

## 1.1 A bill for an act

1.2 relating to taxation; property; increasing credits; modifying local government  
1.3 aids; eliminating certain minor property tax classifications; modifying exclusions,  
1.4 exemptions, and levy deadlines; imposing a tax on solar energy production;  
1.5 imposing an excise tax on minerals royalties; modifying distribution of revenues;  
1.6 providing for certain tax increment financing projects; modifying certain local  
1.7 sales and use taxes; modifying certain county levy authority; allocating additional  
1.8 tax reductions for border cities; making various policy and technical changes;  
1.9 appropriating money; amending Minnesota Statutes 2012, sections 270.87;  
1.10 272.02, subdivision 24; 272.029, subdivision 4a; 272.03, subdivision 1; 273.01;  
1.11 273.13, subdivisions 22, 34; 273.1384, subdivision 2; 273.33, subdivision 2;  
1.12 273.37, subdivision 2; 273.3711; 274.01, subdivision 1; 274.014, subdivision 3;  
1.13 275.025, subdivision 2; 275.065, subdivision 1; 289A.08, subdivision 1; 290.01,  
1.14 by adding a subdivision; 290.06, by adding a subdivision; 290.62; 290.923, by  
1.15 adding a subdivision; 298.28, subdivision 11, by adding a subdivision; 383E.21,  
1.16 subdivisions 1, 2; 469.171, subdivision 6; 469.1763, subdivision 3; 469.177,  
1.17 subdivision 3; 477A.03, by adding a subdivision; Minnesota Statutes 2013  
1.18 Supplement, sections 273.13, subdivisions 23, 25; 273.1325, subdivision 1;  
1.19 273.1398, subdivision 4; 290.10, subdivision 1; 290C.03; 298.292, subdivision  
1.20 2; 423A.02, subdivision 3; 469.169, by adding a subdivision; 477A.013,  
1.21 subdivision 8; 477A.03, subdivision 2a; 477A.12, subdivision 1; 477A.14,  
1.22 subdivision 1; Laws 1980, chapter 511, section 1, subdivision 2, as amended;  
1.23 Laws 2005, First Special Session chapter 3, article 5, section 38, subdivision  
1.24 4; Laws 2006, chapter 259, article 3, sections 10, subdivisions 3, 4, 5; 11,  
1.25 subdivisions 3, 4, 5; article 10, section 13, subdivision 4; Laws 2008, chapter  
1.26 366, article 5, section 36, subdivision 3; Laws 2013, chapter 143, article 11,  
1.27 section 10; proposing coding for new law in Minnesota Statutes, chapters 272;  
1.28 290; 298; 477A; repealing Minnesota Statutes 2012, sections 273.1115; 273.13,  
1.29 subdivision 21a; 290.923, subdivision 1; 290C.02, subdivisions 5, 9; 290C.06.

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

1.31 **ARTICLE 1**1.32 **PROPERTY TAX AIDS, CREDITS, AND REFUNDS**

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

2.1 Subd. 2. **Agricultural homestead market value credit.** Property classified as  
2.2 agricultural homestead under section 273.13, subdivision 23, paragraph (a), is eligible for  
2.3 an agricultural credit. The credit is computed using the property's agricultural credit market  
2.4 value, defined for this purpose as the property's market value excluding the market value of  
2.5 the house, garage, and immediately surrounding one acre of land. The credit is equal to 0.3  
2.6 percent of the first \$115,000 of the property's agricultural credit market value ~~minus .05~~ plus  
2.7 0.1 percent of the property's agricultural credit market value in excess of \$115,000, subject  
2.8 to a maximum ~~reduction~~ credit of ~~\$115~~ \$490. In the case of property that is classified  
2.9 as part homestead and part nonhomestead solely because not all the owners occupy or  
2.10 farm the property, not all the owners have qualifying relatives occupying or farming the  
2.11 property, or solely because not all the spouses of owners occupy the property, the credit  
2.12 must be initially computed as if that nonhomestead agricultural land was also classified as  
2.13 agricultural homestead and then prorated to the owner-occupant's percentage of ownership.

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

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

2.17 Subd. 4. **Disparity reduction credit.** (a) ~~Beginning with taxes payable in 1989,~~  
2.18 Class 4a and class 3a property qualifies for a disparity reduction credit if: (1) the property  
2.19 is located in a border city that has an enterprise zone, as defined in section 469.166; (2)  
2.20 the property is located in a city with a population greater than 2,500 and less than 35,000  
2.21 according to the 1980 decennial census; (3) the city is adjacent to a city in another state or  
2.22 immediately adjacent to a city adjacent to a city in another state; and (4) the adjacent city  
2.23 in the other state has a population of greater than 5,000 and less than 75,000 according to  
2.24 the 1980 decennial census.

2.25 (b) The credit is an amount sufficient to reduce (i) the taxes levied on class 4a  
2.26 property to ~~1.9~~ 1.7 percent of the property's taxable market value and (ii) the tax on class  
2.27 3a property to ~~1.9~~ 1.7 percent of taxable market value.

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

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

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

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

3.4 (b) For aids payable in 2015 and thereafter, the formula aid for a city is equal to the  
3.5 sum of (1) its formula aid in the previous year and (2) the product of (i) the difference  
3.6 between its unmet need and its certified formula aid in the previous year under subdivision  
3.7 9, and (ii) the aid gap percentage.

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

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

3.13 (e) The applicable aid gap percentage must be calculated by the Department of  
3.14 Revenue so that the total of the aid under subdivision 9 equals the total amount available  
3.15 for aid under section 477A.03. Data used in calculating aids to cities under sections  
3.16 477A.011 to 477A.013 shall be the most recently available data as of January 1 in the  
3.17 year in which the aid is calculated.

3.18 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
3.19 2015 and thereafter.

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

3.22 Subd. 2a. **Cities.** For aids payable in 2014, the total aid paid under section  
3.23 477A.013, subdivision 9, is \$507,598,012. ~~The total aid paid under section 477A.013,~~  
3.24 ~~subdivision 9, is \$509,098,012 for aids payable in 2015.~~ For aids payable in 2016 2015  
3.25 and thereafter, the total aid paid under section 477A.013, subdivision 9, is \$511,598,012  
3.26 the amount certified under that section in the previous year, multiplied by the inflation  
3.27 adjustment under subdivision 6.

3.28 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
3.29 2015 and thereafter.

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

3.32 Subd. 6. **Inflation adjustment.** In 2015 and thereafter, the amount paid under  
3.33 subdivision 2a shall be multiplied by an amount equal to one plus the sum of (1) the

4.1 percentage increase in the implicit price deflator for government expenditures and gross  
4.2 investment for state and local government purchases as prepared by the United States  
4.3 Department of Commerce, for the 12-month period ending March 31 of the previous  
4.4 calendar year, and (2) the percentage increase in total city population for the most recently  
4.5 available years as of January 15 of the current year. The percentage increase in this  
4.6 subdivision shall not be greater than five percent.

4.7 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
4.8 2015 and thereafter.

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

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

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

4.13 (c) "Net tax capacity differential" means the positive difference, if any, by which the  
4.14 local unit's net tax capacity was reduced from assessment year 2014 to assessment year  
4.15 2015 due to the change in the definition of real property in section 272.03, subdivision 1,  
4.16 enacted by article 2, section 1, of this act. For purposes of determining the net tax capacity  
4.17 differential, any property in a job opportunity building zone under section 469.314 may  
4.18 not be included when calculating a local unit's net tax capacity.

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

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

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

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

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

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

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

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

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

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

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

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

5.16 (a) Each county whose certified aid for 2014 under Minnesota Statutes, section  
5.17 477A.0124, is less than the aid it received under that section in 2013 shall be eligible for  
5.18 supplemental aid in 2014 equal to the difference between the amount received in 2013  
5.19 and the amount certified for 2014.

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

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

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

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

5.26 Subdivision 1. **Certification of supplemental credit amount.** By September 15,  
5.27 2014, the county auditor must notify each eligible property owner of the amount by which  
5.28 the credit determined under section 273.1384, subdivision 2, as enacted by article 1, section  
5.29 1, of this act, exceeds the credit amount certified on the homestead's property tax statement  
5.30 or statements for property taxes payable in 2014. The county auditor must also notify the  
5.31 commissioner of revenue in a manner prescribed by the commissioner. The notification to  
5.32 the commissioner must indicate whether there are any unpaid taxes upon the property.

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

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

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

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

6.12 Sec. 9. **HOMESTEAD CREDIT REFUND AND RENTER PROPERTY TAX**  
6.13 **REFUND INCREASE.**

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

6.17 Subd. 2. **Renter property tax increase.** For claims filed based on rent paid in  
6.18 2013, the commissioner shall increase by six percent the refund otherwise payable under  
6.19 Minnesota Statutes, section 290A.04, subdivision 2a.

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

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

6.25 **ARTICLE 2**

6.26 **PROPERTY TAXES**

6.27 Section 1. Minnesota Statutes 2012, section 272.02, subdivision 24, is amended to read:

6.28 Subd. 24. ~~Electric power photovoltaic devices~~ Solar energy-generating systems.  
6.29 ~~Photovoltaic devices~~ Personal property consisting of solar energy-generating systems, as  
6.30 defined in section 216C.06, subdivision 16 ~~272.0295,~~ installed after January 1, 1992, and  
6.31 ~~used to produce or store electric power are~~ is exempt. The value of the real property on

7.1 which the solar energy-generating system is located shall be valued in the same manner as  
7.2 similar real property that has not been improved with a solar energy-generating system.  
7.3 The real property shall be classified based on the most probable use of the property if it  
7.4 was not improved with a solar energy-generating system.

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

7.6 **Sec. 2. [272.0295] SOLAR ENERGY PRODUCTION TAX.**

7.7 Subdivision 1. **Production tax.** A tax is imposed on the production of electricity  
7.8 from a solar energy-generating system used as an electric power source.

7.9 Subd. 2. **Definitions.** (a) For the purposes of this section, the term "solar  
7.10 energy-generating system" means a set of devices whose primary purpose is to produce  
7.11 electricity by means of any combination of collecting, transferring, or converting  
7.12 solar-generated energy.

7.13 (b) The total size of a solar energy-generating system under this subdivision shall  
7.14 be determined according to this paragraph. Unless the systems are interconnected with  
7.15 different distribution systems, the nameplate capacity of a solar energy-generating system  
7.16 shall be combined with the nameplate capacity of any other solar energy-generating  
7.17 system that is:

7.18 (1) constructed within the same 12-month period as the solar energy-generating  
7.19 system; and

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

7.23 In the case of a dispute, the commissioner of commerce shall determine the total size of  
7.24 the system and shall draw all reasonable inferences in favor of combining the systems.

7.25 (c) In making a determination under paragraph (b), the commissioner of commerce  
7.26 may determine that two solar energy-generating systems are under common ownership  
7.27 when the underlying ownership structure contains similar persons or entities, even if the  
7.28 ownership shares differ between the two systems. Solar energy-generating systems are  
7.29 not under common ownership solely because the same person or entity provided equity  
7.30 financing for the systems.

7.31 Subd. 3. **Rate of tax.** (a) For a solar energy-generating system with a capacity  
7.32 exceeding one megawatt alternating current, the tax is \$1.20 per megawatt-hour.

7.33 (b) A solar energy-generating system with a capacity of one megawatt alternating  
7.34 current or less is exempt from the tax imposed under this section.

8.1 Subd. 4. **Reports.** An owner of a solar energy-generating system subject to tax  
8.2 under this section shall file a report with the commissioner of revenue annually on or  
8.3 before January 15 detailing the amount of electricity in megawatt-hours that was produced  
8.4 by the system in the previous calendar year. The commissioner shall prescribe the form  
8.5 of the report. The report must contain the information required by the commissioner to  
8.6 determine the tax due to each county under this section for the current year. If an owner  
8.7 of a solar energy-generating system subject to taxation under this section fails to file the  
8.8 report by the due date, the commissioner of revenue shall determine the tax based upon  
8.9 the nameplate capacity of the system multiplied by a capacity factor of 30 percent.

8.10 Subd. 5. **Notification of tax.** (a) On or before February 28, the commissioner of  
8.11 revenue shall notify the owner of each solar energy-generating system of the tax due to  
8.12 each county for the current year and shall certify to the county auditor of each county in  
8.13 which the system is located the tax due from each owner for the current year.

8.14 (b) If the commissioner of revenue determines that the amount of production tax has  
8.15 been erroneously calculated, the commissioner may correct the error. The commissioner  
8.16 must notify the owner of the solar energy-generating system of the correction and the  
8.17 amount of tax due to each county and must certify the correction to the county auditor of  
8.18 each county in which the system is located on or before April 1 of the current year.

8.19 Subd. 6. **Payment of tax; collection.** The amount of production tax determined  
8.20 under subdivision 5 must be paid to the county treasurer at the time and in the manner  
8.21 provided for payment of property taxes under section 277.01, subdivision 3, and, if unpaid,  
8.22 is subject to the same enforcement, collection, and interest and penalties as delinquent  
8.23 personal property taxes. Except to the extent inconsistent with this section, the provisions  
8.24 of sections 277.01 to 277.24 and 278.01 to 278.14 apply to the taxes imposed under this  
8.25 section, and for purposes of those provisions, the taxes imposed under this section are  
8.26 considered personal property taxes.

8.27 Subd. 7. **Distribution of revenues.** Revenues from the taxes imposed under this  
8.28 section must be part of the settlement between the county treasurer and the county auditor  
8.29 under section 276.09. The revenue must be distributed by the county auditor or the county  
8.30 treasurer to local taxing jurisdictions in which the solar energy-generating system is  
8.31 located as follows: 80 percent to counties; and 20 percent to cities and townships.

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

8.33 Sec. 3. Minnesota Statutes 2012, section 272.03, subdivision 1, is amended to read:

8.34 Subdivision 1. **Real property.** (a) For the purposes of taxation, "real property"  
8.35 includes the land itself, rails, ties, and other track materials annexed to the land, and all

9.1 buildings, structures, and improvements or other fixtures on it, bridges of bridge companies,  
9.2 and all rights and privileges belonging or appertaining to the land, and all mines, iron ore  
9.3 and taconite minerals not otherwise exempt, quarries, fossils, and trees on or under it.

9.4 (b) A building or structure shall include the building or structure itself, together with  
9.5 all improvements or fixtures annexed to the building or structure, which are integrated  
9.6 with and of permanent benefit to the building or structure, regardless of the present use  
9.7 of the building, and which cannot be removed without substantial damage to itself or to  
9.8 the building or structure.

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

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

9.19 (iii) The exclusion provided in clause (i) does not apply to the exterior shell of a  
9.20 structure which constitutes walls, ceilings, roofs, or floors if the shell of the structure has  
9.21 structural, insulation, or temperature control functions or provides protection from the  
9.22 elements, unless the structure is primarily used in the production of biofuels, wine, beer,  
9.23 distilled beverages, or dairy products. Such an exterior shell is included in the definition  
9.24 of real property even if it also has special functions distinct from that of a building, or if  
9.25 such an exterior shell is primarily used for the storage of ingredients or materials used in  
9.26 the production of biofuels, wine, beer, distilled beverages, or dairy products, or for the  
9.27 storage of finished biofuels, wine, beer, distilled beverages, or dairy products.

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

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

9.33 Sec. 4. Minnesota Statutes 2012, section 273.13, subdivision 22, is amended to read:

9.34 Subd. 22. **Class 1.** (a) Except as provided in subdivision 23 and in paragraphs (b)  
9.35 and (c), real estate which is residential and used for homestead purposes is class 1a. In the

10.1 case of a duplex or triplex in which one of the units is used for homestead purposes, the  
10.2 entire property is deemed to be used for homestead purposes. The market value of class 1a  
10.3 property must be determined based upon the value of the house, garage, and land.

10.4 The first \$500,000 of market value of class 1a property has a net class rate of  
10.5 one percent of its market value; and the market value of class 1a property that exceeds  
10.6 \$500,000 has a class rate of 1.25 percent of its market value.

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

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

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

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

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

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

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

10.28 (c) Class 1c property is commercial use real and personal property that abuts public  
10.29 water as defined in section 103G.005, subdivision 15, and is devoted to temporary and  
10.30 seasonal residential occupancy for recreational purposes but not devoted to commercial  
10.31 purposes for more than 250 days in the year preceding the year of assessment, and that  
10.32 includes a portion used as a homestead by the owner, which includes a dwelling occupied  
10.33 as a homestead by a shareholder of a corporation that owns the resort, a partner in a  
10.34 partnership that owns the resort, or a member of a limited liability company that owns  
10.35 the resort even if the title to the homestead is held by the corporation, partnership, or  
10.36 limited liability company. For purposes of this paragraph, property is devoted to a

11.1 commercial purpose on a specific day if any portion of the property, excluding the portion  
11.2 used exclusively as a homestead, is used for residential occupancy and a fee is charged  
11.3 for residential occupancy. Class 1c property must contain three or more rental units. A  
11.4 "rental unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual  
11.5 camping site equipped with water and electrical hookups for recreational vehicles. Class  
11.6 1c property must provide recreational activities such as the rental of ice fishing houses,  
11.7 boats and motors, snowmobiles, downhill or cross-country ski equipment; provide marina  
11.8 services, launch services, or guide services; or sell bait and fishing tackle. Any unit in  
11.9 which the right to use the property is transferred to an individual or entity by deeded  
11.10 interest, or the sale of shares or stock, no longer qualifies for class 1c even though it may  
11.11 remain available for rent. A camping pad offered for rent by a property that otherwise  
11.12 qualifies for class 1c is also class 1c, regardless of the term of the rental agreement, as  
11.13 long as the use of the camping pad does not exceed 250 days. If the same owner owns  
11.14 two separate parcels that are located in the same township, and one of those properties is  
11.15 classified as a class 1c property and the other would be eligible to be classified as a class 1c  
11.16 property if it was used as the homestead of the owner, both properties will be assessed as a  
11.17 single class 1c property; for purposes of this sentence, properties are deemed to be owned  
11.18 by the same owner if each of them is owned by a limited liability company, and both  
11.19 limited liability companies have the same membership. The portion of the property used  
11.20 as a homestead is class 1a property under paragraph (a). The remainder of the property is  
11.21 classified as follows: the first \$600,000 of market value is tier I, the next \$1,700,000 of  
11.22 market value is tier II, and any remaining market value is tier III. The class rates for class  
11.23 1c are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III, 1.25 percent. Owners of real and  
11.24 personal property devoted to temporary and seasonal residential occupancy for recreation  
11.25 purposes in which all or a portion of the property was devoted to commercial purposes for  
11.26 not more than 250 days in the year preceding the year of assessment desiring classification  
11.27 as class 1c, must submit a declaration to the assessor designating the cabins or units  
11.28 occupied for 250 days or less in the year preceding the year of assessment by January 15 of  
11.29 the assessment year. Those cabins or units and a proportionate share of the land on which  
11.30 they are located must be designated as class 1c as otherwise provided. The remainder of  
11.31 the cabins or units and a proportionate share of the land on which they are located must be  
11.32 designated as class 3a commercial. The owner of property desiring designation as class  
11.33 1c property must provide guest registers or other records demonstrating that the units for  
11.34 which class 1c designation is sought were not occupied for more than 250 days in the  
11.35 year preceding the assessment if so requested. The portion of a property operated as a  
11.36 (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other

12.1 nonresidential facility operated on a commercial basis not directly related to temporary  
12.2 and seasonal residential occupancy for recreation purposes does not qualify for class 1c.

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

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

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

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

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

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

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

12.17 Sec. 5. Minnesota Statutes 2013 Supplement, section 273.13, subdivision 23, is  
12.18 amended to read:

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

12.29 (b) Class 2a agricultural land consists of parcels of property, or portions thereof, that  
12.30 are agricultural land and buildings. Class 2a property has a net class rate of one percent of  
12.31 market value, unless it is part of an agricultural homestead under paragraph (a). Class 2a  
12.32 property must also include any property that would otherwise be classified as 2b, but is  
12.33 interspersed with class 2a property, including but not limited to sloughs, wooded wind  
12.34 shelters, acreage abutting ditches, ravines, rock piles, land subject to a setback requirement,

13.1 and other similar land that is impractical for the assessor to value separately from the rest of  
13.2 the property or that is unlikely to be able to be sold separately from the rest of the property.

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

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

13.15 (d) Class 2c managed forest land consists of no less than 20 and no more than 1,920  
13.16 acres statewide per taxpayer that is being managed under a forest management plan that  
13.17 meets the requirements of chapter 290C, but is not enrolled in the sustainable forest  
13.18 resource management incentive program. It has a class rate of .65 percent, provided that  
13.19 the owner of the property must apply to the assessor in order for the property to initially  
13.20 qualify for the reduced rate and provide the information required by the assessor to verify  
13.21 that the property qualifies for the reduced rate. If the assessor receives the application  
13.22 and information before May 1 in an assessment year, the property qualifies beginning  
13.23 with that assessment year. If the assessor receives the application and information after  
13.24 April 30 in an assessment year, the property may not qualify until the next assessment  
13.25 year. The commissioner of natural resources must concur that the land is qualified. The  
13.26 commissioner of natural resources shall annually provide county assessors verification  
13.27 information on a timely basis. The presence of a minor, ancillary nonresidential structure  
13.28 as defined by the commissioner of revenue does not disqualify the property from  
13.29 classification under this paragraph.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15.31 (1) wholesale and retail sales;

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

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

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

16.1 the assessor shall classify the part of the parcel used for agricultural purposes as class  
16.2 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its  
16.3 use. The grading, sorting, and packaging of raw agricultural products for first sale is  
16.4 considered an agricultural purpose. A greenhouse or other building where horticultural  
16.5 or nursery products are grown that is also used for the conduct of retail sales must be  
16.6 classified as agricultural if it is primarily used for the growing of horticultural or nursery  
16.7 products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of  
16.8 those products. Use of a greenhouse or building only for the display of already grown  
16.9 horticultural or nursery products does not qualify as an agricultural purpose.

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

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

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

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

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

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

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

16.34 ~~(m) Class 2e consists of land with a commercial aggregate deposit that is not actively~~  
16.35 ~~being mined and is not otherwise classified as class 2a or 2b, provided that the land is not~~  
16.36 ~~located in a county that has elected to opt-out of the aggregate preservation program as~~

17.1 provided in section 273.1115, subdivision 6. It has a class rate of one percent of market  
17.2 value. To qualify for classification under this paragraph, the property must be at least  
17.3 ten contiguous acres in size and the owner of the property must record with the county  
17.4 recorder of the county in which the property is located an affidavit containing:

17.5 (1) a legal description of the property;

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

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

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

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

17.18 (n) When any portion of the property under this subdivision or subdivision 22 begins  
17.19 to be actively mined, the owner must file a supplemental affidavit within 60 days from  
17.20 the day any aggregate is removed stating the number of acres of the property that is  
17.21 actively being mined. The acres actively being mined must be (1) valued and classified  
17.22 under subdivision 24 in the next subsequent assessment year, and (2) removed from the  
17.23 aggregate resource preservation property tax program under section 273.1115, if the  
17.24 land was enrolled in that program. Copies of the original affidavit and all supplemental  
17.25 affidavits must be filed with the county assessor, the local zoning administrator, and the  
17.26 Department of Natural Resources, Division of Land and Minerals. A supplemental  
17.27 affidavit must be filed each time a subsequent portion of the property is actively mined,  
17.28 provided that the minimum acreage change is five acres, even if the actual mining activity  
17.29 constitutes less than five acres.

17.30 (o) (1) The definitions prescribed by the commissioner under paragraphs (c) and  
17.31 (d) are not rules and are exempt from the rulemaking provisions of chapter 14, and the  
17.32 provisions in section 14.386 concerning exempt rules do not apply.

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

17.34 Sec. 6. Minnesota Statutes 2013 Supplement, section 273.13, subdivision 25, is  
17.35 amended to read:

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

18.8 (b) Class 4b includes:

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

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

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

18.15 ~~(4) unimproved property that is classified residential as determined under subdivision~~  
18.16 ~~33.~~

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

18.18 (c) Class 4bb includes nonhomestead residential real estate containing one unit,  
18.19 other than seasonal residential recreational property, and a single family dwelling, garage,  
18.20 and surrounding one acre of property on a nonhomestead farm classified under subdivision  
18.21 23, paragraph (b).

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

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

18.26 (d) Class 4c property includes:

18.27 (1) except as provided in subdivision 22, paragraph (c), real and personal property  
18.28 devoted to commercial temporary and seasonal residential occupancy for recreation  
18.29 purposes, for not more than 250 days in the year preceding the year of assessment. For  
18.30 purposes of this clause, property is devoted to a commercial purpose on a specific day  
18.31 if any portion of the property is used for residential occupancy, and a fee is charged for  
18.32 residential occupancy. Class 4c property under this clause must contain three or more  
18.33 rental units. A "rental unit" is defined as a cabin, condominium, townhouse, sleeping room,  
18.34 or individual camping site equipped with water and electrical hookups for recreational  
18.35 vehicles. A camping pad offered for rent by a property that otherwise qualifies for class  
18.36 4c under this clause is also class 4c under this clause regardless of the term of the rental

19.1 agreement, as long as the use of the camping pad does not exceed 250 days. In order for a  
19.2 property to be classified under this clause, ~~either (i) the business located on the property~~  
19.3 ~~must provide recreational activities, at least 40 percent of the annual gross lodging receipts~~  
19.4 ~~related to the property must be from business conducted during 90 consecutive days, and~~  
19.5 ~~either (A) (i) at least 60 percent of all paid bookings by lodging guests during the year~~  
19.6 ~~must be for periods of at least two consecutive nights; or (B) (ii) at least 20 percent of the~~  
19.7 ~~annual gross receipts must be from charges for providing recreational activities; or (ii) the~~  
19.8 ~~business must contain 20 or fewer rental units, and must be located in a township or a city~~  
19.9 ~~with a population of 2,500 or less located outside the metropolitan area, as defined under~~  
19.10 ~~section 473.121, subdivision 2, that contains a portion of a state trail administered by the~~  
19.11 ~~Department of Natural Resources.~~ For purposes of item (i)(A), a paid booking of five or  
19.12 more nights shall be counted as two bookings. Class 4c property also includes commercial  
19.13 use real property used exclusively for recreational purposes in conjunction with other class  
19.14 4c property classified under this clause and devoted to temporary and seasonal residential  
19.15 occupancy for recreational purposes, up to a total of two acres, provided the property is  
19.16 not devoted to commercial recreational use for more than 250 days in the year preceding  
19.17 the year of assessment and is located within two miles of the class 4c property with which  
19.18 it is used. In order for a property to qualify for classification under this clause, the owner  
19.19 must submit a declaration to the assessor designating the cabins or units occupied for 250  
19.20 days or less in the year preceding the year of assessment by January 15 of the assessment  
19.21 year. Those cabins or units and a proportionate share of the land on which they are located  
19.22 must be designated class 4c under this clause as otherwise provided. The remainder of the  
19.23 cabins or units and a proportionate share of the land on which they are located will be  
19.24 designated as class 3a. The owner of property desiring designation as class 4c property  
19.25 under this clause must provide guest registers or other records demonstrating that the units  
19.26 for which class 4c designation is sought were not occupied for more than 250 days in the  
19.27 year preceding the assessment if so requested. The portion of a property operated as a  
19.28 (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other  
19.29 nonresidential facility operated on a commercial basis not directly related to temporary and  
19.30 seasonal residential occupancy for recreation purposes does not qualify for class 4c. For  
19.31 the purposes of this paragraph, "recreational activities" means renting ice fishing houses,  
19.32 boats and motors, snowmobiles, downhill or cross-country ski equipment; providing  
19.33 marina services, launch services, or guide services; or selling bait and fishing tackle;  
19.34 (2) qualified property used as a golf course if:  
19.35 (i) it is open to the public on a daily fee basis. It may charge membership fees or  
19.36 dues, but a membership fee may not be required in order to use the property for golfing,

20.1 and its green fees for golfing must be comparable to green fees typically charged by  
20.2 municipal courses; and

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

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

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

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

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

20.15 For purposes of this clause:

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

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

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

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

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

20.35 The organization shall maintain records of its charitable contributions and donations  
20.36 and of public meetings and events held on the property and make them available upon

21.1 request any time to the assessor to ensure eligibility. An organization meeting the  
21.2 requirement under item (ii) must file an application by May 1 with the assessor for  
21.3 eligibility for the current year's assessment. The commissioner shall prescribe a uniform  
21.4 application form and instructions;

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

21.9 (5)(i) manufactured home parks as defined in section 327.14, subdivision 3,  
21.10 excluding manufactured home parks described in section 273.124, subdivision 3a, and (ii)  
21.11 manufactured home parks as defined in section 327.14, subdivision 3, that are described in  
21.12 section 273.124, subdivision 3a;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

22.30 (12) (7) real and personal property devoted to noncommercial temporary and  
22.31 seasonal residential occupancy for recreation purposes.

22.32 Class 4c property has a class rate of 1.5 percent of market value, except that (i) each  
22.33 parcel of noncommercial seasonal residential recreational property under clause (12) (7)  
22.34 has the same class rates as class 4bb property, (ii) manufactured home parks assessed  
22.35 under clause (5), item (i), have the same class rate as class 4b property, and the market  
22.36 value of manufactured home parks assessed under clause (5), item (ii), has the same class

23.1 ~~rate as class 4d property~~ a classification rate of 0.75 percent if more than 50 percent  
23.2 of the lots in the park are occupied by shareholders in the cooperative corporation or  
23.3 association and a class rate of one percent if 50 percent or less of the lots are so occupied,  
23.4 (iii) commercial-use seasonal residential recreational property ~~and marina recreational~~  
23.5 ~~land as described in clause (11)~~, has a class rate of one percent for the first \$500,000 of  
23.6 market value, and 1.25 percent for the remaining market value, (iv) the market value of  
23.7 property described in clause (4) has a class rate of one percent, and (v) the market value  
23.8 of property described in clauses (2); and (6); ~~and (10)~~ has a class rate of 1.25 percent;  
23.9 ~~and (vi) that portion of the market value of property in clause (9) qualifying for class 4e~~  
23.10 ~~property has a class rate of 1.25 percent.~~

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

23.20 (f) The first tier of market value of class 4d property has a class rate of 0.75 percent.  
23.21 The remaining value of class 4d property has a class rate of 0.25 percent. For the purposes  
23.22 of this paragraph, the "first tier of market value of class 4d property" means the market  
23.23 value of each housing unit up to the first tier limit. For the purposes of this paragraph, all  
23.24 class 4d property value must be assigned to individual housing units. The first tier limit is  
23.25 \$100,000 for assessment year 2014. For subsequent years, the limit is adjusted each year  
23.26 by the average statewide change in estimated market value of property classified as class 4a  
23.27 and 4d under this section for the previous assessment year, excluding valuation change due  
23.28 to new construction, rounded to the nearest \$1,000, provided, however, that the limit may  
23.29 never be less than \$100,000. Beginning with assessment year 2015, the commissioner of  
23.30 revenue must certify the limit for each assessment year by November 1 of the previous year.

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

23.32 Sec. 7. Minnesota Statutes 2012, section 273.13, subdivision 34, is amended to read:

23.33 Subd. 34. **Homestead of disabled veteran or family caregiver.** (a) All or a  
23.34 portion of the market value of property owned by a veteran and serving as the veteran's  
23.35 homestead under this section is excluded in determining the property's taxable market

24.1 value if the veteran has a service-connected disability of 70 percent or more as certified  
24.2 by the United States Department of Veterans Affairs. To qualify for exclusion under this  
24.3 subdivision, the veteran must have been honorably discharged from the United States  
24.4 armed forces, as indicated by United States Government Form DD214 or other official  
24.5 military discharge papers.

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

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

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

24.17 (d) If the spouse of a member of any branch or unit of the United States armed  
24.18 forces who dies due to a service-connected cause while serving honorably in active  
24.19 service, as indicated on United States Government Form DD1300 or DD2064, holds the  
24.20 legal or beneficial title to a homestead and permanently resides there, the spouse is entitled  
24.21 to the benefit described in paragraph (b), clause (2), for ~~five~~ eight taxes payable years,  
24.22 or until such time as the spouse remarries or sells, transfers, or otherwise disposes of the  
24.23 property, whichever comes first.

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

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

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

24.34 (h) To qualify for a valuation exclusion under this subdivision a property owner  
24.35 must apply to the assessor by July 1 of each assessment year, except that an annual  
24.36 reapplication is not required once a property has been accepted for a valuation exclusion

25.1 under paragraph (a) and qualifies for the benefit described in paragraph (b), clause (2), and  
25.2 the property continues to qualify until there is a change in ownership. For an application  
25.3 received after July 1 of any calendar year, the exclusion shall become effective for the  
25.4 following assessment year.

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

25.7 (j) For purposes of this subdivision:

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

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

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

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

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

25.20 **EFFECTIVE DATE.** This section is effective for taxes payable in 2015 and  
25.21 thereafter.

25.22 Sec. 8. Minnesota Statutes 2012, section 275.025, subdivision 2, is amended to read:

25.23 Subd. 2. **Commercial-industrial tax capacity.** For the purposes of this section,  
25.24 "commercial-industrial tax capacity" means the tax capacity of all taxable property  
25.25 classified as class 3 or class 5(1) under section 273.13, ~~except for~~ excluding: (1) the  
25.26 first tier of commercial-industrial value as defined under section 273.13, subdivision 24;  
25.27 (2) electric generation attached machinery under class 3; and (3) property described in  
25.28 section 473.625. County commercial-industrial tax capacity amounts are not adjusted  
25.29 for the captured net tax capacity of a tax increment financing district under section  
25.30 469.177, subdivision 2, the net tax capacity of transmission lines deducted from a local  
25.31 government's total net tax capacity under section 273.425, or fiscal disparities contribution  
25.32 and distribution net tax capacities under chapter 276A or 473F.

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

26.1 Sec. 9. Minnesota Statutes 2012, section 275.065, subdivision 1, is amended to read:

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

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

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

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

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

26.22 (e) ~~(d)~~ If the board of estimate and taxation or any similar board that establishes  
26.23 maximum tax levies for taxing jurisdictions within a first class city certifies the maximum  
26.24 property tax levies for funds under its jurisdiction by charter to the county auditor by  
26.25 ~~September 15~~ the date specified in paragraph (a), the city shall be deemed to have certified  
26.26 its levies for those taxing jurisdictions.

26.27 (d) ~~(c)~~ For purposes of this section, ~~"taxing authority" includes all home rule and~~  
26.28 ~~statutory cities, towns, counties, school districts, and~~ "special taxing district" means a  
26.29 special taxing districts district as defined in section 275.066. Intermediate school districts  
26.30 that levy a tax under chapter 124 or 136D, joint powers boards established under sections  
26.31 123A.44 to 123A.446, and Common School Districts No. 323, Franconia, and No. 815,  
26.32 Prinsburg, are also special taxing districts for purposes of this section.

26.33 (e) ~~(f)~~ At the meeting at which ~~the~~ a taxing authority, other than a town, adopts its  
26.34 proposed tax levy under ~~paragraph (a) or (b)~~ this subdivision, the taxing authority shall  
26.35 announce the time and place of its subsequent regularly scheduled meetings at which  
26.36 the budget and levy will be discussed and at which the public will be allowed to speak.

27.1 The time and place of those meetings must be included in the proceedings or summary  
27.2 of proceedings published in the official newspaper of the taxing authority under section  
27.3 123B.09, 375.12, or 412.191.

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

27.5 Sec. 10. **REPEALER.**

27.6 Minnesota Statutes 2012, section 273.1115, is repealed.

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

### 27.8 **ARTICLE 3**

#### 27.9 **MINERALS TAXES**

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

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

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

27.19 (2) an individual who is a Minnesota resident is not required to file a Minnesota  
27.20 income tax return if the individual's gross income derived from Minnesota sources as  
27.21 determined under section 290.17, less the subtraction allowed under section 290.01,  
27.22 subdivision 19b, clauses (11) and (14), is less than the filing requirements for a single  
27.23 individual who is a full-year resident of Minnesota.

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

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

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

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

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

28.8 Subd. 33. **Royalty.** "Royalty" means the amount in money or value of property  
28.9 received by any person having any right, title, or interest in any tract of land in this state  
28.10 for permission to explore, mine, take out, and remove metals, minerals, or ore, as those  
28.11 terms are used in chapter 298, but excluding "aggregate material" as defined in section  
28.12 298.75, subdivision 1, paragraph (a), clause (1).

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

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

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

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

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

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

28.27 (b) For royalties paid to a partnership, the tax is imposed on each partner in  
28.28 proportion to the partner's distributive share of the income under section 704 of the  
28.29 Internal Revenue Code. For royalties paid to an S corporation, the tax is imposed on  
28.30 each shareholder in proportion to the shareholder's distributive share of income of the  
28.31 corporation under section 1366 of the Internal Revenue Code.

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

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

29.5 Subdivision 1. **Expenses, interest, and taxes.** In computing the net income of  
29.6 a taxpayer no deduction shall in any case be allowed for expenses, interest and taxes  
29.7 connected with or allocable against the production or receipt of all income not included in  
29.8 the measure of the tax imposed by this chapter, except that for corporations engaged in the  
29.9 business of mining or producing iron ore, the mining of which is subject to the occupation  
29.10 tax imposed by section 298.01, subdivision 4, this shall not prevent the deduction of  
29.11 expenses and other items to the extent that the expenses and other items are allowable  
29.12 under this chapter and are not deductible, capitalizable, retainable in basis, or taken into  
29.13 account by allowance or otherwise in computing the occupation tax and do not exceed the  
29.14 amounts taken for federal income tax purposes for that year. Occupation taxes imposed  
29.15 under chapter 298, royalty taxes imposed under ~~chapter 299~~ section 290.0923, or depletion  
29.16 expenses may not be deducted under this subdivision.

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

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

29.20 **290.62 DISTRIBUTION OF REVENUES.**

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

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

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

29.30 (b) Notwithstanding paragraph (a), all of the revenues derived from the taxes,  
29.31 interest, penalties, and charges imposed by section 290.0923, less the amount of any  
29.32 credits allowed under section 290.06, subdivision 37, and the commissioner's costs of

30.1 collection, must be deposited in and credited to the Iron Range school construction and  
30.2 improvement trust account established under section 298.301.

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

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

30.6 Subd. 12. **Royalty excise tax.** The provisions of this section apply to each person  
30.7 paying royalties subject to taxation under section 290.0923 to require deducting and  
30.8 withholding the tax under that section from the royalty payments. The commissioner shall  
30.9 provide appropriate tables and forms for the withholding so that the amounts withheld  
30.10 approximate the tax as closely as possible, reflecting the liability that applies under section  
30.11 290.0923, less the amount of any credits allowed under section 290.06, subdivision 37.  
30.12 The provisions of subdivision 9 apply only to the extent that the payee is an entity exempt  
30.13 under section 290.05.

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

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

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

30.21 (1) the amount derived from the increase in the rate attributable to the percentage  
30.22 change in the implicit price deflator in section 298.24, subdivision 1, paragraph (b), for  
30.23 concentrates produced in 2014 as compared to 2013, effective for the 2015 distribution,  
30.24 and the amount derived from the increase in the rate attributable to the percentage change  
30.25 in the implicit price deflator for concentrates produced in 2015 as compared to 2013,  
30.26 effective for the 2016 distribution and thereafter;

30.27 (2) \$2,500,000 per year beginning with the 2015 distribution; and

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

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

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

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

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

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

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

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

31.13 **EFFECTIVE DATE.** This section is effective beginning with the distribution  
31.14 in 2015.

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

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

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

31.33 (c) There shall be distributed to the Iron Range Resources and Rehabilitation Board  
31.34 the amounts it received in 1977 under section 298.22. The amount distributed under

32.1 this paragraph shall be expended within or for the benefit of the taconite assistance area  
32.2 defined in section 273.1341.

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

32.5 **EFFECTIVE DATE.** This section is effective beginning with the distribution  
32.6 in 2015.

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

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

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

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

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

32.24 (4) to invest in a venture capital fund or enterprise that will provide capital to other  
32.25 entities that are engaging in, or that will engage in, projects or programs that have the  
32.26 purposes set forth in subdivision 1. No investments may be made in a venture capital fund  
32.27 or enterprise unless at least two other unrelated investors make investments of at least  
32.28 \$500,000 in the venture capital fund or enterprise, and the investment by the Douglas  
32.29 J. Johnson economic protection trust fund may not exceed the amount of the largest  
32.30 investment by an unrelated investor in the venture capital fund or enterprise. For purposes  
32.31 of this subdivision, an "unrelated investor" is a person or entity that is not related to  
32.32 the entity in which the investment is made or to any individual who owns more than 40  
32.33 percent of the value of the entity, in any of the following relationships: spouse, parent,  
32.34 child, sibling, employee, or owner of an interest in the entity that exceeds ten percent of  
32.35 the value of all interests in it. For purposes of determining the limitations under this

33.1 clause, the amount of investments made by an investor other than the Douglas J. Johnson  
 33.2 economic protection trust fund is the sum of all investments made in the venture capital  
 33.3 fund or enterprise during the period beginning one year before the date of the investment  
 33.4 by the Douglas J. Johnson economic protection trust fund; ~~and~~

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

33.10 (6) to make payments to school districts or to pay bonds under appropriations of  
 33.11 or allocations money from the Iron Range school construction and improvement trust  
 33.12 account under section 298.301 if the amounts in that account are insufficient to pay the  
 33.13 appropriations or allocations. Notwithstanding the restrictions in sections 298.293 and  
 33.14 298.296, subdivision 2, or any other law to the contrary, the corpus of the fund may be  
 33.15 used to make payments under this clause.

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

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

33.19 Sec. 11. **[298.301] IRON RANGE SCHOOL CONSTRUCTION AND**  
 33.20 **IMPROVEMENT TRUST ACCOUNT.**

33.21 Subdivision 1. **Account established.** The Iron Range school construction and  
 33.22 improvement trust account is established to receive amounts deposited under sections  
 33.23 290.62, paragraph (b), and 298.28, subdivision 9e. Amounts in the account must be used  
 33.24 to finance school buildings, technology improvements, and other major construction and  
 33.25 improvements for school districts located in the taconite tax relief area.

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

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

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

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

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

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

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

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

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

34.17 Sec. 10. **2013 DISTRIBUTION ONLY.**

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

34.22 (1) 5.1 cents per ton to the city of Hibbing for improvements to the city's water  
34.23 supply system;

34.24 (2) 4.3 cents per ton to the city of Mountain Iron for the cost of moving utilities  
34.25 required as a result of actions undertaken by United States Steel Corporation;

34.26 (3) 2.5 cents per ton to the city of Biwabik for improvements to the city's water supply  
34.27 system, payable upon agreement with ArcelorMittal to satisfy water permit conditions;

34.28 (4) 2 cents per ton to the city of Tower for the Tower Marina;

34.29 (5) 2.4 cents per ton to the city of Grand Rapids for an eco-friendly heat transfer  
34.30 system to replace aging effluent lines and for parking lot repaving;

34.31 (6) 2.4 cents per ton to the city of Two Harbors for wastewater treatment plant  
34.32 improvements;

34.33 (7) 0.9 cents per ton to the city of Ely for the sanitary sewer replacement project;

34.34 (8) 0.6 cents per ton to the town of Crystal Bay for debt service of the Claire Nelson  
34.35 Intermodal Transportation Center;

- 35.1 (9) 0.5 cents per ton to the Greenway Joint Recreation Board for the Coleraine  
35.2 hockey arena renovations;
- 35.3 (10) 1.2 cents per ton for the West Range Regional Fire Hall and Training Center  
35.4 to merge the existing fire services of Coleraine, Bovey, Taconite Marble, Calumet, and  
35.5 Greenway Township;
- 35.6 (11) 2.5 cents per ton to the city of Hibbing for the Memorial Building;
- 35.7 (12) 0.7 cents per ton to the city of Chisholm for public works infrastructure;
- 35.8 (13) 1.8 cents per ton to the Crane Lake Water and Sanitary District for sanitary  
35.9 sewer extension;
- 35.10 (14) 2.5 cents per ton for the city of Buhl for the roof on the Mesabi Academy;
- 35.11 (15) 1.2 cents per ton to the city of Gilbert for the New Jersey/Ohio Avenue project;
- 35.12 (16) ~~1.5~~ 2.0 cents per ton to the city of Cook for street improvements, business park  
35.13 infrastructure, and a maintenance garage;
- 35.14 ~~(17) 0.5 cents per ton to the city of Cook for a water line project;~~
- 35.15 ~~(18)~~ (17) 1.8 cents per ton to the city of Eveleth to be used for Jones Street  
35.16 reconstruction and the city auditorium;
- 35.17 ~~(19)~~ (18) 0.5 cents per ton for the city of Keewatin for an electrical substation and  
35.18 water line replacements;
- 35.19 ~~(20)~~ (19) 3.3 cents per ton for the city of Virginia for Fourth Street North  
35.20 infrastructure and Franklin Park improvement; and
- 35.21 ~~(21)~~ (20) 0.5 cents per ton to the city of Grand Rapids for an economic development  
35.22 project.

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

35.24 Sec. 13. **REPEALER.**

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

## 35.26 **ARTICLE 4**

### 35.27 **TAX INCREMENT FINANCING**

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

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

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

36.1 (2) bonds, the proceeds of which must be used to finance the activity, are issued and  
36.2 sold to a third party before or within five years after certification, the revenues are spent  
36.3 to repay the bonds, and the proceeds of the bonds either are, on the date of issuance,  
36.4 reasonably expected to be spent before the end of the later of (i) the five-year period, or  
36.5 (ii) a reasonable temporary period within the meaning of the use of that term under section  
36.6 148(c)(1) of the Internal Revenue Code, or are deposited in a reasonably required reserve  
36.7 or replacement fund;

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

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

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

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

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

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

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

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

36.31 (1) The original net tax capacity and the current net tax capacity shall be determined  
36.32 before the application of the fiscal disparity provisions of chapter 276A or 473F. Where  
36.33 the original net tax capacity is equal to or greater than the current net tax capacity, there is  
36.34 no captured net tax capacity and no tax increment determination. Where the original net  
36.35 tax capacity is less than the current net tax capacity, the difference between the original

37.1 net tax capacity and the current net tax capacity is the captured net tax capacity. This  
37.2 amount less any portion thereof which the authority has designated, in its tax increment  
37.3 financing plan, to share with the local taxing districts is the retained captured net tax  
37.4 capacity of the authority.

37.5 (2) The county auditor shall exclude the retained captured net tax capacity of the  
37.6 authority from the net tax capacity of the local taxing districts in determining local taxing  
37.7 district tax rates. The local tax rates so determined are to be extended against the retained  
37.8 captured net tax capacity of the authority as well as the net tax capacity of the local taxing  
37.9 districts. The tax generated by the extension of the lesser of (A) the local taxing district  
37.10 tax rates or (B) the original local tax rate to the retained captured net tax capacity of the  
37.11 authority is the tax increment of the authority.

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

37.16 (1) The original net tax capacity shall be determined before the application of the  
37.17 fiscal disparity provisions of chapter 276A or 473F. The current net tax capacity shall  
37.18 exclude any fiscal disparity commercial-industrial net tax capacity increase between  
37.19 the original year and the current year multiplied by the fiscal disparity ratio determined  
37.20 pursuant to section 276A.06, subdivision 7, or 473F.08, subdivision 6. Where the original  
37.21 net tax capacity is equal to or greater than the current net tax capacity, there is no captured  
37.22 net tax capacity and no tax increment determination. Where the original net tax capacity is  
37.23 less than the current net tax capacity, the difference between the original net tax capacity  
37.24 and the current net tax capacity is the captured net tax capacity. This amount less any  
37.25 portion thereof which the authority has designated, in its tax increment financing plan, to  
37.26 share with the local taxing districts is the retained captured net tax capacity of the authority.

37.27 (2) The county auditor shall exclude the retained captured net tax capacity of the  
37.28 authority from the net tax capacity of the local taxing districts in determining local taxing  
37.29 district tax rates. The local tax rates so determined are to be extended against the retained  
37.30 captured net tax capacity of the authority as well as the net tax capacity of the local taxing  
37.31 districts. The tax generated by the extension of the lesser of (A) the local taxing district  
37.32 tax rates or (B) the original local tax rate to the retained captured net tax capacity of the  
37.33 authority is the tax increment of the authority.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

39.18 (2) the expansion or location of the operations of the business in the city, as  
39.19 provided in the business subsidy agreement under Minnesota Statutes, sections 116J.993 to  
39.20 116J.995, will result in an increase in manufacturing, research, service, or professional  
39.21 jobs, at least 75 percent of which pay an average wage or salary that is equal to or greater  
39.22 than 25 percent of the median wage or salary for all jobs within the metropolitan area; and

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

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

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

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

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

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

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

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

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

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

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

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

40.18 **EFFECTIVE DATE.** This section is effective upon compliance by the governing  
40.19 body of the city of Shoreview with the requirements of Minnesota Statutes, section  
40.20 645.021, subdivision 3.

## 40.21 **ARTICLE 5**

### 40.22 **LOCAL SALES AND USE TAXES**

40.23 Section 1. Laws 1980, chapter 511, section 1, subdivision 2, as amended by Laws  
40.24 1991, chapter 291, article 8, section 22, Laws 1998, chapter 389, article 8, section 25,  
40.25 Laws 2003, First Special Session chapter 21, article 8, section 11, and Laws 2008, chapter  
40.26 154, article 5, section 2, is amended to read:

40.27 Subd. 2. (a) Notwithstanding Minnesota Statutes, section 477A.016, or any  
40.28 other law, ordinance, or city charter provision to the contrary, the city of Duluth may,  
40.29 by ordinance, impose an additional sales tax of up to ~~two and one-quarter~~ one and  
40.30 three-quarter percent on sales transactions which are described in Minnesota Statutes 2000,  
40.31 section 297A.01, subdivision 3, clause (c). ~~When the city council determines that the taxes~~  
40.32 ~~imposed under this subdivision and under Laws 1998, chapter 389, article 8, section 26, at a~~  
40.33 ~~rate of one-half of one percent have produced revenue sufficient to pay (1) the debt service~~  
40.34 ~~on bonds in a principal amount of \$8,000,000 issued for capital improvements to the~~

41.1 ~~Duluth Entertainment and Convention Center, and (2) debt service on outstanding bonds~~  
41.2 ~~originally issued in the principal amount of \$4,970,000 to finance capital improvements to~~  
41.3 ~~the Great Lakes Aquarium since the imposition of the taxes at the rate of one and one-half~~  
41.4 ~~percent, the rate of the tax under this subdivision is reduced by one-half of one percent.~~

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

41.12 (b) In addition to the tax in paragraph (a) and notwithstanding Minnesota Statutes,  
41.13 section 477A.016, or any other law, ordinance, or city charter provision to the contrary,  
41.14 the city of Duluth may, by ordinance, impose an additional sales tax of up to one-half of  
41.15 one percent on sales transactions which are described in Minnesota Statutes 2000, section  
41.16 297A.01, subdivision 3, clause (d). This tax expires when the city council determines that  
41.17 the tax imposed under this paragraph has produced revenues sufficient to pay the debt  
41.18 service on bonds in a principal amount of no more than \$18,000,000, plus issuance and  
41.19 discount costs, to finance capital improvements to public facilities to support tourism and  
41.20 recreational activities in that portion of the city west of 34th Avenue West.

41.21 **EFFECTIVE DATE.** This section is effective the day after the governing body of  
41.22 the city of Duluth and its chief clerical officer comply with Minnesota Statutes, section  
41.23 645.021, subdivisions 2 and 3.

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

41.26 Subd. 4. **Termination of taxes.** The taxes imposed under this section expire at the  
41.27 earlier of (1) ~~ten~~ 15 years after the taxes are first imposed, or (2) when the city council first  
41.28 determines that the amount of revenues raised to pay for the projects under subdivision 2,  
41.29 shall meet or exceed the sum of \$15,000,000. Any funds remaining after completion of  
41.30 the projects may be placed in the general fund of the city.

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

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

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

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

42.14 **EFFECTIVE DATE.** This section is effective the day after the governing body of  
42.15 the city of Baxter and its chief clerical officer comply with Minnesota Statutes, section  
42.16 645.021, subdivisions 2 and 3.

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

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

42.26 (b) The city of Baxter, pursuant to the approval of the voters at the 2014 general  
42.27 election to extend the tax under this section, may issue general obligation bonds of the  
42.28 city, in one or more series, in the aggregate principal amount not to exceed \$32,000,000  
42.29 plus an amount equal to the costs of issuance of the bonds to finance the projects listed  
42.30 in subdivision 3, paragraph (b). The debt represented by the bonds is not included in  
42.31 computing any debt limitations applicable to the city, and the levy of taxes required by  
42.32 Minnesota Statutes, section 475.61, to pay the principal of and interest on the bonds is not  
42.33 subject to any levy limitation or included in computing or applying any levy limitation  
42.34 applicable to the city of Baxter.

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

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

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

43.11 (b) Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any  
43.12 other contrary provision of law, ordinance, or city charter, the city of Baxter may, by  
43.13 ordinance, extend the taxes authorized under subdivisions 1 and 2 beyond the termination  
43.14 date in paragraph (a) if approved by the voters of the city at a general election held in  
43.15 2014. The question put to the voters must indicate that an affirmative vote would extend  
43.16 the imposition of the taxes until 2031 or until an additional \$32,000,000, plus an amount  
43.17 equal to interest and issuance costs associated with bonds issued under subdivision 4,  
43.18 paragraph (b), above the initial amount authorized to pay for \$15,000,000 in bonds and  
43.19 associated bond cost and projects, listed in subdivision 3, paragraph (a), is raised. If  
43.20 extended under this paragraph, the taxes authorized in subdivisions 1 and 2 will terminate  
43.21 at the earlier of (1) when an additional \$32,000,000, plus an amount equal to interest and  
43.22 issuance costs associated with bonds issued under subdivision 4, paragraph (b), above the  
43.23 amount authorized under paragraph (a), is raised, or (2) December 31, 2031.

43.24 **EFFECTIVE DATE.** This section is effective the day after the governing body of  
43.25 the city of Baxter and its chief clerical officer comply with Minnesota Statutes, section  
43.26 645.021, subdivisions 2 and 3.

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

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

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

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

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

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

44.11 **EFFECTIVE DATE.** This section is effective the day after the governing body of  
44.12 the city of Brainerd and its chief clerical officer comply with Minnesota Statutes, section  
44.13 645.021, subdivisions 2 and 3.

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

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

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

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

44.25 Subd. 5. **Termination of taxes.** (a) The taxes imposed under subdivisions 1 and  
44.26 2 expire at the earlier of a date 12 years after the imposition of the tax or when the city  
44.27 council first determines that the amount of revenues raised from the taxes to pay for  
44.28 projects under subdivision 3 equals or exceeds \$22,030,000 plus any interest on bonds  
44.29 issued for the projects under subdivision 4. Any funds remaining after the expiration of  
44.30 the taxes and retirement of the bonds shall be placed in a capital project fund of the city of  
44.31 Brainerd. The taxes imposed under subdivision 1 and 2 may expire at an earlier time if the  
44.32 city of Brainerd so determines by ordinance.

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

45.11 **EFFECTIVE DATE.** This section is effective the day after the governing body of  
45.12 the city of Brainerd and its chief clerical officer comply with Minnesota Statutes, section  
45.13 645.021, subdivisions 2 and 3.

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

45.15 Notwithstanding the time limits in Minnesota Statutes, section 645.021, the city of  
45.16 Albert Lea may approve Laws 2005, First Special Session chapter 3, article 5, section 38,  
45.17 as amended by Laws 2006, chapter 259, article 3, section 6, and file its approval with the  
45.18 secretary of state by June 15, 2014. If approved as authorized under this section, actions  
45.19 undertaken by the city pursuant to the approval of the voters on November 8, 2005, and  
45.20 otherwise in accordance with Laws 2005, First Special Session chapter 3, article 5, section  
45.21 38, as amended by Laws 2006, chapter 259, article 3, section 6, are validated.

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

## 45.23 **ARTICLE 6**

### 45.24 **MISCELLANEOUS**

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

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

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

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

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

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

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

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

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

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

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

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

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

47.1 **EFFECTIVE DATE.** This section is effective July 1, 2015, but only \$1,500,000 is  
47.2 available in calendar year 2015.

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

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

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

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

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

47.13 Sec. 5. **CARLTON COUNTY; LEVY FOR SOIL AND WATER CONSERVATION**  
47.14 **DISTRICT.**

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

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

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

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

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

47.32 Subd. 4. **Expiration.** (a) This section expires:

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

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

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

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

## 48.9 **ARTICLE 7**

### 48.10 **DEPARTMENT OF REVENUE - TECHNICAL AND POLICY** 48.11 **PROPERTY TAX PROVISIONS**

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

#### 48.13 **270.87 CERTIFICATION TO COUNTY ASSESSORS.**

48.14 After making an annual determination of the equalized fair market value of the  
48.15 operating property of each company in each of the respective counties, and in the taxing  
48.16 districts therein, the commissioner shall certify the equalized fair market value to the  
48.17 county assessor on or before June 30. The equalized fair market value of the operating  
48.18 property of the railroad company in the county and the taxing districts therein is the value  
48.19 on which taxes must be levied and collected in the same manner as on the commercial and  
48.20 industrial property of such county and the taxing districts therein. If the commissioner  
48.21 determines that the equalized fair market value certified on or before June 30 is in error,  
48.22 the commissioner may issue a corrected certification on or before August 31. The  
48.23 commissioner may correct errors that are merely clerical in nature until December 31.

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

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

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

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

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

49.3 **273.01 LISTING AND ASSESSMENT, TIME.**

49.4 All real property subject to taxation shall be listed and at least one-fifth of the parcels  
49.5 listed shall be appraised each year with reference to their value on January 2 preceding the  
49.6 assessment so that each parcel shall be reappraised at maximum intervals of five years. All  
49.7 real property becoming taxable in any year shall be listed with reference to its value on  
49.8 January 2 of that year. Except as provided in this section and section 274.01, subdivision  
49.9 1, all real property assessments shall be completed two weeks prior to the date scheduled  
49.10 for the local board of review or equalization. No changes in valuation or classification  
49.11 which are intended to correct errors in judgment by the county assessor may be made by  
49.12 the county assessor after the board of review or the county board of equalization has  
49.13 adjourned; however, corrections of errors for real or personal property that are merely  
49.14 clerical in nature or changes that extend homestead treatment to property are permitted  
49.15 after adjournment until the tax extension date for that assessment year. Any changes made  
49.16 by the assessor after adjournment must be fully documented and maintained in a file in the  
49.17 assessor's office and shall be available for review by any person. A copy of any changes  
49.18 made during this period shall be sent to the county board no later than December 31 of  
49.19 the assessment year. In the event a valuation and classification is not placed on any real  
49.20 property by the dates scheduled for the local board of review or equalization the valuation  
49.21 and classification determined in the preceding assessment shall be continued in effect and  
49.22 the provisions of section 273.13 shall, in such case, not be applicable, except with respect  
49.23 to real estate which has been constructed since the previous assessment. Real property  
49.24 containing iron ore, the fee to which is owned by the state of Minnesota, shall, if leased by  
49.25 the state after January 2 in any year, be subject to assessment for that year on the value of  
49.26 any iron ore removed under said lease prior to January 2 of the following year. Personal  
49.27 property subject to taxation shall be listed and assessed annually with reference to its value  
49.28 on January 2; and, if acquired on that day, shall be listed by or for the person acquiring it.

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

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

49.32 Subdivision 1. **Computation.** The Department of Revenue must annually conduct  
49.33 an assessment/sales ratio study of the taxable property in each county, city, town, and

50.1 school district in accordance with the procedures in subdivisions 2 and 3. Based upon the  
50.2 results of this assessment/sales ratio study, the Department of Revenue must determine  
50.3 an equalized net tax capacity for the various classes of taxable property in each taxing  
50.4 district, the aggregate of which is designated as the adjusted net tax capacity. The adjusted  
50.5 net tax capacity must be reduced by the captured tax capacity of tax increment districts  
50.6 under section 469.177, subdivision 2, fiscal disparities contribution tax capacities under  
50.7 sections 276A.06 and 473F.08, and the tax capacity of transmission lines required to be  
50.8 subtracted from the local tax base under section 273.425; and increased by fiscal disparities  
50.9 distribution tax capacities under sections 276A.06 and 473F.08. The adjusted net tax  
50.10 capacities shall be determined using the net tax capacity percentages in effect for the  
50.11 assessment year following the assessment year of the study. The Department of Revenue  
50.12 must make whatever estimates are necessary to account for changes in the classification  
50.13 system. The Department of Revenue may incur the expense necessary to make the  
50.14 determinations. The commissioner of revenue may reimburse any county or governmental  
50.15 official for requested services performed in ascertaining the adjusted net tax capacity. On  
50.16 or before March 15 annually, the Department of Revenue shall file with the chair of the  
50.17 Tax Committee of the house of representatives and the chair of the Committee on Taxes  
50.18 and Tax laws of the senate a report of adjusted net tax capacities for school districts.  
50.19 On or before June ~~15~~ 30 annually, the Department of Revenue shall file its final report  
50.20 on the adjusted net tax capacities for school districts established by the previous year's  
50.21 assessments and the current year's net tax capacity percentages with the commissioner of  
50.22 education and each county auditor for those school districts for which the auditor has the  
50.23 responsibility for determination of local tax rates. A copy of the report so filed shall be  
50.24 mailed to the clerk of each school district involved and to the county assessor or supervisor  
50.25 of assessments of the county or counties in which each school district is located.

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

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

50.28 Subd. 2. **Listing and assessment by commissioner.** The personal property,  
50.29 consisting of the pipeline system of mains, pipes, and equipment attached thereto, of  
50.30 pipeline companies and others engaged in the operations or business of transporting natural  
50.31 gas, gasoline, crude oil, or other petroleum products by pipelines, shall be listed with and  
50.32 assessed by the commissioner of revenue and the values provided to the city or county  
50.33 assessor by order. This subdivision shall not apply to the assessment of the products  
50.34 transported through the pipelines nor to the lines of local commercial gas companies  
50.35 engaged primarily in the business of distributing gas to consumers at retail nor to pipelines

51.1 used by the owner thereof to supply natural gas or other petroleum products exclusively  
51.2 for such owner's own consumption and not for resale to others. If more than 85 percent  
51.3 of the natural gas or other petroleum products actually transported over the pipeline is  
51.4 used for the owner's own consumption and not for resale to others, then this subdivision  
51.5 shall not apply; provided, however, that in that event, the pipeline shall be assessed in  
51.6 proportion to the percentage of gas actually transported over such pipeline that is not used  
51.7 for the owner's own consumption. On or before August 1, the commissioner shall certify  
51.8 to the auditor of each county, the amount of such personal property assessment against  
51.9 each company in each district in which such property is located. If the commissioner  
51.10 determines that the amount of personal property assessment certified on or before August  
51.11 1 is in error, the commissioner may issue a corrected certification on or before October 1.  
51.12 The commissioner may correct errors that are merely clerical in nature until December 31.

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

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

51.15 Subd. 2. **Listing and assessment by commissioner.** Transmission lines of less  
51.16 than 69 kv, transmission lines of 69 kv and above located in an unorganized township,  
51.17 and distribution lines, and equipment attached thereto, having a fixed situs outside the  
51.18 corporate limits of cities except distribution lines taxed as provided in sections 273.40  
51.19 and 273.41, shall be listed with and assessed by the commissioner of revenue in the  
51.20 county where situated and the values provided to the city or county assessor by order.  
51.21 The commissioner shall assess such property at the percentage of market value fixed by  
51.22 law; and, on or before August 1, shall certify to the auditor of each county in which  
51.23 such property is located the amount of the assessment made against each company and  
51.24 person owning such property. If the commissioner determines that the amount of the  
51.25 assessment certified on or before August 1 is in error, the commissioner may issue a  
51.26 corrected certification on or before October 1. The commissioner may correct errors that  
51.27 are merely clerical in nature until December 31.

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

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

51.30 **273.3711 RECOMMENDED AND ORDERED VALUES.**

51.31 For purposes of sections 273.33, 273.35, 273.36, 273.37, 273.371, and 273.372,  
51.32 all values not required to be listed and assessed by the commissioner of revenue are  
51.33 recommended values. If the commissioner provides recommended values, the values must

52.1 be certified to the auditor of each county in which the property is located on or before  
52.2 August 1. If the commissioner determines that the certified recommended value is in  
52.3 error the commissioner may issue a corrected certification on or before October 1. The  
52.4 commissioner may correct errors that are merely clerical in nature until December 31.

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

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

52.7 Subdivision 1. **Ordinary board; meetings, deadlines, grievances.** (a) The town  
52.8 board of a town, or the council or other governing body of a city, is the board of appeal  
52.9 and equalization except (1) in cities whose charters provide for a board of equalization or  
52.10 (2) in any city or town that has transferred its local board of review power and duties to  
52.11 the county board as provided in subdivision 3. The county assessor shall fix a day and  
52.12 time when the board or the board of equalization shall meet in the assessment districts  
52.13 of the county. Notwithstanding any law or city charter to the contrary, a city board of  
52.14 equalization shall be referred to as a board of appeal and equalization. On or before  
52.15 February 15 of each year the assessor shall give written notice of the time to the city or  
52.16 town clerk. Notwithstanding the provisions of any charter to the contrary, the meetings  
52.17 must be held between April 1 and May 31 each year. The clerk shall give published and  
52.18 posted notice of the meeting at least ten days before the date of the meeting.

52.19 The board shall meet either at a central location within the county or at the office of  
52.20 the clerk to review the assessment and classification of property in the town or city. No  
52.21 changes in valuation or classification which are intended to correct errors in judgment by  
52.22 the county assessor may be made by the county assessor after the board has adjourned  
52.23 in those cities or towns that hold a local board of review; however, corrections of errors  
52.24 that are merely clerical in nature or changes that extend homestead treatment to property  
52.25 are permitted after adjournment until the tax extension date for that assessment year. The  
52.26 changes must be fully documented and maintained in the assessor's office and must be  
52.27 available for review by any person. A copy of the changes made during this period in  
52.28 those cities or towns that hold a local board of review must be sent to the county board no  
52.29 later than December 31 of the assessment year.

52.30 (b) The board shall determine whether the taxable property in the town or city has  
52.31 been properly placed on the list and properly valued by the assessor. If real or personal  
52.32 property has been omitted, the board shall place it on the list with its market value, and  
52.33 correct the assessment so that each tract or lot of real property, and each article, parcel,  
52.34 or class of personal property, is entered on the assessment list at its market value. No  
52.35 assessment of the property of any person may be raised unless the person has been

53.1 duly notified of the intent of the board to do so. On application of any person feeling  
53.2 aggrieved, the board shall review the assessment or classification, or both, and correct  
53.3 it as appears just. The board may not make an individual market value adjustment or  
53.4 classification change that would benefit the property if the owner or other person having  
53.5 control over the property has refused the assessor access to inspect the property and the  
53.6 interior of any buildings or structures as provided in section 273.20. A board member  
53.7 shall not participate in any actions of the board which result in market value adjustments  
53.8 or classification changes to property owned by the board member, the spouse, parent,  
53.9 stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, aunt, nephew,  
53.10 or niece of a board member, or property in which a board member has a financial interest.  
53.11 The relationship may be by blood or marriage.

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

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

53.20 (e) A majority of the members may act at the meeting, and adjourn from day to day  
53.21 until they finish hearing the cases presented. The assessor shall attend, with the assessment  
53.22 books and papers, and take part in the proceedings, but must not vote. The county assessor,  
53.23 or an assistant delegated by the county assessor shall attend the meetings. The board shall  
53.24 list separately, on a form appended to the assessment book, all omitted property added  
53.25 to the list by the board and all items of property increased or decreased, with the market  
53.26 value of each item of property, added or changed by the board, placed opposite the item.  
53.27 The county assessor shall enter all changes made by the board in the assessment book.

53.28 (f) Except as provided in subdivision 3, if a person fails to appear in person, by  
53.29 counsel, or by written communication before the board after being duly notified of the  
53.30 board's intent to raise the assessment of the property, or if a person feeling aggrieved by an  
53.31 assessment or classification fails to apply for a review of the assessment or classification,  
53.32 the person may not appear before the county board of appeal and equalization for a review  
53.33 of the assessment or classification. This paragraph does not apply if an assessment was  
53.34 made after the local board meeting, as provided in section 273.01, or if the person can  
53.35 establish not having received notice of market value at least five days before the local  
53.36 board meeting.

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

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

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

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

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

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

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

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

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

55.2 **290C.03 ELIGIBILITY REQUIREMENTS.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

55.33 Subd. 3. **Reallocation of amortization state aid.** (a) Seventy percent of the  
55.34 difference between \$5,720,000 and the current year amortization aid distributed under

56.1 subdivision 1 that is not distributed for any reason to a municipality must be distributed  
56.2 by the commissioner of revenue according to this paragraph. The commissioner shall  
56.3 distribute 50 percent of the amounts derived under this paragraph to the Teachers  
56.4 Retirement Association, ten percent to the Duluth Teachers Retirement Fund Association,  
56.5 and 40 percent to the St. Paul Teachers Retirement Fund Association to fund the unfunded  
56.6 actuarial accrued liabilities of the respective funds. These payments must be made on July  
56.7 15 each fiscal year. If the St. Paul Teachers Retirement Fund Association or the Duluth  
56.8 Teachers Retirement Fund Association becomes fully funded, the association's eligibility  
56.9 for its portion of this aid ceases. Amounts remaining in the undistributed balance account  
56.10 at the end of the biennium if aid eligibility ceases cancel to the general fund.

56.11 (b) In order to receive amortization aid under paragraph (a), before June 30 annually  
56.12 Independent School District No. 625, St. Paul, must make an additional contribution of  
56.13 \$800,000 each year to the St. Paul Teachers Retirement Fund Association.

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

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

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

56.22 Subdivision 1. **Types of land; payments.** The following amounts are annually  
56.23 appropriated to the commissioner of natural resources from the general fund for transfer  
56.24 to the commissioner of revenue. The commissioner of revenue shall pay the transferred  
56.25 funds to counties as required by sections 477A.11 to 477A.14. The amounts, based on the  
56.26 acreage as of July 1 of each year prior to the payment year, are:

56.27 (1) \$5.133 multiplied by the total number of acres of acquired natural resources land  
56.28 or, at the county's option three-fourths of one percent of the appraised value of all acquired  
56.29 natural resources land in the county, whichever is greater;

56.30 (2) \$5.133, multiplied by the total number of acres of transportation wetland or, at  
56.31 the county's option, three-fourths of one percent of the appraised value of all transportation  
56.32 wetland in the county, whichever is greater;

56.33 (3) \$5.133, multiplied by the total number of acres of wildlife management land, or,  
56.34 at the county's option, three-fourths of one percent of the appraised value of all wildlife  
56.35 management land in the county, whichever is greater;

57.1 (4) 50 percent of the dollar amount as determined under clause (1), multiplied by  
57.2 the number of acres of military refuge land in the county;

57.3 (5) \$1.50, multiplied by the number of acres of county-administered other natural  
57.4 resources land in the county;

57.5 (6) \$5.133, multiplied by the total number of acres of land utilization project land  
57.6 in the county;

57.7 (7) \$1.50, multiplied by the number of acres of commissioner-administered other  
57.8 natural resources land in the county; and

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

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

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

57.14 Subdivision 1. **General distribution.** Except as provided in subdivisions 2 and 3,  
57.15 40 percent of the total payment to the county shall be deposited in the county general  
57.16 revenue fund to be used to provide property tax levy reduction. The remainder shall be  
57.17 distributed by the county in the following priority:

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

57.24 ~~(b) from the funds remaining, (2)~~ within 30 days of receipt of the payment to  
57.25 the county, the county treasurer shall pay ~~each organized township ten percent of the~~  
57.26 ~~amount received~~ a township with land that qualifies for payment under section 477A.12,  
57.27 subdivision 1, clauses (1), (2), and (5) to (7), ten percent of the payment the county  
57.28 received for such land within that township. Payments for natural resources lands not  
57.29 located in an organized township shall be deposited in the county general revenue fund.  
57.30 Payments to counties and townships pursuant to this paragraph shall be used to provide  
57.31 property tax levy reduction, except that of the payments for natural resources lands not  
57.32 located in an organized township, the county may allocate the amount determined to be  
57.33 necessary for maintenance of roads in unorganized townships. ~~Provided that, if the total~~  
57.34 ~~payment to the county pursuant to section 477A.12 is not sufficient to fully fund the~~

58.1 ~~distribution provided for in this clause, the amount available shall be distributed to each~~  
58.2 ~~township and the county general revenue fund on a pro rata basis; and~~

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

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

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

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

58.15 Sec. 15. **REPEALER.**

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

58.18 **EFFECTIVE DATE.** This section is effective the day following final enactment,  
58.19 except that section 273.13, subdivision 21a, is repealed effective beginning with  
58.20 assessment year 2014.

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**273.1115 AGGREGATE RESOURCE PRESERVATION PROPERTY TAX LAW.**

Subdivision 1. **Definitions.** For purposes of this section, "commercial aggregate deposit" and "actively mined" have the meanings given them in section 273.13, subdivision 23, paragraph (m).

Subd. 2. **Requirement.** Real estate is entitled to valuation under this section only if all of the following requirements are met:

(1) the property is classified as class 1a, 1b, 2a, or 2b property under section 273.13, subdivisions 22 and 23, or the property is classified as class 2e under section 273.13, subdivision 23, and immediately before being classified as class 2e was classified as class 1a or 1b;

(2) the property is at least ten contiguous acres, when the application is filed under subdivision 3;

(3) the owner has filed a completed application for deferment as specified in subdivision 3 with the county assessor in the county in which the property is located;

(4) there are no delinquent taxes on the property; and

(5) a covenant on the land restricts its use as provided in subdivision 3, clause (4).

Subd. 3. **Application.** Application for valuation deferment under this section must be filed by May 1 of the assessment year. Any application filed and granted continues in effect for subsequent years until the property no longer qualifies, provided that supplemental affidavits under subdivision 8 are timely filed. The application must be filed with the assessor of the county in which the real property is located on such form as may be prescribed by the commissioner of revenue. The application must be executed and acknowledged in the manner required by law to execute and acknowledge a deed and must contain at least the following information and any other information the commissioner deems necessary:

(1) the legal description of the area;

(2) the name and address of owner;

(3) a copy of the affidavit filed under section 273.13, subdivision 23, paragraph (m), when property is classified as 2e under section 273.13, subdivision 23, paragraph (m).

In other cases, the application must include a similar document with the same information as contained in the affidavit under section 273.13, subdivision 23, paragraph (m); and

(4) a statement of proof from the owner that the land contains a restrictive covenant limiting its use for the property's surface to that which exists on the date of the application and limiting its future use to the preparation and removal of the commercial aggregate deposit under its surface. To qualify under this clause, the covenant must be binding on the owner or the owner's successor or assignee, and run with the land, except as provided in subdivision 5 allowing for the cancellation of the covenant under certain conditions.

Subd. 4. **Determination of value.** Upon timely application by the owner as provided in subdivision 3, notwithstanding sections 272.03, subdivision 8, and 273.11, the value of any qualifying land described in subdivision 3 must be valued as if it were agricultural property, using a per acre valuation equal to the current assessment year's average per acre valuation of agricultural land in the county. The assessor shall not consider any additional value resulting from potential alternative and future uses of the property. The buildings located on the land shall be valued by the assessor in the normal manner.

Subd. 5. **Cancellation of covenant.** The covenant required under subdivision 3 may be canceled in two ways:

(1) by the owner beginning with the next subsequent assessment year provided that the additional taxes as determined under subdivision 7 are paid by the owner at the time of cancellation; or

(2) by the city or town in which the property is located beginning with the next subsequent assessment year, if the city council or town board:

(i) changes the conditional use of the property;

(ii) revokes the mining permit; or

(iii) changes the zoning to disallow mining.

No additional taxes are imposed on the property under this clause.

Subd. 6. **County termination.** Within two years of May 30, 2008, a county may, following notice and public hearing, terminate application of this section in the county. The termination is effective upon adoption of a resolution of the county board. A county has 60 days from receipt of the first application for enrollment under this section to notify the applicant and any subsequent applicants of the county's intent to begin the process of terminating application of this section in the county. The county must act on the termination within six months. Upon termination by a vote of the county board, all applications received prior to and during notification of intent to terminate shall be deemed void. If the county board does not act on the termination within six

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months of notification, all applications for valuation for deferment received shall be deemed eligible for consideration to be enrolled under this section. Following this initial 60-day grace period, a termination applies prospectively and does not affect property enrolled under this section prior to the termination date. A county may reauthorize application of this section by a resolution of the county board revoking the termination.

Subd. 7. **Additional taxes.** When real property which has been valued and assessed under this section no longer qualifies, the portion of the land classified under subdivision 2, clause (1), is subject to additional taxes. The additional tax amount is determined by:

(1) computing the difference between (i) the current year's taxes determined in accordance with subdivision 4, and (ii) an amount as determined by the assessor based upon the property's current year's estimated market value of like real estate at its highest and best use and the appropriate local tax rate; and

(2) multiplying the amount determined in clause (1) by the number of years the land was in the program under this section. The current year's estimated market value as determined by the assessor must not exceed the market value that would result if the property was sold in an arms-length transaction and must not be greater than it would have been had the actual bona fide sale price of the property been used in lieu of that market value. The additional taxes must be extended against the property on the tax list for the current year, except that interest or penalties must not be levied on these additional taxes if timely paid. The additional tax under this subdivision must not be imposed on that portion of the property which has actively been mined and has been removed from the program based upon the supplemental affidavits filed under subdivision 8.

Subd. 8. **Supplemental affidavits; mining activity on land.** When any portion of the property begins to be actively mined, the owner must file a supplemental affidavit within 60 days from the day any aggregate is removed stating the number of acres of the property that is actively being mined. The acres actively being mined shall be (1) valued and classified under section 273.13, subdivision 24, in the next subsequent assessment year, and (2) removed from the aggregate resource preservation property tax program under this section. The additional taxes under subdivision 7 must not be imposed on the acres that are actively being mined and have been removed from the program under this section. Copies of the original affidavit and all supplemental affidavits must be filed with the county assessor, the local zoning administrator, and the Department of Natural Resources, Division of Land and Minerals. A supplemental affidavit must be filed each time a subsequent portion of the property is actively mined, provided that the minimum acreage change is five acres, even if the actual mining activity constitutes less than five acres. Failure to file the affidavits timely shall result in the property losing its valuation deferment under this section, and additional taxes must be imposed as calculated under subdivision 7.

Subd. 9. **Lien.** The additional tax imposed by this section is a lien upon the property assessed to the same extent and for the same duration as other taxes imposed upon property within this state and, when collected, must be distributed in the manner provided by law for the collection and distribution of other property taxes.

Subd. 10. **Continuation of tax treatment upon sale.** When real property qualifying under subdivision 2 is sold, additional taxes must not be extended against the property if the property continues to qualify under subdivision 2, and the new owner files an application with the assessor for continued deferment within 30 days after the sale.

### **273.13 CLASSIFICATION OF PROPERTY.**

Subd. 21a. **Class rate.** In this section, wherever the "class rate" of a class of property is specified without qualification as to whether it is the property's "net class rate" or its "gross class rate," the "net class rate" and "gross class rate" of that property are the same as its "class rate."

### **290.923 TAX WITHHELD ON ROYALTIES UPON ORE.**

Subdivision 1. **Definition.** In this section, "royalty" means the amount in money or value of property received by any person having any right, title, or interest in any tract of land in this state for permission to explore, mine, take out, and remove ore from the land.

### **290C.02 DEFINITIONS.**

Subd. 5. **Current use value.** "Current use value" means the statewide average annual income per acre, multiplied by 90 percent and divided by the capitalization rate determined under subdivision 9. The statewide net annual income shall be a weighted average based on the most recent data as of July 1 of the computation year on stumpage prices and annual tree growth rates

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and acreage by cover type provided by the Department of Natural Resources and the United States Department of Agriculture Forest Service North Central Research Station.

Subd. 9. **Capitalization rate.** By July 1 of each year, the commissioner shall determine a statewide capitalization rate for use under this chapter. The rate shall be the average annual effective interest rate for St. Paul on new loans under the Farm Credit Bank system calculated under section 2032A(e)(7)(A) of the Internal Revenue Code.

**290C.06 CALCULATION OF AVERAGE ESTIMATED MARKET VALUE;  
MANAGED FOREST LAND.**

The commissioner shall annually calculate a statewide average estimated market value per acre for class 2c managed forest land under section 273.13, subdivision 23.