

1.1 moves to amend H.F. No. 3170 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "ARTICLE 1

1.4 PROPERTY TAX AIDS, CREDITS, AND REFUNDS

1.5 Section 1. [69.022] VOLUNTEER RETENTION STIPEND AID PILOT.

1.6 Subdivision 1. Definitions. (a) For purposes of this section, the following terms
1.7 have the meanings given them.

1.8 (b) "Emergency medical services provider" means a licensee as defined under
1.9 section 144E.001, subdivision 8.

1.10 (c) "Independent nonprofit firefighting corporation" has the same meaning as used in
1.11 chapter 424A.

1.12 (d) "Municipality" has the meaning given in section 69.011, but only if the
1.13 municipality uses one or more qualified volunteers to provide service.

1.14 (e) "Qualified entity" means an emergency medical services provider, independent
1.15 nonprofit firefighting corporation, or municipality.

1.16 (f) "Qualified volunteer" means one of the following types of volunteers who has
1.17 provided service for the entire prior calendar year to a qualified entity:

1.18 (1) a volunteer firefighter as defined in section 424A.001, subdivision 10;

1.19 (2) a volunteer ambulance attendant as defined in section 144E.001, subdivision 15; or

1.20 (3) an emergency medical responder as defined in section 144E.001, subdivision 6,
1.21 who provides emergency medical services as a volunteer.

1.22 (g) "Pilot area" means economic development region 9, defined by Executive Order
1.23 number 60 of Governor Harold LeVander, dated August 6, 1970, and consisting of the
1.24 counties of Blue Earth, Brown, Faribault, Le Sueur, Martin, Nicollet, Sibley, Waseca,
1.25 and Watonwan.

2.1 Subd. 2. **Aid payment and calculation.** The commissioner of revenue shall pay aid
2.2 to qualified entities located in the pilot area to provide funds for the qualified entities to
2.3 pay annual volunteer retention stipends to qualified volunteers who provide services to
2.4 the qualified entities. A qualified entity is located in the pilot area if it is a municipality
2.5 located in whole or in part in the pilot area, or if it is an emergency medical services
2.6 provider or independent nonprofit firefighting corporation with its main office located in
2.7 the pilot area. The amount of the aid equals \$500 multiplied by the number of qualified
2.8 volunteers. For purposes of calculating this aid, each individual providing volunteer
2.9 service, regardless of the different types of service provided, is one qualified volunteer.
2.10 The commissioner shall pay the aid to qualified entities by July 31 of the calendar year
2.11 following the year in which the qualified volunteer provided service.

2.12 Subd. 3. **Application.** Each year each qualified entity in the pilot area may apply to
2.13 the commissioner for aid under this section. The application must be made at the time and
2.14 in the form prescribed by the commissioner and must provide sufficient information to
2.15 permit the commissioner to determine the applicant's entitlement to aid under this section.

2.16 Subd. 4. **Payment of stipends.** A qualified entity receiving state aid under this
2.17 section must pay the aid as retention stipends to qualified volunteers no later than
2.18 September 15 of the year in which the aid was received.

2.19 Subd. 5. **Report.** No later than January 15, 2018, the commissioner of revenue must
2.20 report to the chairs and ranking minority members of the legislative committees having
2.21 jurisdiction over public safety and taxes in the senate and the house of representatives,
2.22 in compliance with sections 3.195 and 3.197, on aid paid under this section. The report
2.23 must include:

2.24 (1) for each county in the pilot area, a listing of the qualified entities that received
2.25 aid in each of the three years of the pilot;

2.26 (2) the amount of aid paid to each qualified entity that received aid in each of the
2.27 three years of the pilot; and

2.28 (3) for each qualified entity that received aid, the number of qualified volunteers
2.29 who were paid stipends in each of the three years of the pilot.

2.30 The report must also provide information on the number of qualified volunteers
2.31 providing service to qualified entities in each of the counties adjacent to the pilot area in
2.32 each of the three years of the pilot, and must summarize changes in the number of qualified
2.33 volunteers during the three years of the pilot both within the pilot area and in the adjacent
2.34 counties. For purposes of this subdivision "counties adjacent to the pilot area" means the
2.35 counties of Carver, Cottonwood, Freeborn, Jackson, McLeod, Redwood, Renville, Rice,
2.36 Scott, and Steele. Qualified entities in counties adjacent to the pilot area must provide

3.1 information to the commissioner necessary to the report in this subdivision in the form
 3.2 and manner required by the commissioner.

3.3 Subd. 6. **Appropriation.** An amount sufficient to pay the state aid under this
 3.4 section in fiscal years 2016, 2017, and 2018 is appropriated from the general fund to the
 3.5 commissioner of revenue. This appropriation does not become part of the agency's base
 3.6 budget and expires after fiscal year 2018.

3.7 **EFFECTIVE DATE.** This section is effective the day following final enactment
 3.8 and applies for volunteer service provided beginning in calendar years 2014, 2015, and
 3.9 2016, and for aid payable in calendar years 2015, 2016, and 2017.

3.10 Sec. 2. Minnesota Statutes 2012, section 273.1384, subdivision 2, is amended to read:

3.11 Subd. 2. **Agricultural homestead market value credit.** Property classified as
 3.12 agricultural homestead under section 273.13, subdivision 23, paragraph (a), is eligible for
 3.13 an agricultural credit. The credit is computed using the property's agricultural credit market
 3.14 value, defined for this purpose as the property's market value excluding the market value of
 3.15 the house, garage, and immediately surrounding one acre of land. The credit is equal to 0.3
 3.16 percent of the first \$115,000 of the property's agricultural credit market value ~~minus .05~~ plus
 3.17 0.1 percent of the property's agricultural credit market value in excess of \$115,000, subject
 3.18 to a maximum ~~reduction~~ credit of ~~\$115~~ \$490. In the case of property that is classified
 3.19 as part homestead and part nonhomestead solely because not all the owners occupy or
 3.20 farm the property, not all the owners have qualifying relatives occupying or farming the
 3.21 property, or solely because not all the spouses of owners occupy the property, the credit
 3.22 must be initially computed as if that nonhomestead agricultural land was also classified as
 3.23 agricultural homestead and then prorated to the owner-occupant's percentage of ownership.

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

3.25 Sec. 3. Minnesota Statutes 2013 Supplement, section 273.1398, subdivision 4, is
 3.26 amended to read:

3.27 Subd. 4. **Disparity reduction credit.** (a) ~~Beginning with taxes payable in 1989,~~
 3.28 Class 4a and class 3a property qualifies for a disparity reduction credit if: (1) the property
 3.29 is located in a border city that has an enterprise zone, as defined in section 469.166; (2)
 3.30 the property is located in a city with a population greater than 2,500 and less than 35,000
 3.31 according to the 1980 decennial census; (3) the city is adjacent to a city in another state or
 3.32 immediately adjacent to a city adjacent to a city in another state; and (4) the adjacent city

4.1 in the other state has a population of greater than 5,000 and less than 75,000 according to
 4.2 the 1980 decennial census.

4.3 (b) The credit is an amount sufficient to reduce (i) the taxes levied on class 4a
 4.4 property to ~~1.9~~ 1.7 percent of the property's taxable market value and (ii) the tax on class
 4.5 3a property to ~~1.9~~ 1.7 percent of taxable market value.

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

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

4.10 Sec. 4. Minnesota Statutes 2013 Supplement, section 423A.022, subdivision 2, is
 4.11 amended to read:

4.12 Subd. 2. **Allocation.** (a) Of the total amount appropriated as supplemental state aid:

4.13 (1) 58.065 percent must be paid to the executive director of the Public Employees
 4.14 Retirement Association for deposit in the public employees police and fire retirement fund
 4.15 established by section 353.65, subdivision 1;

4.16 (2) 35.484 percent must be paid to municipalities other than municipalities solely
 4.17 employing firefighters with retirement coverage provided by the public employees police
 4.18 and fire retirement plan which qualified to receive fire state aid in that calendar year,
 4.19 allocated in proportion to the most recent amount of fire state aid paid under section
 4.20 69.021, subdivision 7, for the municipality bears to the most recent total fire state aid
 4.21 for all municipalities other than the municipalities solely employing firefighters with
 4.22 retirement coverage provided by the public employees police and fire retirement plan
 4.23 paid under section 69.021, subdivision 7, with the allocated amount for fire departments
 4.24 participating in the voluntary statewide lump-sum volunteer firefighter retirement plan
 4.25 paid to the executive director of the Public Employees Retirement Association for deposit
 4.26 in the fund established by section 353G.02, subdivision 3, and credited to the respective
 4.27 account and with the balance paid to the treasurer of each municipality for transmittal
 4.28 within 30 days of receipt to the treasurer of the applicable volunteer firefighter relief
 4.29 association for deposit in its special fund; and

4.30 (3) 6.452 percent must be paid to the executive director of the Minnesota State
 4.31 Retirement System for deposit in the state patrol retirement fund.

4.32 (b) For purposes of this section, the term "municipalities" includes independent
 4.33 nonprofit firefighting corporations with subsidiary volunteer firefighter relief associations
 4.34 operating under chapter 424A.

5.1 Sec. 5. Minnesota Statutes 2013 Supplement, section 477A.013, subdivision 8, is
5.2 amended to read:

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

5.6 (b) For aids payable in 2015 and thereafter, the formula aid for a city is equal to the
5.7 sum of (1) its formula aid in the previous year and (2) the product of (i) the difference
5.8 between its unmet need and its certified formula aid in the previous year under subdivision
5.9 9, and (ii) the aid gap percentage.

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

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

5.15 (e) The applicable aid gap percentage must be calculated by the Department of
5.16 Revenue so that the total of the aid under subdivision 9 equals the total amount available
5.17 for aid under section 477A.03. Data used in calculating aids to cities under sections
5.18 477A.011 to 477A.013 shall be the most recently available data as of January 1 in the
5.19 year in which the aid is calculated.

5.20 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
5.21 2015 and thereafter.

5.22 Sec. 6. Minnesota Statutes 2013 Supplement, section 477A.03, subdivision 2a, is
5.23 amended to read:

5.24 Subd. 2a. **Cities.** For aids payable in 2014, the total aid paid under section
5.25 477A.013, subdivision 9, is \$507,598,012. ~~The total aid paid under section 477A.013,~~
5.26 ~~subdivision 9, is \$509,098,012 for aids payable in 2015.~~ For aids payable in 2016 2015
5.27 and thereafter, the total aid paid under section 477A.013, subdivision 9, is \$511,598,012
5.28 the amount certified under that section in the previous year, multiplied by the inflation
5.29 adjustment under subdivision 6.

5.30 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
5.31 2015 and thereafter.

5.32 Sec. 7. Minnesota Statutes 2012, section 477A.03, is amended by adding a subdivision
5.33 to read:

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

6.9 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
 6.10 2015 and thereafter.

6.11 Sec. 8. **[477A.18] PRODUCTION PROPERTY TRANSITION AID.**

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

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

6.15 (c) "Net tax capacity differential" means the positive difference, if any, by which the
 6.16 local unit's net tax capacity was reduced from assessment year 2014 to assessment year
 6.17 2015 due to the change in the definition of real property in section 272.03, subdivision 1,
 6.18 enacted by article 2, section 1, of this act. For purposes of determining the net tax capacity
 6.19 differential, any property in a job opportunity building zone under section 469.314 may
 6.20 not be included when calculating a local unit's net tax capacity.

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

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

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

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

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

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

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

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

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

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

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

7.15 Sec. 9. **SUPPLEMENTAL COUNTY PROGRAM AID FOR 2014.**

7.16 (a) Each county whose certified aid for 2014 under Minnesota Statutes, section
 7.17 477A.0124, is less than the aid it received under that section in 2013 shall be eligible for
 7.18 supplemental aid in 2014 equal to the difference between the amount received in 2013
 7.19 and the amount certified for 2014.

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

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

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

7.25 Sec. 10. **SUPPLEMENTAL CREDIT FOR TAXES PAYABLE IN 2014 ONLY.**

7.26 Subdivision 1. **Eligibility.** Each agricultural homestead qualifying for a credit
 7.27 for taxes payable in 2014 under Minnesota Statutes, section 273.1384, is eligible for a
 7.28 supplemental credit equal to the lesser of (i) \$230, or (ii) the net property taxes payable on
 7.29 the property, excluding the taxes attributable to the house, garage, and surrounding one acre
 7.30 of land. A supplemental credit must not be paid to any property that has delinquent property
 7.31 taxes. By August 15, 2014, the county auditor must notify the commissioner of revenue of
 7.32 the name and address of the property owner of each homestead that received an agricultural
 7.33 credit for taxes payable in 2014, along with the net taxes due upon the agricultural

8.1 homestead, whether there are any delinquent taxes on the property, and whatever other
8.2 information the commissioner deems necessary, in a form prescribed by the commissioner.

8.3 Subd. 2. **Payment of supplemental credit.** The commissioner must pay
8.4 supplemental credit amounts to each qualifying taxpayer by October 15, 2014.

8.5 Subd. 3. **Property tax statements for taxes payable in 2015.** In preparing
8.6 proposed property tax notices for taxes payable in 2015 under Minnesota Statutes, section
8.7 275.065, and final property tax statements for taxes payable in 2015 under Minnesota
8.8 Statutes, section 276.04, the auditor must indicate that the taxpayer may have received a
8.9 supplemental credit under this section for taxes payable in 2014.

8.10 Subd. 4. **Appropriation.** The amount necessary to make the payments required
8.11 under subdivision 2 is appropriated from the general fund to the commissioner of revenue
8.12 for fiscal year 2015.

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

8.14 Sec. 11. **HOMESTEAD CREDIT REFUND AND RENTER PROPERTY TAX**
8.15 **REFUND INCREASE.**

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

8.19 Subd. 2. **Renter property tax increase.** For claims filed based on rent paid in
8.20 2013, the commissioner shall increase by six percent the refund otherwise payable under
8.21 Minnesota Statutes, section 290A.04, subdivision 2a.

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

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

8.27 Sec. 12. **2013 CITY AID PENALTY FORGIVENESS; CITY OF BLUFFTON.**

8.28 Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of
8.29 Bluffton shall receive the half of its aid payments for calendar years 2011, 2012, and
8.30 2013 under Minnesota Statutes, section 477A.013, that were withheld under Minnesota

9.1 Statutes, section 477A.017, subdivision 3, provided that the state auditor certifies to the
 9.2 commissioner of revenue that it received audited financial statements from the city for
 9.3 calendar years 2010, 2011, and 2012 by December 31, 2013, and for calendar year 2013
 9.4 by June 30, 2014. The commissioner of revenue shall make a payment of \$20,000 with
 9.5 the first payment of aids under Minnesota Statutes, section 477A.015, in calendar year
 9.6 2014. The commissioner shall pay the remaining amount, totaling \$28,151.50, with the
 9.7 first payment of aids under Minnesota Statutes, section 477A.015, in calendar year 2015.
 9.8 \$20,000 in fiscal year 2015 and \$28,151.50 in fiscal year 2016 are appropriated from the
 9.9 general fund to the commissioner of revenue to make payments under this section.

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

9.11 Sec. 13. **ADDITIONAL SUPPLEMENTAL AID REVISION FOR OMITTED**
 9.12 **2013 INDEPENDENT NONPROFIT FIREFIGHTING CORPORATIONS.**

9.13 (a) Notwithstanding any provision of Minnesota Statutes, chapter 423A, to the
 9.14 contrary, this section modifies the allocation of the police and fire supplemental retirement
 9.15 state aid under Minnesota Statutes 2013 Supplement, section 423A.022, for October
 9.16 1, 2014.

9.17 (b) Before the allocation of the police and fire supplemental retirement state aid is
 9.18 made for October 1, 2014, the commissioner of revenue shall:

9.19 (1) determine those fire departments that qualified for fire state aid under Minnesota
 9.20 Statutes 2012, section 69.021, subdivision 7, on October 1, 2013, did not receive a 2013
 9.21 allocation of police and fire supplemental retirement state aid, and were an independent
 9.22 nonprofit firefighting corporation; and

9.23 (2) determine the amount of police and fire supplemental retirement state aid
 9.24 under Minnesota Statutes 2013 Supplement, section 423A.022, that the fire departments
 9.25 described in clause (1) would have received on October 1, 2013, if the fire departments
 9.26 had been included in that allocation.

9.27 (c) The total amount determined in paragraph (b), clause (2), must be deducted from
 9.28 the amount available for allocation under Minnesota Statutes 2013 Supplement, section
 9.29 423A.022, subdivision 2, clause (2), and the commissioner of revenue shall pay to the fire
 9.30 departments determined in paragraph (b), clause (1), their respective portion of the total as
 9.31 an additional payment on October 1, 2014.

9.32 (d) The remaining amount after the deduction of the total amount under paragraph
 9.33 (c) must be allocated as provided in section 1.

10.1 **ARTICLE 2**

10.2 **PROPERTY TAXES**

10.3 Section 1. Minnesota Statutes 2012, section 272.02, subdivision 10, is amended to read:

10.4 Subd. 10. **Personal property used for pollution control.** Personal property used
 10.5 primarily for the abatement and control of air, water, or land pollution is exempt to the
 10.6 extent that it is so used, and real property is exempt if it is used primarily for abatement
 10.7 and control of air, water, or land pollution as part of an agricultural operation, as a part
 10.8 of a centralized treatment and recovery facility operating under a permit issued by the
 10.9 Minnesota Pollution Control Agency pursuant to chapters 115 and 116 and Minnesota
 10.10 Rules, parts 7001.0500 to 7001.0730, and 7045.0020 to 7045.1260, as a wastewater
 10.11 treatment facility and for the treatment, recovery, and stabilization of metals, oils,
 10.12 chemicals, water, sludges, or inorganic materials from hazardous industrial wastes, or as
 10.13 part of an electric generation system. For purposes of this subdivision, personal property
 10.14 includes ponderous machinery and equipment used in a business or production activity
 10.15 that at common law is considered real property.

10.16 Any taxpayer requesting exemption of all or a portion of any real property or any
 10.17 equipment or device, or part thereof, operated primarily for the control or abatement of air,
 10.18 water, or land pollution shall file an application with the commissioner of revenue. Within
 10.19 30 days of receipt of an application, the commissioner shall notify the county assessor
 10.20 and city clerk of the jurisdictions that a pollution control exemption was requested. The
 10.21 Minnesota Pollution Control Agency shall upon request of the commissioner furnish
 10.22 information and advice to the commissioner.

10.23 The information and advice furnished by the Minnesota Pollution Control Agency
 10.24 must include statements as to whether the equipment, device, or real property meets
 10.25 a standard, rule, criteria, guideline, policy, or order of the Minnesota Pollution Control
 10.26 Agency, and whether the equipment, device, or real property is installed or operated
 10.27 in accordance with it. On determining that property qualifies for exemption, the
 10.28 commissioner shall issue an order exempting the property from taxation and shall provide
 10.29 notification of the order to the county assessor and city clerk of the jurisdictions. The
 10.30 equipment, device, or real property shall continue to be exempt from taxation as long as
 10.31 the order issued by the commissioner remains in effect.

10.32 **EFFECTIVE DATE.** This section is effective June 1, 2014.

10.33 Sec. 2. Minnesota Statutes 2012, section 272.02, subdivision 24, is amended to read:

11.1 Subd. 24. ~~Electric power photovoltaic devices~~ Solar energy-generating systems.
 11.2 ~~Photovoltaic devices~~ Personal property consisting of solar energy-generating systems, as
 11.3 defined in section 216C.06, subdivision 16 272.0295, installed after January 1, 1992, and
 11.4 used to produce or store electric power are is exempt. The value of the real property on
 11.5 which the solar energy-generating system is located shall be valued in the same manner as
 11.6 similar real property that has not been improved with a solar energy-generating system.
 11.7 The real property shall be classified based on the most probable use of the property if it
 11.8 was not improved with a solar energy-generating system.

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

11.10 Sec. 3. Minnesota Statutes 2012, section 272.0211, subdivision 1, is amended to read:

11.11 Subdivision 1. **Efficiency determination and certification.** An owner or operator
 11.12 of a new or existing electric power generation facility, excluding wind energy conversion
 11.13 systems, may apply to the commissioner of revenue for a market value exclusion on the
 11.14 property as provided for in this section. This exclusion shall apply only to the market
 11.15 value of the equipment of the facility, and shall not apply to the structures and the land
 11.16 upon which the facility is located. The commissioner of revenue shall prescribe the forms
 11.17 and procedures for this application. Upon receiving the application, the commissioner
 11.18 of revenue shall: (1) request the commissioner of commerce to make a determination of
 11.19 the efficiency of the applicant's electric power generation facility; and (2) within 30 days,
 11.20 notify the county assessor and city clerk of the jurisdictions that an application for an
 11.21 exclusion is being processed. The commissioner of commerce shall calculate efficiency
 11.22 as the ratio of useful energy outputs to energy inputs, expressed as a percentage, based
 11.23 on the performance of the facility's equipment during normal full load operation. The
 11.24 commissioner must include in this formula the energy used in any on-site preparation of
 11.25 materials necessary to convert the materials into the fuel used to generate electricity, such as
 11.26 a process to gasify petroleum coke. The commissioner shall use the Higher Heating Value
 11.27 (HHV) for all substances in the commissioner's efficiency calculations, except for wood
 11.28 for fuel in a biomass-eligible project under section 216B.2424; for these instances, the
 11.29 commissioner shall adjust the heating value to allow for energy consumed for evaporation
 11.30 of the moisture in the wood. The applicant shall provide the commissioner of commerce
 11.31 with whatever information the commissioner deems necessary to make the determination.
 11.32 Within 30 days of the receipt of the necessary information, the commissioner of commerce
 11.33 shall certify the findings of the efficiency determination to the commissioner of revenue
 11.34 and to the applicant. The commissioner of commerce shall determine the efficiency of the

12.1 facility and certify the findings of that determination to the commissioner of revenue every
 12.2 two years thereafter from the date of the original certification.

12.3 **EFFECTIVE DATE.** This section is effective June 1, 2014.

12.4 Sec. 4. Minnesota Statutes 2012, section 272.0211, subdivision 2, is amended to read:

12.5 Subd. 2. **Sliding scale exclusion.** Based upon the efficiency determination provided
 12.6 by the commissioner of commerce as described in subdivision 1, the commissioner of
 12.7 revenue shall subtract eight percent of the taxable market value of the qualifying property
 12.8 for each percentage point that the efficiency of the specific facility, as determined by the
 12.9 commissioner of commerce, is above 40 percent. The reduction in taxable market value
 12.10 shall be reflected in the taxable market value of the facility beginning with the assessment
 12.11 year immediately following the determination. For a facility that is assessed by the county
 12.12 in which the facility is located, the commissioner of revenue shall certify within 30 days
 12.13 of determination to the assessor of that county and the city clerk of the host city the
 12.14 percentage of the taxable market value of the facility to be excluded.

12.15 **EFFECTIVE DATE.** This section is effective June 1, 2014.

12.16 Sec. 5. **[272.0295] SOLAR ENERGY PRODUCTION TAX.**

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

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

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

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

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

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

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

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

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

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

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

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

13.31 Subd. 6. **Payment of tax; collection.** The amount of production tax determined
13.32 under subdivision 5 must be paid to the county treasurer at the time and in the manner
13.33 provided for payment of property taxes under section 277.01, subdivision 3, and, if unpaid,
13.34 is subject to the same enforcement, collection, and interest and penalties as delinquent
13.35 personal property taxes. Except to the extent inconsistent with this section, the provisions
13.36 of sections 277.01 to 277.24 and 278.01 to 278.14 apply to the taxes imposed under this

14.1 section, and for purposes of those provisions, the taxes imposed under this section are
 14.2 considered personal property taxes.

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

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

14.9 Sec. 6. Minnesota Statutes 2012, section 272.03, subdivision 1, is amended to read:

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

14.15 (b) A building or structure shall include the building or structure itself, together with
 14.16 all improvements or fixtures annexed to the building or structure, which are integrated
 14.17 with and of permanent benefit to the building or structure, regardless of the present use
 14.18 of the building, and which cannot be removed without substantial damage to itself or to
 14.19 the building or structure.

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

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

14.30 (iii) The exclusion provided in clause (i) does not apply to the exterior shell of a
 14.31 structure which constitutes walls, ceilings, roofs, or floors if the shell of the structure has
 14.32 structural, insulation, or temperature control functions or provides protection from the
 14.33 elements, unless the structure is primarily used in the production of biofuels, wine, beer,
 14.34 distilled beverages, or dairy products. Such an exterior shell is included in the definition
 14.35 of real property even if it also has special functions distinct from that of a building, or if

15.1 such an exterior shell is primarily used for the storage of ingredients or materials used in
 15.2 the production of biofuels, wine, beer, distilled beverages, or dairy products, or for the
 15.3 storage of finished biofuels, wine, beer, distilled beverages, or dairy products.

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

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

15.9 Sec. 7. Minnesota Statutes 2012, section 273.13, subdivision 22, is amended to read:

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

15.15 The first \$500,000 of market value of class 1a property has a net class rate of
 15.16 one percent of its market value; and the market value of class 1a property that exceeds
 15.17 \$500,000 has a class rate of 1.25 percent of its market value.

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

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

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

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

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

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

15.33 Permanently and totally disabled for the purpose of this subdivision means a
 15.34 condition which is permanent in nature and totally incapacitates the person from working
 15.35 at an occupation which brings the person an income. The first \$50,000 market value of

16.1 class 1b property has a net class rate of .45 percent of its market value. The remaining
16.2 market value of class 1b property has a class rate using the rates for class 1a or class 2a
16.3 property, whichever is appropriate, of similar market value.

16.4 (c) Class 1c property is commercial use real and personal property that abuts public
16.5 water as defined in section 103G.005, subdivision 15, and is devoted to temporary and
16.6 seasonal residential occupancy for recreational purposes but not devoted to commercial
16.7 purposes for more than 250 days in the year preceding the year of assessment, and that
16.8 includes a portion used as a homestead by the owner, which includes a dwelling occupied
16.9 as a homestead by a shareholder of a corporation that owns the resort, a partner in a
16.10 partnership that owns the resort, or a member of a limited liability company that owns
16.11 the resort even if the title to the homestead is held by the corporation, partnership, or
16.12 limited liability company. For purposes of this paragraph, property is devoted to a
16.13 commercial purpose on a specific day if any portion of the property, excluding the portion
16.14 used exclusively as a homestead, is used for residential occupancy and a fee is charged
16.15 for residential occupancy. Class 1c property must contain three or more rental units. A
16.16 "rental unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual
16.17 camping site equipped with water and electrical hookups for recreational vehicles. Class
16.18 1c property must provide recreational activities such as the rental of ice fishing houses,
16.19 boats and motors, snowmobiles, downhill or cross-country ski equipment; provide marina
16.20 services, launch services, or guide services; or sell bait and fishing tackle. Any unit in
16.21 which the right to use the property is transferred to an individual or entity by deeded
16.22 interest, or the sale of shares or stock, no longer qualifies for class 1c even though it may
16.23 remain available for rent. A camping pad offered for rent by a property that otherwise
16.24 qualifies for class 1c is also class 1c, regardless of the term of the rental agreement, as
16.25 long as the use of the camping pad does not exceed 250 days. If the same owner owns
16.26 two separate parcels that are located in the same township, and one of those properties is
16.27 classified as a class 1c property and the other would be eligible to be classified as a class 1c
16.28 property if it was used as the homestead of the owner, both properties will be assessed as a
16.29 single class 1c property; for purposes of this sentence, properties are deemed to be owned
16.30 by the same owner if each of them is owned by a limited liability company, and both
16.31 limited liability companies have the same membership. The portion of the property used
16.32 as a homestead is class 1a property under paragraph (a). The remainder of the property is
16.33 classified as follows: the first \$600,000 of market value is tier I, the next \$1,700,000 of
16.34 market value is tier II, and any remaining market value is tier III. The class rates for class
16.35 1c are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III, 1.25 percent. Owners of real and
16.36 personal property devoted to temporary and seasonal residential occupancy for recreation

17.1 purposes in which all or a portion of the property was devoted to commercial purposes for
 17.2 not more than 250 days in the year preceding the year of assessment desiring classification
 17.3 as class 1c, must submit a declaration to the assessor designating the cabins or units
 17.4 occupied for 250 days or less in the year preceding the year of assessment by January 15 of
 17.5 the assessment year. Those cabins or units and a proportionate share of the land on which
 17.6 they are located must be designated as class 1c as otherwise provided. The remainder of
 17.7 the cabins or units and a proportionate share of the land on which they are located must be
 17.8 designated as class 3a commercial. The owner of property desiring designation as class
 17.9 1c property must provide guest registers or other records demonstrating that the units for
 17.10 which class 1c designation is sought were not occupied for more than 250 days in the
 17.11 year preceding the assessment if so requested. The portion of a property operated as a
 17.12 (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other
 17.13 nonresidential facility operated on a commercial basis not directly related to temporary
 17.14 and seasonal residential occupancy for recreation purposes does not qualify for class 1c.

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

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

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

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

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

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

17.28 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in
 17.29 2016 and thereafter.

17.30 Sec. 8. Minnesota Statutes 2013 Supplement, section 273.13, subdivision 23, is
 17.31 amended to read:

17.32 Subd. 23. **Class 2.** (a) An agricultural homestead consists of class 2a agricultural
 17.33 land that is homesteaded, along with any class 2b rural vacant land that is contiguous to
 17.34 the class 2a land under the same ownership. The market value of the house and garage
 17.35 and immediately surrounding one acre of land has the same class rates as class 1a or 1b

18.1 property under subdivision 22. The value of the remaining land including improvements
18.2 up to the first tier valuation limit of agricultural homestead property has a net class rate
18.3 of 0.5 percent of market value. The remaining property over the first tier has a class rate
18.4 of one percent of market value. For purposes of this subdivision, the "first tier valuation
18.5 limit of agricultural homestead property" and "first tier" means the limit certified under
18.6 section 273.11, subdivision 23.

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

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

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

18.27 (d) Class 2c managed forest land consists of no less than 20 and no more than 1,920
18.28 acres statewide per taxpayer that is being managed under a forest management plan that
18.29 meets the requirements of chapter 290C, but is not enrolled in the sustainable forest
18.30 resource management incentive program. It has a class rate of .65 percent, provided that
18.31 the owner of the property must apply to the assessor in order for the property to initially
18.32 qualify for the reduced rate and provide the information required by the assessor to verify
18.33 that the property qualifies for the reduced rate. If the assessor receives the application
18.34 and information before May 1 in an assessment year, the property qualifies beginning
18.35 with that assessment year. If the assessor receives the application and information after
18.36 April 30 in an assessment year, the property may not qualify until the next assessment

19.1 year. The commissioner of natural resources must concur that the land is qualified. The
 19.2 commissioner of natural resources shall annually provide county assessors verification
 19.3 information on a timely basis. The presence of a minor, ancillary nonresidential structure
 19.4 as defined by the commissioner of revenue does not disqualify the property from
 19.5 classification under this paragraph.

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

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

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

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

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

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

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

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

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

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

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

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

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

20.12 Classification under this subdivision is not determinative for qualifying under
20.13 section 273.111.

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

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

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

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

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

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

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

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

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

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

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

21.7 (1) wholesale and retail sales;

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

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

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

21.12 the assessor shall classify the part of the parcel used for agricultural purposes as class
21.13 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its
21.14 use. The grading, sorting, and packaging of raw agricultural products for first sale is
21.15 considered an agricultural purpose. A greenhouse or other building where horticultural
21.16 or nursery products are grown that is also used for the conduct of retail sales must be
21.17 classified as agricultural if it is primarily used for the growing of horticultural or nursery
21.18 products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of
21.19 those products. Use of a greenhouse or building only for the display of already grown
21.20 horticultural or nursery products does not qualify as an agricultural purpose.

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

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

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

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

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

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

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

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

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

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

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

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

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

22.29 ~~(n) When any portion of the property under this subdivision or subdivision 22 begins~~
 22.30 ~~to be actively mined, the owner must file a supplemental affidavit within 60 days from~~
 22.31 ~~the day any aggregate is removed stating the number of acres of the property that is~~
 22.32 ~~actively being mined. The acres actively being mined must be (1) valued and classified~~
 22.33 ~~under subdivision 24 in the next subsequent assessment year, and (2) removed from the~~
 22.34 ~~aggregate resource preservation property tax program under section 273.1115, if the~~
 22.35 ~~land was enrolled in that program. Copies of the original affidavit and all supplemental~~
 22.36 ~~affidavits must be filed with the county assessor, the local zoning administrator, and the~~

23.1 ~~Department of Natural Resources, Division of Land and Minerals. A supplemental~~
 23.2 ~~affidavit must be filed each time a subsequent portion of the property is actively mined,~~
 23.3 ~~provided that the minimum acreage change is five acres, even if the actual mining activity~~
 23.4 ~~constitutes less than five acres.~~

23.5 ~~(e)~~ (l) The definitions prescribed by the commissioner under paragraphs (c) and
 23.6 (d) are not rules and are exempt from the rulemaking provisions of chapter 14, and the
 23.7 provisions in section 14.386 concerning exempt rules do not apply.

23.8 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in
 23.9 2016 and thereafter.

23.10 Sec. 9. Minnesota Statutes 2013 Supplement, section 273.13, subdivision 25, is
 23.11 amended to read:

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

23.19 (b) Class 4b includes:

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

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

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

23.26 (4) unimproved property that is classified residential as determined under subdivision
 23.27 33.

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

23.29 (c) Class 4bb includes nonhomestead residential real estate containing one unit,
 23.30 other than seasonal residential recreational property, and a single family dwelling, garage,
 23.31 and surrounding one acre of property on a nonhomestead farm classified under subdivision
 23.32 23, paragraph (b).

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

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

24.4 (d) Class 4c property includes:

24.5 (1) except as provided in subdivision 22, paragraph (c), real and personal property
24.6 devoted to commercial temporary and seasonal residential occupancy for recreation
24.7 purposes, for not more than 250 days in the year preceding the year of assessment. For
24.8 purposes of this clause, property is devoted to a commercial purpose on a specific day
24.9 if any portion of the property is used for residential occupancy, and a fee is charged for
24.10 residential occupancy. Class 4c property under this clause must contain three or more
24.11 rental units. A "rental unit" is defined as a cabin, condominium, townhouse, sleeping room,
24.12 or individual camping site equipped with water and electrical hookups for recreational
24.13 vehicles. A camping pad offered for rent by a property that otherwise qualifies for class
24.14 4c under this clause is also class 4c under this clause regardless of the term of the rental
24.15 agreement, as long as the use of the camping pad does not exceed 250 days. In order for a
24.16 property to be classified under this clause, either (i) the business located on the property
24.17 must provide recreational activities, at least 40 percent of the annual gross lodging receipts
24.18 related to the property must be from business conducted during 90 consecutive days,
24.19 and either (A) at least 60 percent of all paid bookings by lodging guests during the year
24.20 must be for periods of at least two consecutive nights; or (B) at least 20 percent of the
24.21 annual gross receipts must be from charges for providing recreational activities, or (ii) the
24.22 business must contain 20 or fewer rental units, and must be located in a township or a city
24.23 with a population of 2,500 or less located outside the metropolitan area, as defined under
24.24 section 473.121, subdivision 2, that contains a portion of a state trail administered by the
24.25 Department of Natural Resources. For purposes of item (i)(A), a paid booking of five or
24.26 more nights shall be counted as two bookings. Class 4c property also includes commercial
24.27 use real property used exclusively for recreational purposes in conjunction with other class
24.28 4c property classified under this clause and devoted to temporary and seasonal residential
24.29 occupancy for recreational purposes, up to a total of two acres, provided the property is
24.30 not devoted to commercial recreational use for more than 250 days in the year preceding
24.31 the year of assessment and is located within two miles of the class 4c property with which
24.32 it is used. In order for a property to qualify for classification under this clause, the owner
24.33 must submit a declaration to the assessor designating the cabins or units occupied for 250
24.34 days or less in the year preceding the year of assessment by January 15 of the assessment
24.35 year. Those cabins or units and a proportionate share of the land on which they are located
24.36 must be designated class 4c under this clause as otherwise provided. The remainder of the

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

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

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

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

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

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

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

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

25.29 For purposes of this clause:

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

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

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

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

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

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

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

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

26.23 (5)(i) manufactured home parks as defined in section 327.14, subdivision 3,
 26.24 excluding manufactured home parks described in section 273.124, subdivision 3a, and (ii)
 26.25 manufactured home parks as defined in section 327.14, subdivision 3, that are described in
 26.26 section 273.124, subdivision 3a;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

28.9 ~~(12)~~ (7) real and personal property devoted to noncommercial temporary and
 28.10 seasonal residential occupancy for recreation purposes.

28.11 Class 4c property has a class rate of 1.5 percent of market value, except that (i) each
 28.12 parcel of noncommercial seasonal residential recreational property under clause ~~(12)~~ (7)
 28.13 has the same class rates as class 4bb property, (ii) manufactured home parks assessed
 28.14 under clause (5), item (i), have the same class rate as class 4b property, and the market
 28.15 value of manufactured home parks assessed under clause (5), item (ii), ~~has the same class~~
 28.16 ~~rate as class 4d property~~ a classification rate of 0.75 percent if more than 50 percent
 28.17 of the lots in the park are occupied by shareholders in the cooperative corporation or
 28.18 association and a class rate of one percent if 50 percent or less of the lots are so occupied,
 28.19 (iii) commercial-use seasonal residential recreational property ~~and marina recreational~~
 28.20 ~~land as described in clause (11)~~, has a class rate of one percent for the first \$500,000 of
 28.21 market value, and 1.25 percent for the remaining market value, (iv) the market value of
 28.22 property described in clause (4) has a class rate of one percent, and (v) the market value
 28.23 of property described in clauses (2); and (6); ~~and (10)~~ has a class rate of 1.25 percent;
 28.24 ~~and (vi) that portion of the market value of property in clause (9) qualifying for class 4c~~
 28.25 ~~property has a class rate of 1.25 percent.~~

28.26 (e) Class 4d property is qualifying low-income rental housing certified to the assessor
 28.27 by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion
 28.28 of the units in the building qualify as low-income rental housing units as certified under
 28.29 section 273.128, subdivision 3, only the proportion of qualifying units to the total number
 28.30 of units in the building qualify for class 4d. The remaining portion of the building shall be
 28.31 classified by the assessor based upon its use. Class 4d also includes the same proportion of
 28.32 land as the qualifying low-income rental housing units are to the total units in the building.
 28.33 For all properties qualifying as class 4d, the market value determined by the assessor must
 28.34 be based on the normal approach to value using normal unrestricted rents.

28.35 (f) The first tier of market value of class 4d property has a class rate of 0.75 percent.
 28.36 The remaining value of class 4d property has a class rate of 0.25 percent. For the purposes

29.1 of this paragraph, the "first tier of market value of class 4d property" means the market
 29.2 value of each housing unit up to the first tier limit. For the purposes of this paragraph, all
 29.3 class 4d property value must be assigned to individual housing units. The first tier limit is
 29.4 \$100,000 for assessment year 2014. For subsequent years, the limit is adjusted each year
 29.5 by the average statewide change in estimated market value of property classified as class 4a
 29.6 and 4d under this section for the previous assessment year, excluding valuation change due
 29.7 to new construction, rounded to the nearest \$1,000, provided, however, that the limit may
 29.8 never be less than \$100,000. Beginning with assessment year 2015, the commissioner of
 29.9 revenue must certify the limit for each assessment year by November 1 of the previous year.

29.10 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in
 29.11 2016 and thereafter.

29.12 Sec. 10. Minnesota Statutes 2012, section 273.13, subdivision 34, is amended to read:

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

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

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

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

29.32 (d) If the spouse of a member of any branch or unit of the United States armed
 29.33 forces who dies due to a service-connected cause while serving honorably in active
 29.34 service, as indicated on United States Government Form DD1300 or DD2064, holds the
 29.35 legal or beneficial title to a homestead and permanently resides there, the spouse is entitled

30.1 to the benefit described in paragraph (b), clause (2), for ~~five~~ eight taxes payable years,
30.2 or until such time as the spouse remarries or sells, transfers, or otherwise disposes of the
30.3 property, whichever comes first.

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

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

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

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

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

30.23 (j) For purposes of this subdivision:

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

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

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

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

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

31.1 **EFFECTIVE DATE.** This section is effective for taxes payable in 2015, and
 31.2 applies to homesteads that initially qualified for the exclusion for taxes payable in 2009
 31.3 and thereafter.

31.4 Sec. 11. Minnesota Statutes 2012, section 275.025, subdivision 2, is amended to read:

31.5 Subd. 2. **Commercial-industrial tax capacity.** For the purposes of this section,
 31.6 "commercial-industrial tax capacity" means the tax capacity of all taxable property
 31.7 classified as class 3 or class 5(1) under section 273.13, ~~except for~~ excluding: (1) the
 31.8 first tier of commercial-industrial value as defined under section 273.13, subdivision 24;
 31.9 (2) electric generation attached machinery under class 3; and (3) property described in
 31.10 section 473.625. County commercial-industrial tax capacity amounts are not adjusted
 31.11 for the captured net tax capacity of a tax increment financing district under section
 31.12 469.177, subdivision 2, the net tax capacity of transmission lines deducted from a local
 31.13 government's total net tax capacity under section 273.425, or fiscal disparities contribution
 31.14 and distribution net tax capacities under chapter 276A or 473F.

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

31.16 Sec. 12. Minnesota Statutes 2012, section 275.065, subdivision 1, is amended to read:

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

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

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

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

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

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

32.8 ~~(d)~~ (e) For purposes of this section, ~~"taxing authority" includes all home rule and~~
32.9 ~~statutory cities, towns, counties, school districts, and~~ "special taxing district" means a
32.10 ~~special taxing districts~~ district as defined in section 275.066. Intermediate school districts
32.11 that levy a tax under chapter 124 or 136D, joint powers boards established under sections
32.12 123A.44 to 123A.446, and Common School Districts No. 323, Franconia, and No. 815,
32.13 Prinsburg, are also special taxing districts for purposes of this section.

32.14 ~~(e)~~ (f) At the meeting at which ~~the~~ a taxing authority, other than a town, adopts its
32.15 proposed tax levy under ~~paragraph (a) or (b)~~ this subdivision, the taxing authority shall
32.16 announce the time and place of its subsequent regularly scheduled meetings at which
32.17 the budget and levy will be discussed and at which the public will be allowed to speak.
32.18 The time and place of those meetings must be included in the proceedings or summary
32.19 of proceedings published in the official newspaper of the taxing authority under section
32.20 123B.09, 375.12, or 412.191.

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

32.22 Sec. 13. **REPEALER.**

32.23 Minnesota Statutes 2012, section 273.1115, is repealed.

32.24 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in
32.25 2016 and thereafter.

32.26 **ARTICLE 3**

32.27 **SALES, USE, AND EXCISE TAXES**

32.28 Section 1. Minnesota Statutes 2013 Supplement, section 116J.8738, subdivision 2,
32.29 is amended to read:

32.30 Subd. 2. **Qualified business.** (a) A business is a qualified business if it satisfies the
32.31 requirement of this paragraph and is not disqualified under the provisions of paragraph
32.32 (b). To qualify, the business must:

33.1 (1) have operated its trade or business in a city or cities in greater Minnesota for at
33.2 least one year before applying under subdivision 3;

33.3 (2) pay or agree to pay in the future each employee compensation, including benefits
33.4 not mandated by law, that on an annualized basis equal at least 120 percent of the federal
33.5 poverty level for a family of four;

33.6 (3) plan and agree to expand its employment in one or more cities in greater Minnesota
33.7 by the minimum number of employees required under subdivision 3, paragraph (c); and

33.8 (4) have received certification from the commissioner under subdivision 3 that
33.9 it is a qualified business.

33.10 (b) A business is not a qualified business if it is either:

33.11 (1) primarily engaged in making retail sales to purchasers who are physically present
33.12 at the business's location or locations in greater Minnesota; ~~or~~

33.13 (2) a public utility, as defined in section 336B.01; or

33.14 (3) primarily engaged in lobbying; gambling; entertainment; professional sports;
33.15 political consulting; leisure; hospitality; or professional services provided by attorneys,
33.16 accountants, business consultants, physicians, or health care consultants.

33.17 (c) The requirements in paragraph (a) that the business's operations and expansion
33.18 be located in a city do not apply to an agricultural processing facility.

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

33.20 Sec. 2. Minnesota Statutes 2013 Supplement, section 116J.8738, subdivision 3, is
33.21 amended to read:

33.22 Subd. 3. **Certification of qualified business.** (a) A business may apply to the
33.23 commissioner for certification as a qualified business under this section. The commissioner
33.24 shall specify the form of the application, the manner and times for applying, and the
33.25 information required to be included in the application. The commissioner may impose an
33.26 application fee in an amount sufficient to defray the commissioner's cost of processing
33.27 certifications. A business must file a copy of its application with the chief clerical officer
33.28 of the city at the same time it applies to the commissioner. For an agricultural processing
33.29 facility located outside the boundaries of a city, the business must file a copy of the
33.30 application with the county auditor.

33.31 (b) The commissioner shall certify each business as a qualified business that:

33.32 (1) satisfies the requirements of subdivision 2;

33.33 (2) the commissioner determines would not expand its operations in greater
33.34 Minnesota without the tax incentives available under subdivision 4; and

34.1 (3) enters a business subsidy agreement with the commissioner that pledges to
 34.2 satisfy the minimum expansion requirements of paragraph (c) within three years or less
 34.3 following execution of the agreement.

34.4 The commissioner must act on an application within ~~60~~ 90 days after its filing.
 34.5 Failure by the commissioner to take action within the ~~60-day~~ 90-day period is deemed
 34.6 approval of the application.

34.7 ~~(e) The following minimum expansion requirements apply, based on the number of~~
 34.8 ~~employees of the business at locations in greater Minnesota:~~

34.9 ~~(1) a business that employs 50 or fewer full-time equivalent employees in greater~~
 34.10 ~~Minnesota when the agreement is executed must increase its employment by five or more~~
 34.11 ~~full-time equivalent employees;~~

34.12 ~~(2) a business that employs more than 50 but fewer than 200 full-time equivalent~~
 34.13 ~~employees in greater Minnesota when the agreement is executed must increase the number~~
 34.14 ~~of its full-time equivalent employees in greater Minnesota by at least ten percent; or~~

34.15 ~~(3) a business that employs 200 or more full-time equivalent employees in greater~~
 34.16 ~~Minnesota when the agreement is executed must increase its employment by at least 21~~
 34.17 ~~full-time equivalent employees (c) The business must increase the number of full-time~~
 34.18 ~~equivalent employees in greater Minnesota from the time the business subsidy agreement~~
 34.19 ~~is executed by two employees or ten percent, whichever is greater.~~

34.20 (d) The city, or a county for an agricultural processing facility located outside the
 34.21 boundaries of a city, in which the business proposes to expand its operations may file
 34.22 comments supporting or opposing the application with the commissioner. The comments
 34.23 must be filed within 30 days after receipt by the city of the application and may include a
 34.24 notice of any contribution the city or county intends to make to encourage or support the
 34.25 business expansion, such as the use of tax increment financing, property tax abatement,
 34.26 additional city or county services, or other financial assistance.

34.27 (e) Certification of a qualified business is effective for the ~~12-year~~ seven-year period
 34.28 beginning on the first day of the calendar month immediately following execution of
 34.29 ~~the business subsidy agreement~~ the date that the commissioner informs the business of
 34.30 the award of the benefit.

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

34.32 Sec. 3. Minnesota Statutes 2013 Supplement, section 116J.8738, subdivision 4, is
 34.33 amended to read:

34.34 Subd. 4. **Available tax incentives.** A qualified business is entitled to a sales tax
 34.35 exemption, up to \$2,000,000 annually and \$10,000,000 during the total period of the

35.1 agreement, as provided in section 297A.68, subdivision 44, for purchases made during
35.2 the period the business was certified as a qualified business under this section. The
35.3 commissioner has discretion to set the maximum amounts of the annual and total sales tax
35.4 exemption allowed for each qualifying business as part of the business subsidy agreement.

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

35.6 Sec. 4. **[168A.125] TRANSFER-ON-DEATH OF TITLE TO MOTOR VEHICLE.**

35.7 Subdivision 1. **Titled as transfer-on-death.** A motor vehicle may be titled in
35.8 transfer-on-death or TOD form by a natural person by including in the certificate of title a
35.9 designation of a beneficiary or beneficiaries who are natural persons to whom the motor
35.10 vehicle must be transferred on death of the owner or the last survivor of joint owners with
35.11 rights of survivorship, subject to the rights of all secured parties.

35.12 Subd. 2. **Designation of beneficiary.** A motor vehicle is registered in
35.13 transfer-on-death form by designating on the certificate of title the name of the owner
35.14 and the names of joint owners with identification of rights of survivorship, followed by
35.15 the words "transfer-on-death to (name of beneficiary or beneficiaries)." The designation
35.16 "TOD" may be used instead of "transfer-on-death." A title in transfer-on-death form is
35.17 not required to be supported by consideration, and the certificate of title in which the
35.18 designation is made is not required to be delivered to the beneficiary or beneficiaries in
35.19 order for the designation to be effective.

35.20 Subd. 3. **Interest of beneficiary.** The transfer-on-death beneficiary or beneficiaries
35.21 shall have no interest in the motor vehicle until the death of the owner or the last survivor
35.22 of the joint owners with right of survivorship. A beneficiary designation may be changed at
35.23 any time by the owner or by all joint owners with rights of survivorship, without the consent
35.24 of the beneficiary or beneficiaries, by filing an application for a new certificate of title.

35.25 Subd. 4. **Vesting of ownership in beneficiary.** Ownership of a motor vehicle
35.26 titled in transfer-on-death form shall vest in the designated beneficiary or beneficiaries on
35.27 the death of the owner or the last of the joint owners with right of survivorship, subject
35.28 to the rights of all secured parties. The transfer-on-death beneficiary or beneficiaries
35.29 who survive the owner may apply for a new certificate of title to the motor vehicle upon
35.30 submitting proof of the death of the owner of the motor vehicle. If no transfer-on-death
35.31 beneficiary or beneficiaries survive the owner of a motor vehicle, the motor vehicle must
35.32 be included in the probate estate of the deceased owner. A transfer of a motor vehicle to a
35.33 transfer-on-death beneficiary or beneficiaries is not a testamentary transfer.

36.1 Subd. 5. **Rights of creditors.** This section does not limit the rights of any secured
 36.2 party or creditor of the owner of a motor vehicle against a transfer-on-death beneficiary or
 36.3 beneficiaries.

36.4 Sec. 5. Minnesota Statutes 2013 Supplement, section 289A.20, subdivision 4, is
 36.5 amended to read:

36.6 Subd. 4. **Sales and use tax.** (a) The taxes imposed by chapter 297A are due and
 36.7 payable to the commissioner monthly on or before the 20th day of the month following the
 36.8 month in which the taxable event occurred, or following another reporting period as the
 36.9 commissioner prescribes or as allowed under section 289A.18, subdivision 4, paragraph
 36.10 (f) or (g), except that use taxes due on an annual use tax return as provided under section
 36.11 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year.

36.12 (b) A vendor having a liability of ~~\$120,000~~ \$250,000 or more during a fiscal year
 36.13 ending June 30 must remit the June liability for the next year in the following manner:

36.14 (1) Two business days before June 30 of the year, the vendor must remit ~~90~~ 84
 36.15 percent of the estimated June liability to the commissioner.

36.16 (2) On or before August 20 of the year, the vendor must pay any additional amount
 36.17 of tax not remitted in June.

36.18 (c) A vendor having a liability of:

36.19 (1) \$10,000 or more, but less than ~~\$120,000~~ \$250,000 during a fiscal year ending
 36.20 June 30, 2013, and fiscal years thereafter, must remit by electronic means all liabilities
 36.21 on returns due for periods beginning in all subsequent calendar years on or before the
 36.22 20th day of the month following the month in which the taxable event occurred, or on
 36.23 or before the 20th day of the month following the month in which the sale is reported
 36.24 under section 289A.18, subdivision 4; or

36.25 (2) ~~\$120,000~~ \$250,000 or more, during a fiscal year ending June 30, ~~2009~~ 2013,
 36.26 and fiscal years thereafter, must remit by electronic means all liabilities in the manner
 36.27 provided in paragraph (a) on returns due for periods beginning in the subsequent calendar
 36.28 year, except for 90 percent of the estimated June liability, which is due two business days
 36.29 before June 30. The remaining amount of the June liability is due on August 20.

36.30 (d) Notwithstanding paragraph (b) or (c), a person prohibited by the person's
 36.31 religious beliefs from paying electronically shall be allowed to remit the payment by mail.
 36.32 The filer must notify the commissioner of revenue of the intent to pay by mail before
 36.33 doing so on a form prescribed by the commissioner. No extra fee may be charged to a
 36.34 person making payment by mail under this paragraph. The payment must be postmarked

37.1 at least two business days before the due date for making the payment in order to be
37.2 considered paid on a timely basis.

37.3 **EFFECTIVE DATE.** This section is effective for taxes remitted after May 30, 2014.

37.4 Sec. 6. Minnesota Statutes 2012, section 289A.60, subdivision 15, is amended to read:

37.5 Subd. 15. **Accelerated payment of June sales tax liability; penalty for**
37.6 **underpayment.** For payments made after December 31, ~~2006~~ 2013, if a vendor is
37.7 required by law to submit an estimation of June sales tax liabilities and ~~90~~ 82 percent
37.8 payment by a certain date, the vendor shall pay a penalty equal to ten percent of the
37.9 amount of actual June liability required to be paid in June less the amount remitted in
37.10 June. The penalty must not be imposed, however, if the amount remitted in June equals
37.11 the lesser of ~~90~~ 82 percent of the preceding May's liability or ~~90~~ 82 percent of the average
37.12 monthly liability for the previous calendar year.

37.13 **EFFECTIVE DATE.** This section is effective for taxes remitted after May 30, 2014.

37.14 Sec. 7. Minnesota Statutes 2013 Supplement, section 297A.61, subdivision 4, is
37.15 amended to read:

37.16 Subd. 4. **Retail sale.** (a) A "retail sale" means:

37.17 (1) any sale, lease, or rental of tangible personal property for any purpose, other than
37.18 resale, sublease, or subrent of items by the purchaser in the normal course of business
37.19 as defined in subdivision 21; and

37.20 (2) any sale of a service enumerated in subdivision 3, for any purpose other than
37.21 resale by the purchaser in the normal course of business as defined in subdivision 21.

37.22 (b) A sale of property used by the owner only by leasing it to others or by holding it
37.23 in an effort to lease it, and put to no use by the owner other than resale after the lease or
37.24 effort to lease, is a sale of property for resale.

37.25 (c) A sale of master computer software that is purchased and used to make copies for
37.26 sale or lease is a sale of property for resale.

37.27 (d) A sale of building materials, supplies, and equipment to owners, contractors,
37.28 subcontractors, or builders for the erection of buildings or the alteration, repair, or
37.29 improvement of real property is a retail sale in whatever quantity sold, whether the sale is
37.30 for purposes of resale in the form of real property or otherwise.

37.31 (e) A sale of carpeting, linoleum, or similar floor covering to a person who provides
37.32 for installation of the floor covering is a retail sale and not a sale for resale since a sale of
37.33 floor covering which includes installation is a contract for the improvement of real property.

38.1 (f) A sale of shrubbery, plants, sod, trees, and similar items to a person who provides
38.2 for installation of the items is a retail sale and not a sale for resale since a sale of
38.3 shrubbery, plants, sod, trees, and similar items that includes installation is a contract for
38.4 the improvement of real property.

38.5 (g) A sale of tangible personal property that is awarded as prizes is a retail sale and
38.6 is not considered a sale of property for resale.

38.7 (h) A sale of tangible personal property utilized or employed in the furnishing or
38.8 providing of services under subdivision 3, paragraph (g), clause (1), including, but not
38.9 limited to, property given as promotional items, is a retail sale and is not considered a
38.10 sale of property for resale.

38.11 (i) A sale of tangible personal property used in conducting lawful gambling under
38.12 chapter 349 or the State Lottery under chapter 349A, including, but not limited to, property
38.13 given as promotional items, is a retail sale and is not considered a sale of property for resale.

38.14 (j) Except as otherwise provided in this paragraph, a sale of machines, equipment,
38.15 or devices that are used to furnish, provide, or dispense goods or services, including,
38.16 but not limited to, coin-operated devices, is a retail sale and is not considered a sale of
38.17 property for resale. A sale of coin-operated entertainment and amusement machines,
38.18 including, but not limited to, fortune-telling machines, cranes, foosball and pool tables,
38.19 video and pinball games, batting cages, rides, photo or video booths, and jukeboxes is a
38.20 sale of property for resale.

38.21 (k) In the case of a lease, a retail sale occurs (1) when an obligation to make a lease
38.22 payment becomes due under the terms of the agreement or the trade practices of the
38.23 lessor or (2) in the case of a lease of a motor vehicle, as defined in section 297B.01,
38.24 subdivision 11, but excluding vehicles with a manufacturer's gross vehicle weight rating
38.25 greater than 10,000 pounds and rentals of vehicles for not more than 28 days, at the time
38.26 the lease is executed.

38.27 (l) In the case of a conditional sales contract, a retail sale occurs upon the transfer of
38.28 title or possession of the tangible personal property.

38.29 (m) A sale of a bundled transaction in which one or more of the products included
38.30 in the bundle is a taxable product is a retail sale, except that if one of the products
38.31 is a telecommunication service, ancillary service, Internet access, or audio or video
38.32 programming service, and the seller has maintained books and records identifying through
38.33 reasonable and verifiable standards the portions of the price that are attributable to the
38.34 distinct and separately identifiable products, then the products are not considered part of a
38.35 bundled transaction. For purposes of this paragraph:

39.1 (1) the books and records maintained by the seller must be maintained in the regular
39.2 course of business, and do not include books and records created and maintained by the
39.3 seller primarily for tax purposes;

39.4 (2) books and records maintained in the regular course of business include, but are
39.5 not limited to, financial statements, general ledgers, invoicing and billing systems and
39.6 reports, and reports for regulatory tariffs and other regulatory matters; and

39.7 (3) books and records are maintained primarily for tax purposes when the books
39.8 and records identify taxable and nontaxable portions of the price, but the seller maintains
39.9 other books and records that identify different prices attributable to the distinct products
39.10 included in the same bundled transaction.

39.11 (n) A sale of motor vehicle repair paint and materials by a motor vehicle repair or
39.12 body shop business is a retail sale and the sales tax is imposed on the gross receipts from the
39.13 retail sale of the paint and materials. The motor vehicle repair or body shop that purchases
39.14 motor vehicle repair paint and motor vehicle repair materials for resale must either:

39.15 (1) separately state each item of paint and each item of materials, and the sales price
39.16 of each, on the invoice to the purchaser; or

39.17 (2) in order to calculate the sales price of the paint and materials, use a method
39.18 which estimates the amount and monetary value of the paint and materials used in
39.19 the repair of the motor vehicle by multiplying the number of labor hours by a rate of
39.20 consideration for the paint and materials used in the repair of the motor vehicle following
39.21 industry standard practices that fairly calculate the gross receipts from the retail sale of
39.22 the motor vehicle repair paint and motor vehicle repair materials. An industry standard
39.23 practice fairly calculates the gross receipts if the sales price of the paint and materials used
39.24 or consumed in the repair of a motor vehicle equals or exceeds the purchase price paid
39.25 by the motor vehicle repair or body shop business. Under this clause, the invoice must
39.26 either separately state the "paint and materials" as a single taxable item, or separately state
39.27 "paint" as a taxable item and "materials" as a taxable item. This clause does not apply to
39.28 wholesale transactions at an auto auction facility.

39.29 (o) A sale of specified digital products or other digital products to an end user with
39.30 or without rights of permanent use and regardless of whether rights of use are conditioned
39.31 upon payment by the purchaser is a retail sale. When a digital code has been purchased that
39.32 relates to specified digital products or other digital products, the subsequent receipt of or
39.33 access to the related specified digital products or other digital products is not a retail sale.

39.34 (p) A payment made to a cooperative electric association or public utility as a
39.35 contribution in aid of construction is a contract for improvement to real property and
39.36 is not a retail sale.

40.1 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
 40.2 June 30, 2014.

40.3 Sec. 8. Minnesota Statutes 2012, section 297A.67, subdivision 13a, is amended to read:

40.4 Subd. 13a. **Instructional materials.** Instructional materials, other than textbooks,
 40.5 that are prescribed for use in conjunction with a course of study in a postsecondary school,
 40.6 college, university, or private career school to students who are regularly enrolled at such
 40.7 institutions are exempt. For purposes of this subdivision, "instructional materials" means
 40.8 materials required to be used directly in the completion of the course of study, including,
 40.9 but not limited to, interactive CDs, tapes, digital audio works, digital audiovisual works,
 40.10 and computer software.

40.11 Instructional materials do not include general reference works or other items
 40.12 incidental to the instructional process such as pens, pencils, paper, folders, or computers.
 40.13 For purposes of this subdivision, "school" and "private career school" have the meanings
 40.14 given in subdivision 13.

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

40.16 Sec. 9. Minnesota Statutes 2012, section 297A.67, is amended by adding a subdivision
 40.17 to read:

40.18 Subd. 33. **Presentations accessed as digital audio and audiovisual works.**
 40.19 The charge for a live or prerecorded presentation, such as a lecture, seminar,
 40.20 workshop, or course, where participants access the presentation as a digital audio
 40.21 work or digital audiovisual work, and are connected to the presentation via the
 40.22 Internet, telecommunications equipment or other device that transfers the presentation
 40.23 electronically, is exempt if:

40.24 (1) participants and the presenter, during the time that participants access the
 40.25 presentation, are able to give, receive, and discuss the presentation with each other,
 40.26 although the amount of interaction and when in the presentation the interaction occurs
 40.27 may be limited by the presenter; and

40.28 (2) for those presentations where participants are given the option to attend the
 40.29 same presentation in person:

40.30 (i) any limitations on the amount of interaction and when it occurs during the
 40.31 presentation are the same for those participants accessing the presentation electronically
 40.32 as those attending in person; and

40.33 (ii) the admission to the in person presentation is not subject to tax under this chapter.

41.1 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
 41.2 June 30, 2014.

41.3 Sec. 10. Minnesota Statutes 2013 Supplement, section 297A.68, subdivision 42,
 41.4 is amended to read:

41.5 Subd. 42. **Qualified data centers.** (a) Purchases of enterprise information
 41.6 technology equipment and computer software for use in a qualified data center, or a
 41.7 qualified refurbished data center, are exempt. The tax on purchases exempt under this
 41.8 paragraph must be imposed and collected as if the rate under section 297A.62, subdivision
 41.9 1, applied, and then refunded after June 30, 2013, in the manner provided in section
 41.10 297A.75. This exemption includes enterprise information technology equipment and
 41.11 computer software purchased to replace or upgrade enterprise information technology
 41.12 equipment and computer software in a qualified data center, or a qualified refurbished
 41.13 data center.

41.14 (b) Electricity used or consumed in the operation of a qualified data center, or a
 41.15 qualified refurbished data center, is exempt.

41.16 (c) For purposes of this subdivision, "~~qualified data center, or a qualified refurbished~~
 41.17 ~~data center,~~" means a facility in Minnesota:

41.18 (1) that is comprised of one or more buildings that consist in the aggregate of
 41.19 at least 25,000 square feet, and that are located on a single parcel or on contiguous
 41.20 parcels, where the total cost of construction or refurbishment, investment in enterprise
 41.21 information technology equipment, and computer software is at least \$30,000,000 within
 41.22 a 48-month period;

41.23 (2) that is constructed or substantially refurbished after June 30, 2012, where
 41.24 "substantially refurbished" means that at least 25,000 square feet have been rebuilt or
 41.25 modified, including:

41.26 (i) installation of enterprise information technology equipment, environmental
 41.27 control, computer software, and energy efficiency improvements; and

41.28 (ii) building improvements; and

41.29 (3) that is used to house enterprise information technology equipment, where the
 41.30 facility has the following characteristics:

41.31 (i) uninterruptible power supplies, generator backup power, or both;

41.32 (ii) sophisticated fire suppression and prevention systems; and

41.33 (iii) enhanced security. A facility will be considered to have enhanced security if it
 41.34 has restricted access to the facility to selected personnel; permanent security guards; video

42.1 camera surveillance; an electronic system requiring pass codes, keycards, or biometric
42.2 scans, such as hand scans and retinal or fingerprint recognition; or similar security features.

42.3 In determining whether the facility has the required square footage, the square footage
42.4 of the following spaces shall be included if the spaces support the operation of enterprise
42.5 information technology equipment: office space, meeting space, and mechanical and other
42.6 support facilities. For purposes of this subdivision, "computer software" includes, but is
42.7 not limited to, software utilized or loaded at ~~the~~ a qualified data center or a qualified
42.8 refurbished data center, including maintenance, licensing, and software customization.

42.9 (d) For purposes of this subdivision, a "qualified refurbished data center" means an
42.10 existing facility that qualifies as a data center under paragraph (c), clauses (2) and (3), but
42.11 that is comprised of one or more buildings that consist in the aggregate of at least 25,000
42.12 square feet, and that are located on a single parcel or contiguous parcels, where the total
42.13 cost of construction or refurbishment, investment in enterprise information technology
42.14 equipment, and computer software is at least \$50,000,000 within a 24-month period.

42.15 (e) For purposes of this subdivision, "enterprise information technology equipment"
42.16 means computers and equipment supporting computing, networking, or data storage,
42.17 including servers and routers. It includes, but is not limited to: cooling systems,
42.18 cooling towers, and other temperature control infrastructure; power infrastructure for
42.19 transformation, distribution, or management of electricity used for the maintenance and
42.20 operation of a qualified data center or a qualified refurbished data center, including but
42.21 not limited to exterior dedicated business-owned substations, backup power generation
42.22 systems, battery systems, and related infrastructure; and racking systems, cabling, and
42.23 trays, which are necessary for the maintenance and operation of ~~the~~ a qualified data center
42.24 or a qualified refurbished data center.

42.25 (f) A qualified data center or a qualified refurbished data center may claim the
42.26 exemptions in this subdivision for purchases made either within 20 years of the date of
42.27 its first purchase qualifying for the exemption under paragraph (a), or by June 30, 2042,
42.28 whichever is earlier.

42.29 (g) The purpose of this exemption is to create jobs in the construction and data
42.30 center industries.

42.31 (h) This subdivision is effective for sales and purchases made after June 30, 2012,
42.32 and before July 1, 2042.

42.33 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
42.34 made after June 30, 2013.

43.1 Sec. 11. Minnesota Statutes 2013 Supplement, section 297A.68, subdivision 44,
43.2 is amended to read:

43.3 Subd. 44. **Greater Minnesota business expansions.** (a) Purchases and use of
43.4 tangible personal property or taxable services by a qualified business, as defined in section
43.5 116J.8738, are exempt if:

43.6 (1) the business subsidy agreement provides that the exemption under this
43.7 subdivision applies;

43.8 (2) the property or services are primarily used or consumed at the facility in greater
43.9 Minnesota identified in the business subsidy agreement; and

43.10 (3) the purchase was made and delivery received during the duration of the
43.11 certification of the business as a qualified business under section 116J.8738.

43.12 (b) Purchase and use of construction materials and supplies used or consumed in,
43.13 and equipment incorporated into, the construction of improvements to real property in
43.14 greater Minnesota are exempt if the improvements after completion of construction are
43.15 to be used in the conduct of the trade or business of the qualified business, as defined in
43.16 section 116J.8738. This exemption applies regardless of whether the purchases are made
43.17 by the business or a contractor.

43.18 (c) The exemptions under this subdivision apply to a local sales and use tax.

43.19 (d) The tax on purchases imposed under this subdivision must be imposed and
43.20 collected as if the rate under section 297A.62 applied, and then refunded in the manner
43.21 provided in section 297A.75. The total amount refunded for a facility over the certification
43.22 period is limited to the amount listed in the business subsidy agreement. No more than
43.23 \$7,000,000 may be refunded in a fiscal year for all purchases under this subdivision.
43.24 Refunds must be allocated on a first-come, first-served basis. If more than \$7,000,000 of
43.25 eligible claims are made in a fiscal year, claims by qualified businesses carry over to the
43.26 next fiscal year, and the commissioner must first allocate refunds to qualified businesses
43.27 eligible for a refund in the preceding fiscal year. Any portion of the balance of funds
43.28 allocated for refunds under this paragraph does not cancel and shall be carried forward to
43.29 and available for refunds in subsequent fiscal years.

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

43.31 Sec. 12. Minnesota Statutes 2013 Supplement, section 297A.70, subdivision 2, is
43.32 amended to read:

43.33 Subd. 2. **Sales to government.** (a) All sales, except those listed in paragraph (b),
43.34 to the following governments and political subdivisions, or to the listed agencies or
43.35 instrumentalities of governments and political subdivisions, are exempt:

- 44.1 (1) the United States and its agencies and instrumentalities;
- 44.2 (2) school districts, local governments, the University of Minnesota, state universities,
- 44.3 community colleges, technical colleges, state academies, the Perpich Minnesota Center for
- 44.4 Arts Education, and an instrumentality of a political subdivision that is accredited as an
- 44.5 optional/special function school by the North Central Association of Colleges and Schools;
- 44.6 (3) hospitals and nursing homes owned and operated by political subdivisions of
- 44.7 the state of tangible personal property and taxable services used at or by hospitals and
- 44.8 nursing homes;
- 44.9 (4) the Metropolitan Council, for its purchases of vehicles and repair parts to equip
- 44.10 operations provided for in section 473.4051;
- 44.11 (5) other states or political subdivisions of other states, if the sale would be exempt
- 44.12 from taxation if it occurred in that state; and
- 44.13 (6) public libraries, public library systems, multicounty, multitype library systems
- 44.14 as defined in section 134.001, county law libraries under chapter 134A, state agency
- 44.15 libraries, the state library under section 480.09, and the Legislative Reference Library.
- 44.16 (b) This exemption does not apply to the sales of the following products and services:
- 44.17 (1) building, construction, or reconstruction materials purchased by a contractor
- 44.18 or a subcontractor as a part of a lump-sum contract or similar type of contract with a
- 44.19 guaranteed maximum price covering both labor and materials for use in the construction,
- 44.20 alteration, or repair of a building or facility;
- 44.21 (2) construction materials purchased by tax exempt entities or their contractors to
- 44.22 be used in constructing buildings or facilities which will not be used principally by the
- 44.23 tax exempt entities;
- 44.24 (3) the leasing of a motor vehicle as defined in section 297B.01, subdivision 11,
- 44.25 except for leases entered into by the United States or its agencies or instrumentalities;
- 44.26 (4) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause
- 44.27 (2), and prepared food, candy, soft drinks, and alcoholic beverages as defined in section
- 44.28 297A.67, subdivision 2, except for lodging, prepared food, candy, soft drinks, and alcoholic
- 44.29 beverages purchased directly by the United States or its agencies or instrumentalities; or
- 44.30 (5) goods or services purchased by a local government as inputs to ~~goods and~~
- 44.31 ~~services that are generally provided by a private business and the purchases would be~~
- 44.32 ~~taxable if made by a private business engaged in the same activity~~ a liquor store, gas or
- 44.33 electric utility, solid waste hauling service, landfill, golf course, marina, health and fitness
- 44.34 center, campground, cafe, or laundromat.

45.1 (c) As used in this subdivision, "school districts" means public school entities and
 45.2 districts of every kind and nature organized under the laws of the state of Minnesota, and
 45.3 any instrumentality of a school district, as defined in section 471.59.

45.4 (d) As used in this subdivision, "local governments" means:

45.5 (1) home rule charter or statutory cities;

45.6 (2) counties; ~~and;~~

45.7 (3) townships;

45.8 (4) housing and redevelopment authorities under sections 469.001 to 469.047;

45.9 (5) port authorities under sections 469.048 to 469.047;

45.10 (6) economic development authorities under sections 469.090 to 469.1081; and

45.11 (7) any joint powers board or organization created under section 471.59 provided

45.12 that at least 50 percent or more of the governmental units that are party to the joint powers
 45.13 agreement are exempt from sales tax under clauses (1) to (6) or paragraph (a).

45.14 ~~(e) As used in this subdivision, "goods or services generally provided by a private~~
 45.15 ~~business" include, but are not limited to, goods or services provided by liquor stores, gas~~
 45.16 ~~and electric utilities, golf courses, marinas, health and fitness centers, campgrounds, cafes,~~
 45.17 ~~and laundromats. "Goods or services generally provided by a private business" do not~~
 45.18 ~~include housing services, sewer and water services, wastewater treatment, ambulance and~~
 45.19 ~~other public safety services, correctional services, chore or homemaking services provided~~
 45.20 ~~to elderly or disabled individuals, or road and street maintenance or lighting.~~

45.21 **EFFECTIVE DATE.** The amendment to paragraph (d) is effective for sales and
 45.22 purchases made after June 30, 2015. The other amendments to this section are effective
 45.23 for sales and purchases made after June 30, 2014.

45.24 Sec. 13. Minnesota Statutes 2013 Supplement, section 297A.70, subdivision 13,
 45.25 is amended to read:

45.26 Subd. 13. **Fund-raising sales by or for nonprofit groups.** (a) The following
 45.27 sales by the specified organizations for fund-raising purposes are exempt, subject to the
 45.28 limitations listed in paragraph (b):

45.29 (1) all sales made by a nonprofit organization that exists solely for the purpose of
 45.30 providing educational or social activities for young people primarily age 18 and under;

45.31 (2) all sales made by an organization that is a senior citizen group or association of
 45.32 groups if (i) in general it limits membership to persons age 55 or older; (ii) it is organized
 45.33 and operated exclusively for pleasure, recreation, and other nonprofit purposes; and (iii)
 45.34 no part of its net earnings inures to the benefit of any private shareholders;

46.1 (3) the sale or use of tickets or admissions to a golf tournament held in Minnesota if
 46.2 the beneficiary of the tournament's net proceeds qualifies as a tax-exempt organization
 46.3 under section 501(c)(3) of the Internal Revenue Code; and

46.4 (4) sales of candy sold for fund-raising purposes by a nonprofit organization that
 46.5 provides educational and social activities primarily for young people age 18 and under.

46.6 (b) The exemptions listed in paragraph (a) are limited in the following manner:

46.7 (1) the exemption under paragraph (a), clauses (1) and (2), applies only if to the first
 46.8 \$20,000 of the gross annual receipts of the organization from fund-raising ~~do not exceed~~
 46.9 \$10,000; and

46.10 (2) the exemption under paragraph (a), clause (1), does not apply if the sales are
 46.11 derived from admission charges or from activities for which the money must be deposited
 46.12 with the school district treasurer under section 123B.49, subdivision 2, or be recorded in
 46.13 the same manner as other revenues or expenditures of the school district under section
 46.14 123B.49, subdivision 4.

46.15 (c) Sales of tangible personal property and services are exempt if the entire proceeds,
 46.16 less the necessary expenses for obtaining the property or services, will be contributed to
 46.17 a registered combined charitable organization described in section 43A.50, to be used
 46.18 exclusively for charitable, religious, or educational purposes, and the registered combined
 46.19 charitable organization has given its written permission for the sale. Sales that occur over
 46.20 a period of more than 24 days per year are not exempt under this paragraph.

46.21 (d) For purposes of this subdivision, a club, association, or other organization of
 46.22 elementary or secondary school students organized for the purpose of carrying on sports,
 46.23 educational, or other extracurricular activities is a separate organization from the school
 46.24 district or school for purposes of applying the ~~\$10,000~~ \$20,000 limit.

46.25 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
 46.26 June 30, 2014.

46.27 Sec. 14. Minnesota Statutes 2013 Supplement, section 297A.70, subdivision 14,
 46.28 is amended to read:

46.29 Subd. 14. **Fund-raising events sponsored by nonprofit groups.** (a) Sales of
 46.30 tangible personal property or services at, and admission charges for fund-raising events
 46.31 sponsored by, a nonprofit organization are exempt if:

46.32 (1) all gross receipts are recorded as such, in accordance with generally accepted
 46.33 accounting practices, on the books of the nonprofit organization; and

47.1 (2) the entire proceeds, less the necessary expenses for the event, will be used solely
47.2 and exclusively for charitable, religious, or educational purposes. Exempt sales include
47.3 the sale of prepared food, candy, and soft drinks at the fund-raising event.

47.4 (b) This exemption is limited in the following manner:

47.5 (1) it does not apply to admission charges for events involving bingo or other
47.6 gambling activities or to charges for use of amusement devices involving bingo or other
47.7 gambling activities;

47.8 (2) all gross receipts are taxable if the profits are not used solely and exclusively for
47.9 charitable, religious, or educational purposes;

47.10 (3) it does not apply unless the organization keeps a separate accounting record,
47.11 including receipts and disbursements from each fund-raising event that documents all
47.12 deductions from gross receipts with receipts and other records;

47.13 (4) it does not apply to any sale made by or in the name of a nonprofit corporation as
47.14 the active or passive agent of a person that is not a nonprofit corporation;

47.15 (5) all gross receipts are taxable if fund-raising events exceed 24 days per year;

47.16 (6) it does not apply to fund-raising events conducted on premises leased for more
47.17 than five days but less than 30 days; and

47.18 (7) it does not apply if the risk of the event is not borne by the nonprofit organization
47.19 and the benefit to the nonprofit organization is less than the total amount of the state and
47.20 local tax revenues forgone by this exemption.

47.21 (c) For purposes of this subdivision, a "nonprofit organization" means any unit of
47.22 government, corporation, society, association, foundation, or institution organized and
47.23 operated for charitable, religious, educational, civic, fraternal, and senior citizens' or
47.24 veterans' purposes, no part of the net earnings of which inures to the benefit of a private
47.25 individual.

47.26 (d) For purposes of this subdivision, "fund-raising events" means activities of
47.27 limited duration, not regularly carried out in the normal course of business, that attract
47.28 patrons for community, social, and entertainment purposes, such as auctions, bake sales,
47.29 ice cream socials, block parties, carnivals, competitions, concerts, concession stands,
47.30 craft sales, bazaars, dinners, dances, door-to-door sales of merchandise, fairs, fashion
47.31 shows, festivals, galas, special event workshops, sporting activities such as marathons and
47.32 tournaments, and similar events. Fund-raising events do not include the operation of a
47.33 regular place of business in which services are provided or sales are made during regular
47.34 hours such as bookstores, thrift stores, gift shops, restaurants, ongoing Internet sales,
47.35 regularly scheduled classes, or other activities carried out in the normal course of business.

48.1 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
 48.2 June 30, 2014.

48.3 Sec. 15. Minnesota Statutes 2012, section 297A.71, is amended by adding a
 48.4 subdivision to read:

48.5 **Subd. 49. Donated materials for a library expansion.** Building materials and
 48.6 supplies purchased and donated by a private entity and used in the construction of an
 48.7 addition to a county library facility are exempt.

48.8 **EFFECTIVE DATE.** This section is effective for materials and supplies used in
 48.9 construction occurring after April 1, 2014, and before July 1, 2015.

48.10 Sec. 16. Minnesota Statutes 2013 Supplement, section 297B.01, subdivision 16,
 48.11 is amended to read:

48.12 **Subd. 16. Sale, sells, selling, purchase, purchased, or acquired.** (a) "Sale,"
 48.13 "sells," "selling," "purchase," "purchased," or "acquired" means any transfer of title of any
 48.14 motor vehicle, whether absolutely or conditionally, for a consideration in money or by
 48.15 exchange or barter for any purpose other than resale in the regular course of business.

48.16 (b) Any motor vehicle utilized by the owner only by leasing such vehicle to others
 48.17 or by holding it in an effort to so lease it, and which is put to no other use by the owner
 48.18 other than resale after such lease or effort to lease, shall be considered property purchased
 48.19 for resale.

48.20 (c) The terms also shall include any transfer of title or ownership of a motor vehicle
 48.21 by other means, for or without consideration, except that these terms shall not include:

48.22 (1) the acquisition of a motor vehicle by inheritance from or by bequest of, or
 48.23 transfer-on-death of title by, a decedent who owned it;

48.24 (2) the transfer of a motor vehicle which was previously licensed in the names of
 48.25 two or more joint tenants and subsequently transferred without monetary consideration to
 48.26 one or more of the joint tenants;

48.27 (3) the transfer of a motor vehicle by way of gift from a limited used vehicle dealer
 48.28 licensed under section 168.27, subdivision 4a, to an individual, when the transfer is with
 48.29 no monetary or other consideration or expectation of consideration and the parties to the
 48.30 transfer submit an affidavit to that effect at the time the title transfer is recorded;

48.31 (4) the transfer of a motor vehicle by gift between:

48.32 (i) spouses;

48.33 (ii) parents and a child; or

48.34 (iii) grandparents and a grandchild;

49.1 (5) the voluntary or involuntary transfer of a motor vehicle between a husband and
49.2 wife in a divorce proceeding; or

49.3 (6) the transfer of a motor vehicle by way of a gift to an organization that is exempt
49.4 from federal income taxation under section 501(c)(3) of the Internal Revenue Code when
49.5 the motor vehicle will be used exclusively for religious, charitable, or educational purposes.

49.6 Sec. 17. Minnesota Statutes 2012, section 297B.03, is amended to read:

49.7 **297B.03 EXEMPTIONS.**

49.8 There is specifically exempted from the provisions of this chapter and from
49.9 computation of the amount of tax imposed by it the following:

49.10 (1) purchase or use, including use under a lease purchase agreement or installment
49.11 sales contract made pursuant to section 465.71, of any motor vehicle by the United States
49.12 and its agencies and instrumentalities and by any person described in and subject to the
49.13 conditions provided in section 297A.67, subdivision 11;

49.14 (2) purchase or use of any motor vehicle by any person who was a resident of
49.15 another state or country at the time of the purchase and who subsequently becomes a
49.16 resident of Minnesota, provided the purchase occurred more than 60 days prior to the date
49.17 such person began residing in the state of Minnesota and the motor vehicle was registered
49.18 in the person's name in the other state or country;

49.19 (3) purchase or use of any motor vehicle by any person making a valid election to be
49.20 taxed under the provisions of section 297A.90;

49.21 (4) purchase or use of any motor vehicle previously registered in the state of
49.22 Minnesota when such transfer constitutes a transfer within the meaning of section 118,
49.23 331, 332, 336, 337, 338, 351, 355, 368, 721, 731, 1031, 1033, or 1563(a) of the Internal
49.24 Revenue Code;

49.25 (5) purchase or use of any vehicle owned by a resident of another state and leased
49.26 to a Minnesota-based private or for-hire carrier for regular use in the transportation of
49.27 persons or property in interstate commerce provided the vehicle is titled in the state of
49.28 the owner or secured party, and that state does not impose a sales tax or sales tax on
49.29 motor vehicles used in interstate commerce;

49.30 (6) purchase or use of a motor vehicle by a private nonprofit or public educational
49.31 institution for use as an instructional aid in automotive training programs operated by the
49.32 institution. "Automotive training programs" includes motor vehicle body and mechanical
49.33 repair courses but does not include driver education programs;

50.1 (7) purchase of a motor vehicle by an ambulance service licensed under section
50.2 144E.10 when that vehicle is equipped and specifically intended for emergency response
50.3 or for providing ambulance service;

50.4 (8) purchase of a motor vehicle by or for a public library, as defined in section
50.5 134.001, subdivision 2, as a bookmobile or library delivery vehicle;

50.6 (9) purchase of a ready-mixed concrete truck;

50.7 (10) purchase or use of a motor vehicle by a ~~town~~ home rule charter or statutory cities,
50.8 counties, and townships or any joint powers board or organization created under section
50.9 471.59 where at least 50 percent of the members of the agreement are home rule charter or
50.10 statutory cities, counties, or townships, for use exclusively for road maintenance, including
50.11 snowplows and dump trucks, but not including automobiles, vans, or pickup trucks;

50.12 (11) purchase or use of a motor vehicle by a corporation, society, association,
50.13 foundation, or institution organized and operated exclusively for charitable, religious, or
50.14 educational purposes, except a public school, university, or library, but only if the vehicle is:

50.15 (i) a truck, as defined in section 168.002, a bus, as defined in section 168.002, or a
50.16 passenger automobile, as defined in section 168.002, if the automobile is designed and
50.17 used for carrying more than nine persons including the driver; and

50.18 (ii) intended to be used primarily to transport tangible personal property or
50.19 individuals, other than employees, to whom the organization provides service in
50.20 performing its charitable, religious, or educational purpose;

50.21 (12) purchase of a motor vehicle for use by a transit provider exclusively to provide
50.22 transit service is exempt if the transit provider is either (i) receiving financial assistance or
50.23 reimbursement under section 174.24 or 473.384, or (ii) operating under section 174.29,
50.24 473.388, or 473.405;

50.25 (13) purchase or use of a motor vehicle by a qualified business, as defined in section
50.26 469.310, located in a job opportunity building zone, if the motor vehicle is principally
50.27 garaged in the job opportunity building zone and is primarily used as part of or in direct
50.28 support of the person's operations carried on in the job opportunity building zone. The
50.29 exemption under this clause applies to sales, if the purchase was made and delivery
50.30 received during the duration of the job opportunity building zone. The exemption under
50.31 this clause also applies to any local sales and use tax;

50.32 (14) purchase of a leased vehicle by the lessee who was a participant in a
50.33 lease-to-own program from a charitable organization that is:

50.34 (i) described in section 501(c)(3) of the Internal Revenue Code; and

50.35 (ii) licensed as a motor vehicle lessor under section 168.27, subdivision 4; and

51.1 (15) purchase of a motor vehicle used exclusively as a mobile medical unit for the
 51.2 provision of medical or dental services by a federally qualified health center, as defined
 51.3 under title 19 of the Social Security Act, as amended by Section 4161 of the Omnibus
 51.4 Budget Reconciliation Act of 1990.

51.5 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
 51.6 June 30, 2015.

51.7 Sec. 18. Minnesota Statutes 2012, section 297F.09, subdivision 10, is amended to read:

51.8 Subd. 10. **Accelerated tax payment; cigarette or tobacco products distributor.**

51.9 A cigarette or tobacco products distributor having a liability of ~~\$120,000~~ \$250,000 or
 51.10 more during a fiscal year ending June 30, shall remit the June liability for the next year
 51.11 in the following manner:

51.12 (a) Two business days before June 30 of the year, the distributor shall remit the
 51.13 actual May liability and ~~90~~ 82 percent of the estimated June liability to the commissioner
 51.14 and file the return in the form and manner prescribed by the commissioner.

51.15 (b) On or before August 18 of the year, the distributor shall submit a return showing
 51.16 the actual June liability and pay any additional amount of tax not remitted in June. A
 51.17 penalty is imposed equal to ten percent of the amount of June liability required to be paid
 51.18 in June, less the amount remitted in June. However, the penalty is not imposed if the
 51.19 amount remitted in June equals the lesser of:

- 51.20 (1) ~~90~~ 82 percent of the actual June liability; or
 51.21 (2) ~~90~~ 82 percent of the preceding ~~May's~~ May liability.

51.22 **EFFECTIVE DATE.** This section is effective for taxes remitted after May 30, 2014.

51.23 Sec. 19. Minnesota Statutes 2012, section 297G.03, is amended by adding a
 51.24 subdivision to read:

51.25 Subd. 5. **Microdistillery credit.** (a) A qualified distiller producing distilled spirits is
 51.26 entitled to a tax credit of \$1.33 per liter on 100,000 liters sold in any fiscal year beginning
 51.27 July 1. A qualified distiller may take the credit on the 18th day of each month, but the total
 51.28 credit allowed may not exceed in any fiscal year the lesser of:

- 51.29 (1) the liability for tax; or
 51.30 (2) \$133,000.

51.31 (b) For purposes of this subdivision, "qualified distiller" means a microdistillery
 51.32 qualifying under section 340A.101, subdivision 17a, in the calendar year immediately
 51.33 preceding the calendar year for which the credit under this subdivision is claimed.

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

52.2 Sec. 20. Minnesota Statutes 2012, section 297G.09, subdivision 9, is amended to read:

52.3 Subd. 9. **Accelerated tax payment; penalty.** A person liable for tax under this
52.4 chapter having a liability of ~~\$120,000~~ \$250,000 or more during a fiscal year ending June
52.5 30, shall remit the June liability for the next year in the following manner:

52.6 (a) Two business days before June 30 of the year, the taxpayer shall remit the actual
52.7 May liability and ~~90~~ 82 percent of the estimated June liability to the commissioner and file
52.8 the return in the form and manner prescribed by the commissioner.

52.9 (b) On or before August 18 of the year, the taxpayer shall submit a return showing
52.10 the actual June liability and pay any additional amount of tax not remitted in June. A
52.11 penalty is imposed equal to ten percent of the amount of June liability required to be paid
52.12 in June less the amount remitted in June. However, the penalty is not imposed if the
52.13 amount remitted in June equals the lesser of:

52.14 (1) ~~90~~ 82 percent of the actual June liability; or

52.15 (2) ~~90~~ 82 percent of the preceding May liability.

52.16 **EFFECTIVE DATE.** This section is effective for taxes remitted after May 30, 2014.

52.17 Sec. 21. Laws 1980, chapter 511, section 1, subdivision 2, as amended by Laws 1991,
52.18 chapter 291, article 8, section 22, Laws 1998, chapter 389, article 8, section 25, Laws
52.19 2003, First Special Session chapter 21, article 8, section 11, and Laws 2008, chapter
52.20 154, article 5, section 2, is amended to read:

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

52.33 The imposition of this tax shall not be subject to voter referendum under either state law
52.34 or city charter provisions. When the city council determines that the taxes imposed under

53.1 this ~~subdivision~~ paragraph at a rate of three-quarters of one percent and other sources of
 53.2 revenue produce revenue sufficient to pay debt service on bonds in the principal amount
 53.3 of \$40,285,000 plus issuance and discount costs, issued for capital improvements at the
 53.4 Duluth Entertainment and Convention Center, which include a new arena, the rate of tax
 53.5 under this subdivision must be reduced by three-quarters of one percent.

53.6 (b) In addition to the tax in paragraph (a) and notwithstanding Minnesota Statutes,
 53.7 section 477A.016, or any other law, ordinance, or city charter provision to the contrary,
 53.8 the city of Duluth may, by ordinance, impose an additional sales tax of up to one-half of
 53.9 one percent on sales transactions which are described in Minnesota Statutes 2000, section
 53.10 297A.01, subdivision 3, clause (c). This tax expires when the city council determines that
 53.11 the tax imposed under this paragraph has produced revenues sufficient to pay the debt
 53.12 service on bonds in a principal amount of no more than \$18,000,000, plus issuance and
 53.13 discount costs, to finance capital improvements to public facilities to support tourism and
 53.14 recreational activities in that portion of the city west of 34th Avenue West.

53.15 **EFFECTIVE DATE.** This section is effective the day after the governing body of
 53.16 the city of Duluth and its chief clerical officer comply with Minnesota Statutes, section
 53.17 645.021, subdivisions 2 and 3.

53.18 Sec. 22. Laws 2005, First Special Session chapter 3, article 5, section 38, subdivision
 53.19 4, is amended to read:

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

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

53.28 Sec. 23. Laws 2006, chapter 259, article 3, section 10, subdivision 3, is amended to read:

53.29 Subd. 3. **Use of revenues.** (a) Revenues received from the taxes authorized by
 53.30 subdivisions 1 and 2 must be used to pay the cost of collecting and administering the tax
 53.31 and to finance the acquisition and betterment of water and wastewater facilities to serve the
 53.32 cities of Brainerd and Baxter, building and equipping a fire substation, as approved by the

54.1 voters at the referendum authorizing the tax. Authorized costs include, but are not limited
 54.2 to, acquiring property and paying construction and engineering costs related to the projects.

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

54.9 **EFFECTIVE DATE.** This section is effective the day after the governing body of
 54.10 the city of Baxter and its chief clerical officer comply with Minnesota Statutes, section
 54.11 645.021, subdivisions 2 and 3.

54.12 Sec. 24. Laws 2006, chapter 259, article 3, section 10, subdivision 4, is amended to read:

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

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

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

54.31 Sec. 25. Laws 2006, chapter 259, article 3, section 10, subdivision 5, is amended to read:

54.32 Subd. 5. **Termination of taxes.** (a) The taxes imposed under subdivisions 1 and 2
 54.33 expire at the earlier of a date 12 years after the imposition of the tax or when the Baxter

55.1 City Council first determines that the amount of revenues raised from the taxes to pay for
 55.2 the projects under subdivision 3 equals or exceeds \$15,000,000 plus any interest on bonds
 55.3 issued for the projects under subdivision 4, paragraph (a). Any funds remaining after the
 55.4 expiration of the taxes and retirement of the bonds shall be placed in a capital project fund
 55.5 of the city of Baxter. The taxes imposed under subdivisions 1 and 2 may expire at an
 55.6 earlier time if the city of Baxter so determines by ordinance.

55.7 (b) Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any
 55.8 other contrary provision of law, ordinance, or city charter, the city of Baxter may, by
 55.9 ordinance, extend the taxes authorized under subdivisions 1 and 2 beyond the termination
 55.10 date in paragraph (a) if approved by the voters of the city at a general election held in
 55.11 2014. The question put to the voters must indicate that an affirmative vote would extend
 55.12 the imposition of the taxes until 2031 or until an additional \$32,000,000, plus an amount
 55.13 equal to interest and issuance costs associated with bonds issued under subdivision 4,
 55.14 paragraph (b), above the initial amount authorized to pay for \$15,000,000 in bonds and
 55.15 associated bond cost and projects, listed in subdivision 3, paragraph (a), is raised. If
 55.16 extended under this paragraph, the taxes authorized in subdivisions 1 and 2 will terminate
 55.17 at the earlier of (1) when an additional \$32,000,000, plus an amount equal to interest and
 55.18 issuance costs associated with bonds issued under subdivision 4, paragraph (b), above the
 55.19 amount authorized under paragraph (a), is raised, or (2) December 31, 2031.

55.20 **EFFECTIVE DATE.** This section is effective the day after the governing body of
 55.21 the city of Baxter and its chief clerical officer comply with Minnesota Statutes, section
 55.22 645.021, subdivisions 2 and 3.

55.23 Sec. 26. Laws 2006, chapter 259, article 3, section 11, subdivision 3, is amended to read:

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

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

56.1 (1) an upgraded waste treatment facility jointly serving the cities of Brainerd and
 56.2 Baxter;
 56.3 (2) with any funds not needed for the project in clause (1), water infrastructure
 56.4 improvements; and
 56.5 (3) with any funds not needed for the projects in clauses (1) and (2), trail
 56.6 improvements.

56.7 **EFFECTIVE DATE.** This section is effective the day after the governing body of
 56.8 the city of Brainerd and its chief clerical officer comply with Minnesota Statutes, section
 56.9 645.021, subdivisions 2 and 3.

56.10 Sec. 27. Laws 2006, chapter 259, article 3, section 11, subdivision 4, is amended to read:

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

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

56.20 Sec. 28. Laws 2006, chapter 259, article 3, section 11, subdivision 5, is amended to read:

56.21 Subd. 5. **Termination of taxes.** (a) The taxes imposed under subdivisions 1 and
 56.22 2 expire at the earlier of a date 12 years after the imposition of the tax or when the city
 56.23 council first determines that the amount of revenues raised from the taxes to pay for
 56.24 projects under subdivision 3 equals or exceeds \$22,030,000 plus any interest on bonds
 56.25 issued for the projects under subdivision 4. Any funds remaining after the expiration of
 56.26 the taxes and retirement of the bonds shall be placed in a capital project fund of the city of
 56.27 Brainerd. The taxes imposed under subdivision 1 and 2 may expire at an earlier time if the
 56.28 city of Brainerd so determines by ordinance.

56.29 (b) Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any
 56.30 other contrary provision of law, ordinance, or city charter, the city of Brainerd may, by
 56.31 ordinance, extend the taxes authorized under subdivisions 1 and 2 beyond the termination
 56.32 date in paragraph (a) if approved by the voters of the city at a general election held in 2014.
 56.33 The question put to the voters must indicate that an affirmative vote would extend the

57.1 imposition of the taxes for an additional 12 years or until an additional \$15,000,000 above
 57.2 the initial amount authorized to pay for \$22,030,000 in bonds is raised. If extended under
 57.3 this paragraph, the taxes authorized in subdivisions 1 and 2 will terminate at the earlier of
 57.4 (1) when an additional \$15,000,000 above the amount authorized under paragraph (a) is
 57.5 raised, or (2) 12 years after the taxes would have expired under paragraph (a).

57.6 **EFFECTIVE DATE.** This section is effective the day after the governing body of
 57.7 the city of Brainerd and its chief clerical officer comply with Minnesota Statutes, section
 57.8 645.021, subdivisions 2 and 3.

57.9 Sec. 29. Laws 2013, chapter 143, article 8, section 37, the effective date, is amended to
 57.10 read:

57.11 **EFFECTIVE DATE.** This section is effective retroactively to capital investments
 57.12 made and jobs created after December 31, 2012, and effective retroactively for sales and
 57.13 purchases made after December 31, 2012, and before July 1, 2019. Applications for
 57.14 refunds on purchases exempt under this section must not be filed before June 30, 2015.

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

57.16 Sec. 30. **VALIDATION OF PRIOR ACT; AUTHORIZATION.**

57.17 Notwithstanding the time limits in Minnesota Statutes, section 645.021, the city of
 57.18 Albert Lea may approve Laws 2005, First Special Session chapter 3, article 5, section 38,
 57.19 as amended by Laws 2006, chapter 259, article 3, section 6, and file its approval with the
 57.20 secretary of state by June 15, 2014. If approved as authorized under this section, actions
 57.21 undertaken by the city pursuant to the approval of the voters on November 8, 2005, and
 57.22 otherwise in accordance with Laws 2005, First Special Session chapter 3, article 5, section
 57.23 38, as amended by Laws 2006, chapter 259, article 3, section 6, are validated.

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

57.25 Sec. 31. **TEMPORARY SALES TAX AMNESTY; ANIMAL SHELTERS.**

57.26 (a) Notwithstanding any other law to the contrary, amnesty is provided to any
 57.27 nonprofit organization that is primarily engaged in the business of rescuing, sheltering, and
 57.28 finding homes for unwanted animals if the organization registers and begins collecting the
 57.29 sales and use tax within four months of the day following enactment of this provision. This
 57.30 amnesty applies to qualifying organizations that are currently not registered to collect the
 57.31 tax under Minnesota Statutes, chapter 297A, and to qualifying organizations that received

58.1 notice of the commencement of an audit and the audit is not yet finally resolved, provided
 58.2 that the organization was not registered to collect sales and use tax at the time of the audit.

58.3 (b) The amnesty shall preclude assessment for uncollected and unpaid sales and use
 58.4 tax under Minnesota Statutes, chapter 297A, and to local taxes subject to Minnesota
 58.5 Statutes, section 297A.99, together with penalty and interest for sales made during the
 58.6 period the qualifying organization was not registered in this state. The amnesty also
 58.7 applies to unpaid use tax on sales made by the organization during the same period. The
 58.8 amnesty is not available for sales and use taxes already paid or remitted to the state or to
 58.9 sales taxes already collected by the seller.

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

58.11 Sec. 32. **TEMPORARY SALES TAX AMNESTY; AGRICULTURAL CENTERS.**

58.12 (a) Notwithstanding any other law to the contrary, amnesty is provided on unpaid
 58.13 sales tax attributable only to sales of tickets or admissions to a performance or event on
 58.14 the premises of a tax-exempt organization under section 501(c)(3) of the Internal Revenue
 58.15 Code, provided that the nonprofit organization is primarily engaged in the business of
 58.16 preserving Minnesota's rural agricultural heritage and educating the public about rural
 58.17 history and how farms in Minnesota helped to provide food for the nation and the world,
 58.18 and begins collecting the sales and use tax on sales of tickets or admissions by July 1, 2014.

58.19 (b) An organization qualifies for an exemption under this section if:

58.20 (1) the premises of the organization is at least 115 acres;

58.21 (2) the performances or events were sponsored and conducted exclusively by
 58.22 volunteers, employees of the nonprofit organization, or members of the board of directors
 58.23 of the organization; and

58.24 (3) the performances or events were consistent with the organization's purposes
 58.25 under section 501(c)(3) of the Internal Revenue Code.

58.26 (c) This amnesty applies to qualifying organizations that received notice of the
 58.27 commencement of an audit and the audit is not yet finally resolved.

58.28 (d) Amnesty granted under this section precludes assessment for uncollected and
 58.29 unpaid sales and use tax under Minnesota Statutes, chapter 297A, and to local taxes
 58.30 subject to Minnesota Statutes, section 297A.99, together with penalty and interest for sales
 58.31 made during the period beginning December 31, 2008, and ending December 31, 2011.
 58.32 The amnesty is not available for sales and use taxes already paid or remitted to the state or
 58.33 to sales taxes already collected by the seller.

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

59.1 **ARTICLE 4**

59.2 **INCOME AND ESTATE TAXES**

59.3 Section 1. Minnesota Statutes 2013 Supplement, section 116J.8737, subdivision 2, as
59.4 amended by Laws 2014, chapter 150, article 1, section 2, is amended to read:

59.5 Subd. 2. **Certification of qualified small businesses.** (a) Businesses may apply
59.6 to the commissioner for certification as a qualified small business or qualified greater
59.7 Minnesota small business for a calendar year. The application must be in the form
59.8 and be made under the procedures specified by the commissioner, accompanied by an
59.9 application fee of \$150. Application fees are deposited in the small business investment
59.10 tax credit administration account in the special revenue fund. The application for
59.11 certification for 2010 must be made available on the department's Web site by August 1,
59.12 2010. Applications for subsequent years' certification must be made available on the
59.13 department's Web site by November 1 of the preceding year.

59.14 (b) Within 30 days of receiving an application for certification under this subdivision,
59.15 the commissioner must either certify the business as satisfying the conditions required
59.16 of a qualified small business or qualified greater Minnesota small business, request
59.17 additional information from the business, or reject the application for certification. If
59.18 the commissioner requests additional information from the business, the commissioner
59.19 must either certify the business or reject the application within 30 days of receiving the
59.20 additional information. If the commissioner neither certifies the business nor rejects
59.21 the application within 30 days of receiving the original application or within 30 days of
59.22 receiving the additional information requested, whichever is later, then the application is
59.23 deemed rejected, and the commissioner must refund the \$150 application fee. A business
59.24 that applies for certification and is rejected may reapply.

59.25 (c) To receive certification as a qualified small business, a business must satisfy
59.26 all of the following conditions:

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

59.28 (2) at least 51 percent of the business's employees are employed in Minnesota, and
59.29 51 percent of the business's total payroll is paid or incurred in the state;

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

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

59.34 (ii) researching or developing a proprietary product, process, or service in a
59.35 qualified high-technology field or in the field of agriculture, tourism, forestry, mining,
59.36 manufacturing, or transportation; or

60.1 (iii) researching, developing, or producing a new proprietary technology for use in
60.2 the fields of agriculture, tourism, forestry, mining, manufacturing, or transportation;

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

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

60.10 (6) the business must pay its employees annual wages of at least 175 percent of the
60.11 federal poverty guideline for the year for a family of four and must pay its interns annual
60.12 wages of at least 175 percent of the federal minimum wage used for federally covered
60.13 employers, except that this requirement must be reduced proportionately for employees
60.14 and interns who work less than full-time, and does not apply to an executive, officer, or
60.15 member of the board of the business, or to any employee who owns, controls, or holds
60.16 power to vote more than 20 percent of the outstanding securities of the business;

60.17 (7) the business has (i) not been in operation for more than ten years, or (ii) not
60.18 been in operation for more than 20 years if the business is engaged in the research,
60.19 development, or production of medical devices or pharmaceuticals for which United
60.20 States Food and Drug Administration approval is required for use in the treatment or
60.21 diagnosis of a disease or condition;

60.22 (8) the business has not previously received private equity investments of more
60.23 than \$4,000,000;

60.24 (9) the business is not an entity disqualified under section 80A.50, paragraph (b),
60.25 clause (3); and

60.26 (10) the business has not issued securities that are traded on a public exchange.

60.27 (d) In applying the limit under paragraph (c), clause (5), the employees in all members
60.28 of the unitary business, as defined in section 290.17, subdivision 4, must be included.

60.29 (e) In order for a qualified investment in a business to be eligible for tax credits:

60.30 (1) the business must have applied for and received certification for the calendar
60.31 year in which the investment was made prior to the date on which the qualified investment
60.32 was made;

60.33 (2) the business must not have issued securities that are traded on a public exchange;

60.34 (3) the business must not issue securities that are traded on a public exchange within
60.35 180 days after the date on which the qualified investment was made; and

61.1 (4) the business must not have a liquidation event within 180 days after the date on
61.2 which the qualified investment was made.

61.3 (f) The commissioner must maintain a list of qualified small businesses and qualified
61.4 greater Minnesota businesses certified under this subdivision for the calendar year and
61.5 make the list accessible to the public on the department's Web site.

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

61.7 (1) "qualified high-technology field" includes aerospace, agricultural processing,
61.8 renewable energy, energy efficiency and conservation, environmental engineering, food
61.9 technology, cellulosic ethanol, information technology, materials science technology,
61.10 nanotechnology, telecommunications, biotechnology, medical device products,
61.11 pharmaceuticals, diagnostics, biologicals, chemistry, veterinary science, and similar fields;

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

61.15 (3) "greater Minnesota" means the area of Minnesota located outside of the
61.16 metropolitan area as defined in section 473.121, subdivision 2.

61.17 (h) To receive certification as a qualified greater Minnesota business, a business must
61.18 satisfy all of the requirements of paragraph (c) and must satisfy the following conditions:

61.19 (1) the business has its headquarters in greater Minnesota; and

61.20 (2) at least 51 percent of the business's employees are employed in greater Minnesota,
61.21 and 51 percent of the business's total payroll is paid or incurred in greater Minnesota.

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

61.24 Sec. 2. Minnesota Statutes 2012, section 116J.8737, is amended by adding a
61.25 subdivision to read:

61.26 **Subd. 5a. Promotion of credit in greater Minnesota.** (a) By July 1, 2014,
61.27 the commissioner shall develop a plan to increase awareness of and use of the credit
61.28 for investments in qualified greater Minnesota businesses and minority-owned and
61.29 women-owned qualified small businesses with the goal that the portion of the credit
61.30 reserved for investments in qualified greater Minnesota businesses and minority-owned
61.31 and women-owned qualified small businesses is allocated in full to those investments.

61.32 (b) Beginning with the legislative report due on March 15, 2015, under subdivision
61.33 9, the commissioner shall report on its plan under this subdivision and the results achieved.

62.1 Sec. 3. Minnesota Statutes 2013 Supplement, section 270B.01, subdivision 8, is
 62.2 amended to read:

62.3 Subd. 8. **Minnesota tax laws.** For purposes of this chapter only, unless expressly
 62.4 stated otherwise, "Minnesota tax laws" means:

62.5 (1) the taxes, refunds, and fees administered by or paid to the commissioner under
 62.6 chapters 115B, 289A (except taxes imposed under sections 298.01, 298.015, and 298.24),
 62.7 290, 290A, 291, ~~292~~, 295, 297A, 297B, 297H, and 403, or any similar Indian tribal tax
 62.8 administered by the commissioner pursuant to any tax agreement between the state and
 62.9 the Indian tribal government, and includes any laws for the assessment, collection, and
 62.10 enforcement of those taxes, refunds, and fees; and

62.11 (2) section 273.1315.

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

62.13 Sec. 4. Minnesota Statutes 2013 Supplement, section 270B.03, subdivision 1, is
 62.14 amended to read:

62.15 Subdivision 1. **Who may inspect.** Returns and return information must, on request,
 62.16 be made open to inspection by or disclosure to the data subject. The request must be made
 62.17 in writing or in accordance with written procedures of the chief disclosure officer of the
 62.18 department that have been approved by the commissioner to establish the identification
 62.19 of the person making the request as the data subject. For purposes of this chapter, the
 62.20 following are the data subject:

62.21 (1) in the case of an individual return, that individual;

62.22 (2) in the case of an income tax return filed jointly, either of the individuals with
 62.23 respect to whom the return is filed;

62.24 (3) in the case of a return filed by a business entity, an officer of a corporation,
 62.25 a shareholder owning more than one percent of the stock, or any shareholder of an S
 62.26 corporation; a general partner in a partnership; the owner of a sole proprietorship; a
 62.27 member or manager of a limited liability company; a participant in a joint venture; the
 62.28 individual who signed the return on behalf of the business entity; or an employee who is
 62.29 responsible for handling the tax matters of the business entity, such as the tax manager,
 62.30 bookkeeper, or managing agent;

62.31 (4) in the case of an estate return:

62.32 (i) the personal representative or trustee of the estate; and

62.33 (ii) any beneficiary of the estate as shown on the federal estate tax return;

62.34 (5) in the case of a trust return:

62.35 (i) the trustee or trustees, jointly or separately; and

- 63.1 (ii) any beneficiary of the trust as shown in the trust instrument;
- 63.2 (6) if liability has been assessed to a transferee under section 270C.58, subdivision
- 63.3 1, the transferee is the data subject with regard to the returns and return information
- 63.4 relating to the assessed liability;
- 63.5 (7) in the case of an Indian tribal government or an Indian tribal government-owned
- 63.6 entity,
- 63.7 (i) the chair of the tribal government, or
- 63.8 (ii) any person authorized by the tribal government; and
- 63.9 (8) in the case of a successor as defined in section 270C.57, subdivision 1, paragraph
- 63.10 (b), the successor is the data subject and information may be disclosed as provided by
- 63.11 section 270C.57, subdivision 4; and.
- 63.12 ~~(9) in the case of a gift return, the donor.~~

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

63.14 Sec. 5. Minnesota Statutes 2013 Supplement, section 290.01, subdivision 19b, as

63.15 amended by Laws 2014, chapter 150, article 1, section 11, is amended to read:

63.16 Subd. 19b. **Subtractions from federal taxable income.** For individuals, estates,

63.17 and trusts, there shall be subtracted from federal taxable income:

63.18 (1) net interest income on obligations of any authority, commission, or

63.19 instrumentality of the United States to the extent includable in taxable income for federal

63.20 income tax purposes but exempt from state income tax under the laws of the United States;

63.21 (2) if included in federal taxable income, the amount of any overpayment of income

63.22 tax to Minnesota or to any other state, for any previous taxable year, whether the amount

63.23 is received as a refund or as a credit to another taxable year's income tax liability;

63.24 (3) the amount paid to others, less the amount used to claim the credit allowed under

63.25 section 290.0674, not to exceed \$1,625 for each qualifying child in grades kindergarten

63.26 to 6 and \$2,500 for each qualifying child in grades 7 to 12, for tuition, textbooks, and

63.27 transportation of each qualifying child in attending an elementary or secondary school

63.28 situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a

63.29 resident of this state may legally fulfill the state's compulsory attendance laws, which

63.30 is not operated for profit, and which adheres to the provisions of the Civil Rights Act

63.31 of 1964 and chapter 363A. For the purposes of this clause, "tuition" includes fees or

63.32 tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause,

63.33 "textbooks" includes books and other instructional materials and equipment purchased

63.34 or leased for use in elementary and secondary schools in teaching only those subjects

63.35 legally and commonly taught in public elementary and secondary schools in this state.

64.1 Equipment expenses qualifying for deduction includes expenses as defined and limited in
64.2 section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional
64.3 books and materials used in the teaching of religious tenets, doctrines, or worship, the
64.4 purpose of which is to instill such tenets, doctrines, or worship, nor does it include books
64.5 or materials for, or transportation to, extracurricular activities including sporting events,
64.6 musical or dramatic events, speech activities, driver's education, or similar programs. No
64.7 deduction is permitted for any expense the taxpayer incurred in using the taxpayer's or
64.8 the qualifying child's vehicle to provide such transportation for a qualifying child. For
64.9 purposes of the subtraction provided by this clause, "qualifying child" has the meaning
64.10 given in section 32(c)(3) of the Internal Revenue Code;

64.11 (4) income as provided under section 290.0802;

64.12 (5) to the extent included in federal adjusted gross income, income realized on
64.13 disposition of property exempt from tax under section 290.491;

64.14 (6) to the extent not deducted or not deductible pursuant to section 408(d)(8)(E)
64.15 of the Internal Revenue Code in determining federal taxable income by an individual
64.16 who does not itemize deductions for federal income tax purposes for the taxable year, an
64.17 amount equal to 50 percent of the excess of charitable contributions over \$500 allowable
64.18 as a deduction for the taxable year under section 170(a) of the Internal Revenue Code,
64.19 under the provisions of Public Law 109-1 and Public Law 111-126;

64.20 (7) for individuals who are allowed a federal foreign tax credit for taxes that do not
64.21 qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover
64.22 of subnational foreign taxes for the taxable year, but not to exceed the total subnational
64.23 foreign taxes reported in claiming the foreign tax credit. For purposes of this clause,
64.24 "federal foreign tax credit" means the credit allowed under section 27 of the Internal
64.25 Revenue Code, and "carryover of subnational foreign taxes" equals the carryover allowed
64.26 under section 904(c) of the Internal Revenue Code minus national level foreign taxes to
64.27 the extent they exceed the federal foreign tax credit;

64.28 (8) in each of the five tax years immediately following the tax year in which an
64.29 addition is required under subdivision 19a, clause (7), or 19c, clause (12), in the case of a
64.30 shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the
64.31 delayed depreciation. For purposes of this clause, "delayed depreciation" means the amount
64.32 of the addition made by the taxpayer under subdivision 19a, clause (7), or subdivision 19c,
64.33 clause (12), in the case of a shareholder of an S corporation, minus the positive value of
64.34 any net operating loss under section 172 of the Internal Revenue Code generated for the
64.35 tax year of the addition. The resulting delayed depreciation cannot be less than zero;

64.36 (9) job opportunity building zone income as provided under section 469.316;

65.1 (10) to the extent included in federal taxable income, the amount of compensation
65.2 paid to members of the Minnesota National Guard or other reserve components of the
65.3 United States military for active service, ~~excluding~~ including compensation for services
65.4 performed under the Active Guard Reserve (AGR) program. For purposes of this clause,
65.5 "active service" means (i) state active service as defined in section 190.05, subdivision
65.6 5a, clause (1); or (ii) federally funded state active service as defined in section 190.05,
65.7 subdivision 5b, but "active service" excludes service performed in accordance with
65.8 section 190.08, subdivision 3;

65.9 (11) to the extent included in federal taxable income, the amount of compensation
65.10 paid to Minnesota residents who are members of the armed forces of the United States
65.11 or United Nations for active duty performed under United States Code, title 10; or the
65.12 authority of the United Nations;

65.13 (12) an amount, not to exceed \$10,000, equal to qualified expenses related to a
65.14 qualified donor's donation, while living, of one or more of the qualified donor's organs
65.15 to another person for human organ transplantation. For purposes of this clause, "organ"
65.16 means all or part of an individual's liver, pancreas, kidney, intestine, lung, or bone marrow;
65.17 "human organ transplantation" means the medical procedure by which transfer of a human
65.18 organ is made from the body of one person to the body of another person; "qualified
65.19 expenses" means unreimbursed expenses for both the individual and the qualified donor
65.20 for (i) travel, (ii) lodging, and (iii) lost wages net of sick pay, except that such expenses
65.21 may be subtracted under this clause only once; and "qualified donor" means the individual
65.22 or the individual's dependent, as defined in section 152 of the Internal Revenue Code. An
65.23 individual may claim the subtraction in this clause for each instance of organ donation for
65.24 transplantation during the taxable year in which the qualified expenses occur;

65.25 (13) in each of the five tax years immediately following the tax year in which an
65.26 addition is required under subdivision 19a, clause (8), or 19c, clause (13), in the case of a
65.27 shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the
65.28 addition made by the taxpayer under subdivision 19a, clause (8), or 19c, clause (13), in the
65.29 case of a shareholder of a corporation that is an S corporation, minus the positive value of
65.30 any net operating loss under section 172 of the Internal Revenue Code generated for the
65.31 tax year of the addition. If the net operating loss exceeds the addition for the tax year, a
65.32 subtraction is not allowed under this clause;

65.33 (14) to the extent included in the federal taxable income of a nonresident of
65.34 Minnesota, compensation paid to a service member as defined in United States Code, title
65.35 10, section 101(a)(5), for military service as defined in the Servicemembers Civil Relief
65.36 Act, Public Law 108-189, section 101(2);

66.1 (15) to the extent included in federal taxable income, the amount of national service
 66.2 educational awards received from the National Service Trust under United States Code,
 66.3 title 42, sections 12601 to 12604, for service in an approved Americorps National Service
 66.4 program;

66.5 (16) to the extent included in federal taxable income, discharge of indebtedness
 66.6 income resulting from reacquisition of business indebtedness included in federal taxable
 66.7 income under section 108(i) of the Internal Revenue Code. This subtraction applies only
 66.8 to the extent that the income was included in net income in a prior year as a result of the
 66.9 addition under section 290.01, subdivision 19a, clause (13);

66.10 (17) the amount of the net operating loss allowed under section 290.095, subdivision
 66.11 11, paragraph (c);

66.12 (18) the amount of expenses not allowed for federal income tax purposes due
 66.13 to claiming the railroad track maintenance credit under section 45G(a) of the Internal
 66.14 Revenue Code;

66.15 (19) the amount of the limitation on itemized deductions under section 68(b) of
 66.16 the Internal Revenue Code; and

66.17 (20) the amount of the phaseout of personal exemptions under section 151(d) of
 66.18 the Internal Revenue Code; and

66.19 (21) for taxable years beginning after December 31, 2013, and before January 1,
 66.20 2015, to the extent included in federal taxable income, discharge of qualified principal
 66.21 residence indebtedness, as provided in subparagraph (E) of section 108(a)(1) of the
 66.22 Internal Revenue Code, without regard to whether subparagraph (E) of section 108(a)(1)
 66.23 of the Internal Revenue Code is in effect for the taxable year.

66.24 Sec. 6. Minnesota Statutes 2012, section 290.068, subdivision 1, is amended to read:

66.25 Subdivision 1. **Credit allowed.** A corporation, ~~partners in a partnership, or~~
 66.26 ~~shareholders in a corporation treated as an "S" corporation under section 290.9725~~ are
 66.27 individual, trust, or estate is allowed a credit against the tax computed under this chapter
 66.28 for the taxable year equal to:

- 66.29 (a) ten percent of the first \$2,000,000 of the excess (if any) of
 66.30 (1) the qualified research expenses for the taxable year, over
 66.31 (2) the base amount; and
 66.32 (b) 2.5 percent on all of such excess expenses over \$2,000,000.

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

67.1 Sec. 7. Minnesota Statutes 2013 Supplement, section 290.091, subdivision 2, as
67.2 amended by Laws 2014, chapter 150, article 1, section 21, is amended to read:

67.3 Subd. 2. **Definitions.** For purposes of the tax imposed by this section, the following
67.4 terms have the meanings given:

67.5 (a) "Alternative minimum taxable income" means the sum of the following for
67.6 the taxable year:

67.7 (1) the taxpayer's federal alternative minimum taxable income as defined in section
67.8 55(b)(2) of the Internal Revenue Code;

67.9 (2) the taxpayer's itemized deductions allowed in computing federal alternative
67.10 minimum taxable income, but excluding:

67.11 (i) the charitable contribution deduction under section 170 of the Internal Revenue
67.12 Code;

67.13 (ii) the medical expense deduction;

67.14 (iii) the casualty, theft, and disaster loss deduction; and

67.15 (iv) the impairment-related work expenses of a disabled person;

67.16 (3) for depletion allowances computed under section 613A(c) of the Internal
67.17 Revenue Code, with respect to each property (as defined in section 614 of the Internal
67.18 Revenue Code), to the extent not included in federal alternative minimum taxable income,
67.19 the excess of the deduction for depletion allowable under section 611 of the Internal
67.20 Revenue Code for the taxable year over the adjusted basis of the property at the end of the
67.21 taxable year (determined without regard to the depletion deduction for the taxable year);

67.22 (4) to the extent not included in federal alternative minimum taxable income, the
67.23 amount of the tax preference for intangible drilling cost under section 57(a)(2) of the
67.24 Internal Revenue Code determined without regard to subparagraph (E);

67.25 (5) to the extent not included in federal alternative minimum taxable income, the
67.26 amount of interest income as provided by section 290.01, subdivision 19a, clause (1); and

67.27 (6) the amount of addition required by section 290.01, subdivision 19a, clauses (7)
67.28 to (9), and (11) to (14);

67.29 less the sum of the amounts determined under the following:

67.30 (1) interest income as defined in section 290.01, subdivision 19b, clause (1);

67.31 (2) an overpayment of state income tax as provided by section 290.01, subdivision
67.32 19b, clause (2), to the extent included in federal alternative minimum taxable income;

67.33 (3) the amount of investment interest paid or accrued within the taxable year on
67.34 indebtedness to the extent that the amount does not exceed net investment income, as
67.35 defined in section 163(d)(4) of the Internal Revenue Code. Interest does not include
67.36 amounts deducted in computing federal adjusted gross income;

68.1 (4) amounts subtracted from federal taxable income as provided by section 290.01,
68.2 subdivision 19b, clauses (6), (8) to (14), ~~and (16)~~, and (19); and

68.3 (5) the amount of the net operating loss allowed under section 290.095, subdivision
68.4 11, paragraph (c).

68.5 In the case of an estate or trust, alternative minimum taxable income must be
68.6 computed as provided in section 59(c) of the Internal Revenue Code.

68.7 (b) "Investment interest" means investment interest as defined in section 163(d)(3)
68.8 of the Internal Revenue Code.

68.9 (c) "Net minimum tax" means the minimum tax imposed by this section.

68.10 (d) "Regular tax" means the tax that would be imposed under this chapter (without
68.11 regard to this section and section 290.032), reduced by the sum of the nonrefundable
68.12 credits allowed under this chapter.

68.13 (e) "Tentative minimum tax" equals 6.75 percent of alternative minimum taxable
68.14 income after subtracting the exemption amount determined under subdivision 3.

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

68.17 Sec. 8. Minnesota Statutes 2013 Supplement, section 291.005, subdivision 1, as
68.18 amended by Laws 2014, chapter 150, article 3, section 3, is amended to read:

68.19 Subdivision 1. **Scope.** Unless the context otherwise clearly requires, the following
68.20 terms used in this chapter shall have the following meanings:

68.21 (1) "Commissioner" means the commissioner of revenue or any person to whom the
68.22 commissioner has delegated functions under this chapter.

68.23 (2) "Federal gross estate" means the gross estate of a decedent as required to be valued
68.24 and otherwise determined for federal estate tax purposes under the Internal Revenue Code.

68.25 (3) "Internal Revenue Code" means the United States Internal Revenue Code of
68.26 1986, as amended through March 1, 2014.

68.27 (4) "Minnesota gross estate" means the federal gross estate of a decedent after
68.28 (a) excluding therefrom any property included in the estate which has its situs outside
68.29 Minnesota, and (b) including any property omitted from the federal gross estate which
68.30 is includable in the estate, has its situs in Minnesota, and was not disclosed to federal
68.31 taxing authorities.

68.32 (5) "Nonresident decedent" means an individual whose domicile at the time of
68.33 death was not in Minnesota.

68.34 (6) "Personal representative" means the executor, administrator or other person
68.35 appointed by the court to administer and dispose of the property of the decedent. If there

69.1 is no executor, administrator or other person appointed, qualified, and acting within this
 69.2 state, then any person in actual or constructive possession of any property having a situs in
 69.3 this state which is included in the federal gross estate of the decedent shall be deemed
 69.4 to be a personal representative to the extent of the property and the Minnesota estate tax
 69.5 due with respect to the property.

69.6 (7) "Resident decedent" means an individual whose domicile at the time of death
 69.7 was in Minnesota.

69.8 (8) "Situs of property" means, with respect to:

69.9 (i) real property, the state or country in which it is located;

69.10 (ii) tangible personal property, the state or country in which it was normally kept
 69.11 or located at the time of the decedent's death or for a gift of tangible personal property
 69.12 within three years of death, the state or country in which it was normally kept or located
 69.13 when the gift was executed; ~~and~~

69.14 (iii) a qualified work of art, as defined in section 2503(g)(2) of the Internal Revenue
 69.15 Code, owned by a nonresident decedent and that is normally kept or located in this state
 69.16 because it is on loan to an organization, qualifying as exempt from taxation under section
 69.17 501(c)(3) of the Internal Revenue Code, that is located in Minnesota, the situs of the art is
 69.18 deemed to be outside of Minnesota, notwithstanding the provisions of item (ii); and

69.19 (iv) intangible personal property, the state or country in which the decedent was
 69.20 domiciled at death or for a gift of intangible personal property within three years of death,
 69.21 the state or country in which the decedent was domiciled when the gift was executed.

69.22 For a nonresident decedent with an ownership interest in a pass-through entity with
 69.23 assets that include real or tangible personal property, situs of the real or tangible personal
 69.24 property, including qualified works of art, is determined as if the pass-through entity does
 69.25 not exist and the real or tangible personal property is personally owned by the decedent.
 69.26 If the pass-through entity is owned by a person or persons in addition to the decedent,
 69.27 ownership of the property is attributed to the decedent in proportion to the decedent's
 69.28 capital ownership share of the pass-through entity.

69.29 (9) "Pass-through entity" includes the following:

69.30 (i) an entity electing S corporation status under section 1362 of the Internal Revenue
 69.31 Code;

69.32 (ii) an entity taxed as a partnership under subchapter K of the Internal Revenue Code;

69.33 (iii) a single-member limited liability company or similar entity, regardless of
 69.34 whether it is taxed as an association or is disregarded for federal income tax purposes
 69.35 under Code of Federal Regulations, title 26, section 301.7701-3; or

70.1 (iv) a trust to the extent the property is includible in the decedent's federal gross
70.2 estate; but excludes

70.3 (v) an entity whose ownership interest securities are traded on an exchange regulated
70.4 by the Securities and Exchange Commission as a national securities exchange under
70.5 section 6 of the Securities Exchange Act, United States Code, title 15, section 78f.

70.6 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents
70.7 dying after December 31, 2013.

70.8 Sec. 9. Laws 2014, chapter 150, article 3, section 4, the effective date, is amended to
70.9 read:

70.10 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents
70.11 dying after December 31, 2013, and for taxable gifts made after June 30, 2013.

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

70.13 Sec. 10. **DEFINITION OF TAXABLE GIFT FOR DECEDENTS DYING**
70.14 **BEFORE JANUARY 1, 2014.**

70.15 For estates of decedents dying before January 1, 2014, "taxable gift" as used by
70.16 Minnesota Statutes, section 291.005, subdivision 1, paragraph (4), means a transfer by gift
70.17 which is included in taxable gifts for federal gift tax purposes under the following sections
70.18 of the Internal Revenue Code: section 529; section 530; section 2501(a)(4); section 2503;
70.19 sections 2511 to 2514; and sections 2516 to 2519; less the deductions allowed in sections
70.20 2522 to 2524 of the Internal Revenue Code, and after excluding taxable gifts of any
70.21 property that has its situs outside Minnesota and including taxable gifts of any property
70.22 tax that has its situs in Minnesota and were not disclosed to federal taxing authorities.

70.23 **EFFECTIVE DATE.** This section is effective retroactively for taxable gifts made
70.24 after June 30, 2013.

70.25 **ARTICLE 5**

70.26 **MINERALS TAXES**

70.27 Section 1. Minnesota Statutes 2012, section 298.75, subdivision 2, is amended to read:

70.28 Subd. 2. **Tax imposed.** (a) Except as provided in paragraph (e), a county that
70.29 imposes the aggregate production tax shall impose upon every operator a production tax
70.30 of 21.5 cents per cubic yard or 15 cents per ton of aggregate material excavated in the
70.31 county except that the county board may decide not to impose this tax if it determines

71.1 that in the previous year operators removed less than 20,000 tons or 14,000 cubic yards of
 71.2 aggregate material from that county. The tax shall not be imposed on aggregate material
 71.3 excavated in the county until the aggregate material is transported from the extraction site
 71.4 or sold, whichever occurs first. When aggregate material is stored in a stockpile within the
 71.5 state of Minnesota and a public highway, road or street is not used for transporting the
 71.6 aggregate material, the tax shall not be imposed until either when the aggregate material
 71.7 is sold, or when it is transported from the stockpile site, or when it is used from the
 71.8 stockpile, whichever occurs first.

71.9 (b) Except as provided in paragraph (e), a county that imposes the aggregate
 71.10 production tax under paragraph (a) shall impose upon every importer a production tax
 71.11 of 21.5 cents per cubic yard or 15 cents per ton of aggregate material imported into the
 71.12 county. The tax shall be imposed when the aggregate material is imported from the
 71.13 extraction site or sold. When imported aggregate material is stored in a stockpile within
 71.14 the state of Minnesota and a public highway, road, or street is not used for transporting
 71.15 the aggregate material, the tax shall be imposed either when the aggregate material is
 71.16 sold, when it is transported from the stockpile site, or when it is used from the stockpile,
 71.17 whichever occurs first. The tax shall be imposed on an importer when the aggregate
 71.18 material is imported into the county that imposes the tax.

71.19 (c) If the aggregate material is transported directly from the extraction site to a
 71.20 waterway, railway, or another mode of transportation other than a highway, road or street,
 71.21 the tax imposed by this section shall be apportioned equally between the county where the
 71.22 aggregate material is extracted and the county to which the aggregate material is originally
 71.23 transported. If that destination is not located in Minnesota, then the county where the
 71.24 aggregate material was extracted shall receive all of the proceeds of the tax.

71.25 (d) A county, city, or town that receives revenue under this section is prohibited
 71.26 from imposing any additional host community fees on aggregate production within that
 71.27 county, city, or town.

71.28 (e) A county that borders two other states and that is not contiguous to a county
 71.29 that imposes a tax under this section may impose the taxes under paragraphs (a) and (b)
 71.30 at the rate of ten cents per cubic yard or seven cents per ton. ~~This paragraph expires~~
 71.31 ~~December 31, 2014.~~

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

71.33 Sec. 2. Laws 2008, chapter 366, article 10, section 15, is amended to read:

71.34 Sec. 15. **2008 DISTRIBUTIONS ONLY.**

72.1 For distribution in 2008 only, a special fund is established to receive 11.4 cents per ton
72.2 that otherwise would be allocated under Minnesota Statutes, section 298.28, subdivision 6.
72.3 If sufficient funds are not available under Minnesota Statutes, section 298.28, subdivision
72.4 6, to make the payments required under this section and under Minnesota Statutes, section
72.5 298.28, subdivision 6, the remaining amount needed to total 11.4 cents per ton may be
72.6 taken from funds available under Minnesota Statutes, section 298.28, subdivision 9. If
72.7 2008 H.F. No. 1812 is enacted and includes a provision that distributes funds that would
72.8 otherwise be allocated under Minnesota Statutes, section 298.28, subdivision 6, in a
72.9 manner different from the distribution required in this section, the distribution in this
72.10 section supersedes the distribution set in 2008 H.F. No. 1812 notwithstanding Minnesota
72.11 Statutes, section 645.26. The following amounts are allocated to St. Louis County acting
72.12 as the fiscal agent for the recipients for the following specified purposes:

72.13 (1) two cents per ton must be paid to the Hibbing Economic Development Authority
72.14 to retire bonds and for economic development purposes;

72.15 (2) one cent per ton must be divided among and paid in equal shares to each of the
72.16 board of St. Louis County School District No. 2142, the board of Ely School District No.
72.17 696, the board of Mountain Iron-Buhl School District No. 712, and the board of Virginia
72.18 School District No. 706 for each to study the potential for and impact of consolidation
72.19 and streamlining the operations of their school districts;

72.20 (3) 0.25 cent per ton must be paid to the city of Grand Rapids, for industrial park work;

72.21 (4) 0.65 cent per ton must be paid to the city of Aitkin, for ~~sewer and water for~~
72.22 housing economic development projects;

72.23 (5) 0.5 cent per ton must be paid to the city of Crosby, for well and water tower
72.24 infrastructure;

72.25 (6) 0.5 cent per ton must be paid to the city of Two Harbors, for well and water
72.26 tower infrastructure;

72.27 (7) 1.5 cents per ton must be paid to the city of Silver Bay to pay for health and
72.28 safety and maintenance improvements at a former elementary school building that is
72.29 currently owned by the city, to be used for economic development purposes;

72.30 (8) 1.5 cents per ton must be paid to St. Louis County to extend water and sewer
72.31 lines from the city of Chisholm to the St. Louis County fairgrounds;

72.32 (9) 1.5 cents per ton must be paid to the White Community Hospital for debt
72.33 restructuring;

72.34 (10) 0.5 cent per ton must be paid to the city of Keewatin for street, sewer, and
72.35 water improvements;

73.1 (11) 0.5 cent per ton must be paid to the city of Calumet for street, sewer, and water
73.2 improvements; and

73.3 (12) one cent per ton must be paid to Breitung township for sewer and water
73.4 extensions associated with the development of a state park, provided that if a new state
73.5 park is not established in Breitung township by July 1, 2009, the money provided in
73.6 this clause must be transferred to the northeast Minnesota economic development fund
73.7 established in Minnesota Statutes, section 298.2213.

73.8 **EFFECTIVE DATE.** This section is effective the day following final enactment.
73.9 Upon enactment, the city of Aitkin must release all funds under this section to St. Louis
73.10 County acting as fiscal agent by July 1, 2014.

73.11 Sec. 3. Laws 2013, chapter 143, article 11, section 10, is amended to read:

73.12 Sec. 10. **2013 DISTRIBUTION ONLY.**

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

73.17 (1) 5.1 cents per ton to the city of Hibbing for improvements to the city's water
73.18 supply system;

73.19 (2) 4.3 cents per ton to the city of Mountain Iron for the cost of moving utilities
73.20 required as a result of actions undertaken by United States Steel Corporation;

73.21 (3) 2.5 cents per ton to the city of Biwabik for improvements to the city's water supply
73.22 system, payable upon agreement with ArcelorMittal to satisfy water permit conditions;

73.23 (4) 2 cents per ton to the city of Tower for the Tower Marina;

73.24 (5) 2.4 cents per ton to the city of Grand Rapids for an eco-friendly heat transfer
73.25 system to replace aging effluent lines and for parking lot repaving;

73.26 (6) 2.4 cents per ton to the city of Two Harbors for wastewater treatment plant
73.27 improvements;

73.28 (7) 0.9 cents per ton to the city of Ely for the sanitary sewer replacement project;

73.29 (8) 0.6 cents per ton to the town of Crystal Bay for debt service of the Claire Nelson
73.30 Intermodal Transportation Center;

73.31 (9) 0.5 cents per ton to the Greenway Joint Recreation Board for the Coleraine
73.32 hockey arena renovations;

73.33 (10) 1.2 cents per ton for the West Range Regional Fire Hall and Training Center
73.34 to merge the existing fire services of Coleraine, Bovey, Taconite Marble, Calumet, and
73.35 Greenway Township;

- 74.1 (11) 2.5 cents per ton to the city of Hibbing for the Memorial Building;
- 74.2 (12) 0.7 cents per ton to the city of Chisholm for public works infrastructure;
- 74.3 (13) 1.8 cents per ton to the Crane Lake Water and Sanitary District for sanitary
- 74.4 sewer extension;
- 74.5 (14) 2.5 cents per ton for the city of Buhl for the roof on the Mesabi Academy;
- 74.6 (15) 1.2 cents per ton to the city of Gilbert for the New Jersey/Ohio Avenue project;
- 74.7 (16) ~~1.5~~ 2.0 cents per ton to the city of Cook for street improvements, business park
- 74.8 infrastructure, and a maintenance garage;
- 74.9 ~~(17) 0.5 cents per ton to the city of Cook for a water line project;~~
- 74.10 ~~(18)~~ (17) 1.8 cents per ton to the city of Eveleth to be used for Jones Street
- 74.11 reconstruction and the city auditorium;
- 74.12 ~~(19)~~ (18) 0.5 cents per ton for the city of Keewatin for an electrical substation and
- 74.13 water line replacements;
- 74.14 ~~(20)~~ (19) 3.3 cents per ton for the city of Virginia for Fourth Street North
- 74.15 infrastructure and Franklin Park improvement; and
- 74.16 ~~(21)~~ (20) 0.5 cents per ton to the city of Grand Rapids for an economic development
- 74.17 project.

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

74.19 **ARTICLE 6**

74.20 **LOCAL DEVELOPMENT**

74.21 Section 1. **[383A.155] HOUSING IMPROVEMENT AREAS.**

74.22 Subdivision 1. Powers of a housing improvement authority. The Ramsey County

74.23 Housing and Redevelopment Authority shall have the powers of a city under sections

74.24 428A.11 to 428A.21 to establish housing improvement areas in Ramsey County.

74.25 Subd. 2. Definitions. (a) For purposes of exercising the powers in sections 428A.11

74.26 to 428A.21, references in those sections to the terms in paragraphs (b) to (e) have the

74.27 meanings given them for purposes of this section.

74.28 (b) "Mayor" means the chair of the Ramsey County Housing and Redevelopment

74.29 Authority.

74.30 (c) "Council" or "governing body of the city" means the Ramsey County Housing

74.31 and Redevelopment Authority.

74.32 (d) "City clerk" means the person designated by the Ramsey County Housing and

74.33 Redevelopment Authority to carry out the duties of the city clerk under sections 428A.11

74.34 to 428A.21.

75.1 (e) "Enabling ordinance" means a resolution adopted under subdivision 3 by the
 75.2 Ramsey County Housing and Redevelopment Authority.

75.3 Subd. 3. **Establishment of housing improvement areas.** The Ramsey County
 75.4 Housing and Redevelopment Authority may adopt a resolution establishing one or
 75.5 more housing improvement areas within the county under this section. The Ramsey
 75.6 County Housing and Redevelopment Authority shall send a copy of each petition for the
 75.7 establishment of a housing improvement area to the city in which the proposed housing
 75.8 improvement area is located. The public hearings under sections 428A.13 and 428A.14
 75.9 may be held at the times and places determined by the Ramsey County Housing and
 75.10 Redevelopment Authority, except that they must be held at least 30 days after the date the
 75.11 applicable petition was sent to the city. If the city council adopts a resolution opposing
 75.12 the establishment within 30 days of the date the copy of the petition was sent to the city
 75.13 under this subdivision, the Ramsey County Housing and Redevelopment Authority may
 75.14 not establish the proposed housing improvement area.

75.15 Subd. 4. **Applicability.** Except as otherwise provided in this section, sections
 75.16 428A.11 to 428A.21 apply to the establishment of a housing improvement area by the
 75.17 Ramsey County Housing and Redevelopment Authority.

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

75.19 Sec. 2. Minnesota Statutes 2012, section 383D.41, is amended by adding a subdivision
 75.20 to read:

75.21 Subd. 11. **Tax credit allocation threshold criteria.** (a) In addition to the projects
 75.22 described in section 462A.222, subdivision 3, paragraph (d), the Dakota County
 75.23 Community Development Agency may allocate tax credits in the first round for up to three
 75.24 projects of the following type: new construction or substantial rehabilitation multifamily
 75.25 housing projects that are not restricted to persons who are 55 years of age or older and that
 75.26 are located within one of the following areas at the time a reservation for tax credits is made:

75.27 (1) an area within one-half mile of a completed or planned light rail transit way, bus
 75.28 rapid transit way, or commuter rail station;

75.29 (2) an area within one-fourth mile from any spot along a high-frequency local bus line;

75.30 (3) an area within one-half mile from a bus stop or station on a high-frequency
 75.31 express route;

75.32 (4) an area within one-half mile from a park and ride lot; or

75.33 (5) an area within one-fourth mile of a high-service public transportation fixed
 75.34 route stop.

75.35 (b) For purposes of this section, the following terms have the meaning given them:

76.1 (1) "high-frequency local bus line" means a local bus route providing service at
 76.2 least every 15 minutes and running between 6:00 a.m. and 7:00 p.m. on weekdays and
 76.3 between 9:00 a.m. and 6:00 p.m. on Saturdays;

76.4 (2) "high-frequency express route" means an express route with bus service
 76.5 providing six or more trips during at least one of the peak morning hours between 6:00
 76.6 a.m. and 9:00 a.m. and every ten minutes during the peak morning hour; and

76.7 (3) "high-service public transportation fixed route stop" means a stop serviced
 76.8 between 6:00 a.m. and 7:00 p.m. on weekdays and 9:00 a.m. and 6:00 p.m. on Saturdays
 76.9 and with service approximately every 30 minutes during that time.

76.10 **EFFECTIVE DATE.** This section is effective beginning with the 2015 allocation of
 76.11 tax credit.

76.12 Sec. 3. Minnesota Statutes 2012, section 469.1763, subdivision 3, is amended to read:

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

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

76.18 (2) bonds, the proceeds of which must be used to finance the activity, are issued and
 76.19 sold to a third party before or within five years after certification, the revenues are spent
 76.20 to repay the bonds, and the proceeds of the bonds either are, on the date of issuance,
 76.21 reasonably expected to be spent before the end of the later of (i) the five-year period, or
 76.22 (ii) a reasonable temporary period within the meaning of the use of that term under section
 76.23 148(c)(1) of the Internal Revenue Code, or are deposited in a reasonably required reserve
 76.24 or replacement fund;

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

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

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

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

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

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

77.8 Sec. 4. Minnesota Statutes 2012, section 469.177, subdivision 3, is amended to read:

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

77.13 (1) The original net tax capacity and the current net tax capacity shall be determined
 77.14 before the application of the fiscal disparity provisions of chapter 276A or 473F. Where
 77.15 the original net tax capacity is equal to or greater than the current net tax capacity, there is
 77.16 no captured net tax capacity and no tax increment determination. Where the original net
 77.17 tax capacity is less than the current net tax capacity, the difference between the original
 77.18 net tax capacity and the current net tax capacity is the captured net tax capacity. This
 77.19 amount less any portion thereof which the authority has designated, in its tax increment
 77.20 financing plan, to share with the local taxing districts is the retained captured net tax
 77.21 capacity of the authority.

77.22 (2) The county auditor shall exclude the retained captured net tax capacity of the
 77.23 authority from the net tax capacity of the local taxing districts in determining local taxing
 77.24 district tax rates. The local tax rates so determined are to be extended against the retained
 77.25 captured net tax capacity of the authority as well as the net tax capacity of the local taxing
 77.26 districts. The tax generated by the extension of the lesser of (A) the local taxing district
 77.27 tax rates or (B) the original local tax rate to the retained captured net tax capacity of the
 77.28 authority is the tax increment of the authority.

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

77.33 (1) The original net tax capacity shall be determined before the application of the
 77.34 fiscal disparity provisions of chapter 276A or 473F. The current net tax capacity shall
 77.35 exclude any fiscal disparity commercial-industrial net tax capacity increase between

78.1 the original year and the current year multiplied by the fiscal disparity ratio determined
 78.2 pursuant to section 276A.06, subdivision 7, or 473F.08, subdivision 6. Where the original
 78.3 net tax capacity is equal to or greater than the current net tax capacity, there is no captured
 78.4 net tax capacity and no tax increment determination. Where the original net tax capacity is
 78.5 less than the current net tax capacity, the difference between the original net tax capacity
 78.6 and the current net tax capacity is the captured net tax capacity. This amount less any
 78.7 portion thereof which the authority has designated, in its tax increment financing plan, to
 78.8 share with the local taxing districts is the retained captured net tax capacity of the authority.

78.9 (2) The county auditor shall exclude the retained captured net tax capacity of the
 78.10 authority from the net tax capacity of the local taxing districts in determining local taxing
 78.11 district tax rates. The local tax rates so determined are to be extended against the retained
 78.12 captured net tax capacity of the authority as well as the net tax capacity of the local taxing
 78.13 districts. The tax generated by the extension of the lesser of (A) the local taxing district
 78.14 tax rates or (B) the original local tax rate to the retained captured net tax capacity of the
 78.15 authority is the tax increment of the authority.

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

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

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

78.25 Sec. 5. Laws 2013, chapter 143, article 9, section 23, is amended to read:

78.26 Sec. 23. **CITY OF BLOOMINGTON; OLD CEDAR AVENUE BRIDGE.**

78.27 (a) Notwithstanding any law to the contrary, the city of Bloomington shall transfer
 78.28 from the tax increment financing accounts for its Tax Increment Financing District No.
 78.29 1-C and Tax Increment Financing District No. 1-G an amount equal to the tax increment
 78.30 for each district that is computed under the provisions of Minnesota Statutes, section
 78.31 473F.08, subdivision 3c, for taxes payable in 2014 to an account or fund established for
 78.32 the repair, restoration, or replacement of the Old Cedar Avenue bridge for use by bicycle
 78.33 commuters and recreational users. The city is authorized to and must use the transferred
 78.34 funds to complete the repair, renovation, or replacement of the bridge. Upon completion
 78.35 of the repair, renovation, or replacement of the bridge, the city may use any remaining

79.1 funds in the account for costs of improving bicycle and pedestrian trails that access the
 79.2 bridge and that use is deemed to be a permitted use of the increments.

79.3 (b) No signs, plaques, or markers acknowledging or crediting donations for,
 79.4 sponsorships of, or naming rights may be posted on or in the vicinity of the Old Cedar
 79.5 Avenue bridge.

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

79.8 **Sec. 6. CITY OF EAGAN; TAX INCREMENT FINANCING.**

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

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

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

79.20 **Sec. 7. CITY OF EDINA; TAX INCREMENT FINANCING.**

79.21 Subdivision 1. Authority to create districts. (a) The governing body of the city of
 79.22 Edina or its development authority may establish one or more tax increment financing
 79.23 housing districts in the Southeast Edina Redevelopment Project Area, as the boundaries
 79.24 exist on March 31, 2014.

79.25 (b) The authority to request certification of districts under this section expires on
 79.26 June 30, 2017.

79.27 **Subd. 2. Rules governing districts. (a) Housing districts established under this**
 79.28 section are subject to the provisions of Minnesota Statutes, sections 469.174 to 469.1794,
 79.29 except as otherwise provided in this subdivision.

79.30 (b) Notwithstanding the provisions of Minnesota Statutes, section 469.176,
 79.31 subdivision 1b, no increment must be paid to the authority after 15 years after receipt by
 79.32 the authority of the first increment from a district established under this section.

80.1 (c) Notwithstanding the provisions of Minnesota Statutes, section 469.1761,
 80.2 subdivision 3, for a residential rental project, the city may elect to substitute "10 percent"
 80.3 for "40 percent" in the 40-60 test under section 142(d)(1)(B) of the Internal Revenue Code
 80.4 in determining the applicable income limits.

80.5 Subd. 3. **Pooling authority.** The city may elect to treat expenditures of increment
 80.6 from the Southdale 2 district for a housing project of a district established under
 80.7 this section as expenditures qualifying under Minnesota Statutes, section 469.1763,
 80.8 subdivision 2, paragraph (d), without regard to whether the housing meets the requirement
 80.9 of a qualified building under section 42 of the Internal Revenue Code.

80.10 **EFFECTIVE DATE.** This section is effective upon compliance by the governing
 80.11 body of the city of Edina with the requirements of Minnesota Statutes, section 645.021,
 80.12 subdivisions 2 and 3.

80.13 Sec. 8. **SHOREVIEW TAX INCREMENT FINANCING PILOT PROJECT.**

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

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

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

80.24 (1) the business must qualify under one of the following when the tax increment
 80.25 financing plan is approved:

80.26 (i) it operates at a location in the city of Shoreview;

80.27 (ii) it does not have substantial operations in Minnesota; or

80.28 (iii) the assistance is provided for relocation of a portion of the business's operation
 80.29 from another state;

80.30 (2) the expansion or location of the operations of the business in the city, as
 80.31 provided in the business subsidy agreement under Minnesota Statutes, sections 116J.993 to
 80.32 116J.995, will result in an increase in manufacturing, research, service, or professional

81.1 jobs, at least 75 percent of which pay an average wage or salary that is equal to or greater
 81.2 than 25 percent of the median wage or salary for all jobs within the metropolitan area; and
 81.3 (3) the business is not engaged in making retail sales or in providing other services,
 81.4 such as legal, medical, accounting, financial, entertainment, or similar, to third parties, at
 81.5 the location receiving assistance.

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

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

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

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

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

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

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

81.22 (d) The governing body of the city may elect, by resolution, to determine the
 81.23 original and current net tax capacity of a district established under this section using the
 81.24 computation under Minnesota Statutes, section 469.177, subdivision 3, paragraph (a) or (b).

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

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

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

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

82.1 **EFFECTIVE DATE.** This section is effective upon compliance by the governing
 82.2 body of the city of Shoreview with the requirements of Minnesota Statutes, section
 82.3 645.021, subdivision 3.

82.4 **ARTICLE 7**

82.5 **MISCELLANEOUS**

82.6 Section 1. Minnesota Statutes 2012, section 270C.72, subdivision 1, is amended to read:

82.7 Subdivision 1. **Tax clearance required.** (a) The state or a political subdivision of
 82.8 the state may not issue, transfer, or renew, and must revoke, a license for the conduct of
 82.9 a profession, occupation, trade, or business, if the commissioner notifies the licensing
 82.10 authority that the applicant owes the state delinquent taxes payable to the commissioner,
 82.11 penalties, or interest. The commissioner may not notify the licensing authority unless the
 82.12 applicant taxpayer owes \$500 or more in delinquent taxes, penalties, or interest, or has
 82.13 not filed returns. If the applicant taxpayer does not owe delinquent taxes, penalties, or
 82.14 interest, but has not filed returns, the commissioner may not notify the licensing authority
 82.15 unless the taxpayer has been given 90 days' written notice to file the returns or show
 82.16 that the returns are not required to be filed.

82.17 (b) Within ten days after receipt of the notification from the commissioner under
 82.18 paragraph (a), the licensing authority must notify the license holder by certified mail of
 82.19 the potential revocation of the license for the applicable reason under paragraph (a).
 82.20 The notice must include a copy of the commissioner's notice to the licensing agency
 82.21 and information, in the form specified by the commissioner, on the licensee's option for
 82.22 receiving a tax clearance from the commissioner. The licensing authority must revoke the
 82.23 license 30 days after receiving the notice from the commissioner, unless it receives a tax
 82.24 clearance from the commissioner as provided in paragraph (c).

82.25 (c) A licensing authority that has received a notice from the commissioner may
 82.26 issue, transfer, renew, or not revoke the applicant's license only if ~~(a)~~ (1) the commissioner
 82.27 issues a tax clearance certificate and ~~(b)~~ (2) the commissioner or the applicant forwards a
 82.28 copy of the clearance to the authority. The commissioner may issue a clearance certificate
 82.29 only if the applicant does not owe the state any uncontested delinquent taxes, penalties, or
 82.30 interest and has filed all required returns.

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

82.32 Sec. 2. Minnesota Statutes 2012, section 270C.72, subdivision 3, is amended to read:

82.33 Subd. 3. **Notice and hearing.** ~~(a) The commissioner, on notifying a licensing~~
 82.34 ~~authority pursuant to subdivision 1 not to issue, transfer, or renew a license, must send a~~

83.1 ~~copy of the notice to the applicant. If the applicant requests, in writing, within 30 days~~
 83.2 ~~of the date of the notice a hearing, a contested case hearing must be held. The hearing~~
 83.3 ~~must be held within 45 days of the date the commissioner refers the case to the Office of~~
 83.4 ~~Administrative Hearings. Notwithstanding any law to the contrary, the applicant must be~~
 83.5 ~~served with 20 days' notice in writing specifying the time and place of the hearing and the~~
 83.6 ~~allegations against the applicant. The notice may be served personally or by mail.~~

83.7 ~~(b) (a) Prior to notifying a licensing authority pursuant to subdivision 1 to revoke a~~
 83.8 ~~license, the commissioner must send a notice to the applicant of the commissioner's intent~~
 83.9 ~~to require revocation of the license and of the applicant's right to a hearing under paragraph~~
 83.10 ~~(a). If the applicant requests a hearing in writing within 30 days of the date of the notice, a~~
 83.11 ~~contested case hearing must be held. The hearing must be held within 45 days of the date~~
 83.12 ~~the commissioner refers the case to the Office of Administrative Hearings. Notwithstanding~~
 83.13 ~~any law to the contrary, the applicant must be served with 20 days notice in writing~~
 83.14 ~~specifying the time and place of the hearing and the allegations against the applicant. The~~
 83.15 ~~notice may be served personally or by mail. A license is subject to revocation when 30~~
 83.16 ~~days have passed following the date of the notice in this paragraph without the applicant~~
 83.17 ~~requesting a hearing, or, if a hearing is timely requested, upon final determination of the~~
 83.18 ~~hearing under section 14.62, subdivision 1. A license shall be revoked by the licensing~~
 83.19 ~~authority within 30 days after receiving notice from the commissioner to revoke.~~

83.20 ~~(b) The commissioner may notify a licensing authority under subdivision 1 only~~
 83.21 ~~after the requirements of paragraph (a) have been satisfied.~~

83.22 ~~(c) A hearing under this subdivision is in lieu of any other hearing or proceeding~~
 83.23 ~~provided by law arising from any action taken under subdivision 1.~~

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

83.25 Sec. 3. Minnesota Statutes 2012, section 279.03, subdivision 2, is amended to read:

83.26 Subd. 2. **Composite judgment.** ~~Amounts included in composite judgments~~
 83.27 ~~authorized by section 279.37, subdivision 1, and confessed on or after July 1, 1982, are~~
 83.28 ~~subject to interest at the rate determined pursuant to section 549.09. Amounts confessed~~
 83.29 ~~under this authority after December 31, 1990, (a) Except as provided in paragraph (b),~~
 83.30 ~~amounts included in composite judgments authorized by section 279.37, subdivision 1, are~~
 83.31 ~~subject to interest at the rate calculated under subdivision 1a. During each calendar year,~~
 83.32 ~~interest shall accrue on the unpaid balance of the composite judgment from the time it is~~
 83.33 ~~confessed until it is paid. The rate of interest is subject to change each year in the same~~
 83.34 ~~manner that section 549.09 or subdivision 1a, whichever is applicable, for rate changes.~~
 83.35 ~~Interest on the unpaid contract balance on judgments confessed before July 1, 1982,~~

84.1 ~~is payable at the rate applicable to the judgment at the time that it was confessed. The~~
84.2 ~~interest rate established at the time the judgment is confessed is fixed for the duration of~~
84.3 ~~that judgment.~~

84.4 (b) A confession of judgment covering any part of a parcel classified as 1a or 1b, and
84.5 used as the primary homestead of the owner, is subject to interest at the rate provided in
84.6 section 279.37, subdivision 2, paragraph (b).

84.7 **EFFECTIVE DATE.** This section is effective for confession judgments entered
84.8 into on or after January 1, 2015.

84.9 Sec. 4. Minnesota Statutes 2013 Supplement, section 279.37, subdivision 2, is
84.10 amended to read:

84.11 Subd. 2. **Installment payments.** (a) The owner of any such parcel, or any person to
84.12 whom the right to pay taxes has been given by statute, mortgage, or other agreement, may
84.13 make and file with the county auditor of the county in which the parcel is located a written
84.14 offer to pay the current taxes each year before they become delinquent, or to contest the
84.15 taxes under Minnesota Statutes 1941, sections 278.01 to 278.13, and agree to confess
84.16 judgment for the amount provided, as determined by the county auditor. By filing the
84.17 offer, the owner waives all irregularities in connection with the tax proceedings affecting
84.18 the parcel and any defense or objection which the owner may have to the proceedings, and
84.19 also waives the requirements of any notice of default in the payment of any installment or
84.20 interest to become due pursuant to the composite judgment to be so entered. Unless the
84.21 property is subject to subdivision 1a, with the offer, the owner shall (i) tender one-tenth of
84.22 the amount of the delinquent taxes, costs, penalty, and interest, and (ii) tender all current
84.23 year taxes and penalty due at the time the confession of judgment is entered. In the offer,
84.24 the owner shall agree to pay the balance in nine equal installments, with interest as provided
84.25 in section 279.03, payable annually on installments remaining unpaid from time to time, on
84.26 or before December 31 of each year following the year in which judgment was confessed.

84.27 (b) If any part of the parcel consists of real estate classified as 1a or 1b and used as the
84.28 homestead by the owner of the property, the commissioner of revenue shall set annually
84.29 the interest rate on offers made under paragraph (a) at the greater of five percent or two
84.30 percent above the prime rate charged by banks during the six-month period ending on
84.31 September 30 of that year, rounded to the nearest full percent, provided that the rate must
84.32 not exceed the maximum annum rate specified under section 279.03, subdivision 1a. The
84.33 rate of interest becomes effective on January 1 of the immediately succeeding year. If a
84.34 default occurs in the payments under any confessed judgment entered under this paragraph,
84.35 the taxes and penalties due are subject to the interest rate specified in section 279.03.

85.1 For the purposes of this subdivision:

85.2 (1) the term "prime rate charged by banks" means the average predominant prime
85.3 rate quoted by commercial banks to large businesses, as determined by the Board of
85.4 Governors of the Federal Reserve System; and

85.5 (2) "default" means the cancellation of the confession of judgment due to
85.6 nonpayment of the current year tax or failure to make any installment payment required by
85.7 this confessed judgment within 60 days from the date on which payment was due.

85.8 (c) The interest rate established at the time judgment is confessed is fixed for the
85.9 duration of the judgment. By October 15 of each year, the commissioner of revenue must
85.10 determine the rate of interest as provided under paragraph (b) and, by November 1 of each
85.11 year, must certify the rate to the county auditor.

85.12 (d) A qualified property owner eligible to enter into a second confession of judgment
85.13 may do so at the interest rate provided in paragraph (b).

85.14 (e) Repurchase agreements or contracts for repurchase for properties being
85.15 repurchased under section 282.261 are not eligible to receive the interest rate under
85.16 paragraph (b).

85.17 (f) The offer must be substantially as follows:

85.18 "To the court administrator of the district court of county, I,,
85.19 am the owner of the following described parcel of real estate located in
85.20 county, Minnesota:

85.21 Upon that real estate there are delinquent taxes for the year, and
85.22 prior years, as follows: (here insert year of delinquency and the total amount of delinquent
85.23 taxes, costs, interest, and penalty). By signing this document I offer to confess judgment in
85.24 the sum of \$..... and waive all irregularities in the tax proceedings affecting these taxes and
85.25 any defense or objection which I may have to them, and direct judgment to be entered for
85.26 the amount stated above, minus the sum of \$....., to be paid with this document, which
85.27 is one-tenth or one-fifth of the amount of the taxes, costs, penalty, and interest stated above.
85.28 I agree to pay the balance of the judgment in nine or four equal, annual installments, with
85.29 interest as provided in section 279.03, payable annually, on the installments remaining
85.30 unpaid. I agree to pay the installments and interest on or before December 31 of each year
85.31 following the year in which this judgment is confessed and current taxes each year before
85.32 they become delinquent, or within 30 days after the entry of final judgment in proceedings
85.33 to contest the taxes under Minnesota Statutes, sections 278.01 to 278.13.

85.34 Dated,"

85.35 **EFFECTIVE DATE.** This section shall be effective for confession judgments
85.36 entered into on or after January 1, 2015.

86.1 Sec. 5. Minnesota Statutes 2013 Supplement, section 360.531, subdivision 2, is
86.2 amended to read:

86.3 Subd. 2. **Rate.** The tax shall be as follows:

86.4	Base Price	Tax
86.5	Under \$499,999	
86.6	<u>Not over \$500,000</u>	\$100
86.7	over \$500,000 to \$999,999	
86.8	<u>but not over \$1,000,000</u>	\$200
86.9	over \$1,000,000 to \$2,499,999	
86.10	<u>but not over \$2,500,000</u>	\$2,000
86.11	over \$2,500,000 to \$4,999,999	
86.12	<u>but not over \$5,000,000</u>	\$4,000
86.13	over \$5,000,000 to \$7,499,999	
86.14	<u>but not over \$7,500,000</u>	\$7,500
86.15	over \$7,500,000 to \$9,999,999	
86.16	<u>but not over \$10,000,000</u>	\$10,000
86.17	over \$10,000,000 to \$12,499,999	
86.18	<u>but not over \$12,500,000</u>	\$12,500
86.19	over \$12,500,000 to \$14,999,999	
86.20	<u>but not over \$15,000,000</u>	\$15,000
86.21	over \$15,000,000 to \$17,499,999	
86.22	<u>but not over \$17,500,000</u>	\$17,500
86.23	over \$17,500,000 to \$19,999,999	
86.24	<u>but not over \$20,000,000</u>	\$20,000
86.25	over \$20,000,000 to \$22,499,999	
86.26	<u>but not over \$22,500,000</u>	\$22,500
86.27	over \$22,500,000 to \$24,999,999	
86.28	<u>but not over \$25,000,000</u>	\$25,000
86.29	over \$25,000,000 to \$27,499,999	
86.30	<u>but not over \$27,500,000</u>	\$27,500
86.31	over \$27,500,000 to \$29,999,999	
86.32	<u>but not over \$30,000,000</u>	\$30,000
86.33	over \$30,000,000 to \$39,999,999	
86.34	<u>but not over \$40,000,000</u>	\$50,000
86.35	<u>over \$40,000,000 and over</u>	\$75,000

86.36 **EFFECTIVE DATE.** This section is effective July 1, 2014, and applies to aircraft
86.37 tax due on or after that date.

86.38 Sec. 6. Minnesota Statutes 2012, section 383E.21, subdivision 1, is amended to read:

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

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

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

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

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

87.15 Sec. 7. Minnesota Statutes 2012, section 383E.21, subdivision 2, is amended to read:

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

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

87.26 Sec. 8. Minnesota Statutes 2013 Supplement, section 469.169, is amended by adding a
 87.27 subdivision to read:

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

87.32 (1) the border city enterprise zone program under section 469.171, or for other
 87.33 offsets of taxes imposed on or remitted by businesses located in the enterprise zone, if

88.1 the municipality determines that the granting of the tax reduction or offset is necessary to
 88.2 retain a business within or attract a business to the zone; or
 88.3 (2) the border city development zone program under section 469.1732 or 469.1734.

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

88.6 Sec. 9. Minnesota Statutes 2012, section 469.171, subdivision 6, is amended to read:

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

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

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

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

88.16 Sec. 10. **CARLTON COUNTY; LEVY FOR SOIL AND WATER**
 88.17 **CONSERVATION DISTRICT.**

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

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

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

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

88.31 (b) The maximum amount of the levy in any year may not exceed the amount
 88.32 necessary, after deduction of any amount remaining from the levy imposed in prior years,

89.1 to pay 105 percent of the principal and interest due in the following calendar year and
 89.2 through July 1 of the next year.

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

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

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

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

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

89.14 Sec. 11. **PURPOSE STATEMENTS; TAX EXPENDITURES.**

89.15 Subdivision 1. **Authority.** This section is intended to fulfill the requirement under
 89.16 Minnesota Statutes, section 3.192, that a bill creating, renewing, or continuing a tax
 89.17 expenditure provide a purpose for the tax expenditure and a standard or goal against
 89.18 which its effectiveness may be measured.

89.19 Subd. 2. **Income tax subtraction for discharge of indebtedness income.** The
 89.20 provisions of article 4, section 3, clause (21), are intended to exclude from state taxation in
 89.21 2014 amounts otherwise recognizable as income but excluded at the federal level for tax
 89.22 years 2007 through 2013 in response to the national housing crisis.

89.23 Subd. 3. **Income tax subtraction for military pay; Active Guard/Reserve**
 89.24 **members of the National Guard.** The provisions of article 4, section 3, clause (10), are
 89.25 intended to provide equitable tax treatment to Minnesota residents who are members of
 89.26 the National Guard and serve full time in Active Guard/Reserve (AGR) status by allowing
 89.27 an income tax subtraction for military pay equivalent to that allowed under Minnesota
 89.28 Statutes, section 290.01, subdivision 19b, clause (11), for Minnesota residents who serve
 89.29 full time in the armed forces of the United States.

89.30 Subd. 4. **Research credit for sole proprietors.** The provisions of article 4, section
 89.31 4, are intended to provide equitable tax treatment for Minnesota businesses operated as

90.1 sole proprietorships by allowing sole proprietors to claim the research credit on the same
 90.2 basis as it is allowed for businesses operated as C corporations or pass-through entities.

90.3 Subd. 5. **Estate tax situs rule for qualified art.** The provisions of article 4, section
 90.4 6, deeming certain qualified art on loan to Minnesota nonprofit entities as property with
 90.5 a situs outside Minnesota under the estate tax are intended to prevent the Minnesota
 90.6 estate tax from discouraging nonresident owners of art from loaning it to Minnesota
 90.7 nonprofit museums.

90.8 Subd. 6. **Sales of coin-operated amusement devices defined as sales for resale.**
 90.9 The provisions of article 3, section 7, defining certain coin-operated amusement devices
 90.10 as sales for resale are intended to reduce tax pyramiding by exempting an input to a
 90.11 taxable service.

90.12 Subd. 7. **Expansion of sales tax exemption for local governments.** The provisions
 90.13 of article 3, sections 12 and 17, modifying the sales tax on certain local government
 90.14 purchases are intended to reduce the cost of providing local government services,
 90.15 remove a barrier for intergovernmental cooperation, and reduce existing compliance and
 90.16 administration costs for local governments.

90.17 Subd. 8. **Fund-raising sales by nonprofit groups.** The provisions of article 3,
 90.18 section 13, raising the limit on tax exempt fund-raising by nonprofit organizations is
 90.19 intended to reflect the impact on inflation over time on the limit and reduce compliance
 90.20 costs for groups that exceed the limit.

90.21 Subd. 10. **Microdistillery credit.** The provisions of article 3, section 19, allowing a
 90.22 microdistillery credit is to relieve small distillers of the burden of paying excise tax on
 90.23 the distribution of free samples of their products and to encourage the development and
 90.24 marketing of products by niche distillers in the state.

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

90.26 **ARTICLE 8**

90.27 **UNSESSION**

90.28 Section 1. Minnesota Statutes 2012, section 16D.02, subdivision 3, is amended to read:

90.29 Subd. 3. **Debt.** "Debt" means an amount owed to the state directly, or through a
 90.30 state agency, on account of a fee, duty, lease, direct loan, loan insured or guaranteed by
 90.31 the state, rent, service, sale of real or personal property, overpayment, fine, assessment,
 90.32 penalty, restitution, damages, interest, tax, bail bond, forfeiture, reimbursement, liability

91.1 owed, an assignment to the state including assignments under section 256.741, the Social
 91.2 Security Act, or other state or federal law, recovery of costs incurred by the state, or any
 91.3 other source of indebtedness to the state. Debt also includes amounts owed to individuals
 91.4 as a result of civil, criminal, or administrative action brought by the state or a state agency
 91.5 pursuant to its statutory authority or for which the state or state agency acts in a fiduciary
 91.6 capacity in providing collection services in accordance with the regulations adopted under
 91.7 the Social Security Act at Code of Federal Regulations, title 45, section 302.33. When
 91.8 the commissioner provides collection services ~~pursuant to a debt qualification plan to a~~
 91.9 ~~referring agency~~, debt also includes an amount owed to the courts, local government
 91.10 units, Minnesota state colleges and universities governed by the Board of Trustees of the
 91.11 Minnesota State Colleges and Universities, or University of Minnesota.

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

91.13 Sec. 2. Minnesota Statutes 2012, section 16D.02, subdivision 6, is amended to read:

91.14 Subd. 6. **Referring agency.** "Referring agency" means a state agency, local
 91.15 government unit, Minnesota state colleges and universities governed by the Board of
 91.16 Trustees of the Minnesota State Colleges and Universities, University of Minnesota, or a
 91.17 court, that has entered into ~~a debt qualification plan~~ an agreement with the commissioner
 91.18 to refer debts to the commissioner for collection.

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

91.20 Sec. 3. Minnesota Statutes 2012, section 16D.04, subdivision 3, is amended to read:

91.21 Subd. 3. **Services.** The commissioner shall provide collection services for a state
 91.22 agency, and may provide for collection services for ~~a court, in accordance with the terms and~~
 91.23 ~~conditions of a signed debt qualification plan~~ referring agencies other than state agencies.

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

91.25 Sec. 4. Minnesota Statutes 2012, section 16D.04, subdivision 4, is amended to read:

91.26 Subd. 4. **Authority to contract.** ~~The commissioners~~ commissioner of revenue ~~and~~
 91.27 ~~management and budget~~ may contract with credit bureaus, private collection agencies, and
 91.28 other entities as necessary for the collection of debts. A private collection agency acting
 91.29 under a contract with the commissioner of revenue ~~or management and budget~~ is subject
 91.30 to sections 332.31 to 332.45, except that the private collection agency may indicate that it
 91.31 is acting under a contract with the state. The commissioner may not delegate the powers
 91.32 provided under section 16D.08 to any nongovernmental entity.

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

92.2 Sec. 5. Minnesota Statutes 2012, section 16D.07, is amended to read:

92.3 **16D.07 NOTICE TO DEBTOR.**

92.4 The referring agency shall send notice to the debtor by United States mail or
 92.5 personal delivery at the debtor's last known address at least 20 days before the debt is
 92.6 referred to the commissioner. The notice must state the nature and amount of the debt,
 92.7 identify to whom the debt is owed, and inform the debtor of the remedies available under
 92.8 this chapter. The referring agency shall advise the debtor of collection costs imposed
 92.9 under section 16D.11 and of the debtor's right to cancellation of collection costs under
 92.10 section 16D.11, subdivision 3.

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

92.12 Sec. 6. Minnesota Statutes 2012, section 16D.11, subdivision 1, is amended to read:

92.13 Subdivision 1. **Imposition.** As determined by the commissioner of ~~management and~~
 92.14 ~~budget revenue~~, collection costs shall be added to the debts referred to the commissioner
 92.15 or private collection agency for collection. Collection costs are collectible by the
 92.16 commissioner or private agency from the debtor at the same time and in the same
 92.17 manner as the referred debt. ~~The referring agency shall advise the debtor of collection~~
 92.18 ~~costs under this section and the debtor's right to cancellation of collection costs under~~
 92.19 ~~subdivision 3 at the time the agency sends notice to the debtor under section 16D.07.~~

92.20 If the commissioner or private agency collects an amount less than the total due, the
 92.21 payment is applied proportionally to collection costs and the underlying debt unless
 92.22 the commissioner of management and budget has waived this requirement for certain
 92.23 categories of debt pursuant to the department's internal guidelines. Collection costs
 92.24 collected by the commissioner under this subdivision or retained under subdivision 6 shall
 92.25 be deposited in the general fund as nondedicated receipts. ~~Collection costs collected by~~
 92.26 ~~private agencies are appropriated to the referring agency to pay the collection fees charged~~
 92.27 ~~by the private agency.~~ Collections of collection costs in excess of collection agency fees
 92.28 must be deposited in the general fund as nondedicated receipts.

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

92.30 Sec. 7. Minnesota Statutes 2012, section 16D.11, subdivision 3, is amended to read:

92.31 Subd. 3. **Cancellation.** Collection costs imposed under subdivision 1 shall be
 92.32 canceled and subtracted from the amount due if:

93.1 (1) the debtor's household income as defined in section 290A.03, subdivision 5,
 93.2 excluding the exemption subtractions in subdivision 3, paragraph (3) of that section, for
 93.3 the 12 months preceding the date of referral is less than twice the annual federal poverty
 93.4 guideline under United States Code, title 42, section 9902, subsection (2);

93.5 (2) within 60 days after the first contact with the debtor by the ~~enterprise~~
 93.6 commissioner or collection agency, the debtor establishes reasonable cause for the failure
 93.7 to pay the debt prior to referral of the debt to the ~~enterprise~~ commissioner;

93.8 (3) a good faith dispute as to the legitimacy or the amount of the debt is made,
 93.9 and payment is remitted or a payment agreement is entered into within 30 days after
 93.10 resolution of the dispute;

93.11 (4) good faith litigation occurs and the debtor's position is substantially justified, and
 93.12 if the debtor does not totally prevail, the debt is paid or a payment agreement is entered
 93.13 into within 30 days after the judgment becomes final and nonappealable; or

93.14 (5) collection costs have been added by the referring agency and are included in
 93.15 the amount of the referred debt.

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

93.17 Sec. 8. Minnesota Statutes 2012, section 16D.11, subdivision 7, is amended to read:

93.18 Subd. 7. **Adjustment of rate.** By June 1 of each year, the commissioner shall
 93.19 determine the rate of collection costs for debts referred to the ~~enterprise~~ commissioner
 93.20 during the next fiscal year. The rate is a percentage of the debts in an amount that most
 93.21 nearly equals the costs of the ~~enterprise~~ commissioner necessary to process and collect
 93.22 referred debts under this chapter. In no event shall the rate of the collection costs exceed
 93.23 25 percent of the debt. Determination of the rate of collection costs under this section is
 93.24 not subject to the fee setting requirements of section 16A.1283.

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

93.26 Sec. 9. Minnesota Statutes 2012, section 84A.20, subdivision 2, is amended to read:

93.27 Subd. 2. **County proposal to state.** ~~Under certain conditions,~~ The board of county
 93.28 commissioners of any county may by resolution propose to the state that one or more
 93.29 areas in the county be taken over by the state for afforestation, reforestation, flood control
 93.30 projects, or other state purposes. The projects are to be managed, controlled, and used for
 93.31 the purposes in subdivision 1 on lands to be acquired by the state within the projects, as set
 93.32 forth in sections 84A.20 to 84A.30. The county board may propose this if ~~(1)~~ the county
 93.33 contains lands suitable for the purposes in subdivision 1, ~~(2) on January 1, 1931, the taxes~~

94.1 ~~on more than 35 percent of the taxable land in the county are delinquent, (3) on January 1,~~
 94.2 ~~1931, the county's bonded ditch indebtedness, including accrued interest, equals or exceeds~~
 94.3 ~~nine percent of the assessed valuation of the county, exclusive of money and credits.~~

94.4 The area taken over must include lands that have been assessed for all or part of
 94.5 the cost of the establishment and construction of public drainage ditches under state law,
 94.6 and on which the assessments or installments are delinquent. A certified copy of the
 94.7 county board's resolution must be filed with the department and considered and acted
 94.8 upon by the department. If approved by the department, it must then be submitted to,
 94.9 considered, and acted upon by the executive council. If approved by the Executive
 94.10 Council, the proposition must be formally accepted by the governor. Acceptance must be
 94.11 communicated in writing to and filed with the county auditor.

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

94.13 Sec. 10. Minnesota Statutes 2012, section 84A.31, subdivision 2, is amended to read:

94.14 Subd. 2. **County proposal to state.** ~~Under certain conditions,~~ The board of county
 94.15 commissioners of any county may by resolution propose that the state take over part of the
 94.16 tax-delinquent lands in the county. ~~The board may propose this if:~~

94.17 ~~(1) the county contains land suitable for the purposes in subdivision 1;~~

94.18 ~~(2) on January 1, 1933, the taxes on more than 25 percent of the acreage of the lands~~
 94.19 ~~in a town in the county are delinquent, as shown by its tax books;~~

94.20 ~~(3) on January 1, 1933, the taxes or ditch assessments on more than 50 percent of the~~
 94.21 ~~acreage of the lands to be taken over are delinquent, as shown by the county's tax books; and~~

94.22 ~~(4) on January 1, 1933, the bonded ditch indebtedness of the county equals or~~
 94.23 ~~exceeds 15 percent of the assessed value of the county for 1932 as fixed by the Minnesota~~
 94.24 ~~Tax Commission, exclusive of money and credits.~~

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

94.26 Sec. 11. Minnesota Statutes 2012, section 115B.49, subdivision 4, is amended to read:

94.27 Subd. 4. **Registration; fees.** (a) The owner or operator of a dry cleaning facility
 94.28 shall register on or before October 1 of each year with the commissioner of revenue in
 94.29 a manner prescribed by the commissioner of revenue and pay a registration fee for the
 94.30 facility. The amount of the fee is:

94.31 (1) \$500, for facilities with a full-time equivalence of fewer than five;

94.32 (2) \$1,000, for facilities with a full-time equivalence of five to ten; and

94.33 (3) \$1,500, for facilities with a full-time equivalence of more than ten.

95.1 The registration fee must be paid on or before October 18 or the owner or operator
 95.2 of a dry cleaning facility may elect to pay the fee in equal installments. Installment
 95.3 payments must be paid on or before October 18, on or before January 18, on or before
 95.4 April 18, and on or before June 18. All payments made after October 18 bear interest
 95.5 at the rate specified in section 270C.40.

95.6 (b) A person who sells dry cleaning solvents for use by dry cleaning facilities in
 95.7 the state shall collect and remit to the commissioner of revenue in a the same manner
 95.8 prescribed by the commissioner of revenue, ~~on or before the 20th day of the month~~
 95.9 ~~following the month in which the sales of dry cleaning solvents are made~~ for the taxes
 95.10 imposed under chapter 297A, a fee of:

95.11 (1) \$3.50 for each gallon of perchloroethylene sold for use by dry cleaning facilities
 95.12 in the state;

95.13 (2) 70 cents for each gallon of hydrocarbon-based dry cleaning solvent sold for use
 95.14 by dry cleaning facilities in the state; and

95.15 (3) 35 cents for each gallon of other nonaqueous solvents sold for use by dry
 95.16 cleaning facilities in the state.

95.17 (c) The audit, assessment, appeal, collection, enforcement, and administrative
 95.18 provisions of chapters 270C and 289A apply to the fee imposed by this subdivision. To
 95.19 enforce this subdivision, the commissioner of revenue may grant extensions to file returns
 95.20 and pay fees, impose penalties and interest on the annual registration fee under paragraph
 95.21 (a) and the monthly fee under paragraph (b), and abate penalties and interest in the manner
 95.22 provided in chapters 270C and 289A. The penalties and interest imposed on taxes under
 95.23 chapter 297A apply to the fees imposed under this subdivision. Disclosure of data collected
 95.24 by the commissioner of revenue under this subdivision is governed by chapter 270B.

95.25 **EFFECTIVE DATE.** This section is effective for fees due after June 30, 2014.

95.26 Sec. 12. Minnesota Statutes 2012, section 163.06, subdivision 1, is amended to read:

95.27 Subdivision 1. **Levy.** The county board of any county in which there are unorganized
 95.28 townships may levy a tax for road and bridge purposes upon all the real and personal
 95.29 property in such unorganized townships, ~~exclusive of money and credits taxed under the~~
 95.30 ~~provisions of chapter 285.~~

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

95.32 Sec. 13. Minnesota Statutes 2012, section 270.11, subdivision 1, is amended to read:

96.1 Subdivision 1. **To act as State Board of Equalization.** The commissioner of
 96.2 revenue shall have and exercise all the rights, powers and authority by law vested in the
 96.3 State Board of Equalization, ~~which board of equalization is hereby continued,~~ with full
 96.4 power and authority to review, modify, and revise all of the acts and proceedings of the
 96.5 commissioner in so far as they relate to the equalization and valuation of property assessed
 96.6 for taxation, as prescribed by section 270.12.

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

96.8 Sec. 14. Minnesota Statutes 2012, section 270.12, subdivision 2, is amended to read:

96.9 Subd. 2. **Meeting dates; duties.** The board shall meet annually between April 15
 96.10 and June 30 at the office of the commissioner of revenue and examine and compare the
 96.11 returns of the assessment of the property in the several counties, and equalize the same so
 96.12 that all the taxable property in the state shall be assessed at its market value, subject to
 96.13 the following rules:

96.14 (1) The board shall add to or deduct from the aggregate valuation of the real property
 96.15 of every county, which the board believes to be valued below or above its market value in
 96.16 money, such percent as will bring the same to its market value ~~in money~~;

96.17 ~~(2) The board shall deduct from the aggregate valuation of the real property of every~~
 96.18 ~~county, which the board believes to be valued above its market value in money, such~~
 96.19 ~~percent as will reduce the same to its market value in money;~~

96.20 ~~(3)~~ (2) If the board believes the valuation for a part of a class determined by a range
 96.21 of market value under clause ~~(8)~~ (6) or otherwise, a class, or classes of the real property of
 96.22 any town or district in any county, or the valuation for a part of a class, a class, or classes
 96.23 of the real property of any county not in towns or cities, should be raised or reduced,
 96.24 without raising or reducing the other real property of such county, or without raising or
 96.25 reducing it in the same ratio, the board may add to, or take from, the valuation of a part of
 96.26 a class, a class, or classes in any one or more of such towns or cities, or of the property not
 96.27 in towns or cities, such percent as the board believes will raise or reduce the same to its
 96.28 market value ~~in money~~;

96.29 ~~(4)~~ (3) The board shall add to or take from the aggregate valuation of any part of a
 96.30 class, a class, or classes of personal property of any county, town, or city, which the
 96.31 board believes to be valued below or above the market value thereof, such percent as will
 96.32 raise the same to its market value ~~in money~~;

96.33 ~~(5) The board shall take from the aggregate valuation of any part of a class, a class,~~
 96.34 ~~or classes of personal property in any county, town or city, which the board believes to~~

97.1 ~~be valued above the market value thereof, such percent as will reduce the same to its~~
 97.2 ~~market value in money;~~

97.3 ~~(6)~~ (4) The board shall not reduce the aggregate valuation of all the property of the
 97.4 state, as returned by the several county auditors, more than one percent on the whole
 97.5 valuation thereof;

97.6 ~~(7)~~ (5) When it would be of assistance in equalizing values the board may require any
 97.7 county auditor to furnish statements showing assessments of real and personal property
 97.8 of any individuals, firms, or corporations within the county. The board shall consider
 97.9 and equalize such assessments and may increase the assessment of individuals, firms, or
 97.10 corporations above the amount returned by the county board of equalization when it shall
 97.11 appear to be undervalued, first giving notice to such persons of the intention of the board
 97.12 so to do, which notice shall fix a time and place of hearing. The board shall not decrease
 97.13 any such assessment below the valuation placed by the county board of equalization;

97.14 ~~(8)~~ (6) In equalizing values pursuant to this section, the board shall utilize a 12-month
 97.15 assessment/sales ratio study conducted by the Department of Revenue containing only
 97.16 sales that are filed in the county auditor's office under section 272.115, by November 1 of
 97.17 the previous year and that occurred between October 1 of the year immediately preceding
 97.18 the previous year and September 30 of the previous year.

97.19 The assessment/sales ratio study may separate the values of residential property
 97.20 into market value categories. The board may adjust the market value categories and the
 97.21 number of categories as necessary to create an adequate sample size for each market value
 97.22 category. The board may determine the adequate sample size. To the extent practicable,
 97.23 the methodology used in preparing the assessment/sales ratio study must be consistent
 97.24 with the most recent Standard on Assessment Sales Ratio Studies published by the
 97.25 Assessment Standards Committee of the International Association of Assessing Officers.
 97.26 The board may determine the geographic area used in preparing the study to accurately
 97.27 equalize values. A sales ratio study separating residential property into market value
 97.28 categories may not be used as the basis for a petition under chapter 278.

97.29 The sales prices used in the study must be discounted for terms of financing. The
 97.30 board shall use the median ratio as the statistical measure of the level of assessment for
 97.31 any particular category of property; and

97.32 ~~(9)~~ (7) The board shall receive from each county the estimated market values on the
 97.33 assessment date falling within the study period for all parcels by ~~magnetic tape or other~~ a
 97.34 medium as prescribed by the commissioner of revenue.

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

98.1 Sec. 15. Minnesota Statutes 2012, section 270.12, subdivision 4, is amended to read:

98.2 Subd. 4. **Public utility property.** For purposes of equalization only, public utility
 98.3 personal property shall be treated as a separate class of property ~~notwithstanding the fact~~
 98.4 ~~that its class rate is the same as commercial-industrial property.~~

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

98.6 Sec. 16. Minnesota Statutes 2012, section 270A.03, subdivision 2, is amended to read:

98.7 Subd. 2. **Claimant agency.** "Claimant agency" means any state agency, as defined
 98.8 by section 14.02, subdivision 2, the regents of the University of Minnesota, any district
 98.9 court of the state, any county, any statutory or home rule charter city, including a city that
 98.10 is presenting a claim for a municipal hospital or a public library or a municipal ambulance
 98.11 service, a hospital district, a private nonprofit hospital that leases its building from the
 98.12 county or city in which it is located, any ambulance service licensed under chapter 144E,
 98.13 any public agency responsible for child support enforcement, any public agency responsible
 98.14 for the collection of court-ordered restitution, and any public agency established by
 98.15 general or special law that is responsible for the administration of a low-income housing
 98.16 program, ~~and the Minnesota collection enterprise as defined in section 16D.02, subdivision~~
 98.17 ~~8, for the purpose of collecting the costs imposed under section 16D.11.~~

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

98.19 Sec. 17. Minnesota Statutes 2012, section 270B.14, subdivision 3, is amended to read:

98.20 Subd. 3. **Administration of enterprise, and job opportunity, ~~and biotechnology~~**
 98.21 **~~and health sciences industry zone programs.~~** The commissioner may disclose return
 98.22 information relating to the taxes imposed by chapters 290 and 297A to the Department of
 98.23 Employment and Economic Development or a municipality with a border city enterprise
 98.24 zone as defined under section 469.166, but only as necessary to administer the funding
 98.25 limitations under section 469.169, or to the Department of Employment and Economic
 98.26 Development and appropriate officials from the local government units in which a
 98.27 qualified business is located but only as necessary to enforce the job opportunity building
 98.28 zone benefits under section 469.315, ~~or biotechnology and health sciences industry zone~~
 98.29 ~~benefits under section 469.336.~~

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

98.31 Sec. 18. Minnesota Statutes 2012, section 270C.085, is amended to read:

99.1 **270C.085 NOTIFICATION REQUIREMENTS; SALES AND USE TAXES.**

99.2 The commissioner of revenue shall establish a means of electronically notifying
 99.3 persons holding a sales tax permit under section 297A.84 of any statutory change in
 99.4 chapter 297A and any issuance or change in any administrative rule, revenue notice, or
 99.5 sales tax fact sheet or other written information provided by the department explaining the
 99.6 interpretation or administration of the tax imposed under that chapter. The notification
 99.7 must indicate the basic subject of the statute, rule, fact sheet, or other material and provide
 99.8 an electronic link to the material. Any person holding a sales tax permit that provides
 99.9 an electronic address to the department must receive these notifications unless they
 99.10 specifically request electronically, or in writing, to be removed from the notification list.
 99.11 This requirement does not replace traditional means of notifying the general public or
 99.12 persons without access to electronic communications of changes in the sales tax law. The
 99.13 ~~electronic notification must begin no later than December 31, 2009.~~

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

99.15 Sec. 19. Minnesota Statutes 2012, section 270C.52, subdivision 2, is amended to read:

99.16 Subd. 2. **Payment agreements.** (a) When any portion of any tax payable to the
 99.17 commissioner together with interest and penalty thereon, if any, has not been paid, the
 99.18 commissioner may extend the time for payment for a further period. When the authority
 99.19 of this section is invoked, the extension shall be evidenced by written agreement signed by
 99.20 the taxpayer and the commissioner, stating the amount of the tax with penalty and interest,
 99.21 if any, and providing for the payment of the amount in installments.

99.22 (b) The agreement may contain a confession of judgment for the amount and for any
 99.23 unpaid portion thereof. If the agreement contains a confession of judgment, the confession
 99.24 of judgment must provide that the commissioner may enter judgment against the taxpayer
 99.25 in the district court of the county of residence as shown upon the taxpayer's tax return for
 99.26 the unpaid portion of the amount specified in the extension agreement.

99.27 (c) The agreement shall provide that it can be terminated, after notice by the
 99.28 commissioner, if information provided by the taxpayer prior to the agreement was
 99.29 inaccurate or incomplete, collection of the tax covered by the agreement is in jeopardy,
 99.30 there is a subsequent change in the taxpayer's financial condition, the taxpayer has failed
 99.31 to make a payment due under the agreement, or the taxpayer has failed to pay any other
 99.32 tax or file a tax return coming due after the agreement.

99.33 (d) The notice must be given at least 14 calendar days prior to termination, and shall
 99.34 advise the taxpayer of the right to request a reconsideration from the commissioner of
 99.35 whether termination is reasonable and appropriate under the circumstances. A request for

100.1 reconsideration does not stay collection action beyond the 14-day notice period. If the
 100.2 commissioner has reason to believe that collection of the tax covered by the agreement
 100.3 is in jeopardy, the commissioner may proceed under section 270C.36 and terminate the
 100.4 agreement without regard to the 14-day period.

100.5 (e) The commissioner may accept other collateral the commissioner considers
 100.6 appropriate to secure satisfaction of the tax liability. The principal sum specified in the
 100.7 agreement shall bear interest at the rate specified in section 270C.40 on all unpaid portions
 100.8 thereof until the same has been fully paid or the unpaid portion thereof has been entered as
 100.9 a judgment. The judgment shall bear interest at the rate specified in section 270C.40.

100.10 (f) If it appears to the commissioner that the tax reported by the taxpayer is in excess
 100.11 of the amount actually owing by the taxpayer, the extension agreement or the judgment
 100.12 entered pursuant thereto shall be corrected. If after making the extension agreement
 100.13 or entering judgment with respect thereto, the commissioner determines that the tax as
 100.14 reported by the taxpayer is less than the amount actually due, the commissioner shall
 100.15 assess a further tax in accordance with the provisions of law applicable to the tax.

100.16 (g) The authority granted to the commissioner by this section is in addition to any
 100.17 other authority granted to the commissioner by law to extend the time of payment or the
 100.18 time for filing a return and shall not be construed in limitation thereof.

100.19 (h) The commissioner shall charge a fee for entering into payment agreements ~~that~~
 100.20 ~~reflects the commissioner's costs for entering into payment agreements.~~ The fee is set at
 100.21 \$50 and is charged for entering into a payment agreement, for entering into a new payment
 100.22 agreement after the taxpayer has defaulted on a prior agreement, and for entering into a
 100.23 new payment agreement as a result of renegotiation of the terms of an existing agreement.
 100.24 The fee is paid to the commissioner before the payment agreement becomes effective and
 100.25 does not reduce the amount of the liability.

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

100.27 Sec. 20. Minnesota Statutes 2012, section 272.01, subdivision 1, is amended to read:

100.28 Subdivision 1. **Generally taxable.** All real and personal property in this state, ~~and~~
 100.29 ~~all personal property of persons residing therein, including the property of corporations,~~
 100.30 ~~banks, banking companies, and bankers,~~ is taxable, except Indian lands and such other
 100.31 property as is by law exempt from taxation.

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

100.33 Sec. 21. Minnesota Statutes 2012, section 272.01, subdivision 3, is amended to read:

- 101.1 Subd. 3. **Exceptions.** The provisions of subdivision 2 shall not apply to:
- 101.2 (a) Federal property for which payments are made in lieu of taxes in amounts
- 101.3 equivalent to taxes which might otherwise be lawfully assessed;
- 101.4 (b) Real estate exempt from ad valorem taxes and taxes in lieu thereof which is
- 101.5 leased, loaned, or otherwise made available to telephone companies or electric, light
- 101.6 and power companies upon which personal property consisting of transmission and
- 101.7 distribution lines is situated and assessed pursuant to sections 273.37, 273.38, 273.40
- 101.8 and 273.41, or upon which are situated the communication lines of express, railway, or
- 101.9 telephone ~~or telegraph~~ companies, or pipelines used for the transmission and distribution
- 101.10 of petroleum products, or the equipment items of a cable communications company
- 101.11 subject to sections 238.35 to 238.42;
- 101.12 (c) Property presently owned by any educational institution chartered by the
- 101.13 territorial legislature;
- 101.14 (d) Indian lands;
- 101.15 (e) Property of any corporation organized as a tribal corporation under the Indian
- 101.16 Reorganization Act of June 18, 1934, (Statutes at Large, volume 48, page 984);
- 101.17 (f) Real property owned by the state and leased pursuant to section 161.23 or
- 101.18 161.431, and acts amendatory thereto;
- 101.19 (g) Real property owned by a seaway port authority on June 1, 1967, upon which
- 101.20 there has been constructed docks, warehouses, tank farms, administrative and maintenance
- 101.21 buildings, railroad and ship terminal facilities and other maritime and transportation
- 101.22 facilities or those directly related thereto, together with facilities for the handling of
- 101.23 passengers and baggage and for the handling of freight and bulk liquids, and personal
- 101.24 property owned by a seaway port authority used or usable in connection therewith, when
- 101.25 said property is leased to a private individual, association or corporation, but only when
- 101.26 such lease provides that the said facilities are available to the public for the loading and
- 101.27 unloading of passengers and their baggage and the handling, storage, care, shipment,
- 101.28 and delivery of merchandise, freight and baggage and other maritime and transportation
- 101.29 activities and functions directly related thereto, but not including property used for grain
- 101.30 elevator facilities; it being the declared policy of this state that such property when
- 101.31 so leased is public property used exclusively for a public purpose, notwithstanding the
- 101.32 one-year limitation in the provisions of section 273.19;
- 101.33 (h) Notwithstanding the provisions of clause (g), when the annual rental received by
- 101.34 a seaway port authority in any calendar year for such leased property exceeds an amount
- 101.35 reasonably required for administrative expense of the authority per year, plus promotional
- 101.36 expense for the authority not to exceed the sum of \$100,000 per year, to be expended

102.1 when and in the manner decided upon by the commissioners, plus an amount sufficient to
 102.2 pay all installments of principal and interest due, or to become due, during such calendar
 102.3 year and the next succeeding year on any revenue bonds issued by the authority, plus
 102.4 25 percent of the gross annual rental to be retained by the authority for improvement,
 102.5 development, or other contingencies, the authority shall make a payment in lieu of real
 102.6 and personal property taxes of a reasonable portion of the remaining annual rental to the
 102.7 county treasurer of the county in which such seaway port authority is principally located.
 102.8 Any such payments to the county treasurer shall be disbursed by the treasurer on the same
 102.9 basis as real estate taxes are divided among the various governmental units, but if such
 102.10 port authority shall have received funds from the state of Minnesota and funds from any
 102.11 city and county pursuant to Laws 1957, chapters 648, 831, and 849 and acts amendatory
 102.12 thereof, then such disbursement by the county treasurer shall be on the same basis as real
 102.13 estate taxes are divided among the various governmental units, except that the portion of
 102.14 such payments which would otherwise go to other taxing units shall be divided equally
 102.15 among the state of Minnesota and said county and city.

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

102.17 Sec. 22. Minnesota Statutes 2012, section 272.025, subdivision 1, is amended to read:

102.18 Subdivision 1. **Statement of exemption.** (a) Except in the case of property owned
 102.19 by the state of Minnesota or any political subdivision thereof, and property exempt from
 102.20 taxation under section 272.02, subdivisions 9, 10, 13, 15, 18, 20, and 22 to 25, and at the
 102.21 times provided in subdivision 3, a taxpayer claiming an exemption from taxation on
 102.22 property described in section 272.02, subdivisions ~~1~~2 to 33, must file a statement of
 102.23 exemption with the assessor of the assessment district in which the property is located.

102.24 (b) A taxpayer claiming an exemption from taxation on property described in section
 102.25 272.02, subdivision 10, must file a statement of exemption with the commissioner of
 102.26 revenue, on or before February 15 of each year for which the taxpayer claims an exemption.

102.27 (c) In case of sickness, absence or other disability or for good cause, the assessor
 102.28 or the commissioner may extend the time for filing the statement of exemption for a
 102.29 period not to exceed 60 days.

102.30 (d) The commissioner of revenue shall prescribe the form and contents of the
 102.31 statement of exemption.

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

102.33 Sec. 23. Minnesota Statutes 2012, section 272.027, subdivision 1, is amended to read:

103.1 Subdivision 1. **Electricity generated to produce goods and services.** Personal
 103.2 property used to generate electric power is exempt from property taxation if the electric
 103.3 power is used to manufacture or produce goods, products, or services, other than electric
 103.4 power, by the owner of the electric generation plant. ~~Except as provided in subdivisions 2~~
 103.5 ~~and 3,~~ The exemption does not apply to property used to produce electric power for sale
 103.6 to others and does not apply to real property. In determining the value subject to tax,
 103.7 a proportionate share of the value of the generating facilities, equal to the proportion
 103.8 that the power sold to others bears to the total generation of the plant, is subject to the
 103.9 general property tax in the same manner as other property. Power generated in such a
 103.10 plant and exchanged for an equivalent amount of power that is used for the manufacture or
 103.11 production of goods, products, or services other than electric power by the owner of the
 103.12 generating plant is considered to be used by the owner of the plant.

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

103.14 Sec. 24. Minnesota Statutes 2012, section 272.029, subdivision 6, is amended to read:

103.15 Subd. 6. **Distribution of revenues.** Revenues from the taxes imposed under
 103.16 subdivision 5 must be part of the settlement between the county treasurer and the county
 103.17 auditor under section 276.09. The revenue must be distributed by the county auditor or the
 103.18 county treasurer to local taxing jurisdictions in which the wind energy conversion system
 103.19 is located as follows: ~~beginning with distributions in 2010, 80 percent to counties; and 20~~
 103.20 ~~percent to cities and townships; and for distributions occurring in 2006 to 2009, 80 percent~~
 103.21 ~~to counties; 14 percent to cities and townships; and six percent to school districts.~~

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

103.23 Sec. 25. Minnesota Statutes 2013 Supplement, section 273.032, is amended to read:

103.24 **273.032 MARKET VALUE DEFINITION.**

103.25 (a) Unless otherwise provided, for the purpose of determining any property tax
 103.26 levy limitation based on market value or any limit on net debt, the issuance of bonds,
 103.27 certificates of indebtedness, or capital notes based on market value, any qualification to
 103.28 receive state aid based on market value, or any state aid amount based on market value,
 103.29 the terms "market value," "estimated market value," and "market valuation," whether
 103.30 equalized or unequalized, mean the estimated market value of taxable property within the
 103.31 local unit of government before any of the following or similar adjustments for:

103.32 (1) the market value exclusions under:

103.33 (i) section 273.11, subdivisions 14a and 14c (vacant platted land);

104.1 (ii) section 273.11, subdivision 16 (certain improvements to homestead property);

104.2 (iii) section 273.11, subdivisions 19 and 20 (certain improvements to business
104.3 properties);

104.4 (iv) section 273.11, subdivision 21 (homestead property damaged by mold);

104.5 (v) section 273.11, subdivision 22 (qualifying lead hazardous reduction projects);

104.6 (vi) section 273.13, subdivision 34 (homestead of a disabled veteran or family
104.7 caregiver);

104.8 (vii) section 273.13, subdivision 35 (homestead market value exclusion); or

104.9 (2) the deferment of value under:

104.10 (i) the Minnesota Agricultural Property Tax Law, section 273.111;

104.11 ~~(ii) the Aggregate Resource Preservation Law, section 273.1115;~~

104.12 ~~(iii)~~ (ii) the Minnesota Open Space Property Tax Law, section 273.112;

104.13 ~~(iv)~~ (iii) the rural preserves property tax program, section 273.114; or

104.14 ~~(v)~~ (iv) the Metropolitan Agricultural Preserves Act, section 473H.10; or

104.15 (3) the adjustments to tax capacity for:

104.16 (i) tax increment financing under sections 469.174 to 469.1794;

104.17 (ii) fiscal disparities under chapter 276A or 473F; or

104.18 (iii) powerline credit under section 273.425.

104.19 (b) Estimated market value under paragraph (a) also includes the market value
104.20 of tax-exempt property if the applicable law specifically provides that the limitation,
104.21 qualification, or aid calculation includes tax-exempt property.

104.22 (c) Unless otherwise provided, "market value," "estimated market value," and
104.23 "market valuation" for purposes of property tax levy limitations and calculation of state
104.24 aid, refer to the estimated market value for the previous assessment year and for purposes
104.25 of limits on net debt, the issuance of bonds, certificates of indebtedness, or capital notes
104.26 refer to the estimated market value as last finally equalized.

104.27 (d) For purposes of a provision of a home rule charter or of any special law that is not
104.28 codified in the statutes and that imposes a levy limitation based on market value or any limit
104.29 on debt, the issuance of bonds, certificates of indebtedness, or capital notes based on market
104.30 value, the terms "market value," "taxable market value," and "market valuation," whether
104.31 equalized or unequalized, mean "estimated market value" as defined in paragraph (a).

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

104.33 Sec. 26. Minnesota Statutes 2012, section 273.061, subdivision 6, is amended to read:

104.34 Subd. 6. **Salaries; expenses.** The salaries of the county assessor and assistants and
104.35 clerical help, shall be fixed by the board of county commissioners and shall be payable in

105.1 ~~monthly installments~~ out of the general revenue fund of the county. ~~In counties with a~~
 105.2 ~~population of less than 50,000 inhabitants, according to the then last preceding federal~~
 105.3 ~~census, the board of county commissioners shall not fix the salary of the county assessor at~~
 105.4 ~~an amount below the following schedule:~~

- 105.5 ~~In counties with a population of less than 6,500, \$5,900;~~
- 105.6 ~~In counties with a population of 6,500 but less than 12,000, \$6,200;~~
- 105.7 ~~In counties with a population of 12,000 but less than 16,000, \$6,500;~~
- 105.8 ~~In counties with a population of 16,000 but less than 21,000, \$6,700;~~
- 105.9 ~~In counties with a population of 21,000 but less than 30,000, \$6,900;~~
- 105.10 ~~In counties with a population of 30,000 but less than 39,500, \$7,100;~~
- 105.11 ~~In counties with a population of 39,500 but less than 50,000, \$7,300;~~
- 105.12 ~~In counties with a population of 50,000 or more, \$8,300.~~

105.13 In addition to their salaries, the county assessor and assistants shall be allowed their
 105.14 expenses for reasonable and necessary travel in the performance of their duties, including
 105.15 necessary travel, lodging and meal expense incurred by them while attending meetings of
 105.16 instructions or official hearings called by the commissioner of revenue. These expenses
 105.17 shall be payable out of the general revenue fund of the county, and shall be allowed on the
 105.18 same basis as such expenses are allowed to other county officers.

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

105.20 Sec. 27. Minnesota Statutes 2012, section 273.10, is amended to read:

105.21 **273.10 SCHOOL DISTRICTS.**

105.22 When assessing personal property the county assessor shall designate the number of
 105.23 the school district in which each person assessed is liable for tax, ~~by writing the number~~
 105.24 ~~of the district opposite each assessment in a column provided for that purpose in the~~
 105.25 ~~assessment book.~~ When the personal property of any person is assessable in several
 105.26 school districts, the amount in each shall be assessed separately, and the name of the
 105.27 owner placed opposite each amount.

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

105.29 Sec. 28. Minnesota Statutes 2012, section 273.11, subdivision 13, is amended to read:

105.30 Subd. 13. **Valuation of income-producing property.** ~~Beginning with the 1995~~
 105.31 ~~assessment,~~ Only accredited assessors or senior accredited assessors or other licensed
 105.32 assessors who have successfully completed at least two income-producing property
 105.33 appraisal courses may value income-producing property for ad valorem tax purposes.

106.1 "Income-producing property" as used in this subdivision means the taxable property in
 106.2 class 3a and 3b in section 273.13, subdivision 24; class 4a and 4c, except for seasonal
 106.3 recreational property not used for commercial purposes; and class 5 in section 273.13,
 106.4 subdivision 31. "Income-producing property" includes any property in class 4e in section
 106.5 273.13, subdivision 25, that would be income-producing property under the definition in
 106.6 this subdivision if it were not substandard. "Income-producing property appraisal course"
 106.7 as used in this subdivision means a course of study of approximately 30 instructional
 106.8 hours, with a final comprehensive test. An assessor must successfully complete the final
 106.9 examination for each of the two required courses. The course must be approved by the
 106.10 board of assessors.

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

106.12 Sec. 29. Minnesota Statutes 2012, section 273.112, subdivision 6a, is amended to read:

106.13 Subd. 6a. **Guidelines issued by commissioner.** The commissioner of revenue shall
 106.14 develop and issue guidelines for qualification by private golf clubs under this section
 106.15 covering the access to and use of the golf course by members and other adults so as to be
 106.16 consistent with the purposes and terms of this section. ~~The guidelines shall be mailed to~~
 106.17 ~~the county attorney and assessor of each county not later than 60 days following May 26,~~
 106.18 ~~1989. Within 15 days of receipt of the guidelines from the commissioner, the assessor~~
 106.19 ~~shall mail a copy of the guidelines to each golf club in the county.~~

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

106.21 Sec. 30. Minnesota Statutes 2013 Supplement, section 273.1325, subdivision 2,
 106.22 is amended to read:

106.23 Subd. 2. **Methodology.** In making its annual assessment/sales ratio studies, the
 106.24 Department of Revenue must use a methodology consistent with the most recent Standard
 106.25 on Assessment Ratio Studies published by the assessment standards committee of the
 106.26 International Association of Assessing Officers. The commissioner of revenue shall
 106.27 supplement this general methodology with specific procedures necessary for execution of
 106.28 the study in accordance with other Minnesota laws impacting the assessment/sales ratio
 106.29 study. The commissioner shall document these specific procedures in writing and shall
 106.30 publish the procedures in the State Register, but these procedures will not be considered
 106.31 "rules" pursuant to the Minnesota Administrative Procedure Act. When property is sold and
 106.32 the purchaser changes its use in a manner that would result in a change of classification of
 106.33 the property, the assessment sales ratio study under this subdivision must take into account

107.1 that changed classification as soon as practicable. A change in status from homestead to
 107.2 nonhomestead or from nonhomestead to homestead is not a change under this subdivision.
 107.3 For purposes of this section, sections 270.12, subdivision 2, clause ~~(8)~~ (6), and 278.05,
 107.4 subdivision 4, the commissioner of revenue shall exclude from the assessment/sales ratio
 107.5 study the sale of any nonagricultural property which does not contain an improvement,
 107.6 if (1) the statutory basis on which the property's taxable value as most recently assessed
 107.7 is less than market value as defined in section 273.11, or (2) the property has undergone
 107.8 significant physical change or a change of use since the most recent assessment.

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

107.10 Sec. 31. Minnesota Statutes 2013 Supplement, section 273.1398, subdivision 3,
 107.11 is amended to read:

107.12 Subd. 3. **Disparity reduction aid.** The amount of disparity aid certified for each
 107.13 taxing district within each unique taxing jurisdiction is the amount certified for taxes
 107.14 payable in the prior year ~~shall be multiplied by the ratio of (1) the jurisdiction's tax~~
 107.15 ~~capacity using the class rates for taxes payable in the year for which aid is being computed,~~
 107.16 ~~to (2) its tax capacity using the class rates for taxes payable in the year prior to that for~~
 107.17 ~~which aid is being computed, both based upon taxable market values for taxes payable in~~
 107.18 ~~the year prior to that for which aid is being computed. If the commissioner determines~~
 107.19 ~~that insufficient information is available to reasonably and timely calculate the numerator~~
 107.20 ~~in this ratio for the first taxes payable year that a class rate change or new class rate is~~
 107.21 ~~effective, the commissioner shall omit the effects of that class rate change or new class~~
 107.22 ~~rate when calculating this ratio for aid payable in that taxes payable year. For aid payable~~
 107.23 ~~in the year following a year for which such omission was made, the commissioner shall~~
 107.24 ~~use in the denominator for the class that was changed or created, the tax capacity for taxes~~
 107.25 ~~payable two years prior to that in which the aid is payable, based on taxable market values~~
 107.26 ~~for taxes payable in the year prior to that for which aid is being computed.~~

107.27 **EFFECTIVE DATE.** This section is effective beginning for taxes payable in 2015.

107.28 Sec. 32. Minnesota Statutes 2012, section 273.18, is amended to read:

107.29 **273.18 LISTING, VALUATION, AND ASSESSMENT OF EXEMPT**
 107.30 **PROPERTY BY COUNTY AUDITORS.**

107.31 (a) In every sixth year after the year ~~1926~~ 2010, the county auditor shall enter, ~~in~~
 107.32 ~~a separate place in the real estate assessment books,~~ the description of each tract of real
 107.33 property exempt by law from taxation, with the name of the owner, ~~if known,~~ and the

108.1 assessor shall value and assess the same in the same manner that other real property is
108.2 valued and assessed, and shall designate in each case the purpose for which the property is
108.3 used.

108.4 (b) For purposes of the apportionment of fire state aid under section 69.021,
108.5 subdivision 7, the county auditor shall include on the abstract of assessment of exempt real
108.6 property filed under this section, the total number of acres of all natural resources lands for
108.7 which in lieu payments are made under sections 477A.11 to 477A.14. The assessor shall
108.8 estimate its market value, provided that if the assessor is not able to estimate the market
108.9 value of the land on a per parcel basis, the assessor shall furnish the commissioner of
108.10 revenue with an estimate of the average value per acre of this land within the county.

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

108.12 Sec. 33. Minnesota Statutes 2012, section 274.01, subdivision 1, is amended to read:

108.13 Subdivision 1. **Ordinary board; meetings, deadlines, grievances.** (a) The town
108.14 board of a town, or the council or other governing body of a city, is the board of appeal
108.15 and equalization except (1) in cities whose charters provide for a board of equalization or
108.16 (2) in any city or town that has transferred its local board of review power and duties to
108.17 the county board as provided in subdivision 3. The county assessor shall fix a day and
108.18 time when the board or the board of equalization shall meet in the assessment districts
108.19 of the county. Notwithstanding any law or city charter to the contrary, a city board of
108.20 equalization shall be referred to as a board of appeal and equalization. On or before
108.21 February 15 of each year the assessor shall give written notice of the time to the city or
108.22 town clerk. Notwithstanding the provisions of any charter to the contrary, the meetings
108.23 must be held between April 1 and May 31 each year. The clerk shall give published and
108.24 posted notice of the meeting at least ten days before the date of the meeting.

108.25 The board shall meet at the office of the clerk to review the assessment and
108.26 classification of property in the town or city. No changes in valuation or classification
108.27 which are intended to correct errors in judgment by the county assessor may be made by
108.28 the county assessor after the board has adjourned in those cities or towns that hold a
108.29 local board of review; however, corrections of errors that are merely clerical in nature or
108.30 changes that extend homestead treatment to property are permitted after adjournment until
108.31 the tax extension date for that assessment year. The changes must be fully documented and
108.32 maintained in the assessor's office and must be available for review by any person. A copy
108.33 of the changes made during this period in those cities or towns that hold a local board of
108.34 review must be sent to the county board no later than December 31 of the assessment year.

109.1 (b) The board shall determine whether the taxable property in the town or city has
109.2 been properly placed on the list and properly valued by the assessor. If real or personal
109.3 property has been omitted, the board shall place it on the list with its market value, and
109.4 correct the assessment so that each tract or lot of real property, and each article, parcel,
109.5 or class of personal property, is entered on the assessment list at its market value. No
109.6 assessment of the property of any person may be raised unless the person has been
109.7 duly notified of the intent of the board to do so. On application of any person feeling
109.8 aggrieved, the board shall review the assessment or classification, or both, and correct
109.9 it as appears just. The board may not make an individual market value adjustment or
109.10 classification change that would benefit the property if the owner or other person having
109.11 control over the property has refused the assessor access to inspect the property and the
109.12 interior of any buildings or structures as provided in section 273.20. A board member
109.13 shall not participate in any actions of the board which result in market value adjustments
109.14 or classification changes to property owned by the board member, the spouse, parent,
109.15 stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, aunt, nephew,
109.16 or niece of a board member, or property in which a board member has a financial interest.
109.17 The relationship may be by blood or marriage.

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

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

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

109.34 (f) Except as provided in subdivision 3, if a person fails to appear in person, by
109.35 counsel, or by written communication before the board after being duly notified of the
109.36 board's intent to raise the assessment of the property, or if a person feeling aggrieved by an

110.1 assessment or classification fails to apply for a review of the assessment or classification,
 110.2 the person may not appear before the county board of appeal and equalization for a review
 110.3 ~~of the assessment or classification~~. This paragraph does not apply if an assessment was
 110.4 made after the local board meeting, as provided in section 273.01, or if the person can
 110.5 establish not having received notice of market value at least five days before the local
 110.6 board meeting.

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

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

110.16 Sec. 34. Minnesota Statutes 2012, section 274.01, subdivision 2, is amended to read:

110.17 Subd. 2. **Special board; duties delegated.** The governing body of a city, ~~including~~
 110.18 ~~a city whose charter provides for a board of equalization,~~ may appoint a special board of
 110.19 review. The city may delegate to the special board of review all of the powers and duties
 110.20 in subdivision 1. The special board of review shall serve at the direction and discretion
 110.21 of the appointing body, subject to the restrictions imposed by law. The appointing body
 110.22 shall determine the number of members of the board, the compensation and expenses to be
 110.23 paid, and the term of office of each member. At least one member of the special board
 110.24 of review must be an appraiser, realtor, or other person familiar with property valuations
 110.25 in the assessment district.

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

110.27 Sec. 35. Minnesota Statutes 2012, section 275.08, subdivision 1a, is amended to read:

110.28 Subd. 1a. **Computation of tax capacity.** ~~For taxes payable in 1989, the county~~
 110.29 ~~auditor shall compute the gross tax capacity for each parcel according to the class rates~~
 110.30 ~~specified in section 273.13. The gross tax capacity will be the appropriate class rate~~
 110.31 ~~multiplied by the parcel's market value. For taxes payable in 1990 and subsequent years,~~
 110.32 The county auditor shall compute the net tax capacity for each parcel according to the

111.1 class rates specified in section 273.13. The net tax capacity will be the appropriate class
 111.2 rate multiplied by the parcel's market value.

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

111.4 Sec. 36. Minnesota Statutes 2012, section 275.08, subdivision 1d, is amended to read:

111.5 Subd. 1d. **Additional adjustment.** If, after computing each local government's
 111.6 adjusted local tax rate within a unique taxing jurisdiction pursuant to subdivision 1c, the
 111.7 auditor finds that the total adjusted local tax rate of all local governments combined is
 111.8 ~~less than 90 percent of gross tax capacity for taxes payable in 1989 and 90 percent of net~~
 111.9 ~~tax capacity for taxes payable in 1990 and thereafter~~, the auditor shall increase each local
 111.10 government's adjusted local tax rate proportionately so the total adjusted local tax rate of
 111.11 all local governments combined equals 90 percent. The total amount of the increase in
 111.12 tax resulting from the increased local tax rates must not exceed the amount of disparity
 111.13 aid allocated to the unique taxing district under section 273.1398. The auditor shall
 111.14 certify to the Department of Revenue the difference between the disparity aid originally
 111.15 allocated under section 273.1398, subdivision 3, and the amount necessary to reduce
 111.16 the total adjusted local tax rate of all local governments combined to 90 percent. Each
 111.17 local government's disparity reduction aid payment under section 273.1398, subdivision
 111.18 6, must be reduced accordingly.

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

111.20 Sec. 37. Minnesota Statutes 2013 Supplement, section 275.70, subdivision 5, is
 111.21 amended to read:

111.22 Subd. 5. **Special levies.** "Special levies" means those portions of ad valorem taxes
 111.23 levied by a local governmental unit for the following purposes or in the following manner:

111.24 (1) to pay the costs of the principal and interest on bonded indebtedness or to
 111.25 reimburse for the amount of liquor store revenues used to pay the principal and interest
 111.26 due on municipal liquor store bonds in the year preceding the year for which the levy
 111.27 limit is calculated;

111.28 (2) to pay the costs of principal and interest on certificates of indebtedness issued for
 111.29 any corporate purpose except for the following:

111.30 (i) tax anticipation or aid anticipation certificates of indebtedness;

111.31 (ii) certificates of indebtedness issued under sections 298.28 and 298.282;

111.32 (iii) certificates of indebtedness used to fund current expenses or to pay the costs of
 111.33 extraordinary expenditures that result from a public emergency; or

112.1 (iv) certificates of indebtedness used to fund an insufficiency in tax receipts or an
112.2 insufficiency in other revenue sources, provided that nothing in this subdivision limits the
112.3 special levy authorized under section 475.755;

112.4 (3) to provide for the bonded indebtedness portion of payments made to another
112.5 political subdivision of the state of Minnesota;

112.6 (4) to fund payments made to the Minnesota State Armory Building Commission
112.7 under section 193.145, subdivision 2, to retire the principal and interest on armory
112.8 construction bonds;

112.9 (5) property taxes approved by voters which are levied against the referendum
112.10 market value as provided under section 275.61;

112.11 (6) to fund matching requirements needed to qualify for federal or state grants or
112.12 programs to the extent that either (i) the matching requirement exceeds the matching
112.13 requirement in calendar year 2001, or (ii) it is a new matching requirement that did not
112.14 exist prior to 2002;

112.15 (7) to pay the expenses reasonably and necessarily incurred in preparing for or
112.16 repairing the effects of natural disaster including the occurrence or threat of widespread
112.17 or severe damage, injury, or loss of life or property resulting from natural causes, in
112.18 accordance with standards formulated by the Emergency Services Division of the state
112.19 Department of Public Safety, as allowed by the commissioner of revenue under section
112.20 275.74, subdivision 2;

112.21 (8) pay amounts required to correct an error in the levy certified to the county
112.22 auditor by a city or county in a levy year, but only to the extent that when added to the
112.23 preceding year's levy it is not in excess of an applicable statutory, special law or charter
112.24 limitation, or the limitation imposed on the governmental subdivision by sections 275.70
112.25 to 275.74 in the preceding levy year;

112.26 (9) to pay an abatement under section 469.1815;

112.27 (10) to pay any costs attributable to increases in the employer contribution rates under
112.28 chapter 353, or locally administered pension plans, that are effective after June 30, 2001;

112.29 (11) to pay the operating or maintenance costs of a county jail as authorized in section
112.30 641.01 or 641.262, or of a correctional facility as defined in section 241.021, subdivision 1,
112.31 paragraph (f), to the extent that the county can demonstrate to the commissioner of revenue
112.32 that the amount has been included in the county budget as a direct result of a rule, minimum
112.33 requirement, minimum standard, or directive of the Department of Corrections, or to pay
112.34 the operating or maintenance costs of a regional jail as authorized in section 641.262. For
112.35 purposes of this clause, a district court order is not a rule, minimum requirement, minimum
112.36 standard, or directive of the Department of Corrections. If the county utilizes this special

113.1 levy, except to pay operating or maintenance costs of a new regional jail facility under
113.2 sections 641.262 to 641.264 which will not replace an existing jail facility, any amount
113.3 levied by the county in the previous levy year for the purposes specified under this clause
113.4 and included in the county's previous year's levy limitation computed under section
113.5 275.71, shall be deducted from the levy limit base under section 275.71, subdivision 2,
113.6 when determining the county's current year levy limitation. The county shall provide the
113.7 necessary information to the commissioner of revenue for making this determination;

113.8 (12) to pay for operation of a lake improvement district, as authorized under section
113.9 103B.555. If the county utilizes this special levy, any amount levied by the county in the
113.10 previous levy year for the purposes specified under this clause and included in the county's
113.11 previous year's levy limitation computed under section 275.71 shall be deducted from
113.12 the levy limit base under section 275.71, subdivision 2, when determining the county's
113.13 current year levy limitation. The county shall provide the necessary information to the
113.14 commissioner of revenue for making this determination;

113.15 (13) to repay a state or federal loan used to fund the direct or indirect required
113.16 spending by the local government due to a state or federal transportation project or other
113.17 state or federal capital project. This authority may only be used if the project is not a
113.18 local government initiative;

113.19 ~~(14) to pay for court administration costs as required under section 273.1398,~~
113.20 ~~subdivision 4b, less the (i) county's share of transferred fines and fees collected by the~~
113.21 ~~district courts in the county for calendar year 2001 and (ii) the aid amount certified to be~~
113.22 ~~paid to the county in 2004 under section 273.1398, subdivision 4c; however, for taxes~~
113.23 ~~levied to pay for these costs in the year in which the court financing is transferred to the~~
113.24 ~~state, the amount under this clause is limited to the amount of aid the county is certified to~~
113.25 ~~receive under section 273.1398, subdivision 4a;~~

113.26 ~~(15)~~ (14) to fund a firefighters relief association as required under Laws 2013,
113.27 chapter 111, article 5, sections 31 to 42, to the extent that the required amount exceeds the
113.28 amount levied for this purpose in 2001;

113.29 ~~(16)~~ (15) for purposes of a storm sewer improvement district under section 444.20;

113.30 ~~(17)~~ (16) to pay for the maintenance and support of a city or county society for
113.31 the prevention of cruelty to animals under section 343.11, but not to exceed in any year
113.32 \$4,800 or the sum of \$1 per capita based on the county's or city's population as of the most
113.33 recent federal census, whichever is greater. If the city or county uses this special levy, any
113.34 amount levied by the city or county in the previous levy year for the purposes specified
113.35 in this clause and included in the city's or county's previous year's levy limit computed

114.1 under section 275.71, must be deducted from the levy limit base under section 275.71,
 114.2 subdivision 2, in determining the city's or county's current year levy limit;

114.3 ~~(18)~~ (17) for counties, to pay for the increase in their share of health and human
 114.4 service costs caused by reductions in federal health and human services grants effective
 114.5 after September 30, 2007;

114.6 ~~(19)~~ (18) for a city, for the costs reasonably and necessarily incurred for securing,
 114.7 maintaining, or demolishing foreclosed or abandoned residential properties, as allowed by
 114.8 the commissioner of revenue under section 275.74, subdivision 2. A city must have either
 114.9 (i) a foreclosure rate of at least 1.4 percent in 2007, or (ii) a foreclosure rate in 2007 in
 114.10 the city or in a zip code area of the city that is at least 50 percent higher than the average
 114.11 foreclosure rate in the metropolitan area, as defined in section 473.121, subdivision 2,
 114.12 to use this special levy. For purposes of this paragraph, "foreclosure rate" means the
 114.13 number of foreclosures, as indicated by sheriff sales records, divided by the number of
 114.14 households in the city in 2007;

114.15 ~~(20) for a city, for the unreimbursed costs of redeployed traffic-control agents and~~
 114.16 ~~lost traffic citation revenue due to the collapse of the Interstate 35W bridge, as certified~~
 114.17 ~~to the Federal Highway Administration;~~

114.18 ~~(21)~~ (19) to pay costs attributable to wages and benefits for sheriff, police, and fire
 114.19 personnel. If a local governmental unit did not use this special levy in the previous year its
 114.20 levy limit base under section 275.71 shall be reduced by the amount equal to the amount it
 114.21 levied for the purposes specified in this clause in the previous year;

114.22 ~~(22)~~ (20) an amount equal to any reductions in the certified aids or credit
 114.23 reimbursements payable under sections 477A.011 to 477A.014, and section 273.1384,
 114.24 due to unallotment under section 16A.152 or reductions under another provision of law.
 114.25 The amount of the levy allowed under this clause for each year is limited to the amount
 114.26 unallotted or reduced from the aids and credit reimbursements certified for payment in the
 114.27 year following the calendar year in which the tax levy is certified unless the unallotment
 114.28 or reduction amount is not known by September 1 of the levy certification year, and
 114.29 the local government has not adjusted its levy under section 275.065, subdivision 6, or
 114.30 275.07, subdivision 6, in which case that unallotment or reduction amount may be levied
 114.31 in the following year;

114.32 ~~(23)~~ (21) to pay for the difference between one-half of the costs of confining sex
 114.33 offenders undergoing the civil commitment process and any state payments for this
 114.34 purpose pursuant to section 253D.12;

114.35 ~~(24)~~ (22) for a county to pay the costs of the first year of maintaining and operating
 114.36 a new facility or new expansion, either of which contains courts, corrections, dispatch,

115.1 criminal investigation labs, or other public safety facilities and for which all or a portion
 115.2 of the funding for the site acquisition, building design, site preparation, construction, and
 115.3 related equipment was issued or authorized prior to the imposition of levy limits ~~in 2008~~.
 115.4 The levy limit base shall then be increased by an amount equal to the new facility's first
 115.5 full year's operating costs as described in this clause; and
 115.6 ~~(25)~~ (23) for the estimated amount of reduction to market value credit reimbursements
 115.7 under section 273.1384 for credits payable in the year in which the levy is payable.

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

115.9 Sec. 38. Minnesota Statutes 2012, section 275.74, subdivision 2, is amended to read:

115.10 Subd. 2. **Authorization for special levies.** (a) A local governmental unit may
 115.11 request authorization to levy for unreimbursed costs for natural disasters under section
 115.12 275.70, subdivision 5, clause (7). The local governmental unit shall submit a request to
 115.13 levy under section 275.70, subdivision 5, clause (7), to the commissioner of revenue by
 115.14 September 30 of the levy year and the request must include information documenting the
 115.15 estimated unreimbursed costs. The commissioner of revenue may grant levy authority,
 115.16 up to the amount requested based on the documentation submitted. All decisions of the
 115.17 commissioner are final.

115.18 (b) A city may request authorization to levy for reasonable and necessary costs for
 115.19 securing, maintaining, or demolishing foreclosed or abandoned residential properties under
 115.20 section 275.70, subdivision 5, clause ~~(19)~~ (18). The local governmental unit shall submit a
 115.21 request to levy under section 275.70, subdivision 5, clause ~~(19)~~ (18), to the commissioner
 115.22 of revenue by September 30 of the levy year and the request must include information
 115.23 documenting the estimated costs. For taxes payable in 2009, the amount may include
 115.24 unanticipated costs incurred above the amount budgeted for these purposes in 2008. Costs
 115.25 of securing foreclosed or abandoned residential properties include payment for police and
 115.26 fire department services. The commissioner of revenue may grant levy authority, up to the
 115.27 lesser of (1) the amount requested based on the documentation submitted, or (2) \$3,000
 115.28 multiplied by the number of foreclosed residential properties, as defined by sheriff sales
 115.29 records, in calendar year 2007. All decisions of the commissioner are final.

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

115.31 Sec. 39. Minnesota Statutes 2012, section 275.75, is amended to read:

115.32 **275.75 CHARTER EXEMPTION FOR AID LOSS.**

116.1 Notwithstanding any other provision of a municipal charter that limits ad valorem
 116.2 taxes to a lesser amount, or that would require voter approval for any increase, the
 116.3 governing body of a municipality may by resolution increase its levy in any year by an
 116.4 amount equal to its special levies under section 275.70, subdivision 5, clauses ~~(22) and~~
 116.5 ~~(25)~~ (20) and (23).

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

116.7 Sec. 40. Minnesota Statutes 2012, section 279.03, is amended to read:

116.8 **279.03 INTEREST ON DELINQUENT PROPERTY TAXES.**

116.9 Subdivision 1. **Rate Interest calculation.** ~~The rate of interest on delinquent~~
 116.10 ~~property taxes levied in 1979 and prior years is fixed at six percent per year until January~~
 116.11 ~~1, 1983. Thereafter Interest is payable at the rate determined pursuant to section 549.09.~~
 116.12 ~~The rate of interest on delinquent property taxes levied in 1980 and subsequent years is~~
 116.13 ~~the rate determined pursuant to section 549.09. All provisions of law except section~~
 116.14 ~~549.09 providing for the calculation of interest at any different rate on delinquent taxes in~~
 116.15 ~~any notice or proceeding in connection with the payment, collection, sale, or assignment~~
 116.16 ~~of delinquent taxes, or redemption from such sale or assignment are hereby amended~~
 116.17 ~~to correspond herewith. Section 549.09 shall continue in force applies with respect to~~
 116.18 ~~judgments arising out of petitions for review filed pursuant to chapter 278 irrespective of~~
 116.19 ~~the levy year.~~

116.20 ~~For property taxes levied in 1980 and prior years, interest is to be calculated at~~
 116.21 ~~simple interest from the second Monday in May following the year in which the taxes~~
 116.22 ~~become due until the time that the taxes and penalties are paid, computed on the amount~~
 116.23 ~~of unpaid taxes, penalties and costs. For property taxes levied in 1981 and subsequent~~
 116.24 ~~years, Interest shall commence on the first day of January following the year in which the~~
 116.25 ~~taxes become due, but the county treasurer need not calculate interest on unpaid taxes and~~
 116.26 ~~penalties on the tax list returned to the county auditor pursuant to section 279.01.~~

116.27 If interest is payable for a portion of a year, the interest is calculated only for the
 116.28 months that the taxes or penalties remain unpaid, and for this purpose a portion of a month
 116.29 is deemed to be a whole month.

116.30 Subd. 1a. **Rate after December 31, 1990.** (a) Except as provided in paragraph (b),
 116.31 interest on delinquent property taxes, penalties, and costs unpaid on or after January 1;
 116.32 ~~1991, shall be~~ is payable at the per annum rate determined in section 270C.40, subdivision
 116.33 5. If the rate so determined is less than ten percent, the rate of interest ~~shall be~~ is ten
 116.34 percent. The maximum per annum rate ~~shall be~~ is 14 percent if the rate specified under

117.1 section 270C.40, subdivision 5, exceeds 14 percent. The rate ~~shall be~~ is subject to change
117.2 on January 1 of each year.

117.3 (b) If a person is the owner of one or more parcels of property on which taxes are
117.4 delinquent, and the delinquent taxes are more than 25 percent of the prior year's school
117.5 district levy, interest on the delinquent property taxes, penalties, and costs unpaid after
117.6 ~~January 1, 1992, shall be~~ is payable at twice the rate determined under paragraph (a) for
117.7 the year.

117.8 Subd. 2. **Composite judgment.** Amounts included in composite judgments
117.9 authorized by section 279.37, subdivision 1, and confessed ~~on or after July 1, 1982, are~~
117.10 ~~subject to interest at the rate determined pursuant to section 549.09. Amounts confessed~~
117.11 ~~under this authority after December 31, 1990, are subject to interest at the rate calculated~~
117.12 ~~under subdivision 1a. During each calendar year, interest shall accerue~~ accrues on the
117.13 unpaid balance of the composite judgment from the time it is confessed until it is paid.
117.14 The rate of interest is subject to change each year in the same manner ~~that section 549.09~~
117.15 ~~or as provided in subdivision 1a, whichever is applicable, for rate changes. Interest on the~~
117.16 ~~unpaid contract balance on judgments confessed before July 1, 1982, is payable at the rate~~
117.17 ~~applicable to the judgment at the time that it was confessed.~~

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

117.19 Sec. 41. Minnesota Statutes 2012, section 279.16, is amended to read:

117.20 **279.16 JUDGMENT WHEN NO ANSWER; FORM; ENTRY.**

117.21 Upon the expiration of 20 days from the later of the filing of the affidavit of
117.22 publication or the filing of the affidavit of mailing pursuant to section 279.131, the
117.23 court administrator shall enter judgment against each and every such parcel as to which
117.24 no answer has been filed, which judgment shall include all such parcels, and shall be
117.25 substantially in the following form:

117.26 State of Minnesota) District Court,
117.27) ss.
117.28 County of) Judicial District.

117.29 In the matter of the proceedings to enforce payment of the taxes on real estate
117.30 remaining delinquent on the first Monday in January,, for the county of,
117.31 state of Minnesota.

117.32 A list of taxes on real property, delinquent on the first Monday in January,, for
117.33 said county of, having been duly filed in the office of the court administrator of
117.34 this court, and the notice and list required by law having been duly published and mailed

118.1 as required by law, and more than 20 days having elapsed since the last publication of the
 118.2 notice and list, and no answer having been filed by any person, company, or corporation
 118.3 to the taxes upon any of the parcels of land hereinafter described, it is hereby adjudged
 118.4 that each parcel of land hereinafter described is liable for taxes, penalties, and costs to the
 118.5 amount set opposite the same, as follows:

118.6	Description.	Parcel Number.	Amount.
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118.7 The amount of taxes, penalties, and cost to which, as hereinbefore stated, each of
 118.8 such parcels of land is liable, is hereby declared a lien upon such parcel of land as against
 118.9 the estate, right, title, interest, claim, or lien, of whatever nature, in law or equity, of every
 118.10 person, company, or corporation; and it is adjudged that, unless the amount to which
 118.11 each of such parcels is liable be paid, each of such parcels be sold, as provided by law,
 118.12 to satisfy the amount to which it is liable.

118.13 Dated this day of,
 118.14
 118.15 Court Administrator of the District Court,
 118.16 County of

118.17 The judgment shall be entered by the court administrator in a book to be kept by
 118.18 the court administrator, to be called the real estate tax judgment book, and signed by the
 118.19 court administrator. ~~The judgment shall be written out on the left-hand pages of the book,~~
 118.20 ~~leaving the right-hand pages blank for the entries in this chapter hereinafter provided; and~~
 118.21 The same presumption in favor of the regularity and validity of the judgment shall be
 118.22 deemed to exist as in respect to judgments in civil actions in such court, except where taxes
 118.23 have been paid before the entry of judgment, or where the land is exempt from taxation, in
 118.24 which cases the judgment shall be prima facie evidence only of its regularity and validity.

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

118.26 Sec. 42. Minnesota Statutes 2012, section 279.23, is amended to read:

118.27 **279.23 COPY OF JUDGMENT TO COUNTY AUDITOR.**

118.28 When any real estate tax judgment is entered, the court administrator shall ~~forthwith~~
 118.29 deliver to the county auditor, ~~in a book to be provided by the auditor,~~ a certified copy of
 118.30 such judgment, ~~which shall be written on the left-hand pages of the book, leaving the~~
 118.31 ~~right-hand pages blank.~~

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

118.33 Sec. 43. Minnesota Statutes 2012, section 279.25, is amended to read:

119.1 **279.25 PAYMENT BEFORE JUDGMENT.**

119.2 Before sale any person may pay the amount adjudged against any parcel of land.
 119.3 If payment is made before entry of judgment, and the delinquent list has been filed with
 119.4 the court administrator, the county auditor shall immediately certify such payment to the
 119.5 court administrator, who shall note the same on such delinquent list; and all proceedings
 119.6 pending against such parcel shall thereupon be discontinued. If payment is made after
 119.7 judgment is entered and before sale, the auditor shall certify such payment to the clerk,
 119.8 who, upon production of such certificate and the payment of a fee of ten cents, shall enter
 119.9 ~~on the right-hand page of the real estate tax judgment book, and opposite the description~~
 119.10 ~~of such parcel,~~ satisfaction of the judgment against the same. The auditor shall make
 119.11 proper records of all payments made under this section.

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

119.13 Sec. 44. Minnesota Statutes 2013 Supplement, section 279.37, subdivision 2, is
 119.14 amended to read:

119.15 Subd. 2. **Installment payments.** The owner of any such parcel, or any person to
 119.16 whom the right to pay taxes has been given by statute, mortgage, or other agreement, may
 119.17 make and file with the county auditor of the county in which the parcel is located a written
 119.18 offer to pay the current taxes each year before they become delinquent, or to contest the
 119.19 taxes under ~~Minnesota Statutes 1941, sections 278.01 to 278.13~~ chapter 278, and agree
 119.20 to confess judgment for the amount provided, as determined by the county auditor. By
 119.21 filing the offer, the owner waives all irregularities in connection with the tax proceedings
 119.22 affecting the parcel and any defense or objection which the owner may have to the
 119.23 proceedings, and also waives the requirements of any notice of default in the payment of
 119.24 any installment or interest to become due pursuant to the composite judgment to be so
 119.25 entered. Unless the property is subject to subdivision 1a, with the offer, the owner shall (i)
 119.26 tender one-tenth of the amount of the delinquent taxes, costs, penalty, and interest, and
 119.27 (ii) tender all current year taxes and penalty due at the time the confession of judgment is
 119.28 entered. In the offer, the owner shall agree to pay the balance in nine equal installments,
 119.29 with interest as provided in section 279.03, payable annually on installments remaining
 119.30 unpaid from time to time, on or before December 31 of each year following the year in
 119.31 which judgment was confessed. The offer must be substantially as follows:

119.32 "To the court administrator of the district court of county, I,,
 119.33 am the owner of the following described parcel of real estate located in
 119.34 county, Minnesota:

120.1 Upon that real estate there are delinquent taxes for the year, and
 120.2 prior years, as follows: (here insert year of delinquency and the total amount of delinquent
 120.3 taxes, costs, interest, and penalty). By signing this document I offer to confess judgment in
 120.4 the sum of \$..... and waive all irregularities in the tax proceedings affecting these taxes and
 120.5 any defense or objection which I may have to them, and direct judgment to be entered for
 120.6 the amount stated above, minus the sum of \$....., to be paid with this document, which
 120.7 is one-tenth or one-fifth of the amount of the taxes, costs, penalty, and interest stated above.
 120.8 I agree to pay the balance of the judgment in nine or four equal, annual installments, with
 120.9 interest as provided in section 279.03, payable annually, on the installments remaining
 120.10 unpaid. I agree to pay the installments and interest on or before December 31 of each year
 120.11 following the year in which this judgment is confessed and current taxes each year before
 120.12 they become delinquent, or within 30 days after the entry of final judgment in proceedings
 120.13 to contest the taxes under ~~Minnesota Statutes, sections 278.01 to 278.13~~ chapter 278.

120.14 Dated,"

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

120.16 Sec. 45. Minnesota Statutes 2012, section 280.001, is amended to read:

120.17 **280.001 PUBLIC SALES, AUDITOR'S CERTIFICATES ABOLISHED.**

120.18 ~~Effective the second Monday in May 1974, and each year thereafter,~~ No parcel of
 120.19 land against which judgment has been entered and remains unsatisfied for the taxes of
 120.20 the preceding year or years may be sold at public vendue as provided in sections 280.01
 120.21 and 280.02 by the county auditor but shall be treated in the same manner and regarded in
 120.22 all respects as land bid in for the state by the auditor in the manner provided in section
 120.23 280.02. No notice of sale required by section 280.01 shall be published or posted ~~in 1974~~
 120.24 ~~and in years thereafter,~~ and no auditor's certificate authorized by section 280.03 shall be
 120.25 issued ~~on the second Monday in May 1974, or thereafter.~~

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

120.27 Sec. 46. Minnesota Statutes 2012, section 280.03, is amended to read:

120.28 **280.03 CERTIFICATE OF SALE.**

120.29 The county auditor shall execute to the purchaser of each parcel a certificate which
 120.30 may be substantially in the following form:

120.31 "I,, auditor of the county of, state of Minnesota, do hereby certify that
 120.32 at the sale of lands pursuant to the real estate tax judgment entered in the district court
 120.33 in the county of, on the day of,, in proceedings to enforce the

121.1 payment of taxes delinquent on real estate for the years, for the county of,
 121.2 which sale was held at, in said county of, on the day of,,
 121.3 the following described parcel of land, situate in said county of, state of Minnesota:
 121.4 (insert description), was offered for sale to the bidder who should offer to pay the amount
 121.5 for which the same was to be sold, at the lowest annual rate of interest on such amount;
 121.6 and at said sale I did sell the said parcel of land to for the sum of dollars,
 121.7 with interest at percent per annum on such amount, that being the sum for which the
 121.8 same was to be sold, and such rate of interest being the lowest rate percent per annum bid
 121.9 on such sum; and, the sum having been paid, I do therefore, in consideration thereof, and
 121.10 pursuant to the statute in such case made and provided, convey the said parcel of land, in
 121.11 fee simple, subject to easements and restrictions of record at the date of the tax judgment
 121.12 sale, including, but without limitation, permits for telephone, ~~telegraph~~ and electric
 121.13 power lines either by underground cable or conduit or otherwise, sewer and water lines,
 121.14 highways, railroads, and pipe lines for gas, liquids, or solids in suspension, to said,
 121.15 and the heirs and assigns of, forever, subject to redemption as provided by law.

121.16 Witness my hand and official seal this day of,

121.17
 121.18 County Auditor."

121.19 If the land shall not be redeemed as provided in chapter 281, such certificate shall
 121.20 pass to the purchaser an estate therein, in fee simple, without any other act or deed
 121.21 whatever subject to easements and restrictions of record at the date of the tax judgment
 121.22 sale, including, but without limitation, permits for telephone, ~~telegraph~~, and electric
 121.23 power lines either by underground cable or conduit or otherwise, sewer and water lines,
 121.24 highways, railroads, and pipe lines for gas, liquids, or solids in suspension. Such certificate
 121.25 may be recorded, after the time for redemption shall have expired, as other deeds of real
 121.26 estate, and with like effect. If any purchaser at such sale shall purchase more than one
 121.27 parcel, the auditor shall issue to the purchaser a certificate for each parcel so purchased.

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

121.29 Sec. 47. Minnesota Statutes 2012, section 280.07, is amended to read:

121.30 **280.07 ENTRIES IN JUDGMENT BOOKS AFTER SALE.**

121.31 Immediately after such sale the county auditor shall ~~set out in the copy judgment~~
 121.32 ~~book~~ record that all parcels were bid in for the state. The county auditor shall thereupon
 121.33 ~~deliver such book to~~ notify the court administrator, ~~who shall forthwith enter on the~~
 121.34 ~~right-hand page of the real estate tax judgment book, opposite the description of each~~
 121.35 ~~parcel sold, the words "bid in for the state," and thereupon redeliver the copy judgment~~

122.1 ~~book to the auditor.~~ Upon redemption the auditor shall ~~make a note thereon in the copy~~
122.2 ~~judgment book, opposite the parcel redeemed.~~

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

122.4 Sec. 48. Minnesota Statutes 2012, section 280.11, is amended to read:

122.5 **280.11 LANDS BID IN FOR STATE.**

122.6 At any time after any parcel of land has been bid in for the state, the same not having
122.7 been redeemed, the county auditor shall assign and convey the same, and all the right of
122.8 the state therein acquired at such sale, to any person who shall pay the amount for which
122.9 the same was bid in, with interest at the rate of 12 percent per annum, and the amount of
122.10 all subsequent delinquent taxes, penalties, costs, and interest at such rate upon the same
122.11 from the time when such taxes became delinquent. The county auditor shall execute to
122.12 such person a certificate for such parcel, which may be substantially in the following form:

122.13 "I,, auditor of the county of, state of Minnesota, do hereby certify that
122.14 at the sale of lands pursuant to the real estate tax judgment entered in the district court
122.15 in the county of, on the day of,, in proceedings to enforce the
122.16 payment of taxes delinquent upon real estate for the years for the county of,
122.17 which sale was held at, in said county of, on the day of,,
122.18 the following described parcel of land, situate in said county of, state of Minnesota:
122.19 (insert description), was duly offered for sale; and, no one bidding upon such offer an
122.20 amount equal to that for which the parcel was subject to be sold, the same was then bid in
122.21 for the state at such amount, being the sum of dollars; and the same still remaining
122.22 unredeemed, and on this day having paid into the treasury of the county the amount
122.23 for which the same was so bid in, and all subsequent delinquent taxes, penalties, costs,
122.24 and interest, amounting in all to dollars, therefore, in consideration thereof, and
122.25 pursuant to the statute in such case made and provided, I do hereby assign and convey this
122.26 parcel of land, in fee simple, subject to easements and restrictions of record at the date of
122.27 the tax judgment sale, including but without limitation, permits for telephone, ~~telegraph,~~
122.28 and electric power lines either by underground cable or conduit or otherwise, sewer and
122.29 water lines, highways, railroads, and pipe lines for gas, liquids, or solids in suspension,
122.30 with all the right, title and interest of the state acquired therein at such sale to, and
122.31 the heirs and assigns of, forever, subject to redemption as provided by law.

122.32 Witness my hand and official seal this day of,

122.33
122.34 County Auditor."

123.1 If the land shall not be redeemed, as provided in chapter 281, such certificate shall
 123.2 pass to the purchaser or assignee an estate therein, in fee simple, without any other act
 123.3 or deed whatever subject to easements and restrictions of record at the date of the tax
 123.4 judgment sale, including, but without limitation, permits for telephone, telegraph and
 123.5 electric power lines either by underground cable or conduit or otherwise, sewer and water
 123.6 lines, highways, railroads, and pipe lines for gas, liquids, or solids in suspension. Such
 123.7 certificate or conveyance may be recorded, after the time for redemption shall have
 123.8 expired, as other deeds of real estate, and with like effect. No assignment of the right of
 123.9 the state shall be given pursuant to this section after January 1, 1972.

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

123.11 Sec. 49. Minnesota Statutes 2012, section 281.03, is amended to read:

123.12 **281.03 AUDITOR'S CERTIFICATE.**

123.13 The county auditor shall certify to the amount due on such redemption, and, on
 123.14 payment of the same to the county treasurer, shall make duplicate receipts for the certified
 123.15 amount, describing the property redeemed, one of which shall be filed with the auditor.
 123.16 Such receipts shall be governed by the provisions of this chapter regulating the payment
 123.17 of current taxes and such payment shall have the effect to annul the sale. If the amount
 123.18 certified by the auditor and received in payment for redemption be less than that required
 123.19 by law, it shall not invalidate the redemption. On redemption being made, the auditor shall
 123.20 ~~enter upon the copy of the tax judgment book, opposite the description of record the~~
 123.21 ~~parcel as redeemed, the word, "redeemed."~~

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

123.23 Sec. 50. Minnesota Statutes 2013 Supplement, section 281.17, is amended to read:

123.24 **281.17 PERIOD FOR REDEMPTION.**

123.25 Except for properties for which the period of redemption has been limited under
 123.26 sections 281.173 and 281.174, the following periods for redemption apply.

123.27 The period of redemption for all lands sold to the state at a tax judgment sale shall
 123.28 be three years from the date of sale to the state of Minnesota.

123.29 The period of redemption for homesteaded lands as defined in section 273.13,
 123.30 subdivision 22, located in a targeted neighborhood as defined in Laws 1987, chapter 386,
 123.31 article 6, section 4, and sold to the state at a tax judgment sale is three years from the date
 123.32 of sale. The period of redemption for all lands located in a targeted neighborhood as
 123.33 defined in Laws 1987, chapter 386, article 6, section 4, except (†) homesteaded lands as

124.1 defined in section 273.13, subdivision 22, ~~and (2) for periods of redemption beginning~~
 124.2 ~~after June 30, 1991, but before July 1, 1996, lands located in the Loring Park targeted~~
 124.3 ~~neighborhood on which a notice of lis pendens has been served, and sold to the state at a~~
 124.4 ~~tax judgment sale~~ is one year from the date of sale.

124.5 The period of redemption for all real property constituting a mixed municipal solid
 124.6 waste disposal facility that is a qualified facility under section 115B.39, subdivision 1, is
 124.7 one year from the date of the sale to the state of Minnesota.

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

124.9 Sec. 51. Minnesota Statutes 2012, section 281.327, is amended to read:

124.10 **281.327 CANCELLATION OF CERTIFICATE UPON JUDICIAL ORDER.**

124.11 Upon the petition of any person interested in the land covered by a real estate tax
 124.12 sale certificate, state assignment certificate, or forfeited tax sale certificate and, upon the
 124.13 giving of such notice to the holder of such certificate as may be ordered, the district court,
 124.14 in the proceedings resulting in the judgment upon which a real estate tax judgment sale
 124.15 certificate, state assignment certificate, or forfeited tax sale certificate is based, may order
 124.16 the cancellation of a real estate tax judgment sale certificate, state assignment certificate,
 124.17 or forfeited tax sale certificate upon which notice of expiration of time of redemption
 124.18 has been issued when the certificate or a deed issued thereon has not been recorded in
 124.19 the office of the county recorder or filed in that of the registrar of titles, if the land is
 124.20 registered, within seven years after the date of the issuance of such certificate; the county
 124.21 auditor, on the filing of the order, shall ~~make an entry in the proper copy real estate tax~~
 124.22 ~~judgment book, opposite the description of the land, "canceled by order of court" record~~
 124.23 the land as canceled by order of court; and the rights of the holder under the certificate
 124.24 shall thereupon be terminated of record in the office of the county auditor.

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

124.26 Sec. 52. Minnesota Statutes 2012, section 282.01, subdivision 6, is amended to read:

124.27 Subd. 6. **Duties of commissioner after sale.** When any sale has been made by the
 124.28 county auditor under sections 282.01 to 282.13, the auditor shall immediately certify to
 124.29 the commissioner of revenue such information relating to such sale, on such forms as the
 124.30 commissioner of revenue may prescribe as will enable the commissioner of revenue to
 124.31 prepare an appropriate deed if the sale is for cash, or keep necessary records if the sale
 124.32 is on terms; and not later than October 31 of each year the county auditor shall submit
 124.33 to the commissioner of revenue a statement of all instances wherein any payment of

125.1 principal, interest, or current taxes on lands held under certificate, due or to be paid during
 125.2 the preceding calendar years, are still outstanding at the time such certificate is made.
 125.3 When such statement shows that a purchaser or the purchaser's assignee is in default, the
 125.4 commissioner of revenue may instruct the county board of the county in which the land is
 125.5 located to cancel said certificate of sale in the manner provided by subdivision 5, provided
 125.6 that upon recommendation of the county board, and where the circumstances are such
 125.7 that the commissioner of revenue after investigation is satisfied that the purchaser has
 125.8 made every effort reasonable to make payment of both the annual installment and said
 125.9 taxes, and that there has been no willful neglect on the part of the purchaser in meeting
 125.10 these obligations, then the commissioner of revenue may extend the time for the payment
 125.11 for such period as the commissioner may deem warranted, not to exceed one year. On
 125.12 payment in full of the purchase price, appropriate conveyance in fee, in such form as may
 125.13 be prescribed by the attorney general, shall be issued by the commissioner of revenue,
 125.14 which conveyance must be recorded by the county and shall have the force and effect of
 125.15 a patent from the state subject to easements and restrictions of record at the date of the
 125.16 tax judgment sale, including, but without limitation, permits for telephone, ~~telegraph~~, and
 125.17 electric power lines either by underground cable or conduit or otherwise, sewer and water
 125.18 lines, highways, railroads, and pipe lines for gas, liquids, or solids in suspension.

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

125.20 Sec. 53. Minnesota Statutes 2012, section 282.04, subdivision 4, is amended to read:

125.21 Subd. 4. **Easements.** The county auditor, when and for such price and on such
 125.22 terms and for such period as the county board prescribes, may grant easements or permits
 125.23 on unsold tax-forfeited land for telephone, ~~telegraph~~, and electric power lines either by
 125.24 underground cable or conduit or otherwise, sewer and water lines, highways, recreational
 125.25 trails, railroads, and pipe lines for gas, liquids, or solids in suspension. Any such easement
 125.26 or permit may be canceled by resolution of the county board after reasonable notice for
 125.27 any substantial breach of its terms or if at any time its continuance will conflict with
 125.28 public use of the land, or any part thereof, on which it is granted. Land affected by any
 125.29 such easement or permit may be sold or leased for mineral or other legal purpose, but sale
 125.30 or lease shall be subject to the easement or permit, and all rights granted by the easement
 125.31 or permit shall be excepted from the conveyance or lease of the land and be reserved,
 125.32 and may be canceled by the county board in the same manner and for the same reasons
 125.33 as it could have been canceled before sale and in that case the rights granted thereby
 125.34 shall vest in the state in trust as the land on which it was granted was held before sale or
 125.35 lease. Any easement or permit granted before passage of Laws 1951, Chapter 203, may

126.1 be governed thereby if the holder thereof and county board so agree. Reasonable notice
 126.2 as used in this subdivision, means a 90-day written notice addressed to the record owner
 126.3 of the easement at the last known address, and upon cancellation the county board may
 126.4 grant extensions of time to vacate the premises affected.

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

126.6 Sec. 54. Minnesota Statutes 2012, section 282.261, subdivision 2, is amended to read:

126.7 Subd. 2. **Interest rate.** The unpaid balance on any repurchase contract approved
 126.8 by the county board ~~on or after July 1, 1982,~~ is subject to interest at the rate determined
 126.9 pursuant to section ~~549.09.~~ ~~Repurchase contracts approved after December 31, 1990,~~ are
 126.10 subject to interest at the rate determined in section 279.03, subdivision 1a. The interest
 126.11 rate is subject to change each year on the unpaid balance in the manner provided for rate
 126.12 changes in section ~~549.09 or~~ 279.03, subdivision 1a, ~~whichever is applicable.~~ ~~Interest on~~
 126.13 ~~the unpaid contract balance on repurchases approved before July 1, 1982, is payable at the~~
 126.14 ~~rate applicable to the repurchase contract at the time that it was approved.~~

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

126.16 Sec. 55. Minnesota Statutes 2012, section 282.261, subdivision 4, is amended to read:

126.17 Subd. 4. **Service fee.** The county auditor may collect a service fee to cover
 126.18 administrative costs as set by the county board for each repurchase application received
 126.19 ~~after July 1, 1985.~~ The fee must be paid at the time of application and must be credited to
 126.20 the county general revenue fund.

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

126.22 Sec. 56. Minnesota Statutes 2012, section 282.261, subdivision 5, is amended to read:

126.23 Subd. 5. **County may impose conditions of repurchase.** The county auditor, after
 126.24 receiving county board approval, may impose conditions on repurchase of tax-forfeited
 126.25 lands limiting the use of the parcel subject to the repurchase, including, but not limited to,
 126.26 environmental remediation action plan restrictions or covenants, or easements for lines or
 126.27 equipment for telephone, ~~telegraph,~~ electric power, or telecommunications.

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

126.29 Sec. 57. Minnesota Statutes 2012, section 282.322, is amended to read:

126.30 **282.322 FORFEITED LANDS LIST.**

127.1 The county board of any county may ~~at any time after the passage of Laws 1945,~~
 127.2 ~~chapter 296,~~ file a list of forfeited lands with the county auditor, if the board is of the
 127.3 opinion that such lands may be acquired by the state or any municipal subdivision thereof
 127.4 for public purposes. Upon the filing of such list the county auditor shall withhold said
 127.5 lands from repurchase. If no proceeding shall be started to acquire such lands by the
 127.6 state or some municipal subdivision thereof within one year after the filing of such list
 127.7 the county board shall withdraw said list and thereafter the owner shall have one year in
 127.8 which to repurchase ~~as otherwise provided in Laws 1945, chapter 296.~~

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

127.10 Sec. 58. Minnesota Statutes 2012, section 287.30, is amended to read:

127.11 **287.30 COUNTY TREASURER; DUTIES.**

127.12 ~~The care of documentary stamps entrusted to county treasurers and the duties imposed~~
 127.13 upon county treasurers by this chapter are within the duties of such office and are within
 127.14 the coverage of any official bond delivered to the state, conditioned that any such officer
 127.15 shall faithfully execute the duties of office. The county board may by resolution require
 127.16 the county auditor to perform any duty imposed on the county treasurer under this chapter.

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

127.18 Sec. 59. Minnesota Statutes 2012, section 289A.25, subdivision 1, is amended to read:

127.19 Subdivision 1. **Requirements to pay.** An individual, trust, S corporation, or
 127.20 partnership must, when prescribed in subdivision 3, paragraph (b), make payments of
 127.21 estimated tax. For individuals, the term "estimated tax" means the amount the taxpayer
 127.22 estimates is the sum of the taxes imposed by chapter 290 for the taxable year. For trusts,
 127.23 S corporations, and partnerships, the term estimated tax means the amount the taxpayer
 127.24 estimates is the sum of the taxes for the taxable year imposed by chapter 290 and the
 127.25 composite income tax imposed by section 289A.08, subdivision 7. If the individual is an
 127.26 infant or incompetent person, the payments must be made by the individual's guardian. If
 127.27 joint payments on estimated tax are made but a joint return is not made for the taxable
 127.28 year, the estimated tax for that year may be treated as the estimated tax of either the
 127.29 husband or the wife or may be divided between them.

127.30 ~~Notwithstanding the provisions of this section, no payments of estimated tax are~~
 127.31 ~~required if the estimated tax, as defined in this subdivision, less the credits allowed against~~
 127.32 ~~the tax, is less than \$500.~~

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

128.2 Sec. 60. Minnesota Statutes 2012, section 290.01, subdivision 5, is amended to read:

128.3 Subd. 5. **Domestic corporation.** The term "domestic" when applied to a corporation
128.4 means a corporation:

128.5 (1) created or organized in the United States, or under the laws of the United
128.6 States or of any state, the District of Columbia, or any political subdivision of any of
128.7 the foregoing but not including the Commonwealth of Puerto Rico, or any possession
128.8 of the United States; or

128.9 (2) which qualifies as a DISC, as defined in section 992(a) of the Internal Revenue
128.10 Code; ~~or~~

128.11 ~~(3) which qualifies as a FSC, as defined in section 922 of the Internal Revenue Code.~~

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

128.14 Sec. 61. Minnesota Statutes 2013 Supplement, section 290.01, subdivision 19d,
128.15 is amended to read:

128.16 Subd. 19d. **Corporations; modifications decreasing federal taxable income.** For
128.17 corporations, there shall be subtracted from federal taxable income after the increases
128.18 provided in subdivision 19c:

128.19 (1) the amount of foreign dividend gross-up added to gross income for federal
128.20 income tax purposes under section 78 of the Internal Revenue Code;

128.21 (2) the amount of salary expense not allowed for federal income tax purposes due to
128.22 claiming the work opportunity credit under section 51 of the Internal Revenue Code;

128.23 (3) any dividend (not including any distribution in liquidation) paid within the
128.24 taxable year by a national or state bank to the United States, or to any instrumentality of
128.25 the United States exempt from federal income taxes, on the preferred stock of the bank
128.26 owned by the United States or the instrumentality;

128.27 ~~(4) amounts disallowed for intangible drilling costs due to differences between
128.28 this chapter and the Internal Revenue Code in taxable years beginning before January
128.29 1, 1987, as follows:~~

128.30 ~~(i) to the extent the disallowed costs are represented by physical property, an amount
128.31 equal to the allowance for depreciation under Minnesota Statutes 1986, section 290.09,
128.32 subdivision 7, subject to the modifications contained in subdivision 19c; and~~

129.1 ~~(ii) to the extent the disallowed costs are not represented by physical property, an~~
 129.2 ~~amount equal to the allowance for cost depletion under Minnesota Statutes 1986, section~~
 129.3 ~~290.09, subdivision 8;~~

129.4 ~~(5)~~ (4) the deduction for capital losses pursuant to sections 1211 and 1212 of the
 129.5 Internal Revenue Code, except that:

129.6 (i) for capital losses incurred in taxable years beginning after December 31, 1986,
 129.7 capital loss carrybacks shall not be allowed;

129.8 (ii) for capital losses incurred in taxable years beginning after December 31, 1986,
 129.9 a capital loss carryover to each of the 15 taxable years succeeding the loss year shall be
 129.10 allowed;

129.11 (iii) for capital losses incurred in taxable years beginning before January 1, 1987, a
 129.12 capital loss carryback to each of the three taxable years preceding the loss year, subject to
 129.13 the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed; and

129.14 (iv) for capital losses incurred in taxable years beginning before January 1, 1987,
 129.15 a capital loss carryover to each of the five taxable years succeeding the loss year to the
 129.16 extent such loss was not used in a prior taxable year and subject to the provisions of
 129.17 Minnesota Statutes 1986, section 290.16, shall be allowed;

129.18 ~~(6)~~ (5) an amount for interest and expenses relating to income not taxable for federal
 129.19 income tax purposes, if (i) the income is taxable under this chapter and (ii) the interest and
 129.20 expenses were disallowed as deductions under the provisions of section 171(a)(2), 265 or
 129.21 291 of the Internal Revenue Code in computing federal taxable income;

129.22 ~~(7)~~ (6) in the case of mines, oil and gas wells, other natural deposits, and timber for
 129.23 which percentage depletion was disallowed pursuant to subdivision 19c, clause (8), a
 129.24 reasonable allowance for depletion based on actual cost. In the case of leases the deduction
 129.25 must be apportioned between the lessor and lessee in accordance with rules prescribed
 129.26 by the commissioner. In the case of property held in trust, the allowable deduction must
 129.27 be apportioned between the income beneficiaries and the trustee in accordance with the
 129.28 pertinent provisions of the trust, or if there is no provision in the instrument, on the basis
 129.29 of the trust's income allocable to each;

129.30 ~~(8)~~ (7) for certified pollution control facilities placed in service in a taxable year
 129.31 beginning before December 31, 1986, and for which amortization deductions were elected
 129.32 under section 169 of the Internal Revenue Code of 1954, as amended through December
 129.33 31, 1985, an amount equal to the allowance for depreciation under Minnesota Statutes
 129.34 1986, section 290.09, subdivision 7;

129.35 ~~(9)~~ (8) amounts included in federal taxable income that are due to refunds of
 129.36 income, excise, or franchise taxes based on net income or related minimum taxes paid

130.1 by the corporation to Minnesota, another state, a political subdivision of another state,
130.2 the District of Columbia, or a foreign country or possession of the United States to the
130.3 extent that the taxes were added to federal taxable income under subdivision 19c, clause
130.4 (1), in a prior taxable year;

130.5 ~~(10)~~ (9) income or gains from the business of mining as defined in section 290.05,
130.6 subdivision 1, clause (a), that are not subject to Minnesota franchise tax;

130.7 ~~(11)~~ (10) the amount of disability access expenditures in the taxable year which are not
130.8 allowed to be deducted or capitalized under section 44(d)(7) of the Internal Revenue Code;

130.9 ~~(12)~~ (11) the amount of qualified research expenses not allowed for federal income
130.10 tax purposes under section 280C(c) of the Internal Revenue Code, but only to the extent
130.11 that the amount exceeds the amount of the credit allowed under section 290.068;

130.12 ~~(13)~~ (12) the amount of salary expenses not allowed for federal income tax purposes
130.13 due to claiming the Indian employment credit under section 45A(a) of the Internal
130.14 Revenue Code;

130.15 ~~(14)~~ (13) any decrease in subpart F income, as defined in section 952(a) of the
130.16 Internal Revenue Code, for the taxable year when subpart F income is calculated without
130.17 regard to the provisions of Division C, title III, section 303(b) of Public Law 110-343;

130.18 ~~(15)~~ (14) in each of the five tax years immediately following the tax year in which
130.19 an addition is required under subdivision 19c, clause (12), an amount equal to one-fifth
130.20 of the delayed depreciation. For purposes of this clause, "delayed depreciation" means
130.21 the amount of the addition made by the taxpayer under subdivision 19c, clause (12). The
130.22 resulting delayed depreciation cannot be less than zero;

130.23 ~~(16)~~ (15) in each of the five tax years immediately following the tax year in which an
130.24 addition is required under subdivision 19c, clause (13), an amount equal to one-fifth of the
130.25 amount of the addition;

130.26 ~~(17)~~ (16) to the extent included in federal taxable income, discharge of indebtedness
130.27 income resulting from reacquisition of business indebtedness included in federal taxable
130.28 income under section 108(i) of the Internal Revenue Code. This subtraction applies only
130.29 to the extent that the income was included in net income in a prior year as a result of the
130.30 addition under subdivision 19c, clause (16); and

130.31 ~~(18)~~ (17) the amount of expenses not allowed for federal income tax purposes due
130.32 to claiming the railroad track maintenance credit under section 45G(a) of the Internal
130.33 Revenue Code.

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

131.1 Sec. 62. Minnesota Statutes 2012, section 290.01, subdivision 19f, is amended to read:

131.2 Subd. 19f. **Basis modifications affecting gain or loss on disposition of property.**

131.3 (a) For individuals, estates, and trusts, the basis of property is its adjusted basis for federal
 131.4 income tax purposes except as set forth in paragraphs (e) and (f), ~~(g)~~, and ~~(m)~~. For
 131.5 corporations, the basis of property is its adjusted basis for federal income tax purposes,
 131.6 without regard to the time when the property became subject to tax under this chapter or to
 131.7 whether out-of-state losses or items of tax preference with respect to the property were not
 131.8 deductible under this chapter, except that the modifications to the basis for federal income
 131.9 tax purposes set forth in paragraphs (b) to ~~(j)~~ (i) are allowed to corporations, and the
 131.10 resulting modifications to federal taxable income must be made in the year in which gain
 131.11 or loss on the sale or other disposition of property is recognized.

131.12 (b) The basis of property shall not be reduced to reflect federal investment tax credit.

131.13 ~~(c) The basis of property subject to the accelerated cost recovery system under~~
 131.14 ~~section 168 of the Internal Revenue Code shall be modified to reflect the modifications in~~
 131.15 ~~depreciation with respect to the property provided for in subdivision 19e. For certified~~
 131.16 ~~pollution control facilities for which amortization deductions were elected under section~~
 131.17 ~~169 of the Internal Revenue Code of 1954, the basis of the property must be increased by~~
 131.18 ~~the amount of the amortization deduction not previously allowed under this chapter.~~

131.19 ~~(d)~~ For property acquired before January 1, 1933, the basis for computing a gain is
 131.20 the fair market value of the property as of that date. The basis for determining a loss is
 131.21 the cost of the property to the taxpayer less any depreciation, amortization, or depletion,
 131.22 actually sustained before that date. If the adjusted cost exceeds the fair market value of the
 131.23 property, then the basis is the adjusted cost regardless of whether there is a gain or loss.

131.24 ~~(e)~~ (d) The basis is reduced by the allowance for amortization of bond premium if
 131.25 an election to amortize was made pursuant to Minnesota Statutes 1986, section 290.09,
 131.26 subdivision 13, and the allowance could have been deducted by the taxpayer under this
 131.27 chapter during the period of the taxpayer's ownership of the property.

131.28 ~~(f)~~ (e) For assets placed in service before January 1, 1987, corporations, partnerships,
 131.29 or individuals engaged in the business of mining ores other than iron ore or taconite
 131.30 concentrates subject to the occupation tax under chapter 298 must use the occupation
 131.31 tax basis of property used in that business.

131.32 ~~(g)~~ (f) For assets placed in service before January 1, 1990, corporations, partnerships,
 131.33 or individuals engaged in the business of mining iron ore or taconite concentrates subject
 131.34 to the occupation tax under chapter 298 must use the occupation tax basis of property
 131.35 used in that business.

132.1 ~~(h)~~ (g) In applying the provisions of sections 301(c)(3)(B), 312(f) and (g), and
 132.2 316(a)(1) of the Internal Revenue Code, the dates December 31, 1932, and January 1,
 132.3 1933, shall be substituted for February 28, 1913, and March 1, 1913, respectively.

132.4 ~~(i)~~ (h) In applying the provisions of section 362(a) and (c) of the Internal Revenue
 132.5 Code, the date December 31, 1956, shall be substituted for June 22, 1954.

132.6 ~~(j)~~ (i) The basis of property shall be increased by the amount of intangible drilling
 132.7 costs not previously allowed due to differences between this chapter and the Internal
 132.8 Revenue Code.

132.9 ~~(k)~~ (j) The adjusted basis of any corporate partner's interest in a partnership is
 132.10 the same as the adjusted basis for federal income tax purposes modified as required to
 132.11 reflect the basis modifications set forth in paragraphs (b) to ~~(j)~~ (i). The adjusted basis
 132.12 of a partnership in which the partner is an individual, estate, or trust is the same as the
 132.13 adjusted basis for federal income tax purposes modified as required to reflect the basis
 132.14 modifications set forth in paragraphs (e) and (f) ~~and (g)~~.

132.15 ~~(l)~~ (k) The modifications contained in paragraphs (b) to ~~(j)~~ (i) also apply to the basis
 132.16 of property that is determined by reference to the basis of the same property in the hands
 132.17 of a different taxpayer or by reference to the basis of different property.

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

132.20 Sec. 63. Minnesota Statutes 2012, section 290.01, subdivision 29, is amended to read:

132.21 Subd. 29. **Taxable income.** The term "taxable income" means:

132.22 (1) for individuals, estates, and trusts, the same as taxable net income;

132.23 (2) for corporations, the taxable net income less

132.24 (i) the net operating loss deduction under section 290.095;

132.25 (ii) the dividends received deduction under section 290.21, subdivision 4; and

132.26 (iii) the exemption for operating in a job opportunity building zone under section
 132.27 469.317; and.

132.28 ~~(iv) the exemption for operating in a biotechnology and health sciences industry~~
 132.29 ~~zone under section 469.337.~~

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

132.32 Sec. 64. Minnesota Statutes 2012, section 290.015, subdivision 1, is amended to read:

133.1 Subdivision 1. **General rule.** (a) Except as provided in subdivision 3, a person
133.2 that conducts a trade or business that has a place of business in this state, regularly has
133.3 employees or independent contractors conducting business activities on its behalf in this
133.4 state, or owns or leases real property that is located in this state or tangible personal
133.5 property, including but not limited to mobile property, that is present in this state is subject
133.6 to the taxes imposed by this chapter.

133.7 (b) Except as provided in subdivision 3, a person that conducts a trade or business
133.8 not described in paragraph (a) is subject to the taxes imposed by this chapter if the trade
133.9 or business obtains or regularly solicits business from within this state, without regard
133.10 to physical presence in this state.

133.11 (c) For purposes of paragraph (b), business from within this state includes, but is
133.12 not limited to:

133.13 (1) sales of products or services of any kind or nature to customers in this state who
133.14 receive the product or service in this state;

133.15 (2) sales of services which are performed from outside this state but the services
133.16 are received in this state;

133.17 (3) transactions with customers in this state that involve intangible property and
133.18 result in receipts attributed to this state as provided in section 290.191, subdivision 5 or 6;

133.19 (4) leases of tangible personal property that is located in this state as defined in
133.20 section 290.191, subdivision 5, paragraph (g), or 6, paragraph (e); and

133.21 (5) sales and leases of real property located in this state.

133.22 (d) For purposes of paragraph (b), solicitation includes, but is not limited to:

133.23 (1) the distribution, by mail or otherwise, without regard to the state from which such
133.24 distribution originated or in which the materials were prepared, of catalogs, periodicals,
133.25 advertising flyers, or other written solicitations of business to customers in this state;

133.26 (2) display of advertisements on billboards or other outdoor advertising in this state;

133.27 (3) advertisements in newspapers published in this state;

133.28 (4) advertisements in trade journals or other periodicals, the circulation of which is
133.29 primarily within this state;

133.30 (5) advertisements in a Minnesota edition of a national or regional publication or a
133.31 limited regional edition of which this state is included of a broader regional or national
133.32 publication which are not placed in other geographically defined editions of the same issue
133.33 of the same publication;

133.34 (6) advertisements in regional or national publications in an edition which is not
133.35 by its contents geographically targeted to Minnesota, but which is sold over the counter
133.36 in Minnesota or by subscription to Minnesota residents;

- 134.1 (7) advertisements broadcast on a radio or television station located in Minnesota; or
 134.2 (8) any other solicitation by ~~telegraph~~, telephone, computer database, cable, optic,
 134.3 microwave, or other communication system.

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

134.5 Sec. 65. Minnesota Statutes 2012, section 290.07, subdivision 1, is amended to read:

134.6 Subdivision 1. **Annual accounting period.** Net income and taxable net income
 134.7 shall be computed upon the basis of the taxpayer's annual accounting period. If a taxpayer
 134.8 has no annual accounting period, or has one other than a fiscal year, ~~as heretofore defined,~~
 134.9 the net income and taxable net income shall be computed on the basis of the calendar year.
 134.10 Taxpayers shall employ the same accounting period on which they report, or would be
 134.11 required to report, their net income under the Internal Revenue Code. The commissioner
 134.12 shall provide by rule for the determination of the accounting period for taxpayers who file
 134.13 a combined report under section 290.17, subdivision 4, when members of the group use
 134.14 different accounting periods for federal income tax purposes. ~~Unless the taxpayer changes~~
 134.15 ~~its accounting period for federal purposes, the due date of the return is not changed.~~

134.16 ~~A taxpayer may change accounting periods only with the consent of the~~
 134.17 ~~commissioner. In case of any such change, the taxpayer shall pay a tax for the period~~
 134.18 ~~not included in either the taxpayer's former or newly adopted taxable year, computed as~~
 134.19 ~~provided in section 290.32.~~

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

134.22 Sec. 66. Minnesota Statutes 2012, section 290.07, subdivision 2, is amended to read:

134.23 Subd. 2. **Accounting methods.** Except as specifically provided to the contrary by
 134.24 this chapter, net income and taxable net income shall be computed in accordance with
 134.25 the method of accounting regularly employed in keeping the taxpayer's books. If no such
 134.26 accounting system has been regularly employed, or if that employed does not clearly or
 134.27 fairly reflect income or the income taxable under this chapter, the computation shall be
 134.28 made in accordance with such method as in the opinion of the commissioner does clearly
 134.29 and fairly reflect income and the income taxable under this chapter.

134.30 ~~Except as otherwise expressly provided in this chapter, a taxpayer who changes the~~
 134.31 ~~method of accounting for regularly computing the taxpayer's income in keeping books~~
 134.32 ~~shall, before computing net income and taxable net income under the new method, secure~~
 134.33 ~~the consent of the commissioner.~~

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

135.3 Sec. 67. Minnesota Statutes 2013 Supplement, section 290.0921, subdivision 3,
 135.4 is amended to read:

135.5 Subd. 3. **Alternative minimum taxable income.** "Alternative minimum taxable
 135.6 income" is Minnesota net income as defined in section 290.01, subdivision 19, and
 135.7 includes the adjustments and tax preference items in sections 56, 57, 58, and 59(d), (e),
 135.8 (f), and (h) of the Internal Revenue Code. If a corporation files a separate company
 135.9 Minnesota tax return, the minimum tax must be computed on a separate company basis.
 135.10 If a corporation is part of a tax group filing a unitary return, the minimum tax must be
 135.11 computed on a unitary basis. The following adjustments must be made.

135.12 ~~(1) For purposes of the depreciation adjustments under section 56(a)(1) and~~
 135.13 ~~56(g)(4)(A) of the Internal Revenue Code, the basis for depreciable property placed in~~
 135.14 ~~service in a taxable year beginning before January 1, 1990, is the adjusted basis for federal~~
 135.15 ~~income tax purposes, including any modification made in a taxable year under section~~
 135.16 ~~290.01, subdivision 19e, or Minnesota Statutes 1986, section 290.09, subdivision 7,~~
 135.17 ~~paragraph (c).~~

135.18 ~~For taxable years beginning after December 31, 2000, the amount of any remaining~~
 135.19 ~~modification made under section 290.01, subdivision 19e, or Minnesota Statutes 1986,~~
 135.20 ~~section 290.09, subdivision 7, paragraph (c), not previously deducted is a depreciation~~
 135.21 ~~allowance in the first taxable year after December 31, 2000.~~

135.22 ~~(2)~~ (1) The portion of the depreciation deduction allowed for federal income tax
 135.23 purposes under section 168(k) of the Internal Revenue Code that is required as an
 135.24 addition under section 290.01, subdivision 19c, clause (12), is disallowed in determining
 135.25 alternative minimum taxable income.

135.26 ~~(3)~~ (2) The subtraction for depreciation allowed under section 290.01, subdivision
 135.27 19d, clause ~~(15)~~ (14), is allowed as a depreciation deduction in determining alternative
 135.28 minimum taxable income.

135.29 ~~(4)~~ (3) The alternative tax net operating loss deduction under sections 56(a)(4) and
 135.30 56(d) of the Internal Revenue Code does not apply.

135.31 ~~(5)~~ (4) The special rule for certain dividends under section 56(g)(4)(C)(ii) of the
 135.32 Internal Revenue Code does not apply.

135.33 ~~(6)~~ (5) The tax preference for depletion under section 57(a)(1) of the Internal
 135.34 Revenue Code does not apply.

136.1 ~~(7) The tax preference for intangible drilling costs under section 57(a)(2) of the~~
 136.2 ~~Internal Revenue Code must be calculated without regard to subparagraph (E) and the~~
 136.3 ~~subtraction under section 290.01, subdivision 19d, clause (4).~~

136.4 ~~(8)~~ (6) The tax preference for tax exempt interest under section 57(a)(5) of the
 136.5 Internal Revenue Code does not apply.

136.6 ~~(9)~~ (7) The tax preference for charitable contributions of appreciated property under
 136.7 section 57(a)(6) of the Internal Revenue Code does not apply.

136.8 ~~(10) For purposes of calculating the tax preference for accelerated depreciation or~~
 136.9 ~~amortization on certain property placed in service before January 1, 1987, under section~~
 136.10 ~~57(a)(7) of the Internal Revenue Code, the deduction allowable for the taxable year is the~~
 136.11 ~~deduction allowed under section 290.01, subdivision 19e.~~

136.12 ~~For taxable years beginning after December 31, 2000, the amount of any remaining~~
 136.13 ~~modification made under section 290.01, subdivision 19e, not previously deducted is a~~
 136.14 ~~depreciation or amortization allowance in the first taxable year after December 31, 2004.~~

136.15 ~~(11)~~ (8) For purposes of calculating the adjustment for adjusted current earnings
 136.16 in section 56(g) of the Internal Revenue Code, the term "alternative minimum taxable
 136.17 income" as it is used in section 56(g) of the Internal Revenue Code, means alternative
 136.18 minimum taxable income as defined in this subdivision, determined without regard to the
 136.19 adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code.

136.20 ~~(12)~~ (9) For purposes of determining the amount of adjusted current earnings under
 136.21 section 56(g)(3) of the Internal Revenue Code, no adjustment shall be made under section
 136.22 56(g)(4) of the Internal Revenue Code with respect to (i) the amount of foreign dividend
 136.23 gross-up subtracted as provided in section 290.01, subdivision 19d, clause (1), or (ii) the
 136.24 amount of refunds of income, excise, or franchise taxes subtracted as provided in section
 136.25 290.01, subdivision 19d, clause (9).

136.26 ~~(13)~~ (10) Alternative minimum taxable income excludes the income from operating
 136.27 in a job opportunity building zone as provided under section 469.317.

136.28 ~~(14) Alternative minimum taxable income excludes the income from operating in a~~
 136.29 ~~biotechnology and health sciences industry zone as provided under section 469.337.~~

136.30 Items of tax preference must not be reduced below zero as a result of the
 136.31 modifications in this subdivision.

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

136.34 Sec. 68. Minnesota Statutes 2012, section 290.0922, subdivision 3, is amended to read:

137.1 Subd. 3. **Definitions.** (a) "Minnesota sales or receipts" means the total sales
 137.2 apportioned to Minnesota pursuant to section 290.191, subdivision 5, the total receipts
 137.3 attributed to Minnesota pursuant to section 290.191, subdivisions 6 to 8, and/or the
 137.4 total sales or receipts apportioned or attributed to Minnesota pursuant to any other
 137.5 apportionment formula applicable to the taxpayer.

137.6 (b) "Minnesota property" means total Minnesota tangible property as provided in
 137.7 section 290.191, subdivisions 9 to 11, any other tangible property located in Minnesota,
 137.8 but does not include: ~~(1) the property of a qualified business as defined under section~~
 137.9 ~~469.310, subdivision 11, that is located in a job opportunity building zone designated~~
 137.10 ~~under section 469.314 and (2) property of a qualified business located in a biotechnology~~
 137.11 ~~and health sciences industry zone designated under section 469.334.~~ Intangible property
 137.12 shall not be included in Minnesota property for purposes of this section. Taxpayers who
 137.13 do not utilize tangible property to apportion income shall nevertheless include Minnesota
 137.14 property for purposes of this section. On a return for a short taxable year, the amount of
 137.15 Minnesota property owned, as determined under section 290.191, shall be included in
 137.16 Minnesota property based on a fraction in which the numerator is the number of days in
 137.17 the short taxable year and the denominator is 365.

137.18 (c) "Minnesota payrolls" means total Minnesota payrolls as provided in section
 137.19 290.191, subdivision 12, but does not include: ~~(1) the job opportunity building zone payroll~~
 137.20 ~~under section 469.310, subdivision 8, of a qualified business as defined under section~~
 137.21 ~~469.310, subdivision 11, and (2) biotechnology and health sciences industry zone payrolls~~
 137.22 ~~under section 469.330, subdivision 8.~~ Taxpayers who do not utilize payrolls to apportion
 137.23 income shall nevertheless include Minnesota payrolls for purposes of this section.

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

137.26 Sec. 69. Minnesota Statutes 2012, section 290.095, subdivision 3, is amended to read:

137.27 Subd. 3. **Carryover.** (a) A net operating loss incurred ~~in a~~ during the taxable year:
 137.28 ~~(i) beginning after December 31, 1986,~~ shall be a net operating loss carryover to each of
 137.29 the 15 taxable years following the taxable year of such loss; ~~(ii) beginning before January~~
 137.30 ~~1, 1987, shall be a net operating loss carryover to each of the five taxable years following~~
 137.31 ~~the taxable year of such loss subject to the provisions of Minnesota Statutes 1986, section~~
 137.32 ~~290.095; and (iii) beginning before January 1, 1987, shall be a net operating loss carryback~~
 137.33 ~~to each of the three taxable years preceding the loss year subject to the provisions of~~
 137.34 ~~Minnesota Statutes 1986, section 290.095.~~

138.1 (b) The entire amount of the net operating loss for any taxable year shall be carried to
138.2 the earliest of the taxable years to which such loss may be carried. The portion of such loss
138.3 which shall be carried to each of the other taxable years shall be the excess, if any, of the
138.4 amount of such loss over the sum of the taxable net income, adjusted by the modifications
138.5 specified in subdivision 4, for each of the taxable years to which such loss may be carried.

138.6 (c) Where a corporation apportions its income under the provisions of section
138.7 290.191, the net operating loss deduction incurred in any taxable year shall be allowed
138.8 to the extent of the apportionment ratio of the loss year.

138.9 (d) The provisions of sections 381, 382, and 384 of the Internal Revenue Code apply
138.10 to carryovers in certain corporate acquisitions and special limitations on net operating loss
138.11 carryovers. The limitation amount determined under section 382 shall be applied to net
138.12 income, before apportionment, in each post change year to which a loss is carried.

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

138.15 Sec. 70. Minnesota Statutes 2013 Supplement, section 290.191, subdivision 5, is
138.16 amended to read:

138.17 Subd. 5. **Determination of sales factor.** For purposes of this section, the following
138.18 rules apply in determining the sales factor.

138.19 (a) The sales factor includes all sales, gross earnings, or receipts received in the
138.20 ordinary course of the business, except that the following types of income are not included
138.21 in the sales factor:

138.22 (1) interest;

138.23 (2) dividends;

138.24 (3) sales of capital assets as defined in section 1221 of the Internal Revenue Code;

138.25 (4) sales of property used in the trade or business, except sales of leased property of
138.26 a type which is regularly sold as well as leased; and

138.27 (5) sales of debt instruments as defined in section 1275(a)(1) of the Internal Revenue
138.28 Code or sales of stock.

138.29 (b) Sales of tangible personal property are made within this state if the property is
138.30 received by a purchaser at a point within this state, ~~and the taxpayer is taxable in this state,~~
138.31 regardless of the f.o.b. point, other conditions of the sale, or the ultimate destination
138.32 of the property.

138.33 (c) Tangible personal property delivered to a common or contract carrier or foreign
138.34 vessel for delivery to a purchaser in another state or nation is a sale in that state or nation,
138.35 regardless of f.o.b. point or other conditions of the sale.

139.1 (d) Notwithstanding paragraphs (b) and (c), when intoxicating liquor, wine,
139.2 fermented malt beverages, cigarettes, or tobacco products are sold to a purchaser who is
139.3 licensed by a state or political subdivision to resell this property only within the state of
139.4 ultimate destination, the sale is made in that state.

139.5 (e) Sales made by or through a corporation that is qualified as a domestic
139.6 international sales corporation under section 992 of the Internal Revenue Code are not
139.7 considered to have been made within this state.

139.8 (f) Sales, rents, royalties, and other income in connection with real property is
139.9 attributed to the state in which the property is located.

139.10 (g) Receipts from the lease or rental of tangible personal property, including finance
139.11 leases and true leases, must be attributed to this state if the property is located in this
139.12 state and to other states if the property is not located in this state. Receipts from the
139.13 lease or rental of moving property including, but not limited to, motor vehicles, rolling
139.14 stock, aircraft, vessels, or mobile equipment are included in the numerator of the receipts
139.15 factor to the extent that the property is used in this state. The extent of the use of moving
139.16 property is determined as follows:

139.17 (1) A motor vehicle is used wholly in the state in which it is registered.

139.18 (2) The extent that rolling stock is used in this state is determined by multiplying
139.19 the receipts from the lease or rental of the rolling stock by a fraction, the numerator of
139.20 which is the miles traveled within this state by the leased or rented rolling stock and the
139.21 denominator of which is the total miles traveled by the leased or rented rolling stock.

139.22 (3) The extent that an aircraft is used in this state is determined by multiplying the
139.23 receipts from the lease or rental of the aircraft by a fraction, the numerator of which is
139.24 the number of landings of the aircraft in this state and the denominator of which is the
139.25 total number of landings of the aircraft.

139.26 (4) The extent that a vessel, mobile equipment, or other mobile property is used in
139.27 the state is determined by multiplying the receipts from the lease or rental of the property
139.28 by a fraction, the numerator of which is the number of days during the taxable year the
139.29 property was in this state and the denominator of which is the total days in the taxable year.

139.30 (h) Royalties and other income received for the use of or for the privilege of using
139.31 intangible property, including patents, know-how, formulas, designs, processes, patterns,
139.32 copyrights, trade names, service names, franchises, licenses, contracts, customer lists, or
139.33 similar items, must be attributed to the state in which the property is used by the purchaser.
139.34 If the property is used in more than one state, the royalties or other income must be
139.35 apportioned to this state pro rata according to the portion of use in this state. If the portion
139.36 of use in this state cannot be determined, the royalties or other income must be excluded

140.1 from both the numerator and the denominator. Intangible property is used in this state if
140.2 the purchaser uses the intangible property or the rights therein in the regular course of its
140.3 business operations in this state, regardless of the location of the purchaser's customers.

140.4 (i) Sales of intangible property are made within the state in which the property is
140.5 used by the purchaser. If the property is used in more than one state, the sales must be
140.6 apportioned to this state pro rata according to the portion of use in this state. If the
140.7 portion of use in this state cannot be determined, the sale must be excluded from both the
140.8 numerator and the denominator of the sales factor. Intangible property is used in this
140.9 state if the purchaser used the intangible property in the regular course of its business
140.10 operations in this state.

140.11 (j) Receipts from the performance of services must be attributed to the state where
140.12 the services are received. For the purposes of this section, receipts from the performance
140.13 of services provided to a corporation, partnership, or trust may only be attributed to a state
140.14 where it has a fixed place of doing business. If the state where the services are received is
140.15 not readily determinable or is a state where the corporation, partnership, or trust receiving
140.16 the service does not have a fixed place of doing business, the services shall be deemed
140.17 to be received at the location of the office of the customer from which the services were
140.18 ordered in the regular course of the customer's trade or business. If the ordering office
140.19 cannot be determined, the services shall be deemed to be received at the office of the
140.20 customer to which the services are billed.

140.21 (k) For the purposes of this subdivision and subdivision 6, paragraph (l), receipts
140.22 from management, distribution, or administrative services performed by a corporation
140.23 or trust for a fund of a corporation or trust regulated under United States Code, title 15,
140.24 sections 80a-1 through 80a-64, must be attributed to the state where the shareholder of
140.25 the fund resides. Under this paragraph, receipts for services attributed to shareholders are
140.26 determined on the basis of the ratio of: (1) the average of the outstanding shares in the
140.27 fund owned by shareholders residing within Minnesota at the beginning and end of each
140.28 year; and (2) the average of the total number of outstanding shares in the fund at the
140.29 beginning and end of each year. Residence of the shareholder, in the case of an individual,
140.30 is determined by the mailing address furnished by the shareholder to the fund. Residence
140.31 of the shareholder, when the shares are held by an insurance company as a depositor for
140.32 the insurance company policyholders, is the mailing address of the policyholders. In
140.33 the case of an insurance company holding the shares as a depositor for the insurance
140.34 company policyholders, if the mailing address of the policyholders cannot be determined
140.35 by the taxpayer, the receipts must be excluded from both the numerator and denominator.
140.36 Residence of other shareholders is the mailing address of the shareholder.

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

141.2 Sec. 71. Minnesota Statutes 2012, section 290.9728, subdivision 2, is amended to read:

141.3 Subd. 2. **Taxable income.** For purposes of this section, taxable income means
141.4 the lesser of:

141.5 (1) the amount of the net capital gain of the S corporation for the taxable year, as
141.6 determined under sections 1222 and 1374 of the Internal Revenue Code, and subject to the
141.7 modifications provided in section 290.01, ~~subdivisions 19e and~~ subdivision 19f, in excess
141.8 of \$25,000 that is allocable to this state under section 290.17, 290.191, or 290.20; or

141.9 (2) the amount of the S corporation's federal taxable income, subject to the
141.10 provisions of section 290.01, subdivisions 19c to 19f, that is allocable to this state under
141.11 section 290.17, 290.191, or 290.20.

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

141.14 Sec. 72. Minnesota Statutes 2013 Supplement, section 297A.61, subdivision 3, as
141.15 amended by Laws 2014, chapter 150, article 2, section 1, is amended to read:

141.16 Subd. 3. **Sale and purchase.** (a) "Sale" and "purchase" include, but are not limited
141.17 to, each of the transactions listed in this subdivision. In applying the provisions of this
141.18 chapter, the terms "tangible personal property" and "retail sale" include the taxable
141.19 services listed in paragraph (g), clause (6), items (i) to (vi) and (viii), and the provision
141.20 of these taxable services, unless specifically provided otherwise. Services performed by
141.21 an employee for an employer are not taxable. Services performed by a partnership or
141.22 association for another partnership or association are not taxable if one of the entities owns
141.23 or controls more than 80 percent of the voting power of the equity interest in the other
141.24 entity. Services performed between members of an affiliated group of corporations are not
141.25 taxable. For purposes of the preceding sentence, "affiliated group of corporations" means
141.26 those entities that would be classified as members of an affiliated group as defined under
141.27 United States Code, title 26, section 1504, disregarding the exclusions in section 1504(b).

141.28 (b) Sale and purchase include:

141.29 (1) any transfer of title or possession, or both, of tangible personal property, whether
141.30 absolutely or conditionally, for a consideration in money or by exchange or barter; and

141.31 (2) the leasing of or the granting of a license to use or consume, for a consideration
141.32 in money or by exchange or barter, tangible personal property, other than a manufactured
141.33 home used for residential purposes for a continuous period of 30 days or more.

142.1 (c) Sale and purchase include the production, fabrication, printing, or processing of
142.2 tangible personal property for a consideration for consumers who furnish either directly or
142.3 indirectly the materials used in the production, fabrication, printing, or processing.

142.4 (d) Sale and purchase include the preparing for a consideration of food.
142.5 Notwithstanding section 297A.67, subdivision 2, taxable food includes, but is not limited
142.6 to, the following:

- 142.7 (1) prepared food sold by the retailer;
- 142.8 (2) soft drinks;
- 142.9 (3) candy;
- 142.10 (4) dietary supplements; and
- 142.11 (5) all food sold through vending machines.

142.12 (e) A sale and a purchase includes the furnishing for a consideration of electricity,
142.13 gas, water, or steam for use or consumption within this state.

142.14 (f) A sale and a purchase includes the transfer for a consideration of prewritten
142.15 computer software whether delivered electronically, by load and leave, or otherwise.

142.16 (g) A sale and a purchase includes the furnishing for a consideration of the following
142.17 services:

142.18 (1) the privilege of admission to places of amusement, recreational areas, or athletic
142.19 events, and the making available of amusement devices, tanning facilities, reducing
142.20 salons, steam baths, ~~Turkish baths~~, health clubs, and spas or athletic facilities;

142.21 (2) lodging and related services by a hotel, rooming house, resort, campground,
142.22 motel, or trailer camp, including furnishing the guest of the facility with access to
142.23 telecommunication services, and the granting of any similar license to use real property in
142.24 a specific facility, other than the renting or leasing of it for a continuous period of 30 days
142.25 or more under an enforceable written agreement that may not be terminated without prior
142.26 notice and including accommodations intermediary services provided in connection with
142.27 other services provided under this clause;

142.28 (3) nonresidential parking services, whether on a contractual, hourly, or other
142.29 periodic basis, except for parking at a meter;

142.30 (4) the granting of membership in a club, association, or other organization if:

142.31 (i) the club, association, or other organization makes available for the use of its
142.32 members sports and athletic facilities, without regard to whether a separate charge is
142.33 assessed for use of the facilities; and

142.34 (ii) use of the sports and athletic facility is not made available to the general public
142.35 on the same basis as it is made available to members.

143.1 Granting of membership means both onetime initiation fees and periodic membership
143.2 dues. Sports and athletic facilities include golf courses; tennis, racquetball, handball, and
143.3 squash courts; basketball and volleyball facilities; running tracks; exercise equipment;
143.4 swimming pools; and other similar athletic or sports facilities;

143.5 (5) delivery of aggregate materials by a third party, excluding delivery of aggregate
143.6 material used in road construction; and delivery of concrete block by a third party if the
143.7 delivery would be subject to the sales tax if provided by the seller of the concrete block.

143.8 For purposes of this clause, "road construction" means construction of:

143.9 (i) public roads;

143.10 (ii) cartways; and

143.11 (iii) private roads in townships located outside of the seven-county metropolitan area
143.12 up to the point of the emergency response location sign; and

143.13 (6) services as provided in this clause:

143.14 (i) laundry and dry cleaning services including cleaning, pressing, repairing, altering,
143.15 and storing clothes, linen services and supply, cleaning and blocking hats, and carpet,
143.16 drapery, upholstery, and industrial cleaning. Laundry and dry cleaning services do not
143.17 include services provided by coin operated facilities operated by the customer;

143.18 (ii) motor vehicle washing, waxing, and cleaning services, including services
143.19 provided by coin operated facilities operated by the customer, and rustproofing,
143.20 undercoating, and towing of motor vehicles;

143.21 (iii) building and residential cleaning, maintenance, and disinfecting services and
143.22 pest control and exterminating services;

143.23 (iv) detective, security, burglar, fire alarm, and armored car services; but not
143.24 including services performed within the jurisdiction they serve by off-duty licensed peace
143.25 officers as defined in section 626.84, subdivision 1, or services provided by a nonprofit
143.26 organization or any organization at the direction of a county for monitoring and electronic
143.27 surveillance of persons placed on in-home detention pursuant to court order or under the
143.28 direction of the Minnesota Department of Corrections;

143.29 (v) pet grooming services;

143.30 (vi) lawn care, fertilizing, mowing, spraying and sprigging services; garden planting
143.31 and maintenance; tree, bush, and shrub pruning, bracing, spraying, and surgery; indoor
143.32 plant care; tree, bush, shrub, and stump removal, except when performed as part of a land
143.33 clearing contract as defined in section 297A.68, subdivision 40; and tree trimming for
143.34 public utility lines. Services performed under a construction contract for the installation of
143.35 shrubbery, plants, sod, trees, bushes, and similar items are not taxable;

144.1 (vii) massages, except when provided by a licensed health care facility or
144.2 professional or upon written referral from a licensed health care facility or professional for
144.3 treatment of illness, injury, or disease; and

144.4 (viii) the furnishing of lodging, board, and care services for animals in kennels and
144.5 other similar arrangements, but excluding veterinary and horse boarding services.

144.6 (h) A sale and a purchase includes the furnishing for a consideration of tangible
144.7 personal property or taxable services by the United States or any of its agencies or
144.8 instrumentalities, or the state of Minnesota, its agencies, instrumentalities, or political
144.9 subdivisions.

144.10 (i) A sale and a purchase includes the furnishing for a consideration of
144.11 telecommunications services, ancillary services associated with telecommunication
144.12 services, and pay television services. Telecommunication services include, but are
144.13 not limited to, the following services, as defined in section 297A.669: air-to-ground
144.14 radiotelephone service, mobile telecommunication service, postpaid calling service,
144.15 prepaid calling service, prepaid wireless calling service, and private communication
144.16 services. The services in this paragraph are taxed to the extent allowed under federal law.

144.17 (j) A sale and a purchase includes the furnishing for a consideration of installation if
144.18 the installation charges would be subject to the sales tax if the installation were provided
144.19 by the seller of the item being installed.

144.20 (k) A sale and a purchase includes the rental of a vehicle by a motor vehicle dealer
144.21 to a customer when (1) the vehicle is rented by the customer for a consideration, or (2)
144.22 the motor vehicle dealer is reimbursed pursuant to a service contract as defined in section
144.23 59B.02, subdivision 11.

144.24 (l) A sale and a purchase includes furnishing for a consideration of specified digital
144.25 products or other digital products or granting the right for a consideration to use specified
144.26 digital products or other digital products on a temporary or permanent basis and regardless
144.27 of whether the purchaser is required to make continued payments for such right. Wherever
144.28 the term "tangible personal property" is used in this chapter, other than in subdivisions 10
144.29 and 38, the provisions also apply to specified digital products, or other digital products,
144.30 unless specifically provided otherwise or the context indicates otherwise.

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

144.32 Sec. 73. Minnesota Statutes 2012, section 297A.70, subdivision 10, is amended to read:

144.33 Subd. 10. **Nonprofit tickets or admissions.** (a) Tickets or admissions to an event
144.34 are exempt if all the gross receipts are recorded as such, in accordance with generally
144.35 accepted accounting principles, on the books of one or more organizations whose primary

145.1 mission is to provide an opportunity for citizens of the state to participate in the creation,
 145.2 performance, or appreciation of the arts, and provided that each organization is:

145.3 (1) an organization described in section 501(c)(3) of the Internal Revenue Code
 145.4 in which voluntary contributions make up at least ~~the following~~ five percent of the
 145.5 organization's annual revenue in its most recently completed 12-month fiscal year, or in
 145.6 the current year if the organization has not completed a 12-month fiscal year;

145.7 ~~(i) for sales made after July 31, 2001, and before July 1, 2002, for the organization's~~
 145.8 ~~fiscal year completed in calendar year 2000, three percent;~~

145.9 ~~(ii) for sales made on or after July 1, 2002, and on or before June 30, 2003, for the~~
 145.10 ~~organization's fiscal year completed in calendar year 2001, three percent;~~

145.11 ~~(iii) for sales made on or after July 1, 2003, and on or before June 30, 2004, for the~~
 145.12 ~~organization's fiscal year completed in calendar year 2002, four percent; and~~

145.13 ~~(iv) for sales made in each 12-month period, beginning on July 1, 2004, and each~~
 145.14 ~~subsequent year, for the organization's fiscal year completed in the preceding calendar~~
 145.15 ~~year, five percent;~~

145.16 (2) a municipal board that promotes cultural and arts activities; or

145.17 (3) the University of Minnesota, a state college and university, or a private nonprofit
 145.18 college or university provided that the event is held at a facility owned by the educational
 145.19 institution holding the event.

145.20 The exemption only applies if the entire proceeds, after reasonable expenses, are used
 145.21 solely to provide opportunities for citizens of the state to participate in the creation,
 145.22 performance, or appreciation of the arts.

145.23 (b) Tickets or admissions to the premises of the Minnesota Zoological Garden are
 145.24 exempt, provided that the exemption under this paragraph does not apply to tickets or
 145.25 admissions to performances or events held on the premises unless the performance or
 145.26 event is sponsored and conducted exclusively by the Minnesota Zoological Board or
 145.27 employees of the Minnesota Zoological Garden.

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

145.29 Sec. 74. Minnesota Statutes 2013 Supplement, section 297A.75, subdivision 1, is
 145.30 amended to read:

145.31 Subdivision 1. **Tax collected.** The tax on the gross receipts from the sale of the
 145.32 following exempt items must be imposed and collected as if the sale were taxable and the
 145.33 rate under section 297A.62, subdivision 1, applied. The exempt items include:

145.34 (1) building materials for an agricultural processing facility exempt under section
 145.35 297A.71, subdivision 13;

- 146.1 (2) building materials for mineral production facilities exempt under section
 146.2 297A.71, subdivision 14;
- 146.3 (3) building materials for correctional facilities under section 297A.71, subdivision 3;
- 146.4 (4) building materials used in a residence for disabled veterans exempt under section
 146.5 297A.71, subdivision 11;
- 146.6 (5) elevators and building materials exempt under section 297A.71, subdivision 12;
- 146.7 ~~(6) building materials for the Long Lake Conservation Center exempt under section~~
 146.8 ~~297A.71, subdivision 17;~~
- 146.9 ~~(7)~~ (6) materials and supplies for qualified low-income housing under section
 146.10 297A.71, subdivision 23;
- 146.11 ~~(8)~~ (7) materials, supplies, and equipment for municipal electric utility facilities
 146.12 under section 297A.71, subdivision 35;
- 146.13 ~~(9)~~ (8) equipment and materials used for the generation, transmission, and
 146.14 distribution of electrical energy and an aerial camera package exempt under section
 146.15 297A.68, subdivision 37;
- 146.16 ~~(10)~~ (9) commuter rail vehicle and repair parts under section 297A.70, subdivision
 146.17 3, paragraph (a), clause (10);
- 146.18 ~~(11)~~ (10) materials, supplies, and equipment for construction or improvement of
 146.19 projects and facilities under section 297A.71, subdivision 40;
- 146.20 ~~(12) materials, supplies, and equipment for construction or improvement of a meat~~
 146.21 ~~processing facility exempt under section 297A.71, subdivision 41;~~
- 146.22 ~~(13)~~ (11) materials, supplies, and equipment for construction, improvement, or
 146.23 expansion of:
- 146.24 (i) an aerospace defense manufacturing facility exempt under section 297A.71,
 146.25 subdivision 42;
- 146.26 (ii) a biopharmaceutical manufacturing facility exempt under section 297A.71,
 146.27 subdivision 45;
- 146.28 (iii) a research and development facility exempt under section 297A.71, subdivision
 146.29 46; and
- 146.30 (iv) an industrial measurement manufacturing and controls facility exempt under
 146.31 section 297A.71, subdivision 47;
- 146.32 ~~(14)~~ (12) enterprise information technology equipment and computer software for
 146.33 use in a qualified data center exempt under section 297A.68, subdivision 42;
- 146.34 ~~(15)~~ (13) materials, supplies, and equipment for qualifying capital projects under
 146.35 section 297A.71, subdivision 44;

147.1 ~~(16)~~ (14) items purchased for use in providing critical access dental services exempt
147.2 under section 297A.70, subdivision 7, paragraph (c); and

147.3 ~~(17)~~ (15) items and services purchased under a business subsidy agreement for use or
147.4 consumption primarily in greater Minnesota exempt under section 297A.68, subdivision 44.

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

147.6 Sec. 75. Minnesota Statutes 2013 Supplement, section 297A.75, subdivision 2, is
147.7 amended to read:

147.8 Subd. 2. **Refund; eligible persons.** Upon application on forms prescribed by the
147.9 commissioner, a refund equal to the tax paid on the gross receipts of the exempt items
147.10 must be paid to the applicant. Only the following persons may apply for the refund:

147.11 (1) for subdivision 1, clauses (1), (2), and ~~(16)~~ (14), the applicant must be the
147.12 purchaser;

147.13 (2) for subdivision 1, ~~clauses~~ clause (3) and ~~(6)~~, the applicant must be the
147.14 governmental subdivision;

147.15 (3) for subdivision 1, clause (4), the applicant must be the recipient of the benefits
147.16 provided in United States Code, title 38, chapter 21;

147.17 (4) for subdivision 1, clause (5), the applicant must be the owner of the homestead
147.18 property;

147.19 (5) for subdivision 1, clause ~~(7)~~ (6), the owner of the qualified low-income housing
147.20 project;

147.21 (6) for subdivision 1, clause ~~(8)~~ (7), the applicant must be a municipal electric utility
147.22 or a joint venture of municipal electric utilities;

147.23 (7) for subdivision 1, clauses ~~(9), (12), (13), (14)~~ (8), (11), (12), and ~~(17)~~ (15),
147.24 the owner of the qualifying business; and

147.25 (8) for subdivision 1, clauses (9), (10), ~~(11)~~, and ~~(15)~~ (13), the applicant must be the
147.26 governmental entity that owns or contracts for the project or facility.

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

147.28 Sec. 76. Minnesota Statutes 2013 Supplement, section 297A.75, subdivision 3, is
147.29 amended to read:

147.30 Subd. 3. **Application.** (a) The application must include sufficient information
147.31 to permit the commissioner to verify the tax paid. If the tax was paid by a contractor,
147.32 subcontractor, or builder, under subdivision 1, clauses (3) to ~~(15)~~ (13), or ~~(17)~~ (15), the
147.33 contractor, subcontractor, or builder must furnish to the refund applicant a statement

148.1 including the cost of the exempt items and the taxes paid on the items unless otherwise
 148.2 specifically provided by this subdivision. The provisions of sections 289A.40 and
 148.3 289A.50 apply to refunds under this section.

148.4 (b) An applicant may not file more than two applications per calendar year for
 148.5 refunds for taxes paid on capital equipment exempt under section 297A.68, subdivision 5.

148.6 ~~(e) Total refunds for purchases of items in section 297A.71, subdivision 40, must not~~
 148.7 ~~exceed \$5,000,000 in fiscal years 2010 and 2011. Applications for refunds for purchases~~
 148.8 ~~of items in sections 297A.70, subdivision 3, paragraph (a), clause (11), and 297A.71,~~
 148.9 ~~subdivision 40, must not be filed until after June 30, 2009.~~

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

148.11 Sec. 77. Minnesota Statutes 2012, section 297A.94, is amended to read:

148.12 **297A.94 DEPOSIT OF REVENUES.**

148.13 (a) Except as provided in this section, the commissioner shall deposit the revenues,
 148.14 including interest and penalties, derived from the taxes imposed by this chapter in the state
 148.15 treasury and credit them to the general fund.

148.16 (b) The commissioner shall deposit taxes in the Minnesota agricultural and economic
 148.17 account in the special revenue fund if:

148.18 (1) the taxes are derived from sales and use of property and services purchased for
 148.19 the construction and operation of an agricultural resource project; and

148.20 (2) the purchase was made on or after the date on which a conditional commitment
 148.21 was made for a loan guaranty for the project under section 41A.04, subdivision 3.

148.22 The commissioner of management and budget shall certify to the commissioner the date
 148.23 on which the project received the conditional commitment. The amount deposited in
 148.24 the loan guaranty account must be reduced by any refunds and by the costs incurred by
 148.25 the Department of Revenue to administer and enforce the assessment and collection of
 148.26 the taxes.

148.27 (c) The commissioner shall deposit the revenues, including interest and penalties,
 148.28 derived from the taxes imposed on sales and purchases included in section 297A.61,
 148.29 subdivision 3, paragraph (g), clauses (1) and (4), in the state treasury, and credit them
 148.30 as follows:

148.31 (1) first to the general obligation special tax bond debt service account in each fiscal
 148.32 year the amount required by section 16A.661, subdivision 3, paragraph (b); and

148.33 (2) after the requirements of clause (1) have been met, the balance to the general fund.

149.1 (d) The commissioner shall deposit the revenues, including interest and penalties,
149.2 collected under section 297A.64, subdivision 5, in the state treasury and credit them to the
149.3 general fund. By July 15 of each year the commissioner shall transfer to the highway user
149.4 tax distribution fund an amount equal to the excess fees collected under section 297A.64,
149.5 subdivision 5, for the previous calendar year.

149.6 (e) ~~For fiscal year 2001, 97 percent; for fiscal years 2002 and 2003, 87 percent; and~~
149.7 ~~For fiscal year 2004 and thereafter, 72.43 percent~~ of the revenues, including interest and
149.8 penalties, transmitted to the commissioner under section 297A.65, must be deposited by
149.9 the commissioner in the state treasury as follows:

149.10 (1) 50 percent of the receipts must be deposited in the heritage enhancement account
149.11 in the game and fish fund, and may be spent only on activities that improve, enhance, or
149.12 protect fish and wildlife resources, including conservation, restoration, and enhancement
149.13 of land, water, and other natural resources of the state;

149.14 (2) 22.5 percent of the receipts must be deposited in the natural resources fund, and
149.15 may be spent only for state parks and trails;

149.16 (3) 22.5 percent of the receipts must be deposited in the natural resources fund, and
149.17 may be spent only on metropolitan park and trail grants;

149.18 (4) three percent of the receipts must be deposited in the natural resources fund, and
149.19 may be spent only on local trail grants; and

149.20 (5) two percent of the receipts must be deposited in the natural resources fund,
149.21 and may be spent only for the Minnesota Zoological Garden, the Como Park Zoo and
149.22 Conservatory, and the Duluth Zoo.

149.23 (f) The revenue dedicated under paragraph (e) may not be used as a substitute
149.24 for traditional sources of funding for the purposes specified, but the dedicated revenue
149.25 shall supplement traditional sources of funding for those purposes. Land acquired with
149.26 money deposited in the game and fish fund under paragraph (e) must be open to public
149.27 hunting and fishing during the open season, except that in aquatic management areas or
149.28 on lands where angling easements have been acquired, fishing may be prohibited during
149.29 certain times of the year and hunting may be prohibited. At least 87 percent of the money
149.30 deposited in the game and fish fund for improvement, enhancement, or protection of fish
149.31 and wildlife resources under paragraph (e) must be allocated for field operations.

149.32 (g) The revenues deposited under paragraphs (a) to (f) do not include the revenues,
149.33 including interest and penalties, generated by the sales tax imposed under section
149.34 297A.62, subdivision 1a, which must be deposited as provided under the Minnesota
149.35 Constitution, article XI, section 15.

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

150.1 Sec. 78. Minnesota Statutes 2012, section 297B.09, is amended to read:

150.2 **297B.09 ALLOCATION OF REVENUE.**

150.3 Subdivision 1. **Deposit of revenues.** (a) Money collected and received under this
150.4 chapter must be deposited as provided in this subdivision.

150.5 ~~(b) From July 1, 2007, through June 30, 2008, 38.25 percent of the money collected~~
150.6 ~~and received must be deposited in the highway user tax distribution fund, 24 percent must~~
150.7 ~~be deposited in the metropolitan area transit account under section 16A.88, and 1.5 percent~~
150.8 ~~must be deposited in the greater Minnesota transit account under section 16A.88. The~~
150.9 ~~remaining money must be deposited in the general fund.~~

150.10 ~~(c) From July 1, 2008, through June 30, 2009, 44.25 percent of the money collected~~
150.11 ~~and received must be deposited in the highway user tax distribution fund, 27.75 percent~~
150.12 ~~must be deposited in the metropolitan area transit account under section 16A.88, 1.75~~
150.13 ~~percent must be deposited in the greater Minnesota transit account under section 16A.88,~~
150.14 ~~and the remaining money must be deposited in the general fund.~~

150.15 ~~(d) From July 1, 2009, through June 30, 2010, 47.5 percent of the money collected~~
150.16 ~~and received must be deposited in the highway user tax distribution fund, 30 percent~~
150.17 ~~must be deposited in the metropolitan area transit account under section 16A.88, 3.5~~
150.18 ~~percent must be deposited in the greater Minnesota transit account under section 16A.88,~~
150.19 ~~and 16.25 percent must be deposited in the general fund. The remaining amount must~~
150.20 ~~be deposited as follows:~~

150.21 ~~(1) 1.5 percent in the metropolitan area transit account, except that any amount in~~
150.22 ~~excess of \$6,000,000 must be deposited in the highway user tax distribution fund; and~~

150.23 ~~(2) 1.25 percent in the greater Minnesota transit account, except that any amount in~~
150.24 ~~excess of \$5,000,000 must be deposited in the highway user tax distribution fund.~~

150.25 ~~(e) From July 1, 2010, through June 30, 2011, 54.5 percent of the money collected~~
150.26 ~~and received must be deposited in the highway user tax distribution fund, 33.75 percent~~
150.27 ~~must be deposited in the metropolitan area transit account under section 16A.88, 3.75~~
150.28 ~~percent must be deposited in the greater Minnesota transit account under section 16A.88,~~
150.29 ~~and 6.25 percent must be deposited in the general fund. The remaining amount must~~
150.30 ~~be deposited as follows:~~

150.31 ~~(1) 1.5 percent in the metropolitan area transit account, except that any amount in~~
150.32 ~~excess of \$6,750,000 must be deposited in the highway user tax distribution fund; and~~

150.33 ~~(2) 0.25 percent in the greater Minnesota transit account, except that any amount in~~
150.34 ~~excess of \$1,250,000 must be deposited in the highway user tax distribution fund.~~

150.35 ~~(f) On and after July 1, 2011, (b) 60 percent of the money collected and received~~
150.36 ~~must be deposited in the highway user tax distribution fund, 36 percent must be deposited~~

151.1 in the metropolitan area transit account under section 16A.88, and four percent must be
 151.2 deposited in the greater Minnesota transit account under section 16A.88.

151.3 ~~(g)~~ (c) It is the intent of the legislature that the allocations under paragraph ~~(f)~~ (b)
 151.4 remain unchanged for fiscal year 2012 and all subsequent fiscal years.

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

151.6 Sec. 79. Minnesota Statutes 2012, section 297F.03, subdivision 2, is amended to read:

151.7 Subd. 2. **Form of application.** Every application for a cigarette or tobacco products
 151.8 license shall be made on a form prescribed by the commissioner ~~and shall state the name~~
 151.9 ~~and address of the applicant; if the applicant is a firm, partnership, or association, the name~~
 151.10 ~~and address of each of its members; if the applicant is a corporation, the name and address~~
 151.11 ~~of each of its officers; the address of its principal place of business; the place where the~~
 151.12 ~~business to be licensed is to be conducted; and any other information the commissioner~~
 151.13 ~~may require for the administration of this chapter.~~

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

151.15 Sec. 80. Minnesota Statutes 2012, section 297I.05, subdivision 14, is amended to read:

151.16 Subd. 14. **Life insurance.** A tax is imposed on life insurance. The rate of tax equals
 151.17 ~~a percentage~~ 1.5 percent of gross premiums less return premiums on all direct business
 151.18 received by the insurer or agents of the insurer in Minnesota for life insurance, in cash or
 151.19 otherwise, during the year. ~~For premiums received after December 31, 2005, but before~~
 151.20 ~~January 1, 2007, the rate of tax is 1.875 percent. For premiums received after December~~
 151.21 ~~31, 2006, but before January 1, 2008, the rate of tax is 1.75 percent. For premiums~~
 151.22 ~~received after December 31, 2007, but before January 1, 2009, the rate of tax is 1.625~~
 151.23 ~~percent. For premiums received after December 31, 2008, the rate of tax is 1.5 percent.~~

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

151.25 Sec. 81. Minnesota Statutes 2012, section 298.75, subdivision 1, is amended to read:

151.26 Subdivision 1. **Definitions.** Except as may otherwise be provided, the following
 151.27 words, when used in this section, shall have the meanings herein ascribed to them.

151.28 (a) "Aggregate material" means:

151.29 (1) nonmetallic natural mineral aggregate including, but not limited to sand, silica
 151.30 sand, gravel, crushed rock, limestone, granite, and borrow, but only if the borrow is
 151.31 transported on a public road, street, or highway, provided that nonmetallic aggregate
 151.32 material does not include dimension stone and dimension granite; and

152.1 (2) taconite tailings, crushed rock, and architectural or dimension stone and dimension
152.2 granite removed from a taconite mine or the site of a previously operated taconite mine.

152.3 Aggregate material must be measured or weighed after it has been extracted from
152.4 the pit, quarry, or deposit.

152.5 (b) "Person" means any individual, firm, partnership, corporation, organization,
152.6 trustee, association, or other entity.

152.7 (c) "Operator" means any person engaged in the business of removing aggregate
152.8 material from the surface or subsurface of the soil, for the purpose of sale, either directly
152.9 or indirectly, through the use of the aggregate material in a marketable product or service.

152.10 (d) "Extraction site" means a pit, quarry, or deposit containing aggregate material
152.11 and any contiguous property to the pit, quarry, or deposit which is used by the operator for
152.12 stockpiling the aggregate material.

152.13 (e) "Importer" means any person who buys aggregate material excavated from a
152.14 ~~county not listed in paragraph (f) or another state~~ site on which the tax under this section is
152.15 not imposed and causes the aggregate material to be imported into a county in this state
152.16 which imposes a tax on aggregate material.

152.17 (f) "County" means ~~the counties of Pope, Stearns, Benton, Sherburne, Carver, Scott,~~
152.18 ~~Dakota, Le Sueur, Kittson, Marshall, Pennington, Red Lake, Polk, Norman, Mahnomon,~~
152.19 ~~Clay, Becker, Carlton, St. Louis, Rock, Murray, Wilkin, Big Stone, Sibley, Hennepin,~~
152.20 ~~Washington, Chisago, and Ramsey.~~ County also means a county imposing the tax under
152.21 this section on December 31, 2014, or any other county whose board has voted after a
152.22 public hearing to impose the tax under this section and has notified the commissioner of
152.23 revenue of the imposition of the tax.

152.24 (g) "Borrow" means granular borrow, consisting of durable particles of gravel and
152.25 sand, crushed quarry or mine rock, crushed gravel or stone, or any combination thereof,
152.26 the ratio of the portion passing the (#200) sieve divided by the portion passing the (1 inch)
152.27 sieve may not exceed 20 percent by mass.

152.28 **EFFECTIVE DATE.** This section is effective January 1, 2015.

152.29 Sec. 82. Minnesota Statutes 2012, section 412.131, is amended to read:

152.30 **412.131 ASSESSOR; DUTIES, COMPENSATION.**

152.31 The city assessor, if there is one, shall assess and return as provided by law all
152.32 property taxable within the city, if a separate assessment district, and the assessor of the
152.33 town within which the city lies shall not include in the return any property taxable in the
152.34 city. Any assessor may appoint a deputy assessor as provided in section 273.06. The

153.1 assessor may be compensated on a full-time or part-time basis at the option of the council
 153.2 ~~but the compensation shall be not less than \$100 in any one year, if fixed on an annual~~
 153.3 ~~basis, or not more than \$20 per day, if fixed on a per diem basis. If the compensation is~~
 153.4 ~~not fixed by the council the assessor shall be entitled to compensation at the rate of \$20~~
 153.5 ~~per day for each days service necessarily rendered, and mileage at the rate paid other city~~
 153.6 ~~officers for each mile necessarily traveled in going to and returning from the county seat of~~
 153.7 ~~the county to attend any meeting of the assessors of the county legally called by the county~~
 153.8 ~~auditor, and also for each mile necessarily traveled in making the return of assessment~~
 153.9 ~~to the proper county officer and in attending sectional meetings called by the county~~
 153.10 ~~assessor, except when mileage is paid by the county. In addition to other compensation,~~
 153.11 ~~the council may allow the assessor mileage at the same rate per mile as paid other city~~
 153.12 ~~officers for each mile necessarily traveled in assessment work.~~

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

153.14 Sec. 83. Minnesota Statutes 2013 Supplement, section 423A.022, subdivision 3,
 153.15 is amended to read:

153.16 Subd. 3. **Reporting; definitions.** (a) On or before September 1, annually, the
 153.17 executive director of the Public Employees Retirement Association shall report to the
 153.18 commissioner of revenue the following:

153.19 (1) the municipalities which employ firefighters with retirement coverage by the
 153.20 public employees police and fire retirement plan;

153.21 ~~(2) the number of firefighters with public employees police and fire retirement plan~~
 153.22 ~~coverage employed by each municipality;~~

153.23 ~~(3) (2) the fire departments covered by the voluntary statewide lump-sum volunteer~~
 153.24 ~~firefighter retirement plan; and~~

153.25 ~~(4) (3) any other information requested by the commissioner to administer the police~~
 153.26 ~~and firefighter retirement supplemental state aid program.~~

153.27 (b) ~~For this subdivision, (i) the number of firefighters employed by a municipality~~
 153.28 ~~who have public employees police and fire retirement plan coverage means the number~~
 153.29 ~~of firefighters with public employees police and fire retirement plan coverage that were~~
 153.30 ~~employed by the municipality for not less than 30 hours per week for a minimum of six~~
 153.31 ~~months prior to December 31 preceding the date of the payment under this section and, if~~
 153.32 ~~the person was employed for less than the full year, prorated to the number of full months~~
 153.33 ~~employed; and (ii) the number of active police officers certified for police state aid receipt~~
 153.34 ~~under section 69.011, subdivisions 2 and 2b, means, for each municipality, the number of~~

154.1 ~~police officers meeting the definition of peace officer in section 69.011, subdivision 1,~~
 154.2 ~~counted as provided and limited by section 69.011, subdivisions 2 and 2b.~~

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

154.4 Sec. 84. Minnesota Statutes 2013 Supplement, section 465.04, is amended to read:

154.5 **465.04 ACCEPTANCE OF GIFTS.**

154.6 ~~Cities~~ A city of the second, third, or fourth class, ~~having at any time an estimated~~
 154.7 ~~market value of not more than \$41,000,000, as officially equalized by the commissioner~~
 154.8 ~~of revenue, either operating under a home rule charter or under the laws of this state, in~~
 154.9 ~~addition to all other powers possessed by them, hereby are authorized and empowered to~~
 154.10 may receive and accept gifts and donations for the use and benefit of ~~such cities and the~~
 154.11 city and its inhabitants thereof upon terms and conditions to be approved by the governing
 154.12 ~~bodies~~ body of such cities; ~~and such cities are authorized to comply with and perform such~~
 154.13 the city. The terms and conditions, ~~which~~ may include payment to the donor or donors of
 154.14 interest on the value of the gift at not exceeding five percent per annum payable annually or
 154.15 semiannually, during the remainder of the natural life or lives of ~~such~~ the donor or donors.

154.16 Sec. 85. Minnesota Statutes 2012, section 469.176, subdivision 1b, is amended to read:

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

154.19 (1) after 15 years after receipt by the authority of the first increment for a renewal
 154.20 and renovation district;

154.21 (2) after 20 years after receipt by the authority of the first increment for a soils
 154.22 condition district;

154.23 (3) after eight years after receipt by the authority of the first increment for an
 154.24 economic development district;

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

154.27 (b) For purposes of determining a duration limit under this subdivision or subdivision
 154.28 1e that is based on the receipt of an increment, any increments from taxes payable in the year
 154.29 in which the district terminates shall be paid to the authority. This paragraph does not affect
 154.30 a duration limit calculated from the date of approval of the tax increment financing plan or
 154.31 based on the recovery of costs or to a duration limit under subdivision 1c. This paragraph
 154.32 does not supersede the restrictions on payment of delinquent taxes in subdivision 1f.

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

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

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

155.11 Sec. 86. Minnesota Statutes 2012, section 469.176, subdivision 3, is amended to read:

155.12 Subd. 3. **Limitation on administrative expenses.** (a) For districts for which
 155.13 certification was requested before ~~August 1, 1979, or after June 30, 1982 and before~~
 155.14 August 1, 2001, no tax increment shall be used to pay any administrative expenses for
 155.15 a project which exceed ten percent of the total estimated tax increment expenditures
 155.16 authorized by the tax increment financing plan or the total tax increment expenditures
 155.17 for the project, whichever is less.

155.18 ~~(b) For districts for which certification was requested after July 31, 1979, and before~~
 155.19 ~~July 1, 1982, no tax increment shall be used to pay administrative expenses, as defined in~~
 155.20 ~~Minnesota Statutes 1980, section 273.73, for a district which exceeds five percent of the~~
 155.21 ~~total tax increment expenditures authorized by the tax increment financing plan or the total~~
 155.22 ~~estimated tax increment expenditures for the district, whichever is less.~~

155.23 ~~(e)~~ (b) For districts for which certification was requested after July 31, 2001, no tax
 155.24 increment may be used to pay any administrative expenses for a project which exceed
 155.25 ten percent of total estimated tax increment expenditures authorized by the tax increment
 155.26 financing plan or the total tax increments, as defined in section 469.174, subdivision 25,
 155.27 clause (1), from the district, whichever is less.

155.28 ~~(d)~~ (c) Increments used to pay the county's administrative expenses under
 155.29 subdivision 4h are not subject to the percentage limits in this subdivision.

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

155.31 Sec. 87. Minnesota Statutes 2013 Supplement, section 469.1763, subdivision 2,
 155.32 is amended to read:

156.1 Subd. 2. **Expenditures outside district.** (a) For each tax increment financing
156.2 district, an amount equal to at least 75 percent of the total revenue derived from tax
156.3 increments paid by properties in the district must be expended on activities in the district
156.4 or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities
156.5 in the district or to pay, or secure payment of, debt service on credit enhanced bonds.
156.6 For districts, other than redevelopment districts for which the request for certification
156.7 was made after June 30, 1995, the in-district percentage for purposes of the preceding
156.8 sentence is 80 percent. Not more than 25 percent of the total revenue derived from tax
156.9 increments paid by properties in the district may be expended, through a development fund
156.10 or otherwise, on activities outside of the district but within the defined geographic area of
156.11 the project except to pay, or secure payment of, debt service on credit enhanced bonds.
156.12 For districts, other than redevelopment districts for which the request for certification was
156.13 made after June 30, 1995, the pooling percentage for purposes of the preceding sentence is
156.14 20 percent. The revenue derived from tax increments for the district that are expended on
156.15 costs under section 469.176, subdivision 4h, paragraph (b), may be deducted first before
156.16 calculating the percentages that must be expended within and without the district.

156.17 (b) In the case of a housing district, a housing project, as defined in section 469.174,
156.18 subdivision 11, is an activity in the district.

156.19 (c) All administrative expenses are for activities outside of the district, except that
156.20 if the only expenses for activities outside of the district under this subdivision are for
156.21 the purposes described in paragraph (d), administrative expenses will be considered as
156.22 expenditures for activities in the district.

156.23 (d) The authority may elect, in the tax increment financing plan for the district,
156.24 to increase by up to ten percentage points the permitted amount of expenditures for
156.25 activities located outside the geographic area of the district under paragraph (a). As
156.26 permitted by section 469.176, subdivision 4k, the expenditures, including the permitted
156.27 expenditures under paragraph (a), need not be made within the geographic area of the
156.28 project. Expenditures that meet the requirements of this paragraph are legally permitted
156.29 expenditures of the district, notwithstanding section 469.176, subdivisions 4b, 4c, and 4j.
156.30 To qualify for the increase under this paragraph, the expenditures must:

156.31 (1) be used exclusively to assist housing that meets the requirement for a qualified
156.32 low-income building, as that term is used in section 42 of the Internal Revenue Code; and

156.33 (2) not exceed the qualified basis of the housing, as defined under section 42(c) of
156.34 the Internal Revenue Code, less the amount of any credit allowed under section 42 of
156.35 the Internal Revenue Code; and

156.36 (3) be used to:

- 157.1 (i) acquire and prepare the site of the housing;
- 157.2 (ii) acquire, construct, or rehabilitate the housing; or
- 157.3 (iii) make public improvements directly related to the housing; or
- 157.4 (4) be used to develop housing:
- 157.5 (i) if the market value of the housing does not exceed the lesser of:
- 157.6 (A) 150 percent of the average market value of single-family homes in that
- 157.7 municipality; or
- 157.8 (B) \$200,000 for municipalities located in the metropolitan area, as defined in
- 157.9 section 473.121, or \$125,000 for all other municipalities; and
- 157.10 (ii) if the expenditures are used to pay the cost of site acquisition, relocation,
- 157.11 demolition of existing structures, site preparation, and pollution abatement on one or
- 157.12 more parcels, if the parcel contains a residence containing one to four family dwelling
- 157.13 units that has been vacant for six or more months and is in foreclosure as defined in
- 157.14 section 325N.10, subdivision 7, but without regard to whether the residence is the owner's
- 157.15 principal residence, and only after the redemption period has expired.
- 157.16 (e) For a district created within a biotechnology and health sciences industry zone
- 157.17 as defined in section 469.330, subdivision 6, or for an existing district located within
- 157.18 such a zone, tax increment derived from such a district may be expended outside of the
- 157.19 district but within the zone only for expenditures required for the construction of public
- 157.20 infrastructure necessary to support the activities of the zone, land acquisition, and other
- 157.21 redevelopment costs as defined in section 469.176, subdivision 4j. These expenditures are
- 157.22 considered as expenditures for activities within the district. The authority provided by
- 157.23 this paragraph expires for expenditures made after the later of (1) December 31, 2015,
- 157.24 or (2) the end of the five-year period beginning on the date the district was certified,
- 157.25 provided that date was before January 1, 2016.
- 157.26 (f) The authority under paragraph (d), clause (4), expires on December 31, 2016.
- 157.27 Increments may continue to be expended under this authority after that date, if they are
- 157.28 used to pay bonds or binding contracts that would qualify under subdivision 3, paragraph
- 157.29 (a), if December 31, 2016, is considered to be the last date of the five-year period after
- 157.30 certification under that provision.

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

157.32 and applies to all districts, regardless of when the request for certification was made.

157.33 Sec. 88. Minnesota Statutes 2012, section 473.665, subdivision 5, is amended to read:

157.34 Subd. 5. **Tax levy; surplus; reduction.** The corporation, upon issuing any bonds

157.35 under the provisions of this section, shall, before the issuance thereof, levy for each year,

158.1 until the principal and interest are paid in full, a direct annual tax on all the taxable property
158.2 of the cities in and for which the corporation has been created in an amount not less than
158.3 five percent in excess of the sum required to pay the principal and interest thereof, when
158.4 and as such principal and interest matures. After any of such bonds have been delivered to
158.5 purchasers, such tax shall be irrevocable until all such indebtedness is paid, and after the
158.6 issuance of such bonds no further action of the corporation shall be necessary to authorize
158.7 the extensions, assessments, and collection of such tax. The secretary of the corporation
158.8 shall forthwith furnish a certified copy of such levy to the county auditor or county
158.9 auditors of the county or counties in which the cities in and for which the corporation has
158.10 been created are located, together with full information regarding the bonds for which the
158.11 tax is levied, and such county auditor or such county auditors, as the case may be, shall
158.12 enter the same in the register provided for in section 475.62, or a similar register, and shall
158.13 extend and assess the tax so levied. If both cities are located wholly within one county, the
158.14 county auditor thereof shall annually extend and assess the amount of the tax so levied. If
158.15 the cities are located in different counties, the county auditor of each such county shall
158.16 annually extend and assess such portion of the tax levied as the net tax capacity of the
158.17 taxable property, ~~not including moneys and credits~~, located wholly within the city in such
158.18 county bears to the total net tax capacity of the taxable property, ~~not including moneys and~~
158.19 ~~credits~~, within both cities. Any surplus resulting from the excess levy herein provided
158.20 for shall be transferred to a sinking fund after the principal and interest for which the tax
158.21 was levied and collected has been paid; provided, that the corporation may, on or before
158.22 October 15 in any year, by appropriate action, cause its secretary to certify to the county
158.23 auditor, or auditors, the amount on hand and available in its treasury from earnings, or
158.24 otherwise, including the amount in the sinking fund, which it will use to pay principal or
158.25 interest or both on each specified issue of its bonds, and the county auditor or auditors
158.26 shall reduce the levy for that year, herein provided for by that amount. The amount of
158.27 funds so certified shall be set aside by the corporation, and be used for no other purpose
158.28 than for the payment of the principal and interest of the bonds. All taxes hereunder shall
158.29 be collected and remitted to the corporation by the county treasurer or county treasurers,
158.30 in accordance with the provisions of law governing the collection of other taxes, and shall
158.31 be used solely for the payment of the bonds where due.

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

158.33 Sec. 89. Minnesota Statutes 2012, section 477A.0124, subdivision 5, is amended to
158.34 read:

159.1 Subd. 5. **County transition aid.** ~~(a) For 2009 and each year thereafter,~~ A county is
159.2 eligible to receive the transition aid it received in 2007.

159.3 ~~(b) In 2009 only, a county with (1) a 2006 population less than 30,000, and (2)~~
159.4 ~~an average Part I crimes per capita greater than 3.9 percent based on factors used in~~
159.5 ~~determining county program aid payable in 2008, shall receive \$100,000.~~

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

159.7 Sec. 90. Minnesota Statutes 2012, section 477A.014, subdivision 1, is amended to read:

159.8 Subdivision 1. **Calculations and payments.** (a) The commissioner of revenue shall
159.9 make all necessary calculations and make payments pursuant to sections 477A.013 and
159.10 477A.03 directly to the affected taxing authorities annually. In addition, the commissioner
159.11 shall notify the authorities of their aid amounts, as well as the computational factors used
159.12 in making the calculations for their authority, and those statewide total figures that are
159.13 pertinent, before August 1 of the year preceding the aid distribution year.

159.14 (b) For the purposes of this subdivision, aid is determined for a city or town based
159.15 on its city or town status as of June 30 of the year preceding the aid distribution year. If
159.16 the effective date for a municipal incorporation, consolidation, annexation, detachment,
159.17 dissolution, or township organization is on or before June 30 of the year preceding
159.18 the aid distribution year, such change in boundaries or form of government shall be
159.19 recognized for aid determinations for the aid distribution year. If the effective date for a
159.20 municipal incorporation, consolidation, annexation, detachment, dissolution, or township
159.21 organization is after June 30 of the year preceding the aid distribution year, such change in
159.22 boundaries or form of government shall not be recognized for aid determinations until
159.23 the following year.

159.24 (c) Changes in boundaries or form of government will only be recognized for the
159.25 purposes of this subdivision, to the extent that: (1) changes in market values are included
159.26 in market values reported by assessors to the commissioner, and changes in population;
159.27 and household size, ~~and the road accidents factor~~ are included in their respective
159.28 certifications to the commissioner as referenced in section 477A.011, or (2) an annexation
159.29 information report as provided in paragraph (d) is received by the commissioner on
159.30 or before July 15 of the aid calculation year. Revisions to estimates or data for use in
159.31 recognizing changes in boundaries or form of government are not effective for purposes
159.32 of this subdivision unless received by the commissioner on or before July 15 of the aid
159.33 calculation year. Clerical errors in the certification or use of estimates and data established
159.34 as of July 15 in the aid calculation year are subject to correction within the time periods
159.35 allowed under subdivision 3.

160.1 (d) In the case of an annexation, an annexation information report may be completed
160.2 by the annexing jurisdiction and submitted to the commissioner for purposes of this
160.3 subdivision if the net tax capacity of annexed area for the assessment year preceding the
160.4 effective date of the annexation exceeds five percent of the city's net tax capacity for the
160.5 same year. The form and contents of the annexation information report shall be prescribed
160.6 by the commissioner. The commissioner shall change the net tax capacity, the population,
160.7 the population decline, the commercial industrial percentage, and the transformed
160.8 population for the annexing jurisdiction only if the annexation information report provides
160.9 data the commissioner determines to be reliable for all of these factors used to compute city
160.10 revenue need for the annexing jurisdiction. The commissioner shall adjust the pre-1940
160.11 housing percentage, ~~the road accidents factor,~~ and household size only if the entire area of
160.12 an existing city or town is annexed or consolidated and only if reliable data is available for
160.13 all of these factors used to compute city revenue need for the annexing jurisdiction.

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

160.15 Sec. 91. Minnesota Statutes 2012, section 611.27, subdivision 13, is amended to read:

160.16 Subd. 13. **Public defense services; correctional facility inmates.** All billings
160.17 for services rendered and ordered under subdivision 7 shall require the approval of the
160.18 chief district public defender before being forwarded on a monthly basis to the state
160.19 public defender. In cases where adequate representation cannot be provided by the district
160.20 public defender and where counsel has been appointed under a court order, the state
160.21 public defender shall forward to the commissioner of management and budget all billings
160.22 for services rendered under the court order. The commissioner shall pay for services
160.23 from county program aid retained by the commissioner of revenue for that purpose under
160.24 section ~~477A.0124, subdivision 1, clause (4), or 477A.03, subdivision 2b, paragraph (a).~~

160.25 The costs of appointed counsel and associated services in cases arising from new
160.26 criminal charges brought against indigent inmates who are incarcerated in a Minnesota
160.27 state correctional facility are the responsibility of the state Board of Public Defense. In
160.28 such cases the state public defender may follow the procedures outlined in this section for
160.29 obtaining court-ordered counsel.

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

160.31 Sec. 92. Minnesota Statutes 2012, section 611.27, subdivision 15, is amended to read:

160.32 Subd. 15. **Costs of transcripts.** In appeal cases and postconviction cases where
160.33 the appellate public defender's office does not have sufficient funds to pay for transcripts

161.1 and other necessary expenses because it has spent or committed all of the transcript
 161.2 funds in its annual budget, the state public defender may forward to the commissioner
 161.3 of management and budget all billings for transcripts and other necessary expenses. The
 161.4 commissioner shall pay for these transcripts and other necessary expenses from county
 161.5 program aid retained by the commissioner of revenue for that purpose under section
 161.6 ~~477A.0124, subdivision 1, clause (4), or 477A.03, subdivision 2b, paragraph (a).~~

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

161.8 Sec. 93. **REVISOR'S INSTRUCTION.**

161.9 The revisor of statutes shall make all necessary cross-reference changes in
 161.10 Minnesota Statutes and Minnesota Rules consistent with the amendments and repealers in
 161.11 this act. The revisor can make changes to sentence structure to preserve the meaning of
 161.12 the text. The revisor shall make other changes in chapter titles; section, subdivision, part,
 161.13 and subpart headnotes; and in other terminology necessary as a result of the enactment of
 161.14 this act. The Department of Revenue shall assist in making these corrections.

161.15 Sec. 94. **REPEALER.**

161.16 (a) Minnesota Statutes 2012, sections 273.1398, subdivision 4b; 290.01, subdivision
 161.17 19e; 290.0674, subdivision 3; 290.191, subdivision 4; and 290.33, and Minnesota Rules,
 161.18 part 8007.0200, are repealed.

161.19 (b) Minnesota Statutes 2012, sections 16D.02, subdivisions 5 and 8; 16D.11,
 161.20 subdivision 2; 270C.131; 270C.53; 270C.991, subdivision 4; 272.02, subdivisions 1, 1a,
 161.21 43, 48, 51, 53, 67, 72, and 82; 272.027, subdivision 2; 272.031; 273.015, subdivision 1;
 161.22 273.03, subdivision 3; 273.075; 273.1383; 273.1386; 273.80; 275.77; 279.32; 281.173,
 161.23 subdivision 8; 281.174, subdivision 8; 281.328; 282.10; 282.23; 287.20, subdivision 4;
 161.24 287.27, subdivision 2; 290.01, subdivisions 4b and 20e; 290C.02, subdivisions 5 and 9;
 161.25 290C.06; 295.52, subdivision 7; 297A.71, subdivisions 4, 5, 7, 9, 10, 17, 18, 20, 32,
 161.26 and 41; 297F.08, subdivision 11; 297H.10, subdivision 2; 469.174, subdivision 10c;
 161.27 469.175, subdivision 2b; 469.176, subdivision 1i; 469.177, subdivision 10; 477A.0124,
 161.28 subdivisions 1 and 6; and 505.173, Minnesota Statutes 2013 Supplement, section
 161.29 273.1103, Laws 1993, chapter 375, article 9, section 47, and Minnesota Rules, parts
 161.30 8002.0200, subpart 8; 8100.0800; 8130.7500, subpart 7; 8130.8900, subpart 3; and
 161.31 8130.9500, subparts 1, 1a, 2, 3, 4, and 5, are repealed.

161.32 (c) Minnesota Statutes 2012, section 469.1764, is repealed.

161.33 (d) Minnesota Statutes 2012, sections 289A.56, subdivision 7; 297A.68, subdivision
 161.34 38; 469.330; 469.331; 469.332; 469.333; 469.334; 469.335; 469.336; 469.337; 469.338;

162.1 469.339; 469.340, subdivisions 1, 2, 3, and 5; and 469.341, and Minnesota Statutes 2013
 162.2 Supplement, section 469.340, subdivision 4, are repealed.

162.3 (e) Minnesota Statutes 2012, section 290.06, subdivisions 30 and 31, are repealed.

162.4 **EFFECTIVE DATE.** Paragraph (a) is effective for taxable years beginning after
 162.5 December 31, 2013.

162.6 Paragraph (b) is effective the day following final enactment.

162.7 Paragraph (c) is effective the day following final enactment and any remaining
 162.8 unexpended tax increments from a district subject to Minnesota Statutes, section 469.1764,
 162.9 must be distributed as excess increments to the city, county, and school district under
 162.10 Minnesota Statutes, section 469.176, subdivision 2, paragraph (c), clause (4), on or before
 162.11 December 31, 2014.

162.12 Paragraph (d) is effective the day following final enactment.

162.13 Paragraph (e) is effective for taxable years beginning after December 31, 2013.

162.14 **ARTICLE 9**

162.15 **DEPARTMENT OF REVENUE - TECHNICAL AND POLICY** 162.16 **PROPERTY TAX PROVISIONS**

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

162.18 **270.87 CERTIFICATION TO COUNTY ASSESSORS.**

162.19 After making an annual determination of the equalized fair market value of the
 162.20 operating property of each company in each of the respective counties, and in the taxing
 162.21 districts therein, the commissioner shall certify the equalized fair market value to the
 162.22 county assessor on or before June 30. The equalized fair market value of the operating
 162.23 property of the railroad company in the county and the taxing districts therein is the value
 162.24 on which taxes must be levied and collected in the same manner as on the commercial and
 162.25 industrial property of such county and the taxing districts therein. If the commissioner
 162.26 determines that the equalized fair market value certified on or before June 30 is in error,
 162.27 the commissioner may issue a corrected certification on or before August 31. The
 162.28 commissioner may correct errors that are merely clerical in nature until December 31.

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

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

162.31 Subd. 4a. **Correction of errors.** If the commissioner of revenue determines that
 162.32 the amount of production tax has been erroneously calculated, the commissioner may
 162.33 correct the error. The commissioner must notify the owner of the wind energy conversion

163.1 system of the correction and the amount of tax due to each county and must certify the
163.2 correction to the county auditor of each county in which the system is located on or before
163.3 April 1 of the current year. The commissioner may correct errors that are merely clerical
163.4 in nature until December 31.

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

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

163.7 **273.01 LISTING AND ASSESSMENT, TIME.**

163.8 All real property subject to taxation shall be listed and at least one-fifth of the parcels
163.9 listed shall be appraised each year with reference to their value on January 2 preceding the
163.10 assessment so that each parcel shall be reappraised at maximum intervals of five years. All
163.11 real property becoming taxable in any year shall be listed with reference to its value on
163.12 January 2 of that year. Except as provided in this section and section 274.01, subdivision
163.13 1, all real property assessments shall be completed two weeks prior to the date scheduled
163.14 for the local board of review or equalization. No changes in valuation or classification
163.15 which are intended to correct errors in judgment by the county assessor may be made by
163.16 the county assessor after the board of review or the county board of equalization has
163.17 adjourned; however, corrections of errors for real or personal property that are merely
163.18 clerical in nature or changes that extend homestead treatment to property are permitted
163.19 after adjournment until the tax extension date for that assessment year. Any changes made
163.20 by the assessor after adjournment must be fully documented and maintained in a file in the
163.21 assessor's office and shall be available for review by any person. A copy of any changes
163.22 made during this period shall be sent to the county board no later than December 31 of
163.23 the assessment year. In the event a valuation and classification is not placed on any real
163.24 property by the dates scheduled for the local board of review or equalization the valuation
163.25 and classification determined in the preceding assessment shall be continued in effect and
163.26 the provisions of section 273.13 shall, in such case, not be applicable, except with respect
163.27 to real estate which has been constructed since the previous assessment. Real property
163.28 containing iron ore, the fee to which is owned by the state of Minnesota, shall, if leased by
163.29 the state after January 2 in any year, be subject to assessment for that year on the value of
163.30 any iron ore removed under said lease prior to January 2 of the following year. Personal
163.31 property subject to taxation shall be listed and assessed annually with reference to its value
163.32 on January 2; and, if acquired on that day, shall be listed by or for the person acquiring it.

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

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

164.3 Subdivision 1. **Computation.** The Department of Revenue must annually conduct
164.4 an assessment/sales ratio study of the taxable property in each county, city, town, and
164.5 school district in accordance with the procedures in subdivisions 2 and 3. Based upon the
164.6 results of this assessment/sales ratio study, the Department of Revenue must determine
164.7 an equalized net tax capacity for the various classes of taxable property in each taxing
164.8 district, the aggregate of which is designated as the adjusted net tax capacity. The adjusted
164.9 net tax capacity must be reduced by the captured tax capacity of tax increment districts
164.10 under section 469.177, subdivision 2, fiscal disparities contribution tax capacities under
164.11 sections 276A.06 and 473F.08, and the tax capacity of transmission lines required to be
164.12 subtracted from the local tax base under section 273.425; and increased by fiscal disparities
164.13 distribution tax capacities under sections 276A.06 and 473F.08. The adjusted net tax
164.14 capacities shall be determined using the net tax capacity percentages in effect for the
164.15 assessment year following the assessment year of the study. The Department of Revenue
164.16 must make whatever estimates are necessary to account for changes in the classification
164.17 system. The Department of Revenue may incur the expense necessary to make the
164.18 determinations. The commissioner of revenue may reimburse any county or governmental
164.19 official for requested services performed in ascertaining the adjusted net tax capacity. On
164.20 or before March 15 annually, the Department of Revenue shall file with the chair of the
164.21 Tax Committee of the house of representatives and the chair of the Committee on Taxes
164.22 and Tax laws of the senate a report of adjusted net tax capacities for school districts.
164.23 On or before June ~~15~~ 30 annually, the Department of Revenue shall file its final report
164.24 on the adjusted net tax capacities for school districts established by the previous year's
164.25 assessments and the current year's net tax capacity percentages with the commissioner of
164.26 education and each county auditor for those school districts for which the auditor has the
164.27 responsibility for determination of local tax rates. A copy of the report so filed shall be
164.28 mailed to the clerk of each school district involved and to the county assessor or supervisor
164.29 of assessments of the county or counties in which each school district is located.

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

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

164.32 Subd. 2. **Listing and assessment by commissioner.** The personal property,
164.33 consisting of the pipeline system of mains, pipes, and equipment attached thereto, of
164.34 pipeline companies and others engaged in the operations or business of transporting natural
164.35 gas, gasoline, crude oil, or other petroleum products by pipelines, shall be listed with and

165.1 assessed by the commissioner of revenue and the values provided to the city or county
 165.2 assessor by order. This subdivision shall not apply to the assessment of the products
 165.3 transported through the pipelines nor to the lines of local commercial gas companies
 165.4 engaged primarily in the business of distributing gas to consumers at retail nor to pipelines
 165.5 used by the owner thereof to supply natural gas or other petroleum products exclusively
 165.6 for such owner's own consumption and not for resale to others. If more than 85 percent
 165.7 of the natural gas or other petroleum products actually transported over the pipeline is
 165.8 used for the owner's own consumption and not for resale to others, then this subdivision
 165.9 shall not apply; provided, however, that in that event, the pipeline shall be assessed in
 165.10 proportion to the percentage of gas actually transported over such pipeline that is not used
 165.11 for the owner's own consumption. On or before August 1, the commissioner shall certify
 165.12 to the auditor of each county, the amount of such personal property assessment against
 165.13 each company in each district in which such property is located. If the commissioner
 165.14 determines that the amount of personal property assessment certified on or before August
 165.15 1 is in error, the commissioner may issue a corrected certification on or before October 1.
 165.16 The commissioner may correct errors that are merely clerical in nature until December 31.

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

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

165.19 Subd. 2. **Listing and assessment by commissioner.** Transmission lines of less
 165.20 than 69 kv, transmission lines of 69 kv and above located in an unorganized township,
 165.21 and distribution lines, and equipment attached thereto, having a fixed situs outside the
 165.22 corporate limits of cities except distribution lines taxed as provided in sections 273.40
 165.23 and 273.41, shall be listed with and assessed by the commissioner of revenue in the
 165.24 county where situated and the values provided to the city or county assessor by order.
 165.25 The commissioner shall assess such property at the percentage of market value fixed by
 165.26 law; and, on or before August 1, shall certify to the auditor of each county in which
 165.27 such property is located the amount of the assessment made against each company and
 165.28 person owning such property. If the commissioner determines that the amount of the
 165.29 assessment certified on or before August 1 is in error, the commissioner may issue a
 165.30 corrected certification on or before October 1. The commissioner may correct errors that
 165.31 are merely clerical in nature until December 31.

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

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

166.1 **273.3711 RECOMMENDED AND ORDERED VALUES.**

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

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

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

166.11 Subdivision 1. **Ordinary board; meetings, deadlines, grievances.** (a) The town
 166.12 board of a town, or the council or other governing body of a city, is the board of appeal
 166.13 and equalization except (1) in cities whose charters provide for a board of equalization or
 166.14 (2) in any city or town that has transferred its local board of review power and duties to
 166.15 the county board as provided in subdivision 3. The county assessor shall fix a day and
 166.16 time when the board or the board of equalization shall meet in the assessment districts
 166.17 of the county. Notwithstanding any law or city charter to the contrary, a city board of
 166.18 equalization shall be referred to as a board of appeal and equalization. On or before
 166.19 February 15 of each year the assessor shall give written notice of the time to the city or
 166.20 town clerk. Notwithstanding the provisions of any charter to the contrary, the meetings
 166.21 must be held between April 1 and May 31 each year. The clerk shall give published and
 166.22 posted notice of the meeting at least ten days before the date of the meeting.

166.23 The board shall meet either at a central location within the county or at the office of
 166.24 the clerk to review the assessment and classification of property in the town or city. No
 166.25 changes in valuation or classification which are intended to correct errors in judgment by
 166.26 the county assessor may be made by the county assessor after the board has adjourned
 166.27 in those cities or towns that hold a local board of review; however, corrections of errors
 166.28 that are merely clerical in nature or changes that extend homestead treatment to property
 166.29 are permitted after adjournment until the tax extension date for that assessment year. The
 166.30 changes must be fully documented and maintained in the assessor's office and must be
 166.31 available for review by any person. A copy of the changes made during this period in
 166.32 those cities or towns that hold a local board of review must be sent to the county board no
 166.33 later than December 31 of the assessment year.

166.34 (b) The board shall determine whether the taxable property in the town or city has
 166.35 been properly placed on the list and properly valued by the assessor. If real or personal

167.1 property has been omitted, the board shall place it on the list with its market value, and
167.2 correct the assessment so that each tract or lot of real property, and each article, parcel,
167.3 or class of personal property, is entered on the assessment list at its market value. No
167.4 assessment of the property of any person may be raised unless the person has been
167.5 duly notified of the intent of the board to do so. On application of any person feeling
167.6 aggrieved, the board shall review the assessment or classification, or both, and correct
167.7 it as appears just. The board may not make an individual market value adjustment or
167.8 classification change that would benefit the property if the owner or other person having
167.9 control over the property has refused the assessor access to inspect the property and the
167.10 interior of any buildings or structures as provided in section 273.20. A board member
167.11 shall not participate in any actions of the board which result in market value adjustments
167.12 or classification changes to property owned by the board member, the spouse, parent,
167.13 stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, aunt, nephew,
167.14 or niece of a board member, or property in which a board member has a financial interest.
167.15 The relationship may be by blood or marriage.

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

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

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

167.32 (f) Except as provided in subdivision 3, if a person fails to appear in person, by
167.33 counsel, or by written communication before the board after being duly notified of the
167.34 board's intent to raise the assessment of the property, or if a person feeling aggrieved by an
167.35 assessment or classification fails to apply for a review of the assessment or classification,
167.36 the person may not appear before the county board of appeal and equalization for a review

168.1 of the assessment or classification. This paragraph does not apply if an assessment was
 168.2 made after the local board meeting, as provided in section 273.01, or if the person can
 168.3 establish not having received notice of market value at least five days before the local
 168.4 board meeting.

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

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

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

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

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

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

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

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

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

169.7 **290C.03 ELIGIBILITY REQUIREMENTS.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

170.5 Subd. 3. **Reallocation of amortization state aid.** (a) Seventy percent of the
 170.6 difference between \$5,720,000 and the current year amortization aid distributed under
 170.7 subdivision 1 that is not distributed for any reason to a municipality must be distributed
 170.8 by the commissioner of revenue according to this paragraph. The commissioner shall
 170.9 distribute 50 percent of the amounts derived under this paragraph to the Teachers
 170.10 Retirement Association, ten percent to the Duluth Teachers Retirement Fund Association,
 170.11 and 40 percent to the St. Paul Teachers Retirement Fund Association to fund the unfunded
 170.12 actuarial accrued liabilities of the respective funds. These payments must be made on July
 170.13 15 each fiscal year. If the St. Paul Teachers Retirement Fund Association or the Duluth
 170.14 Teachers Retirement Fund Association becomes fully funded, the association's eligibility
 170.15 for its portion of this aid ceases. Amounts remaining in the undistributed balance account
 170.16 at the end of the biennium if aid eligibility ceases cancel to the general fund.

170.17 (b) In order to receive amortization aid under paragraph (a), before June 30 annually
 170.18 Independent School District No. 625, St. Paul, must make an additional contribution of
 170.19 \$800,000 each year to the St. Paul Teachers Retirement Fund Association.

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

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

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

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

171.1 (1) \$5.133 multiplied by the total number of acres of acquired natural resources land
 171.2 or, at the county's option three-fourths of one percent of the appraised value of all acquired
 171.3 natural resources land in the county, whichever is greater;

171.4 (2) \$5.133, multiplied by the total number of acres of transportation wetland or, at
 171.5 the county's option, three-fourths of one percent of the appraised value of all transportation
 171.6 wetland in the county, whichever is greater;

171.7 (3) \$5.133, multiplied by the total number of acres of wildlife management land, or,
 171.8 at the county's option, three-fourths of one percent of the appraised value of all wildlife
 171.9 management land in the county, whichever is greater;

171.10 (4) 50 percent of the dollar amount as determined under clause (1), multiplied by
 171.11 the number of acres of military refuge land in the county;

171.12 (5) \$1.50, multiplied by the number of acres of county-administered other natural
 171.13 resources land in the county;

171.14 (6) \$5.133, multiplied by the total number of acres of land utilization project land
 171.15 in the county;

171.16 (7) \$1.50, multiplied by the number of acres of commissioner-administered other
 171.17 natural resources land in the county; and

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

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

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

171.23 Subdivision 1. **General distribution.** Except as provided in subdivisions 2 and 3,
 171.24 40 percent of the total payment to the county shall be deposited in the county general
 171.25 revenue fund to be used to provide property tax levy reduction. The remainder shall be
 171.26 distributed by the county in the following priority:

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

171.33 ~~(b) from the funds remaining;~~ (2) within 30 days of receipt of the payment to
 171.34 the county, the county treasurer shall pay ~~each organized township ten percent of the~~
 171.35 ~~amount received~~ a township with land that qualifies for payment under section 477A.12,

172.1 subdivision 1, clauses (1), (2), and (5) to (7), ten percent of the payment the county
 172.2 received for such land within that township. Payments for natural resources lands not
 172.3 located in an organized township shall be deposited in the county general revenue fund.
 172.4 Payments to counties and townships pursuant to this paragraph shall be used to provide
 172.5 property tax levy reduction, except that of the payments for natural resources lands not
 172.6 located in an organized township, the county may allocate the amount determined to be
 172.7 necessary for maintenance of roads in unorganized townships. ~~Provided that, if the total~~
 172.8 ~~payment to the county pursuant to section 477A.12 is not sufficient to fully fund the~~
 172.9 ~~distribution provided for in this clause, the amount available shall be distributed to each~~
 172.10 ~~township and the county general revenue fund on a pro rata basis; and~~
 172.11 (e) (3) any remaining funds shall be deposited in the county general revenue fund.
 172.12 Provided that, if the distribution to the county general revenue fund exceeds \$35,000, the
 172.13 excess shall be used to provide property tax levy reduction.

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

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

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

172.23 Sec. 15. **REPEALER.**

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

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

172.29 **ARTICLE 10**

172.30 **DEPARTMENT OF REVENUE - TECHNICAL AND POLICY INCOME AND**
 172.31 **FRANCHISE, SALES AND USE, AND MISCELLANEOUS TAX PROVISIONS**

172.32 Section 1. Minnesota Statutes 2012, section 270C.34, subdivision 2, is amended to read:

173.1 Subd. 2. **Procedure.** (a) A request for abatement of penalty under subdivision 1 or
 173.2 section 289A.60, subdivision 4, or a request for abatement of interest or additional tax
 173.3 charge, must be filed with the commissioner within 60 days of the date the notice was
 173.4 mailed to the taxpayer's last known address, stating that a penalty has been imposed.

173.5 (b) If the commissioner issues an order denying a request for abatement of penalty,
 173.6 interest, or additional tax charge, the taxpayer may file an administrative appeal as
 173.7 provided in section 270C.35 or appeal to Tax Court as provided in section 271.06.

173.8 (c) If the commissioner does not issue an order on the abatement request within
 173.9 60 days from the date the request is received, the taxpayer may appeal to Tax Court as
 173.10 provided in section 271.06.

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

173.12 Sec. 2. Minnesota Statutes 2012, section 270C.56, subdivision 3, is amended to read:

173.13 Subd. 3. **Procedure for assessment; claims for refunds.** (a) The commissioner
 173.14 may assess liability for the taxes described in subdivision 1 against a person liable
 173.15 under this section. The assessment may be based upon information available to the
 173.16 commissioner. It must be made within the prescribed period of limitations for assessing
 173.17 the underlying tax, ~~or~~ within one year after the date of an order assessing underlying
 173.18 tax, or within one year after the date of a final administrative or judicial determination,
 173.19 whichever period expires later. An order assessing personal liability under this section is
 173.20 reviewable under section 270C.35 and is appealable to Tax Court.

173.21 (b) If the time for appealing the order has expired and a payment is made by or
 173.22 collected from the person assessed on the order in excess of the amount lawfully due
 173.23 from that person of any portion of the liability shown on the order, a claim for refund
 173.24 may be made by that person within 120 days after any payment of the liability if the
 173.25 payment is within 3-1/2 years after the date the order was issued. Claims for refund under
 173.26 this paragraph are limited to the amount paid during the 120-day period. Any amounts
 173.27 collected under paragraph (c) after a claim for refund is filed in order to satisfy the unpaid
 173.28 balance of the assessment that is the subject of the claim shall be returned if the claim is
 173.29 allowed. There is no claim for refund available under this paragraph if the assessment has
 173.30 previously been the subject of an administrative or Tax Court appeal, or a denied claim
 173.31 for refund. The taxpayer may contest denial of the refund as provided in the procedures
 173.32 governing claims for refunds under section 289A.50, subdivision 7.

173.33 (c) If a person has been assessed under this section for an amount for a given period
 173.34 and the time for appeal has expired, regardless of whether an action contesting denial of a
 173.35 claim for refund has been filed under paragraph (b), or there has been a final determination

174.1 that the person is liable, collection action is not stayed pursuant to section 270C.33,
 174.2 subdivision 5, for that assessment or for subsequent assessments of additional amounts for
 174.3 the same person for the same period and tax type.

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

174.5 Sec. 3. Minnesota Statutes 2012, section 289A.18, subdivision 2, is amended to read:

174.6 Subd. 2. **Withholding returns, entertainer withholding returns, returns for**
 174.7 **withholding from payments to out-of-state contractors, and withholding returns**
 174.8 **from partnerships and S corporations.** (a) ~~Withholding returns for the first, second,~~
 174.9 ~~and third quarters~~ are due on or before the last day of the month following the close of
 174.10 the quarterly period. However, if the return shows timely deposits in full payment of
 174.11 the taxes due for that period, the returns ~~for the first, second, and third quarters~~ may be
 174.12 filed on or before the tenth day of the second calendar month following the period. ~~The~~
 174.13 ~~return for the fourth quarter must be filed on or before the 28th day of the second calendar~~
 174.14 ~~month following the period.~~ An employer, in preparing a quarterly return, may take credit
 174.15 for deposits previously made for that quarter. Entertainer withholding tax returns are
 174.16 due within 30 days after each performance. Returns for withholding from payments to
 174.17 out-of-state contractors are due within 30 days after the payment to the contractor. Returns
 174.18 for withholding by partnerships are due on or before the due date specified for filing
 174.19 partnership returns. Returns for withholding by S corporations are due on or before the
 174.20 due date specified for filing corporate franchise tax returns.

174.21 (b) A seasonal employer who provides notice in the form and manner prescribed
 174.22 by the commissioner before the end of the calendar quarter is not required to file a
 174.23 withholding tax return for periods of anticipated inactivity unless the employer pays wages
 174.24 during the period from which tax is withheld. For purposes of this paragraph, a seasonal
 174.25 employer is an employer that regularly, in the same one or more quarterly periods of each
 174.26 calendar year, pays no wages to employees.

174.27 **EFFECTIVE DATE.** (a) The amendments in paragraph (a) are effective for returns
 174.28 due after January 1, 2016.

174.29 (b) The amendment adding paragraph (b) is effective for wages paid after December
 174.30 31, 2015.

174.31 Sec. 4. Minnesota Statutes 2013 Supplement, section 290.191, subdivision 5, is
 174.32 amended to read:

175.1 Subd. 5. **Determination of sales factor.** For purposes of this section, the following
175.2 rules apply in determining the sales factor.

175.3 (a) The sales factor includes all sales, gross earnings, or receipts received in the
175.4 ordinary course of the business, except that the following types of income are not included
175.5 in the sales factor:

175.6 (1) interest;

175.7 (2) dividends;

175.8 (3) sales of capital assets as defined in section 1221 of the Internal Revenue Code;

175.9 (4) sales of property used in the trade or business, except sales of leased property of
175.10 a type which is regularly sold as well as leased; and

175.11 (5) sales of debt instruments as defined in section 1275(a)(1) of the Internal Revenue
175.12 Code or sales of stock.

175.13 (b) Sales of tangible personal property are made within this state if the property is
175.14 received by a purchaser at a point within this state, ~~and the taxpayer is taxable in this state,~~
175.15 regardless of the f.o.b. point, other conditions of the sale, or the ultimate destination
175.16 of the property.

175.17 (c) Tangible personal property delivered to a common or contract carrier or foreign
175.18 vessel for delivery to a purchaser in another state or nation is a sale in that state or nation,
175.19 regardless of f.o.b. point or other conditions of the sale.

175.20 (d) Notwithstanding paragraphs (b) and (c), when intoxicating liquor, wine,
175.21 fermented malt beverages, cigarettes, or tobacco products are sold to a purchaser who is
175.22 licensed by a state or political subdivision to resell this property only within the state of
175.23 ultimate destination, the sale is made in that state.

175.24 (e) Sales made by or through a corporation that is qualified as a domestic
175.25 international sales corporation under section 992 of the Internal Revenue Code are not
175.26 considered to have been made within this state.

175.27 (f) Sales, rents, royalties, and other income in connection with real property is
175.28 attributed to the state in which the property is located.

175.29 (g) Receipts from the lease or rental of tangible personal property, including finance
175.30 leases and true leases, must be attributed to this state if the property is located in this
175.31 state and to other states if the property is not located in this state. Receipts from the
175.32 lease or rental of moving property including, but not limited to, motor vehicles, rolling
175.33 stock, aircraft, vessels, or mobile equipment are included in the numerator of the receipts
175.34 factor to the extent that the property is used in this state. The extent of the use of moving
175.35 property is determined as follows:

175.36 (1) A motor vehicle is used wholly in the state in which it is registered.

176.1 (2) The extent that rolling stock is used in this state is determined by multiplying
176.2 the receipts from the lease or rental of the rolling stock by a fraction, the numerator of
176.3 which is the miles traveled within this state by the leased or rented rolling stock and the
176.4 denominator of which is the total miles traveled by the leased or rented rolling stock.

176.5 (3) The extent that an aircraft is used in this state is determined by multiplying the
176.6 receipts from the lease or rental of the aircraft by a fraction, the numerator of which is
176.7 the number of landings of the aircraft in this state and the denominator of which is the
176.8 total number of landings of the aircraft.

176.9 (4) The extent that a vessel, mobile equipment, or other mobile property is used in
176.10 the state is determined by multiplying the receipts from the lease or rental of the property
176.11 by a fraction, the numerator of which is the number of days during the taxable year the
176.12 property was in this state and the denominator of which is the total days in the taxable year.

176.13 (h) Royalties and other income received for the use of or for the privilege of using
176.14 intangible property, including patents, know-how, formulas, designs, processes, patterns,
176.15 copyrights, trade names, service names, franchises, licenses, contracts, customer lists, or
176.16 similar items, must be attributed to the state in which the property is used by the purchaser.
176.17 If the property is used in more than one state, the royalties or other income must be
176.18 apportioned to this state pro rata according to the portion of use in this state. If the portion
176.19 of use in this state cannot be determined, the royalties or other income must be excluded
176.20 from both the numerator and the denominator. Intangible property is used in this state if
176.21 the purchaser uses the intangible property or the rights therein in the regular course of its
176.22 business operations in this state, regardless of the location of the purchaser's customers.

176.23 (i) Sales of intangible property are made within the state in which the property is
176.24 used by the purchaser. If the property is used in more than one state, the sales must be
176.25 apportioned to this state pro rata according to the portion of use in this state. If the
176.26 portion of use in this state cannot be determined, the sale must be excluded from both the
176.27 numerator and the denominator of the sales factor. Intangible property is used in this
176.28 state if the purchaser used the intangible property in the regular course of its business
176.29 operations in this state.

176.30 (j) Receipts from the performance of services must be attributed to the state where
176.31 the services are received. For the purposes of this section, receipts from the performance
176.32 of services provided to a corporation, partnership, or trust may only be attributed to a state
176.33 where it has a fixed place of doing business. If the state where the services are received is
176.34 not readily determinable or is a state where the corporation, partnership, or trust receiving
176.35 the service does not have a fixed place of doing business, the services shall be deemed
176.36 to be received at the location of the office of the customer from which the services were

177.1 ordered in the regular course of the customer's trade or business. If the ordering office
 177.2 cannot be determined, the services shall be deemed to be received at the office of the
 177.3 customer to which the services are billed.

177.4 (k) For the purposes of this subdivision and subdivision 6, paragraph (l), receipts
 177.5 from management, distribution, or administrative services performed by a corporation
 177.6 or trust for a fund of a corporation or trust regulated under United States Code, title 15,
 177.7 sections 80a-1 through 80a-64, must be attributed to the state where the shareholder of
 177.8 the fund resides. Under this paragraph, receipts for services attributed to shareholders are
 177.9 determined on the basis of the ratio of: (1) the average of the outstanding shares in the
 177.10 fund owned by shareholders residing within Minnesota at the beginning and end of each
 177.11 year; and (2) the average of the total number of outstanding shares in the fund at the
 177.12 beginning and end of each year. Residence of the shareholder, in the case of an individual,
 177.13 is determined by the mailing address furnished by the shareholder to the fund. Residence
 177.14 of the shareholder, when the shares are held by an insurance company as a depositor for
 177.15 the insurance company policyholders, is the mailing address of the policyholders. In
 177.16 the case of an insurance company holding the shares as a depositor for the insurance
 177.17 company policyholders, if the mailing address of the policyholders cannot be determined
 177.18 by the taxpayer, the receipts must be excluded from both the numerator and denominator.
 177.19 Residence of other shareholders is the mailing address of the shareholder.

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

177.21 Sec. 5. Minnesota Statutes 2012, section 296A.01, subdivision 16, is amended to read:

177.22 Subd. 16. **Dyed fuel.** "Dyed fuel" means ~~diesel~~ motor fuel to which indelible dye
 177.23 has been added, either before or upon withdrawal at a terminal or refinery rack, and which
 177.24 may be sold for exempt purposes. The dye may be either dye required to be added per the
 177.25 EPA or dye that meets other specifications required by the Internal Revenue Service or
 177.26 the commissioner.

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

177.28 Sec. 6. Minnesota Statutes 2013 Supplement, section 403.162, subdivision 5, is
 177.29 amended to read:

177.30 Subd. 5. **Fees deposited.** (a) The commissioner of revenue shall, based on
 177.31 the relative proportion of the prepaid wireless E911 fee and the prepaid wireless
 177.32 telecommunications access Minnesota fee imposed per retail transaction, divide the fees

178.1 collected in corresponding proportions. Within 30 days of receipt of the collected fees,
178.2 the commissioner shall:

178.3 (1) deposit the proportion of the collected fees attributable to the prepaid wireless
178.4 E911 fee in the 911 emergency telecommunications service account in the special revenue
178.5 fund; and

178.6 (2) deposit the proportion of collected fees attributable to the prepaid wireless
178.7 telecommunications access Minnesota fee in the telecommunications access fund
178.8 established in section 237.52, subdivision 1.

178.9 (b) The ~~department~~ commissioner of revenue may deduct and ~~retain~~ deposit in a
178.10 special revenue account an amount, not to exceed two percent of collected fees;. Money
178.11 in the account is annually appropriated to the commissioner of revenue to reimburse its
178.12 direct costs of administering the collection and remittance of prepaid wireless E911 fees
178.13 and prepaid wireless telecommunications access Minnesota fees.

178.14 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2014.

178.15 Sec. 7. Laws 2013, chapter 143, article 8, section 3, the effective date, is amended to
178.16 read:

178.17 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
178.18 June 30, 2013, except for paragraph (p), which is effective the day following final
178.19 enactment.

178.20 **EFFECTIVE DATE.** This section is effective retroactively from the day following
178.21 final enactment of Laws 2013, chapter 143, article 8, section 3.

178.22 Sec. 8. **REPEALER.**

178.23 Minnesota Rules, parts 8130.8900, subpart 3; and 8130.9500, subparts 1, 1a, 2,
178.24 3, 4, and 5, are repealed.

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

178.26 Delete the title and insert:

178.27 "A bill for an act
178.28 relating to financing of state and local government; making changes to individual
178.29 income, property, sales and use, excise, estate, mineral, tobacco, alcohol, special,
178.30 local, and other taxes and tax-related provisions; providing for and increasing
178.31 credits; modifying local government aids; eliminating certain minor property tax
178.32 classifications; modifying exclusions, exemptions, and levy deadlines; imposing
178.33 a tax on solar energy production; modifying sales, use, and excise tax exemptions;
178.34 changing sales, use, and excise tax remittances; modifying certain local sales and
178.35 use taxes; allowing for temporary sales and use tax amnesty; modifying income
178.36 tax credits and subtractions; clarifying estate tax provisions; providing for certain

179.1 local development projects; changing license revocation procedures; modifying
 179.2 installment payments; modifying certain county levy authority; allocating
 179.3 additional tax reductions for border cities; removing obsolete, redundant, and
 179.4 unnecessary laws and administrative rules administered by the Department of
 179.5 Revenue; making various policy and technical changes; appropriating money;
 179.6 amending Minnesota Statutes 2012, sections 16D.02, subdivisions 3, 6; 16D.04,
 179.7 subdivisions 3, 4; 16D.07; 16D.11, subdivisions 1, 3, 7; 84A.20, subdivision
 179.8 2; 84A.31, subdivision 2; 115B.49, subdivision 4; 116J.8737, by adding a
 179.9 subdivision; 163.06, subdivision 1; 270.11, subdivision 1; 270.12, subdivisions
 179.10 2, 4; 270.87; 270A.03, subdivision 2; 270B.14, subdivision 3; 270C.085;
 179.11 270C.34, subdivision 2; 270C.52, subdivision 2; 270C.56, subdivision 3;
 179.12 270C.72, subdivisions 1, 3; 272.01, subdivisions 1, 3; 272.02, subdivisions 10,
 179.13 24; 272.0211, subdivisions 1, 2; 272.025, subdivision 1; 272.027, subdivision
 179.14 1; 272.029, subdivisions 4a, 6; 272.03, subdivision 1; 273.01; 273.061,
 179.15 subdivision 6; 273.10; 273.11, subdivision 13; 273.112, subdivision 6a; 273.13,
 179.16 subdivisions 22, 34; 273.1384, subdivision 2; 273.18; 273.33, subdivision 2;
 179.17 273.37, subdivision 2; 273.3711; 274.01, subdivisions 1, 2; 274.014, subdivision
 179.18 3; 275.025, subdivision 2; 275.065, subdivision 1; 275.08, subdivisions 1a, 1d;
 179.19 275.74, subdivision 2; 275.75; 279.03; 279.16; 279.23; 279.25; 280.001; 280.03;
 179.20 280.07; 280.11; 281.03; 281.327; 282.01, subdivision 6; 282.04, subdivision
 179.21 4; 282.261, subdivisions 2, 4, 5; 282.322; 287.30; 289A.18, subdivision 2;
 179.22 289A.25, subdivision 1; 289A.60, subdivision 15; 290.01, subdivisions 5, 19f,
 179.23 29; 290.015, subdivision 1; 290.068, subdivision 1; 290.07, subdivisions 1,
 179.24 2; 290.0922, subdivision 3; 290.095, subdivision 3; 290.9728, subdivision 2;
 179.25 296A.01, subdivision 16; 297A.67, subdivision 13a, by adding a subdivision;
 179.26 297A.70, subdivision 10; 297A.71, by adding a subdivision; 297A.94; 297B.03;
 179.27 297B.09; 297F.03, subdivision 2; 297F.09, subdivision 10; 297G.03, by adding
 179.28 a subdivision; 297G.09, subdivision 9; 297I.05, subdivision 14; 298.75,
 179.29 subdivisions 1, 2; 383D.41, by adding a subdivision; 383E.21, subdivisions
 179.30 1, 2; 412.131; 469.171, subdivision 6; 469.176, subdivisions 1b, 3; 469.1763,
 179.31 subdivision 3; 469.177, subdivision 3; 473.665, subdivision 5; 477A.0124,
 179.32 subdivision 5; 477A.014, subdivision 1; 477A.03, by adding a subdivision;
 179.33 611.27, subdivisions 13, 15; Minnesota Statutes 2013 Supplement, sections
 179.34 116J.8737, subdivision 2, as amended; 116J.8738, subdivisions 2, 3, 4; 270B.01,
 179.35 subdivision 8; 270B.03, subdivision 1; 273.032; 273.13, subdivisions 23, 25;
 179.36 273.1325, subdivisions 1, 2; 273.1398, subdivisions 3, 4; 275.70, subdivision 5;
 179.37 279.37, subdivision 2; 281.17; 289A.20, subdivision 4; 290.01, subdivisions 19b,
 179.38 as amended, 19d; 290.091, subdivision 2, as amended; 290.0921, subdivision
 179.39 3; 290.191, subdivision 5; 290C.03; 291.005, subdivision 1, as amended;
 179.40 297A.61, subdivisions 3, as amended, 4; 297A.68, subdivisions 42, 44; 297A.70,
 179.41 subdivisions 2, 13, 14; 297A.75, subdivisions 1, 2, 3; 297B.01, subdivision
 179.42 16; 360.531, subdivision 2; 403.162, subdivision 5; 423A.02, subdivision
 179.43 3; 423A.022, subdivisions 2, 3; 465.04; 469.169, by adding a subdivision;
 179.44 469.1763, subdivision 2; 477A.013, subdivision 8; 477A.03, subdivision 2a;
 179.45 477A.12, subdivision 1; 477A.14, subdivision 1; Laws 1980, chapter 511, section
 179.46 1, subdivision 2, as amended; Laws 2005, First Special Session chapter 3, article
 179.47 5, section 38, subdivision 4; Laws 2006, chapter 259, article 3, sections 10,
 179.48 subdivisions 3, 4, 5; 11, subdivisions 3, 4, 5; Laws 2008, chapter 366, article 10,
 179.49 section 15; Laws 2013, chapter 143, article 8, sections 3; 37; article 9, section 23;
 179.50 article 11, section 10; Laws 2014, chapter 150, article 3, section 4; proposing
 179.51 coding for new law in Minnesota Statutes, chapters 69; 168A; 272; 383A;
 179.52 477A; repealing Minnesota Statutes 2012, sections 16D.02, subdivisions 5, 8;
 179.53 16D.11, subdivision 2; 270C.131; 270C.53; 270C.991, subdivision 4; 272.02,
 179.54 subdivisions 1, 1a, 43, 48, 51, 53, 67, 72, 82; 272.027, subdivision 2; 272.031;
 179.55 273.015, subdivision 1; 273.03, subdivision 3; 273.075; 273.1115; 273.13,
 179.56 subdivision 21a; 273.1383; 273.1386; 273.1398, subdivision 4b; 273.80; 275.77;
 179.57 279.32; 281.173, subdivision 8; 281.174, subdivision 8; 281.328; 282.10; 282.23;
 179.58 287.20, subdivision 4; 287.27, subdivision 2; 289A.56, subdivision 7; 290.01,

180.1 subdivisions 4b, 19e, 20e; 290.06, subdivisions 30, 31; 290.0674, subdivision 3;
180.2 290.191, subdivision 4; 290.33; 290C.02, subdivisions 5, 9; 290C.06; 295.52,
180.3 subdivision 7; 297A.68, subdivision 38; 297A.71, subdivisions 4, 5, 7, 9, 10,
180.4 17, 18, 20, 32, 41; 297F.08, subdivision 11; 297H.10, subdivision 2; 469.174,
180.5 subdivision 10c; 469.175, subdivision 2b; 469.176, subdivision 1i; 469.1764;
180.6 469.177, subdivision 10; 469.330; 469.331; 469.332; 469.333; 469.334; 469.335;
180.7 469.336; 469.337; 469.338; 469.339; 469.340, subdivisions 1, 2, 3, 5; 469.341;
180.8 477A.0124, subdivisions 1, 6; 505.173; Minnesota Statutes 2013 Supplement,
180.9 sections 273.1103; 469.340, subdivision 4; Laws 1993, chapter 375, article 9,
180.10 section 47; Minnesota Rules, parts 8002.0200, subpart 8; 8007.0200; 8100.0800;
180.11 8130.7500, subpart 7; 8130.8900, subpart 3; 8130.9500, subparts 1, 1a, 2, 3, 4, 5."