 2, the areawide net tax capacity contribution values determined under sections~~
 17.15 ~~276A.05, subdivision 1, and 473F.07, subdivision 1, and the value subject to the power line~~
 17.16 ~~credit under section 273.42.~~

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

17.18 Sec. 4. Minnesota Statutes 2016, section 270C.91, is amended to read:

17.19 **270C.91 RECORD OF PROCEEDINGS CHANGING NET TAX CAPACITY;**
 17.20 **DUTIES OF COUNTY AUDITOR.**

17.21 A record of all proceedings of the commissioner affecting any change in the net tax
 17.22 capacity of any property, as revised by the State Board of Equalization, shall be kept by the
 17.23 commissioner and a copy thereof, duly certified, shall be mailed each year to the auditor of
 17.24 each county wherein such property is situated, on or before June 30 ~~or 30 days after~~
 17.25 ~~submission of the abstract required by section 270C.89, whichever is later.~~ This record shall
 17.26 specify the amounts or amount, or both, added to or deducted from the net tax capacity of
 17.27 the real property of each of the several towns and cities, and of the real property not in towns
 17.28 or cities, also the percent or amount of both, added to or deducted from the several classes
 17.29 of personal property in each of the towns and cities, and also the amount added to or deducted
 17.30 from the assessment of any person. The county auditor shall add to or deduct from such
 17.31 tract or lot, or portion thereof, of any real property in the county the required percent or
 17.32 amount, or both, on the net tax capacity thereof as it stood after equalized by the county
 17.33 board, adding in each case a fractional sum of 50 cents or more, and deducting in each case

18.1 any fractional sum of less than 50 cents, so that no net tax capacity of any separate tract or
18.2 lot shall contain any fraction of a dollar; and add to, or deduct from, the several classes of
18.3 personal property in the county the required percent or amount, or both, on the net tax
18.4 capacity thereof as it stood after equalized by the county board, adding or deducting in
18.5 manner aforesaid any fractional sum so that no net tax capacity of any separate class of
18.6 personal property shall contain a fraction of a dollar, and add to or deduct from assessment
18.7 of any person, as they stood after equalization by the county board, the required amounts
18.8 to agree with the assessments as returned by the commissioner.

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

18.10 Sec. 5. Minnesota Statutes 2016, section 273.061, subdivision 9, is amended to read:

18.11 Subd. 9. **Additional general duties.** Additional duties of the county assessor ~~shall be~~
18.12 are as follows:

18.13 (1) to make all assessments, based upon the appraised values reported by the local
18.14 assessors or assistants and the county assessor's own knowledge of the value of the property
18.15 assessed;

18.16 (2) to personally view and determine the value of any property ~~which~~ that because of
18.17 its type or character may be difficult for the local assessor to appraise;

18.18 (3) to make all changes ordered by the local boards of review, relative to the net tax
18.19 capacity of the property of any individual, firm or corporation after notice has been given
18.20 and hearings held as provided by law;

18.21 (4) to enter all assessments in the assessment books, furnished by the county auditor,
18.22 with each book and the tabular statements for each book in correct balance;

18.23 (5) to prepare all assessment cards, charts, maps and any other forms prescribed by the
18.24 commissioner of revenue;

18.25 (6) to attend the meeting of the county board of equalization; to investigate and report
18.26 on any assessment ordered by said board; to enter all changes made by said board in the
18.27 assessment books and prepare ~~the abstract of assessments for the commissioner of revenue~~
18.28 information reported to the commissioner under section 270C.85, subdivision 2, clause (4);
18.29 to enter all changes made by the State Board of Equalization in the assessment books; to
18.30 deduct all exemptions authorized by law from each assessment and certify to the county
18.31 auditor the taxable value of each parcel of land, as described and listed in the assessment
18.32 books by the county auditor, and the taxable value of the personal property of each person,
18.33 firm, or corporation assessed;

19.1 (7) to investigate and make recommendations relative to all applications for the abatement
 19.2 of taxes or applications for the reduction of the net tax capacity of any property; and

19.3 (8) to perform all other duties relating to the assessment of property for the purpose of
 19.4 taxation which may be required by the commissioner of revenue.

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

19.6 Sec. 6. Minnesota Statutes 2017 Supplement, section 273.0755, is amended to read:

19.7 **273.0755 TRAINING AND EDUCATION OF PROPERTY TAX PERSONNEL.**

19.8 (a) Beginning with the four-year period starting on July 1, 2000, every person licensed
 19.9 by the state Board of Assessors at the Accredited Minnesota Assessor level or higher, shall
 19.10 successfully complete a weeklong Minnesota laws course sponsored by the Department of
 19.11 Revenue at least once in every four-year period. An assessor need not attend the course if
 19.12 they successfully pass the test for the course.

19.13 (b) The commissioner of revenue may require that each county, and each city for which
 19.14 the city assessor performs the duties of county assessor, have ~~(i)~~ (1) a person on the assessor's
 19.15 staff who is certified by the Department of Revenue in sales ratio calculations, ~~(ii)~~ (2) an
 19.16 officer or employee who is certified by the Department of Revenue in tax calculations, and
 19.17 ~~(iii)~~ (3) an officer or employee who is certified by the Department of Revenue in the proper
 19.18 preparation of ~~abstracts of assessment. The commissioner of revenue may require that each~~
 19.19 ~~county have an officer or employee who is certified by the Department of Revenue in the~~
 19.20 ~~proper preparation of abstracts of tax lists~~ information reported to the commissioner under
 19.21 section 270C.85, subdivision 2, clause (4). Certifications under this paragraph expire after
 19.22 four years.

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

19.29 (d) When the commissioner of revenue determines that an individual or board that
 19.30 performs functions related to property tax administration has performed those functions in
 19.31 a manner that is not uniform or equitable, the commissioner may require that the individual
 19.32 or members of the board complete supplemental training. The commissioner may not require
 19.33 that an individual complete more than 32 hours of supplemental training pursuant to this

20.1 paragraph. If the individual is required to complete supplemental training due to that
20.2 individual's membership on a local or county board of appeal and equalization, the
20.3 commissioner may not require that the individual complete more than two hours of
20.4 supplemental training.

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

20.6 Sec. 7. Minnesota Statutes 2016, section 273.113, subdivision 3, is amended to read:

20.7 Subd. 3. **Reimbursement for lost revenue.** The county auditor shall certify to the
20.8 commissioner of revenue, ~~as part of the abstracts of tax lists required to be filed with the~~
20.9 ~~commissioner~~ under section ~~275.29~~ 270C.85, subdivision 2, clause (4), the amount of tax
20.10 lost to the county from the property tax credit under subdivision 2. Any prior year adjustments
20.11 must also be certified ~~in the abstracts of tax lists~~. The commissioner of revenue shall review
20.12 the certifications to determine their accuracy. The commissioner may make the changes in
20.13 the certification that are considered necessary or return a certification to the county auditor
20.14 for corrections. The commissioner shall reimburse each taxing district, other than school
20.15 districts, for the taxes lost. The payments must be made at the time provided in section
20.16 473H.10 for payment to taxing jurisdictions in the same proportion that the ad valorem tax
20.17 is distributed. Reimbursements to school districts must be made as provided in section
20.18 273.1392. The amount necessary to make the reimbursements under this section is annually
20.19 appropriated from the general fund to the commissioner of revenue.

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

20.21 Sec. 8. Minnesota Statutes 2016, section 273.119, subdivision 2, is amended to read:

20.22 Subd. 2. **Reimbursement for lost revenue.** The county may transfer money from the
20.23 county conservation account created in section 40A.152 to the county revenue fund to
20.24 reimburse the fund for the cost of the property tax credit. The county auditor shall certify
20.25 to the commissioner of revenue, ~~as part of the abstracts of tax lists required to be filed with~~
20.26 ~~the commissioner~~ under section ~~275.29~~ 270C.85, subdivision 2, clause (4), the amount of
20.27 tax lost to the county from the property tax credit under subdivision 1 and the extent that
20.28 the tax lost exceeds funds available in the county conservation account. Any prior year
20.29 adjustments must also be certified ~~in the abstracts of tax lists~~. The commissioner of revenue
20.30 shall review the certifications to determine their accuracy. The commissioner may make
20.31 the changes in the certification that are considered necessary or return a certification to the
20.32 county auditor for corrections. The commissioner shall reimburse each taxing district, other
20.33 than school districts, from the Minnesota conservation fund under section 40A.151 for the

21.1 taxes lost in excess of the county account. The payments must be made at the time provided
 21.2 in section 473H.10, subdivision 3, for payment to taxing jurisdictions in the same proportion
 21.3 that the ad valorem tax is distributed.

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

21.5 Sec. 9. Minnesota Statutes 2016, section 273.1231, subdivision 3, is amended to read:

21.6 Subd. 3. **Disaster or emergency area.** (a) "Disaster or emergency area" means a
 21.7 geographic area for which:

21.8 (1)(i) the president of the United States, the secretary of agriculture, or the administrator
 21.9 of the Small Business Administration has determined that a disaster exists pursuant to federal
 21.10 law, or

21.11 (ii) a local emergency has been declared pursuant to section 12.29; and

21.12 (2) an application by the local unit of government requesting property tax relief under
 21.13 this section has been received by the governor and approved by the executive council.

21.14 (b) The executive council must not approve an application unless:

21.15 (1) a completed disaster survey is included; and

21.16 (2) within the boundaries of the applicant, (i) the average damage for the buildings that
 21.17 are damaged is at least \$5,000, and (ii) either at least 25 taxable buildings were damaged,
 21.18 or the total dollar amount of damage to all taxable buildings equals or exceeds one percent
 21.19 of the total taxable market value of buildings for the applicant as reported to the commissioner
 21.20 of revenue under section ~~270C.89, subdivision 2~~ 270C.85, subdivision 2, clause (4), for the
 21.21 assessment in the year prior to the year of the damage.

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

21.23 Sec. 10. Minnesota Statutes 2017 Supplement, section 273.13, subdivision 22, is amended
 21.24 to read:

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

22.1 The first \$500,000 of market value of class 1a property has a net classification rate of
22.2 one percent of its market value; and the market value of class 1a property that exceeds
22.3 \$500,000 has a classification rate of 1.25 percent of its market value.

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

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

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

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

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

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

22.19 Permanently and totally disabled for the purpose of this subdivision means a condition
22.20 which is permanent in nature and totally incapacitates the person from working at an
22.21 occupation which brings the person an income. The first \$50,000 market value of class 1b
22.22 property has a net classification rate of .45 percent of its market value. The remaining market
22.23 value of class 1b property is classified as class 1a or class 2a property, whichever is
22.24 appropriate.

22.25 (c) Class 1c property is commercial use real and personal property that abuts public
22.26 water as defined in section 103G.005, subdivision 15, or abuts a state trail administered by
22.27 the Department of Natural Resources, and is devoted to temporary and seasonal residential
22.28 occupancy for recreational purposes but not devoted to commercial purposes for more than
22.29 250 days in the year preceding the year of assessment, and that includes a portion used as
22.30 a homestead by the owner, which includes a dwelling occupied as a homestead by a
22.31 shareholder of a corporation that owns the resort, a partner in a partnership that owns the
22.32 resort, or a member of a limited liability company that owns the resort even if the title to
22.33 the homestead is held by the corporation, partnership, or limited liability company. To

23.1 qualify as class 1c property, the owner of the homestead and the resort property must be
23.2 the same. For purposes of this paragraph, property is devoted to a commercial purpose on
23.3 a specific day if any portion of the property, excluding the portion used exclusively as a
23.4 homestead, is used for residential occupancy and a fee is charged for residential occupancy.
23.5 Class 1c property must contain three or more rental units. A "rental unit" is defined as a
23.6 cabin, condominium, townhouse, sleeping room, or individual camping site equipped with
23.7 water and electrical hookups for recreational vehicles. Class 1c property must provide
23.8 recreational activities such as the rental of ice fishing houses, boats and motors, snowmobiles,
23.9 downhill or cross-country ski equipment; provide marina services, launch services, or guide
23.10 services; or sell bait and fishing tackle. Any unit in which the right to use the property is
23.11 transferred to an individual or entity by deeded interest, or the sale of shares or stock, no
23.12 longer qualifies for class 1c even though it may remain available for rent. A camping pad
23.13 offered for rent by a property that otherwise qualifies for class 1c is also class 1c, regardless
23.14 of the term of the rental agreement, as long as the use of the camping pad does not exceed
23.15 250 days. If the same owner owns two separate parcels that are located in the same township,
23.16 and one of those properties is classified as a class 1c property and the other would be eligible
23.17 to be classified as a class 1c property if it was used as the homestead of the owner, both
23.18 properties will be assessed as a single class 1c property; for purposes of this sentence,
23.19 properties are deemed to be owned by the same owner if each of them is owned by a limited
23.20 liability company, and both limited liability companies have the same membership. The
23.21 portion of the property used as a homestead is class 1a property under paragraph (a). The
23.22 remainder of the property is classified as follows: the first \$600,000 of market value is tier
23.23 I, the next \$1,700,000 of market value is tier II, and any remaining market value is tier III.
23.24 The classification rates for class 1c are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III,
23.25 1.25 percent. Owners of real and personal property devoted to temporary and seasonal
23.26 residential occupancy for recreation purposes in which all or a portion of the property was
23.27 devoted to commercial purposes for not more than 250 days in the year preceding the year
23.28 of assessment desiring classification as class 1c, must submit a declaration to the assessor
23.29 designating the cabins or units occupied for 250 days or less in the year preceding the year
23.30 of assessment by January 15 of the assessment year. Those cabins or units and a proportionate
23.31 share of the land on which they are located must be designated as class 1c as otherwise
23.32 provided. The remainder of the cabins or units and a proportionate share of the land on
23.33 which they are located must be designated as class 3a commercial. The owner of property
23.34 desiring designation as class 1c property must provide guest registers or other records
23.35 demonstrating that the units for which class 1c designation is sought were not occupied for
23.36 more than 250 days in the year preceding the assessment if so requested. The portion of a

24.1 property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting
24.2 room, and (5) other nonresidential facility operated on a commercial basis not directly
24.3 related to temporary and seasonal residential occupancy for recreation purposes does not
24.4 qualify for class 1c.

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

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

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

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

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

24.16 The market value of class 1d property has the same classification rates as class 1a property
24.17 under paragraph (a).

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

24.19 Sec. 11. Minnesota Statutes 2016, section 273.13, subdivision 35, is amended to read:

24.20 Subd. 35. **Homestead market value exclusion.** (a) Prior to determining a property's
24.21 net tax capacity under this section, property classified as class 1a or 1b under subdivision
24.22 22, and the portion of property classified as class 2a under subdivision 23 consisting of the
24.23 house, garage, and surrounding one acre of land, shall be eligible for a market value exclusion
24.24 as determined under paragraph (b).

24.25 (b) For a homestead valued at \$76,000 or less, the exclusion is 40 percent of market
24.26 value. For a homestead valued between \$76,000 and \$413,800, the exclusion is \$30,400
24.27 minus nine percent of the valuation over \$76,000. For a homestead valued at \$413,800 or
24.28 more, there is no valuation exclusion. The valuation exclusion shall be rounded to the nearest
24.29 whole dollar, and may not be less than zero.

24.30 (c) Any valuation exclusions or adjustments under section 273.11 shall be applied prior
24.31 to determining the amount of the valuation exclusion under this subdivision.

25.1 (d) In the case of a property that is classified as part homestead and part nonhomestead,
 25.2 ~~(i) (1)~~ the exclusion shall apply only to the homestead portion of the property, but ~~(ii) (2)~~
 25.3 if a portion of a property is classified as nonhomestead solely because not all the owners
 25.4 occupy the property, not all the owners have qualifying relatives occupying the property,
 25.5 or solely because not all the spouses of owners occupy the property, the exclusion amount
 25.6 shall be initially computed as if that nonhomestead portion were also in the homestead class
 25.7 and then prorated to the owner-occupant's percentage of ~~ownership~~ homestead. The
 25.8 percentage of homestead is equal to 100 divided by the number of owners of the property,
 25.9 or, in the case of a trust, the number of grantors of the trust that owns the property. For the
 25.10 purpose of this section, when an owner-occupant's spouse does not occupy the property,
 25.11 the percentage of ~~ownership~~ homestead for the owner-occupant spouse is one-half of the
 25.12 couple's ~~ownership~~ homestead percentage.

25.13 **EFFECTIVE DATE.** This section is effective for taxes payable in 2019 and thereafter.

25.14 Sec. 12. Minnesota Statutes 2016, section 273.136, subdivision 2, is amended to read:

25.15 Subd. 2. **Reduction amounts submitted to county.** The commissioner of revenue shall
 25.16 determine, not later than April 1 of each year, the amount of reduction resulting from section
 25.17 273.135 in each county containing a tax relief area as defined by section 273.134, paragraph
 25.18 (b), basing determinations on a review of ~~abstracts of tax lists submitted by the county~~
 25.19 ~~auditors pursuant to section 275.29~~ information reported to the commissioner under section
 25.20 270C.85, subdivision 2, clause (4). The commissioner may make changes ~~in the abstracts~~
 25.21 ~~of tax lists~~ as deemed necessary. The commissioner of revenue, after such review, shall
 25.22 submit to the St. Louis County auditor, on or before April 15, the amount of the first half
 25.23 payment payable hereunder and on or before September 15 the amount of the second half
 25.24 payment.

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

25.26 Sec. 13. Minnesota Statutes 2017 Supplement, section 273.1384, subdivision 2, is amended
 25.27 to read:

25.28 Subd. 2. **Agricultural homestead market value credit.** Property classified as agricultural
 25.29 homestead under section 273.13, subdivision 23, paragraph (a), is eligible for an agricultural
 25.30 credit. The credit is computed using the property's agricultural credit market value, defined
 25.31 for this purpose as the property's market value excluding the market value of the house,
 25.32 garage, and immediately surrounding one acre of land. The credit is equal to 0.3 percent of
 25.33 the first \$115,000 of the property's agricultural credit market value plus 0.1 percent of the

26.1 property's agricultural credit market value in excess of \$115,000, subject to a maximum
 26.2 credit of \$490 for a full agricultural homestead. In the case of property that is classified as
 26.3 part homestead and part nonhomestead solely because not all the owners occupy or farm
 26.4 the property, not all the owners have qualifying relatives occupying or farming the property,
 26.5 or solely because not all the spouses of owners occupy the property, the credit is computed
 26.6 on the amount of agricultural credit market value corresponding to the percentage of
 26.7 homestead, and the maximum credit equals \$490 multiplied by the percentage of homestead.
 26.8 The percentage of homestead is equal to 100 divided by the number of owners of the property,
 26.9 or, in the case of a trust, the number of grantors of the trust that owns the property.

26.10 **EFFECTIVE DATE.** This section is effective for taxes payable in 2019 and thereafter.

26.11 Sec. 14. Minnesota Statutes 2016, section 273.1384, subdivision 3, is amended to read:

26.12 Subd. 3. **Credit reimbursements.** The county auditor shall determine the tax reductions
 26.13 allowed under subdivision 2 within the county for each taxes payable year and shall certify
 26.14 that amount to the commissioner of revenue ~~as a part of the abstracts of tax lists submitted~~
 26.15 ~~by the county auditors under section 275.29~~ under section 270C.85, subdivision 2, clause
 26.16 (4). Any prior year adjustments shall also be certified ~~on the abstracts of tax lists~~. The
 26.17 commissioner shall review the certifications for accuracy, and may make such changes as
 26.18 are deemed necessary, or return the certification to the county auditor for correction. The
 26.19 credit under this section must be used to proportionately reduce the net tax capacity-based
 26.20 property tax payable to each local taxing jurisdiction as provided in section 273.1393.

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

26.22 Sec. 15. Minnesota Statutes 2017 Supplement, section 273.1387, subdivision 3, is amended
 26.23 to read:

26.24 Subd. 3. **Credit reimbursements.** The county auditor shall determine the tax reductions
 26.25 allowed under this section within the county for each taxes payable year and shall certify
 26.26 that amount to the commissioner of revenue ~~as a part of the abstracts of tax lists submitted~~
 26.27 ~~under section 275.29~~ under section 270C.85, subdivision 2, clause (4). Any prior year
 26.28 adjustments shall also be certified ~~on the abstracts of tax lists~~. The commissioner shall
 26.29 review the certifications for accuracy, and may make such changes as are deemed necessary,
 26.30 or return the certification to the county auditor for correction. The credit under this section
 26.31 must be used to reduce the school district net tax capacity-based property tax as provided
 26.32 in section 273.1393.

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

27.1 Sec. 16. Minnesota Statutes 2016, section 273.18, is amended to read:

27.2 **273.18 LISTING, VALUATION, AND ASSESSMENT OF EXEMPT PROPERTY**
 27.3 **BY COUNTY AUDITORS.**

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

27.9 (b) ~~For purposes of the apportionment of fire state aid under section 69.021, subdivision~~
 27.10 ~~7,~~ The county auditor shall include ~~on the abstract of assessment of exempt real property~~
 27.11 ~~filed under this section~~ in the exempt property information that the commissioner may
 27.12 require under section 270C.85, subdivision 2, clause (4), the total number of acres of all
 27.13 natural resources lands for which in lieu payments are made under sections 477A.11 to
 27.14 477A.14. The assessor shall estimate its market value, provided that if the assessor is not
 27.15 able to estimate the market value of the land on a per parcel basis, the assessor shall furnish
 27.16 the commissioner of revenue with an estimate of the average value per acre of this land
 27.17 within the county.

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

27.19 Sec. 17. Minnesota Statutes 2016, section 274.14, is amended to read:

27.20 **274.14 LENGTH OF SESSION; RECORD.**

27.21 The board must meet after the second Friday in June on at least one meeting day and
 27.22 may meet for up to ten consecutive meeting days. The actual meeting dates must be contained
 27.23 on the valuation notices mailed to each property owner in the county as provided in section
 27.24 273.121. For this purpose, "meeting days" is defined as any day of the week excluding
 27.25 Sunday. At the board's discretion, "meeting days" may include Saturday. No action taken
 27.26 by the county board of review after June 30 is valid, except for corrections permitted in
 27.27 sections 273.01 and 274.01. The county auditor shall keep an accurate record of the
 27.28 proceedings and orders of the board. The record must be published like other proceedings
 27.29 of county commissioners. A copy of the published record must be sent to the commissioner
 27.30 of revenue, ~~with the abstract of assessment required by section 274.16~~ within five days
 27.31 following final action of the county board of equalization.

27.32 For counties that conduct either regular board of review meetings or open book meetings,
 27.33 at least one of the meeting days must include a meeting that does not end before 7:00 p.m.

28.1 For counties that require taxpayer appointments for the board of review, appointments must
 28.2 include some available times that extend until at least 7:00 p.m. The county may have a
 28.3 Saturday meeting in lieu of, or in addition to, the extended meeting times under this
 28.4 paragraph.

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

28.6 Sec. 18. Minnesota Statutes 2016, section 274.16, is amended to read:

28.7 **274.16 CORRECTED LISTS, ~~ABSTRACTS.~~**

28.8 The county assessor or, in Ramsey County, the official designated by the board of county
 28.9 commissioners shall calculate the changes of the assessment lists determined by the county
 28.10 board of equalization, and make corrections accordingly, in the real or personal lists, or
 28.11 both, and shall make ~~duplicate abstracts~~ duplicates of them. One must be filed in the assessor's
 28.12 office, and one must be forwarded to the commissioner of revenue as provided in section
 28.13 270C.89.

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

28.15 Sec. 19. Minnesota Statutes 2017 Supplement, section 275.025, subdivision 1, is amended
 28.16 to read:

28.17 Subdivision 1. **Levy amount.** The state general levy is levied against
 28.18 commercial-industrial property and seasonal residential recreational property, as defined
 28.19 in this section. The state general levy for commercial-industrial property is \$784,590,000
 28.20 for taxes payable in 2018 and thereafter. The state general levy for seasonal-recreational
 28.21 property is \$44,190,000 for taxes payable in 2018 and thereafter. The tax under this section
 28.22 is not treated as a local tax rate under section 469.177 and is not the levy of a governmental
 28.23 unit under chapters 276A and 473F.

28.24 The commissioner shall increase or decrease the preliminary or final rate for a year as
 28.25 necessary to account for errors and tax base changes that affected a preliminary or final rate
 28.26 for either of the two preceding years. Adjustments are allowed to the extent that the necessary
 28.27 information is available to the commissioner at the time the rates for a year must be certified,
 28.28 and for the following reasons:

28.29 (1) an erroneous report of taxable value by a local official;

28.30 (2) an erroneous calculation by the commissioner; and

29.1 (3) an increase or decrease in taxable value for commercial-industrial or seasonal
 29.2 residential recreational property reported ~~on the abstracts of tax lists submitted under section~~
 29.3 ~~275.29 that was not reported on the abstracts of assessment submitted under section 270C.89~~
 29.4 to the commissioner under section 270C.85, subdivision 2, clause (4), for the same year.

29.5 The commissioner may, but need not, make adjustments if the total difference in the tax
 29.6 levied for the year would be less than \$100,000.

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

29.8 Sec. 20. Minnesota Statutes 2016, section 290B.09, subdivision 1, is amended to read:

29.9 Subdivision 1. **Determination; payment.** The county auditor shall determine the total
 29.10 current year's deferred amount of property tax under this chapter in the county, and ~~submit~~
 29.11 report those amounts ~~as part of the abstracts of tax lists submitted by the county auditors~~
 29.12 under section 275.29 to the commissioner under section 270C.85, subdivision 2, clause (4).

29.13 The commissioner may make changes ~~in the abstracts of tax lists~~ as deemed necessary. The
 29.14 commissioner of revenue, after such review, shall pay the deferred amount of property tax
 29.15 to each county treasurer on or before August 31.

29.16 The county treasurer shall distribute as part of the October settlement the funds received
 29.17 as if they had been collected as a part of the property tax.

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

29.19 Sec. 21. Minnesota Statutes 2016, section 469.177, subdivision 1, is amended to read:

29.20 Subdivision 1. **Original net tax capacity.** (a) Upon or after adoption of a tax increment
 29.21 financing plan, the auditor of any county in which the district is situated shall, upon request
 29.22 of the authority, certify the original net tax capacity of the tax increment financing district
 29.23 and that portion of the district overlying any subdistrict as described in the tax increment
 29.24 financing plan and shall certify in each year thereafter the amount by which the original net
 29.25 tax capacity has increased or decreased as a result of a change in tax exempt status of
 29.26 property within the district and any subdistrict, reduction or enlargement of the district or
 29.27 changes pursuant to subdivision 4. The auditor shall certify the amount within 30 days after
 29.28 receipt of the request and sufficient information to identify the parcels included in the district.
 29.29 The certification relates to the taxes payable year as provided in subdivision 6.

29.30 (b) If the classification under section 273.13 of property located in a district changes to
 29.31 a classification that has a different assessment ratio, the original net tax capacity of that

30.1 property must be redetermined at the time when its use is changed as if the property had
30.2 originally been classified in the same class in which it is classified after its use is changed.

30.3 (c) The amount to be added to the original net tax capacity of the district as a result of
30.4 previously tax exempt real property within the district becoming taxable equals the net tax
30.5 capacity of the real property as most recently assessed pursuant to ~~section 273.18~~ information
30.6 reported to the commissioner under section 270C.85, subdivision 2, clause (4), or, if that
30.7 assessment was made more than one year prior to the date of title transfer rendering the
30.8 property taxable, the net tax capacity assessed by the assessor at the time of the transfer. If
30.9 improvements are made to tax exempt property after the municipality approves the district
30.10 and before the parcel becomes taxable, the assessor shall, at the request of the authority,
30.11 separately assess the estimated market value of the improvements. If the property becomes
30.12 taxable, the county auditor shall add to original net tax capacity, the net tax capacity of the
30.13 parcel, excluding the separately assessed improvements. If substantial taxable improvements
30.14 were made to a parcel after certification of the district and if the property later becomes tax
30.15 exempt, in whole or part, as a result of the authority acquiring the property through
30.16 foreclosure or exercise of remedies under a lease or other revenue agreement or as a result
30.17 of tax forfeiture, the amount to be added to the original net tax capacity of the district as a
30.18 result of the property again becoming taxable is the amount of the parcel's value that was
30.19 included in original net tax capacity when the parcel was first certified. The amount to be
30.20 added to the original net tax capacity of the district as a result of enlargements equals the
30.21 net tax capacity of the added real property as most recently certified by the commissioner
30.22 of revenue as of the date of modification of the tax increment financing plan pursuant to
30.23 section 469.175, subdivision 4.

30.24 (d) If the net tax capacity of a property increases because the property no longer qualifies
30.25 under the Minnesota Agricultural Property Tax Law, section 273.111; the Minnesota Open
30.26 Space Property Tax Law, section 273.112; or the Metropolitan Agricultural Preserves Act,
30.27 chapter 473H, the Rural Preserve Property Tax Program under section 273.114, or because
30.28 platted, unimproved property is improved or market value is increased after approval of the
30.29 plat under section 273.11, subdivision 14a or 14b, the increase in net tax capacity must be
30.30 added to the original net tax capacity. If the net tax capacity of a property increases because
30.31 the property no longer qualifies for the homestead market value exclusion under section
30.32 273.13, subdivision 35, the increase in net tax capacity must be added to original net tax
30.33 capacity if the original construction of the affected home was completed before the date the
30.34 assessor certified the original net tax capacity of the district.

31.1 (e) The amount to be subtracted from the original net tax capacity of the district as a
31.2 result of previously taxable real property within the district becoming tax exempt or
31.3 qualifying in whole or part for an exclusion from taxable market value, or a reduction in
31.4 the geographic area of the district, shall be the amount of original net tax capacity initially
31.5 attributed to the property becoming tax exempt, being excluded from taxable market value,
31.6 or being removed from the district. If the net tax capacity of property located within the tax
31.7 increment financing district is reduced by reason of a court-ordered abatement, stipulation
31.8 agreement, voluntary abatement made by the assessor or auditor or by order of the
31.9 commissioner of revenue, the reduction shall be applied to the original net tax capacity of
31.10 the district when the property upon which the abatement is made has not been improved
31.11 since the date of certification of the district and to the captured net tax capacity of the district
31.12 in each year thereafter when the abatement relates to improvements made after the date of
31.13 certification. The county auditor may specify reasonable form and content of the request
31.14 for certification of the authority and any modification thereof pursuant to section 469.175,
31.15 subdivision 4.

31.16 (f) If a parcel of property contained a substandard building or improvements described
31.17 in section 469.174, subdivision 10, paragraph (e), that were demolished or removed and if
31.18 the authority elects to treat the parcel as occupied by a substandard building under section
31.19 469.174, subdivision 10, paragraph (b), or by improvements under section 469.174,
31.20 subdivision 10, paragraph (e), the auditor shall certify the original net tax capacity of the
31.21 parcel using the greater of (1) the current net tax capacity of the parcel, or (2) the estimated
31.22 market value of the parcel for the year in which the building or other improvements were
31.23 demolished or removed, but applying the classification rates for the current year.

31.24 (g) For a redevelopment district qualifying under section 469.174, subdivision 10,
31.25 paragraph (a), clause (4), as a qualified disaster area, the auditor shall certify the value of
31.26 the land as the original tax capacity for any parcel in the district that contains a building
31.27 that suffered substantial damage as a result of the disaster or emergency.

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

31.29 Sec. 22. **REPEALER.**

31.30 Minnesota Statutes 2016, section 275.29, is repealed.

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

32.1

ARTICLE 5

32.2

MISCELLANEOUS

32.3 Section 1. Minnesota Statutes 2016, section 272.02, subdivision 27, is amended to read:

32.4 Subd. 27. **Superior National Forest; recreational property for use by ~~disabled~~**
 32.5 **veterans with a disability**. Real and personal property is exempt if it is located in the
 32.6 Superior National Forest, and owned or leased and operated by a nonprofit organization
 32.7 that is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue
 32.8 Code and primarily used to provide recreational opportunities for ~~disabled~~ veterans with a
 32.9 disability and their families.

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

32.11 Sec. 2. Minnesota Statutes 2016, section 272.02, subdivision 81, is amended to read:

32.12 Subd. 81. **Certain recreational property for ~~disabled~~ veterans with a disability**. Real
 32.13 and personal property is exempt if it is located in a county in the metropolitan area with a
 32.14 population of less than 500,000 according to the 2000 federal census, and owned or leased
 32.15 and operated by a nonprofit organization, and primarily used to provide recreational
 32.16 opportunities for ~~disabled~~ veterans with a disability and their families.

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

32.18 Sec. 3. Minnesota Statutes 2016, section 273.032, is amended to read:

32.19 **273.032 MARKET VALUE DEFINITION.**

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

32.27 (1) the market value exclusions under:

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

32.29 (ii) section 273.11, subdivision 16 (certain improvements to homestead property);

32.30 (iii) section 273.11, subdivisions 19 and 20 (certain improvements to business properties);

- 33.1 (iv) section 273.11, subdivision 21 (homestead property damaged by mold);
- 33.2 (v) section 273.13, subdivision 34 (homestead of a ~~disabled~~ veteran with a disability or
- 33.3 family caregiver); or
- 33.4 (vi) section 273.13, subdivision 35 (homestead market value exclusion); or
- 33.5 (2) the deferment of value under:
- 33.6 (i) the Minnesota Agricultural Property Tax Law, section 273.111;
- 33.7 (ii) the Aggregate Resource Preservation Law, section 273.1115;
- 33.8 (iii) the Minnesota Open Space Property Tax Law, section 273.112;
- 33.9 (iv) the rural preserves property tax program, section 273.114; or
- 33.10 (v) the Metropolitan Agricultural Preserves Act, section 473H.10; or
- 33.11 (3) the adjustments to tax capacity for:
- 33.12 (i) tax increment financing under sections 469.174 to 469.1794;
- 33.13 (ii) fiscal disparities under chapter 276A or 473F; or
- 33.14 (iii) powerline credit under section 273.425.
- 33.15 (b) Estimated market value under paragraph (a) also includes the market value of
- 33.16 tax-exempt property if the applicable law specifically provides that the limitation,
- 33.17 qualification, or aid calculation includes tax-exempt property.
- 33.18 (c) Unless otherwise provided, "market value," "estimated market value," and "market
- 33.19 valuation" for purposes of property tax levy limitations and calculation of state aid, refer
- 33.20 to the estimated market value for the previous assessment year and for purposes of limits
- 33.21 on net debt, the issuance of bonds, certificates of indebtedness, or capital notes refer to the
- 33.22 estimated market value as last finally equalized.
- 33.23 (d) For purposes of a provision of a home rule charter or of any special law that is not
- 33.24 codified in the statutes and that imposes a levy limitation based on market value or any limit
- 33.25 on debt, the issuance of bonds, certificates of indebtedness, or capital notes based on market
- 33.26 value, the terms "market value," "taxable market value," and "market valuation," whether
- 33.27 equalized or unequalized, mean "estimated market value" as defined in paragraph (a).
- 33.28 **EFFECTIVE DATE.** This section is effective the day following final enactment.

34.1 Sec. 4. Minnesota Statutes 2017 Supplement, section 273.13, subdivision 22, is amended
34.2 to read:

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

34.8 The first \$500,000 of market value of class 1a property has a net classification rate of
34.9 one percent of its market value; and the market value of class 1a property that exceeds
34.10 \$500,000 has a classification rate of 1.25 percent of its market value.

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

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

34.15 (2) any person who is permanently and totally disabled or by the ~~disabled~~ person with
34.16 a disability and the ~~disabled person's~~ spouse of the person with a disability; or

34.17 (3) the surviving spouse of a veteran who was permanently and totally disabled ~~veteran~~
34.18 homesteading a property classified under this paragraph for taxes payable in 2008.

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

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

34.26 Permanently and totally disabled for the purpose of this subdivision means a condition
34.27 which is permanent in nature and totally incapacitates the person from working at an
34.28 occupation which brings the person an income. The first \$50,000 market value of class 1b
34.29 property has a net classification rate of .45 percent of its market value. The remaining market
34.30 value of class 1b property is classified as class 1a or class 2a property, whichever is
34.31 appropriate.

34.32 (c) Class 1c property is commercial use real and personal property that abuts public
34.33 water as defined in section 103G.005, subdivision 15, or abuts a state trail administered by

35.1 the Department of Natural Resources, and is devoted to temporary and seasonal residential
35.2 occupancy for recreational purposes but not devoted to commercial purposes for more than
35.3 250 days in the year preceding the year of assessment, and that includes a portion used as
35.4 a homestead by the owner, which includes a dwelling occupied as a homestead by a
35.5 shareholder of a corporation that owns the resort, a partner in a partnership that owns the
35.6 resort, or a member of a limited liability company that owns the resort even if the title to
35.7 the homestead is held by the corporation, partnership, or limited liability company. For
35.8 purposes of this paragraph, property is devoted to a commercial purpose on a specific day
35.9 if any portion of the property, excluding the portion used exclusively as a homestead, is
35.10 used for residential occupancy and a fee is charged for residential occupancy. Class 1c
35.11 property must contain three or more rental units. A "rental unit" is defined as a cabin,
35.12 condominium, townhouse, sleeping room, or individual camping site equipped with water
35.13 and electrical hookups for recreational vehicles. Class 1c property must provide recreational
35.14 activities such as the rental of ice fishing houses, boats and motors, snowmobiles, downhill
35.15 or cross-country ski equipment; provide marina services, launch services, or guide services;
35.16 or sell bait and fishing tackle. Any unit in which the right to use the property is transferred
35.17 to an individual or entity by deeded interest, or the sale of shares or stock, no longer qualifies
35.18 for class 1c even though it may remain available for rent. A camping pad offered for rent
35.19 by a property that otherwise qualifies for class 1c is also class 1c, regardless of the term of
35.20 the rental agreement, as long as the use of the camping pad does not exceed 250 days. If
35.21 the same owner owns two separate parcels that are located in the same township, and one
35.22 of those properties is classified as a class 1c property and the other would be eligible to be
35.23 classified as a class 1c property if it was used as the homestead of the owner, both properties
35.24 will be assessed as a single class 1c property; for purposes of this sentence, properties are
35.25 deemed to be owned by the same owner if each of them is owned by a limited liability
35.26 company, and both limited liability companies have the same membership. The portion of
35.27 the property used as a homestead is class 1a property under paragraph (a). The remainder
35.28 of the property is classified as follows: the first \$600,000 of market value is tier I, the next
35.29 \$1,700,000 of market value is tier II, and any remaining market value is tier III. The
35.30 classification rates for class 1c are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III, 1.25
35.31 percent. Owners of real and personal property devoted to temporary and seasonal residential
35.32 occupancy for recreation purposes in which all or a portion of the property was devoted to
35.33 commercial purposes for not more than 250 days in the year preceding the year of assessment
35.34 desiring classification as class 1c, must submit a declaration to the assessor designating the
35.35 cabins or units occupied for 250 days or less in the year preceding the year of assessment
35.36 by January 15 of the assessment year. Those cabins or units and a proportionate share of

36.1 the land on which they are located must be designated as class 1c as otherwise provided.

36.2 The remainder of the cabins or units and a proportionate share of the land on which they

36.3 are located must be designated as class 3a commercial. The owner of property desiring

36.4 designation as class 1c property must provide guest registers or other records demonstrating

36.5 that the units for which class 1c designation is sought were not occupied for more than 250

36.6 days in the year preceding the assessment if so requested. The portion of a property operated

36.7 as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5)

36.8 other nonresidential facility operated on a commercial basis not directly related to temporary

36.9 and seasonal residential occupancy for recreation purposes does not qualify for class 1c.

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

36.11 (1) the structure is located on property that is classified as agricultural property under

36.12 section 273.13, subdivision 23;

36.13 (2) the structure is occupied exclusively by seasonal farm workers during the time when

36.14 they work on that farm, and the occupants are not charged rent for the privilege of occupying

36.15 the property, provided that use of the structure for storage of farm equipment and produce

36.16 does not disqualify the property from classification under this paragraph;

36.17 (3) the structure meets all applicable health and safety requirements for the appropriate

36.18 season; and

36.19 (4) the structure is not salable as residential property because it does not comply with

36.20 local ordinances relating to location in relation to streets or roads.

36.21 The market value of class 1d property has the same classification rates as class 1a property

36.22 under paragraph (a).

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

36.24 Sec. 5. Minnesota Statutes 2017 Supplement, section 273.13, subdivision 34, is amended

36.25 to read:

36.26 Subd. 34. **Homestead of ~~disabled~~ veteran with a disability or family caregiver.** (a)

36.27 All or a portion of the market value of property owned by a veteran and serving as the

36.28 veteran's homestead under this section is excluded in determining the property's taxable

36.29 market value if the veteran has a service-connected disability of 70 percent or more as

36.30 certified by the United States Department of Veterans Affairs. To qualify for exclusion

36.31 under this subdivision, the veteran must have been honorably discharged from the United

36.32 States armed forces, as indicated by United States Government Form DD214 or other official

36.33 military discharge papers.

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

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

37.5 (c) If a ~~disabled~~ veteran with a disability qualifying for a valuation exclusion under
37.6 paragraph (b), clause (2), predeceases the veteran's spouse, and if upon the death of the
37.7 veteran the spouse holds the legal or beneficial title to the homestead and permanently
37.8 resides there, the exclusion shall carry over to the benefit of the veteran's spouse for the
37.9 current taxes payable year and for eight additional taxes payable years or until such time
37.10 as the spouse remarries, or sells, transfers, or otherwise disposes of the property, whichever
37.11 comes first. Qualification under this paragraph requires an application under paragraph (h),
37.12 and a spouse must notify the assessor if there is a change in the spouse's marital status,
37.13 ownership of the property, or use of the property as a permanent residence.

37.14 (d) If the spouse of a member of any branch or unit of the United States armed forces
37.15 who dies due to a service-connected cause while serving honorably in active service, as
37.16 indicated on United States Government Form DD1300 or DD2064, holds the legal or
37.17 beneficial title to a homestead and permanently resides there, the spouse is entitled to the
37.18 benefit described in paragraph (b), clause (2), for eight taxes payable years, or until such
37.19 time as the spouse remarries or sells, transfers, or otherwise disposes of the property,
37.20 whichever comes first.

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

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

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

37.31 (h) To qualify for a valuation exclusion under this subdivision a property owner must
37.32 apply to the assessor by July 1 of the first assessment year for which the exclusion is sought.
37.33 For an application received after July 1, the exclusion shall become effective for the following
37.34 assessment year. Except as provided in paragraph (c), the owner of a property that has been

38.1 accepted for a valuation exclusion must notify the assessor if there is a change in ownership
38.2 of the property or in the use of the property as a homestead.

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

38.5 (j) For purposes of this subdivision:

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

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

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

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

38.13 (k) If a veteran dying after December 31, 2011, did not apply for or receive the exclusion
38.14 under paragraph (b), clause (2), before dying, the veteran's spouse is entitled to the benefit
38.15 under paragraph (b), clause (2), for eight tax payable years or until the spouse remarries
38.16 or sells, transfers, or otherwise disposes of the property if:

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

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

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

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

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

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

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

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

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

39.2 Sec. 6. Minnesota Statutes 2016, section 289A.08, subdivision 6, is amended to read:

39.3 Subd. 6. **Returns of married persons.** ~~A husband and wife~~ Individuals who are married
39.4 to each other must file a joint Minnesota income tax return if they filed a joint federal income
39.5 tax return. If the ~~husband and wife~~ spouses have elected to file separate federal income tax
39.6 returns, they must file separate Minnesota income tax returns. This election to file a joint
39.7 or separate return must be changed if they change their election for federal purposes. In the
39.8 event taxpayers desire to change their election, the change must be done in the manner and
39.9 on the form prescribed by the commissioner.

39.10 The determination of whether an individual is married shall be made under the provisions
39.11 of section 7703 of the Internal Revenue Code.

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

39.13 Sec. 7. Minnesota Statutes 2016, section 289A.25, subdivision 1, is amended to read:

39.14 Subdivision 1. **Requirements to pay.** An individual, trust, S corporation, or partnership
39.15 must, when prescribed in subdivision 3, paragraph (b), make payments of estimated tax.
39.16 For individuals, the term "estimated tax" means the amount the taxpayer estimates is the
39.17 sum of the taxes imposed by chapter 290 for the taxable year. For trusts, S corporations,
39.18 and partnerships, the term estimated tax means the amount the taxpayer estimates is the
39.19 sum of the taxes for the taxable year imposed by chapter 290 and the composite income tax
39.20 imposed by section 289A.08, subdivision 7. If the individual is an infant or incompetent
39.21 person, the payments must be made by the individual's guardian. If joint payments on
39.22 estimated tax are made but a joint return is not made for the taxable year, the estimated tax
39.23 for that year may be treated as the estimated tax of either ~~the husband or the wife~~ spouse or
39.24 may be divided between them.

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

39.26 Sec. 8. Minnesota Statutes 2016, section 289A.31, subdivision 2, is amended to read:

39.27 Subd. 2. **Joint income tax returns.** (a) If a joint income tax return is made by ~~a husband~~
39.28 ~~and wife~~ spouses, the liability for the tax is joint and several. A spouse who qualifies for
39.29 relief from a liability attributable to an underpayment under section 6015(b) of the Internal
39.30 Revenue Code is relieved of the state income tax liability on the underpayment.

40.1 (b) In the case of individuals who were ~~a husband and wife~~ married as determined in
 40.2 section 7703 of the Internal Revenue Code prior to the dissolution of their marriage or their
 40.3 legal separation, or prior to the death of one of the individuals, for tax liabilities reported
 40.4 on a joint or combined return, the liability of each person is limited to the proportion of the
 40.5 tax due on the return that equals that person's proportion of the total tax due if ~~the husband~~
 40.6 ~~and wife~~ each spouse filed separate returns for the taxable year. This provision is effective
 40.7 only when the commissioner receives written notice of the marriage dissolution, legal
 40.8 separation, or death of a spouse from the ~~husband or wife~~ surviving spouse. No refund may
 40.9 be claimed by an ex-spouse, legally separated or widowed spouse for any taxes paid more
 40.10 than 60 days before receipt by the commissioner of the written notice.

40.11 (c) A request for calculation of separate liability pursuant to paragraph (b) for taxes
 40.12 reported on a return must be made within six years after the due date of the return. For
 40.13 calculation of separate liability for taxes assessed by the commissioner under section 289A.35
 40.14 or 289A.37, the request must be made within six years after the date of assessment. The
 40.15 commissioner is not required to calculate separate liability if the remaining unpaid liability
 40.16 for which recalculation is requested is \$100 or less.

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

40.18 Sec. 9. Minnesota Statutes 2016, section 289A.37, subdivision 6, is amended to read:

40.19 Subd. 6. **Order of assessment if joint income tax return.** If a joint income tax return
 40.20 is filed by ~~a husband and wife~~ spouses, an order of assessment may be a single joint notice.
 40.21 If the commissioner has been notified by either spouse that that spouse's address has changed
 40.22 and if that spouse requests it, then, instead of the single joint notice mailed to the last known
 40.23 address of the ~~husband and wife~~ spouses, a duplicate or original of the joint notice must be
 40.24 sent to the requesting spouse at the address designated by the requesting spouse. The other
 40.25 joint notice must be mailed to the other spouse at that spouse's last known address. An
 40.26 assessment is not invalid for failure to send it to a spouse if the spouse actually receives the
 40.27 notice in the same period as if it had been mailed to that spouse at the correct address or if
 40.28 the spouse has failed to provide an address to the commissioner other than the last known
 40.29 address.

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

40.31 Sec. 10. Minnesota Statutes 2016, section 290.0802, subdivision 2, is amended to read:

40.32 Subd. 2. **Subtraction.** (a) A qualified individual is allowed a subtraction from federal
 40.33 taxable income of the individual's subtraction base amount. The excess of the subtraction

41.1 base amount over the taxable net income computed without regard to the subtraction for
 41.2 the elderly or ~~disabled~~ a person with a disability under section 290.0132, subdivision 5,
 41.3 may be used to reduce the amount of a lump sum distribution subject to tax under section
 41.4 290.032.

41.5 (b)(1) The initial subtraction base amount equals

41.6 (i) \$12,000 for a married taxpayer filing a joint return if a spouse is a qualified individual,

41.7 (ii) \$9,600 for a single taxpayer, and

41.8 (iii) \$6,000 for a married taxpayer filing a separate federal return.

41.9 (2) The qualified individual's initial subtraction base amount, then, must be reduced by
 41.10 the sum of nontaxable retirement and disability benefits and one-half of the amount of
 41.11 adjusted gross income in excess of the following thresholds:

41.12 (i) \$18,000 for a married taxpayer filing a joint return if both spouses are qualified
 41.13 individuals,

41.14 (ii) \$14,500 for a single taxpayer or for a married couple filing a joint return if only one
 41.15 spouse is a qualified individual, and

41.16 (iii) \$9,000 for a married taxpayer filing a separate federal return.

41.17 (3) In the case of a qualified individual who is under the age of 65, the maximum amount
 41.18 of the subtraction base may not exceed the taxpayer's disability income.

41.19 (4) The resulting amount is the subtraction base amount.

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

41.21 Sec. 11. Minnesota Statutes 2016, section 290.0802, subdivision 3, is amended to read:

41.22 Subd. 3. **Restrictions; married couples.** Except in the case of ~~a husband and wife~~
 41.23 spouses who live apart at all times during the taxable year, if the taxpayer is married at the
 41.24 close of the taxable year, the subtraction under subdivision 2 is allowable only if the taxpayers
 41.25 file joint federal and state income tax returns for the taxable year.

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

41.27 Sec. 12. Minnesota Statutes 2017 Supplement, section 290.091, subdivision 2, is amended
 41.28 to read:

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

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

42.3 (1) the taxpayer's federal alternative minimum taxable income as defined in section
42.4 55(b)(2) of the Internal Revenue Code;

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

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

42.8 (ii) the medical expense deduction;

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

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

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

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

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

42.22 (6) the amount of addition required by section 290.0131, subdivisions 9 to 11;

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

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

42.25 (ii) an overpayment of state income tax as provided by section 290.0132, subdivision
42.26 3, to the extent included in federal alternative minimum taxable income;

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

43.1 (iv) amounts subtracted from federal taxable income as provided by section 290.0132,
43.2 subdivisions 7, 9 to 15, 17, 21, 24, and 26; and

43.3 (v) the amount of the net operating loss allowed under section 290.095, subdivision 11,
43.4 paragraph (c).

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

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

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

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

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

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

43.16 Sec. 13. Minnesota Statutes 2017 Supplement, section 290A.03, subdivision 3, is amended
43.17 to read:

43.18 Subd. 3. **Income.** (a) "Income" means the sum of the following:

43.19 (1) federal adjusted gross income as defined in the Internal Revenue Code; and

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

43.21 (i) all nontaxable income;

43.22 (ii) the amount of a passive activity loss that is not disallowed as a result of section 469,
43.23 paragraph (i) or (m) of the Internal Revenue Code and the amount of passive activity loss
43.24 carryover allowed under section 469(b) of the Internal Revenue Code;

43.25 (iii) an amount equal to the total of any discharge of qualified farm indebtedness of a
43.26 solvent individual excluded from gross income under section 108(g) of the Internal Revenue
43.27 Code;

43.28 (iv) cash public assistance and relief;

43.29 (v) any pension or annuity (including railroad retirement benefits, all payments received
43.30 under the federal Social Security Act, Supplemental Security Income, and veterans benefits),

44.1 which was not exclusively funded by the claimant or spouse, or which was funded exclusively
44.2 by the claimant or spouse and which funding payments were excluded from federal adjusted
44.3 gross income in the years when the payments were made;

44.4 (vi) interest received from the federal or a state government or any instrumentality or
44.5 political subdivision thereof;

44.6 (vii) workers' compensation;

44.7 (viii) nontaxable strike benefits;

44.8 (ix) the gross amounts of payments received in the nature of disability income or sick
44.9 pay as a result of accident, sickness, or other disability, whether funded through insurance
44.10 or otherwise;

44.11 (x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of
44.12 1986, as amended through December 31, 1995;

44.13 (xi) contributions made by the claimant to an individual retirement account, including
44.14 a qualified voluntary employee contribution; simplified employee pension plan;
44.15 self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of
44.16 the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal
44.17 Revenue Code, to the extent the sum of amounts exceeds the retirement base amount for
44.18 the claimant and spouse;

44.19 (xii) to the extent not included in federal adjusted gross income, distributions received
44.20 by the claimant or spouse from a traditional or Roth style retirement account or plan;

44.21 (xiii) nontaxable scholarship or fellowship grants;

44.22 (xiv) the amount of deduction allowed under section 199 of the Internal Revenue Code;

44.23 (xv) the amount of deduction allowed under section 220 or 223 of the Internal Revenue
44.24 Code;

44.25 (xvi) the amount deducted for tuition expenses under section 222 of the Internal Revenue
44.26 Code; and

44.27 (xvii) the amount deducted for certain expenses of elementary and secondary school
44.28 teachers under section 62(a)(2)(D) of the Internal Revenue Code.

44.29 In the case of an individual who files an income tax return on a fiscal year basis, the
44.30 term "federal adjusted gross income" shall mean federal adjusted gross income reflected in
44.31 the fiscal year ending in the calendar year. Federal adjusted gross income shall not be reduced

45.1 by the amount of a net operating loss carryback or carryforward or a capital loss carryback
45.2 or carryforward allowed for the year.

45.3 (b) "Income" does not include:

45.4 (1) amounts excluded pursuant to the Internal Revenue Code, sections 101(a) and 102;

45.5 (2) amounts of any pension or annuity which was exclusively funded by the claimant
45.6 or spouse and which funding payments were not excluded from federal adjusted gross
45.7 income in the years when the payments were made;

45.8 (3) to the extent included in federal adjusted gross income, amounts contributed by the
45.9 claimant or spouse to a traditional or Roth style retirement account or plan, but not to exceed
45.10 the retirement base amount reduced by the amount of contributions excluded from federal
45.11 adjusted gross income, but not less than zero;

45.12 (4) surplus food or other relief in kind supplied by a governmental agency;

45.13 (5) relief granted under this chapter;

45.14 (6) child support payments received under a temporary or final decree of dissolution or
45.15 legal separation; or

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

45.19 (c) The sum of the following amounts may be subtracted from income:

45.20 (1) for the claimant's first dependent, the exemption amount multiplied by 1.4;

45.21 (2) for the claimant's second dependent, the exemption amount multiplied by 1.3;

45.22 (3) for the claimant's third dependent, the exemption amount multiplied by 1.2;

45.23 (4) for the claimant's fourth dependent, the exemption amount multiplied by 1.1;

45.24 (5) for the claimant's fifth dependent, the exemption amount; and

45.25 (6) if the claimant or claimant's spouse ~~was disabled~~ had a disability or attained the age
45.26 of 65 on or before December 31 of the year for which the taxes were levied or rent paid,
45.27 the exemption amount.

45.28 (d) For purposes of this subdivision, the "exemption amount" means the exemption
45.29 amount under section 151(d) of the Internal Revenue Code for the taxable year for which
45.30 the income is reported; "retirement base amount" means the deductible amount for the
45.31 taxable year for the claimant and spouse under section 219(b)(5)(A) of the Internal Revenue

46.1 Code, adjusted for inflation as provided in section 219(b)(5)(C) of the Internal Revenue
46.2 Code, without regard to whether the claimant or spouse claimed a deduction; and "traditional
46.3 or Roth style retirement account or plan" means retirement plans under sections 401, 403,
46.4 408, 408A, and 457 of the Internal Revenue Code.

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

46.6 Sec. 14. Minnesota Statutes 2016, section 290A.03, subdivision 4, is amended to read:

46.7 Subd. 4. **Household.** "Household" means a claimant and an individual related to the
46.8 claimant as ~~husband or wife~~ the claimant's spouse who are domiciled in the same homestead.

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

46.10 Sec. 15. Minnesota Statutes 2017 Supplement, section 290A.03, subdivision 8, is amended
46.11 to read:

46.12 Subd. 8. **Claimant.** (a) "Claimant" means a person, other than a dependent, as defined
46.13 under sections 151 and 152 of the Internal Revenue Code disregarding section 152(b)(3)
46.14 of the Internal Revenue Code, who filed a claim authorized by this chapter and who was a
46.15 resident of this state as provided in chapter 290 during the calendar year for which the claim
46.16 for relief was filed.

46.17 (b) In the case of a claim relating to rent constituting property taxes, the claimant shall
46.18 have resided in a rented or leased unit on which ad valorem taxes or payments made in lieu
46.19 of ad valorem taxes, including payments of special assessments imposed in lieu of ad valorem
46.20 taxes, are payable at some time during the calendar year covered by the claim.

46.21 (c) "Claimant" shall not include a resident of a nursing home, intermediate care facility,
46.22 long-term residential facility, or a facility that accepts housing support payments whose
46.23 rent constituting property taxes is paid pursuant to the Supplemental Security Income
46.24 program under title XVI of the Social Security Act, the Minnesota supplemental aid program
46.25 under sections 256D.35 to 256D.54, the medical assistance program pursuant to title XIX
46.26 of the Social Security Act, or the housing support program under chapter 256I.

46.27 If only a portion of the rent constituting property taxes is paid by these programs, the
46.28 resident shall be a claimant for purposes of this chapter, but the refund calculated pursuant
46.29 to section 290A.04 shall be multiplied by a fraction, the numerator of which is income as
46.30 defined in subdivision 3, paragraphs (a) and (b), reduced by the total amount of income
46.31 from the above sources other than vendor payments under the medical assistance program
46.32 and the denominator of which is income as defined in subdivision 3, paragraphs (a) and (b),

47.1 plus vendor payments under the medical assistance program, to determine the allowable
47.2 refund pursuant to this chapter.

47.3 (d) Notwithstanding paragraph (c), if the claimant was a resident of the nursing home,
47.4 intermediate care facility, long-term residential facility, or facility for which the rent was
47.5 paid for the claimant by the housing support program for only a portion of the calendar year
47.6 covered by the claim, the claimant may compute rent constituting property taxes by
47.7 disregarding the rent constituting property taxes from the nursing home or facility and use
47.8 only that amount of rent constituting property taxes or property taxes payable relating to
47.9 that portion of the year when the claimant was not in the facility. The claimant's household
47.10 income is the income for the entire calendar year covered by the claim.

47.11 (e) In the case of a claim for rent constituting property taxes of a part-year Minnesota
47.12 resident, the income and rental reflected in this computation shall be for the period of
47.13 Minnesota residency only. Any rental expenses paid which may be reflected in arriving at
47.14 federal adjusted gross income cannot be utilized for this computation. When two individuals
47.15 of a household are able to meet the qualifications for a claimant, they may determine among
47.16 them as to who the claimant shall be. If they are unable to agree, the matter shall be referred
47.17 to the commissioner of revenue whose decision shall be final. If a homestead property owner
47.18 was a part-year Minnesota resident, the income reflected in the computation made pursuant
47.19 to section 290A.04 shall be for the entire calendar year, including income not assignable to
47.20 Minnesota.

47.21 (f) If a homestead is occupied by two or more renters, who are not ~~husband and wife~~
47.22 married to each other, the rent shall be deemed to be paid equally by each, and separate
47.23 claims shall be filed by each. The income of each shall be each renter's household income
47.24 for purposes of computing the amount of credit to be allowed.

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

47.26 Sec. 16. Minnesota Statutes 2016, section 290A.05, is amended to read:

47.27 **290A.05 COMBINED HOUSEHOLD INCOME.**

47.28 If a person occupies a homestead with another person ~~or persons~~ not related to the person
47.29 as ~~husband and wife~~ the person's spouse, excluding dependents, roomers or boarders on
47.30 contract, and has property tax payable with respect to the homestead, the household income
47.31 of the claimant or claimants for the purpose of computing the refund allowed by section
47.32 290A.04 shall include the total income received by the other persons residing in the
47.33 homestead. For purposes of this section, "dependent" includes a parent of the claimant or

48.1 spouse who lives in the claimant's homestead and does not have an ownership interest in
 48.2 the homestead. If a person occupies a homestead with another person or persons not related
 48.3 to the person as ~~husband and wife~~ the person's spouse or as dependents, the property tax
 48.4 payable or rent constituting property tax shall be reduced as follows.

48.5 If the other person or persons are residing at the homestead under rental or lease
 48.6 agreement, the amount of property tax payable or rent constituting property tax shall be that
 48.7 portion not covered by the rental agreement.

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

48.9 Sec. 17. Minnesota Statutes 2016, section 290A.08, is amended to read:

48.10 **290A.08 ONE CLAIMANT PER HOUSEHOLD.**

48.11 Only one claimant per household per year is entitled to relief under this chapter. Payment
 48.12 of the claim for relief may be made payable to the ~~husband and wife~~ spouses as one claimant.
 48.13 The commissioner, upon written request, may issue separate checks, to the ~~husband and~~
 48.14 ~~wife~~ spouses for one-half of the relief provided the original check has not been issued or
 48.15 has been returned. Individuals related as ~~husband and wife~~ spouses who were married during
 48.16 the year may elect to file a joint claim which shall include each spouse's income, rent
 48.17 constituting property taxes, and property taxes payable. ~~Husbands and wives~~ Spouses who
 48.18 were married for the entire year and were domiciled in the same household for the entire
 48.19 year must file a joint claim. The maximum dollar amount allowable for a joint claim shall
 48.20 not exceed the amount that one person could receive.

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

48.22 Sec. 18. Minnesota Statutes 2016, section 290A.09, is amended to read:

48.23 **290A.09 PROOF OF CLAIM.**

48.24 Every claimant shall supply to the commissioner of revenue, in support of the claim,
 48.25 proof of eligibility under this chapter, including but not limited to amount of rent paid or
 48.26 property taxes accrued, name and address of owner or managing agent of property rented,
 48.27 changes in homestead, household membership, household income, size and nature of property
 48.28 claimed as a homestead.

48.29 ~~Disabled~~ Persons with a disability filing claims shall submit proof of disability in the
 48.30 form and manner as the commissioner may prescribe. The department may require
 48.31 examination and certification by the claimant's physician or by a physician designated by
 48.32 the commissioner. The cost of any examination shall be borne by the claimant, unless the

49.1 examination proves the disability, in which case the cost of the examination shall be borne
49.2 by the commissioner.

49.3 A determination of disability of a claimant by the Social Security Administration under
49.4 Title II or Title XVI of the Social Security Act shall constitute presumptive proof of disability.

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

49.6 Sec. 19. Minnesota Statutes 2016, section 297A.61, subdivision 18, is amended to read:

49.7 Subd. 18. ~~Disabled Person with a disability.~~ "Disabled Person with a disability" means
49.8 an individual who has a permanent and total disability as defined in section 273.13,
49.9 subdivision 22.

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

49.11 Sec. 20. Minnesota Statutes 2017 Supplement, section 297A.67, subdivision 6, is amended
49.12 to read:

49.13 Subd. 6. **Other exempt meals.** (a) Prepared food, candy, and soft drinks purchased for
49.14 and served exclusively to individuals who are 60 years of age or over and their spouses or
49.15 to ~~disabled~~ persons with a disability and their spouses by governmental agencies, nonprofit
49.16 organizations, or churches, or pursuant to any program funded in whole or in part through
49.17 United States Code, title 42, sections 3001 through 3045, wherever delivered, prepared, or
49.18 served, are exempt. Taxable food sold through vending machines is not exempt.

49.19 (b) Prepared food, candy, and soft drinks purchased for and served exclusively to children
49.20 who are less than 14 years of age or ~~disabled~~ children with a disability who are less than
49.21 16 years of age and who are attending a child care or early childhood education program,
49.22 are exempt if they are:

49.23 (1) purchased by a nonprofit child care facility that is exempt under section 297A.70,
49.24 subdivision 4, and that primarily serves families with income of 250 percent or less of
49.25 federal poverty guidelines; and

49.26 (2) prepared at the site of the child care facility.

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

50.1 Sec. 21. Minnesota Statutes 2016, section 297A.67, subdivision 12, is amended to read:

50.2 Subd. 12. **Parts and accessories used to make a motor vehicle ~~disabled~~ accessible**
 50.3 **to a person with a disability**. Parts, accessories, and labor charges that are used solely to
 50.4 modify a motor vehicle to make it ~~disabled~~ accessible to persons with a disability are exempt.

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

50.6 Sec. 22. Minnesota Statutes 2016, section 297A.70, subdivision 3, is amended to read:

50.7 Subd. 3. **Sales of certain goods and services to government.** (a) The following sales
 50.8 to or use by the specified governments and political subdivisions of the state are exempt:

50.9 (1) repair and replacement parts for emergency rescue vehicles, fire trucks, and fire
 50.10 apparatus to a political subdivision;

50.11 (2) machinery and equipment, except for motor vehicles, used directly for mixed
 50.12 municipal solid waste management services at a solid waste disposal facility as defined in
 50.13 section 115A.03, subdivision 10;

50.14 (3) chore and homemaking services to a political subdivision of the state to be provided
 50.15 to elderly individuals or ~~disabled individuals~~ persons with a disability;

50.16 (4) telephone services to the Office of MN.IT Services that are used to provide
 50.17 telecommunications services through the MN.IT services revolving fund;

50.18 (5) firefighter personal protective equipment as defined in paragraph (b), if purchased
 50.19 or authorized by and for the use of an organized fire department, fire protection district, or
 50.20 fire company regularly charged with the responsibility of providing fire protection to the
 50.21 state or a political subdivision;

50.22 (6) bullet-resistant body armor that provides the wearer with ballistic and trauma
 50.23 protection, if purchased by a law enforcement agency of the state or a political subdivision
 50.24 of the state, or a licensed peace officer, as defined in section 626.84, subdivision 1;

50.25 (7) motor vehicles purchased or leased by political subdivisions of the state if the vehicles
 50.26 are exempt from registration under section 168.012, subdivision 1, paragraph (b), exempt
 50.27 from taxation under section 473.448, or exempt from the motor vehicle sales tax under
 50.28 section 297B.03, clause (12);

50.29 (8) equipment designed to process, dewater, and recycle biosolids for wastewater
 50.30 treatment facilities of political subdivisions, and materials incidental to installation of that
 50.31 equipment;

51.1 (9) the removal of trees, bushes, or shrubs for the construction and maintenance of roads,
 51.2 trails, or firebreaks when purchased by an agency of the state or a political subdivision of
 51.3 the state;

51.4 (10) purchases by the Metropolitan Council or the Department of Transportation of
 51.5 vehicles and repair parts to equip operations provided for in section 174.90, including, but
 51.6 not limited to, the Northstar Corridor Rail project; and

51.7 (11) purchases of water used directly in providing public safety services by an organized
 51.8 fire department, fire protection district, or fire company regularly charged with the
 51.9 responsibility of providing fire protection to the state or a political subdivision.

51.10 (b) For purposes of this subdivision, "firefighters personal protective equipment" means
 51.11 helmets, including face shields, chin straps, and neck liners; bunker coats and pants, including
 51.12 pant suspenders; boots; gloves; head covers or hoods; wildfire jackets; protective coveralls;
 51.13 goggles; self-contained breathing apparatus; canister filter masks; personal alert safety
 51.14 systems; spanner belts; optical or thermal imaging search devices; and all safety equipment
 51.15 required by the Occupational Safety and Health Administration.

51.16 (c) For purchases of items listed in paragraph (a), clause (10), the tax must be imposed
 51.17 and collected as if the rate under section 297A.62, subdivision 1, applied and then refunded
 51.18 in the manner provided in section 297A.75.

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

51.20 Sec. 23. Minnesota Statutes 2017 Supplement, section 297A.70, subdivision 4, is amended
 51.21 to read:

51.22 Subd. 4. **Sales to nonprofit groups.** (a) All sales, except those listed in paragraph (b),
 51.23 to the following "nonprofit organizations" are exempt:

51.24 (1) a corporation, society, association, foundation, or institution organized and operated
 51.25 exclusively for charitable, religious, or educational purposes if the item purchased is used
 51.26 in the performance of charitable, religious, or educational functions;

51.27 (2) any senior citizen group or association of groups that:

51.28 (i) in general limits membership to persons who are either age 55 or older, or ~~physically~~
 51.29 ~~disabled~~ persons with a physical disability;

51.30 (ii) is organized and operated exclusively for pleasure, recreation, and other nonprofit
 51.31 purposes, not including housing, no part of the net earnings of which inures to the benefit
 51.32 of any private shareholders; and

52.1 (iii) is an exempt organization under section 501(c) of the Internal Revenue Code; and

52.2 (3) an organization that qualifies for an exemption for memberships under subdivision
52.3 12 if the item is purchased and used in the performance of the organization's mission.

52.4 For purposes of this subdivision, charitable purpose includes the maintenance of a cemetery
52.5 owned by a religious organization.

52.6 (b) This exemption does not apply to the following sales:

52.7 (1) building, construction, or reconstruction materials purchased by a contractor or a
52.8 subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed
52.9 maximum price covering both labor and materials for use in the construction, alteration, or
52.10 repair of a building or facility;

52.11 (2) construction materials purchased by tax-exempt entities or their contractors to be
52.12 used in constructing buildings or facilities that will not be used principally by the tax-exempt
52.13 entities;

52.14 (3) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause (2),
52.15 and prepared food, candy, soft drinks, and alcoholic beverages as defined in section 297A.67,
52.16 subdivision 2, except wine purchased by an established religious organization for sacramental
52.17 purposes or as allowed under subdivision 9a; and

52.18 (4) leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except as
52.19 provided in paragraph (c).

52.20 (c) This exemption applies to the leasing of a motor vehicle as defined in section 297B.01,
52.21 subdivision 11, only if the vehicle is:

52.22 (1) a truck, as defined in section 168.002, a bus, as defined in section 168.002, or a
52.23 passenger automobile, as defined in section 168.002, if the automobile is designed and used
52.24 for carrying more than nine persons including the driver; and

52.25 (2) intended to be used primarily to transport tangible personal property or individuals,
52.26 other than employees, to whom the organization provides service in performing its charitable,
52.27 religious, or educational purpose.

52.28 (d) A limited liability company also qualifies for exemption under this subdivision if
52.29 (1) it consists of a sole member that would qualify for the exemption, and (2) the items
52.30 purchased qualify for the exemption.

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

53.1 Sec. 24. Minnesota Statutes 2016, section 297A.70, subdivision 16, is amended to read:

53.2 Subd. 16. **Camp fees.** Fees to camps or other recreation facilities are exempt for:

53.3 (1) services primarily for children, adults accompanying children, or persons with
53.4 ~~disabilities~~ a disability; or

53.5 (2) educational or religious activities;

53.6 ~~and~~ if the camp or facilities are owned and operated by an exempt organization under section
53.7 501(c)(3) of the Internal Revenue Code.

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

53.9 Sec. 25. Minnesota Statutes 2016, section 297A.71, subdivision 22, is amended to read:

53.10 Subd. 22. **Materials used to make residential property ~~disabled~~ accessible to persons**
53.11 **with a disability.** Building materials and equipment sold to, or stored, used, or consumed
53.12 by, a nonprofit organization are exempt if:

53.13 (1) the materials and equipment are used or incorporated into modifying an existing
53.14 residential structure to make it ~~disabled~~ accessible to persons with a disability; and

53.15 (2) the materials and equipment used in the modification would qualify for an exemption
53.16 under either subdivision 11 or 12 if made by the current owner of the residence.

53.17 For purposes of this subdivision, "nonprofit organization" means any nonprofit
53.18 corporation, society, association, foundation, or institution organized and operated exclusively
53.19 for charitable, religious, educational, or civic purposes; or a veterans' group exempt from
53.20 federal taxation under section 501(c), clause (19), of the Internal Revenue Code.

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

53.22 Sec. 26. Minnesota Statutes 2017 Supplement, section 297A.75, subdivision 1, is amended
53.23 to read:

53.24 Subdivision 1. **Tax collected.** The tax on the gross receipts from the sale of the following
53.25 exempt items must be imposed and collected as if the sale were taxable and the rate under
53.26 section 297A.62, subdivision 1, applied. The exempt items include:

53.27 (1) building materials for an agricultural processing facility exempt under section
53.28 297A.71, subdivision 13;

53.29 (2) building materials for mineral production facilities exempt under section 297A.71,
53.30 subdivision 14;

- 54.1 (3) building materials for correctional facilities under section 297A.71, subdivision 3;
- 54.2 (4) building materials used in a residence for ~~disabled~~ veterans with a disability exempt
54.3 under section 297A.71, subdivision 11;
- 54.4 (5) elevators and building materials exempt under section 297A.71, subdivision 12;
- 54.5 (6) materials and supplies for qualified low-income housing under section 297A.71,
54.6 subdivision 23;
- 54.7 (7) materials, supplies, and equipment for municipal electric utility facilities under
54.8 section 297A.71, subdivision 35;
- 54.9 (8) equipment and materials used for the generation, transmission, and distribution of
54.10 electrical energy and an aerial camera package exempt under section 297A.68, subdivision
54.11 37;
- 54.12 (9) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, paragraph
54.13 (a), clause (10);
- 54.14 (10) materials, supplies, and equipment for construction or improvement of projects and
54.15 facilities under section 297A.71, subdivision 40;
- 54.16 (11) materials, supplies, and equipment for construction, improvement, or expansion
54.17 of:
- 54.18 (i) an aerospace defense manufacturing facility exempt under Minnesota Statutes 2014,
54.19 section 297A.71, subdivision 42;
- 54.20 (ii) a biopharmaceutical manufacturing facility exempt under section 297A.71, subdivision
54.21 45;
- 54.22 (iii) a research and development facility exempt under Minnesota Statutes 2014, section
54.23 297A.71, subdivision 46; and
- 54.24 (iv) an industrial measurement manufacturing and controls facility exempt under
54.25 Minnesota Statutes 2014, section 297A.71, subdivision 47;
- 54.26 (12) enterprise information technology equipment and computer software for use in a
54.27 qualified data center exempt under section 297A.68, subdivision 42;
- 54.28 (13) materials, supplies, and equipment for qualifying capital projects under section
54.29 297A.71, subdivision 44, paragraph (a), clause (1), and paragraph (b);
- 54.30 (14) items purchased for use in providing critical access dental services exempt under
54.31 section 297A.70, subdivision 7, paragraph (c);

55.1 (15) items and services purchased under a business subsidy agreement for use or
55.2 consumption primarily in greater Minnesota exempt under section 297A.68, subdivision
55.3 44;

55.4 (16) building materials, equipment, and supplies for constructing or replacing real
55.5 property exempt under section 297A.71, subdivision 49; and

55.6 (17) building materials, equipment, and supplies for constructing or replacing real
55.7 property exempt under section 297A.71, subdivision 50, paragraph (b).

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

55.9 Sec. 27. Minnesota Statutes 2016, section 297B.01, subdivision 14, is amended to read:

55.10 Subd. 14. **Purchase price.** (a) "Purchase price" means the total consideration valued
55.11 in money for a sale, whether paid in money or otherwise. The purchase price excludes the
55.12 amount of a manufacturer's rebate paid or payable to the purchaser. If a motor vehicle is
55.13 taken in trade as a credit or as part payment on a motor vehicle taxable under this chapter,
55.14 the credit or trade-in value allowed by the person selling the motor vehicle shall be deducted
55.15 from the total selling price to establish the purchase price of the vehicle being sold and the
55.16 trade-in allowance allowed by the seller shall constitute the purchase price of the motor
55.17 vehicle accepted as a trade-in. The purchase price in those instances where the motor vehicle
55.18 is acquired by gift or by any other transfer for a nominal or no monetary consideration shall
55.19 also include the average value of similar motor vehicles, established by standards and guides
55.20 as determined by the motor vehicle registrar. The purchase price in those instances where
55.21 a motor vehicle is manufactured by a person who registers it under the laws of this state
55.22 shall mean the manufactured cost of such motor vehicle and manufactured cost shall mean
55.23 the amount expended for materials, labor, and other properly allocable costs of manufacture,
55.24 except that in the absence of actual expenditures for the manufacture of a part or all of the
55.25 motor vehicle, manufactured costs shall mean the reasonable value of the completed motor
55.26 vehicle.

55.27 (b) The term "purchase price" shall not include the portion of the value of a motor vehicle
55.28 due solely to modifications necessary to make the motor vehicle ~~disability~~ accessible to
55.29 persons with a disability.

55.30 (c) The term "purchase price" shall not include the transfer of a motor vehicle by way
55.31 of gift between a ~~husband and wife~~ spouses or parent and child, or to a nonprofit organization
55.32 as provided under subdivision 16, paragraph (c), clause (6), nor shall it include the transfer
55.33 of a motor vehicle by a guardian to a ward when there is no monetary consideration and the

56.1 title to such vehicle was registered in the name of the guardian, as guardian, only because
56.2 the ward was a minor.

56.3 (d) The term "purchase price" shall not include the transfer of a motor vehicle as a gift
56.4 between a foster parent and foster child. For purposes of this subdivision, a foster relationship
56.5 exists, regardless of the age of the child, if (1) a foster parent's home is or was licensed as
56.6 a foster family home under Minnesota Rules, parts 2960.3000 to 2960.3340, and (2) the
56.7 county verifies that the child was a state ward or in permanent foster care.

56.8 (e) There shall not be included in "purchase price" the amount of any tax imposed by
56.9 the United States upon or with respect to retail sales whether imposed upon the retailer or
56.10 the consumer.

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

56.12 Sec. 28. Minnesota Statutes 2017 Supplement, section 297B.01, subdivision 16, is amended
56.13 to read:

56.14 Subd. 16. **Sale, sells, selling, purchase, purchased, or acquired.** (a) "Sale," "sells,"
56.15 "selling," "purchase," "purchased," or "acquired" means any transfer of title of any motor
56.16 vehicle, whether absolutely or conditionally, for a consideration in money or by exchange
56.17 or barter for any purpose other than resale in the regular course of business.

56.18 (b) Any motor vehicle utilized by the owner only by leasing such vehicle to others or
56.19 by holding it in an effort to so lease it, and which is put to no other use by the owner other
56.20 than resale after such lease or effort to lease, shall be considered property purchased for
56.21 resale.

56.22 (c) The terms also shall include any transfer of title or ownership of a motor vehicle by
56.23 other means, for or without consideration, except that these terms shall not include:

56.24 (1) the acquisition of a motor vehicle by inheritance from or by bequest of, or
56.25 transfer-on-death of title by, a decedent who owned it;

56.26 (2) the transfer of a motor vehicle which was previously licensed in the names of two
56.27 or more joint tenants and subsequently transferred without monetary consideration to one
56.28 or more of the joint tenants;

56.29 (3) the transfer of a motor vehicle by way of gift from a limited used vehicle dealer
56.30 licensed under section 168.27, subdivision 4a, to an individual, when the transfer is with
56.31 no monetary or other consideration or expectation of consideration and the parties to the
56.32 transfer submit an affidavit to that effect at the time the title transfer is recorded;

57.1 (4) the transfer of a motor vehicle by gift between:

57.2 (i) spouses;

57.3 (ii) parents and a child; or

57.4 (iii) grandparents and a grandchild;

57.5 (5) the voluntary or involuntary transfer of a motor vehicle between ~~a husband and wife~~
57.6 spouses in a divorce proceeding; or

57.7 (6) the transfer of a motor vehicle by way of a gift to an organization that is exempt from
57.8 federal income taxation under section 501(c)(3) of the Internal Revenue Code when the
57.9 motor vehicle will be used exclusively for religious, charitable, or educational purposes.

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

57.11 Sec. 29. Laws 2017, First Special Session chapter 1, article 8, section 3, the effective date,
57.12 is amended to read:

57.13 **EFFECTIVE DATE.** This section is effective for (1) petitions and appeals filed after
57.14 June 30, 2017, for which notices of entry of order are mailed before July 1, 2018, and (2)
57.15 notices of entry of order mailed after June 30, 2018.

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

APPENDIX
Article locations for SF3711-0

ARTICLE 1	INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES..	Page.Ln 1.24
ARTICLE 2	SALES AND USE TAXES.....	Page.Ln 8.11
ARTICLE 3	TOBACCO TAXES.....	Page.Ln 14.7
ARTICLE 4	PROPERTY TAXES.....	Page.Ln 15.20
ARTICLE 5	MISCELLANEOUS.....	Page.Ln 32.1

275.29 ABSTRACTS TO COMMISSIONER OF REVENUE.

Not later than March 31, in each year, the county auditor shall make and transmit to the commissioner of revenue, in such form as may be prescribed by the commissioner of revenue, complete abstracts of the tax lists of the county, showing the number of acres of land assessed; its value, including the structures thereon; the value of town and city lots, including structures; the total value of all taxable personal property in the several assessment districts; the aggregate amount of all taxable property in the county, and the total amount of taxes levied therein for state, county, town, and all other purposes for that year.