

1.1 moves to amend H.F. No. 481 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "ARTICLE 1

1.4 ECONOMIC DEVELOPMENT

1.5 Section 1. Minnesota Statutes 2010, section 469.1763, subdivision 2, is amended to
1.6 read:

1.7 Subd. 2. **Expenditures outside district.** (a) For each tax increment financing
1.8 district, an amount equal to at least 75 percent of the total revenue derived from tax
1.9 increments paid by properties in the district must be expended on activities in the district
1.10 or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities
1.11 in the district or to pay, or secure payment of, debt service on credit enhanced bonds.
1.12 For districts, other than redevelopment districts for which the request for certification
1.13 was made after June 30, 1995, the in-district percentage for purposes of the preceding
1.14 sentence is 80 percent. Not more than 25 percent of the total revenue derived from tax
1.15 increments paid by properties in the district may be expended, through a development fund
1.16 or otherwise, on activities outside of the district but within the defined geographic area of
1.17 the project except to pay, or secure payment of, debt service on credit enhanced bonds.
1.18 For districts, other than redevelopment districts for which the request for certification was
1.19 made after June 30, 1995, the pooling percentage for purposes of the preceding sentence is
1.20 20 percent. The revenue derived from tax increments for the district that are expended on
1.21 costs under section 469.176, subdivision 4h, paragraph (b), may be deducted first before
1.22 calculating the percentages that must be expended within and without the district.

1.23 (b) In the case of a housing district, a housing project, as defined in section 469.174,
1.24 subdivision 11, is an activity in the district.

1.25 (c) All administrative expenses are for activities outside of the district, except that
1.26 if the only expenses for activities outside of the district under this subdivision are for

2.1 the purposes described in paragraph (d), administrative expenses will be considered as
2.2 expenditures for activities in the district.

2.3 (d) The authority may elect, in the tax increment financing plan for the district,
2.4 to increase by up to ten percentage points the permitted amount of expenditures for
2.5 activities located outside the geographic area of the district under paragraph (a). As
2.6 permitted by section 469.176, subdivision 4k, the expenditures, including the permitted
2.7 expenditures under paragraph (a), need not be made within the geographic area of the
2.8 project. Expenditures that meet the requirements of this paragraph are legally permitted
2.9 expenditures of the district, notwithstanding section 469.176, subdivisions 4b, 4c, and 4j.
2.10 To qualify for the increase under this paragraph, the expenditures must:

2.11 (1) be used exclusively to assist housing that meets the requirement for a qualified
2.12 low-income building, as that term is used in section 42 of the Internal Revenue Code; and

2.13 (2) not exceed the qualified basis of the housing, as defined under section 42(c) of
2.14 the Internal Revenue Code, less the amount of any credit allowed under section 42 of
2.15 the Internal Revenue Code; and

2.16 (3) be used to:

2.17 (i) acquire and prepare the site of the housing;

2.18 (ii) acquire, construct, or rehabilitate the housing; or

2.19 (iii) make public improvements directly related to the housing; or

2.20 (4) be used to develop housing:

2.21 (i) if the market value of the housing does not exceed the lesser of:

2.22 (A) 150 percent of the average market of single-family homes in that municipality; or

2.23 (B) \$200,000 for municipalities located in the metropolitan area, as defined in

2.24 section 473.121, or \$125,000 for all other municipalities; and

2.25 (ii) if the expenditures are used to pay the cost of site acquisition, relocation,
2.26 demolition of existing structures, site preparation, and pollution abatement on one or
2.27 more parcels, if the parcel:

2.28 (A) contains a residence containing one to four family dwelling units that has been
2.29 vacant for six or more months;

2.30 (B) contains a residence containing one to four family dwelling units that is
2.31 structurally substandard, as defined in section 469.174, subdivision 10;

2.32 (C) is in foreclosure as defined in section 325N.10, subdivision 7, but without regard
2.33 to whether the residence is the owner's principal residence, and a notice of pendency of the
2.34 foreclosure has been recorded under section 580.032, except a notice of pendency is not
2.35 required for a delinquency or default that relates to a contract for deed payment; or

3.1 (D) is a vacant site, if the authority uses the parcel in connection with the
 3.2 development or redevelopment of a parcel qualifying under subitems (A) to (C).

3.3 (e) For a district created within a biotechnology and health sciences industry zone
 3.4 as defined in section 469.330, subdivision 6, or for an existing district located within
 3.5 such a zone, tax increment derived from such a district may be expended outside of the
 3.6 district but within the zone only for expenditures required for the construction of public
 3.7 infrastructure necessary to support the activities of the zone, land acquisition, and other
 3.8 redevelopment costs as defined in section 469.176, subdivision 4j. These expenditures are
 3.9 considered as expenditures for activities within the district.

3.10 (f) The authority under paragraph (d), clause (4), expires on December 31, 2016.
 3.11 Increments may continue to be expended under this authority after that date, if they are
 3.12 used to pay bonds or binding contracts that would qualify under subdivision 3, paragraph
 3.13 (a), if December 31, 2016, is considered to be the last date of the five-year period after
 3.14 certification under that provision.

3.15 **EFFECTIVE DATE.** This section is effective for any district that is subject to the
 3.16 provisions of section 469.1763, regardless of when the request for certification of the
 3.17 district was made.

3.18 Sec. 2. Laws 2010, chapter 389, article 7, section 22, is amended to read:

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

3.21 (a) If the city of Ramsey or an authority of the city elects upon the adoption of a tax
 3.22 increment financing plan for a district, the rules under this section apply to a redevelopment
 3.23 tax increment financing district established by the city or an authority of the city. The
 3.24 redevelopment tax increment district includes parcels within the area bounded on the east
 3.25 by Ramsey Boulevard, on the north by Bunker Lake Boulevard as extended west to Llama
 3.26 Street, on the west by Llama Street, and on the south by a line running parallel to and
 3.27 600 feet south of the southerly right-of-way for U.S. Highway 10, but including Parcels
 3.28 28-32-25-43-0007 and 28-32-25-34-0002 in their entirety, and excluding the Anoka
 3.29 County Regional Park property in its entirety. A parcel within this area that is included in
 3.30 a tax increment financing district that was certified before the date of enactment of this act
 3.31 may be included in the district created under this act if the initial district is decertified.

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

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

4.10 (d) The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that
 4.11 activities must be undertaken within a five-year period from the date of certification of a
 4.12 tax increment financing district, is considered to be met for the district if the activities
 4.13 were undertaken within ten years from the date of certification of the district.

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

4.17 (f) The four-year period under Minnesota Statutes, section 469.176, subdivision
 4.18 6, is extended to six years for the district.

4.19 **EFFECTIVE DATE.** This section is effective upon approval by the governing
 4.20 body of the city of Ramsey, and upon compliance by the city with Minnesota Statutes,
 4.21 section 645.021, subdivision 3.

4.22 **Sec. 3. CITY OF LINO LAKES; TAX INCREMENT FINANCING.**

4.23 Subdivision 1. **Duration of district.** Notwithstanding the provisions of Minnesota
 4.24 Statutes, section 469.176, subdivision 1b, the city of Lino Lakes may collect tax
 4.25 increments from tax increment financing district no. 1-10 through December 31, 2023,
 4.26 subject to the conditions in subdivision 2.

4.27 Subd. 2. **Conditions for extension.** All tax increments remaining in the account
 4.28 for the district after February 1, 2011, and all tax increments collected thereafter, must
 4.29 be used only to pay debt service on bonds issued to finance the interchange of Anoka
 4.30 County Highway 23 and marked Interstate Highway 35W, bonds issued to finance public
 4.31 improvements serving the development known as Legacy at Woods Edge, and any bonds
 4.32 issued to refund those bonds. Minnesota Statutes, sections 469.176, subdivision 4c, and
 4.33 469.1763 do not apply to expenditures made under this section.

5.1 **EFFECTIVE DATE.** This section is effective upon compliance by the governing
 5.2 body of the city of Lino Lakes with the requirements of Minnesota Statutes, sections
 5.3 469.1782, subdivision 2, and 645.021, subdivision 3.

5.4 Sec. 4. **CITY OF TAYLORS FALLS; BORDER CITY DEVELOPMENT ZONE.**

5.5 Subdivision 1. **Authorization.** The governing body of the city of Taylors Falls may
 5.6 designate all or any part of the city as a border city development zone.

5.7 Subd. 2. **Application of general law.** (a) Minnesota Statutes, sections 469.1731 to
 5.8 469.1735, apply to the border city development zones designated under this section. The
 5.9 governing body of the city may exercise the powers granted under Minnesota Statutes,
 5.10 sections 469.1731 to 469.1735, including powers that apply outside of the zones.

5.11 (b) The allocation under subdivision 3 for purposes of Minnesota Statutes, section
 5.12 469.1735, subdivision 2, is appropriated to the commissioner of revenue.

5.13 Subd. 3. **Allocation of state tax reductions.** (a) The cumulative total amount of the
 5.14 state portion of the tax reductions for all years of the program under Minnesota Statutes,
 5.15 sections 469.1731 to 469.1735, for the city of Taylors Falls, is limited to \$100,000.

5.16 (b) This allocation may be used for tax reductions provided in Minnesota Statutes,
 5.17 section 469.1732 or 469.1734, or for reimbursements under Minnesota Statutes, section
 5.18 469.1735, subdivision 3, but only if the governing body of the city of Taylors Falls
 5.19 determines that the tax reduction or offset is necessary to enable a business to expand
 5.20 within the city or to attract a business to the city.

5.21 (c) The commissioner of revenue may waive the limit under this subdivision using
 5.22 the same rules and standards provided in Minnesota Statutes, section 469.169, subdivision
 5.23 12, paragraph (b).

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

5.25 **ARTICLE 2**

5.26 **LOCAL TAXES**

5.27 Section 1. Minnesota Statutes 2010, section 297A.99, subdivision 1, is amended to
 5.28 read:

5.29 Subdivision 1. **Authorization; scope.** (a) A political subdivision of this state may
 5.30 impose a general sales tax (1) under section 297A.992, (2) under section 297A.993, (3) if
 5.31 permitted by special law enacted prior to May 20, 2008, or (4) if the political subdivision
 5.32 enacted and imposed the tax before January 1, 1982, and its predecessor provision.

6.1 (b) This section governs the imposition of a general sales tax by the political
6.2 subdivision. The provisions of this section preempt the provisions of any special law:

6.3 (1) enacted before June 2, 1997, or

6.4 (2) enacted on or after June 2, 1997, that does not explicitly exempt the special law
6.5 provision from this section's rules by reference.

6.6 (c) This section does not apply to or preempt a sales tax on motor vehicles or a
6.7 special excise tax on motor vehicles.

6.8 (d) Until after May 31, ~~2010~~ 2013, a political subdivision may not advertise,
6.9 promote, expend funds, or hold a referendum to support imposing a local option sales tax
6.10 unless it is for extension of an existing tax or the tax was authorized by a special law
6.11 enacted prior to ~~May 20, 2008~~ May 24, 2011.

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

6.13 Sec. 2. Minnesota Statutes 2010, section 298.75, is amended by adding a subdivision
6.14 to read:

6.15 Subd. 12. **Tax may be imposed; Pope County.** (a) If Pope County does not
6.16 impose a tax under this section and approves imposition of the tax under this subdivision,
6.17 Glenwood Township in Pope County may impose the aggregate materials tax under this
6.18 section.

6.19 (b) For purposes of exercising the powers contained in this section, the "township" is
6.20 deemed to be the "county."

6.21 (c) All provisions in this section apply to Glenwood Township, except that all
6.22 proceeds of the tax must be retained by the township and used for the purposes described
6.23 in subdivision 7.

6.24 (d) If Pope County imposes an aggregate materials tax under this section, the tax
6.25 imposed by Glenwood Township under this subdivision is repealed on the effective date
6.26 of the Pope County tax.

6.27 **EFFECTIVE DATE.** This section is effective the day after the governing body
6.28 of Glenwood Township and its chief clerical officer comply with section 645.021,
6.29 subdivisions 2 and 3.

6.30 Sec. 3. Minnesota Statutes 2010, section 473.757, subdivision 2, is amended to read:

6.31 Subd. 2. **Youth sports; library.** To the extent funds are available from collections
6.32 of the tax authorized by subdivision 10 after payment each year of debt service on the
6.33 bonds authorized and issued under subdivision 9 and payments for the purposes described

7.1 in subdivision 1, the county may also authorize, by resolution, and expend or make
 7.2 grants to the authority and to other governmental units and nonprofit organizations in an
 7.3 aggregate amount of up to \$4,000,000 annually, ~~increased by up to 1.5 percent annually~~
 7.4 to fund equally: (1) youth activities and youth and amateur sports within Hennepin
 7.5 County; and (2) the cost of extending the hours of operation of Hennepin County libraries
 7.6 and Minneapolis public libraries.

7.7 The money provided under this subdivision is intended to supplement and not
 7.8 supplant county expenditures for these purposes as of May 27, 2006.

7.9 Hennepin County must provide reports to the chairs of the committees and budget
 7.10 divisions in the senate and the house of representatives that have jurisdiction over
 7.11 education policy and funding, describing the uses of the money provided under this
 7.12 subdivision. The first report must be made by January 15, 2009, and subsequent reports
 7.13 must be made on January 15 of each subsequent odd-numbered year.

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

7.15 Sec. 4. Minnesota Statutes 2010, section 473.757, subdivision 11, is amended to read:

7.16 Subd. 11. **Uses of tax.** (a) Revenues received from the tax imposed under
 7.17 subdivision 10 may be used:

7.18 (1) to pay costs of collection;

7.19 (2) to pay or reimburse or secure the payment of any principal of, premium, or
 7.20 interest on bonds issued in accordance with this act;

7.21 (3) to pay costs and make expenditures and grants described in this section, including
 7.22 financing costs related to them;

7.23 (4) to maintain reserves for the foregoing purposes deemed reasonable and
 7.24 appropriate by the county;

7.25 (5) to pay for operating costs of the ballpark authority other than the cost of
 7.26 operating or maintaining the ballpark; and

7.27 (6) to make expenditures and grants for youth activities and amateur sports and
 7.28 extension of library hours as described in subdivision 2;
 7.29 and for no other purpose.

7.30 (b) Revenues from the tax designated for use under paragraph (a), clause (5), must
 7.31 be deposited in the operating fund of the ballpark authority.

7.32 (c) After completion of the ballpark and public infrastructure, the tax revenues not
 7.33 required for current payments of the expenditures described in paragraph (a), clauses (1) to
 7.34 (6), shall be used to (i) redeem or defease the bonds and (ii) prepay or establish a fund for
 7.35 payment of future obligations under grants or other commitments for future expenditures

8.1 which are permitted by ~~this section~~ paragraph (a), clauses (1) to (5), but no additional tax
8.2 revenues may be deposited in the fund when its balance exceeds \$20,000,000. Upon the
8.3 redemption or defeasance of the bonds and the establishment of reserves adequate to meet
8.4 such future obligations, the taxes shall terminate and shall not be reimposed.

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

8.6 Sec. 5. Laws 1996, chapter 471, article 2, section 29, subdivision 1, as amended by
8.7 Laws 2006, chapter 259, article 3, section 3, is amended to read:

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

8.14 (1) extending a sewer interceptor line;

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

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

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

8.22 **EFFECTIVE DATE.** This section is effective the day following compliance by the
8.23 city of Hermantown with Minnesota Statutes, section 645.021, subdivision 3.

8.24 Sec. 6. Laws 1998, chapter 389, article 8, section 43, subdivision 3, as amended by
8.25 Laws 2005, First Special Session chapter 3, article 5, section 28, is amended to read:

8.26 Subd. 3. **Use of revenues.** (a) Revenues received from the taxes authorized by
8.27 subdivisions 1 and 2 must be used by the city to pay for the cost of collecting and
8.28 administering the taxes and to pay for the following projects:

8.29 (1) transportation infrastructure improvements including regional highway and
8.30 airport improvements;

8.31 (2) improvements to the civic center complex;

8.32 (3) a municipal water, sewer, and storm sewer project necessary to improve regional
8.33 ground water quality; and

9.1 (4) construction of a regional recreation and sports center and other higher education
9.2 facilities available for both community and student use.

9.3 (b) The total amount of capital expenditures or bonds for ~~these~~ projects listed in
9.4 paragraph (a) that may be paid from the revenues raised from the taxes authorized in this
9.5 section may not exceed \$111,500,000. The total amount of capital expenditures or bonds
9.6 for the project in clause (4) that may be paid from the revenues raised from the taxes
9.7 authorized in this section may not exceed \$28,000,000.

9.8 (c) In addition to the projects authorized in paragraph (a) and not subject to the
9.9 amount stated in paragraph (b), the city of Rochester may, if approved by the voters at an
9.10 election under subdivision 5, paragraph (c), use the revenues received from the taxes and
9.11 bonds authorized in this section to pay the costs of or bonds for the following purposes:

9.12 (1) \$17,000,000 for capital expenditures and bonds for the following Olmsted
9.13 County transportation infrastructure improvements:

9.14 (i) County State Aid Highway 34 reconstruction;

9.15 (ii) Trunk Highway 63 and County State Aid Highway 16 interchange;

9.16 (iii) phase II of the Trunk Highway 52 and County State Aid Highway 22
9.17 interchange;

9.18 (iv) widening of County State Aid Highway 22 West Circle Drive; and

9.19 (v) 60th Avenue Northwest corridor preservation;

9.20 (2) \$30,000,000 for city transportation projects including:

9.21 (i) Trunk Highway 52 and 65th Street interchange;

9.22 (ii) NW transportation corridor acquisition;

9.23 (iii) Phase I of the Trunk Highway 52 and County State Aid Highway 22 interchange;

9.24 (iv) Trunk Highway 14 and Trunk Highway 63 intersection;

9.25 (v) Southeast transportation corridor acquisition;

9.26 (vi) Rochester International Airport expansion; and

9.27 (vii) a transit operations center bus facility;

9.28 (3) \$14,000,000 for the Minnesota Rochester academic and complementary facilities;

9.29 (4) \$6,500,000 for the Rochester Community Center and Technical College/Winona
9.30 State University career technical education and science and math facilities;

9.31 (5) \$6,000,000 for the Rochester Community Center and Technical College regional
9.32 recreation facilities at University Center Rochester;

9.33 (6) \$20,000,000 for the Destination Medical Community Initiative; and

9.34 (7) \$8,000,000 for the regional public safety and 911 dispatch center facilities.

10.1 (d) No revenues from the taxes raised from the taxes authorized in subdivisions 1
 10.2 and 2 may be used to fund transportation improvements related to a railroad bypass that
 10.3 would divert traffic from the city of Rochester.

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

10.5 Sec. 7. Laws 1998, chapter 389, article 8, section 43, subdivision 4, as amended by
 10.6 Laws 2005, First Special Session chapter 3, article 5, section 29, is amended to read:

10.7 Subd. 4. **Bonding authority.** (a) The city may issue bonds under Minnesota
 10.8 Statutes, chapter 475, to finance the capital expenditure and improvement projects.
 10.9 An election to approve up to \$71,500,000 in bonds under Minnesota Statutes, section
 10.10 475.58, may be held in combination with the election to authorize imposition of the tax
 10.11 under subdivision 1. Whether to permit imposition of the tax and issuance of bonds
 10.12 may be posed to the voters as a single question. The question must state that the sales
 10.13 tax revenues are pledged to pay the bonds, but that the bonds are general obligations
 10.14 and will be guaranteed by the city's property taxes. An election to approve up to an
 10.15 additional \$40,000,000 of bonds under Minnesota Statutes, section 475.58, may be held
 10.16 in combination with the election to authorize extension of the tax under subdivision 5,
 10.17 paragraph (b). An election to approve bonds under Minnesota Statutes, section 475.58,
 10.18 in an amount not to exceed \$101,500,000 plus an amount equal to the costs of issuance
 10.19 of the bonds, may be held in combination with the election to authorize the extension of
 10.20 the tax under subdivision 5, paragraph (c).

10.21 (b) The city ~~may~~ shall enter into an agreement with Olmsted County under which the
 10.22 city and the county agree to jointly undertake and finance certain roadway infrastructure
 10.23 improvements. The agreement ~~may~~ shall provide that the city will make available to the
 10.24 county a portion of the sales tax revenues collected pursuant to the authority granted in
 10.25 this section and the bonding authority provided in this subdivision. The county may,
 10.26 pursuant to the agreement, issue its general obligation bonds in a principal amount not
 10.27 exceeding the amount authorized by its agreement with the city payable primarily from
 10.28 the sales tax revenues from the city under the agreement. The county's bonds must be
 10.29 issued in accordance with the provisions of Minnesota Statutes, chapter 475, except that
 10.30 no election is required for the issuance of the bonds and the bonds are not included in
 10.31 the net debt of the county.

10.32 ~~(b)~~ (c) The issuance of bonds under this subdivision is not subject to Minnesota
 10.33 Statutes, section 275.60.

11.1 ~~(e)~~ (d) The bonds are not included in computing any debt limitation applicable to the
 11.2 city, and the levy of taxes under Minnesota Statutes, section 475.61, to pay principal of
 11.3 and interest on the bonds is not subject to any levy limitation.

11.4 (e) The aggregate principal amount of bonds, plus the aggregate of the taxes used
 11.5 directly to pay eligible capital expenditures and improvements for projects listed in
 11.6 subdivision 3, paragraph (a), may not exceed \$111,500,000, plus an amount equal to the
 11.7 costs related to issuance of the bonds. The aggregate principal amount of bonds plus the
 11.8 aggregate of the taxes used directly to pay the costs of eligible projects under subdivision
 11.9 3, paragraph (c), may not exceed \$101,500,000 plus an amount equal to the costs of
 11.10 issuance of the bonds.

11.11 ~~(d)~~ (f) The taxes may be pledged to and used for the payment of the bonds and
 11.12 any bonds issued to refund them, only if the bonds and any refunding bonds are general
 11.13 obligations of the city.

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

11.15 Sec. 8. Laws 1998, chapter 389, article 8, section 43, subdivision 5, as amended by
 11.16 Laws 2005, First Special Session chapter 3, article 5, section 30, is amended to read:

11.17 Subd. 5. **Termination of taxes.** (a) The taxes imposed under subdivisions 1 and
 11.18 2 expire at the later of (1) December 31, 2009, or (2) when the city council determines
 11.19 that sufficient funds have been received from the taxes to finance the first \$71,500,000
 11.20 of capital expenditures and bonds for the projects authorized in subdivision 3, including
 11.21 the amount to prepay or retire at maturity the principal, interest, and premium due on any
 11.22 bonds issued for the projects under subdivision 4, unless the taxes are extended as allowed
 11.23 in paragraph (b). Any funds remaining after completion of the project and retirement or
 11.24 redemption of the bonds shall also be used to fund the projects under subdivision 3. The
 11.25 taxes imposed under subdivisions 1 and 2 may expire at an earlier time if the city so
 11.26 determines by ordinance.

11.27 (b) Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any
 11.28 other contrary provision of law, ordinance, or city charter, the city of Rochester may, by
 11.29 ordinance, extend the taxes authorized in subdivisions 1 and 2 beyond December 31, 2009,
 11.30 if approved by the voters of the city at a special election in 2005 or the general election in
 11.31 2006. The question put to the voters must indicate that an affirmative vote would allow
 11.32 up to an additional \$40,000,000 of sales tax revenues be raised and up to \$40,000,000
 11.33 of bonds to be issued above the amount authorized in the June 23, 1998, referendum for
 11.34 the projects specified in subdivision 3. If the taxes authorized in subdivisions 1 and 2 are
 11.35 extended under this paragraph, the taxes expire when the city council determines that

12.1 sufficient funds have been received from the taxes to finance the projects and to prepay
 12.2 or retire at maturity the principal, interest, and premium due on any bonds issued for the
 12.3 projects under subdivision 4. Any funds remaining after completion of the project and
 12.4 retirement or redemption of the bonds may be placed in the general fund of the city.

12.5 (c) Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any
 12.6 other contrary provision of law, ordinance, or city charter, the city of Rochester may, by
 12.7 ordinance, extend the taxes authorized in subdivisions 1 and 2 beyond the date the city
 12.8 council determines that sufficient funds have been received from the taxes to finance
 12.9 \$111,500,000 of expenditures and bonds for the projects authorized in subdivision 3,
 12.10 paragraph (a), plus an amount equal to the costs of issuance of the bonds and including
 12.11 the amount to prepay or retire at maturity the principal, interest, and premiums due on
 12.12 any bonds issued for the projects under subdivision 4, paragraph (a), if approved by the
 12.13 voters of the city at the general election in 2012. If the election to authorize the additional
 12.14 \$101,500,000 of bonds plus an amount equal to the costs of the issuance of the bonds is
 12.15 placed on the general election ballot in 2012, the city may continue to collect the taxes
 12.16 authorized in subdivisions 1 and 2 until December 31, 2012. The question put to the
 12.17 voters must indicate that an affirmative vote would allow sales tax revenues be raised for
 12.18 an extended period of time and an additional \$101,500,000 of bonds plus an amount
 12.19 equal to the costs of issuance of the bonds, to be issued above the amount authorized in
 12.20 the previous elections required under paragraphs (a) and (b) for the projects and amounts
 12.21 specified in subdivision 3. If the taxes authorized in subdivisions 1 and 2 are extended
 12.22 under this paragraph, the taxes expire when the city council determines that \$101,500,000
 12.23 has been received from the taxes to finance the projects plus an amount sufficient to
 12.24 prepay or retire at maturity the principal, interest, and premium due on any bonds issued
 12.25 for the projects under subdivision 4, including any bonds issued to refund the bonds. Any
 12.26 funds remaining after completion of the projects and retirement or redemption of the
 12.27 bonds may be placed in the general fund of the city.

12.28 **EFFECTIVE DATE.** This section is effective the day after compliance by the
 12.29 governing body of the city of Rochester with Minnesota Statutes, section 645.021,
 12.30 subdivision 3.

12.31 Sec. 9. Laws 2008, chapter 366, article 7, section 19, subdivision 3, is amended to read:

12.32 Subd. 3. **Use of revenues.** Notwithstanding Minnesota Statutes, section 297A.99,
 12.33 subdivision 3, paragraph (b), the proceeds of the tax imposed under this section shall be
 12.34 used to pay for the costs of acquisition, construction, improvement, and development of
 12.35 a regional parks, bicycle trails, park land, open space, and pedestrian ~~bridge~~ walkways,

13.1 as described in the city improvement plan adopted by the city council by resolution on
 13.2 December 12, 2006, and land and buildings for a community and recreation center. The
 13.3 total amount of revenues from the taxes in subdivisions 1 and 2 that may be used to fund
 13.4 these projects is \$12,000,000 plus any associated bond costs.

13.5 **EFFECTIVE DATE.** This section is effective the day after compliance by the
 13.6 governing body of the city of Clearwater with Minnesota Statutes, section 645.021,
 13.7 subdivisions 2 and 3.

13.8 Sec. 10. **CITY OF FERGUS FALLS; SALES AND USE TAX AUTHORIZED.**

13.9 Subdivision 1. **Sales and use tax.** Notwithstanding Minnesota Statutes, section
 13.10 297A.99, subdivision 1, or 477A.016, or any other provision of law, ordinance, or city
 13.11 charter, as approved by the voters at the November 2, 2010 general election, the city
 13.12 of Fergus Falls may impose by ordinance a sales and use tax of up to one-half of one
 13.13 percent for the purposes specified in subdivision 2. Except as provided in this section, the
 13.14 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
 13.15 collection, and enforcement of the tax authorized under this subdivision.

13.16 Subd. 2. **Use of revenues.** Revenues received from taxes authorized by subdivision
 13.17 1 must be used by the city of Fergus Falls to pay the cost of collecting the tax and to pay for
 13.18 all or part of the costs of the acquisition and betterment of a regional community ice arena
 13.19 facility. Authorized expenses include, but are not limited to, acquiring property, predesign,
 13.20 design, and paying construction, furnishing, and equipment costs related to the facility and
 13.21 paying debt service on bonds or other obligations issued by the Fergus Falls Port Authority
 13.22 to finance the facility. The amount of revenues from the tax imposed under subdivision 1
 13.23 that may be used to finance the facility and any associated costs is limited to \$6,600,000.

13.24 Subd. 3. **Termination of taxes.** The tax imposed under this section expires when
 13.25 the Fergus Falls City Council determines that sufficient funds have been received from
 13.26 the taxes to finance the facility and to prepay or retire at maturity the principal, interest,
 13.27 and premium due on any bonds, including refunding bonds, issued by the Fergus Falls
 13.28 Port Authority for the facility. Any funds remaining after completion of the facility and
 13.29 retirement or redemption of the bonds may be placed in the general fund of the city of
 13.30 Fergus Falls. The tax imposed under subdivision 1 may expire at an earlier time if the
 13.31 city so determines by ordinance.

14.1 **EFFECTIVE DATE.** This section is effective the day after the governing body
14.2 of the city of Fergus Falls and its chief clerical officer timely comply with Minnesota
14.3 Statutes, section 645.021, subdivisions 2 and 3.

14.4 Sec. 11. **CITY OF HUTCHINSON; TAXES AUTHORIZED.**

14.5 Subdivision 1. **Sales and use tax.** Notwithstanding Minnesota Statutes, section
14.6 477A.016, or any other provision of law, ordinance, or city charter, as approved by
14.7 the voters at a referendum held at the 2010 general election, the city of Hutchinson
14.8 may impose by ordinance a sales and use tax of up to one-half of one percent for the
14.9 purposes specified in subdivision 3. Except as otherwise provided in this section,
14.10 Minnesota Statutes, section 297A.99, governs the imposition, administration, collection,
14.11 and enforcement of the tax authorized under this subdivision. Minnesota Statutes, section
14.12 297A.99, subdivision 1, paragraph (d), does not apply to this section.

14.13 Subd. 2. **Excise tax authorized.** Notwithstanding Minnesota Statutes, section
14.14 477A.016, or any other provision of law, ordinance, or city charter, the city of Hutchinson
14.15 may impose by ordinance, for the purposes specified in subdivision 3, an excise tax of up
14.16 to \$20 per motor vehicle, as defined by ordinance, purchased or acquired from any person
14.17 engaged within the city in the business of selling motor vehicles at retail.

14.18 Subd. 3. **Use of revenues.** Revenues received from the taxes authorized by this
14.19 section must be used to pay the cost of collecting and administering the tax and to finance
14.20 the costs of constructing the water treatment facility and renovating the wastewater
14.21 treatment facility in the city of Hutchinson. Authorized costs include, but are not limited
14.22 to, construction and engineering costs of the projects and associated bond costs.

14.23 Subd. 4. **Termination of tax.** The taxes authorized under subdivisions 1 and 2
14.24 terminate at the earlier of: (1) 18 years after the date of initial imposition of the tax; or
14.25 (2) when the Hutchinson City Council determines that the amount of revenues raised is
14.26 sufficient to pay for the projects under subdivision 3, plus the amount needed to finance
14.27 the capital and administrative costs for the projects specified in subdivision 3, and to repay
14.28 or retire at maturity the principal, interest, and premium due on any bonds issued for the
14.29 projects. Any funds remaining after completion of the projects specified in subdivision
14.30 3 and retirement or redemption of the associated bonds may be placed in the general
14.31 fund of the city. The taxes imposed under subdivisions 1 and 2 may expire at an earlier
14.32 time if the city so determines by ordinance.

15.1 **EFFECTIVE DATE.** This section is effective the day after compliance by the
 15.2 governing body of the city of Hutchinson with Minnesota Statutes, section 645.021,
 15.3 subdivisions 2 and 3.

15.4 Sec. 12. **CITY OF LANESBORO; SALES AND USE TAX AUTHORIZED.**

15.5 Subdivision 1. **Sales and use tax authorized.** Notwithstanding Minnesota Statutes,
 15.6 sections 297A.99, subdivision 1, and 477A.016, or any other provision of law, ordinance,
 15.7 or city charter, as approved by the voters at the November 2, 2010, general election, the
 15.8 city of Lanesboro may impose by ordinance a sales and use tax of up to one-half of one
 15.9 percent for the purposes specified in subdivision 2. Except as provided in this section,
 15.10 the provisions of Minnesota Statutes, section 297A.99, govern the imposition of the tax
 15.11 authorized under this subdivision.

15.12 Subd. 2. **Use of revenues.** Revenues received from the tax authorized under
 15.13 subdivision 1 must be used by the city of Lanesboro to pay the costs of collecting the tax
 15.14 and to pay for all or a part of the improvements to city streets and utility systems, and the
 15.15 betterment of city municipal buildings consisting of (i) street and utility improvements to
 15.16 Calhoun Avenue, Fillmore Avenue, Kenilworth Avenue, Pleasant Street, Kirkwood Street,
 15.17 Auburn Avenue, and Zenith Street, and street light replacement on State Highways 250
 15.18 and 16; (ii) improvements to utility systems consisting of wastewater treatment facility
 15.19 improvements and electric utility improvements to the Lanesboro High Hazard Dam; and
 15.20 (iii) improvements to the Lanesboro community center, library, and city hall, including
 15.21 paying debt service on bonds or other obligations issued to fund these projects under
 15.22 subdivision 3. The total amount of revenues from the taxes in subdivision 1 that may be
 15.23 used to fund these projects is \$800,000 plus any associated bond costs.

15.24 Subd. 3. **Bonding authority.** The city of Lanesboro may issue bonds under
 15.25 Minnesota Statutes, chapter 475, to pay capital and administrative expenses related to the
 15.26 projects authorized in subdivision 2. An election to approve the bonds under Minnesota
 15.27 Statutes, section 475.58, is not required. The issuance of bonds under this subdivision
 15.28 is not subject to Minnesota Statutes, sections 275.60 and 275.61. The bonds are not
 15.29 included in computing any debt limitation applicable to the city and the levy of taxes
 15.30 under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is
 15.31 not subject to any levy limitation.

15.32 The aggregate principal amount of the bonds plus the aggregate of the taxes used
 15.33 directly to pay costs of the projects listed in subdivision 2 may not exceed \$800,000, plus
 15.34 an amount equal to the costs related to issuance of the bonds and capitalized interest.

16.1 The taxes authorized in subdivision 1 may be pledged and used for payments of
16.2 the bonds and bonds issued to refund them, only if the bonds and any refunding bonds
16.3 are general obligations of the city.

16.4 Subd. 4. **Termination of tax.** The tax imposed under subdivision 1 expires when
16.5 the Lanesboro City Council determines that sufficient funds have been raised from the
16.6 taxes to finance the projects authorized under subdivision 2 and to prepay or retire at
16.7 maturity the principal, interest, and premium due on any bonds issued under subdivision 3.
16.8 Any funds remaining after completion of the project and retirement or redemption of the
16.9 bonds may be placed in the general fund of the city. The tax imposed under subdivision 1
16.10 may expire at an earlier time if the city so determines by ordinance.

16.11 **EFFECTIVE DATE.** This section is effective the day after the governing body of
16.12 the city of Lanesboro and its chief clerical officer comply with Minnesota Statutes, section
16.13 645.021, subdivisions 2 and 3.

16.14 Sec. 13. **CITY OF MARSHALL; SALES AND USE TAX.**

16.15 Subdivision 1. **Authorization.** Notwithstanding Minnesota Statutes, section
16.16 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city charter,
16.17 the city of Marshall, if approved by the voters at a general election held within two
16.18 years of the date of final enactment of this section, may impose the tax authorized under
16.19 subdivision 2. Two separate ballot questions must be presented to the voters, one for each
16.20 of the two facility projects named in subdivision 3.

16.21 Subd. 2. **Sales and use tax authorized.** The city of Marshall may impose by
16.22 ordinance a sales and use tax of up to one-half of one percent for the purposes specified in
16.23 subdivision 3. The provisions of Minnesota Statutes, section 297A.99, except subdivisions
16.24 1 and 2, govern the imposition, administration, collection, and enforcement of the tax
16.25 authorized under this subdivision.

16.26 Subd. 3. **Use of sales and use tax revenues.** The revenues derived from the tax
16.27 authorized under subdivision 2 must be used by the city of Marshall to pay the costs of
16.28 collecting and administering the sales and use tax and to pay all or part of the costs of the
16.29 new and existing facilities of the Minnesota Emergency Response and Industry Training
16.30 Center and all or part of the costs of the new facilities of the Southwest Minnesota
16.31 Regional Amateur Sports Center. Authorized expenses include, but are not limited to,
16.32 acquiring property, predesign, design, and paying construction, furnishing, and equipment

17.1 costs related to these facilities and paying debt service on bonds or other obligations issued
17.2 by the city of Marshall under subdivision 4 to finance the capital costs of these facilities.

17.3 Subd. 4. **Bonds.** (a) If the imposition of a sales and use tax is approved by the voters,
17.4 the city of Marshall may issue bonds under Minnesota Statutes, chapter 475, to finance all
17.5 or a portion of the costs of the facilities authorized in subdivision 3, and may issue bonds
17.6 to refund bonds previously issued. The aggregate principal amount of bonds issued under
17.7 this subdivision may not exceed \$17,290,000, plus an amount to be applied to the payment
17.8 of the costs of issuing the bonds. The bonds may be paid from or secured by any funds
17.9 available to the city of Marshall, including the tax authorized under subdivision 2.

17.10 (b) The bonds are not included in computing any debt limitation applicable to the
17.11 city of Marshall, and any levy of taxes under Minnesota Statutes, section 475.61, to pay
17.12 principal and interest on the bonds, is not subject to any levy limitation. A separate
17.13 election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

17.14 Subd. 5. **Termination of taxes.** The tax imposed under subdivision 2 expires at the
17.15 earlier of (1) 15 years after the tax is first imposed, or (2) when the city council determines
17.16 that the amount of revenues received from the tax to pay for the capital and administrative
17.17 costs of the facilities under subdivision 3 first equals or exceeds the amount authorized to
17.18 be spent for the facilities plus the additional amount needed to pay the costs related to
17.19 issuance of the bonds under subdivision 4, including interest on the bonds. Any funds
17.20 remaining after payment of all such costs and retirement or redemption of the bonds shall
17.21 be placed in the general fund of the city. The tax imposed under subdivision 2 may expire
17.22 at an earlier time if the city so determines by ordinance.

17.23 **EFFECTIVE DATE.** This section is effective the day after compliance by the
17.24 governing body of the city of Marshall with Minnesota Statutes, section 645.021,
17.25 subdivision 3.

17.26 Sec. 14. **CITY OF MEDFORD; SALES AND USE TAX.**

17.27 Subdivision 1. **Sales and use tax authorized.** Notwithstanding Minnesota Statutes,
17.28 sections 297A.99, subdivision 1, and 477A.016, or any other provision of law, ordinance,
17.29 or city charter, if approved by the voters pursuant to Minnesota Statutes, section 297A.99,
17.30 at the next general election, the city of Medford may impose by ordinance a sales and use
17.31 tax of one-half of one percent for the purposes specified in subdivision 2. Except as
17.32 otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,

18.1 govern the imposition, administration, collection, and enforcement of the tax authorized
18.2 under this subdivision.

18.3 Subd. 2. **Use of revenues.** The proceeds of the tax imposed under this section must
18.4 be used by the city of Medford to pay the costs of collecting and administering the tax
18.5 and to repay loans received from the Minnesota Public Facilities Authority since 2007
18.6 that were used to finance \$4,200,000 of improvements to the city's water and wastewater
18.7 systems.

18.8 Subd. 3. **Termination of taxes.** The tax imposed under this section expires at the
18.9 earlier of (1) 20 years after the date the taxes are first imposed, or (2) when the Medford
18.10 City Council determines that the amount of revenues received from the tax equals or
18.11 exceeds the sum of loans made to the city by the Minnesota Public Facilities Authority
18.12 as described in subdivision 2, including interest on the loans. Any funds remaining
18.13 after completion of the repayment of the loans may be placed in the general fund of the
18.14 city. The tax imposed under subdivision 1 may expire at an earlier time if the city so
18.15 determines by ordinance.

18.16 **EFFECTIVE DATE.** This section is effective the day after compliance by the
18.17 governing body of the city of Medford with Minnesota Statutes, section 645.021,
18.18 subdivision 3.

18.19 Sec. 15. **REPORT ON THE USE OF ZIP CODES IN COLLECTING AND**
18.20 **REMITTING LOCAL SALES TAXES.**

18.21 Subdivision 1. **Report to the legislature.** By March 1, 2012, the commissioner
18.22 of revenue shall provide a report to the chairs and ranking minority members of the
18.23 legislative committees with jurisdiction over local sales taxes reporting on the current use
18.24 of zip codes for the purposes of collecting and remitting local sales taxes, problems with
18.25 the current system, and suggestions for improvements.

18.26 Subd. 2. **Contents of the report.** The report shall include the following information:
18.27 (1) the current status of the department's development of a system that allows
18.28 vendors to identify the correct local sales tax based on a street address and the five-digit
18.29 zip code, as described in Minnesota Statutes, section 297A.99, subdivision 10, including a
18.30 list of cities and townships that impose a local sales tax or do not impose a local sales tax
18.31 but share a zip code with a jurisdiction in which a local sales tax is imposed for which the
18.32 system has not been developed;

19.1 (2) a priority list and timeline for developing the required system outlined in
 19.2 Minnesota Statutes, section 297A.99, subdivision 10, for the cities and townships
 19.3 identified in clause (1);

19.4 (3) the compliance by businesses with the requirement in Minnesota Statutes, section
 19.5 297A.99, subdivision 10, that the tax be collected on the lowest combined rate within the
 19.6 zip code for cities and townships identified in clause (1);

19.7 (4) the accuracy of the crediting and remittance of local sales taxes to the appropriate
 19.8 taxing jurisdiction when two contiguous cities with different local sales tax authority
 19.9 share a zip code; and

19.10 (5) recommendations for administrative or statutory changes to improve the accurate
 19.11 collection and allocation of local sales tax revenues collected by the Department of
 19.12 Revenue.

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

19.14 **ARTICLE 3**

19.15 **PROPERTY TAXES**

19.16 Section 1. Minnesota Statutes 2010, section 272.02, is amended by adding a
 19.17 subdivision to read:

19.18 Subd. 95. **Electric generation facility; personal property.** (a) Notwithstanding
 19.19 subdivision 9, clause (a), and section 453.54, subdivision 20, attached machinery and other
 19.20 personal property that is part of a multiple reciprocating engine electric generation facility
 19.21 that adds more than 20 and less than 30 megawatts of installed capacity at a site where
 19.22 there is presently more than ten megawatts and fewer than 15 megawatts of installed
 19.23 capacity and that meets the requirements of this subdivision is exempt from taxation and
 19.24 from payments in lieu of taxation. At the time of construction, the facility must:

19.25 (1) be designed to utilize natural gas as a primary fuel;

19.26 (2) be owned and operated by a municipal power agency as defined in section
 19.27 453.52, subdivision 8;

19.28 (3) be located within one mile of an existing natural gas pipeline;

19.29 (4) be designed to have black start capability and to furnish emergency backup
 19.30 power service to the city in which it is located;

19.31 (5) satisfy a resource deficiency identified in an approved integrated resource plan
 19.32 filed under section 216B.2422; and

19.33 (6) have received, by resolution, the approval of the governing bodies of the city
 19.34 and county in which it is located for the exemption of personal property provided by
 19.35 this subdivision.

20.1 (b) Construction of the facility must be commenced after December 31, 2011, and
 20.2 before January 1, 2015. Property eligible for this exemption does not include (i) electric
 20.3 transmission lines and interconnections or gas pipelines and interconnections appurtenant
 20.4 to the property or the facility; or (ii) property located on the site on the enactment date
 20.5 of this subdivision.

20.6 **EFFECTIVE DATE.** This section is effective for assessments in 2012, taxes
 20.7 payable in 2013, and thereafter.

20.8 Sec. 2. Minnesota Statutes 2010, section 273.121, subdivision 1, is amended to read:

20.9 Subdivision 1. **Notice.** Any county assessor or city assessor having the powers of a
 20.10 county assessor, valuing or classifying taxable real property shall in each year notify those
 20.11 persons whose property is to be included on the assessment roll that year if the person's
 20.12 address is known to the assessor, otherwise the occupant of the property. The notice shall
 20.13 be in writing and shall be sent by ordinary mail at least ten days before the meeting of
 20.14 the local board of appeal and equalization under section 274.01 or the review process
 20.15 established under section 274.13, subdivision 1c. Upon written request by the owner of the
 20.16 property, the assessor may send the notice in electronic form or by electronic mail instead
 20.17 of on paper or by ordinary mail. It shall contain: (1) the market value for the current and
 20.18 prior assessment, (2) ~~the limited market value under section 273.11, subdivision 1a, for~~
 20.19 ~~the current and prior assessment, (3) the qualifying amount of any improvements under~~
 20.20 ~~section 273.11, subdivision 16, for the current assessment, (4) (3) the market value subject~~
 20.21 ~~to taxation after subtracting the amount of any qualifying improvements for the current~~
 20.22 ~~assessment, (5) (4) the classification of the property for the current and prior assessment,~~
 20.23 ~~(6) a note that if the property is homestead and at least 45 years old, improvements made~~
 20.24 ~~to the property may be eligible for a valuation exclusion under section 273.11, subdivision~~
 20.25 ~~16, (7) (5) the assessor's office address, and (8) (6) the dates, places, and times set for the~~
 20.26 meetings of the local board of appeal and equalization, the review process established
 20.27 under section 274.13, subdivision 1c, and the county board of appeal and equalization. If
 20.28 the classification of the property has changed between the current and prior assessments, a
 20.29 specific note to that effect shall be prominently listed on the statement. The commissioner
 20.30 of revenue shall specify the form of the notice. The assessor shall attach to the assessment
 20.31 roll a statement that the notices required by this section have been mailed. Any assessor
 20.32 who is not provided sufficient funds from the assessor's governing body to provide such
 20.33 notices, may make application to the commissioner of revenue to finance such notices.
 20.34 The commissioner of revenue shall conduct an investigation and, if satisfied that the
 20.35 assessor does not have the necessary funds, issue a certification to the commissioner

21.1 of management and budget of the amount necessary to provide such notices. The
 21.2 commissioner of management and budget shall issue a warrant for such amount and shall
 21.3 deduct such amount from any state payment to such county or municipality. The necessary
 21.4 funds to make such payments are hereby appropriated. Failure to receive the notice shall in
 21.5 no way affect the validity of the assessment, the resulting tax, the procedures of any board
 21.6 of review or equalization, or the enforcement of delinquent taxes by statutory means.

21.7 **EFFECTIVE DATE.** This section is effective for notifications for taxes payable in
 21.8 2013 and thereafter.

21.9 Sec. 3. Minnesota Statutes 2010, section 273.13, subdivision 25, is amended to read:

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

21.17 (b) Class 4b includes:

21.18 (1) residential real estate containing less than four units that does not qualify as class
 21.19 4bb, other than seasonal residential recreational property;

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

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

21.23 (4) unimproved property that is classified residential as determined under subdivision
 21.24 33.

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

21.26 (c) Class 4bb includes:

21.27 (1) nonhomestead residential real estate containing one unit, other than seasonal
 21.28 residential recreational property; and

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

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

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

21.35 (d) Class 4c property includes:

22.1 (1) except as provided in subdivision 22, paragraph (c), real and personal property
22.2 devoted to commercial temporary and seasonal residential occupancy for recreation
22.3 purposes, ~~including real and personal property devoted to temporary and seasonal~~
22.4 ~~residential occupancy for recreation purposes and not devoted to commercial purposes~~ for
22.5 not more than 250 days in the year preceding the year of assessment. For purposes of this
22.6 clause, property is devoted to a commercial purpose on a specific day if any portion of the
22.7 property is used for residential occupancy, and a fee is charged for residential occupancy.
22.8 Class 4c property under this clause must contain three or more rental units. A "rental unit"
22.9 is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site
22.10 equipped with water and electrical hookups for recreational vehicles. ~~Class 4c property~~
22.11 ~~under this clause must provide recreational activities such as renting ice fishing houses,~~
22.12 ~~boats and motors, snowmobiles, downhill or cross-country ski equipment, provide marina~~
22.13 ~~services, launch services, or guide services, or sell bait and fishing tackle.~~ A camping pad
22.14 offered for rent by a property that otherwise qualifies for class 4c under this clause is also
22.15 class 4c under this clause regardless of the term of the rental agreement, as long as the use
22.16 of the camping pad does not exceed 250 days. In order for a property to be classified ~~as~~
22.17 ~~class 4c, seasonal residential recreational for commercial purposes~~ under this clause, either
22.18 (i) the business located on the property must provide recreational activities, at least 40
22.19 percent of the annual gross lodging receipts related to the property must be from business
22.20 conducted during 90 consecutive days, and either (i) (A) at least 60 percent of all paid
22.21 bookings by lodging guests during the year must be for periods of at least two consecutive
22.22 nights; or (ii) (B) at least 20 percent of the annual gross receipts must be from charges
22.23 for rental of fish houses, boats and motors, snowmobiles, downhill or cross-country ski
22.24 equipment, or charges for marina services, launch services, and guide services, or the sale
22.25 of bait and fishing tackle providing recreational activities, or (ii) the business must contain
22.26 20 or fewer rental units, and must be located in a township or a city with a population of
22.27 2,500 or less located outside the metropolitan area, as defined under section 473.121,
22.28 subdivision 2, that contains a portion of a state trail administered by the Department of
22.29 Natural Resources. For purposes of ~~this determination~~ item (i)(A), a paid booking of
22.30 five or more nights shall be counted as two bookings. Class 4c property ~~classified under~~
22.31 ~~this clause~~ also includes commercial use real property used exclusively for recreational
22.32 purposes in conjunction with other class 4c property classified under this clause and
22.33 devoted to temporary and seasonal residential occupancy for recreational purposes, up to a
22.34 total of two acres, provided the property is not devoted to commercial recreational use for
22.35 more than 250 days in the year preceding the year of assessment and is located within two
22.36 miles of the class 4c property with which it is used. ~~Owners of real and personal property~~

23.1 ~~devoted to temporary and seasonal residential occupancy for recreation purposes and all~~
23.2 ~~or a portion of which was devoted to commercial purposes for not more than 250 days in~~
23.3 ~~the year preceding the year of assessment desiring classification as class 4c.~~ In order for a
23.4 property to qualify for classification under this clause, the owner must submit a declaration
23.5 to the assessor designating the cabins or units occupied for 250 days or less in the year
23.6 preceding the year of assessment by January 15 of the assessment year. Those cabins or
23.7 units and a proportionate share of the land on which they are located must be designated
23.8 class 4c under this clause as otherwise provided. The remainder of the cabins or units and
23.9 a proportionate share of the land on which they are located will be designated as class 3a.
23.10 The owner of property desiring designation as class 4c property under this clause must
23.11 provide guest registers or other records demonstrating that the units for which class 4c
23.12 designation is sought were not occupied for more than 250 days in the year preceding the
23.13 assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar,
23.14 (3) gift shop, (4) conference center or meeting room, and (5) other nonresidential facility
23.15 operated on a commercial basis not directly related to temporary and seasonal residential
23.16 occupancy for recreation purposes does not qualify for class 4c. For the purposes of this
23.17 paragraph, "recreational activities" means renting ice fishing houses, boats and motors,
23.18 snowmobiles, downhill or cross-country ski equipment; providing marina services, launch
23.19 services, or guide services; or selling bait and fishing tackle;

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

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

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

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

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

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

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

24.1 For purposes of this clause,

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

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

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

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

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

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

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

24.31 (5) (i) manufactured home parks as defined in section 327.14, subdivision 3,
24.32 excluding manufactured home parks described in section 273.124, subdivision 3a, and (ii)
24.33 manufactured home parks as defined in section 327.14, subdivision 3, that are described in
24.34 section 273.124, subdivision 3a;

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

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

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

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

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

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

25.15 (i) the land abuts a public airport; and

25.16 (ii) the owner of the aircraft storage hangar provides the assessor with a signed
25.17 agreement restricting the use of the premises, prohibiting commercial use or activity
25.18 performed at the hangar; and

25.19 (9) residential real estate, a portion of which is used by the owner for homestead
25.20 purposes, and that is also a place of lodging, if all of the following criteria are met:

25.21 (i) rooms are provided for rent to transient guests that generally stay for periods
25.22 of 14 or fewer days;

25.23 (ii) meals are provided to persons who rent rooms, the cost of which is incorporated
25.24 in the basic room rate;

25.25 (iii) meals are not provided to the general public except for special events on fewer
25.26 than seven days in the calendar year preceding the year of the assessment; and

25.27 (iv) the owner is the operator of the property.

25.28 The market value subject to the 4c classification under this clause is limited to five rental
25.29 units. Any rental units on the property in excess of five, must be valued and assessed as
25.30 class 3a. The portion of the property used for purposes of a homestead by the owner must
25.31 be classified as class 1a property under subdivision 22;

25.32 (10) real property up to a maximum of three acres and operated as a restaurant
25.33 as defined under section 157.15, subdivision 12, provided it: (A) is located on a lake
25.34 as defined under section 103G.005, subdivision 15, paragraph (a), clause (3); and (B)
25.35 is either devoted to commercial purposes for not more than 250 consecutive days, or
25.36 receives at least 60 percent of its annual gross receipts from business conducted during

26.1 four consecutive months. Gross receipts from the sale of alcoholic beverages must be
 26.2 included in determining the property's qualification under subitem (B). The property's
 26.3 primary business must be as a restaurant and not as a bar. Gross receipts from gift shop
 26.4 sales located on the premises must be excluded. Owners of real property desiring 4c
 26.5 classification under this clause must submit an annual declaration to the assessor by
 26.6 February 1 of the current assessment year, based on the property's relevant information for
 26.7 the preceding assessment year; ~~and~~

26.8 (11) lakeshore and riparian property and adjacent land, not to exceed six acres, used
 26.9 as a marina, as defined in section 86A.20, subdivision 5, which is made accessible to
 26.10 the public and devoted to recreational use for marina services. The marina owner must
 26.11 annually provide evidence to the assessor that it provides services, including lake or river
 26.12 access to the public by means of an access ramp or other facility that is either located on
 26.13 the property of the marina or at a publicly owned site that abuts the property of the marina.
 26.14 No more than 800 feet of lakeshore may be included in this classification. Buildings used
 26.15 in conjunction with a marina for marina services, including but not limited to buildings
 26.16 used to provide food and beverage services, fuel, boat repairs, or the sale of bait or fishing
 26.17 tackle, are classified as class 3a property; and

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

26.20 Class 4c property has a class rate of 1.5 percent of market value, except that (i)
 26.21 each parcel of noncommercial seasonal residential recreational property ~~not used for~~
 26.22 ~~commercial purposes~~ under clause (12) has the same class rates as class 4bb property, (ii)
 26.23 manufactured home parks assessed under clause (5), item (i), have the same class rate
 26.24 as class 4b property, and the market value of manufactured home parks assessed under
 26.25 clause (5), item (ii), has the same class rate as class 4d property if more than 50 percent
 26.26 of the lots in the park are occupied by shareholders in the cooperative corporation or
 26.27 association and a class rate of one percent if 50 percent or less of the lots are so occupied,
 26.28 (iii) commercial-use seasonal residential recreational property and marina recreational
 26.29 land as described in clause (11), has a class rate of one percent for the first \$500,000 of
 26.30 market value, and 1.25 percent for the remaining market value, (iv) the market value of
 26.31 property described in clause (4) has a class rate of one percent, (v) the market value of
 26.32 property described in clauses (2), (6), and (10) has a class rate of 1.25 percent, and (vi)
 26.33 that portion of the market value of property in clause (9) qualifying for class 4c property
 26.34 has a class rate of 1.25 percent.

26.35 (e) Class 4d property is qualifying low-income rental housing certified to the assessor
 26.36 by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion

27.1 of the units in the building qualify as low-income rental housing units as certified under
 27.2 section 273.128, subdivision 3, only the proportion of qualifying units to the total number
 27.3 of units in the building qualify for class 4d. The remaining portion of the building shall be
 27.4 classified by the assessor based upon its use. Class 4d also includes the same proportion of
 27.5 land as the qualifying low-income rental housing units are to the total units in the building.
 27.6 For all properties qualifying as class 4d, the market value determined by the assessor must
 27.7 be based on the normal approach to value using normal unrestricted rents.

27.8 Class 4d property has a class rate of 0.75 percent.

27.9 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and
 27.10 thereafter.

27.11 Sec. 4. Minnesota Statutes 2010, section 275.025, subdivision 3, is amended to read:

27.12 Subd. 3. **Seasonal residential recreational tax capacity.** For the purposes of this
 27.13 section, "seasonal residential recreational tax capacity" means the tax capacity of tier III
 27.14 of class 1c under section 273.13, subdivision 22, and all class 4c(1) ~~and~~ 4c(3)(ii), and
 27.15 4c(12) property under section 273.13, subdivision 25, except that the first \$76,000 of
 27.16 market value of each noncommercial class ~~4c(1)~~ 4c(12) property has a tax capacity for this
 27.17 purpose equal to 40 percent of its tax capacity under section 273.13.

27.18 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and
 27.19 thereafter.

27.20 Sec. 5. Minnesota Statutes 2010, section 279.01, subdivision 1, is amended to read:

27.21 Subdivision 1. **Due dates; penalties.** Except as provided in subdivision 3 ~~or 4~~, on
 27.22 May 16 or 21 days after the postmark date on the envelope containing the property tax
 27.23 statement, whichever is later, a penalty accrues and thereafter is charged upon all unpaid
 27.24 taxes on real estate on the current lists in the hands of the county treasurer. The penalty is
 27.25 at a rate of two percent ~~on homestead property~~ until May 31 and four percent on June 1.
 27.26 ~~The penalty on nonhomestead property is at a rate of four percent until May 31 and eight~~
 27.27 ~~percent on June 1.~~ This penalty does not accrue until June 1 of each year, or 21 days after
 27.28 the postmark date on the envelope containing the property tax statements, whichever is
 27.29 later, on commercial use real property used for seasonal residential recreational purposes
 27.30 and classified as class 1c or 4c, and on other commercial use real property classified as
 27.31 class 3a, provided that over 60 percent of the gross income earned by the enterprise on the
 27.32 class 3a property is earned during the months of May, June, July, and August. In order
 27.33 for the first half of the tax due on class 3a property to be paid after May 15 and before

28.1 June 1, or 21 days after the postmark date on the envelope containing the property tax
28.2 statement, whichever is later, without penalty, the owner of the property must attach
28.3 an affidavit to the payment attesting to compliance with the income provision of this
28.4 subdivision. Thereafter, ~~for both homestead and nonhomestead property~~, on the first day
28.5 of each month beginning July 1, up to and including October 1 following, an additional
28.6 penalty of one percent for each month accrues and is charged on all such unpaid taxes
28.7 provided that if the due date was extended beyond May 15 as the result of any delay in
28.8 mailing property tax statements no additional penalty shall accrue if the tax is paid by the
28.9 extended due date. If the tax is not paid by the extended due date, then all penalties that
28.10 would have accrued if the due date had been May 15 shall be charged. When the taxes
28.11 against any tract or lot exceed \$100, one-half thereof may be paid prior to May 16 or
28.12 21 days after the postmark date on the envelope containing the property tax statement,
28.13 whichever is later; and, if so paid, no penalty attaches; the remaining one-half may be
28.14 paid at any time prior to October 16 following, without penalty; but, if not so paid, then
28.15 a penalty of two percent accrues ~~thereon for homestead property and a penalty of four~~
28.16 ~~percent on nonhomestead property~~. Thereafter, ~~for homestead property~~, on the first day
28.17 of November an additional penalty of ~~four~~ two percent accrues and on the first day of
28.18 December following, an additional penalty of two percent accrues and is charged on all
28.19 such unpaid taxes. ~~Thereafter, for nonhomestead property, on the first day of November~~
28.20 ~~and December following, an additional penalty of four percent for each month accrues~~
28.21 ~~and is charged on all such unpaid taxes~~. If one-half of such taxes are not paid prior to
28.22 May 16 or 21 days after the postmark date on the envelope containing the property tax
28.23 statement, whichever is later, the same may be paid at any time prior to October 16, with
28.24 accrued penalties to the date of payment added, and thereupon no penalty attaches to the
28.25 remaining one-half until October 16 following.

28.26 This section applies to payment of personal property taxes assessed against
28.27 improvements to leased property, except as provided by section 277.01, subdivision 3.

28.28 A county may provide by resolution that in the case of a property owner that has
28.29 multiple tracts or parcels with aggregate taxes exceeding \$100, payments may be made in
28.30 installments as provided in this subdivision.

28.31 The county treasurer may accept payments of more or less than the exact amount of
28.32 a tax installment due. Payments must be applied first to the oldest installment that is due
28.33 but which has not been fully paid. If the accepted payment is less than the amount due,
28.34 payments must be applied first to the penalty accrued for the year or the installment being
28.35 paid. Acceptance of partial payment of tax does not constitute a waiver of the minimum

29.1 payment required as a condition for filing an appeal under section 278.03 or any other law,
29.2 nor does it affect the order of payment of delinquent taxes under section 280.39.

29.3 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and
29.4 thereafter.

29.5 Sec. 6. Minnesota Statutes 2010, section 398A.04, subdivision 8, is amended to read:

29.6 Subd. 8. **Taxation.** ~~Before deciding to exercise the power to tax, the authority shall~~
29.7 ~~give six weeks' published notice in all municipalities in the region. If a number of voters~~
29.8 ~~in the region equal to five percent of those who voted for candidates for governor at the~~
29.9 ~~last gubernatorial election present a petition within nine weeks of the first published notice~~
29.10 ~~to the secretary of state requesting that the matter be submitted to popular vote, it shall be~~
29.11 ~~submitted at the next general election. The question prepared shall be:~~

29.12 "Shall the regional rail authority have the power to impose a property tax?"

29.13 Yes

29.14 No"

29.15 ~~If a majority of those voting on the question approve or if no petition is presented~~
29.16 ~~within the prescribed time the authority may levy a tax at any annual rate not exceeding~~
29.17 ~~0.04835 percent of market value of all taxable property situated within the municipality~~
29.18 ~~or municipalities named in its organization resolution. Its recording officer shall file, All~~
29.19 ~~taxes imposed for the support of the authority must be imposed by the county board and~~
29.20 ~~included in the county budget for all purposes, including levy limits, if any, and calculation~~
29.21 ~~of net debt. If the authority consists of more than one county, the authority must determine~~
29.22 ~~the total levy request and apportion it among the member counties as provided in the~~
29.23 ~~joint resolution organizing the authority. On or before September 15, in the office of the~~
29.24 ~~county auditor of each county in which territory under the jurisdiction of the authority~~
29.25 ~~is located a certified copy of the board of commissioners' resolution levying the tax, and~~
29.26 ~~each county auditor shall assess and extend upon the tax rolls of each municipality named~~
29.27 ~~in the organization resolution the portion of the tax that bears the same ratio to the whole~~
29.28 ~~amount that the net tax capacity of taxable property in that municipality bears to the net~~
29.29 ~~tax capacity of taxable property in all municipalities named in the organization resolution.~~
29.30 Collections of the tax shall be remitted by each county treasurer to the treasurer of the
29.31 authority. For taxes levied in 1991, the amount levied for light rail transit purposes under
29.32 this subdivision shall not exceed 75 percent of the amount levied in 1990 for light rail
29.33 transit purposes under this subdivision.

30.1 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and
 30.2 thereafter.

30.3 Sec. 7. Minnesota Statutes 2010, section 398A.07, subdivision 2, is amended to read:

30.4 Subd. 2. **Security.** Bonds may be made payable exclusively from the revenues from
 30.5 one or more projects, or from one or more revenue producing contracts, or from the
 30.6 authority's revenues generally, including but not limited to specified taxes which the
 30.7 county may levy on behalf of the authority ~~may levy~~ or which a particular municipality
 30.8 may agree to levy for a specified purpose, and may be additionally secured by a pledge
 30.9 of any grant, subsidy, or contribution from any public agency, including but not limited
 30.10 to a participating municipality, or any income or revenues from any source. They may
 30.11 be secured by a mortgage or deed of trust of the whole or any part of the property of the
 30.12 authority. They shall be payable solely from the revenues, funds, and property pledged or
 30.13 mortgaged for their payment. No commissioner, officer, employee, agent, or trustee of the
 30.14 authority shall be liable personally on its bonds or be subject to any personal liability or
 30.15 accountability by reason of their issuance. ~~Neither the state nor~~ Only a county ~~or other~~
 30.16 ~~municipality except the authority~~ may pledge its faith and credit or taxing power or shall
 30.17 be obligated in any manner for the payment of the bonds or interest on them, except as
 30.18 specifically provided by agreement under section 398A.06; but nothing herein shall affect
 30.19 the obligation of the state or municipality to perform any contract made by it with the
 30.20 authority, and when the authority's rights under a contract with the state or a municipality
 30.21 are pledged by the authority for the security of its bonds, the holders or a bond trustee
 30.22 may enforce the rights as a third-party beneficiary. All bonds shall be negotiable within
 30.23 the meaning and for the purposes of the Uniform Commercial Code, subject only to any
 30.24 registration requirement.

30.25 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and
 30.26 thereafter.

30.27 Sec. 8. **REPEALER.**

30.28 Minnesota Statutes 2010, section 279.01, subdivision 4, is repealed.

30.29 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and
 30.30 thereafter.

31.1 **ARTICLE 4**

31.2 **TAX AIDS AND CREDITS**

31.3 Section 1. Minnesota Statutes 2010, section 97A.061, subdivision 1, is amended to
31.4 read:

31.5 Subdivision 1. **Applicability; amount.** (a) The commissioner shall annually make a
31.6 payment to each county having public hunting areas and game refuges. Money to make
31.7 the payments is annually appropriated for that purpose from the general fund. Except as
31.8 provided in paragraph (b), this section does not apply to state trust fund land and other
31.9 state land not purchased for game refuge or public hunting purposes. Except as provided
31.10 in paragraph (b), the payment shall be the greatest of:

31.11 (1) ~~35~~ 29.75 percent of the gross receipts from all special use permits and leases of
31.12 land acquired for public hunting and game refuges;

31.13 (2) ~~50~~ 42.5 cents per acre on land purchased actually used for public hunting or
31.14 game refuges; or

31.15 (3) ~~three-fourths of one~~ .6375 percent of the appraised value of purchased land
31.16 actually used for public hunting and game refuges.

31.17 (b) The payment shall be 50 percent of the dollar amount ~~adjusted for inflation~~ as
31.18 determined under section 477A.12, subdivision 1, paragraph (a), clause (1), multiplied
31.19 by the number of acres of land in the county that are owned by another state agency for
31.20 military purposes and designated as a game refuge under section 97A.085.

31.21 (c) The payment must be reduced by the amount paid under subdivision 3 for
31.22 croplands managed for wild geese.

31.23 (d) The appraised value is the purchase price for five years after acquisition.

31.24 The appraised value shall be determined by the county assessor every five years after
31.25 acquisition.

31.26 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
31.27 2011 and thereafter.

31.28 Sec. 2. Minnesota Statutes 2010, section 97A.061, subdivision 3, is amended to read:

31.29 Subd. 3. **Goose management croplands.** (a) The commissioner shall make a
31.30 payment on July 1 of each year to each county where the state owns more than 1,000 acres
31.31 of crop land, for wild goose management purposes. The payment shall be equal to 85
31.32 percent of the taxes assessed on comparable, privately owned, adjacent land. Money to
31.33 make the payments is annually appropriated for that purpose from the general fund. The
31.34 county treasurer shall allocate and distribute the payment as provided in subdivision 2.

32.1 (b) The land used for goose management under this subdivision is exempt from
 32.2 taxation as provided in sections 272.01 and 273.19.

32.3 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
 32.4 2011 and thereafter.

32.5 Sec. 3. Minnesota Statutes 2010, section 270A.03, subdivision 7, is amended to read:

32.6 Subd. 7. **Refund.** "Refund" means an individual income tax refund ~~or political~~
 32.7 ~~contribution refund~~, pursuant to chapter 290, or a property tax credit or refund, pursuant to
 32.8 chapter 290A, or a sustainable forest tax payment to a claimant under chapter 290C.

32.9 For purposes of this chapter, lottery prizes, as set forth in section 349A.08,
 32.10 subdivision 8, and amounts granted to persons by the legislature on the recommendation
 32.11 of the joint senate-house of representatives Subcommittee on Claims shall be treated
 32.12 as refunds.

32.13 In the case of a joint property tax refund payable to spouses under chapter 290A,
 32.14 the refund shall be considered as belonging to each spouse in the proportion of the total
 32.15 refund that equals each spouse's proportion of the total income determined under section
 32.16 290A.03, subdivision 3. In the case of a joint income tax refund under chapter 289A, the
 32.17 refund shall be considered as belonging to each spouse in the proportion of the total
 32.18 refund that equals each spouse's proportion of the total taxable income determined under
 32.19 section 290.01, subdivision 29. The commissioner shall remit the entire refund to the
 32.20 claimant agency, which shall, upon the request of the spouse who does not owe the debt,
 32.21 determine the amount of the refund belonging to that spouse and refund the amount to
 32.22 that spouse. For court fines, fees, and surcharges and court-ordered restitution under
 32.23 section 611A.04, subdivision 2, the notice provided by the commissioner of revenue under
 32.24 section 270A.07, subdivision 2, paragraph (b), serves as the appropriate legal notice
 32.25 to the spouse who does not owe the debt.

32.26 **EFFECTIVE DATE.** This section is effective for refund claims based on
 32.27 contributions made after June 30, 2011.

32.28 Sec. 4. Minnesota Statutes 2010, section 273.13, subdivision 21b, is amended to read:

32.29 Subd. 21b. **Tax capacity.** ~~(a) Gross tax capacity means the product of the~~
 32.30 ~~appropriate gross class rates in this section and market values.~~

32.31 ~~(b)~~ Net tax capacity means the product of the appropriate net class rates in this
 32.32 section and market values, minus the property's tax capacity reduction determined under
 32.33 section 273.1384, subdivision 1, if applicable.

33.1 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and
 33.2 thereafter.

33.3 Sec. 5. Minnesota Statutes 2010, section 273.1384, subdivision 1, is amended to read:

33.4 Subdivision 1. **Residential homestead market value credit tax capacity**
 33.5 **reduction.** Each county auditor shall determine a homestead credit tax capacity reduction
 33.6 for each class 1a, 1b, and 2a homestead property within the county equal to 0.4 percent of
 33.7 the first \$76,000 of market value of the property minus .09 percent of the market value
 33.8 in excess of \$76,000. The credit tax capacity reduction amount may not be less than
 33.9 zero. In the case of an agricultural or resort homestead, only the market value of the
 33.10 house, garage, and immediately surrounding one acre of land is eligible in determining
 33.11 the property's homestead credit tax capacity reduction. In the case of a property that is
 33.12 classified as part homestead and part nonhomestead, (i) the credit tax capacity reduction
 33.13 shall apply only to the homestead portion of the property, but (ii) if a portion of a property
 33.14 is classified as nonhomestead solely because not all the owners occupy the property, not
 33.15 all the owners have qualifying relatives occupying the property, or solely because not all
 33.16 the spouses of owners occupy the property, the credit tax capacity reduction amount shall
 33.17 be initially computed as if that nonhomestead portion were also in the homestead class and
 33.18 then prorated to the owner-occupant's percentage of ownership. For the purpose of this
 33.19 section, when an owner-occupant's spouse does not occupy the property, the percentage of
 33.20 ownership for the owner-occupant spouse is one-half of the couple's ownership percentage.

33.21 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and
 33.22 thereafter.

33.23 Sec. 6. Minnesota Statutes 2010, section 273.1384, subdivision 3, is amended to read:

33.24 Subd. 3. **Credit reimbursements.** The county auditor shall determine the tax
 33.25 reductions allowed under ~~this section~~ subdivision 2 within the county for each taxes
 33.26 payable year and shall certify that amount to the commissioner of revenue as a part of the
 33.27 abstracts of tax lists submitted by the county auditors under section 275.29. Any prior
 33.28 year adjustments shall also be certified on the abstracts of tax lists. The commissioner
 33.29 shall review the certifications for accuracy, and may make such changes as are deemed
 33.30 necessary, or return the certification to the county auditor for correction. The ~~credits~~
 33.31 credit under this section must be used to proportionately reduce the net tax capacity-based
 33.32 property tax payable to each local taxing jurisdiction as provided in section 273.1393.

34.1 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and
 34.2 thereafter.

34.3 Sec. 7. Minnesota Statutes 2010, section 273.1384, subdivision 4, is amended to read:

34.4 Subd. 4. **Payment.** (a) The commissioner of revenue shall reimburse each local
 34.5 taxing jurisdiction, other than school districts, for the tax reductions granted under ~~this~~
 34.6 ~~section~~ subdivision 2 in two equal installments on October 31 and December 26 of the
 34.7 taxes payable year for which the reductions are granted, including in each payment
 34.8 the prior year adjustments certified on the abstracts for that taxes payable year. The
 34.9 reimbursements related to tax increments shall be issued in one installment each year on
 34.10 December 26.

34.11 (b) The commissioner of revenue shall certify the total of the tax reductions granted
 34.12 under ~~this section~~ subdivision 2 for each taxes payable year within each school district to
 34.13 the commissioner of the Department of Education and the commissioner of education shall
 34.14 pay the reimbursement amounts to each school district as provided in section 273.1392.

34.15 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and
 34.16 thereafter.

34.17 Sec. 8. Minnesota Statutes 2010, section 273.1393, is amended to read:

34.18 **273.1393 COMPUTATION OF NET PROPERTY TAXES.**

34.19 Notwithstanding any other provisions to the contrary, "net" property taxes are
 34.20 determined by subtracting the credits in the order listed from the gross tax:

- 34.21 (1) disaster credit as provided in sections 273.1231 to 273.1235;
- 34.22 (2) powerline credit as provided in section 273.42;
- 34.23 (3) agricultural preserves credit as provided in section 473H.10;
- 34.24 (4) enterprise zone credit as provided in section 469.171;
- 34.25 (5) disparity reduction credit;
- 34.26 (6) conservation tax credit as provided in section 273.119;
- 34.27 (7) ~~homestead and agricultural credits~~ credit as provided in section 273.1384;
- 34.28 (8) taconite homestead credit as provided in section 273.135;
- 34.29 (9) supplemental homestead credit as provided in section 273.1391; and
- 34.30 (10) the bovine tuberculosis zone credit, as provided in section 273.113.

34.31 The combination of all property tax credits must not exceed the gross tax amount.

34.32 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and
 34.33 thereafter.

35.1 Sec. 9. Minnesota Statutes 2010, section 273.1398, subdivision 3, is amended to read:

35.2 Subd. 3. **Disparity reduction aid.** The amount of disparity aid certified each year
 35.3 for each taxing district within each unique taxing jurisdiction ~~for taxes payable in the prior~~
 35.4 ~~year shall be multiplied by the ratio of (1) the jurisdiction's tax capacity using the class~~
 35.5 ~~rates for taxes payable in the year for which aid is being computed, to (2) its tax capacity~~
 35.6 ~~using the class rates for taxes payable in the year prior to that for which aid is being~~
 35.7 ~~computed, both based upon market values for taxes payable in the year prior to that for~~
 35.8 ~~which aid is being computed. If the commissioner determines that insufficient information~~
 35.9 ~~is available to reasonably and timely calculate the numerator in this ratio for the first taxes~~
 35.10 ~~payable year that a class rate change or new class rate is effective, the commissioner~~
 35.11 ~~shall omit the effects of that class rate change or new class rate when calculating this~~
 35.12 ~~ratio for aid payable in that taxes payable year. For aid payable in the year following a~~
 35.13 ~~year for which such omission was made, the commissioner shall use in the denominator~~
 35.14 ~~for the class that was changed or created, the tax capacity for taxes payable two years~~
 35.15 ~~prior to that in which the aid is payable, based on market values for taxes payable in the~~
 35.16 ~~year prior to that for which aid is being computed~~ is 50 percent of the amount certified
 35.17 for taxes payable in 2011.

35.18 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and
 35.19 thereafter.

35.20 Sec. 10. Minnesota Statutes 2010, section 275.08, subdivision 1a, is amended to read:

35.21 Subd. 1a. **Computation of tax capacity.** ~~For taxes payable in 1989, the county~~
 35.22 ~~auditor shall compute the gross tax capacity for each parcel according to the class rates~~
 35.23 ~~specified in section 273.13. The gross tax capacity will be the appropriate class rate~~
 35.24 ~~multiplied by the parcel's market value. For taxes payable in 1990 and subsequent years,~~
 35.25 The county auditor shall compute the net tax capacity for each parcel ~~according to the~~
 35.26 ~~class rates specified in~~ as defined under section 273.13, subdivision 21b. ~~The net tax~~
 35.27 ~~capacity will be the appropriate class rate multiplied by the parcel's market value.~~

35.28 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and
 35.29 thereafter.

35.30 Sec. 11. Minnesota Statutes 2010, section 275.08, subdivision 1d, is amended to read:

35.31 Subd. 1d. **Additional adjustment.** If, after computing each local government's
 35.32 adjusted local tax rate within a unique taxing jurisdiction pursuant to subdivision 1c, the
 35.33 auditor finds that the total adjusted local tax rate of all local governments combined is

36.1 less than ~~90~~ 105 percent of gross tax capacity for taxes payable in 1989 and 90 percent
 36.2 of net tax capacity for taxes payable in 1990 and thereafter, the auditor shall increase
 36.3 each local government's adjusted local tax rate proportionately so the total adjusted local
 36.4 tax rate of all local governments combined equals ~~90~~ 105 percent. The total amount
 36.5 of the increase in tax resulting from the increased local tax rates must not exceed the
 36.6 amount of disparity aid allocated to the unique taxing district under section 273.1398. The
 36.7 auditor shall certify to the Department of Revenue the difference between the disparity
 36.8 aid originally allocated under section 273.1398, subdivision 3, and the amount necessary
 36.9 to reduce the total adjusted local tax rate of all local governments combined to ~~90~~ 105
 36.10 percent. Each local government's disparity reduction aid payment under section 273.1398,
 36.11 subdivision 6, must be reduced accordingly.

36.12 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and
 36.13 thereafter.

36.14 Sec. 12. Minnesota Statutes 2010, section 276.04, subdivision 2, is amended to read:

36.15 Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the
 36.16 printing of the tax statements. The commissioner of revenue shall prescribe the form of
 36.17 the property tax statement and its contents. The tax statement must not state or imply
 36.18 that property tax credits are paid by the state of Minnesota. The statement must contain
 36.19 a tabulated statement of the dollar amount due to each taxing authority and the amount
 36.20 of the state tax from the parcel of real property for which a particular tax statement is
 36.21 prepared. The dollar amounts attributable to the county, the state tax, the voter approved
 36.22 school tax, the other local school tax, the township or municipality, and the total of
 36.23 the metropolitan special taxing districts as defined in section 275.065, subdivision 3,
 36.24 paragraph (i), must be separately stated. The amounts due all other special taxing districts,
 36.25 if any, may be aggregated except that any levies made by the regional rail authorities in the
 36.26 county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter
 36.27 398A shall be listed on a separate line directly under the appropriate county's levy. If the
 36.28 county levy under this paragraph includes an amount for a lake improvement district as
 36.29 defined under sections 103B.501 to 103B.581, the amount attributable for that purpose
 36.30 must be separately stated from the remaining county levy amount. In the case of Ramsey
 36.31 County, if the county levy under this paragraph includes an amount for public library
 36.32 service under section 134.07, the amount attributable for that purpose may be separated
 36.33 from the remaining county levy amount. The amount of the tax on homesteads qualifying
 36.34 under the senior citizens' property tax deferral program under chapter 290B is the total
 36.35 amount of property tax before subtraction of the deferred property tax amount. The

37.1 amount of the tax on contamination value imposed under sections 270.91 to 270.98, if any,
 37.2 must also be separately stated. The dollar amounts, including the dollar amount of any
 37.3 special assessments, may be rounded to the nearest even whole dollar. For purposes of this
 37.4 section whole odd-numbered dollars may be adjusted to the next higher even-numbered
 37.5 dollar. The amount of market value excluded under section 273.11, subdivision 16, if any,
 37.6 must also be listed on the tax statement.

37.7 (b) The property tax statements for manufactured homes and sectional structures
 37.8 taxed as personal property shall contain the same information that is required on the
 37.9 tax statements for real property.

37.10 (c) Real and personal property tax statements must contain the following information
 37.11 in the order given in this paragraph. The information must contain the current year tax
 37.12 information in the right column with the corresponding information for the previous year
 37.13 in a column on the left:

37.14 (1) the property's estimated market value under section 273.11, subdivision 1;

37.15 (2) the property's taxable market value after reductions under section 273.11,
 37.16 subdivisions 1a and 16;

37.17 (3) the property's gross tax, before credits;

37.18 (4) for homestead ~~residential~~ and agricultural properties, the ~~credits~~ credit under
 37.19 section 273.1384;

37.20 (5) any credits received under sections 273.119; 273.1234 or 273.1235; 273.135;
 37.21 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of
 37.22 credit received under section 273.135 must be separately stated and identified as "taconite
 37.23 tax relief"; and

37.24 (6) the net tax payable in the manner required in paragraph (a).

37.25 (d) If the county uses envelopes for mailing property tax statements and if the county
 37.26 agrees, a taxing district may include a notice with the property tax statement notifying
 37.27 taxpayers when the taxing district will begin its budget deliberations for the current
 37.28 year, and encouraging taxpayers to attend the hearings. If the county allows notices to
 37.29 be included in the envelope containing the property tax statement, and if more than
 37.30 one taxing district relative to a given property decides to include a notice with the tax
 37.31 statement, the county treasurer or auditor must coordinate the process and may combine
 37.32 the information on a single announcement.

37.33 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and
 37.34 thereafter.

37.35 Sec. 13. Minnesota Statutes 2010, section 289A.50, subdivision 1, is amended to read:

38.1 Subdivision 1. **General right to refund.** (a) Subject to the requirements of this
38.2 section and section 289A.40, a taxpayer who has paid a tax in excess of the taxes lawfully
38.3 due and who files a written claim for refund will be refunded or credited the overpayment
38.4 of the tax determined by the commissioner to be erroneously paid.

38.5 (b) The claim must specify the name of the taxpayer, the date when and the period
38.6 for which the tax was paid, the kind of tax paid, the amount of the tax that the taxpayer
38.7 claims was erroneously paid, the grounds on which a refund is claimed, and other
38.8 information relative to the payment and in the form required by the commissioner. An
38.9 income tax, estate tax, or corporate franchise tax return, or amended return claiming an
38.10 overpayment constitutes a claim for refund.

38.11 (c) When, in the course of an examination, and within the time for requesting a
38.12 refund, the commissioner determines that there has been an overpayment of tax, the
38.13 commissioner shall refund or credit the overpayment to the taxpayer and no demand
38.14 is necessary. If the overpayment exceeds \$1, the amount of the overpayment must
38.15 be refunded to the taxpayer. If the amount of the overpayment is less than \$1, the
38.16 commissioner is not required to refund. In these situations, the commissioner does not
38.17 have to make written findings or serve notice by mail to the taxpayer.

38.18 (d) If the amount allowable as a credit for withholding, estimated taxes, or dependent
38.19 care exceeds the tax against which the credit is allowable, the amount of the excess is
38.20 considered an overpayment. ~~The refund allowed by section 290.06, subdivision 23, is also~~
38.21 ~~considered an overpayment.~~ The requirements of section 270C.33 do not apply to the
38.22 refunding of such an overpayment shown on the original return filed by a taxpayer.

38.23 (e) If the entertainment tax withheld at the source exceeds by \$1 or more the taxes,
38.24 penalties, and interest reported in the return of the entertainment entity or imposed by
38.25 section 290.9201, the excess must be refunded to the entertainment entity. If the excess is
38.26 less than \$1, the commissioner need not refund that amount.

38.27 (f) If the surety deposit required for a construction contract exceeds the liability of
38.28 the out-of-state contractor, the commissioner shall refund the difference to the contractor.

38.29 (g) An action of the commissioner in refunding the amount of the overpayment does
38.30 not constitute a determination of the correctness of the return of the taxpayer.

38.31 (h) There is appropriated from the general fund to the commissioner of revenue the
38.32 amount necessary to pay refunds allowed under this section.

38.33 **EFFECTIVE DATE.** This section is effective for refund claims based on
38.34 contributions made after June 30, 2011.

38.35 Sec. 14. Minnesota Statutes 2010, section 290.01, subdivision 6, is amended to read:

39.1 Subd. 6. **Taxpayer.** The term "taxpayer" means any person or corporation subject to
 39.2 a tax imposed by this chapter. ~~For purposes of section 290.06, subdivision 23, the term~~
 39.3 ~~"taxpayer" means an individual eligible to vote in Minnesota under section 201.014.~~

39.4 **EFFECTIVE DATE.** This section is effective for refund claims based on
 39.5 contributions made after June 30, 2011.

39.6 Sec. 15. Minnesota Statutes 2010, section 290A.03, subdivision 11, is amended to read:

39.7 Subd. 11. **Rent constituting property taxes.** "Rent constituting property taxes"
 39.8 means ~~19~~ 14.5 percent of the gross rent actually paid in cash, or its equivalent, or the
 39.9 portion of rent paid in lieu of property taxes, in any calendar year by a claimant for the
 39.10 right of occupancy of the claimant's Minnesota homestead in the calendar year, and which
 39.11 rent constitutes the basis, in the succeeding calendar year of a claim for relief under this
 39.12 chapter by the claimant.

39.13 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in
 39.14 2010 and following years.

39.15 Sec. 16. Minnesota Statutes 2010, section 290A.03, subdivision 13, is amended to read:

39.16 Subd. 13. **Property taxes payable.** "Property taxes payable" means the property tax
 39.17 exclusive of special assessments, penalties, and interest payable on a claimant's homestead
 39.18 after deductions made under sections 273.135, 273.1384, 273.1391, 273.42, subdivision 2,
 39.19 and any other state paid property tax credits in any calendar year, and after any refund
 39.20 claimed and allowable under section 290A.04, subdivision 2h, that is first payable in
 39.21 the year that the property tax is payable. In the case of a claimant who makes ground
 39.22 lease payments, "property taxes payable" includes the amount of the payments directly
 39.23 attributable to the property taxes assessed against the parcel on which the house is located.
 39.24 No apportionment or reduction of the "property taxes payable" shall be required for the
 39.25 use of a portion of the claimant's homestead for a business purpose if the claimant does not
 39.26 deduct any business depreciation expenses for the use of a portion of the homestead in the
 39.27 determination of federal adjusted gross income. For homesteads which are manufactured
 39.28 homes as defined in section 273.125, subdivision 8, and for homesteads which are park
 39.29 trailers taxed as manufactured homes under section 168.012, subdivision 9, "property
 39.30 taxes payable" shall also include ~~19~~ 14.5 percent of the gross rent paid in the preceding
 39.31 year for the site on which the homestead is located. When a homestead is owned by
 39.32 two or more persons as joint tenants or tenants in common, such tenants shall determine
 39.33 between them which tenant may claim the property taxes payable on the homestead. If

40.1 they are unable to agree, the matter shall be referred to the commissioner of revenue
 40.2 whose decision shall be final. Property taxes are considered payable in the year prescribed
 40.3 by law for payment of the taxes.

40.4 In the case of a claim relating to "property taxes payable," the claimant must have
 40.5 owned and occupied the homestead on January 2 of the year in which the tax is payable
 40.6 and (i) the property must have been classified as homestead property pursuant to section
 40.7 273.124, on or before December 15 of the assessment year to which the "property taxes
 40.8 payable" relate; or (ii) the claimant must provide documentation from the local assessor
 40.9 that application for homestead classification has been made on or before December 15
 40.10 of the year in which the "property taxes payable" were payable and that the assessor has
 40.11 approved the application.

40.12 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in
 40.13 2010 and following years.

40.14 Sec. 17. **[373.51] ALTERNATIVE PROCESS FOR CONSOLIDATION.**

40.15 Notwithstanding the provisions relating to petitions in sections 371.02 and 371.03,
 40.16 two or more counties may begin the process for consolidation by filing with the secretary
 40.17 of state a resolution unanimously adopted by the board of each affected county to seek
 40.18 voter approval for consolidation of the counties following the procedures in chapter 371.

40.19 Sec. 18. Minnesota Statutes 2010, section 477A.011, is amended by adding a
 40.20 subdivision to read:

40.21 Subd. 1c. **First class city.** "First class city" means a city of the first class as of
 40.22 2009 as defined in section 410.01.

40.23 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
 40.24 2011 and thereafter.

40.25 Sec. 19. Minnesota Statutes 2010, section 477A.011, is amended by adding a
 40.26 subdivision to read:

40.27 Subd. 1d. **Suburb.** "Suburb" means a city located in the seven-county metropolitan
 40.28 area as defined in section 473.121, subdivision 2, that is not a first class city.

40.29 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
 40.30 2011 and thereafter.

41.1 Sec. 20. Minnesota Statutes 2010, section 477A.0124, is amended by adding a
41.2 subdivision to read:

41.3 Subd. 6. **Aid payments in 2011 and 2012.** Notwithstanding total aids calculated or
41.4 certified for 2011 under subdivisions 3, 4, and 5, for 2011 and 2012, each county shall
41.5 receive an aid distribution under this section equal to the lesser of (1) the total amount of
41.6 aid it received under this section in 2010 after the reductions under sections 477A.0133
41.7 and 477A.0134, or (2) the total amount the county is certified to receive in 2011 under
41.8 subdivisions 3 to 5.

41.9 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
41.10 2011 and 2012.

41.11 Sec. 21. Minnesota Statutes 2010, section 477A.013, subdivision 8, is amended to read:

41.12 Subd. 8. **City formula aid.** The formula aid for a city is equal to the sum of (1) its
41.13 city jobs base, (2) its small city aid base, and (3) the need increase percentage multiplied
41.14 by the average of its unmet need for the most recently available two years.

41.15 No city may have a formula aid amount less than zero. The need increase percentage
41.16 must be the same for all cities. For first class cities, the formula aid is 25 percent of its
41.17 base aid as defined in subdivision 11, paragraph (a), for aids payable in 2013 and zero
41.18 for aids payable in 2014 and thereafter. For suburbs, the formula aid is zero for aids
41.19 payable in 2013 and thereafter.

41.20 The applicable need increase percentage must be calculated by the Department of
41.21 Revenue so that the total of the aid under subdivision 9 equals the total amount available
41.22 for aid under section 477A.03. Data used in calculating aids to cities under sections
41.23 477A.011 to 477A.013 shall be the most recently available data as of January 1 in the
41.24 year in which the aid is calculated except that the data used to compute "net levy" in
41.25 subdivision 9 is the data most recently available at the time of the aid computation.

41.26 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
41.27 2013 and thereafter.

41.28 Sec. 22. Minnesota Statutes 2010, section 477A.013, subdivision 9, is amended to read:

41.29 Subd. 9. **City aid distribution.** (a) In calendar year 2009 and thereafter, each
41.30 city shall receive an aid distribution equal to the sum of (1) the city formula aid under
41.31 subdivision 8, and (2) its city aid base.

41.32 (b) For aids payable in ~~2011~~ 2013 only, the total aid in the previous year for any
41.33 city shall mean the amount of aid it was certified to receive for aids payable in ~~2010~~

42.1 2012 under ~~this section minus the amount of its aid reduction under section 477A.0134~~
 42.2 subdivision 11. For aids payable in ~~2012~~ 2014 and thereafter, the total aid in the previous
 42.3 year for any city means the amount of aid it was certified to receive under this section in
 42.4 the previous payable year.

42.5 (c) For aids payable in 2010 and thereafter, the total aid for any city shall not exceed
 42.6 the sum of (1) ten percent of the city's net levy for the year prior to the aid distribution
 42.7 plus (2) its total aid in the previous year. For aids payable in 2009 and thereafter, the total
 42.8 aid for any city with a population of 2,500 or more may not be less than its total aid under
 42.9 this section in the previous year minus the lesser of \$10 multiplied by its population, or ten
 42.10 percent of its net levy in the year prior to the aid distribution.

42.11 (d) For aids payable in 2010 and thereafter, the total aid for a city with a population
 42.12 less than 2,500 must not be less than the amount it was certified to receive in the
 42.13 previous year minus the lesser of \$10 multiplied by its population, or five percent of its
 42.14 2003 certified aid amount. For aids payable in 2009 only, the total aid for a city with a
 42.15 population less than 2,500 must not be less than what it received under this section in the
 42.16 previous year unless its total aid in calendar year 2008 was aid under section 477A.011,
 42.17 subdivision 36, paragraph (s), in which case its minimum aid is zero.

42.18 (e) A city's aid loss under this section may not exceed \$300,000 in any year in
 42.19 which the total city aid appropriation under section 477A.03, subdivision 2a, is equal or
 42.20 greater than the appropriation under that subdivision in the previous year, unless the
 42.21 city has an adjustment in its city net tax capacity under the process described in section
 42.22 469.174, subdivision 28.

42.23 (f) If a city's net tax capacity used in calculating aid under this section has decreased
 42.24 in any year by more than 25 percent from its net tax capacity in the previous year due to
 42.25 property becoming tax-exempt Indian land, the city's maximum allowed aid increase
 42.26 under paragraph (c) shall be increased by an amount equal to (1) the city's tax rate in the
 42.27 year of the aid calculation, multiplied by (2) the amount of its net tax capacity decrease
 42.28 resulting from the property becoming tax exempt.

42.29 (g) Notwithstanding paragraphs (a) to (f), the total aid for a first class city or a
 42.30 suburb is its formula aid under subdivision 8.

42.31 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
 42.32 2013 and thereafter.

42.33 Sec. 23. Minnesota Statutes 2010, section 477A.013, is amended by adding a
 42.34 subdivision to read:

43.1 Subd. 11. Aid payments in 2011 and 2012. (a) For purposes of this subdivision,
 43.2 "base aid" means the lesser of (1) the total amount of aid it received under this section in
 43.3 2010, after the reductions under sections 477A.0133 and 477A.0134 and reduced by the
 43.4 amount of payments under section 477A.011, subdivision 36, paragraphs (y) and (z), or
 43.5 (2) the amount it was certified to receive in 2011 under subdivision 9.

43.6 (b) Notwithstanding aids calculated or certified for aids payable in 2011 under
 43.7 subdivision 9, in 2011 each city shall receive an aid distribution under this section as
 43.8 follows:

43.9 (1) for a first class city, 75 percent of its base aid as defined in paragraph (a);

43.10 (2) for a suburb, 50 percent of its base aid as defined in paragraph (a); and

43.11 (3) for any other city, the amount it is certified to receive in 2011 under subdivision 9.

43.12 (c) Notwithstanding aids calculated or certified for aids payable in 2012 under
 43.13 subdivision 9, in 2012 each city shall receive an aid distribution under this section as
 43.14 follows:

43.15 (1) for a first class city, 50 percent of its base aid as defined in paragraph (a);

43.16 (2) for a suburb, zero; and

43.17 (3) for any other city, its base aid as defined under paragraph (a).

43.18 **EFFECTIVE DATE.** This section is effective for aids payable in calendar years
 43.19 2011 and 2012.

43.20 Sec. 24. Minnesota Statutes 2010, section 477A.03, is amended to read:

43.21 **477A.03 APPROPRIATION.**

43.22 Subd. 2. **Annual appropriation.** A sum sufficient to discharge the duties imposed
 43.23 by sections 477A.011 to 477A.014 is annually appropriated from the general fund to the
 43.24 commissioner of revenue.

43.25 Subd. 2a. **Cities.** For aids payable in 2013 only, the total aid paid under section
 43.26 477A.013, subdivision 9, is \$300,927,637. For aids payable in ~~2011~~ 2014 and thereafter,
 43.27 the total aid paid under section 477A.013, subdivision 9, is ~~\$527,100,646~~ \$265,446,328.

43.28 Subd. 2b. **Counties.** (a) For aids payable in ~~2011~~ 2013 and thereafter, the total aid
 43.29 payable under section 477A.0124, subdivision 3, is ~~\$96,395,000~~ \$78,218,000. Each
 43.30 calendar year, \$500,000 shall be retained by the commissioner of revenue to make
 43.31 reimbursements to the commissioner of management and budget for payments made
 43.32 under section 611.27. ~~For calendar year 2004, the amount shall be in addition to the~~
 43.33 ~~payments authorized under section 477A.0124, subdivision 1. For calendar year 2005~~
 43.34 ~~and subsequent years,~~ The amount shall be deducted from the appropriation under

44.1 this paragraph. The reimbursements shall be to defray the additional costs associated
 44.2 with court-ordered counsel under section 611.27. Any retained amounts not used for
 44.3 reimbursement in a year shall be included in the next distribution of county need aid
 44.4 that is certified to the county auditors for the purpose of property tax reduction for the
 44.5 next taxes payable year.

44.6 (b) For aids payable in ~~2011~~ 2013 and thereafter, the total aid under section
 44.7 477A.0124, subdivision 4, is ~~\$101,309,575~~ \$83,133,000. The commissioner of
 44.8 management and budget shall bill the commissioner of revenue for the cost of preparation
 44.9 of local impact notes as required by section 3.987, not to exceed \$207,000 in fiscal year
 44.10 2004 and thereafter. The commissioner of education shall bill the commissioner of
 44.11 revenue for the cost of preparation of local impact notes for school districts as required by
 44.12 section 3.987, not to exceed \$7,000 in fiscal year 2004 and thereafter. The commissioner
 44.13 of revenue shall deduct the amounts billed under this paragraph from the appropriation
 44.14 under this paragraph. The amounts deducted are appropriated to the commissioner of
 44.15 management and budget and the commissioner of education for the preparation of local
 44.16 impact notes.

44.17 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
 44.18 2012 and thereafter.

44.19 Sec. 25. Minnesota Statutes 2010, section 477A.11, subdivision 1, is amended to read:

44.20 Subdivision 1. **Terms.** For the purpose of sections 477A.11 to ~~477A.145~~ 477A.14,
 44.21 the terms defined in this section have the meanings given them.

44.22 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
 44.23 2011 and thereafter.

44.24 Sec. 26. Minnesota Statutes 2010, section 477A.12, subdivision 1, is amended to read:

44.25 Subdivision 1. **Types of land; payments.** (a) As an offset for expenses incurred
 44.26 by counties and towns in support of natural resources lands, the following amounts are
 44.27 annually appropriated to the commissioner of natural resources from the general fund for
 44.28 transfer to the commissioner of revenue. The commissioner of revenue shall pay the
 44.29 transferred funds to counties as required by sections 477A.11 to ~~477A.145~~ 477A.14.
 44.30 The amounts are:

44.31 (1) for acquired natural resources land, ~~\$3, as adjusted for inflation under section~~
 44.32 ~~477A.145~~, \$4.363 multiplied by the total number of acres of acquired natural resources

45.1 land or, at the county's option ~~three-fourths of one~~ 0.6375 percent of the appraised value of
 45.2 all acquired natural resources land in the county, whichever is greater;

45.3 (2) ~~75 cents, as adjusted for inflation under section 477A.145, \$1.091~~ multiplied by
 45.4 the number of acres of county-administered other natural resources land;

45.5 (3) ~~75 cents, as adjusted for inflation under section 477A.145, \$1.091~~ multiplied by
 45.6 the total number of acres of land utilization project land; and

45.7 (4) ~~37.5 cents, as adjusted for inflation under section 477A.145, 54.5 cents~~ multiplied
 45.8 by the number of acres of commissioner-administered other natural resources land located
 45.9 in each county as of July 1 of each year prior to the payment year.

45.10 (b) The amount determined under paragraph (a), clause (1), is payable for land
 45.11 that is acquired from a private owner and owned by the Department of Transportation
 45.12 for the purpose of replacing wetland losses caused by transportation projects, but only
 45.13 if the county contains more than 500 acres of such land at the time the certification is
 45.14 made under subdivision 2.

45.15 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
 45.16 2011 and thereafter.

45.17 Sec. 27. Minnesota Statutes 2010, section 477A.14, subdivision 1, is amended to read:

45.18 Subdivision 1. **General distribution.** Except as provided in subdivision 2 or in
 45.19 section 97A.061, subdivision 5, 40 percent of the total payment to the county shall be
 45.20 deposited in the county general revenue fund to be used to provide property tax levy
 45.21 reduction. The remainder shall be distributed by the county in the following priority:

45.22 (a) ~~37.5 cents, as adjusted for inflation under section 477A.145, 54.5 cents~~ for
 45.23 each acre of county-administered other natural resources land shall be deposited in a
 45.24 resource development fund to be created within the county treasury for use in resource
 45.25 development, forest management, game and fish habitat improvement, and recreational
 45.26 development and maintenance of county-administered other natural resources land. Any
 45.27 county receiving less than \$5,000 annually for the resource development fund may elect to
 45.28 deposit that amount in the county general revenue fund;

45.29 (b) From the funds remaining, within 30 days of receipt of the payment to the
 45.30 county, the county treasurer shall pay each organized township ~~30 cents, as adjusted for~~
 45.31 ~~inflation under section 477A.145, 43.6 cents~~ for each acre of acquired natural resources
 45.32 land and each acre of land described in section 477A.12, subdivision 1, paragraph (b), and
 45.33 ~~7.5 cents, as adjusted for inflation under section 477A.145, 10.9 cents~~ for each acre of
 45.34 other natural resources land and each acre of land utilization project land located within its
 45.35 boundaries. Payments for natural resources lands not located in an organized township

46.1 shall be deposited in the county general revenue fund. Payments to counties and townships
 46.2 pursuant to this paragraph shall be used to provide property tax levy reduction, except
 46.3 that of the payments for natural resources lands not located in an organized township, the
 46.4 county may allocate the amount determined to be necessary for maintenance of roads in
 46.5 unorganized townships. Provided that, if the total payment to the county pursuant to
 46.6 section 477A.12 is not sufficient to fully fund the distribution provided for in this clause,
 46.7 the amount available shall be distributed to each township and the county general revenue
 46.8 fund on a pro rata basis; and

46.9 (c) Any remaining funds shall be deposited in the county general revenue fund.
 46.10 Provided that, if the distribution to the county general revenue fund exceeds \$35,000, the
 46.11 excess shall be used to provide property tax levy reduction.

46.12 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
 46.13 2011 and thereafter.

46.14 Sec. 28. Minnesota Statutes 2010, section 477A.17, is amended to read:

46.15 **477A.17 LAKE VERMILION STATE PARK AND SOUDAN**
 46.16 **UNDERGROUND MINE STATE PARK; ANNUAL PAYMENTS.**

46.17 (a) Beginning in fiscal year 2012, in lieu of the payment amount provided under
 46.18 section 477A.12, subdivision 1, clause (1), the county shall receive an annual payment for
 46.19 land acquired for Lake Vermilion State Park, established in section 85.012, subdivision
 46.20 38a, and land within the boundary of Soudan Underground Mine State Park, established
 46.21 in section 85.012, subdivision 53a, equal to ~~4.5~~ 1.275 percent of the appraised value of
 46.22 the land.

46.23 (b) For the purposes of this section, the appraised value of the land acquired for
 46.24 Lake Vermilion State Park for the first five years after acquisition shall be the purchase
 46.25 price of the land, plus the value of any portion of the land that is acquired by donation.
 46.26 The appraised value must be redetermined by the county assessor every five years after
 46.27 the land is acquired.

46.28 (c) The annual payments under this section shall be distributed to the taxing
 46.29 jurisdictions containing the property as follows: one-third to the school districts; one-third
 46.30 to the town; and one-third to the county. The payment to school districts is not a county
 46.31 apportionment under section 127A.34 and is not subject to aid recapture. Each of those
 46.32 taxing jurisdictions may use the payments for their general purposes.

46.33 (d) Except as provided in this section, the payments shall be made as provided
 46.34 in sections 477A.11 to 477A.13.

47.1 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
 47.2 2011 and thereafter.

47.3 Sec. 29. **ADMINISTRATION OF PROPERTY TAX REFUND CLAIMS; 2011.**

47.4 In administering sections 15 and 16 for claims for refunds submitted using 19
 47.5 percent of gross rent as rent constituting property taxes under prior law, the commissioner
 47.6 shall recalculate and pay the refund amounts using 14.5 percent of gross rent. The
 47.7 commissioner shall notify the claimant that the recalculation was mandated by action
 47.8 of the 2011 Legislature.

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

47.10 Sec. 30. **CREDIT REDUCTIONS AND LIMITATION; COUNTIES AND**
 47.11 **CITIES.**

47.12 In 2011, the market value credit reimbursement payment to each county and city
 47.13 authorized under Minnesota Statutes, section 273.1384, subdivision 4, may not exceed the
 47.14 reimbursement payment received by the county or city for taxes payable in 2010.

47.15 **EFFECTIVE DATE.** This section is effective for credit reimbursements in 2011.

47.16 Sec. 31. **PROPERTY TAX STATEMENT FOR TAXES PAYABLE IN 2012 ONLY.**

47.17 For the purposes of the property tax statements required under Minnesota Statutes,
 47.18 section 276.04, subdivision 2, for taxes payable in 2012 only, the gross tax amount shown
 47.19 for the previous year is the gross tax minus the residential homestead market value credit.

47.20 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012 only.

47.21 Sec. 32. **COOPERATION, CONSOLIDATION, INNOVATION GRANTS.**

47.22 Subdivision 1. **Definition.** For the purposes of this section, "local government"
 47.23 means a town, county, or home rule charter or statutory city.

47.24 Subd. 2. **Grants.** The commissioner of administration may make a cooperation,
 47.25 consolidation, and service innovation grant to a local government that is participating with
 47.26 at least one other local government in planning for or implementing provision of services
 47.27 cooperatively or in planning and implementing consolidation of services, functions, or
 47.28 governance. The grants shall be made on a first-come first-served basis. The commissioner
 47.29 shall determine the form and content of the application and grant agreements. At a
 47.30 minimum, an application must contain a resolution adopted by the governing body of each

48.1 participating local government supporting the cooperation, consolidation, or innovation
48.2 effort that identifies the services and functions the local government is considering
48.3 providing cooperatively with one or more other local governments or that identifies the
48.4 functions the local governments seek to consolidate. The maximum grant amount is
48.5 \$100,000 per local government.

48.6 Subd. 3. **Report.** The commissioner of administration must report to the governor
48.7 and legislative committees with jurisdiction over local government governance and local
48.8 government taxes and finance on the cooperation and consolidation grants made and
48.9 how the money was used, what services and functions have been provided by local
48.10 governments in cooperation with each other, what programs or governance structures have
48.11 been proposed for consolidation or consolidated, and what impediments remain that
48.12 prevent cooperation, consolidation, and service innovation. An interim report is due
48.13 February 1, 2012, and a final report is due December 15, 2012.

48.14 Subd. 4. **Appropriation.** \$..... is appropriated from the general fund to the
48.15 commissioner of administration for the biennium ending June 30, 2013, to make grants to
48.16 counties as provided in this section.

48.17 **Sec. 33. REPEALER.**

48.18 (a) Minnesota Statutes 2010, sections 10A.322, subdivision 4; 13.4967, subdivision
48.19 2; are repealed.

48.20 (b) Minnesota Statutes 2010, section 290.06, subdivision 23, is repealed.

48.21 (c) Minnesota Statutes 2010, sections 273.1384, subdivision 6; and 477A.145, are
48.22 repealed.

48.23 (d) Minnesota Statutes 2010, sections 290C.01; 290C.02; 290C.03; 290C.04;
48.24 290C.05; 290C.055; 290C.06; 290C.07; 290C.08; 290C.09; 290C.10; 290C.11; 290C.12;
48.25 and 290C.13, are repealed.

48.26 **EFFECTIVE DATE.** Paragraph (a) is effective the day following final enactment.
48.27 Paragraph (b) is effective for refund claims based on contributions made after June 30,
48.28 2011. Paragraph (c) is effective for aids payable in 2011 and thereafter. Paragraph (d) is
48.29 effective July 1, 2011, and the covenants under the program are void on that date. No later
48.30 than 60 days after enactment of this section, the commissioner of revenue shall issue a
48.31 document to each enrollee immediately releasing the land from the covenant as provided
48.32 in Minnesota Statutes 2010, section 290C.04, paragraph (c).

ARTICLE 5

PROPERTY TAX FREEZE

Section 1. **DEFINITION; LOCAL TAXING AUTHORITY.**

(a) For purposes of this act, "local taxing authority" means a county or a home rule charter or statutory city, but excludes any county or home rule charter or statutory city that receives no aid payments under sections 477A.011 to 477A.03 in calendar year 2012.

(b) A local tax authority may be exempted from this article if it chooses to forgo aid payments under sections 477A.011 to 477A.03 in calendar year 2012 and informs the commissioner of revenue of this intent by October 1, 2011.

EFFECTIVE DATE. This section is effective for taxes payable in 2012.

Sec. 2. **LEVY LIMITATION FOR TAXES PAYABLE IN 2012.**

Subdivision 1. Proposed levy. Notwithstanding any other law to the contrary, for purposes of the certification required by Minnesota Statutes, section 275.065, subdivision 1, in 2011, no local taxing authority shall certify to the county auditor a proposed property tax levy that exceeds the greater of (1) the levy certified in the prior year or (2) two percent of the amount it certified for taxes payable in 2010, except as provided in this section.

Subd. 2. Final levy. Notwithstanding any other law to the contrary, for purposes of the certification required by Minnesota Statutes, section 275.07, subdivision 1, in 2011 and 2012, no local taxing authority shall certify to the county auditor a property tax levy that exceeds the greater of the amount certified in the prior year or two percent of the amount certified for taxes payable in 2010, to the county auditor pursuant to Minnesota Statutes, section 275.07, subdivision 1, except as provided in this section.

Subd. 3. Debt service exception. Notwithstanding the limitations in subdivisions 1 and 2, a local taxing authority may propose and levy for taxes payable in 2012 an amount in excess of the levy certified pursuant to Minnesota Statutes, section 275.07, subdivision 1, in 2010, payable in 2011, for debt service on obligations, certificates of indebtedness, capital notes, or other debt instruments sold prior to June 1, 2011, or for bonds approved by the voters under Minnesota Statutes, section 275.60, or to make payments on installment purchase contracts or lease purchase agreements entered into before June 1, 2011. The amount that may be levied in excess of the limits set in subdivisions 1 and 2 may not exceed the difference between what the taxing authority needs to levy for taxes payable in 2012 for that purpose and the amount it levied for that purpose for taxes payable in 2011.

50.1 Subd. 4. **Annexation exception.** (a) The city tax rate for taxes payable in 2012
50.2 on any property annexed under Minnesota Statutes, chapter 414, may not be increased
50.3 over the city or township tax rate in effect on the property for taxes payable in 2011,
50.4 notwithstanding any law, municipal board order, or ordinance to the contrary. The limit on
50.5 the annexing city's levy under subdivisions 1 and 2 is increased by an amount equal to
50.6 the net tax capacity of the property annexed multiplied by the city or township tax rate in
50.7 effect for that property for taxes payable in 2011. The levy limit under subdivisions 1 and
50.8 2 for the city from which the property is annexed is reduced by the same amount.

50.9 (b) A county may increase its levy by an amount equal to the amount levied on its
50.10 behalf by a regional rail authority for taxes payable in 2010 under Minnesota Statutes,
50.11 section 398A.04, subdivision 8.

50.12 Subd. 5. **New construction exception.** A local taxing jurisdiction may increase
50.13 its levy for taxes levied in 2011, payable in 2012 for new construction. The increase in
50.14 levy authority shall be equal to the product of (1) the local taxing authority's tax rate
50.15 for taxes payable in 2011 and (2) the tax capacity of new construction located in the
50.16 jurisdiction of the taxing authority that has come on the tax rolls for taxes payable in
50.17 2012. For purposes of this subdivision, "new construction" means new construction of
50.18 real property for all classes of property. The assessor in each county shall provide each
50.19 local taxing authority and the commissioner of revenue with the information needed
50.20 to make this adjustment in levy authority.

50.21 Subd. 6. **Disaster exception.** Notwithstanding the limits in subdivisions 1 and 2,
50.22 a local taxing authority may levy an additional levy to pay the expenses reasonably and
50.23 necessarily incurred in preparing for or repairing the effects of a natural disaster. If levying
50.24 under this exception, the local taxing authority must seek approval from the commissioner
50.25 of revenue for the amount of levy, in the same manner as provided in Minnesota Statutes,
50.26 section 275.74, subdivision 2, paragraph (a).

50.27 Subd. 7. **Exception for reduction in utility transition aid.** If a city's utility
50.28 valuation transition aid under Minnesota Statutes, section 477A.16, is certified to decrease
50.29 in calendar year 2012 over its aid in calendar year 2011, due to an increase in the total net
50.30 tax capacity for public utility property located in the taxing jurisdiction, the city may levy
50.31 in excess of the limits set in subdivisions 1 and 2 for taxes payable in 2012 an amount
50.32 equal to the aid loss since calendar year 2011.

51.1 Subd. 8. **Election exception.** Notwithstanding the limitations in subdivisions 1 and
 51.2 2, a local taxing authority may levy an additional levy in any amount if approved by a
 51.3 majority of the voters as provided in Minnesota Statutes, section 275.73.

51.4 **EFFECTIVE DATE.** This section is effective for taxes levied in 2011, payable
 51.5 in 2012.

51.6 Sec. 3. **PROHIBITION AGAINST INCURRING NEW DEBT.**

51.7 Subdivision 1. **Actions prohibited.** (a) After May 31, 2011, no local taxing
 51.8 authority may sell obligations, certificates of indebtedness, capital notes, or other debt
 51.9 instruments under Minnesota Statutes, section 412.301, chapter 475, or any other law;
 51.10 nor may it enter into installment purchase contracts or lease purchase agreements under
 51.11 Minnesota Statutes, section 465.71, or any other law if issuing those debt instruments or
 51.12 entering into those contracts would require a levy first becoming payable in 2012.

51.13 (b) For purposes of this section, "obligations" includes certificates of indebtedness,
 51.14 capital notes, other debt instruments, installment purchase contracts, and lease purchase
 51.15 agreements.

51.16 Subd. 2. **Exceptions.** This prohibition does not apply to:

51.17 (1) refunding bonds sold to refund bonds originally sold before June 1, 2011;

51.18 (2) obligations for which the amount of the levy payable in 2012 would not exceed
 51.19 the difference between (i) the local taxing authority's total debt service levy for taxes
 51.20 payable in 2011 and (ii) its total debt service levy for taxes payable in 2012 prior to
 51.21 issuance of these obligations;

51.22 (3) obligations with respect to which the local taxing authority makes a finding at
 51.23 the time of the issuance of the obligation that no levy is required to meet the obligation
 51.24 for taxes payable in 2012, or that sufficient funds are available from a nonproperty tax
 51.25 source to fund the obligation; and

51.26 (4) obligations approved by the voters pursuant to Minnesota Statutes, section
 51.27 275.60.

51.28 Subd. 3. **Date when bonds are deemed sold.** For purposes of this section, bonds
 51.29 are deemed to have been sold before June 1, 2011, if:

51.30 (1) an agreement has been entered into between the local taxing authority and a
 51.31 purchaser or underwriter for the sale of the bonds by that date;

51.32 (2) the issuing local taxing authority is a party to a contract or letter of understanding
 51.33 entered into before June 1, 2011, with the federal government or the state government that

52.1 requires the local taxing authority to pay for a project and the project is funded with the
 52.2 proceeds of the bonds; or

52.3 (3) the proceeds of the bonds are used to fund a project or acquisition with respect
 52.4 to which the local taxing authority has entered into a contract with a builder or supplier
 52.5 before June 1, 2011.

52.6 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012.

52.7 Sec. 4. **BENEFIT RATIO FOR RURAL SERVICE DISTRICTS.**

52.8 Notwithstanding Minnesota Statutes, section 272.67, subdivision 6, the benefit ratio
 52.9 used for apportioning levies to a rural service district for taxes payable in 2012 and 2013
 52.10 must not be greater than that in effect for taxes payable in 2011.

52.11 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and 2013.

52.12 Sec. 5. **FREEZE ON LOCAL MATCH REQUIREMENTS.**

52.13 Notwithstanding any other law to the contrary, the local funding or local match
 52.14 required from any local taxing authority for any state grant or program shall not be
 52.15 increased for calendar year 2012 above the dollar amount for the local funding or local
 52.16 match for the same grant or program in 2011, regardless of the level of state funding
 52.17 provided. Any local match or local funding requirement that first becomes effective after
 52.18 December 31, 2011, for new or changed state grants or programs is not effective for a
 52.19 local taxing authority until after December 31, 2012. Nothing in this section affects the
 52.20 eligibility of, or reduces the funding level to, a local taxing authority subject to the levy
 52.21 limits in section 1 if the local match requirements of the program were met in 2011.

52.22 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012.

52.23 Sec. 6. **PENSION LIABILITIES.**

52.24 Notwithstanding any other law or charter provision to the contrary, no levy for
 52.25 taxes payable in 2012 and 2013 for a local police or fire relief association for the purpose
 52.26 of amortizing the unfunded pension liability may exceed the levy for that purpose
 52.27 for taxes payable in 2011. A municipality remains eligible for state police or fire aid
 52.28 notwithstanding a failure of the municipality to pay its minimum municipal obligation
 52.29 under Minnesota Statutes, section 69.77, if the failure occurs during a municipal budget
 52.30 year for which a limitation in sections 1 to 7 prevented the municipal levy from increasing
 52.31 over the levy amount for taxes payable in 2011.

53.1 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012.

53.2 Sec. 7. **SAVINGS CLAUSE.**

53.3 Notwithstanding any provision in sections 1 to 7, the provisions of sections 1 to 7
 53.4 neither constitute an impairment of any obligation, certificate of indebtedness, capital note,
 53.5 or other debt instrument sold prior to June 1, 2011, nor does it constitute an impairment on
 53.6 the ability of a local taxing authority to make payments on installment purchase contracts
 53.7 or lease purchase agreements entered into by a local taxing authority before June 1, 2011.

53.8 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012."

53.9 Delete the title and insert:

53.10 "A bill for an act
 53.11 relating to taxation; making changes to property, aids, credits, payments, refunds,
 53.12 local sales and use, tax increment financing, aggregate material, and other taxes
 53.13 and tax-related provisions; providing a property tax freeze; authorizing border
 53.14 city development zone powers and local taxes; modifying regional railroad
 53.15 authority provisions; repealing sustainable forest resource management incentive;
 53.16 authorizing grants to local governments for cooperation, consolidation, and
 53.17 service innovation; requiring reports; appropriating money; amending Minnesota
 53.18 Statutes 2010, sections 97A.061, subdivisions 1, 3; 270A.03, subdivision 7;
 53.19 272.02, by adding a subdivision; 273.121, subdivision 1; 273.13, subdivisions
 53.20 21b, 25; 273.1384, subdivisions 1, 3, 4; 273.1393; 273.1398, subdivision 3;
 53.21 275.025, subdivision 3; 275.08, subdivisions 1a, 1d; 276.04, subdivision 2;
 53.22 279.01, subdivision 1; 289A.50, subdivision 1; 290.01, subdivision 6; 290A.03,
 53.23 subdivisions 11, 13; 297A.99, subdivision 1; 298.75, by adding a subdivision;
 53.24 398A.04, subdivision 8; 398A.07, subdivision 2; 469.1763, subdivision 2;
 53.25 473.757, subdivisions 2, 11; 477A.011, by adding subdivisions; 477A.0124, by
 53.26 adding a subdivision; 477A.013, subdivisions 8, 9, by adding a subdivision;
 53.27 477A.03; 477A.11, subdivision 1; 477A.12, subdivision 1; 477A.14, subdivision
 53.28 1; 477A.17; Laws 1996, chapter 471, article 2, section 29, subdivision 1, as
 53.29 amended; Laws 1998, chapter 389, article 8, section 43, subdivisions 3, as
 53.30 amended, 4, as amended, 5, as amended; Laws 2008, chapter 366, article
 53.31 7, section 19, subdivision 3; Laws 2010, chapter 389, article 7, section 22;
 53.32 proposing coding for new law in Minnesota Statutes, chapter 373; repealing
 53.33 Minnesota Statutes 2010, sections 10A.322, subdivision 4; 13.4967, subdivision
 53.34 2; 273.1384, subdivision 6; 279.01, subdivision 4; 290.06, subdivision 23;
 53.35 290C.01; 290C.02; 290C.03; 290C.04; 290C.05; 290C.055; 290C.06; 290C.07;
 53.36 290C.08; 290C.09; 290C.10; 290C.11; 290C.12; 290C.13; 477A.145."