

1.1 moves to amend H.F. No. 2695 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "Section 1. Minnesota Statutes 2008, section 13.4967, is amended by adding a
1.4 subdivision to read:

1.5 Subd. 8. **SMALL BUSINESS INVESTMENT TAX CREDIT.** Data related to
1.6 small business investment tax credit certifications and certification of qualified small
1.7 businesses, qualified investors, and qualified funds, is classified in section 116J.8737.

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

1.9 Sec. 2. **[116J.8737] SMALL BUSINESS INVESTMENT TAX CREDIT.**

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

1.12 (b) "Qualified small business" means a business that has been certified by the
1.13 commissioner under subdivision 2.

1.14 (c) "Qualified investor" means an investor who has been certified by the
1.15 commissioner under subdivision 3.

1.16 (d) "Qualified fund" means a pooled angel investment network fund that has been
1.17 certified by the commissioner under subdivision 4.

1.18 (e) "Qualified investment" means a cash investment in a qualified small business
1.19 of a minimum of:

1.20 (1) \$10,000 in a calendar year by a qualified investor; or

1.21 (2) \$30,000 in a calendar year by a qualified fund.

1.22 A qualified investment must be made in exchange for common stock, a partnership
1.23 or membership interest, preferred stock, debt with mandatory conversion to equity, or an
1.24 equivalent ownership interest as determined by the commissioner.

2.1 (f) "Family" means a family member within the meaning of the Internal Revenue
2.2 Code, section 267(c)(4).

2.3 (g) "Pass-through entity" means a corporation that for the applicable taxable year is
2.4 treated as an S corporation or a general partnership, limited partnership, limited liability
2.5 partnership, trust, or limited liability company and which for the applicable taxable year is
2.6 not taxed as a corporation under chapter 290.

2.7 Subd. 2. **Certification of qualified small businesses.** (a) Businesses may apply
2.8 to the commissioner for certification as a qualified small business for a calendar year.
2.9 The application must be in the form and be made under the procedures specified by
2.10 the commissioner, accompanied by an application fee of \$150. The application for
2.11 certification for 2010 must be made available on the department's Web site by August 1,
2.12 2010. Applications for subsequent years' certification must be made available on the
2.13 department's Web site by November 1 of the preceding year. Application fees collected
2.14 are appropriated to the commissioner to be used for personnel and administrative expenses
2.15 related to administering the program.

2.16 (b) Within 30 days of receiving an application for certification under this subdivision,
2.17 the commissioner must either certify the business as satisfying the conditions required of a
2.18 qualified small business, request additional information from the business, or reject the
2.19 application for certification. If the commissioner requests additional information from the
2.20 business, the commissioner must either certify the business or reject the application within
2.21 30 days of receiving the additional information. If the commissioner neither certifies the
2.22 business nor rejects the application within 30 days of receiving the original application or
2.23 within 30 days of receiving the additional information requested, whichever is later, then
2.24 the application is deemed rejected, and the commissioner must refund the \$150 application
2.25 fee. A business that applies for certification and is rejected may reapply.

2.26 (c) To receive certification, a business must satisfy all of the following conditions:

2.27 (1) the business has its headquarters in Minnesota;

2.28 (2) at least 51 percent of the business's employees are employed in Minnesota, and
2.29 51 percent of the business's total payroll is paid or incurred in the state;

2.30 (3) the business is engaged in, or is committed to engage in, innovation in Minnesota
2.31 in one of the following as its primary business activity:

2.32 (i) using proprietary technology to add value to a product, process, or service in a
2.33 qualified high-technology field;

2.34 (ii) researching or developing a proprietary product, process, or service in a qualified
2.35 high-technology field; or

3.1 (iii) researching, developing, or producing a new proprietary technology for use in
3.2 the fields of tourism, forestry, mining, manufacturing, or transportation.

3.3 (4) other than the activities specifically listed in clause (3), the business is not
3.4 engaged in real estate development, insurance, banking, lending, lobbying, political
3.5 consulting, information technology consulting, wholesale or retail trade, leisure,
3.6 hospitality, transportation, construction, ethanol production from corn, or professional
3.7 services provided by attorneys, accountants, business consultants, physicians, or health
3.8 care consultants;

3.9 (5) the business has fewer than 25 employees;

3.10 (6) the business must pay its employees annual wages of at least 175 percent of the
3.11 federal poverty guideline for the year for a family of four, except that this requirement
3.12 must be reduced proportionately for employees who work less than full-time, and does not
3.13 apply to any employee who owns, controls, or holds power to vote more than 20 percent
3.14 of the outstanding securities of the business;

3.15 (7) the business has not been in operation for more than ten years; and

3.16 (8) the business had less than \$2 million in annual gross sales receipts for the
3.17 previous year.

3.18 (d) In applying the limits under paragraph (c), clauses (5) and (8), the employees
3.19 and gross sales receipts, in all members of the unitary business, as defined in section
3.20 290.17, subdivision 4, must be included.

3.21 (e) In order for a qualified investment in a business to be eligible for tax credits, the
3.22 business must have applied for and received certification for the calendar year in which
3.23 the investment was made prior to the date on which the qualified investment was made.

3.24 (f) The commissioner must maintain a list of businesses certified under this
3.25 subdivision for the calendar year and make the list accessible to the public on the
3.26 department's Web site.

3.27 (g) For purposes of this subdivision, the following terms have the meanings given:

3.28 (1) "qualified high-technology field" includes aerospace, agricultural processing,
3.29 alternative energy, energy efficiency, environmental engineering, food technology,
3.30 cellulosic ethanol, information technology, materials science technology, nanotechnology,
3.31 telecommunications, biotechnology, medical device products, pharmaceuticals,
3.32 diagnostics, biologicals, veterinary science, and similar fields; and

3.33 (2) "proprietary technology" means the technical innovations that are unique and
3.34 legally owned or licensed by a business and includes, without limitation, those innovations
3.35 that are patented, patent pending, a subject of trade secrets, or copyrighted.

4.1 Subd. 3. **Certification of qualified investors.** (a) Investors may apply to the
4.2 commissioner for certification as a qualified investor for a taxable year. The application
4.3 must be in the form and be made under the procedures specified by the commissioner,
4.4 accompanied by an application fee of \$350. The application for certification for 2010
4.5 must be made available on the department's Web site by August 1, 2010. Applications for
4.6 subsequent years' certification must be made available on the department's Web site by
4.7 November 1 of the preceding year. Application fees are appropriated to the commissioner
4.8 for personnel and administrative expenses related to administering the program.

4.9 (b) Within 30 days of receiving an application for certification under this subdivision,
4.10 the commissioner must either certify the investor as satisfying the conditions required
4.11 of a qualified investor, request additional information from the investor, or reject the
4.12 application for certification. If the commissioner requests additional information from the
4.13 investor, the commissioner must either certify the investor or reject the application within
4.14 30 days of receiving the additional information. If the commissioner neither certifies the
4.15 investor nor rejects the application within 30 days of receiving the original application or
4.16 within 30 days of receiving the additional information requested, whichever is later, then
4.17 the application is deemed rejected, and the commissioner must refund the \$350 application
4.18 fee. An investor who applies for certification and is rejected may reapply.

4.19 (c) To receive certification, an investor must satisfy all of the following conditions:

4.20 (1) is an accredited investor, within the meaning of Regulation D of the Securities
4.21 and Exchange Commission, Code of Federal Regulations, title 17, section 230.501(a); and

4.22 (2) does not receive more than 50 percent of the investor's gross annual income from
4.23 the qualified small business in which the eligible investment is proposed.

4.24 (d) A member of the family of an individual disqualified by this subdivision is not
4.25 eligible for a credit under this section. For a married couple filing a joint return, the
4.26 limitations in paragraph (c) apply collectively to the investor and spouse.

4.27 (e) For purposes of determining the ownership interest of an investor under paragraph
4.28 (c), the rules under section 267(c) and 267(e) of the Internal Revenue Code apply.

4.29 (f) In order for a qualified investment in a qualified small business to be eligible for
4.30 tax credits, a qualified investor who makes the investment must have applied for and
4.31 received certification for the calendar year prior to making the qualified investment.

4.32 Subd. 4. **Certification of qualified funds.** (a) A pass-through entity may apply to
4.33 the commissioner for certification as a qualified fund for a calendar year. The application
4.34 must be in the form and be made under the procedures specified by the commissioner,
4.35 accompanied by an application fee of \$1,000. The application for certification for 2010 of
4.36 qualified funds must be made available on the department's Web site by August 1, 2010.

5.1 Applications for subsequent years' certification must be made available by November 1 of
5.2 the preceding year. Application fees collected are appropriated to the commissioner to be
5.3 used for personnel and administrative expenses related to administering the program.

5.4 (b) Within 30 days of receiving an application for certification under this subdivision,
5.5 the commissioner must either certify the fund as satisfying the conditions required of a
5.6 qualified fund, request additional information from the fund, or reject the application
5.7 for certification. If the commissioner requests additional information from the fund,
5.8 the commissioner must either certify the fund or reject the application within 30 days
5.9 of receiving the additional information. If the commissioner neither certifies the fund
5.10 nor rejects the application within 30 days of receiving the original application or within
5.11 30 days of receiving the additional information requested, whichever is later, then the
5.12 application is deemed rejected, and the commissioner must refund the \$1,000 application
5.13 fee. A fund that applies for certification and is rejected may reapply.

5.14 (c) To receive certification, a fund must:

5.15 (1) invest or intend to invest in qualified small businesses;

5.16 (2) be organized as a pass-through entity; and

5.17 (3) have at least three separate investors, all of whom are qualified investors.

5.18 (d) Investments in the fund may consist of equity investments or notes that pay
5.19 interest or other fixed amounts, or any combination of both.

5.20 (e) In order for a qualified investment in a qualified small business to be eligible for
5.21 tax credits, a qualified fund that makes the investment must have applied for and received
5.22 certification for the calendar year prior to making the qualified investment.

5.23 Subd. 5. **Credit allowed.** (a) A qualified investor or qualified fund is eligible for
5.24 a credit equal to 25 percent of the qualified investment in a qualified small business.
5.25 Investments made by a pass-through entity qualify for a credit only if the entity is a
5.26 qualified fund. The commissioner may not allocate more than a total maximum amount
5.27 in credits for a taxable year to a qualified investor for the investor's cumulative qualified
5.28 investments as an individual qualified investor and as an investor in a qualified fund; for
5.29 married couples filing joint returns the maximum is \$250,000, and for all other filers
5.30 the maximum is \$125,000. The commissioner may not allocate more than a total of
5.31 \$1,000,000 in credits over all taxable years for qualified investments in any one qualified
5.32 small business. In the first calendar year in which credits are allocated for investments in a
5.33 qualified small business, and for one subsequent calendar year, the commissioner must
5.34 not allocate credits for investments in the qualified small business if doing so would
5.35 result in qualified investors and qualified funds owning, in aggregate, more than 49
5.36 percent of the qualified small business. The commissioner must not allocate more than

6.1 \$2,500,000 in credits to qualified taxpayers or qualified funds for taxable years beginning
6.2 after December 31, 2009, and before January 1, 2011, and must not allocate more than
6.3 \$5,000,000 in credits per year for taxable years beginning after December 31, 2010, and
6.4 before January 1, 2015. Any portion of a taxable year's credits that is not allocated by the
6.5 commissioner does not cancel and may be carried forward to subsequent taxable years
6.6 until all credits have been allocated. Applications for tax credits for 2010 must be made
6.7 available on the department's Web site by September 1, 2010, and the department must
6.8 begin accepting applications by September 1, 2010. Applications for subsequent years
6.9 must be made available by November 1 of the preceding year.

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

6.20 (c) All tax credit request applications filed with the department on the same day must
6.21 be treated as having been filed contemporaneously. If two or more qualified investors or
6.22 qualified funds file tax credit request applications on the same day, and the aggregate
6.23 amount of credit allocation claims exceeds the aggregate limit of credits under this section
6.24 or the lesser amount of credits that remain unallocated on that day, then the credits must
6.25 be allocated among the qualified investors or qualified funds who filed on that day on a
6.26 pro rata basis with respect to the amounts claimed. The pro rata allocation for any one
6.27 qualified investor or qualified fund is the product obtained by multiplying a fraction,
6.28 the numerator of which is the amount of the credit allocation claim filed on behalf of
6.29 a qualified investor and the denominator of which is the total of all credit allocation
6.30 claims filed on behalf of all applicants on that day, by the amount of credits that remain
6.31 unallocated on that day for the taxable year.

6.32 (d) A qualified investor or qualified fund must notify the commissioner when an
6.33 investment for which credits were allocated has been made, and the taxable year in which
6.34 the investment was made. A qualified fund must also provide the commissioner with a
6.35 statement indicating the amount invested by each investor in the qualified fund based
6.36 on each investor's share of the assets of the qualified fund at the time of the qualified

7.1 investment. After receiving notification that the investment was made, the commissioner
 7.2 must issue credit certificates for the taxable year in which the investment was made to
 7.3 the qualified investor or, for an investment made by a qualified fund, to each qualified
 7.4 investor who is an investor in the fund. The certificate must state that the credit is subject
 7.5 to revocation if the qualified investor or qualified fund does not hold the investment in
 7.6 the qualified small business for at least three years, consisting of the calendar year in
 7.7 which the investment was made and the two following years. The three-year holding
 7.8 period does not apply if:

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

7.11 (2) 80 percent or more of the assets of the qualified small business is sold before
 7.12 the end of the three-year period;

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

7.14 (4) the qualified small business's common stock begins trading on a public exchange
 7.15 before the end of the three-year period.

7.16 (e) The commissioner must notify the commissioner of revenue of credit certificates
 7.17 issued under this section.

7.18 Subd. 6. **Annual reports.** (a) By February 1 of each year each qualified small
 7.19 business, qualified investor, and qualified fund must submit an annual report and pay
 7.20 a filing fee of \$100 if required under this subdivision. Each qualified investor and
 7.21 qualified fund must submit reports for three years following each year in which it made
 7.22 an investment that qualified for a credit, and each qualified small business must submit
 7.23 reports for five years following the year in which it received an investment qualifying for
 7.24 a credit. Reports must be made in the form required by the commissioner. All filing fees
 7.25 collected are appropriated to the commissioner for personnel and administrative expense
 7.26 related to administering the program.

7.27 (b) A report from a qualified small business must certify that the business satisfies
 7.28 the following requirements:

7.29 (1) the business has its headquarters in Minnesota;

7.30 (2) at least 51 percent of the business's employees are employed in Minnesota, and
 7.31 51 percent of the business's total payroll is paid or incurred in the state;

7.32 (3) that the business is engaged in, or is committed to engage in, innovation in
 7.33 Minnesota as defined under subdivision 2; and

7.34 (4) that the business meets the payroll requirements in subdivision 2, paragraph
 7.35 (c), clause (6).

8.1 (c) Reports from qualified investors must certify that the investor satisfies the
 8.2 following requirements:

8.3 (1) the investor continues to meet the requirements of subdivision 3; and

8.4 (2) that the investor continues to remain invested in the qualified small business as
 8.5 required by subdivision 5, paragraph (d).

8.6 (d) Reports from qualified funds must certify that the fund satisfies the following
 8.7 requirements:

8.8 (1) each investor in the qualified fund continues to meet the requirements of
 8.9 subdivision 4; and

8.10 (2) that the qualified fund continues to remain invested in the qualified small
 8.11 business as required by subdivision 5, paragraph (d).

8.12 (e) A qualified small business, qualified investor, or qualified fund that fails to file an
 8.13 annual report as required under this subdivision is subject to a \$500 fine.

8.14 Subd. 7. **Revocation of credits.** (a) If the commissioner determines that a
 8.15 qualified investor or qualified fund did not meet the three-year holding period required in
 8.16 subdivision 5, paragraph (d), any credit allocated and certified to the investor or fund is
 8.17 revoked and must be repaid by the investor.

8.18 (b) If the commissioner determines that a business did not meet the employment and
 8.19 payroll requirements in subdivision 2, paragraph (c), clause (2), in any of the five calendar
 8.20 years following the year in which an investment in the business that qualified for a tax
 8.21 credit under this section was made, the business must repay the following percentage of
 8.22 the credits allowed for qualified investments in the business:

<u>Year following the year in which the investment was made:</u>	<u>Percentage of credit required to be repaid:</u>
<u>First</u>	<u>100%</u>
<u>Second</u>	<u>80%</u>
<u>Third</u>	<u>60%</u>
<u>Fourth</u>	<u>40%</u>
<u>Fifth</u>	<u>20%</u>
<u>Sixth and later</u>	<u>0</u>

8.31 (c) The amount of the credits required to be repaid under paragraph (b) is reduced by
 8.32 seven percent of the excess of:

8.33 (1) compensation paid by the qualified business in the taxable year in which the
 8.34 credit was allowed and any following taxable years, over

8.35 (2) compensation paid by the qualified business in the taxable year before the taxable
 8.36 year in which the credit was allowed.

9.1 For purposes of this paragraph "compensation" means amounts paid by the qualified
9.2 business to employees or others for personal services rendered in Minnesota, to the extent
9.3 allowed as a trade or business expense deduction under section 162(a) of the Internal
9.4 Revenue Code.

9.5 (d) The commissioner must notify the commissioner of revenue of every credit
9.6 revoked and subject to full or partial repayment under this section.

9.7 (e) For the repayment of credits allowed under this section and section 290.0692,
9.8 a qualified small business, qualified investor, or investor in a qualified fund must file an
9.9 amended return with the commissioner of revenue and pay any amounts required to be
9.10 repaid within 30 days after becoming subject to repayment under this section.

9.11 Subd. 8. **Data privacy.** (a) Data contained in an application submitted to the
9.12 commissioner under subdivision 2, 3, or 4 of this section is nonpublic data, as defined in
9.13 section 13.02, subdivision 9, except that the following data items are public:

9.14 (1) the name of a qualified small business upon approval of the application and
9.15 certification by the commissioner under subdivision 2;

9.16 (2) the name of a qualified investor upon approval of the application and certification
9.17 by the commissioner under subdivision 3;

9.18 (3) the name of a qualified fund upon approval of the application and certification
9.19 by the commissioner under subdivision 4;

9.20 (4) for credit certificates issued under subdivision 5, the amount of the credit
9.21 certificate issued, amount of the qualifying investment, the name of the qualifying investor
9.22 or qualifying fund that received the certificate, and the name of the qualifying small
9.23 business in which the qualifying investment was made;

9.24 (5) for credits revoked under subdivision 7, paragraph (a), the amount revoked and
9.25 the name of the qualified investor or qualified fund; and

9.26 (6) for credits revoked under subdivision 7, paragraphs (b) and (c), the amount
9.27 revoked and the name of the qualified small business.

9.28 (b) The following data, including data classified as nonpublic, must be provided to
9.29 the consultant for use in conducting the program evaluation under subdivision 11:

9.30 (1) the commissioner of employment and economic development shall provide data
9.31 contained in an application for certification received from a qualified small business,
9.32 qualified investor, or qualified fund, and any annual reporting information received on an
9.33 qualified small business, qualified investor, or qualified fund; and

9.34 (2) the commissioner of revenue shall provide data contained in any applicable tax
9.35 returns of a qualified small business, qualified investor, or qualified fund.

10.1 Subd. 9. **Rulemaking.** The commissioner's actions in establishing procedures and
10.2 requirements and in making determinations and certifications to administer this section are
10.3 not a rule for purposes of chapter 14, are not subject to the Administrative Procedure Act
10.4 contained in chapter 14, and are not subject to section 14.386.

10.5 Subd. 10. **Report to legislature.** Beginning in 2011, the commissioner must
10.6 annually report by March 15 to the chairs and ranking minority members of the legislative
10.7 committees having jurisdiction over taxes and economic development in the senate and
10.8 the house of representatives, in compliance with Minnesota Statutes, sections 3.195 and
10.9 3.197, on the tax credits issued under this section. The report must include:

10.10 (1) the number and amount of the credits issued;

10.11 (2) the recipients of the credits;

10.12 (3) the number and type of each business certified as a qualified small business;

10.13 (4) the total amount of investment in each qualified small business resulting in
10.14 certification of tax credits; and

10.15 (5) for each qualified small business that received investments resulting in tax
10.16 credits, the total amount of additional investment that did not qualify for the tax credit;

10.17 (6) the number and amount of credits revoked under subdivision 7;

10.18 (7) the number and amount of credits that are no longer subject to the three-year
10.19 holding period because of the exceptions under subdivision 5, paragraph (d), clauses
10.20 (1) to (4); and

10.21 (8) any other information relevant to evaluating the effect of these credits.

10.22 Subd. 11. **Program evaluation.** No later than December 31, 2012, the
10.23 commissioner of revenue, after consultation with the commissioners of management and
10.24 budget and employment and economic development, shall contract with a qualified outside
10.25 entity or individual to evaluate the effects of the small business investment tax credit on
10.26 the Minnesota economy. The contractor must not be associated with, employed by, or
10.27 have contracts with the entities involved in or associated with the venture capital, angel
10.28 investment, life science, or high technology industries. The program evaluation must be
10.29 completed by January 2014 provided to the chairs and ranking minority members of the
10.30 legislative commissions having jurisdiction over taxes and economic development in the
10.31 senate and the house of representatives, in compliance with Minnesota Statutes, sections
10.32 3.195 and 3.197. The program evaluation must include, in addition to any other matters the
10.33 commissioner considers relevant to evaluating the effectiveness of the credit, analysis of:

10.34 (1) the effect of the credit on the level of equity investment in qualified small
10.35 businesses in Minnesota, including investments by angel investors, venture capital firms,
10.36 and other sources of equity capital for startup businesses;

11.1 (2) the effect of the credit, if any, on investment in firms other than qualified small
 11.2 businesses;

11.3 (3) the amount of economic activity generated by qualified small businesses that
 11.4 received investments that qualified for the credit;

11.5 (4) the incremental change in Minnesota state and local taxes paid as a result of
 11.6 the allowance of the credit; and

11.7 (5) the net benefit to the Minnesota economy of allowance of the credit relative to
 11.8 alternative uses of the resources, such as increasing the research and development credit
 11.9 or reducing the corporate franchise tax rate.

11.10 (b) \$100,000 is appropriated to the commissioner of revenue from the general fund
 11.11 for fiscal year 2013 for the purposes of this evaluation. Any unspent amount of this
 11.12 appropriation carries over to fiscal year 2014. The allocation of the credit in subdivision 5
 11.13 for taxable year 2013 is reduced by \$100,000. This appropriation may be used to hire a
 11.14 consultant or consultants to prepare all or part of the study.

11.15 (c) To the extent necessary to complete the program evaluation, and as provided
 11.16 in subdivision 8, the consultant or consultants may request from the commissioner of
 11.17 revenue tax return information of taxpayers who are qualified small businesses, qualified
 11.18 investors, and qualified funds. To the extent necessary to complete the program evaluation,
 11.19 the consultant or consultants may request from the commissioner of employment and
 11.20 economic development applications for certification and annual reports made by qualified
 11.21 small businesses, qualified investors, and qualified funds.

11.22 The consultant or consultants may not disclose or release any data received under
 11.23 this section except as permitted for a government entity under chapter 13, and is subject to
 11.24 the penalties and remedies provided in law for violation of that chapter.

11.25 Subd. 12. **Sunset.** This section expires for taxable years beginning after December
 11.26 31, 2014, except that reporting requirements under subdivision 6 and revocation of credits
 11.27 under subdivision 7 remain in effect through 2016 for qualified investors and qualified
 11.28 funds, and through 2018 for qualified small businesses, and reporting requirements under
 11.29 subdivision 10 remain in effect through 2019.

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

11.31 Sec. 3. **[216C.435] DEFINITIONS.**

11.32 Subdivision 1. **Scope.** For the purposes of this section and section 216C.436, the
 11.33 terms defined in this section have the meanings given them.

11.34 Subd. 2. **City.** "City" means a home rule charter or statutory city.

11.35 Subd. 3. **Local government.** "Local government" means a city, county, or town.

12.1 Subd. 4. **Energy audit.** "Energy audit" means a formal evaluation of the energy
 12.2 consumption of a building by a certified energy auditor, whose certification is approved by
 12.3 the commissioner, for the purpose of identifying appropriate energy improvements that
 12.4 could be made to the building and including an estimate of the length of time a specific
 12.5 energy improvement will take to repay its purchase and installation costs, based on the
 12.6 amount of energy saved and estimated future energy prices.

12.7 Subd. 5. **Energy improvement.** "Energy improvement" means:

12.8 (1) any renovation or retrofitting of a building to improve energy efficiency that
 12.9 is permanently affixed to the property and that results in a net reduction in energy
 12.10 consumption without altering the principal source of energy;

12.11 (2) installation of new or upgraded electrical circuits and related equipment to
 12.12 enable electrical vehicle charging; or

12.13 (3) a renewable energy system attached to, installed within, or proximate to a
 12.14 building that generates electrical or thermal energy from a renewable energy source.

12.15 Subd. 6. **Qualifying real property.** "Qualifying real property" means a
 12.16 single-family or multifamily residential dwelling, or a commercial or industrial building,
 12.17 that the city has determined, after review of an energy audit or renewable energy system
 12.18 feasibility study, can be benefited by installation of energy improvements.

12.19 Subd. 7. **Renewable energy.** "Renewable energy" means energy produced by
 12.20 means of solar thermal, solar photovoltaic, wind, or geothermal resources.

12.21 Subd. 8. **Renewable energy system feasibility study.** "Renewable energy system
 12.22 feasibility study" means a written study, conducted by a contractor trained to perform that
 12.23 analysis, for the purpose of determining the feasibility of installing a renewable energy
 12.24 system in a building, including an estimate of the length of time a specific renewable
 12.25 energy system will take to repay its purchase and installation costs, based on the amount of
 12.26 energy saved and estimated future energy prices. For a geothermal energy improvement,
 12.27 the feasibility study must calculate net savings in terms of nongeothermal energy and costs.

12.28 Subd. 9. **Solar thermal.** "Solar thermal" has the meaning given to "qualifying solar
 12.29 thermal project" in section 216B.2411, subdivision 2, paragraph (e).

12.30 Subd. 10. **Solar photovoltaic.** "Solar photovoltaic" has the meaning given in
 12.31 section 216C.06, subdivision 16, and must meet the requirements of section 216C.25.

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

12.33 Sec. 4. **[216C.436] VOLUNTARY ENERGY IMPROVEMENTS FINANCING**
 12.34 **PROGRAM FOR LOCAL GOVERNMENTS.**

13.1 Subdivision 1. **Program authority.** A local government may establish a program
13.2 to finance energy improvements to enable owners of qualifying real property to pay for
13.3 cost-effective energy improvements to the qualifying real property with the net proceeds
13.4 and interest earnings of revenue bonds authorized in this section.

13.5 Subd. 2. **Program requirements.** A financing program must:

13.6 (1) impose requirements and conditions on financing arrangements to ensure timely
13.7 repayment;

13.8 (2) require an energy audit or renewable energy system feasibility study to be
13.9 conducted on the qualifying real property and reviewed by the local government prior to
13.10 approval of the financing;

13.11 (3) inspect the installation and verify the performance of energy improvements
13.12 financed by the program;

13.13 (4) require that all cost-effective energy improvements be made to a qualifying
13.14 real property prior to, or in conjunction with, an applicant's repayment of financing for
13.15 energy improvements for that property;

13.16 (5) have work financed by the program done by licensed contractors as required by
13.17 chapter 326B or other law or ordinance;

13.18 (6) require disclosures to borrowers by the local government of the risks involved in
13.19 borrowing, including the risk of foreclosure if a tax delinquency results from a default;

13.20 (7) provide financing only to those who demonstrate an ability to repay;

13.21 (8) not provide financing for a qualifying real property in which the owner is not
13.22 current on mortgage or real property tax payments;

13.23 (9) require a petition by all owners of the qualifying real property requesting
13.24 collections of repayments as a special assessment under section 429.101;

13.25 (10) provide that payments and assessments are not accelerated due to a default and
13.26 that a tax delinquency exists only for assessments not paid when due; and

13.27 (11) that liability for special assessments related to the financing runs with the
13.28 qualifying real property.

13.29 Subd. 3. **Financing terms.** Financing provided under this section must have:

13.30 (1) a term not to exceed the weighted average of the useful life of the energy
13.31 improvements installed, as determined by the local government, but in no event may
13.32 a term exceed 20 years;

13.33 (2) a principal amount not to exceed the lesser of ten percent of the assessed value
13.34 of the real property on which the improvements are to be installed or the actual cost of
13.35 installing the energy improvements, including the costs of necessary equipment, materials,

14.1 and labor, the costs of each related energy audit or renewable energy system feasibility
 14.2 study, and the cost of verification of installation; and

14.3 (3) an interest rate sufficient to pay the financing costs of the program, including the
 14.4 issuance of bonds and any financing delinquencies.

14.5 Subd. 4. **Coordination with other programs.** A financing program must include
 14.6 cooperation and coordination with the conservation improvement activities of the utility
 14.7 serving the qualifying real property and other public and private energy improvement
 14.8 programs.

14.9 Subd. 5. **Certificate of participation.** Upon completion of a project, a local
 14.10 government shall provide a borrower with a certificate stating participation in the program
 14.11 and what energy improvements have been made with financing program proceeds.

14.12 Subd. 6. **Repayment.** A local government financing an energy improvement
 14.13 under this section must:

14.14 (1) secure payment with a lien against the benefited qualifying real property; and

14.15 (2) collect repayments as a special assessment as provided for in section 429.101

14.16 or by charter.

14.17 Subd. 7. **Bond issuance; repayment.** (a) A local government may issue revenue
 14.18 bonds as provided in chapter 475 for the purposes of this section.

14.19 (b) The bonds must be payable as to both principal and interest solely from the
 14.20 revenues from the assessments established in subdivision 4.

14.21 (c) No holder of bonds issued under this subdivision may compel any exercise of the
 14.22 taxing power of the local government that issued the bonds to pay principal or interest on
 14.23 the bonds. Bonds issued under this subdivision are not a debt or obligation of the local
 14.24 government that issued them, nor is the payment of the bonds enforceable out of any
 14.25 money other than the revenue pledged to the payment of the bonds.

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

14.27 Sec. 5. **[290.06781] CREDIT FOR HISTORIC STRUCTURE**

14.28 **REHABILITATION.**

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

14.31 (b) "Office" means the State Historic Preservation Office of the Minnesota Historical
 14.32 Society.

14.33 (c) "Project" means rehabilitation of a certified historic structure, as defined in
 14.34 section 47(c)(3)(A) of the Internal Revenue Code, that is located in Minnesota and is
 14.35 allowed a federal credit under section 47(a)(2) of the Internal Revenue Code.

15.1 (d) "Society" means the Minnesota Historical Society.

15.2 Subd. 2. **Credit or grant allowed; certified historic structure.** (a) A credit is
15.3 allowed against the tax imposed under this chapter equal to 100 percent of the credit
15.4 allowed under section 47(a)(2) of the Internal Revenue Code for a project. To qualify
15.5 for the credit:

15.6 (1) the project must receive Part 3 certification and be placed in service during
15.7 the taxable year; and

15.8 (2) the taxpayer must be allowed the federal credit and be allocated credit certificates
15.9 in the amount of the credit for the taxable year.

15.10 (b) The society may pay a grant in lieu of the credit. The grant equals 90 percent of
15.11 the credit that would be allowed for the project.

15.12 (c) In lieu of the credit under paragraph (a), an insurance company may claim a
15.13 credit against the insurance premiums tax imposed under chapter 297I.

15.14 Subd. 3. **Applications; certifications; maximum limit.** (a) To qualify for a credit
15.15 or grant under this section, the developer of a project must apply to the office before the
15.16 rehabilitation begins. The application must contain the information and be in the form
15.17 prescribed by the office. The application must indicate if the application is for a credit
15.18 or a grant in lieu of the credit or a combination of the two and designate the taxpayer
15.19 qualifying for the credit or the recipient of the grant.

15.20 (b) The office, in consultation with the commissioner of revenue, shall determine if
15.21 the project is eligible for a credit or a grant under this section.

15.22 (c) The total amount of credits and grants that may be allocated is limited to \$..... in
15.23 each fiscal year, in fiscal years 2011 through 2015 only. The office must implement two
15.24 credit application periods each year. The office must allocate tax credits and grants using
15.25 an objective scoring system that evaluates the benefit to the state of each project for which
15.26 an application is received. The office may allocate up to one-half of the amount for the
15.27 taxable year in the first application period. Amounts not allocated within a fiscal year do
15.28 not cancel but are available for allocation in the following fiscal year. Upon approving an
15.29 application for credit, the office shall issue allocation certificates that:

15.30 (1) verify eligibility for the credit or grant;

15.31 (2) state the amount of credit or grant allocated to the rehabilitation;

15.32 (3) state that the credit or grant allocated may be reduced to equal the federal credit
15.33 allowed if the federal credit that the project receives at the time it is placed in service is
15.34 less than the amount anticipated at the time of allocation; and

15.35 (4) state the fiscal year in which the credit or grant is allocated, and that the taxpayer
15.36 or grant recipient is entitled to receive the credit or grant at the time the project is placed

16.1 in service, provided that date is within five calendar years following the issuance of the
16.2 allocation certificate.

16.3 (d) The developer of a project for which the office has issued an allocation certificate
16.4 must notify the office when the project is placed in service. Upon verifying that the project
16.5 has been placed in service, and was allowed a federal credit, the office must issue a
16.6 credit certificate to the taxpayer designated in the application or must issue a grant to the
16.7 recipient designated in the application. The credit certificate must state the amount of the
16.8 credit. The credit amount may not exceed the federal credit, and the grant amount may
16.9 not exceed 90 percent of the federal credit.

16.10 (e) The office must evaluate applications using the following criteria and priorities:

16.11 (1) the amount of additional project investment leveraged as a result of receiving the
16.12 state credit, calculated as the ratio of total project cost to the state tax credit;

16.13 (2) if the project has secured the financing necessary to begin development;

16.14 (3) the amount of time expected to pass between allocation of the credit and
16.15 completion of the project, with priority given to projects that are expected to be placed
16.16 in service within two years of the start of rehabilitation;

16.17 (4) the number of construction jobs expected to be created by the project;

16.18 (5) the number of jobs expected to be created when the project is completed and
16.19 placed in service;

16.20 (6) if the project will result in one or more vacant properties being placed in service;

16.21 and

16.22 (7) if the project has the support of the local government in which the project
16.23 is located.

16.24 (f) The recipient of a credit certificate may assign the certificate to another taxpayer,
16.25 which is then allowed the credit under this section or section 297I.20, subdivision 3.

16.26 (g) Certification of eligibility for the credit is subject to review and audit by the
16.27 commissioner of revenue. The civil penalty in section 289A.60, subdivision 6, and the
16.28 criminal penalty in section 289A.63, subdivision 2, apply to false or fraudulent claims for
16.29 credits under this section.

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

17.1 Subd. 5. **Credit refundable.** If the amount of credit that the taxpayer is eligible to
17.2 receive under this section exceeds the liability for tax under this chapter, the commissioner
17.3 shall refund the excess to the claimant.

17.4 Subd. 6. **Appropriations.** (a) An amount sufficient to pay the refunds authorized
17.5 under this section is appropriated to the commissioner of revenue from the general fund.

17.6 (b) An amount sufficient to pay the grants authorized under this section is
17.7 appropriated to the society from the general fund.

17.8 Subd. 7. **Manner of claiming.** (a) The commissioner shall prescribe the manner in
17.9 which the credit may be issued or claimed. This may include allowing the credit only as
17.10 a separately processed claim for refund.

17.11 (b) The office shall prescribe the manner in which grants are paid.

17.12 Subd. 8. **Administrative procedures.** The society's actions in establishing
17.13 procedures and requirements and in making determinations and certifications to administer
17.14 this section are not a rule for purposes of chapter 14, and are not subject to section 14.386.

17.15 Subd. 9. **Report; determination of economic impact.** The society must annually
17.16 determine the economic impact to the state from the rehabilitation of property for which
17.17 credits or grants are provided under this section and provide a written report on the impact
17.18 to the chairs and ranking minority members of the legislative committees on taxes of the
17.19 senate and house of representatives, in compliance with sections 3.195 and 3.197. The
17.20 society may collect a reasonable fee for issuing Part 3 certification of certified historic
17.21 structures. Fees collected may not exceed the cost of preparing the report required under
17.22 this subdivision.

17.23 **EFFECTIVE DATE.** This section is effective for taxable years beginning
17.24 after December 31, 2009, for certified historic structures for which qualified costs of
17.25 rehabilitation are first paid under construction contracts entered into after May 1, 2010.

17.26 Sec. 6. **[290.0692] SMALL BUSINESS INVESTMENT CREDIT.**

17.27 Subdivision 1. **Definitions.** For purposes of this section, terms defined in section
17.28 116J.8737 have the meaning given in that section.

17.29 Subd. 2. **Credit allowed.** A qualified investor is allowed a credit against the tax
17.30 imposed under this chapter for qualified investments made in a qualified small business
17.31 for the taxable year. The credit equals the amount and applies to the taxable year indicated
17.32 on the certificate provided to the qualified investor under section 116J.8737, but the
17.33 maximum credit in any taxable year is \$250,000 for a married couple filing a joint return,
17.34 and \$125,000 for all other claimants.

18.1 Subd. 3. **Proportional credits.** Each pass-through entity must provide each
18.2 investor a statement indicating the investor's share of the credit amount certified to the
18.3 pass-through entity based on its share of the pass-through entity's capital assets at the
18.4 time of the qualified investment.

18.5 Subd. 4. **Credit refundable.** If the amount of the credit under this section for any
18.6 taxable year exceeds the claimant's liability for tax under this chapter, the commissioner
18.7 shall refund the excess to the claimant. An amount sufficient to pay the refunds required
18.8 by this section is appropriated to the commissioner from the general fund.

18.9 Subd. 5. **Audit powers.** Notwithstanding the certification eligibility issued by the
18.10 commissioner of employment and economic development under section 116J.8737, the
18.11 commissioner may utilize any audit and examination powers under chapters 270C or
18.12 289A to the extent necessary to verify that the taxpayer is eligible for the credit and to
18.13 assess for the amount of any improperly claimed credit.

18.14 **EFFECTIVE DATE.** This section is effective for investments made after July 1,
18.15 2010, for taxable years beginning after December 31, 2009, and before January 1, 2015,
18.16 and only applies to investments made after the qualified investor or fund making the
18.17 investment and the qualified small business receiving the investment have been certified
18.18 by the commissioner of employment and economic development.

18.19 Sec. 7. Minnesota Statutes 2008, section 290.21, subdivision 4, is amended to read:

18.20 Subd. 4. **Dividends received from another corporation.** (a)(1) Eighty percent
18.21 of dividends received by a corporation during the taxable year from another corporation,
18.22 in which the recipient owns 20 percent or more of the stock, by vote and value, not
18.23 including stock described in section 1504(a)(4) of the Internal Revenue Code when the
18.24 corporate stock with respect to which dividends are paid does not constitute the stock in
18.25 trade of the taxpayer or would not be included in the inventory of the taxpayer, or does not
18.26 constitute property held by the taxpayer primarily for sale to customers in the ordinary
18.27 course of the taxpayer's trade or business, or when the trade or business of the taxpayer
18.28 does not consist principally of the holding of the stocks and the collection of the income
18.29 and gains therefrom; and

18.30 (2)(i) the remaining 20 percent of dividends if the dividends received are the stock in
18.31 an affiliated company transferred in an overall plan of reorganization and the dividend
18.32 is eliminated in consolidation under Treasury Department Regulation 1.1502-14(a), as
18.33 amended through December 31, 1989;

18.34 (ii) the remaining 20 percent of dividends if the dividends are received from a
18.35 corporation which is subject to tax under section 290.36 and which is a member of an

19.1 affiliated group of corporations as defined by the Internal Revenue Code and the dividend
19.2 is eliminated in consolidation under Treasury Department Regulation 1.1502-14(a), as
19.3 amended through December 31, 1989, or is deducted under an election under section
19.4 243(b) of the Internal Revenue Code; or

19.5 (iii) the remaining 20 percent of the dividends if the dividends are received from a
19.6 property and casualty insurer as defined under section 60A.60, subdivision 8, which is a
19.7 member of an affiliated group of corporations as defined by the Internal Revenue Code
19.8 and either: (A) the dividend is eliminated in consolidation under Treasury Regulation
19.9 1.1502-14(a), as amended through December 31, 1989; or (B) the dividend is deducted
19.10 under an election under section 243(b) of the Internal Revenue Code.

19.11 (b) Seventy percent of dividends received by a corporation during the taxable year
19.12 from another corporation in which the recipient owns less than 20 percent of the stock,
19.13 by vote or value, not including stock described in section 1504(a)(4) of the Internal
19.14 Revenue Code when the corporate stock with respect to which dividends are paid does not
19.15 constitute the stock in trade of the taxpayer, or does not constitute property held by the
19.16 taxpayer primarily for sale to customers in the ordinary course of the taxpayer's trade or
19.17 business, or when the trade or business of the taxpayer does not consist principally of the
19.18 holding of the stocks and the collection of income and gain therefrom.

19.19 (c) The dividend deduction provided in this subdivision shall be allowed only with
19.20 respect to dividends that are included in a corporation's Minnesota taxable net income
19.21 for the taxable year.

19.22 The dividend deduction provided in this subdivision does not apply to a dividend
19.23 from a corporation which, for the taxable year of the corporation in which the distribution
19.24 is made or for the next preceding taxable year of the corporation, is a corporation exempt
19.25 from tax under section 501 of the Internal Revenue Code.

19.26 The dividend deduction provided in this subdivision applies to the amount of
19.27 regulated investment company dividends only to the extent determined under section
19.28 854(b) of the Internal Revenue Code.

19.29 The dividend deduction provided in this subdivision shall not be allowed with
19.30 respect to any dividend for which a deduction is not allowed under the provisions of
19.31 section 246(c) of the Internal Revenue Code.

19.32 (d) If dividends received by a corporation that does not have nexus with Minnesota
19.33 under the provisions of Public Law 86-272 are included as income on the return of
19.34 an affiliated corporation permitted or required to file a combined report under section
19.35 290.17, subdivision 4, or 290.34, subdivision 2, then for purposes of this subdivision the
19.36 determination as to whether the trade or business of the corporation consists principally

20.1 of the holding of stocks and the collection of income and gains therefrom shall be made
 20.2 with reference to the trade or business of the affiliated corporation having a nexus with
 20.3 Minnesota.

20.4 (e) The deduction provided by this subdivision does not apply if the dividends are
 20.5 paid by a FSC as defined in section 922 of the Internal Revenue Code.

20.6 (f) If one or more of the members of the unitary group whose income is included on
 20.7 the combined report received a dividend, the deduction under this subdivision for each
 20.8 member of the unitary business required to file a return under this chapter is the product
 20.9 of: (1) 100 percent of the dividends received by members of the group; (2) the percentage
 20.10 allowed pursuant to paragraph (a) or (b); and (3) the percentage of the taxpayer's business
 20.11 income apportionable to this state for the taxable year under section 290.191 or 290.20.

20.12 (g) The deduction provided by this subdivision does not apply to dividends received
 20.13 from a real estate investment trust, if the dividends are not considered to be dividends
 20.14 under sections 243(d)(3) and 857(c) of the Internal Revenue Code.

20.15 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
 20.16 December 31, 2009.

20.17 Sec. 8. Minnesota Statutes 2008, section 297I.20, is amended by adding a subdivision
 20.18 to read:

20.19 Subd. 3. **Historic structure rehabilitation credit.** An insurance company may
 20.20 offset against its premium tax liability the amount of its credit certificate under section
 20.21 290.06781. The offset against premium tax liability must be claimed beginning with the
 20.22 taxable year that the credit is allowed. To the extent that the allowable offset exceeds the
 20.23 tax liability, the commissioner shall pay a refund for the excess to the insurance company.

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

20.25 Sec. 9. Minnesota Statutes 2008, section 429.021, subdivision 1, is amended to read:

20.26 Subdivision 1. **Improvements authorized.** The council of a municipality shall have
 20.27 power to make the following improvements:

20.28 (1) To acquire, open, and widen any street, and to improve the same by constructing,
 20.29 reconstructing, and maintaining sidewalks, pavement, gutters, curbs, and vehicle parking
 20.30 strips of any material, or by grading, graveling, oiling, or otherwise improving the same,
 20.31 including the beautification thereof and including storm sewers or other street drainage
 20.32 and connections from sewer, water, or similar mains to curb lines.

- 21.1 (2) To acquire, develop, construct, reconstruct, extend, and maintain storm and
21.2 sanitary sewers and systems, including outlets, holding areas and ponds, treatment plants,
21.3 pumps, lift stations, service connections, and other appurtenances of a sewer system,
21.4 within and without the corporate limits.
- 21.5 (3) To construct, reconstruct, extend, and maintain steam heating mains.
- 21.6 (4) To install, replace, extend, and maintain street lights and street lighting systems
21.7 and special lighting systems.
- 21.8 (5) To acquire, improve, construct, reconstruct, extend, and maintain water works
21.9 systems, including mains, valves, hydrants, service connections, wells, pumps, reservoirs,
21.10 tanks, treatment plants, and other appurtenances of a water works system, within and
21.11 without the corporate limits.
- 21.12 (6) To acquire, improve and equip parks, open space areas, playgrounds, and
21.13 recreational facilities within or without the corporate limits.
- 21.14 (7) To plant trees on streets and provide for their trimming, care, and removal.
- 21.15 (8) To abate nuisances and to drain swamps, marshes, and ponds on public or private
21.16 property and to fill the same.
- 21.17 (9) To construct, reconstruct, extend, and maintain dikes and other flood control
21.18 works.
- 21.19 (10) To construct, reconstruct, extend, and maintain retaining walls and area walls.
- 21.20 (11) To acquire, construct, reconstruct, improve, alter, extend, operate, maintain, and
21.21 promote a pedestrian skyway system. Such improvement may be made upon a petition
21.22 pursuant to section 429.031, subdivision 3.
- 21.23 (12) To acquire, construct, reconstruct, extend, operate, maintain, and promote
21.24 underground pedestrian concourses.
- 21.25 (13) To acquire, construct, improve, alter, extend, operate, maintain, and promote
21.26 public malls, plazas or courtyards.
- 21.27 (14) To construct, reconstruct, extend, and maintain district heating systems.
- 21.28 (15) To construct, reconstruct, alter, extend, operate, maintain, and promote fire
21.29 protection systems in existing buildings, but only upon a petition pursuant to section
21.30 429.031, subdivision 3.
- 21.31 (16) To acquire, construct, reconstruct, improve, alter, extend, and maintain highway
21.32 sound barriers.
- 21.33 (17) To improve, construct, reconstruct, extend, and maintain gas and electric
21.34 distribution facilities owned by a municipal gas or electric utility.
- 21.35 (18) To purchase, install, and maintain signs, posts, and other markers for addressing
21.36 related to the operation of enhanced 911 telephone service.

22.1 (19) To improve, construct, extend, and maintain facilities for Internet access and
 22.2 other communications purposes, if the council finds that:

22.3 (i) the facilities are necessary to make available Internet access or other
 22.4 communications services that are not and will not be available through other providers or
 22.5 the private market in the reasonably foreseeable future; ~~and~~

22.6 (ii) the service to be provided by the facilities will not compete with service provided
 22.7 by private entities.

22.8 (20) To assess affected property owners for all or a portion of the costs agreed to
 22.9 with an electric utility, telecommunications carrier, or cable system operator to bury or
 22.10 alter a new or existing distribution system within the public right-of-way that exceeds the
 22.11 utility's design and construction standards, or those set by law, tariff, or franchise, but only
 22.12 upon petition under section 429.031, subdivision 3; and

22.13 (21) To assess affected property owners for repayment of voluntary energy
 22.14 improvement financings under section 216C.436, subdivision 6.

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

22.16 Sec. 10. Minnesota Statutes 2008, section 429.101, subdivision 1, is amended to read:

22.17 Subdivision 1. **Ordinances.** (a) In addition to any other method authorized by
 22.18 law or charter, the governing body of any municipality may provide for the collection
 22.19 of unpaid special charges as a special assessment against the property benefited for all
 22.20 or any part of the cost of:

22.21 (1) snow, ice, or rubbish removal from sidewalks;

22.22 (2) weed elimination from streets or private property;

22.23 (3) removal or elimination of public health or safety hazards from private property,
 22.24 excluding any structure included under the provisions of sections 463.15 to 463.26;

22.25 (4) installation or repair of water service lines, street sprinkling or other dust
 22.26 treatment of streets;

22.27 (5) the trimming and care of trees and the removal of unsound trees from any street;

22.28 (6) the treatment and removal of insect infested or diseased trees on private property,
 22.29 the repair of sidewalks and alleys;

22.30 (7) the operation of a street lighting system;

22.31 (8) the operation and maintenance of a fire protection or a pedestrian skyway system;

22.32 (9) inspections relating to a municipal housing maintenance code violation;

22.33 (10) the recovery of any disbursements under section 504B.445, subdivision 4,

22.34 clause (5), including disbursements for payment of utility bills and other services, even if

23.1 provided by a third party, necessary to remedy violations as described in section 504B.445,
 23.2 subdivision 4, clause (2); or

23.3 (11) [Repealed, 2004 c 275 s 5]

23.4 (12) the recovery of delinquent vacant building registration fees under a municipal
 23.5 program designed to identify and register vacant buildings.

23.6 (b) The council may by ordinance adopt regulations consistent with this section to
 23.7 make this authority effective, including, at the option of the council, provisions for placing
 23.8 primary responsibility upon the property owner or occupant to do the work personally
 23.9 (except in the case of street sprinkling or other dust treatment, alley repair, tree trimming,
 23.10 care, and removal, or the operation of a street lighting system) upon notice before the work
 23.11 is undertaken, and for collection from the property owner or other person served of the
 23.12 charges when due before unpaid charges are made a special assessment.

23.13 (c) A home rule charter city, statutory city, county, or town operating an energy
 23.14 improvements financing program under section 216C.436 has the authority granted to a
 23.15 municipality under paragraph (a) with respect to energy improvements financed under
 23.16 that section.

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

23.18 Sec. 11. Minnesota Statutes 2008, section 446A.085, is amended by adding a
 23.19 subdivision to read:

23.20 **Subd. 15. Transportation infrastructure loans.** A loan may be made to a statutory
 23.21 or home rule charter city to finance transportation infrastructure projects for the purposes
 23.22 described in subdivision 2 but without regard to whether they are eligible for financing
 23.23 under a federal act or program or state law. The loan must be repayable under the terms
 23.24 and conditions provided in this section and established by the authority and agreed to by
 23.25 the city. The loan must be repaid by the city from the proceeds of special assessments, tax
 23.26 increments, or other local taxes, such as sales taxes, lodging taxes, liquor taxes, admissions
 23.27 and recreation taxes, and food and beverage taxes, authorized to be used for purposes
 23.28 of the project. In addition to any method the authority considers to be appropriate, the
 23.29 authority may fund those loans by issuing Build America Bonds under section 54AA of
 23.30 the Internal Revenue Code, as amended.

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

23.32 Sec. 12. Minnesota Statutes 2009 Supplement, section 469.153, subdivision 2, is
 23.33 amended to read:

24.1 Subd. 2. **Project.** (a) "Project" means (1) any properties, real or personal, used
24.2 or useful in connection with a revenue producing enterprise, or any combination of
24.3 two or more such enterprises engaged or to be engaged in generating, transmitting, or
24.4 distributing electricity, assembling, fabricating, manufacturing, mixing, processing,
24.5 storing, warehousing, or distributing any products of agriculture, forestry, mining, or
24.6 manufacture, or in research and development activity in this field, or in the manufacturing,
24.7 creation, or production of intangible property, including any patent, copyright, formula,
24.8 process, design, know-how, format, or other similar item; (2) any properties, real or
24.9 personal, used or useful in the abatement or control of noise, air, or water pollution, or in
24.10 the disposal of solid wastes, in connection with a revenue producing enterprise, or any
24.11 combination of two or more such enterprises engaged or to be engaged in any business
24.12 or industry; (3) any properties, real or personal, used or useful in connection with the
24.13 business of telephonic communications, conducted or to be conducted by a telephone
24.14 company, including toll lines, poles, cables, switching, and other electronic equipment
24.15 and administrative, data processing, garage, and research and development facilities;
24.16 (4) any properties, real or personal, used or useful in connection with a district heating
24.17 system, consisting of the use of one or more energy conversion facilities to produce hot
24.18 water or steam for distribution to homes and businesses, including cogeneration facilities,
24.19 distribution lines, service facilities, and retrofit facilities for modifying the user's heating
24.20 or water system to use the heat energy converted from the steam or hot water.

24.21 (b) "Project" also includes any properties, real or personal, used or useful in
24.22 connection with a revenue producing enterprise, or any combination of two or more
24.23 such enterprises engaged in any business.

24.24 (c) "Project" also includes any properties, real or personal, used or useful for the
24.25 promotion of tourism in the state. Properties may include hotels, motels, lodges, resorts,
24.26 recreational facilities of the type that may be acquired under section 471.191, and related
24.27 facilities.

24.28 (d) "Project" also includes any properties, real or personal, used or useful in
24.29 connection with a revenue producing enterprise, whether or not operated for profit,
24.30 engaged in providing health care services, including hospitals, nursing homes, and related
24.31 medical facilities.

24.32 (e) "Project" does not include any property to be sold or to be affixed to or consumed
24.33 in the production of property for sale, and does not include any housing facility to be
24.34 rented or used as a permanent residence.

24.35 (f) "Project" also means the activities of any revenue producing enterprise involving
24.36 the construction, fabrication, sale, or leasing of equipment or products to be used in

25.1 gathering, processing, generating, transmitting, or distributing solar, wind, geothermal,
 25.2 biomass, agricultural or forestry energy crops, or other alternative energy sources for
 25.3 use by any person or any residential, commercial, industrial, or governmental entity in
 25.4 heating, cooling, or otherwise providing energy for a facility owned or operated by that
 25.5 person or entity.

25.6 (g) "Project" also includes any properties, real or personal, used or useful in
 25.7 connection with a county jail, county regional jail, community corrections facilities
 25.8 authorized by chapter 401, or other law enforcement facilities, the plans for which are
 25.9 approved by the commissioner of corrections; provided that the provisions of section
 25.10 469.155, subdivisions 7 and 13, do not apply to those projects.

25.11 (h) "Project" also includes any real properties used or useful in furtherance of the
 25.12 purpose and policy of section 469.141.

25.13 (i) "Project" also includes related facilities as defined by section 471A.02,
 25.14 subdivision 11.

25.15 (j) "Project" also includes an undertaking to purchase the obligations of local
 25.16 governments located in whole or in part within the boundaries of the municipality that are
 25.17 issued or to be issued for public purposes.

25.18 (k) "Project" also includes any properties designated as a qualified green building
 25.19 and sustainable design project under section 469.1655.

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

25.21 Sec. 13. **[469.1655] QUALIFIED GREEN BUILDING AND SUSTAINABLE**
 25.22 **DESIGN PROJECTS.**

25.23 **Subdivision 1. Project designation and eligibility.** (a) A municipality or
 25.24 redevelopment agency issuing revenue bonds under sections 469.152 to 469.165 may
 25.25 designate the project for which the bonds are issued as a qualified green building and
 25.26 sustainable design project as provided in this section.

25.27 (b) The issuer must ensure that each designated project substantially:

25.28 (1) reduces consumption of electricity compared to conventional construction;

25.29 (2) reduces daily carbon dioxide emissions compared to energy generated from coal;

25.30 (3) increases the use of solar photovoltaic cells or solar thermal cells in this state; or

25.31 (4) increases the use of fuel cells to generate energy.

25.32 (c) Before designating a project under this section, the issuer must document in
 25.33 writing that the project will satisfy the eligibility criteria in this section.

25.34 (d) At least 75 percent of the square footage of commercial buildings that are part of
 25.35 the project must be registered with a recognized green building rating system, including

26.1 Minnesota's sustainable building guidelines or the United States Green Building Council's
 26.2 LEED certification, or in the case of residential buildings, Minnesota GreenStar rating,
 26.3 and must be reasonably expected to receive the certification.

26.4 Subd. 2. **Applications.** An application for designation under this section must
 26.5 include a project proposal that describes the energy-efficiency, renewable energy, and
 26.6 sustainable design features of the project and demonstrates that the project satisfies the
 26.7 eligibility criteria in this section. The application must include a description of:

26.8 (1) the amount of electric consumption reduced as compared to conventional
 26.9 construction;

26.10 (2) the amount of carbon dioxide daily emissions reduced compared to energy
 26.11 generated from coal;

26.12 (3) the amount of the gross installed capacity of the project's solar photovoltaic
 26.13 capacity measured in megawatts; and

26.14 (4) the amount in megawatts of the project's energy generated by fuel cells.

26.15 Subd. 3. **Use of bond financing.** The project proposal must include a description of
 26.16 the bond financing that will be allocated for financing of one or more of the following:

26.17 (1) the purchase, construction, integration, or other use of energy-efficiency,
 26.18 renewable energy, and sustainable design features of the project; or

26.19 (2) compliance with certification standards cited under subdivision 1, paragraph (d).

26.20 **EFFECTIVE DATE.** This section is effective for bonds issued after June 30, 2010.

26.21 Sec. 14. Minnesota Statutes 2008, section 469.174, is amended by adding a subdivision
 26.22 to read:

26.23 Subd. 10c. **Compact development district.** "Compact development district" means
 26.24 a type of tax increment financing district consisting of a project, or portions of a project,
 26.25 within which the authority finds by resolution that the following conditions are satisfied:

26.26 (1) parcels consisting of 70 percent of the area of the district are occupied by
 26.27 buildings or similar structures that are classified as class 3a property under section 273.13,
 26.28 subdivision 24; and

26.29 (2) the planned redevelopment or development of the district, when completed, will
 26.30 increase the total square footage of buildings, classified as class 3a under section 273.13,
 26.31 subdivision 24, occupying the district by three times or more relative to the square footage
 26.32 of similar buildings occupying the district when the resolution was approved.

26.33 **EFFECTIVE DATE.** This section is effective for districts for which the request for
 26.34 certification is made after June 30, 2009.

27.1 Sec. 15. Minnesota Statutes 2008, section 469.175, is amended by adding a subdivision
27.2 to read:

27.3 Subd. 2b. **Compact development districts; sunset.** The authority to establish or
27.4 approve the tax increment financing plan for a new compact development district expires
27.5 on June 30, 2012.

27.6 Sec. 16. Minnesota Statutes 2008, section 469.176, subdivision 1b, is amended to read:

27.7 Subd. 1b. **Duration limits; terms.** (a) No tax increment shall in any event be
27.8 paid to the authority

27.9 (1) after 15 years after receipt by the authority of the first increment for a renewal
27.10 and renovation district,

27.11 (2) after 20 years after receipt by the authority of the first increment for a soils
27.12 condition district,

27.13 (3) after eight years after receipt by the authority of the first increment for an
27.14 economic development district,

27.15 (4) for a housing district, a compact development district, or a redevelopment
27.16 district, after 25 years from the date of receipt by the authority of the first increment.

27.17 (b) For purposes of determining a duration limit under this subdivision or subdivision
27.18 1e that is based on the receipt of an increment, any increments from taxes payable in
27.19 the year in which the district terminates shall be paid to the authority. This paragraph
27.20 does not affect a duration limit calculated from the date of approval of the tax increment
27.21 financing plan or based on the recovery of costs or to a duration limit under subdivision
27.22 1c. This paragraph does not supersede the restrictions on payment of delinquent taxes in
27.23 subdivision 1f.

27.24 (c) An action by the authority to waive or decline to accept an increment has no
27.25 effect for purposes of computing a duration limit based on the receipt of increment under
27.26 this subdivision or any other provision of law. The authority is deemed to have received an
27.27 increment for any year in which it waived or declined to accept an increment, regardless
27.28 of whether the increment was paid to the authority.

27.29 (d) Receipt by a hazardous substance subdistrict of an increment as a result of a
27.30 reduction in original net tax capacity under section 469.174, subdivision 7, paragraph
27.31 (b), does not constitute receipt of increment by the overlying district for the purpose of
27.32 calculating the duration limit under this section.

27.33 **EFFECTIVE DATE.** This section is effective for districts for which the request for
27.34 certification is made after June 30, 2009.

28.1 Sec. 17. Minnesota Statutes 2008, section 469.176, is amended by adding a subdivision
28.2 to read:

28.3 Subd. 1i. **Compact development districts.** Tax increments derived from a compact
28.4 development district may be used only to pay:

28.5 (1) administrative expenses up to the amount permitted under subdivision 3;

28.6 (2) the cost of acquiring land located in the district or abutting the boundary of
28.7 the district;

28.8 (3) demolition and removal of buildings or other improvements and other site
28.9 preparation costs for lands located in the district or abutting the boundary of the district;

28.10 and

28.11 (4) installation of public infrastructure or public improvements serving the district,
28.12 but excluding the costs of streets, roads, highways, parking, or other public improvements
28.13 primarily designed to serve private passenger motor vehicles.

28.14 **EFFECTIVE DATE.** This section is effective for districts for which the request for
28.15 certification is made after June 30, 2009.

28.16 Sec. 18. Minnesota Statutes 2008, section 469.176, subdivision 4c, is amended to read:

28.17 Subd. 4c. **Economic development districts.** (a) Revenue derived from tax
28.18 increment from an economic development district may not be used to provide
28.19 improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form
28.20 to developments consisting of buildings and ancillary facilities, if more than 15 percent
28.21 of the buildings and facilities (determined on the basis of square footage) are used for a
28.22 purpose other than:

28.23 (1) the manufacturing or production of tangible personal property, including
28.24 processing resulting in the change in condition of the property;

28.25 (2) warehousing, storage, and distribution of tangible personal property, excluding
28.26 retail sales;

28.27 (3) research and development related to the activities listed in clause (1) or (2);

28.28 (4) telemarketing if that activity is the exclusive use of the property;

28.29 (5) tourism facilities;

28.30 (6) qualified border retail facilities; or

28.31 (7) space necessary for and related to the activities listed in clauses (1) to (6).

28.32 ~~(b) Notwithstanding the provisions of this subdivision, revenue derived from tax~~
28.33 ~~increment from an economic development district may be used to pay for site preparation~~
28.34 ~~and public improvements, if the following conditions are met:~~

29.1 ~~(1) bedrock soils conditions are present in 80 percent or more of the acreage of~~
 29.2 ~~the district;~~

29.3 ~~(2) the estimated cost of physical preparation of the site exceeds the fair market~~
 29.4 ~~value of the land before completion of the preparation; and~~

29.5 ~~(3) revenues from tax increments are expended only for the additional costs of~~
 29.6 ~~preparing the site because of unstable soils and the bedrock soils condition, the additional~~
 29.7 ~~cost of installing public improvements because of unstable soils or the bedrock soils~~
 29.8 ~~condition, and reasonable administrative costs.~~

29.9 ~~(e)~~ (b) Notwithstanding the provisions of this subdivision, revenues derived from tax
 29.10 increment from an economic development district may be used to provide improvements,
 29.11 loans, subsidies, grants, interest rate subsidies, or assistance in any form for up to 15,000
 29.12 square feet of any separately owned commercial facility located within the municipal
 29.13 jurisdiction of a small city, if the revenues derived from increments are spent only to
 29.14 assist the facility directly or for administrative expenses, the assistance is necessary to
 29.15 develop the facility, and all of the increments, except those for administrative expenses,
 29.16 are spent only for activities within the district.

29.17 ~~(d) For purposes of this subdivision, a qualified border retail facility is a development~~
 29.18 ~~consisting of a shopping center or one or more retail stores, if the authority finds that all~~
 29.19 ~~of the following conditions are satisfied:~~

29.20 ~~(1) the district is in a small city located within one mile or less of the border of~~
 29.21 ~~the state;~~

29.22 ~~(2) the development is not located in the seven-county metropolitan area, as defined~~
 29.23 ~~in section 473.121, subdivision 2;~~

29.24 ~~(3) the development will contain new buildings or will substantially rehabilitate~~
 29.25 ~~existing buildings that together contain at least 25,000 square feet of retail space; and~~

29.26 ~~(4) without the use of tax increment financing for the development, the development~~
 29.27 ~~or a similar competing development will instead occur in the bordering state or province.~~

29.28 ~~(e)~~ (c) A city is a small city for purposes of this subdivision if the city was a small
 29.29 city in the year in which the request for certification was made and applies for the rest of
 29.30 the duration of the district, regardless of whether the city qualifies or ceases to qualify
 29.31 as a small city.

29.32 (d) Notwithstanding the requirements of paragraph (a) and the finding requirements
 29.33 of section 469.174, subdivision 12, tax increments from an economic development district
 29.34 may be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or
 29.35 assistance in any form to developments consisting of buildings and ancillary facilities, if
 29.36 all the following conditions are met:

30.1 (1) the municipality finds that the project will create or retain jobs in this state,
 30.2 including construction jobs, and that construction of the project would not have
 30.3 commenced before July 1, 2011, without the authority providing assistance under the
 30.4 provisions of this paragraph;

30.5 (2) construction of the project begins no later than July 1, 2011; and

30.6 (3) the request for certification of the district is made no later than June 30, 2011.

30.7 **EFFECTIVE DATE.** This section is effective the day following final enactment
 30.8 and applies to any economic development district for which the request for certification
 30.9 was made after June 30, 2009.

30.10 Sec. 19. Minnesota Statutes 2008, section 469.176, is amended by adding a subdivision
 30.11 to read:

30.12 **Subd. 4m. Temporary authority to stimulate construction.** (a) Notwithstanding
 30.13 the restrictions in any other subdivision of this section or any other law to the contrary,
 30.14 except the requirement to pay bonds to which the increments are pledged and the
 30.15 provisions of subdivisions 4g and 4h, the authority may spend tax increments for one or
 30.16 more of the following purposes:

30.17 (1) to provide improvements, loans, interest rate subsidies, or assistance in any
 30.18 form to private development consisting of the construction or substantial rehabilitation
 30.19 of buildings and ancillary facilities, if doing so will create or retain jobs in this state,
 30.20 including construction jobs, and that the construction commences before July 1, 2011, and
 30.21 would not have commenced before that date without the assistance; or

30.22 (2) to make an equity or similar investment in a corporation, partnership, or limited
 30.23 liability company that the authority determines is necessary to make a construction of a
 30.24 development that meets the requirements of clause (1) financially feasible.

30.25 (b) The authority may undertake actions under the authority of this subdivision only
 30.26 after approval by the municipality of a written spending plan that specifically authorizes
 30.27 the authority to take the actions. The municipality shall approve the spending plan only
 30.28 after a public hearing after published notice in a newspaper of general circulation in
 30.29 the municipality at least once, not less than ten days nor more than 30 days prior to the
 30.30 date of the hearing.

30.31 (c) The authority to spend tax increments under this subdivision expires December
 30.32 31, 2011.

31.1 **EFFECTIVE DATE.** This section is effective the day following final enactment
 31.2 and applies to tax increments derived from a district, regardless of when the request for
 31.3 certification was made.

31.4 Sec. 20. Minnesota Statutes 2008, section 469.310, subdivision 6, is amended to read:

31.5 Subd. 6. **Job opportunity building zone or zone.** "Job opportunity building zone"
 31.6 or "zone" means a zone designated by the commissioner under section 469.314, and
 31.7 includes an agricultural processing facility zone and a create automotive recovery zone.

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

31.9 Sec. 21. Minnesota Statutes 2008, section 469.310, subdivision 11, is amended to read:

31.10 Subd. 11. **Qualified business.** (a) A person carrying on a trade or business at a place
 31.11 of business located within a job opportunity building zone is a qualified business for the
 31.12 purposes of sections 469.310 to 469.320 according to the criteria in paragraphs (b) to (f).

31.13 (b) A person is a qualified business only on those parcels of land for which the
 31.14 person has entered into a business subsidy agreement, as required under section 469.313,
 31.15 with the appropriate local government unit in which the parcels are located.

31.16 (c) Prior to execution of the business subsidy agreement, the local government
 31.17 unit must consider the following factors:

31.18 (1) how wages compare to the regional industry average;

31.19 (2) the number of jobs that will be provided relative to overall employment in the
 31.20 community;

31.21 (3) the economic outlook for the industry the business will engage in;

31.22 (4) sales that will be generated from outside the state of Minnesota;

31.23 (5) how the business will build on existing regional strengths or diversify the
 31.24 regional economy;

31.25 (6) how the business will increase capital investment in the zone; and

31.26 (7) any other criteria the commissioner deems necessary.

31.27 (d) A person that relocates a trade or business from outside a job opportunity
 31.28 building zone into a zone is not a qualified business unless the business meets all of the
 31.29 requirements of paragraphs (b) and (c) and:

31.30 (1) increases full-time employment in the first full year of operation within the job
 31.31 opportunity building zone by a minimum of five jobs or 20 percent, whichever is greater,
 31.32 measured relative to the operations that were relocated and maintains the required level of
 31.33 employment for each year the zone designation applies; and

31.34 (2) enters a binding written agreement with the commissioner that:

32.1 (i) pledges the business will meet the requirements of clause (1);

32.2 (ii) provides for repayment of all tax benefits enumerated under section 469.315 to
 32.3 the business under the procedures in section 469.319, if the requirements of clause (1) are
 32.4 not met for the taxable year or for taxes payable during the year in which the requirements
 32.5 were not met; and

32.6 (iii) contains any other terms the commissioner determines appropriate.

32.7 (e) The commissioner may waive the requirements under paragraph (d), clause (1),
 32.8 if the commissioner determines that the qualified business will substantially achieve
 32.9 the factors under this subdivision.

32.10 (f) A business is not a qualified business if, at its location or locations in the zone,
 32.11 the business is primarily engaged in making retail sales to purchasers who are physically
 32.12 present at the business's zone location.

32.13 (g) A qualifying business must pay each employee compensation, including benefits
 32.14 not mandated by law, that on an annualized basis is equal to at least 110 percent of the
 32.15 federal poverty level for a family of four.

32.16 (h) A public utility, as defined in section 336B.01, is not a qualified business.

32.17 (i) A business operating in a create automotive recovery zone is a qualified business
 32.18 only if it engages in the assembly of motor vehicles at the zone location.

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

32.20 Sec. 22. Minnesota Statutes 2008, section 469.310, is amended by adding a subdivision
 32.21 to read:

32.22 **Subd. 14. Motor vehicle assembly facility.** "Motor vehicle assembly facility"
 32.23 means a manufacturing facility with at least 500 employees that is used to assemble motor
 32.24 vehicles and is located in a city of the first class.

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

32.26 Sec. 23. Minnesota Statutes 2008, section 469.310, is amended by adding a subdivision
 32.27 to read:

32.28 **Subd. 15. Create automotive recovery zone.** "Create automotive recovery zone"
 32.29 means a zone designated by the commissioner under section 469.314 that contains a
 32.30 motor vehicle assembly facility.

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

32.32 Sec. 24. Minnesota Statutes 2008, section 469.312, subdivision 1, is amended to read:

33.1 Subdivision 1. **Maximum size.** A job opportunity building zone may not exceed
 33.2 5,000 acres. For a zone designated as an agricultural processing facility zone, the zone
 33.3 also may not exceed the size of a site necessary for the agricultural processing facility,
 33.4 including ancillary operations and space for expansion in the reasonably foreseeable
 33.5 future. For a zone designated as a create automotive recovery zone, the zone also may
 33.6 not exceed the size of the site necessary for the assembly of motor vehicles, including
 33.7 ancillary operations and space for expansion in the reasonably foreseeable future.

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

33.9 Sec. 25. Minnesota Statutes 2008, section 469.312, subdivision 3, is amended to read:

33.10 Subd. 3. **Outside metropolitan area.** Except for a create automotive recovery zone,
 33.11 the area of a job opportunity building zone must be located outside of the metropolitan
 33.12 area, as defined in section 473.121, subdivision 2.

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

33.14 Sec. 26. Minnesota Statutes 2009 Supplement, section 469.312, subdivision 5, is
 33.15 amended to read:

33.16 Subd. 5. **Duration limit.** (a) The maximum duration of a zone is 12 years. The
 33.17 applicant may request a shorter duration. The commissioner may specify a shorter
 33.18 duration, regardless of the requested duration.

33.19 (b) The duration limit under this subdivision and the duration of the zone for
 33.20 purposes of allowance of tax incentives described in section 469.315 is extended by three
 33.21 calendar years for each parcel of property that meets the following requirements:

33.22 (1) the qualified business operates an ethanol plant, as defined in section 41A.09, on
 33.23 the site that includes the parcel; and

33.24 (2) the business subsidy agreement was executed after April 30, 2006.

33.25 (c) The duration limit under this subdivision and the duration of the zone for
 33.26 purposes of allowance of tax incentives described in section 469.315 is extended by five
 33.27 calendar years for each parcel of property that meets the following requirements:

33.28 (1) the parcel is located in a county with an unemployment rate that on the date that
 33.29 the business subsidy agreement is executed (i) equals or exceeds ten percent or (ii) is ten
 33.30 percent higher than the statewide average;

33.31 (2) the operations of the qualified business on the site include:

33.32 (i) its headquarters;

33.33 (ii) facilities for research and development; and

34.1 (iii) the manufacturing of products, used by the building, transport, consumer
 34.2 products, and industrial products sectors, that reduce the use of or increase the efficiency
 34.3 of the use of energy resources and that are manufactured using innovative and high
 34.4 technology processes; and

34.5 (3) the business subsidy agreement is executed after July 1, 2009, and before July 1,
 34.6 2011.

34.7 (d) The duration of a create automotive recovery zone is 12 years from the date of
 34.8 the designation of a zone by the commissioner under section 469.314, subdivision 4,
 34.9 paragraph (g).

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

34.11 Sec. 27. Minnesota Statutes 2008, section 469.314, subdivision 1, is amended to read:

34.12 Subdivision 1. **Commissioner to designate.** (a) The commissioner, in consultation
 34.13 with the commissioner of revenue, shall designate not more than ten job opportunity
 34.14 building zones and not more than one create automotive recovery zone. In making the
 34.15 designations, the commissioner shall consider need and likelihood of success to yield the
 34.16 most economic development and revitalization of economically distressed rural areas
 34.17 of Minnesota.

34.18 (b) In addition to the designations under paragraph (a), the commissioner may, in
 34.19 consultation with the commissioners of agriculture and revenue, designate up to five
 34.20 agricultural processing facility zones.

34.21 (c) The commissioner may, upon designation of a zone, modify the development
 34.22 plan, including the boundaries of the zone or subzones, if in the commissioner's opinion
 34.23 a modified plan would better meet the objectives of the job opportunity building zone
 34.24 program. The commissioner shall notify the applicant of the modification and provide a
 34.25 statement of the reasons for the modifications.

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

34.27 Sec. 28. Minnesota Statutes 2008, section 469.314, subdivision 4, is amended to read:

34.28 Subd. 4. **Designation schedule.** (a) The schedule in paragraphs (b) to (f) applies to
 34.29 the designation of job opportunity building zones. Paragraph (g) applies to the designation
 34.30 of a create automotive recovery zone.

34.31 (b) The commissioner shall publish the form for applications and any procedural,
 34.32 form, or content requirements for applications by no later than August 1, 2003. The
 34.33 commissioner may publish these requirements on the Internet, in the State Register, or by

35.1 any other means the commissioner determines appropriate to disseminate the information
35.2 to potential applicants for designation.

35.3 (c) Applications must be submitted by October 15, 2003.

35.4 (d) The commissioner shall designate the zones by no later than December 31, 2003.

35.5 (e) The designation of the zones takes effect January 1, 2004.

35.6 (f) The commissioner may reserve one or more of the ten authorized zones for a
35.7 second round of designations in calendar year 2004. If the commissioner chooses to
35.8 reserve designations for this purpose, the commissioner shall establish the schedule for the
35.9 second round of designations, notwithstanding the dates in paragraphs (c), (d), and (e).

35.10 The commissioner shall allow a period of at least 90 days for submission of applications
35.11 after notification of the second round. A zone designated in the second round takes effect
35.12 on January 1, 2005.

35.13 (g) The commissioner may accept applications for a create automotive recovery zone
35.14 at any time before January 1, 2016. The commissioner may designate a create automotive
35.15 recovery zone at any time after December 31, 2011, but before January 1, 2016.

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

35.17 Sec. 29. Minnesota Statutes 2008, section 469.315, is amended to read:

35.18 **469.315 TAX INCENTIVES AVAILABLE IN ZONES.**

35.19 Qualified businesses that operate in a job opportunity building zone, individuals who
35.20 invest in a qualified business that operates in a job opportunity building zone, and property
35.21 located in a job opportunity building zone qualify for:

35.22 (1) exemption from individual income taxes as provided under section 469.316;

35.23 (2) exemption from corporate franchise taxes as provided under section 469.317;

35.24 (3) exemption from the state sales and use tax and any local sales and use taxes on
35.25 qualifying purchases as provided in section 297A.68, subdivision 37;

35.26 (4) exemption from the state sales tax on motor vehicles and any local sales tax on
35.27 motor vehicles as provided under section 297B.03;

35.28 (5) exemption from the property tax as provided in section 272.02, subdivision 64;

35.29 (6) exemption from the wind energy production tax under section 272.029,
35.30 subdivision 7; and

35.31 (7) the jobs credit allowed under section 469.318, except that a qualified business
35.32 located in a create automotive recovery zone is not eligible for the credit under section
35.33 469.318 but is eligible for the credit under section 469.3181.

36.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
 36.2 December 31, 2011.

36.3 **Sec. 30. [469.3181] CREATE AUTOMOTIVE RECOVERY JOBS CREDIT.**

36.4 Subdivision 1. **Credit allowed.** (a) A qualified business located in a create
 36.5 automotive recovery zone is allowed a credit against the tax imposed under chapter 290
 36.6 equal to \$2,500 times the number of full-time equivalent employees receiving wages from
 36.7 the qualified business for working at the facility during the taxable year. The qualified
 36.8 business is allowed an additional credit equal to \$1,000 times the number of full-time
 36.9 equivalent employees receiving wages from the qualified business for working at the
 36.10 facility during the taxable year in excess of 750 employees.

36.11 (b) For purposes of this section, "employee" and "wages" have the meanings given
 36.12 them in section 290.92, subdivisions 1 and 3.

36.13 (c) For purposes of this section, "full-time equivalent employees" means the
 36.14 equivalent of annualized expected hours of work equal to 2,080 hours.

36.15 Subd. 2. **Refundable.** If the amount of the credit exceeds the liability for tax under
 36.16 chapter 290, the commissioner of revenue shall refund the excess to the qualified business.

36.17 Subd. 3. **Appropriation.** An amount sufficient to pay the refunds authorized by this
 36.18 section is appropriated to the commissioner of revenue from the general fund.

36.19 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
 36.20 December 31, 2011.

36.21 **Sec. 31.** Laws 1986, chapter 391, section 1, is amended to read:

36.22 **Section 1.**

36.23 The legislature finds that providing areawide and local financial assistance,
 36.24 including the provision of security for debt financing, but not including direct subsidies
 36.25 to private interests, in the development of the ~~former metropolitan stadium site~~ Industrial
 36.26 Development District 1 (Airport South) of the city of Bloomington, as amended, including
 36.27 any phase of the Mall of America, and the Old Cedar Avenue Bridge, is a public purpose
 36.28 of state, metropolitan, and local government in Minnesota and that it is a benefit to the
 36.29 metropolitan area within the purpose of the metropolitan revenue distribution program
 36.30 pursuant to chapter 473F.

36.31 **EFFECTIVE DATE.** This section is effective upon local approval of and
 36.32 compliance by the governing body of the city of Bloomington with the requirements
 36.33 of Minnesota Statutes, section 645.021.

37.1 Sec. 32. Laws 1995, chapter 264, article 5, section 44, subdivision 4, as amended by
 37.2 Laws 1996, chapter 471, article 7, section 21, and Laws 1997, chapter 231, article 10,
 37.3 section 12, and Laws 2008, chapter 154, article 9, section 18, is amended to read:

37.4 Subd. 4. **Authority.** For housing replacement projects in the city of Crystal,
 37.5 "authority" means the Crystal economic development authority. For housing replacement
 37.6 projects in the city of Fridley, "authority" means the housing and redevelopment authority
 37.7 in and for the city of Fridley or a successor in interest. For housing replacement
 37.8 projects in the city of Minneapolis, "authority" means the Minneapolis community
 37.9 development agency or its successors and assigns. For housing replacement projects
 37.10 in the city of St. Paul, "authority" means the St. Paul housing and redevelopment
 37.11 authority. For housing replacement projects in the city of Duluth, "authority" means the
 37.12 Duluth economic development authority. For housing replacement projects in the city of
 37.13 Richfield, "authority" is the authority as defined in Minnesota Statutes, section 469.174,
 37.14 subdivision 2, that is designated by the governing body of the city of Richfield. For
 37.15 housing replacement projects in the city of Columbia Heights, "authority" is the authority
 37.16 as defined in Minnesota Statutes, section 469.174, subdivision 2, that is designated by
 37.17 the governing body of the city of Columbia Heights. For housing replacement projects in
 37.18 the city of Brooklyn Park, "authority" is the authority as defined in Minnesota Statutes,
 37.19 section 469.174, subdivision 2, that is designated by the governing body of the city of
 37.20 Brooklyn Park.

37.21 **EFFECTIVE DATE.** This section is effective the day following final enactment
 37.22 and applies to the city of Brooklyn Park without local approval under Minnesota Statutes,
 37.23 section 645.023, subdivision 1, clause (a).

37.24 Sec. 33. Laws 1995, chapter 264, article 5, section 45, subdivision 1, as amended by
 37.25 Laws 1996, chapter 471, article 7, section 22, and Laws 1997, chapter 231, article 10,
 37.26 section 13, and Laws 2002, chapter 377, article 7, section 6, and Laws 2008, chapter 154,
 37.27 article 9, section 19, is amended to read:

37.28 Subdivision 1. **Creation of projects.** (a) An authority may create a housing
 37.29 replacement project under sections 44 to 47, as provided in this section.

37.30 (b) For the cities of Crystal, Fridley, Richfield, ~~and~~ Columbia Heights, and Brooklyn
 37.31 Park, the authority may designate up to ~~50~~ 100 parcels in the city to be included in a
 37.32 housing replacement district over the life of a district or districts. ~~No more than ten~~
 37.33 ~~parcels may be included in year one of the district, with up to ten additional parcels added~~
 37.34 ~~to the district in each of the following nine years.~~ For the cities of St. Paul and Duluth,
 37.35 each authority may designate not more than 200 parcels in the city to be included in a

38.1 housing replacement district over the life of the district. For the city of Minneapolis, the
38.2 authority may designate not more than 400 parcels in the city to be included in housing
38.3 replacement districts over the life of the districts. The only parcels that may be included
38.4 in a district are (1) vacant sites, (2) parcels containing vacant houses, or (3) parcels
38.5 containing houses that are structurally substandard, as defined in Minnesota Statutes,
38.6 section 469.174, subdivision 10.

38.7 (c) The city in which the authority is located must pay at least 25 percent of the
38.8 housing replacement project costs from its general fund, a property tax levy, or other
38.9 unrestricted money, not including tax increments.

38.10 (d) The housing replacement district plan must have as its sole object the acquisition
38.11 of parcels for the purpose of preparing the site to be sold for market rate housing. As
38.12 used in this section, "market rate housing" means housing that has a market value that
38.13 does not exceed 150 percent of the average market value of single-family housing in that
38.14 municipality.

38.15 **EFFECTIVE DATE.** This section is effective the day following final enactment
38.16 and applies to the affected cities without local approval under Minnesota Statutes, section
38.17 645.023, subdivision 1, clause (a).

38.18 Sec. 34. Laws 2008, chapter 366, article 5, section 28, subdivision 1, is amended to
38.19 read:

38.20 Subdivision 1. **Additional taxes authorized; use of proceeds.** (a) Notwithstanding
38.21 Minnesota Statutes, section 477A.016, or any other law, ordinance, or charter provision
38.22 to the contrary, the governing body of the city of Bloomington may impose any or all of
38.23 the taxes described in this section. The proceeds of any taxes imposed under this section
38.24 or section 27, less refunds and the cost of collection, must be used to provide financing
38.25 for parking facilities or other public improvements for any phase of the Mall of America
38.26 ~~phase II~~. The Port Authority of the city of Bloomington may, but is not required to,
38.27 issue or cause the sale of bonds, a developer's note, or other obligations to finance the
38.28 improvements. If a governmental entity other than the city of Bloomington issues the
38.29 obligations used to finance the parking facilities and other public improvements, the
38.30 city may transfer the funds available under this section and section 27 for financing the
38.31 project to the entity that issued the bonds.

38.32 (b) As a condition to exercising the authority provided in this subdivision, the
38.33 governing bodies of the city of Bloomington and the Bloomington Port Authority shall
38.34 require the developers of any phase of the Mall of America project to enter into a
38.35 labor peace agreement with the labor organization which is most actively engaged in

39.1 representing and attempting to represent hotel workers in Hennepin and Ramsey Counties.
 39.2 The labor peace agreement must be an enforceable agreement and must prohibit the labor
 39.3 organization and its members from engaging in any boycott or other activity advising
 39.4 customers not to patronize any hotel that is part of any phase of the Mall of America for
 39.5 at least the first five years of the hotel's operation, and must cover all operations at the
 39.6 hotel, other than construction, alteration, or repair of the premises separately owned and
 39.7 operated, which are conducted by lessees or tenants or under management agreements,
 39.8 except retail operations, including gift, jewelry, and clothing shops that have annual gross
 39.9 revenues of less than \$250,000.

39.10 **EFFECTIVE DATE.** This section is effective upon local approval of and
 39.11 compliance by the governing body of the city of Bloomington with the requirements
 39.12 of Minnesota Statutes, section 645.021, except that the provisions of paragraph (b) are
 39.13 effective if the city of Bloomington approves any one of sections 35, 36, 37, 38 or 43.

39.14 Sec. 35. Laws 2008, chapter 366, article 5, section 28, subdivision 2, is amended to
 39.15 read:

39.16 Subd. 2. **Sales tax.** The city of Bloomington may charter a special taxing authority,
 39.17 which is a separate political subdivision. The geographic area of the special taxing
 39.18 authority consists of Tax Increment Financing Districts No. 1-C and No. 1-G in the
 39.19 city. The city council is the governing body of the special taxing authority. The special
 39.20 taxing authority may impose, by resolution, a sales tax of ~~not less than one-half of one~~
 39.21 ~~percent and~~ not more than one percent within its boundaries. The provisions of Minnesota
 39.22 Statutes, section 297A.99, except for subdivisions 2 and 3, govern the imposition,
 39.23 administration, collection, and enforcement of the tax authorized in this subdivision.

39.24 **EFFECTIVE DATE.** This section is effective upon local approval and compliance
 39.25 by the governing body of the city of Bloomington with the provisions of Minnesota
 39.26 Statutes, section 645.021.

39.27 Sec. 36. Laws 2008, chapter 366, article 5, section 29, subdivision 1, is amended to
 39.28 read:

39.29 Subdivision 1. **Issuing authority.** (a) The city of Bloomington may contract with
 39.30 any of the following authorities to issue and sell revenue bonds for the purposes and
 39.31 in the amounts specified in subdivision 2:

39.32 (1) the commissioner of finance, exercising the authority granted under this section
 39.33 and Minnesota Statutes, sections 16A.672 to 16A.675;

40.1 (2) the Agricultural and Economic Development Board, exercising the powers
40.2 granted under this section and Minnesota Statutes, chapter 41A; or

40.3 (3) the Minnesota Public Facilities Authority, exercising the powers granted under
40.4 this section and Minnesota Statutes, chapter 446A.

40.5 (b) The authority granted in this section is in addition to the statutes in paragraph
40.6 (a) and notwithstanding any contrary provisions in them.

40.7 (c) The contract must include as a party the developer of any phase H of the Mall
40.8 of America and may include as a party any other entity deemed appropriate by the city
40.9 of Bloomington, the issuing authority, and the developer.

40.10 **EFFECTIVE DATE.** This section is effective upon local approval of and
40.11 compliance by the governing body of the city of Bloomington with the requirements
40.12 of Minnesota Statutes, section 645.021.

40.13 Sec. 37. Laws 2008, chapter 366, article 5, section 29, subdivision 2, is amended to
40.14 read:

40.15 Subd. 2. **Purposes and amounts.** (a) The revenue bonds may be issued in a single
40.16 or multiple issues and sold for the following purposes:

40.17 (1) to pay the costs to design, construct, furnish, and equip parking facilities and
40.18 ~~related~~ other public improvements for any phase H of the Mall of America;

40.19 (2) to pay the costs of issuance, debt service, and bond insurance or other credit
40.20 enhancements, and to fund reserves; and

40.21 (3) to refund bonds issued under this section.

40.22 (b) The amount of bonds that may be issued for the purposes of paragraph (a), clause
40.23 (1), may not exceed per issue the estimated cost from time to time of the parking facilities
40.24 and other public improvements, including soft costs; the amount of bonds that may be
40.25 issued for the purposes of paragraph (a), clauses (2) and (3), is not limited.

40.26 **EFFECTIVE DATE.** This section is effective upon local approval of and
40.27 compliance by the governing body of the city of Bloomington with the requirements
40.28 of Minnesota Statutes, section 645.021.

40.29 Sec. 38. Laws 2008, chapter 366, article 5, section 29, subdivision 4, is amended to
40.30 read:

40.31 Subd. 4. **Sale and issuance; proceeds.** (a) The issuing authority may sell and issue
40.32 the bonds on the terms and conditions the issuing authority determines to be in the best
40.33 interests of the state after reviewing an agreement between the city of Bloomington and

41.1 the developer of any phase H of the Mall of America setting out the terms upon which
 41.2 the city of Bloomington will use the proceeds of the bond sales. The bonds may be sold
 41.3 at public or private sale at a price or prices the issuing authority finds appropriate. The
 41.4 issuing authority may enter any agreements or pledges the issuing authority determines
 41.5 necessary or useful to sell the bonds that are not inconsistent with this section.

41.6 (b) The city may enter into a preliminary agreement with the issuing authority under
 41.7 which the city agrees, if the revenue bonds are not issued, to pay or cause to be paid the
 41.8 costs and expenses incurred by the issuing authority relating to the proposed issuance of
 41.9 the revenue bonds.

41.10 (c) The proceeds of the bonds issued under this section must be credited to a special
 41.11 Mall of America revenue bond proceeds account with the issuing authority or a trustee
 41.12 and are appropriated to the issuing authority for payment to the city of Bloomington
 41.13 for the purposes specified in subdivision 2.

41.14 **EFFECTIVE DATE.** This section is effective upon local approval of and
 41.15 compliance by the governing body of the city of Bloomington with the requirements
 41.16 of Minnesota Statutes, section 645.021.

41.17 Sec. 39. **CITY OF ST. PAUL; AUTHORITY TO EXERCISE SPECIAL LAW**
 41.18 **AUTHORITY.**

41.19 Notwithstanding the failure of the governing body of the city of St. Paul to approve
 41.20 Laws 1995, chapter 264, article 5, sections 44 to 47, as required by Laws 1995, chapter
 41.21 264, article 5, section 49, the provisions of sections 44 to 47, as amended, apply to the city
 41.22 of St. Paul without local approval under Minnesota Statutes, section 645.023, subdivision
 41.23 1, clause (a).

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

41.25 Sec. 40. **OAKDALE; TAX INCREMENT FINANCING DISTRICT.**

41.26 Subdivision 1. **Duration of district.** Notwithstanding the provisions of Minnesota
 41.27 Statutes, section 469.176, subdivision 1b, the city of Oakdale may collect tax increments
 41.28 from Tax Increment Financing District No. 6 (Bergen Plaza) through December 31, 2024,
 41.29 subject to the conditions described in subdivision 2.

41.30 Subd. 2. **Conditions for extension.** (a) Subdivision 1 applies only if the following
 41.31 conditions are met:

42.1 (1) by July 1, 2011, the city of Oakdale has entered in a development agreement
 42.2 with a private developer for development or redevelopment of all or a substantial part of
 42.3 the area; and

42.4 (2) by November 1, 2011, the city of Oakdale or a private developer commences
 42.5 construction of streets, traffic improvements, water, sewer, or related infrastructure that
 42.6 serves one or both of the parcels with the following parcel identification numbers:
 42.7 2902921330001 and 2902921330005. For the purposes of this section, construction
 42.8 commences upon grading or other visible improvements that are part of the subject
 42.9 infrastructure.

42.10 (b) All tax increments received by the city of Oakdale under subdivision 1
 42.11 after December 31, 2016, must be used only to pay costs that are both (1) related to
 42.12 redevelopment of the parcels specified in this subdivision, including without limitation
 42.13 any of the infrastructure referenced in this subdivision; and (2) otherwise eligible under
 42.14 law to be paid with increments from the specified tax increment financing district.

42.15 **EFFECTIVE DATE.** This section is effective upon compliance by the governing
 42.16 body of the city of Oakdale with the requirements of Minnesota Statutes, sections
 42.17 469.1782, subdivision 2, and 645.021, subdivision 3.

42.18 Sec. 41. **CITY OF ST. PAUL; TAX INCREMENT FINANCING DISTRICT.**

42.19 (a) Minnesota Statutes, section 469.1763, subdivisions 2 and 3, and section 469.176,
 42.20 subdivision 4, paragraph (j), do not apply to the expenditure of the tax increments from
 42.21 the Snelling University tax increment financing district (county #135) established by the
 42.22 Housing and Redevelopment Authority of the city of St. Paul.

42.23 (b) The authority granted by this section only applies to expenditure of increments
 42.24 for the construction of improvements to a project or projects, including necessary related
 42.25 costs, on which substantial and ongoing construction has begun by July 1, 2011.

42.26 **EFFECTIVE DATE.** This section is effective the day after the governing body of
 42.27 the city of St. Paul and its chief clerical officer comply with Minnesota Statutes, section
 42.28 645.021, subdivisions 2 and 3.

42.29 Sec. 42. **CITY OF NORTH MANKATO; TAX INCREMENT FINANCING**
 42.30 **DISTRICT; PROJECT REQUIREMENTS.**

42.31 Subdivision 1. **Addition of parcel to district.** Notwithstanding Minnesota Statutes,
 42.32 sections 469.174, subdivision 10, and 469.175, subdivision 4, paragraph (d), or any
 42.33 other law to the contrary, the governing body of the city of North Mankato may elect to

43.1 expand the boundaries of Tax Increment Financing District No. IDD 1-8 to include real
43.2 property, described as follows:

43.3 Lots 3, 4, 5, 6, 7, 8, B, and C and part of vacated Cedar Street, Lots A, 1, and 2
43.4 lying northwesterly of a line beginning at a point on the South line of Lot A 74.67 feet
43.5 West of the southeast corner of Lot A; thence northeasterly 107.30 feet to a point on
43.6 the East line of Lot 2; thence continuing northeasterly 47.47 feet to a point on the East
43.7 right-of-way line of vacated Cedar Street; said point being 101.93 feet southerly from the
43.8 intersection of the south right-of-way line of Wheeler Avenue and the east right-of-way
43.9 line vacated Cedar Street, Lamm's Second Addition, City of North Mankato, Nicollet
43.10 County, Minnesota (tax parcel number R 18.614.0040).

43.11 Subd. 2. **Five-year rule.** Minnesota Statutes, section 469.1763, subdivision 3, does
43.12 not apply to Tax Increment Financing District No. IDD 1-8, as enlarged.

43.13 Subd. 3. **Original tax capacity of district.** Upon addition of the property described
43.14 in subdivision 1 in Tax Increment Financing District No. IDD 1-8, the Nicollet County
43.15 auditor shall increase the original tax capacity of Tax Increment Financing District No.
43.16 IDD 1-8 by the amount required by Minnesota Statutes, section 469.177.

43.17 Subd. 4. **Use of increments.** Tax increments and other revenues derived from any
43.18 portion of Tax Increment Financing District No. IDD 1-8, as enlarged, may be used:

43.19 (1) to reimburse or otherwise pay the port authority of the city of North Mankato
43.20 and the city of North Mankato for allowable expenditures under the plan budget for Tax
43.21 Increment Financing District No. IDD 1-8, as amended from time to time; and

43.22 (2) to pay the principal, premium, and interest on the \$990,000 city of North
43.23 Mankato taxable general obligation tax increment bonds, series 2001D, issued by the city
43.24 of North Mankato for redevelopment costs in Tax Increment Financing District No. IDD
43.25 1-8 under the tax increment financing plan for Tax Increment Financing District No. IDD
43.26 1-8 as originally adopted January 16, 1990, and amended April 2, 2001.

43.27 Subd. 5. **Approval and effect of modification.** When the governing body of the
43.28 city elects to exercise the authority provided in subdivision 1 to modify the district, the
43.29 following conditions apply:

43.30 (1) it must comply with Minnesota Statutes, section 469.175, subdivision 4, except
43.31 for paragraph (d); and

43.32 (2) beginning with the subsequent calendar year, the district is subject to the
43.33 provisions of Minnesota Statutes, sections 469.174 to 469.1794, as if the request for

44.1 certification of the entire district had been made on the date the city elected to exercise
44.2 the authority provided in subdivision 1.

44.3 Subd. 6. **Conditions.** The authority granted by this section may only be exercised
44.4 by the city if:

44.5 (1) by July 1, 2011, the city has entered in a development agreement with a private
44.6 developer for redevelopment of all or a substantial part of the area; and

44.7 (2) substantial and ongoing construction of improvements for the project has begun
44.8 by November 1, 2011.

44.9 **EFFECTIVE DATE.** This section is effective upon approval by the governing body
44.10 of the city of North Mankato and upon compliance by the city with Minnesota Statutes,
44.11 section 645.021, subdivision 3.

44.12 Sec. 43. **REPEALER.**

44.13 Laws 1996, chapter 464, article 1, section 8, subdivision 5, is repealed.

44.14 **EFFECTIVE DATE.** This section is effective upon local approval of and
44.15 compliance by the governing body of the city of Bloomington with the requirements
44.16 of Minnesota Statutes, section 645.021."

44.17 Amend the title accordingly