

1.1 moves to amend H.F. No. 2695 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "Section 1. Minnesota Statutes 2008, section 13.4967, is amended by adding a
1.4 subdivision to read:

1.5 Subd. 8. **SMALL BUSINESS INVESTMENT TAX CREDIT.** Data related to
1.6 small business investment tax credit certifications and certification of qualified small
1.7 businesses, qualified investors, and qualified funds, is classified in section 116J.8737.

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

1.9 Sec. 2. **[16A.726] ECONOMIC INCENTIVE ACCOUNT.**

1.10 (a) An economic incentive account is created in the special revenue fund in the
1.11 state treasury. The commissioner shall deposit to the credit of the account money made
1.12 available to the account. Notwithstanding section 11A.20, any investment income
1.13 attributable to earnings of the account is credited to the account.

1.14 (b) The economic incentive account expires after the close of fiscal year 2015, and
1.15 any amounts in the account cancel to the general fund.

1.16 Sec. 3. **[116J.8737] SMALL BUSINESS INVESTMENT TAX CREDIT.**

1.17 Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms
1.18 have the meanings given.

1.19 (b) "Qualified small business" means a business that has been certified by the
1.20 commissioner under subdivision 2.

1.21 (c) "Qualified investor" means an investor who has been certified by the
1.22 commissioner under subdivision 3.

1.23 (d) "Qualified fund" means a pooled angel investment network fund that has been
1.24 certified by the commissioner under subdivision 4.

2.1 (e) "Qualified investment" means a cash investment in a qualified small business
2.2 of a minimum of:

2.3 (1) \$10,000 in a calendar year by a qualified investor; or

2.4 (2) \$30,000 in a calendar year by a qualified fund.

2.5 A qualified investment must be made in exchange for common stock, a partnership
2.6 or membership interest, preferred stock, debt with mandatory conversion to equity, or an
2.7 equivalent ownership interest as determined by the commissioner.

2.8 (f) "Family" means a family member within the meaning of the Internal Revenue
2.9 Code, section 267(c)(4).

2.10 (g) "Pass-through entity" means a corporation that for the applicable taxable year is
2.11 treated as an S corporation or a general partnership, limited partnership, limited liability
2.12 partnership, trust, or limited liability company and which for the applicable taxable year is
2.13 not taxed as a corporation under chapter 290.

2.14 Subd. 2. **Certification of qualified small businesses.** (a) Businesses may apply
2.15 to the commissioner for certification as a qualified small business for a calendar year.
2.16 The application must be in the form and be made under the procedures specified by the
2.17 commissioner, accompanied by an application fee of \$150. Application fees are deposited
2.18 in the small business investment tax credit administration account in the special revenue
2.19 fund. The application for certification for 2010 must be made available on the department's
2.20 Web site by August 1, 2010. Applications for subsequent years' certification must be made
2.21 available on the department's Web site by November 1 of the preceding year.

2.22 (b) Within 30 days of receiving an application for certification under this subdivision,
2.23 the commissioner must either certify the business as satisfying the conditions required of a
2.24 qualified small business, request additional information from the business, or reject the
2.25 application for certification. If the commissioner requests additional information from the
2.26 business, the commissioner must either certify the business or reject the application within
2.27 30 days of receiving the additional information. If the commissioner neither certifies the
2.28 business nor rejects the application within 30 days of receiving the original application or
2.29 within 30 days of receiving the additional information requested, whichever is later, then
2.30 the application is deemed rejected, and the commissioner must refund the \$150 application
2.31 fee. A business that applies for certification and is rejected may reapply.

2.32 (c) To receive certification, a business must satisfy all of the following conditions:

2.33 (1) the business has its headquarters in Minnesota;

2.34 (2) at least 51 percent of the business's employees are employed in Minnesota, and

2.35 51 percent of the business's total payroll is paid or incurred in the state;

3.1 (3) the business is engaged in, or is committed to engage in, innovation in Minnesota
3.2 in one of the following as its primary business activity:

3.3 (i) using proprietary technology to add value to a product, process, or service in a
3.4 qualified high-technology field;

3.5 (ii) researching or developing a proprietary product, process, or service in a qualified
3.6 high-technology field; or

3.7 (iii) researching, developing, or producing a new proprietary technology for use in
3.8 the fields of tourism, forestry, mining, manufacturing, or transportation.

3.9 (4) other than the activities specifically listed in clause (3), the business is not
3.10 engaged in real estate development, insurance, banking, lending, lobbying, political
3.11 consulting, information technology consulting, wholesale or retail trade, leisure,
3.12 hospitality, transportation, construction, ethanol production from corn, or professional
3.13 services provided by attorneys, accountants, business consultants, physicians, or health
3.14 care consultants;

3.15 (5) the business has fewer than 25 employees;

3.16 (6) the business must pay its employees annual wages of at least 175 percent of the
3.17 federal poverty guideline for the year for a family of four, except that this requirement
3.18 must be reduced proportionately for employees who work less than full-time, and does not
3.19 apply to an executive, officer, or member of the board of the business, or to any employee
3.20 who owns, controls, or holds power to vote more than 20 percent of the outstanding
3.21 securities of the business;

3.22 (7) the business has not been in operation for more than ten years; and

3.23 (8) the business had less than \$2 million in annual gross sales receipts for the
3.24 previous year.

3.25 (d) In applying the limits under paragraph (c), clauses (5) and (8), the employees
3.26 and gross sales receipts, in all members of the unitary business, as defined in section
3.27 290.17, subdivision 4, must be included.

3.28 (e) In order for a qualified investment in a business to be eligible for tax credits, the
3.29 business must have applied for and received certification for the calendar year in which
3.30 the investment was made prior to the date on which the qualified investment was made.

3.31 (f) The commissioner must maintain a list of businesses certified under this
3.32 subdivision for the calendar year and make the list accessible to the public on the
3.33 department's Web site.

3.34 (g) For purposes of this subdivision, the following terms have the meanings given:

3.35 (1) "qualified high-technology field" includes aerospace, agricultural processing,
3.36 alternative energy, energy efficiency, environmental engineering, food technology,

4.1 cellulosic ethanol, information technology, materials science technology, nanotechnology,
4.2 telecommunications, biotechnology, medical device products, pharmaceuticals,
4.3 diagnostics, biologicals, veterinary science, and similar fields; and

4.4 (2) "proprietary technology" means the technical innovations that are unique and
4.5 legally owned or licensed by a business and includes, without limitation, those innovations
4.6 that are patented, patent pending, a subject of trade secrets, or copyrighted.

4.7 Subd. 3. **Certification of qualified investors.** (a) Investors may apply to the
4.8 commissioner for certification as a qualified investor for a taxable year. The application
4.9 must be in the form and be made under the procedures specified by the commissioner,
4.10 accompanied by an application fee of \$350. Application fees are deposited in the small
4.11 business investment tax credit administration account in the special revenue fund. The
4.12 application for certification for 2010 must be made available on the department's Web
4.13 site by August 1, 2010. Applications for subsequent years' certification must be made
4.14 available on the department's Web site by November 1 of the preceding year.

4.15 (b) Within 30 days of receiving an application for certification under this subdivision,
4.16 the commissioner must either certify the investor as satisfying the conditions required
4.17 of a qualified investor, request additional information from the investor, or reject the
4.18 application for certification. If the commissioner requests additional information from the
4.19 investor, the commissioner must either certify the investor or reject the application within
4.20 30 days of receiving the additional information. If the commissioner neither certifies the
4.21 investor nor rejects the application within 30 days of receiving the original application or
4.22 within 30 days of receiving the additional information requested, whichever is later, then
4.23 the application is deemed rejected, and the commissioner must refund the \$350 application
4.24 fee. An investor who applies for certification and is rejected may reapply.

4.25 (c) To receive certification, an investor must satisfy all of the following conditions:

4.26 (1) is an accredited investor, within the meaning of Regulation D of the Securities
4.27 and Exchange Commission, Code of Federal Regulations, title 17, section 230.501(a),
4.28 or certifies to the commissioner that the investor will only invest in a transaction that is
4.29 exempt under section 80A.46, clause (13) or (14), or in a security registered under section
4.30 80A.50, paragraph (b); and

4.31 (2) the investor is not an entity disqualified under section 80A.50, paragraph (b),
4.32 clause (3).

4.33 (d) In order for a qualified investment in a qualified small business to be eligible
4.34 for tax credits, a qualified investor who makes the investment must have applied for and
4.35 received certification for the calendar year prior to making the qualified investment, except

5.1 in the case of an investor who is not an accredited investor, application for certification
5.2 may be made within 30 days after making the qualified investment.

5.3 Subd. 4. **Certification of qualified funds.** (a) A pass-through entity may apply to
5.4 the commissioner for certification as a qualified fund for a calendar year. The application
5.5 must be in the form and be made under the procedures specified by the commissioner,
5.6 accompanied by an application fee of \$1,000. Application fees are deposited in the small
5.7 business investment tax credit administration account in the special revenue fund. The
5.8 application for certification for 2010 of qualified funds must be made available on the
5.9 department's Web site by August 1, 2010. Applications for subsequent years' certification
5.10 must be made available by November 1 of the preceding year.

5.11 (b) Within 30 days of receiving an application for certification under this subdivision,
5.12 the commissioner must either certify the fund as satisfying the conditions required of a
5.13 qualified fund, request additional information from the fund, or reject the application
5.14 for certification. If the commissioner requests additional information from the fund,
5.15 the commissioner must either certify the fund or reject the application within 30 days
5.16 of receiving the additional information. If the commissioner neither certifies the fund
5.17 nor rejects the application within 30 days of receiving the original application or within
5.18 30 days of receiving the additional information requested, whichever is later, then the
5.19 application is deemed rejected, and the commissioner must refund the \$1,000 application
5.20 fee. A fund that applies for certification and is rejected may reapply.

5.21 (c) To receive certification, a fund must:

5.22 (1) invest or intend to invest in qualified small businesses;

5.23 (2) be organized as a pass-through entity; and

5.24 (3) have at least three separate investors, all of whom satisfy the conditions in
5.25 subdivision 3, paragraph (c).

5.26 (d) Investments in the fund may consist of equity investments or notes that pay
5.27 interest or other fixed amounts, or any combination of both.

5.28 (e) In order for a qualified investment in a qualified small business to be eligible for
5.29 tax credits, a qualified fund that makes the investment must have applied for and received
5.30 certification for the calendar year prior to making the qualified investment.

5.31 Subd. 5. **Credit allowed.** (a) A qualified investor or qualified fund is eligible for
5.32 a credit equal to 25 percent of the qualified investment in a qualified small business.
5.33 Investments made by a pass-through entity qualify for a credit only if the entity is a
5.34 qualified fund. The commissioner must not allocate more than \$4,500,000 in credits to
5.35 qualified taxpayers or qualified funds for taxable years beginning after December 31,
5.36 2009, and before January 1, 2011, and must not allocate more than \$9,000,000 in credits

6.1 per year for taxable years beginning after December 31, 2010, and before January 1,
6.2 2015. Any portion of a taxable year's credits that is not allocated by the commissioner
6.3 does not cancel and may be carried forward to subsequent taxable years until all credits
6.4 have been allocated.

6.5 (b) The commissioner may not allocate more than a total maximum amount in
6.6 credits for a taxable year to a qualified investor for the investor's cumulative qualified
6.7 investments as an individual qualified investor and as an investor in a qualified fund; for
6.8 married couples filing joint returns the maximum is \$250,000, and for all other filers
6.9 the maximum is \$125,000. The commissioner may not allocate more than a total of
6.10 \$1,000,000 in credits over all taxable years for qualified investments in any one qualified
6.11 small business. In the first calendar year in which credits are allocated for investments in a
6.12 qualified small business, and for one subsequent calendar year, the commissioner must not
6.13 allocate credits for investments in the qualified small business if doing so would result
6.14 in qualified investors and qualified funds owning, in aggregate, more than 49 percent
6.15 of the qualified small business.

6.16 (c) The commissioner may not allocate a credit to a qualified investor either as an
6.17 individual qualified investor or as an investor in a qualified fund if the investor receives
6.18 more than 50 percent of the investor's gross annual income from the qualified small
6.19 business in which the qualified investment is proposed. A member of the family of an
6.20 individual disqualified by this paragraph is not eligible for a credit under this section. For
6.21 a married couple filing a joint return, the limitations in this paragraph apply collectively
6.22 to the investor and spouse. For purposes of determining the ownership interest of an
6.23 investor under this paragraph, the rules under section 267(c) and 267(e) of the Internal
6.24 Revenue Code apply.

6.25 (d) Applications for tax credits for 2010 must be made available on the department's
6.26 Web site by September 1, 2010, and the department must begin accepting applications
6.27 by September 1, 2010. Applications for subsequent years must be made available by
6.28 November 1 of the preceding year.

6.29 (e) Qualified investors and qualified funds must apply to the commissioner for tax
6.30 credits. Tax credits must be allocated to qualified investors or qualified funds in the order
6.31 that the tax credit request applications are filed with the department. The commissioner
6.32 must approve or reject tax credit request applications within 15 days of receiving the
6.33 application. The investment specified in the application must be made within 60 days of
6.34 the allocation of the credits. If the investment is not made within 60 days, the credit
6.35 allocation is canceled and available for reallocation. A qualified investor or qualified fund
6.36 that fails to invest as specified in the application, within 60 days of allocation of the

7.1 credits, must notify the commissioner of the failure to invest within five business days of
7.2 the expiration of the 60-day investment period.

7.3 (f) All tax credit request applications filed with the department on the same day must
7.4 be treated as having been filed contemporaneously. If two or more qualified investors or
7.5 qualified funds file tax credit request applications on the same day, and the aggregate
7.6 amount of credit allocation claims exceeds the aggregate limit of credits under this section
7.7 or the lesser amount of credits that remain unallocated on that day, then the credits must
7.8 be allocated among the qualified investors or qualified funds who filed on that day on a
7.9 pro rata basis with respect to the amounts claimed. The pro rata allocation for any one
7.10 qualified investor or qualified fund is the product obtained by multiplying a fraction,
7.11 the numerator of which is the amount of the credit allocation claim filed on behalf of
7.12 a qualified investor and the denominator of which is the total of all credit allocation
7.13 claims filed on behalf of all applicants on that day, by the amount of credits that remain
7.14 unallocated on that day for the taxable year.

7.15 (g) A qualified investor or qualified fund must notify the commissioner when an
7.16 investment for which credits were allocated has been made, and the taxable year in which
7.17 the investment was made. A qualified fund must also provide the commissioner with a
7.18 statement indicating the amount invested by each investor in the qualified fund based
7.19 on each investor's share of the assets of the qualified fund at the time of the qualified
7.20 investment. After receiving notification that the investment was made, the commissioner
7.21 must issue credit certificates for the taxable year in which the investment was made to
7.22 the qualified investor or, for an investment made by a qualified fund, to each qualified
7.23 investor who is an investor in the fund. The certificate must state that the credit is subject
7.24 to revocation if the qualified investor or qualified fund does not hold the investment in
7.25 the qualified small business for at least three years, consisting of the calendar year in
7.26 which the investment was made and the two following years. The three-year holding
7.27 period does not apply if:

7.28 (1) the investment by the qualified investor or qualified fund becomes worthless
7.29 before the end of the three-year period;

7.30 (2) 80 percent or more of the assets of the qualified small business is sold before
7.31 the end of the three-year period;

7.32 (3) the qualified small business is sold before the end of the three-year period; or

7.33 (4) the qualified small business's common stock begins trading on a public exchange
7.34 before the end of the three-year period.

7.35 (h) The commissioner must notify the commissioner of revenue of credit certificates
7.36 issued under this section.

8.1 Subd. 6. Annual reports. (a) By February 1 of each year each qualified small
8.2 business that received an investment that qualified for a credit, and each qualified investor
8.3 and qualified fund that made an investment that qualified for a credit, must submit an
8.4 annual report to the commissioner and pay a filing fee of \$100 if required under this
8.5 subdivision. Each qualified investor and qualified fund must submit reports for three
8.6 years following each year in which it made an investment that qualified for a credit, and
8.7 each qualified small business must submit reports for five years following the year in
8.8 which it received an investment qualifying for a credit. Reports must be made in the form
8.9 required by the commissioner. All filing fees collected are deposited in the small business
8.10 investment tax credit administration account in the special revenue fund.

8.11 (b) A report from a qualified small business must certify that the business satisfies
8.12 the following requirements:

8.13 (1) the business has its headquarters in Minnesota;

8.14 (2) at least 51 percent of the business's employees are employed in Minnesota, and
8.15 51 percent of the business's total payroll is paid or incurred in the state;

8.16 (3) that the business is engaged in, or is committed to engage in, innovation in
8.17 Minnesota as defined under subdivision 2; and

8.18 (4) that the business meets the payroll requirements in subdivision 2, paragraph
8.19 (c), clause (6).

8.20 (c) Reports from qualified investors must certify that the investor satisfies the
8.21 following requirements:

8.22 (1) the investor continues to meet the requirements of subdivision 3; and

8.23 (2) that the investor continues to remain invested in the qualified small business as
8.24 required by subdivision 5, paragraph (d).

8.25 (d) Reports from qualified funds must certify that the fund satisfies the following
8.26 requirements:

8.27 (1) each investor in the qualified fund continues to meet the requirements of
8.28 subdivision 4; and

8.29 (2) that the qualified fund continues to remain invested in the qualified small
8.30 business as required by subdivision 5, paragraph (d).

8.31 (e) A qualified small business that ceases all operations and becomes insolvent
8.32 must file a final an annual report in the form required by the commissioner documenting
8.33 its insolvency. In following years the business is exempt from the annual reporting
8.34 requirement, the report filing fee, and the fine for failure to file a report.

8.35 (f) A qualified small business, qualified investor, or qualified fund that fails to file an
8.36 annual report as required under this subdivision is subject to a \$500 fine.

9.1 Subd. 7. **Revocation of credits.** (a) If the commissioner determines that a
 9.2 qualified investor or qualified fund did not meet the three-year holding period required in
 9.3 subdivision 5, paragraph (d), any credit allocated and certified to the investor or fund is
 9.4 revoked and must be repaid by the investor.

9.5 (b) If the commissioner determines that a business did not meet the employment and
 9.6 payroll requirements in subdivision 2, paragraph (c), clause (2), in any of the five calendar
 9.7 years following the year in which an investment in the business that qualified for a tax
 9.8 credit under this section was made, the business must repay the following percentage of
 9.9 the credits allowed for qualified investments in the business:

9.10 <u>Year following the year in which the investment</u> 9.11 <u>was made:</u>	<u>Percentage of credit required to be</u> <u>repaid:</u>
9.12 <u>First</u>	<u>100%</u>
9.13 <u>Second</u>	<u>80%</u>
9.14 <u>Third</u>	<u>60%</u>
9.15 <u>Fourth</u>	<u>40%</u>
9.16 <u>Fifth</u>	<u>20%</u>
9.17 <u>Sixth and later</u>	<u>0</u>

9.18 (c) The amount of the credits required to be repaid under paragraph (b) is reduced by
 9.19 seven percent of the excess of:

9.20 (1) compensation paid by the qualified business in the taxable year in which the
 9.21 credit was allowed and any following taxable years, over

9.22 (2) compensation paid by the qualified business in the taxable year before the taxable
 9.23 year in which the credit was allowed.

9.24 For purposes of this paragraph "compensation" means amounts paid by the qualified
 9.25 business to employees or others for personal services rendered in Minnesota, to the extent
 9.26 allowed as a trade or business expense deduction under section 162(a) of the Internal
 9.27 Revenue Code.

9.28 (d) The commissioner must notify the commissioner of revenue of every credit
 9.29 revoked and subject to full or partial repayment under this section.

9.30 (e) For the repayment of credits allowed under this section and section 290.0692,
 9.31 a qualified small business, qualified investor, or investor in a qualified fund must file an
 9.32 amended return with the commissioner of revenue and pay any amounts required to be
 9.33 repaid within 30 days after becoming subject to repayment under this section.

9.34 Subd. 8. **Data privacy.** (a) Data contained in an application submitted to the
 9.35 commissioner under subdivision 2, 3, or 4 of this section is nonpublic data, as defined in
 9.36 section 13.02, subdivision 9, except that the following data items are public:

10.1 (1) the name of a qualified small business upon approval of the application and
10.2 certification by the commissioner under subdivision 2;

10.3 (2) the name of a qualified investor upon approval of the application and certification
10.4 by the commissioner under subdivision 3;

10.5 (3) the name of a qualified fund upon approval of the application and certification
10.6 by the commissioner under subdivision 4;

10.7 (4) for credit certificates issued under subdivision 5, the amount of the credit
10.8 certificate issued, amount of the qualifying investment, the name of the qualifying investor
10.9 or qualifying fund that received the certificate, and the name of the qualifying small
10.10 business in which the qualifying investment was made;

10.11 (5) for credits revoked under subdivision 7, paragraph (a), the amount revoked and
10.12 the name of the qualified investor or qualified fund; and

10.13 (6) for credits revoked under subdivision 7, paragraphs (b) and (c), the amount
10.14 revoked and the name of the qualified small business.

10.15 (b) The following data, including data classified as nonpublic, must be provided to
10.16 the consultant for use in conducting the program evaluation under subdivision 10:

10.17 (1) the commissioner of employment and economic development shall provide data
10.18 contained in an application for certification received from a qualified small business,
10.19 qualified investor, or qualified fund, and any annual reporting information received on an
10.20 qualified small business, qualified investor, or qualified fund; and

10.21 (2) the commissioner of revenue shall provide data contained in any applicable tax
10.22 returns of a qualified small business, qualified investor, or qualified fund.

10.23 Subd. 9. **Report to legislature.** Beginning in 2011, the commissioner must
10.24 annually report by March 15 to the chairs and ranking minority members of the legislative
10.25 committees having jurisdiction over taxes and economic development in the senate and
10.26 the house of representatives, in compliance with Minnesota Statutes, sections 3.195 and
10.27 3.197, on the tax credits issued under this section. The report must include:

10.28 (1) the number and amount of the credits issued;

10.29 (2) the recipients of the credits;

10.30 (3) for each qualified small business, its location, line of business, and if it received
10.31 an investment resulting in certification of tax credits;

10.32 (4) the total amount of investment in each qualified small business resulting in
10.33 certification of tax credits; and

10.34 (5) for each qualified small business that received investments resulting in tax
10.35 credits, the total amount of additional investment that did not qualify for the tax credit;

10.36 (6) the number and amount of credits revoked under subdivision 7;

11.1 (7) the number and amount of credits that are no longer subject to the three-year
11.2 holding period because of the exceptions under subdivision 5, paragraph (d), clauses
11.3 (1) to (4); and

11.4 (8) any other information relevant to evaluating the effect of these credits.

11.5 Subd. 10. **Program evaluation.** No later than December 31, 2012, the
11.6 commissioner of revenue, after consultation with the commissioners of management and
11.7 budget and employment and economic development, shall contract with a qualified outside
11.8 entity or individual to evaluate the effects of the small business investment tax credit on
11.9 the Minnesota economy. The contractor must not be associated with, employed by, or
11.10 have contracts with the entities involved in or associated with the venture capital, angel
11.11 investment, life science, or high technology industries. The program evaluation must be
11.12 completed by January 2014 provided to the chairs and ranking minority members of the
11.13 legislative commissions having jurisdiction over taxes and economic development in the
11.14 senate and the house of representatives, in compliance with Minnesota Statutes, sections
11.15 3.195 and 3.197. The program evaluation must include, in addition to any other matters the
11.16 commissioner considers relevant to evaluating the effectiveness of the credit, analysis of:

11.17 (1) the effect of the credit on the level of equity investment in qualified small
11.18 businesses in Minnesota, including investments by angel investors, venture capital firms,
11.19 and other sources of equity capital for startup businesses;

11.20 (2) the effect of the credit, if any, on investment in firms other than qualified small
11.21 businesses;

11.22 (3) the amount of economic activity generated by qualified small businesses that
11.23 received investments that qualified for the credit;

11.24 (4) the incremental change in Minnesota state and local taxes paid as a result of
11.25 the allowance of the credit; and

11.26 (5) the net benefit to the Minnesota economy of allowance of the credit relative to
11.27 alternative uses of the resources, such as increasing the research and development credit
11.28 or reducing the corporate franchise tax rate.

11.29 (b) \$100,000 is appropriated to the commissioner of revenue from the general fund
11.30 for fiscal year 2013 for the purposes of this evaluation. Any unspent amount of this
11.31 appropriation carries over to fiscal year 2014. The allocation of the credit in subdivision 5
11.32 for taxable year 2013 is reduced by \$100,000. This appropriation may be used to hire a
11.33 consultant or consultants to prepare all or part of the study.

11.34 (c) To the extent necessary to complete the program evaluation, and as provided
11.35 in subdivision 8, the consultant or consultants may request from the commissioner of
11.36 revenue tax return information of taxpayers who are qualified small businesses, qualified

12.1 investors, and qualified funds. To the extent necessary to complete the program evaluation,
12.2 the consultant or consultants may request from the commissioner of employment and
12.3 economic development applications for certification and annual reports made by qualified
12.4 small businesses, qualified investors, and qualified funds.

12.5 The consultant or consultants may not disclose or release any data received under
12.6 this section except as permitted for a government entity under chapter 13, and is subject to
12.7 the penalties and remedies provided in law for violation of that chapter.

12.8 Subd. 11. **Appropriations.** Amounts in the small business investment tax credit
12.9 administration account in the special revenue fund are appropriated to the commissioner of
12.10 employment and economic development for costs associated with certifying applications
12.11 and refunding application fees as provided in subdivisions 2, 3, and 4, and for personnel
12.12 and administrative expenses related to administering the small business investment tax
12.13 credit in this section.

12.14 Subd. 12. **Sunset.** This section expires for taxable years beginning after December
12.15 31, 2014, except that reporting requirements under subdivision 6 and revocation of credits
12.16 under subdivision 7 remain in effect through 2016 for qualified investors and qualified
12.17 funds, and through 2018 for qualified small businesses, reporting requirements under
12.18 subdivision 9 remain in effect through 2019, and the appropriation in subdivision 11
12.19 remains in effect through 2018.

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

12.21 Sec. 4. **[216C.435] DEFINITIONS.**

12.22 Subdivision 1. **Scope.** For the purposes of this section and section 216C.436, the
12.23 terms defined in this section have the meanings given them.

12.24 Subd. 2. **City.** "City" means a home rule charter or statutory city.

12.25 Subd. 3. **Local government.** "Local government" means a city, county, or town.

12.26 Subd. 4. **Energy audit.** "Energy audit" means a formal evaluation of the energy
12.27 consumption of a building by a certified energy auditor, whose certification is approved by
12.28 the commissioner, for the purpose of identifying appropriate energy improvements that
12.29 could be made to the building and including an estimate of the length of time a specific
12.30 energy improvement will take to repay its purchase and installation costs, based on the
12.31 amount of energy saved and estimated future energy prices.

12.32 Subd. 5. **Energy improvement.** "Energy improvement" means:

12.33 (1) any renovation or retrofitting of a building to improve energy efficiency that
12.34 is permanently affixed to the property and that results in a net reduction in energy
12.35 consumption without altering the principal source of energy;

13.1 (2) installation of new or upgraded electrical circuits and related equipment to
13.2 enable electrical vehicle charging; or

13.3 (3) a renewable energy system attached to, installed within, or proximate to a
13.4 building that generates electrical or thermal energy from a renewable energy source.

13.5 Subd. 6. **Qualifying real property.** "Qualifying real property" means a
13.6 single-family or multifamily residential dwelling, or a commercial or industrial building,
13.7 that the city has determined, after review of an energy audit or renewable energy system
13.8 feasibility study, can be benefited by installation of energy improvements.

13.9 Subd. 7. **Renewable energy.** "Renewable energy" means energy produced by
13.10 means of solar thermal, solar photovoltaic, wind, or geothermal resources.

13.11 Subd. 8. **Renewable energy system feasibility study.** "Renewable energy system
13.12 feasibility study" means a written study, conducted by a contractor trained to perform that
13.13 analysis, for the purpose of determining the feasibility of installing a renewable energy
13.14 system in a building, including an estimate of the length of time a specific renewable
13.15 energy system will take to repay its purchase and installation costs, based on the amount of
13.16 energy saved and estimated future energy prices. For a geothermal energy improvement,
13.17 the feasibility study must calculate net savings in terms of nongeothermal energy and costs.

13.18 Subd. 9. **Solar thermal.** "Solar thermal" has the meaning given to "qualifying solar
13.19 thermal project" in section 216B.2411, subdivision 2, paragraph (e).

13.20 Subd. 10. **Solar photovoltaic.** "Solar photovoltaic" has the meaning given in
13.21 section 216C.06, subdivision 16, and must meet the requirements of section 216C.25.

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

13.23 Sec. 5. **[216C.436] VOLUNTARY ENERGY IMPROVEMENTS FINANCING**
13.24 **PROGRAM FOR LOCAL GOVERNMENTS.**

13.25 Subdivision 1. **Program authority.** A local government may establish a program
13.26 to finance energy improvements to enable owners of qualifying real property to pay for
13.27 cost-effective energy improvements to the qualifying real property with the net proceeds
13.28 and interest earnings of revenue bonds authorized in this section.

13.29 Subd. 2. **Program requirements.** A financing program must:

13.30 (1) impose requirements and conditions on financing arrangements to ensure timely
13.31 repayment;

13.32 (2) require an energy audit or renewable energy system feasibility study to be
13.33 conducted on the qualifying real property and reviewed by the local government prior to
13.34 approval of the financing;

14.1 (3) inspect the installation and verify the performance of energy improvements
14.2 financed by the program;

14.3 (4) require that all cost-effective energy improvements be made to a qualifying
14.4 real property prior to, or in conjunction with, an applicant's repayment of financing for
14.5 energy improvements for that property;

14.6 (5) have work financed by the program done by licensed contractors as required by
14.7 chapter 326B or other law or ordinance;

14.8 (6) require disclosures to borrowers by the local government of the risks involved in
14.9 borrowing, including the risk of foreclosure if a tax delinquency results from a default;

14.10 (7) provide financing only to those who demonstrate an ability to repay;

14.11 (8) not provide financing for a qualifying real property in which the owner is not
14.12 current on mortgage or real property tax payments;

14.13 (9) require a petition by all owners of the qualifying real property requesting
14.14 collections of repayments as a special assessment under section 429.101;

14.15 (10) provide that payments and assessments are not accelerated due to a default and
14.16 that a tax delinquency exists only for assessments not paid when due; and

14.17 (11) that liability for special assessments related to the financing runs with the
14.18 qualifying real property.

14.19 Subd. 3. **Financing terms.** Financing provided under this section must have:

14.20 (1) a term not to exceed the weighted average of the useful life of the energy
14.21 improvements installed, as determined by the local government, but in no event may
14.22 a term exceed 20 years;

14.23 (2) a principal amount not to exceed the lesser of ten percent of the assessed value
14.24 of the real property on which the improvements are to be installed or the actual cost of
14.25 installing the energy improvements, including the costs of necessary equipment, materials,
14.26 and labor, the costs of each related energy audit or renewable energy system feasibility
14.27 study, and the cost of verification of installation; and

14.28 (3) an interest rate sufficient to pay the financing costs of the program, including the
14.29 issuance of bonds and any financing delinquencies.

14.30 Subd. 4. **Coordination with other programs.** A financing program must include
14.31 cooperation and coordination with the conservation improvement activities of the utility
14.32 serving the qualifying real property and other public and private energy improvement
14.33 programs.

14.34 Subd. 5. **Certificate of participation.** Upon completion of a project, a local
14.35 government shall provide a borrower with a certificate stating participation in the program
14.36 and what energy improvements have been made with financing program proceeds.

15.1 Subd. 6. **Repayment.** A local government financing an energy improvement
 15.2 under this section must:

15.3 (1) secure payment with a lien against the benefited qualifying real property; and

15.4 (2) collect repayments as a special assessment as provided for in section 429.101
 15.5 or by charter.

15.6 Subd. 7. **Bond issuance; repayment.** (a) A local government may issue revenue
 15.7 bonds as provided in chapter 475 for the purposes of this section.

15.8 (b) The bonds must be payable as to both principal and interest solely from the
 15.9 revenues from the assessments established in subdivision 4.

15.10 (c) No holder of bonds issued under this subdivision may compel any exercise of the
 15.11 taxing power of the local government that issued the bonds to pay principal or interest on
 15.12 the bonds. Bonds issued under this subdivision are not a debt or obligation of the local
 15.13 government that issued them, nor is the payment of the bonds enforceable out of any
 15.14 money other than the revenue pledged to the payment of the bonds.

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

15.16 Sec. 6. **[290.06781] CREDIT FOR HISTORIC STRUCTURE**

15.17 **REHABILITATION.**

15.18 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms
 15.19 have the meanings given.

15.20 (b) "Account" means the historic credit administration account in the special
 15.21 revenue fund.

15.22 (c) "Office" means the State Historic Preservation Office of the Minnesota Historical
 15.23 Society.

15.24 (d) "Project" means rehabilitation of a certified historic structure, as defined in
 15.25 section 47(c)(3)(A) of the Internal Revenue Code, that is located in Minnesota and is
 15.26 allowed a federal credit under section 47(a)(2) of the Internal Revenue Code.

15.27 (e) "Society" means the Minnesota Historical Society.

15.28 Subd. 2. **Credit or grant allowed; certified historic structure.** (a) A credit is
 15.29 allowed against the tax imposed under this chapter equal to not more than 100 percent
 15.30 of the credit allowed under section 47(a)(2) of the Internal Revenue Code for a project.
 15.31 To qualify for the credit:

15.32 (1) the project must receive Part 3 certification and be placed in service during
 15.33 the taxable year; and

15.34 (2) the taxpayer must be allowed the federal credit and be issued a credit certificate
 15.35 for the taxable year as provided in subdivision 4.

16.1 (b) The society may pay a grant in lieu of the credit. The grant equals 90 percent of
16.2 the credit that would be allowed for the project.

16.3 (c) In lieu of the credit under paragraph (a), an insurance company may claim a
16.4 credit against the insurance premiums tax imposed under chapter 297I.

16.5 Subd. 3. **Maximum limit; applications; allocations.** (a) The total amount of
16.6 credits and grants that may be allocated is limited to \$8,100,000 in each fiscal year plus
16.7 any amounts available for reallocation under paragraph (f), in fiscal years 2011 through
16.8 2015 only.

16.9 (b) To qualify for a credit or grant under this section, the developer of a project
16.10 must apply to the office before the rehabilitation begins. The application must contain
16.11 the information and be in the form prescribed by the office. The office may collect
16.12 a reasonable fee for application, not to exceed costs associated with personnel and
16.13 administrative expenses related to administering the credit under this section. Application
16.14 fees are deposited in the account. The application must indicate if the application is for
16.15 a credit or a grant in lieu of the credit or a combination of the two and designate the
16.16 taxpayer qualifying for the credit or the recipient of the grant.

16.17 (c) The office must implement two credit application periods each year. The office
16.18 must allocate tax credits and grants using an objective scoring system that evaluates the
16.19 benefit to the state of each project for which an application is received. The office may
16.20 allocate up to one-half of the amount for the fiscal year in the first application period.
16.21 Amounts not allocated within a fiscal year do not cancel but are available for allocation
16.22 in the following fiscal year, except that amounts not allocated in fiscal year 2015 cancel
16.23 to the general fund and are not available for reallocation.

16.24 (d) The office must evaluate applications using the following criteria and priorities:

16.25 (1) the amount of additional project investment leveraged as a result of receiving the
16.26 state credit, calculated as the ratio of total project cost to the state tax credit;

16.27 (2) if the project has secured the financing necessary to begin development;

16.28 (3) the amount of time expected to pass between allocation of the credit and
16.29 completion of the project, with priority given to projects that are expected to be placed
16.30 in service within two years of the start of rehabilitation;

16.31 (4) the number of construction jobs expected to be created by the project;

16.32 (5) the number of jobs expected to be created when the project is completed and
16.33 placed in service;

16.34 (6) if the project will result in one or more vacant properties being placed in service;

16.35 and

17.1 (7) if the project has the support of the local government in which the project
17.2 is located.

17.3 (e) Upon approving an application for credit, the office shall issue allocation
17.4 certificates that:

17.5 (1) verify eligibility for the credit or grant;

17.6 (2) state the amount of credit or grant allocated to the rehabilitation, with the credit
17.7 amount equal to 100 percent and the grant amount equal to 90 percent of the federal
17.8 credit anticipated in the application;

17.9 (3) state that the credit or grant allocated may be reduced if the federal credit the
17.10 project receives at the time it is placed in service is less than the amount anticipated at
17.11 the time of allocation, but that neither the credit nor the grant is increased if the federal
17.12 credit that the project receives at the time it is placed in service is more than the amount
17.13 anticipated at the time of allocation; and

17.14 (4) state the fiscal year in which the credit or grant is allocated, and that the taxpayer
17.15 or grant recipient is entitled to receive the credit or grant at the time the project is placed
17.16 in service, provided that date is within three calendar years following the issuance of
17.17 the allocation certificate.

17.18 (f) If a project is not placed in service and issued a credit certificate under subdivision
17.19 4 within three calendar years following the issuance of the allocation certificate, the credit
17.20 allocation is canceled and available for reallocation, except that allocations canceled after
17.21 fiscal year 2015 are not available for reallocation.

17.22 (g) The office, in consultation with the commissioner of revenue, shall determine if
17.23 the project is eligible for a credit or a grant under this section. Eligibility for the credit is
17.24 subject to review and audit by the commissioner of revenue.

17.25 (h) The federal credit recapture and repayment requirements under section 50 of the
17.26 Internal Revenue Code do not apply to the credit allowed under this section.

17.27 Subd. 4. **Credit certificates.** (a) The developer of a project for which the office has
17.28 issued an allocation certificate must notify the office when the project is placed in service.
17.29 Upon verifying that the project has been placed in service, and was allowed a federal
17.30 credit, the office must issue a credit certificate to the taxpayer designated in the application
17.31 or must issue a grant to the recipient designated in the application. The credit certificate
17.32 must state the amount of the credit. The credit amount may not exceed the lesser of:

17.33 (i) the federal credit; or

17.34 (ii) the amount on the allocation certificate.

17.35 The grant amount may not exceed the lesser of:

17.36 (i) 90 percent of the federal credit; or

18.1 (ii) the amount on the allocation certificate.

18.2 (b) The recipient of a credit certificate may assign the certificate to another taxpayer,
18.3 which is then allowed the credit under this section or section 297I.20, subdivision 3.

18.4 Subd. 5. **Partnerships; multiple owners.** Credits granted to a partnership, a limited
18.5 liability company taxed as a partnership, S corporation, or multiple owners of property are
18.6 passed through to the partners, members, shareholders, or owners, respectively, pro rata to
18.7 each partner, member, shareholder, or owner based on their share of the entity's assets or as
18.8 specially allocated in their organizational documents, as of the last day of the taxable year.

18.9 Subd. 6. **Credit refundable.** If the amount of credit that the taxpayer is eligible to
18.10 receive under this section exceeds the liability for tax under this chapter, the commissioner
18.11 shall refund the excess to the taxpayer.

18.12 Subd. 7. **Appropriations.** (a) An amount sufficient to pay the refunds authorized
18.13 under this section is appropriated to the commissioner from the general fund.

18.14 (b) An amount sufficient to pay the grants authorized under this section is
18.15 appropriated to the society from the general fund.

18.16 (c) Amounts in the account are appropriated to the society for costs associated with
18.17 personnel and administrative expenses related to administering the credit for historic
18.18 structure rehabilitation in this section, and for costs associated with preparing the
18.19 determination of economic impact report required in subdivision 9.

18.20 Subd. 8. **Manner of claiming.** (a) The commissioner shall prescribe the manner in
18.21 which the credit may be issued or claimed. This may include allowing the credit only as
18.22 a separately processed claim for refund.

18.23 (b) The office shall prescribe the manner in which grants are paid.

18.24 Subd. 9. **Report; determination of economic impact.** The society must annually
18.25 determine the economic impact to the state from the rehabilitation of property for which
18.26 credits or grants are provided under this section and provide a written report on the impact
18.27 to the chairs and ranking minority members of the legislative committees on taxes of the
18.28 senate and house of representatives, in compliance with Minnesota Statutes, sections
18.29 3.195 and 3.197. The society may collect a reasonable fee for issuing Part 3 certification
18.30 of certified historic structures. Fees collected may not exceed the cost of preparing the
18.31 report required under this subdivision, and are deposited in the account in the special
18.32 revenue fund.

18.33 **EFFECTIVE DATE.** This section is effective for taxable years beginning
18.34 after December 31, 2009, for certified historic structures for which qualified costs of
18.35 rehabilitation are first paid under construction contracts entered into after May 1, 2010.

19.1 Sec. 7. **[290.0692] SMALL BUSINESS INVESTMENT CREDIT.**

19.2 Subdivision 1. **Definitions.** For purposes of this section, terms defined in section
19.3 116J.8737 have the meaning given in that section.

19.4 Subd. 2. **Credit allowed.** A qualified investor is allowed a credit against the tax
19.5 imposed under this chapter for qualified investments made in a qualified small business
19.6 for the taxable year. The credit equals the amount and applies to the taxable year indicated
19.7 on the certificate provided to the qualified investor under section 116J.8737, but the
19.8 maximum credit in any taxable year is \$250,000 for a married couple filing a joint return,
19.9 and \$125,000 for all other claimants.

19.10 Subd. 3. **Proportional credits.** Each pass-through entity must provide each
19.11 investor a statement indicating the investor's share of the credit amount certified to the
19.12 pass-through entity based on its share of the pass-through entity's capital assets at the
19.13 time of the qualified investment.

19.14 Subd. 4. **Credit refundable.** If the amount of the credit under this section for any
19.15 taxable year exceeds the claimant's liability for tax under this chapter, the commissioner
19.16 shall refund the excess to the claimant. An amount sufficient to pay the refunds required
19.17 by this section is appropriated to the commissioner from the general fund.

19.18 Subd. 5. **Audit powers.** Notwithstanding the certification eligibility issued by the
19.19 commissioner of employment and economic development under section 116J.8737, the
19.20 commissioner may utilize any audit and examination powers under chapters 270C or
19.21 289A to the extent necessary to verify that the taxpayer is eligible for the credit and to
19.22 assess for the amount of any improperly claimed credit.

19.23 **EFFECTIVE DATE.** This section is effective for investments made after July 1,
19.24 2010, for taxable years beginning after December 31, 2009, and before January 1, 2015,
19.25 and only applies to investments made after the qualified investor or fund making the
19.26 investment and the qualified small business receiving the investment have been certified
19.27 by the commissioner of employment and economic development.

19.28 Sec. 8. Minnesota Statutes 2008, section 290.21, subdivision 4, is amended to read:

19.29 Subd. 4. **Dividends received from another corporation.** (a)(1) Eighty percent
19.30 of dividends received by a corporation during the taxable year from another corporation,
19.31 in which the recipient owns 20 percent or more of the stock, by vote and value, not
19.32 including stock described in section 1504(a)(4) of the Internal Revenue Code when the
19.33 corporate stock with respect to which dividends are paid does not constitute the stock in
19.34 trade of the taxpayer or would not be included in the inventory of the taxpayer, or does not
19.35 constitute property held by the taxpayer primarily for sale to customers in the ordinary

20.1 course of the taxpayer's trade or business, or when the trade or business of the taxpayer
20.2 does not consist principally of the holding of the stocks and the collection of the income
20.3 and gains therefrom; and

20.4 (2)(i) the remaining 20 percent of dividends if the dividends received are the stock in
20.5 an affiliated company transferred in an overall plan of reorganization and the dividend
20.6 is eliminated in consolidation under Treasury Department Regulation 1.1502-14(a), as
20.7 amended through December 31, 1989;

20.8 (ii) the remaining 20 percent of dividends if the dividends are received from a
20.9 corporation which is subject to tax under section 290.36 and which is a member of an
20.10 affiliated group of corporations as defined by the Internal Revenue Code and the dividend
20.11 is eliminated in consolidation under Treasury Department Regulation 1.1502-14(a), as
20.12 amended through December 31, 1989, or is deducted under an election under section
20.13 243(b) of the Internal Revenue Code; or

20.14 (iii) the remaining 20 percent of the dividends if the dividends are received from a
20.15 property and casualty insurer as defined under section 60A.60, subdivision 8, which is a
20.16 member of an affiliated group of corporations as defined by the Internal Revenue Code
20.17 and either: (A) the dividend is eliminated in consolidation under Treasury Regulation
20.18 1.1502-14(a), as amended through December 31, 1989; or (B) the dividend is deducted
20.19 under an election under section 243(b) of the Internal Revenue Code.

20.20 (b) Seventy percent of dividends received by a corporation during the taxable year
20.21 from another corporation in which the recipient owns less than 20 percent of the stock,
20.22 by vote or value, not including stock described in section 1504(a)(4) of the Internal
20.23 Revenue Code when the corporate stock with respect to which dividends are paid does not
20.24 constitute the stock in trade of the taxpayer, or does not constitute property held by the
20.25 taxpayer primarily for sale to customers in the ordinary course of the taxpayer's trade or
20.26 business, or when the trade or business of the taxpayer does not consist principally of the
20.27 holding of the stocks and the collection of income and gain therefrom.

20.28 (c) The dividend deduction provided in this subdivision shall be allowed only with
20.29 respect to dividends that are included in a corporation's Minnesota taxable net income
20.30 for the taxable year.

20.31 The dividend deduction provided in this subdivision does not apply to a dividend
20.32 from a corporation which, for the taxable year of the corporation in which the distribution
20.33 is made or for the next preceding taxable year of the corporation, is a corporation exempt
20.34 from tax under section 501 of the Internal Revenue Code.

21.1 The dividend deduction provided in this subdivision applies to the amount of
21.2 regulated investment company dividends only to the extent determined under section
21.3 854(b) of the Internal Revenue Code.

21.4 The dividend deduction provided in this subdivision shall not be allowed with
21.5 respect to any dividend for which a deduction is not allowed under the provisions of
21.6 section 246(c) of the Internal Revenue Code.

21.7 (d) If dividends received by a corporation that does not have nexus with Minnesota
21.8 under the provisions of Public Law 86-272 are included as income on the return of
21.9 an affiliated corporation permitted or required to file a combined report under section
21.10 290.17, subdivision 4, or 290.34, subdivision 2, then for purposes of this subdivision the
21.11 determination as to whether the trade or business of the corporation consists principally
21.12 of the holding of stocks and the collection of income and gains therefrom shall be made
21.13 with reference to the trade or business of the affiliated corporation having a nexus with
21.14 Minnesota.

21.15 (e) The deduction provided by this subdivision does not apply if the dividends are
21.16 paid by a FSC as defined in section 922 of the Internal Revenue Code.

21.17 (f) If one or more of the members of the unitary group whose income is included on
21.18 the combined report received a dividend, the deduction under this subdivision for each
21.19 member of the unitary business required to file a return under this chapter is the product
21.20 of: (1) 100 percent of the dividends received by members of the group; (2) the percentage
21.21 allowed pursuant to paragraph (a) or (b); and (3) the percentage of the taxpayer's business
21.22 income apportionable to this state for the taxable year under section 290.191 or 290.20.

21.23 (g) The deduction provided by this subdivision does not apply to dividends received
21.24 from a real estate investment trust, if the dividends are not considered to be dividends
21.25 under sections 243(d)(3) and 857(c) of the Internal Revenue Code.

21.26 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
21.27 December 31, 2009.

21.28 Sec. 9. Minnesota Statutes 2008, section 297I.20, is amended by adding a subdivision
21.29 to read:

21.30 Subd. 3. **Historic structure rehabilitation credit.** An insurance company may
21.31 claim a credit against the premiums tax imposed under this chapter equal to the amount of
21.32 the credit certificate issued to it, or to a person who has assigned the credit to the insurance
21.33 company, under section 290.06781. If the amount of the credit exceeds the liability for tax
21.34 under this chapter, the commissioner shall refund the excess to the insurance company. An
21.35 amount sufficient to pay the refunds under this section is appropriated to the commissioner

22.1 from the general fund. This credit does not affect the calculation of police and fire under
22.2 section 69.021.

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

22.4 Sec. 10. Minnesota Statutes 2008, section 429.021, subdivision 1, is amended to read:

22.5 Subdivision 1. **Improvements authorized.** The council of a municipality shall have
22.6 power to make the following improvements:

22.7 (1) To acquire, open, and widen any street, and to improve the same by constructing,
22.8 reconstructing, and maintaining sidewalks, pavement, gutters, curbs, and vehicle parking
22.9 strips of any material, or by grading, graveling, oiling, or otherwise improving the same,
22.10 including the beautification thereof and including storm sewers or other street drainage
22.11 and connections from sewer, water, or similar mains to curb lines.

22.12 (2) To acquire, develop, construct, reconstruct, extend, and maintain storm and
22.13 sanitary sewers and systems, including outlets, holding areas and ponds, treatment plants,
22.14 pumps, lift stations, service connections, and other appurtenances of a sewer system,
22.15 within and without the corporate limits.

22.16 (3) To construct, reconstruct, extend, and maintain steam heating mains.

22.17 (4) To install, replace, extend, and maintain street lights and street lighting systems
22.18 and special lighting systems.

22.19 (5) To acquire, improve, construct, reconstruct, extend, and maintain water works
22.20 systems, including mains, valves, hydrants, service connections, wells, pumps, reservoirs,
22.21 tanks, treatment plants, and other appurtenances of a water works system, within and
22.22 without the corporate limits.

22.23 (6) To acquire, improve and equip parks, open space areas, playgrounds, and
22.24 recreational facilities within or without the corporate limits.

22.25 (7) To plant trees on streets and provide for their trimming, care, and removal.

22.26 (8) To abate nuisances and to drain swamps, marshes, and ponds on public or private
22.27 property and to fill the same.

22.28 (9) To construct, reconstruct, extend, and maintain dikes and other flood control
22.29 works.

22.30 (10) To construct, reconstruct, extend, and maintain retaining walls and area walls.

22.31 (11) To acquire, construct, reconstruct, improve, alter, extend, operate, maintain, and
22.32 promote a pedestrian skyway system. Such improvement may be made upon a petition
22.33 pursuant to section 429.031, subdivision 3.

22.34 (12) To acquire, construct, reconstruct, extend, operate, maintain, and promote
22.35 underground pedestrian concourses.

23.1 (13) To acquire, construct, improve, alter, extend, operate, maintain, and promote
23.2 public malls, plazas or courtyards.

23.3 (14) To construct, reconstruct, extend, and maintain district heating systems.

23.4 (15) To construct, reconstruct, alter, extend, operate, maintain, and promote fire
23.5 protection systems in existing buildings, but only upon a petition pursuant to section
23.6 429.031, subdivision 3.

23.7 (16) To acquire, construct, reconstruct, improve, alter, extend, and maintain highway
23.8 sound barriers.

23.9 (17) To improve, construct, reconstruct, extend, and maintain gas and electric
23.10 distribution facilities owned by a municipal gas or electric utility.

23.11 (18) To purchase, install, and maintain signs, posts, and other markers for addressing
23.12 related to the operation of enhanced 911 telephone service.

23.13 (19) To improve, construct, extend, and maintain facilities for Internet access and
23.14 other communications purposes, if the council finds that:

23.15 (i) the facilities are necessary to make available Internet access or other
23.16 communications services that are not and will not be available through other providers or
23.17 the private market in the reasonably foreseeable future; ~~and~~

23.18 (ii) the service to be provided by the facilities will not compete with service provided
23.19 by private entities.

23.20 (20) To assess affected property owners for all or a portion of the costs agreed to
23.21 with an electric utility, telecommunications carrier, or cable system operator to bury or
23.22 alter a new or existing distribution system within the public right-of-way that exceeds the
23.23 utility's design and construction standards, or those set by law, tariff, or franchise, but only
23.24 upon petition under section 429.031, subdivision 3; and

23.25 (21) To assess affected property owners for repayment of voluntary energy
23.26 improvement financings under section 216C.436, subdivision 6.

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

23.28 Sec. 11. Minnesota Statutes 2008, section 429.101, subdivision 1, is amended to read:

23.29 Subdivision 1. **Ordinances.** (a) In addition to any other method authorized by
23.30 law or charter, the governing body of any municipality may provide for the collection
23.31 of unpaid special charges as a special assessment against the property benefited for all
23.32 or any part of the cost of:

23.33 (1) snow, ice, or rubbish removal from sidewalks;

23.34 (2) weed elimination from streets or private property;

24.1 (3) removal or elimination of public health or safety hazards from private property,
 24.2 excluding any structure included under the provisions of sections 463.15 to 463.26;

24.3 (4) installation or repair of water service lines, street sprinkling or other dust
 24.4 treatment of streets;

24.5 (5) the trimming and care of trees and the removal of unsound trees from any street;

24.6 (6) the treatment and removal of insect infested or diseased trees on private property,
 24.7 the repair of sidewalks and alleys;

24.8 (7) the operation of a street lighting system;

24.9 (8) the operation and maintenance of a fire protection or a pedestrian skyway system;

24.10 (9) inspections relating to a municipal housing maintenance code violation;

24.11 (10) the recovery of any disbursements under section 504B.445, subdivision 4,
 24.12 clause (5), including disbursements for payment of utility bills and other services, even if
 24.13 provided by a third party, necessary to remedy violations as described in section 504B.445,
 24.14 subdivision 4, clause (2); or

24.15 (11) [Repealed, 2004 c 275 s 5]

24.16 (12) the recovery of delinquent vacant building registration fees under a municipal
 24.17 program designed to identify and register vacant buildings.

24.18 (b) The council may by ordinance adopt regulations consistent with this section to
 24.19 make this authority effective, including, at the option of the council, provisions for placing
 24.20 primary responsibility upon the property owner or occupant to do the work personally
 24.21 (except in the case of street sprinkling or other dust treatment, alley repair, tree trimming,
 24.22 care, and removal, or the operation of a street lighting system) upon notice before the work
 24.23 is undertaken, and for collection from the property owner or other person served of the
 24.24 charges when due before unpaid charges are made a special assessment.

24.25 (c) A home rule charter city, statutory city, county, or town operating an energy
 24.26 improvements financing program under section 216C.436 has the authority granted to a
 24.27 municipality under paragraph (a) with respect to energy improvements financed under
 24.28 that section.

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

24.30 Sec. 12. Minnesota Statutes 2008, section 446A.085, is amended by adding a
 24.31 subdivision to read:

24.32 **Subd. 15. Transportation infrastructure loans.** A loan may be made to a statutory
 24.33 or home rule charter city to finance transportation infrastructure projects for the purposes
 24.34 described in subdivision 2 but without regard to whether they are eligible for financing
 24.35 under a federal act or program or state law. The loan must be repayable under the terms

25.1 and conditions provided in this section and established by the authority and agreed to by
25.2 the city. The loan must be repaid by the city from the proceeds of special assessments, tax
25.3 increments, or other local taxes, such as sales taxes, lodging taxes, liquor taxes, admissions
25.4 and recreation taxes, and food and beverage taxes, authorized to be used for purposes
25.5 of the project. In addition to any method the authority considers to be appropriate, the
25.6 authority may fund those loans by issuing Build America Bonds under section 54AA of
25.7 the Internal Revenue Code, as amended.

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

25.9 Sec. 13. Minnesota Statutes 2009 Supplement, section 469.153, subdivision 2, is
25.10 amended to read:

25.11 Subd. 2. **Project.** (a) "Project" means (1) any properties, real or personal, used
25.12 or useful in connection with a revenue producing enterprise, or any combination of
25.13 two or more such enterprises engaged or to be engaged in generating, transmitting, or
25.14 distributing electricity, assembling, fabricating, manufacturing, mixing, processing,
25.15 storing, warehousing, or distributing any products of agriculture, forestry, mining, or
25.16 manufacture, or in research and development activity in this field, or in the manufacturing,
25.17 creation, or production of intangible property, including any patent, copyright, formula,
25.18 process, design, know-how, format, or other similar item; (2) any properties, real or
25.19 personal, used or useful in the abatement or control of noise, air, or water pollution, or in
25.20 the disposal of solid wastes, in connection with a revenue producing enterprise, or any
25.21 combination of two or more such enterprises engaged or to be engaged in any business
25.22 or industry; (3) any properties, real or personal, used or useful in connection with the
25.23 business of telephonic communications, conducted or to be conducted by a telephone
25.24 company, including toll lines, poles, cables, switching, and other electronic equipment
25.25 and administrative, data processing, garage, and research and development facilities;
25.26 (4) any properties, real or personal, used or useful in connection with a district heating
25.27 system, consisting of the use of one or more energy conversion facilities to produce hot
25.28 water or steam for distribution to homes and businesses, including cogeneration facilities,
25.29 distribution lines, service facilities, and retrofit facilities for modifying the user's heating
25.30 or water system to use the heat energy converted from the steam or hot water.

25.31 (b) "Project" also includes any properties, real or personal, used or useful in
25.32 connection with a revenue producing enterprise, or any combination of two or more
25.33 such enterprises engaged in any business.

25.34 (c) "Project" also includes any properties, real or personal, used or useful for the
25.35 promotion of tourism in the state. Properties may include hotels, motels, lodges, resorts,

26.1 recreational facilities of the type that may be acquired under section 471.191, and related
26.2 facilities.

26.3 (d) "Project" also includes any properties, real or personal, used or useful in
26.4 connection with a revenue producing enterprise, whether or not operated for profit,
26.5 engaged in providing health care services, including hospitals, nursing homes, and related
26.6 medical facilities.

26.7 (e) "Project" does not include any property to be sold or to be affixed to or consumed
26.8 in the production of property for sale, and does not include any housing facility to be
26.9 rented or used as a permanent residence.

26.10 (f) "Project" also means the activities of any revenue producing enterprise involving
26.11 the construction, fabrication, sale, or leasing of equipment or products to be used in
26.12 gathering, processing, generating, transmitting, or distributing solar, wind, geothermal,
26.13 biomass, agricultural or forestry energy crops, or other alternative energy sources for
26.14 use by any person or any residential, commercial, industrial, or governmental entity in
26.15 heating, cooling, or otherwise providing energy for a facility owned or operated by that
26.16 person or entity.

26.17 (g) "Project" also includes any properties, real or personal, used or useful in
26.18 connection with a county jail, county regional jail, community corrections facilities
26.19 authorized by chapter 401, or other law enforcement facilities, the plans for which are
26.20 approved by the commissioner of corrections; provided that the provisions of section
26.21 469.155, subdivisions 7 and 13, do not apply to those projects.

26.22 (h) "Project" also includes any real properties used or useful in furtherance of the
26.23 purpose and policy of section 469.141.

26.24 (i) "Project" also includes related facilities as defined by section 471A.02,
26.25 subdivision 11.

26.26 (j) "Project" also includes an undertaking to purchase the obligations of local
26.27 governments located in whole or in part within the boundaries of the municipality that are
26.28 issued or to be issued for public purposes.

26.29 (k) "Project" also includes any properties designated as a qualified green building
26.30 and sustainable design project under section 469.1655.

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

26.32 Sec. 14. **[469.1655] QUALIFIED GREEN BUILDING AND SUSTAINABLE**
26.33 **DESIGN PROJECTS.**

26.34 **Subdivision 1. Project designation and eligibility.** (a) A municipality or
26.35 redevelopment agency issuing revenue bonds under sections 469.152 to 469.165 may

27.1 designate the project for which the bonds are issued as a qualified green building and
27.2 sustainable design project as provided in this section.

27.3 (b) The issuer must ensure that each designated project substantially:

27.4 (1) reduces consumption of electricity compared to conventional construction;

27.5 (2) reduces daily carbon dioxide emissions compared to energy generated from coal;

27.6 (3) increases the use of solar photovoltaic cells or solar thermal cells in this state; or

27.7 (4) increases the use of fuel cells to generate energy.

27.8 (c) Before designating a project under this section, the issuer must document in
27.9 writing that the project will satisfy the eligibility criteria in this section.

27.10 (d) At least 75 percent of the square footage of commercial buildings that are part of
27.11 the project must be registered with a recognized green building rating system, including
27.12 Minnesota's sustainable building guidelines or the United States Green Building Council's
27.13 LEED certification, or in the case of residential buildings, Minnesota GreenStar rating,
27.14 and must be reasonably expected to receive the certification.

27.15 Subd. 2. **Applications.** An application for designation under this section must
27.16 include a project proposal that describes the energy-efficiency, renewable energy, and
27.17 sustainable design features of the project and demonstrates that the project satisfies the
27.18 eligibility criteria in this section. The application must include a description of:

27.19 (1) the amount of electric consumption reduced as compared to conventional
27.20 construction;

27.21 (2) the amount of carbon dioxide daily emissions reduced compared to energy
27.22 generated from coal;

27.23 (3) the amount of the gross installed capacity of the project's solar photovoltaic
27.24 capacity measured in megawatts; and

27.25 (4) the amount in megawatts of the project's energy generated by fuel cells.

27.26 Subd. 3. **Use of bond financing.** The project proposal must include a description of
27.27 the bond financing that will be allocated for financing of one or more of the following:

27.28 (1) the purchase, construction, integration, or other use of energy-efficiency,
27.29 renewable energy, and sustainable design features of the project; or

27.30 (2) compliance with certification standards cited under subdivision 1, paragraph (d).

27.31 **EFFECTIVE DATE.** This section is effective for bonds issued after June 30, 2010.

27.32 Sec. 15. Minnesota Statutes 2008, section 469.174, is amended by adding a subdivision
27.33 to read:

28.1 Subd. 10c. **Compact development district.** "Compact development district" means
28.2 a type of tax increment financing district consisting of a project, or portions of a project,
28.3 within which the authority finds by resolution that the following conditions are satisfied:

28.4 (1) parcels consisting of 70 percent of the area of the district are occupied by
28.5 buildings or similar structures that are classified as class 3a property under section 273.13,
28.6 subdivision 24; and

28.7 (2) the planned redevelopment or development of the district, when completed, will
28.8 increase the total square footage of buildings, classified as class 3a under section 273.13,
28.9 subdivision 24, occupying the district by three times or more relative to the square footage
28.10 of similar buildings occupying the district when the resolution was approved.

28.11 **EFFECTIVE DATE.** This section is effective for districts for which the request for
28.12 certification is made after June 30, 2009.

28.13 Sec. 16. Minnesota Statutes 2008, section 469.175, is amended by adding a subdivision
28.14 to read:

28.15 Subd. 2b. **Compact development districts; sunset.** The authority to establish or
28.16 approve the tax increment financing plan for a new compact development district expires
28.17 on June 30, 2012.

28.18 Sec. 17. Minnesota Statutes 2008, section 469.176, subdivision 1b, is amended to read:

28.19 Subd. 1b. **Duration limits; terms.** (a) No tax increment shall in any event be
28.20 paid to the authority

28.21 (1) after 15 years after receipt by the authority of the first increment for a renewal
28.22 and renovation district,

28.23 (2) after 20 years after receipt by the authority of the first increment for a soils
28.24 condition district,

28.25 (3) after eight years after receipt by the authority of the first increment for an
28.26 economic development district,

28.27 (4) for a housing district, a compact development district, or a redevelopment
28.28 district, after 25 years from the date of receipt by the authority of the first increment.

28.29 (b) For purposes of determining a duration limit under this subdivision or subdivision
28.30 1e that is based on the receipt of an increment, any increments from taxes payable in
28.31 the year in which the district terminates shall be paid to the authority. This paragraph
28.32 does not affect a duration limit calculated from the date of approval of the tax increment
28.33 financing plan or based on the recovery of costs or to a duration limit under subdivision

29.1 1c. This paragraph does not supersede the restrictions on payment of delinquent taxes in
29.2 subdivision 1f.

29.3 (c) An action by the authority to waive or decline to accept an increment has no
29.4 effect for purposes of computing a duration limit based on the receipt of increment under
29.5 this subdivision or any other provision of law. The authority is deemed to have received an
29.6 increment for any year in which it waived or declined to accept an increment, regardless
29.7 of whether the increment was paid to the authority.

29.8 (d) Receipt by a hazardous substance subdistrict of an increment as a result of a
29.9 reduction in original net tax capacity under section 469.174, subdivision 7, paragraph
29.10 (b), does not constitute receipt of increment by the overlying district for the purpose of
29.11 calculating the duration limit under this section.

29.12 **EFFECTIVE DATE.** This section is effective for districts for which the request for
29.13 certification is made after June 30, 2009.

29.14 Sec. 18. Minnesota Statutes 2008, section 469.176, is amended by adding a subdivision
29.15 to read:

29.16 Subd. 1i. **Compact development districts.** Tax increments derived from a compact
29.17 development district may be used only to pay:

29.18 (1) administrative expenses up to the amount permitted under subdivision 3;

29.19 (2) the cost of acquiring land located in the district or abutting the boundary of
29.20 the district;

29.21 (3) demolition and removal of buildings or other improvements and other site
29.22 preparation costs for lands located in the district or abutting the boundary of the district;
29.23 and

29.24 (4) installation of public infrastructure or public improvements serving the district,
29.25 but excluding the costs of streets, roads, highways, parking, or other public improvements
29.26 primarily designed to serve private passenger motor vehicles.

29.27 **EFFECTIVE DATE.** This section is effective for districts for which the request for
29.28 certification is made after June 30, 2009.

29.29 Sec. 19. Minnesota Statutes 2008, section 469.176, subdivision 4c, is amended to read:

29.30 Subd. 4c. **Economic development districts.** (a) Revenue derived from tax
29.31 increment from an economic development district may not be used to provide
29.32 improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form
29.33 to developments consisting of buildings and ancillary facilities, if more than 15 percent

30.1 of the buildings and facilities (determined on the basis of square footage) are used for a
 30.2 purpose other than:

30.3 (1) the manufacturing or production of tangible personal property, including
 30.4 processing resulting in the change in condition of the property;

30.5 (2) warehousing, storage, and distribution of tangible personal property, excluding
 30.6 retail sales;

30.7 (3) research and development related to the activities listed in clause (1) or (2);

30.8 (4) telemarketing if that activity is the exclusive use of the property;

30.9 (5) tourism facilities;

30.10 (6) qualified border retail facilities; or

30.11 (7) space necessary for and related to the activities listed in clauses (1) to (6).

30.12 ~~(b) Notwithstanding the provisions of this subdivision, revenue derived from tax~~
 30.13 ~~increment from an economic development district may be used to pay for site preparation~~
 30.14 ~~and public improvements, if the following conditions are met:~~

30.15 ~~(1) bedrock soils conditions are present in 80 percent or more of the acreage of~~
 30.16 ~~the district;~~

30.17 ~~(2) the estimated cost of physical preparation of the site exceeds the fair market~~
 30.18 ~~value of the land before completion of the preparation; and~~

30.19 ~~(3) revenues from tax increments are expended only for the additional costs of~~
 30.20 ~~preparing the site because of unstable soils and the bedrock soils condition, the additional~~
 30.21 ~~cost of installing public improvements because of unstable soils or the bedrock soils~~
 30.22 ~~condition, and reasonable administrative costs.~~

30.23 ~~(e)~~ (b) Notwithstanding the provisions of this subdivision, revenues derived from tax
 30.24 increment from an economic development district may be used to provide improvements,
 30.25 loans, subsidies, grants, interest rate subsidies, or assistance in any form for up to 15,000
 30.26 square feet of any separately owned commercial facility located within the municipal
 30.27 jurisdiction of a small city, if the revenues derived from increments are spent only to
 30.28 assist the facility directly or for administrative expenses, the assistance is necessary to
 30.29 develop the facility, and all of the increments, except those for administrative expenses,
 30.30 are spent only for activities within the district.

30.31 ~~(d) For purposes of this subdivision, a qualified border retail facility is a development~~
 30.32 ~~consisting of a shopping center or one or more retail stores, if the authority finds that all~~
 30.33 ~~of the following conditions are satisfied:~~

30.34 ~~(1) the district is in a small city located within one mile or less of the border of~~
 30.35 ~~the state;~~

31.1 ~~(2) the development is not located in the seven-county metropolitan area, as defined~~
31.2 ~~in section 473.121, subdivision 2;~~

31.3 ~~(3) the development will contain new buildings or will substantially rehabilitate~~
31.4 ~~existing buildings that together contain at least 25,000 square feet of retail space; and~~

31.5 ~~(4) without the use of tax increment financing for the development, the development~~
31.6 ~~or a similar competing development will instead occur in the bordering state or province.~~

31.7 ~~(e) (c)~~ A city is a small city for purposes of this subdivision if the city was a small
31.8 city in the year in which the request for certification was made and applies for the rest of
31.9 the duration of the district, regardless of whether the city qualifies or ceases to qualify
31.10 as a small city.

31.11 (d) Notwithstanding the requirements of paragraph (a) and the finding requirements
31.12 of section 469.174, subdivision 12, tax increments from an economic development district
31.13 may be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or
31.14 assistance in any form to developments consisting of buildings and ancillary facilities, if
31.15 all the following conditions are met:

31.16 (1) the municipality finds that the project will create or retain jobs in this state,
31.17 including construction jobs, and that construction of the project would not have
31.18 commenced before July 1, 2011, without the authority providing assistance under the
31.19 provisions of this paragraph;

31.20 (2) construction of the project begins no later than July 1, 2011; and

31.21 (3) the request for certification of the district is made no later than June 30, 2011.

31.22 **EFFECTIVE DATE.** This section is effective the day following final enactment
31.23 and applies to any economic development district for which the request for certification
31.24 was made after June 30, 2009.

31.25 Sec. 20. Minnesota Statutes 2008, section 469.176, is amended by adding a subdivision
31.26 to read:

31.27 **Subd. 4m. Temporary authority to stimulate construction.** (a) Notwithstanding
31.28 the restrictions in any other subdivision of this section or any other law to the contrary,
31.29 except the requirement to pay bonds to which the increments are pledged and the
31.30 provisions of subdivisions 4g and 4h, the authority may spend tax increments for one or
31.31 more of the following purposes:

31.32 (1) to provide improvements, loans, interest rate subsidies, or assistance in any
31.33 form to private development consisting of the construction or substantial rehabilitation
31.34 of buildings and ancillary facilities, if doing so will create or retain jobs in this state,

32.1 including construction jobs, and that the construction commences before July 1, 2011, and
32.2 would not have commenced before that date without the assistance; or

32.3 (2) to make an equity or similar investment in a corporation, partnership, or limited
32.4 liability company that the authority determines is necessary to make construction of a
32.5 development that meets the requirements of clause (1) financially feasible.

32.6 (b) The authority may undertake actions under the authority of this subdivision only
32.7 after approval by the municipality of a written spending plan that specifically authorizes
32.8 the authority to take the actions. The municipality shall approve the spending plan only
32.9 after a public hearing after published notice in a newspaper of general circulation in
32.10 the municipality at least once, not less than ten days nor more than 30 days prior to the
32.11 date of the hearing.

32.12 (c) The authority to spend tax increments under this subdivision expires December
32.13 31, 2011.

32.14 **EFFECTIVE DATE.** This section is effective the day following final enactment
32.15 and applies to tax increments derived from a district, regardless of when the request for
32.16 certification was made.

32.17 Sec. 21. Minnesota Statutes 2008, section 469.310, subdivision 6, is amended to read:

32.18 Subd. 6. **Job opportunity building zone or zone.** "Job opportunity building zone"
32.19 or "zone" means a zone designated by the commissioner under section 469.314, and
32.20 includes an agricultural processing facility zone and a create automotive recovery zone.

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

32.22 Sec. 22. Minnesota Statutes 2008, section 469.310, subdivision 11, is amended to read:

32.23 Subd. 11. **Qualified business.** (a) A person carrying on a trade or business at a place
32.24 of business located within a job opportunity building zone is a qualified business for the
32.25 purposes of sections 469.310 to 469.320 according to the criteria in paragraphs (b) to (f).

32.26 (b) A person is a qualified business only on those parcels of land for which the
32.27 person has entered into a business subsidy agreement, as required under section 469.313,
32.28 with the appropriate local government unit in which the parcels are located.

32.29 (c) Prior to execution of the business subsidy agreement, the local government
32.30 unit must consider the following factors:

32.31 (1) how wages compare to the regional industry average;

32.32 (2) the number of jobs that will be provided relative to overall employment in the
32.33 community;

- 33.1 (3) the economic outlook for the industry the business will engage in;
- 33.2 (4) sales that will be generated from outside the state of Minnesota;
- 33.3 (5) how the business will build on existing regional strengths or diversify the
- 33.4 regional economy;
- 33.5 (6) how the business will increase capital investment in the zone; and
- 33.6 (7) any other criteria the commissioner deems necessary.
- 33.7 (d) A person that relocates a trade or business from outside a job opportunity
- 33.8 building zone into a zone is not a qualified business unless the business meets all of the
- 33.9 requirements of paragraphs (b) and (c) and:
- 33.10 (1) increases full-time employment in the first full year of operation within the job
- 33.11 opportunity building zone by a minimum of five jobs or 20 percent, whichever is greater,
- 33.12 measured relative to the operations that were relocated and maintains the required level of
- 33.13 employment for each year the zone designation applies; and
- 33.14 (2) enters a binding written agreement with the commissioner that:
- 33.15 (i) pledges the business will meet the requirements of clause (1);
- 33.16 (ii) provides for repayment of all tax benefits enumerated under section 469.315 to
- 33.17 the business under the procedures in section 469.319, if the requirements of clause (1) are
- 33.18 not met for the taxable year or for taxes payable during the year in which the requirements
- 33.19 were not met; and
- 33.20 (iii) contains any other terms the commissioner determines appropriate.
- 33.21 (e) The commissioner may waive the requirements under paragraph (d), clause (1),
- 33.22 if the commissioner determines that the qualified business will substantially achieve
- 33.23 the factors under this subdivision.
- 33.24 (f) A business is not a qualified business if, at its location or locations in the zone,
- 33.25 the business is primarily engaged in making retail sales to purchasers who are physically
- 33.26 present at the business's zone location.
- 33.27 (g) A qualifying business must pay each employee compensation, including benefits
- 33.28 not mandated by law, that on an annualized basis is equal to at least 110 percent of the
- 33.29 federal poverty level for a family of four.
- 33.30 (h) A public utility, as defined in section 336B.01, is not a qualified business.
- 33.31 (i) A business operating in a create automotive recovery zone is a qualified business
- 33.32 only if it engages in the assembly of motor vehicles at the zone location.

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

33.34 Sec. 23. Minnesota Statutes 2008, section 469.310, is amended by adding a subdivision

33.35 to read:

34.1 Subd. 14. **Motor vehicle assembly facility.** "Motor vehicle assembly facility"
34.2 means a manufacturing facility with at least 500 employees that is used to assemble motor
34.3 vehicles and is located in a city of the first class.

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

34.5 Sec. 24. Minnesota Statutes 2008, section 469.310, is amended by adding a subdivision
34.6 to read:

34.7 Subd. 15. **Create automotive recovery zone.** "Create automotive recovery zone"
34.8 means a zone designated by the commissioner under section 469.314 that contains a
34.9 motor vehicle assembly facility.

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

34.11 Sec. 25. Minnesota Statutes 2008, section 469.312, subdivision 1, is amended to read:

34.12 Subdivision 1. **Maximum size.** A job opportunity building zone may not exceed
34.13 5,000 acres. For a zone designated as an agricultural processing facility zone, the zone
34.14 also may not exceed the size of a site necessary for the agricultural processing facility,
34.15 including ancillary operations and space for expansion in the reasonably foreseeable
34.16 future. For a zone designated as a create automotive recovery zone, the zone also may
34.17 not exceed the size of the site necessary for the assembly of motor vehicles, including
34.18 ancillary operations and space for expansion in the reasonably foreseeable future.

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

34.20 Sec. 26. Minnesota Statutes 2008, section 469.312, subdivision 3, is amended to read:

34.21 Subd. 3. **Outside metropolitan area.** Except for a create automotive recovery zone,
34.22 the area of a job opportunity building zone must be located outside of the metropolitan
34.23 area, as defined in section 473.121, subdivision 2.

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

34.25 Sec. 27. Minnesota Statutes 2009 Supplement, section 469.312, subdivision 5, is
34.26 amended to read:

34.27 Subd. 5. **Duration limit.** (a) The maximum duration of a zone is 12 years. The
34.28 applicant may request a shorter duration. The commissioner may specify a shorter
34.29 duration, regardless of the requested duration.

35.1 (b) The duration limit under this subdivision and the duration of the zone for
35.2 purposes of allowance of tax incentives described in section 469.315 is extended by three
35.3 calendar years for each parcel of property that meets the following requirements:

35.4 (1) the qualified business operates an ethanol plant, as defined in section 41A.09, on
35.5 the site that includes the parcel; and

35.6 (2) the business subsidy agreement was executed after April 30, 2006.

35.7 (c) The duration limit under this subdivision and the duration of the zone for
35.8 purposes of allowance of tax incentives described in section 469.315 is extended by five
35.9 calendar years for each parcel of property that meets the following requirements:

35.10 (1) the parcel is located in a county with an unemployment rate that on the date that
35.11 the business subsidy agreement is executed (i) equals or exceeds ten percent or (ii) is ten
35.12 percent higher than the statewide average;

35.13 (2) the operations of the qualified business on the site include:

35.14 (i) its headquarters;

35.15 (ii) facilities for research and development; and

35.16 (iii) the manufacturing of products, used by the building, transport, consumer
35.17 products, and industrial products sectors, that reduce the use of or increase the efficiency
35.18 of the use of energy resources and that are manufactured using innovative and high
35.19 technology processes; and

35.20 (3) the business subsidy agreement is executed after July 1, 2009, and before July 1,
35.21 2011.

35.22 (d) The duration of a create automotive recovery zone is 12 years from the date of
35.23 the designation of a zone by the commissioner under section 469.314, subdivision 4,
35.24 paragraph (g).

35.25 (e) The duration limit under this subdivision and the duration of the zone for
35.26 purposes of allowance of tax incentives described in section 469.315 is extended by five
35.27 calendar years for each parcel of property that meets the following requirements:

35.28 (1) the parcel is located in a county with an unemployment rate for any of the twelve
35.29 months preceding the date on which the business subsidy agreement is executed that (i)
35.30 equals or exceeds ten percent or (ii) is ten percent higher than the statewide average;

35.31 (2) the qualified business is engaged in the business of manufacturing wind turbines
35.32 and related products for the generation of energy, and the parcel includes one or more of
35.33 the following facilities of the qualified business:

35.34 (i) the headquarters of the business in this country;

35.35 (ii) training facilities; or

35.36 (iii) manufacturing facilities; and

36.1 (3) the initial business subsidy agreement is executed after July 1, 2010, and before
36.2 November 1, 2011.

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

36.4 Sec. 28. Minnesota Statutes 2008, section 469.314, subdivision 1, is amended to read:

36.5 Subdivision 1. **Commissioner to designate.** (a) The commissioner, in consultation
36.6 with the commissioner of revenue, shall designate not more than ten job opportunity
36.7 building zones and not more than one create automotive recovery zone. In making the
36.8 designations, the commissioner shall consider need and likelihood of success to yield the
36.9 most economic development and revitalization of economically distressed rural areas
36.10 of Minnesota.

36.11 (b) In addition to the designations under paragraph (a), the commissioner may, in
36.12 consultation with the commissioners of agriculture and revenue, designate up to five
36.13 agricultural processing facility zones.

36.14 (c) The commissioner may, upon designation of a zone, modify the development
36.15 plan, including the boundaries of the zone or subzones, if in the commissioner's opinion
36.16 a modified plan would better meet the objectives of the job opportunity building zone
36.17 program. The commissioner shall notify the applicant of the modification and provide a
36.18 statement of the reasons for the modifications.

36.19 **EFFECTIVE DATE.** This section is effective the day following final enactment,
36.20 except the designation of a zone under this authority does not take effect until July 1, 2013.

36.21 Sec. 29. Minnesota Statutes 2008, section 469.314, subdivision 4, is amended to read:

36.22 Subd. 4. **Designation schedule.** (a) The schedule in paragraphs (b) to (f) applies to
36.23 the designation of job opportunity building zones. Paragraph (g) applies to the designation
36.24 of a create automotive recovery zone.

36.25 (b) The commissioner shall publish the form for applications and any procedural,
36.26 form, or content requirements for applications by no later than August 1, 2003. The
36.27 commissioner may publish these requirements on the Internet, in the State Register, or by
36.28 any other means the commissioner determines appropriate to disseminate the information
36.29 to potential applicants for designation.

36.30 (c) Applications must be submitted by October 15, 2003.

36.31 (d) The commissioner shall designate the zones by no later than December 31, 2003.

36.32 (e) The designation of the zones takes effect January 1, 2004.

37.1 (f) The commissioner may reserve one or more of the ten authorized zones for a
 37.2 second round of designations in calendar year 2004. If the commissioner chooses to
 37.3 reserve designations for this purpose, the commissioner shall establish the schedule for the
 37.4 second round of designations, notwithstanding the dates in paragraphs (c), (d), and (e).
 37.5 The commissioner shall allow a period of at least 90 days for submission of applications
 37.6 after notification of the second round. A zone designated in the second round takes effect
 37.7 on January 1, 2005.

37.8 (g) The commissioner may accept applications for a create automotive recovery zone
 37.9 at any time before January 1, 2016. The commissioner may designate a create automotive
 37.10 recovery zone at any time after December 31, 2011, but before January 1, 2016.

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

37.12 Sec. 30. Minnesota Statutes 2008, section 469.315, is amended to read:

37.13 **469.315 TAX INCENTIVES AVAILABLE IN ZONES.**

37.14 Qualified businesses that operate in a job opportunity building zone, individuals who
 37.15 invest in a qualified business that operates in a job opportunity building zone, and property
 37.16 located in a job opportunity building zone qualify for:

37.17 (1) exemption from individual income taxes as provided under section 469.316;

37.18 (2) exemption from corporate franchise taxes as provided under section 469.317;

37.19 (3) exemption from the state sales and use tax and any local sales and use taxes on
 37.20 qualifying purchases as provided in section 297A.68, subdivision 37;

37.21 (4) exemption from the state sales tax on motor vehicles and any local sales tax on
 37.22 motor vehicles as provided under section 297B.03;

37.23 (5) exemption from the property tax as provided in section 272.02, subdivision 64;

37.24 (6) exemption from the wind energy production tax under section 272.029,
 37.25 subdivision 7; and

37.26 (7) the jobs credit allowed under section 469.318, except that a qualified business
 37.27 located in a create automotive recovery zone is not eligible for the credit under section
 37.28 469.318 but is eligible for the credit under section 469.3181.

37.29 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
 37.30 December 31, 2011.

37.31 Sec. 31. **[469.3181] CREATE AUTOMOTIVE RECOVERY JOBS CREDIT.**

37.32 Subdivision 1. Credit allowed. (a) A qualified business located in a create
 37.33 automotive recovery zone is allowed a credit against the tax imposed under chapter 290

38.1 equal to \$2,500 times the number of full-time equivalent employees receiving wages from
 38.2 the qualified business for working at the facility during the taxable year. The qualified
 38.3 business is allowed an additional credit equal to \$1,000 times the number of full-time
 38.4 equivalent employees receiving wages from the qualified business for working at the
 38.5 facility during the taxable year in excess of 750 employees.

38.6 (b) For purposes of this section, "employee" and "wages" have the meanings given
 38.7 them in section 290.92, subdivisions 1 and 3.

38.8 (c) For purposes of this section, "full-time equivalent employees" means the
 38.9 equivalent of annualized expected hours of work equal to 2,080 hours.

38.10 Subd. 2. **Refundable.** If the amount of the credit exceeds the liability for tax under
 38.11 chapter 290, the commissioner of revenue shall refund the excess to the qualified business.

38.12 Subd. 3. **Appropriation.** An amount sufficient to pay the refunds authorized by this
 38.13 section is appropriated to the commissioner of revenue from the general fund.

38.14 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
 38.15 December 31, 2012.

38.16 Sec. 32. Laws 1986, chapter 391, section 1, is amended to read:

38.17 Section 1.

38.18 The legislature finds that providing areawide and local financial assistance,
 38.19 including the provision of security for debt financing, but not including direct subsidies to
 38.20 private interests, in the development of the ~~former metropolitan stadium site~~ Industrial
 38.21 Development District 1 (Airport South) of the city of Bloomington, as amended, including
 38.22 any phase of the Mall of America, and the Old Cedar Avenue Bridge, is a public purpose
 38.23 of state, metropolitan, and local government in Minnesota and that it is a benefit to the
 38.24 metropolitan area within the purpose of the metropolitan revenue distribution program
 38.25 pursuant to chapter 473F.

38.26 **EFFECTIVE DATE.** This section is effective upon local approval of and
 38.27 compliance by the governing body of the city of Bloomington with the requirements
 38.28 of Minnesota Statutes, section 645.021.

38.29 Sec. 33. Laws 1995, chapter 264, article 5, section 44, subdivision 4, as amended by
 38.30 Laws 1996, chapter 471, article 7, section 21, and Laws 1997, chapter 231, article 10,
 38.31 section 12, and Laws 2008, chapter 154, article 9, section 18, is amended to read:

38.32 Subd. 4. **Authority.** For housing replacement projects in the city of Crystal,
 38.33 "authority" means the Crystal economic development authority. For housing replacement

39.1 projects in the city of Fridley, "authority" means the housing and redevelopment authority
 39.2 in and for the city of Fridley or a successor in interest. For housing replacement
 39.3 projects in the city of Minneapolis, "authority" means the Minneapolis community
 39.4 development agency or its successors and assigns. For housing replacement projects
 39.5 in the city of St. Paul, "authority" means the St. Paul housing and redevelopment
 39.6 authority. For housing replacement projects in the city of Duluth, "authority" means the
 39.7 Duluth economic development authority. For housing replacement projects in the city of
 39.8 Richfield, "authority" is the authority as defined in Minnesota Statutes, section 469.174,
 39.9 subdivision 2, that is designated by the governing body of the city of Richfield. For
 39.10 housing replacement projects in the city of Columbia Heights, "authority" is the authority
 39.11 as defined in Minnesota Statutes, section 469.174, subdivision 2, that is designated by
 39.12 the governing body of the city of Columbia Heights. For housing replacement projects in
 39.13 the city of Brooklyn Park, "authority" is the authority as defined in Minnesota Statutes,
 39.14 section 469.174, subdivision 2, that is designated by the governing body of the city of
 39.15 Brooklyn Park.

39.16 **EFFECTIVE DATE.** This section is effective the day following final enactment
 39.17 and applies to the city of Brooklyn Park without local approval under Minnesota Statutes,
 39.18 section 645.023, subdivision 1, clause (a).

39.19 Sec. 34. Laws 1995, chapter 264, article 5, section 45, subdivision 1, as amended by
 39.20 Laws 1996, chapter 471, article 7, section 22, and Laws 1997, chapter 231, article 10,
 39.21 section 13, and Laws 2002, chapter 377, article 7, section 6, and Laws 2008, chapter 154,
 39.22 article 9, section 19, is amended to read:

39.23 Subdivision 1. **Creation of projects.** (a) An authority may create a housing
 39.24 replacement project under sections 44 to 47, as provided in this section.

39.25 (b) For the cities of Crystal, Fridley, Richfield, ~~and~~ Columbia Heights, and Brooklyn
 39.26 Park, the authority may designate up to ~~50~~ 100 parcels in the city to be included in a
 39.27 housing replacement district over the life of a district or districts. ~~No more than ten~~
 39.28 ~~parcels may be included in year one of the district, with up to ten additional parcels added~~
 39.29 ~~to the district in each of the following nine years.~~ For the cities of St. Paul and Duluth,
 39.30 each authority may designate not more than 200 parcels in the city to be included in
 39.31 a housing replacement district over the life of the district. For the city of Minneapolis,
 39.32 the authority may designate not more than ~~400~~ 500 parcels in the city to be included in
 39.33 housing replacement districts over the life of the districts. The only parcels that may
 39.34 be included in a district are (1) vacant sites, (2) parcels containing vacant houses, or

40.1 (3) parcels containing houses that are structurally substandard, as defined in Minnesota
40.2 Statutes, section 469.174, subdivision 10.

40.3 (c) The city in which the authority is located must pay at least 25 percent of the
40.4 housing replacement project costs from its general fund, a property tax levy, or other
40.5 unrestricted money, not including tax increments.

40.6 (d) The housing replacement district plan must have as its sole object the acquisition
40.7 of parcels for the purpose of preparing the site to be sold for market rate housing. As
40.8 used in this section, "market rate housing" means housing that has a market value that
40.9 does not exceed 150 percent of the average market value of single-family housing in that
40.10 municipality.

40.11 **EFFECTIVE DATE.** This section is effective the day following final enactment
40.12 and applies to the affected cities without local approval under Minnesota Statutes, section
40.13 645.023, subdivision 1, clause (a).

40.14 Sec. 35. Laws 2008, chapter 366, article 5, section 28, subdivision 1, is amended to
40.15 read:

40.16 Subdivision 1. **Additional taxes authorized; use of proceeds.** (a) Notwithstanding
40.17 Minnesota Statutes, section 477A.016, or any other law, ordinance, or charter provision
40.18 to the contrary, the governing body of the city of Bloomington may impose any or all of
40.19 the taxes described in this section. The proceeds of any taxes imposed under this section
40.20 or section 27, less refunds and the cost of collection, must be used to provide financing
40.21 for parking facilities or other public improvements for any phase of the Mall of America
40.22 ~~phase II~~. The Port Authority of the city of Bloomington may, but is not required to,
40.23 issue or cause the sale of bonds, a developer's note, or other obligations to finance the
40.24 improvements. If a governmental entity other than the city of Bloomington issues the
40.25 obligations used to finance the parking facilities and other public improvements, the
40.26 city may transfer the funds available under this section and section 27 for financing the
40.27 project to the entity that issued the bonds.

40.28 (b) As a condition to exercising the authority provided in this subdivision, the
40.29 governing bodies of the city of Bloomington and the Bloomington Port Authority shall
40.30 require the developers of any phase of the Mall of America project to enter into a
40.31 labor peace agreement with the labor organization which is most actively engaged in
40.32 representing and attempting to represent hotel workers in Hennepin and Ramsey Counties.
40.33 The labor peace agreement must be an enforceable agreement and must prohibit the labor
40.34 organization and its members from engaging in any boycott or other activity advising
40.35 customers not to patronize any hotel that is part of any phase of the Mall of America for

41.1 at least the first five years of the hotel's operation, and must cover all operations at the
 41.2 hotel, other than construction, alteration, or repair of the premises separately owned and
 41.3 operated, which are conducted by lessees or tenants or under management agreements,
 41.4 except retail operations, including gift, jewelry, and clothing shops that have annual gross
 41.5 revenues of less than \$250,000.

41.6 **EFFECTIVE DATE.** This section is effective upon local approval of and
 41.7 compliance by the governing body of the city of Bloomington with the requirements
 41.8 of Minnesota Statutes, section 645.021, except that the provisions of paragraph (b) are
 41.9 effective if the city of Bloomington approves any one of sections 35, 36, 37, 38 or 43.

41.10 Sec. 36. Laws 2008, chapter 366, article 5, section 28, subdivision 2, is amended to
 41.11 read:

41.12 Subd. 2. **Sales tax.** The city of Bloomington may charter a special taxing authority,
 41.13 which is a separate political subdivision. The geographic area of the special taxing
 41.14 authority consists of Tax Increment Financing Districts No. 1-C and No. 1-G in the
 41.15 city. The city council is the governing body of the special taxing authority. The special
 41.16 taxing authority may impose, by resolution, a sales tax of ~~not less than one-half of one~~
 41.17 ~~percent and~~ not more than one percent within its boundaries. The provisions of Minnesota
 41.18 Statutes, section 297A.99, except for subdivisions 2 and 3, govern the imposition,
 41.19 administration, collection, and enforcement of the tax authorized in this subdivision.

41.20 **EFFECTIVE DATE.** This section is effective upon local approval and compliance
 41.21 by the governing body of the city of Bloomington with the provisions of Minnesota
 41.22 Statutes, section 645.021.

41.23 Sec. 37. Laws 2008, chapter 366, article 5, section 29, subdivision 1, is amended to
 41.24 read:

41.25 Subdivision 1. **Issuing authority.** (a) The city of Bloomington may contract with
 41.26 any of the following authorities to issue and sell revenue bonds for the purposes and
 41.27 in the amounts specified in subdivision 2:

41.28 (1) the commissioner of finance, exercising the authority granted under this section
 41.29 and Minnesota Statutes, sections 16A.672 to 16A.675;

41.30 (2) the Agricultural and Economic Development Board, exercising the powers
 41.31 granted under this section and Minnesota Statutes, chapter 41A; or

41.32 (3) the Minnesota Public Facilities Authority, exercising the powers granted under
 41.33 this section and Minnesota Statutes, chapter 446A.

42.1 (b) The authority granted in this section is in addition to the statutes in paragraph
42.2 (a) and notwithstanding any contrary provisions in them.

42.3 (c) The contract must include as a party the developer of any phase H of the Mall
42.4 of America and may include as a party any other entity deemed appropriate by the city
42.5 of Bloomington, the issuing authority, and the developer.

42.6 **EFFECTIVE DATE.** This section is effective upon local approval of and
42.7 compliance by the governing body of the city of Bloomington with the requirements
42.8 of Minnesota Statutes, section 645.021.

42.9 Sec. 38. Laws 2008, chapter 366, article 5, section 29, subdivision 2, is amended to
42.10 read:

42.11 Subd. 2. **Purposes and amounts.** (a) The revenue bonds may be issued in a single
42.12 or multiple issues and sold for the following purposes:

42.13 (1) to pay the costs to design, construct, furnish, and equip parking facilities and
42.14 ~~related~~ other public improvements for any phase H of the Mall of America;

42.15 (2) to pay the costs of issuance, debt service, and bond insurance or other credit
42.16 enhancements, and to fund reserves; and

42.17 (3) to refund bonds issued under this section.

42.18 (b) The amount of bonds that may be issued for the purposes of paragraph (a), clause
42.19 (1), may not exceed per issue the estimated cost from time to time of the parking facilities
42.20 and other public improvements, including soft costs; the amount of bonds that may be
42.21 issued for the purposes of paragraph (a), clauses (2) and (3), is not limited.

42.22 **EFFECTIVE DATE.** This section is effective upon local approval of and
42.23 compliance by the governing body of the city of Bloomington with the requirements
42.24 of Minnesota Statutes, section 645.021.

42.25 Sec. 39. Laws 2008, chapter 366, article 5, section 29, subdivision 4, is amended to
42.26 read:

42.27 Subd. 4. **Sale and issuance; proceeds.** (a) The issuing authority may sell and issue
42.28 the bonds on the terms and conditions the issuing authority determines to be in the best
42.29 interests of the state after reviewing an agreement between the city of Bloomington and
42.30 the developer of any phase H of the Mall of America setting out the terms upon which
42.31 the city of Bloomington will use the proceeds of the bond sales. The bonds may be sold
42.32 at public or private sale at a price or prices the issuing authority finds appropriate. The

43.1 issuing authority may enter any agreements or pledges the issuing authority determines
43.2 necessary or useful to sell the bonds that are not inconsistent with this section.

43.3 (b) The city may enter into a preliminary agreement with the issuing authority under
43.4 which the city agrees, if the revenue bonds are not issued, to pay or cause to be paid the
43.5 costs and expenses incurred by the issuing authority relating to the proposed issuance of
43.6 the revenue bonds.

43.7 (c) The proceeds of the bonds issued under this section must be credited to a special
43.8 Mall of America revenue bond proceeds account with the issuing authority or a trustee
43.9 and are appropriated to the issuing authority for payment to the city of Bloomington
43.10 for the purposes specified in subdivision 2.

43.11 **EFFECTIVE DATE.** This section is effective upon local approval of and
43.12 compliance by the governing body of the city of Bloomington with the requirements
43.13 of Minnesota Statutes, section 645.021.

43.14 Sec. 40. **CITY OF ST. PAUL; AUTHORITY TO EXERCISE SPECIAL LAW**
43.15 **AUTHORITY.**

43.16 Notwithstanding the failure of the governing body of the city of St. Paul to approve
43.17 Laws 1995, chapter 264, article 5, sections 44 to 47, as required by Laws 1995, chapter
43.18 264, article 5, section 49, the provisions of sections 44 to 47, as amended, apply to the city
43.19 of St. Paul without local approval under Minnesota Statutes, section 645.023, subdivision
43.20 1, clause (a).

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

43.22 Sec. 41. **OAKDALE; TAX INCREMENT FINANCING DISTRICT.**

43.23 Subdivision 1. **Duration of district.** Notwithstanding the provisions of Minnesota
43.24 Statutes, section 469.176, subdivision 1b, the city of Oakdale may collect tax increments
43.25 from Tax Increment Financing District No. 6 (Bergen Plaza) through December 31, 2024,
43.26 subject to the conditions described in subdivision 2.

43.27 Subd. 2. **Conditions for extension.** (a) Subdivision 1 applies only if the following
43.28 conditions are met:

43.29 (1) by July 1, 2011, the city of Oakdale has entered in a development agreement
43.30 with a private developer for development or redevelopment of all or a substantial part of
43.31 the area; and

44.1 (2) by November 1, 2011, the city of Oakdale or a private developer commences
44.2 construction of streets, traffic improvements, water, sewer, or related infrastructure that
44.3 serves one or both of the parcels with the following parcel identification numbers:
44.4 2902921330001 and 2902921330005. For the purposes of this section, construction
44.5 commences upon grading or other visible improvements that are part of the subject
44.6 infrastructure.

44.7 (b) All tax increments received by the city of Oakdale under subdivision 1
44.8 after December 31, 2016, must be used only to pay costs that are both (1) related to
44.9 redevelopment of the parcels specified in this subdivision, including without limitation
44.10 any of the infrastructure referenced in this subdivision; and (2) otherwise eligible under
44.11 law to be paid with increments from the specified tax increment financing district, except
44.12 the authority under this clause does not apply to increments collected after the conclusion
44.13 of the duration limit under general law.

44.14 **EFFECTIVE DATE.** This section is effective upon compliance by the governing
44.15 body of the city of Oakdale with the requirements of Minnesota Statutes, sections
44.16 469.1782, subdivision 2, and 645.021, subdivision 3.

44.17 Sec. 42. **CITY OF ST. PAUL; TAX INCREMENT FINANCING DISTRICT.**

44.18 (a) Minnesota Statutes, section 469.1763, subdivisions 2 and 3, and section 469.176,
44.19 subdivision 4, paragraph (j), do not apply to the expenditure of the tax increments from
44.20 the Snelling University tax increment financing district (county #135) established by the
44.21 Housing and Redevelopment Authority of the city of St. Paul.

44.22 (b) The authority granted by this section only applies to expenditure of increments
44.23 for the construction of improvements to a project or projects, including necessary related
44.24 costs, on which substantial and ongoing construction has begun by July 1, 2011.

44.25 **EFFECTIVE DATE.** This section is effective the day after the governing body of
44.26 the city of St. Paul and its chief clerical officer comply with Minnesota Statutes, section
44.27 645.021, subdivisions 2 and 3.

44.28 Sec. 43. **CITY OF NORTH MANKATO; TAX INCREMENT FINANCING**
44.29 **DISTRICT; PROJECT REQUIREMENTS.**

44.30 Subdivision 1. **Addition of parcel to district.** Notwithstanding Minnesota Statutes,
44.31 sections 469.174, subdivision 10, and 469.175, subdivision 4, paragraph (d), or any
44.32 other law to the contrary, the governing body of the city of North Mankato may elect to

45.1 expand the boundaries of Tax Increment Financing District No. IDD 1-8 to include real
45.2 property, described as follows:

45.3 Lots 3, 4, 5, 6, 7, 8, B, and C and part of vacated Cedar Street, Lots A, 1, and 2
45.4 lying northwesterly of a line beginning at a point on the South line of Lot A 74.67 feet
45.5 West of the southeast corner of Lot A; thence northeasterly 107.30 feet to a point on
45.6 the East line of Lot 2; thence continuing northeasterly 47.47 feet to a point on the East
45.7 right-of-way line of vacated Cedar Street; said point being 101.93 feet southerly from the
45.8 intersection of the south right-of-way line of Wheeler Avenue and the east right-of-way
45.9 line vacated Cedar Street, Lamm's Second Addition, City of North Mankato, Nicollet
45.10 County, Minnesota (tax parcel number R 18.614.0040).

45.11 Subd. 2. **Five-year rule.** Minnesota Statutes, section 469.1763, subdivision 3, does
45.12 not apply to Tax Increment Financing District No. IDD 1-8, as enlarged.

45.13 Subd. 3. **Original tax capacity of district.** Upon addition of the property described
45.14 in subdivision 1 in Tax Increment Financing District No. IDD 1-8, the Nicollet County
45.15 auditor shall increase the original tax capacity of Tax Increment Financing District No.
45.16 IDD 1-8 by the amount required by Minnesota Statutes, section 469.177.

45.17 Subd. 4. **Use of increments.** Tax increments and other revenues derived from any
45.18 portion of Tax Increment Financing District No. IDD 1-8, as enlarged, may be used:

45.19 (1) to reimburse or otherwise pay the port authority of the city of North Mankato
45.20 and the city of North Mankato for allowable expenditures under the plan budget for Tax
45.21 Increment Financing District No. IDD 1-8, as amended from time to time; and

45.22 (2) to pay the principal, premium, and interest on the \$990,000 city of North
45.23 Mankato taxable general obligation tax increment bonds, series 2001D, issued by the city
45.24 of North Mankato for redevelopment costs in Tax Increment Financing District No. IDD
45.25 1-8 under the tax increment financing plan for Tax Increment Financing District No. IDD
45.26 1-8 as originally adopted January 16, 1990, and amended April 2, 2001.

45.27 Subd. 5. **Approval and effect of modification.** When the governing body of the
45.28 city elects to exercise the authority provided in subdivision 1 to modify the district, the
45.29 following conditions apply:

45.30 (1) it must comply with Minnesota Statutes, section 469.175, subdivision 4, except
45.31 for paragraph (d); and

45.32 (2) beginning with the subsequent calendar year, except as otherwise explicitly
45.33 provided in this section, the district is subject to the provisions of Minnesota Statutes,

46.1 sections 469.174 to 469.1794, as if the request for certification of the entire district had
46.2 been made on the date the city elected to exercise the authority provided in subdivision 1.

46.3 Subd. 6. **Conditions.** The authority granted by this section may only be exercised
46.4 by the city if:

46.5 (1) by July 1, 2011, the city has entered in a development agreement with a private
46.6 developer for redevelopment of all or a substantial part of the area; and

46.7 (2) substantial and ongoing construction of improvements for the project has begun
46.8 by November 1, 2011.

46.9 **EFFECTIVE DATE.** This section is effective upon approval by the governing body
46.10 of the city of North Mankato and upon compliance by the city with Minnesota Statutes,
46.11 section 645.021, subdivision 3.

46.12 Sec. 44. **CITY OF COHASSET; USE OF TAX INCREMENTS.**

46.13 (a) The authority operating tax increment financing districts No. 2-1 and No. 3-1 in
46.14 the city of Cohasset may transfer tax increments from each of those districts to the city
46.15 in an amount equal to the advances made by the city from its general fund to finance
46.16 expenditures under Minnesota Statutes, section 469.176, subdivision 4, for the benefit
46.17 of that district.

46.18 (b) The authority granted by this section may only be exercised by the authority, if
46.19 by July 1, 2011, the authority has entered into a development agreement with a private
46.20 developer of property to be served by the road financed by the expenditures under this
46.21 section and if substantial and ongoing construction has begun by November 1, 2011.

46.22 **EFFECTIVE DATE.** This section is effective the day following final enactment,
46.23 upon approval by the governing body of the city of Cohasset and compliance with
46.24 Minnesota Statutes, section 645.021, subdivision 3.

46.25 Sec. 45. **ACCELERATED REINSTATEMENT OF PHASEOUT OF PERSONAL**
46.26 **AND DEPENDENT EXEMPTIONS AND LIMITATION OF ITEMIZED**
46.27 **DEDUCTIONS.**

46.28 (a) In determining net taxable income under Minnesota Statutes, section 290.01, for
46.29 taxable years beginning after December 31, 2009, and before January 1, 2011, sections 102
46.30 and 103 of Public Law 107-16, relating to the repeal of phaseout of personal exemptions
46.31 and the phaseout of overall limitation on itemized deductions, do not apply.

46.32 (b) By July 15 of 2011, the commissioner of management and budget, in consultation
46.33 with the commissioner of revenue, shall estimate the amount of revenue anticipated for

47.1 the biennium resulting from enactment of this section. The estimated amount must be
47.2 transferred in fiscal year 2011 from the general fund to the economic incentive account in
47.3 the special revenue fund. Amounts in the account are available for transfer to the general
47.4 fund to fund the small business investment tax credit in sections 116J.8737 and 290.0692
47.5 and the credit for historic structure rehabilitation in sections 290.06781 and 297I.20.

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

47.7 Sec. 46. **TRANSFER.**

47.8 (a) In fiscal years 2011 through 2015, \$7,600,000 in each year is transferred from the
47.9 economic incentive account in the special revenue fund to the general fund to fund the
47.10 small business investment tax credit in sections 116J.8737 and 290.0692.

47.11 (b) In fiscal years 2011 through 2015, \$7,600,000 in each year is transferred from
47.12 the economic incentive account in the special revenue fund to the general fund to fund the
47.13 credit for historic structure rehabilitation in sections 290.06781 and 297I.20.

47.14 Sec. 47. **REPEALER.**

47.15 Laws 1996, chapter 464, article 1, section 8, subdivision 5, is repealed.

47.16 **EFFECTIVE DATE.** This section is effective upon local approval of and
47.17 compliance by the governing body of the city of Bloomington with the requirements
47.18 of Minnesota Statutes, section 645.021."

47.19 Amend the title accordingly