

1.1 moves to amend H.F. No. 1884 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "ARTICLE 1

1.4 PROPERTY TAX AIDS, CREDITS, AND REFUNDS

1.5 Section 1. Minnesota Statutes 2012, section 273.1384, subdivision 2, is amended to read:

1.6 Subd. 2. **Agricultural homestead market value credit.** Property classified as
1.7 agricultural homestead under section 273.13, subdivision 23, paragraph (a), is eligible for
1.8 an agricultural credit. The credit is computed using the property's agricultural credit market
1.9 value, defined for this purpose as the property's market value excluding the market value of
1.10 the house, garage, and immediately surrounding one acre of land. The credit is equal to 0.3
1.11 percent of the first \$115,000 of the property's agricultural credit market value ~~minus .05 plus~~
1.12 0.1 percent of the property's agricultural credit market value in excess of \$115,000, subject
1.13 to a maximum ~~reduction credit~~ credit of ~~\$115~~ \$490. In the case of property that is classified
1.14 as part homestead and part nonhomestead solely because not all the owners occupy or
1.15 farm the property, not all the owners have qualifying relatives occupying or farming the
1.16 property, or solely because not all the spouses of owners occupy the property, the credit
1.17 must be initially computed as if that nonhomestead agricultural land was also classified as
1.18 agricultural homestead and then prorated to the owner-occupant's percentage of ownership.

1.19 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2014.

1.20 Sec. 2. Minnesota Statutes 2013 Supplement, section 273.1398, subdivision 4, is
1.21 amended to read:

1.22 Subd. 4. **Disparity reduction credit.** (a) ~~Beginning with taxes payable in 1989,~~
1.23 Class 4a and class 3a property qualifies for a disparity reduction credit if: (1) the property
1.24 is located in a border city that has an enterprise zone, as defined in section 469.166; (2)
1.25 the property is located in a city with a population greater than 2,500 and less than 35,000

2.1 according to the 1980 decennial census; (3) the city is adjacent to a city in another state or
 2.2 immediately adjacent to a city adjacent to a city in another state; and (4) the adjacent city
 2.3 in the other state has a population of greater than 5,000 and less than 75,000 according to
 2.4 the 1980 decennial census.

2.5 (b) The credit is an amount sufficient to reduce (i) the taxes levied on class 4a
 2.6 property to ~~1.9~~ 1.7 percent of the property's taxable market value and (ii) the tax on class
 2.7 3a property to ~~1.9~~ 1.7 percent of taxable market value.

2.8 (c) The county auditor shall annually certify the costs of the credits to the
 2.9 Department of Revenue. The department shall reimburse local governments for the
 2.10 property taxes forgone as the result of the credits in proportion to their total levies.

2.11 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2015.

2.12 Sec. 3. Minnesota Statutes 2013 Supplement, section 477A.013, subdivision 8, is
 2.13 amended to read:

2.14 Subd. 8. **City formula aid.** (a) For aids payable in 2014 only, the formula aid for a
 2.15 city is equal to the sum of (1) its 2013 certified aid, and (2) the product of (i) the difference
 2.16 between its unmet need and its 2013 certified aid, and (ii) the aid gap percentage.

2.17 (b) For aids payable in 2015 and thereafter, the formula aid for a city is equal to the
 2.18 sum of (1) its formula aid in the previous year and (2) the product of (i) the difference
 2.19 between its unmet need and its ~~certified~~ formula aid in the previous year ~~under subdivision~~
 2.20 9, and (ii) the aid gap percentage.

2.21 (c) For aids payable in 2015 and thereafter, if a city's certified aid from the previous
 2.22 year is greater than the sum of its unmet need plus its aid adjustment under subdivision 13,
 2.23 its formula aid is adjusted to equal its unmet need.

2.24 (d) No city may have a formula aid amount less than zero. The aid gap percentage
 2.25 must be the same for all cities subject to paragraph (b).

2.26 (e) The applicable aid gap percentage must be calculated by the Department of
 2.27 Revenue so that the total of the aid under subdivision 9 equals the total amount available
 2.28 for aid under section 477A.03. Data used in calculating aids to cities under sections
 2.29 477A.011 to 477A.013 shall be the most recently available data as of January 1 in the
 2.30 year in which the aid is calculated.

2.31 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
 2.32 2015 and thereafter.

3.1 Sec. 4. Minnesota Statutes 2013 Supplement, section 477A.03, subdivision 2a, is
3.2 amended to read:

3.3 Subd. 2a. **Cities.** For aids payable in 2014, the total aid paid under section
3.4 477A.013, subdivision 9, is \$507,598,012. ~~The total aid paid under section 477A.013,~~
3.5 ~~subdivision 9, is \$509,098,012 for aids payable in 2015.~~ For aids payable in ~~2016~~ 2015
3.6 and thereafter, the total aid paid under section 477A.013, subdivision 9, is ~~\$511,598,012~~
3.7 the amount certified under that section in the previous year, multiplied by the inflation
3.8 adjustment under subdivision 6.

3.9 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
3.10 2015 and thereafter.

3.11 Sec. 5. Minnesota Statutes 2012, section 477A.03, is amended by adding a subdivision
3.12 to read:

3.13 Subd. 6. **Inflation adjustment.** In 2015 and thereafter, the amount paid under
3.14 subdivision 2a shall be multiplied by an amount equal to one plus the sum of (1) the
3.15 percentage increase in the implicit price deflator for government expenditures and gross
3.16 investment for state and local government purchases as prepared by the United States
3.17 Department of Commerce, for the 12-month period ending March 31 of the previous
3.18 calendar year, and (2) the percentage increase in total city population for the most recently
3.19 available years as of January 15 of the current year. The percentage increase in this
3.20 subdivision shall not be greater than five percent.

3.21 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
3.22 2015 and thereafter.

3.23 Sec. 6. **[477A.18] PRODUCTION PROPERTY TRANSITION AID.**

3.24 Subdivision 1. **Definitions.** (a) When used in this section, the following terms have
3.25 the meanings indicated in this subdivision.

3.26 (b) "Local unit" means a home rule charter or statutory city, or a town.

3.27 (c) "Net tax capacity differential" means the positive difference, if any, by which the
3.28 local unit's net tax capacity was reduced from assessment year 2014 to assessment year
3.29 2015 due to the change in the definition of real property in section 272.03, subdivision 1,
3.30 enacted by article 2, section 1, of this act. For purposes of determining the net tax capacity
3.31 differential, any property in a job opportunity building zone under section 469.314 may
3.32 not be included when calculating a local unit's net tax capacity.

4.1 Subd. 2. Aid eligibility; payment. (a) If the net tax capacity differential of the local
4.2 unit exceeds five percent of its 2015 net tax capacity, the local unit is eligible for transition
4.3 aid computed under paragraphs (b) to (f).

4.4 (b) For aids payable in 2016, transition aid under this section for an eligible local
4.5 unit equals (1) the net tax capacity differential, times (2) the jurisdiction's tax rate for
4.6 taxes payable in 2015.

4.7 (c) For aids payable in 2017, transition aid under this section for an eligible local
4.8 unit equals 80 percent of (1) the net tax capacity differential, times (2) the jurisdiction's
4.9 tax rate for taxes payable in 2016.

4.10 (d) For aids payable in 2018, transition aid under this section for an eligible local
4.11 unit equals 60 percent of (1) the net tax capacity differential, times (2) the jurisdiction's
4.12 tax rate for taxes payable in 2017.

4.13 (e) For aids payable in 2019, transition aid under this section for an eligible local
4.14 unit equals 40 percent of (1) the net tax capacity differential, times (2) the jurisdiction's
4.15 tax rate for taxes payable in 2018.

4.16 (f) For aids payable in 2020, transition aid under this section for an eligible local
4.17 unit equals 20 percent of (1) the net tax capacity differential, times (2) the jurisdiction's
4.18 tax rate for taxes payable in 2019.

4.19 (g) No aids shall be payable under this section in 2021 and thereafter.

4.20 (h) The commissioner of revenue shall compute the amount of transition aid payable
4.21 to each local unit under this section. On or before August 1 of each year, the commissioner
4.22 shall certify the amount of transition aid computed for aids payable in the following year
4.23 for each recipient local unit. The commissioner shall pay transition aid to local units
4.24 annually at the times provided in section 477A.015.

4.25 (i) The commissioner of revenue may require counties to provide any data that the
4.26 commissioner deems necessary to administer this section.

4.27 Subd. 3. Appropriation. An amount sufficient to pay transition aid under this
4.28 section is annually appropriated to the commissioner of revenue from the general fund.

4.29 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2015.

4.30 Sec. 7. **SUPPLEMENTAL COUNTY PROGRAM AID FOR 2014.**

4.31 (a) Each county whose certified aid for 2014 under Minnesota Statutes, section
4.32 477A.0124, is less than the aid it received under that section in 2013 shall be eligible for
4.33 supplemental aid in 2014 equal to the difference between the amount received in 2013
4.34 and the amount certified for 2014.

5.1 (b) The aid under this section shall be paid in the same manner and at the same time
5.2 as the regular aid payments under Minnesota Statutes, section 477A.0124.

5.3 (c) The amount necessary to pay supplemental aid under this section is appropriated
5.4 from the general fund to the commissioner of revenue.

5.5 **EFFECTIVE DATE.** This section is effective July 1, 2014.

5.6 Sec. 8. **SUPPLEMENTAL CREDIT FOR TAXES PAYABLE IN 2014 ONLY.**

5.7 Subdivision 1. **Certification of supplemental credit amount.** By September 15,
5.8 2014, the county auditor must notify each eligible property owner of the amount by which
5.9 the credit determined under section 273.1384, subdivision 2, as enacted by article 1, section
5.10 1, of this act, exceeds the credit amount certified on the homestead's property tax statement
5.11 or statements for property taxes payable in 2014. The county auditor must also notify the
5.12 commissioner of revenue in a manner prescribed by the commissioner. The notification to
5.13 the commissioner must indicate whether there are any unpaid taxes upon the property.

5.14 Subd. 2. **Payment of supplemental credit.** The commissioner must pay
5.15 supplemental credit amounts to each qualifying taxpayer by October 15, 2014, provided
5.16 there are no unpaid taxes on the property.

5.17 Subd. 3. **Property tax statements for taxes payable in 2015.** In preparing
5.18 proposed and final property tax statements for taxes payable in 2015, the county auditor
5.19 shall include the supplemental credit amounts determined under this section in displaying
5.20 property taxes payable in 2014.

5.21 Subd. 4. **Costs of administration.** \$40,000 in fiscal year 2015 is appropriated from
5.22 the general fund to the commissioner of revenue to be used to compensate counties for
5.23 expenses incurred in complying with this section.

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

5.25 Sec. 9. **HOMESTEAD CREDIT REFUND AND RENTER PROPERTY TAX**
5.26 **REFUND INCREASE.**

5.27 Subdivision 1. **Homestead credit refund increase.** For claims filed based on taxes
5.28 payable in 2014, the commissioner shall increase by three percent the refund otherwise
5.29 payable under Minnesota Statutes, section 290A.04, subdivision 2.

6.1 Subd. 2. **Renter property tax increase.** For claims filed based on rent paid in
 6.2 2013, the commissioner shall increase by six percent the refund otherwise payable under
 6.3 Minnesota Statutes, section 290A.04, subdivision 2a.

6.4 Subd. 3. **Appropriation.** The amount necessary to make the payments required
 6.5 under this section in fiscal years 2015 and 2016 is appropriated from the general fund
 6.6 to the commissioner of revenue.

6.7 **EFFECTIVE DATE.** This section is effective for refund claims based on taxes
 6.8 payable in 2014 and rent paid in 2013 only.

6.9 **ARTICLE 2**

6.10 **PROPERTY TAXES**

6.11 Section 1. Minnesota Statutes 2012, section 272.03, subdivision 1, is amended to read:

6.12 Subdivision 1. **Real property.** (a) For the purposes of taxation, "real property"
 6.13 includes the land itself, rails, ties, and other track materials annexed to the land, and all
 6.14 buildings, structures, and improvements or other fixtures on it, bridges of bridge companies,
 6.15 and all rights and privileges belonging or appertaining to the land, and all mines, iron ore
 6.16 and taconite minerals not otherwise exempt, quarries, fossils, and trees on or under it.

6.17 (b) A building or structure shall include the building or structure itself, together with
 6.18 all improvements or fixtures annexed to the building or structure, which are integrated
 6.19 with and of permanent benefit to the building or structure, regardless of the present use
 6.20 of the building, and which cannot be removed without substantial damage to itself or to
 6.21 the building or structure.

6.22 (c)(i) Real property does not include tools, implements, machinery, and equipment
 6.23 attached to or installed in real property for use in the business or production activity
 6.24 conducted thereon, regardless of size, weight or method of attachment, and mine shafts,
 6.25 tunnels, and other underground openings used to extract ores and minerals taxed under
 6.26 chapter 298 together with steel, concrete, and other materials used to support such openings.

6.27 (ii) The exclusion provided in clause (i) shall not apply to machinery and equipment
 6.28 includable as real estate by paragraphs (a) and (b) even though such machinery and
 6.29 equipment is used in the business or production activity conducted on the real property if
 6.30 and to the extent such business or production activity consists of furnishing services or
 6.31 products to other buildings or structures which are subject to taxation under this chapter.

6.32 (iii) The exclusion provided in clause (i) does not apply to the exterior shell of a
 6.33 structure which constitutes walls, ceilings, roofs, or floors if the shell of the structure has
 6.34 structural, insulation, or temperature control functions or provides protection from the

7.1 elements, unless the structure is primarily used in the production of biofuels, wine, beer,
 7.2 distilled beverages, or dairy products. Such an exterior shell is included in the definition
 7.3 of real property even if it also has special functions distinct from that of a building, or if
 7.4 such an exterior shell is primarily used for the storage of ingredients or materials used in
 7.5 the production of biofuels, wine, beer, distilled beverages, or dairy products, or for the
 7.6 storage of finished biofuels, wine, beer, distilled beverages, or dairy products.

7.7 (d) The term real property does not include tools, implements, machinery,
 7.8 equipment, poles, lines, cables, wires, conduit, and station connections which are part of a
 7.9 telephone communications system, regardless of attachment to or installation in real
 7.10 property and regardless of size, weight, or method of attachment or installation.

7.11 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2015.

7.12 Sec. 2. Minnesota Statutes 2012, section 273.13, subdivision 22, is amended to read:

7.13 Subd. 22. **Class 1.** (a) Except as provided in subdivision 23 and in paragraphs (b)
 7.14 and (c), real estate which is residential and used for homestead purposes is class 1a. In the
 7.15 case of a duplex or triplex in which one of the units is used for homestead purposes, the
 7.16 entire property is deemed to be used for homestead purposes. The market value of class 1a
 7.17 property must be determined based upon the value of the house, garage, and land.

7.18 The first \$500,000 of market value of class 1a property has a net class rate of
 7.19 one percent of its market value; and the market value of class 1a property that exceeds
 7.20 \$500,000 has a class rate of 1.25 percent of its market value.

7.21 (b) Class 1b property includes homestead real estate or homestead manufactured
 7.22 homes used for the purposes of a homestead by:

7.23 (1) any person who is blind as defined in section 256D.35, or the blind person and
 7.24 the blind person's spouse;

7.25 (2) any person who is permanently and totally disabled or by the disabled person and
 7.26 the disabled person's spouse; or

7.27 (3) the surviving spouse of a permanently and totally disabled veteran homesteading
 7.28 a property classified under this paragraph for taxes payable in 2008.

7.29 Property is classified and assessed under clause (2) only if the government agency or
 7.30 income-providing source certifies, upon the request of the homestead occupant, that the
 7.31 homestead occupant satisfies the disability requirements of this paragraph, and that the
 7.32 property is not eligible for the valuation exclusion under subdivision 34.

7.33 Property is classified and assessed under paragraph (b) only if the commissioner
 7.34 of revenue or the county assessor certifies that the homestead occupant satisfies the
 7.35 requirements of this paragraph.

8.1 Permanently and totally disabled for the purpose of this subdivision means a
8.2 condition which is permanent in nature and totally incapacitates the person from working
8.3 at an occupation which brings the person an income. The first \$50,000 market value of
8.4 class 1b property has a net class rate of .45 percent of its market value. The remaining
8.5 market value of class 1b property has a class rate using the rates for class 1a or class 2a
8.6 property, whichever is appropriate, of similar market value.

8.7 (c) Class 1c property is commercial use real and personal property that abuts public
8.8 water as defined in section 103G.005, subdivision 15, and is devoted to temporary and
8.9 seasonal residential occupancy for recreational purposes but not devoted to commercial
8.10 purposes for more than 250 days in the year preceding the year of assessment, and that
8.11 includes a portion used as a homestead by the owner, which includes a dwelling occupied
8.12 as a homestead by a shareholder of a corporation that owns the resort, a partner in a
8.13 partnership that owns the resort, or a member of a limited liability company that owns
8.14 the resort even if the title to the homestead is held by the corporation, partnership, or
8.15 limited liability company. For purposes of this paragraph, property is devoted to a
8.16 commercial purpose on a specific day if any portion of the property, excluding the portion
8.17 used exclusively as a homestead, is used for residential occupancy and a fee is charged
8.18 for residential occupancy. Class 1c property must contain three or more rental units. A
8.19 "rental unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual
8.20 camping site equipped with water and electrical hookups for recreational vehicles. Class
8.21 1c property must provide recreational activities such as the rental of ice fishing houses,
8.22 boats and motors, snowmobiles, downhill or cross-country ski equipment; provide marina
8.23 services, launch services, or guide services; or sell bait and fishing tackle. Any unit in
8.24 which the right to use the property is transferred to an individual or entity by deeded
8.25 interest, or the sale of shares or stock, no longer qualifies for class 1c even though it may
8.26 remain available for rent. A camping pad offered for rent by a property that otherwise
8.27 qualifies for class 1c is also class 1c, regardless of the term of the rental agreement, as
8.28 long as the use of the camping pad does not exceed 250 days. If the same owner owns
8.29 two separate parcels that are located in the same township, and one of those properties is
8.30 classified as a class 1c property and the other would be eligible to be classified as a class 1c
8.31 property if it was used as the homestead of the owner, both properties will be assessed as a
8.32 single class 1c property; for purposes of this sentence, properties are deemed to be owned
8.33 by the same owner if each of them is owned by a limited liability company, and both
8.34 limited liability companies have the same membership. The portion of the property used
8.35 as a homestead is class 1a property under paragraph (a). The remainder of the property is
8.36 classified as follows: the first \$600,000 of market value is tier I, the next \$1,700,000 of

9.1 market value is tier II, and any remaining market value is tier III. The class rates for class
 9.2 1c are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III, 1.25 percent. Owners of real and
 9.3 personal property devoted to temporary and seasonal residential occupancy for recreation
 9.4 purposes in which all or a portion of the property was devoted to commercial purposes for
 9.5 not more than 250 days in the year preceding the year of assessment desiring classification
 9.6 as class 1c, must submit a declaration to the assessor designating the cabins or units
 9.7 occupied for 250 days or less in the year preceding the year of assessment by January 15 of
 9.8 the assessment year. Those cabins or units and a proportionate share of the land on which
 9.9 they are located must be designated as class 1c as otherwise provided. The remainder of
 9.10 the cabins or units and a proportionate share of the land on which they are located must be
 9.11 designated as class 3a commercial. The owner of property desiring designation as class
 9.12 1c property must provide guest registers or other records demonstrating that the units for
 9.13 which class 1c designation is sought were not occupied for more than 250 days in the
 9.14 year preceding the assessment if so requested. The portion of a property operated as a
 9.15 (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other
 9.16 nonresidential facility operated on a commercial basis not directly related to temporary
 9.17 and seasonal residential occupancy for recreation purposes does not qualify for class 1c.

9.18 ~~(d) Class 1d property includes structures that meet all of the following criteria:~~

9.19 ~~(1) the structure is located on property that is classified as agricultural property under~~
 9.20 ~~section 273.13, subdivision 23;~~

9.21 ~~(2) the structure is occupied exclusively by seasonal farm workers during the time~~
 9.22 ~~when they work on that farm, and the occupants are not charged rent for the privilege of~~
 9.23 ~~occupying the property, provided that use of the structure for storage of farm equipment~~
 9.24 ~~and produce does not disqualify the property from classification under this paragraph;~~

9.25 ~~(3) the structure meets all applicable health and safety requirements for the~~
 9.26 ~~appropriate season; and~~

9.27 ~~(4) the structure is not salable as residential property because it does not comply~~
 9.28 ~~with local ordinances relating to location in relation to streets or roads.~~

9.29 ~~The market value of class 1d property has the same class rates as class 1a property~~
 9.30 ~~under paragraph (a).~~

9.31 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2015.

9.32 Sec. 3. Minnesota Statutes 2013 Supplement, section 273.13, subdivision 23, is
 9.33 amended to read:

9.34 Subd. 23. **Class 2.** (a) An agricultural homestead consists of class 2a agricultural
 9.35 land that is homesteaded, along with any class 2b rural vacant land that is contiguous to

10.1 the class 2a land under the same ownership. The market value of the house and garage
10.2 and immediately surrounding one acre of land has the same class rates as class 1a or 1b
10.3 property under subdivision 22. The value of the remaining land including improvements
10.4 up to the first tier valuation limit of agricultural homestead property has a net class rate
10.5 of 0.5 percent of market value. The remaining property over the first tier has a class rate
10.6 of one percent of market value. For purposes of this subdivision, the "first tier valuation
10.7 limit of agricultural homestead property" and "first tier" means the limit certified under
10.8 section 273.11, subdivision 23.

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

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

10.19 (c) Class 2b rural vacant land consists of parcels of property, or portions thereof,
10.20 that are unplatted real estate, rural in character and not used for agricultural purposes,
10.21 including land used for growing trees for timber, lumber, and wood and wood products,
10.22 that is not improved with a structure. The presence of a minor, ancillary nonresidential
10.23 structure as defined by the commissioner of revenue does not disqualify the property from
10.24 classification under this paragraph. Any parcel of 20 acres or more improved with a
10.25 structure that is not a minor, ancillary nonresidential structure must be split-classified, and
10.26 ten acres must be assigned to the split parcel containing the structure. Class 2b property
10.27 has a net class rate of one percent of market value unless it is part of an agricultural
10.28 homestead under paragraph (a), ~~or qualifies as class 2c under paragraph (d).~~

10.29 (d) Class 2c managed forest land consists of no less than 20 and no more than 1,920
10.30 acres statewide per taxpayer that is being managed under a forest management plan that
10.31 meets the requirements of chapter 290C, but is not enrolled in the sustainable forest
10.32 resource management incentive program. It has a class rate of .65 percent, provided that
10.33 the owner of the property must apply to the assessor in order for the property to initially
10.34 qualify for the reduced rate and provide the information required by the assessor to verify
10.35 that the property qualifies for the reduced rate. If the assessor receives the application
10.36 and information before May 1 in an assessment year, the property qualifies beginning

11.1 with that assessment year. If the assessor receives the application and information after
11.2 April 30 in an assessment year, the property may not qualify until the next assessment
11.3 year. The commissioner of natural resources must concur that the land is qualified. The
11.4 commissioner of natural resources shall annually provide county assessors verification
11.5 information on a timely basis. The presence of a minor, ancillary nonresidential structure
11.6 as defined by the commissioner of revenue does not disqualify the property from
11.7 classification under this paragraph.

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

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

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

11.14 "Agricultural purposes" as used in this section means the raising, cultivation, drying,
11.15 or storage of agricultural products for sale, or the storage of machinery or equipment
11.16 used in support of agricultural production by the same farm entity. For a property to be
11.17 classified as agricultural based only on the drying or storage of agricultural products,
11.18 the products being dried or stored must have been produced by the same farm entity as
11.19 the entity operating the drying or storage facility. "Agricultural purposes" also includes
11.20 enrollment in the Reinvest in Minnesota program under sections 103F.501 to 103F.535
11.21 or the federal Conservation Reserve Program as contained in Public Law 99-198 or a
11.22 similar state or federal conservation program if the property was classified as agricultural
11.23 (i) under this subdivision for taxes payable in 2003 because of its enrollment in a
11.24 qualifying program and the land remains enrolled or (ii) in the year prior to its enrollment.
11.25 Agricultural classification shall not be based upon the market value of any residential
11.26 structures on the parcel or contiguous parcels under the same ownership.

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

11.30 (f) Agricultural land under this section also includes:

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

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

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

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

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

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

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

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

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

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

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

12.25 (2) fish bred for sale and consumption if the fish breeding occurs on land zoned
12.26 for agricultural use;

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

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

12.32 (5) game birds and waterfowl bred and raised (i) on a game farm licensed under
12.33 section 97A.105, provided that the annual licensing report to the Department of Natural
12.34 Resources, which must be submitted annually by March 30 to the assessor, indicates
12.35 that at least 500 birds were raised or used for breeding stock on the property during the

13.1 preceding year and that the owner provides a copy of the owner's most recent schedule F;
 13.2 or (ii) for use on a shooting preserve licensed under section 97A.115;

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

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

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

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

13.10 (1) wholesale and retail sales;

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

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

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

13.15 the assessor shall classify the part of the parcel used for agricultural purposes as class
 13.16 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its
 13.17 use. The grading, sorting, and packaging of raw agricultural products for first sale is
 13.18 considered an agricultural purpose. A greenhouse or other building where horticultural
 13.19 or nursery products are grown that is also used for the conduct of retail sales must be
 13.20 classified as agricultural if it is primarily used for the growing of horticultural or nursery
 13.21 products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of
 13.22 those products. Use of a greenhouse or building only for the display of already grown
 13.23 horticultural or nursery products does not qualify as an agricultural purpose.

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

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

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

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

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

14.6 ~~The land contained in a landing area under this paragraph must be described and certified~~
 14.7 ~~by the commissioner of transportation. The certification is effective until it is modified,~~
 14.8 ~~or until the airport or landing area no longer meets the requirements of this paragraph.~~

14.9 ~~For purposes of this paragraph, "public access area" means property used as an aircraft~~
 14.10 ~~parking ramp, apron, or storage hangar, or an arrival and departure building in connection~~
 14.11 ~~with the airport.~~

14.12 ~~(m) Class 2c consists of land with a commercial aggregate deposit that is not actively~~
 14.13 ~~being mined and is not otherwise classified as class 2a or 2b, provided that the land is not~~
 14.14 ~~located in a county that has elected to opt-out of the aggregate preservation program as~~
 14.15 ~~provided in section 273.1115, subdivision 6. It has a class rate of one percent of market~~
 14.16 ~~value. To qualify for classification under this paragraph, the property must be at least~~
 14.17 ~~ten contiguous acres in size and the owner of the property must record with the county~~
 14.18 ~~recorder of the county in which the property is located an affidavit containing:~~

14.19 ~~(1) a legal description of the property;~~

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

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

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

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

14.32 ~~(n) When any portion of the property under this subdivision or subdivision 22 begins~~
 14.33 ~~to be actively mined, the owner must file a supplemental affidavit within 60 days from~~
 14.34 ~~the day any aggregate is removed stating the number of acres of the property that is~~
 14.35 ~~actively being mined. The acres actively being mined must be (1) valued and classified~~
 14.36 ~~under subdivision 24 in the next subsequent assessment year, and (2) removed from the~~

15.1 ~~aggregate resource preservation property tax program under section 273.1115, if the~~
 15.2 ~~land was enrolled in that program. Copies of the original affidavit and all supplemental~~
 15.3 ~~affidavits must be filed with the county assessor, the local zoning administrator, and the~~
 15.4 ~~Department of Natural Resources, Division of Land and Minerals. A supplemental~~
 15.5 ~~affidavit must be filed each time a subsequent portion of the property is actively mined,~~
 15.6 ~~provided that the minimum acreage change is five acres, even if the actual mining activity~~
 15.7 ~~constitutes less than five acres.~~

15.8 ~~(e) (l) The definitions definition prescribed by the commissioner under paragraphs~~
 15.9 ~~paragraph (c) and (d) are is not rules a rule and are is exempt from the rulemaking provisions~~
 15.10 ~~of chapter 14, and the provisions in section 14.386 concerning exempt rules do not apply.~~

15.11 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2015.

15.12 Sec. 4. Minnesota Statutes 2013 Supplement, section 273.13, subdivision 25, is
 15.13 amended to read:

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

15.21 (b) Class 4b includes:

15.22 (1) residential real estate containing less than four units, including property on a
 15.23 nonhomestead farm, that does not qualify as class 4bb, other than seasonal residential
 15.24 recreational property;

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

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

15.28 (4) unimproved property that is classified residential as determined under subdivision
 15.29 33.

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

15.31 (c) Class 4bb includes nonhomestead residential real estate containing one unit,
 15.32 other than seasonal residential recreational property, and a single family dwelling, garage,
 15.33 and surrounding one acre of property on a nonhomestead farm classified under subdivision
 15.34 23, paragraph (b).

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

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

16.4 (d) Class 4c property includes:

16.5 (1) except as provided in subdivision 22, paragraph (c), real and personal property
16.6 devoted to commercial temporary and seasonal residential occupancy for recreation
16.7 purposes, for not more than 250 days in the year preceding the year of assessment. For
16.8 purposes of this clause, property is devoted to a commercial purpose on a specific day
16.9 if any portion of the property is used for residential occupancy, and a fee is charged for
16.10 residential occupancy. Class 4c property under this clause must contain three or more
16.11 rental units. A "rental unit" is defined as a cabin, condominium, townhouse, sleeping room,
16.12 or individual camping site equipped with water and electrical hookups for recreational
16.13 vehicles. A camping pad offered for rent by a property that otherwise qualifies for class
16.14 4c under this clause is also class 4c under this clause regardless of the term of the rental
16.15 agreement, as long as the use of the camping pad does not exceed 250 days. In order for a
16.16 property to be classified under this clause, ~~either (i)~~ the business located on the property
16.17 must provide recreational activities, at least 40 percent of the annual gross lodging receipts
16.18 related to the property must be from business conducted during 90 consecutive days, and
16.19 either ~~(A)~~ (i) at least 60 percent of all paid bookings by lodging guests during the year
16.20 must be for periods of at least two consecutive nights; or ~~(B)~~ (ii) at least 20 percent of the
16.21 annual gross receipts must be from charges for providing recreational activities, ~~or (ii) the~~
16.22 ~~business must contain 20 or fewer rental units, and must be located in a township or a city~~
16.23 ~~with a population of 2,500 or less located outside the metropolitan area, as defined under~~
16.24 ~~section 473.121, subdivision 2, that contains a portion of a state trail administered by the~~
16.25 ~~Department of Natural Resources.~~ For purposes of item (i)~~(A)~~, a paid booking of five or
16.26 more nights shall be counted as two bookings. Class 4c property also includes commercial
16.27 use real property used exclusively for recreational purposes in conjunction with other class
16.28 4c property classified under this clause and devoted to temporary and seasonal residential
16.29 occupancy for recreational purposes, up to a total of two acres, provided the property is
16.30 not devoted to commercial recreational use for more than 250 days in the year preceding
16.31 the year of assessment and is located within two miles of the class 4c property with which
16.32 it is used. In order for a property to qualify for classification under this clause, the owner
16.33 must submit a declaration to the assessor designating the cabins or units occupied for 250
16.34 days or less in the year preceding the year of assessment by January 15 of the assessment
16.35 year. Those cabins or units and a proportionate share of the land on which they are located
16.36 must be designated class 4c under this clause as otherwise provided. The remainder of the

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

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

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

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

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

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

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

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

17.29 For purposes of this clause:

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

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

17.34 (C) a "nonprofit community service oriented organization" means any corporation,
17.35 society, association, foundation, or institution organized and operated exclusively for
17.36 charitable, religious, fraternal, civic, or educational purposes, and which is exempt from

18.1 federal income taxation pursuant to section 501(c)(3), (8), (10), or (19) of the Internal
 18.2 Revenue Code; and

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

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

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

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

18.23 (5)(i) manufactured home parks as defined in section 327.14, subdivision 3,
 18.24 excluding manufactured home parks described in section 273.124, subdivision 3a, and (ii)
 18.25 manufactured home parks as defined in section 327.14, subdivision 3, that are described in
 18.26 section 273.124, subdivision 3a;

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

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

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

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

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

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

19.6 ~~(i) the land abuts a public airport; and~~

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

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

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

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

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

19.18 ~~(iv) the owner is the operator of the property.~~

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

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

19.35 ~~(11) lakeshore and riparian property and adjacent land, not to exceed six acres, used~~
19.36 ~~as a marina, as defined in section 86A.20, subdivision 5, which is made accessible to~~

20.1 ~~the public and devoted to recreational use for marina services. The marina owner must~~
 20.2 ~~annually provide evidence to the assessor that it provides services, including lake or river~~
 20.3 ~~access to the public by means of an access ramp or other facility that is either located on~~
 20.4 ~~the property of the marina or at a publicly owned site that abuts the property of the marina.~~
 20.5 ~~No more than 800 feet of lakeshore may be included in this classification. Buildings used~~
 20.6 ~~in conjunction with a marina for marina services, including but not limited to buildings~~
 20.7 ~~used to provide food and beverage services, fuel, boat repairs, or the sale of bait or fishing~~
 20.8 ~~tackle, are classified as class 3a property; and~~

20.9 ~~(12)~~ (7) real and personal property devoted to noncommercial temporary and
 20.10 seasonal residential occupancy for recreation purposes.

20.11 Class 4c property has a class rate of 1.5 percent of market value, except that (i) each
 20.12 parcel of noncommercial seasonal residential recreational property under clause ~~(12)~~ (7)
 20.13 has the same class rates as class 4bb property, (ii) manufactured home parks assessed
 20.14 under clause (5), item (i), have the same class rate as class 4b property, and the market
 20.15 value of manufactured home parks assessed under clause (5), item (ii), has the same class
 20.16 rate as class 4d property if more than 50 percent of the lots in the park are occupied by
 20.17 shareholders in the cooperative corporation or association and a class rate of one percent if
 20.18 50 percent or less of the lots are so occupied, (iii) commercial-use seasonal residential
 20.19 recreational property ~~and marina recreational land as described in clause (11)~~; has a
 20.20 class rate of one percent for the first \$500,000 of market value, and 1.25 percent for the
 20.21 remaining market value, (iv) the market value of property described in clause (4) has a
 20.22 class rate of one percent, and (v) the market value of property described in clauses (2); and
 20.23 (6); ~~and (10)~~ has a class rate of 1.25 percent, ~~and (vi) that portion of the market value of~~
 20.24 ~~property in clause (9) qualifying for class 4c property has a class rate of 1.25 percent.~~

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

20.34 (f) The first tier of market value of class 4d property has a class rate of 0.75 percent.
 20.35 The remaining value of class 4d property has a class rate of 0.25 percent. For the purposes
 20.36 of this paragraph, the "first tier of market value of class 4d property" means the market

21.1 value of each housing unit up to the first tier limit. For the purposes of this paragraph, all
 21.2 class 4d property value must be assigned to individual housing units. The first tier limit is
 21.3 \$100,000 for assessment year 2014. For subsequent years, the limit is adjusted each year
 21.4 by the average statewide change in estimated market value of property classified as class 4a
 21.5 and 4d under this section for the previous assessment year, excluding valuation change due
 21.6 to new construction, rounded to the nearest \$1,000, provided, however, that the limit may
 21.7 never be less than \$100,000. Beginning with assessment year 2015, the commissioner of
 21.8 revenue must certify the limit for each assessment year by November 1 of the previous year.

21.9 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2015.

21.10 Sec. 5. Minnesota Statutes 2012, section 273.13, subdivision 34, is amended to read:

21.11 Subd. 34. **Homestead of disabled veteran or family caregiver.** (a) All or a
 21.12 portion of the market value of property owned by a veteran and serving as the veteran's
 21.13 homestead under this section is excluded in determining the property's taxable market
 21.14 value if the veteran has a service-connected disability of 70 percent or more as certified
 21.15 by the United States Department of Veterans Affairs. To qualify for exclusion under this
 21.16 subdivision, the veteran must have been honorably discharged from the United States
 21.17 armed forces, as indicated by United States Government Form DD214 or other official
 21.18 military discharge papers.

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

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

21.23 (c) If a disabled veteran qualifying for a valuation exclusion under paragraph (b),
 21.24 clause (2), predeceases the veteran's spouse, and if upon the death of the veteran the spouse
 21.25 holds the legal or beneficial title to the homestead and permanently resides there, the
 21.26 exclusion shall carry over to the benefit of the veteran's spouse for the current taxes payable
 21.27 year and for ~~five~~ eight additional taxes payable years or until such time as the spouse
 21.28 remarries, or sells, transfers, or otherwise disposes of the property, whichever comes first.
 21.29 Qualification under this paragraph requires an annual application under paragraph (h).

21.30 (d) If the spouse of a member of any branch or unit of the United States armed
 21.31 forces who dies due to a service-connected cause while serving honorably in active
 21.32 service, as indicated on United States Government Form DD1300 or DD2064, holds the
 21.33 legal or beneficial title to a homestead and permanently resides there, the spouse is entitled
 21.34 to the benefit described in paragraph (b), clause (2), for ~~five~~ eight taxes payable years,

22.1 or until such time as the spouse remarries or sells, transfers, or otherwise disposes of the
 22.2 property, whichever comes first.

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

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

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

22.13 (h) To qualify for a valuation exclusion under this subdivision a property owner
 22.14 must apply to the assessor by July 1 of each assessment year, except that an annual
 22.15 reapplication is not required once a property has been accepted for a valuation exclusion
 22.16 under paragraph (a) and qualifies for the benefit described in paragraph (b), clause (2), and
 22.17 the property continues to qualify until there is a change in ownership. For an application
 22.18 received after July 1 of any calendar year, the exclusion shall become effective for the
 22.19 following assessment year.

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

22.22 (j) For purposes of this subdivision:

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

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

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

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

22.31 (k) The purpose of this provision of law providing a level of homestead property tax
 22.32 relief for gravely disabled veterans, their primary family caregivers, and their surviving
 22.33 spouses is to help ease the burdens of war for those among our state's citizens who bear
 22.34 those burdens most heavily.

22.35 **EFFECTIVE DATE.** This section is effective for taxes payable in 2015 and
 22.36 thereafter.

23.1 Sec. 6. Minnesota Statutes 2012, section 275.025, subdivision 2, is amended to read:

23.2 Subd. 2. **Commercial-industrial tax capacity.** For the purposes of this section,
 23.3 "commercial-industrial tax capacity" means the tax capacity of all taxable property
 23.4 classified as class 3 or class 5(1) under section 273.13, ~~except for~~ excluding: (1) the
 23.5 first tier of commercial-industrial value as defined under section 273.13, subdivision 24;
 23.6 (2) electric generation attached machinery under class 3; and (3) property described in
 23.7 section 473.625. County commercial-industrial tax capacity amounts are not adjusted
 23.8 for the captured net tax capacity of a tax increment financing district under section
 23.9 469.177, subdivision 2, the net tax capacity of transmission lines deducted from a local
 23.10 government's total net tax capacity under section 273.425, or fiscal disparities contribution
 23.11 and distribution net tax capacities under chapter 276A or 473F.

23.12 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2015.

23.13 Sec. 7. Minnesota Statutes 2012, section 275.065, subdivision 1, is amended to read:

23.14 Subdivision 1. **Proposed levy.** (a) Notwithstanding any law or charter to the
 23.15 contrary, on or before September ~~15~~ 30, each ~~taxing authority, other than a school district,~~
 23.16 ~~shall adopt a proposed budget and~~ county and each home rule charter or statutory city shall
 23.17 certify to the county auditor the proposed ~~or, in the case of a town, the final~~ property tax
 23.18 levy for taxes payable in the following year.

23.19 (b) Notwithstanding any law or charter to the contrary, on or before September 15,
 23.20 each town and each special taxing district shall adopt and certify to the county auditor a
 23.21 proposed property tax levy for taxes payable in the following year. For towns, the final
 23.22 certified levy shall also be considered the proposed levy.

23.23 (c) On or before September 30, each school district that has not mutually agreed
 23.24 with its home county to extend this date shall certify to the county auditor the proposed
 23.25 property tax levy for taxes payable in the following year. Each school district that has
 23.26 agreed with its home county to delay the certification of its proposed property tax levy
 23.27 must certify its proposed property tax levy for the following year no later than October
 23.28 7. The school district shall certify the proposed levy as:

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

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

23.34 ~~(e)~~ (d) If the board of estimate and taxation or any similar board that establishes
 23.35 maximum tax levies for taxing jurisdictions within a first class city certifies the maximum

24.1 property tax levies for funds under its jurisdiction by charter to the county auditor by
 24.2 ~~September 15~~ the date specified in paragraph (a), the city shall be deemed to have certified
 24.3 its levies for those taxing jurisdictions.

24.4 ~~(d)~~ (e) For purposes of this section, ~~"taxing authority" includes all home rule and~~
 24.5 ~~statutory cities, towns, counties, school districts, and~~ "special taxing district" means a
 24.6 ~~special taxing districts~~ district as defined in section 275.066. Intermediate school districts
 24.7 that levy a tax under chapter 124 or 136D, joint powers boards established under sections
 24.8 123A.44 to 123A.446, and Common School Districts No. 323, Franconia, and No. 815,
 24.9 Prinsburg, are also special taxing districts for purposes of this section.

24.10 ~~(e)~~ (f) At the meeting at which ~~the~~ a taxing authority, other than a town, adopts its
 24.11 proposed tax levy under ~~paragraph (a) or (b)~~ this subdivision, the taxing authority shall
 24.12 announce the time and place of its subsequent regularly scheduled meetings at which
 24.13 the budget and levy will be discussed and at which the public will be allowed to speak.
 24.14 The time and place of those meetings must be included in the proceedings or summary
 24.15 of proceedings published in the official newspaper of the taxing authority under section
 24.16 123B.09, 375.12, or 412.191.

24.17 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2015.

24.18 Sec. 8. **REPEALER.**

24.19 Minnesota Statutes 2012, section 273.1115, is repealed.

24.20 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2015.

24.21 **ARTICLE 3**

24.22 **MINERALS TAXES**

24.23 Section 1. Minnesota Statutes 2012, section 289A.08, subdivision 1, is amended to read:

24.24 Subdivision 1. **Generally; individuals.** (a) A taxpayer must file a return for each
 24.25 taxable year the taxpayer is required to file a return under section 6012 of the Internal
 24.26 Revenue Code, except that:

24.27 (1) an individual who is not a Minnesota resident for any part of the year is not
 24.28 required to file a Minnesota income tax return if the individual's gross income derived
 24.29 from Minnesota sources as determined under sections 290.081, paragraph (a), and 290.17,
 24.30 is less than the filing requirements for a single individual who is a full year resident of
 24.31 Minnesota; and

24.32 (2) an individual who is a Minnesota resident is not required to file a Minnesota
 24.33 income tax return if the individual's gross income derived from Minnesota sources as

25.1 determined under section 290.17, less the subtraction allowed under section 290.01,
25.2 subdivision 19b, clauses (11) and (14), is less than the filing requirements for a single
25.3 individual who is a full-year resident of Minnesota.

25.4 (b) The decedent's final income tax return, and other income tax returns for prior
25.5 years where the decedent had gross income in excess of the minimum amount at which
25.6 an individual is required to file and did not file, must be filed by the decedent's personal
25.7 representative, if any. If there is no personal representative, the return or returns must
25.8 be filed by the transferees, as defined in section 270C.58, subdivision 3, who receive
25.9 property of the decedent.

25.10 (c) The term "gross income," as it is used in this section, has the same meaning
25.11 given it in section 290.01, subdivision 20.

25.12 (d) Notwithstanding the provisions of paragraph (a), an individual, trust, or estate
25.13 that receives royalty payments subject to tax under section 290.0923 of \$500 or more for
25.14 the taxable year must file a return for that taxable year.

25.15 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
25.16 December 31, 2013.

25.17 Sec. 2. Minnesota Statutes 2012, section 290.01, is amended by adding a subdivision
25.18 to read:

25.19 Subd. 33. **Royalty.** "Royalty" means the amount in money or value of property
25.20 received by any person having any right, title, or interest in any tract of land in this state
25.21 for permission to explore, mine, take out, and remove metals, minerals, or ore, as those
25.22 terms are used in chapter 298, but excluding "aggregate material" as defined in section
25.23 298.75, subdivision 1, paragraph (a), clause (1).

25.24 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
25.25 December 31, 2013.

25.26 Sec. 3. Minnesota Statutes 2012, section 290.06, is amended by adding a subdivision
25.27 to read:

25.28 Subd. 37. **Credit; royalty excise tax.** A credit is allowed against the taxes imposed
25.29 by this section, equal to the amount of the royalty excise tax paid under section 290.0923
25.30 for the taxable year.

25.31 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
25.32 December 31, 2013.

26.1 Sec. 4. **[290.0923] EXCISE TAX; MINERAL ROYALTIES.**

26.2 (a) In addition to the taxes otherwise imposed by this chapter, an excise tax equal
 26.3 to 5.5 percent of the gross amount of royalties received or accrued during the taxable
 26.4 year is imposed on individuals, trusts, estates, and corporations, subject to tax under
 26.5 section 290.06.

26.6 (b) For royalties paid to a partnership, the tax is imposed on each partner in
 26.7 proportion to the partner's distributive share of the income under section 704 of the
 26.8 Internal Revenue Code. For royalties paid to an S corporation, the tax is imposed on
 26.9 each shareholder in proportion to the shareholder's distributive share of income of the
 26.10 corporation under section 1366 of the Internal Revenue Code.

26.11 **EFFECTIVE DATE.** This section is effective for royalties received or accrued in
 26.12 taxable years beginning after December 31, 2013.

26.13 Sec. 5. Minnesota Statutes 2013 Supplement, section 290.10, subdivision 1, is
 26.14 amended to read:

26.15 Subdivision 1. **Expenses, interest, and taxes.** In computing the net income of
 26.16 a taxpayer no deduction shall in any case be allowed for expenses, interest and taxes
 26.17 connected with or allocable against the production or receipt of all income not included in
 26.18 the measure of the tax imposed by this chapter, except that for corporations engaged in the
 26.19 business of mining or producing iron ore, the mining of which is subject to the occupation
 26.20 tax imposed by section 298.01, subdivision 4, this shall not prevent the deduction of
 26.21 expenses and other items to the extent that the expenses and other items are allowable
 26.22 under this chapter and are not deductible, capitalizable, retainable in basis, or taken into
 26.23 account by allowance or otherwise in computing the occupation tax and do not exceed the
 26.24 amounts taken for federal income tax purposes for that year. Occupation taxes imposed
 26.25 under chapter 298, royalty taxes imposed under ~~chapter 299~~ section 290.0923, or depletion
 26.26 expenses may not be deducted under this subdivision.

26.27 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
 26.28 December 31, 2013.

26.29 Sec. 6. Minnesota Statutes 2012, section 290.62, is amended to read:

26.30 **290.62 DISTRIBUTION OF REVENUES.**

26.31 (a) All revenues derived from the taxes, interest, penalties and charges under this
 26.32 chapter shall, notwithstanding any other provisions of law except paragraph (b), be paid
 26.33 into the state treasury and credited to the general fund, and be distributed as follows:

27.1 (1) There shall, notwithstanding any other provision of the law, be paid from this
 27.2 general fund all refunds of taxes erroneously collected from taxpayers under this chapter
 27.3 as provided herein;

27.4 (2) There is hereby appropriated to the persons entitled to payment herein, from
 27.5 the fund or account in the state treasury to which the money was credited, an amount
 27.6 sufficient to make the refund and payment.

27.7 (b) Notwithstanding paragraph (a), all of the revenues derived from the taxes,
 27.8 interest, penalties, and charges imposed by section 290.0923, less the amount of any
 27.9 credits allowed under section 290.06, subdivision 37, and the commissioner's costs of
 27.10 collection, must be deposited in and credited to the Iron Range school construction and
 27.11 improvement trust account established under section 298.301.

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

27.13 Sec. 7. Minnesota Statutes 2012, section 290.923, is amended by adding a subdivision
 27.14 to read:

27.15 Subd. 12. **Royalty excise tax.** The provisions of this section apply to each person
 27.16 paying royalties subject to taxation under section 290.0923 to require deducting and
 27.17 withholding the tax under that section from the royalty payments. The commissioner shall
 27.18 provide appropriate tables and forms for the withholding so that the amounts withheld
 27.19 approximate the tax as closely as possible, reflecting the liability that applies under section
 27.20 290.0923, less the amount of any credits allowed under section 290.06, subdivision 37.
 27.21 The provisions of subdivision 9 apply only to the extent that the payee is an entity exempt
 27.22 under section 290.05.

27.23 **EFFECTIVE DATE.** This section is effective July 1, 2014.

27.24 Sec. 8. Minnesota Statutes 2012, section 298.28, is amended by adding a subdivision
 27.25 to read:

27.26 Subd. 9e. **School construction and improvement trust account.** (a) The following
 27.27 amounts must be allocated to the Iron Range Resources and Rehabilitation Board to be
 27.28 deposited in the Iron Range school construction and improvement trust account under
 27.29 section 298.301:

27.30 (1) the amount derived from the increase in the rate attributable to the percentage
 27.31 change in the implicit price deflator in section 298.24, subdivision 1, paragraph (b), for
 27.32 concentrates produced in 2014 as compared to 2013, effective for the 2015 distribution,
 27.33 and the amount derived from the increase in the rate attributable to the percentage change

28.1 in the implicit price deflator for concentrates produced in 2013 as compared to 2015,
 28.2 effective for the 2016 distribution and thereafter;

28.3 (2) \$2,500,000 per year beginning with the 2015 distribution; and

28.4 (3) the amounts under paragraph (b).

28.5 (b) In each year subsequent to the year in which the following appropriations
 28.6 terminate under their terms, an amount equal to the amount of the last year of the
 28.7 terminating appropriation is appropriated from the same sources for use as provided
 28.8 under paragraph (a), clause (3), to the Iron Range school construction and improvement
 28.9 trust account:

28.10 (1) Laws 1996, chapter 412, article 5, section 21, subdivision 3, appropriation for
 28.11 bonds of Independent School District No. 166, Cook County;

28.12 (2) Laws 1996, chapter 412, article 5, section 20, subdivision 2, appropriation for
 28.13 bonds of Independent School District No. 696, Ely;

28.14 (3) Laws 1996, chapter 412, article 5, section 20, subdivision 2, appropriation for
 28.15 bonds of Independent School District No. 706, Virginia;

28.16 (4) Laws 1996, chapter 412, article 5, section 20, subdivision 2, appropriation for
 28.17 bonds of Independent School District No. 2154, Eveleth-Gilbert;

28.18 (5) Laws 1998, chapter 398, article 4, section 17, subdivision 2, appropriation for
 28.19 bonds of Independent School District No. 712, Mountain Iron-Buhl; and

28.20 (6) Laws 2008, chapter 154, article 8, section 18, appropriation for bonds of
 28.21 Independent School District No. 2711, Mesabi East.

28.22 **EFFECTIVE DATE.** This section is effective beginning with the distribution
 28.23 in 2015.

28.24 Sec. 9. Minnesota Statutes 2012, section 298.28, subdivision 11, is amended to read:

28.25 Subd. 11. **Remainder.** (a) The proceeds of the tax imposed by section 298.24 which
 28.26 remain after the distributions and payments in subdivisions 2 to 10a, as certified by the
 28.27 commissioner of revenue, and paragraphs (b), (c), and (d) have been made, together with
 28.28 interest earned on all money distributed under this section prior to distribution, shall be
 28.29 divided between the taconite environmental protection fund created in section 298.223
 28.30 and the Douglas J. Johnson economic protection trust fund created in section 298.292 as
 28.31 follows: Two-thirds to the taconite environmental protection fund; \$2,500,000 to the Iron
 28.32 Range school construction and improvement trust account; and ~~one-third~~ the remainder to
 28.33 the Douglas J. Johnson economic protection trust fund. The proceeds shall be placed in
 28.34 the respective special accounts.

29.1 (b) There shall be distributed to each city, town, and county the amount that it
 29.2 received under section 294.26 in calendar year 1977; provided, however, that the amount
 29.3 distributed in 1981 to the unorganized territory number 2 of Lake County and the town
 29.4 of Beaver Bay based on the between-terminal trackage of Erie Mining Company will be
 29.5 distributed in 1982 and subsequent years to the unorganized territory number 2 of Lake
 29.6 County and the towns of Beaver Bay and Stony River based on the miles of track of Erie
 29.7 Mining Company in each taxing district.

29.8 (c) There shall be distributed to the Iron Range Resources and Rehabilitation Board
 29.9 the amounts it received in 1977 under section 298.22. The amount distributed under
 29.10 this paragraph shall be expended within or for the benefit of the taconite assistance area
 29.11 defined in section 273.1341.

29.12 (d) There shall be distributed to each school district 62 percent of the amount that it
 29.13 received under section 294.26 in calendar year 1977.

29.14 **EFFECTIVE DATE.** This section is effective beginning with the distribution
 29.15 in 2015.

29.16 Sec. 10. Minnesota Statutes 2013 Supplement, section 298.292, subdivision 2, is
 29.17 amended to read:

29.18 Subd. 2. **Use of money.** Money in the Douglas J. Johnson economic protection trust
 29.19 fund may be used for the following purposes:

29.20 (1) to provide loans, loan guarantees, interest buy-downs and other forms of
 29.21 participation with private sources of financing, but a loan to a private enterprise shall be
 29.22 for a principal amount not to exceed one-half of the cost of the project for which financing
 29.23 is sought, and the rate of interest on a loan to a private enterprise shall be no less than the
 29.24 lesser of eight percent or an interest rate three percentage points less than a full faith
 29.25 and credit obligation of the United States government of comparable maturity, at the
 29.26 time that the loan is approved;

29.27 (2) to fund reserve accounts established to secure the payment when due of the
 29.28 principal of and interest on bonds issued pursuant to section 298.2211;

29.29 (3) to pay in periodic payments or in a lump-sum payment any or all of the interest
 29.30 on bonds issued pursuant to chapter 474 for the purpose of constructing, converting,
 29.31 or retrofitting heating facilities in connection with district heating systems or systems
 29.32 utilizing alternative energy sources;

29.33 (4) to invest in a venture capital fund or enterprise that will provide capital to other
 29.34 entities that are engaging in, or that will engage in, projects or programs that have the
 29.35 purposes set forth in subdivision 1. No investments may be made in a venture capital fund

30.1 or enterprise unless at least two other unrelated investors make investments of at least
 30.2 \$500,000 in the venture capital fund or enterprise, and the investment by the Douglas
 30.3 J. Johnson economic protection trust fund may not exceed the amount of the largest
 30.4 investment by an unrelated investor in the venture capital fund or enterprise. For purposes
 30.5 of this subdivision, an "unrelated investor" is a person or entity that is not related to
 30.6 the entity in which the investment is made or to any individual who owns more than 40
 30.7 percent of the value of the entity, in any of the following relationships: spouse, parent,
 30.8 child, sibling, employee, or owner of an interest in the entity that exceeds ten percent of
 30.9 the value of all interests in it. For purposes of determining the limitations under this
 30.10 clause, the amount of investments made by an investor other than the Douglas J. Johnson
 30.11 economic protection trust fund is the sum of all investments made in the venture capital
 30.12 fund or enterprise during the period beginning one year before the date of the investment
 30.13 by the Douglas J. Johnson economic protection trust fund; ~~and~~

30.14 (5) to purchase forest land in the taconite assistance area defined in section 273.1341
 30.15 to be held and managed as a public trust for the benefit of the area for the purposes
 30.16 authorized in section 298.22, subdivision 5a. Property purchased under this section may
 30.17 be sold by the commissioner upon approval by the board. The net proceeds must be
 30.18 deposited in the trust fund for the purposes and uses of this section; and

30.19 (6) to make payments to school districts or to pay bonds under appropriations of
 30.20 or allocations money from the Iron Range school construction and improvement trust
 30.21 account under section 298.301 if the amounts in that account are insufficient to pay the
 30.22 appropriations or allocations. Notwithstanding the restrictions in sections 298.293 and
 30.23 298.296, subdivision 2, or any other law to the contrary, the corpus of the fund may be
 30.24 used to make payments under this clause.

30.25 Money from the trust fund shall be expended only in or for the benefit of the taconite
 30.26 assistance area defined in section 273.1341.

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

30.28 Sec. 11. **[298.301] IRON RANGE SCHOOL CONSTRUCTION AND**
 30.29 **IMPROVEMENT TRUST ACCOUNT.**

30.30 Subdivision 1. Account established. The Iron Range school construction and
 30.31 improvement trust account is established to receive amounts deposited under sections
 30.32 290.62, paragraph (b), and 298.28, subdivision 9e. Amounts in the account must be used
 30.33 to finance school buildings, technology improvements, and other major construction and
 30.34 improvements for school districts located in the taconite tax relief area.

31.1 Subd. 2. **Distributions.** (a) Each year, beginning in calendar year 2015, the
 31.2 following amounts are distributed from the account established in subdivision 1 for
 31.3 reduction of the district's net debt service levy:

31.4 (1) for Independent School District No. 2711, Mesabi East, \$600,000 applied to debt
 31.5 service amounts currently incurred or future amounts for a period not to exceed ten years;

31.6 (2) for Independent School District No. 2142, St. Louis County, \$1,500,000 for a
 31.7 period not to exceed 15 years; and

31.8 (3) for Independent School District No. 706, Virginia, \$5,500,000 for a period
 31.9 not to exceed 20 years.

31.10 (b) The amounts in paragraph (a), clause (3), may be reallocated to the remaining
 31.11 districts approving bond issues if the voters of Independent School District No. 706,
 31.12 Virginia, fail to approve a bond election for a cooperative high school, according to the
 31.13 terms of the joint powers agreement entered into under section 123A.482.

31.14 Subd. 3. **Payment adjustment.** The commissioner of the Iron Range Resources
 31.15 and Rehabilitation Board, with the approval of the board, may adjust the payments to a
 31.16 district specified in subdivision 2 if the recipient district presents to the commissioner an
 31.17 initial bond repayment schedule or a revised bond replacement schedule that necessitates a
 31.18 different payment amount.

31.19 Subd. 4. **Additional projects.** To the extent that funds remain in the account after
 31.20 distribution under subdivision 2, the commissioner of the Iron Range Resources and
 31.21 Rehabilitation Board may enter into agreements with other districts eligible for revenue
 31.22 under section 298.28, subdivision 4, that have formed a joint powers cooperative under
 31.23 section 123A.482.

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

31.25 Sec. 12. Laws 2013, chapter 143, article 11, section 10, is amended to read:

31.26 Sec. 10. **2013 DISTRIBUTION ONLY.**

31.27 For the 2013 distribution, a special fund is established to receive 38.7 cents per ton of
 31.28 any excess of the balance remaining after distribution of amounts required under Minnesota
 31.29 Statutes, section 298.28, subdivision 6. The following amounts are allocated to St. Louis
 31.30 County acting as the fiscal agent for the recipients for the following specific purposes:

31.31 (1) 5.1 cents per ton to the city of Hibbing for improvements to the city's water
 31.32 supply system;

31.33 (2) 4.3 cents per ton to the city of Mountain Iron for the cost of moving utilities
 31.34 required as a result of actions undertaken by United States Steel Corporation;

- 32.1 (3) 2.5 cents per ton to the city of Biwabik for improvements to the city's water supply
 32.2 system, payable upon agreement with ArcelorMittal to satisfy water permit conditions;
 32.3 (4) 2 cents per ton to the city of Tower for the Tower Marina;
 32.4 (5) 2.4 cents per ton to the city of Grand Rapids for an eco-friendly heat transfer
 32.5 system to replace aging effluent lines and for parking lot repaving;
 32.6 (6) 2.4 cents per ton to the city of Two Harbors for wastewater treatment plant
 32.7 improvements;
 32.8 (7) 0.9 cents per ton to the city of Ely for the sanitary sewer replacement project;
 32.9 (8) 0.6 cents per ton to the town of Crystal Bay for debt service of the Claire Nelson
 32.10 Intermodal Transportation Center;
 32.11 (9) 0.5 cents per ton to the Greenway Joint Recreation Board for the Coleraine
 32.12 hockey arena renovations;
 32.13 (10) 1.2 cents per ton for the West Range Regional Fire Hall and Training Center
 32.14 to merge the existing fire services of Coleraine, Bovey, Taconite Marble, Calumet, and
 32.15 Greenway Township;
 32.16 (11) 2.5 cents per ton to the city of Hibbing for the Memorial Building;
 32.17 (12) 0.7 cents per ton to the city of Chisholm for public works infrastructure;
 32.18 (13) 1.8 cents per ton to the Crane Lake Water and Sanitary District for sanitary
 32.19 sewer extension;
 32.20 (14) 2.5 cents per ton for the city of Buhl for the roof on the Mesabi Academy;
 32.21 (15) 1.2 cents per ton to the city of Gilbert for the New Jersey/Ohio Avenue project;
 32.22 (16) ~~1.5~~ 2.0 cents per ton to the city of Cook for street improvements, business park
 32.23 infrastructure, and a maintenance garage;
 32.24 ~~(17) 0.5 cents per ton to the city of Cook for a water line project;~~
 32.25 ~~(18)~~ (17) 1.8 cents per ton to the city of Eveleth to be used for Jones Street
 32.26 reconstruction and the city auditorium;
 32.27 ~~(19)~~ (18) 0.5 cents per ton for the city of Keewatin for an electrical substation and
 32.28 water line replacements;
 32.29 ~~(20)~~ (19) 3.3 cents per ton for the city of Virginia for Fourth Street North
 32.30 infrastructure and Franklin Park improvement; and
 32.31 ~~(21)~~ (20) 0.5 cents per ton to the city of Grand Rapids for an economic development
 32.32 project.

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

32.34 Sec. 13. **REPEALER.**

32.35 Minnesota Statutes 2012, section 290.923, subdivision 1, is repealed.

33.1 **ARTICLE 4**

33.2 **TAX INCREMENT FINANCING**

33.3 Section 1. Minnesota Statutes 2012, section 469.1763, subdivision 3, is amended to read:

33.4 Subd. 3. **Five-year rule.** (a) Revenues derived from tax increments are considered
33.5 to have been expended on an activity within the district under subdivision 2 only if one
33.6 of the following occurs:

33.7 (1) before or within five years after certification of the district, the revenues are
33.8 actually paid to a third party with respect to the activity;

33.9 (2) bonds, the proceeds of which must be used to finance the activity, are issued and
33.10 sold to a third party before or within five years after certification, the revenues are spent
33.11 to repay the bonds, and the proceeds of the bonds either are, on the date of issuance,
33.12 reasonably expected to be spent before the end of the later of (i) the five-year period, or
33.13 (ii) a reasonable temporary period within the meaning of the use of that term under section
33.14 148(c)(1) of the Internal Revenue Code, or are deposited in a reasonably required reserve
33.15 or replacement fund;

33.16 (3) binding contracts with a third party are entered into for performance of the
33.17 activity before or within five years after certification of the district and the revenues are
33.18 spent under the contractual obligation;

33.19 (4) costs with respect to the activity are paid before or within five years after
33.20 certification of the district and the revenues are spent to reimburse a party for payment
33.21 of the costs, including interest on unreimbursed costs; or

33.22 (5) expenditures are made for housing purposes as permitted by subdivision 2,
33.23 paragraphs (b) and (d), or for public infrastructure purposes within a zone as permitted
33.24 by subdivision 2, paragraph (e).

33.25 (b) For purposes of this subdivision, bonds include subsequent refunding bonds if
33.26 the original refunded bonds meet the requirements of paragraph (a), clause (2).

33.27 (c) For a redevelopment district or a renewal and renovation district certified after
33.28 June 30, 2003, and before April 20, 2009, the five-year periods described in paragraph
33.29 (a) are extended to (1) ten years after certification of the district or (2) June 30, 2017,
33.30 whichever is later. This extension is provided primarily to accommodate delays in
33.31 development activities due to unanticipated economic circumstances.

33.32 **EFFECTIVE DATE.** This section is effective the day following final enactment
33.33 and applies to all districts, regardless of when the request for certification was made.

33.34 Sec. 2. Minnesota Statutes 2012, section 469.177, subdivision 3, is amended to read:

34.1 Subd. 3. **Tax increment, relationship to chapters 276A and 473F.** (a) Unless the
34.2 governing body elects pursuant to paragraph (b) the following method of computation
34.3 shall apply to a district other than an economic development district for which the request
34.4 for certification was made after June 30, 1997:

34.5 (1) The original net tax capacity and the current net tax capacity shall be determined
34.6 before the application of the fiscal disparity provisions of chapter 276A or 473F. Where
34.7 the original net tax capacity is equal to or greater than the current net tax capacity, there is
34.8 no captured net tax capacity and no tax increment determination. Where the original net
34.9 tax capacity is less than the current net tax capacity, the difference between the original
34.10 net tax capacity and the current net tax capacity is the captured net tax capacity. This
34.11 amount less any portion thereof which the authority has designated, in its tax increment
34.12 financing plan, to share with the local taxing districts is the retained captured net tax
34.13 capacity of the authority.

34.14 (2) The county auditor shall exclude the retained captured net tax capacity of the
34.15 authority from the net tax capacity of the local taxing districts in determining local taxing
34.16 district tax rates. The local tax rates so determined are to be extended against the retained
34.17 captured net tax capacity of the authority as well as the net tax capacity of the local taxing
34.18 districts. The tax generated by the extension of the lesser of (A) the local taxing district
34.19 tax rates or (B) the original local tax rate to the retained captured net tax capacity of the
34.20 authority is the tax increment of the authority.

34.21 (b) The following method of computation applies to any ~~economic development~~
34.22 ~~district for which the request for certification was made after June 30, 1997, and to any~~
34.23 other district for which the governing body, by resolution approving the tax increment
34.24 financing plan pursuant to section 469.175, subdivision 3, elects:

34.25 (1) The original net tax capacity shall be determined before the application of the
34.26 fiscal disparity provisions of chapter 276A or 473F. The current net tax capacity shall
34.27 exclude any fiscal disparity commercial-industrial net tax capacity increase between
34.28 the original year and the current year multiplied by the fiscal disparity ratio determined
34.29 pursuant to section 276A.06, subdivision 7, or 473F.08, subdivision 6. Where the original
34.30 net tax capacity is equal to or greater than the current net tax capacity, there is no captured
34.31 net tax capacity and no tax increment determination. Where the original net tax capacity is
34.32 less than the current net tax capacity, the difference between the original net tax capacity
34.33 and the current net tax capacity is the captured net tax capacity. This amount less any
34.34 portion thereof which the authority has designated, in its tax increment financing plan, to
34.35 share with the local taxing districts is the retained captured net tax capacity of the authority.

35.1 (2) The county auditor shall exclude the retained captured net tax capacity of the
 35.2 authority from the net tax capacity of the local taxing districts in determining local taxing
 35.3 district tax rates. The local tax rates so determined are to be extended against the retained
 35.4 captured net tax capacity of the authority as well as the net tax capacity of the local taxing
 35.5 districts. The tax generated by the extension of the lesser of (A) the local taxing district
 35.6 tax rates or (B) the original local tax rate to the retained captured net tax capacity of the
 35.7 authority is the tax increment of the authority.

35.8 (3) An election by the governing body pursuant to paragraph (b) shall be submitted
 35.9 to the county auditor by the authority at the time of the request for certification pursuant to
 35.10 subdivision 1.

35.11 (c) The method of computation of tax increment applied to a district pursuant to
 35.12 paragraph (a) or (b) shall remain the same for the duration of the district, except that
 35.13 the governing body may elect to change its election from the method of computation in
 35.14 paragraph (a) to the method in paragraph (b).

35.15 **EFFECTIVE DATE.** This section is effective for districts for which the request for
 35.16 certification is made after June 30, 2014.

35.17 Sec. 3. Laws 2006, chapter 259, article 10, section 13, subdivision 4, is amended to read:

35.18 Subd. 4. **Expiration.** The authority to approve tax increment financing plans to
 35.19 establish a tax increment financing redevelopment district subject to this section expires
 35.20 on December 31, ~~2014~~ 2016.

35.21 **EFFECTIVE DATE.** This section is effective upon approval of the governing body
 35.22 of the city of Detroit Lakes and compliance with Minnesota Statutes, section 645.021,
 35.23 subdivisions 2 and 3.

35.24 Sec. 4. Laws 2008, chapter 366, article 5, section 36, subdivision 3, is amended to read:

35.25 Subd. 3. **Authorized expenditures.** Tax increment from the district may be
 35.26 expended only to pay principal and interest on bond obligations issued by the city of St.
 35.27 Paul Housing and Redevelopment Authority in 1996 2009 ~~for the convention center~~
 35.28 RiverCentre Arena, including payment of principal and interest on any bonds issued to
 35.29 repay the bonds or loans. All such expenditures are deemed to be activities within the
 35.30 district under Minnesota Statutes, section 469.1763, subdivisions 2, 3, and 4.

35.31 **EFFECTIVE DATE.** This section is effective without local approval under
 35.32 Minnesota Statutes, section 645.023, subdivision 1, paragraph (a).

36.1 **Sec. 5. CITY OF EAGAN; TAX INCREMENT FINANCING.**

36.2 (a) Effective for taxes payable in 2015, the city of Eagan may elect to compute tax
36.3 increment for the Cedar Grove Tax Increment Financing District using the current local tax
36.4 rate, notwithstanding the provisions of Minnesota Statutes, section 469.177, subdivision 1a.

36.5 (b) The requirements of Minnesota Statutes, section 469.1763, subdivision 3, that
36.6 activities must be undertaken within a five-year period from the date of certification of a
36.7 tax increment financing district, is considered to be met for TIF District 2-5 in the city
36.8 of Eagan if the activities are undertaken within seven years from the date of certification
36.9 of the district.

36.10 **EFFECTIVE DATE.** This section is effective upon compliance by the governing
36.11 body of the city of Eagan with the requirements of Minnesota Statutes, section 645.021,
36.12 subdivision 3.

36.13 **Sec. 6. SHOREVIEW TAX INCREMENT FINANCING PILOT PROJECT.**

36.14 Subdivision 1. **Authority to establish districts.** (a) The governing body of the
36.15 city of Shoreview or a development authority it designates may establish one or more
36.16 economic development tax increment financing districts in the city subject to the special
36.17 rules under this section. The purpose of these districts is the retention and expansion of
36.18 existing businesses in the city and the attraction of new business to the state to create and
36.19 retain high paying jobs.

36.20 (b) The authority to establish or approve the tax increment financing plans and
36.21 request certification for districts under this section expires on June 30, 2019.

36.22 **Subd. 2. **Qualified businesses.**** For purposes of this section, a "qualified business"
36.23 must satisfy the following requirements:

36.24 (1) the business must have operated at a location within the city of Shoreview or the
36.25 business must not have had any substantial operations in this state prior to approval of
36.26 the tax increment financing plan;

36.27 (2) the expansion or location of the operations of the business in the city, as
36.28 provided in the business subsidy agreement under Minnesota Statutes, sections 116J.993 to
36.29 116J.995, will result in an increase in manufacturing, research, service, or professional
36.30 jobs, at least 75 percent of which pay an average wage or salary that is equal to or greater
36.31 than 25 percent of the median wage or salary for all jobs within the metropolitan area; and

36.32 (3) the business is not engaged in making retail sales or in providing other services,
36.33 such as legal, medical, accounting, financial, entertainment, or similar, to third parties, at
36.34 the location receiving assistance.

37.1 Subd. 3. **Applicable rules.** (a) Unless otherwise stated, the provisions of Minnesota
 37.2 Statutes, sections 469.174 to 469.1794, apply to districts established under this section.

37.3 (b) Notwithstanding the provisions of section 469.176, subdivision 1b, the duration
 37.4 limit for districts created under this section is 12 years after the receipt of the first increment.

37.5 (c) The provisions of Minnesota Statutes, section 469.176, subdivision 4c, apply
 37.6 to determining the permitted uses of increments from the districts with the following
 37.7 exceptions:

37.8 (1) any building and facilities must be for a qualified business;

37.9 (2) the building and facilities must not be used by the qualified business or its
 37.10 lessees or tenants to relocate operations from another location in this state outside of the
 37.11 city of Shoreview;

37.12 (3) the 15 percent limit in subdivision 4c, paragraph (a), is increased to 25 percent; and

37.13 (4) the city or development authority may elect to deposit up to 20 percent of the
 37.14 increments in the fund established under subdivision 4. If the city elects to use this
 37.15 authority, all of the remaining increments must be expended for administrative expenses
 37.16 or for activities within the district under Minnesota Statutes, section 469.1763.

37.17 Subd. 4. **Business retention and expansion fund.** (a) The city may establish a
 37.18 business retention and expansion fund and deposit in the fund:

37.19 (1) increments as provided under subdivision 3, paragraph (c), clause (4); and

37.20 (2) increments from a district for which the request for certification of the district
 37.21 was made prior to April 30, 1990, if the amount necessary to meet all of the debt and other
 37.22 obligations incurred for that district has been received by the city.

37.23 (b) Amounts in the fund may be expended to assist qualified businesses, as permitted
 37.24 under subdivisions 2 and 3, and are not otherwise subject to the restrictions in Minnesota
 37.25 Statutes, sections 469.174 to 469.1794.

37.26 **EFFECTIVE DATE.** This section is effective upon compliance by the governing
 37.27 body of the city of Shoreview with the requirements of Minnesota Statutes, section
 37.28 645.021, subdivision 3.

37.29 **ARTICLE 5**

37.30 **LOCAL SALES AND USE TAXES**

37.31 Section 1. Laws 1980, chapter 511, section 1, subdivision 2, as amended by Laws
 37.32 1991, chapter 291, article 8, section 22, Laws 1998, chapter 389, article 8, section 25,
 37.33 Laws 2003, First Special Session chapter 21, article 8, section 11, and Laws 2008, chapter
 37.34 154, article 5, section 2, is amended to read:

38.1 Subd. 2. (a) Notwithstanding Minnesota Statutes, section 477A.016, or any
 38.2 other law, ordinance, or city charter provision to the contrary, the city of Duluth may,
 38.3 by ordinance, impose an additional sales tax of up to ~~two and one-quarter~~ one and
 38.4 three-quarter percent on sales transactions which are described in Minnesota Statutes 2000,
 38.5 section 297A.01, subdivision 3, clause (c). ~~When the city council determines that the taxes~~
 38.6 ~~imposed under this subdivision and under Laws 1998, chapter 389, article 8, section 26, at a~~
 38.7 ~~rate of one-half of one percent have produced revenue sufficient to pay (1) the debt service~~
 38.8 ~~on bonds in a principal amount of \$8,000,000 issued for capital improvements to the~~
 38.9 ~~Duluth Entertainment and Convention Center, and (2) debt service on outstanding bonds~~
 38.10 ~~originally issued in the principal amount of \$4,970,000 to finance capital improvements to~~
 38.11 ~~the Great Lakes Aquarium since the imposition of the taxes at the rate of one and one-half~~
 38.12 ~~percent, the rate of the tax under this subdivision is reduced by one-half of one percent.~~

38.13 The imposition of this tax shall not be subject to voter referendum under either state law
 38.14 or city charter provisions. When the city council determines that the taxes imposed under
 38.15 this ~~subdivision~~ paragraph at a rate of three-quarters of one percent and other sources of
 38.16 revenue produce revenue sufficient to pay debt service on bonds in the principal amount
 38.17 of \$40,285,000 plus issuance and discount costs, issued for capital improvements at the
 38.18 Duluth Entertainment and Convention Center, which include a new arena, the rate of tax
 38.19 under this subdivision must be reduced by three-quarters of one percent.

38.20 (b) In addition to the tax in paragraph (a) and notwithstanding Minnesota Statutes,
 38.21 section 477A.016, or any other law, ordinance, or city charter provision to the contrary,
 38.22 the city of Duluth may, by ordinance, impose an additional sales tax of up to one-half of
 38.23 one percent on sales transactions which are described in Minnesota Statutes 2000, section
 38.24 297A.01, subdivision 3, clause (d). This tax expires when the city council determines that
 38.25 the tax imposed under this paragraph has produced revenues sufficient to pay the debt
 38.26 service on bonds in a principal amount of no more than \$18,000,000, plus issuance and
 38.27 discount costs, to finance capital improvements to public facilities to support tourism and
 38.28 recreational activities in that portion of the city west of 34th Avenue West.

38.29 **EFFECTIVE DATE.** This section is effective the day after the governing body of
 38.30 the city of Duluth and its chief clerical officer comply with Minnesota Statutes, section
 38.31 645.021, subdivisions 2 and 3.

38.32 Sec. 2. Laws 2005, First Special Session chapter 3, article 5, section 38, subdivision 4,
 38.33 is amended to read:

38.34 Subd. 4. **Termination of taxes.** The taxes imposed under this section expire at the
 38.35 earlier of (1) ~~ten~~ 15 years after the taxes are first imposed, or (2) when the city council first

39.1 determines that the amount of revenues raised to pay for the projects under subdivision 2,
 39.2 shall meet or exceed the sum of \$15,000,000. Any funds remaining after completion of
 39.3 the projects may be placed in the general fund of the city.

39.4 **EFFECTIVE DATE.** This section is effective the day after compliance by the
 39.5 governing body of the city of Albert Lea and its chief clerical officer with Minnesota
 39.6 Statutes, section 645.021, subdivisions 2 and 3.

39.7 Sec. 3. Laws 2006, chapter 259, article 3, section 10, subdivision 3, is amended to read:

39.8 Subd. 3. **Use of revenues.** (a) Revenues received from the taxes authorized by
 39.9 subdivisions 1 and 2 must be used to pay the cost of collecting and administering the tax
 39.10 and to finance the acquisition and betterment of water and wastewater facilities to serve the
 39.11 cities of Brainerd and Baxter, building and equipping a fire substation, as approved by the
 39.12 voters at the referendum authorizing the tax. Authorized costs include, but are not limited
 39.13 to, acquiring property and paying construction and engineering costs related to the projects.

39.14 (b) In addition to the projects authorized in paragraph (a), the city of Baxter may,
 39.15 if approved by the voters at an election under subdivision 5, paragraph (b), allocate up
 39.16 to an additional \$32,000,000 of the revenues received from the taxes authorized by
 39.17 subdivisions 1 and 2 to a capital infrastructure fund. Money from this fund may only be
 39.18 used to finance (1) sanitary sewer, storm sewer, and water projects, and (2) transportation
 39.19 safety improvements.

39.20 **EFFECTIVE DATE.** This section is effective the day after the governing body of
 39.21 the city of Baxter and its chief clerical officer comply with Minnesota Statutes, section
 39.22 645.021, subdivisions 2 and 3.

39.23 Sec. 4. Laws 2006, chapter 259, article 3, section 10, subdivision 4, is amended to read:

39.24 Subd. 4. **Bonds.** (a) The city of Baxter, pursuant to the approval of the voters at the
 39.25 November 2, 2004, referendum authorizing the imposition of the taxes in this section, may
 39.26 issue general obligation bonds of the city, in one or more series, in the aggregate principal
 39.27 amount not to exceed \$15,000,000 to finance the projects listed in subdivision 3, paragraph
 39.28 (a). The debt represented by the bonds is not included in computing any debt limitations
 39.29 applicable to the city, and the levy of taxes required by Minnesota Statutes, section 475.61,
 39.30 to pay the principal of and interest on the bonds is not subject to any levy limitation or
 39.31 included in computing or applying any levy limitation applicable to the city of Baxter.

39.32 (b) The city of Baxter, pursuant to the approval of the voters at the 2014 general
 39.33 election to extend the tax under this section, may issue general obligation bonds of the

40.1 city, in one or more series, in the aggregate principal amount not to exceed \$32,000,000
 40.2 plus an amount equal to the costs of issuance of the bonds to finance the projects listed
 40.3 in subdivision 3, paragraph (b). The debt represented by the bonds is not included in
 40.4 computing any debt limitations applicable to the city, and the levy of taxes required by
 40.5 Minnesota Statutes, section 475.61, to pay the principal of and interest on the bonds is not
 40.6 subject to any levy limitation or included in computing or applying any levy limitation
 40.7 applicable to the city of Baxter.

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

40.9 Sec. 5. Laws 2006, chapter 259, article 3, section 10, subdivision 5, is amended to read:

40.10 Subd. 5. **Termination of taxes.** (a) The taxes imposed under subdivisions 1 and 2
 40.11 expire at the earlier of a date 12 years after the imposition of the tax or when the Baxter
 40.12 City Council first determines that the amount of revenues raised from the taxes to pay for
 40.13 the projects under subdivision 3 equals or exceeds \$15,000,000 plus any interest on bonds
 40.14 issued for the projects under subdivision 4, paragraph (a). Any funds remaining after the
 40.15 expiration of the taxes and retirement of the bonds shall be placed in a capital project fund
 40.16 of the city of Baxter. The taxes imposed under subdivisions 1 and 2 may expire at an
 40.17 earlier time if the city of Baxter so determines by ordinance.

40.18 (b) Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any
 40.19 other contrary provision of law, ordinance, or city charter, the city of Baxter may, by
 40.20 ordinance, extend the taxes authorized under subdivisions 1 and 2 beyond the termination
 40.21 date in paragraph (a) if approved by the voters of the city at a general election held in
 40.22 2014. The question put to the voters must indicate that an affirmative vote would extend
 40.23 the imposition of the taxes until 2031 or until an additional \$32,000,000, plus an amount
 40.24 equal to interest and issuance costs associated with bonds issued under subdivision 4,
 40.25 paragraph (b), above the initial amount authorized to pay for \$15,000,000 in bonds and
 40.26 associated bond cost and projects, listed in subdivision 3, paragraph (a), is raised. If
 40.27 extended under this paragraph, the taxes authorized in subdivisions 1 and 2 will terminate
 40.28 at the earlier of (1) when an additional \$32,000,000, plus an amount equal to interest and
 40.29 issuance costs associated with bonds issued under subdivision 4, paragraph (b), above the
 40.30 amount authorized under paragraph (a), is raised, or (2) December 31, 2031.

40.31 **EFFECTIVE DATE.** This section is effective the day after the governing body of
 40.32 the city of Baxter and its chief clerical officer comply with Minnesota Statutes, section
 40.33 645.021, subdivisions 2 and 3.

41.1 Sec. 6. Laws 2006, chapter 259, article 3, section 11, subdivision 3, is amended to read:

41.2 Subd. 3. **Use of revenues.** (a) Revenues received from the taxes authorized by
41.3 subdivisions 1 and 2 must be used to pay the cost of collecting and administering the tax
41.4 and to finance all or part of the costs of constructing upgraded water and wastewater
41.5 treatment facilities to serve the cities of Brainerd and Baxter, water infrastructure
41.6 improvements, and trail development, contingent on approval by Brainerd voters at the
41.7 November 7, 2006, referendum. Authorized costs include, but are not limited to, acquiring
41.8 property and paying construction and engineering costs related to the projects.

41.9 (b) In addition to the projects authorized in paragraph (a), the city of Brainerd may,
41.10 if approved by the voters at an election under subdivision 5, paragraph (b), spend up to an
41.11 additional \$15,000,000 from revenues raised from the taxes authorized in subdivisions 1
41.12 and 2 on the following projects:

41.13 (1) an upgraded waste treatment facility jointly serving the cities of Brainerd and
41.14 Baxter;

41.15 (2) with any funds not needed for the project in clause (1), water infrastructure
41.16 improvements; and

41.17 (3) with any funds not needed for the projects in clauses (1) and (2), trail
41.18 improvements.

41.19 **EFFECTIVE DATE.** This section is effective the day after the governing body of
41.20 the city of Brainerd and its chief clerical officer comply with Minnesota Statutes, section
41.21 645.021, subdivisions 2 and 3.

41.22 Sec. 7. Laws 2006, chapter 259, article 3, section 11, subdivision 4, is amended to read:

41.23 Subd. 4. **Bonds.** The city of Brainerd, contingent on approval of the voters at
41.24 the November 7, 2006, referendum authorizing the imposition of taxes in this section,
41.25 may issue general obligation bonds of the city, in one or more series, in the aggregate
41.26 principal amount not to exceed \$22,030,000 to finance the projects listed in subdivision 3,
41.27 paragraph (a). The debt represented by the bonds is not included in computing any debt
41.28 limitations applicable to Brainerd, and the levy of taxes required by Minnesota Statutes,
41.29 section 475.61, to pay the principal and interest on the bonds is not subject to any levy
41.30 limitation or included in computing any levy limitation applicable to the city of Brainerd.

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

41.32 Sec. 8. Laws 2006, chapter 259, article 3, section 11, subdivision 5, is amended to read:

42.1 Subd. 5. **Termination of taxes.** (a) The taxes imposed under subdivisions 1 and
 42.2 2 expire at the earlier of a date 12 years after the imposition of the tax or when the city
 42.3 council first determines that the amount of revenues raised from the taxes to pay for
 42.4 projects under subdivision 3 equals or exceeds \$22,030,000 plus any interest on bonds
 42.5 issued for the projects under subdivision 4. Any funds remaining after the expiration of
 42.6 the taxes and retirement of the bonds shall be placed in a capital project fund of the city of
 42.7 Brainerd. The taxes imposed under subdivision 1 and 2 may expire at an earlier time if the
 42.8 city of Brainerd so determines by ordinance.

42.9 (b) Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any
 42.10 other contrary provision of law, ordinance, or city charter, the city of Brainerd may, by
 42.11 ordinance, extend the taxes authorized under subdivisions 1 and 2 beyond the termination
 42.12 date in paragraph (a) if approved by the voters of the city at a general election held in 2014.
 42.13 The question put to the voters must indicate that an affirmative vote would extend the
 42.14 imposition of the taxes for an additional 12 years or until an additional \$15,000,000 above
 42.15 the initial amount authorized to pay for \$22,030,000 in bonds is raised. If extended under
 42.16 this paragraph, the taxes authorized in subdivisions 1 and 2 will terminate at the earlier of
 42.17 (1) when an additional \$15,000,000 above the amount authorized under paragraph (a) is
 42.18 raised, or (2) 12 years after the taxes would have expired under paragraph (a).

42.19 **EFFECTIVE DATE.** This section is effective the day after the governing body of
 42.20 the city of Brainerd and its chief clerical officer comply with Minnesota Statutes, section
 42.21 645.021, subdivisions 2 and 3.

42.22 Sec. 9. **VALIDATION OF PRIOR ACT; AUTHORIZATION.**

42.23 Notwithstanding the time limits in Minnesota Statutes, section 645.021, the city of
 42.24 Albert Lea may approve Laws 2005, First Special Session chapter 3, article 5, section 38,
 42.25 as amended by Laws 2006, chapter 259, article 3, section 6, and file its approval with the
 42.26 secretary of state by June 15, 2014. If approved as authorized under this section, actions
 42.27 undertaken by the city pursuant to the approval of the voters on November 8, 2005, and
 42.28 otherwise in accordance with Laws 2005, First Special Session chapter 3, article 5, section
 42.29 38, as amended by Laws 2006, chapter 259, article 3, section 6, are validated.

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

42.31 **ARTICLE 6**

42.32 **MISCELLANEOUS**

42.33 Section 1. Minnesota Statutes 2012, section 383E.21, subdivision 1, is amended to read:

43.1 Subdivision 1. **Authority to levy property taxes and incur debt.** (a) To finance the
 43.2 cost of designing, constructing, and acquiring countywide public safety improvements
 43.3 and equipment, including personal property, benefiting both Anoka County and the
 43.4 municipalities located within Anoka County, the governing body of Anoka County may
 43.5 levy property taxes for public safety improvements and equipment, and issue:

43.6 (1) capital improvement bonds under the provisions of section 373.40 as if the
 43.7 infrastructure and equipment qualified as a "capital improvement" within the meaning of
 43.8 section 373.40, subdivision 1, paragraph (b); and

43.9 (2) capital notes under the provisions of section 373.01, subdivision 3, as if the
 43.10 equipment qualified as "capital equipment" within the meaning of section 373.01,
 43.11 subdivision 3. Personal property acquired with the proceeds of the bonds or capital
 43.12 notes issued under this section must have an expected useful life at least as long as the
 43.13 term of debt.

43.14 (b) The outstanding principal amount of the bonds and the capital notes issued under
 43.15 this section may not exceed \$8,000,000 at any time. Any bonds or notes issued pursuant
 43.16 to this section must only be issued after approval by a majority vote of the Anoka County
 43.17 Joint Law Enforcement Council, a joint powers board.

43.18 **EFFECTIVE DATE.** This section is effective beginning for taxes payable in 2013
 43.19 and expires under Minnesota Statutes, section 383E.21, subdivision 3.

43.20 Sec. 2. Minnesota Statutes 2012, section 383E.21, subdivision 2, is amended to read:

43.21 Subd. 2. **Treatment of levy.** Notwithstanding sections 275.065, subdivision 3,
 43.22 and 276.04, the county may report the tax attributable to any levy to fund public safety
 43.23 capital improvements or equipment projects approved by the Anoka County Joint Law
 43.24 Enforcement Council or pay principal and interest on bonds or notes issued under this
 43.25 section as a separate line item on the proposed property tax notice and the property tax
 43.26 statement. Notwithstanding any provision in chapter 275 or 373 to the contrary, bonds or
 43.27 notes issued by Anoka County under this section must not be included in the computation
 43.28 of the net debt of Anoka County.

43.29 **EFFECTIVE DATE.** This section is effective beginning for taxes payable in 2013
 43.30 and expires under Minnesota Statutes, section 383E.21, subdivision 3.

43.31 Sec. 3. Minnesota Statutes 2013 Supplement, section 469.169, is amended by adding a
 43.32 subdivision to read:

44.1 Subd. 20. **Additional zone allocations.** \$3,000,000 is allocated per year for calendar
 44.2 years 2014 through 2019 for tax reductions in border city enterprise zones and border city
 44.3 development zones. The commissioner shall allocate this amount among the cities on a
 44.4 per capita basis. Allocations may be used for tax reductions for that year under either:

44.5 (1) the border city enterprise zone program under section 469.171, or for other
 44.6 offsets of taxes imposed on or remitted by businesses located in the enterprise zone, if
 44.7 the municipality determines that the granting of the tax reduction or offset is necessary to
 44.8 retain a business within or attract a business to the zone; or

44.9 (2) the border city development zone program under section 469.1732 or 469.1734.

44.10 **EFFECTIVE DATE.** This section is effective July 1, 2014, but only \$1,500,000 is
 44.11 available in calendar year 2014.

44.12 Sec. 4. Minnesota Statutes 2012, section 469.171, subdivision 6, is amended to read:

44.13 Subd. 6. **Additional border city tax reductions.** In addition to the tax reductions
 44.14 authorized by subdivision 1, for a border city zone, the following types of tax reductions
 44.15 may be approved:

44.16 (1) a credit against income tax for workers employed in the zone and not qualifying
 44.17 for a credit under subdivision 1, clause (2), subject to a maximum of ~~\$1,500~~ \$3,000 per
 44.18 employee per year;

44.19 (2) a state paid property tax credit for a portion of the property taxes paid by a
 44.20 commercial or industrial facility located in the zone.

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

44.22 Sec. 5. **CARLTON COUNTY; LEVY FOR SOIL AND WATER CONSERVATION**
 44.23 **DISTRICT.**

44.24 Subdivision 1. **Definitions.** (a) For the purposes of this section, "district" means
 44.25 the Carlton County Soil and Water Conservation District.

44.26 (b) For the purposes of this section, "county" means Carlton County.

44.27 Subd. 2. **Special project levy.** Notwithstanding any law to the contrary, the county
 44.28 may levy ad valorem property taxes on taxable property within the area of its jurisdiction
 44.29 for the purposes specified in subdivision 3. The proceeds of the tax must be placed in a
 44.30 separate account and used only for the purposes specified in subdivision 3. The amount
 44.31 levied is separate from any other amount to be levied for the district by the county under
 44.32 Minnesota Statutes, section 103C.331, subdivision 16.

45.1 Subd. 3. Purpose; limit on levy amount. (a) The county must allocate the
 45.2 proceeds of any tax imposed under this section to the district solely to pay principal,
 45.3 interest, and any associated costs of obtaining and servicing a loan to finance the planning,
 45.4 constructing, and equipping of an office and storage facility for the district.

45.5 (b) The maximum amount of the levy in any year may not exceed the amount
 45.6 necessary, after deduction of any amount remaining from the levy imposed in prior years,
 45.7 to pay 105 percent of the principal and interest due in the following calendar year and
 45.8 through July 1 of the next year.

45.9 Subd. 4. Expiration. (a) This section expires:

45.10 (1) following the final payment of principal, interest, and any associated costs of the
 45.11 loan under subdivision 3, or any loan or other financing that refinanced the original loan; or

45.12 (2) if the district does not obtain the loan under subdivision 3 prior to May 1, 2017.

45.13 (b) Upon expiration of this section, any amount remaining in the account created
 45.14 under subdivision 2 must be transferred to the general account of the county and used to
 45.15 reduce any amount to be levied for the district by the county under Minnesota Statutes,
 45.16 section 103C.331, subdivision 16, for the following year, and any subsequent years, until
 45.17 the amount remaining is exhausted.

45.18 **EFFECTIVE DATE.** This section is effective the day following compliance by
 45.19 Carlton County with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

45.20 **ARTICLE 7**

45.21 **DEPARTMENT OF REVENUE - TECHNICAL AND POLICY** 45.22 **PROPERTY TAX PROVISIONS**

45.23 Section 1. Minnesota Statutes 2012, section 270.87, is amended to read:

45.24 **270.87 CERTIFICATION TO COUNTY ASSESSORS.**

45.25 After making an annual determination of the equalized fair market value of the
 45.26 operating property of each company in each of the respective counties, and in the taxing
 45.27 districts therein, the commissioner shall certify the equalized fair market value to the
 45.28 county assessor on or before June 30. The equalized fair market value of the operating
 45.29 property of the railroad company in the county and the taxing districts therein is the value
 45.30 on which taxes must be levied and collected in the same manner as on the commercial and
 45.31 industrial property of such county and the taxing districts therein. If the commissioner
 45.32 determines that the equalized fair market value certified on or before June 30 is in error,
 45.33 the commissioner may issue a corrected certification on or before August 31. The
 45.34 commissioner may correct errors that are merely clerical in nature until December 31.

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

46.2 Sec. 2. Minnesota Statutes 2012, section 272.029, subdivision 4a, is amended to read:

46.3 Subd. 4a. **Correction of errors.** If the commissioner of revenue determines that
 46.4 the amount of production tax has been erroneously calculated, the commissioner may
 46.5 correct the error. The commissioner must notify the owner of the wind energy conversion
 46.6 system of the correction and the amount of tax due to each county and must certify the
 46.7 correction to the county auditor of each county in which the system is located on or before
 46.8 April 1 of the current year. The commissioner may correct errors that are merely clerical
 46.9 in nature until December 31.

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

46.11 Sec. 3. Minnesota Statutes 2012, section 273.01, is amended to read:

46.12 **273.01 LISTING AND ASSESSMENT, TIME.**

46.13 All real property subject to taxation shall be listed and at least one-fifth of the parcels
 46.14 listed shall be appraised each year with reference to their value on January 2 preceding the
 46.15 assessment so that each parcel shall be reappraised at maximum intervals of five years. All
 46.16 real property becoming taxable in any year shall be listed with reference to its value on
 46.17 January 2 of that year. Except as provided in this section and section 274.01, subdivision
 46.18 1, all real property assessments shall be completed two weeks prior to the date scheduled
 46.19 for the local board of review or equalization. No changes in valuation or classification
 46.20 which are intended to correct errors in judgment by the county assessor may be made by
 46.21 the county assessor after the board of review or the county board of equalization has
 46.22 adjourned; however, corrections of errors for real or personal property that are merely
 46.23 clerical in nature or changes that extend homestead treatment to property are permitted
 46.24 after adjournment until the tax extension date for that assessment year. Any changes made
 46.25 by the assessor after adjournment must be fully documented and maintained in a file in the
 46.26 assessor's office and shall be available for review by any person. A copy of any changes
 46.27 made during this period shall be sent to the county board no later than December 31 of
 46.28 the assessment year. In the event a valuation and classification is not placed on any real
 46.29 property by the dates scheduled for the local board of review or equalization the valuation
 46.30 and classification determined in the preceding assessment shall be continued in effect and
 46.31 the provisions of section 273.13 shall, in such case, not be applicable, except with respect
 46.32 to real estate which has been constructed since the previous assessment. Real property
 46.33 containing iron ore, the fee to which is owned by the state of Minnesota, shall, if leased by

47.1 the state after January 2 in any year, be subject to assessment for that year on the value of
 47.2 any iron ore removed under said lease prior to January 2 of the following year. Personal
 47.3 property subject to taxation shall be listed and assessed annually with reference to its value
 47.4 on January 2; and, if acquired on that day, shall be listed by or for the person acquiring it.

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

47.6 Sec. 4. Minnesota Statutes 2013 Supplement, section 273.1325, subdivision 1, is
 47.7 amended to read:

47.8 Subdivision 1. **Computation.** The Department of Revenue must annually conduct
 47.9 an assessment/sales ratio study of the taxable property in each county, city, town, and
 47.10 school district in accordance with the procedures in subdivisions 2 and 3. Based upon the
 47.11 results of this assessment/sales ratio study, the Department of Revenue must determine
 47.12 an equalized net tax capacity for the various classes of taxable property in each taxing
 47.13 district, the aggregate of which is designated as the adjusted net tax capacity. The adjusted
 47.14 net tax capacity must be reduced by the captured tax capacity of tax increment districts
 47.15 under section 469.177, subdivision 2, fiscal disparities contribution tax capacities under
 47.16 sections 276A.06 and 473F.08, and the tax capacity of transmission lines required to be
 47.17 subtracted from the local tax base under section 273.425; and increased by fiscal disparities
 47.18 distribution tax capacities under sections 276A.06 and 473F.08. The adjusted net tax
 47.19 capacities shall be determined using the net tax capacity percentages in effect for the
 47.20 assessment year following the assessment year of the study. The Department of Revenue
 47.21 must make whatever estimates are necessary to account for changes in the classification
 47.22 system. The Department of Revenue may incur the expense necessary to make the
 47.23 determinations. The commissioner of revenue may reimburse any county or governmental
 47.24 official for requested services performed in ascertaining the adjusted net tax capacity. On
 47.25 or before March 15 annually, the Department of Revenue shall file with the chair of the
 47.26 Tax Committee of the house of representatives and the chair of the Committee on Taxes
 47.27 and Tax laws of the senate a report of adjusted net tax capacities for school districts.
 47.28 On or before June ~~15~~ 30 annually, the Department of Revenue shall file its final report
 47.29 on the adjusted net tax capacities for school districts established by the previous year's
 47.30 assessments and the current year's net tax capacity percentages with the commissioner of
 47.31 education and each county auditor for those school districts for which the auditor has the
 47.32 responsibility for determination of local tax rates. A copy of the report so filed shall be
 47.33 mailed to the clerk of each school district involved and to the county assessor or supervisor
 47.34 of assessments of the county or counties in which each school district is located.

48.1 **EFFECTIVE DATE.** This section is effective January 1, 2014.

48.2 Sec. 5. Minnesota Statutes 2012, section 273.33, subdivision 2, is amended to read:

48.3 Subd. 2. **Listing and assessment by commissioner.** The personal property,
48.4 consisting of the pipeline system of mains, pipes, and equipment attached thereto, of
48.5 pipeline companies and others engaged in the operations or business of transporting natural
48.6 gas, gasoline, crude oil, or other petroleum products by pipelines, shall be listed with and
48.7 assessed by the commissioner of revenue and the values provided to the city or county
48.8 assessor by order. This subdivision shall not apply to the assessment of the products
48.9 transported through the pipelines nor to the lines of local commercial gas companies
48.10 engaged primarily in the business of distributing gas to consumers at retail nor to pipelines
48.11 used by the owner thereof to supply natural gas or other petroleum products exclusively
48.12 for such owner's own consumption and not for resale to others. If more than 85 percent
48.13 of the natural gas or other petroleum products actually transported over the pipeline is
48.14 used for the owner's own consumption and not for resale to others, then this subdivision
48.15 shall not apply; provided, however, that in that event, the pipeline shall be assessed in
48.16 proportion to the percentage of gas actually transported over such pipeline that is not used
48.17 for the owner's own consumption. On or before August 1, the commissioner shall certify
48.18 to the auditor of each county, the amount of such personal property assessment against
48.19 each company in each district in which such property is located. If the commissioner
48.20 determines that the amount of personal property assessment certified on or before August
48.21 1 is in error, the commissioner may issue a corrected certification on or before October 1.
48.22 The commissioner may correct errors that are merely clerical in nature until December 31.

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

48.24 Sec. 6. Minnesota Statutes 2012, section 273.37, subdivision 2, is amended to read:

48.25 Subd. 2. **Listing and assessment by commissioner.** Transmission lines of less
48.26 than 69 kv, transmission lines of 69 kv and above located in an unorganized township,
48.27 and distribution lines, and equipment attached thereto, having a fixed situs outside the
48.28 corporate limits of cities except distribution lines taxed as provided in sections 273.40
48.29 and 273.41, shall be listed with and assessed by the commissioner of revenue in the
48.30 county where situated and the values provided to the city or county assessor by order.
48.31 The commissioner shall assess such property at the percentage of market value fixed by
48.32 law; and, on or before August 1, shall certify to the auditor of each county in which
48.33 such property is located the amount of the assessment made against each company and
48.34 person owning such property. If the commissioner determines that the amount of the

49.1 assessment certified on or before August 1 is in error, the commissioner may issue a
49.2 corrected certification on or before October 1. The commissioner may correct errors that
49.3 are merely clerical in nature until December 31.

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

49.5 Sec. 7. Minnesota Statutes 2012, section 273.3711, is amended to read:

49.6 **273.3711 RECOMMENDED AND ORDERED VALUES.**

49.7 For purposes of sections 273.33, 273.35, 273.36, 273.37, 273.371, and 273.372,
49.8 all values not required to be listed and assessed by the commissioner of revenue are
49.9 recommended values. If the commissioner provides recommended values, the values must
49.10 be certified to the auditor of each county in which the property is located on or before
49.11 August 1. If the commissioner determines that the certified recommended value is in
49.12 error the commissioner may issue a corrected certification on or before October 1. The
49.13 commissioner may correct errors that are merely clerical in nature until December 31.

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

49.15 Sec. 8. Minnesota Statutes 2012, section 274.01, subdivision 1, is amended to read:

49.16 Subdivision 1. **Ordinary board; meetings, deadlines, grievances.** (a) The town
49.17 board of a town, or the council or other governing body of a city, is the board of appeal
49.18 and equalization except (1) in cities whose charters provide for a board of equalization or
49.19 (2) in any city or town that has transferred its local board of review power and duties to
49.20 the county board as provided in subdivision 3. The county assessor shall fix a day and
49.21 time when the board or the board of equalization shall meet in the assessment districts
49.22 of the county. Notwithstanding any law or city charter to the contrary, a city board of
49.23 equalization shall be referred to as a board of appeal and equalization. On or before
49.24 February 15 of each year the assessor shall give written notice of the time to the city or
49.25 town clerk. Notwithstanding the provisions of any charter to the contrary, the meetings
49.26 must be held between April 1 and May 31 each year. The clerk shall give published and
49.27 posted notice of the meeting at least ten days before the date of the meeting.

49.28 The board shall meet either at a central location within the county or at the office of
49.29 the clerk to review the assessment and classification of property in the town or city. No
49.30 changes in valuation or classification which are intended to correct errors in judgment by
49.31 the county assessor may be made by the county assessor after the board has adjourned
49.32 in those cities or towns that hold a local board of review; however, corrections of errors
49.33 that are merely clerical in nature or changes that extend homestead treatment to property

50.1 are permitted after adjournment until the tax extension date for that assessment year. The
50.2 changes must be fully documented and maintained in the assessor's office and must be
50.3 available for review by any person. A copy of the changes made during this period in
50.4 those cities or towns that hold a local board of review must be sent to the county board no
50.5 later than December 31 of the assessment year.

50.6 (b) The board shall determine whether the taxable property in the town or city has
50.7 been properly placed on the list and properly valued by the assessor. If real or personal
50.8 property has been omitted, the board shall place it on the list with its market value, and
50.9 correct the assessment so that each tract or lot of real property, and each article, parcel,
50.10 or class of personal property, is entered on the assessment list at its market value. No
50.11 assessment of the property of any person may be raised unless the person has been
50.12 duly notified of the intent of the board to do so. On application of any person feeling
50.13 aggrieved, the board shall review the assessment or classification, or both, and correct
50.14 it as appears just. The board may not make an individual market value adjustment or
50.15 classification change that would benefit the property if the owner or other person having
50.16 control over the property has refused the assessor access to inspect the property and the
50.17 interior of any buildings or structures as provided in section 273.20. A board member
50.18 shall not participate in any actions of the board which result in market value adjustments
50.19 or classification changes to property owned by the board member, the spouse, parent,
50.20 stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, aunt, nephew,
50.21 or niece of a board member, or property in which a board member has a financial interest.
50.22 The relationship may be by blood or marriage.

50.23 (c) A local board may reduce assessments upon petition of the taxpayer but the total
50.24 reductions must not reduce the aggregate assessment made by the county assessor by more
50.25 than one percent. If the total reductions would lower the aggregate assessments made by
50.26 the county assessor by more than one percent, none of the adjustments may be made. The
50.27 assessor shall correct any clerical errors or double assessments discovered by the board
50.28 without regard to the one percent limitation.

50.29 (d) A local board does not have authority to grant an exemption or to order property
50.30 removed from the tax rolls.

50.31 (e) A majority of the members may act at the meeting, and adjourn from day to day
50.32 until they finish hearing the cases presented. The assessor shall attend, with the assessment
50.33 books and papers, and take part in the proceedings, but must not vote. The county assessor,
50.34 or an assistant delegated by the county assessor shall attend the meetings. The board shall
50.35 list separately, on a form appended to the assessment book, all omitted property added
50.36 to the list by the board and all items of property increased or decreased, with the market

51.1 value of each item of property, added or changed by the board, placed opposite the item.
 51.2 The county assessor shall enter all changes made by the board in the assessment book.

51.3 (f) Except as provided in subdivision 3, if a person fails to appear in person, by
 51.4 counsel, or by written communication before the board after being duly notified of the
 51.5 board's intent to raise the assessment of the property, or if a person feeling aggrieved by an
 51.6 assessment or classification fails to apply for a review of the assessment or classification,
 51.7 the person may not appear before the county board of appeal and equalization for a review
 51.8 of the assessment or classification. This paragraph does not apply if an assessment was
 51.9 made after the local board meeting, as provided in section 273.01, or if the person can
 51.10 establish not having received notice of market value at least five days before the local
 51.11 board meeting.

51.12 (g) The local board must complete its work and adjourn within 20 days from the
 51.13 time of convening stated in the notice of the clerk, unless a longer period is approved by
 51.14 the commissioner of revenue. No action taken after that date is valid. All complaints
 51.15 about an assessment or classification made after the meeting of the board must be heard
 51.16 and determined by the county board of equalization. A nonresident may, at any time,
 51.17 before the meeting of the board file written objections to an assessment or classification
 51.18 with the county assessor. The objections must be presented to the board at its meeting by
 51.19 the county assessor for its consideration.

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

51.21 Sec. 9. Minnesota Statutes 2012, section 274.014, subdivision 3, is amended to read:

51.22 Subd. 3. **Proof of compliance; transfer of duties.** (a) Any city or town that
 51.23 conducts local boards of appeal and equalization meetings must provide proof to the
 51.24 county assessor by ~~December 1, 2006~~ February 15, 2015, and each year thereafter, that it
 51.25 is in compliance with the requirements of subdivision 2. Beginning in ~~2006~~ 2015, this
 51.26 notice must also verify that there was a quorum of voting members at each meeting of the
 51.27 board of appeal and equalization in the current year. A city or town that does not comply
 51.28 with these requirements is deemed to have transferred its board of appeal and equalization
 51.29 powers to the county beginning with the following year's assessment and continuing
 51.30 unless the powers are reinstated under paragraph (c).

51.31 (b) The county shall notify the taxpayers when the board of appeal and equalization
 51.32 for a city or town has been transferred to the county under this subdivision and, prior to
 51.33 the meeting time of the county board of equalization, the county shall make available to
 51.34 those taxpayers a procedure for a review of the assessments, including, but not limited to,
 51.35 open book meetings. This alternate review process shall take place in April and May.

52.1 (c) A local board whose powers are transferred to the county under this subdivision
 52.2 may be reinstated by resolution of the governing body of the city or town and upon proof
 52.3 of compliance with the requirements of subdivision 2. The resolution and proofs must be
 52.4 provided to the county assessor by ~~December 1~~ February 15 in order to be effective for
 52.5 the following year's assessment.

52.6 (d) A local board whose powers are transferred to the county under this subdivision
 52.7 may continue to employ a local assessor and is not deemed to have transferred its powers
 52.8 to make assessments.

52.9 **EFFECTIVE DATE.** This section is effective beginning with local boards of appeal
 52.10 and equalization meetings held after December 31, 2014.

52.11 Sec. 10. Minnesota Statutes 2013 Supplement, section 290C.03, is amended to read:

52.12 **290C.03 ELIGIBILITY REQUIREMENTS.**

52.13 (a) Land may be enrolled in the sustainable forest incentive program under this
 52.14 chapter if all of the following conditions are met:

52.15 (1) the land consists of at least 20 contiguous acres and at least 50 percent of the
 52.16 land must meet the definition of forest land in section 88.01, subdivision 7, during the
 52.17 enrollment;

52.18 (2) a forest management plan for the land must be prepared by an approved plan
 52.19 writer and implemented during the period in which the land is enrolled;

52.20 (3) timber harvesting and forest management guidelines must be used in conjunction
 52.21 with any timber harvesting or forest management activities conducted on the land during
 52.22 the period in which the land is enrolled;

52.23 (4) the land must be enrolled for a minimum of eight years;

52.24 (5) there are no delinquent property taxes on the land; ~~and~~

52.25 (6) claimants enrolling more than 1,920 acres in the sustainable forest incentive
 52.26 program must allow year-round, nonmotorized access to fish and wildlife resources and
 52.27 motorized access on established and maintained roads and trails, unless the road or trail is
 52.28 temporarily closed for safety, natural resource, or road damage reasons on enrolled land
 52.29 except within one-fourth mile of a permanent dwelling or during periods of high fire
 52.30 hazard as determined by the commissioner of natural resources; and

52.31 (7) the land is not classified as class 2c managed forest land.

52.32 (b) Claimants required to allow access under paragraph (a), clause (6), do not by
 52.33 that action:

52.34 (1) extend any assurance that the land is safe for any purpose;

53.1 (2) confer upon the person the legal status of an invitee or licensee to whom a duty
53.2 of care is owed; or

53.3 (3) assume responsibility for or incur liability for any injury to the person or property
53.4 caused by an act or omission of the person.

53.5 **EFFECTIVE DATE.** This section is effective for certifications and applications
53.6 due in 2014 and thereafter.

53.7 Sec. 11. Minnesota Statutes 2013 Supplement, section 423A.02, subdivision 3, is
53.8 amended to read:

53.9 Subd. 3. **Reallocation of amortization state aid.** (a) Seventy percent of the
53.10 difference between \$5,720,000 and the current year amortization aid distributed under
53.11 subdivision 1 that is not distributed for any reason to a municipality must be distributed
53.12 by the commissioner of revenue according to this paragraph. The commissioner shall
53.13 distribute 50 percent of the amounts derived under this paragraph to the Teachers
53.14 Retirement Association, ten percent to the Duluth Teachers Retirement Fund Association,
53.15 and 40 percent to the St. Paul Teachers Retirement Fund Association to fund the unfunded
53.16 actuarial accrued liabilities of the respective funds. These payments must be made on July
53.17 15 each fiscal year. If the St. Paul Teachers Retirement Fund Association or the Duluth
53.18 Teachers Retirement Fund Association becomes fully funded, the association's eligibility
53.19 for its portion of this aid ceases. Amounts remaining in the undistributed balance account
53.20 at the end of the biennium if aid eligibility ceases cancel to the general fund.

53.21 (b) In order to receive amortization aid under paragraph (a), before June 30 annually
53.22 Independent School District No. 625, St. Paul, must make an additional contribution of
53.23 \$800,000 each year to the St. Paul Teachers Retirement Fund Association.

53.24 (c) Thirty percent of the difference between \$5,720,000 and the current year
53.25 amortization aid under subdivision ~~1a~~ 1 that is not distributed for any reason to a
53.26 municipality must be distributed under section 69.021, subdivision 7, paragraph (d), as
53.27 additional funding to support a minimum fire state aid amount for volunteer firefighter
53.28 relief associations.

53.29 **EFFECTIVE DATE.** This section is effective retroactively from June 1, 2013.

53.30 Sec. 12. Minnesota Statutes 2013 Supplement, section 477A.12, subdivision 1, is
53.31 amended to read:

53.32 Subdivision 1. **Types of land; payments.** The following amounts are annually
53.33 appropriated to the commissioner of natural resources from the general fund for transfer

54.1 to the commissioner of revenue. The commissioner of revenue shall pay the transferred
 54.2 funds to counties as required by sections 477A.11 to 477A.14. The amounts, based on the
 54.3 acreage as of July 1 of each year prior to the payment year, are:

54.4 (1) \$5.133 multiplied by the total number of acres of acquired natural resources land
 54.5 or, at the county's option three-fourths of one percent of the appraised value of all acquired
 54.6 natural resources land in the county, whichever is greater;

54.7 (2) \$5.133, multiplied by the total number of acres of transportation wetland or, at
 54.8 the county's option, three-fourths of one percent of the appraised value of all transportation
 54.9 wetland in the county, whichever is greater;

54.10 (3) \$5.133, multiplied by the total number of acres of wildlife management land, or,
 54.11 at the county's option, three-fourths of one percent of the appraised value of all wildlife
 54.12 management land in the county, whichever is greater;

54.13 (4) 50 percent of the dollar amount as determined under clause (1), multiplied by
 54.14 the number of acres of military refuge land in the county;

54.15 (5) \$1.50, multiplied by the number of acres of county-administered other natural
 54.16 resources land in the county;

54.17 (6) \$5.133, multiplied by the total number of acres of land utilization project land
 54.18 in the county;

54.19 (7) \$1.50, multiplied by the number of acres of commissioner-administered other
 54.20 natural resources land in the county; and

54.21 (8) without regard to acreage, \$300,000 for local assessments under section 84A.55,
 54.22 subdivision 9.

54.23 **EFFECTIVE DATE.** This section is effective July 1, 2014.

54.24 Sec. 13. Minnesota Statutes 2013 Supplement, section 477A.14, subdivision 1, is
 54.25 amended to read:

54.26 Subdivision 1. **General distribution.** Except as provided in subdivisions 2 and 3,
 54.27 40 percent of the total payment to the county shall be deposited in the county general
 54.28 revenue fund to be used to provide property tax levy reduction. The remainder shall be
 54.29 distributed by the county in the following priority:

54.30 ~~(a)~~ (1) 64.2 cents, for each acre of county-administered other natural resources land
 54.31 shall be deposited in a resource development fund to be created within the county treasury
 54.32 for use in resource development, forest management, game and fish habitat improvement,
 54.33 and recreational development and maintenance of county-administered other natural
 54.34 resources land. Any county receiving less than \$5,000 annually for the resource
 54.35 development fund may elect to deposit that amount in the county general revenue fund;

55.1 ~~(b) from the funds remaining, (2)~~ within 30 days of receipt of the payment to
 55.2 the county, the county treasurer shall pay each ~~organized township ten percent of the~~
 55.3 ~~amount received~~ a township with land that qualifies for payment under section 477A.12,
 55.4 subdivision 1, clauses (1), (2), and (5) to (7), ten percent of the payment the county
 55.5 received for such land within that township. Payments for natural resources lands not
 55.6 located in an organized township shall be deposited in the county general revenue fund.
 55.7 Payments to counties and townships pursuant to this paragraph shall be used to provide
 55.8 property tax levy reduction, except that of the payments for natural resources lands not
 55.9 located in an organized township, the county may allocate the amount determined to be
 55.10 necessary for maintenance of roads in unorganized townships. ~~Provided that, if the total~~
 55.11 ~~payment to the county pursuant to section 477A.12 is not sufficient to fully fund the~~
 55.12 ~~distribution provided for in this clause, the amount available shall be distributed to each~~
 55.13 ~~township and the county general revenue fund on a pro rata basis; and~~

55.14 ~~(e) (3)~~ any remaining funds shall be deposited in the county general revenue fund.
 55.15 Provided that, if the distribution to the county general revenue fund exceeds \$35,000, the
 55.16 excess shall be used to provide property tax levy reduction.

55.17 **EFFECTIVE DATE.** This section is effective July 1, 2014.

55.18 Sec. 14. **REVISOR'S INSTRUCTION.**

55.19 The revisor of statutes shall change the terms "class rate" or "class rates" to
 55.20 "classification rate" or "classification rates" or similar terms wherever they appear in
 55.21 Minnesota Statutes when the terms are being used to refer to the calculation of net tax
 55.22 capacity in the property tax system. The revisor can make changes to sentence structure
 55.23 to preserve the meaning of the text. The revisor shall make other changes in section and
 55.24 subdivision headnotes and in other terminology as necessary as a result of the enactment
 55.25 of this section. The Department of Revenue shall assist in making these corrections.

55.26 Sec. 15. **REPEALER.**

55.27 Minnesota Statutes 2012, sections 273.13, subdivision 21a; 290C.02, subdivisions 5
 55.28 and 9; and 290C.06, are repealed.

55.29 **EFFECTIVE DATE.** This section is effective the day following final enactment,
 55.30 except that section 273.13, subdivision 21a, is repealed effective beginning with
 55.31 assessment year 2014."

55.32 Delete the title and insert:

55.33 "A bill for an act

56.1 relating to taxation; property; increasing credits; modifying local government
56.2 aids; eliminating certain minor property tax classifications; modifying exclusions,
56.3 exemptions, and levy deadlines; imposing an excise tax on minerals royalties;
56.4 modifying distribution of revenues; providing for certain tax increment financing
56.5 projects; modifying certain local sales and use taxes; modifying certain county
56.6 levy authority; allocating additional tax reductions for border cities; making
56.7 various policy and technical changes; appropriating money; amending Minnesota
56.8 Statutes 2012, sections 270.87; 272.029, subdivision 4a; 272.03, subdivision 1;
56.9 273.01; 273.13, subdivisions 22, 34; 273.1384, subdivision 2; 273.33, subdivision
56.10 2; 273.37, subdivision 2; 273.3711; 274.01, subdivision 1; 274.014, subdivision 3;
56.11 275.025, subdivision 2; 275.065, subdivision 1; 289A.08, subdivision 1; 290.01,
56.12 by adding a subdivision; 290.06, by adding a subdivision; 290.62; 290.923, by
56.13 adding a subdivision; 298.28, subdivision 11, by adding a subdivision; 383E.21,
56.14 subdivisions 1, 2; 469.171, subdivision 6; 469.1763, subdivision 3; 469.177,
56.15 subdivision 3; 477A.03, by adding a subdivision; Minnesota Statutes 2013
56.16 Supplement, sections 273.13, subdivisions 23, 25; 273.1325, subdivision 1;
56.17 273.1398, subdivision 4; 290.10, subdivision 1; 290C.03; 298.292, subdivision
56.18 2; 423A.02, subdivision 3; 469.169, by adding a subdivision; 477A.013,
56.19 subdivision 8; 477A.03, subdivision 2a; 477A.12, subdivision 1; 477A.14,
56.20 subdivision 1; Laws 1980, chapter 511, section 1, subdivision 2, as amended;
56.21 Laws 2005, First Special Session chapter 3, article 5, section 38, subdivision
56.22 4; Laws 2006, chapter 259, article 3, sections 10, subdivisions 3, 4, 5; 11,
56.23 subdivisions 3, 4, 5; article 10, section 13, subdivision 4; Laws 2008, chapter
56.24 366, article 5, section 36, subdivision 3; Laws 2013, chapter 143, article 11,
56.25 section 10; proposing coding for new law in Minnesota Statutes, chapters 290;
56.26 298; 477A; repealing Minnesota Statutes 2012, sections 273.1115; 273.13,
56.27 subdivision 21a; 290.923, subdivision 1; 290C.02, subdivisions 5, 9; 290C.06."