.................. moves to amend H.F. No. 346 as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1
PROPERTY TAXES AND AIDS

Section 1. [273.129] ELDERLY LIVING FACILITY DEFERRAL.

Subdivision 1. Requirements. An elderly living facility is eligible for tax deferment under this section if it meets all of the following requirements:

(1) the facility is located in a city of the first class with a population of fewer than 110,000;

(2) the facility is owned and operated by a nonprofit organization organized under section 501(c)(3) of the Internal Revenue Code;

(3) construction of the facility was completed between January 1, 1963, and January 1, 1964;

(4) the facility has a housing with services license under chapter 144D and a comprehensive home care license under chapter 144A;

(5) residents of the facility must be (i) at least 62 years of age, or (ii) disabled; and

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

Subd. 2. Deferral of taxes. An elderly living facility meeting the requirements of subdivision 1 must, upon timely application by the owner in the manner provided in subdivision 3, be treated as exempt property as defined in section 272.02. The assessor must make a separate determination of market value of such property and the tax based upon the...
appropriate tax rate applicable to such property in the taxing district must be recorded on
the property assessment records.

Subd. 3. Application. A nonprofit organization meeting the requirements of subdivision
1 must file an application for a deferment of taxes under this section by December 1 of the
year prior to the year in which the taxes are payable. Any application filed and granted
under this subdivision shall continue in effect for subsequent years until the property no
longer qualifies. The application must be filed with the assessor in the taxing district in
which the property is located on the form prescribed by the commissioner of revenue.

Subd. 4. Payment of taxes. Property receiving tax deferment under this section continues
to qualify until it is sold, transferred, or no longer qualifies under subdivision 1. If a portion
of the property is sold, transferred, or no longer qualifies under subdivision 1, that portion
is subject to taxes in the amount equal to the tax that would have been due on the property
had it not been treated as exempt property under subdivision 2. The county auditor must
extend these taxes against the property for taxes payable in the current year, plus the four
prior years, to the extent that the property qualifies for a tax deferment under this section.
No interest or penalties shall be levied on the taxes due under this subdivision if timely
paid.

Subd. 5. Lien. The taxes imposed by this section are a lien upon the property assessed
to the same extent and for the same duration as other taxes imposed on the property in this
state. The tax shall be annually extended by the county auditor and if and when payable
shall be collected and distributed in the manner provided by law for the collection and
distribution of other property taxes.

EFFECTIVE DATE. This section is effective beginning with property taxes payable
in 2021.

Sec. 2. Minnesota Statutes 2018, section 273.13, subdivision 25, is amended to read:

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

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

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

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

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

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

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

(c) Class 4bb includes:

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

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

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

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

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 does not qualify for class 4bb.

(d) Class 4c property includes:

(1) except as provided in subdivision 22, paragraph (c), real and personal property devoted to commercial temporary and seasonal residential occupancy for recreation purposes, for not more than 250 days in the year preceding the year of assessment. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property is used for residential occupancy, and a fee is charged for residential occupancy.

Class 4c property under this clause must contain three or more rental units. A "rental unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site equipped with water and electrical hookups for recreational vehicles. A camping pad offered
for rent by a property that otherwise qualifies for class 4c under this clause is also class 4c under this clause regardless of the term of the rental agreement, as long as the use of the camping pad does not exceed 250 days. In order for a property to be classified under this clause, either (i) the business located on the property must provide recreational activities, at least 40 percent of the annual gross lodging receipts related to the property must be from business conducted during 90 consecutive days, and either (A) at least 60 percent of all paid bookings by lodging guests during the year must be for periods of at least two consecutive nights; or (B) at least 20 percent of the annual gross receipts must be from charges for providing recreational activities, or (ii) the business must contain 20 or fewer rental units, and must be located in a township or a city with a population of 2,500 or less located outside the metropolitan area, as defined under section 473.121, subdivision 2, that contains a portion of a state trail administered by the Department of Natural Resources. For purposes of item (i)(A), a paid booking of five or more nights shall be counted as two bookings. Class 4c property also includes commercial use real property used exclusively for recreational purposes in conjunction with other class 4c property classified under this clause and devoted to temporary and seasonal residential occupancy for recreational purposes, up to a total of two acres, provided the property is not devoted to commercial recreational use for more than 250 days in the year preceding the year of assessment and is located within two miles of the class 4c property with which it is used. In order for a property to qualify for classification under this clause, the owner must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or units and a proportionate share of the land on which they are located must be designated class 4c under this clause and devoted 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;

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

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

(D) "revenue-producing activities" shall include but not be limited to property or that portion of the property that is used as an on-sale intoxicating liquor or 3.2 percent malt liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling alley, a retail store, gambling conducted by organizations licensed under chapter 349, an insurance business, or office or other space leased or rented to a lessee who conducts a for-profit enterprise on the premises.
Any portion of the property not qualifying under either item (i) or (ii) is class 3a. The use of the property for social events open exclusively to members and their guests for periods of less than 24 hours, when an admission is not charged nor any revenues are received by the organization shall not be considered a revenue-producing activity.

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

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

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

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

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

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

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

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

(8) a privately owned noncommercial aircraft storage hangar not exempt under section 272.01, subdivision 2, and the land on which it is located, provided that:
7.1 (i) the land abuts a public airport; and

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

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

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

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

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

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

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

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

7.9 (11) lakeshore and riparian property and adjacent land, not to exceed six acres, used as a marina, as defined in section 86A.20, subdivision 5, which is made accessible to the public and devoted to recreational use for marina services. The marina owner must annually provide evidence to the assessor that it provides services, including lake or river access to the public by means of an access ramp or other facility that is either located on the property of the

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8.1 marina or at a publicly owned site that abuts the property of the marina. No more than 800
feet of lakeshore may be included in this classification. Buildings used in conjunction with
a marina for marina services, including but not limited to buildings used to provide food
and beverage services, fuel, boat repairs, or the sale of bait or fishing tackle, are classified
as class 3a property; and

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

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

8.3 (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. For subsequent 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 assessments in 2020 and thereafter.

Sec. 3. Minnesota Statutes 2019 Supplement, 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 indicated by United States Government Form DD214 or other official military discharge papers.

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

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

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

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

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

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

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

(h) To qualify for a valuation exclusion under this subdivision a property owner must apply to the assessor by December 15 of the first assessment year for which the exclusion is sought. For an application received after December 15, the exclusion shall become effective for the following assessment year. Except as provided in paragraph (c), the owner of a property that has been accepted for a valuation exclusion must notify the assessor if there is a change in ownership of the property or in the use of the property as a homestead.

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

(j) For purposes of this subdivision:

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

(2) "own" means that the person's name is present as an owner on the property deed;
(3) "primary family caregiver" means a person who is approved by the secretary of the United States Department of Veterans Affairs for assistance as the primary provider of personal care services for an eligible veteran under the Program of Comprehensive Assistance for Family Caregivers, codified as United States Code, title 38, section 1720G; and

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

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

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

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

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

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

(i) the veteran met the total (100 percent) and permanent disability requirement under paragraph (b), clause (2); or

(ii) the spouse has been awarded dependency and indemnity compensation.

(l) The purpose of this provision of law providing a level of homestead property tax relief for veterans with a disability, their primary family caregivers, and their surviving spouses is to help ease the burdens of war for those among our state's citizens who bear 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 taxes payable in 2020.

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Sec. 4. DISTRIBUTION OF FUNDS.

(a) Notwithstanding the settlement procedures prescribed by Minnesota Statutes, sections 276.09 to 276.112, for receipts received after the settlement day determined in Minnesota Statutes, section 276.09, distributions of collections received after the settlement day determined in Minnesota Statutes, section 276.09, may be made as provided in this section for property taxes payable in 2020:

(1) on a date determined by the county board, the county treasurer must make full settlement with the county auditor of all collections under this paragraph, and the county auditor and county treasurer must distribute all undistributed funds in the treasury. The funds must be apportioned as provided by law and credited to the town, city, school district, special taxing district, and each county fund. The county treasurer must then pay the treasurer of a town, city, school district, or special taxing district all receipts of taxes levied by the taxing district as soon as practical; and

(2) on the same date determined by the county board under clause (1), the county treasurer must make full settlement with the county auditor for all receipts of state property taxes levied under Minnesota Statutes, section 275.025, and must transmit those receipts to the commissioner of revenue as soon as practical.

(b) For the purposes of this section, "collections" means all first half property tax payments due on May 15 received by the county treasurer.

(c) Reports required by the state auditor for the settlement of taxes under Minnesota Statutes, sections 276.09 and 276.10, must be made within 30 days of the date determined by the county board under clause (1) for settlements of taxes under this section.

**EFFECTIVE DATE.** This section is effective the day following final enactment.
Sec. 5. **2019 AID PENALTY FORGIVENESS; ADDITIONAL FILING REQUIRED IN 2020.**

(a) Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the commissioner of revenue shall make a payment of $9,280 to the city of Sargeant by June 30, 2020, to compensate the city for its 2019 aid payment under Minnesota Statutes, section 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision 3.

(b) The first half of the calendar year 2020 aid payment to the city under Minnesota Statutes, section 477A.013, will be withheld until the state auditor certifies to the commissioner of revenue that the city has complied with all reporting requirements under Minnesota Statutes, section 477A.017, subdivision 3, for calendar years 2018 and 2019. The commissioner of revenue must make the first payment for calendar year 2020 within one month of receiving this certification from the state auditor. If the city has not complied with all reporting requirements under Minnesota Statutes, section 477A.017, subdivision 3, for calendar years 2018 and 2019 by December 1, 2020, the city will receive no aid payment under Minnesota Statutes, section 477A.013, for calendar year 2020.

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

Sec. 6. **2019 AID PENALTY FORGIVENESS.**

Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Roosevelt shall receive its aid payment for calendar year 2019 under Minnesota Statutes, section 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision 3, provided that the state auditor certifies to the commissioner of revenue that the state auditor received the annual financial reporting form for 2018 from the city as well as all forms, including the financial statement and annual financial reporting form for calendar year 2019 by June 1, 2020. The commissioner of revenue shall make a payment of $25,410 by June 30, 2020.

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

**ARTICLE 2**

**MISCELLANEOUS**

Section 1. Minnesota Statutes 2019 Supplement, section 297A.99, subdivision 2, is amended to read:

Subd. 2. **Local resolution before application for authority.** (a) Before the governing body of a political subdivision requests legislative approval to impose a local sales tax

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authorized by a special law, it shall adopt a resolution indicating its approval of the tax. The
resolution must include the following information:

(1) the proposed tax rate;

(2) a detailed description of no more than five capital projects that will be funded with
revenue from the tax;

(3) documentation of the regional significance of each project, including the share of
the economic benefit to or use of each project by persons residing, or businesses located,
outside of the jurisdiction;

(4) the amount of local sales tax revenue that would be used for each project and the
estimated time needed to raise that amount of revenue; and

(5) the total revenue that will be raised for all projects before the tax expires, and the
estimated length of time that the tax will be in effect if all proposed projects are funded.

(b) The jurisdiction seeking authority to impose a local sales tax by special law must
submit the resolution in paragraph (a) along with underlying documentation indicating how
the benefits under paragraph (a), clause (3), were determined, to the chairs and ranking
minority members of the legislative committees with jurisdiction over taxes no later than
January 31 of the year in which the jurisdiction is seeking a special law authorizing the tax.
A jurisdiction seeking authority to impose a local sales tax by special law must not submit
a resolution that was adopted more than 12 months prior to January 31 of the year in which
the jurisdiction is seeking a special law to impose the tax. No resolution may be used to
support seeking a special law authorizing the tax in more than one legislative session. During
the period of March 1, 2020, to July 1, 2021, no jurisdiction may submit a resolution under
this subdivision seeking a special law authorizing a local sales 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.

**EFFECTIVE DATE.** This section is effective retroactively from March 1, 2020.

Sec. 2. Minnesota Statutes 2018, 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, section 469.1763, or special law, upon the request of the
municipality, the authority may elect, by resolution, to transfer unobligated increments from
a district to the municipality for deposit into the municipality's general fund. The permitted
transfer is allowed only after the spending plan and public hearing requirements under
paragraph (c) are met. Transferred increments may be expended for any purpose the
municipality's general fund permits.

(b) For each calendar year for which transfers are permitted under this section, the
maximum transfer equals the excess of the district's unobligated increment which includes
any increment not required for payments of obligations due during the six months following
the transfer on outstanding bonds, binding contracts, and other outstanding financial
obligations of the district to which the district's increments are pledged.

(c) The authority may undertake actions pursuant to this subdivision only 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 and modify the authority's tax increment financing 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 received, spent, or transferred is not eligible for a transfer
under this subdivision.

(e) An authority making a transfer under this subdivision must provide to the Office of
the State Auditor a copy of the spending plan approved and signed by the municipality, as
well as a copy of the updated tax increment financing plan.

(f) The authority to transfer increments under this subdivision expires on December 31,
2021. All transferred increment must be spent by December 31, 2021. If the transferred
increment cannot be spent by December 31, 2021, the municipality must adopt a plan that
details the use of transferred increment.

**EFFECTIVE DATE.** This section is effective the day following final enactment and
applies to increments, unobligated as of the date of enactment, from any district, regardless
of when the request for certification was made.

Sec. 3. Minnesota Statutes 2018, 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 is located outside of the metropolitan area defined in section 473.121, subdivision 2, that is certified after June 30, 2020, the five-year periods described in paragraph (a) are extended to ten years after certification of the district.

**EFFECTIVE DATE.** This section is effective the day following final enactment.
Sec. 4. Minnesota Statutes 2018, 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 eleventh year following certification of the district for districts whose five-year rule is extended to ten years under subdivision 3, 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:

(1) contractual obligations as defined in subdivision 3, paragraph (a), clauses (3) and (4);
(2) the amount specified in the tax increment financing plan for activities qualifying under subdivision 2, paragraph (b), that have not been funded with the proceeds of bonds qualifying under paragraph (a), clause (1); and
(3) the additional expenditures permitted by the tax increment financing plan for housing activities under an election under subdivision 2, paragraph (d), that have not been funded with the proceeds of bonds qualifying under paragraph (a), clause (1).

EFFECTIVE DATE. This section is effective the day following final enactment.
Sec. 5. Minnesota Statutes 2018, section 469.190, subdivision 1, is amended to read:

Subdivision 1. **Authorization.** Notwithstanding section 477A.016 or any other law, a statutory or home rule charter city may by ordinance, and a town may by the affirmative vote of the electors at the annual town meeting, or at a special town meeting, impose a tax of up to three percent on the gross receipts from the furnishing for consideration of lodging at a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing of it for a continuous period of 30 days or more. A statutory or home rule charter city may by ordinance impose the tax authorized under this subdivision on the camping site receipts of a municipal campground. The tax applied under this subdivision or under a special law applies to the entire consideration paid to obtain access to lodging, including ancillary or related services, such as services provided by accommodation intermediaries as defined in section 297A.61, and similar services.

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

Sec. 6. Minnesota Statutes 2018, section 469.190, subdivision 7, is amended to read:

Subd. 7. **Collection.** (a) The statutory or home rule charter city may agree with the commissioner of revenue that a tax imposed pursuant to this section shall be collected by the commissioner together with the tax imposed by chapter 297A, and subject to the same interest, penalties, and other rules and that its proceeds, less the cost of collection, shall be remitted to the city.

(b) If a tax under this section or under a special law is not collected by the commissioner of revenue, the local government imposing the tax, may by ordinance, limit the required filing and remittance of the tax by an accommodation intermediary, as defined in section 297A.61, subdivision 47, to once in every calendar year. The local government must inform the accommodation intermediary of the date when the return or remittance is due and the dates must coincide with one of the monthly dates for filing and remitting state sales tax under chapter 297A. The local government must also provide accommodation intermediaries electronically with geographic and zip code information necessary to correctly collect the tax.

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

Sec. 7. **[469.1905] TEMPORARY USE OF SPECIAL TAX REVENUES.**

(a) Notwithstanding the provisions of the enabling special law, or local ordinances or charter provisions, a city, town, or county may, subject to the limitations in paragraph (b)
and the notice and hearing requirements in paragraph (c), use the revenues for any allowed municipal purpose, from the following local taxes enacted before 1972, imposed pursuant to section 297A.993, or imposed under a special law:

(1) a general local sales tax;
(2) a food and beverage tax;
(3) a liquor tax;
(4) an amusement tax;
(5) an admissions tax; or
(6) a lodging tax, other than a lodging tax imposed under section 469.190.

(b) The amount of local taxes used by the municipality for purposes other than the purposes allowed under the enabling special law or other ordinance or charter provisions is limited in any calendar quarter to the amount of local taxes raised in excess of the sum of:

(1) required payments of obligations due during the calendar quarter following the transfer on outstanding bonds and binding contracts to which the revenues from the local taxes are pledged; plus
(2) the amount of revenues from any lodging taxes under paragraph (a) that are required to be used for the same purposes as a lodging tax imposed under section 469.190, subdivision 3.

(c) The municipality may undertake actions pursuant to this subdivision only after approving a written spending plan that authorizes the municipality to take the action described in paragraph (a) and details the use of transferred special tax revenues. The municipality must approve the 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) This section expires on December 31, 2021.

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

Sec. 8. LOCAL SALES TAX CRITERIA WORKING GROUP.

Subdivision 1. Working group established; purpose. A local sales tax criteria working group is established to develop definitions and criteria for evaluating local sales tax proposals
under Minnesota Statutes, section 297A.99, subdivisions 1a and 2. The goals of the working group are to (1) identify specific types of capital projects that could potentially be deemed as regionally significant, and (2) develop criteria for each type of project to use to determine regional significance for purposes of granting a local sales tax as the funding mechanism for the project.

Subd. 2. Working group members. The local sales tax criteria working group consists of the following members:

(1) the commissioner of revenue or the commissioner's designee;

(2) one member appointed by the League of Minnesota Cities;

(3) one member appointed by the Association of Minnesota Counties;

(4) one member appointed by the Minnesota Association of Townships;

(5) one member appointed by the Minnesota Small City Association;

(6) one member appointed by the Coalition of Greater Minnesota Cities;

(7) one member appointed by the Association of Metropolitan Municipalities; and

(8) four public members appointed by the governor representing both metropolitan and greater Minnesota, two members who represent the interests of residents of small cities and rural areas with little retail base, one member who represents the interests of main street retailers, and one member who represents the interests of online retailers.

Subd. 3. Working group duties. (a) The working group shall make recommendations regarding lists and criteria that (1) are useful for local governments when making decisions on whether a capital project is a candidate for being funded through a local sales tax, and (2) provide the legislature with consistent standards for evaluating and approving the types of projects funded with local sales taxes.

(b) At a minimum, the working group must:

(1) develop a list of specific types of capital projects that could be considered regionally significant if they meet certain criteria, including a description of the project type including allowed size, number of buildings, maximum geographic area to be included, and any other information necessary to determine the scope of one rather than multiple projects;

(2) develop a list of capital projects that will generally not be considered projects of regional significance, either because the main purpose of the capital project is to serve the needs of the resident population and would be constructed absent any use by persons outside of the jurisdiction, or because the capital project is one provided by most local governments.
and generally funded in other jurisdictions in the state through property taxes or other sources of revenue other than a local sales tax;

(3) for each type of capital project on the list developed under clause (1), develop minimum criteria for local government to meet to ensure the project is considered regionally significant. Criteria includes but is not limited to:

(i) documentation of some percentage of regular use of the facility by persons residing outside of the local taxing district;

(ii) a joint powers or other facility sharing arrangement with surrounding jurisdictions;

(iii) documentation of the absence of any other facility within a specified distance that could meet the same need; or

(iv) other information identified by the working group.

Measures of potential future economic or tourism development may not be used as the main criteria for determining regional significance.

(c) The working group must develop statutory language necessary to effectuate the group's recommendations. The recommendations must be included in the report under subdivision 5.

(4) developing statutory language necessary to effectuate its recommendations.

Subd. 4. Administration. (a) Each appointing authority under subdivision 2 must make appointments and notify the commissioner of revenue by September 1, 2020.

(b) The commissioner of revenue or the commissioner's designee must convene the initial meeting of the working group no later than October 1, 2020. At the initial meeting, the members of the working group must elect a chair or cochairs from among the working group members.

(c) Upon request of the working group, the Department of Revenue must use existing resources to provide data, information, meeting space, and administrative services to the working group. The working group may also use nonpartisan legislative staff, and staff from any of the appointing authorities, except the governor's office, to provide information, drafting, and other support necessary to fulfill its duties.

(d) Members of the working group serve without compensation or payment of expenses.

Subd. 5. Report. By November 1, 2021, the working group must submit a report to the chairs, ranking minority members, and staff of the legislative committees with jurisdiction over local sales taxes. The report must contain at minimum:
(1) a recommended list of types of capital projects presumed to potentially meet a
definition of regional significance for purposes of funding with a local sales tax;

(2) a recommended list of types of capital projects presumed not to meet a definition of
regional significance for purposes of funding the project with a local sales tax;

(3) a recommended set of data and supporting documentation used to indicate the level
of regional significance for each type of project listed in clause (1); and

(4) proposed language needed to incorporate the recommendations of clauses (1) to (3)
into Minnesota Statutes.

Subd. 6. Expiration date. The working group under this section expires December 31, 2021, or upon submission of the report required under subdivision 5, whichever is earlier.

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

ARTICLE 3
DEPARTMENT OF REVENUE POLICY AND TECHNICAL: PROPERTY TAXES
AND MISCELLANEOUS

Section 1. Minnesota Statutes 2018, section 270.41, subdivision 3a, is amended to read:

Subd. 3a. Report on disciplinary actions. Each odd-numbered year, When issuing the
report required under section 214.07, the board must publish a report detailing include the
number and types of disciplinary actions recommended by the commissioner of revenue
under section 273.0645, subdivision 2, and the disposition of those recommendations by
the board. The report must be presented to the house of representatives and senate committees
with jurisdiction over property taxes by February 1 of each odd-numbered year in addition
to the recipients required under section 214.07.

EFFECTIVE DATE. This section is effective for reports issued in 2020 and thereafter.

Sec. 2. Minnesota Statutes 2019 Supplement, section 270C.22, subdivision 1, is amended
to read:

Subdivision 1. Adjustment; definition; period; rounding. (a) The commissioner shall
annually make a cost of living adjustment to the dollar amounts noted in sections that
reference this section. The commissioner shall adjust the amounts based on the index as
provided in this section. For purposes of this section, "index" means the Chained Consumer
Price Index for All Urban Consumers published by the Bureau of Labor Statistics. The
values of the index used to determine the adjustments under this section are the latest
published values when the Bureau of Labor Statistics publishes the initial value of the index for August of the year preceding the year to which the adjustment applies.

(b) For the purposes of this section, "statutory year" means the year preceding the first year for which dollar amounts are to be adjusted for inflation under sections that reference this section. For adjustments under chapter 290A, the statutory year refers to the year in which a taxpayer's household income used to calculate refunds under chapter 290A was earned and not the year in which refunds are payable. For all other adjustments, the statutory year refers to the taxable year unless otherwise specified.

(c) To determine the dollar amounts for taxable year 2020, the commissioner shall determine the percentage change in the index for the 12-month period ending on August 31, 2019, and increase each of the unrounded dollar amounts in the sections referencing this section by that percentage change. For each subsequent taxable year, the commissioner shall increase the dollar amounts by the percentage change in the index from August 31 of the year preceding the statutory year to August 31 of the year preceding the taxable year.

(d) To determine the dollar amounts for refunds payable in 2020 under chapter 290A, the commissioner shall determine the percentage change in the index for the 12-month period ending on August 31, 2019, and increase each of the unrounded dollar amounts in the sections referencing this section by that percentage change. For each subsequent year, the commissioner shall increase the dollar amounts by the percentage change in the index from August 31 of the year preceding the statutory year to August 31 of the year preceding the year in which refunds are payable.

(e) Unless otherwise provided, the commissioner shall round the amounts as adjusted to the nearest $10 amount. If an amount ends in $5, the amount is rounded up to the nearest $10 amount.

**EFFECTIVE DATE.** This section is effective for property tax refunds based on property taxes payable in 2020, and rent paid in 2019.

Sec. 3. Minnesota Statutes 2018, section 272.029, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) For the purposes of this section:

(1) "wind energy conversion system" has the meaning given in section 216C.06, subdivision 19, and also includes a substation that is used and owned by one or more wind energy conversion facilities;
(2) "large scale wind energy conversion system" means a wind energy conversion system of more than 12 megawatts, as measured by the nameplate capacity of the system or as combined with other systems as provided in paragraph (b);

(3) "medium scale wind energy conversion system" means a wind energy conversion system of over two and not more than 12 megawatts, as measured by the nameplate capacity of the system or as combined with other systems as provided in paragraph (b); and

(4) "small scale wind energy conversion system" means a wind energy conversion system of two megawatts and under, as measured by the nameplate capacity of the system or as 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 2018, 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

(2) exhibits characteristics of being a single development, including but not limited to ownership structure, an umbrella sales arrangement, shared interconnection, revenue-sharing arrangements, and common debt or equity financing.

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 solar 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 solar energy generating 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. Solar energy generating 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. 5. Minnesota Statutes 2018, section 272.0295, subdivision 5, is amended to read:

Subd. 5. Notification of tax. (a) On or before February 28, the commissioner of revenue shall notify the owner of each solar energy generating system of the tax due to each county for the current year and shall certify to the county auditor of each county in which the system is located the tax due from each owner for the current year.
If the commissioner of revenue determines that the amount of production tax has been erroneously calculated, the commissioner may correct the error. The commissioner must notify the owner of the solar energy generating system of the correction and the amount of tax due to each county and must certify the correction to the county auditor of each county in which the system is located on or before April 1 of the current year. The commissioner may correct errors that are clerical in nature until December 31.

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

The provisions of sections 272.161, 273.061, 273.062, 273.063, 273.072, 273.08, 273.10, 274.01, and 375.192 shall apply to all counties except Ramsey County. The following limitations shall apply as to the extent of the county assessors jurisdiction:

In counties having a city of the first class, the powers and duties of the county assessor within such city shall be performed by the duly appointed city assessor. In all other cities having a population of 30,000 persons or more, according to the last preceding federal census, except in counties having a county assessor on January 1, 1967, the powers and duties of the county assessor within such cities shall be performed by the duly appointed city assessor, provided that the county assessor shall retain the supervisory duties contained in section 273.061, subdivision 8. For purposes of this section, "powers and duties" means the powers and duties identified in section 273.061, subdivision 8, clauses (5) to (16).

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

Beginning with the four-year period starting on July 1, 2000, every person licensed by the state Board of Assessors at the Accredited Minnesota Assessor level or higher, shall successfully complete a weeklong Minnesota laws course, 30 hours of educational coursework on Minnesota laws, assessment administration, and administrative procedures sponsored by the Department of Revenue at least once in every four-year period. An assessor need not attend the course if they successfully pass the test for the course.

The commissioner of revenue may require that each county, and each city for which the city assessor performs the duties of county assessor, have (1) a person on the assessor's staff who is certified by the Department of Revenue in sales ratio calculations, (2) an officer...
or employee who is certified by the Department of Revenue in tax calculations, and (3) an
officer or employee who is certified by the Department of Revenue in the proper preparation
of information reported to the commissioner under section 270C.85, subdivision 2, clause
(4). Certifications under this paragraph expire after four years.

(c) Beginning with the four-year educational licensing period starting on July 1, 2004,
every Minnesota assessor licensed by the State Board of Assessors must attend and participate
in a seminar that focuses on ethics, professional conduct and the need for standardized
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 for the four-year licensing period starting
on July 1, 2020, and thereafter.

Sec. 8. Minnesota Statutes 2019 Supplement, 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.

(b)(i) Agricultural property shall be classified as the owner's homestead, to the same extent as other agricultural homestead property, if all of the following criteria are met:

(1) the agricultural property consists of at least 40 acres including undivided government lots and correctional 40's;

(2) the owner, the owner's spouse, or a grandchild, child, sibling, or parent of the owner or of the owner's spouse, is actively farming the agricultural property, either on the person's own behalf as an individual or on behalf of a partnership operating a family farm, family farm corporation, joint family farm venture, or limited liability company of which the person is a partner, shareholder, or member;

(3) both the owner of the agricultural property and the person who is actively farming the agricultural property under clause (2), are Minnesota residents;

(4) neither the owner nor the spouse of the owner claims another agricultural homestead in Minnesota; and

(5) neither the owner nor the person actively farming the agricultural property lives farther than four townships or cities, or a combination of four townships or cities, from the agricultural property, except that if the owner or the owner's spouse is required to live in employer-provided housing, the owner or owner's spouse, whichever is actively farming the agricultural property, may live more than four townships or cities, or combination of four townships or cities from the agricultural property.

The relationship under this paragraph may be either by blood or marriage.

(ii) Property containing the residence of an owner who owns qualified property under clause (i) shall be classified as part of the owner's agricultural homestead, if that property is also used for noncommercial storage or drying of agricultural crops.
(iii) As used in this paragraph, "agricultural property" means class 2a property and any class 2b property that is contiguous to and under the same ownership as the class 2a property.

(c) Noncontiguous land shall be included as part of a homestead under section 273.13, subdivision 23, paragraph (a), only if the homestead is classified as class 2a and the detached land is located in the same township or city, or not farther than four townships or cities or combination thereof from the homestead. Any taxpayer of these noncontiguous lands must notify the county assessor that the noncontiguous land is part of the taxpayer's homestead, and, if the homestead is located in another county, the taxpayer must also notify the assessor of the other county.

(d) Agricultural land used for purposes of a homestead and actively farmed by a person holding a vested remainder interest in it must be classified as a homestead under section 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a, any other dwellings on the land used for purposes of a homestead by persons holding vested remainder interests who are actively engaged in farming the property, and up to one acre of the land surrounding each homestead and reasonably necessary for the use of the dwelling as a home, must also be assessed class 2a.

(e) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 1997 assessment shall remain classified as agricultural homesteads for subsequent assessments if:

1. the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of the April 1997 floods;
2. the property is located in the county of Polk, Clay, Kittson, Marshall, Norman, or Wilkin;
3. the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 1997 assessment year and continue to be used for agricultural purposes;
4. the dwelling occupied by the owner is located in Minnesota and is within 30 miles of one of the parcels of agricultural land that is owned by the taxpayer; and
5. the owner notifies the county assessor that the relocation was due to the 1997 floods, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in dwelling. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.
(f) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 1998 assessment shall remain classified agricultural homesteads for subsequent assessments if:

1. the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of damage caused by a March 29, 1998, tornado;
2. the property is located in the county of Blue Earth, Brown, Cottonwood, LeSueur, Nicollet, Nobles, or Rice;
3. the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 1998 assessment year;
4. the dwelling occupied by the owner is located in this state and is within 50 miles of one of the parcels of agricultural land that is owned by the taxpayer; and
5. the owner notifies the county assessor that the relocation was due to a March 29, 1998, tornado, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the owner must notify the assessor by December 1, 1998. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

(g) Agricultural property of a family farm corporation, joint family farm venture, family farm limited liability company, or partnership operating a family farm as described under subdivision 8 shall be classified homestead, to the same extent as other agricultural homestead property, if all of the following criteria are met:

1. the property consists of at least 40 acres including undivided government lots and correctional 40's;
2. a shareholder, member, or partner of that entity is actively farming the agricultural property;
3. that shareholder, member, or partner who is actively farming the agricultural property is a Minnesota resident;
4. neither that shareholder, member, or partner, nor the spouse of that shareholder, member, or partner claims another agricultural homestead in Minnesota; and
5. that shareholder, member, or partner does not live farther than four townships or cities, or a combination of four townships or cities, from the agricultural property.

Homestead treatment applies under this paragraph even if:
(i) the shareholder, member, or partner of that entity is actively farming the agricultural
property on the shareholder's, member's, or partner's own behalf; or

(ii) the family farm is operated by a family farm corporation, joint family farm venture,
partnership, or limited liability company other than the family farm corporation, joint family
farm venture, partnership, or limited liability company that owns the land, provided that:

(A) the shareholder, member, or partner of the family farm corporation, joint family
farm venture, partnership, or limited liability company that owns the land who is actively
farming the land is a shareholder, member, or partner of the family farm corporation, joint
family farm venture, partnership, or limited liability company that is operating the farm;

and

(B) more than half of the shareholders, members, or partners of each family farm
corporation, joint family farm venture, partnership, or limited liability company are persons
or spouses of persons who are a qualifying relative under section 273.124, subdivision 1,
paragraphs (c) and (d).

Homestead treatment applies under this paragraph for property leased to a family farm
corporation, joint farm venture, limited liability company, or partnership operating a family
farm if legal title to the property is in the name of an individual who is a member, shareholder,
or partner in the entity.

(h) To be eligible for the special agricultural homestead under this subdivision, an initial
full application must be submitted to the county assessor where the property is located.
Owners and the persons who are actively farming the property shall be required to complete
only a one-page abbreviated version of the application in each subsequent year provided
that none of the following items have changed since the initial application:

(1) the day-to-day operation, administration, and financial risks remain the same;

(2) the owners and the persons actively farming the property continue to live within the
four townships or city criteria and are Minnesota residents;

(3) the same operator of the agricultural property is listed with the Farm Service Agency;

(4) a Schedule F or equivalent income tax form was filed for the most recent year;

(5) the property's acreage is unchanged; and

(6) none of the property's acres have been enrolled in a federal or state farm program
since the initial application.
The owners and any persons who are actively farming the property must include the appropriate Social Security numbers, and sign and date the application. If any of the specified information has changed since the full application was filed, the owner must notify the assessor, and must complete a new application to determine if the property continues to qualify for the special agricultural homestead. The commissioner of revenue shall prepare a standard reapplication form for use by the assessors.

(i) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 2007 assessment shall remain classified agricultural homesteads for subsequent assessments if:

1. the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of damage caused by the August 2007 floods;

2. the property is located in the county of Dodge, Fillmore, Houston, Olmsted, Steele, Wabasha, or Winona;

3. the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 2007 assessment year;

4. the dwelling occupied by the owner is located in this state and is within 50 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

5. the owner notifies the county assessor that the relocation was due to the August 2007 floods, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in homestead dwelling. For taxes payable in 2009, the owner must notify the assessor by December 1, 2008. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

(j) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 2008 assessment shall remain classified as agricultural homesteads for subsequent assessments if:

1. the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of the March 2009 floods;

2. the property is located in the county of Marshall;

3. the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 2008 assessment year and continue to be used for agricultural purposes.
the dwelling occupied by the owner is located in Minnesota and is within 50 miles
of one of the parcels of agricultural land that is owned by the taxpayer; and

(5) the owner notifies the county assessor that the relocation was due to the 2009 floods,
and the owner furnishes the assessor any information deemed necessary by the assessor in
verifying the change in dwelling. Further notifications to the assessor are not required if the
property continues to meet all the requirements in this paragraph and any dwellings on the
agricultural land remain uninhabited.

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

Sec. 9. Minnesota Statutes 2019 Supplement, section 273.18, is amended to read:

**273.18 LISTING, VALUATION, AND ASSESSMENT OF EXEMPT PROPERTY
BY COUNTY AUDITORS.**

(a) In every sixth year after the year 2010, the county auditor shall enter the description
of each tract of real property exempt by law from taxation, with the name of the owner, and
the assessor shall value and assess the same in the same manner that other real property is
valued and assessed, and shall designate in each case the purpose for which the property is
used.

(b) The county auditor shall include in the exempt property information that the
commissioner may require under section 270C.85, subdivision 2, clause (4), the total number
of acres of all natural resources lands for which in lieu payments are made under sections
477A.11 to 477A.14 and 477A.17. The assessor shall estimate its market value, provided
that if the assessor is not able to estimate the market value of the land on a per parcel basis,
the assessor shall furnish the commissioner of revenue with an estimate of the average value
per acre of this land within the county.

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

Sec. 10. Minnesota Statutes 2018, section 287.04, is amended to read:

**287.04 EXEMPTIONS.**

The tax imposed by section 287.035 does not apply to:

(a) (1) a decree of marriage dissolution or an instrument made pursuant to it;

(b) (2) a mortgage given to correct a misdescription of the mortgaged property;

(c) (3) a mortgage or other instrument that adds additional security for the same debt
for which mortgage registry tax has been paid.
a contract for the conveyance of any interest in real property, including a contract
for deed;

a mortgage secured by real property subject to the minerals production tax of
sections 298.24 to 298.28;

The principal amount of a mortgage loan made under a low and moderate income
housing program, or other affordable housing program, if: (i) the mortgagee is a federal,
state, or local government agency; or (ii) the assignee is a federal, state, or local government
agency;

mortgages granted by fraternal benefit societies subject to section 64B.24;

a mortgage amendment or extension, as defined in section 287.01;

an agricultural mortgage if the proceeds of the loan secured by the mortgage are
used to acquire or improve real property classified under section 273.13, subdivision 23,
paragraph (a) or (b); and

a mortgage on an armory building as set forth in section 193.147.

EFFECTIVE DATE. This section is effective for mortgages recorded after July 31, 2020.

Sec. 11. Minnesota Statutes 2018, section 477A.10, is amended to read:

477A.10 NATURAL RESOURCES LAND PAYMENTS IN LIEU; PURPOSE.

The purposes of sections 477A.11 to 477A.14 and 477A.17 are:

(1) to compensate local units of government for the loss of tax base from state ownership
of land and the need to provide services for state land;

(2) to address the disproportionate impact of state land ownership on local units of
government with a large proportion of state land; and

(3) to address the need to manage state lands held in trust for the local taxing districts.

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

Sec. 12. REPEALER.

Minnesota Statutes 2018, section 270C.17, subdivision 2, is repealed.

EFFECTIVE DATE. This section is effective the day following final enactment.
ARTICLE 4

DEPARTMENT OF REVENUE POLICY AND TECHNICAL: FIRE AND POLICE
STATE AIDS

Section 1. Minnesota Statutes 2019 Supplement, section 6.495, subdivision 3, is amended to read:

Subd. 3. Report to commissioner of revenue. (a) On or before September 15, the state auditor shall file with the commissioner of revenue a financial compliance report certifying for each relief association:

(1) the completion of the annual financial report required under section 424A.014 and the auditing or certification of those financial reports under subdivision 1; and

(2) the receipt of any actuarial valuations required under section 424A.093 or Laws 2013, chapter 111, article 5, sections 31 to 42.

(b) The state auditor must file with the commissioner of revenue reports as described in paragraph (a) on or before November 1, March 1, and June 1 certifying relief associations that have satisfied the criteria of paragraph (a) since the previously filed financial compliance report.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2021 and thereafter.

Sec. 2. Minnesota Statutes 2019 Supplement, section 297I.26, subdivision 2, is amended to read:

Subd. 2. Penalties. (a) A company that fails to file the report on or before the due date in subdivision 1 is liable for a penalty equal to $25 for each seven days, or fraction thereof, that the report is delinquent, but not to exceed $200.

(b) Any person whose duty it is to file the report and who fails or refuses to file within 30 days after the postmark of the notice in subdivision 1 must be fined an amount of no more than $1,000.

(e) Any company that knowingly makes and files an inaccurate or false report is liable for a fine in an amount not less than $25 nor more than $1,000, as determined by the commissioner, may be prosecuted under section 609.41, and the commissioner of commerce may revoke the company's certificate of authority.

EFFECTIVE DATE. This section is effective for reports required to be filed after December 31, 2020.
Sec. 3. Minnesota Statutes 2019 Supplement, section 477B.01, is amended by adding a subdivision to read:

Subd. 1a. **Apportionment agreement.** "Apportionment agreement" means an agreement between two or more fire departments that provide contracted fire protection service to the same municipality and establishes the percentage of the population and the percentage of the estimated market value within the municipality serviced by each fire department.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021 and thereafter.

Sec. 4. Minnesota Statutes 2019 Supplement, section 477B.01, subdivision 5, is amended to read:

Subd. 5. **Fire department.** (a) "Fire department" includes means:

(1) a municipal fire department and;

(2) an independent nonprofit firefighting corporation;

(3) a fire department established as or operated by a joint powers entity; or

(4) a fire protection special taxing district.

(b) This subdivision only applies to this chapter.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021 and thereafter.

Sec. 5. Minnesota Statutes 2019 Supplement, section 477B.01, is amended by adding a subdivision to read:

Subd. 6a. **Fire protection special taxing district.** "Fire protection special taxing district" means a special taxing district authorized by law or statute that provides fire protection services within the district and may exercise all the powers of the local governments that relate to fire protection within the district.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021 and thereafter.

Sec. 6. Minnesota Statutes 2019 Supplement, section 477B.01, is amended by adding a subdivision to read:

Subd. 7a. **Joint powers entity.** "Joint powers entity" means a joint powers entity under section 471.59.
EFFECTIVE DATE. This section is effective for aids payable in calendar year 2021 and thereafter.

Sec. 7. Minnesota Statutes 2019 Supplement, section 477B.01, subdivision 10, is amended to read:

Subd. 10. Municipality. (a) "Municipality" means:

(1) a home rule charter or statutory city;
(2) an organized town;
(3) a park district subject to chapter 398; or a joint powers entity;
(4) the University of Minnesota a fire protection special taxing district; and or
(5) an American Indian tribal government entity located within a federally recognized American Indian reservation.

(b) This subdivision only applies to this chapter 477B.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2021 and thereafter.

Sec. 8. Minnesota Statutes 2019 Supplement, section 477B.01, subdivision 11, is amended to read:

Subd. 11. Secretary. (a) "Secretary" means:

(1) the secretary of an independent nonprofit firefighting corporation that has a subsidiary incorporated firefighters' relief association or whose firefighters participate in the voluntary statewide volunteer firefighter retirement plan; or
(2) the secretary of a joint powers entity or fire protection special taxing district or, if there is no such person, the person primarily responsible for managing the finances of a joint powers entity or fire protection special taxing district.

(b) This subdivision only applies to this chapter.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2021 and thereafter.
Sec. 9. Minnesota Statutes 2019 Supplement, section 477B.02, subdivision 2, is amended to read:

Subd. 2. Establishment of fire department. (a) An independent nonprofit firefighting corporation must be created under the nonprofit corporation act of this state operating for the exclusive purpose of firefighting, or the governing body of a municipality must officially establish a fire department.

(b) The fire department must have provided firefighting services for at least one calendar year, and must have a current fire department identification number issued by the state fire marshal.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2021 and thereafter.

Sec. 10. Minnesota Statutes 2019 Supplement, section 477B.02, subdivision 3, is amended to read:

Subd. 3. Personnel and Benefits requirements. (a) A fire department must have a minimum of ten paid or volunteer firefighters, including a fire chief and assistant fire chief.

(b) The fire department must have regular scheduled meetings and frequent drills that include instructions in firefighting tactics and in the use, care, and operation of all fire apparatus and equipment.

(c) (a) The fire department must have a separate subsidiary incorporated firefighters' relief association that provides retirement benefits or must participate in the voluntary statewide volunteer firefighter retirement plan; or if the municipality solely employs full-time firefighters as defined in section 299N.03, subdivision 5, retirement coverage must be provided by the public employees police and fire retirement plan. For purposes of retirement benefits, a fire department may be associated with only one volunteer firefighters' relief association or one account in the voluntary statewide volunteer firefighter retirement plan at one time.

(d) (b) Notwithstanding paragraph (c) (a), a municipality without a relief association as described under section 424A.08, paragraph (a), may still qualify to receive fire state aid if all other requirements of this section are met.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2021 and thereafter.
Sec. 11. Minnesota Statutes 2019 Supplement, section 477B.02, is amended by adding a subdivision to read:

Subd. 4a. Public safety answering point requirement. The fire department must be dispatched by a public safety answering point as defined in section 403.02, subdivision 19.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2021 and thereafter.

Sec. 12. Minnesota Statutes 2019 Supplement, section 477B.02, subdivision 5, is amended to read:

Subd. 5. Fire service contract or agreement; apportionment agreement filing requirement. (a) Every municipality or independent nonprofit firefighting corporation must file a copy of any duly executed and valid fire service contract or agreement with the commissioner. A written notification of contract termination must be filed with the commissioner when a fire service contract is terminated.

(b) If more than one fire department provides service to a municipality, the fire departments furnishing service must enter into an agreement apportioning among themselves the percentage of the population and the percentage of the estimated market value of each shared service fire department service area. The agreement must be in writing and must be filed an apportionment agreement with the commissioner.

(c) When a municipality is a joint powers entity, it must file its joint powers agreement with the commissioner. If the joint powers agreement does not include sufficient information defining the fire department service area of the joint powers entity for the purposes of calculating fire state aid, the secretary must file a written statement with the commissioner defining the fire department service area.

(d) When a municipality is a fire protection special taxing district, it must file its resolution establishing the fire protection special taxing district, and any agreements required for the establishment of the fire protection special taxing district, with the commissioner. If the resolution or agreement does not include sufficient information defining the fire department service area of the fire protection special taxing district, the secretary must file a written statement with the commissioner defining the fire department service area.

(e) The commissioner shall prescribe the format, manner, and time of filing of a written notification of contract termination, an apportionment agreement, a joint powers agreement, a resolution, or a written statement under paragraphs (a) to (d).
(f) A document filed with the commissioner under this subdivision must be refiled any time it is updated. An apportionment agreement must be refiled only when a change in the averaged sum of the percentage of population and percentage of estimated market value serviced by a fire department subject to the apportionment agreement is at least one percent. The percentage amount must be rounded to the nearest whole percentage.

(g) Upon the request of the commissioner, the county auditor must provide information that the commissioner requires to accurately apportion the estimated market value of a fire department service area for a fire department providing service to an unorganized territory located in the county.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021 and thereafter.

Sec. 13. Minnesota Statutes 2019 Supplement, section 477B.02, subdivision 8, is amended to read:

Subd. 8. **PERA certification to commissioner.** On or before February 1 each year, if retirement coverage for a fire department is provided by the voluntary statewide volunteer firefighter retirement plan, the executive director of the Public Employees Retirement Association must certify the existence of retirement coverage to the commissioner the fire departments that transferred retirement coverage to, or terminated participation in, the voluntary statewide volunteer firefighter retirement plan since the previous certification under this paragraph.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021 and thereafter.

Sec. 14. Minnesota Statutes 2019 Supplement, section 477B.02, subdivision 9, is amended to read:

Subd. 9. **Fire department certification to commissioner.** On or before March 15 of each year, the municipal clerk or the secretary, and the fire chief, must jointly certify to the commissioner that the fire department exists and meets the qualification requirements of this section the fire department service area as of December 31 of the previous year, and that the fire department meets the qualification requirements of this section. The fire department must provide the commissioner with documentation that the commissioner deems necessary for determining eligibility for fire state aid or for calculating and apportioning fire state aid under section 477B.03. The certification must be on a form prescribed by the commissioner and must include all other information that the commissioner
requires. The municipal clerk or the secretary must send a copy of the certification filed under this subdivision to the fire chief within five business days of the date the certification was filed with the commissioner.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021 and thereafter.

Sec. 15. Minnesota Statutes 2019 Supplement, section 477B.02, subdivision 10, is amended to read:

Subd. 10. **Penalty for failure to file or correct certification.** (a) If the certification under subdivision 9 is not filed with the commissioner on or before March 15, the commissioner must notify the municipal clerk or the secretary that a penalty equal to a portion or all of the current year aid will apply if the certification is not received within ten days of the postmark date of the notification will be deducted from fire state aid certified for the current year if the certification is not filed on or before March 15.

(b) If the commissioner rejects the certification by the municipal clerk or secretary under subdivision 9 for inaccurate or incomplete information, the municipal clerk or the secretary must file a corrective certification after taking corrective action as identified by the commissioner in the notice of rejection. The corrective certification must be filed within 30 days of the date on the notice of rejection.

(b) (c) A penalty applies to (1) a certification under subdivision 9 filed after March 15 and (2) a corrective certification under paragraph (b) filed after March 15 that is also filed more than 30 days after the date on the notice of rejection. The penalty for failure to file the certification under subdivision 9 is equal to the amount of fire state aid determined for the municipality or the independent nonprofit firefighting corporation for the current year, multiplied by five percent for each week or fraction of a week that the certification or corrective certification is late filed after March 15. The penalty must be computed beginning ten days after the postmark date of the commissioner's notification. Aid amounts forfeited as a result of the penalty revert to the state general fund. Failure to receive the certification form is not a defense for a failure to file.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021 and thereafter.
Sec. 16. Minnesota Statutes 2019 Supplement, section 477B.03, subdivision 3, is amended to read:

Subd. 3. Population and estimated market value. (a) Official statewide federal census figures Population estimates made by the state demographer pursuant to section 4A.02, paragraph (d), must be used in calculations requiring the use of population figures under this chapter. Increases or decreases in population disclosed by reason of any special census must not be taken into consideration.

(b) The latest available estimated market value property figures must be used in calculations requiring the use of estimated market value property figures under this chapter.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2021 and thereafter.

Sec. 17. Minnesota Statutes 2019 Supplement, section 477B.03, subdivision 4, is amended to read:

Subd. 4. Initial fire state aid allocation amount. (a) The initial fire state aid allocation amount is the amount available for apportionment as fire state aid under subdivision 2, without the inclusion of any additional funding amount to support a minimum fire state aid amount under section 423A.02, subdivision 3. The initial fire state aid allocation amount is allocated one-half in proportion to the population for each fire department service area and one-half in proportion to the estimated market value of each fire department service area, including (1) the estimated market value of tax-exempt property, and (2) the estimated market value of natural resources lands receiving in lieu payments under sections 477A.11 to 477A.14 and 477A.17. The estimated market value of minerals is excluded.

(b) In the case of a municipality or independent nonprofit firefighting corporation furnishing fire protection to other municipalities as evidenced by valid fire service contracts, joint powers agreements, resolutions, and other supporting documents filed with the commissioner under section 477B.02, subdivision 5, the distribution must be adjusted proportionately to take into consideration the crossover fire protection service. Necessary adjustments must be made to subsequent apportionments.

(c) In the case of municipalities or independent nonprofit firefighting corporations qualifying for aid, the commissioner must calculate the state aid for the municipality or independent nonprofit firefighting corporation on the basis of the population and the estimated market value of the area furnished fire protection service by the fire department as evidenced
by valid fire service agreements, contracts, joint powers agreements, resolutions, and other supporting documents filed with the commissioner under section 477B.02, subdivision 5.

(d) In the case of more than one fire department furnishing contracted fire service to a municipality, the population and estimated market value in the apportionment agreement filed with the commissioner under section 477B.02, subdivision 5, must be used in calculating the state aid.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021 and thereafter.

Sec. 18. Minnesota Statutes 2019 Supplement, section 477B.03, subdivision 7, is amended to read:

Subd. 7. Appeal. A municipality, an independent nonprofit firefighting corporation, a fire relief association, or the voluntary statewide volunteer firefighter retirement plan may object to the amount of fire state aid apportioned to it by filing a written request with the commissioner to review and adjust the apportionment of funds within the state. The objection of a municipality, an independent nonprofit firefighting corporation, a fire relief association, or the voluntary statewide volunteer firefighter retirement plan must be filed with the commissioner within 60 days of the date the amount of apportioned fire state aid is paid. The decision of the commissioner is subject to appeal, review, and adjustment by the district court in the county in which the applicable municipality or independent nonprofit firefighting corporation is located or by the Ramsey County District Court with respect to the voluntary statewide volunteer firefighter retirement plan.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021 and thereafter.

Sec. 19. Minnesota Statutes 2019 Supplement, section 477B.04, subdivision 1, is amended to read:

Subdivision 1. Payments. (a) The commissioner must make payments to the Public Employees Retirement Association for deposit in the voluntary statewide volunteer firefighter retirement fund on behalf of a municipality or independent nonprofit firefighting corporation that is a member of the voluntary statewide volunteer firefighter retirement plan under chapter 353G, or directly to a municipality or county designated by an independent nonprofit firefighting corporation. The commissioner must directly pay all other municipalities qualifying for fire state aid, except as provided in paragraph (d). The payment is equal to
the amount of fire state aid apportioned to the applicable fire state aid recipient under section 477B.03.

(b) Fire state aid is payable on October 1 annually. The amount of state aid due and not paid by October 1 accrues interest payable to the recipient at the rate of one percent for each month or part of a month that the amount remains unpaid after October 1.

(c) In the event of noncompliance with sections 424A.014 and 477B.02, subdivision 7, the amount of fire state aid apportioned to a municipality or independent nonprofit firefighting corporation under section 477B.03 must be withheld from payment to the Public Employees Retirement Association or the municipality. The commissioner of revenue must issue a withheld payment within ten business days of receipt of a financial compliance report under section 6.495, subdivision 3, certifying that the municipality or independent nonprofit firefighting corporation has fulfilled the requirements of sections 424A.014 and 477B.02, subdivision 7. The interest under paragraph (b) does not apply when a payment has not been made by October 1 due to noncompliance with sections 424A.014 and 477B.02, subdivision 7.withheld under this paragraph.

(d) A joint powers entity must designate the city or town to be paid fire state aid on its behalf in the first year the joint powers entity qualifies for fire state aid. An independent nonprofit firefighting corporation must designate the city or town within its fire department service area to be paid fire state aid on its behalf in the first year the independent nonprofit firefighting corporation qualifies for fire state aid. If there is no city or town within the fire department service area of an independent nonprofit firefighting corporation, fire state aid must be paid to the county where the independent nonprofit firefighting corporation is located. A local government payment designation under this paragraph must be in writing in the form and manner and at the time prescribed by the commissioner.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021 and thereafter.

Sec. 20. Minnesota Statutes 2019 Supplement, section 477B.04, is amended by adding a subdivision to read:

**Subd. 4. Aid amount corrections.** (a) An adjustment needed to correct a fire state aid overpayment or underpayment due to a clerical error must be made to subsequent fire state aid payments as provided in paragraphs (b) and (c). The authority to correct an aid payment under this subdivision is limited to three years after the payment was issued.
(b) If the adjustment equals more than ten percent of the most recently paid aid amount, the commissioner must reduce the aid a municipality or independent nonprofit firefighting corporation is to receive by the amount overpaid over a period of no more than three years. If the adjustment equals or is less than ten percent of the most recently paid aid amount, the commissioner must reduce the next aid payment occurring in 30 days or more by the amount overpaid.

(c) In the event of an underpayment, the commissioner must distribute the amount of underpaid funds to the municipality or independent nonprofit firefighting corporation over a period of no more than three years. An additional distribution to a municipality or independent nonprofit firefighting corporation must be paid from the general fund and must not diminish the payments made to other municipalities or independent nonprofit firefighting corporations under this chapter.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2021 and thereafter.

Sec. 21. Minnesota Statutes 2019 Supplement, section 477C.02, subdivision 4, is amended to read:

Subd. 4. Penalty for failure to file or correct certification. (a) If a certification under subdivision 1 or 2 is not filed with the commissioner on or before March 15, the commissioner must notify the municipal clerk, municipal clerk-treasurer, or county auditor that a penalty equal to a portion or all of its current year aid will apply if the certification is not received within ten days will be deducted from police state aid certified for the current year if the certification is not filed on or before March 15.

(b) If the commissioner rejects the certification under subdivision 1 or 2 for inaccurate or incomplete information, the municipal clerk, municipal clerk-treasurer, or county auditor must file a corrective certification after taking corrective action as identified by the commissioner in the notice of rejection. The corrective certification must be filed within 30 days of the date on the notice of rejection.

(c) A penalty applies to (1) a certification under subdivisions 1 and 2 filed after March 15 and (2) a corrective certification under paragraph (b) filed after March 15 that is also filed more than 30 days after the date on the notice of rejection. The penalty for failure to file the certification under subdivision 1 or 2 is equal to the amount of police state aid determined for the municipality for the current year, multiplied by five percent for each week or fraction of a week that the certification or corrective certification is late filed after March 15. The penalty must be computed beginning ten days after the postmark date of the
commissioner's notification as required under this subdivision. All aid amounts forfeited
as a result of the penalty revert to the state general fund. Failure to receive the certification
form may not be used as a defense for a failure to file.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021
and thereafter.

Sec. 22. Minnesota Statutes 2019 Supplement, section 477C.03, subdivision 2, is amended
to read:

Subd. 2. **Apportionment of police state aid.** (a) The total amount available for
apportionment as police state aid is equal to 104 percent of the amount of premium taxes
paid to the state on the premiums reported to the commissioner by companies or insurance
companies on the Minnesota Aid to Police Premium Report. The total amount for
apportionment for the police state aid program must not be less than two percent of the
amount of premiums reported to the commissioner by companies or insurance companies
on the Minnesota Aid to Police Premium Report.

(b) The commissioner must calculate the percentage of increase or decrease reflected in
the apportionment over or under the previous year's available state aid using the same
premiums as a basis for comparison.

(c) In addition to the amount for apportionment of police state aid under paragraph (a),
each year $100,000 must be apportioned for police state aid. An amount sufficient to pay
this increase is annually appropriated from the general fund.

(d) The commissioner must apportion police state aid to all municipalities in proportion
to the relationship that the total number of peace officers employed by that municipality for
the prior calendar year and the proportional or fractional number who were employed less
than a calendar year as credited under section 477C.02, subdivision 1, paragraph (c), bears
to the total number of peace officers employed by all municipalities subject to any reduction
under subdivision 3.

(e) Any necessary additional adjustments must be made to subsequent police state aid
apportionments.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021
and thereafter.
Sec. 23. Minnesota Statutes 2019 Supplement, section 477C.03, subdivision 5, is amended to read:

Subd. 5. Appeal. A municipality may object to the amount of police state aid apportioned to it by filing a written request with the commissioner to review and adjust the apportionment of funds to the municipality. The objection of a municipality must be filed with the commissioner within 60 days of the date the amount of apportioned police state aid is paid. The decision of the commissioner is subject to appeal, review, and adjustment by the district court in the county in which the applicable municipality is located or by the Ramsey County District Court with respect to the Departments of Natural Resources or Public Safety.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021 and thereafter.

Sec. 24. Minnesota Statutes 2019 Supplement, section 477C.04, is amended by adding a subdivision to read:

Subd. 4. Aid amount corrections. (a) An adjustment needed to correct a police state aid overpayment or underpayment due to a clerical error must be made to subsequent police state aid payments as provided in paragraphs (b) and (c). The authority to correct an aid payment under this subdivision is limited to three years after the payment was issued.

(b) If the adjustment equals more than ten percent of the most recently paid aid amount, the commissioner must reduce the aid a municipality is to receive by the amount overpaid over a period of no more than three years. If the adjustment equals or is less than ten percent of the most recently paid aid amount, the commissioner must reduce the next aid payment occurring in 30 days or more by the amount overpaid.

(c) In the event of an underpayment, the commissioner must distribute the amount of underpaid funds to the municipality over a period of no more than three years. An additional distribution to a municipality must be paid from the general fund and must not diminish the payments made to other municipalities under this chapter.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2021 and thereafter.

Sec. 25. REPEALER.

Minnesota Statutes 2019 Supplement, sections 477B.02, subdivision 4; and 477B.03, subdivision 6, are repealed.
EFFECTIVE DATE. This section is effective for aids payable in calendar year 2021 and thereafter.

Delete the title and insert:

"A bill for an act relating to taxation; property; modifying provisions governing property taxes, fire and police state aids, local taxes, and tax increment financing; amending Minnesota Statutes 2018, sections 270.41, subdivision 3a; 272.029, subdivision 2; 272.0295, subdivisions 2, 5; 273.063; 273.13, subdivision 25; 287.04; 469.176, by adding a subdivision; 469.1763, subdivisions 3, 4; 469.190, subdivisions 1, 7; 477A.10; Minnesota Statutes 2019 Supplement, sections 6.495, subdivision 3; 270C.22, subdivision 1; 273.0755; 273.124, subdivision 14; 273.13, subdivision 34; 273.18; 297A.99, subdivision 2; 297I.26, subdivision 2; 477B.01, subdivisions 5, 10, 11, by adding subdivisions; 477B.02, subdivisions 2, 3, 5, 8, 9, 10, by adding a subdivision; 477B.03, subdivisions 3, 4, 7; 477B.04, subdivision 1, by adding a subdivision; 477C.02, subdivision 4; 477C.03, subdivisions 2, 5; 477C.04, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 273; 469; repealing Minnesota Statutes 2018, section 270C.17, subdivision 2; Minnesota Statutes 2019 Supplement, sections 477B.02, subdivision 4; 477B.03, subdivision 6."

Article 4 Sec. 25.