

**SENATE**  
**STATE OF MINNESOTA**  
**EIGHTY-EIGHTH LEGISLATURE**

**S.F. No. 477**

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DATE	D-PG	OFFICIAL STATUS
02/14/2013	235	Introduction and first reading Referred to Taxes

A bill for an act

1.1 relating to taxation; making technical and clarifying changes to income and  
 1.2 franchise taxes, property taxes, sales and use taxes, and other taxes and tax  
 1.3 provisions; amending Minnesota Statutes 2012, sections 13.4965, subdivision  
 1.4 3; 16A.46; 270.41, subdivision 5; 270C.42, subdivision 2; 272.01, subdivision  
 1.5 2; 272.02, subdivision 97; 273.032; 273.124, subdivision 13; 273.1315,  
 1.6 subdivisions 1, 2; 273.19, subdivision 1; 273.39; 279.06, subdivision 1;  
 1.7 287.20, by adding a subdivision; 287.385, subdivision 7; 289A.10, by adding  
 1.8 a subdivision; 289A.12, by adding a subdivision; 289A.18, by adding a  
 1.9 subdivision; 289A.20, subdivisions 3, 4, by adding a subdivision; 289A.26,  
 1.10 subdivisions 3, 4, 7, 9; 289A.55, subdivision 9; 289A.60, subdivision 4; 290.01,  
 1.11 subdivisions 6b, 19b, 19c, 19d; 290.0921, subdivision 3; 290.17, subdivision  
 1.12 4; 290A.25; 296A.22, subdivisions 1, 3; 297B.11; 297E.14, subdivision 7;  
 1.13 297F.09, subdivision 9; 297F.18, subdivision 7; 297G.04, subdivision 2;  
 1.14 297G.09, subdivision 8; 297G.17, subdivision 7; 297I.05, subdivision 11;  
 1.15 297I.80, subdivision 1; 298.01, subdivision 3; 298.018; 373.01, subdivision 1;  
 1.16 469.319, subdivision 4; 469.340, subdivision 4; proposing coding for new law in  
 1.17 Minnesota Statutes, chapter 273; repealing Minnesota Statutes 2012, sections  
 1.18 272.69; 273.11, subdivisions 1a, 22; 289A.60, subdivision 31.

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

**ARTICLE 1**

**INCOME AND FRANCHISE TAXES**

1.23 Section 1. Minnesota Statutes 2012, section 289A.26, subdivision 3, is amended to read:

1.24 Subd. 3. **Short taxable year.** (a) A corporation or an entity with a short taxable year  
 1.25 of less than 12 months, but at least four months, must pay estimated tax in equal installments  
 1.26 on or before the 15th day of the third, sixth, ninth, and final month of the short taxable  
 1.27 year, to the extent applicable based on the number of months in the short taxable year.

2.1 (b) A corporation or an entity is not required to make estimated tax payments for a  
2.2 short taxable year unless its tax liability before the first day of the last month of the taxable  
2.3 year can reasonably be expected to exceed \$500.

2.4 (c) No payment is required for a short taxable year of less than four months.

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

2.6 Sec. 2. Minnesota Statutes 2012, section 289A.26, subdivision 4, is amended to read:

2.7 Subd. 4. **Underpayment of estimated tax.** If there is an underpayment of estimated  
2.8 tax by a corporation or an entity, there shall be added to the tax for the taxable year an  
2.9 amount determined at the rate in section 270C.40 on the amount of the underpayment,  
2.10 determined under subdivision 5, for the period of the underpayment determined under  
2.11 subdivision 6. This subdivision does not apply in the first taxable year that a corporation is  
2.12 subject to the tax imposed under section 290.02 or an entity is subject to the tax imposed  
2.13 under section 290.05, subdivision 3.

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

2.15 Sec. 3. Minnesota Statutes 2012, section 289A.26, subdivision 7, is amended to read:

2.16 Subd. 7. **Required installments.** (a) Except as otherwise provided in this  
2.17 subdivision, the amount of a required installment is 25 percent of the required annual  
2.18 payment.

2.19 (b) Except as otherwise provided in this subdivision, the term "required annual  
2.20 payment" means the lesser of:

2.21 (1) 100 percent of the tax shown on the return for the taxable year, or, if no return is  
2.22 filed, 100 percent of the tax for that year; or

2.23 (2) 100 percent of the tax shown on the return of the corporation or entity for the  
2.24 preceding taxable year provided the return was for a full 12-month period, showed a  
2.25 liability, and was filed by the corporation or entity.

2.26 (c) Except for determining the first required installment for any taxable year,  
2.27 paragraph (b), clause (2), does not apply in the case of a large corporation. The term  
2.28 "large corporation" means a corporation or any predecessor corporation that had taxable  
2.29 net income of \$1,000,000 or more for any taxable year during the testing period. The  
2.30 term "testing period" means the three taxable years immediately preceding the taxable  
2.31 year involved. A reduction allowed to a large corporation for the first installment that is  
2.32 allowed by applying paragraph (b), clause (2), must be recaptured by increasing the next  
2.33 required installment by the amount of the reduction.

3.1 (d) In the case of a required installment, if the corporation or entity establishes that  
 3.2 the annualized income installment is less than the amount determined in paragraph (a), the  
 3.3 amount of the required installment is the annualized income installment and the recapture  
 3.4 of previous quarters' reductions allowed by this paragraph must be recovered by increasing  
 3.5 later required installments to the extent the reductions have not previously been recovered.

3.6 (e) The "annualized income installment" is the excess, if any, of:

3.7 (1) an amount equal to the applicable percentage of the tax for the taxable year  
 3.8 computed by placing on an annualized basis the taxable income:

3.9 (i) for the first two months of the taxable year, in the case of the first required  
 3.10 installment;

3.11 (ii) for the first two months or for the first five months of the taxable year, in the  
 3.12 case of the second required installment;

3.13 (iii) for the first six months or for the first eight months of the taxable year, in the  
 3.14 case of the third required installment; and

3.15 (iv) for the first nine months or for the first 11 months of the taxable year, in the  
 3.16 case of the fourth required installment, over

3.17 (2) the aggregate amount of any prior required installments for the taxable year.

3.18 (3) For the purpose of this paragraph, the annualized income shall be computed  
 3.19 by placing on an annualized basis the taxable income for the year up to the end of the  
 3.20 month preceding the due date for the quarterly payment multiplied by 12 and dividing  
 3.21 the resulting amount by the number of months in the taxable year (2, 5, 6, 8, 9, or 11 as  
 3.22 the case may be) referred to in clause (1).

3.23 (4) The "applicable percentage" used in clause (1) is:

3.24	For the following	
3.25	required	The applicable
3.26	installments:	percentage is:
3.27	1st	25
3.28	2nd	50
3.29	3rd	75
3.30	4th	100

3.31 (f)(1) If this paragraph applies, the amount determined for any installment must  
 3.32 be determined in the following manner:

3.33 (i) take the taxable income for the months during the taxable year preceding the  
 3.34 filing month;

3.35 (ii) divide that amount by the base period percentage for the months during the  
 3.36 taxable year preceding the filing month;

3.37 (iii) determine the tax on the amount determined under item (ii); and

4.1 (iv) multiply the tax computed under item (iii) by the base period percentage for the  
 4.2 filing month and the months during the taxable year preceding the filing month.

4.3 (2) For purposes of this paragraph:

4.4 (i) the "base period percentage" for a period of months is the average percent that the  
 4.5 taxable income for the corresponding months in each of the three preceding taxable years  
 4.6 bears to the taxable income for the three preceding taxable years;

4.7 (ii) the term "filing month" means the month in which the installment is required  
 4.8 to be paid;

4.9 (iii) this paragraph only applies if the base period percentage for any six consecutive  
 4.10 months of the taxable year equals or exceeds 70 percent; and

4.11 (iv) the commissioner may provide by rule for the determination of the base period  
 4.12 percentage in the case of reorganizations, new corporations or entities, and other similar  
 4.13 circumstances.

4.14 (3) In the case of a required installment determined under this paragraph, if the  
 4.15 corporation or entity determines that the installment is less than the amount determined in  
 4.16 paragraph (a), the amount of the required installment is the amount determined under this  
 4.17 paragraph and the recapture of previous quarters' reductions allowed by this paragraph  
 4.18 must be recovered by increasing later required installments to the extent the reductions  
 4.19 have not previously been recovered.

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

4.21 Sec. 4. Minnesota Statutes 2012, section 289A.26, subdivision 9, is amended to read:

4.22 Subd. 9. **Failure to file an estimate.** In the case of a corporation or an entity  
 4.23 that fails to file an estimated tax for a taxable year when one is required, the period of  
 4.24 the underpayment runs from the four installment dates in subdivision 2 or 3, whichever  
 4.25 applies, to the earlier of the periods in subdivision 6, clauses (1) and (2).

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

4.27 Sec. 5. Minnesota Statutes 2012, section 290.01, subdivision 6b, is amended to read:

4.28 Subd. 6b. **Foreign operating corporation.** The term "foreign operating  
 4.29 corporation," when applied to a corporation, means a domestic corporation with the  
 4.30 following characteristics:

4.31 (1) it is part of a unitary business at least one member of which is taxable in this state;

4.32 (2) it is not a foreign sales corporation under section 922 of the Internal Revenue  
 4.33 Code, as amended through December 31, 1999, for the taxable year;

5.1 (3) it is not an interest charge domestic international sales corporation under sections  
5.2 992, 993, 994, and 995 of the Internal Revenue Code;

5.3 (4) ~~either (i) it has in effect a valid election under section 936 of the Internal Revenue~~  
5.4 ~~Code; or (ii) at least 80 percent of the gross income from all sources of the corporation in~~  
5.5 ~~the tax year is active foreign business income; and~~

5.6 (5) for purposes of this subdivision, active foreign business income means gross  
5.7 income that is (i) derived from sources without the United States, as defined in subtitle A,  
5.8 chapter 1, subchapter N, part 1, of the Internal Revenue Code; and (ii) attributable to the  
5.9 active conduct of a trade or business in a foreign country.

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

5.11 Sec. 6. Minnesota Statutes 2012, section 290.01, subdivision 19b, is amended to read:

5.12 Subd. 19b. **Subtractions from federal taxable income.** For individuals, estates,  
5.13 and trusts, there shall be subtracted from federal taxable income:

5.14 (1) net interest income on obligations of any authority, commission, or  
5.15 instrumentality of the United States to the extent includable in taxable income for federal  
5.16 income tax purposes but exempt from state income tax under the laws of the United States;

5.17 (2) if included in federal taxable income, the amount of any overpayment of income  
5.18 tax to Minnesota or to any other state, for any previous taxable year, whether the amount  
5.19 is received as a refund or as a credit to another taxable year's income tax liability;

5.20 (3) the amount paid to others, less the amount used to claim the credit allowed under  
5.21 section 290.0674, not to exceed \$1,625 for each qualifying child in grades kindergarten  
5.22 to 6 and \$2,500 for each qualifying child in grades 7 to 12, for tuition, textbooks, and  
5.23 transportation of each qualifying child in attending an elementary or secondary school  
5.24 situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a  
5.25 resident of this state may legally fulfill the state's compulsory attendance laws, which  
5.26 is not operated for profit, and which adheres to the provisions of the Civil Rights Act  
5.27 of 1964 and chapter 363A. For the purposes of this clause, "tuition" includes fees or  
5.28 tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause,  
5.29 "textbooks" includes books and other instructional materials and equipment purchased  
5.30 or leased for use in elementary and secondary schools in teaching only those subjects  
5.31 legally and commonly taught in public elementary and secondary schools in this state.  
5.32 Equipment expenses qualifying for deduction includes expenses as defined and limited in  
5.33 section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional  
5.34 books and materials used in the teaching of religious tenets, doctrines, or worship, the  
5.35 purpose of which is to instill such tenets, doctrines, or worship, nor does it include books

6.1 or materials for, or transportation to, extracurricular activities including sporting events,  
6.2 musical or dramatic events, speech activities, driver's education, or similar programs. No  
6.3 deduction is permitted for any expense the taxpayer incurred in using the taxpayer's or  
6.4 the qualifying child's vehicle to provide such transportation for a qualifying child. For  
6.5 purposes of the subtraction provided by this clause, "qualifying child" has the meaning  
6.6 given in section 32(c)(3) of the Internal Revenue Code;

6.7 (4) income as provided under section 290.0802;

6.8 (5) to the extent included in federal adjusted gross income, income realized on  
6.9 disposition of property exempt from tax under section 290.491;

6.10 (6) to the extent not deducted or not deductible pursuant to section 408(d)(8)(E)  
6.11 of the Internal Revenue Code in determining federal taxable income by an individual  
6.12 who does not itemize deductions for federal income tax purposes for the taxable year, an  
6.13 amount equal to 50 percent of the excess of charitable contributions over \$500 allowable  
6.14 as a deduction for the taxable year under section 170(a) of the Internal Revenue Code,  
6.15 under the provisions of Public Law 109-1 and Public Law 111-126;

6.16 (7) for individuals who are allowed a federal foreign tax credit for taxes that do not  
6.17 qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover  
6.18 of subnational foreign taxes for the taxable year, but not to exceed the total subnational  
6.19 foreign taxes reported in claiming the foreign tax credit. For purposes of this clause,  
6.20 "federal foreign tax credit" means the credit allowed under section 27 of the Internal  
6.21 Revenue Code, and "carryover of subnational foreign taxes" equals the carryover allowed  
6.22 under section 904(c) of the Internal Revenue Code minus national level foreign taxes to  
6.23 the extent they exceed the federal foreign tax credit;

6.24 (8) in each of the five tax years immediately following the tax year in which an  
6.25 addition is required under subdivision 19a, clause (7), or 19c, clause ~~(15)~~ (14), in the case  
6.26 of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the  
6.27 delayed depreciation. For purposes of this clause, "delayed depreciation" means the amount  
6.28 of the addition made by the taxpayer under subdivision 19a, clause (7), or subdivision 19c,  
6.29 clause ~~(15)~~ (14), in the case of a shareholder of an S corporation, minus the positive value  
6.30 of any net operating loss under section 172 of the Internal Revenue Code generated for the  
6.31 tax year of the addition. The resulting delayed depreciation cannot be less than zero;

6.32 (9) job opportunity building zone income as provided under section 469.316;

6.33 (10) to the extent included in federal taxable income, the amount of compensation  
6.34 paid to members of the Minnesota National Guard or other reserve components of the  
6.35 United States military for active service, excluding compensation for services performed  
6.36 under the Active Guard Reserve (AGR) program. For purposes of this clause, "active

7.1 service" means (i) state active service as defined in section 190.05, subdivision 5a, clause  
7.2 (1); or (ii) federally funded state active service as defined in section 190.05, subdivision  
7.3 5b, but "active service" excludes service performed in accordance with section 190.08,  
7.4 subdivision 3;

7.5 (11) to the extent included in federal taxable income, the amount of compensation  
7.6 paid to Minnesota residents who are members of the armed forces of the United States  
7.7 or United Nations for active duty performed under United States Code, title 10; or the  
7.8 authority of the United Nations;

7.9 (12) an amount, not to exceed \$10,000, equal to qualified expenses related to a  
7.10 qualified donor's donation, while living, of one or more of the qualified donor's organs  
7.11 to another person for human organ transplantation. For purposes of this clause, "organ"  
7.12 means all or part of an individual's liver, pancreas, kidney, intestine, lung, or bone marrow;  
7.13 "human organ transplantation" means the medical procedure by which transfer of a human  
7.14 organ is made from the body of one person to the body of another person; "qualified  
7.15 expenses" means unreimbursed expenses for both the individual and the qualified donor  
7.16 for (i) travel, (ii) lodging, and (iii) lost wages net of sick pay, except that such expenses  
7.17 may be subtracted under this clause only once; and "qualified donor" means the individual  
7.18 or the individual's dependent, as defined in section 152 of the Internal Revenue Code. An  
7.19 individual may claim the subtraction in this clause for each instance of organ donation for  
7.20 transplantation during the taxable year in which the qualified expenses occur;

7.21 (13) in each of the five tax years immediately following the tax year in which an  
7.22 addition is required under subdivision 19a, clause (8), or 19c, clause ~~(16)~~ (15), in the case  
7.23 of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth of  
7.24 the addition made by the taxpayer under subdivision 19a, clause (8), or 19c, clause ~~(16)~~  
7.25 (15), in the case of a shareholder of a corporation that is an S corporation, minus the  
7.26 positive value of any net operating loss under section 172 of the Internal Revenue Code  
7.27 generated for the tax year of the addition. If the net operating loss exceeds the addition for  
7.28 the tax year, a subtraction is not allowed under this clause;

7.29 (14) to the extent included in the federal taxable income of a nonresident of  
7.30 Minnesota, compensation paid to a service member as defined in United States Code, title  
7.31 10, section 101(a)(5), for military service as defined in the Servicemembers Civil Relief  
7.32 Act, Public Law 108-189, section 101(2);

7.33 (15) to the extent included in federal taxable income, the amount of national service  
7.34 educational awards received from the National Service Trust under United States Code,  
7.35 title 42, sections 12601 to 12604, for service in an approved Americorps National Service  
7.36 program;

8.1 (16) to the extent included in federal taxable income, discharge of indebtedness  
 8.2 income resulting from reacquisition of business indebtedness included in federal taxable  
 8.3 income under section 108(i) of the Internal Revenue Code. This subtraction applies only  
 8.4 to the extent that the income was included in net income in a prior year as a result of the  
 8.5 addition under section 290.01, subdivision 19a, clause (16); and

8.6 (17) the amount of the net operating loss allowed under section 290.095, subdivision  
 8.7 11, paragraph (c).

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

8.9 Sec. 7. Minnesota Statutes 2012, section 290.01, subdivision 19c, is amended to read:

8.10 Subd. 19c. **Corporations; additions to federal taxable income.** For corporations,  
 8.11 there shall be added to federal taxable income:

8.12 (1) the amount of any deduction taken for federal income tax purposes for income,  
 8.13 excise, or franchise taxes based on net income or related minimum taxes, including but not  
 8.14 limited to the tax imposed under section 290.0922, paid by the corporation to Minnesota,  
 8.15 another state, a political subdivision of another state, the District of Columbia, or any  
 8.16 foreign country or possession of the United States;

8.17 (2) interest not subject to federal tax upon obligations of: the United States, its  
 8.18 possessions, its agencies, or its instrumentalities; the state of Minnesota or any other  
 8.19 state, any of its political or governmental subdivisions, any of its municipalities, or any  
 8.20 of its governmental agencies or instrumentalities; the District of Columbia; or Indian  
 8.21 tribal governments;

8.22 (3) exempt-interest dividends received as defined in section 852(b)(5) of the Internal  
 8.23 Revenue Code;

8.24 (4) the amount of any net operating loss deduction taken for federal income tax  
 8.25 purposes under section 172 or 832(c)(10) of the Internal Revenue Code or operations loss  
 8.26 deduction under section 810 of the Internal Revenue Code;

8.27 (5) the amount of any special deductions taken for federal income tax purposes  
 8.28 under sections 241 to 247 and 965 of the Internal Revenue Code;

8.29 (6) losses from the business of mining, as defined in section 290.05, subdivision 1,  
 8.30 clause (a), that are not subject to Minnesota income tax;

8.31 (7) the amount of any capital losses deducted for federal income tax purposes under  
 8.32 sections 1211 and 1212 of the Internal Revenue Code;

8.33 (8) the exempt foreign trade income of a foreign sales corporation under sections  
 8.34 921(a) and 291 of the Internal Revenue Code;

9.1 (9) the amount of percentage depletion deducted under sections 611 through 614 and  
9.2 291 of the Internal Revenue Code;

9.3 (10) for certified pollution control facilities placed in service in a taxable year  
9.4 beginning before December 31, 1986, and for which amortization deductions were elected  
9.5 under section 169 of the Internal Revenue Code of 1954, as amended through December  
9.6 31, 1985, the amount of the amortization deduction allowed in computing federal taxable  
9.7 income for those facilities;

9.8 (11) the amount of any deemed dividend from a foreign operating corporation  
9.9 determined pursuant to section 290.17, subdivision 4, paragraph (g). The deemed dividend  
9.10 shall be reduced by the amount of the addition to income required by clauses (19), (20),  
9.11 (21), and (22), ~~and (23)~~;

9.12 (12) the amount of a partner's pro rata share of net income which does not flow  
9.13 through to the partner because the partnership elected to pay the tax on the income under  
9.14 section 6242(a)(2) of the Internal Revenue Code;

9.15 ~~(13) the amount of net income excluded under section 114 of the Internal Revenue~~  
9.16 ~~Code;~~

9.17 ~~(14)~~ (13) any increase in subpart F income, as defined in section 952(a) of the  
9.18 Internal Revenue Code, for the taxable year when subpart F income is calculated without  
9.19 regard to the provisions of Division C, title III, section 303(b) of Public Law 110-343;

9.20 ~~(15)~~ (14) 80 percent of the depreciation deduction allowed under section  
9.21 168(k)(1)(A) and (k)(4)(A) of the Internal Revenue Code. For purposes of this clause, if  
9.22 the taxpayer has an activity that in the taxable year generates a deduction for depreciation  
9.23 under section 168(k)(1)(A) and (k)(4)(A) and the activity generates a loss for the taxable  
9.24 year that the taxpayer is not allowed to claim for the taxable year, "the depreciation  
9.25 allowed under section 168(k)(1)(A) and (k)(4)(A)" for the taxable year is limited to excess  
9.26 of the depreciation claimed by the activity under section 168(k)(1)(A) and (k)(4)(A)  
9.27 over the amount of the loss from the activity that is not allowed in the taxable year. In  
9.28 succeeding taxable years when the losses not allowed in the taxable year are allowed, the  
9.29 depreciation under section 168(k)(1)(A) and (k)(4)(A) is allowed;

9.30 ~~(16)~~ (15) 80 percent of the amount by which the deduction allowed by section 179 of  
9.31 the Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal  
9.32 Revenue Code of 1986, as amended through December 31, 2003;

9.33 ~~(17)~~ (16) to the extent deducted in computing federal taxable income, the amount of  
9.34 the deduction allowable under section 199 of the Internal Revenue Code;

10.1 ~~(18)~~ (17) for taxable years beginning before January 1, 2013, the exclusion allowed  
10.2 under section 139A of the Internal Revenue Code for federal subsidies for prescription  
10.3 drug plans;

10.4 ~~(19)~~ (18) the amount of expenses disallowed under section 290.10, subdivision 2;

10.5 ~~(20)~~ (19) an amount equal to the interest and intangible expenses, losses, and  
10.6 costs paid, accrued, or incurred by any member of the taxpayer's unitary group to or for  
10.7 the benefit of a corporation that is a member of the taxpayer's unitary business group  
10.8 that qualifies as a foreign operating corporation. For purposes of this clause, intangible  
10.9 expenses and costs include:

10.10 (i) expenses, losses, and costs for, or related to, the direct or indirect acquisition,  
10.11 use, maintenance or management, ownership, sale, exchange, or any other disposition of  
10.12 intangible property;

10.13 (ii) losses incurred, directly or indirectly, from factoring transactions or discounting  
10.14 transactions;

10.15 (iii) royalty, patent, technical, and copyright fees;

10.16 (iv) licensing fees; and

10.17 (v) other similar expenses and costs.

10.18 For purposes of this clause, "intangible property" includes stocks, bonds, patents, patent  
10.19 applications, trade names, trademarks, service marks, copyrights, mask works, trade  
10.20 secrets, and similar types of intangible assets.

10.21 This clause does not apply to any item of interest or intangible expenses or costs paid,  
10.22 accrued, or incurred, directly or indirectly, to a foreign operating corporation with respect  
10.23 to such item of income to the extent that the income to the foreign operating corporation  
10.24 is income from sources without the United States as defined in subtitle A, chapter 1,  
10.25 subchapter N, part 1, of the Internal Revenue Code;

10.26 ~~(21)~~ (20) except as already included in the taxpayer's taxable income pursuant to  
10.27 clause ~~(20)~~ (19), any interest income and income generated from intangible property  
10.28 received or accrued by a foreign operating corporation that is a member of the taxpayer's  
10.29 unitary group. For purposes of this clause, income generated from intangible property  
10.30 includes:

10.31 (i) income related to the direct or indirect acquisition, use, maintenance or  
10.32 management, ownership, sale, exchange, or any other disposition of intangible property;

10.33 (ii) income from factoring transactions or discounting transactions;

10.34 (iii) royalty, patent, technical, and copyright fees;

10.35 (iv) licensing fees; and

10.36 (v) other similar income.

11.1 For purposes of this clause, "intangible property" includes stocks, bonds, patents, patent  
 11.2 applications, trade names, trademarks, service marks, copyrights, mask works, trade  
 11.3 secrets, and similar types of intangible assets.

11.4 This clause does not apply to any item of interest or intangible income received or accrued  
 11.5 by a foreign operating corporation with respect to such item of income to the extent that  
 11.6 the income is income from sources without the United States as defined in subtitle A,  
 11.7 chapter 1, subchapter N, part 1, of the Internal Revenue Code;

11.8 ~~(22)~~ (21) the dividends attributable to the income of a foreign operating corporation  
 11.9 that is a member of the taxpayer's unitary group in an amount that is equal to the dividends  
 11.10 paid deduction of a real estate investment trust under section 561(a) of the Internal  
 11.11 Revenue Code for amounts paid or accrued by the real estate investment trust to the  
 11.12 foreign operating corporation;

11.13 ~~(23)~~ (22) the income of a foreign operating corporation that is a member of the  
 11.14 taxpayer's unitary group in an amount that is equal to gains derived from the sale of real or  
 11.15 personal property located in the United States;

11.16 ~~(24)~~ (23) for taxable years beginning before January 1, 2010, the additional amount  
 11.17 allowed as a deduction for donation of computer technology and equipment under section  
 11.18 170(e)(6) of the Internal Revenue Code, to the extent deducted from taxable income; and

11.19 ~~(25)~~ (24) discharge of indebtedness income resulting from reacquisition of business  
 11.20 indebtedness and deferred under section 108(i) of the Internal Revenue Code.

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

11.22 Sec. 8. Minnesota Statutes 2012, section 290.01, subdivision 19d, is amended to read:

11.23 Subd. 19d. **Corporations; modifications decreasing federal taxable income.** For  
 11.24 corporations, there shall be subtracted from federal taxable income after the increases  
 11.25 provided in subdivision 19c:

11.26 (1) the amount of foreign dividend gross-up added to gross income for federal  
 11.27 income tax purposes under section 78 of the Internal Revenue Code;

11.28 (2) the amount of salary expense not allowed for federal income tax purposes due to  
 11.29 claiming the work opportunity credit under section 51 of the Internal Revenue Code;

11.30 (3) any dividend (not including any distribution in liquidation) paid within the  
 11.31 taxable year by a national or state bank to the United States, or to any instrumentality of  
 11.32 the United States exempt from federal income taxes, on the preferred stock of the bank  
 11.33 owned by the United States or the instrumentality;

12.1 (4) amounts disallowed for intangible drilling costs due to differences between  
12.2 this chapter and the Internal Revenue Code in taxable years beginning before January  
12.3 1, 1987, as follows:

12.4 (i) to the extent the disallowed costs are represented by physical property, an amount  
12.5 equal to the allowance for depreciation under Minnesota Statutes 1986, section 290.09,  
12.6 subdivision 7, subject to the modifications contained in subdivision 19e; and

12.7 (ii) to the extent the disallowed costs are not represented by physical property, an  
12.8 amount equal to the allowance for cost depletion under Minnesota Statutes 1986, section  
12.9 290.09, subdivision 8;

12.10 (5) the deduction for capital losses pursuant to sections 1211 and 1212 of the  
12.11 Internal Revenue Code, except that:

12.12 (i) for capital losses incurred in taxable years beginning after December 31, 1986,  
12.13 capital loss carrybacks shall not be allowed;

12.14 (ii) for capital losses incurred in taxable years beginning after December 31, 1986,  
12.15 a capital loss carryover to each of the 15 taxable years succeeding the loss year shall be  
12.16 allowed;

12.17 (iii) for capital losses incurred in taxable years beginning before January 1, 1987, a  
12.18 capital loss carryback to each of the three taxable years preceding the loss year, subject to  
12.19 the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed; and

12.20 (iv) for capital losses incurred in taxable years beginning before January 1, 1987,  
12.21 a capital loss carryover to each of the five taxable years succeeding the loss year to the  
12.22 extent such loss was not used in a prior taxable year and subject to the provisions of  
12.23 Minnesota Statutes 1986, section 290.16, shall be allowed;

12.24 (6) an amount for interest and expenses relating to income not taxable for federal  
12.25 income tax purposes, if (i) the income is taxable under this chapter and (ii) the interest and  
12.26 expenses were disallowed as deductions under the provisions of section 171(a)(2), 265 or  
12.27 291 of the Internal Revenue Code in computing federal taxable income;

12.28 (7) in the case of mines, oil and gas wells, other natural deposits, and timber for  
12.29 which percentage depletion was disallowed pursuant to subdivision 19c, clause (9), a  
12.30 reasonable allowance for depletion based on actual cost. In the case of leases the deduction  
12.31 must be apportioned between the lessor and lessee in accordance with rules prescribed  
12.32 by the commissioner. In the case of property held in trust, the allowable deduction must  
12.33 be apportioned between the income beneficiaries and the trustee in accordance with the  
12.34 pertinent provisions of the trust, or if there is no provision in the instrument, on the basis  
12.35 of the trust's income allocable to each;

13.1 (8) for certified pollution control facilities placed in service in a taxable year  
13.2 beginning before December 31, 1986, and for which amortization deductions were elected  
13.3 under section 169 of the Internal Revenue Code of 1954, as amended through December  
13.4 31, 1985, an amount equal to the allowance for depreciation under Minnesota Statutes  
13.5 1986, section 290.09, subdivision 7;

13.6 (9) amounts included in federal taxable income that are due to refunds of income,  
13.7 excise, or franchise taxes based on net income or related minimum taxes paid by the  
13.8 corporation to Minnesota, another state, a political subdivision of another state, the  
13.9 District of Columbia, or a foreign country or possession of the United States to the extent  
13.10 that the taxes were added to federal taxable income under section 290.01, subdivision 19c,  
13.11 clause (1), in a prior taxable year;

13.12 (10) 80 percent of royalties, fees, or other like income accrued or received from a  
13.13 foreign operating corporation or a foreign corporation which is part of the same unitary  
13.14 business as the receiving corporation, unless the income resulting from such payments or  
13.15 accruals is income from sources within the United States as defined in subtitle A, chapter  
13.16 1, subchapter N, part 1, of the Internal Revenue Code;

13.17 (11) income or gains from the business of mining as defined in section 290.05,  
13.18 subdivision 1, clause (a), that are not subject to Minnesota franchise tax;

13.19 (12) the amount of disability access expenditures in the taxable year which are not  
13.20 allowed to be deducted or capitalized under section 44(d)(7) of the Internal Revenue Code;

13.21 (13) the amount of qualified research expenses not allowed for federal income tax  
13.22 purposes under section 280C(c) of the Internal Revenue Code, but only to the extent that  
13.23 the amount exceeds the amount of the credit allowed under section 290.068;

13.24 (14) the amount of salary expenses not allowed for federal income tax purposes due to  
13.25 claiming the Indian employment credit under section 45A(a) of the Internal Revenue Code;

13.26 ~~(15) for a corporation whose foreign sales corporation, as defined in section 922~~  
13.27 ~~of the Internal Revenue Code, constituted a foreign operating corporation during any~~  
13.28 ~~taxable year ending before January 1, 1995, and a return was filed by August 15, 1996,~~  
13.29 ~~claiming the deduction under section 290.21, subdivision 4, for income received from~~  
13.30 ~~the foreign operating corporation, an amount equal to 1.23 multiplied by the amount of~~  
13.31 ~~income excluded under section 114 of the Internal Revenue Code, provided the income is~~  
13.32 ~~not income of a foreign operating company;~~

13.33 ~~(16)~~ (15) any decrease in subpart F income, as defined in section 952(a) of the  
13.34 Internal Revenue Code, for the taxable year when subpart F income is calculated without  
13.35 regard to the provisions of Division C, title III, section 303(b) of Public Law 110-343;

14.1 ~~(17)~~ (16) in each of the five tax years immediately following the tax year in which an  
 14.2 addition is required under subdivision 19c, clause ~~(15)~~ (14), an amount equal to one-fifth  
 14.3 of the delayed depreciation. For purposes of this clause, "delayed depreciation" means the  
 14.4 amount of the addition made by the taxpayer under subdivision 19c, clause ~~(15)~~ (14). The  
 14.5 resulting delayed depreciation cannot be less than zero;

14.6 ~~(18)~~ (17) in each of the five tax years immediately following the tax year in which an  
 14.7 addition is required under subdivision 19c, clause ~~(16)~~ (15), an amount equal to one-fifth  
 14.8 of the amount of the addition; and

14.9 ~~(19)~~ (18) to the extent included in federal taxable income, discharge of indebtedness  
 14.10 income resulting from reacquisition of business indebtedness included in federal taxable  
 14.11 income under section 108(i) of the Internal Revenue Code. This subtraction applies only  
 14.12 to the extent that the income was included in net income in a prior year as a result of the  
 14.13 addition under section 290.01, subdivision 19c, clause ~~(25)~~ (24).

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

14.15 Sec. 9. Minnesota Statutes 2012, section 290.0921, subdivision 3, is amended to read:

14.16 Subd. 3. **Alternative minimum taxable income.** "Alternative minimum taxable  
 14.17 income" is Minnesota net income as defined in section 290.01, subdivision 19, and  
 14.18 includes the adjustments and tax preference items in sections 56, 57, 58, and 59(d), (e),  
 14.19 (f), and (h) of the Internal Revenue Code. If a corporation files a separate company  
 14.20 Minnesota tax return, the minimum tax must be computed on a separate company basis.  
 14.21 If a corporation is part of a tax group filing a unitary return, the minimum tax must be  
 14.22 computed on a unitary basis. The following adjustments must be made.

14.23 (1) For purposes of the depreciation adjustments under section 56(a)(1) and  
 14.24 56(g)(4)(A) of the Internal Revenue Code, the basis for depreciable property placed in  
 14.25 service in a taxable year beginning before January 1, 1990, is the adjusted basis for federal  
 14.26 income tax purposes, including any modification made in a taxable year under section  
 14.27 290.01, subdivision 19e, or Minnesota Statutes 1986, section 290.09, subdivision 7,  
 14.28 paragraph (c).

14.29 For taxable years beginning after December 31, 2000, the amount of any remaining  
 14.30 modification made under section 290.01, subdivision 19e, or Minnesota Statutes 1986,  
 14.31 section 290.09, subdivision 7, paragraph (c), not previously deducted is a depreciation  
 14.32 allowance in the first taxable year after December 31, 2000.

14.33 (2) The portion of the depreciation deduction allowed for federal income tax  
 14.34 purposes under section 168(k) of the Internal Revenue Code that is required as an addition

15.1 under section 290.01, subdivision 19c, clause ~~(15)~~ (14), is disallowed in determining  
15.2 alternative minimum taxable income.

15.3 (3) The subtraction for depreciation allowed under section 290.01, subdivision  
15.4 19d, clause ~~(17)~~ (16), is allowed as a depreciation deduction in determining alternative  
15.5 minimum taxable income.

15.6 (4) The alternative tax net operating loss deduction under sections 56(a)(4) and 56(d)  
15.7 of the Internal Revenue Code does not apply.

15.8 (5) The special rule for certain dividends under section 56(g)(4)(C)(ii) of the Internal  
15.9 Revenue Code does not apply.

15.10 ~~(6) The special rule for dividends from section 936 companies under section~~  
15.11 ~~56(g)(4)(C)(iii) does not apply.~~

15.12 ~~(7)~~ (6) The tax preference for depletion under section 57(a)(1) of the Internal  
15.13 Revenue Code does not apply.

15.14 ~~(8)~~ (7) The tax preference for intangible drilling costs under section 57(a)(2) of the  
15.15 Internal Revenue Code must be calculated without regard to subparagraph (E) and the  
15.16 subtraction under section 290.01, subdivision 19d, clause (4).

15.17 ~~(9)~~ (8) The tax preference for tax exempt interest under section 57(a)(5) of the  
15.18 Internal Revenue Code does not apply.

15.19 ~~(10)~~ (9) The tax preference for charitable contributions of appreciated property  
15.20 under section 57(a)(6) of the Internal Revenue Code does not apply.

15.21 ~~(11)~~ (10) For purposes of calculating the tax preference for accelerated depreciation  
15.22 or amortization on certain property placed in service before January 1, 1987, under section  
15.23 57(a)(7) of the Internal Revenue Code, the deduction allowable for the taxable year is the  
15.24 deduction allowed under section 290.01, subdivision 19e.

15.25 For taxable years beginning after December 31, 2000, the amount of any remaining  
15.26 modification made under section 290.01, subdivision 19e, not previously deducted is a  
15.27 depreciation or amortization allowance in the first taxable year after December 31, 2004.

15.28 ~~(12)~~ (11) For purposes of calculating the adjustment for adjusted current earnings  
15.29 in section 56(g) of the Internal Revenue Code, the term "alternative minimum taxable  
15.30 income" as it is used in section 56(g) of the Internal Revenue Code, means alternative  
15.31 minimum taxable income as defined in this subdivision, determined without regard to the  
15.32 adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code.

15.33 ~~(13)~~ (12) For purposes of determining the amount of adjusted current earnings  
15.34 under section 56(g)(3) of the Internal Revenue Code, no adjustment shall be made under  
15.35 section 56(g)(4) of the Internal Revenue Code with respect to (i) the amount of foreign  
15.36 dividend gross-up subtracted as provided in section 290.01, subdivision 19d, clause (1),

16.1 (ii) the amount of refunds of income, excise, or franchise taxes subtracted as provided in  
16.2 section 290.01, subdivision 19d, clause (9), or (iii) the amount of royalties, fees or other  
16.3 like income subtracted as provided in section 290.01, subdivision 19d, clause (10).

16.4 ~~(14)~~ (13) Alternative minimum taxable income excludes the income from operating  
16.5 in a job opportunity building zone as provided under section 469.317.

16.6 ~~(15)~~ (14) Alternative minimum taxable income excludes the income from operating  
16.7 in a biotechnology and health sciences industry zone as provided under section 469.337.

16.8 Items of tax preference must not be reduced below zero as a result of the  
16.9 modifications in this subdivision.

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

16.11 Sec. 10. Minnesota Statutes 2012, section 290.17, subdivision 4, is amended to read:

16.12 Subd. 4. **Unitary business principle.** (a) If a trade or business conducted wholly  
16.13 within this state or partly within and partly without this state is part of a unitary business,  
16.14 the entire income of the unitary business is subject to apportionment pursuant to section  
16.15 290.191. Notwithstanding subdivision 2, paragraph (c), none of the income of a unitary  
16.16 business is considered to be derived from any particular source and none may be allocated  
16.17 to a particular place except as provided by the applicable apportionment formula. The  
16.18 provisions of this subdivision do not apply to business income subject to subdivision 5,  
16.19 income of an insurance company, or income of an investment company determined under  
16.20 section 290.36.

16.21 (b) The term "unitary business" means business activities or operations which  
16.22 result in a flow of value between them. The term may be applied within a single legal  
16.23 entity or between multiple entities and without regard to whether each entity is a sole  
16.24 proprietorship, a corporation, a partnership or a trust.

16.25 (c) Unity is presumed whenever there is unity of ownership, operation, and use,  
16.26 evidenced by centralized management or executive force, centralized purchasing,  
16.27 advertising, accounting, or other controlled interaction, but the absence of these  
16.28 centralized activities will not necessarily evidence a nonunitary business. Unity is also  
16.29 presumed when business activities or operations are of mutual benefit, dependent upon or  
16.30 contributory to one another, either individually or as a group.

16.31 (d) Where a business operation conducted in Minnesota is owned by a business  
16.32 entity that carries on business activity outside the state different in kind from that  
16.33 conducted within this state, and the other business is conducted entirely outside the state, it  
16.34 is presumed that the two business operations are unitary in nature, interrelated, connected,  
16.35 and interdependent unless it can be shown to the contrary.

17.1 (e) Unity of ownership ~~is~~ does ~~not deemed to exist when a corporation is two or~~  
17.2 more corporations are involved unless that corporation is a member of a group of two or  
17.3 ~~more business entities and~~ more than 50 percent of the voting stock of each ~~member of~~  
17.4 ~~the group~~ corporation is directly or indirectly owned by a common owner or by common  
17.5 owners, either corporate or noncorporate, or by one or more of the member corporations  
17.6 of the group. For this purpose, the term "voting stock" shall include membership interests  
17.7 of mutual insurance holding companies formed under section 66A.40.

17.8 (f) The net income and apportionment factors under section 290.191 or 290.20 of  
17.9 foreign corporations and other foreign entities which are part of a unitary business shall  
17.10 not be included in the net income or the apportionment factors of the unitary business.  
17.11 A foreign corporation or other foreign entity which is required to file a return under this  
17.12 chapter shall file on a separate return basis. The net income and apportionment factors  
17.13 under section 290.191 or 290.20 of foreign operating corporations shall not be included in  
17.14 the net income or the apportionment factors of the unitary business except as provided in  
17.15 paragraph (g).

17.16 (g) The adjusted net income of a foreign operating corporation shall be deemed to  
17.17 be paid as a dividend on the last day of its taxable year to each shareholder thereof, in  
17.18 proportion to each shareholder's ownership, with which such corporation is engaged in  
17.19 a unitary business. Such deemed dividend shall be treated as a dividend under section  
17.20 290.21, subdivision 4.

17.21 Dividends actually paid by a foreign operating corporation to a corporate shareholder  
17.22 which is a member of the same unitary business as the foreign operating corporation shall  
17.23 be eliminated from the net income of the unitary business in preparing a combined report  
17.24 for the unitary business. The adjusted net income of a foreign operating corporation  
17.25 shall be its net income adjusted as follows:

17.26 (1) any taxes paid or accrued to a foreign country, the commonwealth of Puerto  
17.27 Rico, or a United States possession or political subdivision of any of the foregoing shall  
17.28 be a deduction; and

17.29 (2) the subtraction from federal taxable income for payments received from foreign  
17.30 corporations or foreign operating corporations under section 290.01, subdivision 19d,  
17.31 clause (10), shall not be allowed.

17.32 If a foreign operating corporation incurs a net loss, neither income nor deduction from  
17.33 that corporation shall be included in determining the net income of the unitary business.

17.34 (h) For purposes of determining the net income of a unitary business and the factors  
17.35 to be used in the apportionment of net income pursuant to section 290.191 or 290.20, there  
17.36 must be included only the income and apportionment factors of domestic corporations or

18.1 other domestic entities other than foreign operating corporations that are determined to  
18.2 be part of the unitary business pursuant to this subdivision, notwithstanding that foreign  
18.3 corporations or other foreign entities might be included in the unitary business.

18.4 (i) Deductions for expenses, interest, or taxes otherwise allowable under this chapter  
18.5 that are connected with or allocable against dividends, deemed dividends described  
18.6 in paragraph (g), or royalties, fees, or other like income described in section 290.01,  
18.7 subdivision 19d, clause (10), shall not be disallowed.

18.8 (j) Each corporation or other entity, except a sole proprietorship, that is part of a  
18.9 unitary business must file combined reports as the commissioner determines. On the  
18.10 reports, all intercompany transactions between entities included pursuant to paragraph  
18.11 (h) must be eliminated and the entire net income of the unitary business determined in  
18.12 accordance with this subdivision is apportioned among the entities by using each entity's  
18.13 Minnesota factors for apportionment purposes in the numerators of the apportionment  
18.14 formula and the total factors for apportionment purposes of all entities included pursuant  
18.15 to paragraph (h) in the denominators of the apportionment formula.

18.16 (k) If a corporation has been divested from a unitary business and is included in a  
18.17 combined report for a fractional part of the common accounting period of the combined  
18.18 report:

18.19 (1) its income includable in the combined report is its income incurred for that part  
18.20 of the year determined by proration or separate accounting; and

18.21 (2) its sales, property, and payroll included in the apportionment formula must  
18.22 be prorated or accounted for separately.

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

## 18.24 **ARTICLE 2**

### 18.25 **ESTATE TAX**

18.26 Section 1. Minnesota Statutes 2012, section 289A.10, is amended by adding a  
18.27 subdivision to read:

18.28 **Subd. 1a. Recapture tax return required.** If a disposition or cessation as provided  
18.29 by section 291.03, subdivision 11, paragraph (a), has occurred, the qualified heir, as  
18.30 defined under section 291.03, subdivision 8, paragraph (c), or personal representative of  
18.31 the decedent's estate must submit a recapture tax return to the commissioner.

18.32 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after  
18.33 June 30, 2011.

19.1 Sec. 2. Minnesota Statutes 2012, section 289A.12, is amended by adding a subdivision  
19.2 to read:

19.3 Subd. 18. **Returns by qualified heirs.** A qualified heir, as defined in section 291.03,  
19.4 subdivision 8, paragraph (c), must file two returns with the commissioner attesting that  
19.5 no disposition or cessation as provided by section 291.03, subdivision 11, paragraph  
19.6 (a), occurred. The first return must be filed no earlier than 24 months and no later than  
19.7 26 months after the decedent's death. The second return must be filed no earlier than 36  
19.8 months and no later than 39 months after the decedent's death.

19.9 **EFFECTIVE DATE.** This section is effective for returns required to be filed after  
19.10 December 31, 2013.

19.11 Sec. 3. Minnesota Statutes 2012, section 289A.18, is amended by adding a subdivision  
19.12 to read:

19.13 Subd. 3a. **Recapture tax return.** A recapture tax return must be filed with the  
19.14 commissioner within six months after the date of the disposition or cessation as provided  
19.15 by section 291.03, subdivision 11, paragraph (a).

19.16 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after  
19.17 June 30, 2011.

19.18 Sec. 4. Minnesota Statutes 2012, section 289A.20, subdivision 3, is amended to read:

19.19 Subd. 3. **Estate tax.** Taxes imposed by ~~chapter 291~~ section 291.03, subdivision 1,  
19.20 take effect at and upon the death of the person whose estate is subject to taxation and are  
19.21 due and payable on or before the expiration of nine months from that death.

19.22 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after  
19.23 June 30, 2011.

19.24 Sec. 5. Minnesota Statutes 2012, section 289A.20, is amended by adding a subdivision  
19.25 to read:

19.26 Subd. 3a. **Recapture tax.** The additional estate tax imposed by section 291.03,  
19.27 subdivision 11, paragraph (b), is due and payable on or before the expiration of the date  
19.28 provided by section 291.03, subdivision 11, paragraph (c).

19.29 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after  
19.30 June 30, 2011.

20.1 **ARTICLE 3**

20.2 **PROPERTY TAXES**

20.3 Section 1. Minnesota Statutes 2012, section 13.4965, subdivision 3, is amended to read:

20.4 Subd. 3. **Homestead and other applications.** The classification and disclosure of  
 20.5 certain information collected to determine eligibility of property for a homestead or other  
 20.6 classification or benefit under section 273.13 are governed by ~~section~~ sections 273.124,  
 20.7 subdivision subdivisions 13, 13a, 13b, 13c, and 13d; 273.1245; and 273.1315.

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

20.9 Sec. 2. Minnesota Statutes 2012, section 270.41, subdivision 5, is amended to read:

20.10 Subd. 5. **Prohibited activity.** A licensed assessor or other person employed by an  
 20.11 assessment jurisdiction or contracting with an assessment jurisdiction for the purpose  
 20.12 of valuing or classifying property for property tax purposes is prohibited from making  
 20.13 appraisals or analyses, accepting an appraisal assignment, or preparing an appraisal report  
 20.14 as defined in section 82B.021, subdivisions 2, 4, 6, and 7, on any property within the  
 20.15 assessment jurisdiction where the individual is employed or performing the duties of the  
 20.16 assessor under contract. Violation of this prohibition shall result in immediate revocation  
 20.17 of the individual's license to assess property for property tax purposes. This prohibition  
 20.18 must not be construed to prohibit an individual from carrying out any duties required  
 20.19 for the proper assessment of property for property tax purposes or performing duties  
 20.20 enumerated in section 273.061, subdivision 7 or 8. If a formal resolution has been adopted  
 20.21 by the governing body of a governmental unit, which specifies the purposes for which  
 20.22 such work will be done, this prohibition does not apply to appraisal activities undertaken  
 20.23 on behalf of and at the request of the governmental unit that has employed or contracted  
 20.24 with the individual. The resolution may only allow appraisal activities which are related to  
 20.25 condemnations, right-of-way acquisitions, land exchanges, or special assessments.

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

20.27 Sec. 3. Minnesota Statutes 2012, section 272.01, subdivision 2, is amended to read:

20.28 Subd. 2. **Exempt property used by private entity for profit.** (a) When any real or  
 20.29 personal property which is exempt from ad valorem taxes, and taxes in lieu thereof, is  
 20.30 leased, loaned, or otherwise made available and used by a private individual, association,  
 20.31 or corporation in connection with a business conducted for profit, there shall be imposed a

21.1 tax, for the privilege of so using or possessing such real or personal property, in the same  
21.2 amount and to the same extent as though the lessee or user was the owner of such property.

21.3 (b) The tax imposed by this subdivision shall not apply to:

21.4 (1) property leased or used as a concession in or relative to the use in whole  
21.5 or part of a public park, market, fairgrounds, port authority, economic development  
21.6 authority established under chapter 469, municipal auditorium, municipal parking facility,  
21.7 municipal museum, or municipal stadium;

21.8 (2) property of an airport owned by a city, town, county, or group thereof which is:

21.9 (i) leased to or used by any person or entity including a fixed base operator; and

21.10 (ii) used as a hangar for the storage or repair of aircraft or to provide aviation goods,  
21.11 services, or facilities to the airport or general public;

21.12 the exception from taxation provided in this clause does not apply to:

21.13 (i) property located at an airport owned or operated by the Metropolitan Airports  
21.14 Commission or by a city of over 50,000 population according to the most recent federal  
21.15 census or such a city's airport authority; or

21.16 (ii) hangars leased by a private individual, association, or corporation in connection  
21.17 with a business conducted for profit other than an aviation-related business;

21.18 (3) property constituting or used as a public pedestrian ramp or concourse in  
21.19 connection with a public airport;

21.20 (4) property constituting or used as a passenger check-in area or ticket sale counter,  
21.21 boarding area, or luggage claim area in connection with a public airport but not the  
21.22 airports owned or operated by the Metropolitan Airports Commission or cities of over  
21.23 50,000 population or an airport authority therein. Real estate owned by a municipality  
21.24 in connection with the operation of a public airport and leased or used for agricultural  
21.25 purposes is not exempt;

21.26 (5) property leased, loaned, or otherwise made available to a private individual,  
21.27 corporation, or association under a cooperative farming agreement made pursuant to  
21.28 section 97A.135; or

21.29 (6) property leased, loaned, or otherwise made available to a private individual,  
21.30 corporation, or association under section 272.68, subdivision 4.

21.31 (c) Taxes imposed by this subdivision are payable as in the case of personal property  
21.32 taxes and shall be assessed to the lessees or users of real or personal property in the same  
21.33 manner as taxes assessed to owners of real or personal property, except that such taxes  
21.34 shall not become a lien against the property. When due, the taxes shall constitute a debt due  
21.35 from the lessee or user to the state, township, city, county, and school district for which the  
21.36 taxes were assessed and shall be collected in the same manner as personal property taxes.

22.1 If property subject to the tax imposed by this subdivision is leased or used jointly by two or  
 22.2 more persons, each lessee or user shall be jointly and severally liable for payment of the tax.

22.3 (d) The tax on real property of the federal government, the state or any of its political  
 22.4 subdivisions that is leased by, loaned, or otherwise made available to a private individual,  
 22.5 association, or corporation and becomes taxable under this subdivision or other provision  
 22.6 of law must be assessed and collected as a personal property assessment. The taxes do  
 22.7 not become a lien against the real property.

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

22.9 Sec. 4. Minnesota Statutes 2012, section 273.032, is amended to read:

22.10 **273.032 MARKET VALUE DEFINITION.**

22.11 For the purpose of determining any property tax levy limitation based on market  
 22.12 value, any qualification to receive state aid based on market value, or any state aid amount  
 22.13 based on market value, the terms "market value," "taxable market value," and "market  
 22.14 valuation," whether equalized or unequalized, mean the total taxable market value of  
 22.15 property within the local unit of government before any adjustments for tax increment,  
 22.16 fiscal disparity, powerline credit, or wind energy values, but after ~~the limited market~~  
 22.17 ~~adjustments under section 273.11, subdivision 1a, and after~~ the market value exclusions of  
 22.18 certain improvements to homestead property under section 273.11, subdivision 16. Unless  
 22.19 otherwise provided, "market value," "taxable market value," and "market valuation" for  
 22.20 purposes of this paragraph, refer to the taxable market value for the previous assessment  
 22.21 year.

22.22 For the purpose of determining any net debt limit based on market value, or any limit  
 22.23 on the issuance of bonds, certificates of indebtedness, or capital notes based on market  
 22.24 value, the terms "market value," "taxable market value," and "market valuation," whether  
 22.25 equalized or unequalized, mean the total taxable market value of property within the local  
 22.26 unit of government before any adjustments for tax increment, fiscal disparity, powerline  
 22.27 credit, or wind energy values, but after ~~the limited market value adjustments under section~~  
 22.28 ~~273.11, subdivision 1a, and after~~ the market value exclusions of certain improvements to  
 22.29 homestead property under section 273.11, subdivision 16. Unless otherwise provided,  
 22.30 "market value," "taxable market value," and "market valuation" for purposes of this  
 22.31 paragraph, mean the taxable market value as last finally equalized.

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

22.33 Sec. 5. Minnesota Statutes 2012, section 273.124, subdivision 13, is amended to read:

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

23.4           (b) The format and contents of a uniform homestead application shall be prescribed  
23.5 by the commissioner of revenue. The application must clearly inform the taxpayer that  
23.6 this application must be signed by all owners who occupy the property or by the qualifying  
23.7 relative and returned to the county assessor in order for the property to receive homestead  
23.8 treatment.

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

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

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

23.29           ~~The Social Security numbers, state or federal tax returns or tax return information,~~  
23.30 ~~including the federal income tax schedule F required by this section, or affidavits or other~~  
23.31 ~~proofs of the property owners and spouses submitted under this or another section to~~  
23.32 ~~support a claim for a property tax homestead classification are private data on individuals as~~  
23.33 ~~defined by section 13.02, subdivision 12, but, notwithstanding that section, the private data~~  
23.34 ~~may be disclosed to the commissioner of revenue, or, for purposes of proceeding under the~~  
23.35 ~~Revenue Recapture Act to recover personal property taxes owing, to the county treasurer.~~

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

24.12 (e) The homestead application shall also notify the property owners that the  
24.13 ~~application filed under this section will not be mailed annually and that~~ if the property  
24.14 is granted homestead status for any assessment year, that same property shall remain  
24.15 classified as homestead until the property is sold or transferred to another person, or  
24.16 the owners, the spouse of the owner, or the relatives no longer use the property as their  
24.17 homestead. Upon the sale or transfer of the homestead property, a certificate of value must  
24.18 be timely filed with the county auditor as provided under section 272.115. Failure to  
24.19 notify the assessor within 30 days that the property has been sold, transferred, or that the  
24.20 owner, the spouse of the owner, or the relative is no longer occupying the property as a  
24.21 homestead, shall result in the penalty provided under this subdivision and the property  
24.22 will lose its current homestead status.

24.23 ~~(f) If the homestead application is not returned within 30 days, the county will send a~~  
24.24 ~~second application to the present owners of record. The notice of proposed property taxes~~  
24.25 ~~prepared under section 275.065, subdivision 3, shall reflect the property's classification. If~~  
24.26 a homestead application has not been filed with the county by December 15, the assessor  
24.27 shall classify the property as nonhomestead for the current assessment year for taxes  
24.28 payable in the following year, provided that the owner may be entitled to receive the  
24.29 homestead classification by proper application under section 375.192.

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

25.1            Subd. 13b. Improper homestead. (h) (a) If the commissioner finds that a  
25.2 property owner may be claiming a fraudulent homestead, the commissioner shall notify  
25.3 the appropriate counties. Within 90 days of the notification, the county assessor shall  
25.4 investigate to determine if the homestead classification was properly claimed. If the  
25.5 property owner does not qualify, the county assessor shall notify the county auditor who  
25.6 will determine the amount of homestead benefits that had been improperly allowed. For the  
25.7 purpose of this ~~section~~ subdivision, "homestead benefits" means the tax reduction resulting  
25.8 from the classification as a homestead under section 273.13, the taconite homestead credit  
25.9 under section 273.135, the residential homestead and agricultural homestead credits under  
25.10 section 273.1384, and the supplemental homestead credit under section 273.1391.

25.11            The county auditor shall send a notice to the person who owned the affected property  
25.12 at the time the homestead application related to the improper homestead was filed,  
25.13 demanding reimbursement of the homestead benefits plus a penalty equal to 100 percent  
25.14 of the homestead benefits. The person notified may appeal the county's determination  
25.15 by serving copies of a petition for review with county officials as provided in section  
25.16 278.01 and filing proof of service as provided in section 278.01 with the Minnesota Tax  
25.17 Court within 60 days of the date of the notice from the county. Procedurally, the appeal  
25.18 is governed by the provisions in chapter 271 which apply to the appeal of a property tax  
25.19 assessment or levy, but without requiring any prepayment of the amount in controversy. If  
25.20 the amount of homestead benefits and penalty is not paid within 60 days, and if no appeal  
25.21 has been filed, the county auditor shall certify the amount of taxes and penalty to the county  
25.22 treasurer. The county treasurer will add interest to the unpaid homestead benefits and  
25.23 penalty amounts at the rate provided in section 279.03 for real property taxes becoming  
25.24 delinquent in the calendar year during which the amount remains unpaid. Interest may be  
25.25 assessed for the period beginning 60 days after demand for payment was made.

25.26            If the person notified is the current owner of the property, the treasurer may add the  
25.27 total amount of homestead benefits, penalty, interest, and costs to the ad valorem taxes  
25.28 otherwise payable on the property by including the amounts on the property tax statements  
25.29 under section 276.04, subdivision 3. The amounts added under this paragraph to the ad  
25.30 valorem taxes shall include interest accrued through December 31 of the year preceding  
25.31 the taxes payable year for which the amounts are first added. These amounts, when added  
25.32 to the property tax statement, become subject to all the laws for the enforcement of real or  
25.33 personal property taxes for that year, and for any subsequent year.

25.34            If the person notified is not the current owner of the property, the treasurer may  
25.35 collect the amounts due under the Revenue Recapture Act in chapter 270A, or use any of  
25.36 the powers granted in sections 277.20 and 277.21 without exclusion, to enforce payment

26.1 of the homestead benefits, penalty, interest, and costs, as if those amounts were delinquent  
 26.2 tax obligations of the person who owned the property at the time the application related to  
 26.3 the improperly allowed homestead was filed. The treasurer may relieve a prior owner of  
 26.4 personal liability for the homestead benefits, penalty, interest, and costs, and instead extend  
 26.5 those amounts on the tax lists against the property as provided in this paragraph to the extent  
 26.6 that the current owner agrees in writing. On all demands, billings, property tax statements,  
 26.7 and related correspondence, the county must list and state separately the amounts of  
 26.8 homestead benefits, penalty, interest and costs being demanded, billed or assessed.

26.9 ~~(b)~~ (b) Any amount of homestead benefits recovered by the county from the property  
 26.10 owner shall be distributed to the county, city or town, and school district where the  
 26.11 property is located in the same proportion that each taxing district's levy was to the total  
 26.12 of the three taxing districts' levy for the current year. Any amount recovered attributable  
 26.13 to taconite homestead credit shall be transmitted to the St. Louis County auditor to be  
 26.14 deposited in the taconite property tax relief account. Any amount recovered that is  
 26.15 attributable to supplemental homestead credit is to be transmitted to the commissioner of  
 26.16 revenue for deposit in the general fund of the state treasury. The total amount of penalty  
 26.17 collected must be deposited in the county general fund.

26.18 ~~(c)~~ (c) If a property owner has applied for more than one homestead and the county  
 26.19 assessors cannot determine which property should be classified as homestead, the county  
 26.20 assessors will refer the information to the commissioner. The commissioner shall make  
 26.21 the determination and notify the counties within 60 days.

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

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

26.35 ~~(1)~~ (1) the property identification number assigned to the parcel for purposes of  
 26.36 taxes payable in the current year;

27.1 ~~(ii)~~ (2) the name and Social Security number of each occupant of homestead property  
 27.2 who is the property owner, property owner's spouse, qualifying relative of a property  
 27.3 owner, or spouse of a qualifying relative;

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

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

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

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

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

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

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

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

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

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

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

27.24 Sec. 6. **[273.1245] CLASSIFICATION OF DATA.**

27.25 **Subdivision 1. Private or nonpublic data.** The following data are private or  
 27.26 nonpublic data as defined in 13.02, subdivisions 9 and 12, when they are submitted to a  
 27.27 county or local assessor under section 273.124, 273.13, or another section, to support a  
 27.28 claim for the property tax homestead classification under section 273.13, or other property  
 27.29 tax classification or benefit that is provided under section 273.13:

27.30 (1) Social Security numbers;

27.31 (2) copies of state or federal income tax returns; and

27.32 (3) state or federal income tax return information, including the federal income  
 27.33 tax schedule F.

27.34 **Subd. 2. Disclosure.** The assessor shall disclose the data described in subdivision 1  
 27.35 to the commissioner of revenue as provided by law. The assessor shall also disclose all or

28.1 portions of the data described in subdivision 1 to the county treasurer solely for the purpose  
 28.2 of proceeding under the Revenue Recapture Act to recover personal property taxes owing.

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

28.4 Sec. 7. Minnesota Statutes 2012, section 273.1315, subdivision 1, is amended to read:

28.5 Subdivision 1. **Class 1b homestead declaration before 2009.** Any property owner  
 28.6 seeking classification and assessment of the owner's homestead as class 1b property  
 28.7 pursuant to section 273.13, subdivision 22, paragraph (b), on or before October 1, 2008,  
 28.8 shall file with the commissioner of revenue a 1b homestead declaration, on a form  
 28.9 prescribed by the commissioner. The declaration shall contain the following information:

28.10 ~~(a)~~ (1) the information necessary to verify that on or before June 30 of the filing year,  
 28.11 the property owner or the owner's spouse satisfies the requirements of section 273.13,  
 28.12 subdivision 22, paragraph (b), for 1b classification; and

28.13 ~~(b)~~ (2) any additional information prescribed by the commissioner.

28.14 The declaration must be filed on or before October 1 to be effective for property  
 28.15 taxes payable during the succeeding calendar year. The declaration and any supplementary  
 28.16 information received from the property owner pursuant to this subdivision shall be subject  
 28.17 to chapter 270B. If approved by the commissioner, the declaration remains in effect until  
 28.18 the property no longer qualifies under section 273.13, subdivision 22, paragraph (b).  
 28.19 Failure to notify the commissioner within 30 days that the property no longer qualifies  
 28.20 under that paragraph because of a sale, change in occupancy, or change in the status  
 28.21 or condition of an occupant shall result in the penalty provided in section 273.124,  
 28.22 subdivision ~~13~~ 13b, computed on the basis of the class 1b benefits for the property, and  
 28.23 the property shall lose its current class 1b classification.

28.24 The commissioner shall provide to the assessor on or before November 1 a listing  
 28.25 of the parcels of property qualifying for 1b classification.

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

28.27 Sec. 8. Minnesota Statutes 2012, section 273.1315, subdivision 2, is amended to read:

28.28 Subd. 2. **Class 1b homestead declaration 2009 and thereafter.** (a) Any property  
 28.29 owner seeking classification and assessment of the owner's homestead as class 1b property  
 28.30 pursuant to section 273.13, subdivision 22, paragraph (b), after October 1, 2008, shall file  
 28.31 with the county assessor a class 1b homestead declaration, on a form prescribed by the  
 28.32 commissioner of revenue. The declaration must contain the following information:

29.1 (1) the information necessary to verify that, on or before June 30 of the filing year,  
 29.2 the property owner or the owner's spouse satisfies the requirements of section 273.13,  
 29.3 subdivision 22, paragraph (b), for class 1b classification; and

29.4 (2) any additional information prescribed by the commissioner.

29.5 (b) The declaration must be filed on or before October 1 to be effective for property  
 29.6 taxes payable during the succeeding calendar year. The Social Security numbers and  
 29.7 income and medical information received from the property owner pursuant to this  
 29.8 subdivision are private data on individuals as defined in section 13.02. If approved by  
 29.9 the assessor, the declaration remains in effect until the property no longer qualifies under  
 29.10 section 273.13, subdivision 22, paragraph (b). Failure to notify the assessor within 30  
 29.11 days that the property no longer qualifies under that paragraph because of a sale, change in  
 29.12 occupancy, or change in the status or condition of an occupant shall result in the penalty  
 29.13 provided in section 273.124, subdivision ~~13~~ 13b, computed on the basis of the class 1b  
 29.14 benefits for the property, and the property shall lose its current class 1b classification.

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

29.16 Sec. 9. Minnesota Statutes 2012, section 273.19, subdivision 1, is amended to read:

29.17 Subdivision 1. **Tax-exempt property; lease.** Except as provided in subdivision 3 or  
 29.18 4, tax-exempt property held under a lease for a term of at least one year, and not taxable  
 29.19 under section 272.01, subdivision 2, or under a contract for the purchase thereof, shall be  
 29.20 considered, for all purposes of taxation, as the property of the person holding it. In this  
 29.21 subdivision, "tax-exempt property" means property owned by the United States, the state  
 29.22 or any of its political subdivisions, a school, or any religious, scientific, or benevolent  
 29.23 society or institution, incorporated or unincorporated, or any corporation whose property  
 29.24 is not taxed in the same manner as other property. This subdivision does not apply to  
 29.25 property exempt from taxation under section 272.01, subdivision 2, paragraph (b), clauses  
 29.26 (2), (3), and (4), or to property exempt from taxation under section 272.0213.

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

29.28 Sec. 10. Minnesota Statutes 2012, section 273.39, is amended to read:

29.29 **273.39 RURAL AREA.**

29.30 As used in sections 273.39 to 273.41, the term "rural area" shall be deemed to mean  
 29.31 any area of the state not included within the boundaries of any ~~incorporated~~ statutory  
 29.32 city or home rule charter city, and such term shall be deemed to include both farm and  
 29.33 nonfarm population thereof.

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

30.2 Sec. 11. Minnesota Statutes 2012, section 279.06, subdivision 1, is amended to read:

30.3 Subdivision 1. **List and notice.** Within five days after the filing of such list, the  
30.4 court administrator shall return a copy thereof to the county auditor, with a notice prepared  
30.5 and signed by the court administrator, and attached thereto, which may be substantially in  
30.6 the following form:

30.7 State of Minnesota )

30.8 ) ss.

30.9 County of ..... )

30.10 District Court  
30.11 ..... Judicial District.

30.12 The state of Minnesota, to all persons, companies, or corporations who have or claim  
30.13 any estate, right, title, or interest in, claim to, or lien upon, any of the several parcels of  
30.14 land described in the list hereto attached:

30.15 The list of taxes and penalties on real property for the county of .....  
30.16 remaining delinquent on the first Monday in January, ....., has been filed in the office of  
30.17 the court administrator of the district court of said county, of which that hereto attached is a  
30.18 copy. Therefore, you, and each of you, are hereby required to file in the office of said court  
30.19 administrator, on or before the 20th day after the publication of this notice and list, your  
30.20 answer, in writing, setting forth any objection or defense you may have to the taxes, or any  
30.21 part thereof, upon any parcel of land described in the list, in, to, or on which you have or  
30.22 claim any estate, right, title, interest, claim, or lien, and, in default thereof, judgment will  
30.23 be entered against such parcel of land for the taxes on such list appearing against it, and  
30.24 for all penalties, interest, and costs. Based upon said judgment, the land shall be sold to  
30.25 the state of Minnesota on the second Monday in May, ..... ~~The period of redemption for~~  
30.26 ~~all lands sold to the state at a tax judgment sale shall be three years from the date of sale to~~  
30.27 ~~the state of Minnesota if the land is within an incorporated area unless it is:~~

30.28 ~~(a) nonagricultural homesteaded land as defined in section 273.13, subdivision 22;~~

30.29 ~~(b) homesteaded agricultural land as defined in section 273.13, subdivision 23,~~  
30.30 ~~paragraph (a);~~

30.31 ~~(c) seasonal residential recreational land as defined in section 273.13, subdivisions~~  
30.32 ~~22, paragraph (c), and 25, paragraph (d), clause (1), in which event the period of~~  
30.33 ~~redemption is five years from the date of sale to the state of Minnesota;~~

30.34 ~~(d) abandoned property and pursuant to section 281.173 a court order has been~~  
30.35 ~~entered shortening the redemption period to five weeks; or~~

31.1 ~~(e) vacant property as described under section 281.174, subdivision 2, and for which~~  
 31.2 ~~a court order is entered shortening the redemption period under section 281.174.~~

31.3 ~~The period of redemption for all other lands sold to the state at a tax judgment sale~~  
 31.4 ~~shall be five years from the date of sale.~~

31.5 Inquiries as to the proceedings set forth above can be made to the county auditor of  
 31.6 ..... county whose address is .....

31.7 (Signed) .....,  
 31.8 Court Administrator of the District Court of the  
 31.9 County of .....  
 31.10 (Here insert list.)

31.11 The notice must contain a narrative description of the various periods to redeem  
 31.12 specified in sections 281.17, 281.173, and 281.174, in the manner prescribed by the  
 31.13 commissioner of revenue under subdivision 2.

31.14 The list referred to in the notice shall be substantially in the following form:

31.15 List of real property for the county of ....., on which taxes remain  
 31.16 delinquent on the first Monday in January, .....

31.17 Town of (Fairfield),  
 31.18 Township (40), Range (20),

31.19 Names (and Current  
 31.20 Filed Addresses) for  
 31.21 the Taxpayers and Fee  
 31.22 Owners and in Addition  
 31.23 Those Parties Who Have  
 31.24 Filed Their Addresses

31.25 Pursuant to section	Subdivision of		Tax Parcel	Total Tax
31.26 276.041	Section	Section	Number	and Penalty
				\$ cts.

31.28 John Jones (825 Fremont	S.E. 1/4 of S.W. 1/4	10	23101	2.20
31.29 Fairfield, MN 55000)				

32.1 Bruce Smith (2059 Hand That part of N.E. 1/4  
 32.2 Fairfield, MN 55000) of S.W. 1/4 desc. as  
 32.3 and Fairfield State follows: Beg. at the  
 32.4 Bank (100 Main Street S.E. corner of said N.E.  
 32.5 Fairfield, MN 55000) 1/4 of S.W. 1/4; thence  
 32.6 N. along the E. line of  
 32.7 said N.E. 1/4 of S.W.  
 32.8 1/4 a distance of 600  
 32.9 ft.; thence W. parallel  
 32.10 with the S. line of said  
 32.11 N.E. 1/4 of S.W. 1/4  
 32.12 a distance of 600 ft.;  
 32.13 thence S. parallel with  
 32.14 said E. line a distance of  
 32.15 600 ft. to S. line of said  
 32.16 N.E. 1/4 of S.W. 1/4;  
 32.17 thence E. along said S.  
 32.18 line a distance of 600 ft.  
 32.19 to the point of beg.

32.20 As to platted property, the form of heading shall conform to circumstances and be  
 32.21 substantially in the following form:

32.22 City of (Smithtown)  
 32.23 Brown's Addition, or Subdivision

32.24 Names (and Current  
 32.25 Filed Addresses) for  
 32.26 the Taxpayers and Fee  
 32.27 Owners and in Addition  
 32.28 Those Parties Who Have  
 32.29 Filed Their Addresses

32.30 Pursuant to section			Tax Parcel	Total Tax
32.31 276.041	Lot	Block	Number	and Penalty
32.32				\$ cts.
32.33 John Jones (825 Fremont 32.34 Fairfield, MN 55000)	15	9	58243	2.20
32.35 Bruce Smith (2059 Hand 32.36 Fairfield, MN 55000) 32.37 and Fairfield State 32.38 Bank (100 Main Street 32.39 Fairfield, MN 55000)	16	9	58244	3.15

32.40 The names, descriptions, and figures employed in parentheses in the above forms are  
 32.41 merely for purposes of illustration.

32.42 The name of the town, township, range or city, and addition or subdivision, as the  
 32.43 case may be, shall be repeated at the head of each column of the printed lists as brought  
 32.44 forward from the preceding column.

32.45 Errors in the list shall not be deemed to be a material defect to affect the validity  
 32.46 of the judgment and sale.

33.1 **EFFECTIVE DATE.** This section is effective for lists and notices required after  
33.2 December 31, 2013.

33.3 Sec. 12. Minnesota Statutes 2012, section 290A.25, is amended to read:

33.4 **290A.25 VERIFICATION OF SOCIAL SECURITY NUMBERS.**

33.5 Annually, the commissioner of revenue shall furnish a list to the county assessor  
33.6 containing the names and Social Security numbers of persons who have applied for both  
33.7 homestead classification under section 273.13 and a property tax refund as a renter  
33.8 under this chapter.

33.9 Within 90 days of the notification, the county assessor shall investigate to determine  
33.10 if the homestead classification was improperly claimed. If the property owner does  
33.11 not qualify, the county assessor shall notify the county auditor who will determine the  
33.12 amount of homestead benefits that has been improperly allowed. For the purpose of this  
33.13 section, "homestead benefits" has the meaning given in section 273.124, subdivision ~~43~~,  
33.14 ~~paragraph (h)~~ 13b. The county auditor shall send a notice to persons who owned the  
33.15 affected property at the time the homestead application related to the improper homestead  
33.16 was filed, demanding reimbursement of the homestead benefits plus a penalty equal to  
33.17 100 percent of the homestead benefits. The person notified may appeal the county's  
33.18 determination with the Minnesota Tax Court within 60 days of the date of the notice from  
33.19 the county as provided in section 273.124, subdivision ~~43~~, ~~paragraph (h)~~ 13b.

33.20 If the amount of homestead benefits and penalty is not paid within 60 days, and if  
33.21 no appeal has been filed, the county auditor shall certify the amount of taxes and penalty  
33.22 to the county treasurer. The county treasurer will add interest to the unpaid homestead  
33.23 benefits and penalty amounts at the rate provided for delinquent personal property taxes  
33.24 for the period beginning 60 days after demand for payment was made until payment. If  
33.25 the person notified is the current owner of the property, the treasurer may add the total  
33.26 amount of benefits, penalty, interest, and costs to the real estate taxes otherwise payable on  
33.27 the property in the following year. If the person notified is not the current owner of the  
33.28 property, the treasurer may collect the amounts due under the Revenue Recapture Act in  
33.29 chapter 270A, or use any of the powers granted in sections 277.20 and 277.21 without  
33.30 exclusion, to enforce payment of the benefits, penalty, interest, and costs, as if those  
33.31 amounts were delinquent tax obligations of the person who owned the property at the time  
33.32 the application related to the improperly allowed homestead was filed. The treasurer may  
33.33 relieve a prior owner of personal liability for the benefits, penalty, interest, and costs, and  
33.34 instead extend those amounts on the tax lists against the property for taxes payable in the  
33.35 following year to the extent that the current owner agrees in writing.

34.1 Any amount of homestead benefits recovered by the county from the property owner  
 34.2 shall be distributed to the county, city or town, and school district where the property is  
 34.3 located in the same proportion that each taxing district's levy was to the total of the three  
 34.4 taxing districts' levy for the current year. Any amount recovered attributable to taconite  
 34.5 homestead credit shall be transmitted to the St. Louis County auditor to be deposited in  
 34.6 the taconite property tax relief account. Any amount recovered that is attributable to  
 34.7 supplemental homestead credit is to be transmitted to the commissioner of revenue for  
 34.8 deposit in the general fund of the state treasury. The total amount of penalty collected  
 34.9 must be deposited in the county general fund.

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

34.11 Sec. 13. Minnesota Statutes 2012, section 373.01, subdivision 1, is amended to read:

34.12 Subdivision 1. **Public corporation; listed powers.** (a) Each county is a body politic  
 34.13 and corporate and may:

34.14 (1) Sue and be sued.

34.15 (2) Acquire and hold real and personal property for the use of the county, and lands  
 34.16 sold for taxes as provided by law.

34.17 (3) Purchase and hold for the benefit of the county real estate sold by virtue of  
 34.18 judicial proceedings, to which the county is a party.

34.19 (4) Sell, lease, and convey real or personal estate owned by the county, and give  
 34.20 contracts or options to sell, lease, or convey it, and make orders respecting it as deemed  
 34.21 conducive to the interests of the county's inhabitants.

34.22 (5) Make all contracts and do all other acts in relation to the property and concerns  
 34.23 of the county necessary to the exercise of its corporate powers.

34.24 (b) No sale, lease, or conveyance of real estate owned by the county, except the lease  
 34.25 of a residence acquired for the furtherance of an approved capital improvement project, nor  
 34.26 any contract or option for it, shall be valid, without first advertising for bids or proposals in  
 34.27 the official newspaper of the county for three consecutive weeks and once in a newspaper  
 34.28 of general circulation in the area where the property is located. The notice shall state the  
 34.29 time and place of considering the proposals, contain a legal description of any real estate,  
 34.30 and a brief description of any personal property. Leases that do not exceed \$15,000 for any  
 34.31 one year may be negotiated and are not subject to the competitive bid procedures of this  
 34.32 section. All proposals estimated to exceed \$15,000 in any one year shall be considered at  
 34.33 the time set for the bid opening, and the one most favorable to the county accepted, but the  
 34.34 county board may, in the interest of the county, reject any or all proposals.

35.1 (c) Sales of personal property the value of which is estimated to be \$15,000 or  
35.2 more shall be made only after advertising for bids or proposals in the county's official  
35.3 newspaper, on the county's Web site, or in a recognized industry trade journal. At the same  
35.4 time it posts on its Web site or publishes in a trade journal, the county must publish in the  
35.5 official newspaper, either as part of the minutes of a regular meeting of the county board  
35.6 or in a separate notice, a summary of all requests for bids or proposals that the county  
35.7 advertises on its Web site or in a trade journal. After publication in the official newspaper,  
35.8 on the Web site, or in a trade journal, bids or proposals may be solicited and accepted by  
35.9 the electronic selling process authorized in section 471.345, subdivision 17. Sales of  
35.10 personal property the value of which is estimated to be less than \$15,000 may be made  
35.11 either on competitive bids or in the open market, in the discretion of the county board.  
35.12 "Web site" means a specific, addressable location provided on a server connected to the  
35.13 Internet and hosting World Wide Web pages and other files that are generally accessible  
35.14 on the Internet all or most of a day.

35.15 (d) Notwithstanding anything to the contrary herein, the county may, when acquiring  
35.16 real property for county highway right-of-way, exchange parcels of real property of  
35.17 substantially similar or equal value without advertising for bids. The estimated values for  
35.18 these parcels shall be determined by the county assessor.

35.19 (e) Notwithstanding anything in this section to the contrary, the county may, when  
35.20 acquiring real property for purposes other than county highway right-of-way, exchange  
35.21 parcels of real property of substantially similar or equal value without advertising for  
35.22 bids. The estimated values for these parcels must be determined by the county assessor  
35.23 or a private appraisal performed by a licensed Minnesota real estate appraiser. For the  
35.24 purpose of determining for the county the estimated values of parcels proposed to be  
35.25 exchanged, the county assessor need not be licensed under chapter 82B. Before giving  
35.26 final approval to any exchange of land, the county board shall hold a public hearing on  
35.27 the exchange. At least two weeks before the hearing, the county auditor shall post a  
35.28 notice in the auditor's office and the official newspaper of the county of the hearing that  
35.29 contains a description of the lands affected.

35.30 (f) If real estate or personal property remains unsold after advertising for and  
35.31 consideration of bids or proposals the county may employ a broker to sell the property.  
35.32 The broker may sell the property for not less than 90 percent of its appraised market value  
35.33 as determined by the county. The broker's fee shall be set by agreement with the county but  
35.34 may not exceed ten percent of the sale price and must be paid from the proceeds of the sale.

35.35 (g) A county or its agent may rent a county-owned residence acquired for the  
35.36 furtherance of an approved capital improvement project subject to the conditions set

36.1 by the county board and not subject to the conditions for lease otherwise provided by  
 36.2 paragraph (a), clause (4), and paragraphs (b), (c), (d), (f), and (h).

36.3 (h) In no case shall lands be disposed of without there being reserved to the county  
 36.4 all iron ore and other valuable minerals in and upon the lands, with right to explore for,  
 36.5 mine and remove the iron ore and other valuable minerals, nor shall the minerals and  
 36.6 mineral rights be disposed of, either before or after disposition of the surface rights,  
 36.7 otherwise than by mining lease, in similar general form to that provided by section 93.20  
 36.8 for mining leases affecting state lands. The lease shall be for a term not exceeding 50  
 36.9 years, and be issued on a royalty basis, the royalty to be not less than 25 cents per ton of  
 36.10 2,240 pounds, and fix a minimum amount of royalty payable during each year, whether  
 36.11 mineral is removed or not. Prospecting options for mining leases may be granted for  
 36.12 periods not exceeding one year. The options shall require, among other things, periodical  
 36.13 showings to the county board of the results of exploration work done.

36.14 (i) Notwithstanding anything in this subdivision to the contrary, the county may,  
 36.15 when selling real property owned in fee simple that cannot be improved because of  
 36.16 noncompliance with local ordinances regarding minimum area, shape, frontage, or access,  
 36.17 proceed to sell the nonconforming parcel without advertising for bid. At the county's  
 36.18 discretion, the real property may be restricted to sale to adjoining landowners or may be  
 36.19 sold to any other interested party. The property shall be sold to the highest bidder, but in no  
 36.20 case shall the property be sold for less than 90 percent of its fair market value as determined  
 36.21 by the county assessor. All owners of land adjoining the land to be sold shall be given a  
 36.22 written notice at least 30 days before the sale. This paragraph shall be liberally construed to  
 36.23 encourage the sale of nonconforming real property and promote its return to the tax roles.

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

36.25 Sec. 14. **REPEALER.**

36.26 Minnesota Statutes 2012, sections 272.69; and 273.11, subdivisions 1a and 22, are  
 36.27 repealed.

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

## 36.29 **ARTICLE 4**

### 36.30 **SALES AND USE TAXES; SPECIAL TAXES**

36.31 Section 1. Minnesota Statutes 2012, section 287.20, is amended by adding a  
 36.32 subdivision to read:

37.1 Subd. 11. **Partition.** "Partition" means the division by conveyance of real property  
 37.2 that is held jointly or in common by two or more persons into individually owned interests.  
 37.3 If one of the co-owners gives consideration for all or a part of the individually owned  
 37.4 interest conveyed to them, that portion of the conveyance is not a part of the partition.

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

37.6 Sec. 2. Minnesota Statutes 2012, section 289A.20, subdivision 4, is amended to read:

37.7 Subd. 4. **Sales and use tax.** (a) The taxes imposed by chapter 297A are due and  
 37.8 payable to the commissioner monthly on or before the 20th day of the month following  
 37.9 the month in which the taxable event occurred, or following another reporting period  
 37.10 as the commissioner prescribes or as allowed under section 289A.18, subdivision 4,  
 37.11 paragraph (f) or (g), except that:

37.12 ~~(1) use taxes due on an annual use tax return as provided under section 289A.11,~~  
 37.13 ~~subdivision 1, are payable by April 15 following the close of the calendar year; and~~

37.14 ~~(2) except as provided in paragraph (f), for a vendor having a liability of \$120,000~~  
 37.15 ~~or more during a fiscal year ending June 30, 2009, and fiscal years thereafter, the taxes~~  
 37.16 ~~imposed by chapter 297A, except as provided in paragraph (b), are due and payable to the~~  
 37.17 ~~commissioner monthly in the following manner:~~

37.18 ~~(i) On or before the 14th day of the month following the month in which the taxable~~  
 37.19 ~~event occurred, the vendor must remit to the commissioner 90 percent of the estimated~~  
 37.20 ~~liability for the month in which the taxable event occurred.~~

37.21 ~~(ii) On or before the 20th day of the month in which the taxable event occurs, the~~  
 37.22 ~~vendor must remit to the commissioner a prepayment for the month in which the taxable~~  
 37.23 ~~event occurs equal to 67 percent of the liability for the previous month.~~

37.24 ~~(iii) On or before the 20th day of the month following the month in which the taxable~~  
 37.25 ~~event occurred, the vendor must pay any additional amount of tax not previously remitted~~  
 37.26 ~~under either item (i) or (ii) or, if the payment made under item (i) or (ii) was greater than~~  
 37.27 ~~the vendor's liability for the month in which the taxable event occurred, the vendor may~~  
 37.28 ~~take a credit against the next month's liability in a manner prescribed by the commissioner.~~

37.29 ~~(iv) Once the vendor first pays under either item (i) or (ii), the vendor is required to~~  
 37.30 ~~continue to make payments in the same manner, as long as the vendor continues having a~~  
 37.31 ~~liability of \$120,000 or more during the most recent fiscal year ending June 30.~~

37.32 ~~(v) Notwithstanding items (i), (ii), and (iv), if a vendor fails to make the required~~  
 37.33 ~~payment in the first month that the vendor is required to make a payment under either item~~  
 37.34 ~~(i) or (ii), then the vendor is deemed to have elected to pay under item (ii) and must make~~  
 37.35 ~~subsequent monthly payments in the manner provided in item (ii).~~

38.1 ~~(vi) For vendors making an accelerated payment under item (ii), for the first month~~  
38.2 ~~that the vendor is required to make the accelerated payment, on the 20th of that month, the~~  
38.3 ~~vendor will pay 100 percent of the liability for the previous month and a prepayment for~~  
38.4 ~~the first month equal to 67 percent of the liability for the previous month.~~

38.5 (b) ~~Notwithstanding paragraph (a),~~ A vendor having a liability of \$120,000 or more  
38.6 during a fiscal year ending June 30 must remit the June liability for the next year in the  
38.7 following manner:

38.8 (1) Two business days before June 30 of the year, the vendor must remit 90 percent  
38.9 of the estimated June liability to the commissioner.

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

38.12 (c) A vendor having a liability of:

38.13 (1) \$10,000 or more, but less than \$120,000 during a fiscal year ending June 30,  
38.14 2009, and fiscal years thereafter, must remit by electronic means all liabilities on returns  
38.15 due for periods beginning in the subsequent calendar year on or before the 20th day of  
38.16 the month following the month in which the taxable event occurred, or on or before the  
38.17 20th day of the month following the month in which the sale is reported under section  
38.18 289A.18, subdivision 4; or

38.19 (2) \$120,000 or more, during a fiscal year ending June 30, 2009, and fiscal years  
38.20 thereafter, must remit by electronic means all liabilities in the manner provided in  
38.21 paragraph (a), ~~clause (2),~~ on returns due for periods beginning in the subsequent calendar  
38.22 year, except for 90 percent of the estimated June liability, which is due two business days  
38.23 before June 30. The remaining amount of the June liability is due on August 20.

38.24 (d) Notwithstanding paragraph (b) or (c), a person prohibited by the person's  
38.25 religious beliefs from paying electronically shall be allowed to remit the payment by mail.  
38.26 The filer must notify the commissioner of revenue of the intent to pay by mail before  
38.27 doing so on a form prescribed by the commissioner. No extra fee may be charged to a  
38.28 person making payment by mail under this paragraph. The payment must be postmarked  
38.29 at least two business days before the due date for making the payment in order to be  
38.30 considered paid on a timely basis.

38.31 (e) ~~Whenever the liability is \$120,000 or more separately for: (1) the tax imposed~~  
38.32 ~~under chapter 297A; (2) a fee that is to be reported on the same return as and paid with the~~  
38.33 ~~chapter 297A taxes; or (3) any other tax that is to be reported on the same return as and~~  
38.34 ~~paid with the chapter 297A taxes, then the payment of all the liabilities on the return must~~  
38.35 ~~be accelerated as provided in this subdivision.~~

39.1 ~~(f) At the start of the first calendar quarter at least 90 days after the cash flow account~~  
 39.2 ~~established in section 16A.152, subdivision 1, and the budget reserve account established in~~  
 39.3 ~~section 16A.152, subdivision 1a, reach the amounts listed in section 16A.152, subdivision~~  
 39.4 ~~2, paragraph (a), the remittance of the accelerated payments required under paragraph (a),~~  
 39.5 ~~clause (2), must be suspended. The commissioner of management and budget shall notify~~  
 39.6 ~~the commissioner of revenue when the accounts have reached the required amounts.~~  
 39.7 ~~Beginning with the suspension of paragraph (a), clause (2), for a vendor with a liability of~~  
 39.8 ~~\$120,000 or more during a fiscal year ending June 30, 2009, and fiscal years thereafter, the~~  
 39.9 ~~taxes imposed by chapter 297A are due and payable to the commissioner on the 20th day~~  
 39.10 ~~of the month following the month in which the taxable event occurred. Payments of tax~~  
 39.11 ~~liabilities for taxable events occurring in June under paragraph (b) are not changed.~~

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

39.13 Sec. 3. Minnesota Statutes 2012, section 297G.04, subdivision 2, is amended to read:

39.14 Subd. 2. **Tax credit.** A qualified brewer producing fermented malt beverages  
 39.15 is entitled to a tax credit of \$4.60 per barrel on 25,000 barrels sold in any fiscal year  
 39.16 beginning July 1, regardless of the alcohol content of the product. Qualified brewers may  
 39.17 take the credit on the 18th day of each month, but the total credit allowed may not exceed  
 39.18 in any fiscal year the lesser of:

39.19 (1) the liability for tax; or

39.20 (2) \$115,000.

39.21 For purposes of this subdivision, a "qualified brewer" means a brewer, whether  
 39.22 or not located in this state, manufacturing less than 100,000 barrels of fermented malt  
 39.23 beverages in the calendar year immediately preceding the ~~calendar~~ fiscal year for which  
 39.24 the credit under this subdivision is claimed. In determining the number of barrels, all  
 39.25 brands or labels of a brewer must be combined. All facilities for the manufacture of  
 39.26 fermented malt beverages owned or controlled by the same person, corporation, or other  
 39.27 entity must be treated as a single brewer.

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

39.29 Sec. 4. Minnesota Statutes 2012, section 297I.05, subdivision 11, is amended to read:

39.30 Subd. 11. **Retaliatory provisions.** (a) If any other state or country imposes any  
 39.31 taxes, fines, deposits, penalties, licenses, or fees upon any insurance companies of this  
 39.32 state and their agents doing business in another state or country that are in addition to or in  
 39.33 excess of those imposed by the laws of this state upon foreign insurance companies and

40.1 their agents doing business in this state, the same taxes, fines, deposits, penalties, licenses,  
 40.2 and fees are imposed upon every similar insurance company of that state or country and  
 40.3 their agents doing or applying to do business in this state.

40.4 (b) If any conditions precedent to the right to do business in any other state or  
 40.5 country are imposed by the laws of that state or country, beyond those imposed upon  
 40.6 foreign companies by the laws of this state, the same conditions precedent are imposed  
 40.7 upon every similar insurance company of that state or country and their agents doing or  
 40.8 applying to do business in that state.

40.9 (c) For purposes of this subdivision, "taxes, fines, deposits, penalties, licenses, or  
 40.10 fees" means an amount of money that is deposited in the general revenue fund of the state  
 40.11 or other similar fund in another state or country and is not dedicated to a special purpose  
 40.12 or use or money deposited in the general revenue fund of the state or other similar fund in  
 40.13 another state or country and appropriated to the commissioner of commerce or insurance  
 40.14 for the operation of the Department of Commerce or other similar agency with jurisdiction  
 40.15 over insurance. Taxes, fines, deposits, penalties, licenses, or fees do not include:

40.16 (1) special purpose obligations or assessments imposed in connection with particular  
 40.17 kinds of insurance, including but not limited to assessments imposed in connection with  
 40.18 residual market mechanisms; or

40.19 (2) assessments made by the insurance guaranty association, life and health  
 40.20 guarantee association, or similar association.

40.21 (d) This subdivision applies to taxes imposed under subdivisions 1<sub>2</sub>; 3<sub>2</sub>; 4, ~~6~~, and<sub>2</sub> 12,  
 40.22 paragraph (a), clauses (1) and (2); and 14.

40.23 (e) This subdivision does not apply to insurance companies organized or domiciled  
 40.24 in a state or country, the laws of which do not impose retaliatory taxes, fines, deposits,  
 40.25 penalties, licenses, or fees or which grant, on a reciprocal basis, exemptions from  
 40.26 retaliatory taxes, fines, deposits, penalties, licenses, or fees to insurance companies  
 40.27 domiciled in this state.

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

40.29 Sec. 5. **REPEALER.**

40.30 Minnesota Statutes 2012, section 289A.60, subdivision 31, is repealed.

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

41.1 **ARTICLE 5**

41.2 **MINERALS TAXES**

41.3 Section 1. Minnesota Statutes 2012, section 272.02, subdivision 97, is amended to read:

41.4 Subd. 97. **Property used in business of mining subject to net proceeds tax.** The  
41.5 following property used in the business of mining that is subject to the net proceeds tax  
41.6 under section 298.015 is exempt:

41.7 (1) deposits of ores, metals, and minerals and the lands in which they are contained;

41.8 (2) all real and personal property used in mining, quarrying, producing, or refining  
41.9 ores, minerals, or metals, including lands occupied by or used in connection with the  
41.10 mining, quarrying, production, or ore refining facilities; and

41.11 (3) concentrate ~~or direct reduced ore.~~

41.12 This exemption applies for each year that a person subject to tax under section  
41.13 298.015 uses the property for mining, quarrying, producing, or refining ores, metals, or  
41.14 minerals.

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

41.16 Sec. 2. Minnesota Statutes 2012, section 298.01, subdivision 3, is amended to read:

41.17 Subd. 3. **Occupation tax; other ores.** Every person engaged in the business of  
41.18 mining, refining, or producing ores, metals, or minerals in this state, except iron ore or  
41.19 taconite concentrates, shall pay an occupation tax to the state of Minnesota as provided  
41.20 in this subdivision. For purposes of this subdivision, mining includes the application of  
41.21 hydrometallurgical processes. Hydrometallurgical processes are processes that extract  
41.22 the ores, metals, or minerals, by use of aqueous solutions that leach, concentrate, and  
41.23 recover the ore, metal, or mineral. The tax is determined in the same manner as the tax  
41.24 imposed by section 290.02, except that sections 290.05, subdivision 1, clause (a), 290.17,  
41.25 subdivision 4, and 290.191, subdivision 2, do not apply, and the occupation tax must  
41.26 be computed by applying to taxable income the rate of 2.45 percent. A person subject  
41.27 to occupation tax under this section shall apportion its net income on the basis of the  
41.28 percentage obtained by taking the sum of:

41.29 (1) 75 percent of the percentage which the sales made within this state in connection  
41.30 with the trade or business during the tax period are of the total sales wherever made in  
41.31 connection with the trade or business during the tax period;

41.32 (2) 12.5 percent of the percentage which the total tangible property used by the  
41.33 taxpayer in this state in connection with the trade or business during the tax period is of

42.1 the total tangible property, wherever located, used by the taxpayer in connection with the  
 42.2 trade or business during the tax period; and

42.3 (3) 12.5 percent of the percentage which the taxpayer's total payrolls paid or incurred  
 42.4 in this state or paid in respect to labor performed in this state in connection with the trade  
 42.5 or business during the tax period are of the taxpayer's total payrolls paid or incurred in  
 42.6 connection with the trade or business during the tax period.

42.7 The tax is in addition to all other taxes.

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

42.9 Sec. 3. Minnesota Statutes 2012, section 298.018, is amended to read:

42.10 **298.018 DISTRIBUTION OF PROCEEDS.**

42.11 Subdivision 1. **Within taconite assistance area.** The proceeds of the tax paid  
 42.12 under sections 298.015 and 298.016 on ores, metals, or minerals ~~and energy resources~~  
 42.13 mined or extracted within the taconite assistance area defined in section 273.1341, shall  
 42.14 be allocated as follows:

42.15 (1) five percent to the city or town within which the minerals or energy resources  
 42.16 are mined or extracted;

42.17 (2) ten percent to the taconite municipal aid account to be distributed as provided  
 42.18 in section 298.282;

42.19 (3) ten percent to the school district within which the minerals or energy resources  
 42.20 are mined or extracted;

42.21 (4) 20 percent to a group of school districts comprised of those school districts  
 42.22 wherein the mineral or energy resource was mined or extracted or in which there is a  
 42.23 qualifying municipality as defined by section 273.134, paragraph (b), in direct proportion  
 42.24 to school district indexes as follows: for each school district, its pupil units determined  
 42.25 under section 126C.05 for the prior school year shall be multiplied by the ratio of the  
 42.26 average adjusted net tax capacity per pupil unit for school districts receiving aid under  
 42.27 this clause as calculated pursuant to chapters 122A, 126C, and 127A for the school year  
 42.28 ending prior to distribution to the adjusted net tax capacity per pupil unit of the district.  
 42.29 Each district shall receive that portion of the distribution which its index bears to the sum  
 42.30 of the indices for all school districts that receive the distributions;

42.31 (5) 20 percent to the county within which the minerals or energy resources are  
 42.32 mined or extracted;

42.33 (6) 20 percent to St. Louis County acting as the counties' fiscal agent to be  
 42.34 distributed as provided in sections 273.134 to 273.136;

43.1 (7) five percent to the Iron Range Resources and Rehabilitation Board for the  
43.2 purposes of section 298.22;

43.3 (8) five percent to the Douglas J. Johnson economic protection trust fund; and

43.4 (9) five percent to the taconite environmental protection fund.

43.5 The proceeds of the tax shall be distributed on July 15 each year.

43.6 Subd. 2. **Outside taconite assistance area.** The proceeds of the tax paid under  
43.7 sections 298.015 and 298.016 on ores, metals, or minerals and ~~energy resources~~ mined  
43.8 or extracted outside of the taconite assistance area defined in section 273.1341, shall  
43.9 be deposited in the general fund.

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

## 43.11 ARTICLE 6

### 43.12 MISCELLANEOUS

43.13 Section 1. Minnesota Statutes 2012, section 16A.46, is amended to read:

43.14 **16A.46 LOST OR DESTROYED WARRANT DUPLICATE; INDEMNITY.**

43.15 Subdivision 1. Duplicate warrant. The commissioner may issue a duplicate of an  
43.16 unpaid warrant to an owner if the owner certifies that the original was lost or destroyed. The  
43.17 commissioner may require certification be documented by affidavit. The commissioner  
43.18 may refuse to issue a duplicate of an unpaid state warrant. If the commissioner acts in  
43.19 good faith, the commissioner is not liable, whether the application is granted or denied.

43.20 Subd. 2. Original warrant is void. When the duplicate is issued, the original is  
43.21 void. The commissioner may require an indemnity bond from the applicant to the state for  
43.22 double the amount of the warrant for anyone damaged by the issuance of the duplicate.  
43.23 ~~The commissioner may refuse to issue a duplicate of an unpaid state warrant. If the~~  
43.24 ~~commissioner acts in good faith the commissioner is not liable, whether the application is~~  
43.25 ~~granted or denied~~ is not liable to any holder who took the void original warrant for value,  
43.26 whether or not the commissioner required an indemnity bond from the applicant.

43.27 Subd. 3. Unpaid refund or rebate. For an unpaid refund or rebate issued under a  
43.28 tax law administered by the commissioner of revenue that has been lost or destroyed, an  
43.29 affidavit is not required for the commissioner to issue a duplicate if the duplicate is issued  
43.30 to the same name and Social Security number as the original warrant and that information  
43.31 is verified on a tax return filed by the recipient.

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

44.1 Sec. 2. Minnesota Statutes 2012, section 270C.42, subdivision 2, is amended to read:

44.2 Subd. 2. **Penalty for failure to pay electronically.** In addition to other applicable  
44.3 penalties imposed by law, after notification from the commissioner to the taxpayer that  
44.4 payments for a tax payable to the commissioner are required to be made by electronic  
44.5 means, and the payments are remitted by some other means, there is a penalty in the  
44.6 amount of five percent of each payment that should have been remitted electronically.  
44.7 After the commissioner's initial notification to the taxpayer that payments are required to  
44.8 be made by electronic means, the commissioner is not required to notify the taxpayer in  
44.9 subsequent periods if the initial notification specified the amount of tax liability at which a  
44.10 taxpayer is required to remit payments by electronic means. The penalty can be abated  
44.11 under the abatement procedures prescribed in section 270C.34 if the failure to remit the  
44.12 payment electronically is due to reasonable cause. The penalty bears interest at the rate  
44.13 specified in section 270C.40 from the ~~due date of the payment of the tax~~ provided in  
44.14 section 270C.40, subdivision 3, to the date of payment of the penalty.

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

44.16 Sec. 3. Minnesota Statutes 2012, section 287.385, subdivision 7, is amended to read:

44.17 Subd. 7. **Interest on penalties.** A penalty imposed under this chapter bears interest  
44.18 from the date ~~payment was required to be paid, including any extensions,~~ provided in  
44.19 section 270C.40, subdivision 3, to the date of payment of the penalty.

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

44.21 Sec. 4. Minnesota Statutes 2012, section 289A.55, subdivision 9, is amended to read:

44.22 Subd. 9. **Interest on penalties.** (a) A penalty imposed under section 289A.60,  
44.23 subdivision 1, 2, 2a, 4, 5, 6, or 21 bears interest from the date ~~the return or payment~~  
44.24 ~~was required to be filed or paid, including any extensions~~ provided in section 270C.40,  
44.25 subdivision 3, to the date of payment of the penalty.

44.26 (b) A penalty not included in paragraph (a) bears interest only if it is not paid within  
44.27 60 days from the date of notice. In that case interest is imposed from the date of notice  
44.28 to the date of payment.

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

44.30 Sec. 5. Minnesota Statutes 2012, section 289A.60, subdivision 4, is amended to read:

45.1 Subd. 4. **Substantial understatement of liability; penalty.** (a) The commissioner  
45.2 of revenue shall impose a penalty for substantial understatement of any tax payable to the  
45.3 commissioner, except a tax imposed under chapter 297A.

45.4 (b) There must be added to the tax an amount equal to 20 percent of the amount of any  
45.5 underpayment attributable to the understatement. There is a substantial understatement of  
45.6 tax for the period if the amount of the understatement for the period exceeds the greater of:

45.7 (1) ten percent of the tax required to be shown on the return for the period; or

45.8 (2)(i) \$10,000 in the case of a mining company or a corporation, other than an S  
45.9 corporation as defined in section 290.9725, when the tax is imposed by chapter 290 or  
45.10 section 298.01 or 298.015, or

45.11 (ii) \$5,000 in the case of any other taxpayer, and in the case of a mining company or  
45.12 a corporation any tax not imposed by chapter 290 or section 298.01 or 298.015.

45.13 (c) For a corporation, other than an S corporation, there is also a substantial  
45.14 understatement of tax for any taxable year if the amount of the understatement for the  
45.15 taxable year exceeds the lesser of:

45.16 (1) ten percent of the tax required to be shown on the return for the taxable year  
45.17 (or, if greater, \$10,000); or

45.18 (2) \$10,000,000.

45.19 (d) The term "understatement" means the excess of the amount of the tax required  
45.20 to be shown on the return for the period, over the amount of the tax imposed that is  
45.21 shown on the return. The excess must be determined without regard to items to which  
45.22 subdivision 27 applies. The amount of the understatement shall be reduced by that part of  
45.23 the understatement that is attributable to the tax treatment of any item by the taxpayer if  
45.24 (1) there is or was substantial authority for the treatment, or (2)(i) any item with respect to  
45.25 which the relevant facts affecting the item's tax treatment are adequately disclosed in the  
45.26 return or in a statement attached to the return and (ii) there is a reasonable basis for the tax  
45.27 treatment of the item. The exception for substantial authority under clause (1) does not  
45.28 apply to positions listed by the Secretary of the Treasury under section 6662(d)(3) of the  
45.29 Internal Revenue Code. A corporation does not have a reasonable basis for its tax treatment  
45.30 of an item attributable to a multiple-party financing transaction if the treatment does not  
45.31 clearly reflect the income of the corporation within the meaning of section 6662(d)(2)(B)  
45.32 of the Internal Revenue Code. The special rules in cases involving tax shelters provided in  
45.33 section 6662(d)(2)(C) of the Internal Revenue Code shall apply and shall apply to a tax  
45.34 shelter the principal purpose of which is the avoidance or evasion of state taxes.

45.35 (e) The commissioner may abate all or any part of the addition to the tax provided  
45.36 by this section on a showing by the taxpayer that there was reasonable cause for the

46.1 understatement, or part of it, and that the taxpayer acted in good faith. The additional tax  
 46.2 and penalty shall bear interest ~~at the rate~~ as specified in section 270C.40 ~~from the time~~  
 46.3 ~~the tax should have been paid~~ until paid.

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

46.5 Sec. 6. Minnesota Statutes 2012, section 296A.22, subdivision 1, is amended to read:

46.6 Subdivision 1. **Penalty for failure to pay tax, general rule.** Upon the failure of  
 46.7 any person to pay any tax or fee when due, a penalty of one percent per day for the first  
 46.8 ten days of delinquency shall accrue, and thereafter the tax, fees, and penalty shall bear  
 46.9 interest at the rate specified in section 270C.40 until paid.

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

46.11 Sec. 7. Minnesota Statutes 2012, section 296A.22, subdivision 3, is amended to read:

46.12 Subd. 3. **Operating without license.** If any person operates as a distributor, special  
 46.13 fuel dealer, bulk purchaser, or motor carrier without first securing the license required  
 46.14 under this chapter, any tax or fee imposed by this chapter shall become immediately due  
 46.15 and payable. A penalty of 25 percent is imposed upon the tax and fee due. The tax, and  
 46.16 ~~fees, and penalty~~ shall bear interest at the rate specified in section 270C.40. The penalty  
 46.17 imposed in this subdivision shall bear interest from the date provided in section 270C.40,  
 46.18 subdivision 3, to the date of payment of the penalty.

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

46.20 Sec. 8. Minnesota Statutes 2012, section 297B.11, is amended to read:

46.21 **297B.11 REGISTRAR AS AGENT OF COMMISSIONER OF REVENUE;**  
 46.22 **POWERS.**

46.23 The state commissioner of revenue is charged with the administration of the  
 46.24 sales tax on motor vehicles. The commissioner may prescribe all rules not inconsistent  
 46.25 with the provisions of this chapter, necessary and advisable for the proper and efficient  
 46.26 administration of the law. The collection of this sales tax on motor vehicles shall be  
 46.27 carried out by the motor vehicle registrar who shall act as the agent of the commissioner  
 46.28 and who shall be subject to all rules not inconsistent with the provisions of this chapter,  
 46.29 that may be prescribed by the commissioner.

46.30 The provisions of chapters 270C, 289A, and 297A relating to the commissioner's  
 46.31 authority to audit, assess, and collect the tax, and to issue refunds and to hear appeals,

47.1 are applicable to the sales tax on motor vehicles. The commissioner may impose civil  
47.2 penalties as provided in chapters 289A and 297A, and the additional tax and penalties  
47.3 are subject to interest at the rate provided in section 270C.40 from the date provided in  
47.4 section 270C.40, subdivision 3, until paid.

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

47.6 Sec. 9. Minnesota Statutes 2012, section 297E.14, subdivision 7, is amended to read:

47.7 Subd. 7. **Interest on penalties.** (a) A penalty imposed under section 297E.12,  
47.8 subdivision 1, 2, 3, 4, or 5, bears interest from the date ~~the return or payment was required~~  
47.9 ~~to be filed or paid, including any extensions~~ provided in section 270C.40, subdivision  
47.10 3, to the date of payment of the penalty.

47.11 (b) A penalty not included in paragraph (a) bears interest only if it is not paid within  
47.12 ten days from the date of notice. In that case interest is imposed from the date of notice  
47.13 to the date of payment.

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

47.15 Sec. 10. Minnesota Statutes 2012, section 297F.09, subdivision 9, is amended to read:

47.16 Subd. 9. **Interest.** The amount of tax not timely paid, ~~together with any penalty~~  
47.17 ~~imposed in this section,~~ bears interest at the rate specified in section 270C.40 from the  
47.18 time such tax should have been paid until paid. The penalty imposed in this section bears  
47.19 interest at the rate specified in section 270C.40 from the date provided in section 270C.40,  
47.20 subdivision 3, to the date of payment of the penalty. Any interest and penalty is added to  
47.21 the tax and collected as a part of it.

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

47.23 Sec. 11. Minnesota Statutes 2012, section 297F.18, subdivision 7, is amended to read:

47.24 Subd. 7. **Interest on penalties.** (a) A penalty imposed under section 297F.19,  
47.25 subdivisions 2 to 7, bears interest from the date ~~the return or payment was required to be~~  
47.26 ~~filed or paid, including any extensions~~ provided in section 270C.40, subdivision 3, to the  
47.27 date of payment of the penalty.

47.28 (b) A penalty not included in paragraph (a) bears interest only if it is not paid within  
47.29 ten days from the date of the notice. In that case interest is imposed from the date of notice  
47.30 to the date of payment.

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

48.1 Sec. 12. Minnesota Statutes 2012, section 297G.09, subdivision 8, is amended to read:

48.2 Subd. 8. **Interest.** The amount of tax not timely paid, ~~together with any penalty~~  
48.3 ~~imposed by this chapter,~~ bears interest at the rate specified in section 270C.40 from the  
48.4 time the tax should have been paid until paid. Any penalty imposed by this chapter bears  
48.5 interest from the date provided in section 270C.40, subdivision 3, to the date of payment  
48.6 of the penalty. Any interest and penalty is added to the tax and collected as a part of it.

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

48.8 Sec. 13. Minnesota Statutes 2012, section 297G.17, subdivision 7, is amended to read:

48.9 Subd. 7. **Interest on penalties.** (a) A penalty imposed under section 297G.18,  
48.10 subdivisions 2 to 7, bears interest from the date ~~the return or payment was required to be~~  
48.11 ~~filed or paid, including any extensions~~ provided in section 270C.40, subdivision 3, to the  
48.12 date of payment of the penalty.

48.13 (b) A penalty not included in paragraph (a) bears interest only if it is not paid within  
48.14 ten days from the date of the notice. In that case interest is imposed from the date of notice  
48.15 to the date of payment.

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

48.17 Sec. 14. Minnesota Statutes 2012, section 297I.80, subdivision 1, is amended to read:

48.18 Subdivision 1. **Payable to commissioner.** (a) When interest is required under this  
48.19 section, interest is computed at the rate specified in section 270C.40.

48.20 (b) If a tax or surcharge is not paid within the time named by law for payment, the  
48.21 unpaid tax or surcharge bears interest from the date the tax or surcharge should have been  
48.22 paid until the date the tax or surcharge is paid.

48.23 (c) Whenever a taxpayer is liable for additional tax or surcharge because of a  
48.24 redetermination by the commissioner or other reason, the additional tax or surcharge  
48.25 bears interest from the time the tax or surcharge should have been paid until the date the  
48.26 tax or surcharge is paid.

48.27 (d) A penalty bears interest from the date ~~the return or payment was required to be~~  
48.28 ~~filed or paid~~ provided in section 270C.40, subdivision 3, to the date of payment of the  
48.29 penalty.

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

48.31 Sec. 15. Minnesota Statutes 2012, section 469.319, subdivision 4, is amended to read:

49.1           Subd. 4. **Repayment procedures.** (a) For the repayment of taxes imposed under  
49.2 chapter 290 or 297A or local taxes collected pursuant to section 297A.99, a business must  
49.3 file an amended return with the commissioner of revenue and pay any taxes required  
49.4 to be repaid within 30 days after becoming subject to repayment under this section.  
49.5 The amount required to be repaid is determined by calculating the tax for the period or  
49.6 periods for which repayment is required without regard to the exemptions and credits  
49.7 allowed under section 469.315.

49.8           (b) For the repayment of taxes imposed under chapter 297B, a business must pay any  
49.9 taxes required to be repaid to the motor vehicle registrar, as agent for the commissioner of  
49.10 revenue, within 30 days after becoming subject to repayment under this section.

49.11           (c) For the repayment of property taxes, the county auditor shall prepare a tax  
49.12 statement for the business, applying the applicable tax extension rates for each payable  
49.13 year and provide a copy to the business and to the taxpayer of record. The business must  
49.14 pay the taxes to the county treasurer within 30 days after receipt of the tax statement. The  
49.15 business or the taxpayer of record may appeal the valuation and determination of the  
49.16 property tax to the Tax Court within 30 days after receipt of the tax statement.

49.17           (d) The provisions of chapters 270C and 289A relating to the commissioner's  
49.18 authority to audit, assess, and collect the tax and to hear appeals are applicable to the  
49.19 repayment required under paragraphs (a) and (b). The commissioner may impose civil  
49.20 penalties as provided in chapter 289A, and the additional tax and penalties are subject  
49.21 to interest at the rate provided in section 270C.40. The additional tax shall bear interest  
49.22 from 30 days after becoming subject to repayment under this section until the date the  
49.23 tax is paid. Any penalty imposed pursuant to this section shall bear interest from the date  
49.24 provided in section 270C.40, subdivision 3, to the date of payment of the penalty.

49.25           (e) If a property tax is not repaid under paragraph (c), the county treasurer shall  
49.26 add the amount required to be repaid to the property taxes assessed against the property  
49.27 for payment in the year following the year in which the auditor provided the statement  
49.28 under paragraph (c).

49.29           (f) For determining the tax required to be repaid, a reduction of a state or local sales or  
49.30 use tax is deemed to have been received on the date that the good or service was purchased  
49.31 or first put to a taxable use. In the case of an income tax or franchise tax, including the  
49.32 credit payable under section 469.318, a reduction of tax is deemed to have been received  
49.33 for the two most recent tax years that have ended prior to the date that the business became  
49.34 subject to repayment under this section. In the case of a property tax, a reduction of tax is  
49.35 deemed to have been received for the taxes payable in the year that the business became  
49.36 subject to repayment under this section and for the taxes payable in the prior year.

50.1 (g) The commissioner may assess the repayment of taxes under paragraph (d) any  
50.2 time within two years after the business becomes subject to repayment under subdivision  
50.3 1, or within any period of limitations for the assessment of tax under section 289A.38,  
50.4 whichever period is later. The county auditor may send the statement under paragraph  
50.5 (c) any time within three years after the business becomes subject to repayment under  
50.6 subdivision 1.

50.7 (h) A business is not entitled to any income tax or franchise tax benefits, including  
50.8 refundable credits, for any part of the year in which the business becomes subject to  
50.9 repayment under this section nor for any year thereafter. Property is not exempt from tax  
50.10 under section 272.02, subdivision 64, for any taxes payable in the year following the year  
50.11 in which the property became subject to repayment under this section nor for any year  
50.12 thereafter. A business is not eligible for any sales tax benefits beginning with goods  
50.13 or services purchased or first put to a taxable use on the day that the business becomes  
50.14 subject to repayment under this section.

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

50.16 Sec. 16. Minnesota Statutes 2012, section 469.340, subdivision 4, is amended to read:

50.17 Subd. 4. **Repayment procedures.** (a) For the repayment of taxes imposed under  
50.18 chapter 290 or 297A or local taxes collected pursuant to section 297A.99, a business must  
50.19 file an amended return with the commissioner of revenue and pay any taxes required to be  
50.20 repaid within 30 days after ceasing to do business in the zone. The amount required to be  
50.21 repaid is determined by calculating the tax for the period or periods for which repayment  
50.22 is required without regard to the exemptions and credits allowed under section 469.336.

50.23 (b) For the repayment of property taxes, the county auditor shall prepare a tax  
50.24 statement for the business, applying the applicable tax extension rates for each payable  
50.25 year and provide a copy to the business. The business must pay the taxes to the county  
50.26 treasurer within 30 days after receipt of the tax statement. The taxpayer may appeal the  
50.27 valuation and determination of the property tax to the Tax Court within 30 days after  
50.28 receipt of the tax statement.

50.29 (c) The provisions of chapters 270C and 289A relating to the commissioner's  
50.30 authority to audit, assess, and collect the tax and to hear appeals are applicable to the  
50.31 repayment required under paragraph (a). The commissioner may impose civil penalties as  
50.32 provided in chapter 289A, and the additional tax and penalties are subject to interest at the  
50.33 rate provided in section 270C.40~~5~~. The additional tax shall bear interest from 30 days after  
50.34 ceasing to do business in the biotechnology and health sciences industry zone until the

51.1 date the tax is paid. Any penalty imposed pursuant to this section shall bear interest from  
51.2 the date provided in section 270C.40, subdivision 3, to the date of payment of the penalty.

51.3 (d) If a property tax is not repaid under paragraph (b), the county treasurer shall add  
51.4 the amount required to be repaid to the property taxes assessed against the property for  
51.5 payment in the year following the year in which the treasurer discovers that the business  
51.6 ceased to operate in the biotechnology and health sciences industry zone.

51.7 (e) For determining the tax required to be repaid, a tax reduction is deemed to have  
51.8 been received on the date that the tax would have been due if the taxpayer had not been  
51.9 entitled to the exemption, or on the date a refund was issued for a refundable credit.

51.10 (f) The commissioner may assess the repayment of taxes under paragraph (c) any  
51.11 time within two years after the business ceases to operate in the biotechnology and health  
51.12 sciences industry zone, or within any period of limitations for the assessment of tax under  
51.13 section 289A.38, whichever period is later.

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

APPENDIX  
Article locations in 13-0065

ARTICLE 1	INCOME AND FRANCHISE TAXES .....	Page.Ln 1.21
ARTICLE 2	ESTATE TAX .....	Page.Ln 18.24
ARTICLE 3	PROPERTY TAXES .....	Page.Ln 20.1
ARTICLE 4	SALES AND USE TAXES; SPECIAL TAXES .....	Page.Ln 36.29
ARTICLE 5	MINERALS TAXES .....	Page.Ln 41.1
ARTICLE 6	MISCELLANEOUS .....	Page.Ln 43.11

**272.69 LISTING LEASED PERSONAL PROPERTY; PENALTY.**

Subdivision 1. **Filing of list with commissioner.** Any person, firm, or corporation engaged in the business of leasing items of tangible personal property which are subject to personal property taxation shall file with the commissioner of revenue not later than February 15 of each year a listing of all items of personal property owned by the lessor and in possession of a lessee under a lease, rental purchase option, or similar type of agreement as of the January 2 immediately preceding. The listing shall be made on forms provided by the commissioner and shall contain a brief description of each item including the serial number, if any, the location thereof, the date of manufacture, and the manufacturer's list selling price. The commissioner may grant an extension of the filing date herein prescribed for good cause shown.

Subd. 2. **List to county assessor.** Upon receipt of the listings required by subdivision 1, the commissioner of revenue shall compile a listing of all property thus located in each county and shall forward a copy of the listing together with other pertinent data to the county assessor of the county in which the property is, or was as of January 2, located in order to aid in the proper listing and assessment thereof.

Subd. 3. **Intent; agreements between lessors and lessees.** It is the intent of this section that leased personal property which is subject to personal property taxation be assessed to and the tax paid by the lessor, notwithstanding any agreement between lessor and lessee to the contrary. Any such agreement may, however, be construed as an agreement by the lessee to indemnify the lessor for the amount of personal property taxes paid. The listing required by this section shall be in lieu of any other property tax listing required by law for property required to be listed.

Subd. 4. **Penalty.** Any person, firm, or corporation, or agent, officer, or employee thereof required by this section to file a listing of personal property who shall willfully fail to file such listing or who shall willfully or knowingly omit therefrom any item or items of personal property required to be listed is guilty of a gross misdemeanor. In addition, items omitted from a listing shall be treated as omitted property subject to the provisions of section 273.02.

**273.11 VALUATION OF PROPERTY.**

Subd. 1a. **Limited market value.** In the case of all property classified as agricultural homestead or nonhomestead, residential homestead or nonhomestead, timber, or noncommercial seasonal residential recreational, the assessor shall compare the value with the taxable portion of the value determined in the preceding assessment.

For assessment years 2004, 2005, and 2006, the amount of the increase shall not exceed the greater of (1) 15 percent of the value in the preceding assessment, or (2) 25 percent of the difference between the current assessment and the preceding assessment.

For assessment year 2007, the amount of the increase shall not exceed the greater of (1) 15 percent of the value in the preceding assessment, or (2) 33 percent of the difference between the current assessment and the preceding assessment.

For assessment year 2008, the amount of the increase shall not exceed the greater of (1) 15 percent of the value in the preceding assessment, or (2) 50 percent of the difference between the current assessment and the preceding assessment.

This limitation shall not apply to increases in value due to improvements. For purposes of this subdivision, the term "assessment" means the value prior to any exclusion under subdivision 16.

The provisions of this subdivision shall be in effect through assessment year 2008 as provided in this subdivision.

For purposes of the assessment/sales ratio study conducted under section 127A.48, and the computation of state aids paid under chapters 122A, 123A, 123B, 124D, 125A, 126C, 127A, and 477A, market values and net tax capacities determined under this subdivision and subdivision 16, shall be used.

Subd. 22. **Lead hazard market value reduction.** Owners of property classified as class 1a, 1b, 1c, 2a, 4b, 4bb, or 4d under section 273.13 may apply for a lead hazard valuation reduction, provided that the property is located in a city which has authorized valuation reductions under this subdivision. A city that authorizes reductions under this subdivision must establish guidelines for qualifying lead hazard reduction projects and must designate an agency within the city to issue certificates of completion of qualifying projects. For purposes of this subdivision, "lead hazard reduction" has the same meaning as in section 144.9501, subdivision 17.

The property owner must obtain a certificate from the agency stating (1) that the project has been completed and (2) the total cost incurred by the owner, which must be at least \$3,000.

APPENDIX

Repealed Minnesota Statutes: 13-0065

Only projects originating after July 1, 2005, and completed before July 1, 2010, qualify for a reduction under this subdivision. The property owner shall apply for the valuation reduction to the assessor on a form prescribed by the assessor accompanied by a copy of the certificate of completion from the agency.

A qualifying property is eligible for a one-year valuation reduction equal to the actual cost incurred, to a maximum of \$20,000. If a property owner applies to the assessor for the valuation reduction under this subdivision between January 1 and June 30 of any year, the reduction applies for taxes payable in the following year. If a property owner applies to the assessor for the valuation reduction under this subdivision between July 1 and December 31, the reduction applies for taxes payable in the second following year. For purposes of subdivision 1a, any additional market value resulting from the lead hazard removal must be considered an increase in value due to new construction.

**289A.60 CIVIL PENALTIES.**

**Subd. 31. Accelerated payment of monthly sales tax liability; penalty for underpayment.**

For payments made after September 1, 2010, if a vendor is required by section 289A.20, subdivision 4, paragraph (a), clause (2), item (i) or (ii), to make accelerated payments, then the penalty for underpayment is as follows:

(a) For those vendors that must remit a 90 percent payment by the 14th day of the month following the month in which the taxable event occurred, as an estimation of the monthly sales tax liability, including the liability of any fee or other tax that is to be reported on the same return as and paid with the chapter 297A taxes, for the month in which the taxable event occurred, the vendor shall pay a penalty equal to ten percent of the amount of liability that was required to be paid by the 14th day of the month, less the amount remitted by the 14th day of the month. The penalty must not be imposed, however, if the amount remitted by the 14th day of the month equals the least of: (1) 90 percent of the liability for the month preceding the month in which the taxable event occurred; (2) 90 percent of the liability for the same month in the previous calendar year as the month in which the taxable event occurred; or (3) 90 percent of the average monthly liability for the previous calendar year.

(b) For those vendors that, on or before the 20th day of the month in which the taxable event occurs, must remit to the commissioner a prepayment of the sales tax liability for the month in which the taxable event occurs equal to 67 percent of the liability for the previous month, including the liability of any fee or other tax that is to be reported on the same return as and paid with the chapter 297A taxes, for the month in which the taxable event occurred, the vendor shall pay a penalty equal to ten percent of the amount of liability that was required to be paid by the 20th of the month, less the amount remitted by the 20th of the month. The penalty must not be imposed, however, if the amount remitted by the 20th of the month equals the lesser of: (1) 67 percent of the liability of the same month in the previous calendar year as the month in which the taxable event occurred; or (2) an amount equal to the liability for the month in which the taxable event occurred.