**ARTICLE 1. INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES**

**Section 1. Electronic filing of withholding tax reports.** Amends Minn. Stat. § 289A.09, subd. 2, to remove obsolete language from the electronic filing requirements for withholding tax information reports. Also clarifies that all statements required to be submitted for taxes withheld under Minn. Stat. § 290.92, are aggregated in determining whether the electronic reporting threshold is met. This will treat construction contractor withholding the same as employers’ wage withholding for withholding tax efile reporting requirements. Effective for statements required to be filed after December 31, 2010.

**Section 2. Refunds payable when taxpayer address is invalid.** Amends Minn. Stat. § 289A.50, subd. 4, so that the notification of refund (which is required under current law) will stop the running of interest and will be the date that starts the period for issuance of new property tax refund warrants if the Department of Revenue determines that the address the taxpayer used to file the refund claim is invalid or no longer current. Effective the day following final enactment.

**ARTICLE 2. SALES AND USE TAXES**

**Section 1. Claims for refunds on behalf of purchasers.** Current law does not include a timeline for when a seller claiming a refund on behalf of a purchaser must credit or refund that refund to the purchaser. This amends Minn. Stat. § 289A.50, subd. 2, to provide that a seller claiming a refund on behalf of a purchaser must return to the commissioner within 60 days of the issuance of the refund, any amount that has not been credited or refunded to the purchaser. Within 3-1/2 years after the commissioner refunds the tax and interest to the vendor (for indefinite period if the refund was induced by fraud or misrepresentation), the commissioner may assess the vendor for underpayment of sales tax and interest, equal to that portion of the refund claim that was not refunded or credited to the purchaser. Effective for refunds issued after June 30, 2010.

**Sections 2 and 3. Seller and purchaser relief from liability.** These amendments are made to conform with the Streamlined Sales Tax Agreement. Amends Minn. Stat. § 297A.995, subd. 10, to provide that if there are not at least 30 days between the enactment of a new tax rate and the effective date of the new rate, then for up to thirty days sellers and certified service providers shall be relieved from liability to the state for failing to collect tax at the new rate; provided the seller or certified service provider continued to impose and collect the tax at the immediately preceding tax rate, did not solicit purchasers at the old rate, and no fraud is involved. Amends Minn. Stat. § 297A.995, subd. 11, to provide similar relief to purchasers. Effective the day following final enactment.

**Section 4. Special local taxes.** In order to lessen administrative compliance burdens and complexity this change would require any new or amended special local sales taxes to use definitions found in Minn. Stat. ch. 297A. Amends Minn. Stat. ch. 645, by adding section 645.025, to provide that for special laws enacted or amended after 2009, that grant a local government unit or group authority to impose a local tax other than a sales tax, if the Department of Revenue will be administering the tax, then the local government unit or group, in defining terms found in the special law, must adopt

definitions found in Minn. Stat. ch. 297A, or in Minn. Rules, ch. 8130, with terms consistent with the department’s position as to the extent of their tax base. Effective the day following final enactment.

**ARTICLE 3. SPECIAL TAXES**

**Petroleum**

**Section 1. Petroleum tax license cancellation or nonrenewal.** Creates a new Minn. Stat. § 296A.061 to provide authority for cancellation or nonrenewal of a petroleum distributor’s license if there is no activity for one year. This will help prevent tax evasion and will lessen administrative burden of pursuing non-filers who have no activity in the state. Effective the day following final enactment.

**Cigarettes and Tobacco**

**Section 2. Weighted average retail price.** Amends Minn. Stat. § 297F.01, subd. 22a, to clarify the definition of weighted average retail price by moving all survey related specifications to the tax imposition section of Minn. Stat. § 297F.25. Effective January 1, 2011.

**Section 3. Cigarette and tobacco products tax license cancellation or nonrenewal.** Amends Minn. Stat. § 297F.04 by adding a new subdivision 2a to provide authority for cancellation or nonrenewal of a distributor’s license if there is no activity for one year. This will help prevent tax evasion and the illegal sale of tobacco products. Effective the day following final enactment.

**Section 4. Cigarette sales tax survey.** This will change the annual survey to a non-session time period which will help the management of the department’s work load. Amends Minn. Stat. § 297F.25, subd. 1, to change the annual price survey publication date from May 1 to November 1 with the new rate effective January 1 rather than August 1 and provides transition language for establishing a new tax rate for sales from August 1, 2011, through December 31, 2011. Effective January 1, 2011.

**Insurance**

**Section 5. Gross premiums definition.** Amends Minn. Stat. § 297I.01, subd. 9, to clarify that for purposes of the surplus lines tax, gross premiums include all fees and charges paid by policyholders. This definition is similar to other definitions of gross premiums in this section. Since the tax is imposed on gross premiums rather than net premiums, the total payment by the policyholder is subject to tax. This represents the current interpretation taken by the department. Effective the day following final enactment.

**Section 6. Imposition of surplus lines tax.** Amends Minn. Stat. § 297I.05, subd. 7, to clarify that the tax is imposed on all gross premiums paid by the policyholder. This is consistent with the definition of gross premiums, as provided in Minn. Stat. § 297I.01, subd. 9, which states that gross premiums mean total premiums paid by policyholders. This clarifies the current interpretation taken by the department. This section also deletes the exclusion of operating assessments. The exclusion has been added to the definition of gross premiums, as provided in Minn. Stat. § 297I.01, subd. 9. Effective the day following final enactment.

**Section 7. Tax omission in excess of 25 percent.** Amends Minn. Stat. § 297I.65 by adding a subdivision 4, to provide that if a taxpayer omits more than 25% of gross premiums tax or surcharge, additional tax may be assessed within 6-1/2 years from the due date of the return. This section is similar to the provision in Minn. Stat. § 289A.38, subd. 6, for sales taxes. Effective for premium taxes due after December 31, 2010.

**ARTICLE 4. PROPERTY TAXES**

**Section 1. Assessors’ appraisal reports and testimony as evidence.** Amends Minn. Stat. § 82B.035, subd. 2, to specify that nothing in Minn. Stat. ch. 82B, which licenses appraisers, prohibits assessors from preparing appraisals or appraisal reports or testifying before any court or other body on behalf of their jurisdiction with respect to properties in their jurisdiction. Under current law assessors are not required to be licensed as appraisers if they are employed and acting in their capacity as assessors for political subdivisions of Minnesota. Effective the day following final enactment for testimony offered and opinions or reports prepared in cases or proceedings that have not been finally resolved.

**Section 2. Licensed assessor limitations.** Amends Minn. Stat. § 270.41, subd. 5, to specify that it is not a prohibited activity for licensed assessors to prepare appraisal reports or analyses or to provide appraisals used in court and other bodies or to provide expert testimony on behalf of the jurisdiction where the assessor is employed on properties within the assessment jurisdiction. The current statute prohibits licensed assessors from making appraisal reports and analyses in their own assessment jurisdiction but states that this does not prohibit assessors from carrying out any duties required for the proper assessment of property for property tax purposes. The Department of Revenue and the Board of Assessors have always interpreted the current language to mean that providing appraisals that are used in court and providing expert testimony are duties required for the proper assessment of property for tax purposes. Effective the day following final enactment for testimony offered and opinions or reports in cases or proceedings that have not been finally resolved.

**Section 3. Commissioner’s authority to order a reassessment.** Amends Minn. Stat. § 270C.94, subd. 3, to provide that in the event that the assessor does not appraise at least one fifth of all parcels in the district or county during the year, the commissioner has the discretion to order a reappraisal of all property in the district or county. Under current law the commissioner is mandated to order the reappraisal. Effective the day following final enactment.

**Sections 4 and 5. Statement of Exemption.** Amends Minn. Stat. § 272.025, subds. 1 and 3, to require churches and schools to file a property tax exemption application in order to be exempt. The application requirement is only for newly-exempt properties and this change will not require subsequent filings after the initial filing. Effective for taxes payable in 2012 (assessment year 2011) and thereafter.

**Section 6. Wind energy production tax non-filer calculation.** Amends Minn. Stat. § 272.029, subd. 4, to increase the default tax calculation from 40 percent to 60 percent of nameplate capacity for owners who do not file the required reports with the Department of Revenue by the due date. The current default calculation can result in taxpayers who do not file the required reports paying less tax than if they had complied with the law. Effective for reports due on February 1, 2011 and thereafter.

**Section 7. Manufactured home co-ops.** Amends Minn. Stat. § 273.124, subd. 3a, to codify the Department of Revenue’s interpretation that the homestead benefits under this subdivision are limited to lots occupied by co-op members, and that the benefits consist of one first tier class rate and one homestead credit for the park. Effective the day following final enactment.

**Section 8. Assessors’ appraisal reports and testimony admissible as evidence.** Amends Minn. Stat. § 278.05 to add a new subdivision 3a, that requires that appraisals or appraisal reports prepared by licensed assessors and their testimony is admissible in evidence in the Tax Court or district court. The section applies to both expert and lay testimony. Effective the day following final enactment for appraisal reports and testimony in cases that have not been finally resolved.

**Section 9. Obsolete references.** Amends Minn. Stat. § 279.01, subd. 3, to update references within the law that allows the second installment of the annual property taxes on agricultural property to be made on November 15 instead of October 15. Changes to these references are necessary because the property tax classification statute (§ 273.13, subd. 23) now defines “agricultural nonhomestead property” in a different paragraph, following the changes made to that statute in 2008. And, because the 2008 changes reduced the types of properties that can qualify for the agricultural classification, there has been some impact on the properties qualifying for the later payment date. Effective the day following final enactment.