

1.1 Senator moves to amend H.F. No. 1298 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "ARTICLE 1

1.4 FEDERAL UPDATE

1.5 Section 1. Minnesota Statutes 2008, section 289A.02, subdivision 7, as amended by
1.6 Laws 2009, chapter 12, article 1, section 1, is amended to read:

1.7 Subd. 7. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal
1.8 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December~~
1.9 ~~31, 2008~~ March 31, 2009.

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

1.13 Sec. 2. Minnesota Statutes 2008, section 290.01, subdivision 19, as amended by Laws
1.14 2009, chapter 12, article 1, section 2, is amended to read:

1.15 Subd. 19. **Net income.** The term "net income" means the federal taxable income,
1.16 as defined in section 63 of the Internal Revenue Code of 1986, as amended through the
1.17 date named in this subdivision, incorporating the federal effective dates of changes to the
1.18 Internal Revenue Code and any elections made by the taxpayer in accordance with the
1.19 Internal Revenue Code in determining federal taxable income for federal income tax
1.20 purposes, and with the modifications provided in subdivisions 19a to 19f.

1.21 In the case of a regulated investment company or a fund thereof, as defined in section
1.22 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment
1.23 company taxable income as defined in section 852(b)(2) of the Internal Revenue Code,
1.24 except that:

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

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

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

2.10 The net income of a real estate investment trust as defined and limited by section
 2.11 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust
 2.12 taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

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

2.16 The Internal Revenue Code of 1986, as amended through ~~December 31, 2008~~ March
 2.17 31, 2009, shall be in effect for taxable years beginning after December 31, 1996.

2.18 Except as otherwise provided, references to the Internal Revenue Code in
 2.19 subdivisions 19 to 19f mean the code in effect for purposes of determining net income for
 2.20 the applicable year.

2.21 **EFFECTIVE DATE.** This section is effective the day following final enactment. In
 2.22 enacting this section and other provisions of this article, the legislature intends net income
 2.23 to include and tax to apply to interest paid on any Build America Bond, as defined under
 2.24 section 54AA of the Internal Revenue Code of 1986, notwithstanding the provisions of
 2.25 section 1531 of Division B, Title I of the American Recovery and Reinvestment Act of
 2.26 2009, Public Law 111-5.

2.27 Sec. 3. Minnesota Statutes 2008, section 290.01, subdivision 19a, as amended by Laws
 2.28 2009, chapter 12, article 1, section 3, is amended to read:

2.29 Subd. 19a. **Additions to federal taxable income.** For individuals, estates, and
 2.30 trusts, there shall be added to federal taxable income:

2.31 (1)(i) interest income on obligations of any state other than Minnesota or a political
 2.32 or governmental subdivision, municipality, or governmental agency or instrumentality
 2.33 of any state other than Minnesota exempt from federal income taxes under the Internal
 2.34 Revenue Code or any other federal statute; and

3.1 (ii) exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue
 3.2 Code, except the portion of the exempt-interest dividends derived from interest income
 3.3 on obligations of the state of Minnesota or its political or governmental subdivisions,
 3.4 municipalities, governmental agencies or instrumentalities, but only if the portion of the
 3.5 exempt-interest dividends from such Minnesota sources paid to all shareholders represents
 3.6 95 percent or more of the exempt-interest dividends that are paid by the regulated
 3.7 investment company as defined in section 851(a) of the Internal Revenue Code, or the
 3.8 fund of the regulated investment company as defined in section 851(g) of the Internal
 3.9 Revenue Code, making the payment; and

3.10 (iii) for the purposes of items (i) and (ii), interest on obligations of an Indian tribal
3.11 government described in section 7871(c) of the Internal Revenue Code shall be treated as
3.12 interest income on obligations of the state in which the tribe is located;

3.13 (2) the amount of income ~~or~~, sales and use, motor vehicle sales, or excise taxes paid
3.14 or accrued within the taxable year under this chapter and the amount of taxes based on
3.15 net income paid ~~or~~, sales and use, motor vehicle sales, or excise taxes paid to any other
3.16 state or to any province or territory of Canada, to the extent allowed as a deduction under
3.17 section 63(d) of the Internal Revenue Code, but the addition may not be more than the
3.18 amount by which the itemized deductions as allowed under section 63(d) of the Internal
3.19 Revenue Code exceeds the amount of the standard deduction as defined in section 63(c)
3.20 of the Internal Revenue Code, disregarding the ~~amount~~ amounts allowed under ~~section~~
3.21 sections 63(c)(1)(C) and 63(c)(1)(E) of the Internal Revenue Code. For the purpose of
3.22 this paragraph, the disallowance of itemized deductions under section 68 of the Internal
3.23 Revenue Code of 1986, income ~~or~~, sales and use tax is, motor vehicle sales, or excise
3.24 taxes are the last itemized ~~deduction~~ deductions disallowed;

3.25 (3) the capital gain amount of a lump-sum distribution to which the special tax under
3.26 section 1122(h)(3)(B)(ii) of the Tax Reform Act of 1986, Public Law 99-514, applies;

3.27 (4) the amount of income taxes paid or accrued within the taxable year under this
3.28 chapter and taxes based on net income paid to any other state or any province or territory
3.29 of Canada, to the extent allowed as a deduction in determining federal adjusted gross
3.30 income. For the purpose of this paragraph, income taxes do not include the taxes imposed
3.31 by sections 290.0922, subdivision 1, paragraph (b), 290.9727, 290.9728, and 290.9729;

3.32 (5) the amount of expense, interest, or taxes disallowed pursuant to section 290.10
3.33 other than expenses or interest used in computing net interest income for the subtraction
3.34 allowed under subdivision 19b, clause (1);

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

4.4 (7) 80 percent of the depreciation deduction allowed under section 168(k) of the
4.5 Internal Revenue Code. For purposes of this clause, if the taxpayer has an activity that
4.6 in the taxable year generates a deduction for depreciation under section 168(k) and the
4.7 activity generates a loss for the taxable year that the taxpayer is not allowed to claim for
4.8 the taxable year, "the depreciation allowed under section 168(k)" for the taxable year is
4.9 limited to excess of the depreciation claimed by the activity under section 168(k) over the
4.10 amount of the loss from the activity that is not allowed in the taxable year. In succeeding

4.11 taxable years when the losses not allowed in the taxable year are allowed, the depreciation
4.12 under section 168(k) is allowed;

4.13 (8) 80 percent of the amount by which the deduction allowed by section 179 of the
4.14 Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal
4.15 Revenue Code of 1986, as amended through December 31, 2003;

4.16 (9) to the extent deducted in computing federal taxable income, the amount of the
4.17 deduction allowable under section 199 of the Internal Revenue Code;

4.18 (10) the exclusion allowed under section 139A of the Internal Revenue Code for
4.19 federal subsidies for prescription drug plans;

4.20 (11) the amount of expenses disallowed under section 290.10, subdivision 2;

4.21 (12) the amount deducted for qualified tuition and related expenses under section
4.22 222 of the Internal Revenue Code, to the extent deducted from gross income;

4.23 (13) the amount deducted for certain expenses of elementary and secondary school
4.24 teachers under section 62(a)(2)(D) of the Internal Revenue Code, to the extent deducted
4.25 from gross income; ~~and~~

4.26 (14) the additional standard deduction for property taxes payable that is allowable
4.27 under section 63(c)(1)(C) of the Internal Revenue Code;

4.28 (15) the additional standard deduction for qualified motor vehicle sales taxes
4.29 allowable under section 63(c)(1)(E) of the Internal Revenue Code;

4.30 (16) discharge of indebtedness income resulting from reacquisition of business
4.31 indebtedness and deferred under section 108(i) of the Internal Revenue Code; and

4.32 (17) the amount of unemployment compensation exempt from tax under section
4.33 85(c) of the Internal Revenue Code.

4.34 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
4.35 December 31, 2008, except that clause (16) is effective for taxable years ending after
4.36 December 31, 2008.

5.1 Sec. 4. Minnesota Statutes 2008, section 290.01, subdivision 19b, is amended to read:

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

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

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

5.10 (3) the amount paid to others, less the amount used to claim the credit allowed under
5.11 section 290.0674, not to exceed \$1,625 for each qualifying child in grades kindergarten
5.12 to 6 and \$2,500 for each qualifying child in grades 7 to 12, for tuition, textbooks, and
5.13 transportation of each qualifying child in attending an elementary or secondary school
5.14 situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a
5.15 resident of this state may legally fulfill the state's compulsory attendance laws, which
5.16 is not operated for profit, and which adheres to the provisions of the Civil Rights Act
5.17 of 1964 and chapter 363A. For the purposes of this clause, "tuition" includes fees or
5.18 tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause,
5.19 "textbooks" includes books and other instructional materials and equipment purchased
5.20 or leased for use in elementary and secondary schools in teaching only those subjects
5.21 legally and commonly taught in public elementary and secondary schools in this state.
5.22 Equipment expenses qualifying for deduction includes expenses as defined and limited in
5.23 section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional
5.24 books and materials used in the teaching of religious tenets, doctrines, or worship, the
5.25 purpose of which is to instill such tenets, doctrines, or worship, nor does it include books
5.26 or materials for, or transportation to, extracurricular activities including sporting events,
5.27 musical or dramatic events, speech activities, driver's education, or similar programs. For
5.28 purposes of the subtraction provided by this clause, "qualifying child" has the meaning
5.29 given in section 32(c)(3) of the Internal Revenue Code;

5.30 (4) income as provided under section 290.0802;

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

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

6.3 (7) for taxable years beginning before January 1, 2008, the amount of the federal
6.4 small ethanol producer credit allowed under section 40(a)(3) of the Internal Revenue Code
6.5 which is included in gross income under section 87 of the Internal Revenue Code;

6.6 (8) for individuals who are allowed a federal foreign tax credit for taxes that do not
6.7 qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover
6.8 of subnational foreign taxes for the taxable year, but not to exceed the total subnational
6.9 foreign taxes reported in claiming the foreign tax credit. For purposes of this clause,

6.10 "federal foreign tax credit" means the credit allowed under section 27 of the Internal
6.11 Revenue Code, and "carryover of subnational foreign taxes" equals the carryover allowed
6.12 under section 904(c) of the Internal Revenue Code minus national level foreign taxes to
6.13 the extent they exceed the federal foreign tax credit;

6.14 (9) in each of the five tax years immediately following the tax year in which an
6.15 addition is required under subdivision 19a, clause (7), or 19c, clause (15), in the case
6.16 of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth
6.17 of the delayed depreciation. For purposes of this clause, "delayed depreciation" means
6.18 the amount of the addition made by the taxpayer under subdivision 19a, clause (7), or
6.19 subdivision 19c, clause (15), in the case of a shareholder of an S corporation, minus the
6.20 positive value of any net operating loss under section 172 of the Internal Revenue Code
6.21 generated for the tax year of the addition. The resulting delayed depreciation cannot be
6.22 less than zero;

6.23 (10) job opportunity building zone income as provided under section 469.316;

6.24 (11) to the extent included in federal taxable income, the amount of compensation
6.25 paid to members of the Minnesota National Guard or other reserve components of the
6.26 United States military for active service performed in Minnesota, excluding compensation
6.27 for services performed under the Active Guard Reserve (AGR) program. For purposes of
6.28 this clause, "active service" means (i) state active service as defined in section 190.05,
6.29 subdivision 5a, clause (1); (ii) federally funded state active service as defined in section
6.30 190.05, subdivision 5b; or (iii) federal active service as defined in section 190.05,
6.31 subdivision 5c, but "active service" excludes service performed in accordance with section
6.32 190.08, subdivision 3;

6.33 (12) to the extent included in federal taxable income, the amount of compensation
6.34 paid to Minnesota residents who are members of the armed forces of the United States or
6.35 United Nations for active duty performed outside Minnesota under United States Code,
7.1 title 10, section 101(d); United States Code, title 32, section 101(12); or the authority of
7.2 the United Nations;

7.3 (13) an amount, not to exceed \$10,000, equal to qualified expenses related to a
7.4 qualified donor's donation, while living, of one or more of the qualified donor's organs
7.5 to another person for human organ transplantation. For purposes of this clause, "organ"
7.6 means all or part of an individual's liver, pancreas, kidney, intestine, lung, or bone marrow;
7.7 "human organ transplantation" means the medical procedure by which transfer of a human
7.8 organ is made from the body of one person to the body of another person; "qualified
7.9 expenses" means unreimbursed expenses for both the individual and the qualified donor
7.10 for (i) travel, (ii) lodging, and (iii) lost wages net of sick pay, except that such expenses

7.11 may be subtracted under this clause only once; and "qualified donor" means the individual
 7.12 or the individual's dependent, as defined in section 152 of the Internal Revenue Code. An
 7.13 individual may claim the subtraction in this clause for each instance of organ donation for
 7.14 transplantation during the taxable year in which the qualified expenses occur;

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

7.23 (15) to the extent included in federal taxable income, compensation paid to a service
 7.24 member as defined in United States Code, title 10, section 101(a)(5), for military service
 7.25 as defined in the Servicemembers Civil Relief Act, Public Law 108-189, section 101(2);

7.26 (16) international economic development zone income as provided under section
 7.27 469.325; ~~and~~

7.28 (17) to the extent included in federal taxable income, the amount of national service
 7.29 educational awards received from the National Service Trust under United States Code,
 7.30 title 42, sections 12601 to 12604, for service in an approved Americorps National Service
 7.31 program; and

7.32 (18) to the extent included in federal taxable income, discharge of indebtedness
 7.33 income resulting from reacquisition of business indebtedness included in federal taxable
 7.34 income under section 108(i) of the Internal Revenue Code. This subtraction applies only
 7.35 to the extent that the income was included in net income in a prior year as a result of the
 7.36 addition under section 290.01, subdivision 19a, clause (16).

8.1 **EFFECTIVE DATE.** This section is effective for taxable years ending after
 8.2 December 31, 2008.

8.3 Sec. 5. Minnesota Statutes 2008, section 290.01, subdivision 19c, as amended by Laws
 8.4 2009, chapter 12, article 1, section 4, is amended to read:

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

8.7 (1) the amount of any deduction taken for federal income tax purposes for income,
 8.8 excise, or franchise taxes based on net income or related minimum taxes, including but not
 8.9 limited to the tax imposed under section 290.0922, paid by the corporation to Minnesota,

8.10 another state, a political subdivision of another state, the District of Columbia, or any
8.11 foreign country or possession of the United States;

8.12 (2) interest not subject to federal tax upon obligations of: the United States, its
8.13 possessions, its agencies, or its instrumentalities; the state of Minnesota or any other
8.14 state, any of its political or governmental subdivisions, any of its municipalities, or any
8.15 of its governmental agencies or instrumentalities; the District of Columbia; or Indian
8.16 tribal governments;

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

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

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

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

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

8.28 (8) the exempt foreign trade income of a foreign sales corporation under sections
8.29 921(a) and 291 of the Internal Revenue Code;

8.30 (9) the amount of percentage depletion deducted under sections 611 through 614 and
8.31 291 of the Internal Revenue Code;

8.32 (10) for certified pollution control facilities placed in service in a taxable year
8.33 beginning before December 31, 1986, and for which amortization deductions were elected
8.34 under section 169 of the Internal Revenue Code of 1954, as amended through December
9.1 31, 1985, the amount of the amortization deduction allowed in computing federal taxable
9.2 income for those facilities;

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

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

9.10 (13) the amount of net income excluded under section 114 of the Internal Revenue
9.11 Code;

9.12 (14) any increase in subpart F income, as defined in section 952(a) of the Internal
9.13 Revenue Code, for the taxable year when subpart F income is calculated without regard to
9.14 the provisions of Division C, title III, section ~~304(a)(1)-(2)~~ 303(b) of Public Law 110-343;

9.15 (15) 80 percent of the depreciation deduction allowed under section 168(k)(1)(A)
9.16 and (k)(4)(A) of the Internal Revenue Code. For purposes of this clause, if the taxpayer
9.17 has an activity that in the taxable year generates a deduction for depreciation under
9.18 section 168(k)(1)(A) and (k)(4)(A) and the activity generates a loss for the taxable year
9.19 that the taxpayer is not allowed to claim for the taxable year, "the depreciation allowed
9.20 under section 168(k)(1)(A) and (k)(4)(A)" for the taxable year is limited to excess of the
9.21 depreciation claimed by the activity under section 168(k)(1)(A) and (k)(4)(A) over the
9.22 amount of the loss from the activity that is not allowed in the taxable year. In succeeding
9.23 taxable years when the losses not allowed in the taxable year are allowed, the depreciation
9.24 under section 168(k)(1)(A) and (k)(4)(A) is allowed;

9.25 (16) 80 percent of the amount by which the deduction allowed by section 179 of the
9.26 Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal
9.27 Revenue Code of 1986, as amended through December 31, 2003;

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

9.30 (18) the exclusion allowed under section 139A of the Internal Revenue Code for
9.31 federal subsidies for prescription drug plans;

9.32 (19) the amount of expenses disallowed under section 290.10, subdivision 2;

9.33 (20) an amount equal to the interest and intangible expenses, losses, and costs paid,
9.34 accrued, or incurred by any member of the taxpayer's unitary group to or for the benefit
9.35 of a corporation that is a member of the taxpayer's unitary business group that qualifies
10.1 as a foreign operating corporation. For purposes of this clause, intangible expenses and
10.2 costs include:

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

10.6 (ii) losses incurred, directly or indirectly, from factoring transactions or discounting
10.7 transactions;

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

10.9 (iv) licensing fees; and

10.10 (v) other similar expenses and costs.

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

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

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

- 10.23 (i) income related to the direct or indirect acquisition, use, maintenance or
10.24 management, ownership, sale, exchange, or any other disposition of intangible property;
10.25 (ii) income from factoring transactions or discounting transactions;
10.26 (iii) royalty, patent, technical, and copyright fees;
10.27 (iv) licensing fees; and
10.28 (v) other similar income.

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

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

11.1 (22) the dividends attributable to the income of a foreign operating corporation that
11.2 is a member of the taxpayer's unitary group in an amount that is equal to the dividends
11.3 paid deduction of a real estate investment trust under section 561(a) of the Internal
11.4 Revenue Code for amounts paid or accrued by the real estate investment trust to the
11.5 foreign operating corporation;

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

11.9 (24) the additional amount allowed as a deduction for donation of computer
11.10 technology and equipment under section 170(e)(6) of the Internal Revenue Code, to the
11.11 extent deducted from taxable income; and

11.12 (25) discharge of indebtedness income resulting from reacquisition of business
 11.13 indebtedness and deferred under section 108(i) of the Internal Revenue Code.

11.14 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
 11.15 December 31, 2007, except that clause (25) is effective for taxable years ending after
 11.16 December 31, 2008.

11.17 Sec. 6. Minnesota Statutes 2008, section 290.01, subdivision 19d, as amended by Laws
 11.18 2009, chapter 12, article 1, section 5, is amended to read:

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

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

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

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

11.30 (4) amounts disallowed for intangible drilling costs due to differences between
 11.31 this chapter and the Internal Revenue Code in taxable years beginning before January
 11.32 1, 1987, as follows:

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

12.1 (ii) to the extent the disallowed costs are not represented by physical property, an
 12.2 amount equal to the allowance for cost depletion under Minnesota Statutes 1986, section
 12.3 290.09, subdivision 8;

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

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

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

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

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

12.18 (6) an amount for interest and expenses relating to income not taxable for federal
12.19 income tax purposes, if (i) the income is taxable under this chapter and (ii) the interest and
12.20 expenses were disallowed as deductions under the provisions of section 171(a)(2), 265 or
12.21 291 of the Internal Revenue Code in computing federal taxable income;

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

12.30 (8) for certified pollution control facilities placed in service in a taxable year
12.31 beginning before December 31, 1986, and for which amortization deductions were elected
12.32 under section 169 of the Internal Revenue Code of 1954, as amended through December
12.33 31, 1985, an amount equal to the allowance for depreciation under Minnesota Statutes
12.34 1986, section 290.09, subdivision 7;

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

13.5 (10) 80 percent of royalties, fees, or other like income accrued or received from a
13.6 foreign operating corporation or a foreign corporation which is part of the same unitary
13.7 business as the receiving corporation, unless the income resulting from such payments or
13.8 accruals is income from sources within the United States as defined in subtitle A, chapter
13.9 1, subchapter N, part 1, of the Internal Revenue Code;

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

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

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

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

13.20 (15) for taxable years beginning before January 1, 2008, the amount of the federal
13.21 small ethanol producer credit allowed under section 40(a)(3) of the Internal Revenue Code
13.22 which is included in gross income under section 87 of the Internal Revenue Code;

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

13.30 (17) any decrease in subpart F income, as defined in section 952(a) of the Internal
13.31 Revenue Code, for the taxable year when subpart F income is calculated without regard to
13.32 the provisions of Division C, title III, section ~~304(a)(1)-(2)~~ 303(b) of Public Law 110-343;

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

14.3 (19) in each of the five tax years immediately following the tax year in which an
14.4 addition is required under subdivision 19c, clause (16), an amount equal to one-fifth of
14.5 the amount of the addition; and

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

14.11 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
 14.12 December 31, 2007, except that clause (20) is effective for taxable years ending after
 14.13 December 31, 2008.

14.14 Sec. 7. Minnesota Statutes 2008, section 290.01, subdivision 31, as amended by Laws
 14.15 2009, chapter 12, article 1, section 7, is amended to read:

14.16 Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal
 14.17 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December~~
 14.18 ~~31, 2008~~ March 31, 2009. Internal Revenue Code also includes any uncodified provision
 14.19 in federal law that relates to provisions of the Internal Revenue Code that are incorporated
 14.20 into Minnesota law.

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

14.24 Sec. 8. Minnesota Statutes 2008, section 290.06, subdivision 2c, is amended to read:

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

- 14.29 (1) On the first \$25,680, 5.35 percent;
- 14.30 (2) On all over \$25,680, but not over \$102,030, 7.05 percent;
- 14.31 (3) On all over \$102,030, 7.85 percent.

14.32 Married individuals filing separate returns, estates, and trusts must compute their
 14.33 income tax by applying the above rates to their taxable income, except that the income
 14.34 brackets will be one-half of the above amounts.

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

- 15.3 (1) On the first \$17,570, 5.35 percent;
- 15.4 (2) On all over \$17,570, but not over \$57,710, 7.05 percent;
- 15.5 (3) On all over \$57,710, 7.85 percent.

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

- 15.9 (1) On the first \$21,630, 5.35 percent;
- 15.10 (2) On all over \$21,630, but not over \$86,910, 7.05 percent;

15.11 (3) On all over \$86,910, 7.85 percent.

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

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

15.23 (1) the numerator is the individual's Minnesota source federal adjusted gross income
 15.24 as defined in section 62 of the Internal Revenue Code and increased by the additions
 15.25 required under section 290.01, subdivision 19a, clauses (1), (5), (6), (7), (8), (9), (12), ~~and~~
 15.26 (13), (16), and (17), and reduced by the Minnesota assignable portion of the subtraction
 15.27 for United States government interest under section 290.01, subdivision 19b, clause (1),
 15.28 and the subtractions under section 290.01, subdivision 19b, clauses (9), (10), (14), (15),
 15.29 ~~and~~ (16), and (18), after applying the allocation and assignability provisions of section
 15.30 290.081, clause (a), or 290.17; and

15.31 (2) the denominator is the individual's federal adjusted gross income as defined in
 15.32 section 62 of the Internal Revenue Code of 1986, increased by the amounts specified in
 15.33 section 290.01, subdivision 19a, clauses (1), (5), (6), (7), (8), (9), (12), ~~and~~ (13), (16), and
 15.34 (17), and reduced by the amounts specified in section 290.01, subdivision 19b, clauses (1),
 15.35 (9), (10), (14), (15), ~~and~~ (16), and (18).

16.1 **EFFECTIVE DATE.** This section is effective for taxable years ending after
 16.2 December 31, 2008.

16.3 Sec. 9. Minnesota Statutes 2008, section 290.067, subdivision 2a, as amended by Laws
 16.4 2009, chapter 12, article 1, section 8, is amended to read:

16.5 Subd. 2a. **Income.** (a) For purposes of this section, "income" means the sum of
 16.6 the following:

16.7 (1) federal adjusted gross income as defined in section 62 of the Internal Revenue
 16.8 Code; and

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

16.10 (i) all nontaxable income;

- 16.11 (ii) the amount of a passive activity loss that is not disallowed as a result of section
16.12 469, paragraph (i) or (m) of the Internal Revenue Code and the amount of passive activity
16.13 loss carryover allowed under section 469(b) of the Internal Revenue Code;
- 16.14 (iii) an amount equal to the total of any discharge of qualified farm indebtedness
16.15 of a solvent individual excluded from gross income under section 108(g) of the Internal
16.16 Revenue Code;
- 16.17 (iv) cash public assistance and relief;
- 16.18 (v) any pension or annuity (including railroad retirement benefits, all payments
16.19 received under the federal Social Security Act, supplemental security income, and veterans
16.20 benefits), which was not exclusively funded by the claimant or spouse, or which was
16.21 funded exclusively by the claimant or spouse and which funding payments were excluded
16.22 from federal adjusted gross income in the years when the payments were made;
- 16.23 (vi) interest received from the federal or a state government or any instrumentality
16.24 or political subdivision thereof;
- 16.25 (vii) workers' compensation;
- 16.26 (viii) nontaxable strike benefits;
- 16.27 (ix) the gross amounts of payments received in the nature of disability income or
16.28 sick pay as a result of accident, sickness, or other disability, whether funded through
16.29 insurance or otherwise;
- 16.30 (x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of
16.31 1986, as amended through December 31, 1995;
- 16.32 (xi) contributions made by the claimant to an individual retirement account,
16.33 including a qualified voluntary employee contribution; simplified employee pension plan;
16.34 self-employed retirement plan; cash or deferred arrangement plan under section 401(k)
17.1 of the Internal Revenue Code; or deferred compensation plan under section 457 of the
17.2 Internal Revenue Code;
- 17.3 (xii) nontaxable scholarship or fellowship grants;
- 17.4 (xiii) the amount of deduction allowed under section 199 of the Internal Revenue
17.5 Code;
- 17.6 (xiv) the amount of deduction allowed under section 220 or 223 of the Internal
17.7 Revenue Code;
- 17.8 (xv) the amount of tuition expenses required to be added to income under section
17.9 290.01, subdivision 19a, clause (12); ~~and~~
- 17.10 (xvi) the amount deducted for certain expenses of elementary and secondary school
17.11 teachers under section 62(a)(2)(D) of the Internal Revenue Code; and
- 17.12 (xvii) unemployment compensation.

17.13 In the case of an individual who files an income tax return on a fiscal year basis, the
 17.14 term "federal adjusted gross income" means federal adjusted gross income reflected in the
 17.15 fiscal year ending in the next calendar year. Federal adjusted gross income may not be
 17.16 reduced by the amount of a net operating loss carryback or carryforward or a capital loss
 17.17 carryback or carryforward allowed for the year.

17.18 (b) "Income" does not include:

17.19 (1) amounts excluded pursuant to the Internal Revenue Code, sections 101(a) and
 17.20 102;

17.21 (2) amounts of any pension or annuity that were exclusively funded by the claimant
 17.22 or spouse if the funding payments were not excluded from federal adjusted gross income
 17.23 in the years when the payments were made;

17.24 (3) surplus food or other relief in kind supplied by a governmental agency;

17.25 (4) relief granted under chapter 290A;

17.26 (5) child support payments received under a temporary or final decree of dissolution
 17.27 or legal separation; and

17.28 (6) restitution payments received by eligible individuals and excludable interest as
 17.29 defined in section 803 of the Economic Growth and Tax Relief Reconciliation Act of
 17.30 2001, Public Law 107-16.

17.31 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
 17.32 December 31, 2008.

17.33 Sec. 10. Minnesota Statutes 2008, section 290.091, subdivision 2, is amended to read:

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

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

18.3 (1) the taxpayer's federal alternative minimum taxable income as defined in section
 18.4 55(b)(2) of the Internal Revenue Code;

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

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

18.9 (ii) the medical expense deduction;

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

18.11 (iv) the impairment-related work expenses of a disabled person;

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

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

18.21 (5) to the extent not included in federal alternative minimum taxable income, the
 18.22 amount of interest income as provided by section 290.01, subdivision 19a, clause (1); and

18.23 (6) the amount of addition required by section 290.01, subdivision 19a, clauses
 18.24 (7) to (9), (12), ~~and~~ (13), (16), and (17);

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

18.26 (1) interest income as defined in section 290.01, subdivision 19b, clause (1);

18.27 (2) an overpayment of state income tax as provided by section 290.01, subdivision
 18.28 19b, clause (2), to the extent included in federal alternative minimum taxable income;

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

18.33 (4) amounts subtracted from federal taxable income as provided by section 290.01,
 18.34 subdivision 19b, clauses (6) ~~and~~ (9) to (16), and (18).

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

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

19.3 (c) "Tentative minimum tax" equals 6.4 percent of alternative minimum taxable
 19.4 income after subtracting the exemption amount determined under subdivision 3.

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

19.8 (e) "Net minimum tax" means the minimum tax imposed by this section.

19.9 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
 19.10 December 31, 2008.

19.11 Sec. 11. Minnesota Statutes 2008, section 290A.03, subdivision 3, as amended by
19.12 Laws 2009, chapter 12, article 1, section 9, is amended to read:

19.13 Subd. 3. **Income.** (1) "Income" means the sum of the following:

19.14 (a) federal adjusted gross income as defined in the Internal Revenue Code; and

19.15 (b) the sum of the following amounts to the extent not included in clause (a):

19.16 (i) all nontaxable income;

19.17 (ii) the amount of a passive activity loss that is not disallowed as a result of section
19.18 469, paragraph (i) or (m) of the Internal Revenue Code and the amount of passive activity
19.19 loss carryover allowed under section 469(b) of the Internal Revenue Code;

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

19.23 (iv) cash public assistance and relief;

19.24 (v) any pension or annuity (including railroad retirement benefits, all payments
19.25 received under the federal Social Security Act, Supplemental Security Income, and
19.26 veterans benefits), which was not exclusively funded by the claimant or spouse, or which
19.27 was funded exclusively by the claimant or spouse and which funding payments were
19.28 excluded from federal adjusted gross income in the years when the payments were made;

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

19.31 (vii) workers' compensation;

19.32 (viii) nontaxable strike benefits;

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

20.1 (x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of
20.2 1986, as amended through December 31, 1995;

20.3 (xi) contributions made by the claimant to an individual retirement account,
20.4 including a qualified voluntary employee contribution; simplified employee pension plan;
20.5 self-employed retirement plan; cash or deferred arrangement plan under section 401(k)
20.6 of the Internal Revenue Code; or deferred compensation plan under section 457 of the
20.7 Internal Revenue Code;

20.8 (xii) nontaxable scholarship or fellowship grants;

20.9 (xiii) the amount of deduction allowed under section 199 of the Internal Revenue
20.10 Code;

20.11 (xiv) the amount of deduction allowed under section 220 or 223 of the Internal
20.12 Revenue Code;

20.13 (xv) the amount of tuition expenses required to be added to income under section
20.14 290.01, subdivision 19a, clause (12); ~~and~~

20.15 (xvi) the amount deducted for certain expenses of elementary and secondary school
20.16 teachers under section 62(a)(2)(D) of the Internal Revenue Code; and

20.17 (xvii) unemployment compensation.

20.18 In the case of an individual who files an income tax return on a fiscal year basis, the
20.19 term "federal adjusted gross income" shall mean federal adjusted gross income reflected
20.20 in the fiscal year ending in the calendar year. Federal adjusted gross income shall not be
20.21 reduced by the amount of a net operating loss carryback or carryforward or a capital loss
20.22 carryback or carryforward allowed for the year.

20.23 (2) "Income" does not include:

20.24 (a) amounts excluded pursuant to the Internal Revenue Code, sections 101(a) and
20.25 102;

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

20.29 (c) surplus food or other relief in kind supplied by a governmental agency;

20.30 (d) relief granted under this chapter;

20.31 (e) child support payments received under a temporary or final decree of dissolution
20.32 or legal separation; or

20.33 (f) restitution payments received by eligible individuals and excludable interest as
20.34 defined in section 803 of the Economic Growth and Tax Relief Reconciliation Act of
20.35 2001, Public Law 107-16.

20.36 (3) The sum of the following amounts may be subtracted from income:

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

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

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

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

21.5 (e) for the claimant's fifth dependent, the exemption amount; and

21.6 (f) if the claimant or claimant's spouse was disabled or attained the age of 65
21.7 on or before December 31 of the year for which the taxes were levied or rent paid, the
21.8 exemption amount.

21.9 For purposes of this subdivision, the "exemption amount" means the exemption
 21.10 amount under section 151(d) of the Internal Revenue Code for the taxable year for which
 21.11 the income is reported.

21.12 **EFFECTIVE DATE.** This section is effective for property tax refunds based on
 21.13 property taxes payable after December 31, 2009, and rent paid after December 31, 2008,
 21.14 and thereafter.

21.15 Sec. 12. Minnesota Statutes 2008, section 290A.03, subdivision 15, as amended by
 21.16 Laws 2009, chapter 12, article 1, section 10, is amended to read:

21.17 Subd. 15. **Internal Revenue Code.** "Internal Revenue Code" means the Internal
 21.18 Revenue Code of 1986, as amended through ~~December 31, 2008~~ March 31, 2009.

21.19 **EFFECTIVE DATE.** This section is effective for property tax refunds based on
 21.20 property taxes payable after December 31, 2009, and rent paid after December 31, 2008,
 21.21 and thereafter.

21.22 Sec. 13. Minnesota Statutes 2008, section 291.005, subdivision 1, as amended by Laws
 21.23 2009, chapter 12, article 1, section 11, is amended to read:

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

21.26 (1) "Federal gross estate" means the gross estate of a decedent as valued and
 21.27 otherwise determined for federal estate tax purposes by federal taxing authorities pursuant
 21.28 to the provisions of the Internal Revenue Code.

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

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

22.8 (4) "Resident decedent" means an individual whose domicile at the time of death
 22.9 was in Minnesota.

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

22.12 (6) "Situs of property" means, with respect to real property, the state or country in
22.13 which it is located; with respect to tangible personal property, the state or country in which
22.14 it was normally kept or located at the time of the decedent's death; and with respect to
22.15 intangible personal property, the state or country in which the decedent was domiciled
22.16 at death.

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

22.19 (8) "Internal Revenue Code" means the United States Internal Revenue Code of
22.20 1986, as amended through ~~December 31, 2008~~ March 31, 2009.

22.21 (9) "Minnesota adjusted taxable estate" means federal adjusted taxable estate as
22.22 defined by section 2011(b)(3) of the Internal Revenue Code, increased by the amount of
22.23 deduction for state death taxes allowed under section 2058 of the Internal Revenue Code.

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

22.27 **ARTICLE 2**

22.28 **PROPERTY TAXES**

22.29 Section 1. Minnesota Statutes 2008, section 124D.4531, is amended by adding a
22.30 subdivision to read:

22.31 Subd. 5. **Allocation from districts participating in agreements for secondary**
22.32 **education or interdistrict cooperation.** For purposes of this section, a district with a
22.33 career and technical program approved under this section that participates in an agreement
22.34 under section 123A.30 or 123A.32 must allocate its levy authority under this section
22.35 among participating districts.

23.1 **EFFECTIVE DATE.** This section is effective retroactively for taxes payable in
23.2 2008.

23.3 Sec. 2. Minnesota Statutes 2008, section 126C.41, subdivision 2, is amended to read:

23.4 Subd. 2. **Retired employee health benefits.** A district may levy an amount up to the
23.5 amount the district is required by the collective bargaining agreement in effect on March
23.6 30, 1992, to pay for health insurance or unreimbursed medical expenses for licensed
23.7 and nonlicensed employees who have terminated services in the employing district and
23.8 withdrawn from active teaching service or other active service, as applicable, either (1)

23.9 before July 1, 1992, or (2) before July 1, 1998, but for employees retiring after June 30,
 23.10 1992, and before July 1, 1998, only if a sunset clause is in effect for the current collective
 23.11 bargaining agreement. The total amount of the levy each year may not exceed \$600,000.

23.12 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
 23.13 thereafter.

23.14 Sec. 3. Minnesota Statutes 2008, section 144F.01, subdivision 3, is amended to read:

23.15 Subd. 3. **Board.** The special taxing district under this section is governed by a
 23.16 board made up initially of representatives of each participating political subdivision in
 23.17 the proportions set out in the establishing resolution, subject to change as provided in the
 23.18 district's charter, if any, or in the district's bylaws. If a township states in its resolution that
 23.19 less than the entire township will participate in the district, the partial townships shall be
 23.20 represented on the board by only one member, appointed from among those townships
 23.21 so participating. The method for appointment shall be governed by the bylaws of the
 23.22 district's joint powers agreement. Each participant's representative serves at the pleasure
 23.23 of that participant's governing body or bodies.

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

23.25 Sec. 4. Minnesota Statutes 2008, section 272.02, subdivision 7, is amended to read:

23.26 Subd. 7. **Institutions of public charity.** (a) Institutions of purely public charity that
 23.27 are exempt from federal income taxation under section 501(c)(3) of the Internal Revenue
 23.28 Code are exempt; if they meet the requirements of this subdivision. In determining
 23.29 whether real property is exempt under this subdivision, the following factors must be
 23.30 considered:

23.31 (1) whether the stated purpose of the undertaking is to be helpful to others without
 23.32 immediate expectation of material reward;

24.1 (2) whether the institution of public charity is supported by material donations, gifts,
 24.2 or government grants for services to the public in whole or in part;

24.3 (3) whether a material number of the recipients of the charity receive benefits or
 24.4 services at reduced or no cost, or whether the organization provides services to the public
 24.5 that alleviate burdens or responsibilities that would otherwise be borne by the government;

24.6 (4) whether the income received, including material gifts and donations, produces a
 24.7 profit to the charitable institution that is not distributed to private interests;

24.8 (5) whether the beneficiaries of the charity are restricted or unrestricted, and, if
 24.9 restricted, whether the class of persons to whom the charity is made available is one
 24.10 having a reasonable relationship to the charitable objectives; and

24.11 (6) whether dividends, in form or substance, or assets upon dissolution, are not
 24.12 available to private interests.

24.13 A charitable organization must satisfy the factors in clauses (1) to (6) for its property
 24.14 to be exempt under this subdivision, unless there is a reasonable justification for failing to
 24.15 meet the factors in clause (2), (3), or (5), and the organization provides to the assessor the
 24.16 factual basis for that justification. If there is reasonable justification for failing to meet
 24.17 the factors in clause (2), (3), or (5), an organization is a purely public charity under this
 24.18 subdivision without meeting those factors. After an exemption is properly granted under
 24.19 this subdivision, it will remain in effect unless there is a material change in facts.

24.20 (b) For purposes of this subdivision, a grant is a written instrument or electronic
 24.21 document defining a legal relationship between a granting agency and a grantee when
 24.22 the principal purpose of the relationship is to transfer cash or something of value to the
 24.23 grantee to support a public purpose authorized by law in a general manner instead of
 24.24 acquiring by professional or technical contract, purchase, lease, or barter property or
 24.25 services for the direct benefit or use of the granting agency.

24.26 (c) In determining whether rental housing property qualifies for exemption under
 24.27 this subdivision, the following are not gifts or donations to the owner of the rental housing:

- 24.28 (1) rent assistance provided by the government to or on behalf of tenants; and
 24.29 (2) financing assistance or tax credits provided by the government to the owner on
 24.30 condition that specific units or a specific quantity of units be set aside for persons or
 24.31 families with certain income characteristics.

24.32 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
 24.33 thereafter.

24.34 Sec. 5. Minnesota Statutes 2008, section 272.02, subdivision 55, is amended to read:

25.1 Subd. 55. **Electric generation facility; personal property.** Notwithstanding
 25.2 subdivision 9, clause (a), attached machinery and other personal property which is part of
 25.3 an electric generating facility that meets the requirements of this subdivision is exempt. At
 25.4 the time of construction, the facility must (i) be eligible to be designated as an innovative
 25.5 energy project as defined in under section 216B.1694, except that, notwithstanding
 25.6 anything to the contrary in section 216B.1694, a project may include gas-fired generating
 25.7 facilities that are adaptable for subsequent incorporation into a facility that uses coal as
 25.8 a primary fuel, provided that this exception applies only to the eligibility for exemption
 25.9 under this section, (ii) be within a tax relief area as defined in section 273.134, (iii) have
 25.10 access to existing railroad infrastructure within less than three miles, (iv) have received by
 25.11 resolution approval from the governing body of the county and township or city in which

25.12 the proposed facility is to be located for the exemption of personal property under this
 25.13 subdivision, and (v) be designed to host at least 500 megawatts of electrical generation.

25.14 Construction of the first ~~500~~ 100 megawatts of the facility must be commenced after
 25.15 January 1, 2006, and before January 1, 2012. Construction of up to an additional 750
 25.16 megawatts of generation must be commenced before January 1, 2015. Property eligible
 25.17 for this exemption does not include electric transmission lines and interconnections or gas
 25.18 pipelines and interconnections appurtenant to the property or the facility. To qualify for an
 25.19 exemption under this subdivision, the owner of the electric generation facility must have
 25.20 an agreement with the host county, township or city, and school district, for payment in
 25.21 lieu of personal property taxes to the host county, township or city, and school district.

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

25.23 Sec. 6. Minnesota Statutes 2008, section 272.02, subdivision 86, is amended to read:

25.24 Subd. 86. **Apprenticeship training facilities.** All or a portion of a building used
 25.25 exclusively for a state-approved apprenticeship program through the Department of
 25.26 Labor and Industry is exempt if (1) it is owned ~~and operated~~ by a nonprofit ~~corporation~~
 25.27 organization or a nonprofit trust, and operated by a nonprofit organization or a nonprofit
 25.28 trust, (2) the program participants receive no compensation, and (3) it is located in the
 25.29 Minneapolis and St. Paul standard metropolitan statistical area as determined by the 2000
 25.30 federal census or in a city outside the Minneapolis and St. Paul standard metropolitan
 25.31 statistical area that has a population of 7,500 or greater according to the most recent
 25.32 federal census. Use of the property for advanced skills training of incumbent workers does
 25.33 not disqualify the property for the exemption under this subdivision. This exemption
 25.34 ~~does not include~~ includes up to five acres of the land on which the building is located and
 25.35 associated parking areas on that land. If a parking area associated with the facility is
 26.1 used for the purposes of the facility and for other purposes, a portion of the parking area
 26.2 shall be exempt in proportion to the square footage of the facility used for purposes of
 26.3 apprenticeship training.

26.4 **EFFECTIVE DATE.** This section is effective for assessment year 2009, for taxes
 26.5 payable in 2010, and thereafter.

26.6 Sec. 7. Minnesota Statutes 2008, section 272.02, is amended by adding a subdivision
 26.7 to read:

26.8 Subd. 90. **Nursing homes.** A nursing home licensed under section 144A.02 or a
 26.9 boarding care home certified as a nursing facility under title 19 of the Social Security
 26.10 Act that is exempt from federal income taxation pursuant to section 501(c)(3) of the

26.11 Internal Revenue Code is exempt from property taxation if the nursing home or boarding
 26.12 care home either:

26.13 (1) is certified to participate in the medical assistance program under title 19 of
 26.14 the Social Security Act; or

26.15 (2) certifies to the commissioner of revenue that it does not discharge residents
 26.16 due to the inability to pay.

26.17 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
 26.18 thereafter.

26.19 Sec. 8. Minnesota Statutes 2008, section 272.02, is amended by adding a subdivision
 26.20 to read:

26.21 Subd. 91. **Railroad wye connections.** Any real or personal property of a railroad
 26.22 wye connection, including the track, ties, ballast, switch gear, and related improvements,
 26.23 is exempt if it meets all of the following: (1) is publicly owned; (2) is funded, in whole or
 26.24 in part, by state grants; (3) is located within the metropolitan area as defined in section
 26.25 473.121, subdivision 2; (4) includes a single track segment that is no longer than 2,500 feet
 26.26 in length; (5) connects intersecting rail lines; and (6) is constructed after January 1, 2009.

26.27 **EFFECTIVE DATE.** This section is effective for assessment year 2009 and
 26.28 thereafter, for taxes payable in 2010 and thereafter.

26.29 Sec. 9. Minnesota Statutes 2008, section 272.02, is amended by adding a subdivision
 26.30 to read:

26.31 Subd. 92. **Electric generation facility; personal property.** (a) Notwithstanding
 26.32 subdivision 9, clause (a), attached machinery and other personal property that is part of
 26.33 an electric generation facility that exceeds 150 megawatts of installed capacity, does
 27.1 not exceed 780 megawatts of summer capacity, and that meets the requirements of this
 27.2 subdivision, is exempt. At the start of construction, the facility must:

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

27.4 (2) be owned by an entity other than a public utility as defined in section 216B.02,
 27.5 subdivision 4;

27.6 (3) be located within five miles of two or more interstate natural gas pipelines;

27.7 (4) be located within one mile of an existing electrical transmission substation with
 27.8 operating alternating current voltages of 115 kV, 345 kV, and 500 kV;

27.9 (5) be designed to provide electrical capacity, energy, and ancillary services;

27.10 (6) have satisfied all of the requirements under section 216B.243;

27.11 (7) have executed an interconnection agreement with the Midwest Independent
 27.12 System Operator that does not require the acquisition of more than one mile of new
 27.13 electric transmission right-of-way within the county where the facility is located, and does
 27.14 not provide for any other new routes or corridors for future electric transmission lines in
 27.15 the county where the facility is located;

27.16 (8) be located in a county with an essential services and transmission services
 27.17 ordinance;

27.18 (9) have signed a development agreement with the county board in the county in
 27.19 which the facility is located. The development agreement must be adopted by a two-thirds
 27.20 vote of the county board, and must contain provisions ensuring:

27.21 (i) the facility is designed to use effluent from a wastewater treatment facility as
 27.22 its preferred water source if it includes any combined-cycle units, and will not seek an
 27.23 exemption from legislative approval under section 103G.265, subdivision 3, paragraph
 27.24 (b); and

27.25 (ii) all processed wastewater discharge will be colocated with the outfall of a
 27.26 wastewater treatment facility;

27.27 (10) have signed a development agreement with the township board in the township
 27.28 in which the facility is located containing provisions ensuring that noise and visual
 27.29 impacts of the facility are mitigated. The development agreement must be adopted by a
 27.30 two-thirds vote of the township board; and

27.31 (11) have an agreement with the host county, township, and school district for
 27.32 payment in lieu of personal property taxes to the host county, township, and school
 27.33 district for a total amount not to exceed \$600,000 per year for the operating life of the
 27.34 facility. Any amount distributed to the school district is not subject to the deductions
 27.35 under section 126C.21.

28.1 (b) Construction of the facility must begin after March 1, 2010, and before March 1,
 28.2 2014. Property eligible for this exemption does not include electric transmission lines and
 28.3 interconnections or gas pipelines and interconnections appurtenant to the facility.

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

28.5 Sec. 10. Minnesota Statutes 2008, section 272.02, is amended by adding a subdivision
 28.6 to read:

28.7 **Subd. 93. Electric generation facility; personal property.** Notwithstanding
 28.8 subdivision 9, clause (a), attached machinery and other personal property that is part of
 28.9 a simple-cycle electric generation facility of more than 40 megawatts and less than 125

28.10 megawatts of installed capacity and that meets the requirements of this subdivision is
 28.11 exempt. At the time of construction, the facility must:

28.12 (1) utilize natural gas as a primary fuel;

28.13 (2) be located within two miles of parallel existing 36-inch natural gas pipelines and
 28.14 an existing 115-kilovolt high-voltage electric transmission line;

28.15 (3) be designed to provide peaking, emergency backup, or contingency services;

28.16 (4) satisfy a resource deficiency identified in an approved integrated resource plan
 28.17 filed under section 216B.2422; and

28.18 (5) have an agreement with the host county, township, and school district for
 28.19 payment in lieu of personal property taxes to the host county, township, and school district
 28.20 for the operating life of the facility. Any amount distributed to the school district is not
 28.21 subject to the deductions under section 126C.21.

28.22 Construction of the facility must be commenced after January 1, 2010, and
 28.23 before January 1, 2014. Property eligible for this exemption does not include electric
 28.24 transmission lines and interconnections or gas pipelines and interconnections appurtenant
 28.25 to the property or the facility.

28.26 **EFFECTIVE DATE.** This section is effective for assessments in 2011, taxes
 28.27 payable in 2012, and thereafter.

28.28 Sec. 11. Minnesota Statutes 2008, section 272.02, is amended by adding a subdivision
 28.29 to read:

28.30 Subd. 94. **Elderly living facility.** (a) The first \$5,000,000 in market value of an
 28.31 elderly living facility is exempt from taxation if it meets all of the following requirements:

28.32 (1) the facility consists of no more than 75 living units;

28.33 (2) the facility is located in a city of the first class with a population of more than
 28.34 350,000;

29.1 (3) the facility is owned and operated by a nonprofit corporation organized under
 29.2 chapter 317A;

29.3 (4) the owner of the facility is an affiliate of entities that own and operate assisted
 29.4 living and skilled nursing facilities that:

29.5 (i) are located across a street from the facility;

29.6 (ii) are adjacent to a church that is exempt from taxation under subdivision 6;

29.7 (iii) include a congregate dining program; and

29.8 (iv) provide assisted living or similar social and physical support;

29.9 (5) the residents of the facility must be:

29.10 (i) at least 62 years of age; or

29.11 (ii) handicapped;

29.12 (6) at least 30 percent of the units in the facility are occupied by persons whose
 29.13 annual income does not exceed 50 percent of median family income for the area; and

29.14 (7) before the effective date of this subdivision, the facility has received approval of
 29.15 street vacation and land use applications from the city in which it is to be located.

29.16 (b) In this subdivision, "affiliate" means any entity directly or indirectly controlling
 29.17 or controlled by or under direct or indirect common control with an entity, and "control"
 29.18 means the power to direct management and policies through membership or ownership
 29.19 of voting securities.

29.20 (c) The exemption provided in this subdivision applies to taxes levied in each
 29.21 year or partial year of the term of the facility's initial permanent financing or 25 years,
 29.22 whichever is later.

29.23 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2010.

29.24 Sec. 12. Minnesota Statutes 2008, section 272.029, subdivision 6, is amended to read:

29.25 Subd. 6. **Distribution of revenues.** Revenues from the taxes imposed under
 29.26 subdivision 5 must be part of the settlement between the county treasurer and the county
 29.27 auditor under section 276.09. The revenue must be distributed by the county auditor or the
 29.28 county treasurer to local taxing jurisdictions in which the wind energy conversion system
 29.29 is located as follows: beginning with distributions in ~~2006~~ 2010, 80 percent to counties;
 29.30 and 20 percent to cities and townships; and for distributions occurring in 2006 to 2009, 80
 29.31 percent to counties; 14 percent to cities and townships; and six percent to school districts;
 29.32 ~~and for distributions occurring in 2004 and 2005 in the same proportion that each of the~~
 29.33 ~~local taxing jurisdiction's current year's net tax capacity based tax rate is to the current~~
 29.34 ~~year's total local net tax capacity based rate.~~

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

30.1 Sec. 13. Minnesota Statutes 2008, section 273.11, subdivision 23, is amended to read:

30.2 Subd. 23. **First tier valuation limit; agricultural homestead property.** (a)
 30.3 ~~Beginning with assessment year 2006,~~ The commissioner of revenue shall annually certify
 30.4 the first tier limit for agricultural homestead property ~~as~~ For assessment year 2010, the
 30.5 limit is \$1,140,000. Beginning with assessment year 2011, the limit is the product of (i)
 30.6 ~~\$600,000~~ the first tier limit for the preceding assessment year, and (ii) the ratio of the
 30.7 statewide average taxable market value of agricultural property per acre of deeded farm
 30.8 land in the preceding assessment year to the statewide average taxable market value of

30.9 agricultural property per acre of deeded farm land for the second preceding assessment
 30.10 year ~~2004~~. The limit shall be rounded to the nearest \$10,000.

30.11 (b) For the purposes of this subdivision, "agricultural property" means all class
 30.12 ~~2~~ 2a property under section 273.13, subdivision 23, except for ~~(1) timberland, (2) a~~
 30.13 ~~landing area or public access area of a privately owned public use airport, and (3) property~~
 30.14 consisting of the house, garage, and immediately surrounding one acre of land of an
 30.15 agricultural homestead.

30.16 (c) The commissioner shall certify the limit by January 2 of each assessment year;
 30.17 ~~except that for assessment year 2006 the commissioner shall certify the limit by June~~
 30.18 ~~1, 2006.~~

30.19 **EFFECTIVE DATE.** This section is effective for taxes payable in 2011 and
 30.20 thereafter.

30.21 Sec. 14. Minnesota Statutes 2008, section 273.111, subdivision 4, is amended to read:

30.22 Subd. 4. **Determination of value.** (a) The value of any real estate described
 30.23 in subdivision 3 shall upon timely application by the owner, in the manner provided
 30.24 in subdivision 8, be determined solely with reference to its appropriate agricultural
 30.25 classification and value notwithstanding sections 272.03, subdivision 8, and 273.11.
 30.26 Furthermore, the assessor shall not consider any added values resulting from
 30.27 nonagricultural factors. In order to account for the presence of nonagricultural influences
 30.28 that may affect the value of agricultural land, the commissioner of revenue shall develop a
 30.29 fair and uniform method of determining agricultural values for each county in the state
 30.30 that are consistent with this subdivision. The commissioner shall annually assign the
 30.31 resulting values to each county, and these values shall be used as the basis for determining
 30.32 the agricultural value for all properties in the county qualifying for tax deferral under
 30.33 this section.

30.34 (b) In the case of property qualifying for tax deferral only under subdivision 3a,
 30.35 ~~the value shall be based on the value in effect for assessment year 2008, multiplied by~~
 31.1 ~~the ratio of the total taxable market value of all property in the county for the current~~
 31.2 ~~assessment year divided by the total taxable market value of all property in the county for~~
 31.3 ~~assessment year 2008~~ assessor shall not consider the presence of commercial, industrial,
 31.4 residential, or seasonal recreational land use influences in determining the value for ad
 31.5 valorem tax purposes provided that in no case shall the value exceed the value prescribed
 31.6 by the commissioner of revenue for class 2a tillable property in that county.

31.7 **EFFECTIVE DATE.** This section is effective for assessment year 2009 and
 31.8 thereafter.

31.9 Sec. 15. Minnesota Statutes 2008, section 273.111, is amended by adding a subdivision
31.10 to read:

31.11 Subd. 9a. **Cross-compliance with agricultural chemical and water laws.** (a) A
31.12 parcel of property enrolled under this section whose owner is subject to two or more final
31.13 enforcement actions for violations of chapter 18B, 18C, 18D, 103E, 103F, 103G, or 103H,
31.14 or any rule adopted under these chapters including but not limited to the agricultural
31.15 shoreland use standards in Minnesota Rules, chapter 6120, occurring on the parcel, shall
31.16 be subject to a property tax penalty as defined in this subdivision.

31.17 (b) For the purposes of this subdivision, "final enforcement action" means any
31.18 administrative, civil, or criminal penalty other than a verbal or written warning. An
31.19 enforcement action is not final until any time period for corrective action has expired,
31.20 and until the completion or expiration of any applicable review or appeal procedure or
31.21 period provided by law.

31.22 (c) The first time a final enforcement action is taken based on a violation occurring
31.23 on a parcel enrolled under this section, the owner must be notified that if a second final
31.24 enforcement action is issued, the property is subject to a property tax penalty, as defined
31.25 in this subdivision.

31.26 (d) When a second final enforcement action is taken based on a violation occurring
31.27 on a parcel enrolled under this section within three years from the first violation, the law
31.28 enforcement officer or other person enforcing the law or rule must notify the county
31.29 auditor. The auditor must then determine the property tax penalty, equal to the deferred
31.30 taxes on the parcel for the current year and the two previous years, but not to exceed the
31.31 current owner's time of ownership, and extend the penalty against the property on the tax
31.32 list for the current year, provided that no interest or penalties shall be levied on the penalty
31.33 if timely paid. The penalty levied under this subdivision is in addition to any additional
31.34 taxes levied under subdivision 9 at the time a property is withdrawn from the program.

32.1 **EFFECTIVE DATE.** This section is effective for final enforcement actions issued
32.2 after January 1, 2010, and before December 31, 2013.

32.3 Sec. 16. Minnesota Statutes 2008, section 273.113, subdivision 1, is amended to read:

32.4 Subdivision 1. **Definition.** For the purposes of this section, the following terms
32.5 have the meanings given to them:

32.6 (1) "~~proposed~~ bovine tuberculosis modified accredited zone" means the modified
32.7 accredited zone ~~proposed~~ designated by the Board of Animal Health under section 35.244;
32.8 ~~and~~

32.9 (2) "located within" means that the herd is kept in the area for at least a part of
 32.10 calendar year 2006, 2007, or 2008; and

32.11 (3) "animal" means cattle, bison, goats, and farmed cervidae.

32.12 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2010
 32.13 and thereafter.

32.14 Sec. 17. Minnesota Statutes 2008, section 273.113, subdivision 2, is amended to read:

32.15 Subd. 2. **Eligibility; amount of credit.** Agricultural and rural vacant land classified
 32.16 under section 273.13, subdivision 23, located within a ~~proposed~~ bovine tuberculosis
 32.17 modified accredited zone is eligible for a property tax credit equal to the ~~property tax~~
 32.18 greater of: (1) \$5 per acre on the ~~parcel~~ first 160 acres of the property where the herd had
 32.19 been located, ~~excluding any tax attributable to residential structures;~~ or (2) an amount
 32.20 equal to \$5 per acre times five acres times the highest number of animals tested on the
 32.21 property for bovine tuberculosis in a whole-herd test as reported by the Board of Animal
 32.22 Health in 2006, 2007, or 2008. The amount of the credit cannot exceed the property tax
 32.23 payable on the property where the herd had been located, excluding any tax attributable
 32.24 to residential structures. To begin to qualify for the tax credit, the owner shall file an
 32.25 application with the county by December 1 of the levy year. The credit must be given
 32.26 for each subsequent taxes payable year until the credit terminates under subdivision 4.
 32.27 The assessor shall indicate the amount of the property tax reduction on the property tax
 32.28 statement of each taxpayer receiving a credit under this section. The credit paid pursuant
 32.29 to this section shall be deducted from the tax due on the property as provided in section
 32.30 273.1393.

32.31 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2010
 32.32 and thereafter.

32.33 Sec. 18. Minnesota Statutes 2008, section 273.13, subdivision 25, is amended to read:

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

33.8 (b) Class 4b includes:

33.9 (1) residential real estate containing less than four units that does not qualify as class
33.10 4bb, other than seasonal residential recreational property;

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

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

33.14 (4) unimproved property that is classified residential as determined under subdivision
33.15 33.

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

33.17 (c) Class 4bb includes:

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

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

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

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

33.26 (d) Class 4c property includes:

33.27 (1) except as provided in subdivision 22, paragraph (c), or subdivision 23, paragraph
33.28 (b), clause (1), real and personal property devoted to temporary and seasonal residential
33.29 occupancy for recreation purposes, including real and personal property devoted to
33.30 temporary and seasonal residential occupancy for recreation purposes and not devoted to
33.31 commercial purposes for more than 250 days in the year preceding the year of assessment.

33.32 For purposes of this clause, property is devoted to a commercial purpose on a specific
33.33 day if any portion of the property is used for residential occupancy, and a fee is charged
33.34 for residential occupancy. Class 4c property must contain three or more rental units. A
33.35 "rental unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual
33.36 camping site equipped with water and electrical hookups for recreational vehicles. Class
34.1 4c property must provide recreational activities such as renting ice fishing houses, boats
34.2 and motors, snowmobiles, downhill or cross-country ski equipment; provide marina
34.3 services, launch services, or guide services; or sell bait and fishing tackle. A camping
34.4 pad offered for rent by a property that otherwise qualifies for class 4c is also class 4c
34.5 regardless of the term of the rental agreement, as long as the use of the camping pad
34.6 does not exceed 250 days. In order for a property to be classified as class 4c, seasonal
34.7 residential recreational for commercial purposes under this clause, at least 40 percent of
34.8 the annual gross lodging receipts related to the property must be from business conducted

34.9 during 90 consecutive days and either (i) at least 60 percent of all paid bookings by
34.10 lodging guests during the year must be for periods of at least two consecutive nights; or
34.11 (ii) at least 20 percent of the annual gross receipts must be from charges for rental of fish
34.12 houses, boats and motors, snowmobiles, downhill or cross-country ski equipment, or
34.13 charges for marina services, launch services, and guide services, or the sale of bait and
34.14 fishing tackle. For purposes of this determination, a paid booking of five or more nights
34.15 shall be counted as two bookings. Class 4c also includes commercial use real property
34.16 used exclusively for recreational purposes in conjunction with class 4c property devoted
34.17 to temporary and seasonal residential occupancy for recreational purposes, up to a total of
34.18 two acres, provided the property is not devoted to commercial recreational use for more
34.19 than 250 days in the year preceding the year of assessment and is located within two
34.20 miles of the class 4c property with which it is used. Owners of real and personal property
34.21 devoted to temporary and seasonal residential occupancy for recreation purposes and all
34.22 or a portion of which was devoted to commercial purposes for not more than 250 days in
34.23 the year preceding the year of assessment desiring classification as class 4c, must submit a
34.24 declaration to the assessor designating the cabins or units occupied for 250 days or less in
34.25 the year preceding the year of assessment by January 15 of the assessment year. Those
34.26 cabins or units and a proportionate share of the land on which they are located must be
34.27 designated class 4c as otherwise provided. The remainder of the cabins or units and
34.28 a proportionate share of the land on which they are located will be designated as class
34.29 3a. The owner of property desiring designation as class 4c property must provide guest
34.30 registers or other records demonstrating that the units for which class 4c designation is
34.31 sought were not occupied for more than 250 days in the year preceding the assessment if
34.32 so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop,
34.33 (4) conference center or meeting room, and (5) other nonresidential facility operated on a
34.34 commercial basis not directly related to temporary and seasonal residential occupancy for
34.35 recreation purposes does not qualify for class 4c;

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

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

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

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

35.8 (3) real property up to a maximum of three acres of land owned and used by a
35.9 nonprofit community service oriented organization and that is not used for residential
35.10 purposes on either a temporary or permanent basis, qualifies for class 4c provided that
35.11 it meets either of the following:

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

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

35.18 For purposes of this clause,

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

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

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

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

35.34 Any portion of the property qualifying under item (i) which is used for revenue-producing
35.35 activities for more than six days in the calendar year preceding the year of assessment
35.36 shall be assessed as class 3a. The use of the property for social events open exclusively
36.1 to members and their guests for periods of less than 24 hours, when an admission is
36.2 not charged nor any revenues are received by the organization shall not be considered a
36.3 revenue-producing activity.

36.4 The organization shall maintain records of its charitable contributions and donations
36.5 and of public meetings and events held on the property and make them available upon
36.6 request any time to the assessor to ensure eligibility. An organization meeting the
36.7 requirement under item (ii) must file an application by May 1 with the assessor for

36.8 eligibility for the current year's assessment. The commissioner shall prescribe a uniform
36.9 application form and instructions;

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

36.14 (5) manufactured home parks as defined in section 327.14, subdivision 3;

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

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

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

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

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

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

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

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

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

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

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

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

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

37.6 The market value subject to the 4c classification under this clause is limited to five rental
37.7 units. Any rental units on the property in excess of five, must be valued and assessed as

37.8 class 3a. The portion of the property used for purposes of a homestead by the owner must
37.9 be classified as class 1a property under subdivision 22; ~~and~~

37.10 (10) real property up to a maximum of three acres and operated as a restaurant
37.11 as defined under section 157.15, subdivision 12, provided it: (A) is located on a lake
37.12 as defined under section 103G.005, subdivision 15, paragraph (a), clause (3); and (B)
37.13 is either devoted to commercial purposes for not more than 250 consecutive days, or
37.14 receives at least 60 percent of its annual gross receipts from business conducted during
37.15 four consecutive months. Gross receipts from the sale of alcoholic beverages must be
37.16 included in determining the property's qualification under subitem (B). The property's
37.17 primary business must be as a restaurant and not as a bar. Gross receipts from gift shop
37.18 sales located on the premises must be excluded. Owners of real property desiring 4c
37.19 classification under this clause must submit an annual declaration to the assessor by
37.20 February 1 of the current assessment year, based on the property's relevant information for
37.21 the preceding assessment year; and

37.22 (11) lakeshore and riparian property and adjacent land, not to exceed six acres, used
37.23 as a marina, as defined in section 86A.20, subdivision 5, which is made accessible to
37.24 the public and devoted to recreational use for marina services. The marina owner must
37.25 annually provide evidence to the assessor that it provides services, including lake or
37.26 river access to the public. No more than 800 feet of lakeshore may be included in this
37.27 classification. Buildings used in conjunction with a marina for marina services, including
37.28 but not limited to buildings used to provide food and beverage services, fuel, boat repairs,
37.29 or the sale of bait or fishing tackle are classified as class 3a property.

37.30 Class 4c property has a class rate of 1.5 percent of market value, except that (i) each
37.31 parcel of seasonal residential recreational property not used for commercial purposes has
37.32 the same class rates as class 4bb property, (ii) manufactured home parks assessed under
37.33 clause (5) have the same class rate as class 4b property, (iii) commercial-use seasonal
37.34 residential recreational property and marina recreational land as described in clause (11),
37.35 has a class rate of one percent for the first \$500,000 of market value, and 1.25 percent for
37.36 the remaining market value, (iv) the market value of property described in clause (4) has a
38.1 class rate of one percent, (v) the market value of property described in clauses (2), (6), and
38.2 (10) has a class rate of 1.25 percent, and (vi) that portion of the market value of property
38.3 in clause (9) qualifying for class 4c property has a class rate of 1.25 percent.

38.4 (e) Class 4d property is qualifying low-income rental housing certified to the assessor
38.5 by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion
38.6 of the units in the building qualify as low-income rental housing units as certified under
38.7 section 273.128, subdivision 3, only the proportion of qualifying units to the total number

38.8 of units in the building qualify for class 4d. The remaining portion of the building shall be
 38.9 classified by the assessor based upon its use. Class 4d also includes the same proportion of
 38.10 land as the qualifying low-income rental housing units are to the total units in the building.
 38.11 For all properties qualifying as class 4d, the market value determined by the assessor must
 38.12 be based on the normal approach to value using normal unrestricted rents.

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

38.14 **EFFECTIVE DATE.** This section is effective for assessment year 2009, taxes
 38.15 payable in 2010, and thereafter.

38.16 Sec. 19. Minnesota Statutes 2008, section 275.07, is amended by adding a subdivision
 38.17 to read:

38.18 **Subd. 6. Recertification due to unallotment.** If a local government's December
 38.19 aid or credit payments under sections 477A.011 to 477A.014 and section 273.1384 are
 38.20 reduced due to unallotment under section 16A.152, the local government may recertify
 38.21 its levy under subdivision 1, by January 15 of the year in which the levy will be paid.
 38.22 The local government must report the recertified amount to the county auditor within
 38.23 two business days of January 15 or the levy will remain at the amount certified under
 38.24 subdivision 1. Notwithstanding subdivision 4, the county auditor shall report to the
 38.25 commissioner of revenue any recertified levies under this subdivision by January 30
 38.26 of the year in which the levy will be paid.

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

38.28 Sec. 20. Minnesota Statutes 2008, section 275.70, subdivision 5, is amended to read:

38.29 **Subd. 5. Special levies.** "Special levies" means those portions of ad valorem taxes
 38.30 levied by a local governmental unit for the following purposes or in the following manner:

38.31 (1) to pay the costs of the principal and interest on bonded indebtedness or to
 38.32 reimburse for the amount of liquor store revenues used to pay the principal and interest
 38.33 due on municipal liquor store bonds in the year preceding the year for which the levy
 38.34 limit is calculated;

39.1 (2) to pay the costs of principal and interest on certificates of indebtedness issued for
 39.2 any corporate purpose except for the following:

39.3 (i) tax anticipation or aid anticipation certificates of indebtedness;

39.4 (ii) certificates of indebtedness issued under sections 298.28 and 298.282;

39.5 (iii) certificates of indebtedness used to fund current expenses or to pay the costs of
 39.6 extraordinary expenditures that result from a public emergency; or

39.7 (iv) certificates of indebtedness used to fund an insufficiency in tax receipts or
39.8 an insufficiency in other revenue sources;

39.9 (3) to provide for the bonded indebtedness portion of payments made to another
39.10 political subdivision of the state of Minnesota;

39.11 (4) to fund payments made to the Minnesota State Armory Building Commission
39.12 under section 193.145, subdivision 2, to retire the principal and interest on armory
39.13 construction bonds;

39.14 (5) property taxes approved by voters which are levied against the referendum
39.15 market value as provided under section 275.61;

39.16 (6) to fund matching requirements needed to qualify for federal or state grants or
39.17 programs to the extent that either (i) the matching requirement exceeds the matching
39.18 requirement in calendar year 2001, or (ii) it is a new matching requirement that did not
39.19 exist prior to 2002;

39.20 (7) to pay the expenses reasonably and necessarily incurred in preparing for or
39.21 repairing the effects of natural disaster including the occurrence or threat of widespread
39.22 or severe damage, injury, or loss of life or property resulting from natural causes, in
39.23 accordance with standards formulated by the Emergency Services Division of the state
39.24 Department of Public Safety, as allowed by the commissioner of revenue under section
39.25 275.74, subdivision 2;

39.26 (8) pay amounts required to correct an error in the levy certified to the county
39.27 auditor by a city or county in a levy year, but only to the extent that when added to the
39.28 preceding year's levy it is not in excess of an applicable statutory, special law or charter
39.29 limitation, or the limitation imposed on the governmental subdivision by sections 275.70
39.30 to 275.74 in the preceding levy year;

39.31 (9) to pay an abatement under section 469.1815;

39.32 (10) to pay any costs attributable to increases in the employer contribution rates
39.33 under chapter 353, or locally administered pension plans, that are effective after June
39.34 30, 2001;

39.35 (11) to pay the operating or maintenance costs of a county jail as authorized in
39.36 section 641.01 or 641.262, or of a correctional facility as defined in section 241.021,
40.1 subdivision 1, paragraph (f), to the extent that the county can demonstrate to the
40.2 commissioner of revenue that the amount has been included in the county budget as
40.3 a direct result of a rule, minimum requirement, minimum standard, or directive of the
40.4 Department of Corrections, or to pay the operating or maintenance costs of a regional jail
40.5 as authorized in section 641.262. For purposes of this clause, a district court order is
40.6 not a rule, minimum requirement, minimum standard, or directive of the Department of

40.7 Corrections. If the county utilizes this special levy, except to pay operating or maintenance
40.8 costs of a new regional jail facility under sections 641.262 to 641.264 which will not
40.9 replace an existing jail facility, any amount levied by the county in the previous levy year
40.10 for the purposes specified under this clause and included in the county's previous year's
40.11 levy limitation computed under section 275.71, shall be deducted from the levy limit
40.12 base under section 275.71, subdivision 2, when determining the county's current year
40.13 levy limitation. The county shall provide the necessary information to the commissioner
40.14 of revenue for making this determination;

40.15 (12) to pay for operation of a lake improvement district, as authorized under section
40.16 103B.555. If the county utilizes this special levy, any amount levied by the county in the
40.17 previous levy year for the purposes specified under this clause and included in the county's
40.18 previous year's levy limitation computed under section 275.71 shall be deducted from
40.19 the levy limit base under section 275.71, subdivision 2, when determining the county's
40.20 current year levy limitation. The county shall provide the necessary information to the
40.21 commissioner of revenue for making this determination;

40.22 (13) to repay a state or federal loan used to fund the direct or indirect required
40.23 spending by the local government due to a state or federal transportation project or other
40.24 state or federal capital project. This authority may only be used if the project is not a
40.25 local government initiative;

40.26 (14) to pay for court administration costs as required under section 273.1398,
40.27 subdivision 4b, less the (i) county's share of transferred fines and fees collected by the
40.28 district courts in the county for calendar year 2001 and (ii) the aid amount certified to be
40.29 paid to the county in 2004 under section 273.1398, subdivision 4c; however, for taxes
40.30 levied to pay for these costs in the year in which the court financing is transferred to the
40.31 state, the amount under this clause is limited to the amount of aid the county is certified to
40.32 receive under section 273.1398, subdivision 4a;

40.33 (15) to fund a police or firefighters relief association as required under section 69.77
40.34 to the extent that the required amount exceeds the amount levied for this purpose in 2001;

40.35 (16) for purposes of a storm sewer improvement district under section 444.20;

41.1 (17) to pay for the maintenance and support of a city or county society for the
41.2 prevention of cruelty to animals under section 343.11, but not to exceed in any year
41.3 \$4,800 or the sum of \$1 per capita based on the county's or city's population as of the most
41.4 recent federal census, whichever is greater. If the city or county uses this special levy, any
41.5 amount levied by the city or county in the previous levy year for the purposes specified
41.6 in this clause and included in the city's or county's previous year's levy limit computed

41.7 under section 275.71, must be deducted from the levy limit base under section 275.71,
41.8 subdivision 2, in determining the city's or county's current year levy limit;

41.9 (18) for counties, to pay for the increase in their share of health and human service
41.10 costs caused by reductions in federal health and human services grants effective after
41.11 September 30, 2007;

41.12 (19) for a city, for the costs reasonably and necessarily incurred for securing,
41.13 maintaining, or demolishing foreclosed or abandoned residential properties, as allowed by
41.14 the commissioner of revenue under section 275.74, subdivision 2. A city must have either
41.15 (i) a foreclosure rate of at least 1.4 percent in 2007, or (ii) a foreclosure rate in 2007 in
41.16 the city or in a zip code area of the city that is at least 50 percent higher than the average
41.17 foreclosure rate in the metropolitan area, as defined in section 473.121, subdivision 2,
41.18 to use this special levy. For purposes of this paragraph, "foreclosure rate" means the
41.19 number of foreclosures, as indicated by sheriff sales records, divided by the number of
41.20 households in the city in 2007;

41.21 (20) for a city, for the unreimbursed costs of redeployed traffic control agents and
41.22 lost traffic citation revenue due to the collapse of the Interstate 35W bridge, as certified
41.23 to the Federal Highway Administration;

41.24 (21) to pay costs attributable to wages and benefits for sheriff, police, and fire
41.25 personnel. If a local governmental unit did not use this special levy in the previous year its
41.26 levy limit base under section 275.71 shall be reduced by the amount equal to the amount it
41.27 levied for the purposes specified in this clause in the previous year; ~~and~~

41.28 (22) an amount equal to any reductions in the certified aids or credits payable
41.29 under sections 477A.011 to 477A.014, and section 273.1384, due to unallotment under
41.30 section 16A.152. The amount of the levy allowed under this clause is equal to the amount
41.31 unallotted in the calendar year in which the tax is levied unless the unallotment amount is
41.32 not known by September 1 of the levy year, and the local government has not adjusted its
41.33 levy under section 275.065, subdivision 6, or 275.07, subdivision 6, in which case the
41.34 unallotment amount may be levied in the following year;

42.1 (23) to pay for the difference between one-half of the costs of confining sex offenders
42.2 undergoing the civil commitment process and any state payments for this purpose pursuant
42.3 to section 253B.185, subdivision 5;

42.4 (24) for a county to pay the costs of the first year of maintaining and operating a new
42.5 facility or new expansion, either of which contains courts, corrections, dispatch, criminal
42.6 investigation labs, or other public safety facilities and for which all or a portion of the
42.7 funding for the site acquisition, building design, site preparation, construction, and related
42.8 equipment was issued or authorized prior to the imposition of levy limits in 2008. The

42.9 levy limit base shall then be increased by an amount equal to the new facility's first full
 42.10 year's operating costs as described in this clause; and
 42.11 (25) for the estimated amount of reduction to credits under section 273.1384 for
 42.12 credits payable in the year in which the levy is payable.

42.13 **EFFECTIVE DATE.** This section is effective for levies certified in calendar year
 42.14 2009 and thereafter, payable in 2010 and thereafter.

42.15 Sec. 21. **[275.77] TEMPORARY SUSPENSION OF NEW OR INCREASED**
 42.16 **MAINTENANCE OF EFFORT AND MATCHING FUND REQUIREMENTS.**

42.17 Subdivision 1. **Definitions.** For purposes of this section, the following terms have
 42.18 the meanings given them:

42.19 (1) "maintenance of effort" means a requirement imposed on a political subdivision
 42.20 by state law to continue providing funding of a service or program at a given or increasing
 42.21 level based on its funding of the service and program in prior years;

42.22 (2) "matching fund requirement" means a requirement imposed on a political
 42.23 subdivision by state law to fund a portion of a program or service but does not mean
 42.24 required nonstate contributions to state capital funded projects or other nonstate
 42.25 contributions required in order to receive a grant or loan the political subdivision has
 42.26 requested or applied for; and

42.27 (3) "political subdivision" means a county, town, or statutory or home rule charter
 42.28 city.

42.29 Subd. 2. **Temporary suspension.** (a) Notwithstanding any other provision of law
 42.30 to the contrary, any new maintenance of effort or matching fund requirement enacted
 42.31 after January 1, 2009, that will require spending by a political subdivision shall not be
 42.32 effective until July 1, 2011.

42.33 (b) Notwithstanding any other provision of law to the contrary, any changes to
 42.34 existing maintenance of effort or matching fund requirement enacted after January 1,
 43.1 2009, that will require new spending by a political subdivision shall not be effective
 43.2 until July 1, 2011.

43.3 (c) The suspension of changes to existing maintenance of effort and matching fund
 43.4 requirements under paragraph (b) does not apply if the spending is required by federal law
 43.5 and there would be a cost to the state budget without the change.

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

43.7 Sec. 22. Minnesota Statutes 2008, section 276.04, subdivision 2, is amended to read:

43.8 Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the
43.9 printing of the tax statements. The commissioner of revenue shall prescribe the form of
43.10 the property tax statement and its contents. The tax statement must not state or imply
43.11 that property tax credits are paid by the state of Minnesota. The statement must contain
43.12 a tabulated statement of the dollar amount due to each taxing authority and the amount
43.13 of the state tax from the parcel of real property for which a particular tax statement is
43.14 prepared. The dollar amounts attributable to the county, the state tax, the voter approved
43.15 school tax, the other local school tax, the township or municipality, and the total of
43.16 the metropolitan special taxing districts as defined in section 275.065, subdivision 3,
43.17 paragraph (i), must be separately stated. The amounts due all other special taxing districts,
43.18 if any, may be aggregated except that any levies made by the regional rail authorities in the
43.19 county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter
43.20 398A shall be listed on a separate line directly under the appropriate county's levy. If the
43.21 county levy under this paragraph includes an amount for a lake improvement district as
43.22 defined under sections 103B.501 to 103B.581, the amount attributable for that purpose
43.23 must be separately stated from the remaining county levy amount. In the case of Ramsey
43.24 County, if the county levy under this paragraph includes an amount for public library
43.25 service under section 134.07, the amount attributable for that purpose may be separated
43.26 from the remaining county levy amount. The amount of the tax on homesteads qualifying
43.27 under the senior citizens' property tax deferral program under chapter 290B is the total
43.28 amount of property tax before subtraction of the deferred property tax amount. The
43.29 amount of the tax on contamination value imposed under sections 270.91 to 270.98, if any,
43.30 must also be separately stated. The dollar amounts, including the dollar amount of any
43.31 special assessments, may be rounded to the nearest even whole dollar. For purposes of this
43.32 section whole odd-numbered dollars may be adjusted to the next higher even-numbered
43.33 dollar. The amount of market value excluded under section 273.11, subdivision 16, if any,
43.34 must also be listed on the tax statement.

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

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

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

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

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

44.12 (4) for homestead residential and agricultural properties, the credits under section
44.13 273.1384;

44.14 (5) any credits received under sections 273.119; 273.1234 or 273.1235; 273.135;
44.15 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of
44.16 credit received under section 273.135 must be separately stated and identified as "taconite
44.17 tax relief"; and

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

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

44.27 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
44.28 thereafter.

44.29 Sec. 23. Minnesota Statutes 2008, section 279.01, subdivision 1, is amended to read:

44.30 Subdivision 1. **Due dates; penalties.** Except as provided in subdivision 3 or 4, on
44.31 May 16 or 21 days after the postmark date on the envelope containing the property tax
44.32 statement, whichever is later, a penalty accrues and thereafter is charged upon all unpaid
44.33 taxes on real estate on the current lists in the hands of the county treasurer. The penalty is
44.34 at a rate of two percent on homestead property until May 31 and four percent on June 1.
44.35 The penalty on nonhomestead property is at a rate of four percent until May 31 and eight
45.1 percent on June 1. This penalty does not accrue until June 1 of each year, or 21 days after
45.2 the postmark date on the envelope containing the property tax statements, whichever is
45.3 later, on commercial use real property used for seasonal residential recreational purposes
45.4 and classified as class 1c or 4c, and on other commercial use real property classified as
45.5 class 3a, provided that over 60 percent of the gross income earned by the enterprise on the
45.6 class 3a property is earned during the months of May, June, July, and August. In order for
45.7 the first half of the tax due on class 3a property to be paid after May 15 and before June 1,
45.8 or 21 days after the postmark date on the envelope containing the property tax statement,

45.9 whichever is later, without penalty, the owner of the property must attach an affidavit to the
45.10 payment attesting to compliance with the income provision of this subdivision. Thereafter,
45.11 for both homestead and nonhomestead property, on the first day of each month beginning
45.12 July 1, up to and including October 1 following, an additional penalty of one percent for
45.13 each month accrues and is charged on all such unpaid taxes provided that if the due date
45.14 was extended beyond May 15 as the result of any delay in mailing property tax statements
45.15 no additional penalty shall accrue if the tax is paid by the extended due date. If the tax is
45.16 not paid by the extended due date, then all penalties that would have accrued if the due
45.17 date had been May 15 shall be charged. When the taxes against any tract or lot exceed
45.18 ~~\$50~~ \$250, one-half thereof may be paid prior to May 16 or 21 days after the postmark
45.19 date on the envelope containing the property tax statement, whichever is later; and, if so
45.20 paid, no penalty attaches; the remaining one-half may be paid at any time prior to October
45.21 16 following, without penalty; but, if not so paid, then a penalty of two percent accrues
45.22 thereon for homestead property and a penalty of four percent on nonhomestead property.
45.23 Thereafter, for homestead property, on the first day of November an additional penalty of
45.24 four percent accrues and on the first day of December following, an additional penalty of
45.25 two percent accrues and is charged on all such unpaid taxes. Thereafter, for nonhomestead
45.26 property, on the first day of November and December following, an additional penalty of
45.27 four percent for each month accrues and is charged on all such unpaid taxes. If one-half of
45.28 such taxes are not paid prior to May 16 or 21 days after the postmark date on the envelope
45.29 containing the property tax statement, whichever is later, the same may be paid at any time
45.30 prior to October 16, with accrued penalties to the date of payment added, and thereupon
45.31 no penalty attaches to the remaining one-half until October 16 following.

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

45.34 A county may provide by resolution that in the case of a property owner that has
45.35 multiple tracts or parcels with aggregate taxes exceeding ~~\$50~~ \$250, payments may be
45.36 made in installments as provided in this subdivision.

46.1 The county treasurer may accept payments of more or less than the exact amount of
46.2 a tax installment due. Payments must be applied first to the oldest installment that is due
46.3 but which has not been fully paid. If the accepted payment is less than the amount due,
46.4 payments must be applied first to the penalty accrued for the year or the installment being
46.5 paid. Acceptance of partial payment of tax does not constitute a waiver of the minimum
46.6 payment required as a condition for filing an appeal under section 278.03 or any other law,
46.7 nor does it affect the order of payment of delinquent taxes under section 280.39.

46.8 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
46.9 thereafter.

46.10 Sec. 24. Minnesota Statutes 2008, section 279.10, is amended to read:

46.11 **279.10 PUBLICATION CORRECTED.**

46.12 Immediately after preparing forms for printing such notice and list, and at least five
46.13 days before the first day for the publication thereof, every ~~such~~ publisher shall furnish
46.14 proof of the proposed publication to the county auditor for correction. When ~~such~~ the copy
46.15 has been corrected, the auditor shall return ~~the same~~ it to the printer, who shall publish it
46.16 as corrected. On the first day on which ~~such~~ the notice and list are published, the publisher
46.17 shall mail a copy of the newspaper containing ~~the same~~ the notice and list to the auditor. If
46.18 during the publication of the notice and list, or within ten days after the last publication
46.19 thereof, the auditor ~~shall discover~~ discovers that ~~such~~ the publication ~~is invalid~~ contains an
46.20 error, the auditor shall ~~forthwith~~ direct the publisher to ~~republish the same as corrected~~
46.21 publish the correct information for an additional period of two weeks. The auditor does
46.22 not have to direct the publisher to republish the entire list. The publisher, if not neglectful,
46.23 ~~shall be~~ is entitled to ~~the same~~ compensation as allowed by law for ~~the original~~
46.24 of the corrected information, but shall receive no further compensation ~~therefor~~ if ~~such~~ the
46.25 republication is necessary by reason of the neglect of the publisher.

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

46.27 Sec. 25. Minnesota Statutes 2008, section 282.08, is amended to read:

46.28 **282.08 APPORTIONMENT OF PROCEEDS TO TAXING DISTRICTS.**

46.29 The net proceeds from the sale or rental of any parcel of forfeited land, or from the
46.30 sale of products from the forfeited land, must be apportioned by the county auditor to the
46.31 taxing districts interested in the land, as follows:

46.32 (1) the portion required to pay any amounts included in the appraised value
46.33 under section 282.01, subdivision 3, as representing increased value due to any public
46.34 improvement made after forfeiture of the parcel to the state, but not exceeding the
47.1 amount certified by the appropriate governmental authority must be apportioned to the
47.2 governmental subdivision entitled to it;

47.3 (2) the portion required to pay any amount included in the appraised value under
47.4 section 282.019, subdivision 5, representing increased value due to response actions
47.5 taken after forfeiture of the parcel to the state, but not exceeding the amount of expenses
47.6 certified by the Pollution Control Agency or the commissioner of agriculture, must be

47.7 apportioned to the agency or the commissioner of agriculture and deposited in the fund
 47.8 from which the expenses were paid;

47.9 (3) the portion of the remainder required to discharge any special assessment
 47.10 chargeable against the parcel for drainage or other purpose whether due or deferred at the
 47.11 time of forfeiture, must be apportioned to the governmental subdivision entitled to it; and

47.12 (4) any balance must be apportioned as follows:

47.13 (i)(A) Except as provided in subitem (B), the county board may annually by
 47.14 resolution set aside no more than 30 percent of the receipts remaining to be used for forest
 47.15 development on tax-forfeited land and dedicated memorial forests, to be expended under
 47.16 the supervision of the county board. It must be expended only on projects improving the
 47.17 health and management of the forest resource.

47.18 (B) For a county that received an aid payment in calendar year 2009 under section
 47.19 477A.0124, subdivision 5, paragraph (b), the county board is authorized to use some of the
 47.20 money set aside under subitem (A) to replace all or a portion of the amount of aid or credit
 47.21 reimbursement that the county was to receive under sections 273.1384 and 477A.0124,
 47.22 but did not receive due to aid cuts or unallotment from the state. Within six months of
 47.23 the actual aid or credit reimbursement loss, the county board may adopt a resolution
 47.24 transferring money from this fund to the county's general fund, not to exceed the amount of
 47.25 aid or credit reimbursement loss to the county. This subitem expires December 31, 2010.

47.26 (ii) The county board may annually by resolution set aside no more than 20 percent
 47.27 of the receipts remaining to be used for the acquisition and maintenance of county parks
 47.28 or recreational areas as defined in sections 398.31 to 398.36, to be expended under the
 47.29 supervision of the county board.

47.30 (iii) Any balance remaining must be apportioned as follows: county, 40 percent;
 47.31 town or city, 20 percent; and school district, 40 percent, provided, however, that in
 47.32 unorganized territory that portion which would have accrued to the township must be
 47.33 administered by the county board of commissioners.

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

47.35 Sec. 26. Minnesota Statutes 2008, section 290B.03, subdivision 1, is amended to read:

48.1 Subdivision 1. **Program qualifications.** The qualifications for the senior citizens'
 48.2 property tax deferral program are as follows:

48.3 (1) the property must be owned and occupied as a homestead by a person 65 years
 48.4 of age or older. In the case of a married couple, ~~both~~ at least one of the spouses must
 48.5 be at least 65 years old at the time the first property tax deferral is granted, regardless
 48.6 of whether the property is titled in the name of one spouse or both spouses, or titled in

48.7 another way that permits the property to have homestead status, and the other spouse
 48.8 must be at least 62 years of age;

48.9 (2) the total household income of the qualifying homeowners, as defined in section
 48.10 290A.03, subdivision 5, for the calendar year preceding the year of the initial application
 48.11 may not exceed \$60,000;

48.12 (3) the homestead must have been owned and occupied as the homestead of at
 48.13 least one of the qualifying homeowners for at least 15 years prior to the year the initial
 48.14 application is filed;

48.15 (4) there are no state or federal tax liens or judgment liens on the homesteaded
 48.16 property;

48.17 (5) there are no mortgages or other liens on the property that secure future advances,
 48.18 except for those subject to credit limits that result in compliance with clause (6); and

48.19 (6) the total unpaid balances of debts secured by mortgages and other liens on the
 48.20 property, including unpaid and delinquent special assessments and interest and any
 48.21 delinquent property taxes, penalties, and interest, but not including property taxes payable
 48.22 during the year, does not exceed 75 percent of the assessor's estimated market value for
 48.23 the year.

48.24 **EFFECTIVE DATE.** This section is effective July 1, 2009, and thereafter.

48.25 Sec. 27. Minnesota Statutes 2008, section 428A.101, is amended to read:

48.26 **428A.101 DEADLINE FOR SPECIAL SERVICE DISTRICT UNDER**
 48.27 **GENERAL LAW.**

48.28 The establishment of a new special service district after June 30, ~~2009~~ 2013, requires
 48.29 enactment of a special law authorizing the establishment.

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

48.31 Sec. 28. Minnesota Statutes 2008, section 428A.13, is amended by adding a
 48.32 subdivision to read:

48.33 **Subd. 1a. Prerequisites for establishing.** Prior to establishment of a housing
 48.34 improvement area, the governing body of the city must:

49.1 (1) provide full disclosure of public expenditures, as well as the terms of any loans,
 49.2 bonds, or other financing arrangements for housing improvement area projects; and

49.3 (2) determine whether the association or the implementing entity will contract for
 49.4 the housing improvements, and ensure that any contracts made by the implementing
 49.5 entity are subject to section 471.345.

49.6 Sec. 29. Minnesota Statutes 2008, section 428A.14, subdivision 1, is amended to read:

49.7 Subdivision 1. **Authority.** Fees may be imposed by the implementing entity on the
49.8 housing units within the housing improvement area at a rate, term, or amount sufficient
49.9 to produce revenue required to provide housing improvements in the area to reimburse
49.10 the implementing entity for advances made to pay for the housing improvements or to
49.11 pay principal of, interest on, and premiums, if any, on bonds issued by the implementing
49.12 entity under section 428A.16. The fee can be imposed on the basis of the tax capacity of
49.13 the housing unit, or the total amount of square footage of the housing unit, or a method
49.14 determined by the council and specified in the resolution. If a fee is imposed on a basis
49.15 other than the tax capacity or square footage of the housing unit, the council must make
49.16 a finding that the alternative basis for the fee is more fair and reasonable. Before the
49.17 imposition of the fees, a hearing must be held and notice must be published in the official
49.18 newspaper at least seven days before the hearing and shall be mailed at least seven days
49.19 before the hearing to any housing unit owner subject to a fee. For purposes of this section,
49.20 the notice must also include:

49.21 (1) a statement that all interested persons will be given an opportunity to be heard at
49.22 the hearing regarding a proposed housing improvement fee;

49.23 (2) the estimated cost of improvements including administrative costs to be paid for
49.24 in whole or in part by the fee imposed under the ordinance;

49.25 (3) the amount to be charged against the particular property;

49.26 (4) the right of the property owner to prepay the entire fee;

49.27 (5) the number of years the fee will be in effect; and

49.28 (6) a statement that the petition requirements of section 428A.12 have either been
49.29 met or do not apply to the proposed fee.

49.30 Within six months of the public hearing, the implementing entity may adopt a
49.31 resolution imposing a fee within the area not exceeding the amount expressed in the
49.32 notice issued under this section.

49.33 Prior to adoption of the resolution approving the fee, the condominium associations
49.34 located in the housing improvement area shall submit to the implementing entity a
49.35 financial plan prepared by an independent third party, acceptable to the implementing
50.1 entity and associations, that provides for the associations to finance maintenance and
50.2 operation of the common elements in the condominium and a long-range plan to conduct
50.3 and finance capital improvements.

50.4 Sec. 30. Minnesota Statutes 2008, section 428A.21, is amended to read:

50.5 **428A.21 DEADLINE FOR HOUSING IMPROVEMENT DISTRICTS UNDER**
 50.6 **GENERAL LAW.**

50.7 The establishment of a new housing improvement area after June 30, ~~2009~~ 2013,
 50.8 requires enactment of a special law authorizing the establishment of the area.

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

50.10 Sec. 31. Minnesota Statutes 2008, section 429.011, subdivision 2a, is amended to read:

50.11 Subd. 2a. **Municipality; certain counties.** "Municipality" also includes the
 50.12 following:

50.13 (1) a county in the case of construction, reconstruction, or improvement of a county
 50.14 state-aid highway ~~or~~;

50.15 (2) a county in the case of construction, reconstruction, or improvement of a county
 50.16 highway as defined in section 160.02 including curbs and gutters and storm sewers;

50.17 (3) a county exercising its powers and duties under section 444.075, subdivision
 50.18 1; ~~and~~

50.19 (4) a county for expenses not paid for under section 403.113, subdivision 3,
 50.20 paragraph (b), clause (3); and

50.21 (5) a county in the case of the abatement of nuisances.

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

50.23 Sec. 32. Minnesota Statutes 2008, section 469.040, subdivision 2, is amended to read:

50.24 Subd. 2. **Leased property, exception.** Notwithstanding the provisions of
 50.25 subdivision 1, any property other than property to be operated as a parking facility that
 50.26 the authority leases to private individuals or corporations for development in connection
 50.27 with a redevelopment project shall have the same tax status as if the leased property were
 50.28 owned by the private individuals or corporations. This subdivision does not apply to
 50.29 leases by the authority to individuals or families for residential use.

50.30 **EFFECTIVE DATE.** This section applies to housing projects and housing
 50.31 development projects constructed or acquired by an authority after July 1, 1987, for
 50.32 property taxes payable in 2010 and thereafter.

51.1 Sec. 33. Minnesota Statutes 2008, section 469.040, subdivision 4, is amended to read:

51.2 Subd. 4. **Facilities funded from multiple sources.** In the metropolitan area, as
 51.3 defined in section 473.121, subdivision 2, the tax treatment provided in subdivision 3
 51.4 applies to that portion of any multifamily rental housing facility represented by the ratio of
 51.5 (1) the number of units in the facility that are ~~subject to the requirements of~~ constructed

51.6 with funds provided under Section 5 of the United States Housing Act of 1937, and are
 51.7 receiving operating subsidy under Section 9 or rental assistance under Section 8 of the
 51.8 United States Housing Act of 1937 as the result of the implementation of a federal court
 51.9 order or consent decree to (2) the total number of units within the facility.

51.10 The housing and redevelopment authority for the city in which the facility is located,
 51.11 any public entity exercising the powers of such housing and redevelopment authority, or
 51.12 the county housing and redevelopment authority for the county in which the facility is
 51.13 located, shall annually certify to the assessor responsible for assessing the facility, at the
 51.14 time and in the manner required by the assessor, the number of units in the facility that
 51.15 are ~~subject to the requirements of~~ constructed with funds provided under Section 5 of the
 51.16 United States Housing Act of 1937, and are receiving operating subsidy under Section 9
 51.17 or rental assistance under Section 8 of the United States Housing Act of 1937.

51.18 Nothing in this subdivision shall prevent that portion of the facility not subject to
 51.19 this subdivision from meeting the requirements of section 273.128, and for that purpose
 51.20 the total number of units in the facility must be taken into account.

51.21 Sec. 34. Minnesota Statutes 2008, section 469.053, is amended by adding a subdivision
 51.22 to read:

51.23 Subd. 4a. **Seaway port authority levy.** A levy made under this subdivision shall
 51.24 replace the mandatory city levy under subdivision 4. A seaway port authority is a special
 51.25 taxing district under section 275.066 and may levy a tax in any year for the benefit of the
 51.26 seaway port authority. The tax must not exceed 0.01813 percent of taxable market value.
 51.27 The county auditor shall distribute the proceeds of the property tax levy to the seaway
 51.28 port authority.

51.29 **EFFECTIVE DATE.** This section is effective for property taxes levied in 2009 and
 51.30 thereafter, payable in 2010 and thereafter.

51.31 Sec. 35. **[469.1816] ABATEMENTS FOR BUSINESSES WITH DISRUPTED**
 51.32 **ACCESS.**

51.33 The governing body of a home rule charter or statutory city may abate the property
 51.34 taxes it has imposed, in whole or in part, on the property of a business with an estimated
 52.1 market value of \$250,000 or less, if access to the property has been impeded for a period
 52.2 of more than three consecutive months, resulting in loss of revenue to the business, due to
 52.3 a public transportation project in the vicinity of the business. If an abatement is granted,
 52.4 the property taxes shall be levied on the property and shall be due and payable to the
 52.5 county at the times provided under section 279.01. The city granting the abatement will
 52.6 pay the property owner or lessee the amount of abatement as determined by the city.

52.7 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 through
 52.8 2014.

52.9 Sec. 36. Minnesota Statutes 2008, section 475.58, subdivision 1, is amended to read:

52.10 Subdivision 1. **Approval by electors; exceptions.** Obligations authorized by law or
 52.11 charter may be issued by any municipality upon obtaining the approval of a majority of
 52.12 the electors voting on the question of issuing the obligations, but an election shall not be
 52.13 required to authorize obligations issued:

52.14 (1) to pay any unpaid judgment against the municipality;

52.15 (2) for refunding obligations;

52.16 (3) for an improvement or improvement program, which obligation is payable wholly
 52.17 or partly from the proceeds of special assessments levied upon property specially benefited
 52.18 by the improvement or by an improvement within the improvement program, or from tax
 52.19 increments, as defined in section 469.174, subdivision 25, including obligations which are
 52.20 the general obligations of the municipality, if the municipality is entitled to reimbursement
 52.21 in whole or in part from the proceeds of such special assessments or tax increments and
 52.22 not less than 20 percent of the cost of the improvement or the improvement program is to
 52.23 be assessed against benefited property or is to be paid from the proceeds of federal grant
 52.24 funds or a combination thereof, or is estimated to be received from tax increments;

52.25 (4) payable wholly from the income of revenue producing conveniences;

52.26 (5) under the provisions of a home rule charter which permits the issuance of
 52.27 obligations of the municipality without election;

52.28 (6) under the provisions of a law which permits the issuance of obligations of a
 52.29 municipality without an election;

52.30 (7) to fund pension or retirement fund ~~or postemployment benefit~~ liabilities of a
 52.31 municipality or postemployment benefit liabilities of a school district pursuant to section
 52.32 475.52, subdivision 6;

52.33 (8) under a capital improvement plan under section 373.40; ~~and~~

53.1 (9) under sections 469.1813 to 469.1815 (property tax abatement authority bonds), if
 53.2 the proceeds of the bonds are not used for a purpose prohibited under section 469.176,
 53.3 subdivision 4g, paragraph (b);

53.4 (10) to fund postemployment benefit liabilities pursuant to section 475.52,
 53.5 subdivision 6, of a municipality, other than a school district, if the liabilities are limited to:

53.6 (i) satisfying the requirements of section 471.61, subdivision 2b; and

53.7 (ii) other postemployment benefits, which the municipality no longer provides to
 53.8 employees hired after a date before the obligations are issued; and

53.9 (11) under section 475.755.

53.10 **EFFECTIVE DATE.** This section is effective the day following final enactment,
 53.11 except that the changes made to clause (7) are effective for obligations sold after August
 53.12 1, 2009.

53.13 Sec. 37. **[475.755] EMERGENCY DEBT CERTIFICATES.**

53.14 (a) If at any time during a fiscal year the receipts of a local government are
 53.15 reasonably expected to be reduced below the amount provided in the local government's
 53.16 budget when the final property tax levy to be collected during the fiscal year was certified
 53.17 and the receipts are insufficient to meet the expenses incurred or to be incurred during the
 53.18 fiscal year, the governing body of the local government may authorize and sell certificates
 53.19 of indebtedness to mature within two years or less from the end of the fiscal year in which
 53.20 the certificates are issued. The maximum principal amount of the certificates that it may
 53.21 issue in a fiscal year is limited to the expected reduction in receipts plus the cost of
 53.22 issuance. The certificates may be issued in the manner and on the terms the governing
 53.23 body determines by resolution.

53.24 (b) The governing body of the local government shall levy taxes for the payment of
 53.25 principal and interest on the certificates in accordance with section 475.61.

53.26 (c) The certificates are not to be included in the net debt of the issuing local
 53.27 government.

53.28 (d) To the extent that a local government issues certificates under this section to fund
 53.29 an unallotment or other reduction in its state aid, the local government may not use a
 53.30 special levy for the aid reduction under section 275.70, subdivision 5, clause (22), or a
 53.31 similar or successor provision. This provision does not affect the status of the levy under
 53.32 section 475.61 to pay the certificates as a levy that is not subject to levy limits.

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

53.34 (1) "Local government" means a statutory or home rule charter city, a town, or
 53.35 a county.

54.1 (2) "Receipts" includes the following amounts scheduled to be received by the
 54.2 local government for the fiscal year from:

54.3 (i) taxes;

54.4 (ii) aid payments previously certified by the state to be paid to the local government;

54.5 (iii) state reimbursement payments for property tax credits; and

54.6 (iv) any other source.

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

54.8 Sec. 38. Minnesota Statutes 2008, section 477A.011, subdivision 36, is amended to
54.9 read:

54.10 Subd. 36. **City aid base.** (a) Except as otherwise provided in this subdivision,
54.11 "city aid base" is zero.

54.12 (b) The city aid base for any city with a population less than 500 is increased by
54.13 \$40,000 for aids payable in calendar year 1995 and thereafter, and the maximum amount
54.14 of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also
54.15 increased by \$40,000 for aids payable in calendar year 1995 only, provided that:

54.16 (i) the average total tax capacity rate for taxes payable in 1995 exceeds 200 percent;

54.17 (ii) the city portion of the tax capacity rate exceeds 100 percent; and

54.18 (iii) its city aid base is less than \$60 per capita.

54.19 (c) The city aid base for a city is increased by \$20,000 in 1998 and thereafter and
54.20 the maximum amount of total aid it may receive under section 477A.013, subdivision 9,
54.21 paragraph (c), is also increased by \$20,000 in calendar year 1998 only, provided that:

54.22 (i) the city has a population in 1994 of 2,500 or more;

54.23 (ii) the city is located in a county, outside of the metropolitan area, which contains a
54.24 city of the first class;

54.25 (iii) the city's net tax capacity used in calculating its 1996 aid under section
54.26 477A.013 is less than \$400 per capita; and

54.27 (iv) at least four percent of the total net tax capacity, for taxes payable in 1996, of
54.28 property located in the city is classified as railroad property.

54.29 (d) The city aid base for a city is increased by \$200,000 in 1999 and thereafter and
54.30 the maximum amount of total aid it may receive under section 477A.013, subdivision 9,
54.31 paragraph (c), is also increased by \$200,000 in calendar year 1999 only, provided that:

54.32 (i) the city was incorporated as a statutory city after December 1, 1993;

54.33 (ii) its city aid base does not exceed \$5,600; and

54.34 (iii) the city had a population in 1996 of 5,000 or more.

55.1 (e) The city aid base for a city is increased by \$150,000 for aids payable in 2000 and
55.2 thereafter, and the maximum amount of total aid it may receive under section 477A.013,
55.3 subdivision 9, paragraph (c), is also increased by \$150,000 in calendar year 2000 only,
55.4 provided that:

55.5 (1) the city has a population that is greater than 1,000 and less than 2,500;

55.6 (2) its commercial and industrial percentage for aids payable in 1999 is greater
55.7 than 45 percent; and

55.8 (3) the total market value of all commercial and industrial property in the city
55.9 for assessment year 1999 is at least 15 percent less than the total market value of all
55.10 commercial and industrial property in the city for assessment year 1998.

55.11 (f) The city aid base for a city is increased by \$200,000 in 2000 and thereafter, and
55.12 the maximum amount of total aid it may receive under section 477A.013, subdivision 9,
55.13 paragraph (c), is also increased by \$200,000 in calendar year 2000 only, provided that:

55.14 (1) the city had a population in 1997 of 2,500 or more;

55.15 (2) the net tax capacity of the city used in calculating its 1999 aid under section
55.16 477A.013 is less than \$650 per capita;

55.17 (3) the pre-1940 housing percentage of the city used in calculating 1999 aid under
55.18 section 477A.013 is greater than 12 percent;

55.19 (4) the 1999 local government aid of the city under section 477A.013 is less than
55.20 20 percent of the amount that the formula aid of the city would have been if the need
55.21 increase percentage was 100 percent; and

55.22 (5) the city aid base of the city used in calculating aid under section 477A.013
55.23 is less than \$7 per capita.

55.24 (g) The city aid base for a city is increased by \$102,000 in 2000 and thereafter, and
55.25 the maximum amount of total aid it may receive under section 477A.013, subdivision 9,
55.26 paragraph (c), is also increased by \$102,000 in calendar year 2000 only, provided that:

55.27 (1) the city has a population in 1997 of 2,000 or more;

55.28 (2) the net tax capacity of the city used in calculating its 1999 aid under section
55.29 477A.013 is less than \$455 per capita;

55.30 (3) the net levy of the city used in calculating 1999 aid under section 477A.013 is
55.31 greater than \$195 per capita; and

55.32 (4) the 1999 local government aid of the city under section 477A.013 is less than
55.33 38 percent of the amount that the formula aid of the city would have been if the need
55.34 increase percentage was 100 percent.

56.1 (h) The city aid base for a city is increased by \$32,000 in 2001 and thereafter, and
56.2 the maximum amount of total aid it may receive under section 477A.013, subdivision 9,
56.3 paragraph (c), is also increased by \$32,000 in calendar year 2001 only, provided that:

56.4 (1) the city has a population in 1998 that is greater than 200 but less than 500;

56.5 (2) the city's revenue need used in calculating aids payable in 2000 was greater
56.6 than \$200 per capita;

56.7 (3) the city net tax capacity for the city used in calculating aids available in 2000
56.8 was equal to or less than \$200 per capita;

56.9 (4) the city aid base of the city used in calculating aid under section 477A.013
56.10 is less than \$65 per capita; and

56.11 (5) the city's formula aid for aids payable in 2000 was greater than zero.

56.12 (i) The city aid base for a city is increased by \$7,200 in 2001 and thereafter, and
56.13 the maximum amount of total aid it may receive under section 477A.013, subdivision 9,
56.14 paragraph (c), is also increased by \$7,200 in calendar year 2001 only, provided that:

56.15 (1) the city had a population in 1998 that is greater than 200 but less than 500;

56.16 (2) the city's commercial industrial percentage used in calculating aids payable in
56.17 2000 was less than ten percent;

56.18 (3) more than 25 percent of the city's population was 60 years old or older according
56.19 to the 1990 census;

56.20 (4) the city aid base of the city used in calculating aid under section 477A.013
56.21 is less than \$15 per capita; and

56.22 (5) the city's formula aid for aids payable in 2000 was greater than zero.

56.23 (j) The city aid base for a city is increased by \$45,000 in 2001 and thereafter and
56.24 by an additional \$50,000 in calendar years 2002 to 2011, and the maximum amount of
56.25 total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also
56.26 increased by \$45,000 in calendar year 2001 only, and by \$50,000 in calendar year 2002
56.27 only, provided that:

56.28 (1) the net tax capacity of the city used in calculating its 2000 aid under section
56.29 477A.013 is less than \$810 per capita;

56.30 (2) the population of the city declined more than two percent between 1988 and 1998;

56.31 (3) the net levy of the city used in calculating 2000 aid under section 477A.013 is
56.32 greater than \$240 per capita; and

56.33 (4) the city received less than \$36 per capita in aid under section 477A.013,
56.34 subdivision 9, for aids payable in 2000.

56.35 (k) The city aid base for a city with a population of 10,000 or more which is located
56.36 outside of the seven-county metropolitan area is increased in 2002 and thereafter, and the
57.1 maximum amount of total aid it may receive under section 477A.013, subdivision 9,
57.2 paragraph (b) or (c), is also increased in calendar year 2002 only, by an amount equal to
57.3 the lesser of:

57.4 (1)(i) the total population of the city, as determined by the United States Bureau of
57.5 the Census, in the 2000 census, (ii) minus 5,000, (iii) times 60; or

57.6 (2) \$2,500,000.

57.7 (l) The city aid base is increased by \$50,000 in 2002 and thereafter, and the
57.8 maximum amount of total aid it may receive under section 477A.013, subdivision 9,
57.9 paragraph (c), is also increased by \$50,000 in calendar year 2002 only, provided that:

57.10 (1) the city is located in the seven-county metropolitan area;

57.11 (2) its population in 2000 is between 10,000 and 20,000; and

57.12 (3) its commercial industrial percentage, as calculated for city aid payable in 2001,
57.13 was greater than 25 percent.

57.14 (m) The city aid base for a city is increased by \$150,000 in calendar years 2002 to
57.15 2011 and by an additional \$75,000 in calendar years 2009 to 2014 and the maximum
57.16 amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is
57.17 also increased by \$150,000 in calendar year 2002 only and by \$75,000 in calendar year
57.18 2009 only, provided that:

57.19 (1) the city had a population of at least 3,000 but no more than 4,000 in 1999;

57.20 (2) its home county is located within the seven-county metropolitan area;

57.21 (3) its pre-1940 housing percentage is less than 15 percent; and

57.22 (4) its city net tax capacity per capita for taxes payable in 2000 is less than \$900
57.23 per capita.

57.24 (n) The city aid base for a city is increased by \$200,000 beginning in calendar
57.25 year 2003 and the maximum amount of total aid it may receive under section 477A.013,
57.26 subdivision 9, paragraph (c), is also increased by \$200,000 in calendar year 2003 only,
57.27 provided that the city qualified for an increase in homestead and agricultural credit aid
57.28 under Laws 1995, chapter 264, article 8, section 18.

57.29 (o) The city aid base for a city is increased by \$200,000 in 2004 only and the
57.30 maximum amount of total aid it may receive under section 477A.013, subdivision 9, is
57.31 also increased by \$200,000 in calendar year 2004 only, if the city is the site of a nuclear
57.32 dry cask storage facility.

57.33 (p) The city aid base for a city is increased by \$10,000 in 2004 and thereafter and the
57.34 maximum total aid it may receive under section 477A.013, subdivision 9, is also increased
57.35 by \$10,000 in calendar year 2004 only, if the city was included in a federal major disaster
58.1 designation issued on April 1, 1998, and its pre-1940 housing stock was decreased by
58.2 more than 40 percent between 1990 and 2000.

58.3 (q) The city aid base for a city is increased by \$30,000 in 2009 and thereafter and the
58.4 maximum total aid it may receive under section 477A.013, subdivision 9, is also increased
58.5 by \$25,000 in calendar year 2006 only if the city had a population in 2003 of at least 1,000
58.6 and has a state park for which the city provides rescue services and which comprised at
58.7 least 14 percent of the total geographic area included within the city boundaries in 2000.

58.8 (r) The city aid base for a city is increased by \$80,000 in 2009 and thereafter and
58.9 the minimum and maximum amount of total aid it may receive under section 477A.013,
58.10 subdivision 9, is also increased by \$80,000 in calendar year 2009 only, if:

58.11 (1) as of May 1, 2006, at least 25 percent of the tax capacity of the city is proposed
58.12 to be placed in trust status as tax-exempt Indian land;

58.13 (2) the placement of the land is being challenged administratively or in court; and

58.14 (3) due to the challenge, the land proposed to be placed in trust is still on the tax
58.15 rolls as of May 1, 2006.

58.16 (s) The city aid base for a city is increased by \$100,000 in 2007 and thereafter and
58.17 the minimum and maximum total amount of aid it may receive under this section is also
58.18 increased in calendar year 2007 only, provided that:

58.19 (1) the city has a 2004 estimated population greater than 200 but less than 2,000;

58.20 (2) its city net tax capacity for aids payable in 2006 was less than \$300 per capita;

58.21 (3) the ratio of its pay 2005 tax levy compared to its city net tax capacity for aids
58.22 payable in 2006 was greater than 110 percent; and

58.23 (4) it is located in a county where at least 15,000 acres of land are classified as
58.24 tax-exempt Indian reservations according to the 2004 abstract of tax-exempt property.

58.25 (t) The city aid base for a city is increased by \$30,000 in 2009 only, and the
58.26 maximum total aid it may receive under section 477A.013, subdivision 9, is also increased
58.27 by \$30,000 in calendar year 2009, only if the city had a population in 2005 of less than
58.28 3,000 and the city's boundaries as of 2007 were formed by the consolidation of two cities
58.29 and one township in 2002.

58.30 (u) The city aid base for a city is increased by \$100,000 in 2009 and thereafter, and
58.31 the maximum total aid it may receive under section 477A.013, subdivision 9, is also
58.32 increased by \$100,000 in calendar year 2009 only, if the city had a city net tax capacity for
58.33 aids payable in 2007 of less than \$150 per capita and the city experienced flooding on
58.34 March 14, 2007, that resulted in evacuation of at least 40 homes.

59.1 (v) The city aid base for a city is increased by \$100,000 in 2009 to 2013, and the
59.2 maximum total aid it may receive under section 477A.013, subdivision 9, is also increased
59.3 by \$100,000 in calendar year 2009 only, if the city:

59.4 (1) is located outside of the Minneapolis-St. Paul standard metropolitan statistical
59.5 area;

59.6 (2) has a 2005 population greater than 7,000 but less than 8,000; and

59.7 (3) has a 2005 net tax capacity per capita of less than \$500.

59.8 (w) The city aid base is increased by \$25,000 in calendar years 2009 to 2013 and the
 59.9 maximum amount of total aid it may receive under section 477A.013, subdivision 9, is
 59.10 increased by \$25,000 in calendar year 2009 only, provided that:

59.11 (1) the city is located in the seven-county metropolitan area;

59.12 (2) its population in 2006 is less than 200; and

59.13 (3) the percentage of its housing stock built before 1940, according to the 2000
 59.14 United States Census, is greater than 40 percent.

59.15 (x) The city aid base is increased by \$90,000 in calendar year 2009 only and the
 59.16 minimum and maximum total amount of aid it may receive under section 477A.013,
 59.17 subdivision 9, is also increased by \$90,000 in calendar year 2009 only, provided that the
 59.18 city is located in the seven-county metropolitan area, has a 2006 population between 5,000
 59.19 and 7,000 and has a 1997 population of over 7,000.

59.20 (y) In calendar year 2010 only, the city aid base for a city is increased by \$225,000 if
 59.21 it was eligible for a \$450,000 payment in calendar year 2008 under Minnesota Statutes
 59.22 2006, section 477A.011, subdivision 36, paragraph (e), and the second half of the payment
 59.23 under that paragraph in December 2008 was canceled due to the governor's unallotment.
 59.24 The payment under this paragraph is not subject to any aid reductions under section
 59.25 477A.0133 or any future unallotment of the city aid under section 16A.152.

59.26 (z) The city aid base and the maximum total aid the city may receive under section
 59.27 477A.013, subdivision 9, is increased by \$25,000 in calendar year 2010 only if:

59.28 (1) the city is a first class city in the seven-county metropolitan area with a
 59.29 population below 300,000; and

59.30 (2) the city has made an equivalent grant to its local growers' association to
 59.31 reimburse up to \$1,000 each for membership fees and retail leases for members of the
 59.32 association who farm in and around Dakota County and who incurred crop damage as a
 59.33 result of the hail storm in that area on July 10, 2008.

59.34 The payment under this paragraph is not subject to any aid reductions under section
 59.35 477A.0133 or any future unallotment of the city aid under section 16A.152.

60.1 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
 60.2 2010 and thereafter.

60.3 Sec. 39. Laws 1976, chapter 162, section 3, as amended by Laws 1991, chapter 167,
 60.4 section 3, is amended to read:

60.5 Sec. 3. **COOPERATION.**

60.6 The Red River watershed management board may cooperate with water management
 60.7 and flood control authorities in Minnesota, North Dakota, South Dakota, and the province

60.8 of Manitoba and may enter into contracts, compacts and agreements which may be
 60.9 necessary to insure integration of its projects, to control the effects of flooding or to assure
 60.10 the beneficial use of water in the Red River basin. The Red River Watershed Management
 60.11 Board may conduct its meetings at a public facility within the Red River basin, or within
 60.12 the jurisdiction of an authority with which the Red River Watershed Management Board is
 60.13 authorized to cooperate.

60.14 Sec. 40. Laws 2001, First Special Session chapter 5, article 3, section 8, the effective
 60.15 date, as amended by Laws 2005, chapter 151, article 3, section 19, and Laws 2006, chapter
 60.16 259, article 4, section 20, is amended to read:

60.17 **EFFECTIVE DATE.** This section is effective for taxes levied in 2002, payable in
 60.18 ~~2003, through taxes levied in 2011, payable in 2012~~ and thereafter.

60.19 Sec. 41. Laws 2008, chapter 366, article 6, section 9, the effective date, is amended to
 60.20 read:

60.21 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
 60.22 thereafter on land platted after May 18, 2008.

60.23 Sec. 42. Laws 2008, chapter 366, article 6, section 10, the effective date, is amended to
 60.24 read:

60.25 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
 60.26 thereafter on land platted after May 18, 2008.

60.27 Sec. 43. Laws 2009, chapter 12, article 2, section 5, subdivision 2, is amended to read:

60.28 Subd. 2. **Requirements.** Class 2a or 2b property that had been assessed under
 60.29 Minnesota Statutes 2006, section 273.111, or that is part of an agricultural homestead
 60.30 under Minnesota Statutes, section 273.13, subdivision 23, paragraph (a), is entitled to
 60.31 valuation and tax deferment under this section if:

60.32 (1) the land consists of at least ten acres;

61.1 (2) a conservation management plan for the land must be prepared by an approved
 61.2 plan writer and implemented during the period in which the land is subject to valuation
 61.3 and deferment under this section;

61.4 (3) the land must be enrolled for a minimum of ten years; and

61.5 (4) there are no delinquent property taxes on the land.

61.6 Real estate may not be enrolled for valuation and deferment under this section
 61.7 and Minnesota Statutes, sections 273.111, 273.112, or 273.117, or Minnesota Statutes,
 61.8 chapter 290C, concurrently.

61.9 ~~No more than 50 percent of the total acreage of an agricultural homestead may be~~
 61.10 ~~class 2b property enrolled in this program.~~

61.11 Sec. 44. **COUNTY AID PAYMENT.**

61.12 The county program aid payable to Beltrami County under Minnesota Statutes,
 61.13 section 477A.0124, must be increased in calendar year 2009 only by \$500,000, to be
 61.14 distributed by the county to the governing body of the Red Lake Band of Chippewa
 61.15 Indians. The money must be used by the band for the cost of implementing the Fostering
 61.16 Connections to Success and Increasing Adoptions Act of 2008, Public Law 110-351.
 61.17 \$500,000 is appropriated from the general fund to the commissioner of revenue for the
 61.18 purpose of this section, and this amount is not subject to unallotment under Minnesota
 61.19 Statutes, section 16A.152.

61.20 **EFFECTIVE DATE.** This section is effective for aids payable in 2009.

61.21 Sec. 45. **MINNEAPOLIS CONVENTION CENTER; LEASE; PROPERTY TAX**
 61.22 **EXEMPTION.**

61.23 Notwithstanding Minnesota Statutes, section 272.01, subdivision 2, or 273.19, real
 61.24 or personal property subject to a lease or use agreement between the city of Minneapolis
 61.25 and a private entity for purposes of providing food and beverage services within the
 61.26 Minneapolis Convention Center is exempt from property taxation.

61.27 **EFFECTIVE DATE.** This section is effective for assessment year 2009 and
 61.28 thereafter, for taxes payable in 2010 and thereafter.

61.29 Sec. 46. **CLOQUET AREA FIRE AND AMBULANCE SPECIAL TAXING**
 61.30 **DISTRICT.**

61.31 Subdivision 1. **Agreement.** The city of Cloquet and Perch Lake Township, by
 61.32 resolution of each of their governing bodies, may establish the Cloquet Area Fire and
 61.33 Ambulance Taxing District for the purpose of providing fire and ambulance services
 61.34 throughout the district. In this section, "municipality" means home rule charter and
 62.1 statutory cities, towns, and Indian tribes. The district may exercise all the powers relating
 62.2 to fire and ambulance services of the municipalities that receive fire and ambulance
 62.3 services from the district. Any other municipality that is contiguous to a municipality that
 62.4 is a member of the district may join the district with the agreement of the municipalities
 62.5 that comprise the district at the time of its application to join.

62.6 Subd. 2. **Board.** The Cloquet Area Fire and Ambulance Taxing District Board is
 62.7 governed by a board made up initially of one or more elected officials of the governing

62.8 body of each participating municipality in the proportions set out in the establishing
62.9 resolution, subject to change as provided in the district's charter, if any, or in the district's
62.10 bylaws. Each municipality's representatives serve at the pleasure of that municipality's
62.11 governing body.

62.12 Subd. 3. **Tax.** The district board may impose a property tax on taxable property
62.13 in the district. This tax shall be imposed at a rate that does not exceed 0.2835 percent of
62.14 taxable market value for taxes payable in 2010. The board shall annually determine the
62.15 separate amounts of the levy that are attributable to the cost of providing fire services and
62.16 the cost of providing ambulance services. Costs for the provision of ambulance services
62.17 shall be levied against taxable property within the area of the district that receive the
62.18 services. Costs for the provision of fire services shall be levied against taxable property
62.19 within the area of the district that receive the services.

62.20 When an additional municipality becomes a member of the district, the additional
62.21 cost of providing ambulance and fire services to that municipality will be determined by
62.22 the board and added to the maximum levy amount.

62.23 Each county auditor of a county that contains a municipality subject to the tax under
62.24 this section must collect the tax and pay it to the Fire and Ambulance Special Taxing
62.25 District. The district may also impose other fees or charges as allowed by law for the
62.26 provision of fire and ambulance services.

62.27 Subd. 4. **Public indebtedness.** The district may incur debt in the manner provided
62.28 for a municipality by Minnesota Statutes, chapter 475, when necessary to accomplish
62.29 its duties.

62.30 Subd. 5. **Withdrawal.** Notice of intent to withdraw from participation in the district
62.31 may be given only in the month of January, with a minimum of twelve months notice of
62.32 intent to withdraw. Withdrawal becomes effective for taxes levied in the year when the
62.33 notice is given. The district and its members may develop and agree upon continuing
62.34 obligations after withdrawal of a municipality.

63.1 **EFFECTIVE DATE.** This section is effective in Cloquet and Perch Lake Township
63.2 the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the
63.3 governing body of each.

63.4 Sec. 47. **PROPERTY TAX TREATMENT OF HORSE BREEDING AND HORSE**
63.5 **BOARDING PROPERTIES.**

63.6 Subdivision 1. **Study.** In order to provide for the uniform assessment and
63.7 classification for property tax purposes of real property used for horse breeding and
63.8 horse boarding activities, the commissioner of revenue, in consultation with the

63.9 commissioner of agriculture, shall study the treatment of such properties under current
 63.10 law. The commissioner must report by February 1, 2010, to the chairs and ranking
 63.11 minority members of the taxes committees of the senate and the house of representatives,
 63.12 summarizing the current treatment and making recommendations for needed or useful
 63.13 law changes.

63.14 Subd. 2. **Appeals to the commissioner.** A person who has a right, title, interest, or
 63.15 lien in or upon property that had been classified as agricultural for property tax purposes
 63.16 for taxes payable in 2009 based on the use of the land for breeding or boarding horses,
 63.17 may appeal the classification of the land for taxes payable in 2010 to the commissioner
 63.18 of revenue if the use of the land has not substantially changed. The appeal must be in
 63.19 written form, and must be received by the commissioner before September 1, 2009. The
 63.20 commissioner must resolve the appeal by issuance of a written order accompanied by a
 63.21 statement of the commissioner's reasons for the order, on or before December 31, 2009.
 63.22 When the commissioner issues an order, a copy must be sent to both the appellant and the
 63.23 county assessor. The order is appealable in tax court only by the owner or taxpayer, and
 63.24 only within 60 days of issuance.

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

63.26 Sec. 48. **PROPOSAL FOR REFORM OF LOCAL GOVERNMENT FUNDING**
 63.27 **OF HUMAN SERVICES.**

63.28 (a) The commissioner of human services, in consultation with county representatives
 63.29 designated by the Association of Minnesota Counties, the Minnesota Inter-County
 63.30 Association, and the Minnesota Association of County Social Service Administrators;
 63.31 representatives from organizations that represent people who receive these services; and
 63.32 the commissioner of the department of revenue shall develop a proposal for establishing
 63.33 and transitioning from current maintenance of effort and matching fund requirements to a
 63.34 new consolidated local county property tax contribution across all mandated health and
 64.1 human services and report it to the governor and the chairs and ranking minority members
 64.2 of the house or representative and senate committees with jurisdiction over the policy
 64.3 areas of property taxes and health and human services funding by February 1, 2010.
 64.4 The report shall be made electronically, with paper copies available upon request. The
 64.5 following criteria shall be considered in designing the new system:

64.6 (1) providing a funding mechanism that is relatively simple to predict and administer
 64.7 at both the state and local levels;

64.8 (2) providing application across programs;

64.9 (3) maintaining current services, adjusted for fluctuations in demand for services;

- 64.10 (4) clarifying property tax impacts of funding decisions;
 64.11 (5) ensuring that all eligible citizens have equal access to mandated services; and
 64.12 (6) enabling the service system to maximally focus county staff time on service
 64.13 delivery.
- 64.14 (b) Efforts to control state and county costs and service utilization rates shall focus
 64.15 on eligibility, level of difficulty, and other programmatic priorities.
- 64.16 (c) The new system must be designed and implemented in a way that:
- 64.17 (1) ensures that counties have the resources available to continue to serve clients
 64.18 at the current level;
- 64.19 (2) ensure the ability to earn federal match funds;
- 64.20 (3) provide for as much stability as possible in overall property tax demands after
 64.21 full implementation;
- 64.22 (4) provide that increased county contributions shall be in a form that clearly
 64.23 indicates the impact on local property taxes at both the state and county level; and
- 64.24 (5) provide for mechanisms that mitigate property tax increases in a county in any
 64.25 given year.
- 64.26 (d) Any group formed as a result of this section expires February 15, 2010.

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

64.28 Sec. 49. **TAX ABATEMENT; NEWLY CONSTRUCTED RESIDENTIAL**
 64.29 **STRUCTURES IN FLOOD-DAMAGED CITIES.**

64.30 Subdivision 1. Eligibility. A residential structure qualifies for a tax abatement
 64.31 under this section if:

64.32 (1) the structure is located in a city that is eligible to designate a development zone
 64.33 under Minnesota Statutes, section 469.1731;

64.34 (2) the structure is located in a county designated as an emergency area under
 64.35 presidential declaration FEMA-3304-EM;

65.1 (3) the structure is located on property classified as class 1a, 1b, 2a, 4a, 4b, 4bb, or
 65.2 4d under Minnesota Statutes, section 273.13;

65.3 (4) no part of the structure was in existence prior to January 1, 2009, unless (i) the
 65.4 structure is located on property classified as 1a, 1b, 2a, 4b, or 4bb; (ii) a building permit
 65.5 was issued and construction commenced in 2008; and (iii) as of March 26, 2009, the
 65.6 property was owned by the original builder, was not subject to any form of purchase
 65.7 contract or agreement, and had never been occupied; and

65.8 (5) construction of the structure is commenced prior to December 31, 2010. For the
 65.9 purposes of this clause, construction is deemed to have been commenced if a proper

65.10 building permit has been issued and the mandatory footing or foundation inspection has
 65.11 been completed.

65.12 Subd. 2. **Application.** Application for the abatement authorized under this section
 65.13 must be filed by January 2 of the year following the year in which construction began,
 65.14 except that those qualifying structures for which construction commenced in 2008 must
 65.15 file an application no later than January 2, 2010, for assessment years 2010 and 2011. The
 65.16 application must be filed with the assessor of the county or city in which the property is
 65.17 located on a form prescribed by the commissioner of revenue.

65.18 Subd. 3. **Tax abated.** (a) For a property qualifying under subdivision 1 and
 65.19 classified as either 1a, 1b, 2a, 4b, or 4bb, the tax attributable to (1) \$200,000 of market
 65.20 value, or (2) the entire market value of the structure, whichever is less, shall be abated.
 65.21 For a property qualifying under subdivision 1 and classified as class 4a or 4d, the tax
 65.22 attributable to (1) \$20,000 of market value per residential unit, or (2) the entire market
 65.23 value of the structure, whichever is less, shall be abated.

65.24 (b) The abatement under paragraph (a) shall be in effect for two taxes payable years,
 65.25 corresponding to the two assessment years after construction has begun. The abatement
 65.26 shall not apply to any special assessments that have been levied against the property.

65.27 Subd. 4. **Reimbursement.** By May 1 of each taxes payable year in which an
 65.28 abatement has been authorized under this section, the auditor shall report the amount of
 65.29 taxes abated for each jurisdiction within the county to the commissioner of revenue, on a
 65.30 form prescribed by the commissioner. On or before September 1 of each taxes payable
 65.31 year in which an abatement has been authorized under this section, the commissioner of
 65.32 revenue shall reimburse each local jurisdiction for the amount of taxes abated for the
 65.33 year under this section.

65.34 Subd. 5. **Appropriation.** The amount necessary to make the reimbursements
 65.35 required under this section is annually appropriated to the commissioner of revenue from
 65.36 the general fund.

66.1 **EFFECTIVE DATE.** This section is effective for assessment years 2010 to 2012,
 66.2 for taxes payable in 2011 to 2013.

66.3 **Sec. 50. REPORT BY ADMINISTRATIVE AUDITOR.**

66.4 The administrative auditor selected pursuant to Minnesota Statutes, section
 66.5 473F.03, with the cooperation of the county auditors in the area defined by Minnesota
 66.6 Statutes, section 473F.02, subdivision 2, shall study the feasibility of basing fiscal
 66.7 disparities calculations on current year tax rates rather than previous year tax rates,
 66.8 and report the results of the study to the chairs and ranking minority members of the

66.9 house of representatives and senate tax committees by February 1, 2011. The study shall
 66.10 specifically address any complications that arise from the inclusion of the referendum
 66.11 market value levy in the fiscal disparities calculations. The report should include any
 66.12 recommendations for amendments to Minnesota Statutes, chapter 473F, that would be
 66.13 necessary to implement the change.

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

66.15 **Sec. 51. STUDY OF RIPARIAN BUFFER AREAS.**

66.16 The drainage working group, facilitated by the Board of Water and Soil Resources,
 66.17 must study the condition of riparian buffer areas across the state, and report on the extent
 66.18 to which the buffer areas are being maintained in a natural state, and the extent to which
 66.19 the buffer areas are being used in a way that risks environmental damage to public waters.
 66.20 The working group must make a report to the chairs and ranking minority members of the
 66.21 house of representatives and senate tax committees by March 1, 2010, on the condition of
 66.22 buffer areas, along with recommendations, if deemed necessary, for policy options such
 66.23 as tax incentives and any other types of incentives that might be necessary to promote
 66.24 the preservation of buffer areas.

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

66.26 **Sec. 52. STUDY OF POLLUTION CONTROL EXEMPTION.**

66.27 The commissioner of revenue, in consultation with the commissioner of the
 66.28 Pollution Control Agency, must study the process used to determine the eligibility of
 66.29 personal property located at an electric generating facility for the property tax exemption
 66.30 provided under Minnesota Statutes, section 272.02, subdivision 10. The study must
 66.31 include a review of the process used, and must compile information on the location, value,
 66.32 and tax impact of the exemptions provided to date, as well as an assessment of the efficacy
 66.33 of the equipment in reducing pollution. The results of the study must be presented to the
 67.1 chairs and ranking minority members of the committees on taxes of the senate and the
 67.2 house of representatives by January 15, 2010.

67.3 **Sec. 53. PURPOSE; COMMISSIONER OF REVENUE GUIDANCE.**

67.4 The purpose of section 4 is not to contract or expand the definition of "institutions
 67.5 of purely public charity" but to provide clear standards that can be applied uniformly to
 67.6 determine eligibility for exemption from property taxation. To carry out this purpose and
 67.7 to promote uniformity in application of the provisions of section 4, the commissioner of
 67.8 revenue shall prepare a bulletin providing guidance to assessors as to the commissioner's
 67.9 interpretation of section 4. The bulletin may include a discussion of court decisions that

67.10 provide background to and context for the provisions in section 4, as the commissioner
 67.11 deems appropriate. This guidance must include examples of facts or circumstances that
 67.12 satisfy the requirement of "a reasonable justification for failing to meet the factors in clause
 67.13 (2), (3), or (5)" under section 4, paragraph (a). Assessors shall give due consideration to
 67.14 the bulletin in assessing property requesting an exemption as an institution of purely public
 67.15 charity. The commissioner shall distribute the bulletin to all assessors by July 1, 2010.

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

67.17 Sec. 54. **REPEALER.**

67.18 Laws 1993, chapter 375, article 5, section 42, as amended by Laws 2002, chapter
 67.19 377, article 10, section 30, is repealed.

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

67.21 **ARTICLE 3**

67.22 **TRUTH IN TAXATION**

67.23 Section 1. Minnesota Statutes 2008, section 123B.10, subdivision 1, is amended to read:

67.24 Subdivision 1. **Budgets; form of notification.** (a) Every board must publish revenue
 67.25 and expenditure budgets for the current year and the actual revenues, expenditures, fund
 67.26 balances for the prior year and projected fund balances for the current year in a form
 67.27 prescribed by the commissioner within one week of the acceptance of the final audit by
 67.28 the board, or November 30, whichever is earlier. The forms prescribed must be designed
 67.29 so that year to year comparisons of revenue, expenditures and fund balances can be made.

67.30 (b) A school board annually must notify the public of its revenue, expenditures, fund
 67.31 balances, and other relevant budget information. The board must ~~include the budget~~
 67.32 ~~information required by this section in the materials provided as a part of its truth in~~
 67.33 ~~taxation hearing,~~ post the materials in a conspicuous place on the district's official Web
 68.1 site, including a link to the district's school report card on the Department of Education's
 68.2 Web site, and publish the information in a qualified newspaper of general circulation
 68.3 in the district.

68.4 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
 68.5 thereafter.

68.6 Sec. 2. Minnesota Statutes 2008, section 275.065, subdivision 1, is amended to read:

68.7 Subdivision 1. **Proposed levy.** (a) Notwithstanding any law or charter to the
 68.8 contrary, on or before September 15, each taxing authority, other than a school district,

68.9 shall adopt a proposed budget and shall certify to the county auditor the proposed or, in
68.10 the case of a town, the final property tax levy for taxes payable in the following year.

68.11 (b) On or before September 30, each school district that has not mutually agreed
68.12 with its home county to extend this date shall certify to the county auditor the proposed
68.13 property tax levy for taxes payable in the following year. Each school district that has
68.14 agreed with its home county to delay the certification of its proposed property tax levy
68.15 must certify its proposed property tax levy for the following year no later than October
68.16 7. The school district shall certify the proposed levy as:

68.17 (1) a specific dollar amount by school district fund, broken down between
68.18 voter-approved and non-voter-approved levies and between referendum market value
68.19 and tax capacity levies; or

68.20 (2) the maximum levy limitation certified by the commissioner of education
68.21 according to section 126C.48, subdivision 1.

68.22 (c) If the board of estimate and taxation or any similar board that establishes
68.23 maximum tax levies for taxing jurisdictions within a first class city certifies the maximum
68.24 property tax levies for funds under its jurisdiction by charter to the county auditor by
68.25 September 15, the city shall be deemed to have certified its levies for those taxing
68.26 jurisdictions.

68.27 (d) For purposes of this section, "taxing authority" includes all home rule and
68.28 statutory cities, towns, counties, school districts, and special taxing districts as defined
68.29 in section 275.066. Intermediate school districts that levy a tax under chapter 124 or
68.30 136D, joint powers boards established under sections 123A.44 to 123A.446, and Common
68.31 School Districts No. 323, Franconia, and No. 815, Prinsburg, are also special taxing
68.32 districts for purposes of this section.

68.33 (e) At the meeting at which the taxing authority, other than a town, adopts its
68.34 proposed tax levy under paragraph (a) or (b), the taxing authority shall announce the time
68.35 and place of its subsequent regularly scheduled meetings at which the budget and levy will
69.1 be discussed and at which the public will be allowed to speak. The time and place of those
69.2 meetings must be included in the proceedings or summary of proceedings published in the
69.3 official newspaper of the taxing authority under sections 123B.09, 375.12, or 412.191.

69.4 Sec. 3. Minnesota Statutes 2008, section 275.065, subdivision 3, is amended to read:

69.5 Subd. 3. **Notice of proposed property taxes.** (a) The county auditor shall prepare
69.6 and the county treasurer shall deliver after November 10 and on or before November 24
69.7 each year, by first class mail to each taxpayer at the address listed on the county's current
69.8 year's assessment roll, a notice of proposed property taxes. Upon written request by

69.9 the taxpayer, the treasurer may send the notice in electronic form or by electronic mail
 69.10 instead of on paper or by ordinary mail.

69.11 (b) The commissioner of revenue shall prescribe the form of the notice.

69.12 (c) The notice must inform taxpayers that it contains the amount of property taxes
 69.13 each taxing authority proposes to collect for taxes payable the following year. In the case
 69.14 of a town, or in the case of the state general tax, the final tax amount will be its proposed
 69.15 tax. ~~In the case of taxing authorities required to hold a public meeting under subdivision 6,~~
 69.16 ~~the notice must clearly state that each taxing authority, including regional library districts~~
 69.17 ~~established under section 134.201, and including the metropolitan taxing districts as~~
 69.18 ~~defined in paragraph (i), but excluding all other special taxing districts and towns, will~~
 69.19 ~~hold a public meeting to receive public testimony on the proposed budget and proposed or~~
 69.20 ~~final property tax levy, or, in case of a school district, on the current budget and proposed~~
 69.21 ~~property tax levy. The notice must clearly state for each city, county, school district,~~
 69.22 regional library authority established under section 134.201, and metropolitan taxing
 69.23 districts as defined in paragraph (i), the time and place of the taxing authorities' regularly
 69.24 scheduled meetings in which the budget and levy will be discussed and the final budget
 69.25 and levy determined, which must occur after November 24. The taxing authorities must
 69.26 provide the county auditor with the information to be included in the notice on or before
 69.27 the time it certifies its proposed levy under subdivision 1. The public must be allowed to
 69.28 speak at the meetings and the meetings shall not be held before 6:00 p.m. It must clearly
 69.29 ~~state the time and place of each taxing authority's meeting, provide~~ a telephone number for
 69.30 the taxing authority that taxpayers may call if they have questions related to the notice;
 69.31 and an address where comments will be received by mail.

69.32 (d) The notice must state for each parcel:

69.33 (1) the market value of the property as determined under section 273.11, and used
 69.34 for computing property taxes payable in the following year and for taxes payable in the
 69.35 current year as each appears in the records of the county assessor on November 1 of the
 70.1 current year; and, in the case of residential property, whether the property is classified as
 70.2 homestead or nonhomestead. The notice must clearly inform taxpayers of the years to
 70.3 which the market values apply and that the values are final values;

70.4 (2) the items listed below, shown separately by county, city or town, and state general
 70.5 tax, net of the residential and agricultural homestead credit under section 273.1384, voter
 70.6 approved school levy, other local school levy, and the sum of the special taxing districts,
 70.7 and as a total of all taxing authorities:

70.8 (i) the actual tax for taxes payable in the current year; and

70.9 (ii) the proposed tax amount.

70.10 If the county levy under clause (2) includes an amount for a lake improvement
70.11 district as defined under sections 103B.501 to 103B.581, the amount attributable for that
70.12 purpose must be separately stated from the remaining county levy amount.

70.13 In the case of a town or the state general tax, the final tax shall also be its proposed
70.14 tax unless the town changes its levy at a special town meeting under section 365.52. If a
70.15 school district has certified under section 126C.17, subdivision 9, that a referendum will
70.16 be held in the school district at the November general election, the county auditor must
70.17 note next to the school district's proposed amount that a referendum is pending and that, if
70.18 approved by the voters, the tax amount may be higher than shown on the notice. In the
70.19 case of the city of Minneapolis, the levy for Minneapolis Park and Recreation shall be
70.20 listed separately from the remaining amount of the city's levy. In the case of the city of
70.21 St. Paul, the levy for the St. Paul Library Agency must be listed separately from the
70.22 remaining amount of the city's levy. In the case of Ramsey County, any amount levied
70.23 under section 134.07 may be listed separately from the remaining amount of the county's
70.24 levy. In the case of a parcel where tax increment or the fiscal disparities areawide tax
70.25 under chapter 276A or 473F applies, the proposed tax levy on the captured value or the
70.26 proposed tax levy on the tax capacity subject to the areawide tax must each be stated
70.27 separately and not included in the sum of the special taxing districts; and

70.28 (3) the increase or decrease between the total taxes payable in the current year and
70.29 the total proposed taxes, expressed as a percentage.

70.30 For purposes of this section, the amount of the tax on homesteads qualifying under
70.31 the senior citizens' property tax deferral program under chapter 290B is the total amount
70.32 of property tax before subtraction of the deferred property tax amount.

70.33 (e) The notice must clearly state that the proposed or final taxes do not include
70.34 the following:

70.35 (1) special assessments;

71.1 (2) levies approved by the voters after the date the proposed taxes are certified,
71.2 including bond referenda and school district levy referenda;

71.3 (3) a levy limit increase approved by the voters by the first Tuesday after the first
71.4 Monday in November of the levy year as provided under section 275.73;

71.5 (4) amounts necessary to pay cleanup or other costs due to a natural disaster
71.6 occurring after the date the proposed taxes are certified;

71.7 (5) amounts necessary to pay tort judgments against the taxing authority that become
71.8 final after the date the proposed taxes are certified; and

71.9 (6) the contamination tax imposed on properties which received market value
71.10 reductions for contamination.

71.11 (f) Except as provided in subdivision 7, failure of the county auditor to prepare or
 71.12 the county treasurer to deliver the notice as required in this section does not invalidate the
 71.13 proposed or final tax levy or the taxes payable pursuant to the tax levy.

71.14 (g) If the notice the taxpayer receives under this section lists the property as
 71.15 nonhomestead, and satisfactory documentation is provided to the county assessor by the
 71.16 applicable deadline, and the property qualifies for the homestead classification in that
 71.17 assessment year, the assessor shall reclassify the property to homestead for taxes payable
 71.18 in the following year.

71.19 (h) In the case of class 4 residential property used as a residence for lease or rental
 71.20 periods of 30 days or more, the taxpayer must either:

71.21 (1) mail or deliver a copy of the notice of proposed property taxes to each tenant,
 71.22 renter, or lessee; or

71.23 (2) post a copy of the notice in a conspicuous place on the premises of the property.

71.24 The notice must be mailed or posted by the taxpayer by November 27 or within
 71.25 three days of receipt of the notice, whichever is later. A taxpayer may notify the county
 71.26 treasurer of the address of the taxpayer, agent, caretaker, or manager of the premises to
 71.27 which the notice must be mailed in order to fulfill the requirements of this paragraph.

71.28 (i) For purposes of this subdivision, subdivisions 5a and 6, "metropolitan special
 71.29 taxing districts" means the following taxing districts in the seven-county metropolitan area
 71.30 that levy a property tax for any of the specified purposes listed below:

71.31 (1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325,
 71.32 473.446, 473.521, 473.547, or 473.834;

71.33 (2) Metropolitan Airports Commission under section 473.667, 473.671, or 473.672;

71.34 and

71.35 (3) Metropolitan Mosquito Control Commission under section 473.711.

72.1 For purposes of this section, any levies made by the regional rail authorities in the
 72.2 county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter
 72.3 398A shall be included with the appropriate county's levy ~~and shall be discussed at that~~
 72.4 ~~county's public hearing.~~

72.5 (j) The governing body of a county, city, or school district may, with the consent
 72.6 of the county board, include supplemental information with the statement of proposed
 72.7 property taxes about the impact of state aid increases or decreases on property tax
 72.8 increases or decreases and on the level of services provided in the affected jurisdiction.
 72.9 This supplemental information may include information for the following year, the current
 72.10 year, and for as many consecutive preceding years as deemed appropriate by the governing
 72.11 body of the county, city, or school district. It may include only information regarding:

- 72.12 (1) the impact of inflation as measured by the implicit price deflator for state and
 72.13 local government purchases;
- 72.14 (2) population growth and decline;
- 72.15 (3) state or federal government action; and
- 72.16 (4) other financial factors that affect the level of property taxation and local services
 72.17 that the governing body of the county, city, or school district may deem appropriate to
 72.18 include.

72.19 The information may be presented using tables, written narrative, and graphic
 72.20 representations and may contain instruction toward further sources of information or
 72.21 opportunity for comment.

72.22 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
 72.23 thereafter.

72.24 Sec. 4. Minnesota Statutes 2008, section 275.065, subdivision 6, is amended to read:

72.25 Subd. 6. ~~Public hearing; Adoption of budget and levy. (a) For purposes of this~~
 72.26 ~~section, the following terms shall have the meanings given:~~

72.27 ~~(1) "Initial hearing" means the first and primary hearing held to discuss the taxing~~
 72.28 ~~authority's proposed budget and proposed property tax levy for taxes payable in the~~
 72.29 ~~following year, or, for school districts, the current budget and the proposed property tax~~
 72.30 ~~levy for taxes payable in the following year.~~

72.31 ~~(2) "Continuation hearing" means a hearing held to complete the initial hearing, if~~
 72.32 ~~the initial hearing is not completed on its scheduled date.~~

72.33 ~~(3) "Subsequent hearing" means the hearing held to adopt the taxing authority's final~~
 72.34 ~~property tax levy, and, in the case of taxing authorities other than school districts, the final~~
 72.35 ~~budget, for taxes payable in the following year.~~

73.1 ~~(b) Between November 29 and December 20, the governing bodies of a city that has a~~
 73.2 ~~population over 500, county, metropolitan special taxing districts as defined in subdivision~~
 73.3 ~~3, paragraph (i), and regional library districts shall each hold an initial public hearing~~
 73.4 ~~to discuss and seek public comment on its final budget and property tax levy for taxes~~
 73.5 ~~payable in the following year, and the governing body of the school district shall hold an~~
 73.6 ~~initial public hearing to review its current budget and proposed property tax levy for taxes~~
 73.7 ~~payable in the following year. The metropolitan special taxing districts shall be required to~~
 73.8 ~~hold only a single joint initial public hearing, the location of which will be determined by~~
 73.9 ~~the affected metropolitan agencies. A city, county, metropolitan special taxing district as~~
 73.10 ~~defined in subdivision 3, paragraph (i), regional library district established under section~~
 73.11 ~~134.201, or school district is not required to hold a public hearing under this subdivision~~

73.12 ~~unless its proposed property tax levy for taxes payable in the following year, as certified~~
73.13 ~~under subdivision 1, has increased over its final property tax levy for taxes payable in the~~
73.14 ~~current year by a percentage that is greater than the percentage increase in the implicit~~
73.15 ~~price deflator for government consumption expenditures and gross investment for state~~
73.16 ~~and local governments prepared by the Bureau of Economic Analysts of the United States~~
73.17 ~~Department of Commerce for the 12-month period ending March 31 of the current year.~~

73.18 ~~(c) The initial hearing must be held after 5:00 p.m. if scheduled on a day other than~~
73.19 ~~Saturday. No initial hearing may be held on a Sunday.~~

73.20 ~~(d) At the initial hearing under this subdivision, the percentage increase in property~~
73.21 ~~taxes proposed by the taxing authority, if any, and the specific purposes for which property~~
73.22 ~~tax revenues are being increased must be discussed. During the discussion, the governing~~
73.23 ~~body shall hear comments regarding a proposed increase and explain the reasons for the~~
73.24 ~~proposed increase. The public shall be allowed to speak and to ask questions. At the public~~
73.25 ~~hearing, the school district must also provide and discuss information on the distribution~~
73.26 ~~of its revenues by revenue source, and the distribution of its spending by program area.~~

73.27 ~~(e) If the initial hearing is not completed on its scheduled date, the taxing authority~~
73.28 ~~must announce, prior to adjournment of the hearing, the date, time, and place for the~~
73.29 ~~continuation of the hearing. The continuation hearing must be held at least five business~~
73.30 ~~days but no more than 14 business days after the initial hearing. A continuation hearing~~
73.31 ~~may not be held later than December 20 except as provided in paragraphs (f) and (g).~~
73.32 ~~A continuation hearing must be held after 5:00 p.m. if scheduled on a day other than~~
73.33 ~~Saturday. No continuation hearing may be held on a Sunday.~~

73.34 ~~(f) The governing body of a county shall hold its initial hearing on the first Thursday~~
73.35 ~~in December each year, and may hold additional initial hearings on other dates before~~
73.36 ~~December 20 if necessary for the convenience of county residents. If the county needs a~~
74.1 ~~continuation of its hearing, the continuation hearing shall be held on the third Tuesday~~
74.2 ~~in December. If the third Tuesday in December falls on December 21, the county's~~
74.3 ~~continuation hearing shall be held on Monday, December 20.~~

74.4 ~~(g) The metropolitan special taxing districts shall hold a joint initial public hearing~~
74.5 ~~on the first Wednesday of December. A continuation hearing, if necessary, shall be held on~~
74.6 ~~the second Wednesday of December even if that second Wednesday is after December 10.~~

74.7 ~~(h) The county auditor shall provide for the coordination of initial and continuation~~
74.8 ~~hearing dates for all school districts and cities within the county to prevent conflicts under~~
74.9 ~~clauses (i) and (j).~~

74.10 ~~(i) By August 10, each school board and the board of the regional library district~~
74.11 ~~shall certify to the county auditors of the counties in which the school district or regional~~

74.12 ~~library district is located the dates on which it elects to hold its initial hearing and any~~
 74.13 ~~continuation hearing. If a school board or regional library district does not certify these~~
 74.14 ~~dates by August 10, the auditor will assign the initial and continuation hearing dates. The~~
 74.15 ~~dates elected or assigned must not conflict with the initial and continuation hearing dates~~
 74.16 ~~of the county or the metropolitan special taxing districts.~~

74.17 ~~(j) By August 20, the county auditor shall notify the clerks of the cities within the~~
 74.18 ~~county of the dates on which school districts and regional library districts have elected to~~
 74.19 ~~hold their initial and continuation hearings. At the time a city certifies its proposed levy~~
 74.20 ~~under subdivision 1 it shall certify the dates on which it elects to hold its initial hearing and~~
 74.21 ~~any continuation hearing. Until September 15, the first and second Mondays of December~~
 74.22 ~~are reserved for the use of the cities. If a city does not certify its hearing dates by~~
 74.23 ~~September 15, the auditor shall assign the initial and continuation hearing dates. The dates~~
 74.24 ~~elected or assigned for the initial hearing must not conflict with the initial hearing dates~~
 74.25 ~~of the county, metropolitan special taxing districts, regional library districts, or school~~
 74.26 ~~districts within which the city is located. To the extent possible, the dates of the city's~~
 74.27 ~~continuation hearing should not conflict with the continuation hearing dates of the county,~~
 74.28 ~~metropolitan special taxing districts, regional library districts, or school districts within~~
 74.29 ~~which the city is located. This paragraph does not apply to cities of 500 population or less.~~

74.30 ~~(k) The county initial hearing date and the city, metropolitan special taxing district,~~
 74.31 ~~regional library district, and school district initial hearing dates must be designated on~~
 74.32 ~~the notices required under subdivision 3. The continuation hearing dates need not be~~
 74.33 ~~stated on the notices.~~

74.34 ~~(l) At a subsequent hearing, each county, school district, city over 500 population,~~
 74.35 ~~and metropolitan special taxing district may amend its proposed property tax levy~~
 74.36 ~~and must adopt a final property tax levy. Each county, city over 500 population, and~~
 75.1 ~~metropolitan special taxing district may also amend its proposed budget and must adopt a~~
 75.2 ~~final budget at the subsequent hearing. The final property tax levy must be adopted prior~~
 75.3 ~~to adopting the final budget. A school district is not required to adopt its final budget at the~~
 75.4 ~~subsequent hearing. The subsequent hearing of a taxing authority must be held on a date~~
 75.5 ~~subsequent to the date of the taxing authority's initial public hearing. If a continuation~~
 75.6 ~~hearing is held, the subsequent hearing must be held either immediately following the~~
 75.7 ~~continuation hearing or on a date subsequent to the continuation hearing. The subsequent~~
 75.8 ~~hearing may be held at a regularly scheduled board or council meeting or at a special~~
 75.9 ~~meeting scheduled for the purposes of the subsequent hearing. The subsequent hearing~~
 75.10 ~~of a taxing authority does not have to be coordinated by the county auditor to prevent a~~
 75.11 ~~conflict with an initial hearing, a continuation hearing, or a subsequent hearing of any~~

75.12 ~~other taxing authority. All subsequent hearings must be held prior to five working days~~
 75.13 ~~after December 20 of the levy year. The date, time, and place of the subsequent hearing~~
 75.14 ~~must be announced at the initial public hearing or at the continuation hearing.~~

75.15 ~~(m)~~ (a) The property tax levy certified under section 275.07 by a city of any
 75.16 population, county, metropolitan special taxing district, regional library district, or school
 75.17 district must not exceed the proposed levy determined under subdivision 1, except by an
 75.18 amount up to the sum of the following amounts:

75.19 (1) the amount of a school district levy whose voters approved a referendum to
 75.20 increase taxes under section 123B.63, subdivision 3, or 126C.17, subdivision 9, after
 75.21 the proposed levy was certified;

75.22 (2) the amount of a city or county levy approved by the voters after the proposed
 75.23 levy was certified;

75.24 (3) the amount of a levy to pay principal and interest on bonds approved by the
 75.25 voters under section 475.58 after the proposed levy was certified;

75.26 (4) the amount of a levy to pay costs due to a natural disaster occurring after the
 75.27 proposed levy was certified, if that amount is approved by the commissioner of revenue
 75.28 under subdivision 6a;

75.29 (5) the amount of a levy to pay tort judgments against a taxing authority that become
 75.30 final after the proposed levy was certified, if the amount is approved by the commissioner
 75.31 of revenue under subdivision 6a;

75.32 (6) the amount of an increase in levy limits certified to the taxing authority by the
 75.33 commissioner of education or the commissioner of revenue after the proposed levy was
 75.34 certified; ~~and~~

75.35 (7) the amount required under section 126C.55²;

76.1 (8) the levy to pay emergency debt certificates under section 475.755 authorized and
 76.2 issued after the proposed levy was certified; and

76.3 (9) the amount of unallotment under section 16A.152 that was recertified under
 76.4 section 275.07, subdivision 6.

76.5 ~~(n)~~ (b) This subdivision does not apply to towns and special taxing districts other
 76.6 than regional library districts and metropolitan special taxing districts.

76.7 ~~(o)~~ (c) Notwithstanding the requirements of this section, the employer is required to
 76.8 meet and negotiate over employee compensation as provided for in chapter 179A.

76.9 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
 76.10 thereafter.

76.11 Sec. 5. Minnesota Statutes 2008, section 375.194, subdivision 5, is amended to read:

76.12 Subd. 5. **Determination of county tax rate.** The eligible county's proposed and
 76.13 final tax rates shall be determined by dividing the certified levy by the total taxable net tax
 76.14 capacity, without regard to any abatements granted under this section. ~~The county board~~
 76.15 ~~shall make available the estimated amount of the abatement at the public hearing under~~
 76.16 ~~section 275.065, subdivision 6.~~

76.17 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
 76.18 thereafter.

76.19 Sec. 6. Minnesota Statutes 2008, section 383A.75, subdivision 3, is amended to read:

76.20 Subd. 3. **Duties.** The committee is authorized to and shall meet from time to time
 76.21 to make appropriate recommendations for the efficient and effective use of property tax
 76.22 dollars raised by the jurisdictions for programs, buildings, and operations. In addition,
 76.23 the committee shall:

76.24 (1) identify trends and factors likely to be driving budget outcomes over the next
 76.25 five years with recommendations for how the jurisdictions should manage those trends
 76.26 and factors to increase efficiency and effectiveness;

76.27 (2) agree, by October 1 of each year, on the appropriate level of overall property tax
 76.28 levy for the three jurisdictions and publicly report such to the governing bodies of each
 76.29 jurisdiction for ratification or modification by resolution; and

76.30 (3) ~~plan for the joint truth-in-taxation hearings under section 275.065, subdivision~~
 76.31 ~~8; and~~

76.32 (4) identify, by December 31 of each year, areas of the budget to be targeted in the
 76.33 coming year for joint review to improve services or achieve efficiencies.

77.1 In carrying out its duties, the committee shall consult with public employees of
 77.2 each jurisdiction and with other stakeholders of the city, county, and school district, as
 77.3 appropriate.

77.4 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
 77.5 thereafter.

77.6 Sec. 7. Minnesota Statutes 2008, section 446A.086, subdivision 8, is amended to read:

77.7 Subd. 8. **Tax levy for repayment.** (a) With the approval of the authority, a
 77.8 governmental unit may levy in the year the state makes a payment under this section an
 77.9 amount up to the amount necessary to provide funds for the repayment of the amount paid
 77.10 by the state plus interest through the date of estimated repayment by the governmental
 77.11 unit. The proceeds of this levy may be used only for this purpose unless they exceed the
 77.12 amount actually due. Any excess must be used to repay other state payments made under

77.13 this section or must be deposited in the debt redemption fund of the governmental unit.

77.14 The amount of aids to be reduced to repay the state are decreased by the amount levied.

77.15 (b) If the state is not repaid in full for a payment made under this section by
 77.16 November 30 of the calendar year following the year in which the state makes the
 77.17 payment, the authority shall require the governmental unit to certify a property tax levy in
 77.18 an amount up to the amount necessary to provide funds for repayment of the amount paid
 77.19 by the state plus interest through the date of estimated repayment by the governmental unit.
 77.20 To prevent undue hardship, the authority may allow the governmental unit to certify the
 77.21 levy over a five-year period. The proceeds of the levy may be used only for this purpose
 77.22 unless they are in excess of the amount actually due, in which case the excess must be used
 77.23 to repay other state payments made under this section or must be deposited in the debt
 77.24 redemption fund of the governmental unit. If the authority orders the governmental unit to
 77.25 levy, the amount of aids reduced to repay the state are decreased by the amount levied.

77.26 ~~(c) A levy under this subdivision is an increase in the levy limits of the governmental~~
 77.27 ~~unit for purposes of section 275.065, subdivision 6, and must be explained as a specific~~
 77.28 ~~increase at the meeting required under that provision.~~

77.29 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
 77.30 thereafter.

77.31 Sec. 8. Minnesota Statutes 2008, section 465.719, subdivision 9, is amended to read:

77.32 Subd. 9. **Application of other laws.** A corporation created by a political subdivision
 77.33 under this section must comply with every law that applies to the political subdivision,
 77.34 as if the corporation is a part of the political subdivision, unless the resolution ratifying
 78.1 creation of the corporation specifically exempts the corporation from part or all of a law.
 78.2 If the resolution exempts the corporation from part or all of a law, the resolution must
 78.3 make a detailed and specific finding as to why the corporation cannot fulfill its purpose if
 78.4 the corporation is subject to that law. A corporation may not be exempted from chapter
 78.5 13D, the Minnesota Open Meeting Law, sections 138.163 to 138.25, governing records
 78.6 management, or chapter 13, the Minnesota Government Data Practices Act. Any affected
 78.7 or interested person may bring an action in district court to void the resolution on the
 78.8 grounds that the findings are not sufficiently detailed and specific, or that the corporation
 78.9 can fulfill its purpose if it is subject to the law from which the resolution exempts the
 78.10 corporation. Laws that apply to a political subdivision that also apply to a corporation
 78.11 created by a political subdivision under this subdivision include, but are not limited to:

78.12 (1) chapter 13D, the Minnesota Open Meeting Law;

78.13 (2) chapter 13, the Minnesota Government Data Practices Act;

- 78.14 (3) section 471.345, the Uniform Municipal Contracting Law;
- 78.15 (4) sections 43A.17, limiting the compensation of employees based on the governor's
- 78.16 salary; 471.991 to 471.999, providing for equitable pay; and 465.72 and 465.722,
- 78.17 governing severance pay;
- 78.18 ~~(5) section 275.065, providing for truth-in-taxation hearings. If any tax revenues of~~
- 78.19 ~~the political subdivision will be appropriated to the corporation, the corporation's annual~~
- 78.20 ~~operating and capital budgets must be included in the truth-in-taxation hearing of the~~
- 78.21 ~~political subdivision that created the corporation;~~
- 78.22 ~~(6)~~ if the corporation issues debt, its debt is included in the political subdivision's
- 78.23 debt limit if it would be included if issued by the political subdivision, and issuance of the
- 78.24 debt is subject to the election and other requirements of chapter 475 and section 471.69;
- 78.25 ~~(7)~~ (6) section 471.895, prohibiting acceptance of gifts from interested parties, and
- 78.26 sections 471.87 to 471.89, relating to interests in contracts;
- 78.27 ~~(8)~~ (7) chapter 466, relating to municipal tort liability;
- 78.28 ~~(9)~~ (8) chapter 118A, requiring deposit insurance or bond or pledged collateral for
- 78.29 deposits;
- 78.30 ~~(10)~~ (9) chapter 118A, restricting investments;
- 78.31 ~~(11)~~ (10) section 471.346, requiring ownership of vehicles to be identified;
- 78.32 ~~(12)~~ (11) sections 471.38 to 471.41, requiring claims to be in writing, itemized, and
- 78.33 approved by the governing board before payment can be made; and
- 78.34 ~~(13)~~ (12) the corporation cannot make advances of pay, make or guarantee loans to
- 78.35 employees, or provide in-kind benefits unless authorized by law.

79.1 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and

79.2 thereafter.

79.3 Sec. 9. Minnesota Statutes 2008, section 473.13, subdivision 1, is amended to read:

79.4 Subdivision 1. **Budget.** (a) On or before December 20 of each year, the council;

79.5 ~~after the public hearing required in section 275.065,~~ shall adopt a final budget covering its

79.6 anticipated receipts and disbursements for the ensuing year and shall decide upon the total

79.7 amount necessary to be raised from ad valorem tax levies to meet its budget. The budget

79.8 shall state in detail the expenditures for each program to be undertaken, including the

79.9 expenses for salaries, consultant services, overhead, travel, printing, and other items. The

79.10 budget shall state in detail the capital expenditures of the council for the budget year, based

79.11 on a five-year capital program adopted by the council and transmitted to the legislature.

79.12 After adoption of the budget and no later than five working days after December 20, the

79.13 council shall certify to the auditor of each metropolitan county the share of the tax to be

79.14 levied within that county, which must be an amount bearing the same proportion to the
 79.15 total levy agreed on by the council as the net tax capacity of the county bears to the net tax
 79.16 capacity of the metropolitan area. The maximum amount of any levy made for the purpose
 79.17 of this chapter may not exceed the limits set by the statute authorizing the levy.

79.18 (b) Each even-numbered year the council shall prepare for its transit programs a
 79.19 financial plan for the succeeding three calendar years, in half-year segments. The financial
 79.20 plan must contain schedules of user charges and any changes in user charges planned or
 79.21 anticipated by the council during the period of the plan. The financial plan must contain a
 79.22 proposed request for state financial assistance for the succeeding biennium.

79.23 (c) In addition, the budget must show for each year:

79.24 (1) the estimated operating revenues from all sources including funds on hand at the
 79.25 beginning of the year, and estimated expenditures for costs of operation, administration,
 79.26 maintenance, and debt service;

79.27 (2) capital improvement funds estimated to be on hand at the beginning of the year
 79.28 and estimated to be received during the year from all sources and estimated cost of capital
 79.29 improvements to be paid out or expended during the year, all in such detail and form as
 79.30 the council may prescribe; and

79.31 (3) the estimated source and use of pass-through funds.

79.32 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
 79.33 thereafter.

79.34 Sec. 10. **REPEALER.**

80.1 Minnesota Statutes 2008, section 275.065, subdivisions 5a, 6b, 6c, 8, 9, and 10, are
 80.2 repealed.

80.3 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
 80.4 thereafter.

80.5 ARTICLE 4

80.6 SALES AND USE TAXES

80.7 Section 1. **[270C.085] NOTIFICATION REQUIREMENTS; SALES AND USE**
 80.8 **TAXES.**

80.9 The commissioner of revenue shall establish a means of electronically notifying
 80.10 persons holding a sales tax permit under section 297A.84 of any statutory change in
 80.11 chapter 297A and any issuance or change in any administrative rule, revenue notice, or
 80.12 sales tax fact sheet or other written information provided by the department explaining the
 80.13 interpretation or administration of the tax imposed under that chapter. The notification

80.14 must indicate the basic subject of the statute, rule, fact sheet, or other material and provide
 80.15 an electronic link to the material. Any person holding a sales tax permit that provides
 80.16 an electronic address to the department must receive these notifications unless they
 80.17 specifically request electronically, or in writing, to be removed from the notification list.
 80.18 This requirement does not replace traditional means of notifying the general public or
 80.19 persons without access to electronic communications of changes in the sales tax law. The
 80.20 electronic notification must begin no later than December 31, 2009.

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

80.22 Sec. 2. Minnesota Statutes 2008, section 289A.11, subdivision 1, is amended to read:

80.23 Subdivision 1. **Return required.** (a) Except as provided in section 289A.18,
 80.24 subdivision 4, for the month in which taxes imposed by chapter 297A are payable, or for
 80.25 which a return is due, a return for the preceding reporting period must be filed with the
 80.26 commissioner in the form and manner the commissioner prescribes. A person making
 80.27 sales at retail at two or more places of business may file a consolidated return subject to
 80.28 rules prescribed by the commissioner. In computing the dollar amount of items on the
 80.29 return, the amounts are rounded off to the nearest whole dollar, disregarding amounts less
 80.30 than 50 cents and increasing amounts of 50 cents to 99 cents to the next highest dollar.

80.31 (b) Notwithstanding this subdivision, a person who is not required to hold a sales tax
 80.32 permit under chapter 297A and who makes annual purchases, for use in a trade or business,
 80.33 of less than \$18,500, or a person who is not required to hold a sales tax permit and who
 80.34 makes purchases for personal use, that are subject to the use tax imposed by section
 81.1 297A.63, may file an annual use tax return on a form prescribed by the commissioner. If a
 81.2 person who qualifies for an annual use tax reporting period is required to obtain a sales tax
 81.3 permit or makes use tax purchases, for use in a trade or business, in excess of \$18,500
 81.4 during the calendar year, the reporting period must be considered ended at the end of the
 81.5 month in which the permit is applied for or the purchase in excess of \$18,500 is made and
 81.6 a return must be filed for the preceding reporting period.

81.7 (c) Notwithstanding paragraph (a), a person prohibited by the person's religious
 81.8 beliefs from using electronics shall be allowed to file by mail, without any additional fees.
 81.9 The filer must notify the commissioner of revenue of the intent to file by mail on a form
 81.10 prescribed by the commissioner. A return filed under this paragraph must be postmarked
 81.11 no later than the day the return is due in order to be considered filed on a timely basis.

81.12 **EFFECTIVE DATE.** This section is effective for returns filed after June 30, 2009.

81.13 Sec. 3. Minnesota Statutes 2008, section 289A.20, subdivision 4, is amended to read:

81.14 Subd. 4. **Sales and use tax.** (a) The taxes imposed by chapter 297A are due and
 81.15 payable to the commissioner monthly on or before the 20th day of the month following the
 81.16 month in which the taxable event occurred, or following another reporting period as the
 81.17 commissioner prescribes or as allowed under section 289A.18, subdivision 4, paragraph
 81.18 (f) or (g), except that use taxes due on an annual use tax return as provided under section
 81.19 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year.

81.20 (b) A vendor having a liability of \$120,000 or more during a fiscal year ending June
 81.21 30 must remit the June liability for the next year in the following manner:

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

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

81.26 (c) A vendor having a liability of:

81.27 (1) \$20,000 or more in the fiscal year ending June 30, 2005; or

81.28 (2) \$10,000 or more in the fiscal year ending June 30, 2006, and fiscal years

81.29 thereafter,

81.30 must remit all liabilities on returns due for periods beginning in the subsequent calendar
 81.31 year by electronic means on or before the 20th day of the month following the month in
 81.32 which the taxable event occurred, or on or before the 20th day of the month following the
 81.33 month in which the sale is reported under section 289A.18, subdivision 4, except for 90
 81.34 percent of the estimated June liability, which is due two business days before June 30. The
 81.35 remaining amount of the June liability is due on August 20.

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

82.8 **EFFECTIVE DATE.** This section is effective for payments remitted after June
 82.9 30, 2009.

82.10 Sec. 4. Minnesota Statutes 2008, section 297A.62, is amended by adding a subdivision
 82.11 to read:

82.12 Subd. 1a. **Constitutionally required sales tax increase.** An additional sales tax
 82.13 of 0.375 percent, as required under the Minnesota Constitution, article XI, section 15, is

82.14 imposed on the gross receipts from retail sales as defined in section 297A.61, subdivision
 82.15 4, made in this state or to a destination in this state by a person who is required to have
 82.16 or voluntarily obtains a permit under section 297A.83, subdivision 1. This additional
 82.17 tax expires July 1, 2034.

82.18 Sec. 5. Minnesota Statutes 2008, section 297A.64, subdivision 2, is amended to read:

82.19 Subd. 2. **Fee imposed.** (a) A fee equal to five percent of the sales price is imposed
 82.20 on leases or rentals of vehicles subject to the tax under subdivision 1. The lessor on the
 82.21 invoice to the customer may designate the fee as "a fee imposed by the State of Minnesota
 82.22 for the registration of rental cars."

82.23 (b) The provisions of this subdivision do not apply to the vehicles of a nonprofit
 82.24 corporation or similar entity, consisting of individual or group members who pay the
 82.25 organization for the use of a motor vehicle, if the organization:

82.26 (1) owns or leases a fleet of vehicles of the type subject to the tax under subdivision 1
 82.27 that are available to its members for use, priced on the basis of intervals of one hour or less;

82.28 (2) parks its vehicles at unstaffed, self-service locations that are accessible at any
 82.29 time of the day;

82.30 (3) maintains its vehicles, insures its vehicles on behalf of its members, and
 82.31 purchases fuel for its fleet; and

82.32 (4) does not charge usage rates that decline on a per unit basis, whether specified
 82.33 based on distance or time.

83.1 **EFFECTIVE DATE.** This section is effective July 1, 2009, and applies to
 83.2 registrations made or renewed on or after that date.

83.3 Sec. 6. Minnesota Statutes 2008, section 297A.71, is amended by adding a subdivision
 83.4 to read:

83.5 Subd. 41. **Construction materials; meat processing facility.** Materials and
 83.6 supplies used or consumed in, and equipment incorporated into, the construction or
 83.7 improvement of a meat processing facility are exempt. This facility must be constructed to
 83.8 replace a meat processing facility destroyed in a fire in April 2009, that employed more
 83.9 than 200 employees at the time of the destruction. The tax must be imposed and collected
 83.10 as if the rate under section 297A.62, subdivision 1, applied and then refunded after June
 83.11 30, 2011, in the manner provided in section 297A.75.

83.12 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
 83.13 April 30, 2009.

83.14 Sec. 7. Minnesota Statutes 2008, section 297A.75, subdivision 1, is amended to read:

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

83.18 (1) capital equipment exempt under section 297A.68, subdivision 5;

83.19 (2) building materials for an agricultural processing facility exempt under section
83.20 297A.71, subdivision 13;

83.21 (3) building materials for mineral production facilities exempt under section
83.22 297A.71, subdivision 14;

83.23 (4) building materials for correctional facilities under section 297A.71, subdivision
83.24 3;

83.25 (5) building materials used in a residence for disabled veterans exempt under section
83.26 297A.71, subdivision 11;

83.27 (6) elevators and building materials exempt under section 297A.71, subdivision 12;

83.28 (7) building materials for the Long Lake Conservation Center exempt under section
83.29 297A.71, subdivision 17;

83.30 ~~(8) materials, supplies, fixtures, furnishings, and equipment for a county law
83.31 enforcement and family service center under section 297A.71, subdivision 26;~~

83.32 ~~(9)~~ (8) materials and supplies for qualified low-income housing under section
83.33 297A.71, subdivision 23;

84.1 ~~(10)~~ (9) materials, supplies, and equipment for municipal electric utility facilities
84.2 under section 297A.71, subdivision 35;

84.3 ~~(11)~~ (10) equipment and materials used for the generation, transmission, and
84.4 distribution of electrical energy and an aerial camera package exempt under section
84.5 297A.68, subdivision 37;

84.6 ~~(12)~~ (11) tangible personal property and taxable services and construction materials,
84.7 supplies, and equipment exempt under section 297A.68, subdivision 41;

84.8 ~~(13)~~ (12) commuter rail vehicle and repair parts under section 297A.70, subdivision
84.9 3, clause (11); ~~and~~

84.10 ~~(14)~~ (13) materials, supplies, and equipment for construction or improvement of
84.11 projects and facilities under section 297A.71, subdivision 40; ~~and~~

84.12 (14) materials, supplies, and equipment for construction or improvement of a meat
84.13 processing facility exempt under section 297A.71, subdivision 41.

84.14 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
84.15 April 30, 2009.

84.16 Sec. 8. Minnesota Statutes 2008, section 297A.75, subdivision 2, is amended to read:

84.17 Subd. 2. **Refund; eligible persons.** Upon application on forms prescribed by the
84.18 commissioner, a refund equal to the tax paid on the gross receipts of the exempt items
84.19 must be paid to the applicant. Only the following persons may apply for the refund:

84.20 (1) for subdivision 1, clauses (1) to (3), the applicant must be the purchaser;

84.21 (2) for subdivision 1, clauses ~~(4)~~, (7), and ~~(8)~~; the applicant must be the
84.22 governmental subdivision;

84.23 (3) for subdivision 1, clause (5), the applicant must be the recipient of the benefits
84.24 provided in United States Code, title 38, chapter 21;

84.25 (4) for subdivision 1, clause (6), the applicant must be the owner of the homestead
84.26 property;

84.27 (5) for subdivision 1, clause ~~(9)~~ (8), the owner of the qualified low-income housing
84.28 project;

84.29 (6) for subdivision 1, clause ~~(10)~~ (9), the applicant must be a municipal electric
84.30 utility or a joint venture of municipal electric utilities;

84.31 (7) for subdivision 1, clauses ~~(11)~~ (10) and ~~(12)~~, (11), and (14), the owner of the
84.32 qualifying business; and

84.33 (8) for subdivision 1, clauses ~~(13)~~ (12) and ~~(14)~~ (13), the applicant must be the
84.34 governmental entity that owns or contracts for the project or facility.

85.1 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
85.2 April 30, 2009.

85.3 Sec. 9. Minnesota Statutes 2008, section 297A.94, is amended to read:

85.4 **297A.94 DEPOSIT OF REVENUES.**

85.5 (a) Except as provided in this section, the commissioner shall deposit the revenues,
85.6 including interest and penalties, derived from the taxes imposed by this chapter in the state
85.7 treasury and credit them to the general fund.

85.8 (b) The commissioner shall deposit taxes in the Minnesota agricultural and economic
85.9 account in the special revenue fund if:

85.10 (1) the taxes are derived from sales and use of property and services purchased for
85.11 the construction and operation of an agricultural resource project; and

85.12 (2) the purchase was made on or after the date on which a conditional commitment
85.13 was made for a loan guaranty for the project under section 41A.04, subdivision 3.

85.14 The commissioner of finance shall certify to the commissioner the date on which the
85.15 project received the conditional commitment. The amount deposited in the loan guaranty

85.16 account must be reduced by any refunds and by the costs incurred by the Department of
85.17 Revenue to administer and enforce the assessment and collection of the taxes.

85.18 (c) The commissioner shall deposit the revenues, including interest and penalties,
85.19 derived from the taxes imposed on sales and purchases included in section 297A.61,
85.20 subdivision 3, paragraph (g), clauses (1) and (4), in the state treasury, and credit them
85.21 as follows:

85.22 (1) first to the general obligation special tax bond debt service account in each fiscal
85.23 year the amount required by section 16A.661, subdivision 3, paragraph (b); and

85.24 (2) after the requirements of clause (1) have been met, the balance to the general
85.25 fund.

85.26 (d) The commissioner shall deposit the revenues, including interest and penalties,
85.27 collected under section 297A.64, subdivision 5, in the state treasury and credit them to the
85.28 general fund. By July 15 of each year the commissioner shall transfer to the highway user
85.29 tax distribution fund an amount equal to the excess fees collected under section 297A.64,
85.30 subdivision 5, for the previous calendar year.

85.31 (e) For fiscal year 2001, 97 percent; for fiscal years 2002 and 2003, 87 percent; and
85.32 for fiscal year 2004 and thereafter, 72.43 percent of the revenues, including interest and
85.33 penalties, transmitted to the commissioner under section 297A.65, must be deposited by
85.34 the commissioner in the state treasury as follows:

86.1 (1) 50 percent of the receipts must be deposited in the heritage enhancement account
86.2 in the game and fish fund, and may be spent only on activities that improve, enhance, or
86.3 protect fish and wildlife resources, including conservation, restoration, and enhancement
86.4 of land, water, and other natural resources of the state;

86.5 (2) 22.5 percent of the receipts must be deposited in the natural resources fund, and
86.6 may be spent only for state parks and trails;

86.7 (3) 22.5 percent of the receipts must be deposited in the natural resources fund, and
86.8 may be spent only on metropolitan park and trail grants;

86.9 (4) three percent of the receipts must be deposited in the natural resources fund, and
86.10 may be spent only on local trail grants; and

86.11 (5) two percent of the receipts must be deposited in the natural resources fund,
86.12 and may be spent only for the Minnesota Zoological Garden, the Como Park Zoo and
86.13 Conservatory, and the Duluth Zoo.

86.14 (f) The revenue dedicated under paragraph (e) may not be used as a substitute
86.15 for traditional sources of funding for the purposes specified, but the dedicated revenue
86.16 shall supplement traditional sources of funding for those purposes. Land acquired with
86.17 money deposited in the game and fish fund under paragraph (e) must be open to public

86.18 hunting and fishing during the open season, except that in aquatic management areas or
 86.19 on lands where angling easements have been acquired, fishing may be prohibited during
 86.20 certain times of the year and hunting may be prohibited. At least 87 percent of the money
 86.21 deposited in the game and fish fund for improvement, enhancement, or protection of fish
 86.22 and wildlife resources under paragraph (e) must be allocated for field operations.

86.23 (g) The revenues deposited under paragraphs (a) to (f) do not include the revenues,
 86.24 including interest and penalties, generated by the sales tax imposed under section
 86.25 297A.62, subdivision 1a, which must be deposited as provided under the Minnesota
 86.26 Constitution, article XI, section 15.

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

86.28 Sec. 10. Minnesota Statutes 2008, section 297B.02, subdivision 1, is amended to read:

86.29 Subdivision 1. **Rate.** There is imposed an excise tax ~~at the rate provided in chapter~~
 86.30 ~~297A~~ of 6.5 percent on the purchase price of any motor vehicle purchased or acquired,
 86.31 either in or outside of the state of Minnesota, which is required to be registered under
 86.32 the laws of this state.

86.33 The excise tax is also imposed on the purchase price of motor vehicles purchased
 86.34 or acquired on Indian reservations when the tribal council has entered into a sales tax on
 86.35 motor vehicles refund agreement with the state of Minnesota.

87.1 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
 87.2 June 30, 2009.

87.3 Sec. 11. Laws 1986, chapter 396, section 4, subdivision 3, is amended to read:

87.4 Subd. 3. **Use of property.** Revenues received from the tax may only be used:

87.5 (1) to pay costs of collection;

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

87.8 (3) to pay costs to acquire, design, equip, construct, improve, maintain, operate,
 87.9 administer, or promote the convention center or related facilities, including financing
 87.10 costs related to them;

87.11 (4) to pay reasonable and appropriate costs determined by the city to replace housing
 87.12 removed from the site; ~~and~~

87.13 (5) to maintain reserves for the foregoing purposes deemed reasonable and
 87.14 appropriate by the city; and

87.15 (6) to fund projects under subdivision 4.

87.16 ~~In the event of any amendment to chapter 297A enacted subsequent to the effective date~~
 87.17 ~~of this act which exempts sales or uses which were taxable under chapter 297A on the~~
 87.18 ~~effective date of this act, the city may by ordinance extend the tax authorized hereby to~~
 87.19 ~~any such sales or uses provided that the city council shall have determined that such~~
 87.20 ~~extension is necessary to provide revenues for the uses to which taxes may be applied~~
 87.21 ~~under this section and further provided that, in the estimation of the city council, the~~
 87.22 ~~aggregate annual collections following such extension will not exceed the aggregate~~
 87.23 ~~annual collections which would have been generated if chapter 297A, as in effect on the~~
 87.24 ~~effective date of this act, were then in effect. Any revenue bonds issued in accordance~~
 87.25 ~~with this act may, with the consent of the city council, contain a covenant that the tax will~~
 87.26 ~~be so extended to the extent necessary to pay principal and interest on the bonds when due.~~

87.27 Money for replacement housing shall be made available by the city only for new
 87.28 construction, conversion of nonresidential buildings, and for rehabilitation of vacant
 87.29 residential structures, only if all of the units in the newly constructed building, converted
 87.30 nonresidential building, or rehabilitated residential structure are to be used for replacement
 87.31 housing.

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

87.33 Sec. 12. Laws 1986, chapter 396, section 4, is amended by adding a subdivision to read:

88.1 **Subd. 4. Minneapolis downtown and neighborhood projects.** (a) For revenues
 88.2 collected in calendar years 2009 and 2010, to the extent that revenues from the tax
 88.3 authorized in subdivision 1 exceeds the amount needed to fund the purposes in subdivision
 88.4 3, the city may use the excess revenue to fund any city services. The total amount used in
 88.5 both years for this purpose may not exceed the total amount of aid and credit reductions
 88.6 under Minnesota Statutes, sections 273.1384 and 477A.011 to 477A.014 in calendar years
 88.7 2008, 2009, and 2010 due to a governor's unallotment or due to statutory reductions.

88.8 (b) Beginning with revenues collected in calendar year 2011, to the extent that
 88.9 revenues from the tax authorized in subdivision 1 exceeds the amount needed to fund the
 88.10 purposes in subdivision 3, the city may use the excess revenue in any year to fund capital
 88.11 projects to further residential, cultural, commercial, and economic development in both
 88.12 downtown Minneapolis and the Minneapolis neighborhoods.

88.13 **EFFECTIVE DATE.** This section is effective upon compliance of the governing
 88.14 body of the city of Minneapolis with Minnesota Statutes, section 645.021, subdivisions
 88.15 2 and 3.

88.16 Sec. 13. Laws 1986, chapter 400, section 44, as amended by Laws 1995, chapter 264,
88.17 article 2, section 39, is amended to read:

88.18 Sec. 44. **DOWNTOWN TAXING AREA.**

88.19 If a bill is enacted into law in the 1986 legislative session which authorizes the city
88.20 of Minneapolis to issue bonds and expend certain funds including taxes to finance the
88.21 acquisition and betterment of a convention center and related facilities, which authorizes
88.22 certain taxes to be levied in a downtown taxing area, then, notwithstanding the provisions
88.23 of that law "downtown taxing area" shall mean the geographic area bounded by the
88.24 portion of the Mississippi River between I-35W and Washington Avenue, the portion
88.25 of Washington Avenue between the river and I-35W, the portion of I-35W between
88.26 Washington Avenue and 8th Street South, the portion of 8th Street South between I-35W
88.27 and Portland Avenue South, the portion of Portland Avenue South between 8th Street
88.28 South and I-94, the portion of I-94 from the intersection of Portland Avenue South to
88.29 the intersection of I-94 and the Burlington Northern Railroad tracks, the portion of the
88.30 Burlington Northern Railroad tracks from I-94 to Main Street and including Nicollet
88.31 Island, and the portion of Main Street to Hennepin Avenue and the portion of Hennepin
88.32 Avenue between Main Street and 2nd Street S.E., and the portion of 2nd Street S.E.
88.33 between Main Street and Bank Street, and the portion of Bank Street between 2nd Street
88.34 S.E. and University Avenue S.E., and the portion of University Avenue S.E. between Bank
88.35 Street and I-35W, and by I-35W from University Avenue S.E., to the river. The downtown
89.1 taxing area excludes the area bounded on the south and west by Oak Grove Street, on the
89.2 east by Spruce Place, and on the north by West 15th Street. The downtown taxing area also
89.3 excludes any property located in a zone that is contained in chapter 546 of the Minneapolis
89.4 Zoning Code of Ordinances on which a restaurant with a wine license is operated.

89.5 **EFFECTIVE DATE.** This section is effective for sales made after July 31, 2012,
89.6 provided that the proceeds of the tax collected between July 1, 2009, and July 31, 2012,
89.7 by a restaurant with a wine license that is excluded from the downtown taxing area by
89.8 this section, when collected by the commissioner of revenue, shall be deposited in the
89.9 general fund of the state treasury.

89.10 Sec. 14. Laws 1991, chapter 291, article 8, section 27, subdivision 3, as amended
89.11 by Laws 1998, chapter 389, article 8, section 28, and Laws 2008, chapter 366, article
89.12 7, section 9, is amended to read:

89.13 Subd. 3. **Use of revenues.** Revenues received from taxes authorized by subdivisions
89.14 1 and 2 shall be used by the city to pay the cost of collecting the tax and to pay all or
89.15 a portion of the expenses of constructing and improving facilities as part of an urban

89.16 revitalization project in downtown Mankato known as Riverfront 2000. Authorized
 89.17 expenses include, but are not limited to, acquiring property and paying relocation expenses
 89.18 related to the development of Riverfront 2000 and related facilities, and securing or paying
 89.19 debt service on bonds or other obligations issued to finance the construction of Riverfront
 89.20 2000 and related facilities. For purposes of this section, "Riverfront 2000 and related
 89.21 facilities" means a civic-convention center, an arena, a riverfront park, a technology center
 89.22 and related educational facilities, and all publicly owned real or personal property that
 89.23 the governing body of the city determines will be necessary to facilitate the use of these
 89.24 facilities, including but not limited to parking, skyways, pedestrian bridges, lighting, and
 89.25 landscaping. It also includes the performing arts theatre and the Southern Minnesota
 89.26 Women's Hockey Exposition Center, ~~attached to the Mankato Civic Center~~ for use by
 89.27 Minnesota State University, Mankato.

89.28 **EFFECTIVE DATE.** This section is effective the day after the governing body of
 89.29 the city of Mankato and its chief clerical officer comply with Minnesota Statutes, section
 89.30 645.021, subdivisions 2 and 3.

89.31 Sec. 15. Laws 1993, chapter 375, article 9, section 46, subdivision 2, as amended by
 89.32 Laws 1997, chapter 231, article 7, section 40, and Laws 1998, chapter 389, article 8,
 89.33 section 30, and Laws 2003, First Special Session chapter 21, article 8, section 13, and
 89.34 Laws 2005, First Special Session chapter 3, article 5, section 26, is amended to read:

90.1 Subd. 2. **Use of revenues.** Revenues received from the tax authorized by
 90.2 subdivision 1 may only be used by the city to pay the cost of collecting the tax, and to pay
 90.3 for the following projects or to secure or pay any principal, premium, or interest on bonds
 90.4 issued in accordance with subdivision 3 for the following projects.

90.5 (a) To pay all or a portion of the capital expenses of construction, equipment and
 90.6 acquisition costs for the expansion and remodeling of the St. Paul Civic Center complex,
 90.7 including the demolition of the existing arena and the construction and equipping of a
 90.8 new arena.

90.9 (b) Except as provided in paragraphs (e) and (f), the remainder of the funds must be
 90.10 spent for:

90.11 (1) capital projects to further residential, cultural, commercial, and economic
 90.12 development in both downtown St. Paul and St. Paul neighborhoods; and

90.13 (2) capital and operating expenses of cultural organizations in the city, provided
 90.14 that the amount spent under this clause must equal ten percent of the total amount spent
 90.15 under this paragraph in any year.

90.16 (c) The amount apportioned under paragraph (b) shall be no less than 60 percent
 90.17 of the revenues derived from the tax each year, except to the extent that a portion of that
 90.18 amount is required to pay debt service on (1) bonds issued for the purposes of paragraph (a)
 90.19 prior to March 1, 1998; or (2) bonds issued for the purposes of paragraph (a) after March 1,
 90.20 1998, but only if the city council determines that 40 percent of the revenues derived from
 90.21 the tax together with other revenues pledged to the payment of the bonds, including the
 90.22 proceeds of definitive bonds, is expected to exceed the annual debt service on the bonds.

90.23 (d) If in any year more than 40 percent of the revenue derived from the tax authorized
 90.24 by subdivision 1 is used to pay debt service on the bonds issued for the purposes of
 90.25 paragraph (a) and to fund a reserve for the bonds, the amount of the debt service payment
 90.26 that exceeds 40 percent of the revenue must be determined for that year. In any year when
 90.27 40 percent of the revenue produced by the sales tax exceeds the amount required to pay
 90.28 debt service on the bonds and to fund a reserve for the bonds under paragraph (a), the
 90.29 amount of the excess must be made available for capital projects to further residential,
 90.30 cultural, commercial, and economic development in the neighborhoods and downtown
 90.31 until the cumulative amounts determined for all years under the preceding sentence have
 90.32 been made available under this sentence. The amount made available as reimbursement in
 90.33 the preceding sentence is not included in the 60 percent determined under paragraph (c).

90.34 (e) In each of calendar years ~~2006, 2007, 2008, and 2009~~ to 2014, revenue not to
 90.35 exceed \$3,500,000 may be used to pay the principal of bonds issued for capital projects of
 91.1 the city. After December 31, ~~2009~~ 2014, revenue from the tax imposed under subdivision
 91.2 1 may not be used for this purpose.

91.3 (f) By January 15 of each year, the mayor and the city council must report to the
 91.4 legislature on the use of sales tax revenues during the preceding one-year period.

91.5 **EFFECTIVE DATE.** This section is effective the day after the governing body of
 91.6 the city of St. Paul and its chief clerical officer comply with Minnesota Statutes, section
 91.7 645.021, subdivisions 2 and 3.

91.8 Sec. 16. Laws 1993, chapter 375, article 9, section 46, is amended by adding a
 91.9 subdivision to read:

91.10 **Subd. 2a. Unexpended funds and interest.** Any interest from loan repayments
 91.11 or returned funds from revenues apportioned under subdivision 2, paragraph (b), clause
 91.12 (1), must be made available only for projects qualifying under subdivision 2, paragraph
 91.13 (b), clause (1).

91.14 **EFFECTIVE DATE.** This section is effective the day after the governing body of
 91.15 the city of St. Paul and its chief clerical officer comply with Minnesota Statutes, section
 91.16 645.021, subdivisions 2 and 3.

91.17 Sec. 17. Laws 1996, chapter 471, article 2, section 30, is amended to read:

91.18 Sec. 30. **CITY OF LITTLE FALLS; TAX AUTHORIZED.**

91.19 Subdivision 1. **Sales of food; tax.** The city of Little Falls may by ordinance impose
 91.20 a tax of one-half percent on the gross receipts from the retail sale of food and nonalcoholic
 91.21 beverages sold by the operator of a restaurant or place of refreshment within the city. The
 91.22 tax imposed may be effective at any time after July 1, 1996.

91.23 Subd. 1a. **Sale of alcoholic beverages.** The city of Little Falls may also by
 91.24 ordinance impose the tax in subdivision 1 on the sales of alcoholic beverages sold by the
 91.25 operator of a restaurant or place of refreshment in the city. Notwithstanding subdivision
 91.26 5, and regardless of when the city imposes the tax under this subdivision, this tax will
 91.27 expire when the tax in subdivision 1 expires.

91.28 Subd. 2. **Definitions.** For purposes of this section:

91.29 (1) "restaurant" means every building or other structure or enclosure, or any part
 91.30 thereof and all buildings in connection, kept, used or maintained as, or held out to the
 91.31 public to be an enclosure where meals or lunches are served or prepared for service
 91.32 elsewhere, except schools;

91.33 (2) "place of refreshment" means every building, structure, vehicle, sidewalk cart or
 91.34 any part thereof, used as, maintained as, or advertised as, or held out to be a place where
 92.1 confectionery, ice cream, or drinks of various kinds are made, sold, or served at retail,
 92.2 excepting schools and school sponsored events; and

92.3 (3) "operator" means the person who is the proprietor of the restaurant, or place of
 92.4 refreshment, whether in the capacity of owner, lessee, subleases, licensee, or an other
 92.5 capacity.

92.6 Subd. 3. **Use of proceeds.** The ordinance adopted by the city shall provide for
 92.7 distribution of the proceeds of the tax. The proceeds of the tax must be used for tourism
 92.8 purposes, including operating and maintaining the activities and programs of the tourism
 92.9 and convention bureau.

92.10 Subd. 4. **Enforcement, collection, and administration of taxes.** The tax imposed
 92.11 under this section shall be enforced, administered, and collected by the city of Little Falls
 92.12 provided that the city may contract with the commissioner of revenue to perform audits of
 92.13 the tax on behalf of the city. The commissioner shall charge the city an amount that equals
 92.14 the direct and indirect costs incurred by the department that are necessary to audit the tax.

92.15 Subd. 5. **Expiration of taxing authority.** The tax imposed under ~~this section shall~~
 92.16 ~~expire 15~~ subdivision 1 expires 30 years after it first becomes effective.

92.17 Subd. 6. **Effective date.** This section is effective the day following compliance by
 92.18 the governing body of the city of Little Falls with Minnesota Statutes, section 645.021,
 92.19 subdivision 3.

92.20 **EFFECTIVE DATE.** This section is effective the day following compliance by
 92.21 the governing body of the city of Little Falls with Minnesota Statutes, section 645.021,
 92.22 subdivisions 2 and 3.

92.23 Sec. 18. Laws 1998, chapter 389, article 8, section 37, subdivision 1, is amended to
 92.24 read:

92.25 Subdivision 1. **Requirement.** Expenditures of revenues from the sales tax imposed
 92.26 by the city of St. Paul that are dedicated to neighborhood investments may be made only
 92.27 after review of the proposals for expenditures by the citizen review panel described in this
 92.28 section. The panel must ensure that the application process for all proposals is open, fair,
 92.29 and competitive. All proposals must be reviewed by the panel prior to presentation of the
 92.30 proposal to the city council. The panel must evaluate the proposals and provide a report
 92.31 to the city council that makes recommendations regarding the proposed expenditures
 92.32 in rank order.

93.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of
 93.2 the city of St. Paul and its chief clerical officer comply with Minnesota Statutes, section
 93.3 645.021, subdivisions 2 and 3.

93.4 Sec. 19. Laws 2002, chapter 377, article 3, section 25, is amended to read:

93.5 Sec. 25. **ROCHESTER LODGING TAX.**

93.6 Subdivision 1. **Authorization.** Notwithstanding Minnesota Statutes, section
 93.7 469.190 or 477A.016, or any other law, the city of Rochester may impose an additional
 93.8 tax of one percent on the gross receipts from the furnishing for consideration of lodging at
 93.9 a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing of it
 93.10 for a continuous period of 30 days or more.

93.11 Subd. 1a. **Authorization.** Notwithstanding Minnesota Statutes, section 469.190 or
 93.12 477A.016, or any other law, and in addition to the tax authorized by subdivision 1, the city
 93.13 of Rochester may impose an additional tax of one percent on the gross receipts from the
 93.14 furnishing for consideration of lodging at a hotel, motel, rooming house, tourist court, or
 93.15 resort, other than the renting or leasing of it for a continuous period of 30 days or more only
 93.16 upon the approval of the city governing body of a total financial package for the project.

93.17 Subd. 2. **Disposition of proceeds.** (a) The gross proceeds from any the tax imposed
 93.18 under subdivision 1 must be used by the city to fund a local convention or tourism bureau
 93.19 for the purpose of marketing and promoting the city as a tourist or convention center.

93.20 (b) The gross proceeds from the one percent tax imposed under subdivision 1a shall
 93.21 be used to pay for (1) construction, renovation, improvement, and expansion of the Mayo
 93.22 Civic Center and related skyway access, lighting, parking, or landscaping; and (2) for
 93.23 payment of any principal, interest, or premium on bonds issued to finance the construction,
 93.24 renovation, improvement, and expansion of the Mayo Civic Center Complex.

93.25 Subd. 3. **Expiration of taxing authority.** The authority of the city to impose a tax
 93.26 under subdivision 1a shall expire when the principal and interest on any bonds or other
 93.27 obligations issued prior to December 31, 2014, to finance the construction, renovation,
 93.28 improvement, and expansion of the Mayo Civic Center Complex and related skyway
 93.29 access, lighting, parking, or landscaping have been paid or at an earlier time as the city
 93.30 shall, by ordinance, determine.

93.31 **EFFECTIVE DATE.** This section is effective the day after the governing body of
 93.32 the city of Rochester and its chief clerical officer comply with Minnesota Statutes, section
 93.33 645.021, subdivisions 2 and 3.

94.1 Sec. 20. Laws 2006, chapter 259, article 3, section 12, subdivision 3, is amended to
 94.2 read:

94.3 Subd. 3. **Use of revenues.** Revenues received from the taxes authorized by
 94.4 subdivisions 1 and 2 must be used to pay all or part of the capital costs of transportation
 94.5 projects included in the 2004 U.S. Highway 14-Owatonna Beltline Study by the Minnesota
 94.6 Department of Transportation, Steele County, and the city of Owatonna; regional parks
 94.7 and trail developments; and the West Hills complex, including the firehall, and library
 94.8 improvement projects; as described in the city resolution No. 4-06, Exhibit A, as adopted
 94.9 by the city on January 17, 2006. Notwithstanding the specific transportation projects
 94.10 described in city resolution No. 4-06, Exhibit A, the city may transfer up to \$1,500,000
 94.11 of the sales and use tax revenues from the Alexander Street to 39th Avenue Southwest
 94.12 project to the reconstruction of 18th Street Southwest from 24th Avenue Southwest to 39th
 94.13 Avenue West. The amount paid from these revenues for transportation projects may not
 94.14 exceed \$4,450,000 plus associated bond costs. The amount paid from these revenues for
 94.15 park and trail projects may not exceed \$5,400,000 plus associated bond costs. The amount
 94.16 paid from these revenues for West Hills complex, fire hall, and library improvement
 94.17 projects may not exceed \$2,823,000 plus associated bond costs.

94.18 **EFFECTIVE DATE.** This section is effective the day after compliance by the
 94.19 governing body of the city of Owatonna with Minnesota Statutes, section 645.021,
 94.20 subdivision 3.

94.21 Sec. 21. Laws 2008, chapter 366, article 7, section 16, subdivision 3, is amended to
 94.22 read:

94.23 Subd. 3. **Use of proceeds from authorized taxes.** The proceeds of any tax imposed
 94.24 under subdivisions 1 and 2 shall be used by the city to pay all or a portion of the expenses
 94.25 of operation and maintenance of the Riverfront 2000 and related facilities, including a
 94.26 performing arts theatre and the Southern Minnesota Women's Hockey Exposition Center,
 94.27 ~~attached to the Mankato Civic Center~~ for use by Minnesota State University, Mankato.
 94.28 Authorized expenses include securing or paying debt service on bonds or other obligations
 94.29 issued to finance the construction of the facilities.

94.30 **EFFECTIVE DATE.** This section is effective the day after the governing body of
 94.31 the city of Mankato and its chief clerical officer comply with Minnesota Statutes, section
 94.32 645.021, subdivisions 2 and 3.

94.33 Sec. 22. Laws 2008, chapter 366, article 7, section 18, subdivision 2, is amended to
 94.34 read:

95.1 Subd. 2. **Use of revenues.** Revenues received from the tax authorized by
 95.2 subdivision 1 must be used by Cook County to pay the costs of collecting the tax and
 95.3 to pay for the following projects:

95.4 (1) construction and improvements, and additions to a county community center
 95.5 centers and public recreation area areas, including, but not limited to, improvements and
 95.6 additions to the ~~skateboard park, hockey rink, ball fields, community center addition,~~
 95.7 ~~county public parking area, tennis courts, and all associated improvements areas;~~ and

95.8 (2) construction of and improvements to the Grand Marais Public Library;

95.9 (3) construction and improvement of a countywide high-speed communications
 95.10 infrastructure network; and

95.11 (4) construction and improvement of a district energy plant for public facilities in
 95.12 Grand Marais.

95.13 Authorized expenses include, but are not limited to, paying construction expenses related
 95.14 to these improvements, and paying debt service on bonds or other obligations issued to
 95.15 finance acquisition and construction of these improvements. The total amount of revenues
 95.16 from the taxes in subdivision 1 that may be used to fund these projects is ~~\$14,000,000~~
 95.17 \$20,000,000 plus any associated bond costs.

95.18 **EFFECTIVE DATE.** This section is effective the day after the governing body
 95.19 of Cook County and its chief clerical officer comply with Minnesota Statutes, section
 95.20 645.021, subdivisions 2 and 3.

95.21 Sec. 23. **ROCHESTER FOOD AND BEVERAGE TAX.**

95.22 Subdivision 1. **Authorization.** Notwithstanding Minnesota Statutes, section
 95.23 477A.016, or any other law or charter provision, the city of Rochester may impose a tax of
 95.24 one percent on the gross receipts on all sales of food and beverages by restaurants and
 95.25 places of refreshment, as defined by resolution of the city, that occur in the city. For
 95.26 purposes of this section, "food and beverages" include retail on-sale of intoxicating liquor
 95.27 and fermented malt beverages.

95.28 Subd. 2. **Use of proceeds.** The proceeds of this tax shall be used for (1) paying the
 95.29 cost of collection; (2) to pay for construction, renovation, improvement, and expansion
 95.30 of the Mayo Civic Center Complex and related skyway access, lighting, parking, or
 95.31 landscaping; and (3) for payment of any principal, interest, or premium on bonds issued
 95.32 to finance the construction, renovation, improvement, and expansion of the Mayo Civic
 95.33 Center Complex.

95.34 Subd. 3. **Imposition of the tax.** The tax under this section may only be imposed
 95.35 upon approval of the city governing body of a total financing package for the project.

96.1 Subd. 4. **Expiration of taxing authority.** The authority granted under subdivision
 96.2 1 to the city to impose a one percent tax on food and beverages shall expire when the
 96.3 principal and interest on any bonds or other obligations issued prior to December 31,
 96.4 2014, to finance the construction, renovation, improvement, and expansion of the Mayo
 96.5 Civic Center Complex and related skyway access, lighting, parking, or landscaping have
 96.6 been paid or at an earlier time as the city shall, by ordinance, determine.

96.7 **EFFECTIVE DATE.** This section is effective the day after the governing body of
 96.8 the city of Rochester and its chief clerical officer comply with Minnesota Statutes, section
 96.9 645.021, subdivisions 2 and 3, and upon approval of the city governing body of a total
 96.10 financing package to renovate, improve, or expand the Mayo Civic Center Complex.

96.11 **ARTICLE 5**

96.12 **LOCAL DEVELOPMENT**

96.13 Section 1. Minnesota Statutes 2008, section 373.48, subdivision 1, is amended to read:

96.14 Subdivision 1. **Definitions.** For the purpose of this section, "project" means a facility
 96.15 that generates electricity from renewable energy sources listed in section 216B.1691,
 96.16 subdivision 1, paragraph (a), ~~clause (1).~~

96.17 Sec. 2. Minnesota Statutes 2008, section 373.48, is amended by adding a subdivision
96.18 to read:

96.19 **Subd. 3. Joint purchase of energy and acquisition of generation projects;**
96.20 **financing.** (a) A county may enter into agreements under section 471.59 with other
96.21 counties for joint purchase of energy or joint acquisition of interests in projects. A county
96.22 that enters into a multiyear agreement for purchase of energy or acquires an interest in
96.23 a project, including C-BED projects pursuant to section 216B.1612, subdivision 9, may
96.24 finance the estimated cost of the energy to be purchased during the term of the agreement
96.25 or the cost to the county of the interest in the project by the issuance of revenue bonds of
96.26 the county, including clean renewable energy revenue bonds, provided that the annual debt
96.27 service on all bonds issued under this section, together with the amounts to be paid by the
96.28 county in any year for the purchase of energy under agreements entered into under this
96.29 section, must not exceed the estimated revenues of the project.

96.30 (b) An agreement entered into under section 471.59 as provided by this section
96.31 may provide that:

96.32 (1) each county issues bonds to pay their respective shares of the cost of the projects;

97.1 (2) one of the counties issues bonds to pay the full costs of the project and that the
97.2 other participating counties pay any available revenues of the project and pledge the
97.3 revenues to the county that issues the bonds; or

97.4 (3) the joint powers board issues revenue bonds to pay the full costs of the project
97.5 and that the participating counties pay any available revenues of the project under this
97.6 subdivision and pledge the revenues to the joint powers entity for payment of the revenue
97.7 bonds.

97.8 Sec. 3. Minnesota Statutes 2008, section 469.174, subdivision 22, is amended to read:

97.9 Subd. 22. **Tourism facility.** "Tourism facility" means property that:

97.10 (1) is located in a county where the median income is no more than 85 percent of
97.11 the state median income;

97.12 (2) is located in a county in development region 2, 3, 4, ~~or~~ 5, or 7E, as defined
97.13 in section 462.385;

97.14 (3) is not located in a city with a population in excess of 20,000; and

97.15 (4) is acquired, constructed, or rehabilitated for use as a convention and meeting
97.16 facility that is privately owned, marina, hotel, motel, lodging facility, or nonhomestead
97.17 dwelling unit that in each case is intended to serve primarily individuals from outside
97.18 the county.

97.19 **EFFECTIVE DATE.** This section is effective for requests for certification made
 97.20 after June 30, 2009.

97.21 Sec. 4. Minnesota Statutes 2008, section 469.175, subdivision 1, is amended to read:

97.22 Subdivision 1. **Tax increment financing plan.** (a) A tax increment financing plan
 97.23 shall contain:

97.24 (1) a statement of objectives of an authority for the improvement of a project;

97.25 (2) a statement as to ~~the development program for the project, including~~ the property
 97.26 within the project, if any, that the authority intends to acquire, identified by parcel number,
 97.27 identifiable property name, block, or other appropriate means indicating the area in which
 97.28 the authority intends to acquire properties;

97.29 (3) a list of any development activities that the plan proposes to take place within
 97.30 the project, ~~for which contracts have been entered into at the time of the preparation of~~
 97.31 ~~the plan,~~ for which the authority has entered into an agreement or designated a developer
 97.32 including the names of the parties to the contract or designated developer, the activity
 97.33 governed by the contract agreement or designation, ~~the cost stated in the contract,~~ and the
 97.34 expected date of completion of that activity;

98.1 (4) identification or description of the type of any other specific development
 98.2 reasonably expected to take place within the project district, and the date when the
 98.3 development is likely to occur;

98.4 (5) estimates of the following:

98.5 (i) cost of the project, including administrative expenses, ~~except that if part of the~~
 98.6 ~~cost of the project is paid or financed with increment from the tax increment financing~~
 98.7 ~~district, the tax increment financing plan for the district must contain an estimate of the~~
 98.8 ~~amount of the cost of the project, including administrative expenses, that~~ and interest as a
 98.9 financing cost, which will be paid or financed with tax increments from the district, but
 98.10 not to exceed the estimated tax increment generated by the development activity;

98.11 (ii) amount of ~~bonded indebtedness to be incurred~~ bonds to be issued;

98.12 (iii) ~~sources of revenue to finance or otherwise pay public costs;~~

98.13 ~~(iv) the most recent~~ original net tax capacity of taxable real property within the tax
 98.14 increment financing district and within any subdistrict;

98.15 ~~(v) (iv)~~ (iv) the estimated captured net tax capacity of the tax increment financing district
 98.16 at completion; and

98.17 ~~(vi) (v)~~ (v) the duration of the tax increment financing district's and any subdistrict's
 98.18 existence;

98.19 (6) statements of the authority's alternate estimates of the impact of tax increment
 98.20 financing on the net tax capacities of all taxing jurisdictions in which the tax increment
 98.21 financing district is located in whole or in part. For purposes of one statement, the
 98.22 authority shall assume that the estimated captured net tax capacity would be available to
 98.23 the taxing jurisdictions without creation of the district, and for purposes of the second
 98.24 statement, the authority shall assume that none of the estimated captured net tax capacity
 98.25 would be available to the taxing jurisdictions without creation of the district or subdistrict;

98.26 (7) identification and description of studies and analyses used to make the
 98.27 determination set forth in subdivision 3, clause (2); and

98.28 (8) identification of all parcels to be included in the district or any subdistrict.

98.29 (b) The authority may specify in the tax increment financing plan the first year in
 98.30 which it elects to receive increment, up to four years following the year of approval of the
 98.31 district. This paragraph does not apply to an economic development district.

98.32 **EFFECTIVE DATE.** This section is effective for tax increment financing plans
 98.33 approved after June 30, 2009.

98.34 Sec. 5. Minnesota Statutes 2008, section 469.175, subdivision 6, is amended to read:

99.1 Subd. 6. **Annual financial reporting.** (a) The state auditor shall develop a uniform
 99.2 system of accounting and financial reporting for tax increment financing districts. The
 99.3 system of accounting and financial reporting shall, as nearly as possible:

99.4 (1) provide for full disclosure of the sources and uses of ~~public funds in tax~~
 99.5 increments of the district;

99.6 (2) permit comparison and reconciliation with the affected local government's
 99.7 accounts and financial reports;

99.8 (3) permit auditing of the funds expended on behalf of a district, including a single
 99.9 district that is part of a multidistrict project or that is funded in part or whole through
 99.10 the use of a development account funded with tax increments from other districts or
 99.11 with other public money;

99.12 (4) be consistent with generally accepted accounting principles.

99.13 (b) The authority must annually submit to the state auditor a financial report
 99.14 in compliance with paragraph (a). Copies of the report must also be provided to the
 99.15 county auditor and to the governing body of the municipality, if the authority is not
 99.16 the municipality. To the extent necessary to permit compliance with the requirement
 99.17 of financial reporting, the county and any other appropriate local government unit or
 99.18 private entity must provide the necessary records or information to the authority or the
 99.19 state auditor as provided by the system of accounting and financial reporting developed

99.20 pursuant to paragraph (a). The authority must submit the annual report for a year on or
99.21 before August 1 of the next year.

99.22 (c) The annual financial report must also include the following items:

99.23 (1) the original net tax capacity of the district and any subdistrict under section
99.24 469.177, subdivision 1;

99.25 (2) the net tax capacity for the reporting period of the district and any subdistrict;

99.26 (3) the captured net tax capacity of the district;

99.27 (4) any fiscal disparity deduction from the captured net tax capacity under section
99.28 469.177, subdivision 3;

99.29 (5) the captured net tax capacity retained for tax increment financing under section
99.30 469.177, subdivision 2, paragraph (a), clause (1);

99.31 (6) any captured net tax capacity distributed among affected taxing districts under
99.32 section 469.177, subdivision 2, paragraph (a), clause (2);

99.33 (7) the type of district;

99.34 (8) the date the municipality approved the tax increment financing plan and the
99.35 date of approval of any modification of the tax increment financing plan, the approval of
100.1 which requires notice, discussion, a public hearing, and findings under subdivision 4,
100.2 paragraph (a);

100.3 (9) the date the authority first requested certification of the original net tax capacity
100.4 of the district and the date of the request for certification regarding any parcel added
100.5 to the district;

100.6 (10) the date the county auditor first certified the original net tax capacity of the
100.7 district and the date of certification of the original net tax capacity of any parcel added
100.8 to the district;

100.9 (11) the month and year in which the authority has received or anticipates it will
100.10 receive the first increment from the district;

100.11 (12) the date the district must be decertified;

100.12 (13) for the reporting period and prior years of the district, the actual amount
100.13 received from, at least, the following categories:

100.14 (i) tax increments paid by the captured net tax capacity retained for tax increment
100.15 financing under section 469.177, subdivision 2, paragraph (a), clause (1), but excluding
100.16 any excess taxes;

100.17 (ii) tax increments that are interest or other investment earnings on or from tax
100.18 increments;

100.19 (iii) tax increments that are proceeds from the sale or lease of property, tangible or
100.20 intangible, purchased by the authority with tax increments;

- 100.21 (iv) tax increments that are repayments of loans or other advances made by the
 100.22 authority with tax increments;
- 100.23 (v) bond ~~or loan~~ proceeds; and
 100.24 ~~(vi) special assessments;~~
 100.25 ~~(vii) grants;~~
 100.26 ~~(viii) transfers from funds not exclusively associated with the district; and~~
 100.27 ~~(ix)~~ (vi) the market value homestead credit paid to the authority under section
 100.28 273.1384;
- 100.29 (14) for the reporting period and for the prior years of the district, the actual amount
 100.30 expended for, at least, the following categories:
- 100.31 (i) acquisition of land and buildings through condemnation or purchase;
 100.32 (ii) site improvements or preparation costs;
 100.33 (iii) installation of public utilities, parking facilities, streets, roads, sidewalks, or
 100.34 other similar public improvements;
- 100.35 (iv) administrative costs, including the allocated cost of the authority; and
 101.1 (v) ~~public park facilities, facilities for social, recreational, or conference purposes, or~~
 101.2 ~~other similar public improvements; and~~ for housing districts, construction of affordable
 101.3 housing;
- 101.4 ~~(vi) transfers to funds not exclusively associated with the district;~~
 101.5 (15) the amount of any payments for activities and improvements located outside of
 101.6 the district that are paid for or financed with tax increments;
- 101.7 (16) the amount of payments of principal and interest that are made during the
 101.8 reporting period on any nondefeased:
- 101.9 (i) general obligation tax increment financing bonds; and
 101.10 (ii) other tax increment financing bonds, including pay-as-you-go contracts and
 101.11 notes; and
 101.12 ~~(iii) notes and pay-as-you-go contracts;~~
- 101.13 (17) the principal amount, at the end of the reporting period, of any nondefeased:
- 101.14 (i) general obligation tax increment financing bonds; and
 101.15 (ii) other tax increment financing bonds, including pay-as-you-go contracts and
 101.16 notes; and
 101.17 ~~(iii) notes and pay-as-you-go contracts;~~
- 101.18 (18) the amount of principal and interest payments that are due for the current
 101.19 calendar year on any nondefeased:
- 101.20 (i) general obligation tax increment financing bonds; and

101.21 (ii) other tax increment financing bonds, including pay-as-you-go contracts and
 101.22 notes; and

101.23 ~~(iii) notes and pay-as-you-go contracts;~~

101.24 (19) if the fiscal disparities contribution under chapter 276A or 473F for the district
 101.25 is computed under section 469.177, subdivision 3, paragraph (a), the amount of total
 101.26 increased property taxes ~~imposed on other properties in the municipality that approved the~~
 101.27 ~~tax increment financing plan as a result of the fiscal disparities contribution;~~ to be paid
 101.28 from outside the tax increment financing district; and

101.29 ~~(20) the estimate, if any, contained in the tax increment financing plan of the amount~~
 101.30 ~~of the cost of the project, including administrative expenses, that will be paid or financed~~
 101.31 ~~with tax increment; and~~

101.32 ~~(21)~~ any additional information the state auditor may require.

101.33 ~~(d) The commissioner of revenue shall prescribe the method of calculating the~~
 101.34 ~~increased property taxes under paragraph (c), clause (19), and the form of the statement~~
 101.35 ~~disclosing this information on the annual statement under subdivision 5.~~

102.1 ~~(e)~~ (d) The reporting requirements imposed by this subdivision apply to districts
 102.2 certified before, on, and after August 1, 1979.

102.3 **EFFECTIVE DATE.** This section is effective for tax increment financing reports
 102.4 due after December 31, 2009.

102.5 Sec. 6. Minnesota Statutes 2008, section 469.176, subdivision 3, is amended to read:

102.6 Subd. 3. **Limitation on administrative expenses.** (a) For districts for which
 102.7 certification was requested before August 1, 1979, or after June 30, 1982 and before
 102.8 August 1, 2001, no tax increment shall be used to pay any administrative expenses for
 102.9 a project which exceed ten percent of the total estimated tax increment expenditures
 102.10 authorized by the tax increment financing plan or the total tax increment expenditures
 102.11 for the project, whichever is less.

102.12 (b) For districts for which certification was requested after July 31, 1979, and before
 102.13 July 1, 1982, no tax increment shall be used to pay administrative expenses, as defined in
 102.14 Minnesota Statutes 1980, section 273.73, for a district which exceeds five percent of the
 102.15 total tax increment expenditures authorized by the tax increment financing plan or the total
 102.16 estimated tax increment expenditures for the district, whichever is less.

102.17 (c) For districts for which certification was requested after July 31, 2001, no tax
 102.18 increment may be used to pay any administrative expenses for a project which exceed
 102.19 ten percent of total estimated tax increment expenditures authorized by the tax increment

102.20 financing plan or the total tax increments, as defined in section 469.174, subdivision 25,
102.21 clause (1), from the district, whichever is less.

102.22 (d) Increments used to pay the county's administrative expenses under subdivision
102.23 4h are not subject to the percentage limits in this subdivision.

102.24 **EFFECTIVE DATE.** This section is effective for all districts, regardless of when
102.25 the request for certification was made.

102.26 Sec. 7. Minnesota Statutes 2008, section 469.176, subdivision 6, is amended to read:

102.27 Subd. 6. **Action required.** (a) If, after four years from the date of certification of
102.28 the original net tax capacity of the tax increment financing district pursuant to section
102.29 469.177, no demolition, rehabilitation, or renovation of property or other site preparation,
102.30 including qualified improvement of a street adjacent to a parcel but not installation
102.31 of utility service including sewer or water systems, has been commenced on a parcel
102.32 located within a tax increment financing district by the authority or by the owner of the
102.33 parcel in accordance with the tax increment financing plan, no additional tax increment
102.34 may be taken from that parcel, and the original net tax capacity of that parcel shall be
103.1 excluded from the original net tax capacity of the tax increment financing district. If the
103.2 authority or the owner of the parcel subsequently commences demolition, rehabilitation,
103.3 or renovation or other site preparation on that parcel including qualified improvement of
103.4 a street adjacent to that parcel, in accordance with the tax increment financing plan, the
103.5 authority shall certify to the county auditor that the activity has commenced, and the
103.6 county auditor shall certify the net tax capacity thereof as most recently certified by the
103.7 commissioner of revenue and add it to the original net tax capacity of the tax increment
103.8 financing district. The county auditor must enforce the provisions of this subdivision. The
103.9 authority must submit to the county auditor evidence that the required activity has taken
103.10 place for each parcel in the district. The evidence for a parcel must be submitted by
103.11 February 1 of the fifth year following the year in which the parcel was certified as included
103.12 in the district. For purposes of this subdivision, qualified improvements of a street are
103.13 limited to (1) construction or opening of a new street, (2) relocation of a street, and (3)
103.14 substantial reconstruction or rebuilding of an existing street.

103.15 (b) For districts which were certified on or after January 1, 2005, and before April
103.16 20, 2009, the four-year period under paragraph (a) is increased to six years.

103.17 **EFFECTIVE DATE.** This section is effective for districts certified on or after
103.18 January 1, 2005.

103.19 Sec. 8. Minnesota Statutes 2008, section 469.1763, subdivision 3, is amended to read:

103.20 Subd. 3. **Five-year rule.** (a) Revenues derived from tax increments are considered
 103.21 to have been expended on an activity within the district under subdivision 2 only if one
 103.22 of the following occurs:

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

103.25 (2) bonds, the proceeds of which must be used to finance the activity, are issued and
 103.26 sold to a third party before or within five years after certification, the revenues are spent
 103.27 to repay the bonds, and the proceeds of the bonds either are, on the date of issuance,
 103.28 reasonably expected to be spent before the end of the later of (i) the five-year period, or
 103.29 (ii) a reasonable temporary period within the meaning of the use of that term under section
 103.30 148(c)(1) of the Internal Revenue Code, or are deposited in a reasonably required reserve
 103.31 or replacement fund;

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

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

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

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

104.9 (c) For a redevelopment district or a renewal and renovation district certified after
 104.10 June 30, 2003, and before April 20, 2009, the five-year periods described in paragraph
 104.11 (a) are extended to ten years after certification of the district. This extension is provided
 104.12 primarily to accommodate delays in development activities due to unanticipated economic
 104.13 circumstances.

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

104.15 Sec. 9. Minnesota Statutes 2008, section 469.178, subdivision 7, is amended to read:

104.16 Subd. 7. **Interfund loans.** The authority or municipality may advance or loan
 104.17 money to finance expenditures under section 469.176, subdivision 4, from its general
 104.18 fund or any other fund under which it has legal authority to do so. The loan or advance
 104.19 must be authorized, by resolution of the governing body or of the authority, whichever
 104.20 has jurisdiction over the fund from which the advance or loan is ~~made~~ authorized, before

104.21 money is transferred, advanced, or spent, whichever is earliest. The resolution may
 104.22 generally grant to the authority the power to make interfund loans under one or more tax
 104.23 increment financing plans or for one or more districts. The terms and conditions for
 104.24 repayment of the loan must be provided in writing and include, at a minimum, the principal
 104.25 amount, the interest rate, and maximum term. The maximum rate of interest permitted to
 104.26 be charged is limited to the greater of the rates specified under section 270C.40 or 549.09
 104.27 as of the date the loan or advance is ~~made~~ authorized, unless the written agreement states
 104.28 that the maximum interest rate will fluctuate as the interest rates specified under section
 104.29 270C.40 or 549.09 are from time to time adjusted.

104.30 **EFFECTIVE DATE.** This section is effective for interfund loans made after June
 104.31 30, 2009.

104.32 Sec. 10. Minnesota Statutes 2008, section 469.312, subdivision 5, is amended to read:

105.1 Subd. 5. **Duration limit.** (a) The maximum duration of a zone is 12 years. The
 105.2 applicant may request a shorter duration. The commissioner may specify a shorter
 105.3 duration, regardless of the requested duration.

105.4 (b) The duration limit under this subdivision and the duration of the zone for
 105.5 purposes of allowance of tax incentives described in section 469.315 is extended by three
 105.6 calendar years for each parcel of property that meets the following requirements:

105.7 (1) the qualified business operates an ethanol plant, as defined in section 41A.09, on
 105.8 the site that includes the parcel; and

105.9 (2) the business subsidy agreement was executed after April 30, 2006.

105.10 (c) The duration limit under this subdivision and the duration of the zone for
 105.11 purposes of allowance of tax incentives described in section 469.315 is extended by five
 105.12 calendar years for each parcel of property that meets the following requirements:

105.13 (1) the parcel is located in a county with an unemployment rate that on the date that
 105.14 the business subsidy agreement is executed (i) equals or exceeds ten percent or (ii) is ten
 105.15 percent higher than the statewide average;

105.16 (2) the operations of the qualified business on the site include:

105.17 (i) its headquarters;

105.18 (ii) facilities for research and development; and

105.19 (iii) the manufacturing of products, used by the building, transport, consumer
 105.20 products, and industrial products sectors, that reduce the use of or increase the efficiency
 105.21 of the use of energy resources and that are manufactured using innovative and high
 105.22 technology processes; and

105.23 (3) the business subsidy agreement is executed after July 1, 2009, and before July 1,
 105.24 2011.

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

105.26 Sec. 11. Laws 2008, chapter 366, article 5, section 34, is amended to read:

105.27 Sec. 34. **CITY OF OAKDALE; ORIGINAL TAX CAPACITY.**

105.28 (a) The provisions of this section apply to redevelopment tax increment financing
 105.29 districts created by the Housing and Redevelopment Authority in and for the city of
 105.30 Oakdale in the areas comprised of the parcels with the following parcel identification
 105.31 numbers: (1) 3102921320053; 3102921320054; 3102921320055; 3102921320056;
 105.32 3102921320057; 3102921320058; 3102921320062; 3102921320063; 3102921320059;
 105.33 3102921320060; ~~and~~ 3102921320061; ~~and (2)~~ 3102921330005; and 3102921330004; and
 105.34 (2) 2902921330001 and 2902921330005.

106.1 (b) For a district subject to this section, the Housing and Redevelopment Authority
 106.2 may, when requesting certification of the original tax capacity of the district under
 106.3 Minnesota Statutes, section 469.177, elect to have the original tax capacity of the district
 106.4 be certified as the tax capacity of the land.

106.5 (c) The authority to request certification of a district under this section expires on
 106.6 July 1, 2013.

106.7 **EFFECTIVE DATE.** This section is effective upon approval by the governing
 106.8 body of the city of Oakdale and compliance with Minnesota Statutes, section 645.021,
 106.9 subdivision 3.

106.10 Sec. 12. **CHISAGO CITY AND LINDSTROM JOINT VENTURE.**

106.11 Any two or more of the cities of Chisago City and Lindstrom, their economic
 106.12 development authorities, housing and redevelopment authorities, and the county of
 106.13 Chisago may enter into a joint powers agreement to acquire and develop or redevelop
 106.14 a business park in either city. Any party to the agreement may spend money or issue
 106.15 debt for all or a part of the project, regardless of whether the project is located within its
 106.16 corporate boundaries. Issuance of debt under this section is subject to Minnesota Statutes,
 106.17 chapter 475, except that an election is not required. The agreement may provide for the
 106.18 parties to share revenues from the project. Any party to the agreement may levy taxes
 106.19 or spend its funds, as otherwise permitted by law, to pay for the project, including debt
 106.20 issued to finance the project.

106.21 If the project is included in a tax increment financing district, each city and authority
 106.22 that is a party to the agreement may treat the tax increment financing district as being

106.23 located within its corporate boundaries for purposes of the authority under the tax
 106.24 increment financing act, Minnesota Statutes, sections 469.174 to 469.1799, to spend
 106.25 increments or issue bonds for the project.

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

106.27 Sec. 13. **CITY OF SAUK RAPIDS; TIF.**

106.28 Any parcel in the city of Sauk Rapids located within Blocks 26, 27, 59, 61, and 62,
 106.29 original town of Sauk Rapids Plat, is deemed to meet the requirements of Minnesota
 106.30 Statutes, section 469.174, subdivision 10, paragraph (d), clause (1), if the following
 106.31 conditions are met:

106.32 (1) a building on the parcel was demolished in compliance with Minnesota Statutes,
 106.33 section 469.174, subdivision 10, paragraph (d), clause (2), after the authority adopted a
 107.1 resolution pursuant to Minnesota Statutes, section 469.174, subdivision 10, paragraph
 107.2 (d), clause (3); and

107.3 (2) the request for certification of the parcel as part of a district is filed with the
 107.4 county auditor by December 31, 2012.

107.5 **EFFECTIVE DATE.** This section is effective upon compliance by the governing
 107.6 body of the city of Sauk Rapids with the requirements of Minnesota Statutes, section
 107.7 645.021, subdivision 3.

107.8 Sec. 14. **HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF**
 107.9 **SOUTH ST. PAUL; TAX INCREMENT FINANCING DISTRICT.**

107.10 Subdivision 1. **Authorization.** Notwithstanding the provisions of any other law,
 107.11 the Housing and Redevelopment Authority of the city of South St. Paul may establish a
 107.12 redevelopment tax increment financing district comprised of the properties included in the
 107.13 existing Concord Street tax increment district in the city that are exempt under Minnesota
 107.14 Statutes, section 469.179, subdivision 1, and were not decertified before July 1, 2009. The
 107.15 district created under this section may be certified after August 1, 2009, and terminates no
 107.16 later than December 31, 2024. The Housing and Redevelopment Authority of the city of
 107.17 South St. Paul may create the district under this section only if it enters into an agreement
 107.18 with Dakota County to pay the county annually out of the increment from this district an
 107.19 amount equal to the tax that would have been payable to the county on the captured tax
 107.20 capacity of the district had the district not been created.

107.21 Subd. 2. **Special rules.** The requirements for qualifying a redevelopment district
 107.22 under Minnesota Statutes, section 469.174, subdivision 10, do not apply to parcels located

107.23 within the district. Minnesota Statutes, section 469.176, subdivisions 4j and 4l, do not
 107.24 apply to the district. The original tax capacity of the district is \$354,945.

107.25 Subd. 3. **Authorized expenditures.** Tax increment from the district may be
 107.26 expended to pay for any eligible activities authorized by Minnesota Statutes, chapter
 107.27 469, within the redevelopment area that includes the district. All such expenditures are
 107.28 deemed to be activities within the district under Minnesota Statutes, section 469.1763,
 107.29 subdivisions 2, 3, and 4.

107.30 Subd. 4. **Adjusted net tax capacity.** The captured tax capacity of the district must
 107.31 be included in the adjusted net tax capacity of the city, county, and school district for the
 107.32 purposes of determining local government aid, education aid, and county program aid.
 107.33 The county auditor shall report to the commissioner of revenue the amount of the captured
 107.34 tax capacity for the district at the time the assessment abstracts are filed.

108.1 **EFFECTIVE DATE.** This section is effective upon compliance with Minnesota
 108.2 Statutes, section 645.021, subdivision 3, by the governing body of the city of South St.
 108.3 Paul.

108.4 Sec. 15. **CITY OF MINNETONKA; TAX INCREMENT FINANCING**
 108.5 **DISTRICT EXTENSION.**

108.6 Notwithstanding the provisions of Minnesota Statutes, section 469.176, subdivision
 108.7 1b, paragraph (a), clause (1), the governing bodies of the city of Minnetonka and its
 108.8 economic development authority may elect to extend the maximum duration of all or
 108.9 a portion the Glenhaven Tax Increment Financing District by up to seven years. The
 108.10 city may make the election under this section only if it finds by resolution that when it
 108.11 approved the original tax increment financing plan for the Glenhaven Tax Increment
 108.12 Financing District the area of the district qualified to be certified as a redevelopment
 108.13 district under Minnesota Statutes, section 469.174, subdivision 10, or that the portion of
 108.14 the district it is electing to extend so qualified. The city must document this finding in the
 108.15 manner provided under Minnesota Statutes, section 469.175, subdivision 3, paragraph (b),
 108.16 clause (1), for a redevelopment district.

108.17 **EFFECTIVE DATE.** This section is effective upon compliance with Minnesota
 108.18 Statutes, sections 469.1782, subdivision 2, and 645.021, subdivision 3.

108.19 Sec. 16. **CITY OF ARDEN HILLS; SPECIAL TAX INCREMENT FINANCING**
 108.20 **AUTHORITY.**

108.21 Subdivision 1. **Establishment.** The city of Arden Hills may establish within the
 108.22 corporate boundaries of the city a redevelopment tax increment financing district subject

108.23 to the special rules under subdivision 2. The district must be located within the area
 108.24 described in the TCAAP Boundary Survey dated December 12, 2007, by W. Brown Land
 108.25 Surveying, Inc.

108.26 Subd. 2. **Special rules.** (a) If the city elects to adopt the tax increment financing
 108.27 plan in subdivision 1 for the district, the following rules apply to the district:

108.28 (1) the district is deemed to meet all the requirements of Minnesota Statutes, section
 108.29 469.174, subdivision 10;

108.30 (2) the five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is
 108.31 extended to a ten-year period; and

108.32 (3) the duration limit under Minnesota Statutes, section 469.176, subdivision 1b,
 108.33 paragraph (a), clause (4), is extended to 30 years after receipt of the first increment.

109.1 (b) Notwithstanding Minnesota Statutes, section 469.175, subdivision 1, paragraph
 109.2 (b), the city may designate the first year in which it elects to receive an increment, up to six
 109.3 years following the year of approval of the district. The city must make the designation
 109.4 by written notice to the county auditor delivered by June 30 of the year prior to the
 109.5 designated year of first receipt.

109.6 Subd. 3. **Expiration.** The authority to approve a tax increment financing plan to
 109.7 establish a tax increment financing district under this section expires December 31, 2019.

109.8 **EFFECTIVE DATE.** This section is effective upon approval by the governing body
 109.9 of the city of Arden Hills and upon compliance by the city with Minnesota Statutes,
 109.10 sections 469.1782, subdivision 2, and 645.021, subdivision 3.

109.11 Sec. 17. **SEAWAY PORT AUTHORITY OF DULUTH; TAX INCREMENT**
 109.12 **FINANCING DISTRICT; SPECIAL RULES.**

109.13 (a) If the Seaway Port Authority of Duluth adopts a tax increment financing plan and
 109.14 the governing body of the city of Duluth approves the plan for the tax increment financing
 109.15 district consisting of one or more parcels identified as: 010-2730-00010; 010-2730-00020;
 109.16 010-2730-00040; 010-2730-00050; 010-2730-00070; 010-2730-00080; 010-2730-00090;
 109.17 010-2730-00100; 010-2730-00160; 010-2730-00180; 010-2730-00200; 010-2730-01250;
 109.18 010-2730-01340; 010-2730-01350; 010-2730-01490; 010-2730-01500; 010-2730-01510;
 109.19 010-2730-01520; 010-2730-01530; 010-2730-01540; 010-2730-01550; 010-2730-01560;
 109.20 010-2730-01570; 010-2730-01580; 010-2730-01590; 010-2730-1300; 010-2746-1330;
 109.21 010-2746-1440; 010-2746-1380; 010-3300-4560; 010-3300-4565; 010-3300-04570;
 109.22 010-3300-04580; 010-3300-04640; 010-3300-04645; and 010-3300-04650, the five-year
 109.23 rule under Minnesota Statutes, section 469.1763, subdivision 3, that activities must be
 109.24 undertaken within a five-year period from the date of certification of the tax increment

109.25 financing district, must be considered to be met if the activities are undertaken within five
 109.26 years after the date all qualifying parcels are delisted from the Federal Superfund list.

109.27 (b) The requirements of Minnesota Statutes, section 469.1763, subdivision 4,
 109.28 beginning in the sixth year following certification of the district requirement, will begin
 109.29 in the sixth year following the date all qualifying parcels are delisted from the Federal
 109.30 Superfund list.

109.31 (c) The action required under Minnesota Statutes, section 469.176 subdivision 6,
 109.32 are satisfied if the action is commenced within four years after the date all qualifying
 109.33 parcels are delisted from the Federal Superfund list and evidence of the action required is
 109.34 submitted to the county auditor by February 1 of the fifth year following the year in which
 109.35 all qualifying parcels are delisted from the Federal Superfund list.

110.1 (d) For purposes of this section, "qualifying parcels" means United States Steel
 110.2 parcels listed in paragraph (a) and shown by the Minnesota Pollution Control Agency as
 110.3 part of the USS Site (USEPA OU 02) that are included in the tax increment financing
 110.4 district.

110.5 (e) In addition to the reporting requirements of Minnesota Statutes, section 469.175,
 110.6 subdivision 5, the Seaway Port Authority of Duluth shall report the status of all parcels
 110.7 listed in paragraph (a) and shown as part of the USS Site (USEPA OU 02). The status
 110.8 report must show the parcel numbers, the listed or delisted status, and if delisted, the
 110.9 delisting date.

110.10 **EFFECTIVE DATE.** This section is effective upon approval by the governing
 110.11 body of the city of Duluth and compliance with Minnesota Statutes, section 645.021,
 110.12 subdivision 3.

110.13 Sec. 18. **CITY OF MANKATO; TAX INCREMENT FINANCING DISTRICT;**
 110.14 **PROJECT REQUIREMENTS.**

110.15 Subdivision 1. **Expenditures outside district.** Notwithstanding Minnesota Statutes,
 110.16 section 469.1763, subdivision 2, or any other law to the contrary, the city of Mankato may
 110.17 expend increments generated from its South Riverfront tax increment financing district for
 110.18 construction of street and roadway improvements under the Sibley Parkway Plan, provided
 110.19 the improvements are located within 500 feet or less of the boundaries of the district.

110.20 Subd. 2. **Five-year rule.** The five-year rule under Minnesota Statutes, section
 110.21 469.1763, subdivision 3, is extended to an 11-year period for the South Riverfront tax
 110.22 increment financing district.

110.23 **EFFECTIVE DATE.** This section is effective upon approval by the governing
 110.24 body of the city of Mankato and upon compliance by the city with Minnesota Statutes,
 110.25 section 645.021, subdivision 3.

110.26 Sec. 19. **CITY OF ST. LOUIS PARK; EXTENSION OF TAX INCREMENT**
 110.27 **DISTRICT DURATION.**

110.28 Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, the duration
 110.29 of the Elmwood Village Tax Increment Financing District is extended to 22 years after
 110.30 receipt by the St. Louis Park Economic Development Authority of the first increment
 110.31 from the district.

110.32 **EFFECTIVE DATE.** This section is effective upon compliance by the governing
 110.33 body of the city of St. Louis Park with the requirements of Minnesota Statutes, sections
 110.34 469.1782, subdivision 2, and 645.021, subdivision 3.

111.1 Sec. 20. **MOUNTAIN IRON ECONOMIC DEVELOPMENT AUTHORITY;**
 111.2 **WIND ENERGY PROJECT.**

111.3 (a) The Mountain Iron economic development authority may form or become a
 111.4 member of a limited liability company organized under Minnesota Statutes, chapter 322B,
 111.5 for the purpose of developing a community-based energy development project pursuant
 111.6 to Minnesota Statutes, section 216B.1612. A limited liability company formed or joined
 111.7 under this section is subject to the open meeting requirements established in Minnesota
 111.8 Statutes, chapter 13D. A project authorized by this section may not sell, transmit, or
 111.9 distribute the electrical energy at retail or provide for end use of the electrical energy to an
 111.10 off-site facility of the economic development authority or the limited liability company.
 111.11 Nothing in this section modifies the exclusive service territories or exclusive right to serve
 111.12 as provided in Minnesota Statutes, sections 216B.37 to 216B.43.

111.13 (b) The authority may acquire a leasehold interest in property outside its corporate
 111.14 boundaries for the purpose of developing a community-based energy development project
 111.15 as provided in Minnesota Statutes, section 216B.1612.

111.16 **EFFECTIVE DATE.** This section is effective the day after the city of Mountain
 111.17 Iron and its chief clerical officer comply with Minnesota Statutes, section 645.021,
 111.18 subdivisions 2 and 3.

111.19 Sec. 21. **WINONA COUNTY ECONOMIC DEVELOPMENT AUTHORITY;**
 111.20 **WIND ENERGY PROJECT.**

111.21 (a) The Winona County economic development authority may form or become a
 111.22 member of a limited liability company organized under Minnesota Statutes, chapter 322B,

111.23 for the purpose of developing a community-based energy development project pursuant
 111.24 to Minnesota Statutes, section 216B.1612. A limited liability company formed or joined
 111.25 under this section is subject to the open meeting requirements established in Minnesota
 111.26 Statutes, chapter 13D. A project authorized by this section may not sell, transmit, or
 111.27 distribute the electrical energy at retail or provide for end use of the electrical energy to an
 111.28 off-site facility of the economic development authority or the limited liability company.
 111.29 Nothing in this section modifies the exclusive service territories or exclusive right to serve
 111.30 as provided in Minnesota Statutes, sections 216B.37 to 216B.43.

111.31 (b) The authority may acquire a leasehold interest in property outside its corporate
 111.32 boundaries for the purpose of developing a community-based energy development project
 111.33 as provided in Minnesota Statutes, section 216B.1612.

112.1 **EFFECTIVE DATE.** This section is effective the day after the county of Winona
 112.2 and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions
 112.3 2 and 3.

112.4 **ARTICLE 6**

112.5 **PUBLIC FINANCE**

112.6 Section 1. **[16A.647] TAX CREDIT AND INTEREST SUBSIDY BONDS.**

112.7 Subdivision 1. **Authority to issue.** When authorized by law to issue state general
 112.8 obligation bonds, the commissioner may issue all or part of the bonds as tax credit bonds
 112.9 or as interest subsidy bonds or a combination of the two.

112.10 Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have
 112.11 the meanings given them.

112.12 (b) "Tax credit bonds" means bonds, the interest on which is includable in the
 112.13 income of the owner of the bonds for federal income tax purposes, but for which the
 112.14 owner is entitled to a federal tax credit.

112.15 (c) "Interest subsidy bonds" means bonds, the interest on which is includable in the
 112.16 income of the owner of the bonds for federal income tax purposes, but for which the
 112.17 issuer is entitled to federal interest subsidy payments based on a percentage of the interest
 112.18 payable on the interest subsidy bonds.

112.19 Subd. 3. **Method of sale.** Notwithstanding the provisions of section 16A.641,
 112.20 subdivision 4, the commissioner may sell any series of tax credit bonds or interest
 112.21 subsidy bonds at negotiated sale upon the terms and conditions and the restrictions the
 112.22 commissioner prescribes, but the commissioner may contract for investment banking
 112.23 and banking services only after receiving competitive proposals for the services. The

112.24 commissioner may enter into all contracts deemed necessary or desirable to accomplish
 112.25 the sale in a cost-effective manner.

112.26 Subd. 4. **Sinking fund.** The commissioner's order authorizing the issuance of
 112.27 interest subsidy bonds must establish a separate sinking fund account for the interest
 112.28 subsidy bonds in the state bond fund. There is annually appropriated, as received, to each
 112.29 interest subsidy bond account, in addition to amounts appropriated under section 16A.641,
 112.30 the interest subsidy payments received from the federal government with respect to that
 112.31 issue of interest subsidy bonds in that year.

112.32 Subd. 5. **Sale.** Tax credit bonds and interest subsidy bonds must be sold at a price
 112.33 not less than 98 percent of their stated principal amount. No state trunk highway bond
 112.34 may be sold for a price of less than par and accrued interest.

113.1 Sec. 2. Minnesota Statutes 2008, section 37.31, subdivision 8, is amended to read:

113.2 Subd. 8. **Expiration.** The authority to issue bonds, other than bonds to refund
 113.3 outstanding bonds, under this section expires July 1, ~~2009~~ 2015.

113.4 Sec. 3. Minnesota Statutes 2008, section 126C.55, subdivision 4, is amended to read:

113.5 Subd. 4. **Pledge of district's full faith and credit.** If, at the request of a school
 113.6 district or intermediate school district, the state has paid part or all of the principal or
 113.7 interest due on a district's debt obligation on a specific date, the pledge of the full faith and
 113.8 credit and unlimited taxing powers of the school district or the member districts of the
 113.9 intermediate district to repay the principal and interest due on those debt obligations shall
 113.10 also, without an election or the requirement of a further authorization, become a pledge of
 113.11 the full faith and credit and unlimited taxing powers of the school district or the member
 113.12 districts of the intermediate district to repay to the state the amount paid, with interest.
 113.13 Amounts paid by the state must be repaid in the order in which the state payments were
 113.14 made. Whenever the state pays under this section interest on bonds for which the issuer is
 113.15 entitled to federal interest subsidy payments, the state is subrogated to the issuer's rights to
 113.16 any federal interest subsidy payments relating to the interest paid by the state, unless and
 113.17 until the state has been reimbursed by the issuer in full.

113.18 Sec. 4. Minnesota Statutes 2008, section 204B.46, is amended to read:

113.19 **204B.46 MAIL ELECTIONS; QUESTIONS.**

113.20 A county, municipality, or school district submitting questions to the voters at a
 113.21 special election may conduct an election by mail with no polling place other than the office
 113.22 of the auditor or clerk. ~~No more than two questions may be submitted at a mail election~~
 113.23 ~~and no~~ offices may be voted on at a mail election. Notice of the election must be given

113.24 to the county auditor at least 53 days prior to the election. This notice shall also fulfill
 113.25 the requirements of Minnesota Rules, part 8210.3000. The special mail ballot procedures
 113.26 must be posted at least six weeks prior to the election. No earlier than 20 or later than 14
 113.27 days prior to the election, the auditor or clerk shall mail ballots by nonforwardable mail
 113.28 to all voters registered in the county, municipality, or school district. Eligible voters not
 113.29 registered at the time the ballots are mailed may apply for ballots pursuant to chapter 203B.

113.30 Sec. 5. Minnesota Statutes 2008, section 360.036, subdivision 2, is amended to read:

113.31 Subd. 2. **Issuance of bonds.** (a) Bonds to be issued by a municipality under sections
 113.32 360.011 to 360.076, shall be authorized and issued in the manner and within the limitation
 113.33 prescribed by laws or the charter of the municipality for the issuance and authorization of
 113.34 bonds for public purposes generally, except as provided in paragraphs (b) and (c).

114.1 (b) No election is required to authorize the issuance of the bonds if:

114.2 (1) a board organized under section 360.042 recommends by a resolution adopted
 114.3 by a vote of not less than 60 percent of its members the issuance of bonds, and the
 114.4 bonds are authorized by a resolution of the governing body of each of the municipalities
 114.5 acting jointly pursuant to section 360.042, adopted by a vote of not less than 60 percent
 114.6 of its members; ~~or~~

114.7 (2) the bonds are authorized by a resolution of the governing body of the
 114.8 municipality, adopted by a vote of not less than 60 percent of its members; or

114.9 (3) the bonds are being issued for the purpose of financing the costs of constructing,
 114.10 enlarging, or improving airports and other air navigation facilities; and

114.11 (i) the governing body estimates that passenger facility charges and other revenues
 114.12 pledged to the payment thereof will be at least 20 percent of the debt service payable
 114.13 on the bonds in any year;

114.14 (ii) the project will be funded in part by a state or federal grant for airport
 114.15 development; and

114.16 (iii) the principal amount of the bonds issued under this clause does not exceed 25
 114.17 percent of the amount of the state or federal grant.

114.18 (c) If the bonds are general obligations of the municipality, the levy of taxes required
 114.19 by section 475.61 to pay principal and interest on the bonds is not included in computing
 114.20 or applying any levy limitation applicable to the municipality.

114.21 Sec. 6. Minnesota Statutes 2008, section 366.095, subdivision 1, is amended to read:

114.22 Subdivision 1. **Certificates of indebtedness.** The town board may issue certificates
 114.23 of indebtedness within the debt limits for a town purpose otherwise authorized by law.
 114.24 The certificates shall be payable in not more than ~~five~~ ten years and be issued on the terms

114.25 and in the manner as the board may determine. If the amount of the certificates to be
114.26 issued exceeds 0.25 percent of the market value of the town, they shall not be issued for at
114.27 least ten days after publication in a newspaper of general circulation in the town of the
114.28 board's resolution determining to issue them. If within that time, a petition asking for an
114.29 election on the proposition signed by voters equal to ten percent of the number of voters
114.30 at the last regular town election is filed with the clerk, the certificates shall not be issued
114.31 until their issuance has been approved by a majority of the votes cast on the question at
114.32 a regular or special election. A tax levy shall be made to pay the principal and interest
114.33 on the certificates as in the case of bonds.

114.34 Sec. 7. Minnesota Statutes 2008, section 373.47, subdivision 1, is amended to read:

115.1 Subdivision 1. **Authority to incur debt.** Subject to prior approval by the Statewide
115.2 Radio Board under section 403.36, the governing body of a county may finance the cost of
115.3 designing, constructing, and acquiring public safety communication system infrastructure
115.4 and equipment for use on the statewide, shared public safety radio system by issuing:

115.5 (1) capital improvement bonds under section 373.40, as if the infrastructure and
115.6 equipment qualified as a "capital improvement" within the meaning of section 373.40,
115.7 subdivision 1, paragraph (b), bonds issued under this section are exempt from and shall
115.8 not be included in calculating the limitations in section 373.40, subdivision 4; and

115.9 (2) capital notes under the provisions of section 373.01, subdivision 3, as if the
115.10 equipment qualified as "capital equipment" within the meaning of section 373.01,
115.11 subdivision 3.

115.12 **EFFECTIVE DATE.** This section is effective the day following final enactment,
115.13 and applies to bonds issued after May 22, 2002.

115.14 Sec. 8. Minnesota Statutes 2008, section 428A.03, subdivision 1, is amended to read:

115.15 Subdivision 1. **Hearing.** Service charges may be imposed by the city within the
115.16 special service district at a rate or amount sufficient to produce the revenues required to
115.17 provide special services in the district. To determine the appropriate rate for a service
115.18 charge based on net tax capacity, taxable property or net tax capacity must be determined
115.19 without regard to captured or original net tax capacity under section 469.177 or to the
115.20 distribution or contribution value under section 473F.08. Service charges may not be
115.21 imposed to finance a special service if the service is ordinarily provided by the city from
115.22 its general fund revenues unless the service is provided in the district at an increased level.
115.23 In that case, a service charge may be imposed only in the amount needed to pay for the
115.24 increased level of service. A service charge may not be imposed on the receipts from the

115.25 sale of intoxicating liquor, food, or lodging. Before the imposition of service charges in a
 115.26 district, for each calendar year, a hearing must be held under section 428A.02 and notice
 115.27 must be given and must be mailed to any owner, individual, or business organization
 115.28 subject to a service charge. For purposes of this section, the notice shall also include:

115.29 (1) a statement that all interested persons will be given an opportunity to be heard at
 115.30 the hearing regarding a proposed service charge;

115.31 (2) the estimated cost of improvements to be paid for in whole or in part by service
 115.32 charges imposed under this section, the estimated cost of operating and maintaining
 115.33 the improvements during the first year and upon completion of the improvements, the
 115.34 proposed method and source of financing the improvements, and the annual cost of
 115.35 operating and maintaining the improvements;

116.1 (3) the proposed rate or amount of the proposed service charge to be imposed in
 116.2 the district during the calendar year and the nature and character of special services to
 116.3 be rendered in the district during the calendar year in which the service charge is to be
 116.4 collected; and

116.5 (4) a statement that the petition requirements of section 428A.08 have either been
 116.6 met or do not apply to the proposed service charge.

116.7 Within six months of the public hearing, the city may adopt a resolution imposing
 116.8 a service charge within the district not exceeding the amount or rate expressed in the
 116.9 notice issued under this section.

116.10 Sec. 9. Minnesota Statutes 2008, section 428A.08, is amended to read:

116.11 **428A.08 PETITION REQUIRED.**

116.12 No action may be taken under section 428A.02 or 428A.03, unless owners of 25
 116.13 percent or more of the land area of property that would be subject to service charges in the
 116.14 proposed special service district and either: (1) owners of 25 percent or more of the net tax
 116.15 capacity of property that would be subject to a proposed service charges in the proposed
 116.16 special service district charge, based on net tax capacity; or (2) owners, individuals, and
 116.17 business organizations subject to 25 percent or more of a proposed service charge based
 116.18 on other than net tax capacity file a petition requesting a public hearing on the proposed
 116.19 action with the city clerk. No action may be taken under section 428A.03 to impose
 116.20 a service charge based on net tax capacity unless owners of 25 percent or more of the
 116.21 land area subject to a proposed service charge and owners of 25 percent or more of the
 116.22 net tax capacity subject to a proposed service charge file a petition requesting a public
 116.23 hearing on the proposed action with the city clerk. No action may be taken under section
 116.24 428A.03 to impose any other type of service charge unless 25 percent or more of the

116.25 ~~individual or business organizations subject to the proposed service charge file a petition~~
 116.26 ~~requesting a public hearing on the proposed action with the city clerk.~~ If the boundaries of
 116.27 a proposed district are changed or the land area or net tax capacity subject to a service
 116.28 charge or the individuals or business organizations subject to a service charge are changed
 116.29 after the public hearing, a petition meeting the requirements of this section must be filed
 116.30 with the city clerk before the ordinance establishing the district or resolution imposing
 116.31 the service charge may become effective.

116.32 Sec. 10. Minnesota Statutes 2008, section 428A.09, is amended to read:

116.33 **428A.09 VETO POWER OF OWNERS.**

117.1 Subdivision 1. **Notice of right to file objections.** Except as provided in section
 117.2 428A.10, the effective date of any ordinance or resolution adopted under sections 428A.02
 117.3 and 428A.03 must be at least 45 days after it is adopted. Within five days after adoption
 117.4 of the ordinance or resolution, a summary of the ordinance or resolution must be mailed
 117.5 to the owner of each parcel included in the special service district and any individual or
 117.6 business organization subject to a service charge in the same manner that notice is mailed
 117.7 under section 428A.02. The mailing must include a notice that owners subject to a service
 117.8 charge based on net tax capacity and owners, individuals, and business organizations
 117.9 subject to a service charge imposed on another basis have a right to veto the ordinance
 117.10 or resolution by filing the required number of objections with the city clerk before the
 117.11 effective date of the ordinance or resolution and that a copy of the ordinance or resolution
 117.12 is on file with the city clerk for public inspection.

117.13 Subd. 2. **Requirements for veto.** If owners of 35 percent or more of the land
 117.14 area in the district subject to the service charge based on net tax capacity or owners
 117.15 ~~of, individuals, and business organizations subject to 35 percent or more of the net tax~~
 117.16 ~~capacity in the district subject to the service charge based on net tax capacity~~ service
 117.17 charges to be imposed in the district, file an objection to the ordinance adopted by the city
 117.18 under section 428A.02 with the city clerk before the effective date of the ordinance, the
 117.19 ordinance does not become effective. If owners of 35 percent or more of the land area
 117.20 subject to the service charge based on net tax capacity or owners of 35 percent or more
 117.21 of the net tax capacity subject to the service charge based on net tax capacity file an
 117.22 objection to the resolution adopted imposing a service charge based on net tax capacity
 117.23 under section 428A.03 with the city clerk before the effective date of the resolution, the
 117.24 resolution does not become effective. If ~~35 percent or more of~~ owners, individuals, and
 117.25 business organizations subject to a 35 percent or more of the service charge charges to
 117.26 be imposed in the district file an objection to the resolution adopted imposing a service

117.27 charge on a basis other than net tax capacity under section 428A.03 with the city clerk
 117.28 before the effective date of the resolution, the resolution does not become effective. In the
 117.29 event of a veto, no district shall be established during the current calendar year and until a
 117.30 petition meeting the qualifications set forth in this subdivision for a veto has been filed.

117.31 Sec. 11. Minnesota Statutes 2008, section 428A.10, is amended to read:

117.32 **428A.10 EXCLUSION FROM PETITION REQUIREMENTS AND VETO**
 117.33 **POWER.**

117.34 The petition requirements of section 428A.08 ~~and~~ do not apply to second or
 117.35 subsequent years' action to impose service charges under section 428A.03. The right of
 118.1 owners and those subject to a service charge to veto a resolution in section 428A.09
 118.2 ~~do~~ does not apply to second or subsequent years' applications of a service charge that
 118.3 is authorized to be in effect for more than one year under a resolution that ~~has met the~~
 118.4 ~~petition requirements of section 428A.08 and which~~ has not been vetoed under section
 118.5 428A.09 for the first year's application. A resolution imposing a service charge for more
 118.6 than one year must not be adopted unless the notice of public hearing required by section
 118.7 428A.03 and the notice mailed with the adopted resolution under section 428A.09 include
 118.8 the following information:

118.9 (1) in the case of improvements, the maximum service charge to be imposed in any
 118.10 year and the maximum number of years the service ~~charges~~ charge is imposed to pay
 118.11 for the improvement; and

118.12 (2) in the case of operating and maintenance services, the maximum service charge
 118.13 to be imposed in any year and the maximum number of years, or a statement that the
 118.14 service charge will be imposed for an indefinite number of years, the service charges will
 118.15 be imposed to pay for operation and maintenance services.

118.16 The resolution may provide that the maximum service charge to be imposed in any
 118.17 year will increase or decrease from the maximum amount authorized in the preceding
 118.18 year based on an indicator of increased cost or a percentage amount established by the
 118.19 resolution.

118.20 Sec. 12. Minnesota Statutes 2008, section 446A.086, is amended by adding a
 118.21 subdivision to read:

118.22 Subd. 12. Federal interest subsidy payments. Whenever the state pays under
 118.23 this section interest on bonds for which the issuer is entitled to federal interest subsidy
 118.24 payments, the state is subrogated to the issuer's rights to any federal interest subsidy
 118.25 payments relating to the interest paid by the state, unless and until the state has been
 118.26 reimbursed by the issuer in full.

118.27 Sec. 13. Minnesota Statutes 2008, section 469.005, subdivision 1, is amended to read:

118.28 Subdivision 1. **County and multicounty authorities.** The area of operation of a
 118.29 county authority shall include all of the county for which it is created, and in case of
 118.30 a multicounty authority, it shall include all of the political subdivisions for which the
 118.31 multicounty authority is created; provided, that a county authority or a multicounty
 118.32 authority shall not undertake any project within the boundaries of any city which has not
 118.33 empowered the authority to function therein as provided in section 469.004 unless a
 118.34 resolution has been adopted by the governing body of the city, ~~and by any authority which~~
 118.35 ~~has been established in the city,~~ declaring that there is a need for the county or multicounty
 119.1 authority to exercise its powers in the city. A resolution is not required for the operation of
 119.2 a Section 8 program or a public housing scattered site project.

119.3 Sec. 14. Minnesota Statutes 2008, section 469.015, subdivision 1, is amended to read:

119.4 Subdivision 1. **Bids; notice.** All construction work, and work of demolition or
 119.5 clearing, and every purchase of equipment, supplies, or materials, necessary in carrying
 119.6 out the purposes of sections 469.001 to 469.047, ~~that involve expenditure of \$50,000 or~~
 119.7 ~~more~~ shall be awarded by contract as provided in section 471.345. Before receiving
 119.8 bids under section 471.345, subdivision 3, the authority shall publish, once a week for
 119.9 two consecutive weeks in an official newspaper of general circulation in the community a
 119.10 notice that bids will be received for that construction work, or that purchase of equipment,
 119.11 supplies, or materials. The notice shall state the nature of the work and the terms and
 119.12 conditions upon which the contract is to be let, naming a time and place where bids will
 119.13 be received, opened and read publicly, which time shall be not less than seven days after
 119.14 the date of the last publication. After the bids have been received, opened and read
 119.15 publicly and recorded, the authority shall award the contract to the lowest responsible
 119.16 bidder, provided that the authority reserves the right to reject any or all bids. Each
 119.17 contract shall be executed in writing, and the person to whom the contract is awarded
 119.18 shall give sufficient bond to the authority for its faithful performance. If no satisfactory
 119.19 bid is received, the authority may readvertise. The authority may establish reasonable
 119.20 qualifications to determine the fitness and responsibility of bidders and to require bidders
 119.21 to meet the qualifications before bids are accepted.

119.22 Sec. 15. Minnesota Statutes 2008, section 469.015, subdivision 2, is amended to read:

119.23 Subd. 2. **Exception; emergency.** If the authority by a vote of four-fifths of its
 119.24 members shall declare that an emergency exists requiring the immediate purchase of
 119.25 any equipment or material or supplies at a cost in excess of ~~\$50,000 but not exceeding~~
 119.26 ~~\$75,000~~ the amount provided in section 471.345, or making of emergency repairs, it shall

119.27 not be necessary to advertise for bids, but the material, equipment, or supplies may be
119.28 purchased in the open market at the lowest price obtainable, or the emergency repairs may
119.29 be contracted for or performed without securing formal competitive bids. An emergency,
119.30 for purposes of this subdivision, shall be understood to be unforeseen circumstances or
119.31 conditions which result in the placing in jeopardy of human life or property.

119.32 Sec. 16. Minnesota Statutes 2008, section 469.015, subdivision 3, is amended to read:

119.33 Subd. 3. **Performance and payment bonds.** Performance and payment bonds shall
119.34 be required from contractors for any works of construction as provided in and subject to
120.1 all the provisions of sections 574.26 to 574.31 ~~except for contracts entered into by an~~
120.2 ~~authority for an expenditure of less than \$50,000.~~

120.3 Sec. 17. Minnesota Statutes 2008, section 469.034, subdivision 2, is amended to read:

120.4 Subd. 2. **General obligation revenue bonds.** (a) An authority may pledge the
120.5 general obligation of the general jurisdiction governmental unit as additional security for
120.6 bonds payable from income or revenues of the project or the authority. The authority
120.7 must find that the pledged revenues will equal or exceed 110 percent of the principal and
120.8 interest due on the bonds for each year. The proceeds of the bonds must be used for a
120.9 qualified housing development project or projects. The obligations must be issued and
120.10 sold in the manner and following the procedures provided by chapter 475, except the
120.11 obligations are not subject to approval by the electors, and the maturities may extend to
120.12 not more than 35 years for obligations sold to finance housing for the elderly and 40 years
120.13 for other obligations issued under this subdivision. The authority is the municipality for
120.14 purposes of chapter 475.

120.15 (b) The principal amount of the issue must be approved by the governing body of
120.16 the general jurisdiction governmental unit whose general obligation is pledged. Public
120.17 hearings must be held on issuance of the obligations by both the authority and the general
120.18 jurisdiction governmental unit. The hearings must be held at least 15 days, but not more
120.19 than 120 days, before the sale of the obligations.

120.20 (c) The maximum amount of general obligation bonds that may be issued and
120.21 outstanding under this section equals the greater of (1) one-half of one percent of
120.22 the taxable market value of the general jurisdiction governmental unit whose general
120.23 obligation is pledged, or (2) \$3,000,000. In the case of county or multicounty general
120.24 obligation bonds, the outstanding general obligation bonds of all cities in the county
120.25 or counties issued under this subdivision must be added in calculating the limit under
120.26 clause (1).

120.27 (d) "General jurisdiction governmental unit" means the city in which the housing
 120.28 development project is located. In the case of a county or multicounty authority, the
 120.29 county or counties may act as the general jurisdiction governmental unit. In the case of
 120.30 a multicounty authority, the pledge of the general obligation is a pledge of a tax on the
 120.31 taxable property in each of the counties.

120.32 (e) "Qualified housing development project" means a housing development project
 120.33 providing housing either for the elderly or for individuals and families with incomes not
 120.34 greater than 80 percent of the median family income as estimated by the United States
 120.35 Department of Housing and Urban Development for the standard metropolitan statistical
 121.1 area or the nonmetropolitan county in which the project is located. The project must be
 121.2 owned for the term of the bonds either by the authority or by a limited partnership or other
 121.3 entity in which the authority or another entity under the sole control of the authority is the
 121.4 sole general partner and the partnership or other entity must receive (1) an allocation from
 121.5 the Department of Finance or an entitlement issuer of tax-exempt bonding authority for
 121.6 the project and a preliminary determination by the Minnesota Housing Finance Agency
 121.7 or the applicable suballocator of tax credits that the project will qualify for four percent
 121.8 low-income housing tax credits or (2) a reservation of nine percent low-income housing
 121.9 tax credits from the Minnesota Housing Finance Agency or a suballocator of tax credits
 121.10 for the project. A qualified housing development project may admit nonelderly individuals
 121.11 and families with higher incomes if:

121.12 (1) three years have passed since initial occupancy;

121.13 (2) the authority finds the project is experiencing unanticipated vacancies resulting in
 121.14 insufficient revenues, because of changes in population or other unforeseen circumstances
 121.15 that occurred after the initial finding of adequate revenues; and

121.16 (3) the authority finds a tax levy or payment from general assets of the general
 121.17 jurisdiction governmental unit will be necessary to pay debt service on the bonds if higher
 121.18 income individuals or families are not admitted.

121.19 (f) The authority may issue bonds to refund bonds issued under this subdivision in
 121.20 accordance with section 475.67. The finding of the adequacy of pledged revenues required
 121.21 by paragraph (a) and the public hearing required by paragraph (b) shall not apply to the
 121.22 issuance of refunding bonds. This paragraph applies to refunding bonds issued on and
 121.23 after July 1, 1992.

121.24 Sec. 18. Minnesota Statutes 2008, section 469.153, subdivision 2, is amended to read:

121.25 Subd. 2. **Project.** (a) "Project" means (1) any properties, real or personal, used
 121.26 or useful in connection with a revenue producing enterprise, or any combination of

121.27 two or more such enterprises engaged or to be engaged in generating, transmitting, or
 121.28 distributing electricity, assembling, fabricating, manufacturing, mixing, processing,
 121.29 storing, warehousing, or distributing any products of agriculture, forestry, mining, or
 121.30 manufacture, or in research and development activity in this field, or in the manufacturing,
 121.31 creation, or production of intangible property, including any patent, copyright, formula,
 121.32 process, design, know how, format, or other similar item; (2) any properties, real or
 121.33 personal, used or useful in the abatement or control of noise, air, or water pollution, or in
 121.34 the disposal of solid wastes, in connection with a revenue producing enterprise, or any
 121.35 combination of two or more such enterprises engaged or to be engaged in any business
 122.1 or industry; (3) any properties, real or personal, used or useful in connection with the
 122.2 business of telephonic communications, conducted or to be conducted by a telephone
 122.3 company, including toll lines, poles, cables, switching, and other electronic equipment
 122.4 and administrative, data processing, garage, and research and development facilities;
 122.5 (4) any properties, real or personal, used or useful in connection with a district heating
 122.6 system, consisting of the use of one or more energy conversion facilities to produce hot
 122.7 water or steam for distribution to homes and businesses, including cogeneration facilities,
 122.8 distribution lines, service facilities, and retrofit facilities for modifying the user's heating
 122.9 or water system to use the heat energy converted from the steam or hot water.

122.10 (b) "Project" also includes any properties, real or personal, used or useful in
 122.11 connection with a revenue producing enterprise, or any combination of two or more
 122.12 such enterprises engaged in any business.

122.13 (c) "Project" also includes any properties, real or personal, used or useful for the
 122.14 promotion of tourism in the state. Properties may include hotels, motels, lodges, resorts,
 122.15 recreational facilities of the type that may be acquired under section 471.191, and related
 122.16 facilities.

122.17 (d) "Project" also includes any properties, real or personal, used or useful in
 122.18 connection with a revenue producing enterprise, whether or not operated for profit,
 122.19 engaged in providing health care services, including hospitals, nursing homes, and related
 122.20 medical facilities.

122.21 (e) "Project" does not include any property to be sold or to be affixed to or consumed
 122.22 in the production of property for sale, and does not include any housing facility to be
 122.23 rented or used as a permanent residence.

122.24 (f) "Project" also means the activities of any revenue producing enterprise involving
 122.25 the construction, fabrication, sale, or leasing of equipment or products to be used in
 122.26 gathering, processing, generating, transmitting, or distributing solar, wind, geothermal,
 122.27 biomass, agricultural or forestry energy crops, or other alternative energy sources for

122.28 use by any person or any residential, commercial, industrial, or governmental entity in
 122.29 heating, cooling, or otherwise providing energy for a facility owned or operated by that
 122.30 person or entity.

122.31 (g) "Project" also includes any properties, real or personal, used or useful in
 122.32 connection with a county jail, county regional jail, community corrections facilities
 122.33 authorized by chapter 401, or other law enforcement facilities, the plans for which are
 122.34 approved by the commissioner of corrections; provided that the provisions of section
 122.35 469.155, subdivisions 7 and 13, do not apply to those projects.

123.1 (h) "Project" also includes any real properties used or useful in furtherance of the
 123.2 purpose and policy of section 469.141.

123.3 (i) "Project" also includes related facilities as defined by section 471A.02,
 123.4 subdivision 11.

123.5 (j) "Project" also includes an undertaking to purchase the obligations of local
 123.6 governments located in whole or in part within the boundaries of the municipality that are
 123.7 issued or to be issued for public purposes.

123.8 Sec. 19. Minnesota Statutes 2008, section 471.191, subdivision 1, is amended to read:

123.9 Subdivision 1. **Lease to nonprofit.** Any city operating a program of public
 123.10 recreation and playgrounds pursuant to sections 471.15 to 471.19 may acquire or lease,
 123.11 equip, and maintain land, buildings, and other recreational facilities, including, but
 123.12 without limitation, outdoor or indoor swimming pools, skating rinks and arenas, athletic
 123.13 fields, golf courses, marinas, concert halls, museums, and facilities for other kinds of
 123.14 athletic or cultural participation, contests, conventions, conferences, and exhibitions,
 123.15 together with related automobile parking facilities as defined in section 459.14, and may
 123.16 expend funds for the operation of such program and borrow and expend funds for capital
 123.17 costs thereof pursuant to the provisions of this section. A school district operating a
 123.18 program of public recreation and playgrounds has the rights provided in this section. Any
 123.19 facilities to be operated by a nonprofit corporation, as contemplated in section 471.16,
 123.20 may be leased to the corporation upon such rentals and for such term, not exceeding 30
 123.21 years, and subject to such other provisions as may be agreed; including but not limited to
 123.22 provisions (a) permitting the lessee, subject to whatever conditions are stated, to provide
 123.23 for the construction and equipment of the facilities by any means available to it and in the
 123.24 manner determined by it, without advertisement for bids as required for other municipal
 123.25 facilities, and (b) granting the lessee the option to renew the lease upon such conditions
 123.26 and rentals, or to purchase the facilities at such price, as may be agreed; provided that (c)
 123.27 any such lease shall require the lessee to pay net rentals sufficient to pay the principal,

123.28 interest, redemption premiums, and other expenses when due with respect to all city
 123.29 bonds issued for the acquisition or betterment of the facilities, less such amount of taxes
 123.30 and special assessments, if any, as may become payable in any year of the term of the
 123.31 lease, on the land, building, or other facilities leased, and (d) no option shall be granted
 123.32 to purchase the facilities at any time at a price less than the amount required to pay all
 123.33 principal and interest to become due on such bonds to the earliest date or dates on which
 123.34 they may be paid and redeemed, and all redemption premiums and other expenses of
 123.35 such payment and redemption.

124.1 Sec. 20. Minnesota Statutes 2008, section 473.39, is amended by adding a subdivision
 124.2 to read:

124.3 Subd. 1o. **Obligations.** After July 1, 2009, in addition to other authority in this
 124.4 section, the council may issue certificates of indebtedness, bonds, or other obligations
 124.5 under this section in an amount not exceeding \$34,200,000 for capital expenditures as
 124.6 prescribed in the council's regional transit master plan and transit capital improvement
 124.7 program and for related costs, including the costs of issuance and sale of the obligations.

124.8 **EFFECTIVE DATE; APPLICATION.** This section is effective the day following
 124.9 final enactment and applies to the counties of Anoka, Carver, Dakota, Hennepin, Ramsey,
 124.10 Scott, and Washington.

124.11 Sec. 21. Minnesota Statutes 2008, section 474A.02, subdivision 2, is amended to read:

124.12 Subd. 2. **Annual volume cap.** "Annual volume cap" means the aggregate dollar
 124.13 amount of obligations constituting "private activity bonds" under federal tax law and
 124.14 bearing interest excluded from gross income for purposes of federal income taxation
 124.15 which, under the provisions of federal tax law, may be issued in one year by issuers.
 124.16 The commissioner shall administer the volume cap allocations for obligations permitted
 124.17 under the federal American Recovery and Reinvestment Act of 2009, whether taxable or
 124.18 tax-exempt, in accordance with orders of the commissioner.

124.19 Sec. 22. Minnesota Statutes 2008, section 474A.02, subdivision 14, is amended to read:

124.20 Subd. 14. **Manufacturing project.** "Manufacturing project" means any facility
 124.21 which is used in the manufacturing or production of tangible personal property,
 124.22 including the processing resulting in a change in the condition of the property, or in the
 124.23 manufacturing, creation, or production of intangible property, including any patent,
 124.24 copyright, formula, process, design, know how, format, or other similar item.

124.25 Sec. 23. Minnesota Statutes 2008, section 475.67, subdivision 8, is amended to read:

124.26 Subd. 8. **Escrow account securities.** Securities purchased for the escrow account
124.27 shall be limited to:

124.28 (a) general obligations of the United States, securities whose principal and interest
124.29 payments are guaranteed by the United States, and securities issued by the following
124.30 agencies of the United States: Banks for Cooperatives, Federal Home Loan Banks,
124.31 Federal Intermediate Credit Banks, Federal Land Banks, and the Federal National
124.32 Mortgage Association; or

125.1 (b) obligations issued or guaranteed by any state or any political subdivision of a
125.2 state, which at the date of purchase are rated in the highest or the next highest rating
125.3 given category by Standard and Poor's Corporation, Moody's Investors Service, or a
125.4 similar nationally recognized rating agency, but not less than the rating on the refunded
125.5 bonds immediately prior to the refunding.

125.6 "Rating category," as used in this subdivision, means a generic securities rating
125.7 category, without regard in the case of a long-term rating category to any refinement or
125.8 gradation of such long-term rating category by a numerical modifier or otherwise.

125.9 Sec. 24. Laws 1971, chapter 773, section 4, as amended by Laws 1976, chapter 234,
125.10 section 2, is amended to read:

125.11 Sec. 4. No proceeds of any bonds issued pursuant to section 1 hereof shall be
125.12 expended for the construction or equipment of any portion of the St. Paul auditorium or
125.13 civic center connected thereto; nor shall any proceeds be expended for the acquisition or
125.14 betterment of the building known as the Lowry Medical Arts Annex. All bonds issued
125.15 under this act shall mature at any time or times within ten or, for bonds for public buildings
125.16 or parking structures, 30 years from the date of issue.

125.17 **EFFECTIVE DATE.** This section is effective the day after the city council and the
125.18 chief clerical officer of the city of St. Paul have timely completed their compliance with
125.19 Minnesota Statutes, section 645.021, subdivisions 2 and 3.

125.20 Sec. 25. Laws 2008, chapter 366, article 7, section 18, subdivision 3, is amended to
125.21 read:

125.22 Subd. 3. **Bonding authority.** Cook County may issue bonds under Minnesota
125.23 Statutes, chapter 475, to pay capital and administrative expenses for the projects
125.24 authorized in subdivision 2, in an amount that does not exceed ~~\$14,000,000~~ \$20,000,000.
125.25 An election to approve the bonds under Minnesota Statutes, section 475.58, is not
125.26 required. The issuance of bonds under this subdivision is not subject to Minnesota
125.27 Statutes, sections 275.60 and 275.61. The debt represented by the bonds is not included
125.28 in computing any debt limitation applicable to the county, and any levy of taxes under

125.29 Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not
125.30 subject to any levy limitation.

125.31 **EFFECTIVE DATE.** This section is effective the day after the governing body
125.32 of Cook County and its chief clerical officer comply with Minnesota Statutes, section
125.33 645.021, subdivisions 2 and 3.

125.34 Sec. 26. **ST. PAUL PORT AUTHORITY CREDIT.**

126.1 Notwithstanding Minnesota Statutes, section 474A.061, subdivision 4, the
126.2 commissioner of finance shall apply the \$31,800 deposit paid in 2008 for a proposed issue
126.3 of \$1,590,000 in tax exempt bonds by the St. Paul Port Authority for District Cooling
126.4 St. Paul, Inc. to an application for an allocation of tax exempt bonds by the St. Paul Port
126.5 Authority for the same project.

126.6 **EFFECTIVE DATE.** This section is effective the day following final enactment
126.7 and expires January 1, 2011.

126.8 Sec. 27. **TEMPORARY CARRYFORWARD EXTENSION.**

126.9 Notwithstanding Minnesota Statutes, section 474A.04, subdivision 1a, bonding
126.10 authority allocated to an entitlement issuer in 2008, except the bonding authority allocated
126.11 in Laws 2008, chapter 366, article 5, section 38, or 2009, that an entitlement issuer carries
126.12 forward under federal tax law that is not permanently issued or for which the governing
126.13 body of the entitlement issuer has not enacted a resolution electing to use the authority for
126.14 mortgage credit certificates and has not provided a notice of issue to the commissioner of
126.15 finance before 4:30 p.m. on the last business day in December 2011 must be deducted
126.16 from the entitlement allocation for that entitlement issuer in 2012.

126.17 Sec. 28. **EFFECTIVE DATE.**

126.18 Except where provided otherwise, this article is effective the day following final
126.19 enactment.

126.20 **ARTICLE 7**

126.21 **DEPARTMENT INDIVIDUAL INCOME, CORPORATE FRANCHISE,** 126.22 **AND ESTATE TAXES**

126.23 Section 1. Minnesota Statutes 2008, section 289A.08, subdivision 3, is amended to
126.24 read:

126.25 Subd. 3. **Corporations.** (a) A corporation that is subject to the state's jurisdiction to
126.26 tax under section 290.014, subdivision 5, must file a return, except that a foreign operating
126.27 corporation as defined in section 290.01, subdivision 6b, is not required to file a return.

126.28 (b) Members of a unitary business that are required to file a combined report on one
126.29 return must designate a member of the unitary business to be responsible for tax matters,
126.30 including the filing of returns, the payment of taxes, additions to tax, penalties, interest,
126.31 or any other payment, and for the receipt of refunds of taxes or interest paid in excess of
126.32 taxes lawfully due. The designated member must be a member of the unitary business that
126.33 is filing the single combined report and either:

126.34 (1) a corporation that is subject to the taxes imposed by chapter 290; or

127.1 (2) a corporation that is not subject to the taxes imposed by chapter 290:

127.2 (i) Such corporation consents by filing the return as a designated member under this
127.3 clause to remit taxes, penalties, interest, or additions to tax due from the members of the
127.4 unitary business subject to tax, and receive refunds or other payments on behalf of other
127.5 members of the unitary business. The member designated under this clause is a "taxpayer"
127.6 for the purposes of this chapter and chapter 270C, and is liable for any liability imposed
127.7 on the unitary business under this chapter and chapter 290.

127.8 (ii) If the state does not otherwise have the jurisdiction to tax the member designated
127.9 under this clause, consenting to be the designated member does not create the jurisdiction
127.10 to impose tax on the designated member, other than as described in item (i).

127.11 (iii) The member designated under this clause must apply for a business tax account
127.12 identification number.

127.13 (c) The commissioner shall adopt rules for the filing of one return on behalf of the
127.14 members of an affiliated group of corporations that are required to file a combined report.
127.15 All members of an affiliated group that are required to file a combined report must file one
127.16 return on behalf of the members of the group under rules adopted by the commissioner.

127.17 (d) If a corporation claims on a return that it has paid tax in excess of the amount of
127.18 taxes lawfully due, that corporation must include on that return information necessary for
127.19 payment of the tax in excess of the amount lawfully due by electronic means.

127.20 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
127.21 December 31, 2008.

127.22 Sec. 2. Minnesota Statutes 2008, section 289A.12, is amended by adding a subdivision
127.23 to read:

127.24 Subd. 16. **Qualified intermediaries.** The commissioner may by notice and demand
127.25 require a qualified intermediary to file a return relating to transactions for which the
127.26 intermediary acted to facilitate exchanges under section 1031 of the Internal Revenue
127.27 Code. The return must include the name, address, and state or federal tax identification
127.28 number or Social Security number of each of the parties to the exchange, information

127.29 relating to the property subject to the exchange, and any other information required by
127.30 the commissioner.

127.31 **EFFECTIVE DATE.** This section is effective July 1, 2009, and applies to all
127.32 transactions whether facilitated on, before, or after that date.

127.33 Sec. 3. Minnesota Statutes 2008, section 289A.18, subdivision 1, is amended to read:

128.1 Subdivision 1. **Individual income, fiduciary income, corporate franchise, and**
128.2 **entertainment taxes; partnership and S corporation returns; information returns;**
128.3 **mining company returns.** The returns required to be made under sections 289A.08 and
128.4 289A.12 must be filed at the following times:

128.5 (1) returns made on the basis of the calendar year must be filed on April 15 following
128.6 the close of the calendar year, except that returns of corporations must be filed on March
128.7 15 following the close of the calendar year;

128.8 (2) returns made on the basis of the fiscal year must be filed on the 15th day of the
128.9 fourth month following the close of the fiscal year, except that returns of corporations
128.10 must be filed on the 15th day of the third month following the close of the fiscal year;

128.11 (3) returns for a fractional part of a year must be filed on the 15th day of the fourth
128.12 month following the end of the month in which falls the last day of the period for which
128.13 the return is made, except that the returns of corporations must be filed on the 15th day of
128.14 the third month following the end of the tax year; or, in the case of a corporation which is
128.15 a member of a unitary group, the return of the corporation must be filed on the 15th day of
128.16 the third month following the end of the tax year of the unitary group in which falls the
128.17 last day of the period for which the return is made;

128.18 (4) in the case of a final return of a decedent for a fractional part of a year, the return
128.19 must be filed on the 15th day of the fourth month following the close of the 12-month
128.20 period that began with the first day of that fractional part of a year;

128.21 (5) in the case of the return of a cooperative association, returns must be filed on or
128.22 before the 15th day of the ninth month following the close of the taxable year;

128.23 (6) if a corporation has been divested from a unitary group and files a return for
128.24 a fractional part of a year in which it was a member of a unitary business that files a
128.25 combined report under section 290.17, subdivision 4, the divested corporation's return
128.26 must be filed on the 15th day of the third month following the close of the common
128.27 accounting period that includes the fractional year;

128.28 (7) returns of entertainment entities must be filed on April 15 following the close of
128.29 the calendar year;

128.30 (8) returns required to be filed under section 289A.08, subdivision 4, must be filed
128.31 on the 15th day of the fifth month following the close of the taxable year;

128.32 (9) returns of mining companies must be filed on May 1 following the close of the
128.33 calendar year; and

128.34 (10) returns required to be filed with the commissioner under section 289A.12,
128.35 subdivision 2 ~~or~~, 4 to 10, or 16 must be filed within 30 days after being demanded by
128.36 the commissioner.

129.1 **EFFECTIVE DATE.** This section is effective July 1, 2009.

129.2 Sec. 4. Minnesota Statutes 2008, section 289A.19, subdivision 4, is amended to read:

129.3 Subd. 4. **Estate tax returns.** ~~When an extension to file the federal estate tax return~~
129.4 ~~has been granted under section 6081 of the Internal Revenue Code, the time for filing~~
129.5 ~~the estate tax return is extended for that period. If the estate requests an extension to~~
129.6 ~~file an estate tax return within the time provided in section 289A.18, subdivision 3, the~~
129.7 ~~commissioner shall extend the time for filing the estate tax return for six months. The time~~
129.8 for filing an estate tax return shall be extended for either six months or the amount of
129.9 time granted under section 6081 of the Internal Revenue Code to file the federal estate
129.10 tax return, whichever is longer.

129.11 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after
129.12 December 31, 2008.

129.13 Sec. 5. Minnesota Statutes 2008, section 289A.31, subdivision 5, is amended to read:

129.14 Subd. 5. **Withholding tax, withholding from payments to out-of-state**
129.15 **contractors, and withholding by partnerships and small business corporations.** (a)
129.16 Except as provided in paragraph (b), an employer or person withholding tax under section
129.17 290.92 or 290.923, subdivision 2, who fails to pay to or deposit with the commissioner a
129.18 sum or sums required by those sections to be deducted, withheld, and paid, is personally
129.19 and individually liable to the state for the sum or sums, and added penalties and interest,
129.20 and is not liable to another person for that payment or payments. The sum or sums
129.21 deducted and withheld under section 290.92, subdivision 2a or 3, or 290.923, subdivision
129.22 2, must be held as a special fund in trust for the state of Minnesota.

129.23 (b) If the employer or person withholding tax under section 290.92 or 290.923,
129.24 subdivision 2, fails to deduct and withhold the tax in violation of those sections, and later
129.25 the taxes against which the tax may be credited are paid, the tax required to be deducted
129.26 and withheld will not be collected from the employer. This does not, however, relieve the
129.27 employer from liability for any penalties and interest otherwise applicable for failure to

129.28 deduct and withhold. This paragraph does not apply to an employer subject to paragraph
129.29 (g), or to a contractor required to withhold under section 290.92, subdivision 31.

129.30 (c) Liability for payment of withholding taxes includes a responsible person or entity
129.31 described in the personal liability provisions of section 270C.56.

129.32 (d) Liability for payment of withholding taxes includes a third party lender or surety
129.33 described in section 270C.59.

130.1 (e) A partnership or S corporation required to withhold and remit tax under section
130.2 290.92, subdivisions 4b and 4c, is liable for payment of the tax to the commissioner, and a
130.3 person having control of or responsibility for the withholding of the tax or the filing of
130.4 returns due in connection with the tax is personally liable for the tax due.

130.5 (f) A payor of sums required to be withheld under section 290.9705, subdivision
130.6 1, is liable to the state for the amount required to be deducted, and is not liable to an
130.7 out-of-state contractor for the amount of the payment.

130.8 (g) If an employer fails to withhold tax from the wages of an employee when
130.9 required to do so under section 290.92, subdivision 2a, by reason of treating such
130.10 employee as not being an employee, then the liability for tax is equal to three percent of
130.11 the wages paid to the employee. The liability for tax of an employee is not affected by
130.12 the assessment or collection of tax under this paragraph. The employer is not entitled to
130.13 recover from the employee any tax determined under this paragraph.

130.14 **EFFECTIVE DATE.** This section is effect for taxes required to be withheld after
130.15 June 30, 2009.

130.16 Sec. 6. Minnesota Statutes 2008, section 289A.38, subdivision 7, is amended to read:

130.17 Subd. 7. **Federal tax changes.** If the amount of income, items of tax preference,
130.18 deductions, or credits for any year of a taxpayer, or the wages paid by a taxpayer for
130.19 any period, as reported to the Internal Revenue Service is changed or corrected by the
130.20 commissioner of Internal Revenue or other officer of the United States or other competent
130.21 authority, or where a renegotiation of a contract or subcontract with the United States
130.22 results in a change in income, items of tax preference, deductions, credits, or withholding
130.23 tax, or, in the case of estate tax, where there are adjustments to the taxable estate, the
130.24 taxpayer shall report the change or correction or renegotiation results in writing to the
130.25 commissioner. The report must be submitted within 180 days after the final determination
130.26 and must be in the form of either an amended Minnesota estate, withholding tax, corporate
130.27 franchise tax, or income tax return conceding the accuracy of the federal determination
130.28 or a letter detailing how the federal determination is incorrect or does not change the
130.29 Minnesota tax. An amended Minnesota income tax return must be accompanied by an

130.30 amended property tax refund return, if necessary. A taxpayer filing an amended federal
130.31 tax return must also file a copy of the amended return with the commissioner of revenue
130.32 within 180 days after filing the amended return.

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

130.34 Sec. 7. Minnesota Statutes 2008, section 290.01, subdivision 19b, is amended to read:

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

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

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

131.9 (3) the amount paid to others, less the amount used to claim the credit allowed under
131.10 section 290.0674, not to exceed \$1,625 for each qualifying child in grades kindergarten
131.11 to 6 and \$2,500 for each qualifying child in grades 7 to 12, for tuition, textbooks, and
131.12 transportation of each qualifying child in attending an elementary or secondary school
131.13 situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a
131.14 resident of this state may legally fulfill the state's compulsory attendance laws, which
131.15 is not operated for profit, and which adheres to the provisions of the Civil Rights Act
131.16 of 1964 and chapter 363A. For the purposes of this clause, "tuition" includes fees or
131.17 tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause,
131.18 "textbooks" includes books and other instructional materials and equipment purchased
131.19 or leased for use in elementary and secondary schools in teaching only those subjects
131.20 legally and commonly taught in public elementary and secondary schools in this state.
131.21 Equipment expenses qualifying for deduction includes expenses as defined and limited in
131.22 section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional
131.23 books and materials used in the teaching of religious tenets, doctrines, or worship, the
131.24 purpose of which is to instill such tenets, doctrines, or worship, nor does it include books
131.25 or materials for, or transportation to, extracurricular activities including sporting events,
131.26 musical or dramatic events, speech activities, driver's education, or similar programs. No
131.27 deduction is permitted for any expense the taxpayer incurred in using the taxpayer's or
131.28 the qualifying child's vehicle to provide such transportation for a qualifying child. For
131.29 purposes of the subtraction provided by this clause, "qualifying child" has the meaning
131.30 given in section 32(c)(3) of the Internal Revenue Code;

131.31 (4) income as provided under section 290.0802;

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

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

132.4 (7) for taxable years beginning before January 1, 2008, the amount of the federal
132.5 small ethanol producer credit allowed under section 40(a)(3) of the Internal Revenue Code
132.6 which is included in gross income under section 87 of the Internal Revenue Code;

132.7 (8) for individuals who are allowed a federal foreign tax credit for taxes that do not
132.8 qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover
132.9 of subnational foreign taxes for the taxable year, but not to exceed the total subnational
132.10 foreign taxes reported in claiming the foreign tax credit. For purposes of this clause,
132.11 "federal foreign tax credit" means the credit allowed under section 27 of the Internal
132.12 Revenue Code, and "carryover of subnational foreign taxes" equals the carryover allowed
132.13 under section 904(c) of the Internal Revenue Code minus national level foreign taxes to
132.14 the extent they exceed the federal foreign tax credit;

132.15 (9) in each of the five tax years immediately following the tax year in which an
132.16 addition is required under subdivision 19a, clause (7), or 19c, clause (15), in the case
132.17 of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth
132.18 of the delayed depreciation. For purposes of this clause, "delayed depreciation" means
132.19 the amount of the addition made by the taxpayer under subdivision 19a, clause (7), or
132.20 subdivision 19c, clause (15), in the case of a shareholder of an S corporation, minus the
132.21 positive value of any net operating loss under section 172 of the Internal Revenue Code
132.22 generated for the tax year of the addition. The resulting delayed depreciation cannot be
132.23 less than zero;

132.24 (10) job opportunity building zone income as provided under section 469.316;

132.25 (11) to the extent included in federal taxable income, the amount of compensation
132.26 paid to members of the Minnesota National Guard or other reserve components of the
132.27 United States military for active service performed in Minnesota, excluding compensation
132.28 for services performed under the Active Guard Reserve (AGR) program. For purposes of
132.29 this clause, "active service" means (i) state active service as defined in section 190.05,
132.30 subdivision 5a, clause (1); (ii) federally funded state active service as defined in section

132.31 190.05, subdivision 5b; or (iii) federal active service as defined in section 190.05,
132.32 subdivision 5c, but "active service" excludes service performed in accordance with section
132.33 190.08, subdivision 3;

132.34 (12) to the extent included in federal taxable income, the amount of compensation
132.35 paid to Minnesota residents who are members of the armed forces of the United States or
132.36 United Nations for active duty performed outside Minnesota under United States Code,
133.1 title 10, section 101(d); United States Code, title 32, section 101(12); or the authority of
133.2 the United Nations;

133.3 (13) an amount, not to exceed \$10,000, equal to qualified expenses related to a
133.4 qualified donor's donation, while living, of one or more of the qualified donor's organs
133.5 to another person for human organ transplantation. For purposes of this clause, "organ"
133.6 means all or part of an individual's liver, pancreas, kidney, intestine, lung, or bone marrow;
133.7 "human organ transplantation" means the medical procedure by which transfer of a human
133.8 organ is made from the body of one person to the body of another person; "qualified
133.9 expenses" means unreimbursed expenses for both the individual and the qualified donor
133.10 for (i) travel, (ii) lodging, and (iii) lost wages net of sick pay, except that such expenses
133.11 may be subtracted under this clause only once; and "qualified donor" means the individual
133.12 or the individual's dependent, as defined in section 152 of the Internal Revenue Code. An
133.13 individual may claim the subtraction in this clause for each instance of organ donation for
133.14 transplantation during the taxable year in which the qualified expenses occur;

133.15 (14) in each of the five tax years immediately following the tax year in which an
133.16 addition is required under subdivision 19a, clause (8), or 19c, clause (16), in the case of a
133.17 shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the
133.18 addition made by the taxpayer under subdivision 19a, clause (8), or 19c, clause (16), in the
133.19 case of a shareholder of a corporation that is an S corporation, minus the positive value of
133.20 any net operating loss under section 172 of the Internal Revenue Code generated for the
133.21 tax year of the addition. If the net operating loss exceeds the addition for the tax year, a
133.22 subtraction is not allowed under this clause;

133.23 (15) to the extent included in federal taxable income, compensation paid to a service
133.24 member as defined in United States Code, title 10, section 101(a)(5), for military service
133.25 as defined in the Servicemembers Civil Relief Act, Public Law 108-189, section 101(2);

133.26 (16) international economic development zone income as provided under section
133.27 469.325; and

133.28 (17) to the extent included in federal taxable income, the amount of national service
133.29 educational awards received from the National Service Trust under United States Code,

133.30 title 42, sections 12601 to 12604, for service in an approved Americorps National Service
133.31 program.

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

133.33 Sec. 8. Minnesota Statutes 2008, section 290.0671, subdivision 1, is amended to read:

134.1 Subdivision 1. **Credit allowed.** (a) An individual is allowed a credit against the tax
134.2 imposed by this chapter equal to a percentage of earned income. To receive a credit, a
134.3 taxpayer must be eligible for a credit under section 32 of the Internal Revenue Code.

134.4 (b) For individuals with no qualifying children, the credit equals 1.9125 percent of
134.5 the first \$4,620 of earned income. The credit is reduced by 1.9125 percent of earned
134.6 income or adjusted gross income, whichever is greater, in excess of \$5,770, but in no
134.7 case is the credit less than zero.

134.8 (c) For individuals with one qualifying child, the credit equals 8.5 percent of the first
134.9 \$6,920 of earned income and 8.5 percent of earned income over \$12,080 but less than
134.10 \$13,450. The credit is reduced by 5.73 percent of earned income or adjusted gross income,
134.11 whichever is greater, in excess of \$15,080, but in no case is the credit less than zero.

134.12 (d) For individuals with two or more qualifying children, the credit equals ten
134.13 percent of the first \$9,720 of earned income and 20 percent of earned income over
134.14 \$14,860 but less than \$16,800. The credit is reduced by 10.3 percent of earned income
134.15 or adjusted gross income, whichever is greater, in excess of \$17,890, but in no case is
134.16 the credit less than zero.

134.17 (e) For a nonresident or part-year resident, the credit must be allocated based on the
134.18 percentage calculated under section 290.06, subdivision 2c, paragraph (e).

134.19 (f) For a person who was a resident for the entire tax year and has earned income
134.20 not subject to tax under this chapter, including income excluded under section 290.01,
134.21 subdivision 19b, clause (10) or (16), the credit must be allocated based on the ratio of
134.22 federal adjusted gross income reduced by the earned income not subject to tax under
134.23 this chapter over federal adjusted gross income. For purposes of this paragraph, the
134.24 subtractions for military pay under section 290.01, subdivision 19b, clauses (11) and (12),
134.25 are not considered "earned income not subject to tax under this chapter."

134.26 For the purposes of this paragraph, the exclusion of combat pay under section 112
134.27 of the Internal Revenue Code is not considered "earned income not subject to tax under
134.28 this chapter."

134.29 ~~(g) For tax years beginning after December 31, 2001, and before December 31,~~
134.30 ~~2004, the \$5,770 in paragraph (b), the \$15,080 in paragraph (c), and the \$17,890 in~~

134.31 ~~paragraph (d), after being adjusted for inflation under subdivision 7, are each increased by~~
 134.32 ~~\$1,000 for married taxpayers filing joint returns.~~

134.33 ~~(h) For tax years beginning after December 31, 2004, and before December 31,~~
 134.34 ~~2007, the \$5,770 in paragraph (b), the \$15,080 in paragraph (c), and the \$17,890 in~~
 134.35 ~~paragraph (d), after being adjusted for inflation under subdivision 7, are each increased by~~
 134.36 ~~\$2,000 for married taxpayers filing joint returns.~~

135.1 ~~(i) (g) For tax years beginning after December 31, 2007, and before December~~
 135.2 ~~31, 2010, the \$5,770 in paragraph (b), the \$15,080 in paragraph (c), and the \$17,890 in~~
 135.3 ~~paragraph (d), after being adjusted for inflation under subdivision 7, are each increased by~~
 135.4 ~~\$3,000 for married taxpayers filing joint returns. For tax years beginning after December~~
 135.5 ~~31, 2008, the commissioner shall annually adjust the \$3,000 is adjusted annually for~~
 135.6 ~~inflation under subdivision 7 by the percentage determined pursuant to the provisions of~~
 135.7 ~~section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B), the word~~
 135.8 ~~"2007" shall be substituted for the word "1992." For 2009, the commissioner shall then~~
 135.9 ~~determine the percent change from the 12 months ending on August 31, 2007, to the 12~~
 135.10 ~~months ending on August 31, 2008, and in each subsequent year, from the 12 months~~
 135.11 ~~ending on August 31, 2007, to the 12 months ending on August 31 of the year preceding~~
 135.12 ~~the taxable year. The earned income thresholds as adjusted for inflation must be rounded~~
 135.13 ~~to the nearest \$10. If the amount ends in \$5, the amount is rounded up to the nearest \$10.~~
 135.14 ~~The determination of the commissioner under this subdivision is not a rule under the~~
 135.15 ~~Administrative Procedure Act.~~

135.16 ~~(j) (h) The commissioner shall construct tables showing the amount of the credit~~
 135.17 ~~at various income levels and make them available to taxpayers. The tables shall follow~~
 135.18 ~~the schedule contained in this subdivision, except that the commissioner may graduate~~
 135.19 ~~the transition between income brackets.~~

135.20 ~~**EFFECTIVE DATE.** This section is effective for taxable years beginning after~~
 135.21 ~~December 31, 2008.~~

135.22 Sec. 9. Minnesota Statutes 2008, section 290A.10, is amended to read:

135.23 **290A.10 PROOF OF TAXES PAID.**

135.24 Every claimant who files a claim for relief for property taxes payable shall include
 135.25 with the claim a property tax statement or a reproduction thereof in a form deemed
 135.26 satisfactory by the commissioner of revenue indicating that there are no delinquent
 135.27 property taxes on the homestead. Indication on the property tax statement from the county
 135.28 treasurer that there are no delinquent taxes on the homestead shall be sufficient proof.
 135.29 Taxes included in a confession of judgment under section 277.23 or 279.37 shall not

135.30 constitute delinquent taxes as long as the claimant is current on the payments required to
 135.31 be made under section 277.23 or 279.37.

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

135.33 Sec. 10. Minnesota Statutes 2008, section 290A.14, is amended to read:

135.34 **290A.14 PROPERTY TAX STATEMENT.**

136.1 The county treasurer shall prepare and send a sufficient number of copies of the
 136.2 property tax statement to the owner, and to the owner's escrow agent if the taxes are
 136.3 paid via an escrow account, to enable the owner to comply with the filing requirements
 136.4 of this chapter and to retain one copy as a record. The property tax statement, in a form
 136.5 prescribed by the commissioner, shall indicate the manner in which the claimant may
 136.6 claim relief from the state under both this chapter and chapter 290B, and the amount of the
 136.7 tax for which the applicant may claim relief. The statement shall also indicate if there
 136.8 are delinquent property taxes on the property in the preceding year. Taxes included in a
 136.9 confession of judgment under section 277.23 or 279.37 shall not constitute delinquent
 136.10 taxes as long as the claimant is current on the payments required to be made under section
 136.11 277.23 or 279.37.

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

136.13 Sec. 11. **REPEALER.**

136.14 Minnesota Rules, part 8009.3000, is repealed.

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

136.16 **ARTICLE 8**

136.17 **DEPARTMENT SALES AND USE TAXES**

136.18 Section 1. Minnesota Statutes 2008, section 297A.70, subdivision 2, is amended to
 136.19 read:

136.20 Subd. 2. **Sales to government.** (a) All sales, except those listed in paragraph (b),
 136.21 to the following governments and political subdivisions, or to the listed agencies or
 136.22 instrumentalities of governments and political subdivisions, are exempt:

136.23 (1) the United States and its agencies and instrumentalities;

136.24 (2) school districts, the University of Minnesota, state universities, community
 136.25 colleges, technical colleges, state academies, the Perpich Minnesota Center for Arts
 136.26 Education, and an instrumentality of a political subdivision that is accredited as an
 136.27 optional/special function school by the North Central Association of Colleges and Schools;

136.28 (3) hospitals and nursing homes owned and operated by political subdivisions of
 136.29 the state of tangible personal property and taxable services used at or by hospitals and
 136.30 nursing homes;

136.31 (4) the Metropolitan Council, for its purchases of vehicles and repair parts to equip
 136.32 operations provided for in section 473.4051;

136.33 (5) other states or political subdivisions of other states, if the sale would be exempt
 136.34 from taxation if it occurred in that state; and

137.1 (6) sales to public libraries, public library systems, multicounty, multitype library
 137.2 systems as defined in section 134.001, county law libraries under chapter 134A, state
 137.3 agency libraries, the state library under section 480.09, and the Legislative Reference
 137.4 Library.

137.5 (b) This exemption does not apply to the sales of the following products and services:

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

137.10 (2) construction materials purchased by tax exempt entities or their contractors to
 137.11 be used in constructing buildings or facilities which will not be used principally by the
 137.12 tax exempt entities;

137.13 (3) the leasing of a motor vehicle as defined in section 297B.01, subdivision 11,
 137.14 except for leases entered into by the United States or its agencies or instrumentalities; or

137.15 (4) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause
 137.16 (2), and prepared food, candy, ~~and~~ soft drinks, and alcoholic beverages as defined in
 137.17 section 297A.67, subdivision 2, except for lodging, prepared food, candy, ~~and~~ soft
 137.18 drinks, and alcoholic beverages purchased directly by the United States or its agencies
 137.19 or instrumentalities.

137.20 (c) As used in this subdivision, "school districts" means public school entities and
 137.21 districts of every kind and nature organized under the laws of the state of Minnesota, and
 137.22 any instrumentality of a school district, as defined in section 471.59.

137.23 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
 137.24 June 30, 2009.

137.25 Sec. 2. Minnesota Statutes 2008, section 297A.70, subdivision 4, is amended to read:

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

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

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

137.32 (i) in general limits membership to persons who are either age 55 or older, or
137.33 physically disabled; ~~and~~

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

138.4 (iii) is an exempt organization under section 501(c) of the Internal Revenue Code.

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

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

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

138.12 (2) construction materials purchased by tax-exempt entities or their contractors to
138.13 be used in constructing buildings or facilities that will not be used principally by the
138.14 tax-exempt entities; and

138.15 (3) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause
138.16 (2), and prepared food, candy, ~~and~~ soft drinks, and alcoholic beverages as defined in
138.17 section 297A.67, subdivision 2, except wine purchased by an established religious
138.18 organization for sacramental purposes; and

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

138.21 (c) This exemption applies to the leasing of a motor vehicle as defined in section
138.22 297B.01, subdivision 11, only if the vehicle is:

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

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

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

138.32 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
 138.33 June 30, 2009, except that the amendment to paragraph (a) is effective the day following
 138.34 final enactment.

138.35 Sec. 3. Minnesota Statutes 2008, section 297A.992, subdivision 2, is amended to read:

139.1 Subd. 2. **Authorization; rates.** (a) Notwithstanding section 297A.99, subdivisions
 139.2 1, 2, and 3, or 477A.016, or any other law, the board of a county participating in a
 139.3 joint powers agreement as specified in this section shall impose by resolution (1) a
 139.4 transportation sales and use tax at a rate of one-quarter of one percent on retail sales and
 139.5 uses taxable under this chapter, and (2) an excise tax of \$20 per motor vehicle, as defined
 139.6 in section 297B.01, subdivision 11, purchased or acquired from any person engaged in the
 139.7 business of selling motor vehicles at retail, occurring within the jurisdiction of the taxing
 139.8 authority. The taxes authorized are to fund transportation improvements as specified in
 139.9 this section, including debt service on obligations issued to finance such improvements
 139.10 pursuant to subdivision 7.

139.11 (b) The tax imposed under this section is not included in determining if the total tax
 139.12 on lodging in the city of Minneapolis exceeds the maximum allowed tax under Laws 1986,
 139.13 chapter 396, section 5, as amended by Laws 2001, First Special Session chapter 5, article
 139.14 12, section 87, or in determining a tax that may be imposed under any other limitations.

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

139.16 Sec. 4. Minnesota Statutes 2008, section 297A.993, subdivision 1, is amended to read:

139.17 Subdivision 1. **Authorization; rates.** Notwithstanding section 297A.99,
 139.18 subdivisions 1, 2, 3, 5, and 13, or 477A.016, or any other law, the board of a county outside
 139.19 the metropolitan transportation area, as defined under section 297A.992, subdivision 1, or
 139.20 more than one county outside the metropolitan transportation area acting under a joint
 139.21 powers agreement, may impose (1) a transportation sales tax at a rate of up to one-half of
 139.22 one percent on retail sales and uses taxable under this chapter, and (2) an excise tax of \$20
 139.23 per motor vehicle, as defined in section 297B.01, subdivision 11, purchased or acquired
 139.24 from any person engaged in the business of selling motor vehicles at retail, occurring
 139.25 within the jurisdiction of the taxing authority. The taxes imposed under this section are
 139.26 subject to approval by a majority of the voters in each of the counties affected at a general
 139.27 election who vote on the question to impose the taxes.

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

139.29 Sec. 5. **REPEALER.**

139.30 Minnesota Statutes 2008, section 297A.67, subdivision 24, is repealed.

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

140.1 **ARTICLE 9**

140.2 **DEPARTMENT SPECIAL TAXES**

140.3 Section 1. Minnesota Statutes 2008, section 287.04, is amended to read:

140.4 **287.04 EXEMPTIONS.**

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

- 140.6 (a) A decree of marriage dissolution or an instrument made pursuant to it.
- 140.7 (b) A mortgage given to correct a misdescription of the mortgaged property.
- 140.8 (c) A mortgage or other instrument that adds additional security for the same debt
140.9 for which mortgage registry tax has been paid.
- 140.10 (d) A contract for the conveyance of any interest in real property, including a
140.11 contract for deed.
- 140.12 (e) A mortgage secured by real property subject to the minerals production tax of
140.13 sections 298.24 to 298.28.
- 140.14 (f) The principal amount of a mortgage loan made under a low and moderate
140.15 income or other affordable housing program, if the mortgagee is a federal, state, or local
140.16 government agency.
- 140.17 (g) Mortgages granted by fraternal benefit societies subject to section 64B.24.
- 140.18 (h) A mortgage amendment or extension, as defined in section 287.01.
- 140.19 (i) An agricultural mortgage if the proceeds of the loan secured by the mortgage are
140.20 used to acquire or improve real property classified under section 273.13, subdivision 23,
140.21 paragraph (a); or (b), ~~clause (1), (2), or (3).~~
- 140.22 (j) A mortgage on an armory building as set forth in section 193.147.

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

140.24 Sec. 2. Minnesota Statutes 2008, section 287.05, is amended by adding a subdivision
140.25 to read:

140.26 Subd. 9. **Modification of mortgage.** If a mortgage, or a document modifying a
140.27 mortgage, contains more than one statement that purports to limit: the enforcement of
140.28 the mortgage to a certain dollar amount; the tax imposed on the mortgage under this
140.29 chapter; or the effect of a modifying document, including but not limited to the statements

140.30 authorized in subdivisions 1, 1a, and 8, then the tax must be imposed based on the
 140.31 combined effect, if any, of all the statements.

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

140.33 Sec. 3. Minnesota Statutes 2008, section 287.22, is amended to read:

141.1 **287.22 EXEMPTIONS.**

141.2 The tax imposed by section 287.21 does not apply to:

141.3 (1) an executory contract for the sale of real property under which the purchaser is
 141.4 entitled to or does take possession of the real property, or any assignment or cancellation
 141.5 of the contract;

141.6 (2) a mortgage or an amendment, assignment, extension, partial release, or
 141.7 satisfaction of a mortgage;

141.8 (3) a will;

141.9 (4) a plat;

141.10 (5) a lease, amendment of lease, assignment of lease, or memorandum of lease;

141.11 (6) a deed, instrument, or writing in which the United States or any agency or
 141.12 instrumentality thereof is the grantor, assignor, transferor, conveyor, grantee, or assignee;

141.13 (7) a deed for a cemetery lot or lots;

141.14 (8) a deed of distribution by a personal representative;

141.15 (9) a deed to or from a co-owner partitioning their undivided interest in the same
 141.16 piece of real property;

141.17 (10) a deed or other instrument of conveyance issued pursuant to a permanent school
 141.18 fund land exchange under section 92.121 and related laws;

141.19 (11) a referee's or sheriff's certificate of sale in a mortgage or lien foreclosure sale;

141.20 (12) a referee's, sheriff's, or certificate holder's certificate of redemption from a
 141.21 mortgage or lien foreclosure sale issued under section 580.23 or other statute applicable to
 141.22 redemption by an owner of real property;

141.23 (13) a deed, instrument, or writing which grants, creates, modifies, or terminates
 141.24 an easement;

141.25 (14) a decree of marriage dissolution, as defined in section 287.01, subdivision 4,
 141.26 or a deed or other instrument between the parties to the dissolution made pursuant to the
 141.27 terms of the decree; and

141.28 (15) a transfer on death deed under section 507.071, and any affidavit or other
 141.29 document to the extent it references a transfer on death deed.

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

141.31 Sec. 4. Minnesota Statutes 2008, section 287.25, is amended to read:

141.32 **287.25 PAYMENT OF TAX, STAMPS.**

141.33 Except for documents filed electronically, ~~the county board shall determine the~~
141.34 ~~method for collection of the tax imposed by section 287.21:~~

142.1 ~~(1) The tax imposed by section 287.21 may be paid by the affixing of a documentary~~
142.2 ~~stamp or stamps in the amount of the tax to the document or instrument with respect to~~
142.3 ~~which the tax is paid, provided that the county board may permit the payment of the~~
142.4 ~~tax without the affixing of the documentary stamps and in such cases shall direct the~~
142.5 ~~treasurer to endorse a receipt for such tax upon the face of the document or instrument.~~
142.6 ~~Documents submitted electronically must have the deed tax data affixed electronically and~~
142.7 ~~the tax paid as provided in section 287.08.~~

142.8 ~~(2)~~ the tax imposed by section 287.21 may must be paid in the manner prescribed by
142.9 section 287.08 relating to payment of mortgage registration tax, and the treasurer must
142.10 endorse a receipt for the tax on the face of the document or instrument.

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

142.12 Sec. 5. Minnesota Statutes 2008, section 295.56, is amended to read:

142.13 **295.56 TRANSFER OF ACCOUNTS RECEIVABLE.**

142.14 When a hospital ~~or~~, surgical center, health care provider, or wholesale drug
142.15 distributor transfers, assigns, or sells accounts receivable to another person who is subject
142.16 to tax under this chapter, liability for the tax on the accounts receivable is imposed on the
142.17 transferee, assignee, or buyer of the accounts receivable. No liability for these accounts
142.18 receivable is imposed on the transferor, assignor, or seller of the accounts receivable.

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

142.20 Sec. 6. Minnesota Statutes 2008, section 295.57, subdivision 5, is amended to read:

142.21 Subd. 5. **Exemption for amounts paid for legend drugs.** If a hospital, surgical
142.22 center, or health care provider cannot determine the actual cost or reimbursement of
142.23 legend drugs under the exemption provided in section 295.53, subdivision 1, paragraph
142.24 (a), clause ~~(6)~~ (5), the following method must be used:

142.25 A hospital, surgical center, or health care provider must determine the amount paid
142.26 for legend drugs used during the month or quarter and multiply that amount by a ratio,
142.27 the numerator of which is the total amount received for taxable patient services, and the
142.28 denominator of which is the total amount received for all patient services, including
142.29 amounts exempt under section 295.53, subdivision 1. The result represents the allowable
142.30 exemption for the monthly or quarterly cost of drugs.

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

142.32 Sec. 7. Minnesota Statutes 2008, section 296A.21, subdivision 1, is amended to read:

143.1 Subdivision 1. **General rules.** (a) The commissioner shall make determinations,
143.2 corrections, assessments, and refunds with respect to taxes and fees under this chapter,
143.3 including interest, additions to taxes, and assessable penalties. Except as otherwise
143.4 provided in this section, the amount of taxes assessable must be assessed within 3-1/2
143.5 years after the date the return is filed. For purposes of this section, a tax return filed before
143.6 the last day prescribed by law for filing is considered to be filed on the last day.

143.7 (b) A claim for a refund of an overpayment of state tax or fees must be filed within
143.8 3-1/2 years from the date prescribed for filing the return, plus any extension of time
143.9 granted for filing the return, but only if filed within the extended time; or the claim must
143.10 be filed within one year from the date of an order assessing tax or fees, or from the date of
143.11 a return filed by the commissioner, upon payment in full of the tax, fees, penalties, and
143.12 interest shown on the order or return, whichever period expires later.

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

143.14 Sec. 8. Minnesota Statutes 2008, section 297E.02, subdivision 4, is amended to read:

143.15 Subd. 4. **Pull-tab and tipboard tax.** (a) A tax is imposed on the sale of each deal
143.16 of pull-tabs and tipboards sold by a distributor. The rate of the tax is 1.7 percent of the
143.17 ideal gross of the pull-tab or tipboard deal. The sales tax imposed by chapter 297A on the
143.18 sale of the pull-tabs and tipboards by the distributor is imposed on the retail sales price
143.19 less the tax imposed by this subdivision. The retail sale of pull-tabs or tipboards by the
143.20 organization is exempt from taxes imposed by chapter 297A and is exempt from all local
143.21 taxes and license fees except a fee authorized under section 349.16, subdivision 8.

143.22 (b) The liability for the tax imposed by this section is incurred when the pull-tabs
143.23 and tipboards are delivered by the distributor to the customer or to a common or contract
143.24 carrier for delivery to the customer, or when received by the customer's authorized
143.25 representative at the distributor's place of business, regardless of the distributor's method
143.26 of accounting or the terms of the sale.

143.27 The tax imposed by this subdivision is imposed on all sales of pull-tabs and
143.28 tipboards, except the following:

143.29 (1) sales to the governing body of an Indian tribal organization for use on an Indian
143.30 reservation;

143.31 (2) sales to distributors licensed under the laws of another state or of a province of
 143.32 Canada, as long as all statutory and regulatory requirements are met in the other state or
 143.33 province;

143.34 (3) sales of promotional tickets as defined in section 349.12; and

144.1 (4) pull-tabs and tipboards sold to an organization that sells pull-tabs and tipboards
 144.2 under the exemption from licensing in section 349.166, subdivision 2. A distributor shall
 144.3 require an organization conducting exempt gambling to show proof of its exempt status
 144.4 before making a tax-exempt sale of pull-tabs or tipboards to the organization. A distributor
 144.5 shall identify, on all reports submitted to the commissioner, all sales of pull-tabs and
 144.6 tipboards that are exempt from tax under this subdivision.

144.7 (c) A distributor having a liability of ~~\$120,000~~ \$10,000 or more during a fiscal year
 144.8 ending June 30 must remit all liabilities in the subsequent calendar year by electronic
 144.9 means.

144.10 (d) Any customer who purchases deals of pull-tabs or tipboards from a distributor
 144.11 may file an annual claim for a refund or credit of taxes paid pursuant to this subdivision
 144.12 for unsold pull-tab and tipboard tickets. The claim must be filed with the commissioner on
 144.13 a form prescribed by the commissioner by March 20 of the year following the calendar
 144.14 year for which the refund is claimed. The refund must be filed as part of the customer's
 144.15 February monthly return. The refund or credit is equal to 1.7 percent of the face value
 144.16 of the unsold pull-tab or tipboard tickets, provided that the refund or credit will be 1.75
 144.17 percent of the face value of the unsold pull-tab or tipboard tickets for claims for a refund
 144.18 or credit of taxes filed on the February 2001 monthly return. The refund claimed will be
 144.19 applied as a credit against tax owing under this chapter on the February monthly return. If
 144.20 the refund claimed exceeds the tax owing on the February monthly return, that amount
 144.21 will be refunded. The amount refunded will bear interest pursuant to section 270C.405
 144.22 from 90 days after the claim is filed.

144.23 **EFFECTIVE DATE.** This section is effective for payments due in calendar year
 144.24 2010 and thereafter, based upon liabilities incurred in the fiscal year ending June 30,
 144.25 2009, and in fiscal years thereafter.

144.26 Sec. 9. Minnesota Statutes 2008, section 297E.06, is amended by adding a subdivision
 144.27 to read:

144.28 **Subd. 1a. Required signatures.** The gambling manager and the chief executive
 144.29 officer of the organization, or their respective designees, and the person who completed
 144.30 the tax return must sign the tax return. The organization shall inform the commissioner of

144.31 revenue in writing of the identity of the designees as soon as practicable in the form and
144.32 manner prescribed by the commissioner.

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

144.34 Sec. 10. Minnesota Statutes 2008, section 297E.11, subdivision 1, is amended to read:

145.1 Subdivision 1. **General rule.** Except as otherwise provided in this chapter, the
145.2 amount of taxes assessable must be assessed within 3-1/2 years after the return is filed,
145.3 whether or not the return is filed on or after the date prescribed. A return must not be
145.4 treated as filed until it is in processible form. A return is in processible form if it is filed
145.5 on a permitted form and contains sufficient data to identify the taxpayer and permit the
145.6 mathematical verification of the tax liability shown on the return. For purposes of this
145.7 section, a tax return filed before the last day prescribed by law for filing is considered to
145.8 be filed on the last day.

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

145.10 Sec. 11. Minnesota Statutes 2008, section 297F.09, subdivision 7, is amended to read:

145.11 Subd. 7. **Electronic payment.** A cigarette or tobacco products distributor having a
145.12 liability of ~~\$120,000~~ \$10,000 or more during a fiscal year ending June 30 must remit all
145.13 liabilities in the subsequent calendar year by electronic means.

145.14 **EFFECTIVE DATE.** This section is effective for payments due in calendar year
145.15 2010 and thereafter, based upon liabilities incurred in the fiscal year ending June 30,
145.16 2009, and in fiscal years thereafter.

145.17 Sec. 12. Minnesota Statutes 2008, section 297G.09, subdivision 6, is amended to read:

145.18 Subd. 6. **Electronic payments.** A licensed brewer, importer, or wholesaler having
145.19 an excise tax liability of ~~\$120,000~~ \$10,000 or more during a fiscal year ending June 30
145.20 must remit all excise tax liabilities in the subsequent calendar year by electronic means.

145.21 **EFFECTIVE DATE.** This section is effective for payments due in calendar year
145.22 2010 and thereafter, based upon liabilities incurred in the fiscal year ending June 30,
145.23 2009, and in fiscal years thereafter.

145.24 Sec. 13. Minnesota Statutes 2008, section 297I.30, is amended by adding a subdivision
145.25 to read:

145.26 Subd. 9. **Extensions for filing returns.** When, in the commissioner's judgment,
145.27 good cause exists, the commissioner may extend the time for filing returns for not more
145.28 than six months.

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

145.30 Sec. 14. Minnesota Statutes 2008, section 297I.35, subdivision 2, is amended to read:

145.31 Subd. 2. **Electronic payments.** If the aggregate amount of tax and surcharges
145.32 due under this chapter during a calendar year is equal to or exceeds ~~\$120,000~~ \$10,000,
146.1 or if the taxpayer is required to make payment of any other tax to the commissioner by
146.2 electronic means, then all tax and surcharge payments in the subsequent calendar year
146.3 must be paid by electronic means.

146.4 **EFFECTIVE DATE.** This section is effective for payments due in calendar year
146.5 2010 and thereafter, based upon liabilities incurred in the fiscal year ending June 30,
146.6 2009, and in fiscal years thereafter.

146.7 Sec. 15. Minnesota Statutes 2008, section 298.28, subdivision 11, is amended to read:

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

146.17 (b) There shall be distributed to each city, town, and county the amount that it
146.18 received under section 294.26 in calendar year 1977; provided, however, that the amount
146.19 distributed in 1981 to the unorganized territory number 2 of Lake County and the town
146.20 of Beaver Bay based on the between-terminal trackage of Erie Mining Company will be
146.21 distributed in 1982 and subsequent years to the unorganized territory number 2 of Lake
146.22 County and the towns of Beaver Bay and Stony River based on the miles of track of Erie
146.23 Mining Company in each taxing district.

146.24 (c) There shall be distributed to the Iron Range Resources and Rehabilitation Board
146.25 the amounts it received in 1977 under section 298.22. The amount distributed under
146.26 this paragraph shall be expended within or for the benefit of the taconite assistance area
146.27 defined in section 273.1341.

146.28 (d) There shall be distributed to each school district 62 percent of the amount that it
146.29 received under section 294.26 in calendar year 1977.

146.30 ~~(c) In 2003 only, \$100,000 must be distributed to a township located in a taconite~~
 146.31 ~~tax relief area as defined in section 273.134, paragraph (a), that received \$119,259 of~~
 146.32 ~~homestead and agricultural credit aid and \$182,014 in local government aid in 2001.~~

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

146.34 Sec. 16. Minnesota Statutes 2008, section 473.843, subdivision 3, is amended to read:

147.1 Subd. 3. **Payment of fee.** On or before the 20th day of each month each operator
 147.2 shall pay the fee due under this section for the previous month, using a form provided
 147.3 by the commissioner of revenue.

147.4 An operator having a fee of ~~\$120,000~~ \$10,000 or more during a fiscal year ending
 147.5 June 30 must pay all fees in the subsequent calendar year by electronic means.

147.6 **EFFECTIVE DATE.** This section is effective for payments due in calendar year
 147.7 2010 and thereafter, based upon liabilities incurred in the fiscal year ending June 30,
 147.8 2009, and in fiscal years thereafter.

147.9 Sec. 17. **REPEALER.**

147.10 Minnesota Statutes 2008, sections 287.26; 287.27, subdivision 1; and 298.28,
 147.11 subdivisions 11a and 13, are repealed.

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

147.13 **ARTICLE 10**

147.14 **DEPARTMENT PROPERTY TAXES AND AIDS**

147.15 Section 1. Minnesota Statutes 2008, section 273.1115, subdivision 2, is amended to
 147.16 read:

147.17 Subd. 2. **Requirement.** Real estate is entitled to valuation under this section only if
 147.18 all of the following requirements are met:

147.19 (1) the property is classified as class 1a, 1b, 2a, or 2b property under section 273.13,
 147.20 subdivisions 22 and 23, or the property is classified as class 2e under section 273.13,
 147.21 subdivision 23, and immediately before being classified as class 2e was classified as
 147.22 class 1a or 1b;

147.23 (2) the property is at least ten contiguous acres, when the application is filed under
 147.24 subdivision 3;

147.25 (3) the owner has filed a completed application for deferment as specified in
 147.26 subdivision 3 with the county assessor in the county in which the property is located;

147.27 (4) there are no delinquent taxes on the property; and

147.28 (5) a covenant on the land restricts its use as provided in subdivision 3, clause (4).

147.29 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
147.30 thereafter.

147.31 Sec. 2. Minnesota Statutes 2008, section 273.1231, subdivision 8, is amended to read:

148.1 Subd. 8. **Utility property.** "Utility property" means property appraised and
148.2 classified for tax purposes by order of the commissioner of revenue under sections 273.33
148.3 to 273.3711.

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

148.5 Sec. 3. Minnesota Statutes 2008, section 273.124, subdivision 3, is amended to read:

148.6 Subd. 3. **Cooperatives and charitable corporations; homestead and other**
148.7 **property.** (a) When property is owned by a corporation or association organized under
148.8 chapter 308A or 308B, and each person who owns a share or shares in the corporation or
148.9 association is entitled to occupy a building on the property, or a unit within a building
148.10 on the property, the corporation or association may claim homestead treatment for each
148.11 dwelling, or for each unit in the case of a building containing several dwelling units, or for
148.12 the part of the value of the building occupied by a shareholder. Each building or unit must
148.13 be designated by legal description or number. The net tax capacity of each building or
148.14 unit that qualifies for assessment as a homestead under this subdivision must include not
148.15 more than one-half acre of land, if platted, nor more than 80 acres if unplatted. The net
148.16 tax capacity of the property is the sum of the net tax capacities of each of the respective
148.17 buildings or units comprising the property, including the net tax capacity of each unit's
148.18 or building's proportionate share of the land and any common buildings. To qualify for
148.19 the treatment provided by this subdivision, the corporation or association must be wholly
148.20 owned by persons having a right to occupy a building or unit owned by the corporation
148.21 or association. A charitable corporation organized under the laws of Minnesota and not
148.22 otherwise exempt thereunder with no outstanding stock qualifies for homestead treatment
148.23 with respect to member residents of the dwelling units who have purchased and hold
148.24 residential participation warrants entitling them to occupy the units.

148.25 (b) To the extent provided in paragraph (a), a cooperative or corporation organized
148.26 under chapter 308A or 308B may obtain separate assessment and valuation, and separate
148.27 property tax statements for each residential homestead, residential nonhomestead, or for
148.28 each seasonal residential recreational building or unit not used for commercial purposes.
148.29 The appropriate class rates under section 273.13 shall be applicable as if each building or
148.30 unit were a separate tax parcel; provided, however, that the tax parcel which exists at the
148.31 time the cooperative or corporation makes application under this subdivision shall be a

148.32 single parcel for purposes of property taxes or the enforcement and collection thereof,
148.33 other than as provided in paragraph (a) or this paragraph.

149.1 (c) A member of a corporation or association may initially obtain the separate
149.2 assessment and valuation and separate property tax statements, as provided in paragraph
149.3 (b), by applying to the assessor by June 30 of the assessment year.

149.4 (d) When a building, or dwelling units within a building, no longer qualify under
149.5 paragraph (a) or (b), the current owner must notify the assessor within 30 days. Failure to
149.6 notify the assessor within 30 days shall result in the loss of benefits under paragraph (a) or
149.7 (b) for taxes payable in the year that the failure is discovered. For these purposes, "benefits
149.8 under paragraph (a) or (b)" means the difference in the net tax capacity of the building or
149.9 units which no longer qualify as computed under paragraph (a) or (b) and as computed
149.10 under the otherwise applicable law, times the local tax rate applicable to the building for
149.11 that taxes payable year. Upon discovery of a failure to notify, the assessor shall inform the
149.12 auditor of the difference in net tax capacity for the building or buildings in which units no
149.13 longer qualify, and the auditor shall calculate the benefits under paragraph (a) or (b). Such
149.14 amount, plus a penalty equal to 100 percent of that amount, shall then be demanded of the
149.15 building's owner. The property owner may appeal the county's determination by serving
149.16 copies of a petition for review with county officials as provided in section 278.01 and
149.17 filing a proof of service as provided in section 278.01 with the Minnesota Tax Court within
149.18 60 days of the date of the notice from the county. The appeal shall be governed by the Tax
149.19 Court procedures provided in chapter 271, for cases relating to the tax laws as defined in
149.20 section 271.01, subdivision 5; disregarding sections 273.125, subdivision 5, and 278.03,
149.21 but including section 278.05, subdivision 2. If the amount of the benefits under paragraph
149.22 (a) or (b) and penalty are not paid within 60 days, and if no appeal has been filed, the
149.23 county auditor shall certify the amount of the benefit and penalty to the succeeding year's
149.24 tax list to be collected as part of the property taxes on the affected property.

149.25 Sec. 4. Minnesota Statutes 2008, section 273.124, subdivision 3a, is amended to read:

149.26 Subd. 3a. **Manufactured home park cooperative.** When a manufactured home
149.27 park is owned by a corporation or association organized under chapter 308A or 308B,
149.28 and each person who owns a share or shares in the corporation or association is entitled
149.29 to occupy a lot within the park, the corporation or association may claim homestead
149.30 treatment for each lot occupied by a shareholder. Each lot must be designated by legal
149.31 description or number, and each lot is limited to not more than one-half acre of land for
149.32 each homestead. The manufactured home park shall be valued and assessed as if it were
149.33 homestead property within class 1 if all of the following criteria are met:

149.34 (1) the occupant is using the property as a permanent residence;

150.1 (2) the occupant or the cooperative association is paying the ad valorem property
150.2 taxes and any special assessments levied against the land and structure either directly, or
150.3 indirectly through dues to the corporation; and

150.4 (3) the corporation or association organized under chapter 308A or 308B is wholly
150.5 owned by persons having a right to occupy a lot owned by the corporation or association.

150.6 A charitable corporation, organized under the laws of Minnesota with no outstanding
150.7 stock, and granted a ruling by the Internal Revenue Service for 501(c)(3) tax-exempt
150.8 status, qualifies for homestead treatment with respect to member residents of the
150.9 manufactured home park who hold residential participation warrants entitling them to
150.10 occupy a lot in the manufactured home park.

150.11 Sec. 5. Minnesota Statutes 2008, section 273.124, subdivision 21, is amended to read:

150.12 Subd. 21. **Trust property; homestead.** Real or personal property held by a trustee
150.13 under a trust is eligible for classification as homestead property if: the property satisfies
150.14 the requirements of paragraph (a), (b), (c), or (d).

150.15 ~~(1)~~ (a) The grantor or surviving spouse of the grantor of the trust occupies and
150.16 uses the property as a homestead;

150.17 ~~(2)~~ (b) A relative or surviving relative of the grantor who meets the requirements
150.18 of subdivision 1, paragraph (c), in the case of residential real estate; or subdivision 1,
150.19 paragraph (d), in the case of agricultural property, occupies and uses the property as
150.20 a homestead;

150.21 ~~(3)~~ (c) A family farm corporation, joint farm venture, limited liability company, or
150.22 partnership operating a family farm in which the grantor or the grantor's surviving spouse
150.23 is a shareholder, member, or partner rents the property; and, either (1) a shareholder,
150.24 member, or partner of the corporation, joint farm venture, limited liability company, or
150.25 partnership occupies and uses the property as a homestead; or ~~is actively farming~~ (2) the
150.26 property is at least 40 acres, including undivided government lots and correctional 40's, and
150.27 a shareholder, member, or partner of the tenant-entity is actively farming the property on
150.28 behalf of the corporation, joint farm venture, limited liability company, or partnership; or.

150.29 ~~(4)~~ (d) A person who has received homestead classification for property taxes
150.30 payable in 2000 on the basis of an unqualified legal right under the terms of the trust
150.31 agreement to occupy the property as that person's homestead and who continues to use the
150.32 property as a homestead; or, a person who received the homestead classification for taxes
150.33 payable in 2005 under ~~clause (3)~~ paragraph (c) who does not qualify under ~~clause (3)~~

150.34 paragraph (c) for taxes payable in 2006 or thereafter but who continues to qualify under
150.35 ~~clause (3)~~ paragraph (c) as it existed for taxes payable in 2005.

151.1 For purposes of this subdivision, "grantor" is defined as the person creating or
151.2 establishing a testamentary, inter Vivos, revocable or irrevocable trust by written
151.3 instrument or through the exercise of a power of appointment.

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

151.5 Sec. 6. Minnesota Statutes 2008, section 273.13, subdivision 23, is amended to read:

151.6 Subd. 23. **Class 2.** (a) An agricultural homestead consists of class 2a agricultural
151.7 land that is homesteaded, along with any class 2b rural vacant land that is contiguous to
151.8 the class 2a land under the same ownership. The market value of the house and garage
151.9 and immediately surrounding one acre of land has the same class rates as class 1a or 1b
151.10 property under subdivision 22. The value of the remaining land including improvements
151.11 up to the first tier valuation limit of agricultural homestead property has a net class rate
151.12 of 0.5 percent of market value. The remaining property over the first tier has a class rate
151.13 of one percent of market value. For purposes of this subdivision, the "first tier valuation
151.14 limit of agricultural homestead property" and "first tier" means the limit certified under
151.15 section 273.11, subdivision 23.

151.16 (b) Class 2a agricultural land consists of parcels of property, or portions thereof, that
151.17 are agricultural land and buildings. Class 2a property has a net class rate of one percent of
151.18 market value, unless it is part of an agricultural homestead under paragraph (a). Class 2a
151.19 property may contain property that would otherwise be classified as 2b, including but not
151.20 limited to sloughs, wooded wind shelters, acreage abutting ditches, and other similar land
151.21 impractical for the assessor to value separately from the rest of the property.

151.22 An assessor may classify the part of a parcel described in this subdivision that is used
151.23 for agricultural purposes as class 2a and the remainder in the class appropriate to its use.

151.24 (c) Class 2b rural vacant land consists of parcels of property, or portions thereof,
151.25 that are unplatted real estate, rural in character and not used for agricultural purposes,
151.26 including land used for growing trees for timber, lumber, and wood and wood products,
151.27 that is not improved with a structure. The presence of a minor, ancillary nonresidential
151.28 structure as defined by the commissioner of revenue does not disqualify the property from
151.29 classification under this paragraph. Any parcel of 20 acres or more improved with a
151.30 structure that is not a minor, ancillary nonresidential structure must be split-classified, and
151.31 ten acres must be assigned to the split parcel containing the structure. Class 2b property
151.32 has a net class rate of one percent of market value unless it is part of an agricultural
151.33 homestead under paragraph (a), or qualifies as class 2c under paragraph (d).

151.34 (d) Class 2c managed forest land consists of no less than 20 and no more than 1,920
151.35 acres statewide per taxpayer that is being managed under a forest management plan that
152.1 meets the requirements of chapter 290C, but is not enrolled in the sustainable forest
152.2 resource management incentive program. It has a class rate of .65 percent, provided
152.3 that the owner of the property must apply to the assessor ~~to receive the reduced class in~~
152.4 order for the property to initially qualify for the reduced rate and provide the information
152.5 required by the assessor to verify that the property qualifies for the reduced rate. If the
152.6 assessor receives the application and information before May 1 in an assessment year,
152.7 the property qualifies beginning with that assessment year. If the assessor receives the
152.8 application and information after April 30 in an assessment year, the property may not
152.9 qualify until the next assessment year. The commissioner of natural resources must concur
152.10 that the land is qualified. The commissioner of natural resources shall annually provide
152.11 county assessors verification information on a timely basis. The presence of a minor,
152.12 ancillary nonresidential structure as defined by the commissioner of revenue does not
152.13 disqualify the property from classification under this paragraph.

152.14 (e) Agricultural land as used in this section means contiguous acreage of ten
152.15 acres or more, used during the preceding year for agricultural purposes. "Agricultural
152.16 purposes" as used in this section means the raising, cultivation, drying, or storage of
152.17 agricultural products for sale, or the storage of machinery or equipment used in support
152.18 of agricultural production by the same farm entity. For a property to be classified as
152.19 agricultural based only on the drying or storage of agricultural products, the products
152.20 being dried or stored must have been produced by the same farm entity as the entity
152.21 operating the drying or storage facility. "Agricultural purposes" also includes enrollment
152.22 in the Reinvest in Minnesota program under sections 103F.501 to 103F.535 or the federal
152.23 Conservation Reserve Program as contained in Public Law 99-198 or a similar state
152.24 or federal conservation program if the property was classified as agricultural (i) under
152.25 this subdivision for the assessment year 2002 or (ii) in the year prior to its enrollment.
152.26 Agricultural classification shall not be based upon the market value of any residential
152.27 structures on the parcel or contiguous parcels under the same ownership.

152.28 (f) Real estate of less than ten acres, which is exclusively or intensively used for
152.29 raising or cultivating agricultural products, shall be considered as agricultural land. To
152.30 qualify under this paragraph, property that includes a residential structure must be used
152.31 intensively for one of the following purposes:

152.32 (i) for drying or storage of grain or storage of machinery or equipment used to
152.33 support agricultural activities on other parcels of property operated by the same farming
152.34 entity;

152.35 (ii) as a nursery, provided that only those acres used to produce nursery stock are
152.36 considered agricultural land;

153.1 (iii) for livestock or poultry confinement, provided that land that is used only for
153.2 pasturing and grazing does not qualify; or

153.3 (iv) for market farming; for purposes of this paragraph, "market farming" means the
153.4 cultivation of one or more fruits or vegetables or production of animal or other agricultural
153.5 products for sale to local markets by the farmer or an organization with which the farmer
153.6 is affiliated.

153.7 (g) Land shall be classified as agricultural even if all or a portion of the agricultural
153.8 use of that property is the leasing to, or use by another person for agricultural purposes.

153.9 Classification under this subdivision is not determinative for qualifying under
153.10 section 273.111.

153.11 (h) The property classification under this section supersedes, for property tax
153.12 purposes only, any locally administered agricultural policies or land use restrictions that
153.13 define minimum or maximum farm acreage.

153.14 (i) The term "agricultural products" as used in this subdivision includes production
153.15 for sale of:

153.16 (1) livestock, dairy animals, dairy products, poultry and poultry products, fur-bearing
153.17 animals, horticultural and nursery stock, fruit of all kinds, vegetables, forage, grains,
153.18 bees, and apiary products by the owner;

153.19 (2) fish bred for sale and consumption if the fish breeding occurs on land zoned
153.20 for agricultural use;

153.21 (3) the commercial boarding of horses if the boarding is done in conjunction with
153.22 raising or cultivating agricultural products as defined in clause (1);

153.23 (4) property which is owned and operated by nonprofit organizations used for
153.24 equestrian activities, excluding racing;

153.25 (5) game birds and waterfowl bred and raised for use on a shooting preserve licensed
153.26 under section 97A.115;

153.27 (6) insects primarily bred to be used as food for animals;

153.28 (7) trees, grown for sale as a crop, including short rotation woody crops, and not
153.29 sold for timber, lumber, wood, or wood products; and

153.30 (8) maple syrup taken from trees grown by a person licensed by the Minnesota
153.31 Department of Agriculture under chapter 28A as a food processor.

153.32 (j) If a parcel used for agricultural purposes is also used for commercial or industrial
153.33 purposes, including but not limited to:

153.34 (1) wholesale and retail sales;

153.35 (2) processing of raw agricultural products or other goods;
 153.36 (3) warehousing or storage of processed goods; and
 154.1 (4) office facilities for the support of the activities enumerated in clauses (1), (2),
 154.2 and (3),
 154.3 the assessor shall classify the part of the parcel used for agricultural purposes as class
 154.4 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its
 154.5 use. The grading, sorting, and packaging of raw agricultural products for first sale is
 154.6 considered an agricultural purpose. A greenhouse or other building where horticultural
 154.7 or nursery products are grown that is also used for the conduct of retail sales must be
 154.8 classified as agricultural if it is primarily used for the growing of horticultural or nursery
 154.9 products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of
 154.10 those products. Use of a greenhouse or building only for the display of already grown
 154.11 horticultural or nursery products does not qualify as an agricultural purpose.

154.12 (k) The assessor shall determine and list separately on the records the market value
 154.13 of the homestead dwelling and the one acre of land on which that dwelling is located. If
 154.14 any farm buildings or structures are located on this homesteaded acre of land, their market
 154.15 value shall not be included in this separate determination.

154.16 ~~(k)~~ (l) Class 2d airport landing area consists of a landing area or public access area
 154.17 of a privately owned public use airport. It has a class rate of one percent of market value.
 154.18 To qualify for classification under this paragraph, a privately owned public use airport
 154.19 must be licensed as a public airport under section 360.018. For purposes of this paragraph,
 154.20 "landing area" means that part of a privately owned public use airport properly cleared,
 154.21 regularly maintained, and made available to the public for use by aircraft and includes
 154.22 runways, taxiways, aprons, and sites upon which are situated landing or navigational aids.
 154.23 A landing area also includes land underlying both the primary surface and the approach
 154.24 surfaces that comply with all of the following:

154.25 (i) the land is properly cleared and regularly maintained for the primary purposes of
 154.26 the landing, taking off, and taxiing of aircraft; but that portion of the land that contains
 154.27 facilities for servicing, repair, or maintenance of aircraft is not included as a landing area;

154.28 (ii) the land is part of the airport property; and

154.29 (iii) the land is not used for commercial or residential purposes.

154.30 The land contained in a landing area under this paragraph must be described and certified
 154.31 by the commissioner of transportation. The certification is effective until it is modified,
 154.32 or until the airport or landing area no longer meets the requirements of this paragraph.

154.33 For purposes of this paragraph, "public access area" means property used as an aircraft

154.34 parking ramp, apron, or storage hangar, or an arrival and departure building in connection
154.35 with the airport.

155.1 ~~(m)~~ (m) Class 2e consists of land with a commercial aggregate deposit that is not
155.2 actively being mined and is not otherwise classified as class 2a or 2b, provided that the
155.3 land is not located in a county that has elected to opt-out of the aggregate preservation
155.4 program as provided in section 273.1115, subdivision 6. It has a class rate of one percent
155.5 of market value. To qualify for classification under this paragraph, the property must be
155.6 at least ten contiguous acres in size and the owner of the property must record with the
155.7 county recorder of the county in which the property is located an affidavit containing:

155.8 (1) a legal description of the property;

155.9 (2) a disclosure that the property contains a commercial aggregate deposit that is not
155.10 actively being mined but is present on the entire parcel enrolled;

155.11 (3) documentation that the conditional use under the county or local zoning
155.12 ordinance of this property is for mining; and

155.13 (4) documentation that a permit has been issued by the local unit of government
155.14 or the mining activity is allowed under local ordinance. The disclosure must include a
155.15 statement from a registered professional geologist, engineer, or soil scientist delineating
155.16 the deposit and certifying that it is a commercial aggregate deposit.

155.17 For purposes of this section and section 273.1115, "commercial aggregate deposit"
155.18 means a deposit that will yield crushed stone or sand and gravel that is suitable for use
155.19 as a construction aggregate; and "actively mined" means the removal of top soil and
155.20 overburden in preparation for excavation or excavation of a commercial deposit.

155.21 ~~(m)~~ (n) When any portion of the property under this subdivision or subdivision 22
155.22 begins to be actively mined, the owner must file a supplemental affidavit within 60 days
155.23 from the day any aggregate is removed stating the number of acres of the property that is
155.24 actively being mined. The acres actively being mined must be (1) valued and classified
155.25 under subdivision 24 in the next subsequent assessment year, and (2) removed from the
155.26 aggregate resource preservation property tax program under section 273.1115, if the
155.27 land was enrolled in that program. Copies of the original affidavit and all supplemental
155.28 affidavits must be filed with the county assessor, the local zoning administrator, and the
155.29 Department of Natural Resources, Division of Land and Minerals. A supplemental
155.30 affidavit must be filed each time a subsequent portion of the property is actively mined,
155.31 provided that the minimum acreage change is five acres, even if the actual mining activity
155.32 constitutes less than five acres.

155.33 (o) The definitions prescribed by the commissioner under paragraphs (c) and (d) are
 155.34 not rules, are exempt from the rulemaking provisions of chapter 14, and the provisions
 155.35 in section 14.386 concerning exempt rules do not apply.

155.36 **EFFECTIVE DATE.** The section is effective the day following final enactment.

156.1 Sec. 7. Minnesota Statutes 2008, section 273.13, subdivision 25, is amended to read:

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

156.9 (b) Class 4b includes:

156.10 (1) residential real estate containing less than four units that does not qualify as class
 156.11 4bb, other than seasonal residential recreational property;

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

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

156.15 (4) unimproved property that is classified residential as determined under subdivision
 156.16 33.

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

156.18 (c) Class 4bb includes:

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

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

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

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

156.27 (d) Class 4c property includes:

156.28 (1) except as provided in subdivision 22, paragraph (c), ~~or subdivision 23, paragraph~~
 156.29 ~~(b), clause (1)~~; real and personal property devoted to temporary and seasonal residential
 156.30 occupancy for recreation purposes, including real and personal property devoted to
 156.31 temporary and seasonal residential occupancy for recreation purposes and not devoted to

156.32 commercial purposes for more than 250 days in the year preceding the year of assessment.
156.33 For purposes of this clause, property is devoted to a commercial purpose on a specific
156.34 day if any portion of the property is used for residential occupancy, and a fee is charged
156.35 for residential occupancy. Class 4c property under this clause must contain three or
156.36 more rental units. A "rental unit" is defined as a cabin, condominium, townhouse,
157.1 sleeping room, or individual camping site equipped with water and electrical hookups
157.2 for recreational vehicles. Class 4c property under this clause must provide recreational
157.3 activities such as renting ice fishing houses, boats and motors, snowmobiles, downhill or
157.4 cross-country ski equipment; provide marina services, launch services, or guide services;
157.5 or sell bait and fishing tackle. A camping pad offered for rent by a property that otherwise
157.6 qualifies for class 4c under this clause is also class 4c under this clause regardless of the
157.7 term of the rental agreement, as long as the use of the camping pad does not exceed 250
157.8 days. In order for a property to be classified as class 4c, seasonal residential recreational
157.9 for commercial purposes under this clause, at least 40 percent of the annual gross lodging
157.10 receipts related to the property must be from business conducted during 90 consecutive
157.11 days and either (i) at least 60 percent of all paid bookings by lodging guests during the
157.12 year must be for periods of at least two consecutive nights; or (ii) at least 20 percent
157.13 of the annual gross receipts must be from charges for rental of fish houses, boats and
157.14 motors, snowmobiles, downhill or cross-country ski equipment, or charges for marina
157.15 services, launch services, and guide services, or the sale of bait and fishing tackle. For
157.16 purposes of this determination, a paid booking of five or more nights shall be counted as
157.17 two bookings. Class 4c property classified under this clause also includes commercial
157.18 use real property used exclusively for recreational purposes in conjunction with other
157.19 class 4c property classified under this clause and devoted to temporary and seasonal
157.20 residential occupancy for recreational purposes, up to a total of two acres, provided the
157.21 property is not devoted to commercial recreational use for more than 250 days in the year
157.22 preceding the year of assessment and is located within two miles of the class 4c property
157.23 with which it is used. Owners of real and personal property devoted to temporary and
157.24 seasonal residential occupancy for recreation purposes and all or a portion of which was
157.25 devoted to commercial purposes for not more than 250 days in the year preceding the
157.26 year of assessment desiring classification as class 4c, must submit a declaration to the
157.27 assessor designating the cabins or units occupied for 250 days or less in the year preceding
157.28 the year of assessment by January 15 of the assessment year. Those cabins or units and
157.29 a proportionate share of the land on which they are located must be designated class
157.30 4c under this clause as otherwise provided. The remainder of the cabins or units and a
157.31 proportionate share of the land on which they are located will be designated as class 3a.

157.32 The owner of property desiring designation as class 4c property under this clause must
157.33 provide guest registers or other records demonstrating that the units for which class 4c
157.34 designation is sought were not occupied for more than 250 days in the year preceding the
157.35 assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar,
157.36 (3) gift shop, (4) conference center or meeting room, and (5) other nonresidential facility
158.1 operated on a commercial basis not directly related to temporary and seasonal residential
158.2 occupancy for recreation purposes does not qualify for class 4c;

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

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

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

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

158.11 (3) real property up to a maximum of three acres of land owned and used by a
158.12 nonprofit community service oriented organization and ~~that is~~ not used for residential
158.13 purposes on either a temporary or permanent basis, ~~qualifies for class 4c~~ provided that
158.14 ~~it meets either of the following:~~

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

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

158.21 For purposes of this clause,

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

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

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

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

159.1 Any portion of the property not qualifying under either item (i) ~~which is used for~~
159.2 ~~revenue-producing activities for more than six days in the calendar year preceding the~~
159.3 ~~year of assessment shall be assessed as~~ or (ii) is class 3a. The use of the property for social
159.4 events open exclusively to members and their guests for periods of less than 24 hours,
159.5 when an admission is not charged nor any revenues are received by the organization shall
159.6 not be considered a revenue-producing activity.

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

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

159.17 (5) manufactured home parks as defined in section 327.14, subdivision 3;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

160.14 (10) real property up to a maximum of three acres and operated as a restaurant
160.15 as defined under section 157.15, subdivision 12, provided it: (A) is located on a lake
160.16 as defined under section 103G.005, subdivision 15, paragraph (a), clause (3); and (B)
160.17 is either devoted to commercial purposes for not more than 250 consecutive days, or
160.18 receives at least 60 percent of its annual gross receipts from business conducted during
160.19 four consecutive months. Gross receipts from the sale of alcoholic beverages must be
160.20 included in determining the property's qualification under subitem (B). The property's
160.21 primary business must be as a restaurant and not as a bar. Gross receipts from gift shop
160.22 sales located on the premises must be excluded. Owners of real property desiring 4c
160.23 classification under this clause must submit an annual declaration to the assessor by
160.24 February 1 of the current assessment year, based on the property's relevant information for
160.25 the preceding assessment year.

160.26 Class 4c property has a class rate of 1.5 percent of market value, except that (i) each
160.27 parcel of seasonal residential recreational property not used for commercial purposes has
160.28 the same class rates as class 4bb property, (ii) manufactured home parks assessed under
160.29 clause (5) have the same class rate as class 4b property, (iii) commercial-use seasonal
160.30 residential recreational property has a class rate of one percent for the first \$500,000 of

160.31 market value, and 1.25 percent for the remaining market value, (iv) the market value of
 160.32 property described in clause (4) has a class rate of one percent, (v) the market value of
 160.33 property described in clauses (2), (6), and (10) has a class rate of 1.25 percent, and (vi)
 160.34 that portion of the market value of property in clause (9) qualifying for class 4c property
 160.35 has a class rate of 1.25 percent.

161.1 (e) Class 4d property is qualifying low-income rental housing certified to the assessor
 161.2 by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion
 161.3 of the units in the building qualify as low-income rental housing units as certified under
 161.4 section 273.128, subdivision 3, only the proportion of qualifying units to the total number
 161.5 of units in the building qualify for class 4d. The remaining portion of the building shall be
 161.6 classified by the assessor based upon its use. Class 4d also includes the same proportion of
 161.7 land as the qualifying low-income rental housing units are to the total units in the building.
 161.8 For all properties qualifying as class 4d, the market value determined by the assessor must
 161.9 be based on the normal approach to value using normal unrestricted rents.

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

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

161.12 Sec. 8. Minnesota Statutes 2008, section 273.13, subdivision 33, is amended to read:

161.13 Subd. 33. **Classification of unimproved property.** (a) All real property that is not
 161.14 improved with a structure must be classified according to its current use.

161.15 (b) Except as provided in subdivision 23, paragraph (c) or (d), real property that is
 161.16 not improved with a structure and for which there is no identifiable current use must be
 161.17 classified according to its highest and best use permitted under the local zoning ordinance.
 161.18 If the ordinance permits more than one use, the land must be classified according to the
 161.19 highest and best use permitted under the ordinance. If no such ordinance exists, the
 161.20 assessor shall consider the most likely potential use of the unimproved land based upon
 161.21 the use made of surrounding land or land in proximity to the unimproved land.

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

161.23 Sec. 9. Minnesota Statutes 2008, section 273.33, subdivision 2, is amended to read:

161.24 Subd. 2. **Listing and assessment by commissioner.** The personal property,
 161.25 consisting of the pipeline system of mains, pipes, and equipment attached thereto, of
 161.26 pipeline companies and others engaged in the operations or business of transporting natural
 161.27 gas, gasoline, crude oil, or other petroleum products by pipelines, shall be listed with and
 161.28 assessed by the commissioner of revenue and the values provided to the city or county
 161.29 assessor by order. This subdivision shall not apply to the assessment of the products

161.30 transported through the pipelines nor to the lines of local commercial gas companies
 161.31 engaged primarily in the business of distributing gas to consumers at retail nor to pipelines
 161.32 used by the owner thereof to supply natural gas or other petroleum products exclusively
 161.33 for such owner's own consumption and not for resale to others. If more than 85 percent
 161.34 of the natural gas or other petroleum products actually transported over the pipeline is
 162.1 used for the owner's own consumption and not for resale to others, then this subdivision
 162.2 shall not apply; provided, however, that in that event, the pipeline shall be assessed in
 162.3 proportion to the percentage of gas actually transported over such pipeline that is not used
 162.4 for the owner's own consumption. On or before ~~June 30~~ August 1, the commissioner shall
 162.5 certify to the auditor of each county, the amount of such personal property assessment
 162.6 against each company in each district in which such property is located.

162.7 **EFFECTIVE DATE.** This section is effective for assessment year 2009 and
 162.8 thereafter.

162.9 Sec. 10. Minnesota Statutes 2008, section 273.37, subdivision 2, is amended to read:

162.10 Subd. 2. **Listing and assessment by commissioner.** Transmission lines of less
 162.11 than 69 kv, transmission lines of 69 kv and above located in an unorganized township,
 162.12 and distribution lines, and equipment attached thereto, having a fixed situs outside the
 162.13 corporate limits of cities except distribution lines taxed as provided in sections 273.40 and
 162.14 273.41, shall be listed with and assessed by the commissioner of revenue in the county
 162.15 where situated and the values provided to the city or county assessor by order. The
 162.16 commissioner shall assess such property at the percentage of market value fixed by law;
 162.17 and, on or before ~~June 30~~ August 1, shall certify to the auditor of each county in which
 162.18 such property is located the amount of the assessment made against each company and
 162.19 person owning such property.

162.20 **EFFECTIVE DATE.** This section is effective for assessment year 2009 and
 162.21 thereafter.

162.22 Sec. 11. Minnesota Statutes 2008, section 274.13, subdivision 2, is amended to read:

162.23 Subd. 2. **Special board; delegated duties.** The board of equalization for any
 162.24 county may appoint a special board of equalization and may delegate to it the powers and
 162.25 duties in subdivision 1. The special board of equalization shall serve at the direction and
 162.26 discretion of the appointing county board, subject to the restrictions imposed by law on
 162.27 the appointing board. The appointing board may determine the number of members to be
 162.28 appointed to the special board, the compensation and expenses to be paid, and the term of
 162.29 office of each member. At least one member of the special board of equalization must be

162.30 an appraiser, realtor, or other person familiar with property valuations in the county. The
 162.31 county auditor is a nonvoting member and serves as the recorder for the special board.
 162.32 The special board is subject to the quorum requirements for county boards and the training
 162.33 requirements for county boards in section 274.135, subdivision 2.

162.34 **EFFECTIVE DATE.** The section is effective the day following final enactment.

163.1 Sec. 12. Minnesota Statutes 2008, section 274.135, subdivision 3, is amended to read:

163.2 Subd. 3. **Proof of compliance; transfer of duties.** (a) Any county that
 163.3 conducts county boards of appeal and equalization meetings must provide proof to the
 163.4 commissioner by December 1, 2009, and each year thereafter, that it is in compliance
 163.5 with the requirements of subdivision 2. Beginning in 2009, this notice must also verify
 163.6 that there was a quorum of voting members at each meeting of the board of appeal and
 163.7 equalization in the current year. A county that does not comply with these requirements
 163.8 is deemed to have transferred its board of appeal and equalization powers to the special
 163.9 board of equalization appointed pursuant to section 274.13, subdivision 2, beginning
 163.10 with the following year's assessment and continuing unless the powers are reinstated
 163.11 under paragraph (c). A county that does not comply with the requirements of subdivision
 163.12 2 and has not appointed a special board of equalization shall appoint a special board of
 163.13 equalization before the following year's assessment.

163.14 (b) The county shall notify the taxpayers when the board of appeal and equalization
 163.15 for a county has been transferred to the special board of equalization under this subdivision
 163.16 and, prior to the meeting time of the special board of equalization, the county shall make
 163.17 available to those taxpayers a procedure for a review of the assessments, including, but
 163.18 not limited to, open book meetings. This alternate review process must take place in
 163.19 April and May.

163.20 (c) A county board whose powers are transferred to the special board of equalization
 163.21 under this subdivision may be reinstated by resolution of the county board and upon proof
 163.22 of compliance with the requirements of subdivision 2. The resolution and proofs must be
 163.23 provided to the commissioner by December 1 in order to be effective for the following
 163.24 year's assessment.

163.25 (d) If a person who was entitled to appeal to the county board of appeal and
 163.26 equalization or to the county special board of equalization is not able to do so in a
 163.27 particular year because the county board or special board did not meet the quorum and
 163.28 training requirements in this section and section 274.13, or because the special board
 163.29 was not appointed, that person may instead appeal to the commissioner of revenue,
 163.30 provided that the appeal is received by the commissioner prior to August 1. The appeal

163.31 is not subject to either chapter 14 or section 270C.92. The commissioner must issue
 163.32 an appropriate order to the county assessor in response to each timely appeal, either
 163.33 upholding or changing the valuation or classification of the property. Prior to October 1 of
 163.34 each year, the commissioner must charge and bill the county where the property is located
 163.35 \$500 for each tax parcel covered by an order issued under this paragraph in that year.
 163.36 Amounts received by the commissioner under this paragraph must be deposited in the
 164.1 state's general fund. If payment of a billed amount is not received by the commissioner
 164.2 before December 1 of the year when billed, the commissioner must deduct that unpaid
 164.3 amount from any state aid the commissioner would otherwise pay to the county under
 164.4 chapter 477A in the next year. Late payments may either be returned to the county
 164.5 uncashed and undeposited or may be accepted. If a late payment is accepted, the state aid
 164.6 paid to the county under chapter 477A must be adjusted within 12 months to eliminate any
 164.7 reduction that occurred because the payment was late. Amounts needed to make these
 164.8 adjustments are included in the appropriation under section 477A.03, subdivision 2.

164.9 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
 164.10 thereafter.

164.11 Sec. 13. Minnesota Statutes 2008, section 274.14, is amended to read:

164.12 **274.14 LENGTH OF SESSION; RECORD.**

164.13 The board ~~may~~ must meet ~~on any~~ after the second Friday in June on at least one
 164.14 meeting day and may meet for up to ten consecutive meeting days ~~in June, after the~~
 164.15 ~~second Friday in June.~~ The actual meeting dates must be contained on the valuation
 164.16 notices mailed to each property owner in the county as provided in section 273.121. For
 164.17 this purpose, "meeting days" is defined as any day of the week excluding Sunday. At
 164.18 the board's discretion, "meeting days" may include Saturday. No action taken by the
 164.19 county board of review after June 30 is valid, except for corrections permitted in sections
 164.20 273.01 and 274.01. The county auditor shall keep an accurate record of the proceedings
 164.21 and orders of the board. The record must be published like other proceedings of county
 164.22 commissioners. A copy of the published record must be sent to the commissioner of
 164.23 revenue, with the abstract of assessment required by section 274.16.

164.24 For counties that conduct either regular board of review meetings or open book
 164.25 meetings, at least one of the meeting days must include a meeting that does not end
 164.26 before 7:00 p.m. For counties that require taxpayer appointments for the board of review,
 164.27 appointments must include some available times that extend until at least 7:00 p.m. The
 164.28 county may have a Saturday meeting in lieu of, or in addition to, the extended meeting
 164.29 times under this paragraph.

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

164.31 Sec. 14. Minnesota Statutes 2008, section 274.175, is amended to read:

164.32 **274.175 VALUES FINALIZED.**

164.33 The assessments recorded by the county assessor and the county auditor under
 164.34 sections 273.124, subdivision 9; 274.16; 274.17; or other law for real and personal
 165.1 property are final on July 1 of the assessment year, except for property added to the
 165.2 assessment rolls under section 272.02, subdivision 38, and assessments certified to the
 165.3 auditor under sections 273.33, subdivision 2, and 273.37, subdivision 2, or deleted
 165.4 because of tax forfeiture pursuant to chapter 281. No changes in value may be made
 165.5 after July 1 of the assessment year, except for corrections permitted in sections 273.01
 165.6 and 274.01, or assessments certified to the auditor under sections 273.33, subdivision 2,
 165.7 and 273.37, subdivision 2.

165.8 **EFFECTIVE DATE.** This section is effective for assessment year 2009 and
 165.9 thereafter.

165.10 Sec. 15. Minnesota Statutes 2008, section 290C.06, is amended to read:

165.11 **290C.06 CALCULATION OF AVERAGE ESTIMATED MARKET VALUE;**
 165.12 **TIMBERLAND MANAGED FOREST LAND.**

165.13 The commissioner shall annually calculate a statewide average estimated market
 165.14 value per acre for class ~~2b timberland~~ 2c managed forest land under section 273.13,
 165.15 subdivision 23, ~~paragraph (b).~~

165.16 **EFFECTIVE DATE.** This section is effective for calculations made in 2010 and
 165.17 thereafter.

165.18 Sec. 16. Minnesota Statutes 2008, section 290C.07, is amended to read:

165.19 **290C.07 CALCULATION OF INCENTIVE PAYMENT.**

165.20 An approved claimant under the sustainable forest incentive program is eligible to
 165.21 receive an annual payment. The payment shall equal the greater of:

165.22 (1) the difference between the property tax that would be paid on the land using the
 165.23 previous year's statewide average total township tax rate and ~~the~~ a class rate for class 2b
 165.24 ~~timberland under section 273.13, subdivision 23, paragraph (b)~~ of one percent, if the land
 165.25 were valued at (i) the average statewide ~~timberland~~ managed forest land market value per
 165.26 acre calculated under section 290C.06, and (ii) the average statewide ~~timberland~~ managed
 165.27 forest land current use value per acre calculated under section 290C.02, subdivision 5; or

165.28 (2) two-thirds of the property tax amount determined by using the previous
 165.29 year's statewide average total township tax rate, the estimated market value per acre as
 165.30 calculated in section 290C.06, and ~~the a class rate for 2b timberland under section 273.13,~~
 165.31 ~~subdivision 23, paragraph (b) of one percent,~~ provided that the payment shall be no less
 165.32 than \$7 per acre for each acre enrolled in the sustainable forest incentive program.

165.33 **EFFECTIVE DATE.** This section is effective for calculations made in 2010 and
 165.34 thereafter.

166.1 Sec. 17. Minnesota Statutes 2008, section 477A.011, subdivision 34, is amended to
 166.2 read:

166.3 Subd. 34. **City revenue need.** (a) For a city with a population equal to or greater
 166.4 than 2,500, "city revenue need" is the greater of 285 or the sum of (1) 5.0734098 times the
 166.5 pre-1940 housing percentage; plus (2) 19.141678 times the population decline percentage;
 166.6 plus (3) 2504.06334 times the road accidents factor; plus (4) 355.0547; minus (5) the
 166.7 metropolitan area factor; minus (6) 49.10638 times the household size.

166.8 (b) For a city with a population less than 2,500, "city revenue need" is the sum of
 166.9 (1) 2.387 times the pre-1940 housing percentage; plus (2) 2.67591 times the commercial
 166.10 industrial percentage; plus (3) 3.16042 times the population decline percentage; plus (4)
 166.11 1.206 times the transformed population; minus (5) 62.772.

166.12 (c) For a city with a population of 2,500 or more and a population in one of the most
 166.13 recently available five years that was less than 2,500, "city revenue need" is the sum of (1)
 166.14 its city revenue need calculated under paragraph (a) multiplied by its transition factor;
 166.15 plus (2) its city revenue need calculated under the formula in paragraph (b) multiplied
 166.16 by the difference between one and its transition factor. For purposes of this paragraph, a
 166.17 city's "transition factor" is equal to 0.2 multiplied by the number of years that the city's
 166.18 population estimate has been 2,500 or more. This provision only applies for aids payable
 166.19 in calendar years 2006 to 2008 to cities with a 2002 population of less than 2,500. It
 166.20 applies to any city for aids payable in 2009 and thereafter. ~~The city revenue need under~~
 166.21 ~~this paragraph may not be less than 285.~~

166.22 (d) The city revenue need cannot be less than zero.

166.23 (e) For calendar year 2005 and subsequent years, the city revenue need for a city,
 166.24 as determined in paragraphs (a) to (d), is multiplied by the ratio of the annual implicit
 166.25 price deflator for government consumption expenditures and gross investment for state
 166.26 and local governments as prepared by the United States Department of Commerce, for
 166.27 the most recently available year to the 2003 implicit price deflator for state and local
 166.28 government purchases.

166.29 **EFFECTIVE DATE.** This section is effective for aids payable in 2009 and
166.30 thereafter.

166.31 Sec. 18. Minnesota Statutes 2008, section 477A.011, subdivision 42, is amended to
166.32 read:

166.33 Subd. 42. **City jobs base.** (a) "City jobs base" for a city with a population of 5,000 or
166.34 more is equal to the product of (1) \$25.20, (2) the number of jobs per capita in the city, and
166.35 (3) its population. For cities with a population less than 5,000, the city jobs base is equal
167.1 to zero. For a city receiving aid under subdivision 36, paragraph ~~(j)~~ (k), its city jobs base
167.2 is reduced by the lesser of 36 percent of the amount of aid received under that paragraph
167.3 or \$1,000,000. No city's city jobs base may exceed \$4,725,000 under this paragraph.

167.4 (b) For calendar year 2010 and subsequent years, the city jobs base for a city, as
167.5 determined in paragraph (a), is multiplied by the ratio of the appropriation under section
167.6 477A.03, subdivision 2a, for the year in which the aid is paid to the appropriation under
167.7 that section for aids payable in 2009.

167.8 (c) For purposes of this subdivision, "jobs per capita in the city" means (1) the
167.9 average annual number of employees in the city based on the data from the Quarterly
167.10 Census of Employment and Wages, as reported by the Department of Employment and
167.11 Economic Development, for the most recent calendar year available as of May 1, 2008,
167.12 divided by (2) the city's population for the same calendar year as the employment data.
167.13 The commissioner of the Department of Employment and Economic Development shall
167.14 certify to the city the average annual number of employees for each city by June 1, 2008.
167.15 A city may challenge an estimate under this paragraph by filing its specific objection,
167.16 including the names of employers that it feels may have misreported data, in writing with
167.17 the commissioner by June 20, 2008. The commissioner shall make every reasonable effort
167.18 to address the specific objection and adjust the data as necessary. The commissioner shall
167.19 certify the estimates of the annual employment to the commissioner of revenue by July 15,
167.20 2008, including any estimates still under objection.

167.21 **EFFECTIVE DATE.** This section is effective for aids payable in 2009 and
167.22 thereafter.

167.23 Sec. 19. Minnesota Statutes 2008, section 477A.013, subdivision 8, is amended to read:

167.24 Subd. 8. **City formula aid.** (a) In calendar year 2009, the formula aid for a city
167.25 is equal to the sum of (1) its city jobs base, (2) its small city aid base, and (3) the need
167.26 increase percentage multiplied by its unmet need.

167.27 (b) In calendar year 2010 and subsequent years, the formula aid for a city is equal
 167.28 to the sum of (1) its city jobs base, (2) its small city aid base, and (3) the need increase
 167.29 percentage multiplied by the average of its unmet need for the most recently available
 167.30 two years.

167.31 No city may have a formula aid amount less than zero. The need increase percentage
 167.32 must be the same for all cities.

167.33 The applicable need increase percentage must be calculated by the Department of
 167.34 Revenue so that the total of the aid under subdivision 9 equals the total amount available
 167.35 for aid under section 477A.03. For aids payable in 2009 only, all data used in calculating
 168.1 aid to cities under sections 477A.011 to 477A.013 will be based on the data available for
 168.2 calculating aid to cities for aids payable in 2008. For aids payable in 2010 and thereafter,
 168.3 data used in calculating aids to cities under sections 477A.011 to 477A.013 shall be the
 168.4 most recently available data as of January 1 in the year in which the aid is calculated
 168.5 except as provided in section 477A.011, subdivisions 3 and 35.

168.6 **EFFECTIVE DATE.** This section is effective for assessment year 2009 and
 168.7 thereafter.

168.8 Sec. 20. **REPEALER.**

168.9 Minnesota Rules, parts 8115.0200; 8115.0300; 8115.0400; 8115.0500; 8115.0600;
 168.10 8115.1000; 8115.1100; 8115.1200; 8115.1300; 8115.1400; 8115.1500; 8115.1600;
 168.11 8115.1700; 8115.1800; 8115.1900; 8115.2000; 8115.2100; 8115.2200; 8115.2300;
 168.12 8115.2400; 8115.2500; 8115.2600; 8115.2700; 8115.2800; 8115.2900; 8115.3000;
 168.13 8115.4000; 8115.4100; 8115.4200; 8115.4300; 8115.4400; 8115.4500; 8115.4600;
 168.14 8115.4700; 8115.4800; 8115.4900; 8115.5000; 8115.5100; 8115.5200; 8115.5300;
 168.15 8115.5400; 8115.5500; 8115.5600; 8115.5700; 8115.5800; 8115.5900; 8115.6000;
 168.16 8115.6100; 8115.6200; 8115.6300; 8115.6400; and 8115.9900; are repealed.

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

168.18 ARTICLE 11

168.19 DEPARTMENT MISCELLANEOUS

168.20 Section 1. Minnesota Statutes 2008, section 270B.14, subdivision 16, is amended to
 168.21 read:

168.22 Subd. 16. **Disclosure to law enforcement authorities.** Under circumstances
 168.23 involving threat of death or physical injury to any individual, or harassment of a
 168.24 Department of Revenue employee, the commissioner may disclose return information
 168.25 to the extent necessary to apprise appropriate federal, state, or local law enforcement

168.26 authorities of such circumstances. For purposes of this subdivision, "harassment" is
 168.27 purposeful conduct directed at an individual and causing an individual to feel frightened,
 168.28 threatened, oppressed, persecuted, or intimidated. For purposes of harassment, the return
 168.29 information that initially can be disclosed is limited to the name, address, and phone
 168.30 number of the harassing individual, the name of the employee being harassed, and the
 168.31 nature and circumstances of the harassment. Data disclosed under this subdivision are
 168.32 classified under section 13.82 once they are received by the law enforcement authority.

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

169.1 Sec. 2. Minnesota Statutes 2008, section 270C.12, is amended by adding a subdivision
 169.2 to read:

169.3 **Subd. 5. Duration.** Notwithstanding the provisions of any statutes to the contrary,
 169.4 including section 15.059, the coordinating committee as established by this section to
 169.5 oversee and coordinate preparation of the microdata samples of income tax returns and
 169.6 other information shall not expire.

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

169.8 Sec. 3. Minnesota Statutes 2008, section 270C.446, subdivision 2, is amended to read:

169.9 **Subd. 2. Required and excluded tax preparers.** (a) Subject to the limitations of
 169.10 paragraph (b), the commissioner must publish lists of tax preparers as defined in section
 169.11 289A.60, subdivision 13, paragraph (f), who have been convicted under section 289A.63
 169.12 for returns or claims prepared as a tax preparer or assessed penalties in excess of \$1,000
 169.13 under section 289A.60, subdivision 13, paragraph (a).

169.14 (b) For the purposes of this section, tax preparers are not subject to publication if:

- 169.15 (1) an administrative or court action contesting the penalty has been filed or served
 169.16 and is unresolved at the time when notice would be given under subdivision 3;
 169.17 (2) an appeal period to contest the penalty has not expired; or
 169.18 (3) the commissioner has been notified that the tax preparer is deceased.

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

169.20 Sec. 4. Minnesota Statutes 2008, section 270C.446, subdivision 5, is amended to read:

169.21 **Subd. 5. Removal from list.** The commissioner shall remove the name of a tax
 169.22 preparer from the list of tax preparers published under this section:

- 169.23 (1) when the commissioner determines that the name was included on the list in error;
 169.24 (2) within 90 days after the preparer has demonstrated to the commissioner that
 169.25 the preparer fully paid all fines imposed, served any suspension, satisfied any sentence

169.26 ~~imposed, and demonstrated to the satisfaction of the commissioner that the preparer has~~
 169.27 successfully completed any remedial actions required by the commissioner, the State
 169.28 Board of Accountancy, or the Lawyers Board of Professional Responsibility; or
 169.29 (3) when the commissioner has been notified that the tax preparer is deceased.

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

169.31 Sec. 5. Minnesota Statutes 2008, section 270C.56, subdivision 1, is amended to read:

169.32 Subdivision 1. **Liability imposed.** A person who, either singly or jointly with
 169.33 others, has the control of, supervision of, or responsibility for filing returns or reports,
 170.1 paying taxes, or collecting or withholding and remitting taxes and who fails to do so, or a
 170.2 person who is liable under any other law, is liable for the payment of taxes, ~~penalties, and~~
 170.3 ~~interest~~ arising under chapters 295, 296A, 297A, 297F, and 297G, or sections 256.9658,
 170.4 290.92, and 297E.02, and, ~~for the taxes listed in this subdivision,~~ the applicable penalties
 170.5 ~~for nonpayment under section 289A.60~~ and interest on those taxes.

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

170.7 Sec. 6. Minnesota Statutes 2008, section 289A.41, is amended to read:

170.8 **289A.41 BANKRUPTCY; SUSPENSION OF TIME.**

170.9 The running of the period during which a tax must be assessed or collection
 170.10 proceedings commenced is suspended during the period from the date of a filing of a
 170.11 petition in bankruptcy until 30 days after either notice to the commissioner of revenue that
 170.12 the bankruptcy proceedings have been closed or dismissed, or notice that the automatic
 170.13 stay has been terminated or has expired, whichever occurs first.

170.14 The suspension of the statute of limitations under this section applies to the person
 170.15 the petition in bankruptcy is filed against and other persons who may also be wholly or
 170.16 partially liable for the tax.

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

170.18 **ARTICLE 12**

170.19 **MISCELLANEOUS**

170.20 Section 1. Minnesota Statutes 2008, section 270C.445, is amended to read:

170.21 **270C.445 TAX PREPARATION SERVICES.**

170.22 Subdivision 1. **Scope.** This section applies to a person who provides tax preparation
 170.23 services, except:

170.24 (1) a person who provides tax preparation services for fewer than ten clients in a
 170.25 calendar year;

170.26 (2) a person who provides tax preparation services only to immediate family
 170.27 members. For the purposes of this section, "immediate family members" means a spouse,
 170.28 parent, grandparent, child, or sibling;

170.29 (3) an employee who prepares a tax return for an employer's business;

170.30 (4) any fiduciary, or the regular employees of a fiduciary, while acting on behalf of
 170.31 the fiduciary estate, testator, trustor, grantor, or beneficiaries of them; and

171.1 (5) nonprofit organizations providing tax preparation services under the Internal
 171.2 Revenue Service Volunteer Income Tax Assistance Program or Tax Counseling for the
 171.3 Elderly Program.

171.4 Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have
 171.5 the meanings given.

171.6 (b) "Client" means an individual for whom a tax preparer performs or agrees to
 171.7 perform tax preparation services.

171.8 (c) "Person" means an individual, corporation, partnership, limited liability
 171.9 company, association, trustee, or other legal entity.

171.10 (d) "Refund anticipation loan" means a loan or any other extension of credit, whether
 171.11 provided by the tax preparer or another entity such as a financial institution, in anticipation
 171.12 of, and whose payment is secured by, a client's federal or state income tax refund or both.

171.13 (e) "Tax preparation services" means services provided for a fee or other
 171.14 consideration to a client to:

171.15 (1) assist with preparing or filing state or federal individual income tax returns;

171.16 (2) assume final responsibility for completed work on an individual income tax
 171.17 return on which preliminary work has been done by another; or

171.18 (3) ~~offer or~~ facilitate the provision of refund anticipation loans and refund
 171.19 anticipation checks.

171.20 (f) "Tax preparer" or "preparer" means a person providing tax preparation services
 171.21 subject to this section.

171.22 (g) "Advertise" means to solicit business through any means or medium.

171.23 (h) "Facilitate" means to individually or in conjunction or cooperation with another
 171.24 person:

171.25 (1) accept an application for a refund anticipation loan;

171.26 (2) pay to a client the proceeds, through direct deposit, a negotiable instrument, or
 171.27 any other means, of a refund anticipation loan; or

171.28 (3) offer, arrange, process, provide, or in any other manner act to allow the making
 171.29 of, a refund anticipation loan.

171.30 (i) "Refund anticipation check" means a negotiable instrument provided to a client
 171.31 by the tax preparer or another person, which is issued from the proceeds of a taxpayer's
 171.32 federal or state income tax refund or both and represents the net of the refund minus the tax
 171.33 preparation fee and any other fees. A refund anticipation check includes a refund transfer.

171.34 Subd. 3. **Standards of conduct.** No tax preparer shall:

171.35 (1) without good cause fail to promptly, diligently, and without unreasonable delay
 171.36 complete a client's tax return;

172.1 (2) obtain the signature of a client to a tax return or authorizing document that
 172.2 contains blank spaces to be filled in after it has been signed;

172.3 (3) fail to sign a client's tax return when payment for services rendered has been
 172.4 made;

172.5 (4) fail or refuse to give a client a copy of any document requiring the client's
 172.6 signature within a reasonable time after the client signs the document;

172.7 (5) fail to retain for at least four years a copy of individual income tax returns;

172.8 (6) fail to maintain a confidential relationship ~~between themselves and their~~ with
 172.9 clients or former clients;

172.10 (7) fail to take commercially reasonable measures to safeguard a client's nonpublic
 172.11 personal information;

172.12 (8) make, authorize, publish, disseminate, circulate, or cause to make, either directly
 172.13 or indirectly, any false, deceptive, or misleading statement or representation relating to or
 172.14 in connection with the offering or provision of tax preparation services;

172.15 (9) require a client to enter into a loan arrangement in order to complete a tax return;

172.16 (10) claim credits or deductions on a client's tax return for which the tax preparer
 172.17 knows or reasonably should know the ~~taxpayer~~ client does not qualify;

172.18 (11) charge, offer to accept, or accept a fee based upon a percentage of an anticipated
 172.19 refund for tax preparation services;

172.20 (12) under any circumstances, withhold or fail to return to a client a document
 172.21 provided by the client for use in preparing the client's tax return;

172.22 (13) establish an account in the preparer's name to receive a client's refund through
 172.23 a direct deposit or any other instrument unless the client's name is also on the account,
 172.24 except that a taxpayer may assign the portion of a refund representing the Minnesota
 172.25 education credit available under section 290.0674 to a bank account without the client's
 172.26 name, as provided under section 290.0679;

172.27 (14) fail to act in the best interests of the client;

- 172.28 (15) fail to safeguard and account for any money handled for the client;
- 172.29 (16) fail to disclose all material facts of which the preparer has knowledge which
- 172.30 might reasonably affect the client's rights and interests;
- 172.31 (17) violate any provision of section 332.37;
- 172.32 (18) include any of the following in any document provided or signed in connection
- 172.33 with the provision of tax preparation services:
- 172.34 (i) a hold harmless clause;
- 172.35 (ii) a confession of judgment or a power of attorney to confess judgment against the
- 172.36 client or appear as the client in any judicial proceeding;
- 173.1 (iii) a waiver of the right to a jury trial, if applicable, in any action brought by or
- 173.2 against a debtor;
- 173.3 (iv) an assignment of or an order for payment of wages or other compensation for
- 173.4 services;
- 173.5 (v) a provision in which the client agrees not to assert any claim or defense otherwise
- 173.6 available;
- 173.7 (vi) a waiver of any provision of this section or a release of any obligation required
- 173.8 to be performed on the part of the tax preparer; or
- 173.9 (vii) a waiver of the right to injunctive, declaratory, or other equitable relief or
- 173.10 relief on a class basis; or
- 173.11 (19) if making, providing, or facilitating a refund anticipation loan, fail to provide all
- 173.12 disclosures required by the federal Truth in Lending Act, United States Code, title 15, in a
- 173.13 form that may be retained by the client.
- 173.14 **Subd. 3a. Written agreements required; refund anticipation loans and checks.**
- 173.15 (a) All agreements to make, provide, or facilitate a refund anticipation loan or refund
- 173.16 anticipation check must be in writing. No agreement may include a provision that
- 173.17 directly or indirectly arranges for payment of or deduction from any portion of the refund
- 173.18 anticipation loan or refund anticipation check for check cashing, credit insurance, attorney
- 173.19 fees, or the collection of any debt owed to any party for any other good or service other
- 173.20 than a debt owed to the facilitator for the repayment of a refund anticipation loan and tax
- 173.21 preparation fees associated with the refund anticipation loan or refund anticipation check.
- 173.22 (b) If a written agreement contains a mandatory arbitration clause, the tax preparer
- 173.23 must provide a separate written notice to the client that:
- 173.24 (1) arbitration is the exclusive means of dispute resolution for any dispute about the
- 173.25 written agreement;
- 173.26 (2) the client has the right to affirmatively opt out of the arbitration clause within 30
- 173.27 days of entering into an agreement; and

173.28 (3) the client is not bound to arbitration if the claim or dispute involves a violation of
 173.29 this section or the client invokes the remedies provided in subdivision 7.

173.30 The tax preparer must advise the client, both orally and in writing, of the process by
 173.31 which the client may exercise the right to opt out of the mandatory arbitration clause.

173.32 Subd. 4. ~~Required disclosures; refund anticipation loans.~~ (a) If Before or at the
 173.33 same time a tax preparer offers to make or facilitate a refund anticipation loan to the
 173.34 client, the preparer must make the disclosures in this subdivision. The disclosures must
 173.35 be made before or at the same time the preparer offers the refund anticipation loan to the
 173.36 client. subdivision 4a. Before or at the same time a tax preparer offers or facilitates a
 174.1 refund anticipation check or refund transfer, the tax preparer must make the disclosures
 174.2 in subdivision 4b.

174.3 (b) The disclosures must be provided to a client in a written notice on a single sheet
 174.4 of paper, separate from any other document or writing.

174.5 (c) All required statements must be in capital and small font type fonts, in a
 174.6 minimum of 14-point type, with at least a double space between each statement.

174.7 (d) The notice must be signed and dated by the tax preparer and the client.

174.8 (e) All required disclosures, notices, and statements must be provided in the client's
 174.9 primary language, if the tax preparer advertises in that language.

174.10 ~~(b) The tax preparer must provide to a client a written notice on a single sheet of~~
 174.11 ~~paper, separate from any other document or writing, containing:~~

174.12 ~~(1) a legend, centered at the top on the single sheet of paper, in bold, capital letters,~~
 174.13 ~~and in 28-point type stating "NOTICE";~~

174.14 ~~(2) the following verbatim statements:~~

174.15 ~~(i) "This is a loan. The annual percentage rate (APR), based on the estimated~~
 174.16 ~~payment period, is (fill in the estimated APR)."~~

174.17 ~~(ii) "Your refund will be used to repay the loan. As a result, the amount of your~~
 174.18 ~~refund will be reduced by (fill in appropriate dollar amount) for fees, interest, and other~~
 174.19 ~~charges."~~

174.20 ~~(iii) "You can get your refund in about two weeks if you file your return electronically~~
 174.21 ~~and have the Internal Revenue Service send your refund to your own bank account." and~~

174.22 ~~(3) if the client is subject to additional interest when a refund is delayed, the~~
 174.23 ~~following verbatim statement must also be included in the notice: "If you choose to take~~
 174.24 ~~this loan and your refund is delayed, you may have to pay additional interest."~~

174.25 ~~(c) All required statements must be in capital and small font type fonts, in a~~
 174.26 ~~minimum of 14-point type, with at least a double space between each line in the statement~~
 174.27 ~~and four spaces between each statement.~~

174.28 ~~(d) The notice must be signed and dated by the tax preparer and the client.~~

174.29 Subd. 4a. **Refund anticipation loan disclosures.** The disclosure required under
174.30 subdivision 4 for a refund anticipation loan must contain:

174.31 (1) a legend, centered at the top on the single sheet of paper, in bold, capital letters,
174.32 and in 28-point type stating "NOTICE";

174.33 (2) the following verbatim statements:

174.34 (i) "This is a loan. This is not your refund. The annual percentage rate (APR), based
174.35 on the estimated payment period, is (fill in the estimated APR).";

175.1 (ii) "Your refund will be used to repay the loan. As a result, the amount of your
175.2 refund will be reduced by (fill in appropriate dollar amount) for fees, interest, and other
175.3 charges.";

175.4 (iii) "You have the right to cancel this transaction by returning the loan check or the
175.5 amount of the loan in cash within one business day after you get the loan."; and

175.6 (iv) "You can get your refund in about two weeks if you file your return electronically
175.7 and have the Internal Revenue Service send your refund to your own bank account."; and

175.8 (3) if the client is subject to additional interest when a refund is delayed, the
175.9 following verbatim statement must also be included in the notice: "If you choose to take
175.10 this loan and your refund is delayed, you may have to pay."

175.11 Subd. 4b. **Refund anticipation check disclosures.** (a) The disclosure required
175.12 under subdivision 4 for a refund anticipation check must contain:

175.13 (1) a legend, centered at the top on the single sheet of paper, in bold, capital letters,
175.14 and in 28-point type stating "NOTICE";

175.15 (2) the following verbatim statements:

175.16 (i) "You do not have to purchase a refund anticipation check (RAC) to get your tax
175.17 refund.";

175.18 (ii) "Generally the IRS can direct deposit your income tax refund to your personal
175.19 bank account within 8 to 15 days after the IRS accepts your tax return for processing.";

175.20 (iii) "If you choose to purchase a RAC, your tax return funds will generally be
175.21 made available to you within 8 to 15 days.";

175.22 (iv) "A RAC is not a loan.";

175.23 (v) "The cost of the RAC is \$ (fill in dollar amount).";

175.24 (vi) "You can either pay for your RAC now or you can have it withheld from your
175.25 refund."; and

175.26 (vii) "The cost of your tax return is not any more or any less if you purchase a RAC."

175.27 (b) A tax preparer offering a refund anticipation check that uses a different product
175.28 name, including but not limited to refund transfer, must substitute the product name for
175.29 "RAC" in all the statements required under this subdivision.

175.30 Subd. 5. **Itemized bill required.** A tax preparer must provide an itemized statement
175.31 of the charges for services, at least separately stating the charges for:

- 175.32 (1) return preparation; ~~and~~
175.33 (2) providing or facilitating a refund anticipation loan; and
175.34 (3) each fee associated with the provision of a refund anticipation check.

175.35 Subd. 5a. **Nongame wildlife checkoff.** A tax preparer must give written notice of
175.36 the option to contribute to the nongame wildlife management account in section 290.431
176.1 to corporate clients that file an income tax return and to individual clients who file an
176.2 income tax return or property tax refund claim form. This notification must be included
176.3 with information sent to the client at the same time as the preliminary worksheets or other
176.4 documents used in preparing the client's return and must include a line for displaying
176.5 contributions.

176.6 Subd. 5b. **Right to rescind refund anticipation loan.** (a) A client may rescind a
176.7 refund anticipation loan on or before the close of business on the next day of business
176.8 following execution of the loan agreement or receipt of the proceeds of the loan by (1)
176.9 providing written notification to the tax preparer of the rescission, and (2) either (i)
176.10 returning the original check issued for the loan, or (ii) tendering the amount of the loan
176.11 to the tax preparer.

176.12 (b) The tax preparer may charge a fee for rescinding a refund anticipation loan
176.13 only if an account has been established at a financial institution to electronically receive
176.14 the refund and the financial institution has charged a fee to establish the account. The
176.15 allowable fee the tax preparer may charge the client rescinding the refund anticipation
176.16 loan may not exceed the fee charged to the tax preparer by the financial institution to
176.17 establish the account.

176.18 Subd. 6. **Enforcement; penalties.** The commissioner may impose an administrative
176.19 penalty of not more than \$1,000 per violation of subdivision 3, 3a, 4, or 5, or 5b, provided
176.20 that a penalty may not be imposed for any conduct that is also subject to the tax return
176.21 preparer penalties in section 289A.60, subdivision 13. The commissioner may terminate a
176.22 tax preparer's authority to transmit returns electronically to the state, if the commissioner
176.23 determines the tax preparer engaged in a pattern and practice of violating this section.
176.24 Imposition of a penalty under this subdivision is subject to the contested case procedure
176.25 under chapter 14. The commissioner shall collect the penalty in the same manner as the
176.26 income tax. Penalties imposed under this subdivision are public data.

176.27 Subd. 6a. **Exchange of data; State Board of Accountancy.** The State Board of
 176.28 Accountancy shall refer to the commissioner complaints it receives about tax preparers
 176.29 who are not subject to the jurisdiction of the State Board of Accountancy and who are
 176.30 alleged to have violated the provisions of subdivisions ~~3 to~~, 3a, 4, 4a, 4b, 5, and 5b.

176.31 Subd. 6b. **Exchange of data; Lawyers Board of Professional Responsibility.** The
 176.32 Lawyers Board of Professional Responsibility may refer to the commissioner complaints
 176.33 it receives about tax preparers who are not subject to its jurisdiction and who are alleged
 176.34 to have violated the provisions of subdivisions ~~3 to~~, 3a, 4, 4a, 4b, 5, and 5b.

177.1 Subd. 6c. **Exchange of data; commissioner.** The commissioner shall refer
 177.2 complaints about tax preparers who are alleged to have violated the provisions of
 177.3 subdivisions ~~3 to~~, 3a, 4, 4a, 4b, 5, and 5b to:

- 177.4 (1) the State Board of Accountancy, if the tax preparer is under its jurisdiction; and
 177.5 (2) the Lawyers Board of Professional Responsibility, if the tax preparer is under
 177.6 its jurisdiction.

177.7 Subd. 6d. **Data private.** Information exchanged on individuals under subdivisions
 177.8 6a to 6c are private data under section 13.02, subdivision 12, until such time as a penalty
 177.9 is imposed as provided in section 326A.08 or by the Lawyers Board of Professional
 177.10 Responsibility.

177.11 Subd. 7. **Enforcement; civil actions.** (a) Any violation of this section is an unfair,
 177.12 deceptive, and unlawful trade practice within the meaning of section 8.31. An action taken
 177.13 under section 8.31 is in the public interest.

177.14 (b) A client may bring a civil action seeking redress for a violation of this section in
 177.15 the conciliation or the district court of the county in which unlawful action is alleged to
 177.16 have been committed or where the respondent resides or has a principal place of business.

177.17 (c) A ~~district~~ court finding for the plaintiff must award:

177.18 (1) actual damages, including;

177.19 (2) incidental and consequential damages;

177.20 (3) statutory damages of twice the sum of: (i) the tax preparation fees; and (ii) if the
 177.21 plaintiff violated subdivision 3a, 4, or 5b all interest and fees for a refund anticipation loan;

177.22 (4) reasonable attorney fees;

177.23 (5) court costs; and

177.24 (6) any other equitable relief as the court considers appropriate.

177.25 Subd. 8. **Limited exemptions; enforcement provisions.** The provisions of this
 177.26 section, except for ~~subdivision~~ subdivisions 3a, 4, and 5b, do not apply to:

- 177.27 (1) an attorney admitted to practice under section 481.01;

177.28 (2) a certified public accountant or other person who is subject to the jurisdiction of
177.29 the State Board of Accountancy;

177.30 (3) an enrolled agent who has passed the special enrollment examination
177.31 administered by the Internal Revenue Service; or

177.32 ~~(4) any fiduciary, or the regular employees of a fiduciary, while acting on behalf of~~
177.33 ~~the fiduciary estate, the testator, trustor, grantor, or beneficiaries of them;~~

177.34 ~~(5) a tax preparer who provides tax preparation services for fewer than six clients~~
177.35 ~~in a calendar year;~~

178.1 ~~(6) tax preparation services to a spouse, parent, grandparent, child, or sibling of~~
178.2 ~~the tax preparer; and~~

178.3 ~~(7) the preparation by an employee of the tax return of the employee's employer~~

178.4 (4) anyone who provides, or assists in providing, tax preparation services within
178.5 the scope of duties as an employee or supervisor of a person who is exempt under this
178.6 subdivision.

178.7 Sec. 2. Minnesota Statutes 2008, section 270C.56, subdivision 3, is amended to read:

178.8 Subd. 3. **Procedure for assessment; claims for refunds.** (a) The commissioner
178.9 may assess liability for the taxes described in subdivision 1 against a person liable
178.10 under this section. The assessment may be based upon information available to the
178.11 commissioner. It must be made within the prescribed period of limitations for assessing
178.12 the underlying tax, or within one year after the date of an order assessing underlying tax,
178.13 whichever period expires later. An order assessing personal liability under this section is
178.14 reviewable under section 270C.35 and is appealable to Tax Court.

178.15 (b) If the time for appealing the order has expired and a payment is made by or
178.16 collected from the person assessed on the order in excess of the amount lawfully due
178.17 from that person of any portion of the liability shown on the order, a claim for refund
178.18 may be made by that person within 120 days after any payment of the liability if the
178.19 payment is within 3-1/2 years after the date the order was issued. Claims for refund under
178.20 this paragraph are limited to the amount paid during the 120-day period. Any amounts
178.21 collected under paragraph (c) after a claim for refund is filed in order to satisfy the unpaid
178.22 balance of the assessment that is the subject of the claim shall be returned if the claim is
178.23 allowed. There is no claim for refund available under this paragraph if the assessment has
178.24 previously been the subject of an administrative or Tax Court appeal, or a denied claim
178.25 for refund. The taxpayer may contest denial of the refund as provided in the procedures
178.26 governing claims for refunds under section 289A.50, subdivision 7.

178.27 (c) If a person has been assessed under this section for an amount for a given period
 178.28 and the time for appeal has expired, regardless of whether an action contesting denial of a
 178.29 claim for refund has been filed under paragraph (b), or there has been a final determination
 178.30 that the person is liable, collection action is not stayed pursuant to section 270C.33,
 178.31 subdivision 5, for that assessment or for subsequent assessments of additional amounts for
 178.32 the same person for the same period and tax type.

178.33 **EFFECTIVE DATE.** This section is effective for orders issued after the date of
 178.34 final enactment.

178.35 Sec. 3. Minnesota Statutes 2008, section 287.08, is amended to read:

179.1 **287.08 TAX, HOW PAYABLE; RECEIPTS.**

179.2 (a) The tax imposed by sections 287.01 to 287.12 must be paid to the treasurer of
 179.3 any county in this state in which the real property or some part is located at or before
 179.4 the time of filing the mortgage for record. The treasurer shall endorse receipt on the
 179.5 mortgage and the receipt is conclusive proof that the tax has been paid in the amount
 179.6 stated and authorizes any county recorder or registrar of titles to record the mortgage. Its
 179.7 form, in substance, shall be "registration tax hereon of dollars paid." If the
 179.8 mortgage is exempt from taxation the endorsement shall, in substance, be "exempt from
 179.9 registration tax." In either case the receipt must be signed by the treasurer. In case the
 179.10 treasurer is unable to determine whether a claim of exemption should be allowed, the tax
 179.11 must be paid as in the case of a taxable mortgage. For documents submitted electronically,
 179.12 the endorsements and tax amount shall be affixed electronically and no signature by the
 179.13 treasurer will be required. The actual payment method must be arranged in advance
 179.14 between the submitter and the receiving county.

179.15 (b) The county treasurer may refund in whole or in part any mortgage registry tax
 179.16 overpayment if a written application by the taxpayer is submitted to the county treasurer
 179.17 within 3-1/2 years from the date of the overpayment. If the county has not issued a denial
 179.18 of the application, the taxpayer may bring an action in Tax Court in the county in which
 179.19 the tax was paid at any time after the expiration of six months from the time that the
 179.20 application was submitted. A denial of refund may be appealed within 60 days from
 179.21 the date of the denial by bringing an action in Tax Court in the county in which the tax
 179.22 was paid. The action is commenced by the serving of a petition for relief on the county
 179.23 treasurer, and by filing a copy with the court. The county attorney shall defend the action.
 179.24 The county treasurer shall notify the treasurer of each county that has or would receive a
 179.25 portion of the tax as paid.

179.26 (c) If the county treasurer determines a refund should be paid, or if a refund is
179.27 ordered by the court, the county treasurer of each county that actually received a portion
179.28 of the tax shall immediately pay a proportionate share of three percent of the refund
179.29 using any available county funds. The county treasurer of each county that received, or
179.30 would have received, a portion of the tax shall also pay their county's proportionate share
179.31 of the remaining 97 percent of the court-ordered refund on or before the 20th day of the
179.32 following month using solely the mortgage registry tax funds that would be paid to the
179.33 commissioner of revenue on that date under section 287.12. If the funds on hand under
179.34 this procedure are insufficient to fully fund 97 percent of the court-ordered refund, the
179.35 county treasurer of the county in which the action was brought shall file a claim with the
179.36 commissioner of revenue under section 16A.48 for the remaining portion of 97 percent of
180.1 the refund, and shall pay over the remaining portion upon receipt of a warrant from the
180.2 state issued pursuant to the claim.

180.3 (d) When any mortgage covers real property located in more than one county in this
180.4 state the total tax must be paid to the treasurer of the county where the mortgage is first
180.5 presented for recording, and the payment must be receipted as provided in paragraph (a).
180.6 If the principal debt or obligation secured by such a multiple county mortgage exceeds
180.7 ~~\$1,000,000~~ \$10,000,000, the nonstate portion of the tax must be divided and paid over by
180.8 the county treasurer receiving it, on or before the 20th day of each month after receipt,
180.9 to the county or counties entitled in the ratio that the market value of the real property
180.10 covered by the mortgage in each county bears to the market value of all the real property
180.11 in this state described in the mortgage. In making the division and payment the county
180.12 treasurer shall send a statement giving the description of the real property described in
180.13 the mortgage and the market value of the part located in each county. For this purpose,
180.14 the treasurer of any county may require the treasurer of any other county to certify to the
180.15 former the market valuation of any tract of real property in any mortgage.

180.16 (e) The mortgagor must pay the tax imposed by sections 287.01 to 287.12. The
180.17 mortgagee may undertake to collect and remit the tax on behalf of the mortgagor. If the
180.18 mortgagee collects money from the mortgagor to remit the tax on behalf of the mortgagor,
180.19 the mortgagee has a fiduciary duty to remit the tax on behalf of the mortgagor as to the
180.20 amount of the tax collected for that purpose and the mortgagor is relieved of any further
180.21 obligation to pay the tax as to the amount collected by the mortgagee for this purpose.

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

180.23 Sec. 4. Minnesota Statutes 2008, section 290.0678, as added by Laws 2009, chapter
180.24 3, section 1, is amended to read:

180.25 **290.0678 HEALTH INSURANCE PREMIUMS CREDIT.**

180.26 Subdivision 1. **Credit allowed.** (a) An individual is allowed a credit against the
 180.27 tax due under this chapter equal to 20 percent of the health insurance premiums paid
 180.28 from a plan under section 125 of the Internal Revenue Code. The credit is allowed only
 180.29 for premiums paid after the individual has not had coverage under a health care plan
 180.30 for at least one year, and is allowed only for the first 12 months in which an individual
 180.31 participates in the Section 125 Plan.

180.32 (b) For a nonresident or part-year resident, the credit determined under this section
 180.33 must be allocated based on the percentage calculated under section 290.06, subdivision
 180.34 2c, paragraph (e).

181.1 Subd. 2. **Limitations.** The credit is allowed only for individuals with household
 181.2 income for the taxable year between:

181.3 (1) 275 percent and 300 percent of the federal poverty guidelines for the applicable
 181.4 family size if the individual has dependents; or

181.5 (2) 200 percent and 275 percent of the federal poverty guidelines for the applicable
 181.6 family size if the individual has no dependents.

181.7 Subd. 3. **Definitions.** For purposes of this section, "household income" means
 181.8 income as defined in section 290.067, subdivision 2a, and "dependent" has the meaning
 181.9 given in section 152 of the Internal Revenue Code.

181.10 Subd. 4. **Statement of premiums paid.** ~~Each~~ Upon receiving a written request
 181.11 from an employee, an employer must provide to each employee a statement that shows the
 181.12 amount of health insurance premiums attributable to that employee paid from the Section
 181.13 125 Plan for each month of the taxable year. The employer must provide the statement to
 181.14 the employee at the same time as the annual written statement of wages paid as required
 181.15 under section 289A.09, subdivision 2. that is included in the employee's first 12 months of
 181.16 coverage under the Section 125 Plan, provided that the employee making the request did
 181.17 not have coverage under a health care plan offered by the employer for the 12 months
 181.18 preceding the date on which the employee began participating in the Section 125 Plan. An
 181.19 employee may only make one request under this subdivision for each taxable year.

181.20 Subd. 5. **Transfer.** Beginning in fiscal year 2010 and in each following fiscal year,
 181.21 the amount necessary to pay the credits under this section is transferred from the health
 181.22 care access fund to the general fund.

181.23 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
 181.24 December 31, 2008, for premiums paid in January 2009 and thereafter.

181.25 Sec. 5. Minnesota Statutes 2008, section 297E.06, subdivision 4, is amended to read:

181.26 Subd. 4. **Annual audit, certified inventory, and cash count.** (a) An organization
 181.27 licensed under chapter 349 with gross receipts from lawful gambling of more than
 181.28 ~~\$300,000~~ \$500,000 in any year must have an annual financial audit of its lawful gambling
 181.29 activities and funds for that year. ~~An organization licensed under chapter 349 with gross~~
 181.30 ~~receipts from lawful gambling of more than \$150,000 but not more than \$300,000 in any~~
 181.31 ~~year must have an annual financial review of its lawful gambling activities and funds for~~
 181.32 ~~that year.~~

181.33 (b) The commissioner may require a financial audit of the lawful gambling activities
 181.34 and funds of an organization licensed under chapter 349, with gross receipts less than
 181.35 \$500,000 annually, when an organization has:

- 182.1 (1) failed to timely file required gambling tax returns;
 182.2 (2) failed to timely pay the gambling tax or regulatory fee;
 182.3 (3) filed fraudulent gambling tax returns;
 182.4 (4) failed to take corrective actions required by the commissioner; or
 182.5 (5) failed to otherwise comply with chapter 297E.

182.6 (c) Audits and financial reviews under this subdivision must be performed by an
 182.7 independent accountant licensed by the state of Minnesota.

182.8 (d) An organization licensed under chapter 349 must perform an annual certified
 182.9 inventory and cash count at the end of its fiscal year and submit the report to the
 182.10 commissioner within 30 days after the end of its fiscal year. The report shall be on a form
 182.11 prescribed by the commissioner.

182.12 ~~(b)~~ (e) The commissioner of revenue shall prescribe standards for the audits and
 182.13 financial review, certified inventory, and cash count reports required under this subdivision.
 182.14 The standards may vary based on the gross receipts of the organization. The standards
 182.15 must incorporate and be consistent with standards prescribed by the American Institute
 182.16 of Certified Public Accountants. A complete, true, and correct copy of the ~~audit~~ audits,
 182.17 certified inventory, and cash count report must be filed as prescribed by the commissioner.

182.18 Sec. 6. Minnesota Statutes 2008, section 297H.06, subdivision 1, is amended to read:

182.19 Subdivision 1. **Certain surcharges or fees.** The amount of a surcharge, fee, or
 182.20 charge established pursuant to section 115A.919, 115A.921, 115A.923, 400.08, 473.811,
 182.21 ~~or~~ 473.843, or a service charge by a home rule charter or statutory city that owns and
 182.22 operates a solid waste-to-energy resource recovery facility, is exempt from the solid waste
 182.23 management tax. The exemption does not apply to the tax imposed on market price under

182.24 section 297H.02, subdivision 1, paragraphs (b) and (c), or section 297H.03, subdivision
182.25 1, paragraphs (b) and (c).

182.26 **EFFECTIVE DATE.** This section is effective for taxes imposed after March 31,
182.27 2007.

182.28 Sec. 7. Minnesota Statutes 2008, section 298.227, is amended to read:

182.29 **298.227 TACONITE ECONOMIC DEVELOPMENT FUND.**

182.30 (a) An amount equal to that distributed pursuant to each taconite producer's taxable
182.31 production and qualifying sales under section 298.28, subdivision 9a, shall be held by
182.32 the Iron Range Resources and Rehabilitation Board in a separate taconite economic
182.33 development fund for each taconite and direct reduced ore producer. Money from the
182.34 fund for each producer shall be released by the commissioner after review by a joint
183.1 committee consisting of an equal number of representatives of the salaried employees and
183.2 the nonsalaried production and maintenance employees of that producer. The District 11
183.3 director of the United States Steelworkers of America, on advice of each local employee
183.4 president, shall select the employee members. In nonorganized operations, the employee
183.5 committee shall be elected by the nonsalaried production and maintenance employees.
183.6 The review must be completed no later than six months after the producer presents a
183.7 proposal for expenditure of the funds to the committee. The funds held pursuant to this
183.8 section may be released only for workforce development and associated public facility
183.9 improvement, or for acquisition of plant and stationary mining equipment and facilities
183.10 for the producer or for research and development in Minnesota on new mining, or
183.11 taconite, iron, or steel production technology, but only if the producer provides a matching
183.12 expenditure to be used for the same purpose of at least 50 percent of the distribution
183.13 based on 14.7 cents per ton beginning with distributions in 2002. Effective for proposals
183.14 for expenditures of money from the fund beginning May 26, 2007, the commissioner
183.15 may not release the funds before the next scheduled meeting of the board. If the board
183.16 rejects a proposed expenditure, the funds must be deposited in the Taconite Environmental
183.17 Protection Fund under sections 298.222 to 298.225. If a producer uses money which has
183.18 been released from the fund prior to May 26, 2007 to procure haulage trucks, mobile
183.19 equipment, or mining shovels, and the producer removes the piece of equipment from the
183.20 taconite tax relief area defined in section 273.134 within ten years from the date of receipt
183.21 of the money from the fund, a portion of the money granted from the fund must be repaid
183.22 to the taconite economic development fund. The portion of the money to be repaid is 100
183.23 percent of the grant if the equipment is removed from the taconite tax relief area within 12
183.24 months after receipt of the money from the fund, declining by ten percent for each of the

183.25 subsequent nine years during which the equipment remains within the taconite tax relief
 183.26 area. If a taconite production facility is sold after operations at the facility had ceased, any
 183.27 money remaining in the fund for the former producer may be released to the purchaser of
 183.28 the facility on the terms otherwise applicable to the former producer under this section. If
 183.29 a producer fails to provide matching funds for a proposed expenditure within six months
 183.30 after the commissioner approves release of the funds, the funds are available for release to
 183.31 another producer in proportion to the distribution provided and under the conditions of
 183.32 this section. Any portion of the fund which is not released by the commissioner within
 183.33 one year of its deposit in the fund shall be divided between the taconite environmental
 183.34 protection fund created in section 298.223 and the Douglas J. Johnson economic protection
 183.35 trust fund created in section 298.292 for placement in their respective special accounts.

184.1 Two-thirds of the unreleased funds shall be distributed to the taconite environmental
 184.2 protection fund and one-third to the Douglas J. Johnson economic protection trust fund.

184.3 (b) Notwithstanding the requirements of paragraph (a), setting the amount of
 184.4 distributions and the review process, an amount equal to ten cents per taxable ton of
 184.5 production in 2007, for distribution in 2008 only, that would otherwise be distributed
 184.6 under paragraph (a), may be used for a loan for the cost of ~~construction of~~ providing for
 184.7 a biomass energy facility. This amount must be deducted from the distribution under
 184.8 paragraph (a) for which a matching expenditure by the producer is not required. The
 184.9 granting of the loan is subject to approval by the Iron Range Resources and Rehabilitation
 184.10 Board; interest must be payable on the loan at the rate prescribed in section 298.2213,
 184.11 subdivision 3. Repayments of the loan and interest must be deposited in the northeast
 184.12 Minnesota economic development fund established in section 298.2213. If a loan is not
 184.13 made under this paragraph by July 1, ~~2009~~ 2010, the amount that had been made available
 184.14 for the loan under this paragraph must be transferred to the northeast Minnesota economic
 184.15 development fund. Money distributed in 2008 to the fund established under this section
 184.16 that exceeds ten cents per ton is available to qualifying producers under paragraph (a)
 184.17 on a pro rata basis.

184.18 ~~If 2008 H.F. No. 1812 is enacted and includes a provision that amends this section~~
 184.19 ~~in a manner that is different from the amendment in this section, the amendment in this~~
 184.20 ~~section supersedes the amendment in 2008 H.F. No. 1812, notwithstanding section 645.26.~~

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

184.22 Sec. 8. Minnesota Statutes 2008, section 298.28, subdivision 2, is amended to read:

184.23 Subd. 2. **City or town where quarried or produced.** (a) 4.5 cents per gross ton of
 184.24 merchantable iron ore concentrate, hereinafter referred to as "taxable ton," plus the amount

184.25 provided in paragraph (c), must be allocated to the city or town in the county in which
184.26 the lands from which taconite was mined or quarried were located or within which the
184.27 concentrate was produced. If the mining, quarrying, and concentration, or different steps
184.28 in either thereof are carried on in more than one taxing district, the commissioner shall
184.29 apportion equitably the proceeds of the part of the tax going to cities and towns among
184.30 such subdivisions upon the basis of attributing ~~40~~ 50 percent of the proceeds of the tax to
184.31 the operation of mining or quarrying the taconite, and the remainder to the concentrating
184.32 plant and to the processes of concentration, and with respect to each thereof giving due
184.33 consideration to the relative extent of such operations performed in each such taxing
184.34 district. The commissioner's order making such apportionment shall be subject to review
185.1 by the Tax Court at the instance of any of the interested taxing districts, in the same
185.2 manner as other orders of the commissioner.

185.3 (b) Four cents per taxable ton shall be allocated to cities and organized townships
185.4 affected by mining because their boundaries are within three miles of a taconite mine pit
185.5 that has been actively mined in at least one of the prior three years. If a city or town is
185.6 located near more than one mine meeting these criteria, the city or town is eligible to
185.7 receive aid calculated from only the mine producing the largest taxable tonnage. When
185.8 more than one municipality qualifies for aid based on one company's production, the aid
185.9 must be apportioned among the municipalities in proportion to their populations. Of the
185.10 amounts distributed under this paragraph to each municipality, one-half must be used for
185.11 infrastructure improvement projects, and one-half must be used for projects in which two
185.12 or more municipalities cooperate. Each municipality that receives a distribution under this
185.13 paragraph must report annually to the Iron Range Resources and Rehabilitation Board and
185.14 the commissioner of Iron Range resources and rehabilitation on the projects involving
185.15 cooperation with other municipalities.

185.16 (c) The amount that would have been computed for the current year under Minnesota
185.17 Statutes 2008, section 126C.21, subdivision 4, for a school district within which the
185.18 taconite was mined or quarried or within which the concentrate is produced is added to
185.19 the amount to be distributed to the cities and towns located within that school district as
185.20 provided in paragraph (a).

185.21 **EFFECTIVE DATE.** This section is effective for distributions in 2010 and
185.22 thereafter.

185.23 Sec. 9. Minnesota Statutes 2008, section 298.28, subdivision 4, is amended to read:

185.24 Subd. 4. **School districts.** (a) 23.15 cents per taxable ton, plus the increase provided
185.25 in paragraph (d), less the amount that would have been computed under Minnesota

185.26 Statutes 2008, section 126C.21, subdivision 4, for the current year for that district, must be
185.27 allocated to qualifying school districts to be distributed, based upon the certification of the
185.28 commissioner of revenue, under paragraphs (b), (c), and (f).

185.29 (b)(i) 3.43 cents per taxable ton must be distributed to the school districts in which
185.30 the lands from which taconite was mined or quarried were located or within which the
185.31 concentrate was produced. The distribution must be based on the apportionment formula
185.32 prescribed in subdivision 2.

185.33 (ii) Four cents per taxable ton from each taconite facility must be distributed to
185.34 each affected school district for deposit in a fund dedicated to building maintenance
185.35 and repairs, as follows:

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

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

186.7 (3) proceeds from the Mittal Steel Company and Minntac or their successors are
186.8 distributed to Independent School Districts Nos. 712, Mountain Iron-Buhl, 706, Virginia,
186.9 2711, Mesabi East, and 2154, Eveleth-Gilbert, or their successor districts;

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

186.13 (5) proceeds from United Taconite or its successor are distributed to Independent
186.14 School Districts Nos. 2142, St. Louis County, and 2154, Eveleth-Gilbert, or their
186.15 successor districts.

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

186.19 (c)(i) 15.72 cents per taxable ton, less any amount distributed under paragraph (e),
186.20 shall be distributed to a group of school districts comprised of those school districts which
186.21 qualify as a tax relief area under section 273.134, paragraph (b), or in which there is a
186.22 qualifying municipality as defined by section 273.134, paragraph (a), in direct proportion
186.23 to school district indexes as follows: for each school district, its pupil units determined
186.24 under section 126C.05 for the prior school year shall be multiplied by the ratio of the
186.25 average adjusted net tax capacity per pupil unit for school districts receiving aid under
186.26 this clause as calculated pursuant to chapters 122A, 126C, and 127A for the school year

186.27 ending prior to distribution to the adjusted net tax capacity per pupil unit of the district.
186.28 Each district shall receive that portion of the distribution which its index bears to the sum
186.29 of the indices for all school districts that receive the distributions.

186.30 (ii) Notwithstanding clause (i), each school district that receives a distribution
186.31 under sections 298.018; 298.23 to 298.28, exclusive of any amount received under this
186.32 clause; 298.34 to 298.39; 298.391 to 298.396; 298.405; or any law imposing a tax on
186.33 severed mineral values after reduction for any portion distributed to cities and towns under
186.34 section 126C.48, subdivision 8, paragraph (5), that is less than the amount of its levy
186.35 reduction under section 126C.48, subdivision 8, for the second year prior to the year of the
186.36 distribution shall receive a distribution equal to the difference; the amount necessary to
187.1 make this payment shall be derived from proportionate reductions in the initial distribution
187.2 to other school districts under clause (i).

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

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

187.18 Each district receiving money according to this paragraph shall reserve the lesser of
187.19 the amount received under this paragraph or \$25 times the number of pupil units served
187.20 in the district. It may use the money for early childhood programs or for outcome-based
187.21 learning programs that enhance the academic quality of the district's curriculum. The
187.22 outcome-based learning programs must be approved by the commissioner of education.

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

187.25 (f) Four cents per taxable ton must be distributed to qualifying school districts
187.26 according to the distribution specified in paragraph (b), clause (ii), and two cents per

187.27 taxable ton must be distributed according to the distribution specified in paragraph
187.28 (c). These amounts are not subject to sections 126C.21, subdivision 4, and 126C.48,
187.29 subdivision 8.

187.30 **EFFECTIVE DATE.** This section is effective for distributions in 2010 and
187.31 thereafter.

187.32 Sec. 10. Minnesota Statutes 2008, section 298.75, subdivision 2, is amended to read:

187.33 Subd. 2. **Tax imposed.** (a) Except as provided in paragraph (e), a county that
187.34 imposes the aggregate production tax shall impose upon every operator a production tax
187.35 of 21.5 cents per cubic yard or 15 cents per ton of aggregate material excavated in the
188.1 county except that the county board may decide not to impose this tax if it determines
188.2 that in the previous year operators removed less than 20,000 tons or 14,000 cubic yards of
188.3 aggregate material from that county. The tax shall not be imposed on aggregate material
188.4 excavated in the county until the aggregate material is transported from the extraction site
188.5 or sold, whichever occurs first. When aggregate material is stored in a stockpile within the
188.6 state of Minnesota and a public highway, road or street is not used for transporting the
188.7 aggregate material, the tax shall not be imposed until either when the aggregate material
188.8 is sold, or when it is transported from the stockpile site, or when it is used from the
188.9 stockpile, whichever occurs first.

188.10 (b) Except as provided in paragraph (e), a county that imposes the aggregate
188.11 production tax under paragraph (a) shall impose upon every importer a production tax
188.12 of 21.5 cents per cubic yard or 15 cents per ton of aggregate material imported into the
188.13 county. The tax shall be imposed when the aggregate material is imported from the
188.14 extraction site or sold. When imported aggregate material is stored in a stockpile within
188.15 the state of Minnesota and a public highway, road, or street is not used for transporting
188.16 the aggregate material, the tax shall be imposed either when the aggregate material is
188.17 sold, when it is transported from the stockpile site, or when it is used from the stockpile,
188.18 whichever occurs first. The tax shall be imposed on an importer when the aggregate
188.19 material is imported into the county that imposes the tax.

188.20 (c) If the aggregate material is transported directly from the extraction site to a
188.21 waterway, railway, or another mode of transportation other than a highway, road or street,
188.22 the tax imposed by this section shall be apportioned equally between the county where the
188.23 aggregate material is extracted and the county to which the aggregate material is originally
188.24 transported. If that destination is not located in Minnesota, then the county where the
188.25 aggregate material was extracted shall receive all of the proceeds of the tax.

188.26 (d) A county, city, or town that receives revenue under this section is prohibited
 188.27 from imposing any additional host community fees on aggregate production within that
 188.28 county, city, or town.

188.29 (e) A county that borders two other states and that is not contiguous to a county
 188.30 that imposes a tax under this section may impose the taxes under paragraphs (a) and (b)
 188.31 at the rate of ten cents per cubic yard or seven cents per ton. This paragraph expires
 188.32 December 31, 2014.

188.33 Sec. 11. Minnesota Statutes 2008, section 309.53, subdivision 3, is amended to read:

188.34 Subd. 3. **Financial statement requirements.** The financial statement shall include
 188.35 a balance sheet, statement of income and expense, and statement of functional expenses,
 189.1 shall be consistent with forms furnished by the attorney general, and shall be prepared in
 189.2 accordance with generally accepted accounting principles so as to make a full disclosure
 189.3 of the following, including necessary allocations between each item and the basis of
 189.4 such allocations:

189.5 (a) total receipts and total income from all sources;

189.6 (b) cost of management and general;

189.7 (c) program services;

189.8 (d) cost of fund-raising;

189.9 (e) cost of public education;

189.10 (f) funds or properties transferred out of state, with explanation as to recipient and
 189.11 purpose;

189.12 (g) total net amount disbursed or dedicated within this state, broken down into total
 189.13 amounts disbursed or dedicated for each major purpose, charitable or otherwise;

189.14 (h) names of professional fund-raisers used during the accounting year and the
 189.15 financial compensation and profit resulting to each professional fund-raiser; and

189.16 (i) a list of the five highest paid directors, officers, and employees of the organization
 189.17 and its related organizations, as that term is defined by section 317A.011, subdivision 18,
 189.18 that receive total compensation of more than \$50,000, together with the total compensation
 189.19 paid to each. Total compensation shall include salaries, fees, bonuses, fringe benefits,
 189.20 severance payments, and deferred compensation paid by the charitable organization and
 189.21 all related organizations as that term is defined by section 317A.011, subdivision 18.

189.22 Unless otherwise required by this subdivision, the financial statement need not be
 189.23 certified.

189.24 A financial statement of a charitable organization which has received total revenue
 189.25 in excess of ~~\$350,000~~ \$750,000 for the 12 months of operation covered by the statement

189.26 shall be accompanied by an audited financial statement prepared in accordance with
 189.27 generally accepted accounting principles that has been examined by an independent
 189.28 certified public accountant for the purpose of expressing an opinion. In preparing the audit
 189.29 the certified public accountant shall take into consideration capital, endowment or other
 189.30 reserve funds, if any, controlled by the charitable organization. For purposes of calculating
 189.31 the ~~\$350,000~~ \$750,000 total revenue threshold provided by this subdivision, the value
 189.32 of donated food to a nonprofit food shelf may not be included if the food is donated for
 189.33 subsequent distribution at no charge, and not for resale.

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

189.35 Sec. 12. Minnesota Statutes 2008, section 349.1641, is amended to read:

190.1 **349.1641 LICENSES; SUMMARY SUSPENSION.**

190.2 The board may (1) summarily suspend the license of an organization that is more
 190.3 than ~~three months~~ 45 days late in filing a tax return or in paying a tax required under
 190.4 chapter 297E and may keep the suspension in effect until all required returns are filed and
 190.5 required taxes are paid; (2) summarily suspend for not more than 90 days any license
 190.6 issued by the board or director for what the board determines are actions detrimental to the
 190.7 integrity of lawful gambling in Minnesota; and (3) summarily suspend the license of a
 190.8 gambling manager who has failed to receive the training required under section 349.167,
 190.9 subdivision 4, clause (2), and may keep the suspension in effect until the gambling
 190.10 manager passes an examination prepared and administered by the board. The examination
 190.11 does not qualify as continuing education credit for the next calendar year. The board must
 190.12 notify the licensee at least 14 days before suspending the license under this section. If a
 190.13 license is summarily suspended under this section, a contested case hearing on the merits
 190.14 must be held within 20 days of the issuance of the order of suspension, unless the parties
 190.15 agree to a later hearing date. The administrative law judge's report must be issued within
 190.16 20 days after the close of the hearing record. In all cases involving summary suspension,
 190.17 the board must issue its final decision within 30 days after receipt of the report of the
 190.18 administrative law judge and subsequent exceptions and argument under section 14.61.
 190.19 When an organization's license is suspended under this section, the board shall within
 190.20 three days notify all municipalities in which the organization's gambling premises are
 190.21 located and all licensed distributors in the state.

190.22 Sec. 13. Minnesota Statutes 2008, section 349.19, subdivision 9, is amended to read:

190.23 Subd. 9. **Annual financial audit; filing requirement.** An organization licensed
190.24 under this chapter must have an annual financial audit ~~or financial review~~ when required
190.25 by section 297E.06, subdivision 4.

190.26 Sec. 14. Minnesota Statutes 2008, section 423A.02, subdivision 1, is amended to read:

190.27 Subdivision 1. **Amortization state aid.** (a) A municipality in which is located
190.28 a local police or salaried firefighters' relief association to which the provisions of
190.29 section 69.77, apply, that had an unfunded actuarial accrued liability in the most recent
190.30 relief association actuarial valuation, is entitled, upon application as required by the
190.31 commissioner of revenue, to receive local police and salaried firefighters' relief association
190.32 amortization state aid if the municipality and the appropriate relief association both comply
190.33 with the applicable provisions of sections 69.031, subdivision 5, 69.051, subdivisions 1
190.34 and 3, and 69.77. If a municipality loses entitlement for amortization state aid in any year
191.1 because its local relief association no longer has an unfunded actuarial accrued liability,
191.2 the municipality is not entitled to amortization state aid in any subsequent year.

191.3 (b) The total amount of amortization state aid to all entitled municipalities must
191.4 not exceed \$5,055,000.

191.5 (c) Subject to the adjustment for the city of Minneapolis provided in this paragraph,
191.6 the amount of amortization state aid to which a municipality is entitled annually is an
191.7 amount equal to the level annual dollar amount required to amortize, by December 31,
191.8 2010, the unfunded actuarial accrued liability of the special fund of the appropriate
191.9 relief association as reported in the December 31, 1978, actuarial valuation of the
191.10 relief association prepared under sections 356.215 and 356.216, reduced by the dollar
191.11 amount required to pay the interest on the unfunded actuarial accrued liability of the
191.12 special fund of the relief association for calendar year 1981 set at the rate specified in
191.13 Minnesota Statutes 1978, section 356.215, subdivision 8. For the city of Minneapolis, the
191.14 amortization state aid amount thus determined must be reduced by \$747,232 on account of
191.15 the Minneapolis Police Relief Association and by \$772,768 on account of the Minneapolis
191.16 Fire Department Relief Association. If the amortization state aid amounts determined
191.17 under this paragraph exceed the amount appropriated for this purpose, the amortization
191.18 state aid for actual allocation must be reduced pro rata.

191.19 (d) Payment of amortization state aid to municipalities must be made directly to
191.20 the municipalities involved in three equal installments on July 15, September 15, and
191.21 November 15 annually. Upon receipt of amortization state aid, the municipal treasurer
191.22 shall transmit the aid amount to the treasurer of the local relief association for immediate
191.23 deposit in the special fund of the relief association.

191.24 (e) The commissioner of revenue shall prescribe and periodically revise the form for
191.25 and content of the application for the amortization state aid.

191.26 (f) The amount required under this section, as provided in subdivision 3a, is
191.27 appropriated annually from the general fund to the commissioner of revenue.

191.28 **EFFECTIVE DATE.** This section is effective retroactively for fiscal year 2004, for
191.29 aid payable in 2003 and thereafter.

191.30 Sec. 15. Minnesota Statutes 2008, section 423A.02, subdivision 1b, is amended to read:

191.31 Subd. 1b. **Additional amortization state aid.** (a) Annually, on October 1, the
191.32 commissioner of revenue shall allocate the additional amortization state aid transferred
191.33 under section 69.021, subdivision 11, to:

191.34 (1) all police or salaried firefighters relief associations governed by and in full
191.35 compliance with the requirements of section 69.77, that had an unfunded actuarial accrued
192.1 liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the
192.2 preceding December 31;

192.3 (2) all local police or salaried firefighter consolidation accounts governed by chapter
192.4 353A that are certified by the executive director of the public employees retirement
192.5 association as having for the current fiscal year an additional municipal contribution
192.6 amount under section 353A.09, subdivision 5, paragraph (b), and that have implemented
192.7 section 353A.083, subdivision 1, if the effective date of the consolidation preceded May
192.8 24, 1993, and that have implemented section 353A.083, subdivision 2, if the effective date
192.9 of the consolidation preceded June 1, 1995; and

192.10 (3) the municipalities that are required to make an additional municipal contribution
192.11 under section 353.665, subdivision 8, for the duration of the required additional
192.12 contribution.

192.13 (b) The commissioner shall allocate the state aid on the basis of the proportional share
192.14 of the relief association or consolidation account of the total unfunded actuarial accrued
192.15 liability of all recipient relief associations and consolidation accounts as of December 31,
192.16 1993, for relief associations, and as of June 30, 1994, for consolidation accounts.

192.17 (c) Beginning October 1, 2000, and annually thereafter, the commissioner shall
192.18 allocate the state aid, including any state aid in excess of the limitation in subdivision
192.19 4, on the following basis:

192.20 (1) 64.5 percent to the municipalities to which section 353.665, subdivision
192.21 8, paragraph (b), or 353A.09, subdivision 5, paragraph (b), apply for distribution in
192.22 accordance with paragraph (b) and subject to the limitation in subdivision 4;

192.23 (2) 34.2 percent to the city of Minneapolis to fund any unfunded actuarial accrued
192.24 liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the
192.25 preceding December 31 for the Minneapolis Police Relief Association or the Minneapolis
192.26 Fire Department Relief Association; and

192.27 (3) 1.3 percent to the city of Virginia to fund any unfunded actuarial accrued liability
192.28 in the actuarial valuation prepared under sections 356.215 and 356.216 as of the preceding
192.29 December 31 for the Virginia Fire Department Relief Association.

192.30 If there is no unfunded actuarial accrued liability in both the Minneapolis Police
192.31 Relief Association and the Minneapolis Fire Department Relief Association as disclosed
192.32 in the most recent actuarial valuations for the relief associations prepared under sections
192.33 356.215 and 356.216, the commissioner shall allocate that 34.2 percent of the aid as
192.34 follows: 49 percent to the Teachers Retirement Association, 21 percent to the St. Paul
192.35 Teachers Retirement Fund Association, and 30 percent as additional funding to support
192.36 minimum fire state aid for volunteer firefighters relief associations. If there is no unfunded
193.1 actuarial accrued liability in the Virginia Fire Department Relief Association as disclosed
193.2 in the most recent actuarial valuation for the relief association prepared under sections
193.3 356.215 and 356.216, the commissioner shall allocate that 1.3 percent of the aid as
193.4 follows: 49 percent to the Teachers Retirement Association, 21 percent to the St. Paul
193.5 Teachers Retirement Fund Association, and 30 percent as additional funding to support
193.6 minimum fire state aid for volunteer firefighters relief associations. Upon the final
193.7 payment to municipalities required by section 353.665, subdivision 8, paragraph (b),
193.8 or 353A.09, subdivision 5, paragraph (b), the commissioner shall allocate that 64.5
193.9 percent of the aid as follows: 20 percent to the St. Paul Teachers Retirement Fund
193.10 Association, 20 percent to the city of Minneapolis to fund any unfunded actuarial accrued
193.11 liability in the actuarial valuation proposed under sections 356.215 and 356.216 as of the
193.12 preceding December 31 for the Minneapolis Police Relief Association or the Minneapolis
193.13 Firefighters Relief Association, 20 percent for the city of Duluth to pay for any costs
193.14 associated with the police and firefighters pensions, and 40 percent as additional funding to
193.15 support minimum fire state aid for volunteer firefighters relief associations. The allocation
193.16 must be made by the commissioner at the same time and under the same procedures
193.17 as specified in subdivision 3. With respect to the St. Paul Teachers Retirement Fund
193.18 Association, annually, beginning on July 1, 2005, if the applicable teacher's association
193.19 five-year average time-weighted rate of investment return does not equal or exceed the
193.20 performance of a composite portfolio assumed passively managed (indexed) invested ten
193.21 percent in cash equivalents, 60 percent in bonds and similar debt securities, and 30 percent
193.22 in domestic stock calculated using the formula under section 11A.04, clause (11), the aid

193.23 allocation to that retirement fund under this section ceases until the five-year annual rate
193.24 of investment return equals or exceeds the performance of that composite portfolio.

193.25 (d) The amounts required under this subdivision are the amounts annually
193.26 appropriated to the commissioner of revenue under section 69.021, subdivision 11,
193.27 paragraph (e).

193.28 **EFFECTIVE DATE.** This section is effective retroactively for fiscal year 2004, for
193.29 aid payable in 2003 and thereafter.

193.30 Sec. 16. Minnesota Statutes 2008, section 423A.02, subdivision 3, is amended to read:

193.31 Subd. 3. **Reallocation of amortization or supplementary amortization state**

193.32 **aid.** (a) Seventy percent of the difference between \$5,720,000 and the current year
193.33 amortization aid ~~or~~ and supplemental amortization aid distributed under subdivisions 1
193.34 and 1a that is not distributed for any reason to a municipality for use by a local police
193.35 or salaried fire relief association must be distributed by the commissioner of revenue
194.1 according to this paragraph. The commissioner shall distribute 70 percent of the amounts
194.2 derived under this paragraph to the Teachers Retirement Association and 30 percent to the
194.3 St. Paul Teachers Retirement Fund Association to fund the unfunded actuarial accrued
194.4 liabilities of the respective funds. These payments shall be made on or before June 30
194.5 each fiscal year. ~~The amount required under this paragraph is appropriated annually from~~
194.6 ~~the general fund to the commissioner of revenue.~~ If the St. Paul Teachers Retirement Fund
194.7 Association becomes fully funded, its eligibility for this aid ceases. Amounts remaining
194.8 in the undistributed balance account at the end of the biennium if aid eligibility ceases
194.9 cancel to the general fund.

194.10 (b) In order to receive amortization and supplementary amortization aid under
194.11 paragraph (a), Independent School District No. 625, St. Paul, must make contributions
194.12 to the St. Paul Teachers Retirement Fund Association in accordance with the following
194.13 schedule:

194.14	Fiscal Year	Amount
194.15	1996	\$ 0
194.16	1997	\$ 0
194.17	1998	\$ 200,000
194.18	1999	\$ 400,000
194.19	2000	\$ 600,000
194.20	2001 and thereafter	\$ 800,000

194.21 (c) Special School District No. 1, Minneapolis, and the city of Minneapolis must
194.22 each make contributions to the Teachers Retirement Association in accordance with the
194.23 following schedule:

194.24	Fiscal Year	City amount	School district amount
194.25			
194.26	1996	\$ 0	\$ 0
194.27	1997	\$ 0	\$ 0
194.28	1998	\$ 250,000	\$ 250,000
194.29	1999	\$ 400,000	\$ 400,000
194.30	2000	\$ 550,000	\$ 550,000
194.31	2001	\$ 700,000	\$ 700,000
194.32	2002	\$ 850,000	\$ 850,000
194.33	2003 and thereafter	\$ 1,000,000	\$ 1,000,000

194.34 (d) Money contributed under paragraph (a) and either paragraph (b) or (c), as
 194.35 applicable, must be credited to a separate account in the applicable teachers retirement
 194.36 fund and may not be used in determining any benefit increases. The separate account
 194.37 terminates for a fund when the aid payments to the fund under paragraph (a) cease.

194.38 (e) Thirty percent of the difference between \$5,720,000 and the current year
 194.39 amortization aid ~~or~~ and supplemental amortization aid under subdivisions 1 and 1a that
 195.1 is not distributed for any reason to a municipality for use by a local police or salaried
 195.2 firefighter relief association must be distributed under section 69.021, subdivision 7,
 195.3 paragraph (d), as additional funding to support a minimum fire state aid amount for
 195.4 volunteer firefighter relief associations. ~~The amount required under this paragraph is~~
 195.5 ~~appropriated annually to the commissioner of revenue.~~

195.6 **EFFECTIVE DATE.** This section is effective retroactively for fiscal year 2004, for
 195.7 aid payable in 2003 and thereafter.

195.8 Sec. 17. Minnesota Statutes 2008, section 423A.02, is amended by adding a
 195.9 subdivision to read:

195.10 **Subd. 3a. Appropriations for amortization state aid; supplementary**
 195.11 **amortization state aid; and amortization state aid and supplementary state aid**
 195.12 **reallocations.** \$4,720,000 is annually appropriated from the general fund to the
 195.13 commissioner of revenue for amortization state aid under subdivision 1 and for the
 195.14 reallocation of amortization aid under subdivision 3. \$1,000,000 is annually appropriated
 195.15 from the general fund to the commissioner of revenue for supplementary amortization
 195.16 state aid under subdivision 1a, and for the reallocation of supplementary amortization state
 195.17 aid under subdivision 3.

195.18 **EFFECTIVE DATE.** This section is effective retroactively for fiscal year 2004, for
 195.19 aid payable in 2003 and thereafter.

195.20 Sec. 18. Minnesota Statutes 2008, section 645.44, subdivision 19, is amended to read:

195.21 Subd. 19. **Fee and tax.** (a) "Tax" means any fee, charge, exaction, or assessment
 195.22 imposed by a governmental entity on an individual, person, entity, transaction, good,
 195.23 service, or other thing. It excludes a price that an individual or entity chooses voluntarily
 195.24 to pay in return for receipt of goods or services provided by the governmental entity.
 195.25 A government good or service does not include access to or the authority to engage in
 195.26 private market transactions with a nongovernmental party, such as licenses to engage in a
 195.27 trade, profession, or business or to improve private property.

195.28 (b) For purposes of applying the laws of this state, a "fee," "charge," or other similar
 195.29 term that satisfies the functional requirements of paragraph (a) must be treated as a tax for
 195.30 all purposes, regardless of whether the statute or law names or describes it as a tax. The
 195.31 provisions of this subdivision do not exempt a person, corporation, organization, or entity
 195.32 from payment of a validly imposed fee, charge, exaction, or assessment, nor preempt or
 195.33 supersede limitations under law that apply to fees, charges, or assessments.

196.1 (c) This subdivision is not intended to extend or limit article 4, section 18, of the
 196.2 Minnesota Constitution.

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

196.4 Sec. 19. Laws 2008, chapter 366, article 6, section 46, subdivision 1, is amended to
 196.5 read:

196.6 Subdivision 1. **Authorized.** Notwithstanding the contiguity requirement in
 196.7 Minnesota Statutes, section 447.31, subdivision 2, any two or more of the following cities
 196.8 and towns in St. Louis County may establish by resolution of their respective governing
 196.9 bodies the White Community Hospital District or its successor: the cities of Aurora,
 196.10 Biwabik, and Hoyt Lakes, and the towns of Biwabik, White, and Colvin. The proposed
 196.11 resolution to establish the hospital district must be published and is subject to referendum
 196.12 as provided in section 447.31, subdivision 2.

196.13 **EFFECTIVE DATE.** This section is effective the day following final enactment
 196.14 without local approval under Minnesota Statutes, section 645.023, subdivision 1,
 196.15 paragraph (a), for taxes levied in 2009, payable in 2010, and thereafter.

196.16 Sec. 20. Laws 2008, chapter 366, article 6, section 46, subdivision 2, is amended to
 196.17 read:

196.18 Subd. 2. **Powers; may make grants.** (a) Except as otherwise provided in this
 196.19 section, the White Community Hospital District or its successor shall be organized and
 196.20 have the powers and duties provided in Minnesota Statutes, sections 447.31, except
 196.21 subdivisions 2, 5, and 6; 447.32, subdivisions 5, 7, and 9; 447.345; 447.37; and 447.38.

196.22 (b) The hospital district may levy taxes as provided in this section to provide funding
196.23 to make grants to the White Community Hospital or its successor and any affiliated health
196.24 care facility or provider for any purpose authorized for hospital districts in Minnesota
196.25 Statutes, sections 447.31 to 447.38, except 447.331. A grant must not be made under
196.26 this section until the governing body of the White Community Hospital, and any of its
196.27 affiliated health care facilities or providers receiving a grant, have entered into a written
196.28 agreement with the hospital district board stating that the governing body will comply
196.29 with and is subject to all provisions of the Minnesota open meeting law in Minnesota
196.30 Statutes, chapter 13D.

196.31 **EFFECTIVE DATE.** This section is effective the day following final enactment
196.32 without local approval under Minnesota Statutes, section 645.023, subdivision 1,
196.33 paragraph (a), for taxes levied in 2009, payable in 2010, and thereafter.

197.1 Sec. 21. **SPECIAL ACCOUNT; TIMING DIFFERENCES.**

197.2 Notwithstanding the provisions of Minnesota Statutes, section 290.62, the
197.3 commissioner of revenue shall deposit the additional income tax and corporate franchise
197.4 tax revenues collected as a result of the combination of: (1) the additions under Minnesota
197.5 Statutes, section 290.01, subdivision 19a, clauses (7) and (8), and subdivision 19c, clauses
197.6 (15) and (16); and (2) adopting the provisions of American Recovery and Reinvestment
197.7 Act of 2009, in a special timing account in the general fund, but not to exceed \$10,149,000.
197.8 On July 11, 2011, the commissioner of revenue shall transfer the money in the account to
197.9 the general fund to offset the reduction in revenues resulting from the subtractions under
197.10 Minnesota Statutes, section 290.01, subdivision 19b, clauses (9) and (14), and subdivision
197.11 19d, clauses (18) and (19).

197.12 Sec. 22. **APPROPRIATION.**

197.13 \$680,000 in fiscal year 2010 and \$680,000 in fiscal year 2011 are appropriated from
197.14 the general fund to the commissioner of natural resources to be used to cover the costs
197.15 associated with issuing mining permits. This is a onetime appropriation and does not
197.16 become part of the agency's base budget.

197.17 Sec. 23. **REPEALER.**

197.18 (a) Laws 1998, chapter 407, article 8, section 12, subdivision 4, is repealed.
197.19 (b) Laws 2009, chapter 37, article 1, section 31, subdivision 3, is repealed.
197.20 (c) Minnesota Statutes 2008, section 126C.21, subdivision 4, is repealed.

197.21 **EFFECTIVE DATE.** Paragraph (a) is effective the day following final enactment.
 197.22 Paragraph (b) is effective May 8, 2009. Paragraph (c) is effective for revenue for fiscal
 197.23 year 2010 and thereafter."

197.24 Delete the title and insert:

197.25 "A bill for an act
 197.26 relating to the financing and operation of state and local government; making
 197.27 policy, technical, administrative, enforcement, clarifying, and other changes
 197.28 to income, corporate franchise, estate, property; sales, use, gross receipts,
 197.29 local, solid waste, gambling, mortgage, deed, petroleum, insurance, minerals,
 197.30 production, and other taxes and tax-related provisions; providing terms
 197.31 and conditions relating to issuance of obligations and financing of public
 197.32 improvements; making changes to tax increment financing and local government
 197.33 aid provisions, conforming to certain federal provisions; providing clarification
 197.34 for eligibility for property tax exemption for institutions of public charity;
 197.35 modifying truth in taxation, tax preparation services, police and firefighter relief
 197.36 association amortization state-aid provisions; making changes to local taxing
 197.37 authorities; providing emergency debt certificates; authorizing the issuance of
 197.38 local bonds; providing temporary suspension of new or increased maintenance of
 197.39 effort requirements; requiring studies; appropriating money; amending Minnesota
 197.40 Statutes 2008, sections 37.31, subdivision 8; 123B.10, subdivision 1; 124D.4531,
 197.41 by adding a subdivision; 126C.41, subdivision 2; 126C.55, subdivision 4;
 198.1 144F.01, subdivision 3; 204B.46; 270B.14, subdivision 16; 270C.12, by adding
 198.2 a subdivision; 270C.445; 270C.446, subdivisions 2, 5; 270C.56, subdivisions
 198.3 1, 3; 272.02, subdivisions 7, 55, 86, by adding subdivisions; 272.029,
 198.4 subdivision 6; 273.11, subdivision 23; 273.111, subdivision 4, by adding a
 198.5 subdivision; 273.1115, subdivision 2; 273.113, subdivisions 1, 2; 273.1231,
 198.6 subdivision 8; 273.124, subdivisions 3, 3a, 21; 273.13, subdivisions 23, 25, 33;
 198.7 273.33, subdivision 2; 273.37, subdivision 2; 274.13, subdivision 2; 274.135,
 198.8 subdivision 3; 274.14; 274.175; 275.065, subdivisions 1, 3, 6; 275.07, by
 198.9 adding a subdivision; 275.70, subdivision 5; 276.04, subdivision 2; 279.01,
 198.10 subdivision 1; 279.10; 282.08; 287.04; 287.05, by adding a subdivision; 287.08;
 198.11 287.22; 287.25; 289A.02, subdivision 7, as amended; 289A.08, subdivision 3;
 198.12 289A.11, subdivision 1; 289A.12, by adding a subdivision; 289A.18, subdivision
 198.13 1; 289A.19, subdivision 4; 289A.20, subdivision 4; 289A.31, subdivision 5;
 198.14 289A.38, subdivision 7; 289A.41; 290.01, subdivisions 19, as amended, 19a, as
 198.15 amended, 19b, 19c, as amended, 19d, as amended, 31, as amended; 290.06,
 198.16 subdivision 2c; 290.067, subdivision 2a, as amended; 290.0671, subdivision
 198.17 1; 290.0678, as added; 290.091, subdivision 2; 290A.03, subdivisions 3, as
 198.18 amended, 15, as amended; 290A.10; 290A.14; 290B.03, subdivision 1; 290C.06;
 198.19 290C.07; 291.005, subdivision 1, as amended; 295.56; 295.57, subdivision 5;
 198.20 296A.21, subdivision 1; 297A.62, by adding a subdivision; 297A.64, subdivision
 198.21 2; 297A.70, subdivisions 2, 4; 297A.71, by adding a subdivision; 297A.75,
 198.22 subdivisions 1, 2; 297A.94; 297A.992, subdivision 2; 297A.993, subdivision 1;
 198.23 297B.02, subdivision 1; 297E.02, subdivision 4; 297E.06, subdivision 4, by
 198.24 adding a subdivision; 297E.11, subdivision 1; 297F.09, subdivision 7; 297G.09,
 198.25 subdivision 6; 297H.06, subdivision 1; 297I.30, by adding a subdivision; 297I.35,
 198.26 subdivision 2; 298.227; 298.28, subdivisions 2, 4, 11; 298.75, subdivision 2;
 198.27 309.53, subdivision 3; 349.1641; 349.19, subdivision 9; 360.036, subdivision
 198.28 2; 366.095, subdivision 1; 373.47, subdivision 1; 373.48, subdivision 1, by
 198.29 adding a subdivision; 375.194, subdivision 5; 383A.75, subdivision 3; 423A.02,
 198.30 subdivisions 1, 1b, 3, by adding a subdivision; 428A.03, subdivision 1; 428A.08;
 198.31 428A.09; 428A.10; 428A.101; 428A.13, by adding a subdivision; 428A.14,
 198.32 subdivision 1; 428A.21; 429.011, subdivision 2a; 446A.086, subdivision 8, by
 198.33 adding a subdivision; 465.719, subdivision 9; 469.005, subdivision 1; 469.015,
 198.34 subdivisions 1, 2, 3; 469.034, subdivision 2; 469.040, subdivisions 2, 4; 469.053,

198.35 by adding a subdivision; 469.153, subdivision 2; 469.174, subdivision 22;
 198.36 469.175, subdivisions 1, 6; 469.176, subdivisions 3, 6; 469.1763, subdivision 3;
 198.37 469.178, subdivision 7; 469.312, subdivision 5; 471.191, subdivision 1; 473.13,
 198.38 subdivision 1; 473.39, by adding a subdivision; 473.843, subdivision 3; 474A.02,
 198.39 subdivisions 2, 14; 475.58, subdivision 1; 475.67, subdivision 8; 477A.011,
 198.40 subdivisions 34, 36, 42; 477A.013, subdivision 8; 645.44, subdivision 19; Laws
 198.41 1971, chapter 773, section 4, as amended; Laws 1976, chapter 162, section
 198.42 3, as amended; Laws 1986, chapter 396, section 4, subdivision 3; by adding
 198.43 a subdivision; Laws 1986, chapter 400, section 44, as amended; Laws 1991,
 198.44 chapter 291, article 8, section 27, subdivision 3, as amended; Laws 1993, chapter
 198.45 375, article 9, section 46, subdivision 2, as amended, by adding a subdivision;
 198.46 Laws 1996, chapter 471, article 2, section 30; Laws 1998, chapter 389, article
 198.47 8, section 37, subdivision 1; Laws 2001, First Special Session chapter 5, article
 198.48 3, section 8, as amended; Laws 2002, chapter 377, article 3, section 25; Laws
 198.49 2006, chapter 259, article 3, section 12, subdivision 3; Laws 2008, chapter 366,
 198.50 article 5, section 34; article 6, sections 9; 10; 46, subdivisions 1, 2; article 7,
 198.51 sections 16, subdivision 3; 18, subdivisions 2, 3; Laws 2009, chapter 12, article
 198.52 2, section 5, subdivision 2; proposing coding for new law in Minnesota Statutes,
 198.53 chapters 16A; 270C; 275; 469; 475; repealing Minnesota Statutes 2008, sections
 198.54 126C.21, subdivision 4; 275.065, subdivisions 5a, 6b, 6c, 8, 9, 10; 287.26;
 198.55 287.27, subdivision 1; 297A.67, subdivision 24; 298.28, subdivisions 11a, 13;
 198.56 Laws 1993, chapter 375, article 5, section 42, as amended; Laws 1998, chapter
 198.57 407, article 8, section 12, subdivision 4; Laws 2009, chapter 37, article 1, section
 198.58 31, subdivision 3; Minnesota Rules, parts 8009.3000; 8115.0200; 8115.0300;
 199.1 8115.0400; 8115.0500; 8115.0600; 8115.1000; 8115.1100; 8115.1200;
 199.2 8115.1300; 8115.1400; 8115.1500; 8115.1600; 8115.1700; 8115.1800;
 199.3 8115.1900; 8115.2000; 8115.2100; 8115.2200; 8115.2300; 8115.2400;
 199.4 8115.2500; 8115.2600; 8115.2700; 8115.2800; 8115.2900; 8115.3000;
 199.5 8115.4000; 8115.4100; 8115.4200; 8115.4300; 8115.4400; 8115.4500;
 199.6 8115.4600; 8115.4700; 8115.4800; 8115.4900; 8115.5000; 8115.5100;
 199.7 8115.5200; 8115.5300; 8115.5400; 8115.5500; 8115.5600; 8115.5700;
 199.8 8115.5800; 8115.5900; 8115.6000; 8115.6100; 8115.6200; 8115.6300;
 199.9 8115.6400; 8115.9900."
 199.10 Correct the title numbers accordingly