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State of Minnesota

HOUSE OF REPRESENTATIVES

SPECIAL SESSION

H. F. No. 9

06/14/2021 Authored by Marquart

The bill was read for the first time and referred to the Committee on Ways and Means

- 1.1 A bill for an act
- 1.2 relating to taxation; providing for financing and operation of state and local
- 1.3 government; providing conformity and nonconformity to certain federal tax law
- 1.4 changes; modifying individual income and corporate franchise taxes, sales and
- 1.5 use taxes, partnership taxes, special and excise taxes, property taxes, local
- 1.6 government aids, and provisions related to local taxes, tax increment financing,
- 1.7 public finance, and other miscellaneous taxes and tax provisions; modifying certain
- 1.8 income tax credits and authorizing new credits; modifying and providing for
- 1.9 partnership audits; providing for a pass-through entity tax; modifying sales tax
- 1.10 exemptions; providing for reduction of accelerated sales tax payments; modifying
- 1.11 vapor and tobacco tax provisions; modifying and providing certain property tax
- 1.12 exemptions; modifying property classification provisions; modifying local
- 1.13 government aid appropriations; modifying existing local taxes and authorizing
- 1.14 new local taxes; modifying and authorizing certain tax increment financing
- 1.15 provisions; providing provisions related to public finance; providing for a tax
- 1.16 expenditure review commission and the required expiration of tax expenditures;
- 1.17 increasing the budget reserve; providing for compliance with federal law
- 1.18 background checks for certain individuals with access to federal tax information;
- 1.19 classifying data; making minor policy and technical changes; making appointments;
- 1.20 requiring reports; appropriating money; amending Minnesota Statutes 2020, sections
- 1.21 3.192; 3.8853, subdivision 2; 16A.152, subdivision 2, as amended; 116J.8737,
- 1.22 subdivision 5; 144F.01; 270.41, subdivision 3a; 270.44; 270A.04, by adding a
- 1.23 subdivision; 270B.13, by adding a subdivision; 270B.14, by adding a subdivision;
- 1.24 270C.11, subdivisions 2, 4, 6; 270C.13, subdivision 1; 270C.22, subdivision 1;
- 1.25 270C.445, subdivisions 3, 6; 272.02, by adding a subdivision; 272.029, subdivision
- 1.26 2; 272.0295, subdivisions 2, 5; 273.063; 273.0755; 273.124, subdivisions 1, 9, 13,
- 1.27 14; 273.13, subdivisions 23, 25, 34; 273.18; 275.025, subdivisions 1, 2; 275.065,
- 1.28 subdivision 3, by adding a subdivision; 275.066; 287.04; 289A.08, subdivision 7,
- 1.29 by adding a subdivision; 289A.09, subdivision 2; 289A.20, subdivision 4; 289A.31,
- 1.30 subdivision 1; 289A.37, subdivision 2; 289A.38, subdivisions 7, 8, 9, 10; 289A.42;
- 1.31 289A.60, subdivisions 15, 24, by adding a subdivision; 290.01, subdivisions 19,
- 1.32 31; 290.0121, subdivision 3; 290.0122, subdivision 8; 290.0132, by adding a
- 1.33 subdivision; 290.06, subdivisions 2c, 22, by adding subdivisions; 290.0671,
- 1.34 subdivision 1; 290.0681, subdivision 10; 290.0682; 290.31, subdivision 1; 290.92,
- 1.35 subdivisions 1, 2a, 3, 4b, 4c, 5, 5a, 19, 20; 290.923, subdivision 9; 290.993;
- 1.36 290A.03, subdivision 3; 295.75, subdivision 2; 296A.06, subdivision 2; 297A.66,
- 1.37 subdivision 3; 297A.70, subdivision 13; 297A.99, subdivision 2; 297A.993,
- 1.38 subdivision 2; 297F.01, subdivision 22b, by adding a subdivision; 297F.031;

297F.04, subdivision 2; 297F.05, by adding a subdivision; 297F.09, subdivisions 3, 4a, 7, 10; 297F.13, subdivision 4; 297F.17, subdivisions 1, 6; 297G.09, subdivision 9; 297G.16, subdivision 7; 297H.04, subdivision 2; 297H.05; 297I.20, by adding subdivisions; 298.001, by adding a subdivision; 298.24, subdivision 1; 298.285; 298.405, subdivision 1; 325F.781, subdivisions 1, 5, 6; 429.021, subdivision 1; 429.031, subdivision 3; 453A.04, subdivision 21, by adding a subdivision; 465.71; 469.176, by adding a subdivision; 469.1763, subdivisions 2, 3, 4; 469.319, subdivision 4; 475.56; 475.58, subdivision 3b; 475.60, subdivision 1; 475.67, subdivision 8; 477A.03, subdivision 2b; 477A.10; 609B.153; Laws 2009, chapter 88, article 2, section 46, subdivision 3, as amended; Laws 2019, First Special Session chapter 6, article 6, section 27; proposing coding for new law in Minnesota Statutes, chapters 3; 116U; 289A; 290; 299C; 462A; 477A; repealing Minnesota Statutes 2020, sections 270C.17, subdivision 2; 469.055, subdivision 7.

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

ARTICLE 1

FEDERAL CONFORMITY; INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES

Section 1. Minnesota Statutes 2020, section 116J.8737, subdivision 5, is amended to read:

Subd. 5. **Credit allowed.** (a) A qualified investor or qualified fund is eligible for a credit equal to 25 percent of the qualified investment in a qualified small business. Investments made by a pass-through entity qualify for a credit only if the entity is a qualified fund. The commissioner must not allocate ~~more than \$10,000,000 in credits~~ to qualified investors or qualified funds more than the dollar amount in credits allowed for the taxable years listed in paragraph (i). For each taxable year, 50 percent must be allocated to credits for qualified investments in qualified greater Minnesota businesses and minority-owned, women-owned, or veteran-owned qualified small businesses in Minnesota. Any portion of a taxable year's credits that is reserved for qualified investments in greater Minnesota businesses and minority-owned, women-owned, or veteran-owned qualified small businesses in Minnesota that is not allocated by September 30 of the taxable year is available for allocation to other credit applications beginning on October 1. Any portion of a taxable year's credits that is not allocated by the commissioner does not cancel and may be carried forward to subsequent taxable years until all credits have been allocated.

(b) The commissioner may not allocate more than a total maximum amount in credits for a taxable year to a qualified investor for the investor's cumulative qualified investments as an individual qualified investor and as an investor in a qualified fund; for married couples filing joint returns the maximum is \$250,000, and for all other filers the maximum is \$125,000. The commissioner may not allocate more than a total of \$1,000,000 in credits over all taxable years for qualified investments in any one qualified small business.

(c) The commissioner may not allocate a credit to a qualified investor either as an individual qualified investor or as an investor in a qualified fund if, at the time the investment is proposed:

(1) the investor is an officer or principal of the qualified small business; or

(2) the investor, either individually or in combination with one or more members of the investor's family, owns, controls, or holds the power to vote 20 percent or more of the outstanding securities of the qualified small business.

A member of the family of an individual disqualified by this paragraph is not eligible for a credit under this section. For a married couple filing a joint return, the limitations in this paragraph apply collectively to the investor and spouse. For purposes of determining the ownership interest of an investor under this paragraph, the rules under section 267(c) and 267(e) of the Internal Revenue Code apply.

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

(e) Qualified investors and qualified funds must apply to the commissioner for tax credits. Tax credits must be allocated to qualified investors or qualified funds in the order that the tax credit request applications are filed with the department. The commissioner must approve or reject tax credit request applications within 15 days of receiving the application. The investment specified in the application must be made within 60 days of the allocation of the credits. If the investment is not made within 60 days, the credit allocation is canceled and available for reallocation. A qualified investor or qualified fund that fails to invest as specified in the application, within 60 days of allocation of the credits, must notify the commissioner of the failure to invest within five business days of the expiration of the 60-day investment period.

(f) All tax credit request applications filed with the department on the same day must be treated as having been filed contemporaneously. If two or more qualified investors or qualified funds file tax credit request applications on the same day, and the aggregate amount of credit allocation claims exceeds the aggregate limit of credits under this section or the lesser amount of credits that remain unallocated on that day, then the credits must be allocated among the qualified investors or qualified funds who filed on that day on a pro rata basis with respect to the amounts claimed. The pro rata allocation for any one qualified investor or qualified fund is the product obtained by multiplying a fraction, the numerator of which

4.1 is the amount of the credit allocation claim filed on behalf of a qualified investor and the
4.2 denominator of which is the total of all credit allocation claims filed on behalf of all
4.3 applicants on that day, by the amount of credits that remain unallocated on that day for the
4.4 taxable year.

4.5 (g) A qualified investor or qualified fund, or a qualified small business acting on their
4.6 behalf, must notify the commissioner when an investment for which credits were allocated
4.7 has been made, and the taxable year in which the investment was made. A qualified fund
4.8 must also provide the commissioner with a statement indicating the amount invested by
4.9 each investor in the qualified fund based on each investor's share of the assets of the qualified
4.10 fund at the time of the qualified investment. After receiving notification that the investment
4.11 was made, the commissioner must issue credit certificates for the taxable year in which the
4.12 investment was made to the qualified investor or, for an investment made by a qualified
4.13 fund, to each qualified investor who is an investor in the fund. The certificate must state
4.14 that the credit is subject to revocation if the qualified investor or qualified fund does not
4.15 hold the investment in the qualified small business for at least three years, consisting of the
4.16 calendar year in which the investment was made and the two following years. The three-year
4.17 holding period does not apply if:

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

4.20 (2) 80 percent or more of the assets of the qualified small business is sold before the end
4.21 of the three-year period;

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

4.23 (4) the qualified small business's common stock begins trading on a public exchange
4.24 before the end of the three-year period; or

4.25 (5) the qualified investor dies before the end of the three-year period.

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

4.28 (i) The credit allowed under this subdivision is effective ~~for each of the following taxable~~
4.29 ~~years~~ as follows:

4.30 ~~(1) taxable years beginning after December 31, 2018, and before January 1, 2020; and~~

4.31 ~~(2) (1) \$10,000,000 for taxable years beginning after December 31, 2020, and before~~
4.32 ~~January 1, 2022; and~~

5.1 (2) \$5,000,000 for taxable years beginning after December 31, 2021, and before January
5.2 1, 2023.

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

5.4 Sec. 2. **[116U.27] FILM PRODUCTION CREDIT.**

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

5.7 (b) "Allocation certificate" means a certificate issued by the commissioner to a taxpayer
5.8 upon receipt of an initial application for a credit for a project that has not yet been completed.

5.9 (c) "Application" means the application for a credit under subdivision 4.

5.10 (d) "Commissioner" means the commissioner of employment and economic development.

5.11 (e) "Credit certificate" means a certificate issued by the commissioner upon submission
5.12 of the cost verification report in subdivision 4, paragraph (e).

5.13 (f) "Eligible production costs" means eligible production costs as defined in section
5.14 116U.26, paragraph (b), clause (1), incurred in Minnesota that are directly attributable to
5.15 the production of a film project in Minnesota.

5.16 (g) "Film" has the meaning given in section 116U.26, paragraph (b), clause (2).

5.17 (h) "Project" means a film:

5.18 (1) that includes the promotion of Minnesota;

5.19 (2) for which the taxpayer has expended at least \$1,000,000 in the taxable year for
5.20 eligible production costs; and

5.21 (3) to the extent practicable, that employs Minnesota residents.

5.22 (i) "Promotion of Minnesota" or "promotion" means visible display of a static or animated
5.23 logo, approved by the commissioner and lasting approximately five seconds, that promotes
5.24 Minnesota within its presentation and all promotional trailers worldwide in the end credits
5.25 before the below-the-line crew crawl for the life of the project.

5.26 Subd. 2. **Credit allowed.** A taxpayer is eligible for a credit up to 25 percent of eligible
5.27 production costs paid in a taxable year. A taxpayer may only claim a credit if the taxpayer
5.28 was issued a credit certificate under subdivision 4.

5.29 Subd. 3. **Credit assignable.** The recipient of a credit certificate may assign the certificate
5.30 to another taxpayer before any amount of the credit is claimed. The assignee is allowed the

credit under sections 290.06, subdivision 39, and 297I.20, subdivision 4. An assignment is not valid unless the assignee notifies the commissioner of revenue within 30 days of the date that the assignment is made. The commissioner of revenue shall prescribe the forms necessary for notifying the commissioner of revenue of the assignment of a credit certificate and for claiming a credit by assignment.

Subd. 4. **Applications; allocations.** (a) To qualify for a credit under this section, a taxpayer must submit to the commissioner an application for a credit in the form prescribed by the commissioner, in consultation with the commissioner of revenue.

(b) Upon approving an application for a credit that meets the requirements of this section, the commissioner shall issue allocation certificates that:

(1) verify eligibility for the credit;

(2) state the amount of credit anticipated for the eligible project, with the credit amount up to 25 percent of eligible project costs; and

(3) state the taxable year in which the credit is allocated.

The commissioner must consult with Minnesota Film and TV Board prior to issuing an allocation certificate.

(c) The commissioner must not issue allocation certificates for more than \$4,950,000 of credits each year. If the entire amount is not allocated in that taxable year, any remaining amount is available for allocation for the four following taxable years until the entire allocation has been made. The commissioner must not award any credits for taxable years beginning after December 31, 2024, and any unallocated amounts cancel on that date.

(d) The commissioner must allocate credits on a first-come, first-served basis.

(e) Upon completion of a project, the taxpayer shall submit to the commissioner a report prepared by an independent certified public accountant licensed in the state of Minnesota to verify the amount of eligible production costs related to the project. The report must be prepared in accordance with generally accepted accounting principles. Upon receipt and review of the cost verification report, the commissioner shall determine the final amount of eligible production costs and issue a credit certificate to the taxpayer. The credit may not exceed the anticipated credit amount on the allocation certificate. If the credit is less than the anticipated amount on the allocation credit, the difference is returned to the amount available for allocation under paragraph (c). To claim the credit under section 290.06, subdivision 39, or 297I.20, subdivision 4, a taxpayer must include a copy of the credit certificate as part of the taxpayer's return.

7.1 Subd. 5. **Report required.** By January 15, 2025, the commissioner of revenue, in
7.2 consultation with the commissioner, must provide a report to the chairs and ranking minority
7.3 members of the legislative committees with jurisdiction over economic development and
7.4 taxes. The report must comply with sections 3.195 and 3.197, and must detail the following:

7.5 (1) the amount of credit certifications issued annually;

7.6 (2) the number of applications submitted, the number of allocation certificates issued,
7.7 the amount of allocation certificates issued, the number of reports submitted upon completion
7.8 of a project, and the number of credit certificates issued;

7.9 (3) the types of projects eligible for the credit;

7.10 (4) the total economic impact of the credit in Minnesota, including the calendar year
7.11 over calendar year percentage changes in the number of jobs held by Minnesota residents
7.12 in businesses having a primary North American Industry Classification System code of
7.13 512110 as reported to the commissioner, for calendar years 2019 through 2023;

7.14 (5) the number of taxpayers per tax type which are assignees of credit certificates under
7.15 subdivision 3;

7.16 (6) annual Minnesota taxes paid by businesses having a primary North American Industry
7.17 Classification System code of 512110, for taxable years beginning after December 31, 2018,
7.18 and before January 1, 2024; and

7.19 (7) any other information the commissioner of revenue, in consultation with the
7.20 commissioner, deems necessary for purposes of claiming and administering the credit.

7.21 Subd. 6. **Appropriation.** Beginning in fiscal year 2022, \$50,000 is annually appropriated
7.22 from the general fund to the commissioner of revenue for a transfer to the Department of
7.23 Employment and Economic Development for costs associated with personnel and
7.24 administrative expenses related to administering the credit. This subdivision expires on June
7.25 30, 2025.

7.26 Subd. 7. **Expiration.** Subdivisions 1 to 5 expire January 1, 2025, for taxable years
7.27 beginning after December 31, 2024.

7.28 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
7.29 31, 2020, and before January 1, 2025, except that the requirement to provide the report
7.30 required in subdivision 5 expires July 1, 2025.

8.1 Sec. 3. Minnesota Statutes 2020, section 290.01, subdivision 19, is amended to read:

8.2 Subd. 19. **Net income.** (a) For a trust or estate taxable under section 290.03, and a
8.3 corporation taxable under section 290.02, the term "net income" means the federal taxable
8.4 income, as defined in section 63 of the Internal Revenue Code of 1986, as amended through
8.5 the date named in this subdivision, incorporating the federal effective dates of changes to
8.6 the Internal Revenue Code and any elections made by the taxpayer in accordance with the
8.7 Internal Revenue Code in determining federal taxable income for federal income tax
8.8 purposes, and with the modifications provided in sections 290.0131 to 290.0136.

8.9 (b) For an individual, the term "net income" means federal adjusted gross income with
8.10 the modifications provided in sections 290.0131, 290.0132, and 290.0135 to 290.0137.

8.11 (c) In the case of a regulated investment company or a fund thereof, as defined in section
8.12 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment
8.13 company taxable income as defined in section 852(b)(2) of the Internal Revenue Code,
8.14 except that:

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

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

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

8.24 (d) The net income of a real estate investment trust as defined and limited by section
8.25 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust
8.26 taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

8.27 (e) The net income of a designated settlement fund as defined in section 468B(d) of the
8.28 Internal Revenue Code means the gross income as defined in section 468B(b) of the Internal
8.29 Revenue Code.

8.30 (f) The Internal Revenue Code of 1986, as amended through December 31, 2018, ~~shall~~
8.31 ~~be in effect~~ applies for taxable years beginning after December 31, 1996, except the sections
8.32 of federal law in section 290.0111 shall also apply.

(g) Except as otherwise provided, references to the Internal Revenue Code in this subdivision and sections 290.0131 to 290.0136 mean the code in effect for purposes of determining net income for the applicable year.

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

Sec. 4. Minnesota Statutes 2020, section 290.01, subdivision 31, is amended to read:

Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 2018, except the sections of federal law in section 290.0111 shall also apply. Internal Revenue Code also includes any uncodified provision in federal law that relates to provisions of the Internal Revenue Code that are incorporated into Minnesota law.

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

Sec. 5. **[290.0111] TEMPORARY CONFORMITY TO CERTAIN FEDERAL TAX CHANGES.**

Subdivision 1. **Adopting Internal Revenue Code changes.** For the purposes of this chapter, "Internal Revenue Code," as defined in section 290.01, subdivisions 19 and 31, includes the sections of federal law specified in this section.

Subd. 2. **Further Consolidated Appropriations Act, 2020.** (a) "Internal Revenue Code" includes the following provisions of the Taxpayer Certainty and Disaster Tax Relief Act of 2019 in Public Law 116-94:

(1) section 101;

(2) section 116;

(3) section 117;

(4) section 130;

(5) section 131;

(6) section 132;

(7) section 144;

10.1 (8) section 201;

10.2 (9) section 202; and

10.3 (10) section 204.

10.4 (b) "Internal Revenue Code" includes section 301 of the Setting Every Community Up
10.5 for Retirement Enhancement Act of 2019 in Public Law 116-94.

10.6 Subd. 3. **CARES Act.** "Internal Revenue Code" includes the following sections of Public
10.7 Law 116-136:

10.8 (1) section 1106(i); and

10.9 (2) section 2202.

10.10 Subd. 4. **Consolidated Appropriations Act, 2021.** (a) "Internal Revenue Code" includes
10.11 the following provisions of the COVID-related Tax Relief Act of 2020 in Public Law
10.12 116-260:

10.13 (1) section 275;

10.14 (2) section 276; and

10.15 (3) section 277.

10.16 (b) For taxable years beginning after December 31, 2019, and before January 1, 2021,
10.17 "Internal Revenue Code" includes sections 278(b) and 278(c) of the COVID-related Tax
10.18 Relief Act of 2020 in Public Law 116-260.

10.19 Subd. 5. **American Rescue Plan Act.** "Internal Revenue Code" includes section 9042
10.20 of Public Law 117-2.

10.21 Subd. 6. **Minnesota education credit; nontaxable income.** Amounts excluded from
10.22 gross income under section 1106(i) of Public Law 116-136 and section 9672 of Public Law
10.23 117-2 are nontaxable income under section 290.0674, subdivision 2a, paragraph (a), clause
10.24 (2)(i).

10.25 **EFFECTIVE DATE.** (a) Except as specified in subdivision 4, paragraph (b), this section
10.26 is effective the day following final enactment, except the changes incorporated by federal
10.27 changes are effective retroactively at the same time as the changes were effective for federal
10.28 purposes.

10.29 (b) Subdivision 4, paragraph (b), is effective retroactively for taxable years beginning
10.30 after December 31, 2019, and before January 1, 2021.

11.1 Sec. 6. Minnesota Statutes 2020, section 290.0122, subdivision 8, is amended to read:

11.2 Subd. 8. **Losses.** A taxpayer is allowed a deduction for losses. ~~The deduction equals the~~
11.3 ~~amount~~ allowed under ~~sections 165(d) and~~ section 165(a) of the Internal Revenue Code,
11.4 including the limitation provided by section 67(b)(3) of the Internal Revenue Code, for the
11.5 following:

11.6 (1) losses described in section 165(c)(3) of the Internal Revenue Code, including the
11.7 provisions of section 165(h) of the Internal Revenue Code, but disregarding the limitation
11.8 ~~on personal casualty losses in paragraph (h)(5); and~~

11.9 (2) losses described in section 165(d) of the Internal Revenue Code.

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

11.11 Sec. 7. Minnesota Statutes 2020, section 290.0132, is amended by adding a subdivision
11.12 to read:

11.13 Subd. 30. **Volunteer driver reimbursement.** (a) A taxpayer is allowed a subtraction
11.14 equal to the amount of mileage reimbursement paid by a charitable organization to the
11.15 taxpayer for work as a volunteer driver. The subtraction is limited to amounts paid by the
11.16 organization that:

11.17 (1) are in excess of the mileage rate for use of an automobile in rendering gratuitous
11.18 services to a charitable organization under section 170(i) of the Internal Revenue Code; and

11.19 (2) do not exceed the standard mileage rate for businesses established under Code of
11.20 Federal Regulations, title 26, section 1.274-5(j)(2).

11.21 (b) For the purposes of this section, "charitable organization" means an organization
11.22 eligible for a charitable contribution under section 170(c) of the Internal Revenue Code.

11.23 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
11.24 31, 2020.

11.25 Sec. 8. Minnesota Statutes 2020, section 290.06, is amended by adding a subdivision to
11.26 read:

11.27 Subd. 39. **Film production credit.** (a) A taxpayer, including a taxpayer to whom a credit
11.28 has been assigned under section 116U.27, subdivision 3, may claim a credit against the tax
11.29 imposed by this chapter equal to the amount certified on a credit certificate under section
11.30 116U.27, subject to the limitations in this subdivision.

12.1 (b) The credit is limited to the liability for tax, as computed under this chapter, for the
12.2 taxable year. If the amount of the credit determined under this subdivision for any taxable
12.3 year exceeds this limitation, the excess is a film production credit carryover to each of the
12.4 five succeeding taxable years. The entire amount of the excess unused credit for the taxable
12.5 year is carried first to the earliest of the taxable years to which the credit may be carried
12.6 and then to each successive year to which the credit may be carried. The amount of the
12.7 unused credit that may be added under this paragraph must not exceed the taxpayer's liability
12.8 for tax, less any film production credit for the taxable year.

12.9 (c) Credits allowed to a partnership, a limited liability company taxed as a partnership,
12.10 or an S corporation are passed through to the partners, members, shareholders, or owners,
12.11 respectively, pro rata to each based on the partner's, member's, shareholder's, or owner's
12.12 share of the entity's assets, or as specially allocated in the organizational documents or any
12.13 other executed agreement, as of the last day of the taxable year.

12.14 (d) Notwithstanding the approval and certification by the commissioner of employment
12.15 and economic development under section 116U.27, the commissioner may utilize any audit
12.16 and examination powers under chapter 270C or 289A to the extent necessary to verify that
12.17 the taxpayer is eligible for the credit and to assess the amount of any improperly claimed
12.18 credit. The commissioner may only assess the original recipient of the credit certificate for
12.19 the amount of improperly claimed credits. The commissioner may not assess a credit
12.20 certificate transferee for any amount of improperly claimed credits, and a transferee's claim
12.21 for credit is not affected by the commissioner's assessment of improperly claimed credits
12.22 against the transferor.

12.23 (e) This subdivision expires January 1, 2025, for taxable years beginning after December
12.24 31, 2024, except that the expiration of this section does not affect the commissioner of
12.25 revenue's authority to audit or power of examination and assessment for credits claimed
12.26 under this subdivision.

12.27 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
12.28 31, 2020, and before January 1, 2025.

12.29 Sec. 9. Minnesota Statutes 2020, section 290.0671, subdivision 1, is amended to read:

12.30 Subdivision 1. **Credit allowed.** (a) An individual who is a resident of Minnesota is
12.31 allowed a credit against the tax imposed by this chapter equal to a percentage of earned
12.32 income. To receive a credit, a taxpayer must be eligible for a credit under section 32 of the
12.33 Internal Revenue Code, except that:

(1) a taxpayer with no qualifying children who has attained the age of ~~24~~ 19, but not attained age 65 before the close of the taxable year and is otherwise eligible for a credit under section 32 of the Internal Revenue Code may also receive a credit; and

(2) a taxpayer who is otherwise eligible for a credit under section 32 of the Internal Revenue Code remains eligible for the credit even if the taxpayer's earned income or adjusted gross income exceeds the income limitation under section 32 of the Internal Revenue Code.

(b) For individuals with no qualifying children, the credit equals 3.9 percent of the first \$7,150 of earned income. The credit is reduced by 2.0 percent of earned income or adjusted gross income, whichever is greater, in excess of the phaseout threshold, but in no case is the credit less than zero.

(c) For individuals with one qualifying child, the credit equals 9.35 percent of the first \$11,950 of earned income. The credit is reduced by 6.0 percent of earned income or adjusted gross income, whichever is greater, in excess of the phaseout threshold, but in no case is the credit less than zero.

(d) For individuals with two qualifying children, the credit equals 11 percent of the first \$19,600 of earned income. The credit is reduced by 10.5 percent of earned income or adjusted gross income, whichever is greater, in excess of the phaseout threshold, but in no case is the credit less than zero.

(e) For individuals with three or more qualifying children, the credit equals 12.5 percent of the first \$20,000 of earned income. The credit is reduced by 10.5 percent of earned income or adjusted gross income, whichever is greater, in excess of the phaseout threshold, but in no case is the credit less than zero.

(f) For a part-year resident, the credit must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

(g) For a person who was a resident for the entire tax year and has earned income not subject to tax under this chapter, including income excluded under section 290.0132, subdivision 10, the credit must be allocated based on the ratio of federal adjusted gross income reduced by the earned income not subject to tax under this chapter over federal adjusted gross income. For purposes of this paragraph, the following clauses are not considered "earned income not subject to tax under this chapter":

(1) the subtractions for military pay under section 290.0132, subdivisions 11 and 12;

(2) the exclusion of combat pay under section 112 of the Internal Revenue Code; and

14.1 (3) income derived from an Indian reservation by an enrolled member of the reservation
14.2 while living on the reservation.

14.3 (h) For the purposes of this section, the phaseout threshold equals:

14.4 (1) \$14,570 for married taxpayers filing joint returns with no qualifying children;

14.5 (2) \$8,730 for all other taxpayers with no qualifying children;

14.6 (3) \$28,610 for married taxpayers filing joint returns with one qualifying child;

14.7 (4) \$22,770 for all other taxpayers with one qualifying child;

14.8 (5) \$32,840 for married taxpayers filing joint returns with two qualifying children;

14.9 (6) \$27,000 for all other taxpayers with two qualifying children;

14.10 (7) \$33,140 for married taxpayers filing joint returns with three or more qualifying
14.11 children; and

14.12 (8) \$27,300 for all other taxpayers with three or more qualifying children.

14.13 (i) The commissioner shall construct tables showing the amount of the credit at various
14.14 income levels and make them available to taxpayers. The tables shall follow the schedule
14.15 contained in this subdivision, except that the commissioner may graduate the transition
14.16 between income brackets.

14.17 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
14.18 31, 2020.

14.19 Sec. 10. Minnesota Statutes 2020, section 290.0681, subdivision 10, is amended to read:

14.20 Subd. 10. **Sunset.** This section expires after fiscal year ~~2021~~ 2022, except that the office's
14.21 authority to issue credit certificates under subdivision 4 based on allocation certificates that
14.22 were issued before fiscal year ~~2022~~ 2023 remains in effect through ~~2024~~ 2025, and the
14.23 reporting requirements in subdivision 9 remain in effect through the year following the year
14.24 in which all allocation certificates have either been canceled or resulted in issuance of credit
14.25 certificates, or ~~2025~~ 2026, whichever is earlier.

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

15.1 Sec. 11. Minnesota Statutes 2020, section 290.0682, is amended to read:

15.2 **290.0682 STUDENT LOAN CREDIT.**

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

15.5 (b) "Adjusted gross income" means federal adjusted gross income as defined in section
15.6 62 of the Internal Revenue Code.

15.7 (c) "Earned income" has the meaning given in section ~~32(e) of the Internal Revenue~~
15.8 ~~Code~~ 290.0675, subdivision 1, paragraph (b).

15.9 (d) "Eligible individual" means a resident individual with one or more qualified education
15.10 loans related to an undergraduate or graduate degree program at a postsecondary educational
15.11 institution.

15.12 (e) "Eligible loan payments" means the amount the eligible individual paid during the
15.13 taxable year in principal and interest on qualified education loans.

15.14 (f) "Postsecondary educational institution" means a public or nonprofit postsecondary
15.15 institution eligible for state student aid under section 136A.103 or, if the institution is not
15.16 located in this state, a public or nonprofit postsecondary institution participating in the
15.17 federal Pell Grant program under title IV of the Higher Education Act of 1965, Public Law
15.18 89-329, as amended.

15.19 (g) "Qualified education loan" has the meaning given in section 221 of the Internal
15.20 Revenue Code, but is limited to indebtedness incurred on behalf of the eligible individual.

15.21 Subd. 2. **Credit allowed.** (a) An eligible individual is allowed a credit against the tax
15.22 due under this chapter.

15.23 (b) The credit for an eligible individual equals the least of:

15.24 (1) eligible loan payments minus ten percent of an amount equal to adjusted gross income
15.25 in excess of \$10,000, but in no case less than zero;

15.26 (2) the earned income for the taxable year of the eligible individual, if any;

15.27 (3) the sum of:

15.28 (i) the interest portion of eligible loan payments made during the taxable year; and

15.29 (ii) ten percent of the original loan amount of all qualified education loans of the eligible
15.30 individual; or

15.31 (4) \$500.

(c) For a part-year resident, the credit must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

(d) In the case of a married couple, each spouse is eligible for the credit in this section. For the purposes of paragraph (b), for married taxpayers filing joint returns, each spouse's adjusted gross income equals the spouse's percentage share of the couple's earned income, multiplied by the couple's combined adjusted gross income.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2020.

Sec. 12. **[290.0683] MINNESOTA HOUSING TAX CREDIT.**

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

(b) "Agency" means the Minnesota Housing Finance Agency.

(c) "Minnesota housing tax credit contribution fund" or "fund" means the fund established in section 462A.40.

(d) "Qualified project" means a project that qualifies for a grant or loan under section 462A.40.

(e) "Taxpayer" means a taxpayer as defined in section 290.01, subdivision 6, or a taxpayer as defined in section 297I.01, subdivision 16.

Subd. 2. Credit allowed. (a) A taxpayer is allowed a credit against the tax imposed under this chapter and the premiums tax under chapter 297I for contributions of no less than \$1,000 and no more than \$2,000,000 to the Minnesota housing tax credit contribution fund. The credit equals 85 percent of the amount the taxpayer contributed to the fund during the taxable year.

(b) The credit may be claimed only after certification by the agency as provided in subdivision 3.

(c) To receive the credit, a taxpayer must claim the credit in the manner prescribed by the commissioner and file with the return a copy of the credit certificate issued by the agency under subdivision 3, paragraph (c).

(d) The taxpayer must claim the credit for the taxable year in which the contribution payment is received by the fund.

(e) If the amount of the credit under this section exceeds the taxpayer's liability for tax under this chapter, the excess is a credit carryover to each of the ten succeeding taxable years. The entire amount of the excess unused credit for the taxable year must be carried first to the earliest of the taxable years to which the credit may be carried and then to each successive year to which the credit may be carried. The amount of the unused credit that may be added under this paragraph may not exceed the taxpayer's liability for tax, less any credit for the current taxable year.

(f) The contribution amount used to calculate the credit under this section may not be used to calculate any other state income tax deduction or credit allowed by law.

(g) For nonresidents and part-year residents, the credit must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

Subd. 3. Allocation. (a) To qualify for the credit, a taxpayer must contribute to the Minnesota housing tax credit contribution fund. A taxpayer may indicate that a contribution is intended for a specific qualified project. A taxpayer is prohibited from contributing to certain projects as provided in section 462A.40, subdivision 3.

(b) The aggregate amount of tax credits allowed to all eligible contributors is limited to \$9,900,000 annually.

(c) Within 30 days after a taxpayer contributes to the fund, the agency must file with the contributing taxpayer a credit certificate statement or return any amounts to the taxpayer as provided in this paragraph. The agency must send a copy of the credit certificate to the commissioner. If there are insufficient credits to match the contribution, the agency must not issue a credit certificate for the amount of the contribution for which there are insufficient credits, and must return that amount to the taxpayer before issuing any credit certificate.

(d) The credit certificate must state the dollar amount of the contribution made by the taxpayer, the date the payment was received by the fund, and indicate if the contribution was intended for a specific qualified project.

Subd. 4. Partnerships; multiple owners. Credits granted to a partnership, a limited liability company taxed as a partnership, S corporation, or multiple owners of property are passed through to the partners, members, shareholders, or owners, respectively, pro rata to each partner, member, shareholder, or owner based on their share of the entity's assets or as specially allocated in their organizational documents or any other executed document, as of the last day of the taxable year.

Subd. 5. Recapture. (a) Credits claimed under this section are not subject to recapture.

(b) If a grant or loan made under section 462A.40 is canceled or recaptured, the grant or loan is returned to the fund. The agency is not required to return contributions to taxpayers who indicated that a contribution was intended for a project for which the loan or grant is recaptured or canceled.

Subd. 6. **Audit powers.** Notwithstanding the credit certificate issued by the commissioner of the Minnesota Housing Finance Agency under subdivision 3, the commissioner may use any audit and examination powers under chapter 270C or 289A to the extent necessary to verify that the taxpayer is eligible for the credit and to assess for the amount of any improperly claimed credit.

Subd. 7. **Sunset.** This section expires after December 31, 2028, except that the agency's authority to issue credit certificates under subdivision 3 based on contributions received before January 1, 2029, and allocation certificates that were issued before February 1, 2029, remains in effect through January 1, 2030. The reporting requirements in section 462A.40, subdivision 5, remain in effect through the year following the year in which all allocation certificates have either been canceled or resulted in issuance of credit certificates, or January 1, 2031, whichever is earlier. The expiration of this section does not affect the commissioner's authority to audit or power of examination and assessment for credits claimed under this section.

Subd. 8. **Appropriation.** Beginning in fiscal year 2023, \$100,000 is annually appropriated from the general fund to the commissioner of revenue for a transfer to the Minnesota Housing Finance Agency for costs associated with personnel and administrative expenses related to administering the credit. This subdivision expires on June 30, 2028.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 13. Minnesota Statutes 2020, section 297I.20, is amended by adding a subdivision to read:

Subd. 4. **Film production credit.** (a) A taxpayer may claim a credit against the premiums tax imposed under this chapter equal to the amount indicated on the credit certificate statement issued to the company under section 116U.27. If the amount of the credit exceeds the taxpayer's liability for tax under this chapter, the excess is a credit carryover to each of the five succeeding taxable years. The entire amount of the excess unused credit for the taxable year must be carried first to the earliest of the taxable years to which the credit may be carried and then to each successive year to which the credit may be carried. This credit

19.1 does not affect the calculation of fire state aid under section 477B.03 and police state aid
19.2 under section 477C.03.

19.3 (b) This subdivision expires January 1, 2025, for taxable years beginning after and
19.4 premiums received after December 31, 2024.

19.5 **EFFECTIVE DATE.** This section is effective for taxable years beginning after and for
19.6 premiums received after December 31, 2020, and before January 1, 2025.

19.7 Sec. 14. Minnesota Statutes 2020, section 297I.20, is amended by adding a subdivision
19.8 to read:

19.9 Subd. 5. **Minnesota housing tax credit.** A taxpayer may claim a credit against the
19.10 premiums tax imposed under this chapter equal to the amount indicated on the credit
19.11 certificate statement issued to the taxpayer under section 290.0683. If the amount of the
19.12 credit exceeds the liability for tax under this chapter, the excess is a credit carryover to each
19.13 of the ten succeeding taxable years. The entire amount of the excess unused credit for the
19.14 taxable year must be carried first to the earliest of the taxable years to which the credit may
19.15 be carried and then to each successive year to which the credit may be carried. This credit
19.16 does not affect the calculation of fire state aid under section 477B.03 and police state aid
19.17 under section 477C.03.

19.18 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
19.19 31, 2022.

19.20 Sec. 15. **[462A.40] MINNESOTA HOUSING TAX CREDIT CONTRIBUTION**
19.21 **FUND.**

19.22 Subdivision 1. **Fund created.** The Minnesota housing tax credit contribution fund is
19.23 created in the housing development fund in the state treasury. The fund is administered by
19.24 the Minnesota Housing Finance Agency. Amounts contributed to the fund are appropriated
19.25 to the agency. The agency may use the amounts appropriated to direct disbursements from
19.26 the fund as loans or grants to eligible recipients as provided in this section.

19.27 Subd. 2. **Use of funds; grant and loan program.** (a) The agency may award grants and
19.28 loans to be used for multifamily and single family developments for persons and families
19.29 of low and moderate income. Allowable use of the funds include: gap financing, as defined
19.30 in section 462A.33, subdivision 1; new construction; acquisition; rehabilitation; demolition
19.31 or removal of existing structures; construction financing; permanent financing; interest rate
19.32 reduction; and refinancing.

20.1 (b) The agency may give preference for grants and loans to comparable proposals that
20.2 include regulatory changes or waivers that result in identifiable cost avoidance or cost
20.3 reductions, including but not limited to increased density, flexibility in site development
20.4 standards, or zoning code requirements.

20.5 (c) The agency shall separately set aside:

20.6 (1) ten percent of the financing under this section for housing units located in a township
20.7 or city with a population of 2,500 or less that is located outside the metropolitan area, as
20.8 defined in section 473.121, subdivision 2;

20.9 (2) 35 percent of the financing under this section for housing for persons and families
20.10 whose income is 50 percent or less of the area median income for the applicable county or
20.11 metropolitan area as published by the Department of Housing and Urban Development, as
20.12 adjusted for household size; and

20.13 (3) 25 percent of the financing under this section for single-family housing.

20.14 (d) If by September 1 of each year the agency does not receive requests to use all of the
20.15 amounts set aside under paragraph (c), the agency may use any remaining financing for
20.16 other projects eligible under this section.

20.17 Subd. 3. **Eligible recipients; definitions; restrictions; use of funds.** (a) The agency
20.18 may award a loan to any recipient that qualifies under subdivision 2. The agency must not
20.19 award a grant to a disqualified individual or disqualified business.

20.20 (b) For the purposes of this subdivision disqualified individual means an individual who:

20.21 (1) made a contribution to the fund in the current or prior taxable year and received a
20.22 credit certificate;

20.23 (2) owns the housing for which the grant or loan will be used and is using that housing
20.24 as their domicile;

20.25 (3) meets the following criteria:

20.26 (i) the individual is an officer or principal of a business entity; and

20.27 (ii) that business entity made a contribution to the fund in the current or previous taxable
20.28 year and received a credit certificate; or

20.29 (4) meets the following criteria:

20.30 (i) the individual owns, controls, or holds the power to vote 20 percent or more of the
20.31 outstanding securities of a business entity; and

21.1 (ii) that business entity made a contribution to the fund in the current or previous taxable
21.2 year and received a credit certificate.

21.3 (c) For the purposes of this subdivision disqualified business means a business entity
21.4 that:

21.5 (1) made a contribution to the fund in the current or prior taxable year and received a
21.6 credit certificate;

21.7 (2) has an officer or principal who is an individual who made a contribution to the fund
21.8 in the current or previous taxable year and received a credit certificate; or

21.9 (3) meets the following criteria:

21.10 (i) the business entity is owned, controlled, or is subject to the power to vote 20 percent
21.11 or more of the outstanding securities by an individual or business entity; and

21.12 (ii) that controlling individual or business entity made a contribution to the fund in the
21.13 current or previous taxable year and received a credit certificate.

21.14 (d) The disqualifications in paragraphs (b) and (c) apply if the taxpayer would be
21.15 disqualified either individually or in combination with one or more members of the taxpayer's
21.16 family, as defined in the Internal Revenue Code, section 267(c)(4). For a married couple
21.17 filing a joint return, the limitations in this paragraph apply collectively to the taxpayer and
21.18 spouse. For purposes of determining the ownership interest of a taxpayer under paragraph
21.19 (a), clause (4), the rules under section 267(c) and 267(e) of the Internal Revenue Code apply.

21.20 (e) Before applying for a grant or loan, all recipients must sign a disclosure that the
21.21 disqualifications under this subdivision do not apply. The Minnesota Housing Finance
21.22 Agency must prescribe the form of the disclosure.

21.23 (f) The agency may award grants or loans to a city as defined in section 462A.03,
21.24 subdivision 21; a federally recognized American Indian tribe or subdivision located in
21.25 Minnesota; a tribal housing corporation; a private developer; a nonprofit organization; a
21.26 housing and redevelopment authority under sections 469.001 to 469.047; a public housing
21.27 authority or agency authorized by law to exercise any of the powers granted by sections
21.28 469.001 to 469.047; or the owner of the housing. The provisions of subdivision 2, and
21.29 paragraphs (a) to (e) and (g) of this subdivision, regarding the use of funds and eligible
21.30 recipients apply to grants and loans awarded under this paragraph.

21.31 (g) Except for the set-aside provided in subdivision 2, paragraph (d), eligible recipients
21.32 must use the funds to serve households that meet the income limits as provided in section
21.33 462A.33, subdivision 5.

22.1 Subd. 4. **Recapture.** A loan or grant awarded under this section is subject to repayment
22.2 or recapture under rules adopted by the agency. Any amount of a loan or grant that is repaid
22.3 or recaptured must be redeposited in the fund and is not returned to the taxpayer who made
22.4 the contribution.

22.5 Subd. 5. **Report.** The agency shall report by January 15 each year to the chairs and
22.6 ranking minority members of the legislative policy and finance committees with jurisdiction
22.7 over housing on the tax credits and financing provided in the previous fiscal year. The report
22.8 shall provide a breakdown of the tax credits, grants, and loans by region of the state. The
22.9 report shall also include information on planned financing in the current fiscal year.

22.10 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
22.11 31, 2022.

22.12 **Sec. 16. CLARIFICATION OF SECTION 179 EXPENSING CONFORMITY.**

22.13 For taxable years beginning after December 31, 2019, no addition is required under
22.14 Minnesota Statutes, sections 290.0131, subdivision 10, and 290.0133, subdivision 12, for
22.15 property placed in service in taxable years beginning before January 1, 2020, including the
22.16 following:

22.17 (1) the addition for carryover amounts pursuant to section 179(b)(3) of the Internal
22.18 Revenue Code for property placed in service in taxable years beginning before January 1,
22.19 2020; and

22.20 (2) the addition for property placed in service in taxable years beginning before January
22.21 1, 2020, resulting from being a shareholder or partner in an S-corporation or partnership
22.22 with a taxable year that began before January 1, 2020.

22.23 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
22.24 after December 31, 2019.

22.25 **ARTICLE 2**

22.26 **PARTNERSHIP AUDITS**

22.27 **Section 1.** Minnesota Statutes 2020, section 270C.445, subdivision 6, is amended to read:

22.28 **Subd. 6. **Enforcement; administrative order; penalties; cease and desist.**** (a) The
22.29 commissioner may impose an administrative penalty of not more than \$1,000 per violation
22.30 of subdivision 3 or 5, or section 270C.4451, provided that a penalty may not be imposed
22.31 for any conduct for which a tax preparer penalty is imposed under section 289A.60,
22.32 subdivision 13. The commissioner may terminate a tax preparer's authority to transmit

23.1 returns electronically to the state, if the commissioner determines the tax preparer engaged
23.2 in a pattern and practice of violating this section. Imposition of a penalty under this paragraph
23.3 is subject to the contested case procedure under chapter 14. The commissioner shall collect
23.4 the penalty in the same manner as the income tax. There is no right to make a claim for
23.5 refund under section 289A.50 of the penalty imposed under this paragraph. Penalties imposed
23.6 under this paragraph are public data.

23.7 (b) In addition to the penalty under paragraph (a), if the commissioner determines that
23.8 a tax preparer has violated subdivision 3 or 5, or section 270C.4451, the commissioner may
23.9 issue an administrative order to the tax preparer requiring the tax preparer to cease and
23.10 desist from committing the violation. The administrative order may include an administrative
23.11 penalty provided in paragraph (a).

23.12 (c) If the commissioner issues an administrative order under paragraph (b), the
23.13 commissioner must send the order to the tax preparer addressed to the last known address
23.14 of the tax preparer.

23.15 (d) A cease and desist order under paragraph (b) must:

23.16 (1) describe the act, conduct, or practice committed and include a reference to the law
23.17 that the act, conduct, or practice violates; and

23.18 (2) provide notice that the tax preparer may request a hearing as provided in this
23.19 subdivision.

23.20 (e) Within 30 days after the commissioner issues an administrative order under paragraph
23.21 (b), the tax preparer may request a hearing to review the commissioner's action. The request
23.22 for hearing must be made in writing and must be served on the commissioner at the address
23.23 specified in the order. The hearing request must specifically state the reasons for seeking
23.24 review of the order. The date on which a request for hearing is served by mail is the postmark
23.25 date on the envelope in which the request for hearing is mailed.

23.26 (f) If a tax preparer does not timely request a hearing regarding an administrative order
23.27 issued under paragraph (b), the order becomes a final order of the commissioner and is not
23.28 subject to review by any court or agency.

23.29 (g) If a tax preparer timely requests a hearing regarding an administrative order issued
23.30 under paragraph (b), the hearing must be commenced within ten days after the commissioner
23.31 receives the request for a hearing.

23.32 (h) A hearing timely requested under paragraph (e) is subject to the contested case
23.33 procedure under chapter 14, as modified by this subdivision. The administrative law judge

24.1 must issue a report containing findings of fact, conclusions of law, and a recommended
24.2 order within ten days after the completion of the hearing, the receipt of late-filed exhibits,
24.3 or the submission of written arguments, whichever is later.

24.4 (i) Within five days of the date of the administrative law judge's report issued under
24.5 paragraph (h), any party aggrieved by the administrative law judge's report may submit
24.6 written exceptions and arguments to the commissioner. Within 15 days after receiving the
24.7 administrative law judge's report, the commissioner must issue an order vacating, modifying,
24.8 or making final the administrative order.

24.9 (j) The commissioner and the tax preparer requesting a hearing may by agreement
24.10 lengthen any time periods prescribed in paragraphs (g) to (i).

24.11 (k) An administrative order issued under paragraph (b) is in effect until it is modified
24.12 or vacated by the commissioner or an appellate court. The administrative hearing provided
24.13 by paragraphs (e) to (i) and any appellate judicial review as provided in chapter 14 constitute
24.14 the exclusive remedy for a tax preparer aggrieved by the order.

24.15 (l) The commissioner may impose an administrative penalty, in addition to the penalty
24.16 under paragraph (a), up to \$5,000 per violation of a cease and desist order issued under
24.17 paragraph (b). Imposition of a penalty under this paragraph is subject to the contested case
24.18 procedure under chapter 14. Within 30 days after the commissioner imposes a penalty under
24.19 this paragraph, the tax preparer assessed the penalty may request a hearing to review the
24.20 penalty order. The request for hearing must be made in writing and must be served on the
24.21 commissioner at the address specified in the order. The hearing request must specifically
24.22 state the reasons for seeking review of the order. The cease and desist order issued under
24.23 paragraph (b) is not subject to review in a proceeding to challenge the penalty order under
24.24 this paragraph. The date on which a request for hearing is served by mail is the postmark
24.25 date on the envelope in which the request for hearing is mailed. If the tax preparer does not
24.26 timely request a hearing, the penalty order becomes a final order of the commissioner and
24.27 is not subject to review by any court or agency. A penalty imposed by the commissioner
24.28 under this paragraph may be collected and enforced by the commissioner as an income tax
24.29 liability. There is no right to make a claim for refund under section 289A.50 of the penalty
24.30 imposed under this paragraph. A penalty imposed under this paragraph is public data.

24.31 (m) If a tax preparer violates a cease and desist order issued under paragraph (b), the
24.32 commissioner may terminate the tax preparer's authority to transmit returns electronically
24.33 to the state. Termination under this paragraph is public data.

25.1 (n) A cease and desist order issued under paragraph (b) is public data when it is a final
25.2 order.

25.3 (o) Notwithstanding any other law, the commissioner may impose a penalty or take other
25.4 action under this subdivision against a tax preparer, with respect to a return, within the
25.5 period to assess tax on that return as provided by ~~section~~ sections 289A.38 to 289A.382.

25.6 (p) Notwithstanding any other law, the imposition of a penalty or any other action against
25.7 a tax preparer under this subdivision, other than with respect to a return, must be taken by
25.8 the commissioner within five years of the violation of statute.

25.9 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
25.10 after December 31, 2017, except that for partnerships that make an election under Code of
25.11 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
25.12 and applies to the same tax periods to which the election relates.

25.13 Sec. 2. Minnesota Statutes 2020, section 289A.31, subdivision 1, is amended to read:

25.14 Subdivision 1. **Individual income, fiduciary income, mining company, corporate**
25.15 **franchise, and entertainment taxes.** (a) Individual income, fiduciary income, mining
25.16 company, and corporate franchise taxes, and interest and penalties, must be paid by the
25.17 taxpayer upon whom the tax is imposed, except in the following cases:

25.18 (1) the tax due from a decedent for that part of the taxable year in which the decedent
25.19 died during which the decedent was alive and the taxes, interest, and penalty due for the
25.20 prior years must be paid by the decedent's personal representative, if any. If there is no
25.21 personal representative, the taxes, interest, and penalty must be paid by the transferees, as
25.22 defined in section 270C.58, subdivision 3, to the extent they receive property from the
25.23 decedent;

25.24 (2) the tax due from an infant or other incompetent person must be paid by the person's
25.25 guardian or other person authorized or permitted by law to act for the person;

25.26 (3) the tax due from the estate of a decedent must be paid by the estate's personal
25.27 representative;

25.28 (4) the tax due from a trust, including those within the definition of a corporation, as
25.29 defined in section 290.01, subdivision 4, must be paid by a trustee; and

25.30 (5) the tax due from a taxpayer whose business or property is in charge of a receiver,
25.31 trustee in bankruptcy, assignee, or other conservator, must be paid by the person in charge
25.32 of the business or property so far as the tax is due to the income from the business or property.

(b) Entertainment taxes are the joint and several liability of the entertainer and the entertainment entity. The payor is liable to the state for the payment of the tax required to be deducted and withheld under section 290.9201, subdivision 7, and is not liable to the entertainer for the amount of the payment.

(c) The taxes imposed under sections 289A.35, paragraph (b), 289A.382, subdivision 3, and 290.0922 on partnerships are the joint and several liability of the partnership and the general partners.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2017, except that for partnerships that make an election under Code of Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies to the same tax periods to which the election relates.

Sec. 3. Minnesota Statutes 2020, section 289A.37, subdivision 2, is amended to read:

Subd. 2. **Erroneous refunds.** (a) Except as provided in paragraph (b), an erroneous refund occurs when the commissioner issues a payment to a person that exceeds the amount the person is entitled to receive under law. An erroneous refund is considered an underpayment of tax on the date issued.

(b) To the extent that the amount paid does not exceed the amount claimed by the taxpayer, an erroneous refund does not include the following:

(1) any amount of a refund or credit paid pursuant to a claim for refund filed by a taxpayer, including but not limited to refunds of claims made under section 290.06, subdivision 23; 290.067; 290.0671; 290.0672; 290.0674; 290.0675; 290.0677; 290.068; 290.0681; or 290.0692; or chapter 290A; or

(2) any amount paid pursuant to a claim for refund of an overpayment of tax filed by a taxpayer.

(c) The commissioner may make an assessment to recover an erroneous refund at any time within two years from the issuance of the erroneous refund. If all or part of the erroneous refund was induced by fraud or misrepresentation of a material fact, the assessment may be made at any time.

(d) Assessments of amounts that are not erroneous refunds under paragraph (b) must be conducted under ~~section~~ sections 289A.38 to 289A.382.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2017, except that for partnerships that make an election under Code of

27.1 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
 27.2 and applies to the same tax periods to which the election relates.

27.3 Sec. 4. Minnesota Statutes 2020, section 289A.38, subdivision 7, is amended to read:

27.4 Subd. 7. **Federal tax changes.** (a) If the amount of income, items of tax preference,
 27.5 deductions, or credits for any year of a taxpayer, or the wages paid by a taxpayer for any
 27.6 period, as reported to the Internal Revenue Service is changed or corrected by the
 27.7 commissioner of Internal Revenue or other officer of the United States or other competent
 27.8 authority, or where a renegotiation of a contract or subcontract with the United States results
 27.9 in a change in income, items of tax preference, deductions, credits, or withholding tax, or,
 27.10 in the case of estate tax, where there are adjustments to the taxable estate, the taxpayer shall
 27.11 report the ~~change or correction or renegotiation results~~ federal adjustments in writing to the
 27.12 commissioner. The federal adjustments report must be submitted within 180 days after the
 27.13 final determination date and must be in the form of either an amended Minnesota estate,
 27.14 withholding tax, corporate franchise tax, or income tax return conceding the accuracy of
 27.15 the federal ~~determination~~ adjustment or a letter detailing how the federal ~~determination~~
 27.16 adjustment is incorrect or does not change the Minnesota tax. An amended Minnesota
 27.17 income tax return must be accompanied by an amended property tax refund return, if
 27.18 necessary. A taxpayer filing an amended federal tax return must also file a copy of the
 27.19 amended return with the commissioner of revenue within 180 days after filing the amended
 27.20 return.

27.21 (b) ~~For the purposes of paragraph (a), a change or correction includes any case where a~~
 27.22 ~~taxpayer reaches a closing agreement or compromise with the Internal Revenue Service~~
 27.23 ~~under section 7121 or 7122 of the Internal Revenue Code. In the case of a final federal~~
 27.24 adjustment arising from a partnership-level audit or an administrative adjustment request
 27.25 filed by a partnership under section 6227 of the Internal Revenue Code, a taxpayer must
 27.26 report adjustments as provided for under section 289A.382, and not this section.

27.27 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
 27.28 after December 31, 2017, except that for partnerships that make an election under Code of
 27.29 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
 27.30 and applies to the same tax periods to which the election relates.

27.31 Sec. 5. Minnesota Statutes 2020, section 289A.38, subdivision 8, is amended to read:

27.32 Subd. 8. **Failure to report change or correction of federal return.** If a taxpayer fails
 27.33 to make a federal adjustments report as required by subdivision 7 or section 289A.382, the

commissioner may recompute the tax, including a refund, based on information available to the commissioner. The tax may be recomputed within six years after the federal adjustments report should have been filed, notwithstanding any period of limitations to the contrary.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2017, except that for partnerships that make an election under Code of Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies to the same tax periods to which the election relates.

Sec. 6. Minnesota Statutes 2020, section 289A.38, subdivision 9, is amended to read:

Subd. 9. Report made of change or correction of federal return. If a taxpayer is required to make a federal adjustments report under subdivision 7 or section 289A.382, and does report the change or files a copy of the amended return, the commissioner may recompute and reassess the tax due, including a refund (1) within one year after the federal adjustments report or amended return is filed with the commissioner, notwithstanding any period of limitations to the contrary, or (2) within any other applicable period stated in this section, whichever period is longer. The period provided for the carryback of any amount of loss or credit is also extended as provided in this subdivision, notwithstanding any law to the contrary. If the commissioner has completed a field audit of the taxpayer, and, but for this subdivision, the commissioner's time period to adjust the tax has expired, the additional tax due or refund is limited to only those changes that are required to be made to the return which relate to the changes made on the federal return. This subdivision does not apply to sales and use tax.

For purposes of this subdivision and section 289A.42, subdivision 2, a "field audit" is the physical presence of examiners in the taxpayer's or taxpayer's representative's office conducting an examination of the taxpayer with the intention of issuing an assessment or notice of change in tax or which results in the issuing of an assessment or notice of change in tax. The examination may include inspecting a taxpayer's place of business, tangible personal property, equipment, computer systems and facilities, pertinent books, records, papers, vouchers, computer printouts, accounts, and documents.

A taxpayer may make estimated payments to the commissioner of the tax expected to result from a pending audit by the Internal Revenue Service. The taxpayer may make estimated payments prior to the due date of the federal adjustments report without the taxpayer having to file the report with the commissioner. The commissioner must credit the estimated tax payments against any tax liability of the taxpayer ultimately found to be due

to the commissioner. The estimated payments limit the accrual of further statutory interest on that amount. If the estimated tax payments exceed the final tax liability plus statutory interest ultimately determined to be due, the taxpayer is entitled to a refund or credit for the excess, provided the taxpayer files a federal adjustments report, or claim for refund or credit of tax, no later than one year following the final determination date.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2017, except that for partnerships that make an election under Code of Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies to the same tax periods to which the election relates.

Sec. 7. Minnesota Statutes 2020, section 289A.38, subdivision 10, is amended to read:

Subd. 10. **Incorrect determination of federal adjusted gross income.** Notwithstanding any other provision of this chapter, if a taxpayer whose net income is determined under section 290.01, subdivision 19, omits from income an amount that will under the Internal Revenue Code extend the statute of limitations for the assessment of federal income taxes, or otherwise incorrectly determines the taxpayer's federal adjusted gross income resulting in adjustments by the Internal Revenue Service, then the period of assessment and determination of tax will be that under the Internal Revenue Code. When a change is made to federal income during the extended time provided under this subdivision, the provisions under subdivisions 7 to 9 and section 289A.382 regarding additional extensions apply.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2017, except that for partnerships that make an election under Code of Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies to the same tax periods to which the election relates.

Sec. 8. **[289A.381] DEFINITIONS; PARTNERSHIPS; FEDERAL ADJUSTMENTS.**

Subdivision 1. **Definitions relating to federal adjustments.** Unless otherwise specified, the definitions in this section apply for the purposes of sections 289A.38, subdivisions 7 to 9, 289A.381, and 289A.382.

Subd. 2. **Administrative adjustment request.** "Administrative adjustment request" means an administrative adjustment request filed by a partnership under section 6227 of the Internal Revenue Code.

Subd. 3. **Audited partnership.** "Audited partnership" means a partnership subject to a federal adjustment resulting from a partnership-level audit.

30.1 Subd. 4. **Corporate partner.** "Corporate partner" means a partner that is subject to tax
30.2 under section 290.02.

30.3 Subd. 5. **Direct partner.** "Direct partner" means a partner that holds an immediate legal
30.4 ownership interest in a partnership or pass-through entity.

30.5 Subd. 6. **Exempt partner.** "Exempt partner" means a partner that is exempt from taxes
30.6 on its net income under section 290.05, subdivision 1.

30.7 Subd. 7. **Federal adjustment.** "Federal adjustment" means any change in an amount
30.8 calculated under the Internal Revenue Code, whether to income, gross estate, a credit, an
30.9 item of preference, or any other item that is used by a taxpayer to compute a tax administered
30.10 under this chapter for the reviewed year whether that change results from action by the
30.11 Internal Revenue Service or other competent authority, including a partnership-level audit,
30.12 or from the filing of an amended federal return, federal refund claim, or an administrative
30.13 adjustment request by the taxpayer. A federal adjustment is positive to the extent that it
30.14 increases taxable income as determined under section 290.01, subdivision 29, and is negative
30.15 to the extent that it decreases taxable income as determined under section 290.01, subdivision
30.16 29.

30.17 Subd. 8. **Federal adjustments report.** "Federal adjustments report" includes a method
30.18 or form prescribed by the commissioner for use by a taxpayer to report federal adjustments,
30.19 including an amended Minnesota tax return or a uniform multistate report.

30.20 Subd. 9. **Federal partnership representative.** "Federal partnership representative"
30.21 means the person the partnership designates for the taxable year as the partnership's
30.22 representative, or the person the Internal Revenue Service has appointed to act as the
30.23 partnership representative, pursuant to section 6223(a) of the Internal Revenue Code.

30.24 Subd. 10. **Final determination date.** "Final determination date" means:

30.25 (1) for a federal adjustment arising from an audit by the Internal Revenue Service or
30.26 other competent authority, the first day on which no federal adjustment arising from that
30.27 audit remains to be finally determined, whether by agreement, or, if appealed or contested,
30.28 by a final decision with respect to which all rights of appeal have been waived or exhausted;

30.29 (2) for a federal adjustment arising from an audit or other action by the Internal Revenue
30.30 Service or other competent authority, if the taxpayer filed as a member of a combined report
30.31 under section 290.17, subdivision 4, the first day on which no related federal adjustments
30.32 arising from that audit remain to be finally determined as described in clause (1) for the
30.33 entire combined group;

31.1 (3) for a federal adjustment arising from the filing of an amended federal return, a federal
31.2 refund claim, or the filing by a partnership of an administrative adjustment request, the date
31.3 on which the amended return, refund claim, or administrative adjustment request was filed;
31.4 or

31.5 (4) for agreements required to be signed by the Internal Revenue Service and the taxpayer,
31.6 the date on which the last party signed the agreement.

31.7 Subd. 11. **Final federal adjustment.** "Final federal adjustment" means a federal
31.8 adjustment after the final determination date for that federal adjustment has passed.

31.9 Subd. 12. **Indirect partner.** "Indirect partner" means either:

31.10 (1) a partner in a partnership or pass-through entity that itself holds an immediate legal
31.11 ownership interest in another partnership or pass-through entity; or

31.12 (2) a partner in a partnership or pass-through entity that holds an indirect interest in
31.13 another partnership or pass-through entity through another indirect partner.

31.14 Subd. 13. **Partner.** "Partner" means a person that holds an interest directly or indirectly
31.15 in a partnership or other pass-through entity.

31.16 Subd. 14. **Partnership.** "Partnership" has the meaning provided under section 7701(a)(2)
31.17 of the Internal Revenue Code.

31.18 Subd. 15. **Partnership-level audit.** "Partnership-level audit" means an examination by
31.19 the Internal Revenue Service at the partnership level pursuant to subtitle F, chapter 63,
31.20 subchapter C, of the Internal Revenue Code, which results in federal adjustments and
31.21 adjustments to partnership-related items.

31.22 Subd. 16. **Pass-through entity.** "Pass-through entity" means an entity, other than a
31.23 partnership, that is not subject to the tax imposed under section 290.02. The term pass-through
31.24 entity includes but is not limited to S corporations, estates, and trusts other than grantor
31.25 trusts.

31.26 Subd. 17. **Resident partner.** "Resident partner" means an individual, trust, or estate
31.27 partner who is a resident of Minnesota under section 290.01, subdivision 7, 7a, or 7b, for
31.28 the relevant tax period.

31.29 Subd. 18. **Reviewed year.** "Reviewed year" means the taxable year of a partnership that
31.30 is subject to a partnership-level audit from which federal adjustments arise.

31.31 Subd. 19. **Tiered partner.** "Tiered partner" means any partner that is a partnership or
31.32 pass-through entity.

Subd. 20. **Unrelated business taxable income.** "Unrelated business taxable income" has the meaning provided under section 512 of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2017, except that for partnerships that make an election under Code of Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies to the same tax periods to which the election relates.

Sec. 9. **[289A.382] REPORTING AND PAYMENT REQUIREMENTS.**

Subdivision 1. State partnership representative. (a) With respect to an action required or permitted to be taken by a partnership under this section, or in a proceeding under section 270C.35 or 271.06, the state partnership representative for the reviewed year shall have the sole authority to act on behalf of the partnership, and its direct partners and indirect partners shall be bound by those actions.

(b) The state partnership representative for the reviewed year is the partnership's federal partnership representative unless the partnership, in a form and manner prescribed by the commissioner, designates another person as its state partnership representative.

Subd. 2. Reporting and payment requirements for partnerships and tiered partners. (a) Except for when an audited partnership makes the election in subdivision 3, and except for negative federal adjustments required under federal law taken into account by the partnership in the partnership return for the adjustment or other year, all final federal adjustments of an audited partnership must comply with paragraph (b) and each direct partner of the audited partnership, other than a tiered partner, must comply with paragraph (c).

(b) No later than 90 days after the final determination date, the audited partnership must:

(1) file a completed federal adjustments report, including all partner-level information required under section 289A.12, subdivision 3, with the commissioner;

(2) notify each of its direct partners of their distributive share of the final federal adjustments;

(3) file an amended composite report for all direct partners who were included in a composite return under section 289A.08, subdivision 7, in the reviewed year, and pay the additional amount that would have been due had the federal adjustments been reported properly as required; and

33.1 (4) file amended withholding reports for all direct partners who were or should have
33.2 been subject to nonresident withholding under section 290.92, subdivision 4b, in the reviewed
33.3 year, and pay the additional amount that would have been due had the federal adjustments
33.4 been reported properly as required.

33.5 (c) No later than 180 days after the final determination date, each direct partner, other
33.6 than a tiered partner, that is subject to a tax administered under this chapter, other than the
33.7 sales tax, must:

33.8 (1) file a federal adjustments report reporting their distributive share of the adjustments
33.9 reported to them under paragraph (b), clause (2); and

33.10 (2) pay any additional amount of tax due as if the final federal adjustment had been
33.11 properly reported, plus any penalty and interest due under this chapter, and less any credit
33.12 for related amounts paid or withheld and remitted on behalf of the direct partner under
33.13 paragraph (b), clauses (3) and (4).

33.14 Subd. 3. **Election; partnership or tiered partners pay.** (a) An audited partnership may
33.15 make an election under this subdivision to pay its assessment at the entity level. If an audited
33.16 partnership makes an election to pay its assessment at the entity level it must:

33.17 (1) no later than 90 days after the final determination date:

33.18 (i) file a completed federal adjustments report, which includes the residency information
33.19 for all individual, trust, and estate direct partners and information pertaining to all other
33.20 direct partners as prescribed by the commissioner; and

33.21 (ii) notify the commissioner that it is making the election under this subdivision; and

33.22 (2) no later than 180 days after the final determination date, pay an amount, determined
33.23 as follows, in lieu of taxes on partners:

33.24 (i) exclude from final federal adjustments the distributive share of these adjustments
33.25 made to a direct exempt partner that is not unrelated business taxable income;

33.26 (ii) exclude from final federal adjustments the distributive share of these adjustments
33.27 made to a direct partner that has filed a federal adjustments report and paid the applicable
33.28 tax, as required under subdivision 2, for the distributive share of adjustments reported on a
33.29 federal return under section 6225(c) of the Internal Revenue Code;

33.30 (iii) assign and apportion at the partnership level using sections 290.17 to 290.20 the
33.31 total distributive share of the remaining final federal adjustments for the reviewed year
33.32 attributed to direct corporate partners and direct exempt partners; multiply the total by the

34.1 highest tax rate in section 290.06, subdivision 1, for the reviewed year; and calculate interest
34.2 and penalties as applicable under this chapter;

34.3 (iv) allocate at the partnership level using section 290.17, subdivision 1, the total
34.4 distributive share of all final federal adjustments attributable to individual resident direct
34.5 partners for the reviewed year; multiply the total by the highest tax rate in section 290.06,
34.6 subdivision 2c, for the reviewed year; and calculate interest and penalties as applicable
34.7 under this chapter;

34.8 (v) assign and apportion at the partnership level using sections 290.17 to 290.20 the total
34.9 distributive share of the remaining final federal adjustments attributable to nonresident
34.10 individual direct partners and direct partners who are an estate or a trust for the reviewed
34.11 year; multiply the total by the highest tax rate in section 290.06, subdivision 2c, for the
34.12 reviewed year; and calculate interest and penalties as applicable under this chapter;

34.13 (vi) for the total distributive share of the remaining final federal adjustments reported
34.14 to tiered partners:

34.15 (A) determine the amount of the adjustments that would be assigned using section 290.17,
34.16 subdivision 2, paragraphs (a) to (d), excluding income or gains from intangible personal
34.17 property not employed in the business of the recipient of the income or gains if the recipient
34.18 of the income or gains is a resident of this state or is a resident trust or estate under section
34.19 290.17, subdivision 2, paragraph (c), or apportioned using sections 290.17, subdivision 3,
34.20 290.191, and 290.20; and then determine the portion of the amount that would be allocated
34.21 to this state;

34.22 (B) determine the amount of the adjustments that are fully sourced to the taxpayer's state
34.23 of residency under section 290.17, subdivision 2, paragraph (e), and income or gains from
34.24 intangible personal property not employed in the business of the recipient of the income or
34.25 gains if the recipient of the income or gains is a resident of this state or is a resident trust
34.26 or estate under section 290.17, subdivision 2, paragraph (c);

34.27 (C) determine the portion of the amount determined in subitem (B) that can be established
34.28 to be properly allocable to nonresident indirect partners or other partners not subject to tax
34.29 on the adjustments; and

34.30 (D) multiply the total of the amounts determined in subitems (A) and (B) reduced by
34.31 the amount determined in subitem (C) by the highest tax rate in section 290.06, subdivision
34.32 2c, for the reviewed year, and calculate interest and penalties as applicable under this chapter;
34.33 and

35.1 (vii) add the amounts determined in items (iii) to (vi), and pay all applicable taxes,
35.2 penalties, and interest to the commissioner.

35.3 (b) An audited partnership may not make an election under this subdivision to report:

35.4 (1) a federal adjustment that results in unitary business income to a corporate partner
35.5 required to file as a member of a combined report under section 290.17, subdivision 4; or

35.6 (2) any final federal adjustments resulting from an administrative adjustment request.

35.7 (c) An audited partnership not otherwise subject to any reporting or payment obligation
35.8 to this state may not make an election under this subdivision.

35.9 Subd. 4. **Tiered partners and indirect partners.** The direct and indirect partners of an
35.10 audited partnership that are tiered partners, and all the partners of the tiered partners, that
35.11 are subject to tax under chapter 290 are subject to the reporting and payment requirements
35.12 contained in subdivision 2, and the tiered partners are entitled to make the elections provided
35.13 in subdivision 3. The tiered partners or their partners shall make required reports and
35.14 payments no later than 90 days after the time for filing and furnishing of statements to tiered
35.15 partners and their partners as established under section 6226 of the Internal Revenue Code.

35.16 Subd. 5. **Effects of election by partnership or tiered partner and payment of amount**
35.17 **due.** (a) Unless the commissioner determines otherwise, an election under subdivision 3 is
35.18 irrevocable.

35.19 (b) If an audited partnership or tiered partner properly reports and pays an amount
35.20 determined in subdivision 3, the amount must be treated as paid in lieu of taxes owed by
35.21 the partnership's direct partners and indirect partners, to the extent applicable, on the same
35.22 final federal adjustments. The direct partners or indirect partners of the partnership who are
35.23 not resident partners may not take any deduction or credit for this amount or claim a refund
35.24 of the amount in this state.

35.25 (c) Nothing in this subdivision precludes resident direct partners from claiming a credit
35.26 against taxes paid under section 290.06 on any amounts paid by the audited partnership or
35.27 tiered partners on the resident partner's behalf to another state or local tax jurisdiction.

35.28 Subd. 6. **Failure of partnership or tiered partner to report or pay.** Nothing in this
35.29 section prevents the commissioner from assessing direct partners or indirect partners for
35.30 taxes they owe, using the best information available, in the event that, for any reason, a
35.31 partnership or tiered partner fails to timely make any report or payment required by this
35.32 section.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2017, except that for partnerships that make an election under Code of Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies to the same tax periods to which the election relates.

Sec. 10. Minnesota Statutes 2020, section 289A.42, is amended to read:

289A.42 CONSENT TO EXTEND STATUTE.

Subdivision 1. **Extension agreement.** If before the expiration of time prescribed in sections 289A.38 to 289A.382 and 289A.40 for the assessment of tax or the filing of a claim for refund, both the commissioner and the taxpayer have consented in writing to the assessment or filing of a claim for refund after that time, the tax may be assessed or the claim for refund filed at any time before the expiration of the agreed-upon period. The period may be extended by later agreements in writing before the expiration of the period previously agreed upon. The taxpayer and the commissioner may also agree to extend the period for collection of the tax.

Subd. 2. **Federal extensions.** When a taxpayer consents to an extension of time for the assessment of federal withholding or income taxes, the period in which the commissioner may recompute the tax is also extended, notwithstanding any period of limitations to the contrary, as follows:

(1) for the periods provided in ~~section~~ sections 289A.38, subdivisions 8 and 9, and 289A.382, subdivisions 2 and 3;

(2) for six months following the expiration of the extended federal period of limitations when no change is made by the federal authority. If no change is made by the federal authority, and, but for this subdivision, the commissioner's time period to adjust the tax has expired, and if the commissioner has completed a field audit of the taxpayer, no additional changes resulting in additional tax due or a refund may be made. For purposes of this subdivision, "field audit" has the meaning given ~~it~~ in section 289A.38, subdivision 9.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2017, except that for partnerships that make an election under Code of Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies to the same tax periods to which the election relates.

37.1 Sec. 11. Minnesota Statutes 2020, section 289A.60, subdivision 24, is amended to read:

37.2 Subd. 24. **Penalty for failure to notify of federal change.** If a person fails to report to
37.3 the commissioner a change or correction of the person's federal return in the manner and
37.4 time prescribed in ~~section~~ sections 289A.38, subdivision 7, and 289A.382, there must be
37.5 added to the tax an amount equal to ten percent of the amount of any underpayment of
37.6 Minnesota tax attributable to the federal change.

37.7 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
37.8 after December 31, 2017, except that for partnerships that make an election under Code of
37.9 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
37.10 and applies to the same tax periods to which the election relates.

37.11 Sec. 12. Minnesota Statutes 2020, section 290.31, subdivision 1, is amended to read:

37.12 Subdivision 1. **Partners, not partnership, subject to tax.** Except as provided under
37.13 ~~section~~ sections 289A.35, paragraph (b), and 289A.382, subdivision 3, a partnership as such
37.14 shall not be subject to the income tax imposed by this chapter, but is subject to the tax
37.15 imposed under section 290.0922. Persons carrying on business as partners shall be liable
37.16 for income tax only in their separate or individual capacities.

37.17 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
37.18 after December 31, 2017, except that for partnerships that make an election under Code of
37.19 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
37.20 and applies to the same tax periods to which the election relates.

37.21 Sec. 13. Minnesota Statutes 2020, section 297F.17, subdivision 6, is amended to read:

37.22 Subd. 6. **Time limit for bad debt refund.** Claims for refund must be filed with the
37.23 commissioner during the one-year period beginning with the timely filing of the taxpayer's
37.24 federal income tax return containing the bad debt deduction that is being claimed. Claimants
37.25 under this subdivision are subject to the notice requirements of ~~section~~ sections 289A.38,
37.26 subdivision 7, and 289A.382.

37.27 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
37.28 after December 31, 2017, except that for partnerships that make an election under Code of
37.29 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
37.30 and applies to the same tax periods to which the election relates.

38.1 Sec. 14. Minnesota Statutes 2020, section 297G.16, subdivision 7, is amended to read:

38.2 Subd. 7. **Time limit for a bad debt deduction.** Claims for refund must be filed with
38.3 the commissioner within one year of the filing of the taxpayer's income tax return containing
38.4 the bad debt deduction that is being claimed. Claimants under this subdivision are subject
38.5 to the notice requirements of ~~section 289A.38, subdivision 7~~ sections 289A.38 to 289A.382.

38.6 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
38.7 after December 31, 2017, except that for partnerships that make an election under Code of
38.8 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
38.9 and applies to the same tax periods to which the election relates.

38.10 Sec. 15. Minnesota Statutes 2020, section 469.319, subdivision 4, is amended to read:

38.11 Subd. 4. **Repayment procedures.** (a) For the repayment of taxes imposed under chapter
38.12 290 or 297A or local taxes collected pursuant to section 297A.99, a business must file an
38.13 amended return with the commissioner of revenue and pay any taxes required to be repaid
38.14 within 30 days after becoming subject to repayment under this section. The amount required
38.15 to be repaid is determined by calculating the tax for the period or periods for which repayment
38.16 is required without regard to the exemptions and credits allowed under section 469.315.

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

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

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

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

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

39.13 (g) The commissioner may assess the repayment of taxes under paragraph (d) any time
39.14 within two years after the business becomes subject to repayment under subdivision 1, or
39.15 within any period of limitations for the assessment of tax under ~~section~~ sections 289A.38
39.16 to 289A.382, whichever period is later. The county auditor may send the statement under
39.17 paragraph (c) any time within three years after the business becomes subject to repayment
39.18 under subdivision 1.

39.19 (h) A business is not entitled to any income tax or franchise tax benefits, including
39.20 refundable credits, for any part of the year in which the business becomes subject to
39.21 repayment under this section nor for any year thereafter. Property is not exempt from tax
39.22 under section 272.02, subdivision 64, for any taxes payable in the year following the year
39.23 in which the property became subject to repayment under this section nor for any year
39.24 thereafter. A business is not eligible for any sales tax benefits beginning with goods or
39.25 services purchased or first put to a taxable use on the day that the business becomes subject
39.26 to repayment under this section.

39.27 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
39.28 after December 31, 2017, except that for partnerships that make an election under Code of
39.29 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
39.30 and applies to the same tax periods to which the election relates.

ARTICLE 3**PASS-THROUGH ENTITY TAX**

Section 1. Minnesota Statutes 2020, section 289A.08, is amended by adding a subdivision to read:

Subd. 7a. **Pass-through entity tax.** (a) For the purposes of this subdivision, the following terms have the meanings given:

(1) "income" has the meaning given in subdivision 7, paragraph (j), modified by the addition provided in section 290.0131, subdivision 5, and the subtraction provided in section 290.0132, subdivision 3, except that the provisions that apply to a partnership apply to a qualifying entity and the provisions that apply to a partner apply to a qualifying owner. The income of both a resident and nonresident qualifying owner is allocated and assigned to this state as provided for nonresident partners and shareholders under sections 290.17, 290.191, and 290.20;

(2) "qualifying entity" means a partnership, limited liability company, or S corporation including a qualified subchapter S subsidiary organized under section 1361(b)(3)(B) of the Internal Revenue Code. Qualifying entity does not include a partnership, limited liability company, or corporation that has a partnership, limited liability company other than a disregarded entity, or corporation as a partner, member, or shareholder; and

(3) "qualifying owner" means:

(i) a resident or nonresident individual or estate that is a partner, member, or shareholder of a qualifying entity; or

(ii) a resident or nonresident trust that is a shareholder of a qualifying entity that is an S corporation.

(b) For taxable years beginning after December 31, 2020, in which the taxes of a qualifying owner are limited under section 164(b)(6)(B) of the Internal Revenue Code, a qualifying entity may elect to file a return and pay the pass-through entity tax imposed under paragraph (c). The election:

(1) must be made on or before the due date or extended due date of the qualifying entity's pass-through entity tax return;

(2) may only be made by qualifying owners who collectively hold more than a 50 percent ownership interest in the qualifying entity;

41.1 (3) is binding on all qualifying owners who have an ownership interest in the qualifying
41.2 entity; and

41.3 (4) once made is irrevocable for the taxable year.

41.4 (c) Subject to the election in paragraph (b), a pass-through entity tax is imposed on a
41.5 qualifying entity in an amount equal to the sum of the tax liability of each qualifying owner.

41.6 (d) The amount of a qualifying owner's tax liability under paragraph (c) is the amount
41.7 of the qualifying owner's income multiplied by the highest tax rate for individuals under
41.8 section 290.06, subdivision 2c. When making this determination:

41.9 (1) nonbusiness deductions, standard deductions, or personal exemptions are not allowed;
41.10 and

41.11 (2) a credit or deduction is allowed only to the extent allowed to the qualifying owner.

41.12 (e) The amount of each credit and deduction used to determine a qualifying owner's tax
41.13 liability under paragraph (d) must also be used to determine that qualifying owner's income
41.14 tax liability under chapter 290.

41.15 (f) This subdivision does not negate the requirement that a qualifying owner pay estimated
41.16 tax if the qualifying owner's tax liability would exceed the requirements set forth in section
41.17 289A.25. The qualifying owner's liability to pay estimated tax on the qualifying owner's
41.18 tax liability as determined under paragraph (d) is, however, satisfied when the qualifying
41.19 entity pays estimated tax in the manner prescribed in section 289A.25 for composite estimated
41.20 tax.

41.21 (g) A qualifying owner's adjusted basis in the interest in the qualifying entity, and the
41.22 treatment of distributions, is determined as if the election to pay the pass-through entity tax
41.23 under paragraph (b) is not made.

41.24 (h) To the extent not inconsistent with this subdivision, for purposes of this chapter, a
41.25 pass-through entity tax return must be treated as a composite return and a qualifying entity
41.26 filing a pass-through entity tax return must be treated as a partnership filing a composite
41.27 return.

41.28 (i) The provisions of subdivision 17 apply to the election to pay the pass-through entity
41.29 tax under this subdivision.

41.30 (j) If a nonresident qualifying owner of a qualifying entity making the election to file
41.31 and pay the tax under this subdivision has no other Minnesota source income, filing of the
41.32 pass-through entity tax return is a return for purposes of subdivision 1, provided that the

nonresident qualifying owner must not have any Minnesota source income other than the income from the qualifying entity and other electing qualifying entities. If it is determined that the nonresident qualifying owner has other Minnesota source income, the inclusion of the income and tax liability for that owner under this provision will not constitute a return to satisfy the requirements of subdivision 1. The tax paid for the qualifying owner as part of the pass-through entity tax return is allowed as a payment of the tax by the qualifying owner on the date on which the pass-through entity tax return payment was made.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2020.

Sec. 2. Minnesota Statutes 2020, section 289A.60, is amended by adding a subdivision to read:

Subd. 22a. **Pass-through entity tax.** For the purposes of the penalties imposed by subdivisions 1 and 2, the payment of a pass-through entity tax or filing of a pass-through entity tax return pursuant to section 289A.08, subdivision 7a, is considered the payment and filing of a corporate tax.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2020.

Sec. 3. Minnesota Statutes 2020, section 290.06, subdivision 2c, is amended to read:

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

(1) On the first \$38,770, 5.35 percent;

(2) On all over \$38,770, but not over \$154,020, 6.8 percent;

(3) On all over \$154,020, but not over \$269,010, 7.85 percent;

(4) On all over \$269,010, 9.85 percent.

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

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

43.1 (1) On the first \$26,520, 5.35 percent;

43.2 (2) On all over \$26,520, but not over \$87,110, 6.8 percent;

43.3 (3) On all over \$87,110, but not over \$161,720, 7.85 percent;

43.4 (4) On all over \$161,720, 9.85 percent.

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

43.8 (1) On the first \$32,650, 5.35 percent;

43.9 (2) On all over \$32,650, but not over \$131,190, 6.8 percent;

43.10 (3) On all over \$131,190, but not over \$214,980, 7.85 percent;

43.11 (4) On all over \$214,980, 9.85 percent.

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

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

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

43.25 (i) the additions required under sections 290.0131, subdivisions 2, 6, 8 to 10, 16, and
43.26 17, and 290.0137, paragraph (a); and reduced by

43.27 (ii) the Minnesota assignable portion of the subtraction for United States government
43.28 interest under section 290.0132, subdivision 2, the subtractions under sections 290.0132,
43.29 subdivisions 9, 10, 14, 15, 17, 18, and 27, and 290.0137, paragraph (c), after applying the
43.30 allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

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

(i) the additions required under sections 290.0131, subdivisions 2, 6, 8 to 10, 16, and 17, and 290.0137, paragraph (a); and reduced by

(ii) the subtractions under sections 290.0132, subdivisions 2, 9, 10, 14, 15, 17, 18, and 27, and 290.0137, paragraph (c).

(f) If an individual who is not a Minnesota resident for the entire year is a qualifying owner of a qualifying entity that elects to pay tax as provided in section 289A.08, subdivision 7a, paragraph (b), they must compute the individual's Minnesota income tax as provided in paragraph (e), and also must include, to the extent attributed to the electing qualifying entity:

(1) in paragraph (e), clause (1), item (i), and paragraph (e), clause (2), item (i), the addition under section 290.0131, subdivision 5; and

(2) in paragraph (e), clause (1), item (ii), and paragraph (e), clause (2), item (ii), the subtraction under section 290.0132, subdivision 3.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2020.

Sec. 4. Minnesota Statutes 2020, section 290.06, subdivision 22, is amended to read:

Subd. 22. **Credit for taxes paid to another state.** (a) A taxpayer who is liable for taxes based on net income to another state, as provided in paragraphs (b) through (f), upon income allocated or apportioned to Minnesota, is entitled to a credit for the tax paid to another state if the tax is actually paid in the taxable year or a subsequent taxable year. A taxpayer who is a resident of this state pursuant to section 290.01, subdivision 7, paragraph (b), and who is subject to income tax as a resident in the state of the individual's domicile is not allowed this credit unless the state of domicile does not allow a similar credit.

(b) For an individual, estate, or trust, the credit is determined by multiplying the tax payable under this chapter by the ratio derived by dividing the income subject to tax in the other state that is also subject to tax in Minnesota while a resident of Minnesota by the taxpayer's federal adjusted gross income, as defined in section 62 of the Internal Revenue Code, modified by the addition required by section 290.0131, subdivision 2, and the subtraction allowed by section 290.0132, subdivision 2, to the extent the income is allocated or assigned to Minnesota under sections 290.081 and 290.17.

(c) If the taxpayer is an athletic team that apportions all of its income under section 290.17, subdivision 5, the credit is determined by multiplying the tax payable under this chapter by the ratio derived from dividing the total net income subject to tax in the other state by the taxpayer's Minnesota taxable income.

(d)(1) The credit determined under paragraph (b) or (c) shall not exceed the amount of tax so paid to the other state on the gross income earned within the other state subject to tax under this chapter; and

(2) the allowance of the credit does not reduce the taxes paid under this chapter to an amount less than what would be assessed if the gross income earned within the other state were excluded from taxable net income.

(e) In the case of the tax assessed on a lump-sum distribution under section 290.032, the credit allowed under paragraph (a) is the tax assessed by the other state on the lump-sum distribution that is also subject to tax under section 290.032, and shall not exceed the tax assessed under section 290.032. To the extent the total lump-sum distribution defined in section 290.032, subdivision 1, includes lump-sum distributions received in prior years or is all or in part an annuity contract, the reduction to the tax on the lump-sum distribution allowed under section 290.032, subdivision 2, includes tax paid to another state that is properly apportioned to that distribution.

(f) If a Minnesota resident reported an item of income to Minnesota and is assessed tax in such other state on that same income after the Minnesota statute of limitations has expired, the taxpayer shall receive a credit for that year under paragraph (a), notwithstanding any statute of limitations to the contrary. The claim for the credit must be submitted within one year from the date the taxes were paid to the other state. The taxpayer must submit sufficient proof to show entitlement to a credit.

(g) For the purposes of this subdivision, a resident shareholder of a corporation treated as an "S" corporation under section 290.9725, must be considered to have paid a tax imposed on the shareholder in an amount equal to the shareholder's pro rata share of any net income tax paid by the S corporation to another state. For the purposes of the preceding sentence, the term "net income tax" means any tax imposed on or measured by a corporation's net income.

(h) For the purposes of this subdivision, a resident partner of an entity taxed as a partnership under the Internal Revenue Code must be considered to have paid a tax imposed on the partner in an amount equal to the partner's pro rata share of any net income tax paid by the partnership to another state. For purposes of the preceding sentence, the term "net

46.1 income" tax means any tax imposed on or measured by a partnership's net income. For
46.2 purposes of this paragraph, "partnership" includes a limited liability company and "partner"
46.3 includes a member of a limited liability company.

46.4 (i) For the purposes of this subdivision, "another state":

46.5 (1) includes:

46.6 (i) the District of Columbia; and

46.7 (ii) a province or territory of Canada; but

46.8 (2) excludes Puerto Rico and the several territories organized by Congress.

46.9 (j) The limitations on the credit in paragraphs (b), (c), and (d), are imposed on a state
46.10 by state basis.

46.11 (k) For a tax imposed by a province or territory of Canada, the tax for purposes of this
46.12 subdivision is the excess of the tax over the amount of the foreign tax credit allowed under
46.13 section 27 of the Internal Revenue Code. In determining the amount of the foreign tax credit
46.14 allowed, the net income taxes imposed by Canada on the income are deducted first. Any
46.15 remaining amount of the allowable foreign tax credit reduces the provincial or territorial
46.16 tax that qualifies for the credit under this subdivision.

46.17 (l)(1) The credit allowed to a qualifying individual under this section for tax paid to a
46.18 qualifying state equals the credit calculated under paragraphs (b) and (d), plus the amount
46.19 calculated by multiplying:

46.20 (i) the difference between the preliminary credit and the credit calculated under paragraphs
46.21 (b) and (d), by

46.22 (ii) the ratio derived by dividing the income subject to tax in the qualifying state that
46.23 consists of compensation for performance of personal or professional services by the total
46.24 amount of income subject to tax in the qualifying state.

46.25 (2) If the amount of the credit that a qualifying individual is eligible to receive under
46.26 clause (1) for tax paid to a qualifying state exceeds the tax due under this chapter before
46.27 the application of the credit calculated under clause (1), the commissioner shall refund the
46.28 excess to the qualifying individual. An amount sufficient to pay the refunds required by this
46.29 subdivision is appropriated to the commissioner from the general fund.

46.30 (3) For purposes of this paragraph, "preliminary credit" means the credit that a qualifying
46.31 individual is eligible to receive under paragraphs (b) and (d) for tax paid to a qualifying
46.32 state without regard to the limitation in paragraph (d), clause (2); "qualifying individual"

means a Minnesota resident under section 290.01, subdivision 7, paragraph (a), who received compensation during the taxable year for the performance of personal or professional services within a qualifying state; and "qualifying state" means a state with which an agreement under section 290.081 is not in effect for the taxable year but was in effect for a taxable year beginning before January 1, 2010.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2020.

Sec. 5. Minnesota Statutes 2020, section 290.06, is amended by adding a subdivision to read:

Subd. 40. Pass-through entity tax credit. (a) A qualifying owner of a qualifying entity that elects to pay the pass-through entity tax under section 289A.08, subdivision 7a, may claim a credit against the tax due under this chapter equal to the amount of the owner's tax liability as calculated under section 289A.08, subdivision 7a, paragraph (d).

(b) If the amount of the credit the taxpayer may claim under this subdivision exceeds the taxpayer's tax liability under this chapter, the commissioner of revenue shall refund the excess to the taxpayer. The amount necessary to pay the claim for the refund provided in this subdivision is appropriated from the general fund to the commissioner of revenue.

(c) For purposes of this subdivision, "qualifying entity," "qualifying owner," and "tax liability" have the meanings given in section 289A.08, subdivision 7a, paragraphs (a) and (d).

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2020.

Sec. 6. Minnesota Statutes 2020, section 290.92, subdivision 4b, is amended to read:

Subd. 4b. Withholding by partnerships. (a) A partnership shall deduct and withhold a tax as provided in paragraph (b) for nonresident individual partners based on their distributive shares of partnership income for a taxable year of the partnership.

(b) The amount of tax withheld is determined by multiplying the partner's distributive share allocable to Minnesota under section 290.17, paid or credited during the taxable year by the highest rate used to determine the income tax liability for an individual under section 290.06, subdivision 2c, except that the amount of tax withheld may be determined by the commissioner if the partner submits a withholding exemption certificate under subdivision 5.

(c) The commissioner may reduce or abate the tax withheld under this subdivision if the partnership had reasonable cause to believe that no tax was due under this section.

(d) Notwithstanding paragraph (a), a partnership is not required to deduct and withhold tax for a nonresident partner if:

(1) the partner elects to have the tax due paid as part of the partnership's composite return under section 289A.08, subdivision 7;

(2) the partner has Minnesota assignable federal adjusted gross income from the partnership of less than \$1,000; or

(3) the partnership is liquidated or terminated, the income was generated by a transaction related to the termination or liquidation, and no cash or other property was distributed in the current or prior taxable year;

(4) the distributive shares of partnership income are attributable to:

(i) income required to be recognized because of discharge of indebtedness;

(ii) income recognized because of a sale, exchange, or other disposition of real estate, depreciable property, or property described in section 179 of the Internal Revenue Code; or

(iii) income recognized on the sale, exchange, or other disposition of any property that has been the subject of a basis reduction pursuant to section 108, 734, 743, 754, or 1017 of the Internal Revenue Code

to the extent that the income does not include cash received or receivable or, if there is cash received or receivable, to the extent that the cash is required to be used to pay indebtedness by the partnership or a secured debt on partnership property; ~~or~~

(5) the partnership is a publicly traded partnership, as defined in section 7704(b) of the Internal Revenue Code; or

(6) the partnership has elected to pay the pass-through entity tax under section 289A.08, subdivision 7a.

(e) For purposes of sections 270C.60, 289A.09, subdivision 2, 289A.20, subdivision 2, paragraph (c), 289A.50, 289A.56, 289A.60, and 289A.63, a partnership is considered an employer.

(f) To the extent that income is exempt from withholding under paragraph (d), clause (4), the commissioner has a lien in an amount up to the amount that would be required to be withheld with respect to the income of the partner attributable to the partnership interest,

but for the application of paragraph (d), clause (4). The lien arises under section 270C.63 from the date of assessment of the tax against the partner, and attaches to that partner's share of the profits and any other money due or to become due to that partner in respect of the partnership. Notice of the lien may be sent by mail to the partnership, without the necessity for recording the lien. The notice has the force and effect of a levy under section 270C.67, and is enforceable against the partnership in the manner provided by that section. Upon payment in full of the liability subsequent to the notice of lien, the partnership must be notified that the lien has been satisfied.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2020.

Sec. 7. Minnesota Statutes 2020, section 290.92, subdivision 4c, is amended to read:

Subd. 4c. Withholding by S corporations. (a) A corporation having a valid election in effect under section 290.9725 shall deduct and withhold a tax as provided in paragraph (b) for nonresident individual shareholders their share of the corporation's income for the taxable year.

(b) The amount of tax withheld is determined by multiplying the amount of income allocable to Minnesota under section 290.17 by the highest rate used to determine the income tax liability of an individual under section 290.06, subdivision 2c, except that the amount of tax withheld may be determined by the commissioner if the shareholder submits a withholding exemption certificate under subdivision 5.

(c) Notwithstanding paragraph (a), a corporation is not required to deduct and withhold tax for a nonresident shareholder, if:

(1) the shareholder elects to have the tax due paid as part of the corporation's composite return under section 289A.08, subdivision 7;

(2) the shareholder has Minnesota assignable federal adjusted gross income from the corporation of less than \$1,000; ~~or~~

(3) the corporation is liquidated or terminated, the income was generated by a transaction related to the termination or liquidation, and no cash or other property was distributed in the current or prior taxable year; or

(4) the S corporation has elected to pay the pass-through entity tax under section 289A.08, subdivision 7a.

(d) For purposes of sections 270C.60, 289A.09, subdivision 2, 289A.20, subdivision 2, paragraph (c), 289A.50, 289A.56, 289A.60, and 289A.63, a corporation is considered an employer.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2020.

ARTICLE 4

SALES AND USE TAXES

Section 1. Minnesota Statutes 2020, section 16A.152, subdivision 2, as amended by Laws 2021, chapter 31, article 1, section 9, is amended to read:

Subd. 2. Additional revenues; priority. (a) If on the basis of a forecast of general fund revenues and expenditures, the commissioner of management and budget determines that there will be a positive unrestricted budgetary general fund balance at the close of the biennium, the commissioner of management and budget must allocate money to the following accounts and purposes in priority order:

(1) the cash flow account established in subdivision 1 until that account reaches \$350,000,000;

(2) the budget reserve account established in subdivision 1a until that account reaches \$1,596,522,000;

(3) the amount necessary to increase the aid payment schedule for school district aids and credits payments in section 127A.45 to not more than 90 percent rounded to the nearest tenth of a percent without exceeding the amount available and with any remaining funds deposited in the budget reserve;

(4) the amount necessary to restore all or a portion of the net aid reductions under section 127A.441 and to reduce the property tax revenue recognition shift under section 123B.75, subdivision 5, by the same amount; ~~and~~

(5) the amount necessary to increase the Minnesota 21st century fund by not more than the difference between \$5,000,000 and the sum of the amounts credited and canceled to it in the previous 12 months under Laws 2020, chapter 71, article 1, section 11, until the sum of all transfers under this section and all amounts credited or canceled under Laws 2020, chapter 71, article 1, section 11, equals \$20,000,000-; and

(6) for a forecast in November only, the amount remaining after the transfer under clause (5) must be used to reduce the percentage of accelerated June liability sales tax payments

required under section 289A.20, subdivision 4, paragraph (b), until the percentage equals zero, rounded to the nearest tenth of a percent. By March 15 following the November forecast, the commissioner must provide the commissioner of revenue with the percentage of accelerated June liability owed based on the reduction required by this clause. By April 15 each year, the commissioner of revenue must certify the percentage of June liability owed by vendors based on the reduction required by this clause.

(b) The amounts necessary to meet the requirements of this section are appropriated from the general fund within two weeks after the forecast is released or, in the case of transfers under paragraph (a), clauses (3) and (4), as necessary to meet the appropriations schedules otherwise established in statute.

(c) The commissioner of management and budget shall certify the total dollar amount of the reductions under paragraph (a), clauses (3) and (4), to the commissioner of education. The commissioner of education shall increase the aid payment percentage and reduce the property tax shift percentage by these amounts and apply those reductions to the current fiscal year and thereafter.

EFFECTIVE DATE. This section is effective July 1, 2021.

Sec. 2. Minnesota Statutes 2020, section 289A.20, subdivision 4, is amended to read:

Subd. 4. Sales and use tax. (a) The taxes imposed by chapter 297A are due and payable to the commissioner monthly on or before the 20th day of the month following the month in which the taxable event occurred, or following another reporting period as the commissioner prescribes or as allowed under section 289A.18, subdivision 4, paragraph (f) or (g), except that use taxes due on an annual use tax return as provided under section 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year.

(b) A vendor having a liability of \$250,000 or more during a fiscal year ending June 30, except a vendor of construction materials as defined in paragraph (e), must remit the June liability for the next year in the following manner:

(1) Two business days before June 30 of calendar year 2020 and 2021, the vendor must remit 87.5 percent of the estimated June liability to the commissioner. Two business days before June 30 of calendar year 2022 and thereafter, the vendor must remit 84.5 percent, or a reduced percentage as certified by the commissioner under section 16A.152, subdivision 2, paragraph (a), clause (6), of the estimated June liability to the commissioner.

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

52.1 (c) A vendor having a liability of:

52.2 (1) \$10,000 or more, but less than \$250,000, during a fiscal year ~~ending June 30, 2013,~~
52.3 ~~and fiscal years thereafter~~, must remit by electronic means all liabilities on returns due for
52.4 periods beginning in all subsequent calendar years on or before the 20th day of the month
52.5 following the month in which the taxable event occurred, or on or before the 20th day of
52.6 the month following the month in which the sale is reported under section 289A.18,
52.7 subdivision 4; or

52.8 (2) \$250,000 or more; during a fiscal year ~~ending June 30, 2013, and fiscal years~~
52.9 ~~thereafter~~, must remit by electronic means all liabilities in the manner provided in paragraph
52.10 (a) on returns due for periods beginning in the subsequent calendar year, except ~~for~~ that a
52.11 vendor subject to the remittance requirements of paragraph (b) must remit 90 percent of the
52.12 estimated June liability, which is due two business days before June 30. The remaining
52.13 amount of the June liability is due on August 20.

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

52.21 (e) For the purposes of paragraph (b), "vendor of construction materials" means a vendor
52.22 that makes only retail sales of any of the construction materials in the following list:

52.23 (1) lumber, veneer, plywood, wood siding, wood roofing;

52.24 (2) millwork, including wood trim, wood doors, wood windows, wood flooring; or

52.25 (3) concrete, cement, and masonry.

52.26 (f) Paragraph (b) expires after the percentage of estimated payment is reduced to zero
52.27 in accordance with section 16A.152, subdivision 2, paragraph (a), clause (6).

52.28 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
52.29 30, 2021.

52.30 Sec. 3. Minnesota Statutes 2020, section 289A.60, subdivision 15, is amended to read:

52.31 Subd. 15. **Accelerated payment of June sales tax liability; penalty for**
52.32 **underpayment.** (a) For payments made after December 31, 2019 and before December 31,

2021, if a vendor is required by law to submit an estimation of June sales tax liabilities and 87.5 percent payment by a certain date, the vendor shall pay a penalty equal to ten percent of the amount of actual June liability required to be paid in June less the amount remitted in June. The penalty must not be imposed, however, if the amount remitted in June equals the lesser of 87.5 percent of the preceding May's liability or 87.5 percent of the average monthly liability for the previous calendar year.

(b) For payments made after December 31, 2021, the penalty must not be imposed if the amount remitted in June equals the lesser of 84.5 percent, or a reduced percentage as certified by the commissioner under section 16A.152, subdivision 2, paragraph (a), clause (6), of the preceding May's liability or 84.5 percent of the average monthly liability for the previous calendar year.

(c) This subdivision expires after the percentage of estimated payment is reduced to zero in accordance with section 16A.152, subdivision 2, paragraph (a), clause (6).

EFFECTIVE DATE. This section is effective for estimate payments required to be made after July 1, 2021.

Sec. 4. Minnesota Statutes 2020, section 297A.70, subdivision 13, is amended to read:

Subd. 13. **Fund-raising sales by or for nonprofit groups.** (a) The following sales by the specified organizations for fund-raising purposes are exempt, subject to the limitations listed in paragraph (b):

(1) all sales made by a nonprofit organization that exists solely for the purpose of providing educational or social activities for young people primarily age 18 and under;

(2) all sales made by an organization that is a senior citizen group or association of groups if (i) in general it limits membership to persons age 55 or older; (ii) it is organized and operated exclusively for pleasure, recreation, and other nonprofit purposes; and (iii) no part of its net earnings inures to the benefit of any private shareholders;

(3) the sale or use of tickets or admissions to a golf tournament held in Minnesota if the beneficiary of the tournament's net proceeds qualifies as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code; and

(4) sales of candy sold for fund-raising purposes by a nonprofit organization that provides educational and social activities primarily for young people age 18 and under.

(b) The exemptions listed in paragraph (a) are limited in the following manner:

54.1 (1) the exemption under paragraph (a), clauses (1) and (2), applies only to the first
54.2 \$20,000 of the gross annual receipts of the organization from fund-raising; ~~and~~

54.3 (2) the exemption under paragraph (a), clause (1), does not apply if the sales are derived
54.4 from admission charges or from activities for which the money must be deposited with the
54.5 school district treasurer under section 123B.49, subdivision 2, ~~or~~; and

54.6 (3) the exemption under paragraph (a), clause (1), does not apply if the sales are derived
54.7 from admission charges or from activities for which the money must be recorded in the
54.8 same manner as other revenues or expenditures of the school district under section 123B.49,
54.9 subdivision 4-, unless the following conditions are both met:

54.10 (i) the sales are made for fund-raising purposes of a club, association, or other
54.11 organization of elementary or secondary school students organized for the purpose of
54.12 carrying on sports activities, educational activities, or other extracurricular activities; and

54.13 (ii) the school district reserves revenue raised for extracurricular activities, as provided
54.14 in section 123B.49, subdivision 4, paragraph (e), and spends the revenue raised by a particular
54.15 extracurricular activity only for that extracurricular activity.

54.16 (c) Sales of tangible personal property and services are exempt if the entire proceeds,
54.17 less the necessary expenses for obtaining the property or services, will be contributed to a
54.18 registered combined charitable organization described in section 43A.50, to be used
54.19 exclusively for charitable, religious, or educational purposes, and the registered combined
54.20 charitable organization has given its written permission for the sale. Sales that occur over
54.21 a period of more than 24 days per year are not exempt under this paragraph.

54.22 (d) For purposes of this subdivision, a club, association, or other organization of
54.23 elementary or secondary school students organized for the purpose of carrying on sports,
54.24 educational, or other extracurricular activities is a separate organization from the school
54.25 district or school for purposes of applying the \$20,000 limit.

54.26 **EFFECTIVE DATE.** This section is effective for sales and purchases made after the
54.27 date of final enactment.

ARTICLE 5

VAPOR AND TOBACCO TAXES

Section 1. Minnesota Statutes 2020, section 297F.01, is amended by adding a subdivision to read:

Subd. 7a. **Delivery sale.** "Delivery sale" has the meaning given in section 325F.781, subdivision 1.

EFFECTIVE DATE. This section is effective January 1, 2022.

Sec. 2. Minnesota Statutes 2020, section 297F.01, subdivision 22b, is amended to read:

Subd. 22b. **Nicotine solution products.** (a) "Nicotine solution products" means any cartridge, bottle, or other package that contains nicotine made or derived from tobacco, that is in a solution that is consumed, or meant to be consumed, through the use of a heating element, power source, electronic circuit, or other electronic, chemical, or mechanical means that produces vapor or aerosol. This paragraph expires December 31, 2019.

(b) Beginning January 1, 2020, "nicotine solution products" means any cartridge, bottle, or other package that contains nicotine, including nicotine made or derived from tobacco or sources other than tobacco, that is in a solution that is consumed, or meant to be consumed, through the use of a heating element, power source, electronic circuit, or other electronic, chemical, or mechanical means that produces vapor or aerosol.

(c) Nicotine solution products includes any electronic cigarette, electronic cigar, electronic cigarillo, electronic pipe, electronic nicotine delivery system, electronic vaping device, electronic vape pen, electronic oral device, electronic delivery device, or similar product or device, and any batteries, heating elements, or other components, parts, or accessories sold with and meant to be used in the consumption of a solution containing nicotine meant to be used in the consumption of a solution containing nicotine regardless of whether sold with a solution containing nicotine.

EFFECTIVE DATE. This section is effective January 1, 2022.

Sec. 3. Minnesota Statutes 2020, section 297F.031, is amended to read:

297F.031 REGISTRATION REQUIREMENT.

Prior to making delivery sales ~~or shipping cigarettes or tobacco products in connection with any sales~~, an out-of-state retailer ~~shall~~ must file with the Department of Revenue a

56.1 statement setting forth the out-of-state retailer's name, trade name, ~~and the address of the~~
56.2 ~~out-of-state retailer's~~, principal place of business, and any other place of business.

56.3 **EFFECTIVE DATE.** This section is effective for all delivery sales occurring after
56.4 December 31, 2021.

56.5 Sec. 4. Minnesota Statutes 2020, section 297F.05, is amended by adding a subdivision to
56.6 read:

56.7 Subd. 4b. **Retailer collection and remittance of use tax.** A retailer or out-of-state
56.8 retailer must, for any delivery sale, collect and pay to the state any use tax imposed by this
56.9 section. The retailer or out-of-state retailer must give the purchaser a receipt for the tax paid.

56.10 **EFFECTIVE DATE.** This section is effective for all delivery sales occurring after
56.11 December 31, 2021.

56.12 Sec. 5. Minnesota Statutes 2020, section 297F.09, subdivision 3, is amended to read:

56.13 Subd. 3. **Use tax return; cigarette or tobacco products consumer and retailers**
56.14 **making delivery sales.** (a) On or before the 18th day of each calendar month, a consumer
56.15 who, during the preceding calendar month, has acquired title to or possession of cigarettes
56.16 or tobacco products for use or storage in this state, upon which cigarettes or tobacco products
56.17 the tax imposed by this chapter has not been paid, shall file a return with the commissioner
56.18 showing the quantity of cigarettes or tobacco products so acquired. The return must be made
56.19 in the form and manner prescribed by the commissioner, and must contain any other
56.20 information required by the commissioner. The return must be accompanied by a remittance
56.21 for the full unpaid tax liability shown by it.

56.22 (b) On or before the 18th day of each calendar month, a retailer or out-of-state retailer
56.23 who, during the preceding calendar month, made delivery sales must file a return with the
56.24 commissioner showing the quantity of cigarettes or tobacco products so delivered. The
56.25 commissioner shall prescribe the content, format, and manner of returns pursuant to section
56.26 270C.30. The return must be accompanied by a remittance for the full unpaid tax liability.

56.27 **EFFECTIVE DATE.** This section is effective for all delivery sales occurring after
56.28 December 31, 2021.

56.29 Sec. 6. Minnesota Statutes 2020, section 297F.09, subdivision 4a, is amended to read:

56.30 Subd. 4a. **Reporting requirements.** No later than the 18th day of each calendar month,
56.31 ~~an~~ a retailer or out-of-state retailer that has made a delivery of cigarettes or tobacco products

57.1 ~~or shipped or delivered cigarettes or tobacco products into the state in~~ a delivery sale in the
57.2 previous calendar month shall file with the Department of Revenue ~~reports~~ a report in the
57.3 form and in the manner prescribed by the commissioner of revenue that provides for each
57.4 delivery sale, the name and address of the purchaser and the brand or brands and quantity
57.5 of cigarettes or tobacco products sold. A ~~tobacco~~ retailer or out-of-state retailer that meets
57.6 the requirements of United States Code, title 15, section 375 et seq. satisfies the requirements
57.7 of this subdivision. The filing of a return under subdivision 3, paragraph (b), satisfies the
57.8 requirements of this subdivision for the applicable month.

57.9 **EFFECTIVE DATE.** This section is effective for all delivery sales occurring after
57.10 December 31, 2021.

57.11 Sec. 7. Minnesota Statutes 2020, section 297F.09, subdivision 7, is amended to read:

57.12 Subd. 7. **Electronic payment.** A cigarette ~~or distributor,~~ tobacco products distributor,
57.13 retailer, or out-of-state retailer having a liability of \$10,000 or more during a fiscal year
57.14 ending June 30 must remit all liabilities in all subsequent calendar years by electronic means.

57.15 **EFFECTIVE DATE.** This section is effective for all delivery sales occurring after
57.16 December 31, 2021.

57.17 Sec. 8. Minnesota Statutes 2020, section 297F.09, subdivision 10, is amended to read:

57.18 Subd. 10. **Accelerated tax payment; ~~cigarette or tobacco products distributor.~~** A
57.19 cigarette ~~or distributor,~~ tobacco products distributor, retailer, or out-of-state retailer having
57.20 a liability of \$250,000 or more during a fiscal year ending June 30, shall remit the June
57.21 liability for the next year in the following manner:

57.22 (a) Two business days before June 30 of calendar years 2020 and 2021, the distributor
57.23 shall remit the actual May liability and 87.5 percent of the estimated June liability to the
57.24 commissioner and file the return in the form and manner prescribed by the commissioner.

57.25 (b) On or before August 18 of the year, the distributor, retailer, or out-of-state retailer
57.26 shall submit a return showing the actual June liability and pay any additional amount of tax
57.27 not remitted in June. A penalty is imposed equal to ten percent of the amount of June liability
57.28 required to be paid in June, less the amount remitted in June. However, the penalty is not
57.29 imposed if the amount remitted in June equals the lesser of:

57.30 (1) 87.5 percent of the actual June liability for the calendar year 2020 and 2021 June
57.31 liabilities and 84.5 of the actual June liability for June 2022 and thereafter; or

58.1 (2) 87.5 percent of the preceding May liability for the calendar year 2020 and 2021 June
58.2 liabilities and 84.5 percent of the preceding May liability for June 2022 and thereafter.

58.3 (c) For calendar year 2022 and thereafter, the percent of the estimated June liability the
58.4 vendor must remit by two business days before June 30 is 84.5 percent.

58.5 **EFFECTIVE DATE.** This section is effective for all delivery sales occurring after
58.6 December 31, 2021.

58.7 Sec. 9. Minnesota Statutes 2020, section 325F.781, subdivision 1, is amended to read:

58.8 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have
58.9 the meanings given, unless the language or context clearly provides otherwise.

58.10 (b) "Consumer" means an individual who purchases, receives, or possesses tobacco
58.11 products for personal consumption and not for resale.

58.12 (c) "Delivery sale" means:

58.13 (1) a sale of tobacco products to a consumer in this state when:

58.14 (i) the purchaser submits the order for the sale by means of a telephonic or other method
58.15 of voice transmission, the mail or any other delivery service, or the Internet or other online
58.16 service; or

58.17 (ii) the tobacco products are delivered by use of the mail or other delivery service; or

58.18 (2) a sale of tobacco products that satisfies the criteria in clause (1), item (i), regardless
58.19 of whether the seller is located inside or outside of the state.

58.20 A sale of tobacco products to an individual in this state must be treated as a sale to a
58.21 consumer, unless the individual is licensed as a distributor or retailer of tobacco products.

58.22 (d) "Delivery service" means a person, including the United States Postal Service, that
58.23 is engaged in the commercial delivery of letters, packages, or other containers.

58.24 (e) "Distributor" means a person, whether located inside or outside of this state, other
58.25 than a retailer, who sells or distributes tobacco products in the state. Distributor does not
58.26 include a tobacco products manufacturer, export warehouse proprietor, or importer with a
58.27 valid permit under United States Code, title 26, section 5712 (1997), if the person sells or
58.28 distributes tobacco products in this state only to distributors who hold valid and current
58.29 licenses under the laws of a state, or to an export warehouse proprietor or another
58.30 manufacturer. Distributor does not include a common or contract carrier that is transporting
58.31 tobacco products under a proper bill of lading or freight bill that states the quantity, source,

59.1 and destination of tobacco products, or a person who ships tobacco products through this
59.2 state by common or contract carrier under a bill of lading or freight bill.

59.3 (f) "Retailer" means a person, whether located inside or outside this state, who sells or
59.4 distributes tobacco products to a consumer in this state.

59.5 (g) "Tobacco products" means: cigarettes and tobacco products as defined in section
59.6 297F.01.

59.7 ~~(1) cigarettes, as defined in section 297F.01, subdivision 3;~~

59.8 ~~(2) smokeless tobacco as defined in section 325F.76; and~~

59.9 ~~(3) premium cigars as defined in section 297F.01, subdivision 13a.~~

59.10 **EFFECTIVE DATE.** This section is effective January 1, 2022.

59.11 Sec. 10. Minnesota Statutes 2020, section 325F.781, subdivision 5, is amended to read:

59.12 Subd. 5. **Registration requirement.** Prior to making delivery sales ~~or shipping tobacco~~
59.13 ~~products in connection with any sales,~~ an out-of-state retailer must ~~meet the requirements~~
59.14 ~~of~~ register with the commissioner of revenue as required under section 297F.031.

59.15 **EFFECTIVE DATE.** This section is effective for all delivery sales occurring after
59.16 December 31, 2021.

59.17 Sec. 11. Minnesota Statutes 2020, section 325F.781, subdivision 6, is amended to read:

59.18 Subd. 6. **Collection of taxes.** ~~(a) Prior to shipping any tobacco products to a purchaser~~
59.19 ~~in this state, the out-of-state~~ A retailer shall comply with all requirements of making delivery
59.20 sales must file all returns and reports, collect and pay all taxes, and maintain all records
59.21 required under chapter 297F and shall ensure that all state excise taxes and fees that apply
59.22 ~~to such tobacco products have been collected and paid to the state and that all related state~~
59.23 ~~excise tax stamps or other indicators of state excise tax payment have been properly affixed~~
59.24 ~~to those tobacco products.~~

59.25 (b) In addition to any penalties under chapter 297F, ~~a distributor~~ a retailer making delivery
59.26 sales who fails to pay any tax due ~~according to paragraph (a) under chapter 297F,~~ shall pay,
59.27 in addition to any other penalty, a penalty of 50 percent of the tax due but unpaid.

59.28 **EFFECTIVE DATE.** This section is effective for all delivery sales occurring after
59.29 December 31, 2021.

ARTICLE 6**PROPERTY TAXES**

Section 1. Minnesota Statutes 2020, section 144F.01, is amended to read:

144F.01 FIRE PROTECTION AND EMERGENCY MEDICAL SERVICES
SPECIAL TAXING DISTRICTS.

Subdivision 1. ~~Political subdivision defined~~ **Definitions.** For purposes of this section, the following terms have the meanings given.

~~In this section,~~ (a) "Political subdivision" means a county, a statutory or home rule charter city, or a township organized to provide town government.

(b) "Governing body" means a city council for a city, a county board for a county, and a board of supervisors for a town.

(c) "Emergency medical services" means supporting the providing of out-of-hospital emergency medical services including, but not limited to, first responder or rescue squads recognized by the district, ambulance services licensed under chapter 144E and recognized by the district, medical control functions set out in chapter 144E, communications equipment and systems, and programs of regional emergency medical services authorized by regional boards described in section 144E.52.

Subd. 2. ~~Who may~~ **Authority to establish.** (a) Two or more political subdivisions, ~~or parts of them,~~ may establish, by resolution of their governing bodies, a special taxing district ~~for to provide fire protection or emergency medical services. The participating territory of a participating political subdivision need not abut any other participating territory to be in the special taxing district,~~ or both, in the area of the district, comprising the jurisdiction of each of the political subdivisions forming the district. For a county that participates in establishing a district, the county's jurisdiction comprises the unorganized territory of the county that it designated in its resolution for inclusion in the district. The area of the special taxing district need not be contiguous or its boundaries continuous.

(b) Before establishing a district under this section, the participating political subdivisions must enter into an agreement that specifies how any liabilities, other than debt issued under subdivision 6, and assets of the district will be distributed if the district is dissolved. The agreement may also include other terms, including a method for apportioning the levy of the district among participating political subdivisions under subdivision 4, paragraph (b), as the political subdivisions determine appropriate. The agreement must be adopted no later than upon passage of the resolution establishing the district under paragraph (a), but may

61.1 be later amended by agreement of each of the political subdivisions participating in the
61.2 district.

61.3 (c) If two or more political subdivisions that currently operate separate fire departments
61.4 seek to merge fire departments into one fire department, or if a political subdivision with
61.5 an existing fire department requests to join a special taxing district with an established fire
61.6 department, the resolution under paragraph (a) or agreement under paragraph (b) must
61.7 specify which, if any, volunteer firefighter pension plan is associated with the district. A
61.8 special taxing district that operates a fire department under this section may be associated
61.9 with only one volunteer firefighting relief association or one account in the voluntary
61.10 statewide volunteer firefighting retirement plan at one time.

61.11 (d) If the special taxing district includes the operation of a fire department, it must file
61.12 its resolution establishing the fire protection special taxing district, and any agreements
61.13 required for the establishment of the special taxing district, with the commissioner of revenue,
61.14 including any subsequent amendments. If the resolution or agreement does not include
61.15 sufficient information defining the fire department service area of the fire protection special
61.16 taxing district, the secretary of the district board must file a written statement with the
61.17 commissioner defining the fire department service area.

61.18 Subd. 3. **Board.** The special taxing district established under this section is governed
61.19 by a board made up initially of representatives of each participating political subdivision
61.20 in the proportions set out in the establishing resolution, subject to change as provided in the
61.21 district's charter, if any, or in the district's bylaws. ~~If a township states in its resolution that~~
61.22 ~~less than the entire township will participate in the district, the partial townships shall be~~
61.23 ~~represented on the board by only one member, appointed from among those townships so~~
61.24 ~~participating. The method for appointment shall be governed by the bylaws of the district's~~
61.25 ~~joint powers agreement. Each participant's representative serves at the pleasure of that~~
61.26 ~~participant's governing body or bodies~~ Each participating political subdivision's representative
61.27 must be an elected member of the governing body of the political subdivision and shall
61.28 serve at the pleasure of that participant's governing body.

61.29 Subd. 4. **Property tax levy authority.** (a) The district's board may levy a tax on the
61.30 taxable real and personal property in the district. ~~The ad valorem tax levy may not exceed~~
61.31 ~~0.048 percent of the estimated market value of the district or \$550,000, whichever is less.~~
61.32 The proceeds of the levy must be used as provided in subdivision 5. The board shall certify
61.33 the levy at the times as provided under section 275.07. The board shall provide the county
61.34 with whatever information is necessary to identify the property that is located within the
61.35 district. If the boundaries include a part of a parcel, the entire parcel shall be included in

the district. The county auditors must spread, collect, and distribute the proceeds of the tax at the same time and in the same manner as provided by law for all other property taxes.

(b) As an alternative to paragraph (a), the board may apportion its levy among the political subdivisions that are members of the district under a formula or method, with factors such as population, number of service calls, costs of providing service, the market value of improvements, or other measures approved by the governing body of each of the participating political subdivisions. The amount of the levy allocated to each political subdivision must be added to that political subdivision's levy and spread at the same time and in the same manner as provided by law for all other property taxes. The proceeds of the levy must be collected and remitted to the district and used as provided in subdivision 5.

Subd. 5. Use of levy proceeds. The proceeds of property taxes levied under this section must be used to ~~support the providing of out-of-hospital emergency medical services including, but not limited to, first responder or rescue squads recognized by the district, ambulance services licensed under chapter 144E and recognized by the district, medical control functions set out in chapter 144E, communications equipment and systems, and programs of regional emergency medical services authorized by regional boards described in section 144E.52~~ provide fire protection, emergency medical services, or both, to residents of the district and property located in the district, as well as to pay debt issued under subdivision 6. Services may be provided by employees of the district or by contracting for services provided by other governmental or private entities.

Subd. 6. ~~Advisory committee Debt.~~ ~~A special taxing district board under this section must have an advisory committee to advise the board on issues involving emergency medical services and EMS communications. The committee's membership must be comprised of representatives of first responders, ambulance services, ambulance medical directors, and EMS communication experts. The advisory committee members serve at the pleasure of the appointing board~~ (a) The district may incur debt under chapter 475 when the board determines doing so is necessary to accomplish its duties.

(b) In addition, the district board may issue certificates of indebtedness or capital notes under section 412.301 to purchase capital equipment. In applying section 412.301, paragraph (e), the following rules apply:

(1) the taxable property of the entire district must be used to calculate the percent of estimated market value; and

(2) "the number of voters at the last municipal election" means the sum of the number of voters at the last municipal election for each of the cities that is a member of the district

63.1 plus the number of registered voters in each town that is a participating member of the
 63.2 district.

63.3 Subd. 7. **Powers.** (a) In addition to authority expressly granted in this section, a special
 63.4 taxing district established under this section may exercise any power that may be exercised
 63.5 by any of its participating political subdivisions, ~~except that the board may not incur debt.~~
 63.6 ~~The special taxing district may only use the power to do what~~ that is necessary or reasonable
 63.7 to support the services set out in subdivision 5. These powers include the authority to
 63.8 participate in state programs and to enforce or carry out state laws related to fire protection
 63.9 or emergency medical services, including programs providing state aid, reimbursement or
 63.10 funding of employee benefits, and authorizing local enforcement of state standards including
 63.11 fire protection related programs and political subdivision powers or responsibilities under
 63.12 chapters 299A, 424A, and 477B; sections 6.495, 353.64, and 423A.022; and any other
 63.13 administrative rules related to the fire code, to the extent the special taxing district meets
 63.14 the qualification criteria and requirements of a program.

63.15 ~~(b) Notwithstanding paragraph (a),~~ To the extent the district's authority under this
 63.16 subdivision overlaps with or may conflict with the authority of the participating political
 63.17 subdivision, the agreement under subdivision 2, paragraph (b), must provide for allocation
 63.18 of those powers or responsibilities between the participating political subdivisions and the
 63.19 district, and may provide for resolution of conflicts in the exercise of those powers.

63.20 (c) The district may only levy the taxes tax authorized in this section subdivision 4.

63.21 Subd. 8. **Additions and withdrawals.** (a) Additional ~~eligible~~ political subdivisions may
 63.22 be added to a special taxing district established under this section as provided by the board
 63.23 of the district and agreed to in a resolution of the governing body of the political subdivision
 63.24 proposed to be added. The addition of a political subdivision to the district may not cause
 63.25 the district to be out of compliance with subdivision 2, paragraph (c).

63.26 (b) A political subdivision may withdraw from a special taxing district under this section
 63.27 by resolution of its governing body. The political subdivision must notify the board of the
 63.28 special taxing district of the withdrawal by providing a copy of the resolution at least ~~one~~
 63.29 ~~year~~ two years in advance of the proposed withdrawal. The taxable property of the
 63.30 withdrawing member is subject to the property tax levy under subdivision 4 for the two
 63.31 ~~taxes payable year~~ years following the notice of the withdrawal, unless the board and the
 63.32 withdrawing member agree otherwise by action of their governing bodies. If a political
 63.33 subdivision withdraws from a district for which debt was issued under subdivision 6 when
 63.34 the political subdivision was a participating member, and which is outstanding when the

political subdivision withdraws from the district, the taxable property of the withdrawing political subdivision remains subject to the special taxing district levy until the outstanding debt has been paid or defeased. If the district's property tax levy to repay debt was apportioned among the political subdivisions under an alternative formula or method under subdivision 4, paragraph (b), the withdrawing political subdivision is subject to the same percentage of the debt levy as applied in the taxes payable year immediately preceding its withdrawal from the district.

(c) Notwithstanding subdivision 2, if the district is comprised of ~~only~~ two political subdivisions and one of the political subdivisions withdraws, the district can continue to exist.

Subd. 9. **Dissolution.** The special taxing district may be dissolved by resolution approved by a majority vote of the board. If the special taxing district is dissolved, the assets and liabilities may be assigned to a successor entity, if any, or otherwise disposed of for public purposes as provided by law in the agreement adopted under subdivision 2, paragraph (b), or otherwise agreed to by each participating political subdivision. A district may not be dissolved until all debt issued under subdivision 6 has been paid or defeased.

Subd. 10. **Reports.** (a) On or before March 15, 2005 2024, and March 15, 2007 2026, the special taxing district shall submit a levy and expenditure report to the commissioner of revenue and to the ~~chairs of the~~ house of representatives and senate committees with jurisdiction over taxes and property taxes. Each report must include the amount of the district's levies for taxes payable for each of the two previous years and its actual expenditures of those revenues. Expenditures must be reported by general service category, ~~as listed in subdivision 5,~~ and include a separate category for administrative expenses.

(b) On or before March 15, 2024, and March 15, 2026, a political subdivision that has established or joined a special taxing district authorized under this section after June 30, 2021, shall submit a levy and expenditure report to the commissioner of revenue and to the house of representatives and senate committees with jurisdiction over taxes and property taxes. The report must include:

(1) the amount of the political subdivision's levy, and its actual expenditure of the subdivision's levy revenues, including the amount attributable to fire protection and emergency medical services, for taxes payable in each of the two taxes payable years prior to establishing or joining a special taxing district authorized under this section;

(2) the political subdivision's levy, and its actual expenditure of the subdivision's levy revenues, for taxes payable in each of the taxes payable years after establishing or joining

65.1 a special taxing district authorized under this section, up to, and including, taxes payable
65.2 in 2024, and taxes payable in 2026; and

65.3 (3) a certification from the political subdivision that the subdivision's levy for each of
65.4 the taxes payable years after establishing or joining a special taxing district authorized under
65.5 this section, up to, and including, taxes payable in 2024, and taxes payable in 2026, does
65.6 not include expenditures for fire protection, emergency medical services, or both, except
65.7 as provided in subdivision 4, paragraph (b), or those necessary to establish, or join, a district
65.8 as provided in this section.

65.9 **EFFECTIVE DATE.** This section is effective the day following final enactment and
65.10 applies to districts established after June 30, 2021, except that districts established prior to
65.11 June 30, 2021, are eligible for changes made to subdivisions 4 and 6 beginning with property
65.12 taxes payable in 2022.

65.13 Sec. 2. Minnesota Statutes 2020, section 272.02, is amended by adding a subdivision to
65.14 read:

65.15 Subd. 104. **Certain property owned by an Indian Tribe.** (a) Property is exempt that:

65.16 (1) is located in a county with a population greater than 28,000 but less than 29,000 as
65.17 of the 2010 federal census;

65.18 (2) was on January 2, 2018, and is for the current assessment owned by a federally
65.19 recognized Indian Tribe or its instrumentality, that is located in Minnesota;

65.20 (3) was on January 2, 2018, erroneously treated as exempt under subdivision 7; and

65.21 (4) is used for the same purpose as the property was used on January 2, 2018.

65.22 (b) The owner of property exempt under paragraph (a) may apply to the county for a
65.23 refund of any state general tax paid for property taxes payable in 2020 and 2021. The county
65.24 may prescribe the form and manner of the application. The county auditor must certify to
65.25 the commissioner of revenue the amount needed for refunds under this section, which the
65.26 commissioner must pay to the county. An amount necessary for refunds under this paragraph
65.27 is appropriated from the general fund to the commissioner of revenue in fiscal year 2022.
65.28 This paragraph expires June 30, 2022.

65.29 **EFFECTIVE DATE.** (a) Paragraph (a) is effective beginning with assessment year
65.30 2021. For assessment year 2021, an exemption application under this section must be filed
65.31 with the county assessor by August 1, 2021.

65.32 (b) Paragraph (b) is effective the day following final enactment.

66.1 Sec. 3. Minnesota Statutes 2020, section 273.124, subdivision 1, is amended to read:

66.2 Subdivision 1. **General rule.** (a) Residential real estate that is occupied and used for
66.3 the purposes of a homestead by its owner, who must be a Minnesota resident, is a residential
66.4 homestead.

66.5 Agricultural land, as defined in section 273.13, subdivision 23, that is occupied and used
66.6 as a homestead by its owner, who must be a Minnesota resident, is an agricultural homestead.

66.7 Dates for establishment of a homestead and homestead treatment provided to particular
66.8 types of property are as provided in this section.

66.9 Property held by a trustee under a trust is eligible for homestead classification if the
66.10 requirements under this chapter are satisfied.

66.11 The assessor shall require proof, as provided in subdivision 13, of the facts upon which
66.12 classification as a homestead may be determined. Notwithstanding any other law, the assessor
66.13 may at any time require a homestead application to be filed in order to verify that any
66.14 property classified as a homestead continues to be eligible for homestead status.

66.15 Notwithstanding any other law to the contrary, the Department of Revenue may, upon
66.16 request from an assessor, verify whether an individual who is requesting or receiving
66.17 homestead classification has filed a Minnesota income tax return as a resident for the most
66.18 recent taxable year for which the information is available.

66.19 When there is a name change or a transfer of homestead property, the assessor may
66.20 reclassify the property in the next assessment unless a homestead application is filed to
66.21 verify that the property continues to qualify for homestead classification.

66.22 (b) For purposes of this section, homestead property shall include property which is used
66.23 for purposes of the homestead but is separated from the homestead by a road, street, lot,
66.24 waterway, or other similar intervening property. The term "used for purposes of the
66.25 homestead" shall include but not be limited to uses for gardens, garages, or other outbuildings
66.26 commonly associated with a homestead, but shall not include vacant land held primarily
66.27 for future development. In order to receive homestead treatment for the noncontiguous
66.28 property, the owner must use the property for the purposes of the homestead, and must apply
66.29 to the assessor, both by the deadlines given in subdivision 9. After initial qualification for
66.30 the homestead treatment, additional applications for subsequent years are not required.

66.31 (c) Residential real estate that is occupied and used for purposes of a homestead by a
66.32 relative of the owner is a homestead but only to the extent of the homestead treatment that
66.33 would be provided if the related owner occupied the property. For purposes of this paragraph

and paragraph (g), "relative" means a parent, stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, aunt, nephew, or niece. This relationship may be by blood or marriage. Property that has been classified as seasonal residential recreational property at any time during which it has been owned by the current owner or spouse of the current owner will not be reclassified as a homestead unless it is occupied as a homestead by the owner; this prohibition also applies to property that, in the absence of this paragraph, would have been classified as seasonal residential recreational property at the time when the residence was constructed. Neither the related occupant nor the owner of the property may claim a property tax refund under chapter 290A for a homestead occupied by a relative. In the case of a residence located on agricultural land, only the house, garage, and immediately surrounding one acre of land shall be classified as a homestead under this paragraph, except as provided in paragraph (d).

(d) Agricultural property that is occupied and used for purposes of a homestead by a relative of the owner, is a homestead, only to the extent of the homestead treatment that would be provided if the related owner occupied the property, and only if all of the following criteria are met:

(1) the relative who is occupying the agricultural property is a grandchild, child, sibling, ~~or parent, grandparent, stepparent, stepchild, uncle, aunt, nephew, or niece~~ of the owner of the agricultural property or of the spouse of the owner;

(2) the owner of the agricultural property must be a Minnesota resident;

(3) the owner of the agricultural property must not receive homestead treatment on any other agricultural property in Minnesota; and

(4) the owner of the agricultural property is limited to only one agricultural homestead per family under this paragraph.

Neither the related occupant nor the owner of the property may claim a property tax refund under chapter 290A for a homestead occupied by a relative qualifying under this paragraph. For purposes of this paragraph, "agricultural property" means the house, garage, other farm buildings and structures, and agricultural land.

Application must be made to the assessor by the owner of the agricultural property to receive homestead benefits under this paragraph. The assessor may require the necessary proof that the requirements under this paragraph have been met.

(e) In the case of property owned by a property owner who is married, the assessor must not deny homestead treatment in whole or in part if only one of the spouses occupies the

68.1 property and the other spouse is absent due to: (1) marriage dissolution proceedings, (2)
68.2 legal separation, (3) employment or self-employment in another location, or (4) other
68.3 personal circumstances causing the spouses to live separately, not including an intent to
68.4 obtain two homestead classifications for property tax purposes. To qualify under clause (3),
68.5 the spouse's place of employment or self-employment must be at least 50 miles distant from
68.6 the other spouse's place of employment, and the homesteads must be at least 50 miles distant
68.7 from each other.

68.8 (f) The assessor must not deny homestead treatment in whole or in part if:

68.9 (1) in the case of a property owner who is not married, the owner is absent due to
68.10 residence in a nursing home, boarding care facility, or an elderly assisted living facility
68.11 property as defined in section 273.13, subdivision 25a, and the property is not otherwise
68.12 occupied; or

68.13 (2) in the case of a property owner who is married, the owner or the owner's spouse or
68.14 both are absent due to residence in a nursing home, boarding care facility, or an elderly
68.15 assisted living facility property as defined in section 273.13, subdivision 25a, and the property
68.16 is not occupied or is occupied only by the owner's spouse.

68.17 (g) If an individual is purchasing property with the intent of claiming it as a homestead
68.18 and is required by the terms of the financing agreement to have a relative shown on the deed
68.19 as a co-owner, the assessor shall allow a full homestead classification. This provision only
68.20 applies to first-time purchasers, whether married or single, or to a person who had previously
68.21 been married and is purchasing as a single individual for the first time. The application for
68.22 homestead benefits must be on a form prescribed by the commissioner and must contain
68.23 the data necessary for the assessor to determine if full homestead benefits are warranted.

68.24 (h) If residential or agricultural real estate is occupied and used for purposes of a
68.25 homestead by a child of a deceased owner and the property is subject to jurisdiction of
68.26 probate court, the child shall receive relative homestead classification under paragraph (c)
68.27 or (d) to the same extent they would be entitled to it if the owner was still living, until the
68.28 probate is completed. For purposes of this paragraph, "child" includes a relationship by
68.29 blood or by marriage.

68.30 (i) If a single-family home, duplex, or triplex classified as either residential homestead
68.31 or agricultural homestead is also used to provide licensed child care, the portion of the
68.32 property used for licensed child care must be classified as a part of the homestead property.

68.33 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
68.34 in 2022 and thereafter.

69.1 Sec. 4. Minnesota Statutes 2020, section 273.124, subdivision 9, is amended to read:

69.2 Subd. 9. **Homestead established after assessment date.** Any property that was not
69.3 used for the purpose of a homestead on the assessment date, but which was used for the
69.4 purpose of a homestead on December ~~1~~ 31 of a year, constitutes class 1 or class 2a.

69.5 Any taxpayer meeting the requirements of this subdivision must notify the county
69.6 assessor, or the assessor who has the powers of the county assessor under section 273.063,
69.7 in writing, by December ~~15~~ 31 of the year of occupancy in order to qualify under this
69.8 subdivision. The assessor must not deny full homestead treatment to a property that is
69.9 partially homesteaded on January 2 but occupied for the purpose of a full homestead on
69.10 December ~~1~~ 31 of a year.

69.11 The county assessor and the county auditor may make the necessary changes on their
69.12 assessment and tax records to provide for proper homestead classification as provided in
69.13 this subdivision.

69.14 If homestead classification has not been requested as of December ~~15~~ 31, the assessor
69.15 will classify the property as nonhomestead for the current assessment year for taxes payable
69.16 in the following year, provided that the owner of any property qualifying under this
69.17 subdivision, which has not been accorded the benefits of this subdivision, may be entitled
69.18 to receive homestead classification by proper application as provided in section 375.192.

69.19 The county assessor may publish in a newspaper of general circulation within the county
69.20 a notice requesting the public to file an application for homestead as soon as practicable
69.21 after acquisition of a homestead, but no later than December ~~15~~ 31.

69.22 The county assessor shall publish in a newspaper of general circulation within the county
69.23 no later than December 1 of each year a notice informing the public of the requirement to
69.24 file an application for homestead by December ~~15~~ 31.

69.25 In the case of manufactured homes assessed as personal property, the homestead must
69.26 be established, and a homestead classification requested, by May 29 of the assessment year.
69.27 The assessor may include information on these deadlines for manufactured homes assessed
69.28 as personal property in the published notice or notices.

69.29 **EFFECTIVE DATE.** This section is effective beginning with assessments in 2021.

70.1 Sec. 5. Minnesota Statutes 2020, section 273.124, subdivision 13, is amended to read:

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

70.5 (b) The commissioner shall prescribe the content, format, and manner of the homestead
70.6 application required to be filed under this chapter pursuant to section 270C.30. The
70.7 application must clearly inform the taxpayer that this application must be signed by all
70.8 owners who occupy the property or by the qualifying relative and returned to the county
70.9 assessor in order for the property to receive homestead treatment.

70.10 (c) Every property owner applying for homestead classification must furnish to the
70.11 county assessor the Social Security number of each occupant who is listed as an owner of
70.12 the property on the deed of record, the name and address of each owner who does not occupy
70.13 the property, and the name and Social Security number of the spouse of each occupying
70.14 owner. The application must be signed by each owner who occupies the property and by
70.15 each owner's spouse who occupies the property, or, in the case of property that qualifies as
70.16 a homestead under subdivision 1, paragraph (c), by the qualifying relative.

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

70.21 Owners or spouses occupying residences owned by their spouses and previously occupied
70.22 with the other spouse, either of whom fail to include the other spouse's name and Social
70.23 Security number on the homestead application or provide the affidavits or other proof
70.24 requested, will be deemed to have elected to receive only partial homestead treatment of
70.25 their residence. The remainder of the residence will be classified as nonhomestead residential.
70.26 When an owner or spouse's name and Social Security number appear on homestead
70.27 applications for two separate residences and only one application is signed, the owner or
70.28 spouse will be deemed to have elected to homestead the residence for which the application
70.29 was signed.

70.30 (d) If residential real estate is occupied and used for purposes of a homestead by a relative
70.31 of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in order for
70.32 the property to receive homestead status, a homestead application must be filed with the
70.33 assessor. The Social Security number of each relative occupying the property and the name
70.34 and Social Security number of the spouse of a relative occupying the property shall be

required on the homestead application filed under this subdivision. If a different relative of the owner subsequently occupies the property, the owner of the property must notify the assessor within 30 days of the change in occupancy. The Social Security number of a relative occupying the property or the spouse of a relative occupying the property is private data on individuals as defined by section 13.02, subdivision 12, but may be disclosed to the commissioner of revenue, or, for the purposes of proceeding under the Revenue Recapture Act to recover personal property taxes owing, to the county treasurer.

(e) The homestead application shall also notify the property owners that if the property is granted homestead status for any assessment year, that same property shall remain classified as homestead until the property is sold or transferred to another person, or the owners, the spouse of the owner, or the relatives no longer use the property as their homestead. Upon the sale or transfer of the homestead property, a certificate of value must be timely filed with the county auditor as provided under section 272.115. Failure to notify the assessor within 30 days that the property has been sold, transferred, or that the owner, the spouse of the owner, or the relative is no longer occupying the property as a homestead, shall result in the penalty provided under this subdivision and the property will lose its current homestead status.

(f) If a homestead application has not been filed with the county by December ~~15~~ 31, the assessor shall classify the property as nonhomestead for the current assessment year for taxes payable in the following year, provided that the owner may be entitled to receive the homestead classification by proper application under section 375.192.

EFFECTIVE DATE. This section is effective beginning with assessments in 2021.

Sec. 6. Minnesota Statutes 2020, section 273.13, subdivision 23, is amended to read:

Subd. 23. **Class 2.** (a) An agricultural homestead consists of class 2a agricultural land that is homesteaded, along with any class 2b rural vacant land that is contiguous to the class 2a land under the same ownership. The market value of the house and garage and immediately surrounding one acre of land has the same classification rates as class 1a or 1b property under subdivision 22. The value of the remaining land including improvements up to the first tier valuation limit of agricultural homestead property has a classification rate of 0.5 percent of market value. The remaining property over the first tier has a classification rate of one percent of market value. For purposes of this subdivision, the "first tier valuation limit of agricultural homestead property" and "first tier" means the limit certified under section 273.11, subdivision 23.

(b) Class 2a agricultural land consists of parcels of property, or portions thereof, that are agricultural land and buildings. Class 2a property has a classification rate of one percent of market value, unless it is part of an agricultural homestead under paragraph (a). Class 2a property must also include any property that would otherwise be classified as 2b, but is interspersed with class 2a property, including but not limited to sloughs, wooded wind shelters, acreage abutting ditches, ravines, rock piles, land subject to a setback requirement, and other similar land that is impractical for the assessor to value separately from the rest of the property or that is unlikely to be able to be sold separately from the rest of the property.

An assessor may classify the part of a parcel described in this subdivision that is used for agricultural purposes as class 2a and the remainder in the class appropriate to its use.

(c) Class 2b rural vacant land consists of parcels of property, or portions thereof, that are unplatted real estate, rural in character and not used for agricultural purposes, including land used for growing trees for timber, lumber, and wood and wood products, that is not improved with a structure. The presence of a minor, ancillary nonresidential structure as defined by the commissioner of revenue does not disqualify the property from classification under this paragraph. Any parcel of 20 acres or more improved with a structure that is not a minor, ancillary nonresidential structure must be split-classified, and ten acres must be assigned to the split parcel containing the structure. If a parcel of 20 acres or more is enrolled in the sustainable forest management incentive program under chapter 290C, the number of acres assigned to the split parcel improved with a structure that is not a minor, ancillary nonresidential structure must equal three acres or the number of acres excluded from the sustainable forest incentive act covenant due to the structure, whichever is greater. Class 2b property has a classification rate of one percent of market value unless it is part of an agricultural homestead under paragraph (a), or qualifies as class 2c under paragraph (d).

(d) Class 2c managed forest land consists of no less than 20 and no more than 1,920 acres statewide per taxpayer that is being managed under a forest management plan that meets the requirements of chapter 290C, but is not enrolled in the sustainable forest resource management incentive program. It has a classification rate of .65 percent, provided that the owner of the property must apply to the assessor in order for the property to initially qualify for the reduced rate and provide the information required by the assessor to verify that the property qualifies for the reduced rate. If the assessor receives the application and information before May 1 in an assessment year, the property qualifies beginning with that assessment year. If the assessor receives the application and information after April 30 in an assessment year, the property may not qualify until the next assessment year. The commissioner of natural resources must concur that the land is qualified. The commissioner of natural

73.1 resources shall annually provide county assessors verification information on a timely basis.
73.2 The presence of a minor, ancillary nonresidential structure as defined by the commissioner
73.3 of revenue does not disqualify the property from classification under this paragraph.

73.4 (e) Agricultural land as used in this section means:

73.5 (1) contiguous acreage of ten acres or more, used during the preceding year for
73.6 agricultural purposes; or

73.7 (2) contiguous acreage used during the preceding year for an intensive livestock or
73.8 poultry confinement operation, provided that land used only for pasturing or grazing does
73.9 not qualify under this clause.

73.10 "Agricultural purposes" as used in this section means the raising, cultivation, drying, or
73.11 storage of agricultural products for sale, or the storage of machinery or equipment used in
73.12 support of agricultural production by the same farm entity. For a property to be classified
73.13 as agricultural based only on the drying or storage of agricultural products, the products
73.14 being dried or stored must have been produced by the same farm entity as the entity operating
73.15 the drying or storage facility. "Agricultural purposes" also includes (i) enrollment in a local
73.16 conservation program or the Reinvest in Minnesota program under sections 103F.501 to
73.17 103F.535 or the federal Conservation Reserve Program as contained in Public Law 99-198
73.18 or a similar state or federal conservation program if the property was classified as agricultural
73.19 (A) under this subdivision for taxes payable in 2003 because of its enrollment in a qualifying
73.20 program and the land remains enrolled or (B) in the year prior to its enrollment, or (ii) use
73.21 of land, not to exceed three acres, to provide environmental benefits such as buffer strips,
73.22 old growth forest restoration or retention, or retention ponds to prevent soil erosion. For
73.23 purposes of this section, a "local conservation program" means a program administered by
73.24 a town, statutory or home rule charter city, or county, including a watershed district, water
73.25 management organization, or soil and water conservation district, in which landowners
73.26 voluntarily enroll land and receive incentive payments equal to at least \$50 per acre in
73.27 exchange for use or other restrictions placed on the land. In order for property to qualify
73.28 under the local conservation program provision, a taxpayer must apply to the assessor by
73.29 February 1 of the assessment year and must submit the information required by the assessor,
73.30 including but not limited to a copy of the program requirements, the specific agreement
73.31 between the land owner and the local agency, if applicable, and a map of the conservation
73.32 area. Agricultural classification shall not be based upon the market value of any residential
73.33 structures on the parcel or contiguous parcels under the same ownership.

"Contiguous acreage," for purposes of this paragraph, means all of, or a contiguous portion of, a tax parcel as described in section 272.193, or all of, or a contiguous portion of, a set of contiguous tax parcels under that section that are owned by the same person.

(f) Agricultural land under this section also includes:

(1) contiguous acreage that is less than ten acres in size and exclusively used in the preceding year for raising or cultivating agricultural products; or

(2) contiguous acreage that contains a residence and is less than 11 acres in size, if the contiguous acreage exclusive of the house, garage, and surrounding one acre of land was used in the preceding year for one or more of the following three uses:

(i) for an intensive grain drying or storage operation, or for intensive machinery or equipment storage activities used to support agricultural activities on other parcels of property operated by the same farming entity;

(ii) as a nursery, provided that only those acres used intensively to produce nursery stock are considered agricultural land; or

(iii) for intensive market farming; for purposes of this paragraph, "market farming" means the cultivation of one or more fruits or vegetables or production of animal or other agricultural products for sale to local markets by the farmer or an organization with which the farmer is affiliated.

"Contiguous acreage," for purposes of this paragraph, means all of a tax parcel as described in section 272.193, or all of a set of contiguous tax parcels under that section that are owned by the same person.

(g) Land shall be classified as agricultural even if all or a portion of the agricultural use of that property is the leasing to, or use by another person for agricultural purposes.

Classification under this subdivision is not determinative for qualifying under section 273.111.

(h) The property classification under this section supersedes, for property tax purposes only, any locally administered agricultural policies or land use restrictions that define minimum or maximum farm acreage.

(i) The term "agricultural products" as used in this subdivision includes production for sale of:

75.1 (1) livestock, dairy animals, dairy products, poultry and poultry products, fur-bearing
75.2 animals, horticultural and nursery stock, fruit of all kinds, vegetables, forage, grains, bees,
75.3 and apiary products by the owner;

75.4 (2) aquacultural products for sale and consumption, as defined under section 17.47, if
75.5 the aquaculture occurs on land zoned for agricultural use;

75.6 (3) the commercial boarding of horses, which may include related horse training and
75.7 riding instruction, if the boarding is done on property that is also used for raising pasture
75.8 to graze horses or raising or cultivating other agricultural products as defined in clause (1);

75.9 (4) property which is owned and operated by nonprofit organizations used for equestrian
75.10 activities, excluding racing;

75.11 (5) game birds and waterfowl bred and raised (i) on a game farm licensed under section
75.12 97A.105, provided that the annual licensing report to the Department of Natural Resources,
75.13 which must be submitted annually by March 30 to the assessor, indicates that at least 500
75.14 birds were raised or used for breeding stock on the property during the preceding year and
75.15 that the owner provides a copy of the owner's most recent schedule F; or (ii) for use on a
75.16 shooting preserve licensed under section 97A.115;

75.17 (6) insects primarily bred to be used as food for animals;

75.18 (7) trees, grown for sale as a crop, including short rotation woody crops, and not sold
75.19 for timber, lumber, wood, or wood products; and

75.20 (8) maple syrup taken from trees grown by a person licensed by the Minnesota
75.21 Department of Agriculture under chapter 28A as a food processor.

75.22 (j) If a parcel used for agricultural purposes is also used for commercial or industrial
75.23 purposes, including but not limited to:

75.24 (1) wholesale and retail sales;

75.25 (2) processing of raw agricultural products or other goods;

75.26 (3) warehousing or storage of processed goods; and

75.27 (4) office facilities for the support of the activities enumerated in clauses (1), (2), and
75.28 (3),

75.29 the assessor shall classify the part of the parcel used for agricultural purposes as class
75.30 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use.
75.31 The grading, sorting, and packaging of raw agricultural products for first sale is considered
75.32 an agricultural purpose. A greenhouse or other building where horticultural or nursery

products are grown that is also used for the conduct of retail sales must be classified as agricultural if it is primarily used for the growing of horticultural or nursery products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products. Use of a greenhouse or building only for the display of already grown horticultural or nursery products does not qualify as an agricultural purpose.

(k) The assessor shall determine and list separately on the records the market value of the homestead dwelling and the one acre of land on which that dwelling is located. If any farm buildings or structures are located on this homesteaded acre of land, their market value shall not be included in this separate determination.

(l) Class 2d airport landing area consists of a landing area or public access area of a privately owned public use airport. It has a classification rate of one percent of market value. To qualify for classification under this paragraph, a privately owned public use airport must be licensed as a public airport under section 360.018. For purposes of this paragraph, "landing area" means that part of a privately owned public use airport properly cleared, regularly maintained, and made available to the public for use by aircraft and includes runways, taxiways, aprons, and sites upon which are situated landing or navigational aids. A landing area also includes land underlying both the primary surface and the approach surfaces that comply with all of the following:

(i) the land is properly cleared and regularly maintained for the primary purposes of the landing, taking off, and taxiing of aircraft; but that portion of the land that contains facilities for servicing, repair, or maintenance of aircraft is not included as a landing area;

(ii) the land is part of the airport property; and

(iii) the land is not used for commercial or residential purposes.

The land contained in a landing area under this paragraph must be described and certified by the commissioner of transportation. The certification is effective until it is modified, or until the airport or landing area no longer meets the requirements of this paragraph. For purposes of this paragraph, "public access area" means property used as an aircraft parking ramp, apron, or storage hangar, or an arrival and departure building in connection with the airport.

(m) Class 2e consists of land with a commercial aggregate deposit that is not actively being mined and is not otherwise classified as class 2a or 2b, provided that the land is not located in a county that has elected to opt-out of the aggregate preservation program as provided in section 273.1115, subdivision 6. It has a classification rate of one percent of market value. To qualify for classification under this paragraph, the property must be at

77.1 least ten contiguous acres in size and the owner of the property must record with the county
77.2 recorder of the county in which the property is located an affidavit containing:

77.3 (1) a legal description of the property;

77.4 (2) a disclosure that the property contains a commercial aggregate deposit that is not
77.5 actively being mined but is present on the entire parcel enrolled;

77.6 (3) documentation that the conditional use under the county or local zoning ordinance
77.7 of this property is for mining; and

77.8 (4) documentation that a permit has been issued by the local unit of government or the
77.9 mining activity is allowed under local ordinance. The disclosure must include a statement
77.10 from a registered professional geologist, engineer, or soil scientist delineating the deposit
77.11 and certifying that it is a commercial aggregate deposit.

77.12 For purposes of this section and section 273.1115, "commercial aggregate deposit"
77.13 means a deposit that will yield crushed stone or sand and gravel that is suitable for use as
77.14 a construction aggregate; and "actively mined" means the removal of top soil and overburden
77.15 in preparation for excavation or excavation of a commercial deposit.

77.16 (n) When any portion of the property under this subdivision or subdivision 22 begins to
77.17 be actively mined, the owner must file a supplemental affidavit within 60 days from the
77.18 day any aggregate is removed stating the number of acres of the property that is actively
77.19 being mined. The acres actively being mined must be (1) valued and classified under
77.20 subdivision 24 in the next subsequent assessment year, and (2) removed from the aggregate
77.21 resource preservation property tax program under section 273.1115, if the land was enrolled
77.22 in that program. Copies of the original affidavit and all supplemental affidavits must be
77.23 filed with the county assessor, the local zoning administrator, and the Department of Natural
77.24 Resources, Division of Land and Minerals. A supplemental affidavit must be filed each
77.25 time a subsequent portion of the property is actively mined, provided that the minimum
77.26 acreage change is five acres, even if the actual mining activity constitutes less than five
77.27 acres.

77.28 (o) The definitions prescribed by the commissioner under paragraphs (c) and (d) are not
77.29 rules and are exempt from the rulemaking provisions of chapter 14, and the provisions in
77.30 section 14.386 concerning exempt rules do not apply.

77.31 **EFFECTIVE DATE.** This section is effective for assessment year 2022 and thereafter.

78.1 Sec. 7. Minnesota Statutes 2020, section 273.13, subdivision 25, is amended to read:

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

78.9 (b) Class 4b includes:

78.10 (1) residential real estate containing less than four units, including property rented as a
78.11 short-term rental property for more than 14 days in the preceding year, that does not qualify
78.12 as class 4bb, other than seasonal residential recreational property;

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

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

78.16 (4) unimproved property that is classified residential as determined under subdivision
78.17 33.

78.18 For the purposes of this paragraph, "short-term rental property" means nonhomestead
78.19 residential real estate rented for periods of less than 30 consecutive days.

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

78.21 (c) Class 4bb includes:

78.22 (1) nonhomestead residential real estate containing one unit, other than seasonal
78.23 residential recreational property;

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

78.26 (3) a condominium-type storage unit having an individual property identification number
78.27 that is not used for a commercial purpose.

78.28 Class 4bb property has the same classification rates as class 1a property under subdivision
78.29 22.

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

79.4 (d) Class 4c property includes:

79.5 (1) except as provided in subdivision 22, paragraph (c), real and personal property
79.6 devoted to commercial temporary and seasonal residential occupancy for recreation purposes,
79.7 for not more than 250 days in the year preceding the year of assessment. For purposes of
79.8 this clause, property is devoted to a commercial purpose on a specific day if any portion of
79.9 the property is used for residential occupancy, and a fee is charged for residential occupancy.
79.10 Class 4c property under this clause must contain three or more rental units. A "rental unit"
79.11 is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site
79.12 equipped with water and electrical hookups for recreational vehicles. A camping pad offered
79.13 for rent by a property that otherwise qualifies for class 4c under this clause is also class 4c
79.14 under this clause regardless of the term of the rental agreement, as long as the use of the
79.15 camping pad does not exceed 250 days. In order for a property to be classified under this
79.16 clause, either (i) the business located on the property must provide recreational activities,
79.17 at least 40 percent of the annual gross lodging receipts related to the property must be from
79.18 business conducted during 90 consecutive days, and either (A) at least 60 percent of all paid
79.19 bookings by lodging guests during the year must be for periods of at least two consecutive
79.20 nights; or (B) at least 20 percent of the annual gross receipts must be from charges for
79.21 providing recreational activities, or (ii) the business must contain 20 or fewer rental units,
79.22 and must be located in a township or a city with a population of 2,500 or less located outside
79.23 the metropolitan area, as defined under section 473.121, subdivision 2, that contains a portion
79.24 of a state trail administered by the Department of Natural Resources. For purposes of item
79.25 (i)(A), a paid booking of five or more nights shall be counted as two bookings. Class 4c
79.26 property also includes commercial use real property used exclusively for recreational
79.27 purposes in conjunction with other class 4c property classified under this clause and devoted
79.28 to temporary and seasonal residential occupancy for recreational purposes, up to a total of
79.29 two acres, provided the property is not devoted to commercial recreational use for more
79.30 than 250 days in the year preceding the year of assessment and is located within two miles
79.31 of the class 4c property with which it is used. In order for a property to qualify for
79.32 classification under this clause, the owner must submit a declaration to the assessor
79.33 designating the cabins or units occupied for 250 days or less in the year preceding the year
79.34 of assessment by January 15 of the assessment year. Those cabins or units and a proportionate
79.35 share of the land on which they are located must be designated class 4c under this clause

as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located will be designated as class 3a. The owner of property desiring designation as class 4c property under this clause must provide guest registers or other records demonstrating that the units for which class 4c designation is sought were not occupied for more than 250 days in the year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes does not qualify for class 4c. For the purposes of this paragraph, "recreational activities" means renting ice fishing houses, boats and motors, snowmobiles, downhill or cross-country ski equipment; providing marina services, launch services, or guide services; or selling bait and fishing tackle;

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

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

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

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

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

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

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

For purposes of this clause:

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

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

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

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

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

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

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

81.27 (5)(i) manufactured home parks as defined in section 327.14, subdivision 3, excluding
81.28 manufactured home parks described in items (ii) and (iii), (ii) manufactured home parks as
81.29 defined in section 327.14, subdivision 3, that are described in section 273.124, subdivision
81.30 3a, and (iii) class I manufactured home parks as defined in section 327C.01, subdivision
81.31 13;

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

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

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

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

82.7 If a hangar classified under this clause is sold after June 30, 2000, a bill of sale must be
82.8 filed by the new owner with the assessor of the county where the property is located within
82.9 60 days of the sale;

82.10 (8) a privately owned noncommercial aircraft storage hangar not exempt under section
82.11 272.01, subdivision 2, and the land on which it is located, provided that:

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

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

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

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

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

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

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

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

82.29 (10) real property up to a maximum of three acres and operated as a restaurant as defined
82.30 under section 157.15, subdivision 12, provided it: (i) is located on a lake as defined under
82.31 section 103G.005, subdivision 15, paragraph (a), clause (3); and (ii) is either devoted to
82.32 commercial purposes for not more than 250 consecutive days, or receives at least 60 percent

83.1 of its annual gross receipts from business conducted during four consecutive months. Gross
83.2 receipts from the sale of alcoholic beverages must be included in determining the property's
83.3 qualification under item (ii). The property's primary business must be as a restaurant and
83.4 not as a bar. Gross receipts from gift shop sales located on the premises must be excluded.
83.5 Owners of real property desiring 4c classification under this clause must submit an annual
83.6 declaration to the assessor by February 1 of the current assessment year, based on the
83.7 property's relevant information for the preceding assessment year;

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

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

83.20 Class 4c property has a classification rate of 1.5 percent of market value, except that (i)
83.21 each parcel of noncommercial seasonal residential recreational property under clause (12)
83.22 has the same classification rates as class 4bb property, (ii) manufactured home parks assessed
83.23 under clause (5), item (i), have the same classification rate as class 4b property, the market
83.24 value of manufactured home parks assessed under clause (5), item (ii), have a classification
83.25 rate of 0.75 percent if more than 50 percent of the lots in the park are occupied by
83.26 shareholders in the cooperative corporation or association and a classification rate of one
83.27 percent if 50 percent or less of the lots are so occupied, and class I manufactured home
83.28 parks as defined in section 327C.01, subdivision 13, have a classification rate of 1.0 percent,
83.29 (iii) commercial-use seasonal residential recreational property and marina recreational land
83.30 as described in clause (11), has a classification rate of one percent for the first \$500,000 of
83.31 market value, and 1.25 percent for the remaining market value, (iv) the market value of
83.32 property described in clause (4) has a classification rate of one percent, (v) the market value
83.33 of property described in clauses (2), (6), and (10) has a classification rate of 1.25 percent,
83.34 (vi) that portion of the market value of property in clause (9) qualifying for class 4c property
83.35 has a classification rate of 1.25 percent, and (vii) property qualifying for classification under

clause (3) that is owned or operated by a congressionally chartered veterans organization has a classification rate of one percent. The commissioner of veterans affairs must provide a list of congressionally chartered veterans organizations to the commissioner of revenue by June 30, 2017, and by January 1, 2018, and each year thereafter.

(e) Class 4d property is qualifying low-income rental housing certified to the assessor by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion of the units in the building qualify as low-income rental housing units as certified under section 273.128, subdivision 3, only the proportion of qualifying units to the total number of units in the building qualify for class 4d. The remaining portion of the building shall be classified by the assessor based upon its use. Class 4d also includes the same proportion of land as the qualifying low-income rental housing units are to the total units in the building. For all properties qualifying as class 4d, the market value determined by the assessor must be based on the normal approach to value using normal unrestricted rents.

(f) The first tier of market value of class 4d property has a classification rate of 0.75 percent. The remaining value of class 4d property has a classification rate of 0.25 percent. For the purposes of this paragraph, the "first tier of market value of class 4d property" means the market value of each housing unit up to the first tier limit. For the purposes of this paragraph, all class 4d property value must be assigned to individual housing units. The first tier limit is \$100,000 for assessment ~~year 2014~~ years 2022 and 2023. For subsequent assessment years, the limit is adjusted each year by the average statewide change in estimated market value of property classified as class 4a and 4d under this section for the previous assessment year, excluding valuation change due to new construction, rounded to the nearest \$1,000, provided, however, that the limit may never be less than \$100,000. Beginning with assessment year 2015, the commissioner of revenue must certify the limit for each assessment year by November 1 of the previous year.

EFFECTIVE DATE. This section is effective beginning with assessment year 2022.

Sec. 8. Minnesota Statutes 2020, section 273.13, subdivision 34, is amended to read:

Subd. 34. **Homestead of veteran with a disability or family caregiver.** (a) All or a portion of the market value of property owned by a veteran and serving as the veteran's homestead under this section is excluded in determining the property's taxable market value if the veteran has a service-connected disability of 70 percent or more as certified by the United States Department of Veterans Affairs. To qualify for exclusion under this subdivision, the veteran must have been honorably discharged from the United States armed forces, as

85.1 indicated by United States Government Form DD214 or other official military discharge
85.2 papers.

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

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

85.7 (c) If a veteran with a disability qualifying for a valuation exclusion under paragraph
85.8 (b), clause (2), predeceases the veteran's spouse, and if upon the death of the veteran the
85.9 spouse holds the legal or beneficial title to the homestead and permanently resides there,
85.10 the exclusion shall carry over to the benefit of the veteran's spouse until such time as the
85.11 spouse remarries, or sells, transfers, or otherwise disposes of the property, except as otherwise
85.12 provided in paragraph (n). Qualification under this paragraph requires an application under
85.13 paragraph (h), and a spouse must notify the assessor if there is a change in the spouse's
85.14 marital status, ownership of the property, or use of the property as a permanent residence.

85.15 (d) If the spouse of a member of any branch or unit of the United States armed forces
85.16 who dies due to a service-connected cause while serving honorably in active service, as
85.17 indicated on United States Government Form DD1300 or DD2064, holds the legal or
85.18 beneficial title to a homestead and permanently resides there, the spouse is entitled to the
85.19 benefit described in paragraph (b), clause (2), until such time as the spouse remarries or
85.20 sells, transfers, or otherwise disposes of the property, except as otherwise provided in
85.21 paragraph (n).

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

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

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

85.32 (h) To qualify for a valuation exclusion under this subdivision a property owner must
85.33 apply to the assessor by December ~~15~~ 31 of the first assessment year for which the exclusion

86.1 is sought. ~~For an application received after December 15, the exclusion shall become effective~~
86.2 ~~for the following assessment year.~~ Except as provided in paragraph (c), the owner of a
86.3 property that has been accepted for a valuation exclusion must notify the assessor if there
86.4 is a change in ownership of the property or in the use of the property as a homestead.

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

86.7 (j) For purposes of this subdivision:

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

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

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

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

86.15 (k) If a veteran dying after December 31, 2011, did not apply for or receive the exclusion
86.16 under paragraph (b), clause (2), before dying, the veteran's spouse is entitled to the benefit
86.17 under paragraph (b), clause (2), until the spouse remarries or sells, transfers, or otherwise
86.18 disposes of the property, except as otherwise provided in paragraph (n), if:

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

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

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

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

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

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

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

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

(n) A spouse who received the benefit in paragraph (c), (d), or (k) but no longer holds the legal or beneficial title to the property may continue to receive the exclusion for a property other than the property for which the exclusion was initially granted until the spouse remarries or sells, transfers, or otherwise disposes of the property, provided that:

(1) the spouse applies under paragraph (h) for the continuation of the exclusion allowed under this paragraph;

(2) the spouse holds the legal or beneficial title to the property for which the continuation of the exclusion is sought under this paragraph, and permanently resides there;

(3) the estimated market value of the property for which the exclusion is sought under this paragraph is less than or equal to the estimated market value of the property that first received the exclusion, based on the value of each property on the date of the sale of the property that first received the exclusion; and

(4) the spouse has not previously received the benefit under this paragraph for a property other than the property for which the exclusion is sought.

EFFECTIVE DATE. This section is effective beginning with assessments in 2021.

Sec. 9. Minnesota Statutes 2020, section 275.025, subdivision 1, is amended to read:

Subdivision 1. **Levy amount.** The state general levy is levied against commercial-industrial property and seasonal residential recreational property, as defined in this section. The state general levy for commercial-industrial property is ~~\$737,090,000~~ \$716,990,000 for taxes payable in ~~2020~~ 2023 and thereafter. The state general levy for seasonal-recreational property is \$41,690,000 for taxes payable in 2020 and thereafter. The tax under this section is not treated as a local tax rate under section 469.177 and is not the levy of a governmental unit under chapters 276A and 473F.

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

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

(2) an erroneous calculation by the commissioner; and

88.1 (3) an increase or decrease in taxable value for commercial-industrial or seasonal
88.2 residential recreational property reported to the commissioner under section 270C.85,
88.3 subdivision 2, clause (4), for the same year.

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

88.6 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
88.7 in 2023 and thereafter.

88.8 Sec. 10. Minnesota Statutes 2020, section 275.025, subdivision 2, is amended to read:

88.9 Subd. 2. **Commercial-industrial tax capacity.** For the purposes of this section,
88.10 "commercial-industrial tax capacity" means the tax capacity of all taxable property classified
88.11 as class 3 or class 5(1) under section 273.13, excluding:

88.12 (1) the tax capacity attributable to the first ~~\$100,000~~ \$150,000 of market value of each
88.13 parcel of commercial-industrial property as defined under section 273.13, subdivision 24,
88.14 clauses (1) and (2);

88.15 (2) electric generation attached machinery under class 3; and

88.16 (3) property described in section 473.625.

88.17 County commercial-industrial tax capacity amounts are not adjusted for the captured
88.18 net tax capacity of a tax increment financing district under section 469.177, subdivision 2,
88.19 the net tax capacity of transmission lines deducted from a local government's total net tax
88.20 capacity under section 273.425, or fiscal disparities contribution and distribution net tax
88.21 capacities under chapter 276A or 473F. For purposes of this subdivision, the procedures
88.22 for determining eligibility for tier 1 under section 273.13, subdivision 24, clauses (1) and
88.23 (2), shall apply in determining the portion of a property eligible to be considered within the
88.24 first ~~\$100,000~~ \$150,000 of market value.

88.25 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
88.26 in 2023 and thereafter.

88.27 Sec. 11. Minnesota Statutes 2020, section 275.065, subdivision 3, is amended to read:

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

89.1 the treasurer may send the notice in electronic form or by electronic mail instead of on paper
89.2 or by ordinary mail.

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

89.4 (c) The notice must inform taxpayers that it contains the amount of property taxes each
89.5 taxing authority proposes to collect for taxes payable the following year. In the case of a
89.6 town, or in the case of the state general tax, the final tax amount will be its proposed tax.
89.7 The notice must clearly state for each city that has a population over 500, county, school
89.8 district, regional library authority established under section 134.201, ~~and~~ metropolitan taxing
89.9 districts as defined in paragraph (i), and fire protection and emergency medical services
89.10 special taxing districts established under section 144F.01, the time and place of a meeting
89.11 for each taxing authority in which the budget and levy will be discussed and public input
89.12 allowed, prior to the final budget and levy determination. The taxing authorities must provide
89.13 the county auditor with the information to be included in the notice on or before the time it
89.14 certifies its proposed levy under subdivision 1. The public must be allowed to speak at that
89.15 meeting, which must occur after November 24 and must not be held before 6:00 p.m. It
89.16 must provide a telephone number for the taxing authority that taxpayers may call if they
89.17 have questions related to the notice and an address where comments will be received by
89.18 mail, except that no notice required under this section shall be interpreted as requiring the
89.19 printing of a personal telephone number or address as the contact information for a taxing
89.20 authority. If a taxing authority does not maintain public offices where telephone calls can
89.21 be received by the authority, the authority may inform the county of the lack of a public
89.22 telephone number and the county shall not list a telephone number for that taxing authority.

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

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

89.30 (2) the items listed below, shown separately by county, city or town, and state general
89.31 tax, agricultural homestead credit under section 273.1384, school building bond agricultural
89.32 credit under section 273.1387, voter approved school levy, other local school levy, and the
89.33 sum of the special taxing districts, and as a total of all taxing authorities:

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

90.1 (ii) the proposed tax amount.

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

90.5 In the case of a town or the state general tax, the final tax shall also be its proposed tax
90.6 unless the town changes its levy at a special town meeting under section 365.52. If a school
90.7 district has certified under section 126C.17, subdivision 9, that a referendum will be held
90.8 in the school district at the November general election, the county auditor must note next
90.9 to the school district's proposed amount that a referendum is pending and that, if approved
90.10 by the voters, the tax amount may be higher than shown on the notice. In the case of the
90.11 city of Minneapolis, the levy for Minneapolis Park and Recreation shall be listed separately
90.12 from the remaining amount of the city's levy. In the case of the city of St. Paul, the levy for
90.13 the St. Paul Library Agency must be listed separately from the remaining amount of the
90.14 city's levy. In the case of Ramsey County, any amount levied under section 134.07 may be
90.15 listed separately from the remaining amount of the county's levy. In the case of a parcel
90.16 where tax increment or the fiscal disparities areawide tax under chapter 276A or 473F
90.17 applies, the proposed tax levy on the captured value or the proposed tax levy on the tax
90.18 capacity subject to the areawide tax must each be stated separately and not included in the
90.19 sum of the special taxing districts; and

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

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

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

90.27 (1) special assessments;

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

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

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

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

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

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

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

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

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

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

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

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

91.25 (1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325, 473.446,
91.26 473.521, 473.547, or 473.834;

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

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

91.29 For purposes of this section, any levies made by the regional rail authorities in the county
91.30 of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter 398A
91.31 shall be included with the appropriate county's levy.

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

(1) the impact of inflation as measured by the implicit price deflator for state and local government purchases;

(2) population growth and decline;

(3) state or federal government action; and

(4) other financial factors that affect the level of property taxation and local services that the governing body of the county, city, or school district may deem appropriate to include.

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

EFFECTIVE DATE. This section is effective beginning with property taxes payable in 2022.

Sec. 12. Minnesota Statutes 2020, section 275.065, is amended by adding a subdivision to read:

Subd. 3b. Notice of proposed property taxes required supplemental information. (a) The county auditor must prepare a separate statement to be delivered with the notice of proposed taxes described in subdivision 3. The statement must fit on one sheet of paper and contain for each parcel:

(1) for the county, city or township, and school district in which the parcel lies, the certified levy for the current taxes payable year, the proposed levy for taxes payable in the following year, and the increase or decrease between these two amounts, expressed as a percentage; and

(2) summary budget information listed in paragraph (b).

(b) Summary budget information must contain budget data from the county, city, and school district that proposes a property tax levy on the parcel for taxes payable the following

93.1 year. For the school district, the summary budget data must include the information provided
93.2 to the public under section 123B.10, subdivision 1, paragraph (b), for the current year and
93.3 prior year. For the county and city, the reported summary budget data must contain the same
93.4 information, in the same categories, and in the same format as provided to the Office of the
93.5 State Auditor as required by section 6.745. The statement must provide the governmental
93.6 revenues and current expenditures information in clauses (1) and (2) for the taxing authority's
93.7 budget for taxes payable the following year and the taxing authority's budget from taxes
93.8 payable in the current year, as well as the percent change between the two years. The city
93.9 must provide the county auditor with the summary budget data at the same time as the
93.10 information required under subdivision 3. Only cities with a population of at least 500 are
93.11 required to report the data described in this paragraph. If a city with a population over 500
93.12 fails to report the required information to the county auditor, the county auditor must list
93.13 the city as "budget information not reported" on the portion of the statement dedicated to
93.14 the city's budget information. The statement may take the same format as the annual summary
93.15 budget report for cities and counties issued by the Office of the State Auditor. The summary
93.16 budget data must include:

93.17 (1) a governmental revenues category, including and separately stating:

93.18 (i) "property taxes" defined as property taxes levied on an assessed valuation of real
93.19 property and personal property, if applicable, by the city and county, including fiscal
93.20 disparities;

93.21 (ii) "special assessments" defined as levies made against certain properties to defray all
93.22 or part of the costs of a specific improvement, such as new sewer and water mains, deemed
93.23 to benefit primarily those properties;

93.24 (iii) "state general purpose aid" defined as aid received from the state that has no
93.25 restrictions on its use, including local government aid, county program aid, and market
93.26 value credits; and

93.27 (iv) "state categorical aid" defined as revenues received for a specific purpose, such as
93.28 streets and highways, fire relief, and flood control, including but not limited to police and
93.29 fire state aid and out-of-home placement aid; and

93.30 (2) a current expenditures category, including and separately stating:

93.31 (i) "general government" defined as administration costs of city or county governments,
93.32 including salaries of officials and maintenance of buildings;

94.1 (ii) "public safety" defined as costs related to the protection of persons and property,
94.2 such as police, fire, ambulance services, building inspections, animal control, and flood
94.3 control;

94.4 (iii) "streets and highways" defined as costs associated with the maintenance and repair
94.5 of local highways, streets, bridges, and street equipment, such as patching, seal coating,
94.6 street lighting, street cleaning, and snow removal;

94.7 (iv) "sanitation" defined as costs of refuse collection and disposal, recycling, and weed
94.8 and pest control;

94.9 (v) "human services" defined as activities designed to provide public assistance and
94.10 institutional care for individuals economically unable to provide for themselves;

94.11 (vi) "health" defined as costs of the maintenance of vital statistics, restaurant inspection,
94.12 communicable disease control, and various health services and clinics;

94.13 (vii) "culture and recreation" defined as costs of libraries, park maintenance, mowing,
94.14 planting, removal of trees, festivals, bands, museums, community centers, cable television,
94.15 baseball fields, and organized recreation activities;

94.16 (viii) "conservation of natural resources" defined as the conservation and development
94.17 of natural resources, including agricultural and forestry programs and services, weed
94.18 inspection services, and soil and water conservation services;

94.19 (ix) "economic development and housing" defined as costs for development and
94.20 redevelopment activities in blighted or otherwise economically disadvantaged areas, including
94.21 low-interest loans, cleanup of hazardous sites, rehabilitation of substandard housing and
94.22 other physical facilities, and other assistance to those wanting to provide housing and
94.23 economic opportunity within a disadvantaged area; and

94.24 (x) "all other current expenditures" defined as costs not classified elsewhere, such as
94.25 airport expenditures, cemeteries, unallocated insurance costs, unallocated pension costs,
94.26 and public transportation costs.

94.27 (c) If a taxing authority reporting this data does not have revenues or expenditures in a
94.28 category listed in paragraph (b), then the taxing authority must designate the amount as "0"
94.29 for that specific category.

94.30 (d) The supplemental statement provided under this subdivision must be sent in electronic
94.31 form or by e-mail if the taxpayer requests an electronic version the notice of proposed
94.32 property taxes under subdivision 3, paragraph (a).

95.1 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2022 and
95.2 thereafter.

95.3 Sec. 13. Minnesota Statutes 2020, section 275.066, is amended to read:

95.4 **275.066 SPECIAL TAXING DISTRICTS; DEFINITION.**

95.5 For the purposes of property taxation and property tax state aids, the term "special taxing
95.6 districts" includes the following entities:

95.7 (1) watershed districts under chapter 103D;

95.8 (2) sanitary districts under sections 442A.01 to 442A.29;

95.9 (3) regional sanitary sewer districts under sections 115.61 to 115.67;

95.10 (4) regional public library districts under section 134.201;

95.11 (5) park districts under chapter 398;

95.12 (6) regional railroad authorities under chapter 398A;

95.13 (7) hospital districts under sections 447.31 to 447.38;

95.14 (8) St. Cloud Metropolitan Transit Commission under sections 458A.01 to 458A.15;

95.15 (9) Duluth Transit Authority under sections 458A.21 to 458A.37;

95.16 (10) regional development commissions under sections 462.381 to 462.398;

95.17 (11) housing and redevelopment authorities under sections 469.001 to 469.047;

95.18 (12) port authorities under sections 469.048 to 469.068;

95.19 (13) economic development authorities under sections 469.090 to 469.1081;

95.20 (14) Metropolitan Council under sections 473.123 to 473.549;

95.21 (15) Metropolitan Airports Commission under sections 473.601 to 473.679;

95.22 (16) Metropolitan Mosquito Control Commission under sections 473.701 to 473.716;

95.23 (17) Morrison County Rural Development Financing Authority under Laws 1982, chapter
95.24 437, section 1;

95.25 (18) Croft Historical Park District under Laws 1984, chapter 502, article 13, section 6;

95.26 (19) East Lake County Medical Clinic District under Laws 1989, chapter 211, sections
95.27 1 to 6;

96.1 (20) Floodwood Area Ambulance District under Laws 1993, chapter 375, article 5,
96.2 section 39;

96.3 (21) Middle Mississippi River Watershed Management Organization under sections
96.4 103B.211 and 103B.241;

96.5 (22) fire protection and emergency medical services special taxing districts under section
96.6 144F.01;

96.7 (23) a county levying under the authority of section 103B.241, 103B.245, or 103B.251;

96.8 (24) Southern St. Louis County Special Taxing District; Chris Jensen Nursing Home
96.9 under Laws 2003, First Special Session chapter 21, article 4, section 12;

96.10 (25) an airport authority created under section 360.0426; and

96.11 (26) any other political subdivision of the state of Minnesota, excluding counties, school
96.12 districts, cities, and towns, that has the power to adopt and certify a property tax levy to the
96.13 county auditor, as determined by the commissioner of revenue.

96.14 **EFFECTIVE DATE.** This section is effective the day following final enactment and
96.15 applies to districts established after June 30, 2021.

96.16 Sec. 14. Minnesota Statutes 2020, section 290A.03, subdivision 3, is amended to read:

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

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

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

96.20 (i) all nontaxable income;

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

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

96.27 (iv) cash public assistance and relief;

96.28 (v) any pension or annuity (including railroad retirement benefits, all payments received
96.29 under the federal Social Security Act, Supplemental Security Income, and veterans benefits),
96.30 which was not exclusively funded by the claimant or spouse, or which was funded exclusively

97.1 by the claimant or spouse and which funding payments were excluded from federal adjusted
97.2 gross income in the years when the payments were made;

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

97.5 (vii) workers' compensation;

97.6 (viii) nontaxable strike benefits;

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

97.10 (x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of
97.11 1986, as amended through December 31, 1995;

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

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

97.20 (xiii) nontaxable scholarship or fellowship grants;

97.21 (xiv) alimony received to the extent not included in the recipient's income;

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

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

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

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

98.1 (b) "Income" does not include:

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

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

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

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

98.11 (5) relief granted under this chapter;

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

98.14 (7) restitution payments received by eligible individuals and excludable interest as
98.15 defined in section 803 of the Economic Growth and Tax Relief Reconciliation Act of 2001,
98.16 Public Law 107-16; ~~or~~

98.17 (8) alimony paid; or

98.18 (9) veterans disability compensation paid under title 38 of the United States Code.

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

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

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

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

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

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

98.25 (6) if the claimant or claimant's spouse had a disability or attained the age of 65 on or
98.26 before December 31 of the year for which the taxes were levied or rent paid, the exemption
98.27 amount.

98.28 (d) For purposes of this subdivision, the following terms have the meanings given:

98.29 (1) "exemption amount" means the exemption amount under section 290.0121,
98.30 subdivision 1, paragraph (b), for the taxable year for which the income is reported;

(2) "retirement base amount" means the deductible amount for the taxable year for the claimant and spouse under section 219(b)(5)(A) of the Internal Revenue Code, adjusted for inflation as provided in section 219(b)(5)(C) of the Internal Revenue Code, without regard to whether the claimant or spouse claimed a deduction; and

(3) "traditional or Roth style retirement account or plan" means retirement plans under sections 401, 403, 408, 408A, and 457 of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective for refund claims based on property taxes payable in 2022 and rent paid in 2021 and thereafter.

Sec. 15. Minnesota Statutes 2020, section 429.021, subdivision 1, is amended to read:

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

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

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

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

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

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

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

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

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

- 100.1 (9) To construct, reconstruct, extend, and maintain dikes and other flood control works.
- 100.2 (10) To construct, reconstruct, extend, and maintain retaining walls and area walls.
- 100.3 (11) To acquire, construct, reconstruct, improve, alter, extend, operate, maintain, and
- 100.4 promote a pedestrian skyway system. Such improvement may be made upon a petition
- 100.5 pursuant to section 429.031, subdivision 3.
- 100.6 (12) To acquire, construct, reconstruct, extend, operate, maintain, and promote
- 100.7 underground pedestrian concourses.
- 100.8 (13) To acquire, construct, improve, alter, extend, operate, maintain, and promote public
- 100.9 malls, plazas or courtyards.
- 100.10 (14) To construct, reconstruct, extend, and maintain district heating systems.
- 100.11 (15) To construct, reconstruct, alter, extend, operate, maintain, and promote fire protection
- 100.12 systems in existing buildings, but only upon a petition pursuant to section 429.031,
- 100.13 subdivision 3.
- 100.14 (16) To acquire, construct, reconstruct, improve, alter, extend, and maintain highway
- 100.15 sound barriers.
- 100.16 (17) To improve, construct, reconstruct, extend, and maintain gas and electric distribution
- 100.17 facilities owned by a municipal gas or electric utility.
- 100.18 (18) To purchase, install, and maintain signs, posts, and other markers for addressing
- 100.19 related to the operation of enhanced 911 telephone service.
- 100.20 (19) To improve, construct, extend, and maintain facilities for Internet access and other
- 100.21 communications purposes, if the council finds that:
- 100.22 (i) the facilities are necessary to make available Internet access or other communications
- 100.23 services that are not and will not be available through other providers or the private market
- 100.24 in the reasonably foreseeable future; and
- 100.25 (ii) the service to be provided by the facilities will not compete with service provided
- 100.26 by private entities.
- 100.27 (20) To assess affected property owners for all or a portion of the costs agreed to with
- 100.28 an electric utility, telecommunications carrier, or cable system operator to bury or alter a
- 100.29 new or existing distribution system within the public right-of-way that exceeds the utility's
- 100.30 design and construction standards, or those set by law, tariff, or franchise, but only upon
- 100.31 petition under section 429.031, subdivision 3.

101.1 (21) To assess affected property owners for repayment of voluntary energy improvement
101.2 financings under section 216C.436, subdivision 7, or 216C.437, subdivision 28.

101.3 (22) To construct, reconstruct, alter, extend, operate, maintain, and promote energy
101.4 improvement projects in existing buildings, provided that:

101.5 (i) a petition for the improvement is made by a property owner under section 429.031,
101.6 subdivision 3;

101.7 (ii) the municipality funds and administers the energy improvement project;

101.8 (iii) project funds are only used for the installation of improvements to heating,
101.9 ventilation, and air conditioning equipment and building envelope and for the installation
101.10 of renewable energy systems;

101.11 (iv) each property owner petitioning for the improvement receives notice that free or
101.12 low-cost energy improvements may be available under federal, state, or utility programs;

101.13 (v) for energy improvement projects on residential property, only residential property
101.14 having five or more units may obtain financing for projects under this clause; and

101.15 (vi) prior to financing an energy improvement project or imposing an assessment for a
101.16 project, written notice is provided to the mortgage lender of any mortgage encumbering or
101.17 otherwise secured by the property proposed to be improved.

101.18 **EFFECTIVE DATE.** This section is effective for special assessments payable in 2022
101.19 and thereafter.

101.20 Sec. 16. Minnesota Statutes 2020, section 429.031, subdivision 3, is amended to read:

101.21 Subd. 3. **Petition by all owners.** Whenever all owners of real property abutting upon
101.22 any street named as the location of any improvement shall petition the council to construct
101.23 the improvement and to assess the entire cost against their property, the council may, without
101.24 a public hearing, adopt a resolution determining such fact and ordering the improvement.
101.25 The validity of the resolution shall not be questioned by any taxpayer or property owner or
101.26 the municipality unless an action for that purpose is commenced within 30 days after adoption
101.27 of the resolution as provided in section 429.036. Nothing herein prevents any property
101.28 owner from questioning the amount or validity of the special assessment against the owner's
101.29 property pursuant to section 429.081. In the case of a petition for the municipality to own
101.30 and install a fire protection system, energy improvement projects, a pedestrian skyway
101.31 system, or on-site water contaminant improvements, the petition must contain or be
101.32 accompanied by an undertaking satisfactory to the city by the petitioner that the petitioner

102.1 will grant the municipality the necessary property interest in the building to permit the city
102.2 to enter upon the property and the building to construct, maintain, and operate the fire
102.3 protection system, energy improvement projects, pedestrian skyway system, or on-site water
102.4 contaminant improvements. In the case of a petition for the installation of a privately owned
102.5 fire protection system, energy improvement projects, a privately owned pedestrian skyway
102.6 system, or privately owned on-site water contaminant improvements, the petition shall
102.7 contain the plans and specifications for the improvement, the estimated cost of the
102.8 improvement and a statement indicating whether the city or the owner will contract for the
102.9 construction of the improvement. If the owner is contracting for the construction of the
102.10 improvement, the city shall not approve the petition until it has reviewed and approved the
102.11 plans, specifications, and cost estimates contained in the petition. The construction cost
102.12 financed under section 429.091 shall not exceed the amount of the cost estimate contained
102.13 in the petition. In the case of a petition for the installation of a fire protection system, energy
102.14 improvement projects, a pedestrian skyway system, or on-site water contaminant
102.15 improvements, the petitioner may request abandonment of the improvement at any time
102.16 after it has been ordered pursuant to subdivision 1 and before contracts have been awarded
102.17 for the construction of the improvement under section 429.041, subdivision 2. If such a
102.18 request is received, the city council shall abandon the proceedings but in such case the
102.19 petitioner shall reimburse the city for any and all expenses incurred by the city in connection
102.20 with the improvement.

102.21 **EFFECTIVE DATE.** This section is effective for special assessments payable in 2022
102.22 and thereafter.

102.23 Sec. 17. Laws 2009, chapter 88, article 2, section 46, subdivision 3, as amended by Laws
102.24 2013, chapter 143, article 4, section 37, and Laws 2019, First Special Session chapter 6,
102.25 article 4, section 34, is amended to read:

102.26 Subd. 3. **Tax.** The district board may impose a property tax on taxable property as
102.27 provided in this subdivision to pay the costs of providing fire or ambulance services, or
102.28 both, throughout the district. The board shall annually determine the total amount of the
102.29 levy that is attributable to the cost of providing fire services and the cost of providing
102.30 ambulance services within the primary service area. ~~For those municipalities that only~~
102.31 ~~receive ambulance services, the costs for the provision of ambulance services shall be levied~~
102.32 ~~against taxable property within those municipalities at a rate necessary not to exceed 0.019~~
102.33 ~~percent of the estimated market value. For those municipalities that receive both fire and~~
102.34 ~~ambulance services, the tax shall be imposed at a rate that does not exceed 0.2835 percent~~
102.35 ~~of estimated market value.~~

103.1 When a member municipality opts to receive fire service from the district or an additional
103.2 municipality becomes a member of the district, the cost of providing fire services to that
103.3 community shall be determined by the board ~~and added to the maximum levy amount.~~

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

103.8 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
103.9 Cloquet Area Fire and Ambulance Special Taxing District and its chief clerical officer
103.10 comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and
103.11 3.

103.12 Sec. 18. **SUSTAINABLE FOREST INCENTIVE ACT; VIOLATIONS.**

103.13 Land that was split-classified under Minnesota Statutes 2018, section 273.13, subdivision
103.14 23, paragraph (c), while enrolled in the sustainable forest incentive act management program
103.15 under Minnesota Statutes, chapter 290C, is not in violation of the conditions of enrollment
103.16 under Minnesota Statutes, sections 290C.03 and 290C.11, if, at the time of enrollment, a
103.17 structure that is not a minor, ancillary nonresidential structure, or an excluded area three
103.18 acres or larger that now contains a structure that is not a minor, ancillary nonresidential
103.19 structure, was identified on the covenant required under Minnesota Statutes, section 290C.04,
103.20 and appropriate acreage was excluded in accordance with Minnesota Statutes, section
103.21 290C.03.

103.22 **EFFECTIVE DATE.** This section is effective for determinations of violations of the
103.23 conditions of enrollment after June 30, 2021.

103.24 Sec. 19. **4D AFFORDABLE HOUSING PROGRAMS REPORT.**

103.25 (a) No later than January 15, 2022, the commissioner of revenue, in consultation with
103.26 the Minnesota Housing Finance Agency, must produce a report on class 4d property, as
103.27 defined in Minnesota Statutes, section 273.13, subdivision 25, and on local 4d affordable
103.28 housing programs. The commissioner must provide a copy of the report to the chairs and
103.29 ranking minority members of the legislative committees with jurisdiction over property
103.30 taxation. The report must comply with the requirements of Minnesota Statutes, sections
103.31 3.195 and 3.197. The report must include the following to the extent available:

104.1 (1) for properties classified in part or in whole as 4d qualifying under Minnesota Statutes,
104.2 section 273.128, subdivision 1, clauses (1) to (4), with separate amounts given for properties
104.3 under each clause:

104.4 (i) the number of units classified as 4d in each property in the previous assessment year
104.5 as reported by each county;

104.6 (ii) the number of units not classified as 4d in each property in the previous assessment
104.7 year;

104.8 (iii) the property tax paid in 2021;

104.9 (iv) the property tax reduction in 2021 resulting from the property being classified as
104.10 4d rather than 4a; and

104.11 (v) the total number of 4d units in each of the last ten years; and

104.12 (2) for properties classified in part or in whole as 4d qualifying under Minnesota Statutes,
104.13 section 273.128, subdivision 1, clauses (1) to (4):

104.14 (i) the percent change in each political subdivision's net tax capacity if the first-tier class
104.15 rate of the 4d classification was reduced from 0.75 percent to 0.25 percent;

104.16 (ii) the number of 4d properties located within tax increment financing districts, and the
104.17 impact on increment generation in those districts as a result of these properties being
104.18 classified as 4d rather than 4a;

104.19 (iii) the impact that a 4d class rate reduction from 0.75 percent to 0.25 percent for the
104.20 entire valuation would have on the property tax burden for homestead property;

104.21 (iv) the total number of 4d units whose value qualifies for the second tier in each year
104.22 since 2019;

104.23 (v) the impact that a reduction of the 4d class rate from 0.75 percent to 0.25 percent for
104.24 the entire valuation would have on property tax refunds received by renters and on property
104.25 tax refunds received by homeowners in jurisdictions that contain 4d property; and

104.26 (vi) a profile of income limits and area median incomes used in Minnesota by the United
104.27 States Department of Housing and Urban Development to determine the eligibility for
104.28 assisted housing programs.

104.29 (b) Counties must report to the commissioner of revenue any data required by paragraph
104.30 (a), clauses (1) and (2), by November 1, 2021.

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

ARTICLE 7

AIDS AND CREDITS

Section 1. Minnesota Statutes 2020, section 477A.03, subdivision 2b, is amended to read:

Subd. 2b. **Counties.** (a) For aids payable in 2018 and 2019, the total aid payable under section 477A.0124, subdivision 3, is \$103,795,000, of which \$3,000,000 shall be allocated as required under Laws 2014, chapter 150, article 4, section 6. For aids payable in 2020, the total aid payable under section 477A.0124, subdivision 3, is \$116,795,000, of which \$3,000,000 shall be allocated as required under Laws 2014, chapter 150, article 4, section 6. For aids payable in 2021 through 2024, the total aid payable under section 477A.0124, subdivision 3, is \$118,795,000, of which \$3,000,000 shall be allocated as required under Laws 2014, chapter 150, article 4, section 6. For aids payable in 2025 and thereafter, the total aid payable under section 477A.0124, subdivision 3, is \$115,795,000. ~~Each calendar year~~ On or before the first installment date provided in section 477A.015, paragraph (a), \$500,000 of this appropriation shall be ~~retained~~ transferred each year by the commissioner of revenue to ~~make reimbursements to the commissioner of management and budget the~~ Board of Public Defense for payments made the payment of services under section 611.27. ~~The reimbursements shall be to defray the additional costs associated with court-ordered counsel under section 611.27. Any retained~~ transferred amounts not used for reimbursement ~~in a year~~ expended or encumbered in a fiscal year shall be certified by the board of public defense to the commissioner of revenue on or before October 1 and shall be included in the next distribution certification of county need aid that is certified to the county auditors for the purpose of property tax reduction for the next taxes payable year.

(b) For aids payable in 2018 and 2019, the total aid under section 477A.0124, subdivision 4, is \$130,873,444. For aids payable in 2020, the total aid under section 477A.0124, subdivision 4, is \$143,873,444. For aids payable in 2021 and thereafter, the total aid under section 477A.0124, subdivision 4, is \$145,873,444. The commissioner of revenue shall transfer to the commissioner of management and budget \$207,000 annually for the cost of preparation of local impact notes as required by section 3.987, and other local government activities. The commissioner of revenue shall transfer to the commissioner of education \$7,000 annually for the cost of preparation of local impact notes for school districts as required by section 3.987. The commissioner of revenue shall deduct the amounts transferred under this paragraph from the appropriation under this paragraph. The amounts transferred are appropriated to the commissioner of management and budget and the commissioner of education respectively.

Sec. 2. **[477A.30] LOCAL HOMELESS PREVENTION AID.**

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

(1) "city" means a statutory or home rule charter city;

(2) "distribution factor" means the total number of students experiencing homelessness in a county in the current school year and the previous two school years divided by the total number of students experiencing homelessness in all counties in the current school year and the previous two school years; and

(3) "families" means families and persons 24 years of age or younger.

Subd. 2. Purpose. The purpose of this section is to help local governments ensure no child is homeless within a local jurisdiction by keeping families from losing housing and helping those experiencing homelessness find housing.

Subd. 3. Distribution. (a) A county's initial local homeless prevention aid amount equals the greater of: (1) \$5,000; or (2)(i) five percent of the money appropriated to local homeless prevention aid under this section, times (ii) the ratio of the population of the county to the population of all counties. For the purpose of this paragraph, "population" means the population estimate used to calculate aid under section 477A.0124 for the same aid payable year.

(b) The amount of the appropriation remaining after the allocation under paragraph (a) must be allocated to counties by multiplying each county's distribution factor by the total distribution available under this paragraph. Distribution factors must be based on the most recent counts of students experiencing homelessness in each county, as certified by the commissioner of education to the commissioner of revenue by July 1 of the year the aid is certified to the counties under subdivision 5.

(c) A county's total local homeless prevention aid equals the sum of the amounts under paragraphs (a) and (b).

Subd. 4. Use of proceeds. (a) Counties that receive a distribution under this section must use the proceeds to fund new or existing family homeless prevention and assistance projects or programs. These projects or programs may be administered by a county, a group of contiguous counties jointly acting together, a city, a group of contiguous cities jointly acting together, a Tribe, a group of Tribes, or a community-based nonprofit organization. Each project or program must include plans for:

107.1 (1) targeting families with children who are eligible for a prekindergarten through grade
107.2 12 academic program and are:

107.3 (i) living in overcrowded conditions in their current housing;

107.4 (ii) paying more than 50 percent of their income for rent; or

107.5 (iii) lacking a fixed, regular, and adequate nighttime residence;

107.6 (2) targeting unaccompanied youth in need of an alternative residential setting;

107.7 (3) connecting families with the social services necessary to maintain the families'
107.8 stability in their homes, including but not limited to housing navigation, legal representation,
107.9 and family outreach; and

107.10 (4) one or more of the following:

107.11 (i) providing rental assistance for a specified period of time which may exceed 24 months;

107.12 or

107.13 (ii) providing support and case management services to improve housing stability,

107.14 including but not limited to housing navigation and family outreach.

107.15 (b) Counties may choose not to spend all or a portion of the distribution under this
107.16 section. Any unspent funds must be returned to the commissioner of revenue by December
107.17 31 of the year following the year that the aid was received. Any funds returned to the
107.18 commissioner under this paragraph must be added to the overall distribution of aids certified
107.19 under this section in the following year. Any unspent funds returned to the commissioner
107.20 after the expiration under subdivision 8 are canceled to the general fund.

107.21 Subd. 5. **Payments.** The commissioner of revenue must compute the amount of local
107.22 homeless prevention aid payable to each county under this section. On or before August 1
107.23 of each year, the commissioner shall certify the amount to be paid to each county in the
107.24 following year. The commissioner shall pay local homeless prevention aid annually at the
107.25 times provided in section 477A.015.

107.26 Subd. 6. **Appropriation.** \$20,000,000 is annually appropriated from the general fund
107.27 to the commissioner of revenue to make payments required under this section.

107.28 Subd. 7. **Report.** (a) No later than January 15, 2025, the commissioner of revenue must
107.29 produce a report on projects and programs funded by counties under this section. The report
107.30 must include a list of the projects and programs, the number of people served by each, and
107.31 an assessment of how each project and program impacts people who are currently
107.32 experiencing homelessness or who are at risk of experiencing homelessness, as reported by

108.1 the counties to the commissioner by December 31 each year on a form prescribed by the
108.2 commissioner. The commissioner must provide a copy of the report to the chairs and ranking
108.3 minority members of the legislative committees with jurisdiction over property taxes and
108.4 services for persons experiencing homelessness.

108.5 (b) The report in paragraph (a) must be updated every two years and the commissioner
108.6 of revenue must provide copies of the updated reports to the chairs and ranking minority
108.7 members of the legislative committees with jurisdiction over property taxes and services
108.8 for persons experiencing homelessness by January 15 of the year the report is due. Report
108.9 requirements under this subdivision expire following the report which includes the final
108.10 distribution preceding the expiration in subdivision 8.

108.11 Subd. 8. **Expiration.** Distributions under this section expire after aids payable in 2028
108.12 have been distributed.

108.13 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2023 and
108.14 thereafter.

108.15 Sec. 3. **SUPPLEMENTAL 2022 CITY AID DISTRIBUTION.**

108.16 (a) Supplemental aid for a city equals the greater of: (1) zero; or (2) the difference
108.17 between the local government aid amount under Minnesota Statutes, section 477A.013,
108.18 subdivision 9, certified for the city for aid payable in 2021, minus the local government aid
108.19 amount under Minnesota Statutes, section 477A.013, subdivision 9, certified for the city
108.20 for aid payable in 2022.

108.21 (b) The commissioner of revenue must notify a city of its supplemental aid amount
108.22 before August 1, 2021, and must pay the aid in calendar year 2022 in two installments on
108.23 the dates specified in Minnesota Statutes, section 477A.015.

108.24 (c) Supplemental aid under this section must not be included for any calculations under
108.25 Minnesota Statutes, section 477A.013, that rely on prior year aid amounts.

108.26 (d) An amount sufficient to pay supplemental aid under this section is appropriated in
108.27 fiscal year 2023 from the general fund to the commissioner of revenue. This is a onetime
108.28 appropriation.

108.29 **EFFECTIVE DATE.** This section is effective for aid payable in calendar year 2022.

109.1 Sec. 4. **CITY OF FLOODWOOD; GRANT.**

109.2 (a) \$250,000 in fiscal year 2022 is appropriated from the general fund to the commissioner
109.3 of revenue for a grant to the city of Floodwood. This is a onetime appropriation. The grant
109.4 shall be paid by July 15, 2021.

109.5 (b) The grant must be used by the city of Floodwood to pay the capital and administrative
109.6 costs of the Floodwood City-wide Street and Infrastructure Project.

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

109.8 **ARTICLE 8**

109.9 **LOCAL TAXES**

109.10 Section 1. Minnesota Statutes 2020, section 297A.99, subdivision 2, is amended to read:

109.11 Subd. 2. **Local resolution before application for authority.** (a) Before the governing
109.12 body of a political subdivision requests legislative approval to impose a local sales tax
109.13 authorized by a special law, it shall adopt a resolution indicating its approval of the tax. The
109.14 resolution must include the following information:

109.15 (1) the proposed tax rate;

109.16 (2) a detailed description of no more than five capital projects that will be funded with
109.17 revenue from the tax;

109.18 (3) documentation of the regional significance of each project, including the share of
109.19 the economic benefit to or use of each project by persons residing, or businesses located,
109.20 outside of the jurisdiction;

109.21 (4) the amount of local sales tax revenue that would be used for each project and the
109.22 estimated time needed to raise that amount of revenue; and

109.23 (5) the total revenue that will be raised for all projects before the tax expires, and the
109.24 estimated length of time that the tax will be in effect if all proposed projects are funded.

109.25 (b) The jurisdiction seeking authority to impose a local sales tax by special law must
109.26 submit the resolution in paragraph (a) along with underlying documentation indicating how
109.27 the benefits under paragraph (a), clause (3), were determined, to the chairs and ranking
109.28 minority members of the legislative committees with jurisdiction over taxes no later than
109.29 January 31 of the year in which the jurisdiction is seeking a special law authorizing the tax.

(c) The special legislation granting local sales tax authority is not required to allow funding for all projects listed in the resolution with the revenue from the local sales tax, but must not include any projects not contained in the resolution.

(d) For purposes of this section, a "capital project" or "project" means:

(1) a single building or structure including associated infrastructure needed to safely access or use the building or structure;

(2) improvements within a single park or named recreation area; or

(3) a contiguous trail.

EFFECTIVE DATE. This section is effective for local sales tax proposals submitted for approval after the day following final enactment.

Sec. 2. Laws 2019, First Special Session chapter 6, article 6, section 27, is amended to read:

Sec. 27. CITY OF SARTELL; LOCAL TAXES AUTHORIZED.

Subdivision 1. **Food and beverage tax authorized.** Notwithstanding Minnesota Statutes, section 297A.99 or 477A.016, or any ordinance or other provision of law, and if approved by voters at the ~~November 3, 2020, a general election, or at a special election held before November 3, 2020~~ pursuant to a resolution adopted by its governing body, the city of Sartell may, by ordinance, impose a sales tax of up to 1-1/2 percent on the gross receipts of all food and beverages sold by a restaurant or place of refreshment, as defined by ordinance of the city, that is located within the city. For purposes of this section, "food and beverages" include retail on-sale of intoxicating liquor and fermented malt beverages.

Subd. 2. **Use of proceeds from authorized taxes.** The proceeds of the taxes imposed under subdivision 1 must be used by the city to fund capital or operational costs for new and existing recreational facilities and related amenities within the city. Authorized expenses include securing or paying debt service on bonds or other obligations issued to finance construction and improvement projects.

~~Subd. 3. **Termination of taxes.** The tax imposed under subdivision 1 expires five years after the tax is first imposed.~~

Subd. 4. **Collection, administration, and enforcement.** The city may enter into an agreement with the commissioner of revenue to administer, collect, and enforce the taxes under subdivision 1. If the commissioner agrees to collect the tax, the provisions of Minnesota

111.1 Statutes, sections 270C.171 and 297A.99, related to collection, administration, and
111.2 enforcement apply.

111.3 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
111.4 city of Sartell and its chief clerical officer comply with Minnesota Statutes, section 645.021,
111.5 subdivisions 2 and 3.

111.6 Sec. 3. **CARLTON COUNTY; LOCAL SALES AND USE TAX AUTHORIZED.**

111.7 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
111.8 sections 297A.99, subdivision 2, paragraph (b), and 477A.016, or any other law or ordinance,
111.9 and if approved by the voters at a general election as required under Minnesota Statutes,
111.10 section 297A.99, subdivision 3, Carlton County may impose, by ordinance, a sales and use
111.11 tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise
111.12 provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the
111.13 imposition, administration, collection, and enforcement of the tax authorized under this
111.14 subdivision. The tax imposed under this subdivision is in addition to any local sales and
111.15 use tax imposed under any other special law.

111.16 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
111.17 under subdivision 1 must be used by Carlton County to pay the costs of collecting and
111.18 administering the tax, and to finance up to \$60,000,000 for the construction of a new building
111.19 consisting of a law enforcement center, judicial center, and jail serving a regional female
111.20 offender program. Authorized costs include related parking, design, construction,
111.21 reconstruction, mechanical upgrades, and engineering costs, as well as the associated bond
111.22 costs for any bonds issued under subdivision 3.

111.23 Subd. 3. **Bonding authority.** (a) Carlton County may issue bonds under Minnesota
111.24 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in
111.25 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may
111.26 not exceed \$60,000,000, plus an amount applied to the payment of costs of issuing the
111.27 bonds. The bonds may be paid from or secured by any funds available to the county,
111.28 including the tax authorized under subdivision 1. The issuance of bonds under this
111.29 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

111.30 (b) The bonds are not included in computing any debt limitation applicable to the county.
111.31 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest
111.32 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
111.33 under Minnesota Statutes, section 475.58, is not required.

112.1 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
112.2 earlier of: (1) 30 years after the tax is first imposed; or (2) when the county determines that
112.3 it has received from this tax \$60,000,000 to fund the project listed in subdivision 2, plus an
112.4 amount sufficient to pay costs related to issuance of any bonds authorized under subdivision
112.5 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes,
112.6 section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the
112.7 allowed costs due to timing of the termination of the tax under Minnesota Statutes, section
112.8 297A.99, subdivision 12, shall be placed in the county's general fund. The tax imposed
112.9 under subdivision 1 may expire at an earlier time if the county determines by ordinance.

112.10 **EFFECTIVE DATE.** This section is effective the day after the governing body of
112.11 Carlton County and its chief clerical officer comply with Minnesota Statutes, section 645.021,
112.12 subdivisions 2 and 3.

112.13 Sec. 4. **CITY OF CLOQUET; TAXES AUTHORIZED.**

112.14 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
112.15 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
112.16 and if approved by the voters at a general election as required under Minnesota Statutes,
112.17 section 297A.99, subdivision 3, the city of Cloquet may impose by ordinance a sales and
112.18 use tax of one-half of one percent for the purposes specified in subdivision 2. Except as
112.19 otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,
112.20 govern the imposition, administration, collection, and enforcement of the tax authorized
112.21 under this subdivision. The tax imposed under this subdivision is in addition to any local
112.22 sales and use tax imposed under any other special law.

112.23 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
112.24 under subdivision 1 must be used by the city of Cloquet to pay the costs of collecting and
112.25 administering the tax and the capital and administrative costs of any or all of the projects
112.26 listed in this subdivision. The amount spent on each project is limited to the amount set
112.27 forth below plus an amount equal to interest on and the costs of issuing any bonds:

112.28 (1) construction, reconstruction, expansion, or improvement related to the Pine Valley
112.29 Regional Park Project, including ski jump repairs, chalet replacement, and parking and
112.30 lighting improvements, in an amount not to exceed \$2,124,700; and

112.31 (2) restoration, repair, and upgrading of the Cloquet Ice Arena in an amount not to exceed
112.32 \$6,025,500.

113.1 Subd. 3. **Bonding authority.** (a) The city of Cloquet may issue bonds under Minnesota
113.2 Statutes, chapter 475, to finance up to \$8,150,200 of the portion of the costs of the facilities
113.3 authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes,
113.4 section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds
113.5 issued under this subdivision may not exceed \$8,150,200 plus an amount to be applied to
113.6 the payment of the costs of issuing the bonds. The bonds may be paid from or secured by
113.7 any funds available to the city of Cloquet, including the tax authorized under subdivision
113.8 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections
113.9 275.60 and 275.61.

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

113.14 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
113.15 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of: (1) ten years
113.16 after the tax is first imposed; or (2) when the city council determines that the amount received
113.17 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for
113.18 projects approved by voters as required under Minnesota Statutes, section 297A.99,
113.19 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance
113.20 of any bonds authorized under subdivision 3, including interest on the bonds. Except as
113.21 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),
113.22 any funds remaining after payment of the allowed costs due to the timing of the termination
113.23 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the
113.24 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time
113.25 if the city so determines by ordinance.

113.26 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
113.27 city of Cloquet and its chief clerical officer comply with Minnesota Statutes, section 645.021,
113.28 subdivisions 2 and 3.

113.29 Sec. 5. **CITY OF EDINA; TAXES AUTHORIZED.**

113.30 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
113.31 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
113.32 and if approved by the voters at a general election as required under Minnesota Statutes,
113.33 section 297A.99, subdivision 3, the city of Edina may impose by ordinance a sales and use
113.34 tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise

provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of Edina to pay the costs of collecting and administering the tax and paying for the following projects in the city, including securing and paying debt service on bonds issued to finance all or part of the following projects:

(1) \$17,700,000 plus associated bonding costs for development of Fred Richards Park as identified in the Fred Richards Park Master Plan; and

(2) \$21,600,000 plus associated bonding costs for improvements to Braemar Park as identified in the Braemar Park Master Plan.

Subd. 3. **Bonding authority.** (a) The city of Edina may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued under this subdivision may not exceed: (1) \$17,700,000 for the project listed in subdivision 2, clause (1), plus an amount to be applied to the payment of the costs of issuing the bonds; and (2) \$21,600,000 for the project listed in subdivision 2, clause (2), plus an amount to be applied to the payment of the costs of issuing the bonds. The bonds may be paid from or secured by any funds available to the city of Edina, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

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

Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99, subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 19 years after the tax is first imposed, or (2) when the city council determines that the amount received from the tax is sufficient to pay for the project costs authorized under subdivision 2 for projects approved by voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as

otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, must be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

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

Sec. 6. CITY OF FERGUS FALLS; TAXES AUTHORIZED.

Subdivision 1. **Sales and use tax; authorization.** Notwithstanding Minnesota Statutes, section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter, the city of Fergus Falls may, if approved by the voters at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3, impose, by ordinance, a sales and use tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of Fergus Falls to pay the costs of collecting and administering the tax and for the following projects in the city, including securing and paying debt service, on bonds issued to finance all or part of the following projects:

(1) \$7,800,000 for an aquatics center; and

(2) \$5,200,000 for the DeLagoon Improvement Project.

Subd. 3. **Bonding authority.** (a) The city of Fergus Falls may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in subdivision 2, and approved by the voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued under this subdivision may not exceed:

(1) \$7,800,000 for the project listed in subdivision 2, clause (1), plus an amount needed to pay capitalized interest and an amount to be applied to the payment of the costs of issuing the bonds; and

116.1 (2) \$5,200,000 for the project listed in subdivision 2, clause (2), plus an amount needed
116.2 to pay capitalized interest and an amount to be applied to the payment of the costs of issuing
116.3 the bonds.

116.4 (b) The bonds may be paid from or secured by any funds available to the city of Fergus
116.5 Falls, including the tax authorized under subdivision 1. The issuance of bonds under this
116.6 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

116.7 (c) The bonds are not included in computing any debt limitation applicable to the city
116.8 of Fergus Falls, and any levy of taxes under Minnesota Statutes, section 475.61, to pay
116.9 principal and interest on the bonds is not subject to any levy limitation. A separate election
116.10 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

116.11 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
116.12 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) December
116.13 31, 2037, or (2) when the city council determines that the amount received from the tax is
116.14 sufficient to pay for the project costs authorized under subdivision 2 for projects approved
116.15 by voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph
116.16 (a), plus an amount sufficient to pay the costs related to issuance of any bonds authorized
116.17 under subdivision 3, including interest on the bonds. Except as otherwise provided in
116.18 Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining
116.19 after payment of the allowed costs due to the timing of the termination of the tax under
116.20 Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of
116.21 the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so
116.22 determines by ordinance.

116.23 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
116.24 city of Fergus Falls and its chief clerical officer comply with Minnesota Statutes, section
116.25 645.021, subdivisions 2 and 3.

116.26 Sec. 7. **CITY OF GRAND RAPIDS; TAXES AUTHORIZED.**

116.27 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
116.28 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
116.29 and if approved by the voters at a general election as required under Minnesota Statutes,
116.30 section 297A.99, subdivision 3, the city of Grand Rapids may impose by ordinance a sales
116.31 and use tax of one-half of one percent for the purposes specified in subdivision 2. Except
116.32 as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,
116.33 govern the imposition, administration, collection, and enforcement of the tax authorized

117.1 under this subdivision. The tax imposed under this subdivision is in addition to any local
117.2 sales and use tax imposed under any other special law.

117.3 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
117.4 under subdivision 1 must be used by the city of Grand Rapids to pay the costs of collecting
117.5 and administering the tax including securing and paying debt service on bonds issued and
117.6 to finance up to \$5,980,000 for reconstruction, remodeling, and upgrades to the Grand
117.7 Rapids IRA Civic Center. Authorized costs include design, construction, reconstruction,
117.8 mechanical upgrades, and engineering costs, as well as the associated bond costs for any
117.9 bonds issued under subdivision 3.

117.10 Subd. 3. **Bonding authority.** (a) The city of Grand Rapids may issue bonds under
117.11 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities
117.12 authorized in subdivision 2. The aggregate principal amount of bonds issued under this
117.13 subdivision may not exceed \$5,980,000, plus an amount to be applied to the payment of
117.14 the costs of issuing the bonds. The bonds may be paid from or secured by any funds available
117.15 to the city of Grand Rapids, including the tax authorized under subdivision 1. The issuance
117.16 of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and
117.17 275.61.

117.18 (b) The bonds are not included in computing any debt limitation applicable to the city
117.19 of Grand Rapids, and any levy of taxes under Minnesota Statutes, section 475.61, to pay
117.20 principal and interest on the bonds is not subject to any levy limitation. A separate election
117.21 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

117.22 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
117.23 earlier of: (1) seven years after the tax is first imposed; or (2) when the city council
117.24 determines that it has received from this tax \$5,980,000 to fund the project listed in
117.25 subdivision 2, plus an amount sufficient to pay the costs related to issuance of any bonds
117.26 authorized under subdivision 3, including interest on the bonds. Any funds remaining after
117.27 payment of all such costs and retirement or redemption of the bonds shall be placed in the
117.28 general fund of the city, except for funds required to be retained in the state general fund
117.29 under Minnesota Statutes, section 297A.99, subdivision 3. The tax imposed under subdivision
117.30 1 may expire at an earlier time if the city so determines by ordinance.

117.31 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
117.32 city of Grand Rapids and its chief clerical officer comply with Minnesota Statutes, section
117.33 645.021, subdivisions 2 and 3.

118.1 Sec. 8. **CITY OF HERMANTOWN; TAXES AUTHORIZED.**

118.2 Subdivision 1. Sales and use tax authorization. Notwithstanding Minnesota Statutes,
118.3 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
118.4 and if approved by the voters at a general election as required under Minnesota Statutes,
118.5 section 297A.99, subdivision 3, the city of Hermantown may impose by ordinance a sales
118.6 and use tax of one-half of one percent for the purposes specified in subdivision 2. Except
118.7 as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,
118.8 govern the imposition, administration, collection, and enforcement of the tax authorized
118.9 under this subdivision. The tax imposed under this subdivision is in addition to any local
118.10 sales and use tax imposed under any other special law.

118.11 Subd. 2. Use of sales and use tax revenues. The revenues derived from the tax authorized
118.12 under subdivision 1 must be used by the city of Hermantown to pay the costs of collecting
118.13 and administering the tax and paying for the following projects in the city related to a
118.14 Community Recreational Initiative, including securing and paying debt service on bonds
118.15 issued to finance all or part of the following projects:

118.16 (1) \$10,840,000 for an addition of a second ice sheet with locker rooms and other facilities
118.17 and upgrades to the Hermantown Hockey Arena;

118.18 (2) \$4,570,000 for construction of the Hermantown-Proctor trail running from the Essentia
118.19 Wellness Center to the border with Proctor and eventually connecting to the Munger Trail;
118.20 and

118.21 (3) \$12,590,000 for improvements and upgrades to Fichtner Park.

118.22 Subd. 3. Bonding authority. (a) The city of Hermantown may issue bonds under
118.23 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities
118.24 authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes,
118.25 section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds
118.26 issued under this subdivision may not exceed: (1) \$10,840,000 for the project listed in
118.27 subdivision 2, clause (1), plus an amount to be applied to the payment of the costs of issuing
118.28 the bonds; (2) \$4,570,000 for the project listed in subdivision 2, clause (2), plus an amount
118.29 to be applied to the payment of the costs of issuing the bonds; and (3) \$12,590,000 for the
118.30 project listed in subdivision 2, clause (3), plus an amount to be applied to the payment of
118.31 the costs of issuing the bonds. The bonds may be paid from or secured by any funds available
118.32 to the city of Hermantown, including the tax authorized under subdivision 1. The issuance
118.33 of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and
118.34 275.61.

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

Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99, subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years after being first imposed, or (2) when the city council determines that the amount received from the tax is sufficient to pay for the project costs authorized under subdivision 2 for projects approved by voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

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

Sec. 9. ITASCA COUNTY; TAXES AUTHORIZED.

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 297A.99, subdivision 1, or 477A.016, or any other law or ordinance and if approved by the voters at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3, Itasca County may impose by ordinance a sales and use tax of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by Itasca County to pay the costs of collecting and administering the tax and paying for up to \$75,000,000 for new construction of or upgrades to correctional facilities, new construction of or upgrades to court facilities including ancillary

120.1 support accommodations, and new construction of or upgrades to county offices, plus an
120.2 amount needed for securing and paying debt service on bonds issued for the project.

120.3 Subd. 3. **Bonding authority.** (a) Itasca County may issue bonds under Minnesota Statutes,
120.4 chapter 475, to finance the costs of the facility authorized in subdivision 2. The aggregate
120.5 principal amount of bonds issued under this subdivision may not exceed \$75,000,000 for
120.6 the project listed in subdivision 2, plus an amount to be applied to the payment of the costs
120.7 of issuing the bonds. The bonds may be paid from or secured by any funds available to the
120.8 county, including the tax authorized under subdivision 1. The issuance of bonds under this
120.9 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

120.10 (b) The bonds are not included in computing any debt limitation applicable to the county,
120.11 and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest
120.12 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
120.13 under Minnesota Statutes, section 475.58, is not required.

120.14 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
120.15 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of: (1) 30 years
120.16 after the tax is first imposed; or (2) when the county board determines that the amount
120.17 received from the tax is sufficient to pay \$75,000,000 in project costs authorized under
120.18 subdivision 2, plus an amount sufficient to pay the costs related to issuance of any bonds
120.19 authorized under subdivision 3, including interest on the bonds. Except as otherwise provided
120.20 in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining
120.21 after payment of the allowed costs due to the timing of the termination of the tax under
120.22 Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of
120.23 the county. The tax imposed under subdivision 1 may expire at an earlier time if the county
120.24 so determines by ordinance.

120.25 **EFFECTIVE DATE.** This section is effective the day after the governing body of Itasca
120.26 County and its chief clerical officer comply with Minnesota Statutes, section 645.021,
120.27 subdivisions 2 and 3.

120.28 Sec. 10. **CITY OF LITCHFIELD; TAXES AUTHORIZED.**

120.29 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
120.30 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
120.31 and if approved by the voters at a general election as required under Minnesota Statutes,
120.32 section 297A.99, subdivision 3, the city of Litchfield may impose by ordinance a sales and
120.33 use tax of one-half of one percent for the purposes specified in subdivision 2. Except as
120.34 otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,

121.1 govern the imposition, administration, collection, and enforcement of the tax authorized
121.2 under this subdivision. The tax imposed under this subdivision is in addition to any local
121.3 sales and use tax imposed under any other special law.

121.4 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
121.5 under subdivision 1 must be used by the city of Litchfield to pay the costs of collecting and
121.6 administering the tax and for up to \$10,000,000 for the cost of constructing a community
121.7 wellness/recreation center that will include a gymnasium and general fitness spaces, a
121.8 dedicated walking section, a community room, and any locker rooms and mechanical
121.9 equipment needed for future additions to the facility.

121.10 Subd. 3. **Bonding authority.** (a) The city of Litchfield may issue bonds under Minnesota
121.11 Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in
121.12 subdivision 2 and approved by the voters as required under Minnesota Statutes, section
121.13 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued
121.14 under this subdivision may not exceed \$10,000,000 for the project listed in subdivision 2
121.15 plus an amount to be applied to the payment of the costs of issuing the bonds. The bonds
121.16 may be paid from or secured by any funds available to the city of Litchfield, including the
121.17 tax authorized under subdivision 1. The issuance of bonds under this subdivision is not
121.18 subject to Minnesota Statutes, sections 275.60 and 275.61.

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

121.23 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
121.24 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of: (1) 20 years
121.25 after being first imposed; or (2) when the city council determines that the amount received
121.26 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for
121.27 projects approved by voters as required under Minnesota Statutes, section 297A.99,
121.28 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance
121.29 of any bonds authorized under subdivision 3, including interest on the bonds. Except as
121.30 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),
121.31 any funds remaining after payment of the allowed costs due to the timing of the termination
121.32 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the
121.33 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time
121.34 if the city so determines by ordinance.

122.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
122.2 city of Litchfield and its chief clerical officer comply with Minnesota Statutes, section
122.3 645.021, subdivisions 2 and 3.

122.4 Sec. 11. **CITY OF LITTLE FALLS; TAXES AUTHORIZED.**

122.5 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
122.6 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
122.7 and if approved by the voters at a general election as required under Minnesota Statutes,
122.8 section 297A.99, subdivision 3, the city of Little Falls may impose by ordinance a sales and
122.9 use tax of one-half of one percent for the purposes specified in subdivision 2. Except as
122.10 otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,
122.11 govern the imposition, administration, collection, and enforcement of the tax authorized
122.12 under this subdivision. The tax imposed under this subdivision is in addition to any local
122.13 sales and use tax imposed under any other special law.

122.14 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
122.15 under subdivision 1 must be used by the city of Little Falls to pay the costs of collecting
122.16 and administering the tax and for up to \$17,000,000 for the cost of constructing a community
122.17 recreational facility that includes a gymnasium with an indoor track, multipurpose rooms
122.18 for meeting and educational spaces, office and storage space, and outdoor recreational
122.19 facilities for aquatic recreation with a master plan to incorporate future additions to the
122.20 facility.

122.21 Subd. 3. **Bonding authority.** (a) The city of Little Falls may issue bonds under Minnesota
122.22 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in
122.23 subdivision 2 and approved by the voters as required under Minnesota Statutes, section
122.24 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued
122.25 under this subdivision may not exceed \$17,000,000 for the project listed in subdivision 2
122.26 plus an amount needed to pay capitalized interest and an amount to be applied to the payment
122.27 of the costs of issuing the bonds. The bonds may be paid from or secured by any funds
122.28 available to the city of Little Falls, including the tax authorized under subdivision 1. The
122.29 issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60
122.30 and 275.61.

122.31 (b) The bonds are not included in computing any debt limitation applicable to the city
122.32 of Little Falls, and any levy of taxes under Minnesota Statutes, section 475.61, to pay
122.33 principal and interest on the bonds is not subject to any levy limitation. A separate election
122.34 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

123.1 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
123.2 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of: (1) 30 years
123.3 after being first imposed; or (2) when the city council determines that the amount received
123.4 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for the
123.5 project if approved by voters as required under Minnesota Statutes, section 297A.99,
123.6 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance
123.7 of any bonds authorized under subdivision 3, including interest on the bonds. Except as
123.8 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),
123.9 any funds remaining after payment of the allowed costs due to the timing of the termination
123.10 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the
123.11 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time
123.12 if the city so determines by ordinance.

123.13 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
123.14 city of Little Falls and its chief clerical officer comply with Minnesota Statutes, section
123.15 645.021, subdivisions 2 and 3.

123.16 Sec. 12. **CITY OF MAPLE GROVE; TAXES AUTHORIZED.**

123.17 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
123.18 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters
123.19 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,
123.20 the city of Maple Grove may impose by ordinance a sales and use tax of one-half of one
123.21 percent for the purposes specified in subdivision 2. Except as otherwise provided in this
123.22 section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition,
123.23 administration, collection, and enforcement of the tax authorized under this subdivision.
123.24 The tax imposed under this subdivision is in addition to any local sales and use tax imposed
123.25 under any other special law.

123.26 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
123.27 under subdivision 1 must be used by the city of Maple Grove to pay the costs of collecting
123.28 and administering the tax, and to finance up to \$90,000,000 for the expansion and renovation
123.29 of the Maple Grove Community Center, plus an amount needed for securing and paying
123.30 debt service on bonds issued to finance the project.

123.31 Subd. 3. **Bonding authority.** (a) The city of Maple Grove may issue bonds under
123.32 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the project
123.33 authorized in subdivision 2, and approved by the voters as required under Minnesota Statutes,
123.34 section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds

124.1 issued under this subdivision may not exceed \$90,000,000, plus an amount applied to the
124.2 payment of the costs of issuing the bonds. The bonds may be paid from or secured by any
124.3 funds available to the city, including the tax authorized under subdivision 1. The issuance
124.4 of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and
124.5 275.61.

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

124.10 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
124.11 earlier of: (1) 20 years after the tax is first imposed; or (2) when the city council determines
124.12 that the amount received from the tax is sufficient to pay for the project costs authorized
124.13 under subdivision 2 for the project approved by voters as required under Minnesota Statutes,
124.14 section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs
124.15 related to issuance of any bonds authorized under subdivision 3, including interest on the
124.16 bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision
124.17 3, paragraph (f), any funds remaining after payment of allowed costs due to the timing of
124.18 the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall
124.19 be placed in the general fund of the city. The tax imposed under subdivision 1 may expire
124.20 at an earlier time if the city so determines by ordinance.

124.21 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
124.22 city of Maple Grove and its chief clerical officer comply with Minnesota Statutes, section
124.23 645.021, subdivisions 2 and 3.

124.24 Sec. 13. **MILLE LACS COUNTY; LOCAL SALES AND USE TAX AUTHORIZED.**

124.25 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
124.26 section 477A.016, or any other law or ordinance, and if approved by the voters at a general
124.27 election as required under Minnesota Statutes, section 297A.99, subdivision 3, Mille Lacs
124.28 County may impose by ordinance a sales and use tax of one-half of one percent for the
124.29 purposes specified in subdivision 2. Except as otherwise provided in this section, the
124.30 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
124.31 collection, and enforcement of the tax authorized under this subdivision. The tax imposed
124.32 under this subdivision is in addition to any local sales and use tax imposed under any other
124.33 special law.

125.1 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
125.2 under subdivision 1 must be used by Mille Lacs County to pay the costs of collecting and
125.3 administering the tax, and to finance up to \$10,000,000 for the construction of a public
125.4 works building in Mille Lacs County, plus an amount needed for securing and paying debt
125.5 service on bonds issued to finance the project.

125.6 Subd. 3. **Bonding authority.** (a) Mille Lacs County may issue bonds under Minnesota
125.7 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in
125.8 subdivision 2, and approved by the voters as required under Minnesota Statutes, section
125.9 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued
125.10 under this subdivision may not exceed \$10,000,000, plus an amount applied to the payment
125.11 of the costs of issuing the bonds. The bonds may be paid from or secured by any funds
125.12 available to the county, including the tax authorized under subdivision 1. The issuance of
125.13 bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and
125.14 275.61.

125.15 (b) The bonds are not included in computing any debt limitation applicable to the county.
125.16 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest
125.17 on the bonds is not subject to any levy limitation. A separate election to approve the bonds
125.18 under Minnesota Statutes, section 475.58, is not required.

125.19 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
125.20 earlier of: (1) eight years after the tax is first imposed; or (2) when the county board
125.21 determines that the amount received from the tax is sufficient to pay for the project costs
125.22 authorized under subdivision 2 for the project approved by voters as required under
125.23 Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient
125.24 to pay the costs related to issuance of any bonds authorized under subdivision 3, including
125.25 interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99,
125.26 subdivision 3, paragraph (f), any funds remaining after payment of allowed costs due to the
125.27 timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision
125.28 12, shall be placed in the general fund of the county. The tax imposed under subdivision 1
125.29 may expire at an earlier time if the county so determines by ordinance.

125.30 **EFFECTIVE DATE.** This section is effective the day after the governing body of Mille
125.31 Lacs County and its chief clerical officer comply with Minnesota Statutes, section 645.021,
125.32 subdivisions 2 and 3.

126.1 Sec. 14. **CITY OF MOORHEAD; TAXES AUTHORIZED.**

126.2 Subdivision 1. Sales and use tax authorization. Notwithstanding Minnesota Statutes,
126.3 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters
126.4 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,
126.5 the city of Moorhead may impose by ordinance a sales and use tax of one-half of one percent
126.6 for the purposes specified in subdivision 2. Except as otherwise provided in this section,
126.7 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
126.8 collection, and enforcement of the tax authorized under this subdivision. The tax imposed
126.9 under this subdivision is in addition to any local sales and use tax imposed under any other
126.10 special law.

126.11 Subd. 2. Use of sales and use tax revenues. The revenues derived from the tax authorized
126.12 under subdivision 1 must be used by the city of Moorhead to pay the costs of collecting and
126.13 administering the tax, and to finance up to \$31,590,000 for the construction of a regional
126.14 library and community center in the city of Moorhead, plus an amount needed for securing
126.15 and paying debt service on bonds issued to finance the project.

126.16 Subd. 3. Bonding authority. (a) The city of Moorhead may issue bonds under Minnesota
126.17 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in
126.18 subdivision 2, and approved by the voters as required under Minnesota Statutes, section
126.19 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued
126.20 under this subdivision may not exceed \$31,590,000, plus an amount applied to the payment
126.21 of the costs of issuing the bonds. The bonds may be paid from or secured by any funds
126.22 available to the city, including the tax authorized under subdivision 1. The issuance of bonds
126.23 under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

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

126.28 Subd. 4. Termination of taxes. The tax imposed under subdivision 1 expires at the
126.29 earlier of: (1) 22 years after the tax is first imposed; or (2) when the city council determines
126.30 that the amount received from the tax is sufficient to pay for the project costs authorized
126.31 under subdivision 2 for the project approved by voters as required under Minnesota Statutes,
126.32 section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs
126.33 related to issuance of any bonds authorized under subdivision 3, including interest on the
126.34 bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision

127.1 3, paragraph (f), any funds remaining after payment of allowed costs due to the timing of
127.2 the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall
127.3 be placed in the general fund of the city. The tax imposed under subdivision 1 may expire
127.4 at an earlier time if the city so determines by ordinance.

127.5 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
127.6 city of Moorhead and its chief clerical officer comply with Minnesota Statutes, section
127.7 645.021, subdivisions 2 and 3.

127.8 **Sec. 15. CITY OF OAKDALE; TAXES AUTHORIZED.**

127.9 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
127.10 section 477A.016, or any other ordinance or city charter, and if approved by the voters at
127.11 a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,
127.12 the city of Oakdale may impose, by ordinance, a sales and use tax of one-half of one percent
127.13 for the purposes specified in subdivision 2. Except as otherwise provided in this section,
127.14 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
127.15 collection, and enforcement of the tax authorized under this subdivision. The tax imposed
127.16 under this subdivision is in addition to any local sales and use tax imposed under any other
127.17 special law.

127.18 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
127.19 under subdivision 1 must be used by the city of Oakdale to pay the costs of collecting and
127.20 administering the tax and paying for the following projects in the city, including securing
127.21 and paying debt service on bonds issued to finance all or part of the following projects:

127.22 (1) \$22,000,000 plus associated bonding costs for construction of a new public works
127.23 facility; and

127.24 (2) \$15,000,000 plus associated bonding costs for construction and rehabilitation, and
127.25 associated building costs of the police department facility.

127.26 Subd. 3. **Bonding authority.** (a) The city of Oakdale may issue bonds under Minnesota
127.27 Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in
127.28 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may
127.29 not exceed: (1) \$22,000,000 for the project listed in subdivision 2, clause (1), plus an amount
127.30 applied to the payment of costs of issuing the bonds; and (2) \$15,000,000 for the projects
127.31 listed in subdivision 2, clause (2), plus an amount applied to the payment of costs of issuing
127.32 the bonds. The bonds may be paid from or secured by any funds available to the city of

128.1 Oakdale, including the tax authorized under subdivision 1. The issuance of bonds under
128.2 this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

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

128.7 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
128.8 earlier of: (1) 25 years after the tax is first imposed; or (2) when the city council determines
128.9 that the city has received from this tax \$37,000,000 to fund the projects listed in subdivision
128.10 2, plus an amount sufficient to pay costs related to issuance of any bonds authorized in
128.11 subdivision 3, including interest on the bonds. Except as otherwise provided under Minnesota
128.12 Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment
128.13 of the allowed costs due to timing of the termination under Minnesota Statutes, section
128.14 297A.99, shall be placed in the city's general fund. The tax imposed under subdivision 1
128.15 may expire at an earlier time if the city so determines by ordinance.

128.16 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
128.17 city of Oakdale and its chief clerical officer comply with Minnesota Statutes, section 645.021,
128.18 subdivisions 2 and 3.

128.19 Sec. 16. **CITY OF ST. CLOUD; TAXES AUTHORIZED.**

128.20 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
128.21 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters
128.22 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,
128.23 the city of St. Cloud may impose, by ordinance, a sales and use tax of one-half of one percent
128.24 for the purposes specified in subdivision 2. Except as otherwise provided in this section,
128.25 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
128.26 collection, and enforcement of the tax authorized under this subdivision. The tax imposed
128.27 under this subdivision is in addition to any local sales and use tax imposed under any other
128.28 special law.

128.29 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
128.30 under subdivision 1 must be used by the city of St. Cloud to pay the costs of collecting and
128.31 administering the tax, including securing and paying debt service on bonds issued, and to
128.32 finance up to \$21,100,000 plus associated bonding costs for expansion and improvement
128.33 of St. Cloud's Municipal Athletic Complex.

129.1 Subd. 3. **Bonding authority.** (a) The city of St. Cloud may issue bonds under Minnesota
129.2 Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in
129.3 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may
129.4 not exceed \$21,100,000 plus an amount applied to the payment of costs of issuing the bonds.
129.5 The bonds may be paid from or secured by any funds available to the city of St. Cloud,
129.6 including the tax authorized under subdivision 1. The issuance of bonds under this
129.7 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

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

129.12 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
129.13 earlier of: (1) five years after the tax is first imposed; or (2) when the city council determines
129.14 that the amount received from the tax is sufficient to pay for the project costs authorized
129.15 under subdivision 2, and approved by the voters as required under Minnesota Statutes,
129.16 section 297A.99, subdivision 3, plus an amount sufficient to pay costs related to issuance
129.17 of any bonds authorized in subdivision 3, including interest on the bonds. Any funds
129.18 remaining after payment of the allowed costs due to timing of the termination under
129.19 Minnesota Statutes, section 297A.99, shall be placed in the city's general fund. The tax
129.20 imposed under subdivision 1 may expire at an earlier time if the city so determines by
129.21 ordinance.

129.22 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
129.23 city of St. Cloud and its chief clerical officer comply with Minnesota Statutes, section
129.24 645.021, subdivisions 2 and 3.

129.25 Sec. 17. **CITY OF ST. PETER; TAXES AUTHORIZED.**

129.26 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
129.27 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
129.28 and if approved by the voters at a general election as required under Minnesota Statutes,
129.29 section 297A.99, subdivision 3, the city of St. Peter may impose by ordinance a sales and
129.30 use tax of one-half of one percent for the purposes specified in subdivision 2. Except as
129.31 otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,
129.32 govern the imposition, administration, collection, and enforcement of the tax authorized
129.33 under this subdivision. The tax imposed under this subdivision is in addition to any local
129.34 sales and use tax imposed under any other special law.

130.1 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
130.2 under subdivision 1 must be used by the city of St. Peter to pay the costs of collecting and
130.3 administering the tax and paying for up to \$9,121,000 for construction of a new fire station,
130.4 plus an amount needed for securing and paying debt service on bonds issued to finance the
130.5 project.

130.6 Subd. 3. **Bonding authority.** (a) The city of St. Peter may issue bonds under Minnesota
130.7 Statutes, chapter 475, to finance the costs of the facility authorized in subdivision 2. The
130.8 aggregate principal amount of bonds issued under this subdivision may not exceed \$9,121,000
130.9 for the project listed in subdivision 2, plus an amount to be applied to the payment of the
130.10 costs of issuing the bonds. The bonds may be paid from or secured by any funds available
130.11 to the city of St. Peter, including the tax authorized under subdivision 1. The issuance of
130.12 bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and
130.13 275.61.

130.14 (b) The bonds are not included in computing any debt limitation applicable to the city
130.15 of St. Peter; and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal
130.16 and interest on the bonds is not subject to any levy limitation. A separate election to approve
130.17 the bonds under Minnesota Statutes, section 475.58, is not required.

130.18 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
130.19 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of: (1) 40 years
130.20 after the tax is first imposed; or (2) when the city council determines that the amount received
130.21 from the tax is sufficient to pay for \$9,121,000 in project costs authorized under subdivision
130.22 2, plus an amount sufficient to pay the costs related to issuance of any bonds authorized
130.23 under subdivision 3, including interest on the bonds. Except as otherwise provided in
130.24 Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining
130.25 after payment of the allowed costs due to the timing of the termination of the tax under
130.26 Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of
130.27 the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so
130.28 determines by ordinance.

130.29 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
130.30 city of St. Peter and its chief clerical officer comply with Minnesota Statutes, section 645.021,
130.31 subdivisions 2 and 3.

130.32 Sec. 18. **CITY OF STAPLES; LOCAL SALES AND USE TAXES AUTHORIZED.**

130.33 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
130.34 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters

131.1 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,
131.2 the city of Staples may impose by ordinance a sales and use tax of one-half of one percent
131.3 for the purposes specified in subdivision 2. Except as otherwise provided in this section,
131.4 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
131.5 collection, and enforcement of the tax authorized under this subdivision. The tax imposed
131.6 under this subdivision is in addition to any local sales and use tax imposed under any other
131.7 special law.

131.8 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
131.9 under subdivision 1 must be used by the city of Staples to pay the costs of collecting and
131.10 administering the tax, and to finance up to \$1,600,000 for the renovation of the Staples
131.11 Community Center, plus an amount needed for securing and paying debt service on bonds
131.12 issued to finance the project.

131.13 Subd. 3. **Bonding authority.** (a) The city of Staples may issue bonds under Minnesota
131.14 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in
131.15 subdivision 2, and approved by the voters as required under Minnesota Statutes, section
131.16 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued
131.17 under this subdivision may not exceed \$1,600,000, plus an amount applied to the payment
131.18 of the costs of issuing the bonds. The bonds may be paid from or secured by any funds
131.19 available to the city, including the tax authorized under subdivision 1. The issuance of bonds
131.20 under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

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

131.25 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
131.26 earlier of: (1) 25 years after the tax is first imposed; or (2) when the city council determines
131.27 that the amount received from the tax is sufficient to pay for the project costs authorized
131.28 under subdivision 2 for the project approved by voters as required under Minnesota Statutes,
131.29 section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs
131.30 related to issuance of any bonds authorized under subdivision 3, including interest on the
131.31 bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision
131.32 3, paragraph (f), any funds remaining after payment of allowed costs due to the timing of
131.33 the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall
131.34 be placed in the general fund of the city. The tax imposed under subdivision 1 may expire
131.35 at an earlier time if the city so determines by ordinance.

132.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
132.2 city of Staples and its chief clerical officer comply with Minnesota Statutes, section 645.021,
132.3 subdivisions 2 and 3.

132.4 Sec. 19. **CITY OF WADENA; TAXES AUTHORIZED.**

132.5 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
132.6 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters
132.7 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,
132.8 the city of Wadena may impose by ordinance a sales and use tax of one-quarter of one
132.9 percent for the purposes specified in subdivision 2. Except as otherwise provided in this
132.10 section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition,
132.11 administration, collection, and enforcement of the tax authorized under this subdivision.
132.12 The tax imposed under this subdivision is in addition to any local sales and use tax imposed
132.13 under any other special law.

132.14 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
132.15 under subdivision 1 must be used by the city of Wadena to pay the costs of collecting and
132.16 administering the tax and to finance up to \$3,000,000, plus associated bonding costs including
132.17 securing and paying debt service on bonds issued, for the Wadena Library Rehabilitation
132.18 Project.

132.19 Subd. 3. **Bonding authority.** (a) The city of Wadena may issue bonds under Minnesota
132.20 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in
132.21 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may
132.22 not exceed \$3,000,000, plus an amount applied to the payment of costs of issuing the bonds.
132.23 The bonds may be paid from or secured by any funds available to the city of Wadena,
132.24 including the tax authorized under subdivision 1. The issuance of bonds under this
132.25 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

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

132.30 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
132.31 earlier of: (1) 20 years after the tax is first imposed; or (2) when the city council determines
132.32 that the amount received from the tax is sufficient to pay for the project costs authorized
132.33 under subdivision 2, and approved by the voters as required under Minnesota Statutes,
132.34 section 297A.99, subdivision 3, plus an amount sufficient to pay costs related to issuance

133.1 of any bonds authorized in subdivision 3, including interest on the bonds. Any funds
133.2 remaining after payment of the allowed costs due to timing of the termination under
133.3 Minnesota Statutes, section 297A.99, shall be placed in the city's general fund. The tax
133.4 imposed under subdivision 1 may expire at an earlier time if the city so determines by
133.5 ordinance.

133.6 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
133.7 city of Wadena and its chief clerical officer comply with Minnesota Statutes, section 645.021,
133.8 subdivisions 2 and 3.

133.9 Sec. 20. **CITY OF WAITE PARK; TAXES AUTHORIZED.**

133.10 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
133.11 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
133.12 and if approved by the voters at a general election as required under Minnesota Statutes,
133.13 section 297A.99, subdivision 3, the city of Waite Park may impose by ordinance a sales
133.14 and use tax of one-half of one percent for the purposes specified in subdivision 2. Except
133.15 as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,
133.16 govern the imposition, administration, collection, and enforcement of the tax authorized
133.17 under this subdivision. The tax imposed under this subdivision is in addition to any local
133.18 sales and use tax imposed under any other special law.

133.19 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
133.20 under subdivision 1 must be used by the city of Waite Park to pay the costs of collecting
133.21 and administering the tax and for the following projects in the city, including securing and
133.22 paying debt service on bonds issued to finance all or part of the following projects:

133.23 (1) up to \$7,500,000 plus associated bonding costs for regional trail connections; and

133.24 (2) up to \$20,000,000 plus associated bonding costs for construction and equipping of
133.25 a public safety facility.

133.26 Subd. 3. **Bonding authority.** (a) The city of Waite Park may issue bonds under Minnesota
133.27 Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in
133.28 subdivision 2 and approved by the voters as required under Minnesota Statutes, section
133.29 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued
133.30 under this subdivision may not exceed:

133.31 (1) \$7,500,000 for the project listed in subdivision 2, clause (1), plus an amount needed
133.32 to pay capitalized interest and an amount to be applied to the payment of the costs of issuing
133.33 the bonds; and

134.1 (2) \$20,000,000 for the project listed in subdivision 2, clause (2), plus an amount needed
134.2 to pay capitalized interest and an amount to be applied to the payment of the costs of issuing
134.3 the bonds.

134.4 The bonds may be paid from or secured by any funds available to the city of Waite Park,
134.5 including the tax authorized under subdivision 1. The issuance of bonds under this
134.6 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

134.7 (b) The bonds are not included in computing any debt limitation applicable to the city
134.8 of Waite Park, and any levy of taxes under Minnesota Statutes, section 475.61, to pay
134.9 principal and interest on the bonds is not subject to any levy limitation. A separate election
134.10 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

134.11 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
134.12 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 19 years
134.13 after the tax is first imposed, or (2) when the city council determines that the amount received
134.14 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for
134.15 projects approved by voters as required under Minnesota Statutes, section 297A.99,
134.16 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance
134.17 of any bonds authorized under subdivision 3, including interest on the bonds. Except as
134.18 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),
134.19 any funds remaining after payment of the allowed costs due to the timing of the termination
134.20 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the
134.21 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time
134.22 if the city so determines by ordinance.

134.23 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
134.24 city of Waite Park and its chief clerical officer comply with Minnesota Statutes, section
134.25 645.021, subdivisions 2 and 3.

134.26 Sec. 21. **CITY OF WARREN; LOCAL SALES AND USE TAXES AUTHORIZED.**

134.27 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
134.28 section 477A.016, or any other law or ordinance, and if approved by the voters at a general
134.29 election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of
134.30 Warren may impose by ordinance a sales and use tax of one-half of one percent for the
134.31 purposes specified in subdivision 2. Except as otherwise provided in this section, the
134.32 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
134.33 collection, and enforcement of the tax authorized under this subdivision. The tax imposed

135.1 under this subdivision is in addition to any local sales and use tax imposed under current
135.2 law.

135.3 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
135.4 under subdivision 1 must be used by the city of Warren to pay the costs of collecting and
135.5 administering the tax, and to finance up to \$1,600,000 for the construction of a new child
135.6 care facility. Authorized costs include related parking, design, and construction costs, as
135.7 well as payment of debt service on bonds issued to finance the project listed in this
135.8 subdivision.

135.9 Subd. 3. **Bonding authority.** (a) The city of Warren may issue bonds under Minnesota
135.10 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in
135.11 subdivision 2, and approved by the voters as required under Minnesota Statutes, section
135.12 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued
135.13 under this subdivision may not exceed \$1,600,000, plus an amount needed to pay capitalized
135.14 interest and an amount to be applied to the payment of the costs of issuing the bonds. The
135.15 bonds may be paid from or secured by any funds available to the city, including the tax
135.16 authorized under subdivision 1. The issuance of bonds under this subdivision is not subject
135.17 to Minnesota Statutes, sections 275.60 and 275.61.

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

135.22 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,
135.23 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of: (1) 20 years
135.24 after the tax is first imposed; or (2) when the city council determines that the amount received
135.25 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for the
135.26 project approved by voters as required under Minnesota Statutes, section 297A.99,
135.27 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance
135.28 of any bonds authorized under subdivision 3, including interest on the bonds. Except as
135.29 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),
135.30 any funds remaining after payment of allowed costs due to the timing of the termination of
135.31 the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the
135.32 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time
135.33 if the city so determines by ordinance.

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

ARTICLE 9

TAX INCREMENT FINANCING

Section 1. Minnesota Statutes 2020, section 469.176, is amended by adding a subdivision to read:

Subd. 4n. Temporary use of increment authorized. (a) Notwithstanding any other provision of this section or any other law to the contrary, except the requirements to pay bonds to which increments are pledged, the authority may elect, by resolution, to transfer unobligated increment for one or more of the following purposes:

(1) to provide improvements, loans, interest rate subsidies, or assistance in any form to private development consisting of the construction or substantial rehabilitation of buildings and ancillary facilities, if doing so will create or retain jobs in the state, including construction jobs, and the construction commences before December 31, 2025, and would not have commenced before that date without the assistance; or

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

(b) For each calendar year for which transfers are permitted under this subdivision, the maximum transfer equals the excess of the district's unobligated increment which includes any increment not required for payments of obligations due during six months following the transfer on outstanding bonds, binding contracts, and other outstanding financial obligations of the district to which the district's increment is pledged.

(c) The authority may transfer increments permitted under this subdivision after creating a written spending plan that authorizes the authority to take the action described in paragraph (a) and details the use of transferred increment. Additionally, the municipality must approve the authority's spending plan after holding a public hearing. The municipality must publish notice of the hearing in a newspaper of general circulation in the municipality and on the municipality's public website at least ten days, but not more than 30 days, prior to the date of the hearing.

(d) Increment that is improperly retained, received, spent, or transferred is not eligible for transfer under this subdivision.

137.1 (e) An authority making a transfer under this subdivision must provide to the Office of
137.2 the State Auditor a copy of the spending plan approved and signed by the municipality.

137.3 (f) The authority to transfer increments under this subdivision expires on December 31,
137.4 2022. All transferred increments must be spent by December 31, 2025. Increment not spent
137.5 by December 31, 2025, must be returned to the district. If the district has already been
137.6 decertified, the increment shall be treated as excess increment and distributed as provided
137.7 in subdivision 2, paragraph (c), clause (4).

137.8 **EFFECTIVE DATE.** This section is effective the day following final enactment and
137.9 applies to increments from any district that are unobligated as of the date of final enactment
137.10 regardless of when the request for certification was made.

137.11 Sec. 2. Minnesota Statutes 2020, section 469.1763, subdivision 2, is amended to read:

137.12 Subd. 2. **Expenditures outside district.** (a) For each tax increment financing district,
137.13 an amount equal to at least 75 percent of the total revenue derived from tax increments paid
137.14 by properties in the district must be expended on activities in the district or to pay bonds,
137.15 to the extent that the proceeds of the bonds were used to finance activities in the district or
137.16 to pay, or secure payment of, debt service on credit enhanced bonds. For districts, other
137.17 than redevelopment districts for which the request for certification was made after June 30,
137.18 1995, the in-district percentage for purposes of the preceding sentence is 80 percent. Not
137.19 more than 25 percent of the total revenue derived from tax increments paid by properties
137.20 in the district may be expended, through a development fund or otherwise, on activities
137.21 outside of the district but within the defined geographic area of the project except to pay,
137.22 or secure payment of, debt service on credit enhanced bonds. For districts, other than
137.23 redevelopment districts for which the request for certification was made after June 30, 1995,
137.24 the pooling percentage for purposes of the preceding sentence is 20 percent. The revenues
137.25 derived from tax increments paid by properties in the district that are expended on costs
137.26 under section 469.176, subdivision 4h, paragraph (b), may be deducted first before calculating
137.27 the percentages that must be expended within and without the district.

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

137.30 (c) All administrative expenses are for activities outside of the district, except that if the
137.31 only expenses for activities outside of the district under this subdivision are for the purposes
137.32 described in paragraph (d), administrative expenses will be considered as expenditures for
137.33 activities in the district.

138.1 (d) The authority may elect, in the tax increment financing plan for the district, to increase
138.2 by up to ten percentage points the permitted amount of expenditures for activities located
138.3 outside the geographic area of the district under paragraph (a). As permitted by section
138.4 469.176, subdivision 4k, the expenditures, including the permitted expenditures under
138.5 paragraph (a), need not be made within the geographic area of the project. Expenditures
138.6 that meet the requirements of this paragraph are legally permitted expenditures of the district,
138.7 notwithstanding section 469.176, subdivisions 4b, 4c, and 4j. To qualify for the increase
138.8 under this paragraph, the expenditures must:

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

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

138.14 (3) be used to:

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

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

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

138.18 (4) be used to develop housing:

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

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

138.22 (B) \$200,000 for municipalities located in the metropolitan area, as defined in section
138.23 473.121, or \$125,000 for all other municipalities; and

138.24 (ii) if the expenditures are used to pay the cost of site acquisition, relocation, demolition
138.25 of existing structures, site preparation, and pollution abatement on one or more parcels, if
138.26 the parcel contains a residence containing one to four family dwelling units that has been
138.27 vacant for six or more months and is in foreclosure as defined in section 325N.10, subdivision
138.28 7, but without regard to whether the residence is the owner's principal residence, and only
138.29 after the redemption period has expired; or

138.30 (5) to assist owner-occupied housing that meets the requirements of section 469.1761,
138.31 subdivision 2.

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

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

Sec. 3. Minnesota Statutes 2020, section 469.1763, subdivision 3, is amended to read:

Subd. 3. Five-year rule. (a) Revenues derived from tax increments paid by properties in the district are considered to have been expended on an activity within the district under subdivision 2 only if one of the following occurs:

(1) before or within five years after certification of the district, the revenues are actually paid to a third party with respect to the activity;

(2) bonds, the proceeds of which must be used to finance the activity, are issued and sold to a third party before or within five years after certification, the revenues are spent to repay the bonds, and the proceeds of the bonds either are, on the date of issuance, reasonably expected to be spent before the end of the later of (i) the five-year period, or (ii) a reasonable temporary period within the meaning of the use of that term under section 148(c)(1) of the Internal Revenue Code, or are deposited in a reasonably required reserve or replacement fund;

(3) binding contracts with a third party are entered into for performance of the activity before or within five years after certification of the district and the revenues are spent under the contractual obligation;

(4) costs with respect to the activity are paid before or within five years after certification of the district and the revenues are spent to reimburse a party for payment of the costs, including interest on unreimbursed costs; or

(5) expenditures are made for housing purposes as permitted by subdivision 2, paragraphs (b) and (d), or for public infrastructure purposes within a zone as permitted by subdivision 2, paragraph (e).

(b) For purposes of this subdivision, bonds include subsequent refunding bonds if the original refunded bonds meet the requirements of paragraph (a), clause (2).

(c) For a redevelopment district or a renewal and renovation district certified after June 30, 2003, and before April 20, 2009, the five-year periods described in paragraph (a) are

extended to ten years after certification of the district. For a redevelopment district certified after April 20, 2009, and before June 30, 2012, the five-year periods described in paragraph (a) are extended to eight years after certification of the district. This extension is provided primarily to accommodate delays in development activities due to unanticipated economic circumstances.

(d) For a redevelopment district that was certified after December 31, 2017, and before June 30, 2020, the five-year periods described in paragraph (a) are extended to eight years after certification of the district.

EFFECTIVE DATE. This section is effective for districts for which the request for certification was made after December 31, 2017.

Sec. 4. Minnesota Statutes 2020, section 469.1763, subdivision 4, is amended to read:

Subd. 4. **Use of revenues for decertification.** (a) In each year beginning with the sixth year following certification of the district, or beginning with the ninth year following certification of the district for districts whose five-year rule is extended to eight years under subdivision 3, paragraph (d), if the applicable in-district percent of the revenues derived from tax increments paid by properties in the district exceeds the amount of expenditures that have been made for costs permitted under subdivision 3, an amount equal to the difference between the in-district percent of the revenues derived from tax increments paid by properties in the district and the amount of expenditures that have been made for costs permitted under subdivision 3 must be used and only used to pay or defease the following or be set aside to pay the following:

(1) outstanding bonds, as defined in subdivision 3, paragraphs (a), clause (2), and (b);

(2) contracts, as defined in subdivision 3, paragraph (a), clauses (3) and (4);

(3) credit enhanced bonds to which the revenues derived from tax increments are pledged, but only to the extent that revenues of the district for which the credit enhanced bonds were issued are insufficient to pay the bonds and to the extent that the increments from the applicable pooling percent share for the district are insufficient; or

(4) the amount provided by the tax increment financing plan to be paid under subdivision 2, paragraphs (b), (d), and (e).

(b) The district must be decertified and the pledge of tax increment discharged when the outstanding bonds have been defeased and when sufficient money has been set aside to pay, based on the increment to be collected through the end of the calendar year, the following amounts:

141.1 (1) contractual obligations as defined in subdivision 3, paragraph (a), clauses (3) and
141.2 (4);

141.3 (2) the amount specified in the tax increment financing plan for activities qualifying
141.4 under subdivision 2, paragraph (b), that have not been funded with the proceeds of bonds
141.5 qualifying under paragraph (a), clause (1); and

141.6 (3) the additional expenditures permitted by the tax increment financing plan for housing
141.7 activities under an election under subdivision 2, paragraph (d), that have not been funded
141.8 with the proceeds of bonds qualifying under paragraph (a), clause (1).

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

141.10 Sec. 5. **CITIES OF MINNETONKA, RICHFIELD, AND ST. LOUIS PARK;**
141.11 **TEMPORARY TRANSFER OF INCREMENT AUTHORIZED.**

141.12 Subdivision 1. **Transfer of increment.** (a) The city of Minnetonka, or its economic
141.13 development authority, may transfer tax increment accumulated for housing development
141.14 purposes under Minnesota Statutes, section 469.1763, subdivision 2, paragraph (b) or (d),
141.15 to the housing trust fund established by the city of Minnetonka under Minnesota Statutes,
141.16 section 462C.16. Increment transferred under this paragraph must be used as provided in
141.17 subdivision 2.

141.18 (b) The city of Richfield, or its economic development authority, may transfer tax
141.19 increment accumulated for housing development purposes under Minnesota Statutes, section
141.20 469.1763, subdivision 2, paragraph (b) or (d), to the housing trust fund established by the
141.21 city of Richfield under Minnesota Statutes, section 462C.16. Increment transferred under
141.22 this paragraph must be used as provided in subdivision 2.

141.23 (c) The city of St. Louis Park, or its economic development authority, may transfer tax
141.24 increment accumulated for housing development purposes under Minnesota Statutes, section
141.25 469.1763, subdivision 2, paragraph (b) or (d), to the housing trust fund established by the
141.26 city of St. Louis Park under Minnesota Statutes, section 462C.16. Increment transferred
141.27 under this paragraph must be used as provided in subdivision 2.

141.28 Subd. 2. **Allowable use.** Tax increment transferred under subdivision 1 must be used
141.29 only to:

141.30 (1) make grants, loans, and loan guarantees for the development, rehabilitation, or
141.31 financing of housing; or

141.32 (2) match other funds from federal, state, or private resources for housing projects.

142.1 Subd. 3. **Annual financial reporting.** Tax increment transferred under this section is
142.2 subject to the annual reporting requirements under Minnesota Statutes, section 469.175,
142.3 subdivision 6.

142.4 Subd. 4. **Legislative report.** By February 1, 2024, and February 1, 2026, each city must
142.5 issue a report to the chairs and ranking minority members of the legislative committees with
142.6 jurisdiction over taxes and property taxes. The report must include detailed information
142.7 relating to each housing project financed with increment transferred under this section,
142.8 including, when applicable, the percentage of area median income relative to each housing
142.9 project, the total cost per housing project, the number of units per housing project, and
142.10 income and rent limitations required under federal, state, or local law for each housing
142.11 project.

142.12 Subd. 5. **Expiration.** The authority to make transfers under subdivision 1 expires
142.13 December 31, 2026.

142.14 **EFFECTIVE DATE.** (a) Subdivision 1, paragraph (a), is effective the day after the
142.15 governing body of the city of Minnetonka and its chief clerical officer comply with the
142.16 requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

142.17 (b) Subdivision 1, paragraph (b), is effective the day after the governing body of the city
142.18 of Richfield and its chief clerical officer comply with the requirements of Minnesota Statutes,
142.19 section 645.021, subdivisions 2 and 3.

142.20 (c) Subdivision 1, paragraph (c), is effective the day after the governing body of the city
142.21 of St. Louis Park and its chief clerical officer comply with the requirements of Minnesota
142.22 Statutes, section 645.021, subdivisions 2 and 3.

142.23 Sec. 6. **CITY OF BLOOMINGTON; TIF AUTHORITY; AMERICAN BOULEVARD.**

142.24 Subdivision 1. **Establishment.** Pursuant to the special rules established in subdivision
142.25 2, the housing and redevelopment authority of the city of Bloomington or the city of
142.26 Bloomington may establish a redevelopment district within the city of Bloomington, limited
142.27 to the following parcels, identified by tax identification numbers, together with adjacent
142.28 roads and rights-of-way: 04-027-24-11-0032, 04-027-24-11-0033, and 04-027-24-11-0034.

142.29 Subd. 2. **Special rules.** If the city or authority establishes a tax increment financing
142.30 district under this section, the following special rules apply:

142.31 (1) the district meets all the requirements of Minnesota Statutes, section 469.174,
142.32 subdivision 10;

(2) expenditures incurred in connection with the development of the property described in subdivision 1 meet the requirements of Minnesota Statutes, section 469.176, subdivision 4j; and

(3) increments generated from the district may be expended on undergrounding or overhead power lines, transformers, and related utility infrastructure within the project area and all such expenditures are deemed expended on activities within the district for purposes of Minnesota Statutes, section 469.1763.

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

Sec. 7. **CITY OF BLOOMINGTON; TIF AUTHORITY; 98TH AND ALDRICH.**

Subdivision 1. **Establishment.** Pursuant to the special rules established in subdivision 2, the housing and redevelopment authority of the city of Bloomington or the city of Bloomington may establish a redevelopment district within the city of Bloomington, limited to the following parcels, identified by tax identification numbers, together with adjacent roads and rights-of-way: 16-027-24-41-0010, 16-027-24-41-0011, and 16-027-24-41-0012.

Subd. 2. **Special rules.** If the city or authority establishes a tax increment financing district under this section, the following special rules apply:

(1) the district meets all the requirements of Minnesota Statutes, section 469.174, subdivision 10; and

(2) expenditures incurred in connection with the development of the property described in subdivision 1 meet the requirements of Minnesota Statutes, section 469.176, subdivision 4j.

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

Sec. 8. **CITY OF BURNSVILLE; TIF AUTHORITY; BURNSVILLE CENTER MALL.**

Subdivision 1. **Establishment.** Under the special rules established in subdivision 2, the economic development authority of the city of Burnsville or the city of Burnsville may establish one or more redevelopment districts located wholly within the area of the city of

144.1 Burnsville limited to the parcels comprising the Burnsville Center mall together with adjacent
144.2 roads and rights-of-way.

144.3 Subd. 2. **Special rules.** If the city or authority establishes a tax increment financing
144.4 district under this section, the following special rules apply:

144.5 (1) the districts are deemed to meet all the requirements of Minnesota Statutes, section
144.6 469.174, subdivision 10;

144.7 (2) expenditures incurred in connection with the development of the property described
144.8 in subdivision 1 are deemed to meet the requirements of Minnesota Statutes, section 469.176,
144.9 subdivision 4j; and

144.10 (3) increments generated from the districts may be expended for the construction and
144.11 acquisition of property for a bridge, tunnel, or other connector from the property described
144.12 in subdivision 1 across adjacent roads and rights-of-way and all such expenditures are
144.13 deemed expended on activities within the district for purposes of Minnesota Statutes, section
144.14 469.1763.

144.15 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
144.16 city of Burnsville and its chief clerical officer comply with the requirements of Minnesota
144.17 Statutes, section 645.021, subdivisions 2 and 3.

144.18 Sec. 9. **CITY OF MOUNTAIN LAKE; TIF DISTRICT NO. 1-8; FIVE-YEAR RULE**
144.19 **EXTENSION.**

144.20 (a) The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that activities
144.21 must be undertaken within a five-year period from the date of certification of a tax increment
144.22 financing district, is extended by a five-year period for Tax Increment Financing District
144.23 No. 1-8, administered by the city of Mountain Lake or its economic development authority.

144.24 (b) The requirement of Minnesota Statutes, section 469.1763, subdivision 4, relating to
144.25 the use of increment after the expiration of the five-year period under Minnesota Statutes,
144.26 section 469.1763, subdivision 3, is extended to the 11th year for Tax Increment Financing
144.27 District No. 1-8.

144.28 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
144.29 city of Mountain Lake and its chief clerical officer comply with the requirements of
144.30 Minnesota Statutes, section 645.021, subdivisions 2 and 3.

145.1 Sec. 10. **CITY OF WAYZATA; TIF DISTRICT NO. 6; EXPENDITURES**

145.2 **ALLOWED.**

145.3 Notwithstanding Minnesota Statutes, section 469.1763, subdivision 2, the city of Wayzata
145.4 may expend increments generated from Tax Increment Financing District No. 6 for the
145.5 design and construction of the lakefront pedestrian walkway and community transient lake
145.6 public access infrastructure related to the Panoway on Wayzata Bay project, and all such
145.7 expenditures are deemed expended on activities within the district.

145.8 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
145.9 city of Wayzata and its chief clerical officer comply with the requirements of Minnesota
145.10 Statutes, section 645.021, subdivisions 2 and 3.

145.11 Sec. 11. **CITY OF WINDOM; TIF DISTRICT NO. 1-22; FIVE-YEAR RULE**

145.12 **EXTENSION; DURATION EXTENSION.**

145.13 (a) The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that activities
145.14 must be undertaken within a five-year period from the date of certification of a tax increment
145.15 financing district, is considered to be met for Tax Increment Financing District No. 1-22,
145.16 administered by the city of Windom or its economic development authority, if activities are
145.17 undertaken within ten years of the district's certification.

145.18 (b) The requirements of Minnesota Statutes, section 469.1763, subdivision 4, relating
145.19 to the use of increment after the expiration of the five-year period under Minnesota Statutes,
145.20 section 469.1763, subdivision 3, is extended to the 11th year for Tax Increment Financing
145.21 District No. 1-22.

145.22 (c) Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, the city of
145.23 Windom, or its economic development authority, may elect to extend the duration of Tax
145.24 Increment Financing District No. 1-22 by five years.

145.25 **EFFECTIVE DATE.** Paragraphs (a) and (b) are effective the day after the governing
145.26 body of the city of Windom and its chief clerical officer comply with the requirements of
145.27 Minnesota Statutes, section 645.021, subdivisions 2 and 3. Paragraph (c) is effective upon
145.28 compliance by the city of Windom, Cottonwood County, and Independent School District
145.29 No. 177 with the requirements of Minnesota Statutes, sections 469.1782, subdivision 2, and
145.30 645.021, subdivisions 2 and 3.

ARTICLE 10**PUBLIC FINANCE**

Section 1. Minnesota Statutes 2020, section 297A.993, subdivision 2, is amended to read:

Subd. 2. **Allocation; termination.** The proceeds of the taxes must be dedicated exclusively to: (1) payment of the capital cost of a specific transportation project or improvement; (2) payment of the costs, which may include both capital and operating costs, of a specific transit project or improvement; (3) payment of the capital costs of a safe routes to school program under section 174.40; ~~or~~ (4) payment of transit operating costs; or (5) payment of the capital cost of constructing buildings and other facilities for maintaining transportation or transit projects or improvements. The transportation or transit project or improvement must be designated by the board of the county, or more than one county acting under a joint powers agreement. Except for taxes for operating costs of a transit project or improvement, or for transit operations, the taxes must terminate when revenues raised are sufficient to finance the project. Nothing in this subdivision prohibits the exclusive dedication of the proceeds of the taxes to payments for more than one project or improvement. After a public hearing a county may, by resolution, dedicate the proceeds of the tax for a new enumerated project.

Sec. 2. Minnesota Statutes 2020, section 453A.04, subdivision 21, is amended to read:

Subd. 21. ~~All other powers~~ Exercising powers of a municipal power agency. ~~It may exercise all other powers not inconsistent with the Constitution of the state of Minnesota or the United States Constitution, which powers may be reasonably necessary or appropriate for or incidental to the effectuation of its authorized purposes or to the exercise of any of the powers enumerated in this section, and generally may exercise in connection with its property and affairs, and in connection with property within its control, any and all powers which might be exercised by a natural person or a private corporation in connection with similar property and affairs.~~ It may exercise the powers of a municipal power agency under chapter 453, for the limited purpose of engaging in tax-exempt prepayments and related transactions as described in section 148(b)(4) of the Internal Revenue Code of 1986, as amended, and the Code of Federal Regulations, title 26, part 1, section 1.148-1(e)(2)(iii), both as may be amended from time to time, or as may otherwise be authorized by statute or the Commissioner of Internal Revenue.

147.1 Sec. 3. Minnesota Statutes 2020, section 453A.04, is amended by adding a subdivision to
147.2 read:

147.3 Subd. 22. **All other powers.** It may exercise all other powers not inconsistent with the
147.4 Constitution of the state of Minnesota or the United States Constitution, which powers may
147.5 be reasonably necessary or appropriate for or incidental to the effectuation of its authorized
147.6 purposes or to the exercise of any of the powers enumerated in this section, and generally
147.7 may exercise in connection with its property and affairs, and in connection with property
147.8 within its control, any and all powers which might be exercised by a natural person or a
147.9 private corporation in connection with similar property and affairs.

147.10 Sec. 4. Minnesota Statutes 2020, section 465.71, is amended to read:

147.11 **465.71 INSTALLMENT, LEASE PURCHASE; CITY, COUNTY, TOWN,**
147.12 **SCHOOL.**

147.13 A home rule charter city, statutory city, county, town, or school district may purchase
147.14 personal property under an installment contract, or lease real or personal property with an
147.15 option to purchase under a lease-purchase agreement, by which contract or agreement title
147.16 is retained by the seller or vendor or assigned to a third party as security for the purchase
147.17 price, including interest, if any, but such purchases are subject to statutory and charter
147.18 provisions applicable to the purchase of real or personal property. For purposes of the bid
147.19 requirements contained in section 471.345, "the amount of the contract" shall include the
147.20 total of all lease payments for the entire term of the lease under a lease-purchase agreement.
147.21 The obligation created by an installment contract or a lease-purchase agreement for personal
147.22 property, or an installment contract or a lease-purchase agreement for real property if the
147.23 amount of the contract for purchase of the real property is less than \$1,000,000, shall not
147.24 be included in the calculation of net debt for purposes of section 475.53, and shall not
147.25 constitute debt under any other statutory provision. No election shall be required in
147.26 connection with the execution of an installment contract or a lease-purchase agreement
147.27 authorized by this section. The city, county, town, or school district must have the right to
147.28 terminate a lease-purchase agreement at the end of any fiscal year during its term.

147.29 Sec. 5. Minnesota Statutes 2020, section 475.56, is amended to read:

147.30 **475.56 INTEREST RATE.**

147.31 (a) Any municipality issuing obligations under any law may issue obligations bearing
147.32 interest at a single rate or at rates varying from year to year which may be lower or higher
147.33 in later years than in earlier years. ~~Such higher rate for any period prior to maturity may be~~

148.1 ~~represented in part by separate coupons designated as additional coupons, extra coupons,~~
148.2 ~~or B coupons, but the~~ The highest aggregate rate of interest contracted to be so paid for any
148.3 period shall not exceed the maximum rate authorized by law. ~~Such higher rate may also be~~
148.4 ~~represented in part by the issuance of additional obligations of the same series, over and~~
148.5 ~~above but not exceeding two percent of the amount otherwise authorized to be issued, and~~
148.6 ~~the amount of such additional obligations shall not be included in the amount required by~~
148.7 ~~section 475.59 to be stated in any bond resolution, notice, or ballot, or in the sale price~~
148.8 ~~required by section 475.60 or any other law to be paid; but if the principal amount of the~~
148.9 ~~entire series exceeds its cash sale price, such excess shall not, when added to the total amount~~
148.10 ~~of interest payable on all obligations of the series to their stated maturity dates, cause and~~
148.11 ~~the average annual rate of such interest to~~ may not exceed the maximum rate authorized by
148.12 law. This section does not authorize a provision in any such obligations for the payment of
148.13 a higher rate of interest after maturity than before.

148.14 (b) Any municipality issuing obligations under any law may sell original issue discount
148.15 or premium obligations having a stated principal amount in excess of the authorized amount
148.16 ~~and the sale price, provided that:~~ To determine the average annual rate of interest on the
148.17 obligations, any discount shall be added to, and any premium subtracted from, the total
148.18 amount of interest on the obligations to their stated maturity dates.

148.19 ~~(1) the sale price does not exceed by more than two percent the amount of obligations~~
148.20 ~~otherwise authorized to be issued;~~

148.21 ~~(2) the underwriting fee, discount, or other sales or underwriting commission does not~~
148.22 ~~exceed two percent of the sale price; and~~

148.23 ~~(3) the discount rate necessary to present value total principal and interest payments~~
148.24 ~~over the term of the issue to the sale price does not exceed the lesser of the maximum rate~~
148.25 ~~permitted by law for municipal obligations or ten percent.~~

148.26 (c) Any obligation may bear interest at a rate varying periodically at the time or times
148.27 and on the terms, including convertibility to a fixed rate of interest, determined by the
148.28 governing body of the municipality, but the rate of interest for any period shall not exceed
148.29 any maximum rate of interest for the obligations established by law. For purposes of section
148.30 475.61, subdivisions 1 and 3, the interest payable on variable rate obligations for their term
148.31 shall be determined as if their rate of interest is the lesser of the maximum rate of interest
148.32 payable on the obligations in accordance with their terms or the rate estimated for such
148.33 purpose by the governing body, but if the interest rate is subsequently converted to a fixed
148.34 rate the levy may be modified to provide at least five percent in excess of amounts necessary

149.1 to pay principal of and interest at the fixed rate on the obligations when due. For purposes
149.2 of computing debt service or interest pursuant to section 475.67, subdivision 12, interest
149.3 throughout the term of bonds issued pursuant to this subdivision is deemed to accrue at the
149.4 rate of interest first borne by the bonds. The provisions of this paragraph do not apply to
149.5 general obligations issued by a statutory or home rule charter city with a population of less
149.6 than 7,500, as defined in section 477A.011, subdivision 3, or to general obligations that are
149.7 not rated A or better, or an equivalent subsequently established rating, by Standard and
149.8 Poor's Corporation, Moody's Investors Service or other similar nationally recognized rating
149.9 agency, except that any statutory or home rule charter city, regardless of population or bond
149.10 rating, may issue variable rate obligations as a participant in a bond pooling program
149.11 established by the League of Minnesota Cities that meets this bond rating requirement.

149.12 Sec. 6. Minnesota Statutes 2020, section 475.58, subdivision 3b, is amended to read:

149.13 Subd. 3b. **Street reconstruction and bituminous overlays.** (a) A municipality may,
149.14 without regard to the election requirement under subdivision 1, issue and sell obligations
149.15 for street reconstruction or bituminous overlays, if the following conditions are met:

149.16 (1) the streets are reconstructed or overlaid under a street reconstruction or overlay plan
149.17 that describes the street reconstruction or overlay to be financed, the estimated costs, and
149.18 any planned reconstruction or overlay of other streets in the municipality over the next five
149.19 years, and the plan and issuance of the obligations has been approved by a vote of a two-thirds
149.20 majority of the members of the governing body present at the meeting following a public
149.21 hearing for which notice has been published in the official newspaper at least ten days but
149.22 not more than 28 days prior to the hearing; and

149.23 (2) if a petition requesting a vote on the issuance is signed by voters equal to five percent
149.24 of the votes cast in the last municipal general election and is filed with the municipal clerk
149.25 within 30 days of the public hearing, the municipality may issue the bonds only after
149.26 obtaining the approval of a majority of the voters voting on the question of the issuance of
149.27 the obligations. If the municipality elects not to submit the question to the voters, the
149.28 municipality shall not propose the issuance of bonds under this section for the same purpose
149.29 and in the same amount for a period of 365 days from the date of receipt of the petition. If
149.30 the question of issuing the bonds is submitted and not approved by the voters, the provisions
149.31 of section 475.58, subdivision 1a, shall apply.

149.32 (b) Obligations issued under this subdivision are subject to the debt limit of the
149.33 municipality and are not excluded from net debt under section 475.51, subdivision 4.

150.1 (c) For purposes of this subdivision, street reconstruction and bituminous overlays
150.2 ~~includes~~ include but are not limited to: utility replacement and relocation and other activities
150.3 incidental to the street reconstruction; the addition or reconstruction of turn lanes, bicycle
150.4 lanes, sidewalks, paths, and other improvements having a substantial public safety function; ;
150.5 realignments; and other modifications to intersect with state and county roads; ; and the local
150.6 share of state and county road projects. For purposes of this subdivision, "street
150.7 reconstruction" includes expenditures for street reconstruction that have been incurred by
150.8 a municipality before approval of a street reconstruction plan, if such expenditures are
150.9 included in a street reconstruction plan approved on or before the date of the public hearing
150.10 under paragraph (a), clause (1), regarding issuance of bonds for such expenditures.

150.11 (d) Except in the case of turn lanes, bicycle lanes, sidewalks, paths, and other safety
150.12 improvements; realignments; intersection modifications; and the local share of state and
150.13 county road projects, street reconstruction and bituminous overlays does not include the
150.14 portion of project cost allocable to widening a street or adding curbs and gutters where none
150.15 previously existed.

150.16 Sec. 7. Minnesota Statutes 2020, section 475.60, subdivision 1, is amended to read:

150.17 Subdivision 1. **Advertisement.** All obligations shall be negotiated and sold by the
150.18 governing body, except when authority therefor is delegated by the governing body or by
150.19 the charter of the municipality to a board, department, or officers of the municipality. ~~Except~~
150.20 ~~as provided in section 475.56, obligations shall be sold at not less than par value plus accrued~~
150.21 ~~interest to date of delivery and not greater than two percent greater than the amount~~
150.22 ~~authorized to be issued plus accrued interest.~~ Except as provided in subdivision 2 all
150.23 obligations shall be sold at competitive sale after notice given as provided in subdivision
150.24 3.

150.25 Sec. 8. Minnesota Statutes 2020, section 475.67, subdivision 8, is amended to read:

150.26 Subd. 8. **Escrow account securities.** Securities purchased for the escrow account shall
150.27 be limited to:

150.28 (1) general obligations of the United States, securities whose principal and interest
150.29 payments are guaranteed by the United States, including but not limited to Resolution
150.30 Funding Corporation Interest Separate Trading of Registered Interest and Principal of
150.31 Securities and United States Agency for International Development Bonds, and securities
150.32 issued by ~~the following agencies of the United States: Banks for Cooperatives, United States~~
150.33 government-sponsored enterprises including but not limited to Federal Home Loan Banks,

151.1 ~~Federal Intermediate Credit Banks, Federal Land Banks, and the Federal Farm Credit System,~~
151.2 ~~the Federal National Mortgage Association, or the Federal Home Loan Mortgage Corporation;~~
151.3 or

151.4 (2) obligations issued or guaranteed by any state or any political subdivision of a state,
151.5 which at the date of purchase are rated in the highest or the next highest rating category by
151.6 Standard and Poor's Corporation, Moody's Investors Service, or a similar nationally
151.7 recognized rating agency, but not less than the rating on the refunded bonds immediately
151.8 prior to the refunding.

151.9 "Rating category," as used in this subdivision, means a generic securities rating category,
151.10 without regard in the case of a long-term rating category to any refinement or gradation of
151.11 such long-term rating category by a numerical modifier or otherwise.

151.12 Sec. 9. **REPEALER.**

151.13 Minnesota Statutes 2020, section 469.055, subdivision 7, is repealed.

151.14 **ARTICLE 11**

151.15 **MISCELLANEOUS**

151.16 Section 1. Minnesota Statutes 2020, section 3.192, is amended to read:

151.17 **3.192 REQUIREMENTS FOR NEW OR RENEWED TAX EXPENDITURES.**

151.18 (a) Any bill that creates, renews, or continues a tax expenditure must include a statement
151.19 of intent that clearly provides the purpose of the tax expenditure and a standard or goal
151.20 against which its effectiveness may be measured.

151.21 (b) For purposes of this section, "tax expenditure" has the meaning given in section
151.22 270C.11, subdivision 6.

151.23 (c) Any bill that creates a new tax expenditure or continues an expiring tax expenditure
151.24 must include an expiration date for the tax expenditure that is no more than eight years from
151.25 the day the provision takes effect.

151.26 **EFFECTIVE DATE.** This section is effective beginning with the 2022 legislative
151.27 session.

151.28 Sec. 2. Minnesota Statutes 2020, section 3.8853, subdivision 2, is amended to read:

151.29 Subd. 2. **Director; staff.** (a) The Legislative Budget Office Oversight Commission must
151.30 appoint a director and establish the director's duties. The director may hire staff necessary

to do the work of the office. The director serves in the unclassified service for a term of six years and may not be removed during a term except for cause after a public hearing.

(b) The director and staff hired under this section must provide professional and technical assistance to the Tax Expenditure Review Commission under section 3.8855.

Sec. 3. **[3.8855] TAX EXPENDITURE REVIEW COMMISSION.**

Subdivision 1. **Establishment.** The Tax Expenditure Review Commission is created to review Minnesota's tax expenditures and evaluate their effectiveness and fiscal impact.

Subd. 2. **Definitions.** For the purposes of this section, "significant tax expenditure," "tax," and "tax expenditure" have the meanings given in section 270C.11, subdivision 6.

Subd. 3. **Membership.** (a) The commission consists of:

(1) two senators appointed by the senate majority leader;

(2) two senators appointed by the senate minority leader;

(3) two representatives appointed by the speaker of the house;

(4) two representatives appointed by the minority leader of the house of representatives;

and

(5) the commissioner of revenue or the commissioner's designee.

(b) Each appointing authority must make appointments by January 31 of the regular legislative session in the odd-numbered year.

(c) If the chair of the house or senate committee with primary jurisdiction over taxes is not an appointed member, the chair is an ex officio, nonvoting member of the commission.

Subd. 4. **Duties.** (a) In the first three years after the commission is established, the commission must complete an initial review of the state's tax expenditures. The initial review must identify the purpose of each of the state's tax expenditures, if none was identified in the enacting legislation in accordance with section 3.192. The commission may also identify metrics for evaluating the effectiveness of an expenditure.

(b) In each year following the initial review under paragraph (a), the commission must review and evaluate Minnesota's tax expenditures on a regular, rotating basis. The commission must establish a review schedule that ensures each tax expenditure will be reviewed by the commission at least once every ten years. The commission may review expenditures affecting similar constituencies or policy areas in the same year, but the commission must review a subset of the tax expenditures within each tax type each year.

153.1 To the extent possible, the commission must review a similar number of tax expenditures
153.2 within each tax type each year. The commission may decide not to review a tax expenditure
153.3 that is adopted by reference to federal law.

153.4 (c) Before December 1 of the year a tax expenditure is included in a commission report,
153.5 the commission must hold a public hearing on the expenditure, including but not limited to
153.6 a presentation of the review components in subdivision 5.

153.7 Subd. 5. **Components of review.** (a) When reviewing a tax expenditure, the commission
153.8 must at a minimum:

153.9 (1) provide an estimate of the annual revenue lost as a result of the expenditure;

153.10 (2) identify the purpose of the tax expenditure if none was identified in the enacting
153.11 legislation in accordance with section 3.192;

153.12 (3) estimate the measurable impacts and efficiency of the tax expenditure in
153.13 accomplishing the purpose of the expenditure;

153.14 (4) compare the effectiveness of the tax expenditure and a direct expenditure with the
153.15 same purpose;

153.16 (5) identify potential modifications to the tax expenditure to increase its efficiency or
153.17 effectiveness;

153.18 (6) estimate the amount by which the tax rate for the relevant tax could be reduced if
153.19 the revenue lost due to the tax expenditure were applied to a rate reduction;

153.20 (7) if the tax expenditure is a significant tax expenditure, estimate the incidence of the
153.21 tax expenditure and the effect of the expenditure on the incidence of the state's tax system;

153.22 (8) consider the cumulative fiscal impacts of other state and federal taxes providing
153.23 benefits to taxpayers for similar activities; and

153.24 (9) recommend whether the expenditure be continued, repealed, or modified.

153.25 (b) The commission may omit a component in paragraph (a) if the commission determines
153.26 it is not feasible due to the lack of available data, third-party research, staff resources, or
153.27 lack of a majority support for a recommendation.

153.28 Subd. 6. **Department of Revenue; research support.** (a) The research division of the
153.29 Department of Revenue must provide the commission with the data required to complete
153.30 the review components in subdivision 5, paragraph (a), clauses (1), (6), (7), and (8).

154.1 (b) At the request of the commission, the research division of the Department of Revenue
154.2 must provide the commission with summary data on a tax expenditure in support of a review.

154.3 (c) Data shared under this section must comply with the rules governing statistical studies
154.4 under section 270B.04.

154.5 Subd. 7. **Report to legislature.** (a) By December 15 of each year, the commission must
154.6 submit a written report to the legislative committees with jurisdiction over tax policy. The
154.7 report must detail the results of the commission's review of tax expenditures in the previous
154.8 calendar year, including the review components detailed in subdivision 5.

154.9 (b) Notwithstanding paragraph (a), during the period of initial review under subdivision
154.10 4, the report may be limited to the purpose statements and metrics for evaluating the
154.11 effectiveness of expenditures, as identified by the commission. The report may also include
154.12 relevant publicly available data on an expenditure.

154.13 (c) The report may include any additional information the commission deems relevant
154.14 to the review of an expenditure.

154.15 (d) The legislative committees with jurisdiction over tax policy must hold a public
154.16 hearing on the report during the regular legislative session in the year following the year in
154.17 which the report was submitted.

154.18 Subd. 8. **Terms; vacancies.** (a) Members of the commission serve a term beginning
154.19 upon appointment and ending at the beginning of the regular legislative session in the next
154.20 odd-numbered year. The appropriate appointing authority must fill a vacancy for a seat of
154.21 a current legislator for the remainder of the unexpired term. Members may be removed or
154.22 replaced at the pleasure of the appointing authority.

154.23 (b) If a commission member ceases to be a member of the legislative body from which
154.24 the member was appointed, the member vacates membership on the commission.

154.25 Subd. 9. **Officers.** The commission shall elect a chair and vice-chair as presiding officers.
154.26 The chair and vice-chair must alternate every two years between members of the house of
154.27 representatives and senate. The chair and vice-chair may not be from the same legislative
154.28 chamber.

154.29 Subd. 10. **Staff.** Legislative Budget Office staff hired under section 3.8853, subdivision
154.30 2, must provide professional and technical assistance to the commission as the commission
154.31 deems necessary, including assistance with the report under subdivision 7.

154.32 Subd. 11. **Expenses.** The members of the commission and its staff shall be reimbursed
154.33 for all expenses actually and necessarily incurred in the performance of their duties.

155.1 Reimbursement for expenses incurred shall be made in accordance with policies adopted
155.2 by the Legislative Coordinating Commission.

155.3 **EFFECTIVE DATE; SPECIAL PROVISIONS.** (a) This section is effective the day
155.4 following final enactment.

155.5 (b) Appointing authorities for the commission must make initial appointments by January
155.6 15, 2022. The speaker of the house must designate one member of the commission to convene
155.7 the first meeting of the commission by July 1, 2022. The first report of the commission
155.8 under Minnesota Statutes, section 3.8855, subdivision 7, is due on December 15, 2022.

155.9 Sec. 4. Minnesota Statutes 2020, section 16A.152, subdivision 2, as amended by Laws
155.10 2021, chapter 31, article 1, section 9, is amended to read:

155.11 Subd. 2. **Additional revenues; priority.** (a) If on the basis of a forecast of general fund
155.12 revenues and expenditures, the commissioner of management and budget determines that
155.13 there will be a positive unrestricted budgetary general fund balance at the close of the
155.14 biennium, the commissioner of management and budget must allocate money to the following
155.15 accounts and purposes in priority order:

155.16 (1) the cash flow account established in subdivision 1 until that account reaches
155.17 \$350,000,000;

155.18 (2) the budget reserve account established in subdivision 1a until that account reaches
155.19 ~~\$1,596,522,000~~ \$2,377,399,000;

155.20 (3) the amount necessary to increase the aid payment schedule for school district aids
155.21 and credits payments in section 127A.45 to not more than 90 percent rounded to the nearest
155.22 tenth of a percent without exceeding the amount available and with any remaining funds
155.23 deposited in the budget reserve;

155.24 (4) the amount necessary to restore all or a portion of the net aid reductions under section
155.25 127A.441 and to reduce the property tax revenue recognition shift under section 123B.75,
155.26 subdivision 5, by the same amount; and

155.27 (5) the amount necessary to increase the Minnesota 21st century fund by not more than
155.28 the difference between \$5,000,000 and the sum of the amounts credited and canceled to it
155.29 in the previous 12 months under Laws 2020, chapter 71, article 1, section 11, until the sum
155.30 of all transfers under this section and all amounts credited or canceled under Laws 2020,
155.31 chapter 71, article 1, section 11, equals \$20,000,000.

(b) The amounts necessary to meet the requirements of this section are appropriated from the general fund within two weeks after the forecast is released or, in the case of transfers under paragraph (a), clauses (3) and (4), as necessary to meet the appropriations schedules otherwise established in statute.

(c) The commissioner of management and budget shall certify the total dollar amount of the reductions under paragraph (a), clauses (3) and (4), to the commissioner of education. The commissioner of education shall increase the aid payment percentage and reduce the property tax shift percentage by these amounts and apply those reductions to the current fiscal year and thereafter.

EFFECTIVE DATE. This section is effective July 1, 2021.

Sec. 5. Minnesota Statutes 2020, section 270A.04, is amended by adding a subdivision to read:

Subd. 5. Private nonprofit hospital. A private nonprofit hospital that leases its building from the county or city in which it is located must annually provide the commissioner with a copy of the lease agreement.

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

Sec. 6. Minnesota Statutes 2020, section 270B.13, is amended by adding a subdivision to read:

Subd. 3. Background check; access to federal tax information. An individual performing services for an independent contractor or a vendor under subdivision 1 who has or will have access to federal tax information is subject to the requirements of section 299C.76.

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

Sec. 7. Minnesota Statutes 2020, section 270B.14, is amended by adding a subdivision to read:

Subd. 22. Tax Expenditure Review Commission. The commissioner must disclose to the Tax Expenditure Review Commission the data required under section 3.8855, subdivision 6.

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

157.1 Sec. 8. Minnesota Statutes 2020, section 270C.11, subdivision 2, is amended to read:

157.2 Subd. 2. **Preparation; submission.** The commissioner shall prepare a tax expenditure
157.3 budget for the state. The tax expenditure budget report shall be submitted to the legislature
157.4 by ~~February~~ November 1 of each even-numbered year.

157.5 **EFFECTIVE DATE.** This section is effective for tax expenditure budgets due on or
157.6 after November 1, 2023.

157.7 Sec. 9. Minnesota Statutes 2020, section 270C.11, subdivision 4, is amended to read:

157.8 Subd. 4. **Contents.** (a) The report shall detail for each tax expenditure item:

157.9 (1) the amount of tax revenue forgone;

157.10 (2) a citation of the statutory or other legal authority for the expenditure; ~~and;~~

157.11 (3) the year in which it was enacted or the tax year in which it became effective;

157.12 (4) the purpose of the expenditure, as identified in the enacting legislation in accordance
157.13 with section 3.192 or by the Tax Expenditure Review Commission;

157.14 (5) the incidence of the expenditure, if it is a significant sales or income tax expenditure;
157.15 and

157.16 (6) the revenue-neutral amount by which the relevant tax rate could be reduced if the
157.17 expenditure were repealed.

157.18 (b) The report may contain additional information which the commissioner considers
157.19 relevant to the legislature's consideration and review of individual tax expenditure items.

157.20 This may include, but is not limited to, ~~statements of the intended purpose of the tax~~
157.21 ~~expenditure~~, analysis of whether the expenditure is achieving that objective, and the effect
157.22 of the expenditure ~~device~~ on the ~~distribution of the tax burden~~ and administration of the tax
157.23 system.

157.24 **EFFECTIVE DATE.** This section is effective for tax expenditure budgets due on or
157.25 after November 1, 2023.

157.26 Sec. 10. Minnesota Statutes 2020, section 270C.11, subdivision 6, is amended to read:

157.27 Subd. 6. **Definitions.** For purposes of this section, the following terms have the meanings
157.28 given:

157.29 (1) "business tax credit" means:

157.30 (i) a credit against the corporate franchise tax claimed by a C corporation; or

158.1 (ii) a credit against the individual or fiduciary income tax claimed by a pass-through
158.2 entity that is allocated to its partners, members, or shareholders;

158.3 (2) "pass-through entity" means a partnership, limited liability corporation, or S
158.4 corporation;

158.5 (3) "significant tax expenditure" means a tax expenditure, but excluding any tax
158.6 expenditure that:

158.7 (i) is incorporated into state law by reference to a federal definition of income;

158.8 (ii) results in a revenue reduction of less than \$10,000,000 per biennium; or

158.9 (iii) is a business tax credit;

158.10 (4) "tax expenditure" means a tax provision which provides a gross income definition,
158.11 deduction, exemption, credit, or rate for certain persons, types of income, transactions, or
158.12 property that results in reduced tax revenue, but excludes provisions used to mitigate tax
158.13 pyramiding; and

158.14 ~~(2)~~ (5) "tax" means any tax of statewide application or any tax authorized by state law
158.15 to be levied by local governments generally. It does not include a special local tax levied
158.16 pursuant to special law or to a special local tax levied pursuant to general authority that is
158.17 no longer applicable to local governments generally; and

158.18 (6) "tax pyramiding" means imposing sales taxes under chapter 297A on intermediate
158.19 business-to-business transactions rather than sales to final consumers.

158.20 **EFFECTIVE DATE.** This section is effective for tax expenditure budgets due on or
158.21 after November 1, 2023.

158.22 Sec. 11. Minnesota Statutes 2020, section 270C.13, subdivision 1, is amended to read:

158.23 Subdivision 1. **Biennial report.** (a) The commissioner shall report to the legislature ~~by~~
158.24 ~~March 1 of each odd-numbered year~~ on the overall incidence of the income tax, sales and
158.25 excise taxes, and property tax.

158.26 (b) The commissioner must submit the report:

158.27 (1) by March 1, 2021; and

158.28 (2) by March 1, 2024, and each even-numbered year thereafter.

158.29 (c) The report shall present information on the distribution of the tax burden as follows:

158.30 (1) for the overall income distribution, using a systemwide incidence measure such as the
158.31 Suits index or other appropriate measures of equality and inequality; (2) by income classes,

159.1 including at a minimum deciles of the income distribution; and (3) by other appropriate
159.2 taxpayer characteristics.

159.3 **EFFECTIVE DATE.** This section is effective for tax incidence reports due on or after
159.4 March 1, 2021.

159.5 Sec. 12. Minnesota Statutes 2020, section 297H.04, subdivision 2, is amended to read:

159.6 Subd. 2. **Rate.** (a) Commercial generators that generate nonmixed municipal solid waste
159.7 shall pay a solid waste management tax of 60 cents per noncompacted cubic yard of periodic
159.8 waste collection capacity purchased by the generator, based on the size of the container for
159.9 the nonmixed municipal solid waste, the actual volume, or the weight-to-volume conversion
159.10 schedule in paragraph (c). However, the tax must be calculated by the waste management
159.11 service provider using the same method for calculating the waste management service fee
159.12 so that both are calculated according to container capacity, actual volume, or weight.

159.13 (b) Notwithstanding section 297H.02, a residential generator that generates nonmixed
159.14 municipal solid waste shall pay a solid waste management tax in the same manner as provided
159.15 in paragraph (a).

159.16 (c) ~~The weight-to-volume conversion schedule~~ tax for:

159.17 (1) construction debris as defined in section 115A.03, subdivision 7, is equal to 60 cents
159.18 per cubic yard. The commissioner of revenue, after consultation with the commissioner of
159.19 the Pollution Control Agency, shall determine and ~~may~~ publish by notice a weight-to-volume
159.20 conversion schedule for construction debris;

159.21 (2) industrial waste as defined in section 115A.03, subdivision 13a, is equal to 60 cents
159.22 per cubic yard. The commissioner of revenue after consultation with the commissioner of
159.23 the Pollution Control Agency, shall determine; and ~~may~~ publish by notice; a
159.24 weight-to-volume conversion schedule for various industrial wastes; and

159.25 (3) infectious waste as defined in section 116.76, subdivision 12, and pathological waste
159.26 as defined in section 116.76, subdivision 14, is 150 pounds equals one cubic yard, or 60
159.27 cents per 150 pounds.

159.28 **EFFECTIVE DATE.** This section is effective July 1, 2021.

160.1 Sec. 13. Minnesota Statutes 2020, section 297H.05, is amended to read:

160.2 **297H.05 SELF-HAULERS.**

160.3 (a) A self-hauler of mixed municipal solid waste shall pay the tax to the operator of the
160.4 waste management facility to which the waste is delivered at the rate imposed under section
160.5 297H.03, based on the sales price of the waste management services.

160.6 (b) A self-hauler of nonmixed municipal solid waste shall pay the tax to the operator of
160.7 the waste management facility to which the waste is delivered at the rate imposed under
160.8 section 297H.04.

160.9 (c) The tax imposed on the self-hauler of nonmixed municipal solid waste may be based
160.10 either on the capacity of the container, the actual volume, or the weight-to-volume conversion
160.11 schedule in paragraph (d). However, the tax must be calculated by the operator using the
160.12 same method for calculating the tipping fee so that both are calculated according to container
160.13 capacity, actual volume, or weight.

160.14 (d) The ~~weight-to-volume conversion schedule~~ tax for:

160.15 (1) construction debris as defined in section 115A.03, subdivision 7, is ~~one ton equals~~
160.16 ~~3.33 cubic yards, or \$2 per ton~~ equal to 60 cents per cubic yard. The commissioner of
160.17 revenue, after consultation with the commissioner of the Pollution Control Agency, shall
160.18 determine and publish by notice a weight-to-volume conversion schedule for construction
160.19 debris;

160.20 (2) industrial waste as defined in section 115A.03, subdivision 13a, is equal to 60 cents
160.21 per cubic yard. The commissioner of revenue, after consultation with the commissioner of
160.22 the Pollution Control Agency, shall determine; and ~~may~~ publish by notice; a
160.23 weight-to-volume conversion schedule for various industrial wastes; and

160.24 (3) infectious waste as defined in section 116.76, subdivision 12, and pathological waste
160.25 as defined in section 116.76, subdivision 14, is 150 pounds equals one cubic yard, or 60
160.26 cents per 150 pounds.

160.27 (e) For mixed municipal solid waste the tax is imposed upon the difference between the
160.28 market price and the tip fee at a processing or disposal facility if the tip fee is less than the
160.29 market price and the political subdivision subsidizes the cost of service at the facility. The
160.30 political subdivision is liable for the tax.

160.31 **EFFECTIVE DATE.** This section is effective July 1, 2021, except the new rate for
160.32 construction debris applies to waste delivered after June 30, 2021.

161.1 Sec. 14. Minnesota Statutes 2020, section 298.001, is amended by adding a subdivision
161.2 to read:

161.3 Subd. 13. **Merchantable iron ore concentrate.** "Merchantable iron ore concentrate"
161.4 means iron-bearing material that has been treated in Minnesota by any means of beneficiation,
161.5 separation, concentration, or refinement for the purpose of making it salable for its iron ore
161.6 content.

161.7 **EFFECTIVE DATE.** This section is effective for taxes payable in 2022 and thereafter.

161.8 Sec. 15. Minnesota Statutes 2020, section 298.24, subdivision 1, is amended to read:

161.9 Subdivision 1. **Imposed; calculation.** (a) For concentrate produced in 2013, there is
161.10 imposed upon taconite and iron sulphides, and upon the mining and quarrying thereof, and
161.11 upon the production of iron ore concentrate therefrom, and upon the concentrate so produced,
161.12 a tax of \$2.56 per gross ton of merchantable iron ore concentrate produced therefrom.

161.13 (b) For concentrates produced in 2014 and subsequent years, the tax rate shall be equal
161.14 to the preceding year's tax rate plus an amount equal to the preceding year's tax rate multiplied
161.15 by the percentage increase in the implicit price deflator from the fourth quarter of the second
161.16 preceding year to the fourth quarter of the preceding year. "Implicit price deflator" means
161.17 the implicit price deflator for the gross domestic product prepared by the Bureau of Economic
161.18 Analysis of the United States Department of Commerce.

161.19 (c) An additional tax is imposed equal to three cents per gross ton of merchantable iron
161.20 ore concentrate for each one percent that the iron content of the product exceeds 72 percent,
161.21 when dried at 212 degrees Fahrenheit.

161.22 (d) The tax on taconite and iron sulphides shall be imposed on the average of the
161.23 production for the current year and the previous two years. The rate of the tax imposed will
161.24 be the current year's tax rate. This clause shall not apply in the case of the closing of a
161.25 taconite facility if the property taxes on the facility would be higher if this clause and section
161.26 298.25 were not applicable.

161.27 (e) The tax under paragraph (a) is also imposed upon other iron-bearing material as
161.28 described in section 298.405 on the tonnage of merchantable iron ore concentrate produced
161.29 therefrom. The tax on other iron-bearing material shall be imposed on the current year
161.30 production. The rate of the tax imposed is the current year's tax rate.

161.31 (f) If the tax or any part of the tax imposed by this subdivision is held to be
161.32 unconstitutional, a tax of \$2.56 per gross ton of merchantable iron ore concentrate produced
161.33 shall be imposed.

162.1 (g) Consistent with the intent of this subdivision to impose a tax based upon the weight
162.2 of merchantable iron ore concentrate, the commissioner of revenue may indirectly determine
162.3 the weight of merchantable iron ore concentrate included in fluxed pellets by subtracting
162.4 the weight of the limestone, dolomite, or olivine derivatives or other basic flux additives
162.5 included in the pellets from the weight of the pellets. For purposes of this paragraph, "fluxed
162.6 pellets" are pellets produced in a process in which limestone, dolomite, olivine, or other
162.7 basic flux additives are combined with merchantable iron ore concentrate. No subtraction
162.8 from the weight of the pellets shall be allowed for binders, mineral and chemical additives
162.9 other than basic flux additives, or moisture.

162.10 (h)(1) Notwithstanding any other provision of this subdivision, for the first two years
162.11 of a plant's commercial production of direct reduced ore from ore mined in this state, no
162.12 tax is imposed under this section. For the third year of a plant's commercial production of
162.13 direct reduced ore, the rate to be applied to direct reduced ore is 25 percent of the rate
162.14 otherwise determined under this subdivision. For the fourth commercial production year,
162.15 the rate is 50 percent of the rate otherwise determined under this subdivision; for the fifth
162.16 commercial production year, the rate is 75 percent of the rate otherwise determined under
162.17 this subdivision; and for all subsequent commercial production years, the full rate is imposed.

162.18 (2) Subject to clause (1), production of direct reduced ore in this state is subject to the
162.19 tax imposed by this section, but if that production is not produced by a producer of taconite,
162.20 iron sulfides, or other iron-bearing material, the production of taconite, iron sulfides, or
162.21 other iron-bearing material, that is consumed in the production of direct reduced ore in this
162.22 state is not subject to the tax imposed by this section on taconite, iron sulfides, or other
162.23 iron-bearing material.

162.24 (3) Notwithstanding any other provision of this subdivision, no tax is imposed on direct
162.25 reduced ore under this section during the facility's noncommercial production of direct
162.26 reduced ore. The taconite or iron sulphides consumed in the noncommercial production of
162.27 direct reduced ore is subject to the tax imposed by this section on taconite and iron sulphides.
162.28 Three-year average production of direct reduced ore does not include production of direct
162.29 reduced ore in any noncommercial year.

162.30 (4) Three-year average production for a direct reduced ore facility that has noncommercial
162.31 production is the average of the commercial production of direct reduced ore for the current
162.32 year and the previous two commercial years.

(5) As used in this paragraph, "commercial production" means production of more than 50,000 tons of direct reduced ore in the current year or in any prior year, and "noncommercial production" means production of 50,000 tons or less of direct reduced ore in any year.

(6) This paragraph applies only to plants for which all environmental permits have been obtained and construction has begun before July 1, 2008.

EFFECTIVE DATE. This section is effective for taxes payable in 2022 and thereafter.

Sec. 16. Minnesota Statutes 2020, section 298.285, is amended to read:

298.285 STATE AID AMOUNT; APPROPRIATION.

(a) The commissioner of revenue shall determine a state aid amount equal to a tax of 33 cents per taxable ton of iron ore concentrates for production year 2001 and 22 cents per taxable ton of iron ore concentrates for production years 2002 and thereafter, except as provided in paragraph (b). ~~There is appropriated from the general fund to the commissioner an amount equal to the state aid determined under this section. It must be distributed under section 298.28, as if the aid were production tax revenues.~~

(b) Other iron-bearing material, as defined in section 298.001, subdivision 9, must not be included in the determination of state aid amounts under paragraph (a) until distribution year 2024.

(c) There is appropriated from the general fund to the commissioner an amount equal to the state aid determined under this section. The appropriation must be distributed under section 298.28, as if the aid were production tax revenues.

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

Sec. 17. Minnesota Statutes 2020, section 298.405, subdivision 1, is amended to read:

Subdivision 1. **Definition.** Iron-bearing material, other than taconite and semitaconite, having not more than 46.5 percent natural iron content on the average, is subject to taxation under section 298.24. The tax under that section applies to material that is:

~~(1) finer than or ground to 90 percent passing 20 mesh; and~~

~~(2) treated in Minnesota for the purpose of separating the iron particles from silica, alumina, or other detrimental compounds or elements unless used in a direct reduction process;~~ making the iron-bearing material merchantable by any means of beneficiation, separation, concentration, or refinement. The tax under section 298.24 does not apply to

164.1 unmined iron ore and low-grade iron-bearing formations as described in section 273.13,
164.2 subdivision 31, clause (1).

164.3 ~~(i) by electrostatic separation, roasting and magnetic separation, or flotation;~~

164.4 ~~(ii) by a direct reduction process;~~

164.5 ~~(iii) by any combination of such processes; or~~

164.6 ~~(iv) by any other process or method not presently employed in gravity separation plants~~
164.7 ~~employing only crushing, screening, washing, jigging, heavy media separation, spirals,~~
164.8 ~~cyclones, drying or any combination thereof.~~

164.9 **EFFECTIVE DATE.** This section is effective for taxes payable in 2022 and thereafter.

164.10 Sec. 18. **[299C.76] BACKGROUND CHECK; ACCESS TO FEDERAL TAX**
164.11 **INFORMATION.**

164.12 Subdivision 1. **Definitions.** (a) For the purposes of this section, the following definitions
164.13 apply.

164.14 (b) "Federal tax information" means federal tax returns and return information or
164.15 information derived or created from federal tax returns, in possession of or control by the
164.16 requesting agency, that is covered by the safeguarding provisions of section 6103(p)(4) of
164.17 the Internal Revenue Code.

164.18 (c) "IRS Publication 1075" means Internal Revenue Service Publication 1075 that
164.19 provides guidance and requirements for the protection and confidentiality of federal tax
164.20 information as required in section 6103(p)(4) of the Internal Revenue Code.

164.21 (d) "National criminal history record information" means the Federal Bureau of
164.22 Investigation identification records as defined in Code of Federal Regulations, title 28,
164.23 section 20.3(d).

164.24 (e) "Requesting agency" means the Department of Revenue, Department of Employment
164.25 and Economic Development, Department of Human Services, board of directors of MNsure,
164.26 the Office of MN.IT Services, and counties.

164.27 Subd. 2. **National criminal history record information check.** As required by IRS
164.28 Publication 1075, a requesting agency shall require fingerprints for a national criminal
164.29 history record information check from the following individuals who have or will have
164.30 access to federal tax information:

164.31 (1) a current or prospective permanent or temporary employee of the requesting agency;

165.1 (2) an independent contractor or vendor of the requesting agency;

165.2 (3) an employee or agent of an independent contractor or vendor of the requesting agency;

165.3 or

165.4 (4) any other individual authorized to access federal tax information by the requesting

165.5 agency.

165.6 Subd. 3. **Fingerprint submission and written statement of understanding.** An

165.7 individual subject to this section must provide fingerprints and a written statement of

165.8 understanding that the fingerprints will be used for a background check to the requesting

165.9 agency. The requesting agency must submit the fingerprints and written statement of

165.10 understanding, along with the processing fees, to the superintendent of the Bureau of Criminal

165.11 Apprehension. The fingerprints must only be used for the purposes described in this section.

165.12 Subd. 4. **Bureau of Criminal Apprehension requirements.** (a) After the superintendent

165.13 of the Bureau of Criminal Apprehension notifies requesting agencies that the United States

165.14 Attorney General has approved the request for submission under Public Law 92-544, a

165.15 requesting agency may submit information under subdivision 3.

165.16 (b) Upon receipt of the information under subdivision 3, the superintendent of the Bureau

165.17 of Criminal Apprehension must:

165.18 (1) perform a state criminal history record information search;

165.19 (2) exchange the fingerprints to the Federal Bureau of Investigation to facilitate a search

165.20 of the national criminal history record information;

165.21 (3) compile the results of the state and national criminal history record information

165.22 searches; and

165.23 (4) provide the results to the requesting agency.

165.24 Subd. 5. **Classification of data.** (a) All data collected, created, received, maintained, or

165.25 disseminated by the requesting agency under this section is classified as private data on

165.26 individuals as defined in section 13.02, subdivision 12.

165.27 (b) Notwithstanding any law to the contrary, a requesting agency must not further

165.28 disseminate the results received under subdivision 4.

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

Sec. 19. **2008 DISTRIBUTION TRANSFER; CITY OF BIWABIK STREET AND
HIGHWAY IMPROVEMENTS.**

Notwithstanding any law to the contrary, by July 1, 2021, St. Louis County shall transfer \$1,500,000 from the appropriation in Laws 2006, chapter 259, article 12, section 12, subdivision 4, to the city of Biwabik for deposit in its general fund account to be used for the preservation and reconstruction of existing streets and highways in the city of Biwabik or the construction of new streets in the city of Biwabik. Any remaining unspent money from the appropriation in Laws 2006, chapter 259, article 12, section 12, subdivision 4, shall be retained by St. Louis County for road improvements to County Road 138, north of Giants Ridge.

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

Sec. 20. **APPROPRIATIONS; TAX EXPENDITURE REVIEW.**

(a) \$36,000 in fiscal year 2022 and \$628,000 in fiscal year 2023 are appropriated from the general fund to the Legislative Coordinating Commission for the Tax Expenditure Review Commission under Minnesota Statutes, section 3.8855. The base for this appropriation is \$607,000 in fiscal year 2024 and \$658,000 in fiscal year 2025.

(b) \$148,000 in fiscal year 2023 is appropriated from the general fund to the commissioner of revenue to provide research support to the Tax Expenditure Review Commission under Minnesota Statutes, section 3.8855.

Sec. 21. **ADMINISTRATIVE APPROPRIATION.**

\$3,000,000 in fiscal year 2022 is appropriated from the general fund to the commissioner of revenue to administer this act. This appropriation is available until June 30, 2023. The base for this appropriation is \$1,000,000 in fiscal year 2024 and \$0 in fiscal year 2025.

ARTICLE 12

**DEPARTMENT OF REVENUE POLICY AND TECHNICAL: INCOME AND
CORPORATE FRANCHISE TAXES**

Section 1. Minnesota Statutes 2020, section 289A.08, subdivision 7, is amended to read:

Subd. 7. Composite income tax returns for nonresident partners, shareholders, and beneficiaries. (a) The commissioner may allow a partnership with nonresident partners to file a composite return and to pay the tax on behalf of nonresident partners who have no other Minnesota source income. This composite return must include the names, addresses,

167.1 Social Security numbers, income allocation, and tax liability for the nonresident partners
167.2 electing to be covered by the composite return.

167.3 (b) The computation of a partner's tax liability must be determined by multiplying the
167.4 income allocated to that partner by the highest rate used to determine the tax liability for
167.5 individuals under section 290.06, subdivision 2c. Nonbusiness deductions, standard
167.6 deductions, or personal exemptions are not allowed.

167.7 (c) The partnership must submit a request to use this composite return filing method for
167.8 nonresident partners. The requesting partnership must file a composite return in the form
167.9 prescribed by the commissioner of revenue. The filing of a composite return is considered
167.10 a request to use the composite return filing method.

167.11 (d) The electing partner must not have any Minnesota source income other than the
167.12 income from the partnership and other electing partnerships. If it is determined that the
167.13 electing partner has other Minnesota source income, the inclusion of the income and tax
167.14 liability for that partner under this provision will not constitute a return to satisfy the
167.15 requirements of subdivision 1. The tax paid for the individual as part of the composite return
167.16 is allowed as a payment of the tax by the individual on the date on which the composite
167.17 return payment was made. If the electing nonresident partner has no other Minnesota source
167.18 income, filing of the composite return is a return for purposes of subdivision 1.

167.19 (e) This subdivision does not negate the requirement that an individual pay estimated
167.20 tax if the individual's liability would exceed the requirements set forth in section 289A.25.
167.21 The individual's liability to pay estimated tax is, however, satisfied when the partnership
167.22 pays composite estimated tax in the manner prescribed in section 289A.25.

167.23 (f) If an electing partner's share of the partnership's gross income from Minnesota sources
167.24 is less than the filing requirements for a nonresident under this subdivision, the tax liability
167.25 is zero. However, a statement showing the partner's share of gross income must be included
167.26 as part of the composite return.

167.27 (g) The election provided in this subdivision is only available to a partner who has no
167.28 other Minnesota source income and who is either (1) a full-year nonresident individual or
167.29 (2) a trust or estate that does not claim a deduction under either section 651 or 661 of the
167.30 Internal Revenue Code.

167.31 (h) A corporation defined in section 290.9725 and its nonresident shareholders may
167.32 make an election under this paragraph. The provisions covering the partnership apply to
167.33 the corporation and the provisions applying to the partner apply to the shareholder.

(i) Estates and trusts distributing current income only and the nonresident individual beneficiaries of the estates or trusts may make an election under this paragraph. The provisions covering the partnership apply to the estate or trust. The provisions applying to the partner apply to the beneficiary.

(j) For the purposes of this subdivision, "income" means the partner's share of federal adjusted gross income from the partnership modified by the additions provided in section 290.0131, subdivisions 8 to 10 ~~and~~ 16, and 17, and the subtractions provided in: (1) section 290.0132, ~~subdivision~~ subdivisions 9, 27, and 28, to the extent the amount is assignable or allocable to Minnesota under section 290.17; and (2) section 290.0132, subdivision 14. The subtraction allowed under section 290.0132, subdivision 9, is only allowed on the composite tax computation to the extent the electing partner would have been allowed the subtraction.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2015.

Sec. 2. Minnesota Statutes 2020, section 289A.09, subdivision 2, is amended to read:

Subd. 2. **Withholding statement.** (a) A person required to deduct and withhold from an employee a tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, or who would have been required to deduct and withhold a tax under section 290.92, subdivision 2a or 3, or persons required to withhold tax under section 290.923, subdivision 2, determined without regard to section 290.92, subdivision 19, if the employee or payee had claimed no more than one withholding ~~exemption~~ allowance, or who paid wages or made payments not subject to withholding under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, to an employee or person receiving royalty payments in excess of \$600, or who has entered into a voluntary withholding agreement with a payee under section 290.92, subdivision 20, must give every employee or person receiving royalty payments in respect to the remuneration paid by the person to the employee or person receiving royalty payments during the calendar year, on or before January 31 of the succeeding year, or, if employment is terminated before the close of the calendar year, within 30 days after the date of receipt of a written request from the employee if the 30-day period ends before January 31, a written statement showing the following:

(1) name of the person;

(2) the name of the employee or payee and the employee's or payee's Social Security account number;

(3) the total amount of wages as that term is defined in section 290.92, subdivision 1, paragraph (1); the total amount of remuneration subject to withholding under section 290.92, subdivision 20; the amount of sick pay as required under section 6051(f) of the Internal Revenue Code; and the amount of royalties subject to withholding under section 290.923, subdivision 2; and

(4) the total amount deducted and withheld as tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2.

(b) The statement required to be furnished by paragraph (a) with respect to any remuneration must be furnished at those times, must contain the information required, and must be in the form the commissioner prescribes.

(c) The commissioner may prescribe rules providing for reasonable extensions of time, not in excess of 30 days, to employers or payers required to give the statements to their employees or payees under this subdivision.

(d) A duplicate of any statement made under this subdivision and in accordance with rules prescribed by the commissioner must be filed with the commissioner on or before January 31 of the year after the payments were made.

(e) If an employer cancels the employer's Minnesota withholding account number required by section 290.92, subdivision 24, the information required by paragraph (d), must be filed with the commissioner within 30 days of the end of the quarter in which the employer cancels its account number.

(f) The employer must submit the statements required to be sent to the commissioner. The commissioner shall prescribe the content, format, and manner of the statement pursuant to section 270C.30.

(g) A "third-party bulk filer" as defined in section 290.92, subdivision 30, paragraph (a), clause (2), must submit the returns required by this subdivision and subdivision 1, paragraph (a), with the commissioner by electronic means.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2020.

Sec. 3. Minnesota Statutes 2020, section 290.0121, subdivision 3, is amended to read:

Subd. 3. **Inflation adjustment.** For taxable years beginning after December 31, 2019, the commissioner must adjust for inflation the exemption amount in subdivision 1, paragraph (b), and the threshold amounts in subdivision 2, as provided in section 270C.22. The statutory

170.1 year is taxable year 2019. The amounts as adjusted must be rounded down to the nearest
170.2 \$50 amount. ~~If the amount ends in \$25, the amount is rounded down to the nearest \$50~~
170.3 ~~amount.~~ The threshold amount for married individuals filing separate returns must be one-half
170.4 of the adjusted amount for married individuals filing joint returns.

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

170.6 Sec. 4. Minnesota Statutes 2020, section 290.92, subdivision 1, is amended to read:

170.7 Subdivision 1. **Definitions.** (1) **Wages.** For purposes of this section, the term "wages"
170.8 means the same as that term is defined in section 3401(a), (f), and (i) of the Internal Revenue
170.9 Code.

170.10 (2) **Payroll period.** For purposes of this section the term "payroll period" means a period
170.11 for which a payment of wages is ordinarily made to the employee by the employee's
170.12 employer, and the term "miscellaneous payroll period" means a payroll period other than a
170.13 daily, weekly, biweekly, semimonthly, monthly, quarterly, semiannual, or annual payroll
170.14 period.

170.15 (3) **Employee.** For purposes of this section the term "employee" means any resident
170.16 individual performing services for an employer, either within or without, or both within and
170.17 without the state of Minnesota, and every nonresident individual performing services within
170.18 the state of Minnesota, the performance of which services constitute, establish, and determine
170.19 the relationship between the parties as that of employer and employee. As used in the
170.20 preceding sentence, the term "employee" includes an officer of a corporation, and an officer,
170.21 employee, or elected official of the United States, a state, or any political subdivision thereof,
170.22 or the District of Columbia, or any agency or instrumentality of any one or more of the
170.23 foregoing.

170.24 (4) **Employer.** For purposes of this section the term "employer" means any person,
170.25 including individuals, fiduciaries, estates, trusts, partnerships, limited liability companies,
170.26 and corporations transacting business in or deriving any income from sources within the
170.27 state of Minnesota for whom an individual performs or performed any service, of whatever
170.28 nature, as the employee of such person, except that if the person for whom the individual
170.29 performs or performed the services does not have control of the payment of the wages for
170.30 such services, the term "employer," except for purposes of paragraph (1), means the person
170.31 having control of the payment of such wages. As used in the preceding sentence, the term
170.32 "employer" includes any corporation, individual, estate, trust, or organization which is
170.33 exempt from taxation under section 290.05 and further includes, but is not limited to, officers

171.1 of corporations who have control, either individually or jointly with another or others, of
171.2 the payment of the wages.

171.3 (5) **Number of withholding ~~exemptions~~ allowances claimed.** For purposes of this
171.4 section, the term "number of withholding ~~exemptions~~ allowances claimed" means the number
171.5 of withholding ~~exemptions~~ allowances claimed in a withholding ~~exemption~~ allowances
171.6 certificate in effect under subdivision 5, except that if no such certificate is in effect, the
171.7 number of withholding ~~exemptions~~ allowances claimed shall be considered to be zero.

171.8 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
171.9 31, 2020.

171.10 Sec. 5. Minnesota Statutes 2020, section 290.92, subdivision 2a, is amended to read:

171.11 Subd. 2a. **Collection at source. (1) Deductions.** Every employer making payment of
171.12 wages shall deduct and withhold upon such wages a tax as provided in this section.

171.13 (2) **Withholding on payroll period.** The employer shall withhold the tax on the basis
171.14 of each payroll period or as otherwise provided in this section.

171.15 (3) **Withholding tables.** Unless the amount of tax to be withheld is determined as
171.16 provided in subdivision 3, the amount of tax to be withheld for each individual shall be
171.17 based upon tables to be prepared and distributed by the commissioner. The tables shall be
171.18 computed for the several permissible withholding periods and shall take account of
171.19 ~~exemptions~~ allowances allowed under this section; and the amounts computed for withholding
171.20 shall be such that the amount withheld for any individual during the individual's taxable
171.21 year shall approximate in the aggregate as closely as possible the tax which is levied and
171.22 imposed under this chapter for that taxable year, upon the individual's salary, wages, or
171.23 compensation for personal services of any kind for the employer.

171.24 (4) **Miscellaneous payroll period.** If wages are paid with respect to a period which is
171.25 not a payroll period, the amount to be deducted and withheld shall be that applicable in the
171.26 case of a miscellaneous payroll period containing a number of days, including Sundays and
171.27 holidays, equal to the number of days in the period with respect to which such wages are
171.28 paid.

171.29 (5) **Miscellaneous payroll period.** (a) In any case in which wages are paid by an
171.30 employer without regard to any payroll period or other period, the amount to be deducted
171.31 and withheld shall be that applicable in the case of a miscellaneous payroll period containing
171.32 a number of days equal to the number of days, including Sundays and holidays, which have
171.33 elapsed since the date of the last payment of such wages by such employer during the

172.1 calendar year, or the date of commencement of employment with such employer during
172.2 such year, or January 1 of such year, whichever is the later.

172.3 (b) In any case in which the period, or the time described in clause (a), in respect of any
172.4 wages is less than one week, the commissioner, under rules prescribed by the commissioner,
172.5 may authorize an employer to determine the amount to be deducted and withheld under the
172.6 tables applicable in the case of a weekly payroll period, in which case the aggregate of the
172.7 wages paid to the employee during the calendar week shall be considered the weekly wages.

172.8 (6) **Wages computed to nearest dollar.** If the wages exceed the highest bracket, in
172.9 determining the amount to be deducted and withheld under this subdivision, the wages may,
172.10 at the election of the employer, be computed to the nearest dollar.

172.11 (7) **Rules on withholding.** The commissioner may, by rule, authorize employers:

172.12 (a) to estimate the wages which will be paid to any employee in any quarter of the
172.13 calendar year;

172.14 (b) to determine the amount to be deducted and withheld upon each payment of wages
172.15 to such employee during such quarter as if the appropriate average of the wages so estimated
172.16 constituted the actual wages paid; and

172.17 (c) to deduct and withhold upon any payment of wages to such employee during such
172.18 quarter such amount as may be necessary to adjust the amount actually deducted and withheld
172.19 upon wages of such employee during such quarter to the amount required to be deducted
172.20 and withheld during such quarter without regard to this paragraph (7).

172.21 (8) **Additional withholding.** The commissioner is authorized to provide by rule for
172.22 increases or decreases in the amount of withholding otherwise required under this section
172.23 in cases where the employee requests the changes. Such additional withholding shall for
172.24 all purposes be considered tax required to be deducted and withheld under this section.

172.25 (9) **Tips.** In the case of tips which constitute wages, this subdivision shall be applicable
172.26 only to such tips as are included in a written statement furnished to the employer pursuant
172.27 to section 6053 of the Internal Revenue Code and only to the extent that the tax can be
172.28 deducted and withheld by the employer, at or after the time such statement is so furnished
172.29 and before the close of the calendar year in which such statement is furnished, from such
172.30 wages of the employee (excluding tips, but including funds turned over by the employee to
172.31 the employer for the purpose of such deduction and withholding) as are under the control
172.32 of the employer; and an employer who is furnished by an employee a written statement of
172.33 tips (received in a calendar month) pursuant to section 6053 of the Internal Revenue Code

173.1 to which subdivision 1 is applicable may deduct and withhold the tax with respect to such
173.2 tips from any wages of the employee (excluding tips) under the employer's control, even
173.3 though at the time such statement is furnished the total amount of the tips included in
173.4 statements furnished to the employer as having been received by the employee in such
173.5 calendar month in the course of employment by such employer is less than \$20. Such tax
173.6 shall not at any time be deducted and withheld in an amount which exceeds the aggregate
173.7 of such wages and funds as are under the control of the employer minus any tax required
173.8 by other provisions of state or federal law to be collected from such wages and funds.

173.9 (10) **Vehicle fringe benefits.** An employer shall not deduct and withhold any tax under
173.10 this section with respect to any vehicle fringe benefit provided to an employee if the employer
173.11 has so elected for federal purposes and the requirement of and the definition contained in
173.12 section 3402(s) of the Internal Revenue Code are complied with.

173.13 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
173.14 31, 2020.

173.15 Sec. 6. Minnesota Statutes 2020, section 290.92, subdivision 3, is amended to read:

173.16 Subd. 3. **Withholding, irregular period.** If payment of wages is made to an employee
173.17 by an employer

173.18 (a) With respect to a payroll period or other period, any part of which is included in a
173.19 payroll period or other period with respect to which wages are also paid to such employees
173.20 by such employer, or

173.21 (b) Without regard to any payroll period or other period, but on or prior to the expiration
173.22 of a payroll period or other period with respect to which wages are also paid to such employee
173.23 by such employer, or

173.24 (c) With respect to a period beginning in one and ending in another calendar year, or

173.25 (d) Through an agent, fiduciary, or other person who also has the control, receipt, custody,
173.26 or disposal of or pays, the wages payable by another employer to such employee.

173.27 The manner of withholding and the amount to be deducted and withheld under subdivision
173.28 2a shall be determined in accordance with rules prescribed by the commissioner under which
173.29 the withholding ~~exemption~~ allowance allowed to the employee in any calendar year shall
173.30 approximate the withholding ~~exemption~~ allowance allowable with respect to an annual
173.31 payroll period, except that if supplemental wages are not paid concurrent with a payroll
173.32 period the employer shall withhold tax on the supplemental payment at the rate of 6.25
173.33 percent as if no ~~exemption~~ allowance had been claimed.

174.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
174.2 31, 2020.

174.3 Sec. 7. Minnesota Statutes 2020, section 290.92, subdivision 4b, is amended to read:

174.4 Subd. 4b. **Withholding by partnerships.** (a) A partnership shall deduct and withhold
174.5 a tax as provided in paragraph (b) for nonresident individual partners based on their
174.6 distributive shares of partnership income for a taxable year of the partnership.

174.7 (b) The amount of tax withheld is determined by multiplying the partner's distributive
174.8 share allocable to Minnesota under section 290.17, paid or credited during the taxable year
174.9 by the highest rate used to determine the income tax liability for an individual under section
174.10 290.06, subdivision 2c, except that the amount of tax withheld may be determined by the
174.11 commissioner if the partner submits a withholding ~~exemption~~ allowance certificate under
174.12 subdivision 5.

174.13 (c) The commissioner may reduce or abate the tax withheld under this subdivision if the
174.14 partnership had reasonable cause to believe that no tax was due under this section.

174.15 (d) Notwithstanding paragraph (a), a partnership is not required to deduct and withhold
174.16 tax for a nonresident partner if:

174.17 (1) the partner elects to have the tax due paid as part of the partnership's composite return
174.18 under section 289A.08, subdivision 7;

174.19 (2) the partner has Minnesota assignable federal adjusted gross income from the
174.20 partnership of less than \$1,000; or

174.21 (3) the partnership is liquidated or terminated, the income was generated by a transaction
174.22 related to the termination or liquidation, and no cash or other property was distributed in
174.23 the current or prior taxable year;

174.24 (4) the distributive shares of partnership income are attributable to:

174.25 (i) income required to be recognized because of discharge of indebtedness;

174.26 (ii) income recognized because of a sale, exchange, or other disposition of real estate,
174.27 depreciable property, or property described in section 179 of the Internal Revenue Code;
174.28 or

174.29 (iii) income recognized on the sale, exchange, or other disposition of any property that
174.30 has been the subject of a basis reduction pursuant to section 108, 734, 743, 754, or 1017 of
174.31 the Internal Revenue Code

175.1 to the extent that the income does not include cash received or receivable or, if there is cash
175.2 received or receivable, to the extent that the cash is required to be used to pay indebtedness
175.3 by the partnership or a secured debt on partnership property; or

175.4 (5) the partnership is a publicly traded partnership, as defined in section 7704(b) of the
175.5 Internal Revenue Code.

175.6 (e) For purposes of sections 270C.60, 289A.09, subdivision 2, 289A.20, subdivision 2,
175.7 paragraph (c), 289A.50, 289A.56, 289A.60, and 289A.63, a partnership is considered an
175.8 employer.

175.9 (f) To the extent that income is exempt from withholding under paragraph (d), clause
175.10 (4), the commissioner has a lien in an amount up to the amount that would be required to
175.11 be withheld with respect to the income of the partner attributable to the partnership interest,
175.12 but for the application of paragraph (d), clause (4). The lien arises under section 270C.63
175.13 from the date of assessment of the tax against the partner, and attaches to that partner's share
175.14 of the profits and any other money due or to become due to that partner in respect of the
175.15 partnership. Notice of the lien may be sent by mail to the partnership, without the necessity
175.16 for recording the lien. The notice has the force and effect of a levy under section 270C.67,
175.17 and is enforceable against the partnership in the manner provided by that section. Upon
175.18 payment in full of the liability subsequent to the notice of lien, the partnership must be
175.19 notified that the lien has been satisfied.

175.20 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
175.21 31, 2020.

175.22 Sec. 8. Minnesota Statutes 2020, section 290.92, subdivision 4c, is amended to read:

175.23 Subd. 4c. **Withholding by S corporations.** (a) A corporation having a valid election in
175.24 effect under section 290.9725 shall deduct and withhold a tax as provided in paragraph (b)
175.25 for nonresident individual shareholders their share of the corporation's income for the taxable
175.26 year.

175.27 (b) The amount of tax withheld is determined by multiplying the amount of income
175.28 allocable to Minnesota under section 290.17 by the highest rate used to determine the income
175.29 tax liability of an individual under section 290.06, subdivision 2c, except that the amount
175.30 of tax withheld may be determined by the commissioner if the shareholder submits a
175.31 withholding ~~exemption~~ allowance certificate under subdivision 5.

175.32 (c) Notwithstanding paragraph (a), a corporation is not required to deduct and withhold
175.33 tax for a nonresident shareholder, if:

176.1 (1) the shareholder elects to have the tax due paid as part of the corporation's composite
176.2 return under section 289A.08, subdivision 7;

176.3 (2) the shareholder has Minnesota assignable federal adjusted gross income from the
176.4 corporation of less than \$1,000; or

176.5 (3) the corporation is liquidated or terminated, the income was generated by a transaction
176.6 related to the termination or liquidation, and no cash or other property was distributed in
176.7 the current or prior taxable year.

176.8 (d) For purposes of sections 270C.60, 289A.09, subdivision 2, 289A.20, subdivision 2,
176.9 paragraph (c), 289A.50, 289A.56, 289A.60, and 289A.63, a corporation is considered an
176.10 employer.

176.11 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
176.12 31, 2020.

176.13 Sec. 9. Minnesota Statutes 2020, section 290.92, subdivision 5, is amended to read:

176.14 Subd. 5. ~~Exemptions~~ **Allowances.** (1) ~~Entitlement.~~ An employee receiving wages shall
176.15 on any day be entitled to claim withholding ~~exemptions~~ allowances in a number not to
176.16 exceed the number of withholding ~~exemptions~~ allowances that the employee claims and
176.17 that are allowable pursuant to section 3402(f)(1), ~~(m), and (n)~~ of the Internal Revenue Code
176.18 for federal withholding purposes, except:

176.19 (i) the standard deduction amount for the purposes of section 3402(f)(1)(E) of the Internal
176.20 Revenue Code shall be the amount calculated under section 290.0123, ~~subdivision 1; and~~

176.21 (ii) the ~~exemption~~ allowance amount for the purposes of section 3402(f)(1)(A) of the
176.22 Internal Revenue Code shall be the amount calculated under section 290.0121, subdivision
176.23 1;

176.24 (iii) withholding allowances under sections 3402(f)(1)(C) and (D) of the Internal Revenue
176.25 Code are not allowed;

176.26 (iv) estimated itemized deductions allowable under section 290.0122, but only if the
176.27 employee's spouse does not have in effect a withholding certificate electing this allowance;
176.28 and

176.29 (v) any additional allowances, at the discretion of the commissioner, that are in the best
176.30 interests of determining the proper amount to withhold for the payment of taxes under this
176.31 chapter.

177.1 (2) **Withholding ~~exemption~~ allowance certificate.** The provisions concerning ~~exemption~~
177.2 allowance certificates contained in section 3402(f)(2) and (3) of the Internal Revenue Code
177.3 shall apply.

177.4 (3) **Form of certificate.** Withholding ~~exemption~~ allowance certificates shall be in such
177.5 form and contain such information as the commissioner may by rule prescribe.

177.6 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
177.7 31, 2020.

177.8 Sec. 10. Minnesota Statutes 2020, section 290.92, subdivision 5a, is amended to read:

177.9 Subd. 5a. **Verification of withholding ~~exemptions~~ allowances; appeal.** (a) An employer
177.10 shall submit to the commissioner a copy of any withholding ~~exemption~~ allowance certificate
177.11 or any affidavit of residency received from an employee on which the employee claims any
177.12 of the following:

177.13 (1) a total number of withholding ~~exemptions~~ allowances in excess of ten or a number
177.14 prescribed by the commissioner, or

177.15 (2) a status that would exempt the employee from Minnesota withholding, including
177.16 where the employee is a nonresident exempt from withholding under subdivision 4a, clause
177.17 (3), except where the employer reasonably expects, at the time that the certificate is received,
177.18 that the employee's wages under subdivision 1 from the employer will not then usually
177.19 exceed \$200 per week, or

177.20 (3) any number of withholding ~~exemptions~~ allowances which the employer has reason
177.21 to believe is in excess of the number to which the employee is entitled.

177.22 (b) Copies of ~~exemption~~ allowance certificates and affidavits of residency required to
177.23 be submitted by paragraph (a) shall be submitted to the commissioner within 30 days after
177.24 receipt by the employer unless the employer is also required by federal law to submit copies
177.25 to the Internal Revenue Service, in which case the employer may elect to submit the copies
177.26 to the commissioner at the same time that the employer is required to submit them to the
177.27 Internal Revenue Service.

177.28 (c) An employer who submits a copy of a withholding ~~exemption~~ allowance certificate
177.29 in accordance with paragraph (a) shall honor the certificate until notified by the commissioner
177.30 that the certificate is invalid. The commissioner shall mail a copy of any such notice to the
177.31 employee. Upon notification that a particular certificate is invalid, the employer shall not
177.32 honor that certificate or any subsequent certificate unless instructed to do so by the
177.33 commissioner. The employer shall allow the employee the number of ~~exemptions~~ allowances

178.1 and compute the withholding tax as instructed by the commissioner in accordance with
178.2 paragraph (d).

178.3 (d) The commissioner may require an employee to verify entitlement to the number of
178.4 ~~exemptions~~ allowances or to the exempt status claimed on the withholding ~~exemption~~
178.5 allowance certificate or, to verify nonresidency. The employee shall be allowed at least 30
178.6 days to submit the verification, after which time the commissioner shall, on the basis of the
178.7 best information available to the commissioner, determine the employee's status and allow
178.8 the employee the maximum number of withholding ~~exemptions~~ allowances allowable under
178.9 this chapter. The commissioner shall mail a notice of this determination to the employee at
178.10 the address listed on the ~~exemption~~ allowance certificate in question or to the last known
178.11 address of the employee. Pursuant to section 270B.06, the commissioner may notify the
178.12 employer of this determination and instruct the employer to withhold tax in accordance with
178.13 the determination.

178.14 However, where the commissioner has reasonable grounds for believing that the employee
178.15 is about to leave the state or that the collection of any tax due under this chapter will be
178.16 jeopardized by delay, the commissioner may immediately notify the employee and the
178.17 employer, pursuant to section 270B.06, that the certificate is invalid, and the employer must
178.18 not honor that certificate or any subsequent certificate unless instructed to do so by the
178.19 commissioner. The employer shall allow the employee the number of ~~exemptions~~ allowances
178.20 and compute the withholding tax as instructed by the commissioner.

178.21 (e) The commissioner's determination under paragraph (d) shall be appealable to Tax
178.22 Court in accordance with section 271.06, and shall remain in effect for withholding tax
178.23 purposes pending disposition of any appeal.

178.24 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
178.25 31, 2020.

178.26 Sec. 11. Minnesota Statutes 2020, section 290.92, subdivision 19, is amended to read:

178.27 Subd. 19. **Employees incurring no income tax liability.** Notwithstanding any other
178.28 provision of this section, except the provisions of subdivision 5a, an employer is not required
178.29 to deduct and withhold any tax under this chapter from wages paid to an employee if:

178.30 (1) the employee furnished the employer with a withholding ~~exemption~~ allowance
178.31 certificate that:

178.32 (i) certifies the employee incurred no liability for income tax imposed under this chapter
178.33 for the employee's preceding taxable year;

(ii) certifies the employee anticipates incurring no liability for income tax imposed under this chapter for the current taxable year; and

(iii) is in a form and contains any other information prescribed by the commissioner; or

(2)(i) the employee is not a resident of Minnesota when the wages were paid; and

(ii) the employer reasonably expects that the employer will not pay the employee enough wages assignable to Minnesota under section 290.17, subdivision 2, paragraph (a)(1), to meet the nonresident requirement to file a Minnesota individual income tax return for the taxable year under section 289A.08, subdivision 1, paragraph (a).

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2020.

Sec. 12. Minnesota Statutes 2020, section 290.92, subdivision 20, is amended to read:

Subd. 20. ~~Voluntary withholding agreements~~ **Miscellaneous withholding arrangements.** (a) For purposes of this section, any payment ~~of an annuity to an individual, if at the time the payment is made a request that such annuity be subject to withholding under this section is in effect,~~ or distribution to an individual as defined under section 3405(e)(2) or (3) of the Internal Revenue Code shall be treated as if it were a payment of wages by an employer to an employee for a payroll period. Any payment to an individual of sick pay which does not constitute wages, determined without regard to this subdivision, shall be treated as if it were a payment of wages by an employer to an employee for a payroll period, if, at the time the payment is made a request that such sick pay be subject to withholding under this section is in effect. Sick pay means any amount which:

(1) is paid to an employee pursuant to a plan to which the employer is a party, and

(2) constitutes remuneration or a payment in lieu of remuneration for any period during which the employee is temporarily absent from work on account of sickness or personal injuries.

(b) A request for withholding, the amount withheld, and sick pay paid pursuant to certain collective bargaining agreements shall conform with the provisions of section 3402(o)(3), (4), and (5) of the Internal Revenue Code.

(c) The commissioner is authorized by rules to provide for withholding:

(1) from remuneration for services performed by an employee for the employer which, without regard to this subdivision, does not constitute wages, and

(2) from any other type of payment with respect to which the commissioner finds that withholding would be appropriate under the provisions of this section, if the employer and the employee, or in the case of any other type of payment the person making and the person receiving the payment, agree to such withholding. Such agreement shall be made in such form and manner as the commissioner may by rules provide. For purposes of this section remuneration or other payments with respect to which such agreement is made shall be treated as if they were wages paid by an employer to an employee to the extent that such remuneration is paid or other payments are made during the period for which the agreement is in effect.

(d) An individual receiving a payment or distribution under paragraph (a) may elect to have paragraph (a) not apply to the payment or distribution as follows.

(1) For payments defined under section 3405(e)(2) of the Internal Revenue Code, an election remains in effect until revoked by such individual.

(2) For distributions defined under section 3405(e)(3) of the Internal Revenue Code, the election is on a distribution-by-distribution basis.

EFFECTIVE DATE. This section is effective for payments and distributions made after December 31, 2021.

Sec. 13. Minnesota Statutes 2020, section 290.923, subdivision 9, is amended to read:

Subd. 9. **Payees incurring no income tax liability.** Notwithstanding any other provision of this section a payor shall not be required to deduct and withhold any tax under this chapter upon a payment of royalties to a payee if there is in effect with respect to the payment a withholding ~~exemption~~ allowance certificate, in the form and containing the information prescribed by the commissioner, furnished to the payor by the payee certifying that the payee:

(1) incurred no liability for income tax imposed under this chapter for the payee's preceding taxable year; and

(2) anticipates incurring no liability for income tax under this chapter for the current taxable year.

The commissioner shall provide by rule for the coordination of the provisions of this subdivision with the provisions of subdivision 4.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2020.

181.1 Sec. 14. Minnesota Statutes 2020, section 290.993, is amended to read:

181.2 **290.993 SPECIAL LIMITED ADJUSTMENT.**

181.3 (a) For an individual ~~income taxpayer subject to tax under section 290.06, subdivision~~
181.4 ~~2e, estate, or trust~~, or a partnership that elects to file a composite return under section
181.5 289A.08, subdivision 7, for taxable years beginning after December 31, 2017, and before
181.6 January 1, 2019, the following special rules apply:

181.7 (1) an individual income taxpayer may: (i) take the standard deduction; or (ii) make an
181.8 election under section 63(e) of the Internal Revenue Code to itemize, for Minnesota individual
181.9 income tax purposes, regardless of the choice made on their federal return; and

181.10 (2) there is an adjustment to tax equal to the difference between the tax calculated under
181.11 this chapter using the Internal Revenue Code as amended through December 16, 2016, and
181.12 the tax calculated under this chapter using the Internal Revenue Code amended through
181.13 December 31, 2018, before the application of credits. The end result must be zero additional
181.14 tax due or refund.

181.15 (b) The adjustment in paragraph (a), clause (2), does not apply to any changes due to
181.16 sections 11012, 13101, 13201, 13202, 13203, 13204, 13205, 13207, 13301, 13302, 13303,
181.17 13313, 13502, 13503, 13801, 14101, 14102, 14211 through 14215, and 14501 of Public
181.18 Law 115-97; and section 40411 of Public Law 115-123.

181.19 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
181.20 after December 31, 2017, and before January 1, 2019.

181.21 **ARTICLE 13**

181.22 **DEPARTMENT OF REVENUE POLICY AND TECHNICAL: PROPERTY TAXES**
181.23 **AND LOCAL GOVERNMENT AIDS**

181.24 Section 1. Minnesota Statutes 2020, section 270.41, subdivision 3a, is amended to read:

181.25 Subd. 3a. **Report on disciplinary actions.** ~~Each odd-numbered year,~~ When issuing the
181.26 report required under section 214.07, the board must ~~publish a report detailing~~ include the
181.27 number and types of disciplinary actions recommended by the commissioner of revenue
181.28 under section 273.0645, subdivision 2, and the disposition of those recommendations by
181.29 the board. The report must be presented to the house of representatives and senate committees
181.30 with jurisdiction over property taxes ~~by February 1 of each odd-numbered year~~ in addition
181.31 to the recipients required under section 214.07.

181.32 **EFFECTIVE DATE.** This section is effective for reports issued in 2022 and thereafter.

182.1 Sec. 2. Minnesota Statutes 2020, section 270.44, is amended to read:

182.2 **270.44 CHARGES FOR COURSES, EXAMINATIONS OR MATERIALS.**

182.3 The board shall charge the following fees:

182.4 (1) \$150 for a senior accredited Minnesota assessor license;

182.5 (2) \$125 for an accredited Minnesota assessor license;

182.6 (3) \$95 for a certified Minnesota assessor specialist license;

182.7 (4) \$85 for a certified Minnesota assessor license;

182.8 (5) \$85 for a temporary license;

182.9 (6) \$50 for a trainee registration;

182.10 (7) \$80 for grading a form appraisal;

182.11 (8) \$140 for grading a narrative appraisal; and

182.12 (9) \$50 for reinstatement; ~~and.~~

182.13 ~~(10) \$20 for record retention.~~

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

182.15 Sec. 3. Minnesota Statutes 2020, section 272.029, subdivision 2, is amended to read:

182.16 Subd. 2. **Definitions.** (a) For the purposes of this section:

182.17 (1) "wind energy conversion system" has the meaning given in section 216C.06,
182.18 subdivision 19, and also includes a substation that is used and owned by one or more wind
182.19 energy conversion facilities;

182.20 (2) "large scale wind energy conversion system" means a wind energy conversion system
182.21 of more than 12 megawatts, as measured by the nameplate capacity of the system or as
182.22 combined with other systems as provided in paragraph (b);

182.23 (3) "medium scale wind energy conversion system" means a wind energy conversion
182.24 system of over two and not more than 12 megawatts, as measured by the nameplate capacity
182.25 of the system or as combined with other systems as provided in paragraph (b); and

182.26 (4) "small scale wind energy conversion system" means a wind energy conversion system
182.27 of two megawatts and under, as measured by the nameplate capacity of the system or as
182.28 combined with other systems as provided in paragraph (b).

(b) For systems installed and contracted for after January 1, 2002, the total size of a wind energy conversion system under this subdivision shall be determined according to this paragraph. Unless the systems are interconnected with different distribution systems, the nameplate capacity of one wind energy conversion system shall be combined with the nameplate capacity of any other wind energy conversion system that is:

(1) located within five miles of the wind energy conversion system;

(2) constructed within the same 12-month period as the wind energy conversion system;

and

(3) under common ownership.

In the case of a dispute, the commissioner of commerce shall determine the total size of the system, and shall draw all reasonable inferences in favor of combining the systems.

For the purposes of making a determination under this paragraph, the original construction date of an existing wind energy conversion system is not changed if the system is replaced, repaired, or otherwise maintained or altered.

(c) In making a determination under paragraph (b), the commissioner of commerce may determine that two wind energy conversion systems are under common ownership when the underlying ownership structure contains similar persons or entities, even if the ownership shares differ between the two systems. Wind energy conversion systems are not under common ownership solely because the same person or entity provided equity financing for the systems.

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

Sec. 4. Minnesota Statutes 2020, section 272.0295, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) For the purposes of this section, the term "solar energy generating system" means a set of devices whose primary purpose is to produce electricity by means of any combination of collecting, transferring, or converting solar generated energy.

(b) The total size of a solar energy generating system under this subdivision shall be determined according to this paragraph. Unless the systems are interconnected with different distribution systems, the nameplate capacity of a solar energy generating system shall be combined with the nameplate capacity of any other solar energy generating system that:

(1) is constructed within the same 12-month period as the solar energy generating system;

and

184.1 (2) exhibits characteristics of being a single development, including but not limited to
184.2 ownership structure, an umbrella sales arrangement, shared interconnection, revenue-sharing
184.3 arrangements, and common debt or equity financing.

184.4 In the case of a dispute, the commissioner of commerce shall determine the total size of the
184.5 system and shall draw all reasonable inferences in favor of combining the systems.

184.6 For the purposes of making a determination under this paragraph, the original construction
184.7 date of an existing solar energy conversion system is not changed if the system is replaced,
184.8 repaired, or otherwise maintained or altered.

184.9 (c) In making a determination under paragraph (b), the commissioner of commerce may
184.10 determine that two solar energy generating systems are under common ownership when the
184.11 underlying ownership structure contains similar persons or entities, even if the ownership
184.12 shares differ between the two systems. Solar energy generating systems are not under
184.13 common ownership solely because the same person or entity provided equity financing for
184.14 the systems.

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

184.16 Sec. 5. Minnesota Statutes 2020, section 272.0295, subdivision 5, is amended to read:

184.17 Subd. 5. **Notification of tax.** (a) On or before February 28, the commissioner of revenue
184.18 shall notify the owner of each solar energy generating system of the tax due to each county
184.19 for the current year and shall certify to the county auditor of each county in which the system
184.20 is located the tax due from each owner for the current year.

184.21 (b) If the commissioner of revenue determines that the amount of production tax has
184.22 been erroneously calculated, the commissioner may correct the error. The commissioner
184.23 must notify the owner of the solar energy generating system of the correction and the amount
184.24 of tax due to each county and must certify the correction to the county auditor of each county
184.25 in which the system is located on or before April 1 of the current year. The commissioner
184.26 may correct errors that are clerical in nature until December 31.

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

185.1 Sec. 6. Minnesota Statutes 2020, section 273.063, is amended to read:

185.2 **273.063 APPLICATION; LIMITATIONS.**

185.3 The provisions of sections 272.161, 273.061, 273.062, 273.063, 273.072, 273.08, 273.10,
185.4 274.01, and 375.192 shall apply to all counties except Ramsey County. The following
185.5 limitations shall apply as to the extent of the county assessors jurisdiction:

185.6 In counties having a city of the first class, the powers and duties of the county assessor
185.7 within such city shall be performed by the duly appointed city assessor. In all other cities
185.8 having a population of 30,000 persons or more, according to the last preceding federal
185.9 census, except in counties having a county assessor on January 1, 1967, the powers and
185.10 duties of the county assessor within such cities shall be performed by the duly appointed
185.11 city assessor, provided that the county assessor shall retain the supervisory duties contained
185.12 in section 273.061, subdivision 8. For purposes of this section, "powers and duties" means
185.13 the powers and duties identified in section 273.061, subdivision 8, clauses (5) to (16).

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

185.15 Sec. 7. Minnesota Statutes 2020, section 273.0755, is amended to read:

185.16 **273.0755 TRAINING AND EDUCATION OF PROPERTY TAX PERSONNEL.**

185.17 (a) Beginning with the four-year period starting on July 1, ~~2000~~ 2020, every person
185.18 licensed by the state Board of Assessors at the Accredited Minnesota Assessor level or
185.19 higher, shall successfully complete ~~a weeklong Minnesota laws course~~ 30 hours of
185.20 educational coursework on Minnesota laws, assessment administration, and administrative
185.21 procedures sponsored by the Department of Revenue ~~at least once~~ in every four-year period.
185.22 ~~An assessor need not attend the course if they successfully pass the test for the course.~~

185.23 (b) The commissioner of revenue may require that each county, and each city for which
185.24 the city assessor performs the duties of county assessor, have (1) a person on the assessor's
185.25 staff who is certified by the Department of Revenue in sales ratio calculations, (2) an officer
185.26 or employee who is certified by the Department of Revenue in tax calculations, and (3) an
185.27 officer or employee who is certified by the Department of Revenue in the proper preparation
185.28 of information reported to the commissioner under section 270C.85, subdivision 2, clause
185.29 (4). Certifications under this paragraph expire after four years.

185.30 (c) Beginning with the four-year educational licensing period starting on July 1, 2004,
185.31 every Minnesota assessor licensed by the State Board of Assessors must attend and participate
185.32 in a seminar that focuses on ethics, professional conduct and the need for standardized
185.33 assessment practices developed and presented by the commissioner of revenue. This

requirement must be met at least once in every subsequent four-year period. This requirement applies to all assessors licensed for one year or more in the four-year period.

(d) When the commissioner of revenue determines that an individual or board that performs functions related to property tax administration has performed those functions in a manner that is not uniform or equitable, the commissioner may require that the individual or members of the board complete supplemental training. The commissioner may not require that an individual complete more than 32 hours of supplemental training pursuant to this paragraph. If the individual is required to complete supplemental training due to that individual's membership on a local or county board of appeal and equalization, the commissioner may not require that the individual complete more than two hours of supplemental training.

EFFECTIVE DATE. This section is effective retroactively for the four-year licensing period starting on July 1, 2020, and thereafter.

Sec. 8. Minnesota Statutes 2020, section 273.124, subdivision 14, is amended to read:

Subd. 14. **Agricultural homesteads; special provisions.** (a) Real estate of less than ten acres that is the homestead of its owner must be classified as class 2a under section 273.13, subdivision 23, paragraph (a), if:

(1) the parcel on which the house is located is contiguous on at least two sides to (i) agricultural land, (ii) land owned or administered by the United States Fish and Wildlife Service, or (iii) land administered by the Department of Natural Resources on which in lieu taxes are paid under sections 477A.11 to 477A.14 or section 477A.17;

(2) its owner also owns a noncontiguous parcel of agricultural land that is at least 20 acres;

(3) the noncontiguous land is located not farther than four townships or cities, or a combination of townships or cities from the homestead; and

(4) the agricultural use value of the noncontiguous land and farm buildings is equal to at least 50 percent of the market value of the house, garage, and one acre of land.

Homesteads initially classified as class 2a under the provisions of this paragraph shall remain classified as class 2a, irrespective of subsequent changes in the use of adjoining properties, as long as the homestead remains under the same ownership, the owner owns a noncontiguous parcel of agricultural land that is at least 20 acres, and the agricultural use value qualifies under clause (4). Homestead classification under this paragraph is limited to property that qualified under this paragraph for the 1998 assessment.

187.1 (b)(i) Agricultural property shall be classified as the owner's homestead, to the same
187.2 extent as other agricultural homestead property, if all of the following criteria are met:

187.3 (1) the agricultural property consists of at least 40 acres including undivided government
187.4 lots and correctional 40's;

187.5 (2) the owner, the owner's spouse, or a grandchild, child, sibling, or parent of the owner
187.6 or of the owner's spouse, is actively farming the agricultural property, either on the person's
187.7 own behalf as an individual or on behalf of a partnership operating a family farm, family
187.8 farm corporation, joint family farm venture, or limited liability company of which the person
187.9 is a partner, shareholder, or member;

187.10 (3) both the owner of the agricultural property and the person who is actively farming
187.11 the agricultural property under clause (2), are Minnesota residents;

187.12 (4) neither the owner nor the spouse of the owner claims another agricultural homestead
187.13 in Minnesota; and

187.14 (5) neither the owner nor the person actively farming the agricultural property lives
187.15 farther than four townships or cities, or a combination of four townships or cities, from the
187.16 agricultural property, except that if the owner or the owner's spouse is required to live in
187.17 employer-provided housing, the owner or owner's spouse, whichever is actively farming
187.18 the agricultural property, may live more than four townships or cities, or combination of
187.19 four townships or cities from the agricultural property.

187.20 The relationship under this paragraph may be either by blood or marriage.

187.21 (ii) Property containing the residence of an owner who owns qualified property under
187.22 clause (i) shall be classified as part of the owner's agricultural homestead, if that property
187.23 is also used for noncommercial storage or drying of agricultural crops.

187.24 (iii) As used in this paragraph, "agricultural property" means class 2a property and any
187.25 class 2b property that is contiguous to and under the same ownership as the class 2a property.

187.26 (c) Noncontiguous land shall be included as part of a homestead under section 273.13,
187.27 subdivision 23, paragraph (a), only if the homestead is classified as class 2a and the detached
187.28 land is located in the same township or city, or not farther than four townships or cities or
187.29 combination thereof from the homestead. Any taxpayer of these noncontiguous lands must
187.30 notify the county assessor that the noncontiguous land is part of the taxpayer's homestead,
187.31 and, if the homestead is located in another county, the taxpayer must also notify the assessor
187.32 of the other county.

188.1 (d) Agricultural land used for purposes of a homestead and actively farmed by a person
188.2 holding a vested remainder interest in it must be classified as a homestead under section
188.3 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a, any other
188.4 dwellings on the land used for purposes of a homestead by persons holding vested remainder
188.5 interests who are actively engaged in farming the property, and up to one acre of the land
188.6 surrounding each homestead and reasonably necessary for the use of the dwelling as a home,
188.7 must also be assessed class 2a.

188.8 (e) Agricultural land and buildings that were class 2a homestead property under section
188.9 273.13, subdivision 23, paragraph (a), for the 1997 assessment shall remain classified as
188.10 agricultural homesteads for subsequent assessments if:

188.11 (1) the property owner abandoned the homestead dwelling located on the agricultural
188.12 homestead as a result of the April 1997 floods;

188.13 (2) the property is located in the county of Polk, Clay, Kittson, Marshall, Norman, or
188.14 Wilkin;

188.15 (3) the agricultural land and buildings remain under the same ownership for the current
188.16 assessment year as existed for the 1997 assessment year and continue to be used for
188.17 agricultural purposes;

188.18 (4) the dwelling occupied by the owner is located in Minnesota and is within 30 miles
188.19 of one of the parcels of agricultural land that is owned by the taxpayer; and

188.20 (5) the owner notifies the county assessor that the relocation was due to the 1997 floods,
188.21 and the owner furnishes the assessor any information deemed necessary by the assessor in
188.22 verifying the change in dwelling. Further notifications to the assessor are not required if the
188.23 property continues to meet all the requirements in this paragraph and any dwellings on the
188.24 agricultural land remain uninhabited.

188.25 (f) Agricultural land and buildings that were class 2a homestead property under section
188.26 273.13, subdivision 23, paragraph (a), for the 1998 assessment shall remain classified
188.27 agricultural homesteads for subsequent assessments if:

188.28 (1) the property owner abandoned the homestead dwelling located on the agricultural
188.29 homestead as a result of damage caused by a March 29, 1998, tornado;

188.30 (2) the property is located in the county of Blue Earth, Brown, Cottonwood, LeSueur,
188.31 Nicollet, Nobles, or Rice;

188.32 (3) the agricultural land and buildings remain under the same ownership for the current
188.33 assessment year as existed for the 1998 assessment year;

189.1 (4) the dwelling occupied by the owner is located in this state and is within 50 miles of
189.2 one of the parcels of agricultural land that is owned by the taxpayer; and

189.3 (5) the owner notifies the county assessor that the relocation was due to a March 29,
189.4 1998, tornado, and the owner furnishes the assessor any information deemed necessary by
189.5 the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the
189.6 owner must notify the assessor by December 1, 1998. Further notifications to the assessor
189.7 are not required if the property continues to meet all the requirements in this paragraph and
189.8 any dwellings on the agricultural land remain uninhabited.

189.9 (g) Agricultural property of a family farm corporation, joint family farm venture, family
189.10 farm limited liability company, or partnership operating a family farm as described under
189.11 subdivision 8 shall be classified homestead, to the same extent as other agricultural homestead
189.12 property, if all of the following criteria are met:

189.13 (1) the property consists of at least 40 acres including undivided government lots and
189.14 correctional 40's;

189.15 (2) a shareholder, member, or partner of that entity is actively farming the agricultural
189.16 property;

189.17 (3) that shareholder, member, or partner who is actively farming the agricultural property
189.18 is a Minnesota resident;

189.19 (4) neither that shareholder, member, or partner, nor the spouse of that shareholder,
189.20 member, or partner claims another agricultural homestead in Minnesota; and

189.21 (5) that shareholder, member, or partner does not live farther than four townships or
189.22 cities, or a combination of four townships or cities, from the agricultural property.

189.23 Homestead treatment applies under this paragraph even if:

189.24 (i) the shareholder, member, or partner of that entity is actively farming the agricultural
189.25 property on the shareholder's, member's, or partner's own behalf; or

189.26 (ii) the family farm is operated by a family farm corporation, joint family farm venture,
189.27 partnership, or limited liability company other than the family farm corporation, joint family
189.28 farm venture, partnership, or limited liability company that owns the land, provided that:

189.29 (A) the shareholder, member, or partner of the family farm corporation, joint family
189.30 farm venture, partnership, or limited liability company that owns the land who is actively
189.31 farming the land is a shareholder, member, or partner of the family farm corporation, joint

190.1 family farm venture, partnership, or limited liability company that is operating the farm;
190.2 and

190.3 (B) more than half of the shareholders, members, or partners of each family farm
190.4 corporation, joint family farm venture, partnership, or limited liability company are persons
190.5 or spouses of persons who are a qualifying relative under section 273.124, subdivision 1,
190.6 paragraphs (c) and (d).

190.7 Homestead treatment applies under this paragraph for property leased to a family farm
190.8 corporation, joint farm venture, limited liability company, or partnership operating a family
190.9 farm if legal title to the property is in the name of an individual who is a member, shareholder,
190.10 or partner in the entity.

190.11 (h) To be eligible for the special agricultural homestead under this subdivision, an initial
190.12 full application must be submitted to the county assessor where the property is located.
190.13 Owners and the persons who are actively farming the property shall be required to complete
190.14 only a one-page abbreviated version of the application in each subsequent year provided
190.15 that none of the following items have changed since the initial application:

190.16 (1) the day-to-day operation, administration, and financial risks remain the same;

190.17 (2) the owners and the persons actively farming the property continue to live within the
190.18 four townships or city criteria and are Minnesota residents;

190.19 (3) the same operator of the agricultural property is listed with the Farm Service Agency;

190.20 (4) a Schedule F or equivalent income tax form was filed for the most recent year;

190.21 (5) the property's acreage is unchanged; and

190.22 (6) none of the property's acres have been enrolled in a federal or state farm program
190.23 since the initial application.

190.24 The owners and any persons who are actively farming the property must include the
190.25 appropriate Social Security numbers, and sign and date the application. If any of the specified
190.26 information has changed since the full application was filed, the owner must notify the
190.27 assessor, and must complete a new application to determine if the property continues to
190.28 qualify for the special agricultural homestead. The commissioner of revenue shall prepare
190.29 a standard reapplication form for use by the assessors.

190.30 (i) Agricultural land and buildings that were class 2a homestead property under section
190.31 273.13, subdivision 23, paragraph (a), for the 2007 assessment shall remain classified
190.32 agricultural homesteads for subsequent assessments if:

191.1 (1) the property owner abandoned the homestead dwelling located on the agricultural
191.2 homestead as a result of damage caused by the August 2007 floods;

191.3 (2) the property is located in the county of Dodge, Fillmore, Houston, Olmsted, Steele,
191.4 Wabasha, or Winona;

191.5 (3) the agricultural land and buildings remain under the same ownership for the current
191.6 assessment year as existed for the 2007 assessment year;

191.7 (4) the dwelling occupied by the owner is located in this state and is within 50 miles of
191.8 one of the parcels of agricultural land that is owned by the taxpayer; and

191.9 (5) the owner notifies the county assessor that the relocation was due to the August 2007
191.10 floods, and the owner furnishes the assessor any information deemed necessary by the
191.11 assessor in verifying the change in homestead dwelling. For taxes payable in 2009, the
191.12 owner must notify the assessor by December 1, 2008. Further notifications to the assessor
191.13 are not required if the property continues to meet all the requirements in this paragraph and
191.14 any dwellings on the agricultural land remain uninhabited.

191.15 (j) Agricultural land and buildings that were class 2a homestead property under section
191.16 273.13, subdivision 23, paragraph (a), for the 2008 assessment shall remain classified as
191.17 agricultural homesteads for subsequent assessments if:

191.18 (1) the property owner abandoned the homestead dwelling located on the agricultural
191.19 homestead as a result of the March 2009 floods;

191.20 (2) the property is located in the county of Marshall;

191.21 (3) the agricultural land and buildings remain under the same ownership for the current
191.22 assessment year as existed for the 2008 assessment year and continue to be used for
191.23 agricultural purposes;

191.24 (4) the dwelling occupied by the owner is located in Minnesota and is within 50 miles
191.25 of one of the parcels of agricultural land that is owned by the taxpayer; and

191.26 (5) the owner notifies the county assessor that the relocation was due to the 2009 floods,
191.27 and the owner furnishes the assessor any information deemed necessary by the assessor in
191.28 verifying the change in dwelling. Further notifications to the assessor are not required if the
191.29 property continues to meet all the requirements in this paragraph and any dwellings on the
191.30 agricultural land remain uninhabited.

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

192.1 Sec. 9. Minnesota Statutes 2020, section 273.18, is amended to read:

192.2 **273.18 LISTING, VALUATION, AND ASSESSMENT OF EXEMPT PROPERTY**
192.3 **BY COUNTY AUDITORS.**

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

192.9 (b) The county auditor shall include in the exempt property information that the
192.10 commissioner may require under section 270C.85, subdivision 2, clause (4), the total number
192.11 of acres of all natural resources lands for which in lieu payments are made under sections
192.12 477A.11 to 477A.14 and 477A.17. The assessor shall estimate its market value, provided
192.13 that if the assessor is not able to estimate the market value of the land on a per parcel basis,
192.14 the assessor shall furnish the commissioner of revenue with an estimate of the average value
192.15 per acre of this land within the county.

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

192.17 Sec. 10. Minnesota Statutes 2020, section 287.04, is amended to read:

192.18 **287.04 EXEMPTIONS.**

192.19 The tax imposed by section 287.035 does not apply to:

192.20 ~~(a)~~ (1) a decree of marriage dissolution or an instrument made pursuant to it;

192.21 ~~(b)~~ (2) a mortgage given to correct a misdescription of the mortgaged property;

192.22 ~~(c)~~ (3) a mortgage or other instrument that adds additional security for the same debt
192.23 for which mortgage registry tax has been paid;

192.24 ~~(d)~~ (4) a contract for the conveyance of any interest in real property, including a contract
192.25 for deed;

192.26 ~~(e)~~ (5) a mortgage secured by real property subject to the minerals production tax of
192.27 sections 298.24 to 298.28;

192.28 ~~(f) The principal amount of~~ (6) a mortgage loan made under a low and moderate income
192.29 housing program, or other affordable housing program, if: (i) the mortgagee is a federal,
192.30 state, or local government agency; or (ii) the assignee is a federal, state, or local government
192.31 agency;

193.1 ~~(g)~~ (7) mortgages granted by fraternal benefit societies subject to section 64B.24.;

193.2 ~~(h)~~ (8) a mortgage amendment or extension, as defined in section 287.01.;

193.3 ~~(i)~~ (9) an agricultural mortgage if the proceeds of the loan secured by the mortgage are
 193.4 used to acquire or improve real property classified under section 273.13, subdivision 23,
 193.5 paragraph (a) or (b).; and

193.6 ~~(j)~~ (10) a mortgage on an armory building as set forth in section 193.147.

193.7 **EFFECTIVE DATE.** This section is effective for mortgages recorded after June 30,
 193.8 2021.

193.9 Sec. 11. Minnesota Statutes 2020, section 477A.10, is amended to read:

193.10 **477A.10 NATURAL RESOURCES LAND PAYMENTS IN LIEU; PURPOSE.**

193.11 The purposes of sections 477A.11 to 477A.14 and 477A.17 are:

193.12 (1) to compensate local units of government for the loss of tax base from state ownership
 193.13 of land and the need to provide services for state land;

193.14 (2) to address the disproportionate impact of state land ownership on local units of
 193.15 government with a large proportion of state land; and

193.16 (3) to address the need to manage state lands held in trust for the local taxing districts.

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

193.18 **ARTICLE 14**

193.19 **DEPARTMENT OF REVENUE POLICY AND TECHNICAL: SALES AND USE** 193.20 **TAXES**

193.21 Section 1. Minnesota Statutes 2020, section 289A.20, subdivision 4, is amended to read:

193.22 Subd. 4. **Sales and use tax.** (a) The taxes imposed by chapter 297A are due and payable
 193.23 to the commissioner monthly on or before the 20th day of the month following the month
 193.24 in which the taxable event occurred, or following another reporting period as the
 193.25 commissioner prescribes or as allowed under section 289A.18, subdivision 4, paragraph (f)
 193.26 or (g), except that use taxes due on an annual use tax return as provided under section
 193.27 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year.

193.28 (b) A vendor having a liability of \$250,000 or more during a fiscal year ending June 30
 193.29 must remit the June liability for the next year in the following manner:

194.1 (1) Two business days before June 30 of calendar year 2020 and 2021, the vendor must
194.2 remit 87.5 percent of the estimated June liability to the commissioner. Two business days
194.3 before June 30 of calendar year 2022 and thereafter, the vendor must remit 84.5 percent of
194.4 the estimated June liability to the commissioner.

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

194.7 (c) A vendor having a liability of:

194.8 (1) \$10,000 or more, but less than \$250,000 during a fiscal year ending June 30, 2013,
194.9 and fiscal years thereafter, must remit by electronic means all liabilities on returns due for
194.10 periods beginning in all subsequent calendar years on or before the 20th day of the month
194.11 following the month in which the taxable event occurred, or on or before the 20th day of
194.12 the month following the month in which the sale is reported under section 289A.18,
194.13 subdivision 4; or

194.14 (2) \$250,000 or more, during a fiscal year ending June 30, 2013, and fiscal years
194.15 thereafter, must remit by electronic means all liabilities in the manner provided in paragraph
194.16 (a) on returns due for periods beginning in the subsequent calendar year, except for ~~90~~
194.17 ~~percent~~ the percentage of the estimated June liability, as provided in paragraph (b), clause
194.18 (1), which is due two business days before June 30. The remaining amount of the June
194.19 liability is due on August 20.

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

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

194.28 Sec. 2. Minnesota Statutes 2020, section 295.75, subdivision 2, is amended to read:

194.29 Subd. 2. **Gross receipts tax imposed.** A tax is imposed on each liquor retailer equal to
194.30 2.5 percent of gross receipts from retail sales in Minnesota of liquor. The liquor retailer
194.31 may, but is not required to, collect the tax from the purchaser. If separately stated on the
194.32 invoice, bill of sale, or similar document given to the purchaser, the tax is excluded from
194.33 the sales price for purposes of the tax imposed under chapter 297A.

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

Sec. 3. Minnesota Statutes 2020, section 297A.66, subdivision 3, is amended to read:

Subd. 3. **Marketplace provider liability.** (a) A marketplace provider is deemed the retailer or seller for all retail sales it facilitates, and is subject to audit on the retail sales it facilitates if it is required to collect sales and use taxes and remit them to the commissioner under subdivision 2, paragraphs (b) and (c).

(b) A marketplace provider is not liable for failing to file, collect, and remit sales and use taxes to the commissioner if the marketplace provider demonstrates that the error was due to incorrect or insufficient information given to the marketplace provider by the retailer. This paragraph does not apply if the marketplace provider and the marketplace retailer are related as defined in subdivision 4, paragraph (b).

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

Sec. 4. **REPEALER.**

Minnesota Statutes 2020, section 270C.17, subdivision 2, is repealed.

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

ARTICLE 15

DEPARTMENT OF REVENUE POLICY AND TECHNICAL: SPECIAL TAXES

Section 1. Minnesota Statutes 2020, section 296A.06, subdivision 2, is amended to read:

Subd. 2. **Suspension of license.** (a) Notwithstanding subdivision 1, the license of a distributor, special fuel dealer, or bulk purchaser that has not filed a tax return or report or paid a delinquent tax or fee within five days after notice and demand by the commissioner is suspended. The suspension remains in effect until the demanded tax return or report has been filed and the tax and fees shown on that return or report have been paid. If the commissioner determines that the failure to file or failure to pay is due to reasonable cause, then a license must not be suspended, or if suspended, must be reinstated.

(b) A licensee whose license is suspended under this subdivision may request a contested case hearing under chapter 14. Any such hearing must be held within 20 days of the issuance of the notice and demand issued under paragraph (a), unless the parties agree to a later hearing date. The administrative law judge's report must be issued within 20 days after the close of the hearing record, unless the parties agree to a later report issuance date. The commissioner must issue a final decision within 30 days after receipt of the report of the

196.1 administrative law judge and subsequent exceptions and argument under section 14.61. The
196.2 suspension imposed under paragraph (a) remains in effect during any contested case hearing
196.3 process requested pursuant to this paragraph.

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

196.5 Sec. 2. Minnesota Statutes 2020, section 297F.04, subdivision 2, is amended to read:

196.6 Subd. 2. **Refusal to issue or renew; revocation.** The commissioner must not issue or
196.7 renew a license under this chapter, and may revoke a license under this chapter, if the
196.8 applicant or licensee:

196.9 (1) owes \$500 or more in delinquent taxes as defined in section 270C.72, subdivision
196.10 2;

196.11 (2) after demand, has not filed tax returns required by the commissioner;

196.12 (3) had a cigarette or tobacco license revoked by the commissioner within the past two
196.13 years;

196.14 (4) had a sales and use tax permit revoked by the commissioner within the past two
196.15 years; or

196.16 (5) has been convicted of a crime involving cigarettes or tobacco products, including
196.17 but not limited to: selling stolen cigarettes or tobacco products, receiving stolen cigarettes
196.18 or tobacco products, or involvement in the smuggling of cigarettes or tobacco products.

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

196.20 Sec. 3. Minnesota Statutes 2020, section 297F.09, subdivision 10, is amended to read:

196.21 Subd. 10. **Accelerated tax payment; cigarette or tobacco products distributor.** A
196.22 cigarette or tobacco products distributor having a liability of \$250,000 or more during a
196.23 fiscal year ending June 30, shall remit the June liability for the next year in the following
196.24 manner:

196.25 (a) Two business days before June 30 of calendar ~~years 2020 and~~ year 2021, the
196.26 distributor shall remit the actual May liability and 87.5 percent of the estimated June liability
196.27 to the commissioner and file the return in the form and manner prescribed by the
196.28 commissioner. Two business days before June 30 of calendar year 2022 and each calendar
196.29 year thereafter, the distributor must remit the actual May liability and 84.5 percent of the
196.30 estimated June liability to the commissioner and file the return in the form and manner
196.31 prescribed by the commissioner.

197.1 (b) On or before August 18 of the year, the distributor shall submit a return showing the
197.2 actual June liability and pay any additional amount of tax not remitted in June. A penalty
197.3 is imposed equal to ten percent of the amount of June liability required to be paid in June,
197.4 less the amount remitted in June. However, the penalty is not imposed if the amount remitted
197.5 in June equals the lesser of:

197.6 (1) for calendar year 2021, the lesser of 87.5 percent of the actual June liability for the
197.7 that calendar year 2020 and 2021 June liabilities and 84.5 of the actual June liability for
197.8 June 2022 and thereafter or 87.5 percent of the May liability for that calendar year; or

197.9 (2) 87.5 for calendar year 2022 and each calendar year thereafter, the lesser of 84.5
197.10 percent of the preceding actual June liability for that calendar year or 84.5 percent of the
197.11 May liability for the calendar year 2020 and 2021 June liabilities and 84.5 percent of the
197.12 preceding May liability for June 2022 and thereafter for that calendar year.

197.13 (c) ~~For calendar year 2022 and thereafter, the percent of the estimated June liability the~~
197.14 ~~vendor must remit by two business days before June 30 is 84.5 percent.~~

197.15 **EFFECTIVE DATE.** This section is effective for estimated payments required to be
197.16 made after the date following final enactment.

197.17 Sec. 4. Minnesota Statutes 2020, section 297F.13, subdivision 4, is amended to read:

197.18 Subd. 4. **Retailer and subjobber to preserve purchase invoices.** Every retailer and
197.19 subjobber shall procure itemized invoices of all cigarettes or tobacco products purchased.

197.20 The retailer and subjobber shall preserve a legible copy of each invoice for one year
197.21 from the date of the invoice or as long as the cigarette or tobacco product listed on the
197.22 invoice is available for sale or in their possession, whichever period is longer. The retailer
197.23 and subjobber shall preserve copies of the invoices at each retail location or at a central
197.24 location provided that the invoice must be produced and made available at a retail location
197.25 within one hour when requested by the commissioner or duly authorized agents and
197.26 employees. Copies should be numbered and kept in chronological order.

197.27 To determine whether the business is in compliance with the provisions of this chapter,
197.28 at any time during usual business hours, the commissioner, or duly authorized agents and
197.29 employees, may enter any place of business of a retailer or subjobber without a search
197.30 warrant and inspect the premises, the records required to be kept under this chapter, and the
197.31 packages of cigarettes, tobacco products, and vending devices contained on the premises.

197.32 **EFFECTIVE DATE.** This section is effective for all cigarette and tobacco products
197.33 available for sale or in a retailer or subjobber's possession after December 31, 2021.

198.1 Sec. 5. Minnesota Statutes 2020, section 297F.17, subdivision 1, is amended to read:

198.2 Subdivision 1. **General rule.** Except as otherwise provided in this chapter, the amount
198.3 of any tax due must be assessed within 3-1/2 years after a return is filed. ~~The taxes are~~
198.4 ~~considered assessed within the meaning of this section when the commissioner has prepared~~
198.5 ~~a notice of tax assessment and mailed it to the person required to file a return to the post~~
198.6 ~~office address given in the return. The notice of tax assessment must be sent by mail to the~~
198.7 ~~post office address given in the return and the record of the mailing is presumptive evidence~~
198.8 ~~of the giving of such notice, and such records must be preserved by the commissioner.~~

198.9 **EFFECTIVE DATE.** This section is effective for notices of tax assessment issued after
198.10 the date of final enactment.

198.11 Sec. 6. Minnesota Statutes 2020, section 297G.09, subdivision 9, is amended to read:

198.12 Subd. 9. **Accelerated tax payment; penalty.** A person liable for tax under this chapter
198.13 having a liability of \$250,000 or more during a fiscal year ending June 30, shall remit the
198.14 June liability for the next year in the following manner:

198.15 (a) Two business days before June 30 of calendar ~~years 2020 and year~~ year 2021, the taxpayer
198.16 shall remit the actual May liability and 87.5 percent of the estimated June liability to the
198.17 commissioner and file the return in the form and manner prescribed by the commissioner.
198.18 Two business days before June 30 of calendar year 2022 and each calendar year thereafter,
198.19 the distributor must remit the actual May liability and 84.5 percent of the estimated June
198.20 liability to the commissioner and file the return in the form and manner prescribed by the
198.21 commissioner.

198.22 (b) On or before August 18 of the year, the taxpayer shall submit a return showing the
198.23 actual June liability and pay any additional amount of tax not remitted in June. A penalty
198.24 is imposed equal to ten percent of the amount of June liability required to be paid in June
198.25 less the amount remitted in June. However, the penalty is not imposed if the amount remitted
198.26 in June equals ~~the lesser of:~~

198.27 (1) for calendar year 2021, the lesser of 87.5 percent of the actual June liability for the
198.28 that calendar year 2020 and 2021 June liabilities and 84.5 percent of the actual June liability
198.29 for June 2022 and thereafter or 87.5 percent of the May liability for that calendar year; or

198.30 (2) 87.5 for calendar year 2022 and each calendar year thereafter, the lesser of 84.5
198.31 percent of the preceding actual June liability for that calendar year or 84.5 percent of the
198.32 May liability for the calendar year 2020 and 2021 June liabilities and 84.5 percent of the
198.33 preceding May liability for June 2022 and thereafter for that calendar year.

199.1 ~~(e) For calendar year 2022 and thereafter, the percent of the estimated June liability the~~
199.2 ~~vendor must remit by two business days before June 30 is 84.5 percent.~~

199.3 **EFFECTIVE DATE.** This section is effective for estimated payments required to be
199.4 made after the date following final enactment.

199.5 Sec. 7. Minnesota Statutes 2020, section 609B.153, is amended to read:

199.6 **609B.153 CIGARETTE AND TOBACCO DISTRIBUTOR OR SUBJOBBER**
199.7 **LICENSE; SUSPENSION OR REVOCATION.**

199.8 Under section 297F.04, the commissioner of revenue must not issue or renew a license
199.9 issued under chapter 297F, and may revoke a license issued under chapter 297F, if the
199.10 applicant has been convicted of a crime involving cigarettes or tobacco products.

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

199.12 **ARTICLE 16**

199.13 **DEPARTMENT OF REVENUE POLICY AND TECHNICAL: MISCELLANEOUS**

199.14 Section 1. Minnesota Statutes 2020, section 270C.22, subdivision 1, is amended to read:

199.15 Subdivision 1. **Adjustment; definition; period; rounding.** (a) The commissioner shall
199.16 annually make a cost of living adjustment to the dollar amounts noted in sections that
199.17 reference this section. The commissioner shall adjust the amounts based on the index as
199.18 provided in this section. For purposes of this section, "index" means the Chained Consumer
199.19 Price Index for All Urban Consumers published by the Bureau of Labor Statistics. The
199.20 values of the index used to determine the adjustments under this section are the latest
199.21 published values when the Bureau of Labor Statistics publishes the initial value of the index
199.22 for August of the year preceding the year to which the adjustment applies.

199.23 (b) For the purposes of this section, "statutory year" means the year preceding the first
199.24 year for which dollar amounts are to be adjusted for inflation under sections that reference
199.25 this section. For adjustments under chapter 290A, the statutory year refers to the year in
199.26 which a taxpayer's household income used to calculate refunds under chapter 290A was
199.27 earned and not the year in which refunds are payable. For all other adjustments, the statutory
199.28 year refers to the taxable year unless otherwise specified.

199.29 (c) To determine the dollar amounts for taxable year 2020, the commissioner shall
199.30 determine the percentage change in the index for the 12-month period ending on August
199.31 31, 2019, and increase each of the unrounded dollar amounts in the sections referencing
199.32 this section by that percentage change. For each subsequent taxable year, the commissioner

200.1 shall increase the dollar amounts by the percentage change in the index from August 31 of
200.2 the year preceding the statutory year to August 31 of the year preceding the taxable year.

200.3 (d) To determine the dollar amounts for refunds payable in 2020 under chapter 290A,
200.4 the commissioner shall determine the percentage change in the index for the 12-month
200.5 period ending on August 31, 2019, and increase each of the unrounded dollar amounts in
200.6 the sections referencing this section by that percentage change. For each subsequent year,
200.7 the commissioner shall increase the dollar amounts by the percentage change in the index
200.8 from August 31 of the year preceding the statutory year to August 31 of the year preceding
200.9 the year in which refunds are payable.

200.10 (e) Unless otherwise provided, the commissioner shall round the amounts as adjusted
200.11 to the nearest \$10 amount. If an amount ends in \$5, the amount is rounded up to the nearest
200.12 \$10 amount.

200.13 **EFFECTIVE DATE.** This section is effective retroactively for property tax refunds
200.14 based on property taxes payable in 2020, and rent paid in 2019.

200.15 Sec. 2. Minnesota Statutes 2020, section 270C.445, subdivision 3, is amended to read:

200.16 Subd. 3. **Standards of conduct.** No tax preparer shall:

200.17 (1) without good cause fail to promptly, diligently, and without unreasonable delay
200.18 complete a client's return;

200.19 (2) obtain the signature of a client to a return or authorizing document that contains
200.20 blank spaces to be filled in after it has been signed;

200.21 (3) fail to sign a client's return when compensation for services rendered has been made;

200.22 (4) fail to provide on a client's return the preparer tax identification number when required
200.23 under section 6109(a)(4) of the Internal Revenue Code or section 289A.60, subdivision 28;

200.24 (5) fail or refuse to give a client a copy of any document requiring the client's signature
200.25 within a reasonable time after the client signs the document;

200.26 (6) fail to retain for at least four years a copy of a client's returns;

200.27 (7) fail to maintain a confidential relationship with clients or former clients;

200.28 (8) fail to take commercially reasonable measures to safeguard a client's nonpublic
200.29 personal information;

- 201.1 (9) make, authorize, publish, disseminate, circulate, or cause to make, either directly or
201.2 indirectly, any false, deceptive, or misleading statement or representation relating to or in
201.3 connection with the offering or provision of tax preparation services;
- 201.4 (10) require a client to enter into a loan arrangement in order to complete a client's return;
- 201.5 (11) claim credits or deductions on a client's return for which the tax preparer knows or
201.6 reasonably should know the client does not qualify;
- 201.7 (12) report a household income on a client's claim filed under chapter 290A that the tax
201.8 preparer knows or reasonably should know is not accurate;
- 201.9 (13) engage in any conduct that is subject to a penalty under section 289A.60, subdivision
201.10 13, 20, 20a, 26, or 28;
- 201.11 (14) whether or not acting as a taxpayer representative, fail to conform to the standards
201.12 of conduct required by Minnesota Rules, part 8052.0300, subpart 4;
- 201.13 (15) whether or not acting as a taxpayer representative, engage in any conduct that is
201.14 incompetent conduct under Minnesota Rules, part 8052.0300, subpart 5;
- 201.15 (16) whether or not acting as a taxpayer representative, engage in any conduct that is
201.16 disreputable conduct under Minnesota Rules, part 8052.0300, subpart 6;
- 201.17 (17) charge, offer to accept, or accept a fee based upon a percentage of an anticipated
201.18 refund for tax preparation services;
- 201.19 (18) under any circumstances, withhold or fail to return to a client a document provided
201.20 by the client for use in preparing the client's return;
- 201.21 (19) ~~establish~~ take control or ownership of a client's refund by any means, including:
- 201.22 (i) directly or indirectly endorsing or otherwise negotiating a check or other refund
201.23 instrument, including an electronic version of a check;
- 201.24 (ii) directing an electronic or direct deposit of the refund into an account unless the
201.25 client's name is on the account; and
- 201.26 (iii) establishing or using an account in the preparer's name to receive a client's refund
201.27 through a direct deposit or any other instrument unless the client's name is also on the
201.28 account, except that a taxpayer may assign the portion of a refund representing the Minnesota
201.29 education credit available under section 290.0674 to a bank account without the client's
201.30 name, as provided under section 290.0679;
- 201.31 (20) fail to act in the best interests of the client;

- 202.1 (21) fail to safeguard and account for any money handled for the client;
- 202.2 (22) fail to disclose all material facts of which the preparer has knowledge which might
- 202.3 reasonably affect the client's rights and interests;
- 202.4 (23) violate any provision of section 332.37;
- 202.5 (24) include any of the following in any document provided or signed in connection
- 202.6 with the provision of tax preparation services:
- 202.7 (i) a hold harmless clause;
- 202.8 (ii) a confession of judgment or a power of attorney to confess judgment against the
- 202.9 client or appear as the client in any judicial proceeding;
- 202.10 (iii) a waiver of the right to a jury trial, if applicable, in any action brought by or against
- 202.11 a debtor;
- 202.12 (iv) an assignment of or an order for payment of wages or other compensation for
- 202.13 services;
- 202.14 (v) a provision in which the client agrees not to assert any claim or defense otherwise
- 202.15 available;
- 202.16 (vi) a waiver of any provision of this section or a release of any obligation required to
- 202.17 be performed on the part of the tax preparer; or
- 202.18 (vii) a waiver of the right to injunctive, declaratory, or other equitable relief or relief on
- 202.19 a class basis; or
- 202.20 (25) if making, providing, or facilitating a refund anticipation loan, fail to provide all
- 202.21 disclosures required by the federal Truth in Lending Act, United States Code, title 15, in a
- 202.22 form that may be retained by the client.
- 202.23 **EFFECTIVE DATE.** This section is effective the day following final enactment.

270C.17 COMMISSIONER TO COLLECT CERTAIN LOCAL TAXES.

Subd. 2. **Development costs.** If the commissioner determines that a new computer system will be required to collect the local taxes, the costs of development of the system will be charged to the first local units of government to be included in the system. Any additional local units of government that by agreement are added to the system will be charged for a share of the development costs. The charge will be determined by the commissioner who shall then refund to the original local units of government their portion of the development costs recovered from the additional users.

469.055 POWERS AND DUTIES.

Subd. 7. **Sale of realty.** The authority may sell, convey, and exchange any real or personal property owned or held by it in any manner and on any terms it wishes. Real property owned by the authority must not be sold, be exchanged, or have its title transferred without approval of two-thirds of the commissioners. All commissioners must have ten days' written notice of a regular or special meeting at which a sale, conveyance, exchange, or transfer of property is to be voted on. The notice must contain a complete description of the affected real estate. The resolution authorizing the real estate transaction is not effective unless a quorum is present.