

1.1 moves to amend H.F. No. 603 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 **"ARTICLE 1**

1.4 **PROPERTY TAX**

1.5 Section 1. Minnesota Statutes 2016, section 40A.18, subdivision 2, is amended to read:

1.6 Subd. 2. **Allowed commercial and industrial operations.** (a) Commercial and industrial
1.7 operations are not allowed on land within an agricultural preserve except:

1.8 (1) small on-farm commercial or industrial operations normally associated with and
1.9 important to farming in the agricultural preserve area;

1.10 (2) storage use of existing farm buildings that does not disrupt the integrity of the
1.11 agricultural preserve; ~~and~~

1.12 (3) small commercial use of existing farm buildings for trades not disruptive to the
1.13 integrity of the agricultural preserve such as a carpentry shop, small scale mechanics shop,
1.14 and similar activities that a farm operator might conduct; and

1.15 (4) wireless communication installments and related equipment and structure capable
1.16 of providing technology potentially beneficial to farming activities.

1.17 (b) For purposes of paragraph (a), clauses (2) and (3), "existing" in clauses (2) and (3)
1.18 means existing on August 1, 1989.

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

1.20 **Sec. 2. [103C.333] COUNTY LEVY AUTHORITY.**

1.21 Notwithstanding any other law to the contrary, a county levying a tax under section
1.22 103C.331 shall not include any taxes levied under those authorities in the levy certified

2.1 under section 275.07, subdivision 1, paragraph (a). A county levying under section 103C.331
 2.2 shall separately certify that amount, and the auditor shall extend that levy as a special taxing
 2.3 district levy under sections 275.066 and 275.07, subdivision 1, paragraph (b).

2.4 **EFFECTIVE DATE.** This section is effective for certifications made in 2017 and
 2.5 thereafter.

2.6 Sec. 3. Minnesota Statutes 2016, section 272.02, subdivision 23, is amended to read:

2.7 Subd. 23. **Secondary liquid agricultural chemical containment facilities.** Secondary
 2.8 containment tanks, cache basins, and that portion of the structure needed for the containment
 2.9 facility used to confine agricultural chemicals as defined in section 18D.01, subdivision 3,
 2.10 as required by the commissioner of agriculture under chapter 18B or 18C, berms used by
 2.11 a reseller to contain agricultural chemical spills from primary storage containers and prevent
 2.12 runoff or leaching of liquid agricultural chemicals as defined in section 18D.01, subdivision
 2.13 3, are exempt. For purposes of this subdivision, "reseller" means a person licensed by the
 2.14 commissioner of agriculture under section 18B.316 or 18C.415.

2.15 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2016
 2.16 provided that nothing in this section shall cause property that was classified as exempt
 2.17 property for taxes payable in 2016 to lose its exempt status for taxes payable in those years.

2.18 Sec. 4. Minnesota Statutes 2016, section 272.02, subdivision 86, is amended to read:

2.19 Subd. 86. **Apprenticeship training facilities.** All or a portion of a building used
 2.20 exclusively for a state-approved apprenticeship program through the Department of Labor
 2.21 and Industry is exempt if:

2.22 (1) it is owned by a nonprofit organization or a nonprofit trust, and operated by a nonprofit
 2.23 organization or a nonprofit trust;

2.24 (2) the program participants receive no compensation; and

2.25 (3) it is located:

2.26 (i) in the Minneapolis and St. Paul standard metropolitan statistical area as determined
 2.27 by the 2000 federal census;

2.28 (ii) in a city outside the Minneapolis and St. Paul standard metropolitan statistical area
 2.29 that has a population of 7,400 or greater according to the most recent federal census; or

3.1 (iii) in a township that has a population greater than ~~2,000~~ 1,400 but less than 3,000
 3.2 determined by the 2000 federal census and the building was previously used by a school
 3.3 and was exempt for taxes payable in 2010.

3.4 Use of the property for advanced skills training of incumbent workers does not disqualify
 3.5 the property for the exemption under this subdivision. This exemption includes up to five
 3.6 acres of the land on which the building is located and associated parking areas on that land,
 3.7 except that if the building meets the requirements of clause (3), item (iii), then the exemption
 3.8 includes up to ten acres of land on which the building is located and associated parking
 3.9 areas on that land. If a parking area associated with the facility is used for the purposes of
 3.10 the facility and for other purposes, a portion of the parking area shall be exempt in proportion
 3.11 to the square footage of the facility used for purposes of apprenticeship training.

3.12 Sec. 5. Minnesota Statutes 2016, section 272.02, is amended by adding a subdivision to
 3.13 read:

3.14 Subd. 100. Electric generation facility; personal property. (a) Notwithstanding
 3.15 subdivision 9, clause (a), attached machinery and other personal property that is part of an
 3.16 electric generation facility with more than 35 megawatts and less than 40 megawatts of
 3.17 installed capacity and that meets the requirements of this subdivision is exempt from taxation
 3.18 and payments in lieu of taxation. The facility must:

3.19 (1) be designed to utilize natural gas as a primary fuel;

3.20 (2) be owned and operated by a municipal power agency as defined in section 453.52,
 3.21 subdivision 8;

3.22 (3) be located within 800 feet of an existing natural gas pipeline;

3.23 (4) satisfy a resource deficiency identified in an approved integrated resource plan filed
 3.24 under section 216B.2422;

3.25 (5) be located outside the metropolitan area as defined under section 473.121, subdivision
 3.26 2; and

3.27 (6) have received, by resolution, the approval of the governing bodies of the city and
 3.28 county in which it is located for the exemption of personal property provided by this
 3.29 subdivision.

3.30 (b) Construction of the facility must have been commenced after January 1, 2015, and
 3.31 before January 1, 2017. Property eligible for this exemption does not include electric

4.1 transmission lines and interconnections or gas pipelines and interconnections appurtenant
 4.2 to the property or the facility.

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

4.4 Sec. 6. Minnesota Statutes 2016, section 272.0213, is amended to read:

4.5 **272.0213 LEASED SEASONAL-RECREATIONAL LAND.**

4.6 (a) ~~A county board may elect, by resolution, to~~ Qualified lands, as defined in this section,
 4.7 are exempt from taxation, including the tax under section 273.19, ~~qualified lands.~~ "Qualified
 4.8 lands" for purposes of this section means property land that:

4.9 (1) is owned by a county, city, town, or the state; and

4.10 (2) is rented by the entity for noncommercial seasonal-recreational ~~or~~ noncommercial
 4.11 seasonal-recreational residential use; and, or class 1c commercial seasonal-recreational
 4.12 residential use.

4.13 ~~(3) was rented for the purposes specified in clause (2) and was exempt from taxation~~
 4.14 ~~for property taxes payable in 2008.~~

4.15 (b) Lands owned by the federal government and rented for noncommercial
 4.16 seasonal-recreational or noncommercial seasonal-recreational residential, or class 1c
 4.17 commercial seasonal-recreational residential use are exempt from taxation, including the
 4.18 tax under section 273.19.

4.19 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2018.

4.20 Sec. 7. Minnesota Statutes 2016, section 272.029, subdivision 2, is amended to read:

4.21 Subd. 2. **Definitions.** (a) For the purposes of this section, the term:

4.22 (1) "wind energy conversion system" has the meaning given in section 216C.06,
 4.23 subdivision 19, and also includes a substation that is used and owned by one or more wind
 4.24 energy conversion facilities;

4.25 (2) "large scale wind energy conversion system" means a wind energy conversion system
 4.26 of more than 12 megawatts, as measured by the nameplate capacity of the system or as
 4.27 combined with other systems as provided in paragraph (b);

4.28 (3) "medium scale wind energy conversion system" means a wind energy conversion
 4.29 system of over two and not more than 12 megawatts, as measured by the nameplate capacity
 4.30 of the system or as combined with other systems as provided in paragraph (b); and

5.1 (4) "small scale wind energy conversion system" means a wind energy conversion system
 5.2 of two megawatts and under, as measured by the nameplate capacity of the system or as
 5.3 combined with other systems as provided in paragraph (b).

5.4 (b) For systems installed and contracted for after January 1, 2002, the total size of a
 5.5 wind energy conversion system under this subdivision shall be determined according to this
 5.6 paragraph. Unless the systems are interconnected with different distribution systems, the
 5.7 nameplate capacity of one wind energy conversion system shall be combined with the
 5.8 nameplate capacity of any other wind energy conversion system that is:

5.9 (1) located within five miles of the wind energy conversion system;

5.10 (2) constructed within the same calendar year as the wind energy conversion system;

5.11 and

5.12 (3) under common ownership.

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

5.15 (c) In making a determination under paragraph (b), the commissioner of commerce may
 5.16 determine that two wind energy conversion systems are under common ownership when
 5.17 the underlying ownership structure contains ~~similar~~ the same persons or entities, even if the
 5.18 ownership shares differ between the two systems. Wind energy conversion systems are not
 5.19 under common ownership solely because the same person or entity provided equity financing
 5.20 for the systems. Wind energy conversion systems that were determined by the commissioner
 5.21 of commerce to be eligible for a renewable energy production incentive under section
 5.22 216C.41 are not under common ownership unless a change in the qualifying owner was
 5.23 made to an owner of another wind energy conversion system subsequent to the determination
 5.24 by the commissioner of commerce.

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

5.26 Sec. 8. Minnesota Statutes 2016, section 272.162, is amended to read:

5.27 **272.162 RESTRICTIONS ON TRANSFERS OF SPECIFIC PARTS.**

5.28 Subdivision 1. **Conditions restricting transfer.** When a deed or other instrument
 5.29 conveying a parcel of land is presented to the county auditor for transfer or division under
 5.30 sections 272.12, 272.16, and 272.161, the auditor shall not transfer or divide the land or its
 5.31 net tax capacity in the official records and shall not certify the instrument as provided in
 5.32 section 272.12, if:

6.1 (a) The land conveyed is less than a whole parcel of land as charged in the tax lists;

6.2 (b) The part conveyed appears within the area of application of municipal or county
6.3 subdivision regulations adopted and filed under section 394.35 or section 462.36, subdivision
6.4 1; and

6.5 (c) The part conveyed is part of or constitutes a subdivision as defined in section 462.352,
6.6 subdivision 12.

6.7 Subd. 2. **Conditions allowing transfer.** (a) Notwithstanding the provisions of subdivision
6.8 1, the county auditor may transfer or divide the land and its net tax capacity and may certify
6.9 the instrument if the instrument contains a certification by the clerk of the municipality or
6.10 designated county planning official:

6.11 ~~(a)~~ (1) that the municipality's or county's subdivision regulations do not apply;

6.12 ~~(b)~~ (2) that the subdivision has been approved by the governing body of the municipality
6.13 or county; or

6.14 ~~(c)~~ (3) that the restrictions on the division of taxes and filing and recording have been
6.15 waived by resolution of the governing body of the municipality or county in the particular
6.16 case because compliance would create an unnecessary hardship and failure to comply would
6.17 not interfere with the purpose of the regulations.

6.18 (b) If any of the conditions for certification by the municipality or county as provided
6.19 in this subdivision exist and the municipality or county does not certify that they exist within
6.20 24 hours after the instrument of conveyance has been presented to the clerk of the
6.21 municipality or designated county planning official, the provisions of subdivision 1 do not
6.22 apply.

6.23 (c) If an unexecuted instrument is presented to the municipality or county and any of
6.24 the conditions for certification by the municipality or county as provided in this subdivision
6.25 exist, the unexecuted instrument must be certified by the clerk of the municipality or the
6.26 designated county planning official.

6.27 Subd. 3. **Applicability of restrictions.** (a) This section does not apply to the exceptions
6.28 set forth in section 272.12.

6.29 (b) This section applies only to land within municipalities or counties which choose to
6.30 be governed by its provisions. A municipality or county may choose to have this section
6.31 apply to the property within its boundaries by filing a certified copy of a resolution of its
6.32 governing body making that choice with the auditor and recorder of the county in which it
6.33 is located.

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

7.2 Sec. 9. Minnesota Statutes 2016, section 273.124, subdivision 3a, is amended to read:

7.3 Subd. 3a. **Manufactured home park cooperative.** (a) When a manufactured home park
7.4 is owned by a corporation or association organized under chapter 308A or 308B, and each
7.5 person who owns a share or shares in the corporation or association is entitled to occupy a
7.6 lot within the park, the corporation or association may claim homestead treatment for the
7.7 park. Each lot must be designated by legal description or number, and each lot is limited to
7.8 not more than one-half acre of land.

7.9 (b) The manufactured home park shall be entitled to homestead treatment if all of the
7.10 following criteria are met:

7.11 (1) the occupant or the cooperative corporation or association is paying the ad valorem
7.12 property taxes and any special assessments levied against the land and structure either
7.13 directly, or indirectly through dues to the corporation or association; and

7.14 (2) the corporation or association organized under chapter 308A or 308B is wholly
7.15 owned by persons having a right to occupy a lot owned by the corporation or association.

7.16 (c) A charitable corporation, organized under the laws of Minnesota with no outstanding
7.17 stock, and granted a ruling by the Internal Revenue Service for 501(c)(3) tax-exempt status,
7.18 qualifies for homestead treatment with respect to a manufactured home park if its members
7.19 hold residential participation warrants entitling them to occupy a lot in the manufactured
7.20 home park.

7.21 (d) "Homestead treatment" under this subdivision means the classification rate provided
7.22 for class 4c property classified under section 273.13, subdivision 25, paragraph (d), clause
7.23 (5), item (ii); and the homestead market value exclusion under section 273.13, subdivision
7.24 35, does not apply and the property taxes assessed against the park shall not be included in
7.25 the determination of taxes payable for rent paid under section 290A.03.

7.26 **EFFECTIVE DATE.** This section is effective beginning with claims for taxes payable
7.27 in 2018.

7.28 Sec. 10. Minnesota Statutes 2016, section 273.124, subdivision 14, is amended to read:

7.29 Subd. 14. **Agricultural homesteads; special provisions.** (a) Real estate of less than ten
7.30 acres that is the homestead of its owner must be classified as class 2a under section 273.13,
7.31 subdivision 23, paragraph (a), if:

8.1 (1) the parcel on which the house is located is contiguous on at least two sides to (i)
8.2 agricultural land, (ii) land owned or administered by the United States Fish and Wildlife
8.3 Service, or (iii) land administered by the Department of Natural Resources on which in lieu
8.4 taxes are paid under sections 477A.11 to 477A.14;

8.5 (2) its owner also owns a noncontiguous parcel of agricultural land that is at least 20
8.6 acres;

8.7 (3) the noncontiguous land is located not farther than four townships or cities, or a
8.8 combination of townships or cities from the homestead; and

8.9 (4) the agricultural use value of the noncontiguous land and farm buildings is equal to
8.10 at least 50 percent of the market value of the house, garage, and one acre of land.

8.11 Homesteads initially classified as class 2a under the provisions of this paragraph shall
8.12 remain classified as class 2a, irrespective of subsequent changes in the use of adjoining
8.13 properties, as long as the homestead remains under the same ownership, the owner owns a
8.14 noncontiguous parcel of agricultural land that is at least 20 acres, and the agricultural use
8.15 value qualifies under clause (4). Homestead classification under this paragraph is limited
8.16 to property that qualified under this paragraph for the 1998 assessment.

8.17 (b)(i) Agricultural property shall be classified as the owner's homestead, to the same
8.18 extent as other agricultural homestead property, if all of the following criteria are met:

8.19 (1) the agricultural property consists of at least 40 acres including undivided government
8.20 lots and correctional 40's;

8.21 (2) the owner, the owner's spouse, or a grandchild, child, sibling, or parent of the owner
8.22 or of the owner's spouse, is actively farming the agricultural property, either on the person's
8.23 own behalf as an individual or on behalf of a partnership operating a family farm, family
8.24 farm corporation, joint family farm venture, or limited liability company of which the person
8.25 is a partner, shareholder, or member;

8.26 (3) both the owner of the agricultural property and the person who is actively farming
8.27 the agricultural property under clause (2), are Minnesota residents;

8.28 (4) neither the owner nor the spouse of the owner claims another agricultural homestead
8.29 in Minnesota; and

8.30 (5) neither the owner nor the person actively farming the agricultural property lives
8.31 farther than four townships or cities, or a combination of four townships or cities, from the
8.32 agricultural property, except that if the owner or the owner's spouse is required to live in
8.33 employer-provided housing, the owner or owner's spouse, whichever is actively farming

9.1 the agricultural property, may live more than four townships or cities, or combination of
9.2 four townships or cities from the agricultural property.

9.3 The relationship under this paragraph may be either by blood or marriage.

9.4 ~~(ii) Agricultural property held by a trustee under a trust is eligible for agricultural~~
9.5 ~~homestead classification under this paragraph if the qualifications in clause (i) are met,~~
9.6 ~~except that "owner" means the grantor of the trust.~~

9.7 ~~(iii)~~ Property containing the residence of an owner who owns qualified property under
9.8 clause (i) shall be classified as part of the owner's agricultural homestead, if that property
9.9 is also used for noncommercial storage or drying of agricultural crops.

9.10 ~~(iv)~~ (iii) As used in this paragraph, "agricultural property" means class 2a property and
9.11 any class 2b property that is contiguous to and under the same ownership as the class 2a
9.12 property.

9.13 (c) Noncontiguous land shall be included as part of a homestead under section 273.13,
9.14 subdivision 23, paragraph (a), only if the homestead is classified as class 2a and the detached
9.15 land is located in the same township or city, or not farther than four townships or cities or
9.16 combination thereof from the homestead. Any taxpayer of these noncontiguous lands must
9.17 notify the county assessor that the noncontiguous land is part of the taxpayer's homestead,
9.18 and, if the homestead is located in another county, the taxpayer must also notify the assessor
9.19 of the other county.

9.20 (d) Agricultural land used for purposes of a homestead and actively farmed by a person
9.21 holding a vested remainder interest in it must be classified as a homestead under section
9.22 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a, any other
9.23 dwellings on the land used for purposes of a homestead by persons holding vested remainder
9.24 interests who are actively engaged in farming the property, and up to one acre of the land
9.25 surrounding each homestead and reasonably necessary for the use of the dwelling as a home,
9.26 must also be assessed class 2a.

9.27 (e) Agricultural land and buildings that were class 2a homestead property under section
9.28 273.13, subdivision 23, paragraph (a), for the 1997 assessment shall remain classified as
9.29 agricultural homesteads for subsequent assessments if:

9.30 (1) the property owner abandoned the homestead dwelling located on the agricultural
9.31 homestead as a result of the April 1997 floods;

9.32 (2) the property is located in the county of Polk, Clay, Kittson, Marshall, Norman, or
9.33 Wilkin;

10.1 (3) the agricultural land and buildings remain under the same ownership for the current
10.2 assessment year as existed for the 1997 assessment year and continue to be used for
10.3 agricultural purposes;

10.4 (4) the dwelling occupied by the owner is located in Minnesota and is within 30 miles
10.5 of one of the parcels of agricultural land that is owned by the taxpayer; and

10.6 (5) the owner notifies the county assessor that the relocation was due to the 1997 floods,
10.7 and the owner furnishes the assessor any information deemed necessary by the assessor in
10.8 verifying the change in dwelling. Further notifications to the assessor are not required if the
10.9 property continues to meet all the requirements in this paragraph and any dwellings on the
10.10 agricultural land remain uninhabited.

10.11 (f) Agricultural land and buildings that were class 2a homestead property under section
10.12 273.13, subdivision 23, paragraph (a), for the 1998 assessment shall remain classified
10.13 agricultural homesteads for subsequent assessments if:

10.14 (1) the property owner abandoned the homestead dwelling located on the agricultural
10.15 homestead as a result of damage caused by a March 29, 1998, tornado;

10.16 (2) the property is located in the county of Blue Earth, Brown, Cottonwood, LeSueur,
10.17 Nicollet, Nobles, or Rice;

10.18 (3) the agricultural land and buildings remain under the same ownership for the current
10.19 assessment year as existed for the 1998 assessment year;

10.20 (4) the dwelling occupied by the owner is located in this state and is within 50 miles of
10.21 one of the parcels of agricultural land that is owned by the taxpayer; and

10.22 (5) the owner notifies the county assessor that the relocation was due to a March 29,
10.23 1998, tornado, and the owner furnishes the assessor any information deemed necessary by
10.24 the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the
10.25 owner must notify the assessor by December 1, 1998. Further notifications to the assessor
10.26 are not required if the property continues to meet all the requirements in this paragraph and
10.27 any dwellings on the agricultural land remain uninhabited.

10.28 (g) Agricultural property of a family farm corporation, joint family farm venture, family
10.29 farm limited liability company, or partnership operating a family farm as described under
10.30 subdivision 8 shall be classified homestead, to the same extent as other agricultural homestead
10.31 property, if all of the following criteria are met:

10.32 (1) the property consists of at least 40 acres including undivided government lots and
10.33 correctional 40's;

11.1 (2) a shareholder, member, or partner of that entity is actively farming the agricultural
11.2 property;

11.3 (3) that shareholder, member, or partner who is actively farming the agricultural property
11.4 is a Minnesota resident;

11.5 (4) neither that shareholder, member, or partner, nor the spouse of that shareholder,
11.6 member, or partner claims another agricultural homestead in Minnesota; and

11.7 (5) that shareholder, member, or partner does not live farther than four townships or
11.8 cities, or a combination of four townships or cities, from the agricultural property.

11.9 Homestead treatment applies under this paragraph for property leased to a family farm
11.10 corporation, joint farm venture, limited liability company, or partnership operating a family
11.11 farm if legal title to the property is in the name of an individual who is a member, shareholder,
11.12 or partner in the entity.

11.13 (h) To be eligible for the special agricultural homestead under this subdivision, an initial
11.14 full application must be submitted to the county assessor where the property is located.
11.15 Owners and the persons who are actively farming the property shall be required to complete
11.16 only a one-page abbreviated version of the application in each subsequent year provided
11.17 that none of the following items have changed since the initial application:

11.18 (1) the day-to-day operation, administration, and financial risks remain the same;

11.19 (2) the owners and the persons actively farming the property continue to live within the
11.20 four townships or city criteria and are Minnesota residents;

11.21 (3) the same operator of the agricultural property is listed with the Farm Service Agency;

11.22 (4) a Schedule F or equivalent income tax form was filed for the most recent year;

11.23 (5) the property's acreage is unchanged; and

11.24 (6) none of the property's acres have been enrolled in a federal or state farm program
11.25 since the initial application.

11.26 The owners and any persons who are actively farming the property must include the
11.27 appropriate Social Security numbers, and sign and date the application. If any of the specified
11.28 information has changed since the full application was filed, the owner must notify the
11.29 assessor, and must complete a new application to determine if the property continues to
11.30 qualify for the special agricultural homestead. The commissioner of revenue shall prepare
11.31 a standard reapplication form for use by the assessors.

12.1 (i) Agricultural land and buildings that were class 2a homestead property under section
12.2 273.13, subdivision 23, paragraph (a), for the 2007 assessment shall remain classified
12.3 agricultural homesteads for subsequent assessments if:

12.4 (1) the property owner abandoned the homestead dwelling located on the agricultural
12.5 homestead as a result of damage caused by the August 2007 floods;

12.6 (2) the property is located in the county of Dodge, Fillmore, Houston, Olmsted, Steele,
12.7 Wabasha, or Winona;

12.8 (3) the agricultural land and buildings remain under the same ownership for the current
12.9 assessment year as existed for the 2007 assessment year;

12.10 (4) the dwelling occupied by the owner is located in this state and is within 50 miles of
12.11 one of the parcels of agricultural land that is owned by the taxpayer; and

12.12 (5) the owner notifies the county assessor that the relocation was due to the August 2007
12.13 floods, and the owner furnishes the assessor any information deemed necessary by the
12.14 assessor in verifying the change in homestead dwelling. For taxes payable in 2009, the
12.15 owner must notify the assessor by December 1, 2008. Further notifications to the assessor
12.16 are not required if the property continues to meet all the requirements in this paragraph and
12.17 any dwellings on the agricultural land remain uninhabited.

12.18 (j) Agricultural land and buildings that were class 2a homestead property under section
12.19 273.13, subdivision 23, paragraph (a), for the 2008 assessment shall remain classified as
12.20 agricultural homesteads for subsequent assessments if:

12.21 (1) the property owner abandoned the homestead dwelling located on the agricultural
12.22 homestead as a result of the March 2009 floods;

12.23 (2) the property is located in the county of Marshall;

12.24 (3) the agricultural land and buildings remain under the same ownership for the current
12.25 assessment year as existed for the 2008 assessment year and continue to be used for
12.26 agricultural purposes;

12.27 (4) the dwelling occupied by the owner is located in Minnesota and is within 50 miles
12.28 of one of the parcels of agricultural land that is owned by the taxpayer; and

12.29 (5) the owner notifies the county assessor that the relocation was due to the 2009 floods,
12.30 and the owner furnishes the assessor any information deemed necessary by the assessor in
12.31 verifying the change in dwelling. Further notifications to the assessor are not required if the

13.1 property continues to meet all the requirements in this paragraph and any dwellings on the
 13.2 agricultural land remain uninhabited.

13.3 **EFFECTIVE DATE.** This section is effective beginning for property taxes payable in
 13.4 2018.

13.5 Sec. 11. Minnesota Statutes 2016, section 273.124, subdivision 21, is amended to read:

13.6 Subd. 21. **Trust property; homestead.** Real or personal property, including agricultural
 13.7 property, held by a trustee under a trust is eligible for classification as homestead property
 13.8 if the property satisfies the requirements of paragraph (a), (b), (c), ~~(d)~~, or (e).

13.9 (a) The grantor or surviving spouse of the grantor of the trust occupies and uses the
 13.10 property as a homestead.

13.11 (b) A relative or surviving relative of the grantor who meets the requirements of
 13.12 subdivision 1, paragraph (c), in the case of residential real estate; or subdivision 1, paragraph
 13.13 (d), in the case of agricultural property, occupies and uses the property as a homestead.

13.14 (c) A family farm corporation, joint farm venture, limited liability company, or partnership
 13.15 operating a family farm in which the grantor or the grantor's surviving spouse is a
 13.16 shareholder, member, or partner rents the property; and, either (1) a shareholder, member,
 13.17 or partner of the corporation, joint farm venture, limited liability company, or partnership
 13.18 occupies and uses the property as a homestead; or (2) the property is at least 40 acres,
 13.19 including undivided government lots and correctional 40's, and a shareholder, member, or
 13.20 partner of the tenant-entity is actively farming the property on behalf of the corporation,
 13.21 joint farm venture, limited liability company, or partnership.

13.22 (d) A person who has received homestead classification for property taxes payable in
 13.23 2000 on the basis of an unqualified legal right under the terms of the trust agreement to
 13.24 occupy the property as that person's homestead and who continues to use the property as a
 13.25 homestead; or, a person who received the homestead classification for taxes payable in 2005
 13.26 under paragraph (c) who does not qualify under paragraph (c) for taxes payable in 2006 or
 13.27 thereafter but who continues to qualify under paragraph (c) as it existed for taxes payable
 13.28 in 2005.

13.29 (e) The qualifications under subdivision 14, paragraph (b), clause (i), are met. For
 13.30 purposes of this paragraph, "owner" means the grantor of the trust or the surviving spouse
 13.31 of the grantor.

13.32 (f) For purposes of this subdivision, the following terms have the meanings given them:

14.1 (1) "agricultural property" means the house, garage, other farm buildings and structures,
 14.2 and agricultural land;

14.3 (2) "agricultural land" has the meaning given in section 273.13, subdivision 23, except
 14.4 that the phrases "owned by same person" or "under the same ownership" as used in that
 14.5 subdivision mean and include contiguous tax parcels owned by:

14.6 (i) an individual and a trust of which the individual, the individual's spouse, or the
 14.7 individual's deceased spouse is the grantor; or

14.8 (ii) different trusts of which the grantors of each trust are any combination of an
 14.9 individual, the individual's spouse, or the individual's deceased spouse; and

14.10 ~~For purposes of this subdivision,~~ (3) "grantor" is defined as means the person creating
 14.11 or establishing a testamentary, inter Vivos, revocable or irrevocable trust by written
 14.12 instrument or through the exercise of a power of appointment.

14.13 (g) Noncontiguous land is included as part of a homestead under this subdivision, only
 14.14 if the homestead is classified as class 2a, as defined in section 273.13, subdivision 23, and
 14.15 the detached land is located in the same township or city, or not farther than four townships
 14.16 or cities or combination thereof from the homestead. Any taxpayer of these noncontiguous
 14.17 lands must notify the county assessor that the noncontiguous land is part of the taxpayer's
 14.18 homestead, and, if the homestead is located in another county, the taxpayer must also notify
 14.19 the assessor of the other county.

14.20 **EFFECTIVE DATE.** This section is effective beginning for property taxes payable in
 14.21 2018.

14.22 Sec. 12. Minnesota Statutes 2016, section 273.125, subdivision 8, is amended to read:

14.23 Subd. 8. **Manufactured homes; sectional structures.** (a) In this section, "manufactured
 14.24 home" means a structure transportable in one or more sections, which is built on a permanent
 14.25 chassis, and designed to be used as a dwelling with or without a permanent foundation when
 14.26 connected to the required utilities, and contains the plumbing, heating, air conditioning, and
 14.27 electrical systems in it. Manufactured home includes any accessory structure that is an
 14.28 addition or supplement to the manufactured home and, when installed, becomes a part of
 14.29 the manufactured home.

14.30 (b) Except as provided in paragraph (c), a manufactured home that meets each of the
 14.31 following criteria must be valued and assessed as an improvement to real property, the
 14.32 appropriate real property classification applies, and the valuation is subject to review and
 14.33 the taxes payable in the manner provided for real property:

15.1 (1) the owner of the unit holds title to the land on which it is situated;

15.2 (2) the unit is affixed to the land by a permanent foundation or is installed at its location
15.3 in accordance with the Manufactured Home Building Code in sections 327.31 to 327.34,
15.4 and rules adopted under those sections, or is affixed to the land like other real property in
15.5 the taxing district; and

15.6 (3) the unit is connected to public utilities, has a well and septic tank system, or is serviced
15.7 by water and sewer facilities comparable to other real property in the taxing district.

15.8 (c) A manufactured home that meets each of the following criteria must be assessed at
15.9 the rate provided by the appropriate real property classification but must be treated as
15.10 personal property, and the valuation is subject to review and the taxes payable in the manner
15.11 provided in this section:

15.12 (1) the owner of the unit is a lessee of the land under the terms of a lease, or the unit is
15.13 located in a manufactured home park but is not the homestead of the park owner;

15.14 (2) the unit is affixed to the land by a permanent foundation or is installed at its location
15.15 in accordance with the Manufactured Home Building Code contained in sections 327.31 to
15.16 327.34, and the rules adopted under those sections, or is affixed to the land like other real
15.17 property in the taxing district; and

15.18 (3) the unit is connected to public utilities, has a well and septic tank system, or is serviced
15.19 by water and sewer facilities comparable to other real property in the taxing district.

15.20 (d) Sectional structures must be valued and assessed as an improvement to real property
15.21 if the owner of the structure holds title to the land on which it is located or is a qualifying
15.22 lessee of the land under section 273.19. In this paragraph "sectional structure" means a
15.23 building or structural unit that has been in whole or substantial part manufactured or
15.24 constructed at an off-site location to be wholly or partially assembled on site alone or with
15.25 other units and attached to a permanent foundation.

15.26 (e) The commissioner of revenue may adopt rules under the Administrative Procedure
15.27 Act to establish additional criteria for the classification of manufactured homes and sectional
15.28 structures under this subdivision.

15.29 (f) A storage shed, deck, or similar improvement constructed on property that is leased
15.30 or rented as a site for a manufactured home, sectional structure, park trailer, or travel trailer
15.31 is taxable as provided in this section. In the case of property that is leased or rented as a site
15.32 for a travel trailer, a storage shed, deck, or similar improvement on the site that is considered
15.33 personal property under this paragraph is taxable only if its total estimated market value is

16.1 over ~~\$1,000~~ \$10,000. The property is taxable as personal property to the lessee of the site
16.2 if it is not owned by the owner of the site. The property is taxable as real estate if it is owned
16.3 by the owner of the site. As a condition of permitting the owner of the manufactured home,
16.4 sectional structure, park trailer, or travel trailer to construct improvements on the leased or
16.5 rented site, the owner of the site must obtain the permanent home address of the lessee or
16.6 user of the site. The site owner must provide the name and address to the assessor upon
16.7 request.

16.8 Sec. 13. Minnesota Statutes 2016, section 273.13, subdivision 22, is amended to read:

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

16.14 The first \$500,000 of market value of class 1a property has a net classification rate of
16.15 one percent of its market value; and the market value of class 1a property that exceeds
16.16 \$500,000 has a classification rate of 1.25 percent of its market value.

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

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

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

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

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

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

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

17.7 (c) Class 1c property is commercial use real and personal property that abuts public
17.8 water as defined in section 103G.005, subdivision 15, or abuts a state trail administered by
17.9 the Department of Natural Resources, and is devoted to temporary and seasonal residential
17.10 occupancy for recreational purposes but not devoted to commercial purposes for more than
17.11 250 days in the year preceding the year of assessment, and that includes a portion used as
17.12 a homestead by the owner, which includes a dwelling occupied as a homestead by a
17.13 shareholder of a corporation that owns the resort, a partner in a partnership that owns the
17.14 resort, or a member of a limited liability company that owns the resort ~~even if,~~ whether the
17.15 title to the homestead is held by the corporation, partnership, or limited liability company,
17.16 or by a shareholder of a corporation who owns the resort, a partner in a partnership who
17.17 owns the resort, or a member of a limited liability company who owns the resort. For
17.18 purposes of this paragraph, property is devoted to a commercial purpose on a specific day
17.19 if any portion of the property, excluding the portion used exclusively as a homestead, is
17.20 used for residential occupancy and a fee is charged for residential occupancy. Class 1c
17.21 property must contain three or more rental units. A "rental unit" is defined as a cabin,
17.22 condominium, townhouse, sleeping room, or individual camping site equipped with water
17.23 and electrical hookups for recreational vehicles. Class 1c property must provide recreational
17.24 activities such as the rental of ice fishing houses, boats and motors, snowmobiles, downhill
17.25 or cross-country ski equipment; provide marina services, launch services, or guide services;
17.26 or sell bait and fishing tackle. Any unit in which the right to use the property is transferred
17.27 to an individual or entity by deeded interest, or the sale of shares or stock, no longer qualifies
17.28 for class 1c even though it may remain available for rent. A camping pad offered for rent
17.29 by a property that otherwise qualifies for class 1c is also class 1c, regardless of the term of
17.30 the rental agreement, as long as the use of the camping pad does not exceed 250 days. If
17.31 the same owner owns two separate parcels that are located in the same township, and one
17.32 of those properties is classified as a class 1c property and the other would be eligible to be
17.33 classified as a class 1c property if it was used as the homestead of the owner, both properties
17.34 will be assessed as a single class 1c property; for purposes of this sentence, properties are
17.35 deemed to be owned by the same owner if each of them is owned by a limited liability
17.36 company, and both limited liability companies have the same membership. The portion of

18.1 the property used as a homestead is class 1a property under paragraph (a). The remainder
18.2 of the property is classified as follows: the first \$600,000 of market value is tier I, the next
18.3 \$1,700,000 of market value is tier II, and any remaining market value is tier III. The
18.4 classification rates for class 1c are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III, 1.25
18.5 percent. Owners of real and personal property devoted to temporary and seasonal residential
18.6 occupancy for recreation purposes in which all or a portion of the property was devoted to
18.7 commercial purposes for not more than 250 days in the year preceding the year of assessment
18.8 desiring classification as class 1c, must submit a declaration to the assessor designating the
18.9 cabins or units occupied for 250 days or less in the year preceding the year of assessment
18.10 by January 15 of the assessment year. Those cabins or units and a proportionate share of
18.11 the land on which they are located must be designated as class 1c as otherwise provided.
18.12 The remainder of the cabins or units and a proportionate share of the land on which they
18.13 are located must be designated as class 3a commercial. The owner of property desiring
18.14 designation as class 1c property must provide guest registers or other records demonstrating
18.15 that the units for which class 1c designation is sought were not occupied for more than 250
18.16 days in the year preceding the assessment if so requested. The portion of a property operated
18.17 as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5)
18.18 other nonresidential facility operated on a commercial basis not directly related to temporary
18.19 and seasonal residential occupancy for recreation purposes does not qualify for class 1c.

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

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

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

18.27 (3) the structure meets all applicable health and safety requirements for the appropriate
18.28 season; and

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

18.31 The market value of class 1d property has the same classification rates as class 1a property
18.32 under paragraph (a).

18.33 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2018.

19.1 Sec. 14. Minnesota Statutes 2016, section 273.13, subdivision 23, is amended to read:

19.2 Subd. 23. **Class 2.** (a) An agricultural homestead consists of class 2a agricultural land
19.3 that is homesteaded, along with any class 2b rural vacant land that is contiguous to the class
19.4 2a land under the same ownership. The market value of the house and garage and immediately
19.5 surrounding one acre of land has the same classification rates as class 1a or 1b property
19.6 under subdivision 22. The value of the remaining land including improvements up to the
19.7 first tier valuation limit of agricultural homestead property has a classification rate of 0.5
19.8 percent of market value. The remaining property over the first tier has a classification rate
19.9 of one percent of market value. For purposes of this subdivision, the "first tier valuation
19.10 limit of agricultural homestead property" and "first tier" means the limit certified under
19.11 section 273.11, subdivision 23.

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

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

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

19.32 (d) Class 2c managed forest land consists of no less than 20 and no more than 1,920
19.33 acres statewide per taxpayer that is being managed under a forest management plan that
19.34 meets the requirements of chapter 290C, but is not enrolled in the sustainable forest resource

20.1 management incentive program. It has a classification rate of .65 percent, provided that the
 20.2 owner of the property must apply to the assessor in order for the property to initially qualify
 20.3 for the reduced rate and provide the information required by the assessor to verify that the
 20.4 property qualifies for the reduced rate. If the assessor receives the application and information
 20.5 before May 1 in an assessment year, the property qualifies beginning with that assessment
 20.6 year. If the assessor receives the application and information after April 30 in an assessment
 20.7 year, the property may not qualify until the next assessment year. The commissioner of
 20.8 natural resources must concur that the land is qualified. The commissioner of natural
 20.9 resources shall annually provide county assessors verification information on a timely basis.
 20.10 The presence of a minor, ancillary nonresidential structure as defined by the commissioner
 20.11 of revenue does not disqualify the property from classification under this paragraph.

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

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

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

20.18 "Agricultural purposes" as used in this section means the raising, cultivation, drying, or
 20.19 storage of agricultural products for sale, or the storage of machinery or equipment used in
 20.20 support of agricultural production by the same farm entity. For a property to be classified
 20.21 as agricultural based only on the drying or storage of agricultural products, the products
 20.22 being dried or stored must have been produced by the same farm entity as the entity operating
 20.23 the drying or storage facility. "Agricultural purposes" also includes enrollment in the Reinvest
 20.24 in Minnesota program under sections 103F.501 to 103F.535 or the federal Conservation
 20.25 Reserve Program as contained in Public Law 99-198 or a similar local, state, or federal
 20.26 conservation program if the property was classified as agricultural (i) under this subdivision
 20.27 for taxes payable in 2003 because of its enrollment in a qualifying program and the land
 20.28 remains enrolled or (ii) in the year prior to its enrollment. For purposes of this section, a
 20.29 local conservation program means a program administered by a town, statutory or home
 20.30 rule charter city, or county, including a watershed district, water management organization,
 20.31 or soil and water conservation district, in which landowners voluntarily enroll land and
 20.32 receive incentive payments in exchange for use or other restrictions placed on the land.
 20.33 Agricultural classification shall not be based upon the market value of any residential
 20.34 structures on the parcel or contiguous parcels under the same ownership.

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

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

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

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

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

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

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

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

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

21.24 Classification under this subdivision is not determinative for qualifying under section
21.25 273.111.

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

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

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

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

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

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

22.11 (5) game birds and waterfowl bred and raised (i) on a game farm licensed under section
22.12 97A.105, provided that the annual licensing report to the Department of Natural Resources,
22.13 which must be submitted annually by March 30 to the assessor, indicates that at least 500
22.14 birds were raised or used for breeding stock on the property during the preceding year and
22.15 that the owner provides a copy of the owner's most recent schedule F; or (ii) for use on a
22.16 shooting preserve licensed under section 97A.115;

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

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

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

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

22.24 (1) wholesale and retail sales;

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

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

22.27 (4) office facilities for the support of the activities enumerated in clauses (1), (2), and
22.28 (3),

22.29 the assessor shall classify the part of the parcel used for agricultural purposes as class 1b,
22.30 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use.

22.31 The grading, sorting, and packaging of raw agricultural products for first sale is considered
22.32 an agricultural purpose. A greenhouse or other building where horticultural or nursery

23.1 products are grown that is also used for the conduct of retail sales must be classified as
 23.2 agricultural if it is primarily used for the growing of horticultural or nursery products from
 23.3 seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products.
 23.4 Use of a greenhouse or building only for the display of already grown horticultural or nursery
 23.5 products does not qualify as an agricultural purpose.

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

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

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

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

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

23.24 The land contained in a landing area under this paragraph must be described and certified
 23.25 by the commissioner of transportation. The certification is effective until it is modified, or
 23.26 until the airport or landing area no longer meets the requirements of this paragraph. For
 23.27 purposes of this paragraph, "public access area" means property used as an aircraft parking
 23.28 ramp, apron, or storage hangar, or an arrival and departure building in connection with the
 23.29 airport.

23.30 (m) Class 2e consists of land with a commercial aggregate deposit that is not actively
 23.31 being mined and is not otherwise classified as class 2a or 2b, provided that the land is not
 23.32 located in a county that has elected to opt-out of the aggregate preservation program as
 23.33 provided in section 273.1115, subdivision 6. It has a classification rate of one percent of
 23.34 market value. To qualify for classification under this paragraph, the property must be at

24.1 least ten contiguous acres in size and the owner of the property must record with the county
24.2 recorder of the county in which the property is located an affidavit containing:

24.3 (1) a legal description of the property;

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

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

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

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

24.16 (n) When any portion of the property under this subdivision or subdivision 22 begins to
24.17 be actively mined, the owner must file a supplemental affidavit within 60 days from the
24.18 day any aggregate is removed stating the number of acres of the property that is actively
24.19 being mined. The acres actively being mined must be (1) valued and classified under
24.20 subdivision 24 in the next subsequent assessment year, and (2) removed from the aggregate
24.21 resource preservation property tax program under section 273.1115, if the land was enrolled
24.22 in that program. Copies of the original affidavit and all supplemental affidavits must be
24.23 filed with the county assessor, the local zoning administrator, and the Department of Natural
24.24 Resources, Division of Land and Minerals. A supplemental affidavit must be filed each
24.25 time a subsequent portion of the property is actively mined, provided that the minimum
24.26 acreage change is five acres, even if the actual mining activity constitutes less than five
24.27 acres.

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

24.31 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2018.

25.1 Sec. 15. Minnesota Statutes 2016, section 273.13, subdivision 25, is amended to read:

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

25.9 (b) Class 4b includes:

25.10 (1) residential real estate containing less than four units that does not qualify as class
 25.11 4bb, other than seasonal residential recreational property;

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

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

25.15 (4) unimproved property that is classified residential as determined under subdivision
 25.16 33.

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

25.18 (c) Class 4bb includes:

25.19 (1) nonhomestead residential real estate containing one unit, other than seasonal
 25.20 residential recreational property, and a single family dwelling, garage;

25.21 (2) single-family dwellings including garages and the surrounding one acre of property
 25.22 on a nonhomestead ~~farm~~ farms classified under subdivision 23, paragraph (b); and

25.23 (3) condominium-type storage units having individual legal descriptions that are not
 25.24 used for commercial purposes.

25.25 Class 4bb property has the same classification rates as class 1a property under subdivision
 25.26 22.

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

25.30 (d) Class 4c property includes:

26.1 (1) except as provided in subdivision 22, paragraph (c), real and personal property
26.2 devoted to commercial temporary and seasonal residential occupancy for recreation purposes,
26.3 for not more than 250 days in the year preceding the year of assessment. For purposes of
26.4 this clause, property is devoted to a commercial purpose on a specific day if any portion of
26.5 the property is used for residential occupancy, and a fee is charged for residential occupancy.
26.6 Class 4c property under this clause must contain three or more rental units. A "rental unit"
26.7 is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site
26.8 equipped with water and electrical hookups for recreational vehicles. A camping pad offered
26.9 for rent by a property that otherwise qualifies for class 4c under this clause is also class 4c
26.10 under this clause regardless of the term of the rental agreement, as long as the use of the
26.11 camping pad does not exceed 250 days. In order for a property to be classified under this
26.12 clause, either (i) the business located on the property must provide recreational activities,
26.13 at least 40 percent of the annual gross lodging receipts related to the property must be from
26.14 business conducted during 90 consecutive days, and either (A) at least 60 percent of all paid
26.15 bookings by lodging guests during the year must be for periods of at least two consecutive
26.16 nights; or (B) at least 20 percent of the annual gross receipts must be from charges for
26.17 providing recreational activities, or (ii) the business must contain 20 or fewer rental units,
26.18 and must be located in a township or a city with a population of 2,500 or less located outside
26.19 the metropolitan area, as defined under section 473.121, subdivision 2, that contains a portion
26.20 of a state trail administered by the Department of Natural Resources. For purposes of item
26.21 (i)(A), a paid booking of five or more nights shall be counted as two bookings. Class 4c
26.22 property also includes commercial use real property used exclusively for recreational
26.23 purposes in conjunction with other class 4c property classified under this clause and devoted
26.24 to temporary and seasonal residential occupancy for recreational purposes, up to a total of
26.25 two acres, provided the property is not devoted to commercial recreational use for more
26.26 than 250 days in the year preceding the year of assessment and is located within two miles
26.27 of the class 4c property with which it is used. In order for a property to qualify for
26.28 classification under this clause, the owner must submit a declaration to the assessor
26.29 designating the cabins or units occupied for 250 days or less in the year preceding the year
26.30 of assessment by January 15 of the assessment year. Those cabins or units and a proportionate
26.31 share of the land on which they are located must be designated class 4c under this clause
26.32 as otherwise provided. The remainder of the cabins or units and a proportionate share of
26.33 the land on which they are located will be designated as class 3a. The owner of property
26.34 desiring designation as class 4c property under this clause must provide guest registers or
26.35 other records demonstrating that the units for which class 4c designation is sought were not
26.36 occupied for more than 250 days in the year preceding the assessment if so requested. The

27.1 portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center
27.2 or meeting room, and (5) other nonresidential facility operated on a commercial basis not
27.3 directly related to temporary and seasonal residential occupancy for recreation purposes
27.4 does not qualify for class 4c. For the purposes of this paragraph, "recreational activities"
27.5 means renting ice fishing houses, boats and motors, snowmobiles, downhill or cross-country
27.6 ski equipment; providing marina services, launch services, or guide services; or selling bait
27.7 and fishing tackle;

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

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

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

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

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

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

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

27.25 For purposes of this clause:

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

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

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

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

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

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

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

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

28.23 (5)(i) manufactured home parks as defined in section 327.14, subdivision 3, excluding
28.24 manufactured home parks described in section 273.124, subdivision 3a, and (ii) manufactured
28.25 home parks as defined in section 327.14, subdivision 3, that are described in section 273.124,
28.26 subdivision 3a;

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

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

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

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

29.3 If a hangar classified under this clause is sold after June 30, 2000, a bill of sale must be
29.4 filed by the new owner with the assessor of the county where the property is located within
29.5 60 days of the sale;

29.6 (8) a privately owned noncommercial aircraft storage hangar not exempt under section
29.7 272.01, subdivision 2, and the land on which it is located, provided that:

29.8 (i) the land abuts a public airport; and

29.9 (ii) the owner of the aircraft storage hangar provides the assessor with a signed agreement
29.10 restricting the use of the premises, prohibiting commercial use or activity performed at the
29.11 hangar; and

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

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

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

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

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

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

29.25 (10) real property up to a maximum of three acres and operated as a restaurant as defined
29.26 under section 157.15, subdivision 12, provided it: (i) is located on a lake as defined under
29.27 section 103G.005, subdivision 15, paragraph (a), clause (3); and (ii) is either devoted to
29.28 commercial purposes for not more than 250 consecutive days, or receives at least 60 percent
29.29 of its annual gross receipts from business conducted during four consecutive months. Gross
29.30 receipts from the sale of alcoholic beverages must be included in determining the property's
29.31 qualification under item (ii). The property's primary business must be as a restaurant and
29.32 not as a bar. Gross receipts from gift shop sales located on the premises must be excluded.

30.1 Owners of real property desiring 4c classification under this clause must submit an annual
30.2 declaration to the assessor by February 1 of the current assessment year, based on the
30.3 property's relevant information for the preceding assessment year;

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

30.14 (12) real and personal property devoted to noncommercial temporary and seasonal
30.15 residential occupancy for recreation purposes.

30.16 Class 4c property has a classification rate of 1.5 percent of market value, except that (i)
30.17 each parcel of noncommercial seasonal residential recreational property under clause (12)
30.18 has the same classification rates as class 4bb property, (ii) manufactured home parks assessed
30.19 under clause (5), item (i), have the same classification rate as class 4b property, and the
30.20 market value of manufactured home parks assessed under clause (5), item (ii), has a
30.21 classification rate of 0.75 percent if more than 50 percent of the lots in the park are occupied
30.22 by shareholders in the cooperative corporation or association and a classification rate of
30.23 one percent if 50 percent or less of the lots are so occupied, (iii) commercial-use seasonal
30.24 residential recreational property and marina recreational land as described in clause (11),
30.25 has a classification rate of one percent for the first \$500,000 of market value, and 1.25
30.26 percent for the remaining market value, (iv) the market value of property described in clause
30.27 (4) has a classification rate of one percent, (v) the market value of property described in
30.28 clauses (2), (6), and (10) has a classification rate of 1.25 percent, and (vi) that portion of
30.29 the market value of property in clause (9) qualifying for class 4c property has a classification
30.30 rate of 1.25 percent, and (vii) property qualifying for classification under clause (3) that is
30.31 owned or operated by a congressionally chartered veterans organization has a classification
30.32 rate of one percent. The commissioner of veterans affairs must provide a list of
30.33 congressionally chartered veterans organizations to the commissioner of revenue by June
30.34 30, 2017, and by January 1, 2018, and each year thereafter.

31.1 (e) Class 4d property is qualifying low-income rental housing certified to the assessor
 31.2 by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion of
 31.3 the units in the building qualify as low-income rental housing units as certified under section
 31.4 273.128, subdivision 3, only the proportion of qualifying units to the total number of units
 31.5 in the building qualify for class 4d. The remaining portion of the building shall be classified
 31.6 by the assessor based upon its use. Class 4d also includes the same proportion of land as
 31.7 the qualifying low-income rental housing units are to the total units in the building. For all
 31.8 properties qualifying as class 4d, the market value determined by the assessor must be based
 31.9 on the normal approach to value using normal unrestricted rents.

31.10 (f) The first tier of market value of class 4d property has a classification rate of 0.75
 31.11 percent. The remaining value of class 4d property has a classification rate of 0.25 percent.
 31.12 For the purposes of this paragraph, the "first tier of market value of class 4d property" means
 31.13 the market value of each housing unit up to the first tier limit. For the purposes of this
 31.14 paragraph, all class 4d property value must be assigned to individual housing units. The
 31.15 first tier limit is \$100,000 for assessment year 2014. For subsequent years, the limit is
 31.16 adjusted each year by the average statewide change in estimated market value of property
 31.17 classified as class 4a and 4d under this section for the previous assessment year, excluding
 31.18 valuation change due to new construction, rounded to the nearest \$1,000, provided, however,
 31.19 that the limit may never be less than \$100,000. Beginning with assessment year 2015, the
 31.20 commissioner of revenue must certify the limit for each assessment year by November 1
 31.21 of the previous year.

31.22 **EFFECTIVE DATE.** This section is effective beginning with taxes assessed in 2017
 31.23 and payable in 2018.

31.24 Sec. 16. Minnesota Statutes 2016, section 273.13, subdivision 34, is amended to read:

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

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

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

32.3 (c) If a disabled veteran qualifying for a valuation exclusion under paragraph (b), clause
 32.4 (2), predeceases the veteran's spouse, and if upon the death of the veteran the spouse holds
 32.5 the legal or beneficial title to the homestead and permanently resides there, the exclusion
 32.6 shall carry over to the benefit of the veteran's spouse for the current taxes payable year and
 32.7 for eight additional taxes payable years or until such time as the spouse remarries, or sells,
 32.8 transfers, or otherwise disposes of the property, whichever comes first. Qualification under
 32.9 this paragraph requires an ~~annual~~ application under paragraph (h), and a spouse must notify
 32.10 the assessor if there is a change in the spouse's marital status, ownership of the property, or
 32.11 use of the property as a permanent residence.

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

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

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

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

32.29 (h) To qualify for a valuation exclusion under this subdivision a property owner must
 32.30 apply to the assessor by July 1 ~~of each assessment year, except that an annual reapplication~~
 32.31 ~~is not required once a property has been accepted for a valuation exclusion under paragraph~~
 32.32 ~~(a) and qualifies for the benefit described in paragraph (b), clause (2), and the property~~
 32.33 ~~continues to qualify until there is a change in ownership~~ of the first assessment year for
 32.34 which the exclusion is sought. For an application received after July 1 ~~of any calendar year,~~

33.1 the exclusion shall become effective for the following assessment year. Except as provided
33.2 in paragraph (c), the owner of a property that has been accepted for a valuation exclusion
33.3 must notify the assessor if there is a change in ownership of the property or in the use of
33.4 the property as a homestead.

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

33.7 (j) For purposes of this subdivision:

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

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

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

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

33.15 (k) If a veteran dying after December 31, 2011, did not apply for or receive the exclusion
33.16 under paragraph (b), clause (2), before dying, the veteran's spouse is entitled to the benefit
33.17 under paragraph (b), clause (2), until the spouse remarries or sells, transfers, or otherwise
33.18 disposes of the property if:

33.19 (1) the spouse files a first-time application within two years of the death of the service
33.20 member or by June 1, 2019, whichever is later;

33.21 (2) upon the death of the veteran, the spouse holds the legal or beneficial title to the
33.22 homestead and permanently resides there;

33.23 (3) the veteran met the honorable discharge requirements of paragraph (a); and

33.24 (4) the United States Department of Veterans Affairs certifies that:

33.25 (i) the veteran met the total (100 percent) and permanent disability requirement under
33.26 paragraph (b), clause (2); or

33.27 (ii) the spouse has been awarded dependency and indemnity compensation.

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

34.1 (m) By July 1, the county veterans service officer must certify the disability rating of
 34.2 each veteran receiving the benefit under paragraph (b) to the assessor.

34.3 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2018.

34.4 Sec. 17. **[274.132] PROPERTY OVERVALUED.**

34.5 Subdivision 1. **Valuation appeals.** Notwithstanding any other law to the contrary, when
 34.6 the value of a property is reduced by a local, special, or county board of appeal and
 34.7 equalization, the state board of equalization, an order from the Minnesota Tax Court, or an
 34.8 abatement to correct an error in valuation, a property owner may appeal the valuation of
 34.9 the property for the taxes payable year immediately preceding the year for which the value
 34.10 is reduced. An appeal under this subdivision may only be taken to the Minnesota Tax Court.

34.11 Subd. 2. **Credit for overpayment of tax.** (a) The county auditor shall credit any refund
 34.12 determined by the Minnesota Tax Court under subdivision 1 against the succeeding year's
 34.13 tax payable on the property according to the following schedule:

34.14 (1) if the refund is less than 25 percent of the total tax payable on the property for the
 34.15 current year, it shall be credited to the tax payable on the property in the succeeding taxes
 34.16 payable year; or

34.17 (2) if the refund is 25 percent or more of the total tax payable on the property for the
 34.18 current year, beginning in the succeeding taxes payable year, it shall be credited to the tax
 34.19 payable on the property at a rate of 25 percent of the property taxes due per year until
 34.20 credited in full.

34.21 (b) The credit under this subdivision shall reduce the tax payable to each jurisdiction in
 34.22 proportion to the total tax payable on the property.

34.23 **EFFECTIVE DATE.** This section is effective for appeals, orders, and abatements in
 34.24 2018 and thereafter.

34.25 Sec. 18. Minnesota Statutes 2016, section 275.025, subdivision 1, is amended to read:

34.26 Subdivision 1. **Levy amount.** The state general levy is levied against
 34.27 commercial-industrial property and seasonal residential recreational property, as defined
 34.28 in this section. The state general levy ~~base amount is \$592,000,000~~ for commercial-industrial
 34.29 property is \$713,050,000 for taxes payable in 2002 2018 and thereafter. For taxes payable
 34.30 in subsequent years, the levy base amount is increased each year by multiplying the levy
 34.31 base amount for the prior year by the sum of one plus the rate of increase, if any, in the
 34.32 implicit price deflator for government consumption expenditures and gross investment for

35.1 ~~state and local governments prepared by the Bureau of Economic Analysts of the United~~
 35.2 ~~States Department of Commerce for the 12-month period ending March 31 of the year prior~~
 35.3 ~~to the year the taxes are payable. The state general levy for seasonal-recreational property~~
 35.4 ~~is \$43,130,000 for taxes payable in 2018 and thereafter. The tax under this section is not~~
 35.5 ~~treated as a local tax rate under section 469.177 and is not the levy of a governmental unit~~
 35.6 ~~under chapters 276A and 473F.~~

35.7 The commissioner shall increase or decrease the preliminary or final rate for a year as
 35.8 necessary to account for errors and tax base changes that affected a preliminary or final rate
 35.9 for either of the two preceding years. Adjustments are allowed to the extent that the necessary
 35.10 information is available to the commissioner at the time the rates for a year must be certified,
 35.11 and for the following reasons:

35.12 (1) an erroneous report of taxable value by a local official;

35.13 (2) an erroneous calculation by the commissioner; and

35.14 (3) an increase or decrease in taxable value for commercial-industrial or seasonal
 35.15 residential recreational property reported on the abstracts of tax lists submitted under section
 35.16 275.29 that was not reported on the abstracts of assessment submitted under section 270C.89
 35.17 for the same year.

35.18 The commissioner may, but need not, make adjustments if the total difference in the tax
 35.19 levied for the year would be less than \$100,000.

35.20 **EFFECTIVE DATE.** This section is effective for taxes payable in 2018 and thereafter.

35.21 Sec. 19. Minnesota Statutes 2016, section 275.025, subdivision 2, is amended to read:

35.22 Subd. 2. **Commercial-industrial tax capacity.** For the purposes of this section,
 35.23 "commercial-industrial tax capacity" means the tax capacity of all taxable property classified
 35.24 as class 3 or class 5(1) under section 273.13, ~~except for~~ excluding:

35.25 (1) the first \$200,000 of market value of each parcel of commercial-industrial net tax
 35.26 capacity as defined under section 273.13, subdivision 24, clauses (1) and (2);

35.27 (2) electric generation attached machinery under class 3; and

35.28 (3) property described in section 473.625.

35.29 County commercial-industrial tax capacity amounts are not adjusted for the captured
 35.30 net tax capacity of a tax increment financing district under section 469.177, subdivision 2,
 35.31 the net tax capacity of transmission lines deducted from a local government's total net tax
 35.32 capacity under section 273.425, or fiscal disparities contribution and distribution net tax

36.1 capacities under chapter 276A or 473F. For purposes of this subdivision, the procedures
 36.2 for determining eligibility for tier 1 under section 273.13, subdivision 24, clauses (1) and
 36.3 (2), shall apply in determining the portion of a property eligible to be considered within the
 36.4 first \$200,000 of market value.

36.5 **EFFECTIVE DATE.** This section is effective for taxes payable in 2018 and thereafter.

36.6 Sec. 20. Minnesota Statutes 2016, section 275.025, subdivision 4, is amended to read:

36.7 Subd. 4. **Apportionment and levy of state general tax.** ~~Ninety-five percent of~~ The
 36.8 state general tax must be levied by applying a uniform rate to all commercial-industrial tax
 36.9 capacity and ~~five percent of the state general tax must be levied by applying~~ a uniform rate
 36.10 to all seasonal residential recreational tax capacity. On or before October 1 each year, the
 36.11 commissioner of revenue shall certify the preliminary state general levy rates to each county
 36.12 auditor that must be used to prepare the notices of proposed property taxes for taxes payable
 36.13 in the following year. By January 1 of each year, the commissioner shall certify the final
 36.14 state general levy ~~rate~~ rates to each county auditor that shall be used in spreading taxes.

36.15 **EFFECTIVE DATE.** This section is effective for taxes payable in 2018 and thereafter.

36.16 Sec. 21. Minnesota Statutes 2016, section 275.025, is amended by adding a subdivision
 36.17 to read:

36.18 Subd. 5. **Underserved municipalities distribution.** (a) Any municipality that:

36.19 (1) lies wholly or partially within the metropolitan area as defined under section 473.121,
 36.20 subdivision 2, but outside the transit taxing district as defined under section 473.446,
 36.21 subdivision 2; and

36.22 (2) has a net fiscal disparities contribution equal to or greater than eight percent of its
 36.23 total taxable net tax capacity,

36.24 is eligible for a distribution from the proceeds of the state general levy imposed on taxpayers
 36.25 within the municipality.

36.26 (b) The distribution is equal to (1) the municipality's net tax capacity tax rate, times (2)
 36.27 the municipality's net fiscal disparities contribution in excess of eight percent of its total
 36.28 taxable net tax capacity; provided, however, that the distribution may not exceed the tax
 36.29 under this section imposed on taxpayers within the municipality.

36.30 (c) The distribution under this subdivision must be paid to the qualifying municipality
 36.31 at the same time taxes are settled under sections 276.09 to 276.111.

37.1 (d) For purposes of this subdivision, the following terms have the meanings given.

37.2 (1) "Municipality" means a home rule or statutory city, or a town, except that in the case
 37.3 of a city that lies only partially within the metropolitan area, municipality means the portion
 37.4 of the city lying within the metropolitan area.

37.5 (2) "Net fiscal disparities contribution" means a municipality's fiscal disparities
 37.6 contribution tax capacity minus its distribution net tax capacity.

37.7 (3) "Total taxable net tax capacity" means the total net tax capacity of all properties in
 37.8 the municipality under section 273.13 minus (i) the net fiscal disparities contribution, and
 37.9 (ii) the municipality's tax increment captured net tax capacity.

37.10 **EFFECTIVE DATE.** This section is effective for taxes payable in 2018 and thereafter.

37.11 Sec. 22. Minnesota Statutes 2016, section 275.066, is amended to read:

37.12 **275.066 SPECIAL TAXING DISTRICTS; DEFINITION.**

37.13 For the purposes of property taxation and property tax state aids, the term "special taxing
 37.14 districts" includes the following entities:

37.15 (1) watershed districts under chapter 103D;

37.16 (2) sanitary districts under sections 442A.01 to 442A.29;

37.17 (3) regional sanitary sewer districts under sections 115.61 to 115.67;

37.18 (4) regional public library districts under section 134.201;

37.19 (5) park districts under chapter 398;

37.20 (6) regional railroad authorities under chapter 398A;

37.21 (7) hospital districts under sections 447.31 to 447.38;

37.22 (8) St. Cloud Metropolitan Transit Commission under sections 458A.01 to 458A.15;

37.23 (9) Duluth Transit Authority under sections 458A.21 to 458A.37;

37.24 (10) regional development commissions under sections 462.381 to 462.398;

37.25 (11) housing and redevelopment authorities under sections 469.001 to 469.047;

37.26 (12) port authorities under sections 469.048 to 469.068;

37.27 (13) economic development authorities under sections 469.090 to 469.1081;

37.28 (14) Metropolitan Council under sections 473.123 to 473.549;

- 38.1 (15) Metropolitan Airports Commission under sections 473.601 to 473.679;
- 38.2 (16) Metropolitan Mosquito Control Commission under sections 473.701 to 473.716;
- 38.3 (17) Morrison County Rural Development Financing Authority under Laws 1982, chapter
38.4 437, section 1;
- 38.5 (18) Croft Historical Park District under Laws 1984, chapter 502, article 13, section 6;
- 38.6 (19) East Lake County Medical Clinic District under Laws 1989, chapter 211, sections
38.7 1 to 6;
- 38.8 (20) Floodwood Area Ambulance District under Laws 1993, chapter 375, article 5,
38.9 section 39;
- 38.10 (21) Middle Mississippi River Watershed Management Organization under sections
38.11 103B.211 and 103B.241;
- 38.12 (22) emergency medical services special taxing districts under section 144F.01;
- 38.13 (23) a county levying under the authority of section 103B.241, 103B.245, ~~or~~ 103B.251,
38.14 or 103C.331;
- 38.15 (24) Southern St. Louis County Special Taxing District; Chris Jensen Nursing Home
38.16 under Laws 2003, First Special Session chapter 21, article 4, section 12;
- 38.17 (25) an airport authority created under section 360.0426; and
- 38.18 (26) any other political subdivision of the state of Minnesota, excluding counties, school
38.19 districts, cities, and towns, that has the power to adopt and certify a property tax levy to the
38.20 county auditor, as determined by the commissioner of revenue.

38.21 Sec. 23. Minnesota Statutes 2016, section 276.017, subdivision 3, is amended to read:

38.22 Subd. 3. ~~United States Postal Service postmark~~ **Proof of timely payment**. The
38.23 ~~postmark or registration mark~~ of the United States Postal Service qualifies as proof of timely
38.24 mailing for this section. ~~If the payment is sent by United States registered mail, the date of~~
38.25 ~~registration is the postmark date. If the payment is sent by United States certified mail, the~~
38.26 ~~date of the United States Postal Service postmark on the receipt given to the person presenting~~
38.27 ~~the payment for delivery is the date of mailing.~~ Mailing, or the time of mailing, may also
38.28 be established by a delivery service's records or other available evidence ~~except that~~. The
38.29 postmark of a private postage meter or internet stamp may not be used as proof of a timely
38.30 mailing made under this section.

39.1 Sec. 24. Minnesota Statutes 2016, section 279.01, subdivision 1, is amended to read:

39.2 Subdivision 1. **Due dates; penalties.** ~~Except as provided in subdivisions 3 to 5, on May~~
 39.3 ~~16 or 21 days after the postmark date on the envelope containing the property tax statement,~~
 39.4 ~~whichever is later, a penalty accrues and thereafter is charged upon all unpaid taxes on real~~
 39.5 ~~estate on the current lists in the hands of the county treasurer. The (a) When the taxes against~~
 39.6 ~~any tract or lot exceed \$100, one-half of the amount of tax due must be paid prior to May~~
 39.7 ~~16, and the remaining one-half must be paid prior to the following October 16. If either tax~~
 39.8 ~~amount is unpaid as of its due date, a penalty is imposed at a rate of two percent on homestead~~
 39.9 ~~property until May 31 and four percent on nonhomestead property. If complete payment~~
 39.10 ~~has not been made by the first day of the month following either due date, an additional~~
 39.11 ~~penalty of two percent on June 1. The penalty on nonhomestead property is at a rate of four~~
 39.12 ~~percent until May 31 homestead property and eight four percent on June 1. This penalty~~
 39.13 ~~does not accrue until June 1 of each year, or 21 days after the postmark date on the envelope~~
 39.14 ~~containing the property tax statements, whichever is later, on commercial use real property~~
 39.15 ~~used for seasonal residential recreational purposes and classified as class 1e or 4e, and on~~
 39.16 ~~other commercial use real property classified as class 3a, provided that over 60 percent of~~
 39.17 ~~the gross income earned by the enterprise on the class 3a property is earned during the~~
 39.18 ~~months of May, June, July, and August. In order for the first half of the tax due on class 3a~~
 39.19 ~~property to be paid after May 15 and before June 1, or 21 days after the postmark date on~~
 39.20 ~~the envelope containing the property tax statement, whichever is later, without penalty, the~~
 39.21 ~~owner of the property must attach an affidavit to the payment attesting to compliance with~~
 39.22 ~~the income provision of this subdivision nonhomestead property is imposed. Thereafter,~~
 39.23 ~~for both homestead and nonhomestead property, on the first day of each subsequent month~~
 39.24 ~~beginning July 1, up to and including October 1 following through December, an additional~~
 39.25 ~~penalty of one percent for each month accrues and is charged on all such unpaid taxes~~
 39.26 ~~provided that if the due date was extended beyond May 15 as the result of any delay in~~
 39.27 ~~mailing property tax statements no additional penalty shall accrue if the tax is paid by the~~
 39.28 ~~extended due date. If the tax is not paid by the extended due date, then all penalties that~~
 39.29 ~~would have accrued if the due date had been May 15 shall be charged. When the taxes~~
 39.30 ~~against any tract or lot exceed \$100, one-half thereof may be paid prior to May 16 or 21~~
 39.31 ~~days after the postmark date on the envelope containing the property tax statement, whichever~~
 39.32 ~~is later; and, if so paid, no penalty attaches; the remaining one-half may be paid at any time~~
 39.33 ~~prior to October 16 following, without penalty; but, if not so paid, then a penalty of two~~
 39.34 ~~percent accrues thereon for homestead property and a penalty of four percent on~~
 39.35 ~~nonhomestead property. Thereafter, for homestead property, on the first day of November~~
 39.36 ~~an additional penalty of four percent accrues and on the first day of December following,~~

40.1 ~~an additional penalty of two percent accrues and is charged on all such unpaid taxes.~~
40.2 ~~Thereafter, for nonhomestead property, on the first day of November and December~~
40.3 ~~following, an additional penalty of four percent for each month accrues and is charged on~~
40.4 ~~all such unpaid taxes. If one-half of such taxes are not paid prior to May 16 or 21 days after~~
40.5 ~~the postmark date on the envelope containing the property tax statement, whichever is later,~~
40.6 ~~the same may be paid at any time prior to October 16, with accrued penalties to the date of~~
40.7 ~~payment added, and thereupon no penalty attaches to the remaining one-half until October~~
40.8 ~~16 following the penalty must not exceed eight percent in the case of homestead property,~~
40.9 ~~or 12 percent in the case of nonhomestead property.~~

40.10 (b) If the property tax statement was not postmarked prior to April 25, the first half
40.11 payment due date in paragraph (a) shall be 21 days from the postmark date of the property
40.12 tax statement, and all penalties referenced in paragraph (a) shall be determined with regard
40.13 to the later due date.

40.14 (c) In the case of a tract or lot with taxes of \$100 or less, the due date and penalties as
40.15 specified in paragraph (a) or (b) for the first half payment shall apply to the entire amount
40.16 of the tax due.

40.17 (d) For commercial use real property used for seasonal residential recreational purposes
40.18 and classified as class 1c or 4c, and on other commercial use real property classified as class
40.19 3a, provided that over 60 percent of the gross income earned by the enterprise on the class
40.20 3a property is earned during the months of May, June, July, and August, the first half
40.21 payment is due prior to June 1. For a class 3a property to qualify for the later due date, the
40.22 owner of the property must attach an affidavit to the payment attesting to compliance with
40.23 the income requirements of this paragraph.

40.24 (e) This section applies to payment of personal property taxes assessed against
40.25 improvements to leased property, except as provided by section 277.01, subdivision 3.

40.26 (f) A county may provide by resolution that in the case of a property owner that has
40.27 multiple tracts or parcels with aggregate taxes exceeding \$100, payments may be made in
40.28 installments as provided in this subdivision.

40.29 (g) The county treasurer may accept payments of more or less than the exact amount of
40.30 a tax installment due. Payments must be applied first to the oldest installment that is due
40.31 but which has not been fully paid. If the accepted payment is less than the amount due,
40.32 payments must be applied first to the penalty accrued for the year or the installment being
40.33 paid. Acceptance of partial payment of tax does not constitute a waiver of the minimum

41.1 payment required as a condition for filing an appeal under section 278.03 or any other law,
41.2 nor does it affect the order of payment of delinquent taxes under section 280.39.

41.3 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2018.

41.4 Sec. 25. Minnesota Statutes 2016, section 279.01, subdivision 2, is amended to read:

41.5 Subd. 2. **Abatement of penalty.** (a) The county board may, with the concurrence of the
41.6 county treasurer, delegate to the county treasurer the power to abate the penalty provided
41.7 for late payment of taxes in the current year. Notwithstanding section 270C.86, if any county
41.8 board so elects, the county treasurer may abate the penalty on finding that the imposition
41.9 of the penalty would be unjust and unreasonable.

41.10 (b) The county treasurer shall abate the penalty provided for late payment of taxes in
41.11 the current year if the property tax payment is delivered by mail to the county treasurer and
41.12 the envelope containing the payment is postmarked by the United States Postal Service
41.13 within one business day of the due date prescribed under this section, but only if the property
41.14 owner requesting the abatement has not previously received an abatement of penalty for
41.15 late payment of tax under this paragraph.

41.16 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2018 and
41.17 thereafter.

41.18 Sec. 26. Minnesota Statutes 2016, section 279.01, subdivision 3, is amended to read:

41.19 Subd. 3. **Agricultural property.** ~~(a) In the case of class 1b agricultural homestead, class~~
41.20 ~~2a agricultural homestead property, and class 2a agricultural nonhomestead property, and~~
41.21 ~~class 2b rural vacant land, no penalties shall attach to the second one-half property tax~~
41.22 ~~payment as provided in this section if paid by November 15. Thereafter for class 1b~~
41.23 ~~agricultural homestead and class 2a homestead property, on November 16 following, a~~
41.24 ~~penalty of six percent shall accrue and be charged on all such unpaid taxes and on December~~
41.25 ~~1 following, an additional two percent shall be charged on all such unpaid taxes. Thereafter~~
41.26 ~~for class 2a agricultural nonhomestead property, on November 16 following, a penalty of~~
41.27 ~~eight percent shall accrue and be charged on all such unpaid taxes and on December 1~~
41.28 ~~following, an additional four percent shall be charged on all such unpaid taxes, penalties~~
41.29 ~~shall attach as provided in subdivision 1.~~

41.30 If the owner of class 1b agricultural homestead or class 2a agricultural property receives
41.31 a consolidated property tax statement that shows only an aggregate of the taxes and special
41.32 assessments due on that property and on other property not classified as class 1b agricultural

42.1 homestead or class 2a agricultural property, the aggregate tax and special assessments shown
 42.2 due on the property by the consolidated statement will be due on November 15.

42.3 ~~(b) Notwithstanding paragraph (a), for taxes payable in 2010 and 2011, for any class 2b~~
 42.4 ~~property that was subject to a second-half due date of November 15 for taxes payable in~~
 42.5 ~~2009, the county shall not impose, or if imposed, shall abate penalty amounts in excess of~~
 42.6 ~~those that would apply as if the second-half due date were November 15.~~

42.7 **EFFECTIVE DATE.** (a) Except as provided in paragraph (b), this section is effective
 42.8 beginning with taxes payable in 2018.

42.9 (b) For property in the northern forest region, the provisions in this section applicable
 42.10 to class 2b rural vacant land are effective beginning with taxes payable in 2019.

42.11 Sec. 27. Minnesota Statutes 2016, section 279.37, is amended by adding a subdivision to
 42.12 read:

42.13 Subd. 1b. **Conditions.** The county auditor may offer on a voluntary basis financial
 42.14 literacy counseling as part of entering into a confession of judgment. The county auditor
 42.15 may fund the financial literacy counseling using the fee in subdivision 8. The counseling
 42.16 shall not be at taxpayer expense.

42.17 Sec. 28. Minnesota Statutes 2016, section 281.17, is amended to read:

42.18 **281.17 PERIOD FOR OF REDEMPTION.**

42.19 (a) Except for properties described in paragraphs (b) and (c), or properties for which the
 42.20 period of redemption has been limited under sections 281.173 and 281.174, the following
 42.21 periods for period of redemption apply.

42.22 ~~The period of redemption for all lands sold to the state at a tax judgment sale shall be~~
 42.23 ~~three years from the date of sale to the state of Minnesota.~~

42.24 ~~The period of redemption for homesteaded lands as defined in section 273.13, subdivision~~
 42.25 ~~22, located in a targeted neighborhood as defined in Laws 1987, chapter 386, article 6,~~
 42.26 ~~section 4, and sold to the state at a tax judgment sale is three years from the date of sale.~~

42.27 (b) The period of redemption for all lands located in a targeted neighborhood community
 42.28 as defined in Laws 1987, chapter 386, article 6, section 4 section 469.201, subdivision 10,
 42.29 except homesteaded lands as defined in section 273.13, subdivision 22, is one year from
 42.30 the date of sale.

43.1 (c) The period of redemption for all real property constituting a mixed municipal solid
 43.2 waste disposal facility that is a qualified facility under section 115B.39, subdivision 1, is
 43.3 one year from the date of the sale to the state of Minnesota.

43.4 (d) In determining the period of redemption, the county must use the property's
 43.5 classification and homestead classification for the assessment year on which the tax judgment
 43.6 is based. Any change in the property's classification or homestead classification after the
 43.7 assessment year on which the tax judgment is based does not affect the period of redemption.

43.8 Sec. 29. Minnesota Statutes 2016, section 281.173, subdivision 2, is amended to read:

43.9 Subd. 2. **Summons and complaint.** Any city, county, housing and redevelopment
 43.10 authority, port authority, or economic development authority, in which the premises are
 43.11 located may commence an action in district court to reduce the period otherwise allowed
 43.12 for redemption under this chapter. The action must be commenced by the filing of a
 43.13 complaint, naming as defendants the record fee owners or the owner's personal representative,
 43.14 or the owner's heirs as determined by a court of competent jurisdiction, contract for deed
 43.15 purchasers, mortgagees, assigns of any of the above, the taxpayers as shown on the records
 43.16 of the county auditor, the Internal Revenue Service of the United States and the Revenue
 43.17 Department of the state of Minnesota if tax liens against the owners or contract for deed
 43.18 purchasers have been recorded or filed; and any other person the plaintiff determines should
 43.19 be made a party. The action shall be filed in district court for the county in which the premises
 43.20 are located. The complaint must identify the premises by legal description. The complaint
 43.21 must allege (1) that the premises are abandoned, (2) that the tax judgment sale pursuant to
 43.22 section 280.01 has been made, and (3) notice of expiration of the time for redemption has
 43.23 not been given.

43.24 The complaint must request an order reducing the redemption period to five weeks.
 43.25 When the complaint has been filed, the court shall issue a summons commanding the person
 43.26 or persons named in the complaint to appear before the court on a day and at a place stated
 43.27 in the summons. The appearance date shall be not less than 15 nor more than 25 days from
 43.28 the date of the issuing of the summons. A copy of the filed complaint must be attached to
 43.29 the summons.

43.30 Sec. 30. Minnesota Statutes 2016, section 281.174, subdivision 3, is amended to read:

43.31 Subd. 3. **Summons and complaint.** Any city, county, housing and redevelopment
 43.32 authority, port authority, or economic development authority in which the property is located
 43.33 may commence an action in district court to reduce the period otherwise allowed for

44.1 redemption under this chapter from the date of the requested order. The action must be
 44.2 commenced by the filing of a complaint, naming as defendants the record fee owners or the
 44.3 owner's personal representative, or the owner's heirs as determined by a court of competent
 44.4 jurisdiction, contract for deed purchasers, mortgagees, assigns of any of the above, the
 44.5 taxpayers as shown on the records of the county auditor, the Internal Revenue Service of
 44.6 the United States and the revenue department of the state of Minnesota if tax liens against
 44.7 the owners or contract for deed purchasers have been recorded or filed, and any other person
 44.8 the plaintiff determines should be made a party. The action shall be filed in district court
 44.9 for the county in which the property is located. The complaint must identify the property
 44.10 by legal description. The complaint must allege (1) that the property is vacant, (2) that the
 44.11 tax judgment sale under section 280.01 has been made, and (3) notice of expiration of the
 44.12 time for redemption has not been given.

44.13 The complaint must request an order reducing the redemption period to five weeks.
 44.14 When the complaint has been filed, the court shall issue a summons commanding the person
 44.15 or persons named in the complaint to appear before the court on a day and at a place stated
 44.16 in the summons. The appearance date shall be not less than 15 nor more than 25 days from
 44.17 the date of the issuing of the summons, except that, when the United States of America is
 44.18 a party, the date shall be set in accordance with applicable federal law. A copy of the filed
 44.19 complaint must be attached to the summons.

44.20 **Sec. 31. [281.231] MAINTENANCE; EXPENDITURE OF PUBLIC FUNDS.**

44.21 If the county auditor provides notice as required by section 281.23, the state, agency,
 44.22 political subdivision, or other entity that becomes the fee owner or manager of a property
 44.23 as a result of forfeiture due to nonpayment of real property taxes is not required to expend
 44.24 public funds to maintain any servitude, agreement, easement, or other encumbrance affecting
 44.25 the property. The fee owner or manager of a property may, at its discretion, spend public
 44.26 funds necessary for the maintenance, security, or management of the property.

44.27 **Sec. 32. [281.70] LIMITED RIGHT OF ENTRY.**

44.28 Subdivision 1. Limited right of entry. If premises described in a real estate tax judgment
 44.29 sale are vacant or unoccupied, the county auditor or a person acting on behalf of the county
 44.30 auditor may, but is not obligated to, enter the premises to protect the premises from waste
 44.31 or trespass until the county auditor is notified that the premises are occupied. An affidavit
 44.32 of the sheriff, the county auditor, or a person acting on behalf of the county auditor describing
 44.33 the premises and stating that the premises are vacant and unoccupied is prima facie evidence

45.1 of the facts stated in the affidavit. If the affidavit contains a legal description of the premises,
 45.2 the affidavit may be recorded in the office of the county recorder or the registrar of titles in
 45.3 the county where the premises are located.

45.4 Subd. 2. **Authorized actions.** (a) The county auditor may take one or more of the
 45.5 following actions to protect the premises from waste or trespass:

45.6 (1) install or change locks on doors and windows;

45.7 (2) board windows; and

45.8 (3) other actions to prevent or minimize damage to the premises from the elements,
 45.9 vandalism, trespass, or other illegal activities.

45.10 (b) If the county auditor installs or changes locks on premises under paragraph (a), the
 45.11 county auditor must promptly deliver a key to the premises to the taxpayer or any person
 45.12 lawfully claiming through the taxpayer upon request.

45.13 Subd. 3. **Costs.** Costs incurred by the county auditor in protecting the premises from
 45.14 waste or trespass under this section may be added to the delinquent taxes due. The costs
 45.15 may bear interest to the extent provided, and interest may be added to the delinquent taxes
 45.16 due.

45.17 Subd. 4. **Scope.** The actions authorized under this section are in addition to, and do not
 45.18 limit or replace, any other rights or remedies available to the county auditor under Minnesota
 45.19 law.

45.20 Sec. 33. Minnesota Statutes 2016, section 282.01, subdivision 4, is amended to read:

45.21 Subd. 4. **Sale; method; requirements; effects.** (a) The sale authorized under
 45.22 subdivision 3 must be conducted by the county auditor at the county seat of the county in
 45.23 which the parcels lie, except that in St. Louis and Koochiching Counties, the sale may be
 45.24 conducted in any county facility within the county. The sale must not be for less than the
 45.25 appraised value except as provided in subdivision 7a. The parcels must be sold for cash
 45.26 only, unless the county board of the county has adopted a resolution providing for their sale
 45.27 on terms, in which event the resolution controls with respect to the sale. When the sale is
 45.28 made on terms other than for cash only (1) a payment of at least ten percent of the purchase
 45.29 price must be made at the time of purchase, and the balance must be paid in no more than
 45.30 ten equal annual installments, or (2) the payments must be made in accordance with county
 45.31 board policy, but in no event may the board require more than 12 installments annually,
 45.32 and the contract term must not be for more than ten years. Standing timber or timber products
 45.33 must not be removed from these lands until an amount equal to the appraised value of all

46.1 standing timber or timber products on the lands at the time of purchase has been paid by
46.2 the purchaser. If a parcel of land bearing standing timber or timber products is sold at public
46.3 auction for more than the appraised value, the amount bid in excess of the appraised value
46.4 must be allocated between the land and the timber in proportion to their respective appraised
46.5 values. In that case, standing timber or timber products must not be removed from the land
46.6 until the amount of the excess bid allocated to timber or timber products has been paid in
46.7 addition to the appraised value of the land. The purchaser is entitled to immediate possession,
46.8 subject to the provisions of any existing valid lease made in behalf of the state.

46.9 (b) For sales occurring on or after July 1, 1982, the unpaid balance of the purchase price
46.10 is subject to interest at the rate determined pursuant to section 549.09. The unpaid balance
46.11 of the purchase price for sales occurring after December 31, 1990, is subject to interest at
46.12 the rate determined in section 279.03, subdivision 1a. The interest rate is subject to change
46.13 each year on the unpaid balance in the manner provided for rate changes in section 549.09
46.14 or 279.03, subdivision 1a, whichever, is applicable. Interest on the unpaid contract balance
46.15 on sales occurring before July 1, 1982, is payable at the rate applicable to the sale at the
46.16 time that the sale occurred.

46.17 (c) Notwithstanding subdivision 7, a county board may by resolution provide for the
46.18 listing and sale of individual parcels by other means, including through a real estate broker.
46.19 However, if the buyer under this paragraph could have repurchased a parcel of property
46.20 under section 282.012 or 282.241, that buyer may not purchase that same parcel of property
46.21 at the sale under this subdivision for a purchase price less than the sum of all taxes,
46.22 assessments, penalties, interest, and costs due at the time of forfeiture computed under
46.23 section 282.251, and any special assessments for improvements certified as of the date of
46.24 sale. This subdivision shall be liberally construed to encourage the sale and utilization of
46.25 tax-forfeited land in order to eliminate nuisances and dangerous conditions and to increase
46.26 compliance with land use ordinances.

46.27 Sec. 34. Minnesota Statutes 2016, section 282.01, subdivision 6, is amended to read:

46.28 Subd. 6. **Duties of commissioner after sale.** (a) When any sale has been made by the
46.29 county auditor under sections 282.01 to 282.13, the auditor shall immediately certify to the
46.30 commissioner of revenue such information relating to such sale, on such forms as the
46.31 commissioner of revenue may prescribe as will enable the commissioner of revenue to
46.32 prepare an appropriate deed if the sale is for cash, or keep necessary records if the sale is
46.33 on terms; and not later than October 31 of each year the county auditor shall submit to the
46.34 commissioner of revenue a statement of all instances wherein any payment of principal,

47.1 interest, or current taxes on lands held under certificate, due or to be paid during the preceding
47.2 calendar years, are still outstanding at the time such certificate is made. When such statement
47.3 shows that a purchaser or the purchaser's assignee is in default, the commissioner of revenue
47.4 may instruct the county board of the county in which the land is located to cancel said
47.5 certificate of sale in the manner provided by subdivision 5, provided that upon
47.6 recommendation of the county board, and where the circumstances are such that the
47.7 commissioner of revenue after investigation is satisfied that the purchaser has made every
47.8 effort reasonable to make payment of both the annual installment and said taxes, and that
47.9 there has been no willful neglect on the part of the purchaser in meeting these obligations,
47.10 then the commissioner of revenue may extend the time for the payment for such period as
47.11 the commissioner may deem warranted, not to exceed one year. On payment in full of the
47.12 purchase price, appropriate conveyance in fee, in such form as may be prescribed by the
47.13 attorney general, shall be issued by the commissioner of revenue, which conveyance must
47.14 be recorded by the county and shall have the force and effect of a patent from the state
47.15 subject to easements and restrictions of record at the date of the tax judgment sale, including,
47.16 but without limitation, permits for telephone and electric power lines either by underground
47.17 cable or conduit or otherwise, sewer and water lines, highways, railroads, and pipe lines for
47.18 gas, liquids, or solids in suspension.

47.19 (b) The commissioner of revenue shall issue an appropriate conveyance in fee upon the
47.20 receipt of a loan commitment or approval from the county auditor. For purposes of this
47.21 paragraph, "loan commitment" or "loan approval" means a written commitment or approval
47.22 to make a mortgage loan from a lender approved to make mortgage loans in Minnesota.
47.23 The conveyance shall be issued to the county auditor where the land is located. Upon receipt
47.24 of the conveyance, the county auditor shall hold the conveyance until such time as the
47.25 conveyance is requested from a title company licensed to do business in Minnesota. If a
47.26 request for the conveyance is not made within 45 days of the date the conveyance is issued
47.27 by the commissioner of revenue, the county auditor shall return the conveyance to the
47.28 commissioner. The title company making the request for the conveyance shall certify to the
47.29 county auditor that the conveyance is necessary to close the purchase of the subject property
47.30 within five days of the request. If the conveyance is delivered to the title company and the
47.31 closing does not occur within five days of the request, the title company shall immediately
47.32 return the conveyance to the county auditor, and upon receipt, the county auditor shall return
47.33 the deed to the commissioner of revenue. The commissioner of revenue shall destroy all
47.34 deeds returned by the county auditor pursuant to this subdivision.

48.1 Sec. 35. Minnesota Statutes 2016, section 282.01, is amended by adding a subdivision to
48.2 read:

48.3 Subd. 13. **Online auction.** A county board, or a county auditor if the auditor has been
48.4 delegated such authority under section 282.135, may sell tax-forfeited lands through an
48.5 online auction. When an online auction is used to sell tax-forfeited lands, the county auditor
48.6 shall post a physical notice of the online auction and shall publish a notice of the online
48.7 auction on its Web site not less than ten days before the online auction begins, in addition
48.8 to any other notice required.

48.9 **EFFECTIVE DATE.** This section is effective for sales of tax-forfeited property that
48.10 occur on or after August 1, 2017.

48.11 Sec. 36. Minnesota Statutes 2016, section 282.016, is amended to read:

48.12 **282.016 PROHIBITED PURCHASERS.**

48.13 (a) A county auditor, county treasurer, county attorney, court administrator of the district
48.14 court, county assessor, supervisor of assessments, deputy or clerk or an employee of such
48.15 officer, a commissioner for tax-forfeited lands or an assistant to such commissioner, must
48.16 not become a purchaser, either personally or as an agent or attorney for another person, of
48.17 the properties offered for sale under the provisions of this chapter in the county for which
48.18 the person performs duties. ~~A person prohibited from purchasing property under this section~~
48.19 ~~must not directly or indirectly have another person purchase it on behalf of the prohibited~~
48.20 ~~purchaser for the prohibited purchaser's benefit or gain.~~

48.21 (b) Notwithstanding paragraph (a), such officer, deputy, clerk, or employee or
48.22 commissioner for tax-forfeited lands or assistant to such commissioner may (1) purchase
48.23 lands owned by that official at the time the state became the absolute owner thereof or (2)
48.24 bid upon and purchase forfeited property offered for sale under the alternate sale procedure
48.25 described in section 282.01, subdivision 7a.

48.26 (c) In addition to the persons identified in paragraph (a), a county auditor may prohibit
48.27 other persons and entities from becoming a purchaser, either personally or as an agent or
48.28 attorney for another person or entity, of the properties offered for sale under this chapter in
48.29 the following circumstances: (1) the person or entity owns another property within the
48.30 county for which there are delinquent taxes owing; (2) the person or entity has held a rental
48.31 license in the county and the license has been revoked within the last five years; (3) the
48.32 person or entity has been the vendee of a contract for purchase of a property offered for sale
48.33 under this chapter, which contract has been canceled within the last five years; or (4) the

49.1 person or entity owns another property within the county for which there is an unresolved
49.2 housing code violation, including an unpaid charge or fine.

49.3 (d) A person prohibited from purchasing property under this section must not directly
49.4 or indirectly have another person purchase it on behalf of the prohibited purchaser for the
49.5 prohibited purchaser's benefit or gain.

49.6 Sec. 37. Minnesota Statutes 2016, section 282.018, subdivision 1, is amended to read:

49.7 Subdivision 1. **Land on or adjacent to public waters.** (a) All land which is the property
49.8 of the state as a result of forfeiture to the state for nonpayment of taxes, regardless of whether
49.9 the land is held in trust for taxing districts, and which borders on or is adjacent to meandered
49.10 lakes and other public waters and watercourses, and the live timber growing or being thereon,
49.11 is hereby withdrawn from sale except as hereinafter provided. The authority having
49.12 jurisdiction over the timber on any such lands may sell the timber as otherwise provided by
49.13 law for cutting and removal under such conditions as the authority may prescribe in
49.14 accordance with approved, sustained yield forestry practices. The authority having jurisdiction
49.15 over the timber shall reserve such timber and impose such conditions as the authority deems
49.16 necessary for the protection of watersheds, wildlife habitat, shorelines, and scenic features.
49.17 Within the area in Cook, Lake, and St. Louis counties described in the Act of Congress
49.18 approved July 10, 1930 (46 Stat. 1020), the timber on tax-forfeited lands shall be subject
49.19 to like restrictions as are now imposed by that act on federal lands.

49.20 (b) Of all tax-forfeited land bordering on or adjacent to meandered lakes and other public
49.21 waters and watercourses and so withdrawn from sale, a strip two rods in width, the ordinary
49.22 high-water mark being the waterside boundary thereof, and the land side boundary thereof
49.23 being a line drawn parallel to the ordinary high-water mark and two rods distant landward
49.24 therefrom, hereby is reserved for public travel thereon, and whatever the conformation of
49.25 the shore line or conditions require, the authority having jurisdiction over such lands shall
49.26 reserve a wider strip for such purposes.

49.27 (c) Any tract or parcel of land which has 150 feet or less of waterfront may be sold by
49.28 the authority having jurisdiction over the land, in the manner otherwise provided by law
49.29 for the sale of such lands, if the authority determines that it is in the public interest to do
49.30 so. If the authority having jurisdiction over the land is not the commissioner of natural
49.31 resources, the land may not be offered for sale without the prior approval of the commissioner
49.32 of natural resources.

49.33 (d) Where the authority having jurisdiction over lands withdrawn from sale under this
49.34 section is not the commissioner of natural resources, the authority may submit proposals

50.1 for disposition of the lands to the commissioner. The commissioner of natural resources
 50.2 shall evaluate the lands and their public benefits and make recommendations on the proposed
 50.3 dispositions to the committees of the legislature with jurisdiction over natural resources.
 50.4 The commissioner shall include any recommendations of the commissioner for disposition
 50.5 of lands withdrawn from sale under this section over which the commissioner has jurisdiction.
 50.6 The commissioner's recommendations may include a public sale, sale to a private party,
 50.7 acquisition by the Department of Natural Resources for public purposes, or a cooperative
 50.8 management agreement with, or transfer to, another unit of government.

50.9 (e) Notwithstanding this subdivision, a county may sell property governed by this section
 50.10 upon written authorization from the commissioner of natural resources. Prior to the sale or
 50.11 conveyance of lands under this subdivision, the county board must give notice of its intent
 50.12 to meet for that purpose as provided in section 282.01, subdivision 1.

50.13 Sec. 38. Minnesota Statutes 2016, section 282.02, is amended to read:

50.14 **282.02 LIST OF LANDS FOR SALE; NOTICE; ONLINE AUCTIONS**
 50.15 **PERMITTED.**

50.16 (a) Immediately after classification and appraisal of the land, and after approval by the
 50.17 commissioner of natural resources when required pursuant to section 282.01, subdivision
 50.18 3, the county board shall provide and file with the county auditor a list of parcels of land to
 50.19 be offered for sale. This list shall contain a description of the parcels of land and the appraised
 50.20 value thereof. The auditor shall publish a notice of the intended public sale of such parcels
 50.21 of land and a copy of the resolution of the county board fixing the terms of the sale, if other
 50.22 than for cash only, by publication once a week for two weeks in the official newspaper of
 50.23 the county, the last publication to be not less than ten days previous to the commencement
 50.24 of the sale.

50.25 (b) The notice shall include the parcel's description and appraised value. The notice shall
 50.26 also indicate the amount of any special assessments which may be the subject of a
 50.27 reassessment or new assessment or which may result in the imposition of a fee or charge
 50.28 pursuant to sections 429.071, subdivision 4, 435.23, and 444.076. The county auditor shall
 50.29 also mail notice to the owners of land adjoining the parcel to be sold. For purposes of this
 50.30 section, "owner" means the taxpayer as listed in the records of the county auditor.

50.31 (c) If the county board of ~~St. Louis or Koochiing Counties~~ determines that the sale
 50.32 shall take place in a county facility other than the courthouse, the notice shall specify the
 50.33 facility and its location. If the county board determines that the sale shall take place as an

51.1 online auction under section 282.01, subdivision 13, the notice shall specify the auction
 51.2 Web site and the date of the auction.

51.3 **EFFECTIVE DATE.** This section is effective for sales of tax-forfeited property that
 51.4 occur on or after August 1, 2017.

51.5 Sec. 39. Minnesota Statutes 2016, section 282.241, subdivision 1, is amended to read:

51.6 Subdivision 1. **Repurchase requirements.** The owner at the time of forfeiture, or the
 51.7 owner's heirs, devisees, or representatives, or any person to whom the right to pay taxes
 51.8 was given by statute, mortgage, or other agreement, may repurchase any parcel of land
 51.9 claimed by the state to be forfeited to the state for taxes unless before the time repurchase
 51.10 is made the parcel is sold under installment payments, or otherwise, by the state as provided
 51.11 by law, or is under mineral prospecting permit or lease, or proceedings have been commenced
 51.12 by the state or any of its political subdivisions or by the United States to condemn the parcel
 51.13 of land. The parcel of land may be repurchased for the sum of all delinquent taxes and
 51.14 assessments computed under section 282.251, together with penalties, interest, and costs,
 51.15 that accrued or would have accrued if the parcel of land had not forfeited to the state. Except
 51.16 for property which was homesteaded on the date of forfeiture, repurchase is permitted during
 51.17 ~~one year~~ six months only from the date of forfeiture, and in any case only after the adoption
 51.18 of a resolution by the board of county commissioners determining that by repurchase undue
 51.19 hardship or injustice resulting from the forfeiture will be corrected, or that permitting the
 51.20 repurchase will promote the use of the lands that will best serve the public interest. If the
 51.21 county board has good cause to believe that a repurchase installment payment plan for a
 51.22 particular parcel is unnecessary and not in the public interest, the county board may require
 51.23 as a condition of repurchase that the entire repurchase price be paid at the time of repurchase.
 51.24 A repurchase is subject to any easement, lease, or other encumbrance granted by the state
 51.25 before the repurchase, and if the land is located within a restricted area established by any
 51.26 county under Laws 1939, chapter 340, the repurchase must not be permitted unless the
 51.27 resolution approving the repurchase is adopted by the unanimous vote of the board of county
 51.28 commissioners.

51.29 The person seeking to repurchase under this section shall pay all maintenance costs
 51.30 incurred by the county auditor during the time the property was tax-forfeited.

51.31 **EFFECTIVE DATE.** This section is effective January 1, 2018.

51.32 Sec. 40. Minnesota Statutes 2016, section 282.322, is amended to read:

51.33 **282.322 FORFEITED LANDS LIST.**

52.1 The county board of any county may file a list of forfeited lands with the county auditor,
 52.2 if the board is of the opinion that such lands may be acquired by the state or any municipal
 52.3 subdivision ~~thereof~~ of the state for public purposes. Upon the filing of ~~such~~ the list of
 52.4 forfeited lands, the county auditor shall withhold said lands from repurchase. If no proceeding
 52.5 ~~shall be~~ is started to acquire such lands by the state or some municipal subdivision ~~thereof~~
 52.6 of the state within one year after the filing of ~~such~~ the list of forfeited lands, the county
 52.7 board shall withdraw ~~said~~ the list and thereafter, if the property was classified as
 52.8 nonhomestead at the time of forfeiture, the owner shall have ~~one year~~ not more than six
 52.9 months in which to repurchase.

52.10 **EFFECTIVE DATE.** This section is effective January 1, 2018.

52.11 Sec. 41. Minnesota Statutes 2016, section 290A.03, subdivision 13, is amended to read:

52.12 Subd. 13. **Property taxes payable.** "Property taxes payable" means the property tax
 52.13 exclusive of special assessments, penalties, and interest payable on a claimant's homestead
 52.14 after deductions made under sections 273.135, 273.1384, 273.1391, 273.42, subdivision 2,
 52.15 and any other state paid property tax credits in any calendar year, and after any refund
 52.16 claimed and allowable under section 290A.04, subdivision 2h, that is first payable in the
 52.17 year that the property tax is payable. In the case of a claimant who makes ground lease
 52.18 payments, "property taxes payable" includes the amount of the payments directly attributable
 52.19 to the property taxes assessed against the parcel on which the house is located. No
 52.20 apportionment or reduction of the "property taxes payable" shall be required for the use of
 52.21 a portion of the claimant's homestead for a business purpose if the claimant does not deduct
 52.22 any business depreciation expenses for the use of a portion of the homestead in the
 52.23 determination of federal adjusted gross income. For homesteads which are manufactured
 52.24 homes as defined in section 273.125, subdivision 8, ~~and for homesteads which are including~~
 52.25 manufactured homes located in a manufactured home community owned by a cooperative
 52.26 organized under chapter 308A or 308B, and park trailers taxed as manufactured homes
 52.27 under section 168.012, subdivision 9, "property taxes payable" shall also include 17 percent
 52.28 of the gross rent paid in the preceding year for the site on which the homestead is located.
 52.29 When a homestead is owned by two or more persons as joint tenants or tenants in common,
 52.30 such tenants shall determine between them which tenant may claim the property taxes
 52.31 payable on the homestead. If they are unable to agree, the matter shall be referred to the
 52.32 commissioner of revenue whose decision shall be final. Property taxes are considered payable
 52.33 in the year prescribed by law for payment of the taxes.

53.1 In the case of a claim relating to "property taxes payable," the claimant must have owned
 53.2 and occupied the homestead on January 2 of the year in which the tax is payable and (i) the
 53.3 property must have been classified as homestead property pursuant to section 273.124, on
 53.4 or before December 15 of the assessment year to which the "property taxes payable" relate;
 53.5 or (ii) the claimant must provide documentation from the local assessor that application for
 53.6 homestead classification has been made on or before December 15 of the year in which the
 53.7 "property taxes payable" were payable and that the assessor has approved the application.

53.8 **EFFECTIVE DATE.** This section is effective beginning with claims for taxes payable
 53.9 in 2018.

53.10 Sec. 42. Minnesota Statutes 2016, section 473H.09, is amended to read:

53.11 **473H.09 EARLY TERMINATION.**

53.12 Subdivision 1. **Public emergency.** Termination of an agricultural preserve earlier than
 53.13 a date derived through application of section 473H.08 may be permitted ~~only~~ in the event
 53.14 of a public emergency upon petition from the owner or authority to the governor. The
 53.15 determination of a public emergency shall be by the governor through executive order
 53.16 pursuant to sections 4.035 and 12.01 to 12.46. The executive order shall identify the preserve,
 53.17 the reasons requiring the action and the date of termination.

53.18 Subd. 2. **Death of owner.** (a) Within 365 days of the death of an owner, an owner's
 53.19 spouse, or other qualifying person, the surviving owner may elect to terminate the agricultural
 53.20 preserve and the covenant allowing the land to be enrolled as an agricultural preserve by
 53.21 notifying the authority on a form provided by the commissioner of agriculture. Termination
 53.22 of a covenant under this subdivision must be executed and acknowledged in the manner
 53.23 required by law to execute and acknowledge a deed.

53.24 (b) For purposes of this subdivision, the following definitions apply:

53.25 (1) "qualifying person" includes a partner, shareholder, trustee for a trust that the decedent
 53.26 was the settlor or a beneficiary of, or member of an entity permitted to own agricultural
 53.27 land and engage in farming under section 500.24 that owned the agricultural preserve; and

53.28 (2) "surviving owner" includes the executor of the estate of the decedent, trustee for a
 53.29 trust that the decedent was the settlor or a beneficiary of, or an entity permitted to own farm
 53.30 land under section 500.24 of which the decedent was a partner, shareholder, or member.

53.31 (c) When an agricultural preserve is terminated under this subdivision, the property is
 53.32 subject to additional taxes in an amount equal to 50 percent of the taxes actually levied
 53.33 against the property for the current taxes payable year. The additional taxes are extended

54.1 against the property on the tax list for taxes payable in the current year. The additional taxes
 54.2 must be distributed among the jurisdictions levying taxes on the property in proportion to
 54.3 the current year's taxes.

54.4 **EFFECTIVE DATE.** This section is effective July 1, 2017.

54.5 Sec. 43. Minnesota Statutes 2016, section 473H.17, subdivision 1a, is amended to read:

54.6 Subd. 1a. **Allowed commercial and industrial operations.** (a) Commercial and industrial
 54.7 operations are not allowed on land within an agricultural preserve except:

54.8 (1) small on-farm commercial or industrial operations normally associated with and
 54.9 important to farming in the agricultural preserve area;

54.10 (2) storage use of existing farm buildings that does not disrupt the integrity of the
 54.11 agricultural preserve; ~~and~~

54.12 (3) small commercial use of existing farm buildings for trades not disruptive to the
 54.13 integrity of the agricultural preserve such as a carpentry shop, small scale mechanics shop,
 54.14 and similar activities that a farm operator might conduct; and

54.15 (4) wireless communication installments and related equipment and structure capable
 54.16 of providing technology potentially beneficial to farming activities.

54.17 (b) For purposes of paragraph (a), clauses (2) and (3), "existing" in paragraph (a), clauses
 54.18 (2) and (3), means existing on August 1, 1987.

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

54.20 Sec. 44. Minnesota Statutes 2016, section 504B.285, subdivision 1, is amended to read:

54.21 Subdivision 1. **Grounds.** (a) The person entitled to the premises may recover possession
 54.22 by eviction when:

54.23 (1) any person holds over real property:

54.24 (i) after a sale of the property on an execution or judgment; ~~or~~

54.25 (ii) after the expiration of the time for redemption on foreclosure of a mortgage, or after
 54.26 termination of contract to convey the property; or

54.27 (iii) after the expiration of the time for redemption on a real estate tax judgment sale;

54.28 (2) any person holds over real property after termination of the time for which it is
 54.29 demised or leased to that person or to the persons under whom that person holds possession,

55.1 contrary to the conditions or covenants of the lease or agreement under which that person
55.2 holds, or after any rent becomes due according to the terms of such lease or agreement; or

55.3 (3) any tenant at will holds over after the termination of the tenancy by notice to quit.

55.4 (b) A landlord may not commence an eviction action against a tenant or authorized
55.5 occupant solely on the basis that the tenant or authorized occupant has been the victim of
55.6 any of the acts listed in section 504B.206, subdivision 1, paragraph (a). Nothing in this
55.7 paragraph should be construed to prohibit an eviction action based on a breach of the lease.

55.8 Sec. 45. Minnesota Statutes 2016, section 504B.365, subdivision 3, is amended to read:

55.9 Subd. 3. **Removal and storage of property.** (a) If the defendant's personal property is
55.10 to be stored in a place other than the premises, the officer shall remove all personal property
55.11 of the defendant at the expense of the plaintiff.

55.12 (b) The defendant must make immediate payment for all expenses of removing personal
55.13 property from the premises. If the defendant fails or refuses to do so, the plaintiff has a lien
55.14 on all the personal property for the reasonable costs and expenses incurred in removing,
55.15 caring for, storing, and transporting it to a suitable storage place.

55.16 (c) The plaintiff may enforce the lien by detaining the personal property until paid. If
55.17 no payment has been made for 60 days after the execution of the order to vacate, the plaintiff
55.18 may dispose of the property or hold a public sale as provided in sections 514.18 to 514.22.

55.19 (d) If the defendant's personal property is to be stored on the premises, the officer shall
55.20 enter the premises, breaking in if necessary, and the plaintiff may remove the defendant's
55.21 personal property. Section 504B.271 applies to personal property removed under this
55.22 paragraph. The plaintiff must prepare an inventory and mail a copy of the inventory to the
55.23 defendant's last known address or, if the defendant has provided a different address, to the
55.24 address provided. The inventory must be prepared, signed, and dated in the presence of the
55.25 officer and must include the following:

55.26 (1) a list of the items of personal property and a description of their condition;

55.27 (2) the date, the signature of the plaintiff or the plaintiff's agent, and the name and
55.28 telephone number of a person authorized to release the personal property; and

55.29 (3) the name and badge number of the officer.

55.30 (e) The officer must retain a copy of the inventory.

55.31 (f) The plaintiff is responsible for the proper removal, storage, and care of the defendant's
55.32 personal property and is liable for damages for loss of or injury to it caused by the plaintiff's

56.1 failure to exercise the same care that a reasonably careful person would exercise under
56.2 similar circumstances.

56.3 (g) The plaintiff shall notify the defendant of the date and approximate time the officer
56.4 is scheduled to remove the defendant, family, and personal property from the premises. The
56.5 notice must be sent by first class mail. In addition, the plaintiff must make a good faith
56.6 effort to notify the defendant by telephone. The notice must be mailed as soon as the
56.7 information regarding the date and approximate time the officer is scheduled to enforce the
56.8 order is known to the plaintiff, except that the scheduling of the officer to enforce the order
56.9 need not be delayed because of the notice requirement. The notice must inform the defendant
56.10 that the defendant and the defendant's personal property will be removed from the premises
56.11 if the defendant has not vacated the premises by the time specified in the notice.

56.12 Sec. 46. Laws 1996, chapter 471, article 3, section 51, is amended to read:

56.13 Sec. 51. **RECREATION LEVY FOR SAWYER BY CARLTON COUNTY.**

56.14 Subdivision 1. **Levy authorized.** Notwithstanding other law to the contrary, the Carlton
56.15 county board of commissioners may levy in and for the unorganized township of Sawyer
56.16 an amount up to \$1,500 annually for recreational purposes, ~~beginning with taxes payable~~
56.17 ~~in 1997 and ending with taxes payable in 2006.~~

56.18 ~~Subd. 2. **Effective date.** This section is effective June 1, 1996, without local approval.~~

56.19 **EFFECTIVE DATE.** This section applies to taxes payable in 2018 and thereafter, and
56.20 is effective the day after the Carlton County Board of Commissioners and its chief clerical
56.21 officer timely complete their compliance with section 645.021, subdivisions 2 and 3.

56.22 Sec. 47. **LEGISLATIVE PROPERTY TAX REFORM WORKING GROUP.**

56.23 Subdivision 1. **Membership.** (a) The Legislative Property Tax Reform Working Group
56.24 is created and consists of the following members:

56.25 (1) two representatives appointed by the chair of the tax committee of the house of
56.26 representatives;

56.27 (2) two representatives appointed by the minority leader of the tax committee of the
56.28 house of representatives;

56.29 (3) two senators appointed by the chair of the senate tax committee; and

56.30 (4) two senators appointed by the minority leader of the senate tax committee.

57.1 (b) Any vacancy shall be filled by appointment of the appointing authority for the vacating
 57.2 member.

57.3 (c) Members shall be appointed by July 1, 2017.

57.4 Subd. 2. **Duties.** The working group must perform the duties described in section 48.

57.5 Subd. 3. **First meeting; chair.** The first appointee of the chair of the house of
 57.6 representatives tax committee must convene the initial meeting of the working group by
 57.7 July 21, 2017. The members of the working group must elect a chair and vice-chair from
 57.8 the members of the working group at the first meeting.

57.9 Subd. 4. **Staff.** Legislative staff of the house of representatives and senate shall provide
 57.10 administrative and research support. The working group may request the assistance of staff
 57.11 from the Department of Revenue and Department of Education as necessary to facilitate its
 57.12 work.

57.13 Subd. 5. **Report.** The working group must submit a report by February 15, 2018, to the
 57.14 chairs and ranking minority members of the committees in the senate and house of
 57.15 representatives with primary jurisdiction over taxes, presenting two or more alternatives
 57.16 for reform of Minnesota's property tax system.

57.17 Subd. 6. **Sunset.** The working group shall sunset the day following the submission of
 57.18 the report under subdivision 5.

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

57.20 Sec. 48. **PROPOSALS FOR REFORM OF MINNESOTA'S PROPERTY TAX**
 57.21 **SYSTEM.**

57.22 The Legislative Property Tax Reform Working Group must develop proposals to
 57.23 restructure Minnesota's property tax system for legislative consideration. The proposals
 57.24 must provide for a system that reduces the complexity and cost of Minnesota's property tax
 57.25 system to increase transparency and understanding for taxpayers and assessors while
 57.26 minimizing the number of properties that experience severe tax changes. The proposals
 57.27 must include, but are not limited to, a reduction in the number of classifications and tiers
 57.28 in the current property tax system. The proposals may include a transition period of up to
 57.29 five years before the final system elements are fully operational. At least one proposal must
 57.30 be developed where the highest estimated net state cost does not exceed \$250,000,000 in
 57.31 the first year that the proposal is fully phased in. At least one proposal must be developed
 57.32 where the highest estimated net state cost does not exceed \$500,000,000 in the first year

58.1 that the proposal is fully phased in. Each proposal should estimate the administrative cost
 58.2 savings to county governments and to the state government.

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

58.4 Sec. 49. **REPEALER.**

58.5 Minnesota Statutes 2016, sections 270C.9901; and 281.22, are repealed.

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

58.7

ARTICLE 2

58.8

AIDS, CREDITS, AND REFUNDS

58.9 Section 1. Minnesota Statutes 2016, section 127A.45, subdivision 10, is amended to read:

58.10 Subd. 10. **Payments to school nonoperating funds.** Each fiscal year state general fund
 58.11 payments for a district nonoperating fund must be made at the current year aid payment
 58.12 percentage of the estimated entitlement during the fiscal year of the entitlement. This amount
 58.13 shall be paid in ~~12~~ six equal monthly installments beginning in July. The amount of the
 58.14 actual entitlement, after adjustment for actual data, minus the payments made during the
 58.15 fiscal year of the entitlement must be paid prior to October 31 of the following school year.
 58.16 The commissioner may make advance payments of debt service equalization aid and
 58.17 state-paid tax credits for a district's debt service fund earlier than would occur under the
 58.18 preceding schedule if the district submits evidence showing a serious cash flow problem in
 58.19 the fund. The commissioner may make earlier payments during the year and, if necessary,
 58.20 increase the percent of the entitlement paid to reduce the cash flow problem.

58.21 **EFFECTIVE DATE.** This section is effective beginning with fiscal year 2019.

58.22 Sec. 2. Minnesota Statutes 2016, section 127A.45, subdivision 13, is amended to read:

58.23 Subd. 13. **Aid payment percentage.** Except as provided in subdivisions 10, 11, 12, 12a,
 58.24 and 14, each fiscal year, all education aids and credits in this chapter and chapters 120A,
 58.25 120B, 121A, 122A, 123A, 123B, 124D, 124E, 125A, 125B, 126C, 134, and section 273.1392,
 58.26 shall be paid at the current year aid payment percentage of the estimated entitlement during
 58.27 the fiscal year of the entitlement. For the purposes of this subdivision, a district's estimated
 58.28 entitlement for special education aid under section 125A.76 for fiscal year 2014 and later
 58.29 equals 97.4 percent of the district's entitlement for the current fiscal year. The final adjustment
 58.30 payment, according to subdivision 9, must be the amount of the actual entitlement, after
 58.31 adjustment for actual data, minus the payments made during the fiscal year of the entitlement.

59.1 **EFFECTIVE DATE.** This section is effective beginning with fiscal year 2019.

59.2 Sec. 3. **[273.1387] SCHOOL BUILDING BOND AGRICULTURAL CREDIT.**

59.3 Subdivision 1. **Eligibility.** All class 2a, 2b, and 2c property under section 273.13,
 59.4 subdivision 23, other than property consisting of the house, garage, and immediately
 59.5 surrounding one acre of land of an agricultural homestead, is eligible to receive the credit
 59.6 under this section.

59.7 Subd. 2. **Credit amount.** For each qualifying property, the school building bond
 59.8 agricultural credit is equal to 50 percent of the property's eligible net tax capacity multiplied
 59.9 by the school debt tax rate determined under section 275.08, subdivision 1b.

59.10 Subd. 3. **Credit reimbursements.** The county auditor shall determine the tax reductions
 59.11 allowed under this section within the county for each taxes payable year and shall certify
 59.12 that amount to the commissioner of revenue as a part of the abstracts of tax lists submitted
 59.13 under section 275.29. Any prior year adjustments shall also be certified on the abstracts of
 59.14 tax lists. The commissioner shall review the certifications for accuracy, and may make such
 59.15 changes as are deemed necessary, or return the certification to the county auditor for
 59.16 correction. The credit under this section must be used to reduce the school district net tax
 59.17 capacity-based property tax as provided in section 273.1393.

59.18 Subd. 4. **Payment.** The commissioner of revenue shall certify the total of the tax
 59.19 reductions granted under this section for each taxes payable year within each school district
 59.20 to the commissioner of education, who shall pay the reimbursement amounts to each school
 59.21 district as provided in section 273.1392.

59.22 Subd. 5. **Appropriation.** An amount sufficient to make the payments required by this
 59.23 section is annually appropriated from the general fund to the commissioner of education.

59.24 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2018.

59.25 Sec. 4. Minnesota Statutes 2016, section 273.1392, is amended to read:

59.26 **273.1392 PAYMENT; SCHOOL DISTRICTS.**

59.27 The amounts of bovine tuberculosis credit reimbursements under section 273.113;
 59.28 conservation tax credits under section 273.119; disaster or emergency reimbursement under
 59.29 sections 273.1231 to 273.1235; ~~homestead and~~ agricultural credits under ~~section~~ sections
 59.30 273.1384 and 273.1387; aids and credits under section 273.1398; enterprise zone property
 59.31 credit payments under section 469.171; and metropolitan agricultural preserve reduction
 59.32 under section 473H.10 for school districts, shall be certified to the Department of Education

60.1 by the Department of Revenue. The amounts so certified shall be paid according to section
60.2 127A.45, subdivisions 9, 10, and 13.

60.3 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2018.

60.4 Sec. 5. Minnesota Statutes 2016, section 273.1393, is amended to read:

60.5 **273.1393 COMPUTATION OF NET PROPERTY TAXES.**

60.6 Notwithstanding any other provisions to the contrary, "net" property taxes are determined
60.7 by subtracting the credits in the order listed from the gross tax:

60.8 (1) disaster credit as provided in sections 273.1231 to 273.1235;

60.9 (2) powerline credit as provided in section 273.42;

60.10 (3) agricultural preserves credit as provided in section 473H.10;

60.11 (4) enterprise zone credit as provided in section 469.171;

60.12 (5) disparity reduction credit;

60.13 (6) conservation tax credit as provided in section 273.119;

60.14 (7) the school bond credit as provided in section 273.1387;

60.15 (8) agricultural credit as provided in section 273.1384;

60.16 ~~(8)~~ (9) taconite homestead credit as provided in section 273.135;

60.17 ~~(9)~~ (10) supplemental homestead credit as provided in section 273.1391; and

60.18 ~~(10)~~ (11) the bovine tuberculosis zone credit, as provided in section 273.113.

60.19 The combination of all property tax credits must not exceed the gross tax amount.

60.20 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2018.

60.21 Sec. 6. Minnesota Statutes 2016, section 275.065, subdivision 3, is amended to read:

60.22 Subd. 3. **Notice of proposed property taxes.** (a) The county auditor shall prepare and
60.23 the county treasurer shall deliver after November 10 and on or before November 24 each
60.24 year, by first class mail to each taxpayer at the address listed on the county's current year's
60.25 assessment roll, a notice of proposed property taxes. Upon written request by the taxpayer,
60.26 the treasurer may send the notice in electronic form or by electronic mail instead of on paper
60.27 or by ordinary mail.

60.28 (b) The commissioner of revenue shall prescribe the form of the notice.

61.1 (c) The notice must inform taxpayers that it contains the amount of property taxes each
61.2 taxing authority proposes to collect for taxes payable the following year. In the case of a
61.3 town, or in the case of the state general tax, the final tax amount will be its proposed tax.
61.4 The notice must clearly state for each city that has a population over 500, county, school
61.5 district, regional library authority established under section 134.201, and metropolitan taxing
61.6 districts as defined in paragraph (i), the time and place of a meeting for each taxing authority
61.7 in which the budget and levy will be discussed and public input allowed, prior to the final
61.8 budget and levy determination. The taxing authorities must provide the county auditor with
61.9 the information to be included in the notice on or before the time it certifies its proposed
61.10 levy under subdivision 1. The public must be allowed to speak at that meeting, which must
61.11 occur after November 24 and must not be held before 6:00 p.m. It must provide a telephone
61.12 number for the taxing authority that taxpayers may call if they have questions related to the
61.13 notice and an address where comments will be received by mail, except that no notice
61.14 required under this section shall be interpreted as requiring the printing of a personal
61.15 telephone number or address as the contact information for a taxing authority. If a taxing
61.16 authority does not maintain public offices where telephone calls can be received by the
61.17 authority, the authority may inform the county of the lack of a public telephone number and
61.18 the county shall not list a telephone number for that taxing authority.

61.19 (d) The notice must state for each parcel:

61.20 (1) the market value of the property as determined under section 273.11, and used for
61.21 computing property taxes payable in the following year and for taxes payable in the current
61.22 year as each appears in the records of the county assessor on November 1 of the current
61.23 year; and, in the case of residential property, whether the property is classified as homestead
61.24 or nonhomestead. The notice must clearly inform taxpayers of the years to which the market
61.25 values apply and that the values are final values;

61.26 (2) the items listed below, shown separately by county, city or town, and state general
61.27 tax, agricultural homestead credit under section 273.1384, school building bond agricultural
61.28 credit under section 273.1387, voter approved school levy, other local school levy, and the
61.29 sum of the special taxing districts, and as a total of all taxing authorities:

61.30 (i) the actual tax for taxes payable in the current year; and

61.31 (ii) the proposed tax amount.

61.32 If the county levy under clause (2) includes an amount for a lake improvement district
61.33 as defined under sections 103B.501 to 103B.581, the amount attributable for that purpose
61.34 must be separately stated from the remaining county levy amount.

62.1 In the case of a town or the state general tax, the final tax shall also be its proposed tax
62.2 unless the town changes its levy at a special town meeting under section 365.52. If a school
62.3 district has certified under section 126C.17, subdivision 9, that a referendum will be held
62.4 in the school district at the November general election, the county auditor must note next
62.5 to the school district's proposed amount that a referendum is pending and that, if approved
62.6 by the voters, the tax amount may be higher than shown on the notice. In the case of the
62.7 city of Minneapolis, the levy for Minneapolis Park and Recreation shall be listed separately
62.8 from the remaining amount of the city's levy. In the case of the city of St. Paul, the levy for
62.9 the St. Paul Library Agency must be listed separately from the remaining amount of the
62.10 city's levy. In the case of Ramsey County, any amount levied under section 134.07 may be
62.11 listed separately from the remaining amount of the county's levy. In the case of a parcel
62.12 where tax increment or the fiscal disparities areawide tax under chapter 276A or 473F
62.13 applies, the proposed tax levy on the captured value or the proposed tax levy on the tax
62.14 capacity subject to the areawide tax must each be stated separately and not included in the
62.15 sum of the special taxing districts; and

62.16 (3) the increase or decrease between the total taxes payable in the current year and the
62.17 total proposed taxes, expressed as a percentage.

62.18 For purposes of this section, the amount of the tax on homesteads qualifying under the
62.19 senior citizens' property tax deferral program under chapter 290B is the total amount of
62.20 property tax before subtraction of the deferred property tax amount.

62.21 (e) The notice must clearly state that the proposed or final taxes do not include the
62.22 following:

62.23 (1) special assessments;

62.24 (2) levies approved by the voters after the date the proposed taxes are certified, including
62.25 bond referenda and school district levy referenda;

62.26 (3) a levy limit increase approved by the voters by the first Tuesday after the first Monday
62.27 in November of the levy year as provided under section 275.73;

62.28 (4) amounts necessary to pay cleanup or other costs due to a natural disaster occurring
62.29 after the date the proposed taxes are certified;

62.30 (5) amounts necessary to pay tort judgments against the taxing authority that become
62.31 final after the date the proposed taxes are certified; and

62.32 (6) the contamination tax imposed on properties which received market value reductions
62.33 for contamination.

63.1 (f) Except as provided in subdivision 7, failure of the county auditor to prepare or the
63.2 county treasurer to deliver the notice as required in this section does not invalidate the
63.3 proposed or final tax levy or the taxes payable pursuant to the tax levy.

63.4 (g) If the notice the taxpayer receives under this section lists the property as
63.5 nonhomestead, and satisfactory documentation is provided to the county assessor by the
63.6 applicable deadline, and the property qualifies for the homestead classification in that
63.7 assessment year, the assessor shall reclassify the property to homestead for taxes payable
63.8 in the following year.

63.9 (h) In the case of class 4 residential property used as a residence for lease or rental
63.10 periods of 30 days or more, the taxpayer must either:

63.11 (1) mail or deliver a copy of the notice of proposed property taxes to each tenant, renter,
63.12 or lessee; or

63.13 (2) post a copy of the notice in a conspicuous place on the premises of the property.

63.14 The notice must be mailed or posted by the taxpayer by November 27 or within three
63.15 days of receipt of the notice, whichever is later. A taxpayer may notify the county treasurer
63.16 of the address of the taxpayer, agent, caretaker, or manager of the premises to which the
63.17 notice must be mailed in order to fulfill the requirements of this paragraph.

63.18 (i) For purposes of this subdivision and subdivision 6, "metropolitan special taxing
63.19 districts" means the following taxing districts in the seven-county metropolitan area that
63.20 levy a property tax for any of the specified purposes listed below:

63.21 (1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325, 473.446,
63.22 473.521, 473.547, or 473.834;

63.23 (2) Metropolitan Airports Commission under section 473.667, 473.671, or 473.672; and

63.24 (3) Metropolitan Mosquito Control Commission under section 473.711.

63.25 For purposes of this section, any levies made by the regional rail authorities in the county
63.26 of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter 398A
63.27 shall be included with the appropriate county's levy.

63.28 (j) The governing body of a county, city, or school district may, with the consent of the
63.29 county board, include supplemental information with the statement of proposed property
63.30 taxes about the impact of state aid increases or decreases on property tax increases or
63.31 decreases and on the level of services provided in the affected jurisdiction. This supplemental
63.32 information may include information for the following year, the current year, and for as

64.1 many consecutive preceding years as deemed appropriate by the governing body of the
64.2 county, city, or school district. It may include only information regarding:

64.3 (1) the impact of inflation as measured by the implicit price deflator for state and local
64.4 government purchases;

64.5 (2) population growth and decline;

64.6 (3) state or federal government action; and

64.7 (4) other financial factors that affect the level of property taxation and local services
64.8 that the governing body of the county, city, or school district may deem appropriate to
64.9 include.

64.10 The information may be presented using tables, written narrative, and graphic
64.11 representations and may contain instruction toward further sources of information or
64.12 opportunity for comment.

64.13 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2018.

64.14 Sec. 7. Minnesota Statutes 2016, section 275.07, subdivision 2, is amended to read:

64.15 Subd. 2. **School district in more than one county levies; special requirements.** (a) In
64.16 school districts lying in more than one county, the clerk shall certify the tax levied to the
64.17 auditor of the county in which the administrative offices of the school district are located.

64.18 (b) The district must identify the portion of the school district levy that is levied for debt
64.19 service at the time the levy is certified under this section. For the purposes of this paragraph,
64.20 "levied for debt service" means levies authorized under sections 123B.53, 123B.535, and
64.21 123B.55, as adjusted by sections 126C.46 and 126C.48, net of any debt excess levy reductions
64.22 under section 475.61, subdivision 4, excluding debt service amounts necessary for repayment
64.23 of other postemployment benefits under section 475.52, subdivision 6.

64.24 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2018.

64.25 Sec. 8. Minnesota Statutes 2016, section 275.08, subdivision 1b, is amended to read:

64.26 Subd. 1b. **Computation of tax rates.** (a) The amounts certified to be levied against net
64.27 tax capacity under section 275.07 by an individual local government unit shall be divided
64.28 by the total net tax capacity of all taxable properties within the local government unit's
64.29 taxing jurisdiction. The resulting ratio, the local government's local tax rate, multiplied by
64.30 each property's net tax capacity shall be each property's net tax capacity tax for that local
64.31 government unit before reduction by any credits.

65.1 (b) The auditor must also determine the school debt tax rate for each school district equal
65.2 to (1) the school debt service levy certified under section 275.07, subdivision 2, divided by
65.3 (2) the total net tax capacity of all taxable property within the district.

65.4 (c) Any amount certified to the county auditor to be levied against market value shall
65.5 be divided by the total referendum market value of all taxable properties within the taxing
65.6 district. The resulting ratio, the taxing district's new referendum tax rate, multiplied by each
65.7 property's referendum market value shall be each property's new referendum tax before
65.8 reduction by any credits. For the purposes of this subdivision, "referendum market value"
65.9 means the market value as defined in section 126C.01, subdivision 3.

65.10 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2018.

65.11 Sec. 9. Minnesota Statutes 2016, section 276.04, subdivision 2, is amended to read:

65.12 Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the printing of
65.13 the tax statements. The commissioner of revenue shall prescribe the form of the property
65.14 tax statement and its contents. The tax statement must not state or imply that property tax
65.15 credits are paid by the state of Minnesota. The statement must contain a tabulated statement
65.16 of the dollar amount due to each taxing authority and the amount of the state tax from the
65.17 parcel of real property for which a particular tax statement is prepared. The dollar amounts
65.18 attributable to the county, the state tax, the voter approved school tax, the other local school
65.19 tax, the township or municipality, and the total of the metropolitan special taxing districts
65.20 as defined in section 275.065, subdivision 3, paragraph (i), must be separately stated. The
65.21 amounts due all other special taxing districts, if any, may be aggregated except that any
65.22 levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin,
65.23 Ramsey, Scott, or Washington under chapter 398A shall be listed on a separate line directly
65.24 under the appropriate county's levy. If the county levy under this paragraph includes an
65.25 amount for a lake improvement district as defined under sections 103B.501 to 103B.581,
65.26 the amount attributable for that purpose must be separately stated from the remaining county
65.27 levy amount. In the case of Ramsey County, if the county levy under this paragraph includes
65.28 an amount for public library service under section 134.07, the amount attributable for that
65.29 purpose may be separated from the remaining county levy amount. The amount of the tax
65.30 on homesteads qualifying under the senior citizens' property tax deferral program under
65.31 chapter 290B is the total amount of property tax before subtraction of the deferred property
65.32 tax amount. The amount of the tax on contamination value imposed under sections 270.91
65.33 to 270.98, if any, must also be separately stated. The dollar amounts, including the dollar
65.34 amount of any special assessments, may be rounded to the nearest even whole dollar. For

66.1 purposes of this section whole odd-numbered dollars may be adjusted to the next higher
 66.2 even-numbered dollar. The amount of market value excluded under section 273.11,
 66.3 subdivision 16, if any, must also be listed on the tax statement.

66.4 (b) The property tax statements for manufactured homes and sectional structures taxed
 66.5 as personal property shall contain the same information that is required on the tax statements
 66.6 for real property.

66.7 (c) Real and personal property tax statements must contain the following information
 66.8 in the order given in this paragraph. The information must contain the current year tax
 66.9 information in the right column with the corresponding information for the previous year
 66.10 in a column on the left:

66.11 (1) the property's estimated market value under section 273.11, subdivision 1;

66.12 (2) the property's homestead market value exclusion under section 273.13, subdivision
 66.13 35;

66.14 (3) the property's taxable market value under section 272.03, subdivision 15;

66.15 (4) the property's gross tax, before credits;

66.16 (5) for ~~homestead~~ agricultural properties, the ~~credit~~ credits under ~~section~~ sections
 66.17 273.1384 and 273.1387;

66.18 (6) any credits received under sections 273.119; 273.1234 or 273.1235; 273.135;
 66.19 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of credit
 66.20 received under section 273.135 must be separately stated and identified as "taconite tax
 66.21 relief"; and

66.22 (7) the net tax payable in the manner required in paragraph (a).

66.23 (d) If the county uses envelopes for mailing property tax statements and if the county
 66.24 agrees, a taxing district may include a notice with the property tax statement notifying
 66.25 taxpayers when the taxing district will begin its budget deliberations for the current year,
 66.26 and encouraging taxpayers to attend the hearings. If the county allows notices to be included
 66.27 in the envelope containing the property tax statement, and if more than one taxing district
 66.28 relative to a given property decides to include a notice with the tax statement, the county
 66.29 treasurer or auditor must coordinate the process and may combine the information on a
 66.30 single announcement.

66.31 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2018.

67.1 Sec. 10. Minnesota Statutes 2016, section 290A.03, subdivision 11, is amended to read:

67.2 Subd. 11. **Rent constituting property taxes.** (a) "Rent constituting property taxes"
 67.3 means ~~17 percent~~ a percentage of the gross rent actually paid in cash, or its equivalent, or
 67.4 the portion of rent paid in lieu of property taxes, in any calendar year by a claimant for the
 67.5 right of occupancy of the claimant's Minnesota homestead in the calendar year, and which
 67.6 rent constitutes the basis, in the succeeding calendar year of a claim for relief under this
 67.7 chapter by the claimant.

67.8 (b) The percentage in paragraph (a) is set by major geographic regions as follows:

67.9 (1) for the city of Minneapolis, 16.5 percent;

67.10 (2) for the city of St. Paul, 14 percent;

67.11 (3) for the counties of Anoka; Dakota; Hennepin, excluding the city of Minneapolis;
 67.12 and Ramsey, excluding the city of St. Paul, 15 percent; and

67.13 (4) for the remainder of the state, 14 percent.

67.14 **EFFECTIVE DATE.** This section is effective for refunds based on rent paid in 2017
 67.15 and following years.

67.16 Sec. 11. Minnesota Statutes 2016, section 290A.03, subdivision 13, is amended to read:

67.17 Subd. 13. **Property taxes payable.** "Property taxes payable" means the property tax
 67.18 exclusive of special assessments, penalties, and interest payable on a claimant's homestead
 67.19 after deductions made under sections 273.135, 273.1384, 273.1391, 273.42, subdivision 2,
 67.20 and any other state paid property tax credits in any calendar year, and after any refund
 67.21 claimed and allowable under section 290A.04, subdivision 2h, that is first payable in the
 67.22 year that the property tax is payable. In the case of a claimant who makes ground lease
 67.23 payments, "property taxes payable" includes the amount of the payments directly attributable
 67.24 to the property taxes assessed against the parcel on which the house is located. No
 67.25 apportionment or reduction of the "property taxes payable" shall be required for the use of
 67.26 a portion of the claimant's homestead for a business purpose if the claimant does not deduct
 67.27 any business depreciation expenses for the use of a portion of the homestead in the
 67.28 determination of federal adjusted gross income. For homesteads which are manufactured
 67.29 homes as defined in section 273.125, subdivision 8, and for homesteads which are park
 67.30 trailers taxed as manufactured homes under section 168.012, subdivision 9, "property taxes
 67.31 payable" shall also include ~~17 percent~~ a percentage of the gross rent paid in the preceding
 67.32 year for the site on which the homestead is located. The percentage equals the percentage
 67.33 set under subdivision 11 for the geographic region in which the homestead is located. When

68.1 a homestead is owned by two or more persons as joint tenants or tenants in common, such
68.2 tenants shall determine between them which tenant may claim the property taxes payable
68.3 on the homestead. If they are unable to agree, the matter shall be referred to the commissioner
68.4 of revenue whose decision shall be final. Property taxes are considered payable in the year
68.5 prescribed by law for payment of the taxes.

68.6 In the case of a claim relating to "property taxes payable," the claimant must have owned
68.7 and occupied the homestead on January 2 of the year in which the tax is payable and (i) the
68.8 property must have been classified as homestead property pursuant to section 273.124, on
68.9 or before December 15 of the assessment year to which the "property taxes payable" relate;
68.10 or (ii) the claimant must provide documentation from the local assessor that application for
68.11 homestead classification has been made on or before December 15 of the year in which the
68.12 "property taxes payable" were payable and that the assessor has approved the application.

68.13 **EFFECTIVE DATE.** This section is effective for refunds based on rent paid in 2017
68.14 and following years.

68.15 Sec. 12. Minnesota Statutes 2016, section 469.169, is amended by adding a subdivision
68.16 to read:

68.17 Subd. 20. **Additional border city allocations.** (a) In addition to the tax reductions
68.18 authorized in subdivisions 12 to 19, the commissioner shall allocate \$3,000,000 for tax
68.19 reductions to border city enterprise zones in cities located on the western border of the state.
68.20 The commissioner shall allocate this amount among cities on a per capita basis. Allocations
68.21 under this subdivision may be used for tax reductions under sections 469.171, 469.1732,
68.22 and 469.1734, or for other offsets of taxes imposed on or remitted by businesses located in
68.23 the enterprise zone, but only if the municipality determines that the granting of the tax
68.24 reduction or offset is necessary to retain a business within or attract a business to the zone.

68.25 (b) The allocations under this subdivision do not cancel or expire, but remain available
68.26 until used by the city.

68.27 Sec. 13. Minnesota Statutes 2016, section 477A.011, subdivision 34, is amended to read:

68.28 Subd. 34. **City revenue need.** (a) For a city with a population equal to or greater than
68.29 10,000, "city revenue need" is 1.15 times the sum of (1) 4.59 times the pre-1940 housing
68.30 percentage; plus (2) 0.622 times the percent of housing built between 1940 and 1970; plus
68.31 (3) 169.415 times the jobs per capita; plus (4) the sparsity adjustment; plus (5) 307.664.

69.1 (b) For a city with a population equal to or greater than 2,500 and less than 10,000, "city
69.2 revenue need" is 1.15 times the sum of (1) 572.62; plus (2) 5.026 times the pre-1940 housing
69.3 percentage; minus (3) 53.768 times household size; plus (4) 14.022 times peak population
69.4 decline; plus (5) the sparsity adjustment.

69.5 (c) For a city with a population less than 2,500, "city revenue need" is the sum of (1)
69.6 410 plus; (2) 0.367 times the city's population over 100; plus (3) the sparsity adjustment.
69.7 The city revenue need for a city under this paragraph shall not exceed 630 plus the city's
69.8 sparsity adjustment.

69.9 (d) For a city with a population of at least 2,500 but less than 3,000, the "city revenue
69.10 need" equals (1) the transition factor times the city's revenue need calculated in paragraph
69.11 (b); plus (2) 630 times the difference between one and the transition factor. For a city with
69.12 a population of at least 10,000 but less than 10,500, the "city revenue need" equals (1) the
69.13 transition factor times the city's revenue need calculated in paragraph (a); plus (2) the city's
69.14 revenue need calculated under the formula in paragraph (b) times the difference between
69.15 one and the transition factor. For purposes of this paragraph "transition factor" is 0.2 percent
69.16 times the amount that the city's population exceeds the minimum threshold in either of the
69.17 first two sentences.

69.18 (e) The city revenue need cannot be less than zero.

69.19 (f) For calendar year 2015 and subsequent years, the city revenue need for a city, as
69.20 determined in paragraphs (a) to (e), is multiplied by the ratio of the annual implicit price
69.21 deflator for government consumption expenditures and gross investment for state and local
69.22 governments as prepared by the United States Department of Commerce, for the most
69.23 recently available year to the 2013 implicit price deflator for state and local government
69.24 purchases.

69.25 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2018
69.26 and thereafter.

69.27 Sec. 14. Minnesota Statutes 2016, section 477A.011, subdivision 45, is amended to read:

69.28 Subd. 45. **Sparsity adjustment.** For a city with a population of 10,000 or more, the
69.29 sparsity adjustment is 100 for any city with an average population density less than 150 per
69.30 square mile, according to the most recent federal census; ~~and~~ For a city with a population
69.31 less than 10,000, the sparsity adjustment is 200 for any city with an average population
69.32 density less than 30 per square mile, according to the most recent federal census. The sparsity
69.33 adjustment is zero for all other cities.

70.1 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2018
 70.2 and thereafter.

70.3 Sec. 15. Minnesota Statutes 2016, section 477A.013, subdivision 8, is amended to read:

70.4 Subd. 8. **City formula aid.** (a) For aids payable in ~~2015~~ 2018 and thereafter, the formula
 70.5 aid for a city is equal to ~~the sum of (1) its formula aid in the previous year and (2) the product~~
 70.6 of (i) the difference between its unmet need and its ~~formula~~ certified aid in the previous
 70.7 year before any aid adjustment under subdivision 13, and (ii) the aid gap percentage.

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

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

70.13 ~~(d)~~ (c) The applicable aid gap percentage must be calculated by the Department of
 70.14 Revenue so that the total of the aid under subdivision 9 equals the total amount available
 70.15 for aid under section 477A.03. The aid gap percentage must be the same for all cities subject
 70.16 to paragraph (a). Data used in calculating aids to cities under sections 477A.011 to 477A.013
 70.17 shall be the most recently available data as of January 1 in the year in which the aid is
 70.18 calculated.

70.19 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2018
 70.20 and thereafter.

70.21 Sec. 16. Minnesota Statutes 2016, section 477A.013, subdivision 9, is amended to read:

70.22 Subd. 9. **City aid distribution.** (a) In calendar year ~~2014~~ 2018 and thereafter, ~~each city~~
 70.23 if a city's certified aid before any aid adjustment under subdivision 13 for the previous year
 70.24 is less than its current unmet need, the city shall receive an aid distribution equal to the sum
 70.25 of (1) its certified aid in the previous year before any aid adjustment under subdivision 13,
 70.26 (2) the city formula aid under subdivision 8, and (2) (3) its aid adjustment under subdivision
 70.27 13.

70.28 (b) For aids payable in ~~2015~~ 2018 and thereafter, if a city's certified aid before any aid
 70.29 adjustment under subdivision 13 for the previous year is equal to or greater than its current
 70.30 unmet need, the total aid for a city must not be less than is equal to the greater of (1) its
 70.31 unmet need plus any aid adjustment under subdivision 13, or (2) the amount it was certified
 70.32 to receive in the previous year minus the lesser of \$10 multiplied by its population, or five

71.1 percent of its net levy in the year prior to the aid distribution. No city may have a total aid
 71.2 amount less than zero.

71.3 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2018
 71.4 and thereafter.

71.5 Sec. 17. **[477A.0135] AID REDUCTIONS FOR PAYMENTS TO A WORLD FAIR**
 71.6 **OR EXPO.**

71.7 If a county, statutory or home rule charter city, or town makes a payment or contribution
 71.8 to Expo2023 or any similar organization with the mission of advocating, promoting, or
 71.9 running a world fair or expo in the state of Minnesota in any year, it must report that amount
 71.10 to the commissioner by January 15 of the year following the year in which the payment or
 71.11 contribution is made. The commissioner shall reduce the aid paid to a county, city, or town
 71.12 under section 477A.014 from the amount certified to the county under section 477A.0124;
 71.13 to the city under section 477A.013, subdivision 9; or to the town under section 477A.013,
 71.14 subdivision 1, in the calendar year following the year in which the payment or contribution
 71.15 was made. The reduction is equal to the amount of the payment or contribution, but the aid
 71.16 paid to any county, city, or town may not be less than zero. Any savings in aid payments
 71.17 under this section shall stay in the general fund and shall not be redistributed to other
 71.18 counties, cities, or towns.

71.19 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2018
 71.20 and thereafter.

71.21 Sec. 18. **[477A.0175] AID REDUCTIONS FOR OPERATING AN UNAUTHORIZED**
 71.22 **DIVERSION PROGRAM.**

71.23 **Subdivision 1. Penalty for operating an unauthorized diversion program.**
 71.24 Notwithstanding any other law to the contrary, a county or city that operated a pretrial
 71.25 diversion program that a court determines was not authorized under section 169.999 or
 71.26 another statute or law must have its aid under sections 477A.011 to 477A.03 reduced by
 71.27 the amount of fees paid by participants into the program for the years in which the program
 71.28 operated. A court shall report any order that enjoins a county or city from operating a pretrial
 71.29 diversion program to the commissioner as required under subdivision 2. The commissioner
 71.30 shall, with the assistance of the state auditor, determine the amount of fees collected under
 71.31 the diversion program and reduce the county program aid paid to a county or the local
 71.32 government aid paid to a city by this amount beginning with the first aid payment made
 71.33 after the reduction amount is determined. No aid payment may be less than zero but the

72.1 amount of the reduction that cannot be made out of that payment shall be applied to future
 72.2 payments until the total amount has been deducted.

72.3 Subd. 2. **Court challenge to authority to operate a pretrial diversion program.** Any
 72.4 taxpayer may challenge a city or county operation of a pretrial diversion program by filing
 72.5 a declaratory judgment action or seeking other appropriate relief in the district court for the
 72.6 county where the city is located or in any other court of competent jurisdiction. If the court
 72.7 finds that the county or city has exceeded its authority under law in operating the pretrial
 72.8 diversion program, the court must transmit a copy of the court order to the commissioner
 72.9 of revenue.

72.10 **EFFECTIVE DATE.** This section is effective the day following final enactment and
 72.11 applies beginning with the second aid payments under Minnesota Statutes, section 477A.015
 72.12 in calendar year 2017.

72.13 Sec. 19. **ONETIME ADJUSTMENT FOR CERTAIN CITIES; AIDS PAYABLE IN**
 72.14 **2017.**

72.15 (a) The amount of aid payable in 2017 to a city shall be increased to equal the amount
 72.16 of aid it received under Minnesota Statutes, section 477A.013, subdivision 9, for aids payable
 72.17 in 2016 if the following conditions are met:

72.18 (1) its certified aid under Minnesota Statutes, section 477A.013, subdivision 9, for aids
 72.19 payable in 2017, is less than its certified aid for aids payable in 2016; and

72.20 (2) its certified aid under Minnesota Statutes, section 477A.013, subdivision 9, for aids
 72.21 payable in 2016, is less than its unmet need under Minnesota Statutes, section 477A.011,
 72.22 subdivision 34, for aids payable in 2017.

72.23 (b) Any adjustment under this section shall be treated as an aid correction under
 72.24 Minnesota Statutes, section 477A.014, subdivision 3. The amount computed under this
 72.25 section shall be used as an affected city's 2017 certified aid amount when calculating its
 72.26 formula aid under Minnesota Statutes, section 477A.013, subdivision 8, for aids payable in
 72.27 2018.

72.28 **EFFECTIVE DATE.** This section is effective for aids payable in calendar years 2017
 72.29 and 2018.

72.30 Sec. 20. **BASE YEAR FORMULA AID FOR NEWLY INCORPORATED CITY.**

72.31 For a city that incorporated on October 13, 2015, and first qualifies for aid under
 72.32 Minnesota Statutes, section 477A.013, subdivisions 8 and 9, in 2017, the city's certified aid

73.1 for 2017, used in calculating aid payable in 2018, shall be deemed to equal the lesser of (1)
 73.2 25 percent of its certified levy for taxes payable in 2016, or (2) 50 percent of its unmet need
 73.3 as defined in Minnesota Statutes, section 477A.011, subdivision 43.

73.4 **EFFECTIVE DATE.** This section is effective for aids payable in 2018.

73.5 **Sec. 21. 2013 CITY AID PENALTY FORGIVENESS; CITY OF OSLO.**

73.6 Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Oslo
 73.7 shall receive the portion of its aid payment for calendar year 2013 under Minnesota Statutes,
 73.8 section 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision
 73.9 3, provided that the state auditor certifies to the commissioner of revenue that it received
 73.10 audited financial statements from the city for calendar year 2012 by December 31, 2013.
 73.11 The commissioner of revenue shall make a payment of \$37,473.50 with the first payment
 73.12 of aids under Minnesota Statutes, section 477A.015. \$37,473.50 is appropriated from the
 73.13 general fund to the commissioner of revenue in fiscal year 2018 to make this payment.

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

73.15 **Sec. 22. 2014 AID PENALTY FORGIVENESS.**

73.16 (a) Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the cities of
 73.17 Dundee, Jeffers, and Woodstock shall receive all of their calendar year 2014 aid payment
 73.18 that was withheld under Minnesota Statutes, section 477A.017, subdivision 3, provided that
 73.19 the state auditor certifies to the commissioner of revenue that the city complied with all
 73.20 reporting requirements under Minnesota Statutes, section 477A.017, subdivision 3, for
 73.21 calendar years 2013 and 2014 by June 1, 2015.

73.22 (b) The commissioner of revenue shall make payment to each city no later than July 20,
 73.23 2017. Up to \$101,570 in fiscal year 2018 is appropriated from the general fund to the
 73.24 commissioner of revenue to make the payments under this section.

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

73.26 **Sec. 23. LAKE MILLE LACS AREA PROPERTY TAX ABATEMENT.**

73.27 Subdivision 1. **Abatements authorized.** (a) Notwithstanding Minnesota Statutes, section
 73.28 375.192, the county boards of Aitkin, Crow Wing, and Mille Lacs Counties may grant an
 73.29 abatement of local property taxes for taxes payable in 2017, provided that:

73.30 (1) the property is classified as 1c, 3a (excluding utility real and personal property),
 73.31 4c(1), 4c(10), or 4c(11);

74.1 (2) on or before December 31, 2017, the taxpayer submits a written application to the
 74.2 county auditor in the county in which abatement is sought; and

74.3 (3) the taxpayer meets qualification requirements established in subdivision 3.

74.4 Subd. 2. **Appeals.** An appeal may not be taken to the Tax Court from any order of the
 74.5 county board made pursuant to the exercise of the discretionary authority granted in this
 74.6 section.

74.7 Subd. 3. **Qualification requirements.** To qualify for abatements under this section, a
 74.8 taxpayer must:

74.9 (1) be located within one of the following municipalities surrounding Lake Mille Lacs:

74.10 (i) in Crow Wing County, the city of Garrison, township of Garrison, or township of
 74.11 Roosevelt;

74.12 (ii) in Aitkin County, the township of Hazelton, township of Wealthwood, township of
 74.13 Malmo, or township of Lakeside; or

74.14 (iii) in Mille Lacs County, the city of Isle, city of Wahkon, city of Onamia, township of
 74.15 East Side, township of Isle Harbor, township of South Harbor, or township of Kathio;

74.16 (2) document a reduction in gross receipts of five percent or greater between two
 74.17 successive calendar years beginning in 2010 or later; and

74.18 (3) be a business in one of the following industries, as defined within the North American
 74.19 Industry Classification System: accommodation, restaurants, bars, amusement and recreation,
 74.20 food and beverages retail, sporting goods, miscellaneous retail, general retail, museums,
 74.21 historical sites, health and personal care, gas station, general merchandise, business and
 74.22 professional membership, movies, or nonstore retailer, as determined by the county in
 74.23 consultation with the commissioner of employment and economic development.

74.24 Subd. 4. **State general levy in relief area.** The counties of Aitkin, Crow Wing, and
 74.25 Mille Lacs must refund the state general levy levied upon a property classified as 1c, 3a
 74.26 (excluding utility real and personal property), or 4c(1) that is located in the area described
 74.27 by subdivision 3, clause (1), for taxes payable in 2017.

74.28 Subd. 5. **Certification and transfer of funds.** (a) By February 1, 2018, a county granting
 74.29 a refund as required under subdivision 4 must certify the total amount of state general tax
 74.30 refunded to Mille Lacs County and the commissioner of revenue. By March 1, 2018, Mille
 74.31 Lacs County must transfer an amount equal to the amount certified under this paragraph to
 74.32 the county making the certification.

75.1 (b) By February 1, 2018, a county that has received an application for an abatement
 75.2 authorized under subdivision 1 must certify to Mille Lacs County the total amount of
 75.3 abatements for which applications have been received and approved. By March 1, 2018,
 75.4 Mille Lacs County must transfer an amount equal to the amount certified under this paragraph
 75.5 to the county making the certification. By April 30, 2018, the county must issue refunds of
 75.6 local property tax amounts to qualified taxpayers.

75.7 Subd. 6. **Commissioner of revenue; appropriation.** An amount sufficient to make the
 75.8 transfers required under subdivision 5 in fiscal year 2018 is appropriated from the general
 75.9 fund to the commissioner of revenue for transfer to Mille Lacs County. This is a onetime
 75.10 appropriation.

75.11 Subd. 7. **Report to legislature.** The commissioner of revenue must make a written report
 75.12 to the chairs and ranking minority members of the legislative committees with jurisdiction
 75.13 over taxes stating the amount of abatements and refunds given under this section by taxing
 75.14 jurisdictions by February 1, 2019. The counties must provide the commissioner with the
 75.15 information necessary to make the report.

75.16 Subd. 8. **Refund eligibility.** Only a taxpayer making all payments of property taxes for
 75.17 taxes payable in 2017 is eligible to receive a refund under subdivisions 4 and 5.

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

75.19 Sec. 24. **SUPPLEMENTAL PAYMENTS FOR OTHER NATURAL RESOURCES**
 75.20 **LAND.**

75.21 Subdivision 1. **Supplemental payments.** For aids payable in calendar years 2017 and
 75.22 2018 only, each county must receive a supplemental aid payment equal to 50 cents per acre
 75.23 for other natural resources land, as defined in Minnesota Statutes, section 477A.11,
 75.24 subdivision 4, located in the county. The payment shall be made at the same time as payments
 75.25 under Minnesota Statutes, section 477A.13, and the counties shall distribute this payment
 75.26 as if it was part of the aids subject to the general distribution for that year under Minnesota
 75.27 Statutes, section 477A.014, subdivision 1.

75.28 Subd. 2. **Appropriation.** The amount necessary to make the payments under subdivision
 75.29 1 in each year is appropriated from the general fund to the commissioner of revenue for
 75.30 fiscal years 2018 and 2019 only. The appropriations under this section are onetime and not
 75.31 added to the base budget.

75.32 **EFFECTIVE DATE.** This section is effective for aids payable in calendar years 2017
 75.33 and 2018 only.

76.1 **Sec. 25. 2017 HOMESTEAD CREDIT REFUND.**

76.2 (a) By October 1, 2017, the commissioner of revenue shall adjust the schedule for the
76.3 homestead credit refund allowed under Minnesota Statutes, section 290A.04, subdivision
76.4 2, so as to increase the total amount of refunds based on taxes payable in 2018. The
76.5 commissioner must adjust the schedule by proportionately decreasing the percent of tax
76.6 above the income threshold paid by the claimant, or the "co-payment percentage," for each
76.7 income bracket in the schedule so that the increase in refunds projected to be paid based on
76.8 taxes payable in 2018 equals \$58,000,000.

76.9 (b) The amount necessary to pay the additional amounts required under this section is
76.10 appropriated from the general fund to the commissioner of revenue in fiscal year 2019.

76.11 **EFFECTIVE DATE.** This section is effective for refunds based on taxes payable in
76.12 2018 only.

76.13 **Sec. 26. 2017 RENTER PROPERTY TAX REFUND.**

76.14 (a) By October 1, 2017, the commissioner of revenue shall adjust the schedule for the
76.15 property tax refund for renters allowed under Minnesota Statutes, section 290A.04,
76.16 subdivision 2a, so as to increase the total amount of refunds based on taxes payable in 2018.
76.17 The commissioner must adjust the schedule by:

76.18 (1) first proportionately decreasing the percent of income, or the "threshold percentage,"
76.19 for each income bracket in the schedule so that the increase in refunds projected to be paid
76.20 based on rent paid in 2017 equals \$21,000,000; and

76.21 (2) second proportionately decreasing the percent of tax above the income threshold
76.22 paid by the claimant, or the "co-payment percentage," for each income bracket in the schedule
76.23 so that the total increase in refunds projected to be paid based on rent paid in 2017 under
76.24 this clause and clause (1) equals \$42,000,000.

76.25 (b) The amount necessary to pay the additional amounts required under this section is
76.26 appropriated from the general fund to the commissioner of revenue in fiscal year 2019.

76.27 **EFFECTIVE DATE.** This section is effective for refunds based on rent paid in 2017
76.28 only.

76.29 **Sec. 27. REPEALER.**

76.30 Minnesota Statutes 2016, section 477A.085, is repealed.

76.31 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2018.

77.1

ARTICLE 3

77.2

IN PERPETUITY PAYMENTS ON LAND PURCHASES77.3 Section 1. **[11A.237] ACCOUNT FOR COUNTY JOINT TRUST FUND PAYMENTS.**

77.4 Subdivision 1. **Establishment.** The State Board of Investment, when requested by a
 77.5 county as required under sections 97A.056, subdivision 1b, and 116P.045, subdivision 2,
 77.6 shall invest the funds deposited by the commissioner of revenue, acting as an agent on the
 77.7 board's behalf, under section 97A.056, subdivision 1b, or 116P.045, subdivision 2, in a
 77.8 special account for that purpose in the combined investment funds established in section
 77.9 11A.14, subject to the policy and procedures of the State Board of Investment. Use of the
 77.10 funds is restricted to payments to the commissioner of revenue, acting as an agent on behalf
 77.11 of the counties, for distributions to counties under sections 97A.056, subdivision 1b, and
 77.12 116P.045, subdivision 2.

77.13 Subd. 2. **Account maintenance and investment.** The commissioner of revenue may
 77.14 deposit money into the account on behalf of the counties and may withdraw money from
 77.15 the account to make distributions to the counties under sections 97A.056, subdivision 1b,
 77.16 and 116P.045, subdivision 2, only. The commissioner of revenue shall make one payment
 77.17 under each section each year for all counties eligible for a payment in that year. The
 77.18 commissioner shall make one withdrawal annually at a time negotiated with the executive
 77.19 director of the State Board of Investment, but no later than November 15, to cover
 77.20 distributions to counties under section 477A.30, up to the limit allowed under that section.
 77.21 The transactions must be in the manner required by the executive director of the State Board
 77.22 of Investment. Investment earnings must be credited to the account.

77.23 **EFFECTIVE DATE.** This section is effective January 1, 2018.

77.24 Sec. 2. Minnesota Statutes 2016, section 97A.056, subdivision 1a, is amended to read:

77.25 Subd. 1a. **Definitions.** For the purpose of (a) The definitions in this subdivision apply
 77.26 to this section and appropriations from the outdoor heritage fund,

77.27 (b) "Land acquisition costs" means acquisition coordination costs, costs of engineering
 77.28 services, appraisal fees, attorney fees, taxes, assessments required at the time of purchase,
 77.29 onetime trust fund payments under subdivision 1b, and recording fees.

77.30 (c) "Land-related property taxes" means property taxes collected on behalf of local
 77.31 governments providing land-related services.

78.1 (d) "Local governments providing land-related services" means counties, townships,
 78.2 home rule charter and statutory cities, watershed districts under chapter 103D, sanitary
 78.3 districts under sections 442A.01 to 442A.29, and regional sanitary sewer districts under
 78.4 sections 115.61 to 115.67.

78.5 (e) "Recipient" means the entity responsible for deliverables financed by the outdoor
 78.6 heritage fund.

78.7 (f) "Total payment for the land" means the total price paid for the land including land
 78.8 acquisition costs, but excluding any in-kind services provided by nongovernmental entities
 78.9 at no cost to the state.

78.10 **EFFECTIVE DATE.** This section is effective July 1, 2017.

78.11 Sec. 3. Minnesota Statutes 2016, section 97A.056, is amended by adding a subdivision to
 78.12 read:

78.13 **Subd. 1b. Outdoor heritage trust fund payment account; trust fund payments. (a)**
 78.14 An outdoor heritage trust fund account is created in the special revenue fund. The State
 78.15 Board of Investment must ensure the account is invested under section 11A.24. The
 78.16 commissioner of management and budget must credit to the account all money appropriated
 78.17 to the account and all money earned by the account. The principal of the account and any
 78.18 unexpended earnings must be invested and reinvested by the State Board of Investment.
 78.19 Nothing in this section limits the source of contributions to the account. Money in the
 78.20 account must be used only for the purposes of this subdivision.

78.21 (b) State land acquired in fee simple in whole or in part with money appropriated from
 78.22 the outdoor heritage fund is eligible for a onetime trust fund payment as provided under
 78.23 this subdivision. The percentage of the total acres acquired in any purchase that is eligible
 78.24 for a trust fund payment under this subdivision is equal to the percentage of the total payment
 78.25 for the land funded from outdoor heritage fund revenues. If the percentage of the total
 78.26 payment for the land from the outdoor heritage fund is ten percent or less, the parcel is
 78.27 ineligible for a payment under this subdivision; if the percentage is 90 percent or more, the
 78.28 entire parcel is eligible for the payment under this subdivision. The commissioner of natural
 78.29 resources must certify to the commissioner of revenue and the county in which land eligible
 78.30 for a payment under this section is purchased the total number of acres purchased, the total
 78.31 payment for the land, and the amount of outdoor heritage fund revenues used for the purchase.
 78.32 The trust fund payment is equal to 30 times the land-related property taxes assessed on the
 78.33 eligible portion of the land in the year prior to the year in which the land is acquired. If the
 78.34 land was acquired from a private party that was exempt from paying property taxes, the

79.1 payments must be based on 30 times the property taxes assessed on comparable land in the
79.2 year prior to the year in which the land is acquired. By September 1 each year, the county
79.3 in which the land is acquired must provide the commissioner of revenue with information
79.4 necessary in a form determined by the commissioner of revenue to make this determination
79.5 for all lands acquired for the 12-month period ending on June 30 of that year. The
79.6 commissioner of revenue must make a trust fund payment on behalf of each county on the
79.7 same date as the first payment under section 273.1384, subdivision 4, each year for all land
79.8 acquired in that county in the 12-month period ending on June 30 of that year to the State
79.9 Board of Investment as required under this paragraph. The money so deposited is money
79.10 paid to the counties and may only be withdrawn for the purposes allowed under section
79.11 477A.30. The commissioner of revenue must inform each county by October 15 each year
79.12 of the amount deposited on the county's behalf with the State Board of Investment under
79.13 this subdivision.

79.14 (c) The amount necessary to make the payments required under this subdivision is
79.15 annually appropriated from the outdoor heritage trust fund payment account to the
79.16 commissioner of revenue for deposit in the account for county joint trust fund payments in
79.17 section 11A.237.

79.18 (d) To receive a trust fund payment under this subdivision, a county board must enter
79.19 into an agreement with the State Board of Investment to allow the commissioner of revenue
79.20 to make deposits and withdrawals on behalf of the county into and out of the county joint
79.21 trust fund account under section 11A.237.

79.22 (e) The portion of land receiving a trust fund payment under this subdivision is not
79.23 eligible for payments under sections 477A.11 to 477A.14, but is eligible for distribution of
79.24 withdrawals from the county joint trust fund account under section 477A.30.

79.25 (f) If the land for which a payment under this subdivision is made is subsequently sold
79.26 to another entity and is no longer available for the use for which it was purchased, the
79.27 original amount of the payment for that land under paragraph (b) must be withdrawn by the
79.28 commissioner of revenue from the account established under section 11A.237 and returned
79.29 to the outdoor heritage fund. If only a portion of the land is sold and no longer available for
79.30 the use for which it was purchased, the amount of the original trust fund payment returned
79.31 is reduced proportionately based on the portion of the original purchase that is sold. The
79.32 holder of the land must inform the commissioner of revenue and the county in which the
79.33 land is sold of the sale and provide them with any information necessary to calculate the
79.34 required withdrawal from the account. The withdrawal is made along with withdrawals
79.35 under section 477A.30 in the calendar year after the year in which the land is sold.

80.1 **EFFECTIVE DATE.** This section is effective July 1, 2017, and applies to land acquired
80.2 with money appropriated on or after that date.

80.3 Sec. 4. Minnesota Statutes 2016, section 97A.056, subdivision 3, is amended to read:

80.4 Subd. 3. **Council recommendations.** (a) The council shall make recommendations to
80.5 the legislature on appropriations of money from the outdoor heritage fund that are consistent
80.6 with the Constitution and state law and that will achieve the outcomes of existing natural
80.7 resource plans, including, but not limited to, the Minnesota Statewide Conservation and
80.8 Preservation Plan, that directly relate to the restoration, protection, and enhancement of
80.9 wetlands, prairies, forests, and habitat for fish, game, and wildlife, and that prevent forest
80.10 fragmentation, encourage forest consolidation, and expand restored native prairie. In making
80.11 recommendations, the council shall consider a range of options that would best restore,
80.12 protect, and enhance wetlands, prairies, forests, and habitat for fish, game, and wildlife.
80.13 The council recommendations each year on appropriation of money from the outdoor heritage
80.14 fund must include amounts adequate to make the required transfers to the outdoor heritage
80.15 trust fund payment account according to subdivision 1b. The council's recommendations
80.16 shall be submitted no later than January 15 each year. The council shall present its
80.17 recommendations to the senate and house of representatives committees with jurisdiction
80.18 over the environment and natural resources budget by February 15 in odd-numbered years,
80.19 and within the first four weeks of the legislative session in even-numbered years. The
80.20 council's budget recommendations to the legislature shall be separate from the Department
80.21 of Natural Resource's budget recommendations.

80.22 (b) To encourage and support local conservation efforts, the council shall establish a
80.23 conservation partners program. Local, regional, state, or national organizations may apply
80.24 for matching grants for restoration, protection, and enhancement of wetlands, prairies,
80.25 forests, and habitat for fish, game, and wildlife, prevention of forest fragmentation,
80.26 encouragement of forest consolidation, and expansion of restored native prairie.

80.27 (c) The council may work with the Clean Water Council to identify projects that are
80.28 consistent with both the purpose of the outdoor heritage fund and the purpose of the clean
80.29 water fund.

80.30 (d) The council may make recommendations to the Legislative-Citizen Commission on
80.31 Minnesota Resources on scientific research that will assist in restoring, protecting, and
80.32 enhancing wetlands, prairies, forests, and habitat for fish, game, and wildlife, preventing
80.33 forest fragmentation, encouraging forest consolidation, and expanding restored native prairie.

81.1 (e) Recommendations of the council, including approval of recommendations for the
81.2 outdoor heritage fund, require an affirmative vote of at least nine members of the council.

81.3 (f) The council may work with the Clean Water Council, the Legislative-Citizen
81.4 Commission on Minnesota Resources, the Board of Water and Soil Resources, soil and
81.5 water conservation districts, and experts from Minnesota State Colleges and Universities
81.6 and the University of Minnesota in developing the council's recommendations.

81.7 (g) The council shall develop and implement a process that ensures that citizens and
81.8 potential recipients of funds are included throughout the process, including the development
81.9 and finalization of the council's recommendations. The process must include a fair, equitable,
81.10 and thorough process for reviewing requests for funding and a clear and easily understood
81.11 process for ranking projects.

81.12 (h) The council shall use the regions of the state based upon the ecological sections and
81.13 subsections developed by the Department of Natural Resources and establish objectives for
81.14 each region and subregion to achieve the purposes of the fund outlined in the state
81.15 constitution.

81.16 (i) The council shall develop and submit to the Legislative Coordinating Commission
81.17 plans for the first ten years of funding, and a framework for 25 years of funding, consistent
81.18 with statutory and constitutional requirements. The council may use existing plans from
81.19 other legislative, state, and federal sources, as applicable.

81.20 **EFFECTIVE DATE.** This section is effective July 1, 2017, and applies to lands acquired
81.21 with money appropriated on or after that date.

81.22 Sec. 5. Minnesota Statutes 2016, section 97A.056, is amended by adding a subdivision to
81.23 read:

81.24 **Subd. 15a. State acquisition of land; restrictions.** The state may not use money from
81.25 the outdoor heritage fund to acquire in fee simple in whole or in part any land subject to
81.26 property taxes or any land owned by a nonprofit organization that was subject to property
81.27 taxes before the land's acquisition by the nonprofit organization if (1) subdivision 1b is void,
81.28 or (2) sufficient funds to cover the onetime trust fund payment required under subdivision
81.29 1b have not been appropriated or are not available.

81.30 **EFFECTIVE DATE.** This section is effective July 1, 2017, and applies to land acquired
81.31 with money appropriated on or after that date.

82.1 Sec. 6. Minnesota Statutes 2016, section 116P.02, subdivision 1, is amended to read:

82.2 Subdivision 1. **Applicability.** The definitions in this section apply to this chapter, except
82.3 that the definition in subdivision 6 does not apply to section 116P.045.

82.4 **EFFECTIVE DATE.** This section is effective July 1, 2017.

82.5 Sec. 7. Minnesota Statutes 2016, section 116P.02, is amended by adding a subdivision to
82.6 read:

82.7 Subd. 4a. **Land acquisition costs.** "Land acquisition costs" means acquisition
82.8 coordination costs, costs of engineering services, appraisal fees, attorney fees, taxes,
82.9 assessments required at the time of purchase, payments under section 116P.045, and recording
82.10 fees.

82.11 **EFFECTIVE DATE.** This section is effective July 1, 2017.

82.12 Sec. 8. Minnesota Statutes 2016, section 116P.02, is amended by adding a subdivision to
82.13 read:

82.14 Subd. 4b. **Land-related property taxes.** "Land-related property taxes" means property
82.15 taxes collected on behalf of local governments providing land-related services.

82.16 **EFFECTIVE DATE.** This section is effective July 1, 2017.

82.17 Sec. 9. Minnesota Statutes 2016, section 116P.02, is amended by adding a subdivision to
82.18 read:

82.19 Subd. 4c. **Local governments providing land-related services.** "Local governments
82.20 providing land-related services" means counties, townships, home rule charter and statutory
82.21 cities, watershed districts under chapter 103D, sanitary districts under sections 442A.01 to
82.22 442A.29, and regional sanitary sewer districts under sections 115.61 to 115.67.

82.23 **EFFECTIVE DATE.** This section is effective July 1, 2017.

82.24 Sec. 10. Minnesota Statutes 2016, section 116P.02, is amended by adding a subdivision
82.25 to read:

82.26 Subd. 4d. **Total payment for the land.** "Total payment for the land" means the total
82.27 price paid for the land including land acquisition costs, but excluding any in-kind services
82.28 provided by nongovernmental entities at no cost to the state.

82.29 **EFFECTIVE DATE.** This section is effective July 1, 2017.

83.1 Sec. 11. **[116P.045] ENVIRONMENT AND NATURAL RESOURCES TRUST FUND**
83.2 **PAYMENT ACCOUNT.**

83.3 Subdivision 1. **Account created.** An environment and natural resources trust fund
83.4 payment account is created in the special revenue fund. The State Board of Investment must
83.5 ensure the account is invested under section 11A.24. The commissioner of management
83.6 and budget must credit to the account all money appropriated to the account and all money
83.7 earned by the account. The principal of the account and any unexpended earnings must be
83.8 invested and reinvested by the State Board of Investment. Nothing in this section limits the
83.9 source of contributions to the account. Money in the account must be used only for the
83.10 purposes of this section.

83.11 Subd. 2. **Trust fund payment; appropriation.** (a) State land acquired in fee simple in
83.12 whole or in part with money appropriated from the environment and natural resources trust
83.13 fund is eligible for a onetime trust fund payment as provided under this subdivision. The
83.14 percentage of the total acres acquired in any purchase that is eligible for a trust fund payment
83.15 under this section is equal to the percentage of the total payment for the land funded from
83.16 environment and natural resources trust fund revenues. If the percentage of the total payment
83.17 for the land from the environment and natural resources trust fund is ten percent or less, the
83.18 parcel is ineligible for a payment under this section; if the percentage is 90 percent or more,
83.19 the entire parcel is eligible for the payment under this section. The commissioner of natural
83.20 resources must certify to the commissioner of revenue and the county in which land eligible
83.21 for a payment under this section is purchased the total number of acres purchased, the total
83.22 payment for the land, and the amount of environmental and natural resources trust fund
83.23 revenues used for the purchase. The trust fund payment is equal to 30 times the land-related
83.24 property taxes assessed on the eligible portion of the land in the year prior to the year in
83.25 which the land is acquired. If the land was acquired from a private party that was exempt
83.26 from paying property taxes, the payments must be based on 30 times the property taxes
83.27 assessed on comparable land in the year prior to the year in which the land is acquired. By
83.28 September 1 each year, the county in which the land is acquired must provide the
83.29 commissioner of revenue with information necessary in a form determined by the
83.30 commissioner of revenue to make this determination for all lands acquired for the 12-month
83.31 period ending on June 30 of that year. The commissioner of revenue must make a trust fund
83.32 payment on behalf of each county on the same date as the first payment under section
83.33 273.1384, subdivision 4, each year for all land acquired in that county in the 12-month
83.34 period ending on June 30 of that year to the State Board of Investment as required under
83.35 this section. The money so deposited is money paid to the counties and may only be

84.1 withdrawn for the purposes allowed under section 477A.30. The commissioner of revenue
 84.2 must inform each county by October 15 each year of the amount deposited on the county's
 84.3 behalf with the State Board of Investment under this subdivision.

84.4 (b) The amount necessary to make the payments required under this subdivision is
 84.5 annually appropriated from the environment and natural resources trust fund payment
 84.6 account to the commissioner of revenue for deposit in the account for county joint trust
 84.7 fund payments in section 11A.237.

84.8 (c) If the land for which a payment under this subdivision is made is subsequently sold
 84.9 to another entity and is no longer available for the use for which it was purchased, the
 84.10 original amount of the payment for that land under paragraph (a) must be withdrawn by the
 84.11 commissioner of revenue from the account established under section 11A.237 and returned
 84.12 to the environment and natural resources trust fund. If only a portion of the land is sold and
 84.13 no longer available for the use for which it was purchased, the amount of the original trust
 84.14 fund payment returned is reduced proportionately based on the portion of the original
 84.15 purchase that is sold. The holder of the land must inform the commissioner of revenue and
 84.16 the county in which the land is sold of the sale and provide them with any information
 84.17 necessary to calculate the required withdrawal from the account. The withdrawal is made
 84.18 along with withdrawals under section 477A.30 in the calendar year after the year in which
 84.19 the land is sold.

84.20 Subd. 3. **County requirements.** To receive a trust fund payment under this section, a
 84.21 county board must enter into an agreement with the State Board of Investment to allow the
 84.22 commissioner of revenue to make deposits and withdrawals on behalf of the county into
 84.23 and out of the county joint trust fund account under section 11A.237.

84.24 Subd. 4. **Ineligible for other payments.** Land receiving a trust fund payment under this
 84.25 section is not eligible for payments under sections 477A.11 to 477A.14, but is eligible for
 84.26 distribution of withdrawals from the county joint trust fund account under section 477A.30.

84.27 Subd. 5. **State acquisition of land; restrictions.** The state may not use money from the
 84.28 environment and natural resources trust fund to acquire in fee simple in whole or in part
 84.29 any land subject to property taxes or any land owned by a nonprofit organization that was
 84.30 subject to property taxes before the land's acquisition by the nonprofit organization if (1)
 84.31 subdivision 2 is void, or (2) sufficient funds to cover the onetime trust fund payment required
 84.32 under subdivision 2 have not been appropriated or are not available.

84.33 **EFFECTIVE DATE.** This section is effective July 1, 2017, and applies to land acquired
 84.34 with money appropriated on or after that date.

85.1 Sec. 12. Minnesota Statutes 2016, section 116P.08, subdivision 1, is amended to read:

85.2 Subdivision 1. **Expenditures.** Money in the trust fund may be spent only for:

85.3 (1) the reinvest in Minnesota program as provided in section 84.95, subdivision 2;

85.4 (2) research that contributes to increasing the effectiveness of protecting or managing
85.5 the state's environment or natural resources;

85.6 (3) collection and analysis of information that assists in developing the state's
85.7 environmental and natural resources policies;

85.8 (4) enhancement of public education, awareness, and understanding necessary for the
85.9 protection, conservation, restoration, and enhancement of air, land, water, forests, fish,
85.10 wildlife, and other natural resources;

85.11 (5) capital projects for the preservation and protection of unique natural resources;

85.12 (6) activities that preserve or enhance fish, wildlife, land, air, water, and other natural
85.13 resources that otherwise may be substantially impaired or destroyed in any area of the state;

85.14 (7) administrative and investment expenses incurred by the State Board of Investment
85.15 in investing deposits to the trust fund; ~~and~~

85.16 (8) administrative expenses subject to the limits in section 116P.09; and

85.17 (9) payments to the environment and natural resources trust fund payment account as
85.18 required in section 116P.045.

85.19 **EFFECTIVE DATE.** This section is effective July 1, 2017, and applies to lands acquired
85.20 with money appropriated on or after that date.

85.21 Sec. 13. Minnesota Statutes 2016, section 116P.08, subdivision 4, is amended to read:

85.22 Subd. 4. **Legislative recommendations.** (a) Funding may be provided only for those
85.23 projects that meet the categories established in subdivision 1.

85.24 (b) The commission must recommend an annual or biennial legislative bill to make
85.25 appropriations from the trust fund for the purposes provided in subdivision 1. The
85.26 recommendations must be submitted to the governor for inclusion in the biennial budget
85.27 and supplemental budget submitted to the legislature.

85.28 (c) The commission may recommend regional block grants for a portion of trust fund
85.29 expenditures to partner with existing regional organizations that have strong citizen
85.30 involvement, to address unique local needs and capacity, and to leverage all available funding
85.31 sources for projects.

86.1 (d) The commission may recommend the establishment of an emerging issues account
 86.2 in its legislative bill for funding emerging issues, which come up unexpectedly, but which
 86.3 still adhere to the commission's strategic plan, to be approved by the governor after initiation
 86.4 and recommendation by the commission.

86.5 (e) The council must recommend an appropriation of money from the environment and
 86.6 natural resources trust fund adequate to make the required transfers to the environment and
 86.7 natural resources trust fund payment account according to section 116P.045.

86.8 (f) Money in the trust fund may not be spent except under an appropriation by law.

86.9 **EFFECTIVE DATE.** This section is effective July 1, 2017, and applies to lands acquired
 86.10 with money appropriated on or after that date.

86.11 Sec. 14. Minnesota Statutes 2016, section 477A.10, is amended to read:

86.12 **477A.10 NATURAL RESOURCES LAND PAYMENTS IN LIEU; PURPOSE.**

86.13 The purposes of sections 477A.11 to 477A.14 are:

86.14 (1) to compensate local units of government for the loss of tax base from state ownership
 86.15 of land, except land acquired on or after July 1, 2017, receiving trust fund payments from
 86.16 the outdoor heritage trust fund payment account or the environment and natural resources
 86.17 trust fund payment account, and the need to provide services for state land;

86.18 (2) to address the disproportionate impact of state land ownership on local units of
 86.19 government with a large proportion of state land; and

86.20 (3) to address the need to manage state lands held in trust for the local taxing districts.

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

86.22 Sec. 15. Minnesota Statutes 2016, section 477A.11, is amended by adding a subdivision
 86.23 to read:

86.24 **Subd. 9. Environment and natural resources trust fund lands.** Notwithstanding any
 86.25 other provision of law to the contrary, parcels or portions of parcels of land purchased on
 86.26 or after July 1, 2017, and eligible for a trust fund payment under section 116P.045 are not
 86.27 included in the definitions of the lands described in subdivisions 3 to 7 and are excluded
 86.28 from payments under sections 477A.11 to 477A.14.

86.29 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2018.

87.1 Sec. 16. Minnesota Statutes 2016, section 477A.11, is amended by adding a subdivision
87.2 to read:

87.3 Subd. 10. **Outdoor heritage lands.** Notwithstanding any other provision of law to the
87.4 contrary, parcels or portions of parcels of land purchased on or after July 1, 2017, and
87.5 eligible for a trust fund payment under section 97A.056, subdivision 1b, are not included
87.6 in the definitions of the lands described in subdivisions 3 to 7 and are excluded from
87.7 payments under sections 477A.11 to 477A.14.

87.8 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2018.

87.9 Sec. 17. **[477A.30] ANNUAL COUNTY JOINT TRUST FUND WITHDRAWALS**
87.10 **AND DISTRIBUTION FOR ENVIRONMENT AND NATURAL RESOURCES**
87.11 **TRUST FUND LANDS AND OUTDOOR HERITAGE LANDS.**

87.12 Subdivision 1. **Commissioner of revenue; withdrawals and payments.** No later than
87.13 November 15 each year, the commissioner of revenue shall make a withdrawal on behalf
87.14 of all eligible counties from the county joint trust fund account established under section
87.15 11A.237 equal to the lesser of (1) the total amount of necessary withdrawals certified by
87.16 the counties under subdivision 2 for the year, or (2) 5-1/2 percent of the amount in that
87.17 account as of September 1 of that year as determined by the executive director of the State
87.18 Board of Investment. The commissioner shall distribute the certified withdrawal amounts
87.19 to each county by November 31. If the amount of the withdrawal is less than the total
87.20 certified withdrawal amounts under subdivision 2, the commissioner shall reduce the
87.21 distribution to each county proportionately.

87.22 Subd. 2. **Certification of needed withdrawal; distribution of funds.** (a) Beginning in
87.23 calendar year 2018, by September 1 each year, a county for whom a trust fund payment has
87.24 been made on its behalf under section 97A.056, subdivision 1b, or 116P.045, subdivision
87.25 2, shall calculate and certify to the commissioner of revenue the amount of trust fund
87.26 withdrawals needed under this section. The amount of the withdrawal for each parcel of
87.27 land for which a county received a trust fund payment under either provision is as follows:

87.28 (1) for the year in which a trust fund payment is made to a county for a parcel of land,
87.29 the withdrawal for that parcel is equal to:

87.30 (i) the remaining taxes owed to the local governments providing land-related services
87.31 for taxes spread that year for a parcel acquired between January 1 and June 30; or

87.32 (ii) the amount of taxes paid to the local governments providing land-related services
87.33 on the parcel in the previous year if the parcel was acquired before January 1 of the current

88.1 year. The county must distribute the amount by December 15 to all local governments
 88.2 providing land-related services based on the location of the parcel and the local governments'
 88.3 share of the total tax; and

88.4 (2) for all subsequent years, the withdrawal for a parcel is equal to the taxes that would
 88.5 be owed based on the appraised value of the land and the taxes assessed by local governments
 88.6 providing land-related services on comparable, privately owned adjacent land. For purposes
 88.7 of this subdivision, "appraised value" is determined in the manner described in section
 88.8 477A.12, subdivision 3. The county treasurer must allocate the withdrawn funds among the
 88.9 local governments providing land-related services on the same basis as if the funds were
 88.10 taxes on the land received in that year. The county treasurer must pay the allocation to all
 88.11 eligible local governments by December 15 of the year in which the withdrawal is made.
 88.12 The county's share of the payment must be deposited in the county general fund.

88.13 (b) If the distribution to a county under subdivision 1 is less than its total withdrawal
 88.14 amounts certified under this subdivision, all distributions under paragraph (a) are reduced
 88.15 proportionately.

88.16 (c) The local governments receiving a payment under this section must use the money
 88.17 to fund land-related services. For purposes of this paragraph, "land-related services" means
 88.18 services used to restore, enhance, and protect the land and its fish and wildlife habitat and
 88.19 provide any other public services benefiting the land and users of the land, including access
 88.20 and services to the public accessing and using the land and direct and indirect capital and
 88.21 operating costs for (1) roads, bridges, and trails; (2) public safety and emergency response
 88.22 services; (3) environmental, recreational, and resource development and management; and
 88.23 (4) similar costs.

88.24 (d) For purposes of this subdivision, "local governments providing land-related services"
 88.25 has the meaning given in section 116P.02, subdivision 4c.

88.26 **EFFECTIVE DATE.** This section is effective January 1, 2018, and applies to land
 88.27 acquired with money appropriated on or after July 1, 2017.

88.28 **Sec. 18. DELAYED REQUIREMENT FOR TRUST FUND PAYMENTS FOR**
 88.29 **APPROPRIATIONS MADE FOR FISCAL YEAR 2018.**

88.30 (a) Notwithstanding Minnesota Statutes, section 97A.056, subdivision 15a, the state
 88.31 may appropriate money for fiscal year 2018 from the outdoor heritage fund to purchase
 88.32 land without appropriating sufficient funds to cover the onetime trust fund payment required
 88.33 under Minnesota Statutes, section 97A.056, subdivision 1b. The amount necessary to make

89.1 the payment required under Minnesota Statutes, section 97A.056, subdivision 1b, for all
 89.2 fiscal year 2018 appropriations for land purchases must be deposited in the outdoor heritage
 89.3 trust fund payment account by August 1, 2018, or the restriction on land acquisition under
 89.4 Minnesota Statutes, section 97A.056, subdivision 15a, applies to any land acquisition
 89.5 authorized with fiscal year 2018 funds that have not yet been acquired.

89.6 (b) Notwithstanding Minnesota Statutes, section 116P.045, subdivision 5, the state may
 89.7 appropriate money in fiscal year 2018 from the environment and natural resources trust
 89.8 fund to purchase land without appropriating sufficient funds to cover the onetime trust fund
 89.9 payment required under Minnesota Statutes, section 116P.045, subdivision 2. The amount
 89.10 necessary to make the payment required under Minnesota Statutes, section 116P.045,
 89.11 subdivision 2, for all fiscal year 2018 appropriations for land purchases must be deposited
 89.12 in the environment and natural resources trust fund payment account by August 1, 2018, or
 89.13 the restriction on land acquisition under Minnesota Statutes, section 116P.045, subdivision
 89.14 5, applies to any land acquisition authorized with fiscal year 2018 funds that have not yet
 89.15 been acquired.

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

89.17 **ARTICLE 4**

89.18 **TAX INCREMENT FINANCING**

89.19 Section 1. Minnesota Statutes 2016, section 469.174, subdivision 12, is amended to read:

89.20 Subd. 12. **Economic development district.** "Economic development district" means a
 89.21 type of tax increment financing district which consists of any project, or portions of a project,
 89.22 which the authority finds to be in the public interest because:

89.23 (1) it will discourage commerce, industry, or manufacturing from moving their operations
 89.24 to another state or municipality; ~~or~~

89.25 (2) it will result in increased employment in the state; ~~or~~

89.26 (3) it will result in preservation and enhancement of the tax base of the state; or

89.27 (4) it satisfies the requirements of a workforce housing project under section 469.176,
 89.28 subdivision 4c, paragraph (d).

89.29 **EFFECTIVE DATE.** This section is effective for districts for which the request for
 89.30 certification was made after June 30, 2017.

90.1 Sec. 2. Minnesota Statutes 2016, section 469.175, subdivision 3, is amended to read:

90.2 Subd. 3. **Municipality approval.** (a) A county auditor shall not certify the original net
90.3 tax capacity of a tax increment financing district until the tax increment financing plan
90.4 proposed for that district has been approved by the municipality in which the district is
90.5 located. If an authority that proposes to establish a tax increment financing district and the
90.6 municipality are not the same, the authority shall apply to the municipality in which the
90.7 district is proposed to be located and shall obtain the approval of its tax increment financing
90.8 plan by the municipality before the authority may use tax increment financing. The
90.9 municipality shall approve the tax increment financing plan only after a public hearing
90.10 thereon after published notice in a newspaper of general circulation in the municipality at
90.11 least once not less than ten days nor more than 30 days prior to the date of the hearing. The
90.12 published notice must include a map of the area of the district from which increments may
90.13 be collected and, if the project area includes additional area, a map of the project area in
90.14 which the increments may be expended. The hearing may be held before or after the approval
90.15 or creation of the project or it may be held in conjunction with a hearing to approve the
90.16 project.

90.17 (b) Before or at the time of approval of the tax increment financing plan, the municipality
90.18 shall make the following findings, and shall set forth in writing the reasons and supporting
90.19 facts for each determination:

90.20 (1) that the proposed tax increment financing district is a redevelopment district, a
90.21 renewal or renovation district, a housing district, a soils condition district, or an economic
90.22 development district; if the proposed district is a redevelopment district or a renewal or
90.23 renovation district, the reasons and supporting facts for the determination that the district
90.24 meets the criteria of section 469.174, subdivision 10, paragraph (a), clauses (1) and (2), or
90.25 subdivision 10a, must be documented in writing and retained and made available to the
90.26 public by the authority until the district has been terminated;

90.27 (2) that, in the opinion of the municipality:

90.28 (i) the proposed development or redevelopment would not reasonably be expected to
90.29 occur solely through private investment within the reasonably foreseeable future; and

90.30 (ii) the increased market value of the site that could reasonably be expected to occur
90.31 without the use of tax increment financing would be less than the increase in the market
90.32 value estimated to result from the proposed development after subtracting the present value
90.33 of the projected tax increments for the maximum duration of the district permitted by the
90.34 plan. The requirements of this item do not apply if the district is a housing district;

91.1 (3) that the tax increment financing plan conforms to the general plan for the development
91.2 or redevelopment of the municipality as a whole;

91.3 (4) that the tax increment financing plan will afford maximum opportunity, consistent
91.4 with the sound needs of the municipality as a whole, for the development or redevelopment
91.5 of the project by private enterprise;

91.6 (5) that the municipality elects the method of tax increment computation set forth in
91.7 section 469.177, subdivision 3, paragraph (b), if applicable.

91.8 (c) When the municipality and the authority are not the same, the municipality shall
91.9 approve or disapprove the tax increment financing plan within 60 days of submission by
91.10 the authority. When the municipality and the authority are not the same, the municipality
91.11 may not amend or modify a tax increment financing plan except as proposed by the authority
91.12 pursuant to subdivision 4. Once approved, the determination of the authority to undertake
91.13 the project through the use of tax increment financing and the resolution of the governing
91.14 body shall be conclusive of the findings therein and of the public need for the financing.

91.15 (d) For a district that is subject to the requirements of paragraph (b), clause (2), item
91.16 (ii), the municipality's statement of reasons and supporting facts must include all of the
91.17 following:

91.18 (1) an estimate of the amount by which the market value of the site will increase without
91.19 the use of tax increment financing;

91.20 (2) an estimate of the increase in the market value that will result from the development
91.21 or redevelopment to be assisted with tax increment financing; and

91.22 (3) the present value of the projected tax increments for the maximum duration of the
91.23 district permitted by the tax increment financing plan.

91.24 (e) For purposes of this subdivision, "site" means the parcels on which the development
91.25 or redevelopment to be assisted with tax increment financing will be located.

91.26 (f) Before or at the time of approval of the tax increment financing plan for a district to
91.27 be used to fund a workforce housing project under section 469.176, subdivision 4c, paragraph
91.28 (d), the municipality shall make the following findings and set forth in writing the reasons
91.29 and supporting facts for each determination:

91.30 (1) the city is located outside of the metropolitan area, as defined in section 473.121,
91.31 subdivision 2;

92.1 (2) the average vacancy rate for rental housing located in the municipality and in any
 92.2 statutory or home rule charter city located within 15 miles or less of the boundaries of the
 92.3 municipality has been three percent or less for at least the immediately preceding two-year
 92.4 period;

92.5 (3) at least one business located in the municipality or within 15 miles of the municipality
 92.6 that employs a minimum of 20 full-time equivalent employees in aggregate has provided a
 92.7 written statement to the municipality indicating that the lack of available rental housing has
 92.8 impeded the ability of the business to recruit and hire employees; and

92.9 (4) the municipality and the development authority intend to use increments from the
 92.10 district for the development of rental housing to serve employees of businesses located in
 92.11 the municipality or surrounding area.

92.12 **EFFECTIVE DATE.** This section is effective for districts for which the request for
 92.13 certification was made after June 30, 2017.

92.14 Sec. 3. Minnesota Statutes 2016, section 469.176, subdivision 4c, is amended to read:

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

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

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

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

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

92.26 (5) tourism facilities; ~~or~~

92.27 (6) space necessary for and related to the activities listed in clauses (1) to (5); or

92.28 (7) a workforce housing project that satisfies the requirements of paragraph (d).

92.29 (b) Notwithstanding the provisions of this subdivision, revenues derived from tax
 92.30 increment from an economic development district may be used to provide improvements,
 92.31 loans, subsidies, grants, interest rate subsidies, or assistance in any form for up to 15,000

93.1 square feet of any separately owned commercial facility located within the municipal
 93.2 jurisdiction of a small city, if the revenues derived from increments are spent only to assist
 93.3 the facility directly or for administrative expenses, the assistance is necessary to develop
 93.4 the facility, and all of the increments, except those for administrative expenses, are spent
 93.5 only for activities within the district.

93.6 (c) A city is a small city for purposes of this subdivision if the city was a small city in
 93.7 the year in which the request for certification was made and applies for the rest of the
 93.8 duration of the district, regardless of whether the city qualifies or ceases to qualify as a
 93.9 small city.

93.10 (d) A project qualifies as a workforce housing project under this subdivision if:

93.11 (1) increments from the district are used exclusively to assist in the acquisition of
 93.12 property; construction of improvements; and provision of loans or subsidies, grants, interest
 93.13 rate subsidies, public infrastructure, and related financing costs for rental housing
 93.14 developments in the municipality; and

93.15 (2) the governing body of the municipality made the findings for the project required
 93.16 by section 469.175, subdivision 3, paragraph (f).

93.17 **EFFECTIVE DATE.** This section is effective for districts for which the request for
 93.18 certification was made after June 30, 2017.

93.19 Sec. 4. Minnesota Statutes 2016, section 469.1761, is amended by adding a subdivision
 93.20 to read:

93.21 Subd. 5. **Income limits; Minnesota Housing Finance Agency challenge program.**
 93.22 For a project receiving a loan or grant from the Minnesota Housing Finance Agency challenge
 93.23 program under section 462A.33, the income limits under section 462A.33 are substituted
 93.24 for the applicable income limits for the project under subdivision 2 or 3.

93.25 **EFFECTIVE DATE.** This section is effective for districts for which the request for
 93.26 certification was made after June 30, 2017.

93.27 Sec. 5. Minnesota Statutes 2016, section 469.1763, subdivision 1, is amended to read:

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

93.30 (b) "Activities" means acquisition of property, clearing of land, site preparation, soils
 93.31 correction, removal of hazardous waste or pollution, installation of utilities, construction

94.1 of public or private improvements, and other similar activities, but only to the extent that
 94.2 tax increment revenues may be spent for such purposes under other law.

94.3 (c) "Third party" means an entity other than (1) the person receiving the benefit of
 94.4 assistance financed with tax increments, or (2) the municipality or the development authority
 94.5 or other person substantially under the control of the municipality.

94.6 (d) "Revenues derived from tax increments paid by properties in the district" means only
 94.7 tax increment as defined in section 469.174, subdivision 25, clause (1), and does not include
 94.8 tax increment as defined in section 469.174, subdivision 25, clauses (2), ~~(3)~~, and ~~(4)~~ to (5).

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

94.10 Sec. 6. Minnesota Statutes 2016, section 469.1763, subdivision 2, is amended to read:

94.11 Subd. 2. **Expenditures outside district.** (a) For each tax increment financing district,
 94.12 an amount equal to at least 75 percent of the total revenue derived from tax increments paid
 94.13 by properties in the district must be expended on activities in the district or to pay bonds,
 94.14 to the extent that the proceeds of the bonds were used to finance activities in the district or
 94.15 to pay, or secure payment of, debt service on credit enhanced bonds. For districts, other
 94.16 than redevelopment districts for which the request for certification was made after June 30,
 94.17 1995, the in-district percentage for purposes of the preceding sentence is 80 percent. Not
 94.18 more than 25 percent of the total revenue derived from tax increments paid by properties
 94.19 in the district may be expended, through a development fund or otherwise, on activities
 94.20 outside of the district but within the defined geographic area of the project except to pay,
 94.21 or secure payment of, debt service on credit enhanced bonds. For districts, other than
 94.22 redevelopment districts for which the request for certification was made after June 30, 1995,
 94.23 the pooling percentage for purposes of the preceding sentence is 20 percent. ~~The revenue~~
 94.24 revenues derived from tax increments ~~for~~ paid by properties in the district that are expended
 94.25 on costs under section 469.176, subdivision 4h, paragraph (b), may be deducted first before
 94.26 calculating the percentages that must be expended within and without the district.

94.27 (b) In the case of a housing district, a housing project, as defined in section 469.174,
 94.28 subdivision 11, is an activity in the district.

94.29 (c) All administrative expenses are for activities outside of the district, except that if the
 94.30 only expenses for activities outside of the district under this subdivision are for the purposes
 94.31 described in paragraph (d), administrative expenses will be considered as expenditures for
 94.32 activities in the district.

95.1 (d) The authority may elect, in the tax increment financing plan for the district, to increase
95.2 by up to ten percentage points the permitted amount of expenditures for activities located
95.3 outside the geographic area of the district under paragraph (a). As permitted by section
95.4 469.176, subdivision 4k, the expenditures, including the permitted expenditures under
95.5 paragraph (a), need not be made within the geographic area of the project. Expenditures
95.6 that meet the requirements of this paragraph are legally permitted expenditures of the district,
95.7 notwithstanding section 469.176, subdivisions 4b, 4c, and 4j. To qualify for the increase
95.8 under this paragraph, the expenditures must:

95.9 (1) be used exclusively to assist housing that meets the requirement for a qualified
95.10 low-income building, as that term is used in section 42 of the Internal Revenue Code; and

95.11 (2) not exceed the qualified basis of the housing, as defined under section 42(c) of the
95.12 Internal Revenue Code, less the amount of any credit allowed under section 42 of the Internal
95.13 Revenue Code; and

95.14 (3) be used to:

95.15 (i) acquire and prepare the site of the housing;

95.16 (ii) acquire, construct, or rehabilitate the housing; or

95.17 (iii) make public improvements directly related to the housing; or

95.18 (4) be used to develop housing:

95.19 (i) if the market value of the housing does not exceed the lesser of:

95.20 (A) 150 percent of the average market value of single-family homes in that municipality;

95.21 or

95.22 (B) \$200,000 for municipalities located in the metropolitan area, as defined in section
95.23 473.121, or \$125,000 for all other municipalities; and

95.24 (ii) if the expenditures are used to pay the cost of site acquisition, relocation, demolition
95.25 of existing structures, site preparation, and pollution abatement on one or more parcels, if
95.26 the parcel contains a residence containing one to four family dwelling units that has been
95.27 vacant for six or more months and is in foreclosure as defined in section 325N.10, subdivision
95.28 7, but without regard to whether the residence is the owner's principal residence, and only
95.29 after the redemption period has expired.

95.30 (e) The authority under paragraph (d), clause (4), expires on December 31, 2016.

95.31 Increments may continue to be expended under this authority after that date, if they are used
95.32 to pay bonds or binding contracts that would qualify under subdivision 3, paragraph (a), if

96.1 December 31, 2016, is considered to be the last date of the five-year period after certification
96.2 under that provision.

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

96.4 Sec. 7. Minnesota Statutes 2016, section 469.1763, subdivision 3, is amended to read:

96.5 Subd. 3. **Five-year rule.** (a) Revenues derived from tax increments paid by properties
96.6 in the district are considered to have been expended on an activity within the district under
96.7 subdivision 2 only if one of the following occurs:

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

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

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

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

96.23 (5) expenditures are made for housing purposes as permitted by subdivision 2, paragraphs
96.24 (b) and (d), or for public infrastructure purposes within a zone as permitted by subdivision
96.25 2, paragraph (e).

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

96.28 (c) For a redevelopment district or a renewal and renovation district certified after June
96.29 30, 2003, and before April 20, 2009, the five-year periods described in paragraph (a) are
96.30 extended to ten years after certification of the district. For a redevelopment district certified
96.31 after April 20, 2009, and before June 30, 2012, the five-year periods described in paragraph
96.32 (a) are extended to eight years after certification of the district. This extension is provided

97.1 primarily to accommodate delays in development activities due to unanticipated economic
97.2 circumstances.

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

97.4 Sec. 8. Minnesota Statutes 2016, section 469.178, subdivision 7, is amended to read:

97.5 Subd. 7. **Interfund loans.** (a) The authority or municipality may advance or loan money
97.6 to finance expenditures under section 469.176, subdivision 4, from its general fund or any
97.7 other fund under which it has legal authority to do so.

97.8 (b) Not later than 60 days after money is transferred, advanced, or spent, whichever is
97.9 earliest, the loan or advance must be authorized; by resolution of the governing body or of
97.10 the authority, whichever has jurisdiction over the fund from which the advance or loan is
97.11 authorized; before money is transferred, advanced, or spent, whichever is earliest.

97.12 (c) The resolution may generally grant to the municipality or the authority the power to
97.13 make interfund loans under one or more tax increment financing plans or for one or more
97.14 districts. The resolution may be adopted before or after the adoption of the tax increment
97.15 financing plan or the creation of the tax increment financing district from which the advance
97.16 or loan is to be repaid.

97.17 (d) The terms and conditions for repayment of the loan must be provided in writing and
97.18 The written terms and conditions may be in any form, but must include, at a minimum, the
97.19 principal amount, the interest rate, and maximum term. Written terms may be modified or
97.20 amended in writing by the municipality or the authority before the latest decertification of
97.21 any tax increment financing district from which the interfund loan is to be repaid. The
97.22 maximum rate of interest permitted to be charged is limited to the greater of the rates
97.23 specified under section 270C.40 or 549.09 as of the date the loan or advance is authorized,
97.24 unless the written agreement states that the maximum interest rate will fluctuate as the
97.25 interest rates specified under section 270C.40 or 549.09 are from time to time adjusted.
97.26 Loans or advances may be structured as draw-down or line-of-credit obligations of the
97.27 lending fund.

97.28 (e) The authority shall report in the annual report submitted under section 469.175,
97.29 subdivision 6:

97.30 (1) the amount of any interfund loan or advance made in a calendar year; and

97.31 (2) any amendment of an interfund loan or advance made in a calendar year.

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

98.3 Sec. 9. Laws 2008, chapter 154, article 9, section 21, subdivision 2, is amended to read:

98.4 Subd. 2. **Special rules.** (a) If the city elects, upon the adoption of the tax increment
 98.5 financing plan for a district, the rules under this section apply to a redevelopment district,
 98.6 renewal and renovation district, economic development district, soil condition district, or
 98.7 a soil deficiency district established by the city or a development authority of the city in the
 98.8 project area.

98.9 (b) Prior to or upon the adoption of the first tax increment plan subject to the special
 98.10 rules under this subdivision, the city must find by resolution that parcels consisting of at
 98.11 least 80 percent of the acreage of the project area (excluding street and railroad right of
 98.12 way) are characterized by one or more of the following conditions:

98.13 (1) peat or other soils with geotechnical deficiencies that impair development of
 98.14 residential or commercial buildings or infrastructure;

98.15 (2) soils or terrain that requires substantial filling in order to permit the development of
 98.16 commercial or residential buildings or infrastructure;

98.17 (3) landfills, dumps, or similar deposits of municipal or private waste;

98.18 (4) quarries or similar resource extraction sites;

98.19 (5) floodway; and

98.20 (6) substandard buildings within the meaning of Minnesota Statutes, section 469.174,
 98.21 subdivision 10.

98.22 (c) For the purposes of paragraph (b), clauses (1) through (5), a parcel is deemed to be
 98.23 characterized by the relevant condition if at least 70 percent of the area of the parcel contains
 98.24 the relevant condition. For the purposes of paragraph (b), clause (6), a parcel is deemed to
 98.25 be characterized by substandard buildings if the buildings occupy at least 30 percent of the
 98.26 area of the parcel.

98.27 (d) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is
 98.28 extended to ten years for any district, and section 469.1763, subdivision 4, does not apply
 98.29 to any district.

98.30 (e) Notwithstanding anything to the contrary in section 469.1763, subdivision 2, paragraph
 98.31 (a), not more than 80 percent of the total revenue derived from tax increments paid by

99.1 properties in any district (measured over the life of the district) may be expended on activities
99.2 outside the district but within the project area.

99.3 (f) For a soil deficiency district:

99.4 (1) increments may be collected through 20 years after the receipt by the authority of
99.5 the first increment from the district; and

99.6 (2) except as otherwise provided in this subdivision, increments may be used only to:

99.7 (i) acquire parcels on which the improvements described in item (ii) will occur;

99.8 (ii) pay for the cost of correcting the unusual terrain or soil deficiencies and the additional
99.9 cost of installing public improvements directly caused by the deficiencies; and

99.10 (iii) pay for the administrative expenses of the authority allocable to the district.

99.11 (g) Increments spent for any infrastructure costs, whether inside a district or outside a
99.12 district but within the project area, are deemed to satisfy the requirements of paragraph (f)
99.13 and Minnesota Statutes, section 469.176, subdivisions 4b, 4c, and 4j.

99.14 (h) Increments from any district may not be used to pay the costs of landfill closure or
99.15 public infrastructure located on the following parcels within the plat known as Burnsville
99.16 Amphitheater: Lot 1, Block 1; Lots 1 and 2, Block 2; and Outlots A, B, C and D.

99.17 (i) The four-year rule under Minnesota Statutes, section 469.176, subdivision 6, is
99.18 extended to nine years.

99.19 (j) The city may specify in the tax increment financing plan for any district the first year
99.20 in which it elects to receive increment, which may be up to eight years following approval
99.21 of the district.

99.22 (k) Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, paragraph (c),
99.23 the city may waive any increment received in 2016 and, if so, it shall not be used in
99.24 determining the duration limit for any district created under this section.

99.25 (l) The authority to approve tax increment financing plans to establish tax increment
99.26 financing districts under this section expires on ~~December 31, 2018~~ March 20, 2023.

99.27 **EFFECTIVE DATE.** This section is effective upon approval by the governing body
99.28 of the city of Burnsville and compliance with the requirements of Minnesota Statutes, section
99.29 645.021.

100.1 Sec. 10. Laws 2009, chapter 88, article 5, section 17, as amended by Laws 2010, chapter
100.2 382, section 84, is amended to read:

100.3 **Sec. 17. SEAWAY PORT AUTHORITY OF DULUTH; TAX INCREMENT**
100.4 **FINANCING DISTRICT; SPECIAL RULES.**

100.5 (a) If the Seaway Port Authority of Duluth adopts a tax increment financing plan and
100.6 the governing body of the city of Duluth approves the plan for the tax increment financing
100.7 district consisting of one or more parcels identified as: 010-2730-00010; 010-2730-00020;
100.8 010-2730-00040; 010-2730-00050; 010-2730-00070; 010-2730-00080; 010-2730-00090;
100.9 010-2730-00100; 010-02730-00120; 010-02730-00130; 010-02730-00140; 010-2730-00160;
100.10 010-2730-00180; 010-2730-00200; 010-2730-00300; 010-02730-00320; 010-2746-01250;
100.11 010-2746-1330; 010-2746-01340; 010-2746-01350; 010-2746-1440; 010-2746-1380;
100.12 010-2746-01490; 010-2746-01500; 010-2746-01510; 010-2746-01520; 010-2746-01530;
100.13 010-2746-01540; 010-2746-01550; 010-2746-01560; 010-2746-01570; 010-2746-01580;
100.14 010-2746-01590; 010-3300-4560; 010-3300-4565; 010-3300-04570; 010-3300-04580;
100.15 010-3300-04640; 010-3300-04645; and 010-3300-04650, the five-year rule under Minnesota
100.16 Statutes, section 469.1763, subdivision 3, that activities must be undertaken within a five-year
100.17 period from the date of certification of the tax increment financing district, must be
100.18 considered to be met if the activities are undertaken within five years after the date all
100.19 qualifying parcels are delisted from the Federal Superfund list.

100.20 (b) The requirements of Minnesota Statutes, section 469.1763, subdivision 4, beginning
100.21 in the sixth year following certification of the district requirement, will begin in the sixth
100.22 year following the date all qualifying parcels are delisted from the Federal Superfund list.

100.23 (c) The action required under Minnesota Statutes, section 469.176, subdivision 6, are
100.24 satisfied if the action is commenced within four years after the date all qualifying parcels
100.25 are delisted from the Federal Superfund list and evidence of the action required is submitted
100.26 to the county auditor by February 1 of the fifth year following the year in which all qualifying
100.27 parcels are delisted from the Federal Superfund list.

100.28 (d) For purposes of this section, "qualifying parcels" means United States Steel parcels
100.29 listed in paragraph (a) and shown by the Minnesota Pollution Control Agency as part of the
100.30 USS St. Louis River-U.S. Steel Superfund Site (USEPA OU 02) that are included in the
100.31 tax increment financing district.

100.32 (e) In addition to the reporting requirements of Minnesota Statutes, section 469.175,
100.33 subdivision 5, the Seaway Port Authority of Duluth shall report the status of all parcels
100.34 listed in paragraph (a) and shown as part of the USS St. Louis River-U.S. Steel Superfund

101.1 Site (USEPA OU 02). The status report must show the parcel numbers, the listed or delisted
101.2 status, and if delisted, the delisting date.

101.3 (f) Notwithstanding Minnesota Statutes, section 469.178, subdivision 7, or any other
101.4 law to the contrary, the Seaway Port Authority of Duluth may establish an interfund loan
101.5 program before approval of the tax increment financing plan for or the establishment of the
101.6 district authorized by this section. The authority may make loans under this program. The
101.7 proceeds of the loans may be used for any permitted use of increments under this law or
101.8 Minnesota Statutes, section 469.176, for the district and may be repaid with increments
101.9 from the district established under this section. This paragraph applies to any action
101.10 authorized by the Seaway Port Authority of Duluth on or after March 25, 2010.

101.11 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
101.12 city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021,
101.13 subdivision 3.

101.14 Sec. 11. Laws 2014, chapter 308, article 6, section 8, subdivision 1, is amended to read:

101.15 Subdivision 1. **Authority to create districts.** (a) The governing body of the city of
101.16 Edina or its development authority may establish one or more tax increment financing
101.17 housing districts in the Southeast Edina Redevelopment Project Area, as the boundaries
101.18 exist on March 31, 2014.

101.19 (b) The authority to request certification of districts under this section expires on June
101.20 30, ~~2017~~ 2020.

101.21 **EFFECTIVE DATE.** This section is effective on the day following final enactment
101.22 without local approval under Minnesota Statutes, section 645.023, subdivision 1, paragraph
101.23 (a).

101.24 Sec. 12. Laws 2014, chapter 308, article 6, section 9, is amended to read:

101.25 **Sec. 9. CITY OF MAPLE GROVE; TAX INCREMENT FINANCING DISTRICT.**

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

101.28 (b) "City" means the city of Maple Grove.

101.29 (c) "Project area" means all or a portion of the area in the city commencing at a point
101.30 130 feet East and 120 feet North of the southwest corner of the Southeast Quarter of Section
101.31 23, Township 119, Range 22, Hennepin County, said point being on the easterly right-of-way

102.1 line of Hemlock Lane; thence northerly along said easterly right-of-way line of Hemlock
102.2 Lane to a point on the west line of the east one-half of the Southeast Quarter of section 23,
102.3 thence south along said west line a distance of 1,200 feet; thence easterly to the east line of
102.4 Section 23, 1,030 feet North from the southeast corner thereof; thence South 74 degrees
102.5 East 1,285 feet; thence East a distance of 1,000 feet; thence North 59 degrees West a distance
102.6 of 650 feet; thence northerly to a point on the northerly right-of-way line of 81st Avenue
102.7 North, 650 feet westerly measured at right angles, from the east line of the Northwest Quarter
102.8 of Section 24; thence North 13 degrees West a distance of 795 feet; thence West to the west
102.9 line of the Southeast Quarter of the Northwest Quarter of Section 24; thence North 55
102.10 degrees West to the south line of the Northwest Quarter of the Northwest Quarter of Section
102.11 24; thence West along said south line to the east right-of-way line of Zachary Lane; thence
102.12 North along the east right-of-way line of Zachary Lane to the southwest corner of Lot 1,
102.13 Block 1, Metropolitan Industrial Park 5th Addition; thence East along the south line of said
102.14 Lot 1 to the northeast corner of Outlot A, Metropolitan Industrial Park 5th Addition; thence
102.15 South along the east line of said Outlot A and its southerly extension to the south right-of-way
102.16 line of County State-Aid Highway (CSAH) 109; thence easterly along the south right-of-way
102.17 line of CSAH 109 to the east line of the Northwest Quarter of the Northeast Quarter of
102.18 Section 24; thence South along said east line to the north line of the South Half of the
102.19 Northeast Quarter of Section 24; thence East along said north line to the westerly right-of-way
102.20 line of Jefferson Highway North; thence southerly along the westerly right-of-way line of
102.21 Jefferson Highway to the centerline of CSAH 130; thence continuing South along the west
102.22 right-of-way line of Pilgrim Lane North to the westerly extension of the north line of Outlot
102.23 A, Park North Fourth Addition; thence easterly along the north line of Outlot A, Park North
102.24 Fourth Addition to the northeast corner of said Outlot A; thence southerly along the east
102.25 line of said Outlot A to the southeast corner of said Outlot A; thence easterly along the south
102.26 line of Lot 1, Block 1, Park North Fourth Addition to the westerly right-of-way line of State
102.27 Highway 169; thence southerly, southwesterly, westerly, and northwesterly along the
102.28 westerly right-of-way line of State Highway 169 and the northerly right-of-way line of
102.29 Interstate 694 to its intersection with the southerly extension of the easterly right-of-way
102.30 line of Zachary Lane North; thence northerly along the easterly right-of-way line of Zachary
102.31 Lane North and its northerly extension to the north right-of-way line of CSAH 130; thence
102.32 westerly, southerly, northerly, southwesterly, and northwesterly to the point of beginning
102.33 and there terminating, provided that the project area includes the rights-of-way for all present
102.34 and future highway interchanges abutting the area described in this paragraph, and may
102.35 include any additional property necessary to cause the property included in the tax increment
102.36 financing district to consist of complete parcels.

103.1 (d) "Soil deficiency district" means a type of tax increment financing district consisting
103.2 of a portion of the project area in which the city finds by resolution that the following
103.3 conditions exist:

103.4 (1) unusual terrain or soil deficiencies that occurred over 80 percent of the acreage in
103.5 the district require substantial filling, grading, or other physical preparation for use; and

103.6 (2) the estimated cost of the physical preparation under clause (1), but excluding costs
103.7 directly related to roads as defined in Minnesota Statutes, section 160.01, and local
103.8 improvements as described in Minnesota Statutes, sections 429.021, subdivision 1, clauses
103.9 (1) to (7), (11), and (12), and 430.01, exceeds the fair market value of the land before
103.10 completion of the preparation.

103.11 Subd. 2. **Special rules.** (a) If the city elects, upon the adoption of the tax increment
103.12 financing plan for a district, the rules under this section apply to a redevelopment district,
103.13 renewal and renovation district, soil condition district, or soil deficiency district established
103.14 by the city or a development authority of the city in the project area.

103.15 (b) Prior to or upon the adoption of the first tax increment plan subject to the special
103.16 rules under this subdivision, the city must find by resolution that parcels consisting of at
103.17 least 80 percent of the acreage of the project area, excluding street and railroad rights-of-way,
103.18 are characterized by one or more of the following conditions:

103.19 (1) peat or other soils with geotechnical deficiencies that impair development of
103.20 commercial buildings or infrastructure;

103.21 (2) soils or terrain that require substantial filling in order to permit the development of
103.22 commercial buildings or infrastructure;

103.23 (3) landfills, dumps, or similar deposits of municipal or private waste;

103.24 (4) quarries or similar resource extraction sites;

103.25 (5) floodway; and

103.26 (6) substandard buildings, within the meaning of Minnesota Statutes, section 469.174,
103.27 subdivision 10.

103.28 (c) For the purposes of paragraph (b), clauses (1) to (5), a parcel is characterized by the
103.29 relevant condition if at least 70 percent of the area of the parcel contains the relevant
103.30 condition. For the purposes of paragraph (b), clause (6), a parcel is characterized by
103.31 substandard buildings if substandard buildings occupy at least 30 percent of the area of the
103.32 parcel.

104.1 (d) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is
104.2 extended to eight years for any district, and Minnesota Statutes, section 469.1763, subdivision
104.3 4, does not apply to any district.

104.4 (e) Notwithstanding any provision to the contrary in Minnesota Statutes, section 469.1763,
104.5 subdivision 2, paragraph (a), not more than 40 percent of the total revenue derived from tax
104.6 increments paid by properties in any district, measured over the life of the district, may be
104.7 expended on activities outside the district but within the project area.

104.8 (f) For a soil deficiency district:

104.9 (1) increments may be collected through 20 years after the receipt by the authority of
104.10 the first increment from the district;

104.11 (2) increments may be used only to:

104.12 (i) acquire parcels on which the improvements described in item (ii) will occur;

104.13 (ii) pay for the cost of correcting the unusual terrain or soil deficiencies and the additional
104.14 cost of installing public improvements directly caused by the deficiencies; and

104.15 (iii) pay for the administrative expenses of the authority allocable to the district; and

104.16 (3) any parcel acquired with increments from the district must be sold at no less than
104.17 their fair market value.

104.18 (g) Increments spent for any infrastructure costs, whether inside a district or outside a
104.19 district but within the project area, are deemed to satisfy the requirements of Minnesota
104.20 Statutes, section 469.176, subdivision 4j.

104.21 (h) The authority to approve tax increment financing plans to establish tax increment
104.22 financing districts under this section expires June 30, 2020.

104.23 (i) Notwithstanding the restrictions in paragraph (f), clause (2), the city may use
104.24 increments from a soil deficiency district to acquire parcels and for other infrastructure costs
104.25 either inside or outside of the district, but within the project area, if the acquisition or
104.26 infrastructure is for a qualified development. For purposes of this paragraph, a development
104.27 is a qualified development only if all of the following requirements are satisfied:

104.28 (1) the city finds, by resolution, that the land acquisition and infrastructure are undertaken
104.29 primarily to serve the development;

104.30 (2) the city has a binding, written commitment and adequate financial assurances from
104.31 the developer that the development will be constructed; and

105.1 (3) the development does not consist of retail trade or housing improvements.

105.2 **EFFECTIVE DATE.** This section is effective upon approval by the governing body
105.3 of the city of Maple Grove and its compliance with the requirements of Minnesota Statutes,
105.4 section 645.021.

105.5 **Sec. 13. CITY OF ANOKA; GREENS OF ANOKA TIF DISTRICT.**

105.6 For purposes of Minnesota Statutes, section 469.1763, subdivision 3, paragraph (c), the
105.7 city of Anoka's Greens of Anoka redevelopment tax increment financing district is deemed
105.8 to be certified on June 29, 2012, rather than its actual certification date of July 2, 2012, and
105.9 the provisions of Minnesota Statutes, section 469.1763, subdivisions 3 and 4, apply as if
105.10 the district were certified on that date.

105.11 **EFFECTIVE DATE.** This section is effective upon approval by the governing body
105.12 of the city of Anoka and upon compliance by the city with Minnesota Statutes, section
105.13 645.021, subdivisions 2 and 3.

105.14 **Sec. 14. CITY OF COON RAPIDS; TIF DISTRICT 6-1; PORT RIVERWALK.**

105.15 Notwithstanding the provisions of Minnesota Statutes, section 469.176, subdivision 1b,
105.16 or any other law to the contrary, the city of Coon Rapids may collect tax increment from
105.17 District 6-1 Port Riverwalk through December 31, 2038.

105.18 **EFFECTIVE DATE.** This section is effective upon compliance by the governing bodies
105.19 of the city of Coon Rapids, Anoka County, and Independent School District No. 11 with
105.20 the requirements of Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021,
105.21 subdivision 3.

105.22 **Sec. 15. CITY OF COTTAGE GROVE; TIF DISTRICT 1-12; GATEWAY NORTH.**

105.23 The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that activities
105.24 must be undertaken within a five-year period from the date of certification of a tax increment
105.25 financing district, is considered to be met for Tax Increment Financing District No. 1-12
105.26 (Gateway North), administered by the Cottage Grove Economic Development Authority,
105.27 if the activities are undertaken prior to January 1, 2017.

105.28 **EFFECTIVE DATE.** This section is effective upon compliance by the chief clerical
105.29 officer of the governing body of the city of Cottage Grove with the requirements of Minnesota
105.30 Statutes, section 645.021, subdivisions 2 and 3.

106.1 **Sec. 16. CITY OF EDINA; APPROVAL OF 2014 SPECIAL LAW.**

106.2 Notwithstanding the provisions of Minnesota Statutes, section 645.021, subdivision 3,
106.3 the chief clerical officer of the city of Edina may file with the secretary of state certificate
106.4 of approval of Laws 2014, chapter 308, article 6, section 8, by December 31, 2017, and, if
106.5 the certificate is so filed and the requirements of Minnesota Statutes, section 645.021,
106.6 subdivision 3, are otherwise complied with, the special law is deemed approved, and all
106.7 actions taken by the city before the effective date of this section in reliance on Laws 2014,
106.8 chapter 308, article 6, section 8, are deemed consistent with Laws 2014, chapter 308, article
106.9 6, section 8, and this act.

106.10 **EFFECTIVE DATE.** This section is effective the day following final enactment without
106.11 local approval as an amendment to the provisions of Laws 2014, chapter 308, article 6,
106.12 section 8.

106.13 **Sec. 17. CITY OF RICHFIELD; EXTENSION OF CEDAR AVENUE TIF**
106.14 **DISTRICT.**

106.15 Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, or any other law
106.16 to the contrary, the city of Richfield and the Housing and Redevelopment Authority in and
106.17 for the city of Richfield may elect to extend the duration limit of the redevelopment tax
106.18 increment financing district known as the Cedar Avenue Tax Increment Financing District
106.19 established by Laws 2005, chapter 152, article 2, section 25, by ten years.

106.20 **EFFECTIVE DATE.** This section is effective upon compliance by the city of Richfield,
106.21 Hennepin County, and Independent School District No. 280 with the requirements of
106.22 Minnesota Statutes, sections 469.1782, subdivision 2; and 645.021, subdivisions 2 and 3.

106.23 **Sec. 18. CITY OF RICHFIELD; LYNDALE GARDENS TIF DISTRICT.**

106.24 The requirements of Minnesota Statutes, section 469.1763, subdivision 3, that activities
106.25 must be undertaken within a five-year period from the date of certification of a tax increment
106.26 financing district, are considered to be met for the Lyndale Gardens Tax Increment Financing
106.27 District established by the city of Richfield and the housing and redevelopment authority
106.28 in and for the city of Richfield if the activities are undertaken within eight years from the
106.29 date of certification.

106.30 **EFFECTIVE DATE.** This act is effective upon the city of Richfield's compliance with
106.31 the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

107.1 **Sec. 19. CITY OF ROCHESTER; TIF DISTRICT 36; BIOSCIENCE PROJECT.**

107.2 Notwithstanding the provisions of Minnesota Statutes, sections 469.174 and 469.176,
 107.3 the city of Rochester may spend the proceeds from the sale or lease of any property purchased
 107.4 with tax increments derived from tax increment financing district number 36 (Bioscience
 107.5 Project) for the costs of operating, maintaining, and improving properties acquired with tax
 107.6 increments from district number 36, including funding and maintaining reserves for capital
 107.7 or operating expenses. Following the close of the third calendar year after decertification
 107.8 of that district, any remaining amounts of the proceeds are not subject to restrictions that
 107.9 apply to tax increments under Minnesota Statutes, sections 469.174 to 469.1794.

107.10 **EFFECTIVE DATE.** This section is effective the day following final enactment without
 107.11 local approval under Minnesota Statutes, section 645.023, subdivision 1, clause (a).

107.12 **Sec. 20. CITY OF SOUTH ST. PAUL; EXTENSION OF TIME TO ADOPT**
 107.13 **INTERFUND LOAN RESOLUTION FOR 4TH AVENUE VILLAGE TIF DISTRICT.**

107.14 Notwithstanding Minnesota Statutes, section 469.178, subdivision 7, the governing body
 107.15 of the South St. Paul Economic Development Authority, successor to the Housing and
 107.16 Redevelopment Authority in and for the city of South St. Paul, may retroactively approve
 107.17 a previously established interfund loan for the 4th Avenue Village Tax Increment District
 107.18 in the city of South St. Paul if the governing body adopts a resolution approving that loan
 107.19 by August 1, 2017, and if the requirements of Minnesota Statutes, section 469.178,
 107.20 subdivision 7, are otherwise complied with, the interfund loan authorization is deemed to
 107.21 satisfy Minnesota Statutes, section 469.178, subdivision 7.

107.22 **EFFECTIVE DATE.** This section is effective without local approval under Minnesota
 107.23 Statutes, section 645.023, subdivision 1, paragraph (a), on the day following final enactment.

107.24 **Sec. 21. CITY OF ST. LOUIS PARK; ELMWOOD VILLAGE TIF DISTRICT.**

107.25 For purposes of the Elmwood Village Tax Increment Financing District in the city of
 107.26 St. Louis Park, including during the duration extension authorized by Laws 2009, chapter
 107.27 88, article 5, section 19, the period under Minnesota Statutes, section 469.1763, subdivision
 107.28 3, is extended through December 31, 2019, and calendar year 2020 is the first year to which
 107.29 Minnesota Statutes, section 469.1763, subdivision 4, applies. In addition, the permitted
 107.30 percentage of increments that may be expended under Minnesota Statutes, section 463.1763,
 107.31 subdivision 2, on activities outside of the district is increased to 45 percent for the district.

108.1 **EFFECTIVE DATE.** This section is effective upon compliance by the governing body
 108.2 of the city of St. Louis Park with the requirements of Minnesota Statutes, section 645.021,
 108.3 subdivision 3.

108.4 Sec. 22. **CITY OF ST. PAUL; FORD SITE REDEVELOPMENT TIF DISTRICT.**

108.5 (a) For purposes of computing the duration limits under Minnesota Statutes, section
 108.6 469.176, subdivision 1b, the housing and redevelopment authority of the city of St. Paul
 108.7 may waive receipt of increment for the Ford Site Redevelopment Tax Increment Financing
 108.8 District. This authority is limited to the first four years of increment or increments derived
 108.9 from taxes payable in 2023, whichever occurs first.

108.10 (b) If the city elects to waive receipt of increment under paragraph (a), for purposes of
 108.11 applying any limits based on when the district was certified under Minnesota Statutes,
 108.12 section 469.176, subdivision 6, or 469.1763, the date of certification for the district is deemed
 108.13 to be January 2 of the property tax assessment year for which increment is first received
 108.14 under the waiver.

108.15 **EFFECTIVE DATE.** This section is effective July 1, 2017, without local approval
 108.16 under Minnesota Statutes, section 645.023, subdivision 1, paragraph (a).

108.17 Sec. 23. **WASHINGTON COUNTY; NEWPORT REDROCK CROSSING PROJECT**
 108.18 **TIF DISTRICT; SPECIAL RULES.**

108.19 (a) If Washington County elects, upon the adoption of a tax increment financing plan
 108.20 for a district, the rules under this section apply to one or more tax increment financing
 108.21 districts established by the county or the community development agency of the county.
 108.22 The area within which the tax increment districts may be created is located in the city of
 108.23 Newport and is south of marked Interstate Highway 494, north of 15th Street extended to
 108.24 the Mississippi River, east of the Mississippi River, and west of marked Trunk Highway
 108.25 61 and the adjacent rights-of-way and shall be referred to as the "Newport Red Rock Crossing
 108.26 Project Area" or "project area."

108.27 (b) The requirements for qualifying a redevelopment district under Minnesota Statutes,
 108.28 section 469.174, subdivision 10, do not apply to the parcels identified by parcel identification
 108.29 numbers: 2602822440051, 260282244050, 260282244049, 260282244048, 2602822440046,
 108.30 2602822440045, 260282244044, 2602822440043, 2602822440026, 2602822440025,
 108.31 260282244024, and 2602822440023, which are deemed substandard for the purpose of
 108.32 qualifying the district as a redevelopment district.

109.1 (c) Increments spent outside a district shall only be spent within the project area and on
109.2 costs described in Minnesota Statutes, section 469.176, subdivision 4j.

109.3 (d) Notwithstanding anything to the contrary in Minnesota Statutes, section 469.1763,
109.4 subdivision 2, paragraph (a), not more than 80 percent of the total revenue derived from tax
109.5 increments paid by properties in any district, measured over the life of the district, may be
109.6 expended on activities outside the district but within the project area. The five-year rule
109.7 under Minnesota Statutes, section 469.1763, subdivision 3, applies as if the limit is nine
109.8 years.

109.9 (e) The authority to approve a tax increment financing plan and to establish a tax
109.10 increment financing district under this section expires December 31, 2027.

109.11 (f) The use of revenues for decertification in Minnesota Statutes, section 469.1763,
109.12 subdivision 4, does not apply to the project area.

109.13 **EFFECTIVE DATE.** This section is effective and shall retroactively include the
109.14 redevelopment district in the project area approved by Washington County on November
109.15 8, 2016, upon approval by the governing body of the city of Newport and Washington
109.16 County and upon compliance by the county with Minnesota Statutes, section 645.021,
109.17 subdivision 3.

109.18 Sec. 24. **CITY OF WAYZATA; TIF DISTRICT 3; WIDSTEN.**

109.19 (a) The requirements of Minnesota Statutes, section 469.1763, subdivision 3, that
109.20 activities must be undertaken within a five-year period from the date of certification of a
109.21 tax increment financing district, are considered to be met for Tax Increment Financing
109.22 District 3 (Widsten) in the city of Wayzata if the revenues derived from tax increments from
109.23 the district are expended for any project contemplated by the original tax increment financing
109.24 plan for the district, including, without limitation, a municipal parking ramp within the
109.25 district.

109.26 (b) The requirements of Minnesota Statutes, section 469.1763, subdivision 4, do not
109.27 apply to the district if the revenues derived from tax increment from the district are expended
109.28 for any project contemplated by the original tax increment financing plan for the district,
109.29 including, without limitation, a municipal parking ramp within the district.

109.30 **EFFECTIVE DATE.** This section is effective upon compliance by the chief clerical
109.31 officer of the governing body of the city of Wayzata with the requirements of Minnesota
109.32 Statutes, section 645.021, subdivisions 2 and 3.

110.1 **ARTICLE 5**

110.2 **LOCAL OPTION SALES AND USE TAXES**

110.3 Section 1. **[471.9998] MERCHANT BAGS; PROHIBITION ON FEE OR TAX.**

110.4 Notwithstanding any other provision of law, no political subdivision shall impose any
 110.5 fee or tax, other than a local sales tax subject to section 297A.99, upon the use of paper,
 110.6 plastic, or reusable bags for packaging of any item or good purchased from a merchant,
 110.7 itinerant vendor, or peddler.

110.8 **EFFECTIVE DATE.** This section is effective May 31, 2017. Ordinances existing on
 110.9 the effective date of this section that would be prohibited under this section are invalid as
 110.10 of the effective date of this section.

110.11 Sec. 2. Laws 1980, chapter 511, section 1, subdivision 2, as amended by Laws 1991,
 110.12 chapter 291, article 8, section 22, Laws 1998, chapter 389, article 8, section 25, Laws 2003,
 110.13 First Special Session chapter 21, article 8, section 11, Laws 2008, chapter 154, article 5,
 110.14 section 2, and Laws 2014, chapter 308, article 3, section 21, is amended to read:

110.15 Subd. 2. (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other law,
 110.16 ordinance, or city charter provision to the contrary, the city of Duluth may, by ordinance,
 110.17 impose an additional sales tax of up to one and three-quarter percent on sales transactions
 110.18 which are described in Minnesota Statutes 2000, section 297A.01, subdivision 3, clause (c).
 110.19 The imposition of this tax shall not be subject to voter referendum under either state law or
 110.20 city charter provisions. When the city council determines that the taxes imposed under this
 110.21 paragraph at a rate of three-quarters of one percent and other sources of revenue produce
 110.22 revenue sufficient to pay debt service on bonds in the principal amount of \$40,285,000 plus
 110.23 issuance and discount costs, issued for capital improvements at the Duluth Entertainment
 110.24 and Convention Center, which include a new arena, the rate of tax under this subdivision
 110.25 must be reduced by three-quarters of one percent.

110.26 (b) In addition to the tax in paragraph (a) and notwithstanding Minnesota Statutes, section
 110.27 477A.016, or any other law, ordinance, or city charter provision to the contrary, the city of
 110.28 Duluth may, by ordinance, impose an additional sales tax of up to one-half of one percent
 110.29 on sales transactions which are described in Minnesota Statutes 2000, section 297A.01,
 110.30 subdivision 3, clause (c). This tax expires when the city council determines that the tax
 110.31 imposed under this paragraph, along with the tax imposed under section 22, paragraph (b),
 110.32 has produced revenues sufficient to pay the debt service on bonds in a principal amount of
 110.33 no more than \$18,000,000, plus issuance and discount costs, to finance capital improvements

111.1 to public facilities to support tourism and recreational activities in that portion of the city
 111.2 west of ~~34th~~ 14th Avenue West and the area south of and including Skyline Parkway.

111.3 (c) The city of Duluth may sell and issue up to \$18,000,000 in general obligation bonds
 111.4 under Minnesota Statutes, chapter 475, plus an additional amount to pay for the costs of
 111.5 issuance and any premiums. The proceeds may be used to finance capital improvements to
 111.6 public facilities that support tourism and recreational activities in the portion of the city
 111.7 west of ~~34th~~ 14th Avenue West and the area south of and including Skyline Parkway, as
 111.8 described in paragraph (b). The issuance of the bonds is subject to the provisions of
 111.9 Minnesota Statutes, chapter 475, except no election shall be required unless required by the
 111.10 city charter. The bonds shall not be included in computing net debt. The revenues from the
 111.11 taxes that the city of Duluth may impose under paragraph (b) and under section 22, paragraph
 111.12 (b), may be pledged to pay principal of and interest on such bonds.

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

111.16 Sec. 3. Laws 1980, chapter 511, section 2, as amended by Laws 1998, chapter 389, article
 111.17 8, section 26, Laws 2003, First Special Session chapter 21, article 8, section 12, and Laws
 111.18 2014, chapter 308, article 3, section 22, is amended to read:

111.19 **Sec. 22. CITY OF DULUTH; TAX ON RECEIPTS BY HOTELS AND MOTELS.**

111.20 (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other law, or ordinance,
 111.21 or city charter provision to the contrary, the city of Duluth may, by ordinance, impose an
 111.22 additional tax of one percent upon the gross receipts from the sale of lodging for periods of
 111.23 less than 30 days in hotels and motels located in the city. The tax shall be collected in the
 111.24 same manner as the tax set forth in the Duluth city charter, section 54(d), paragraph one.
 111.25 The imposition of this tax shall not be subject to voter referendum under either state law or
 111.26 city charter provisions.

111.27 (b) In addition to the tax in paragraph (a) and notwithstanding Minnesota Statutes, section
 111.28 477A.016, or any other law, ordinance, or city charter provision to the contrary, the city of
 111.29 Duluth may, by ordinance, impose an additional sales tax of up to one-half of one percent
 111.30 on the gross receipts from the sale of lodging for periods of less than 30 days in hotels and
 111.31 motels located in the city. This tax expires when the city council first determines that the
 111.32 tax imposed under this paragraph, along with the tax imposed under section 21, paragraph
 111.33 (b), has produced revenues sufficient to pay the debt service on bonds in a principal amount
 111.34 of no more than \$18,000,000, plus issuance and discount costs, to finance capital

112.1 improvements to public facilities to support tourism and recreational activities in that portion
 112.2 of the city west of ~~34th~~ 14th Avenue West and the area south of and including Skyline
 112.3 Parkway.

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

112.7 Sec. 4. Laws 1991, chapter 291, article 8, section 27, subdivision 3, as amended by Laws
 112.8 1998, chapter 389, article 8, section 28, Laws 2008, chapter 366, article 7, section 9, and
 112.9 Laws 2009, chapter 88, article 4, section 14, is amended to read:

112.10 Subd. 3. **Use of revenues.** (a) Revenues received from taxes authorized by subdivisions
 112.11 1 and 2 shall be used by the city to pay the cost of collecting the tax and to pay all or a
 112.12 portion of the expenses of constructing and improving facilities as part of an urban
 112.13 revitalization project in downtown Mankato known as Riverfront 2000. Authorized expenses
 112.14 include, but are not limited to, acquiring property and paying relocation expenses related
 112.15 to the development of Riverfront 2000 and related facilities, and securing or paying debt
 112.16 service on bonds or other obligations issued to finance the construction of Riverfront 2000
 112.17 and related facilities. For purposes of this section, "Riverfront 2000 and related facilities"
 112.18 means a civic-convention center, an arena, a riverfront park, a technology center and related
 112.19 educational facilities, and all publicly owned real or personal property that the governing
 112.20 body of the city determines will be necessary to facilitate the use of these facilities, including
 112.21 but not limited to parking, skyways, pedestrian bridges, lighting, and landscaping. It also
 112.22 includes the performing arts theatre and the Southern Minnesota Women's Hockey Exposition
 112.23 Center, for use by Minnesota State University, Mankato.

112.24 (b) Notwithstanding Minnesota Statutes, section 297A.99, subdivision 3, and as approved
 112.25 by voters at the November 8, 2016, general election, the city may by ordinance also use
 112.26 revenues from taxes authorized under subdivisions 1 and 2, up to a maximum of \$47,000,000,
 112.27 plus associated bond costs, to pay all or a portion of the expenses of the following capital
 112.28 projects:

112.29 (1) construction and improvements to regional recreational facilities including existing
 112.30 hockey and curling rinks, a baseball park, youth athletic fields and facilities, the municipal
 112.31 swimming pool including improvements to make the pool compliant with the Americans
 112.32 with Disabilities Act, and indoor regional athletic facilities;

112.33 (2) improvements to flood control and the levee system;

- 113.1 (3) water quality improvement projects in Blue Earth and Nicollet Counties;
 113.2 (4) expansion of the regional transit building and related multimodal transit
 113.3 improvements;
 113.4 (5) regional public safety and emergency communications improvements and equipment;
 113.5 and
 113.6 (6) matching funds for improvements to publicly owned regional facilities including a
 113.7 historic museum, supportive housing, and a senior center.

113.8 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 113.9 city of Mankato and its chief clerical officer comply with Minnesota Statutes, section
 113.10 645.021, subdivisions 2 and 3.

113.11 Sec. 5. Laws 1991, chapter 291, article 8, section 27, subdivision 4, as amended by Laws
 113.12 2005, First Special Session chapter 3, article 5, section 25, and Laws 2008, chapter 366,
 113.13 article 7, section 10, is amended to read:

113.14 Subd. 4. **Expiration of taxing authority and expenditure limitation.** The authority
 113.15 granted by subdivisions 1 and 2 to the city to impose a sales tax and an excise tax shall
 113.16 expire ~~on~~ at the earlier of when revenues are sufficient to pay off the bonds, including
 113.17 interest and all other associated bond costs authorized under subdivision 5, or December
 113.18 31, ~~2022~~ 2038.

113.19 **EFFECTIVE DATE.** This section is effective the day following final enactment without
 113.20 local approval pursuant to Minnesota Statutes, section 645.023, subdivision 1.

113.21 Sec. 6. Laws 1991, chapter 291, article 8, section 27, subdivision 5, is amended to read:

113.22 Subd. 5. **Bonds.** (a) The city of Mankato may issue general obligation bonds of the city
 113.23 in an amount not to exceed \$25,000,000 for Riverfront 2000 and related facilities, without
 113.24 election under Minnesota Statutes, chapter 475, on the question of issuance of the bonds or
 113.25 a tax to pay them. The debt represented by bonds issued for Riverfront 2000 and related
 113.26 facilities shall not be included in computing any debt limitations applicable to the city of
 113.27 Mankato, and the levy of taxes required by section 475.61 to pay principal of and interest
 113.28 on the bonds shall not be subject to any levy limitation or be included in computing or
 113.29 applying any levy limitation applicable to the city.

113.30 (b) The city of Mankato may issue general obligation bonds of the city in an amount not
 113.31 to exceed \$47,000,000 for the projects listed under subdivision 3, paragraph (b), without
 113.32 election under Minnesota Statutes, chapter 475, on the question of issuance of the bonds or

114.1 a tax to pay them. The debt represented by bonds under this paragraph shall not be included
 114.2 in computing any debt limitations applicable to the city of Mankato, and the levy of taxes
 114.3 required by Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds,
 114.4 and shall not be subject to any levy limitation or be included in computing or applying any
 114.5 levy limitation applicable to the city. The city may use tax revenue in excess of one year's
 114.6 principal interest reserve for intended annual bond payments to pay all or a portion of the
 114.7 cost of capital improvements authorized in subdivision 3.

114.8 **EFFECTIVE DATE.** This section is effective the day following final enactment without
 114.9 local approval pursuant to Minnesota Statutes, section 645.023, subdivision 1.

114.10 Sec. 7. Laws 1996, chapter 471, article 2, section 29, subdivision 1, as amended by Laws
 114.11 2006, chapter 259, article 3, section 3, and Laws 2011, First Special Session chapter 7,
 114.12 article 4, section 4, is amended to read:

114.13 Subdivision 1. **Sales tax authorized.** (a) Notwithstanding Minnesota Statutes, section
 114.14 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of
 114.15 Hermantown may, by ordinance, impose an additional sales tax of up to one percent on
 114.16 sales transactions taxable pursuant to Minnesota Statutes, chapter 297A, that occur within
 114.17 the city. The proceeds of the tax imposed under this section must be used to meet the costs
 114.18 of:

114.19 (1) extending a sewer interceptor line;

114.20 (2) construction of a booster pump station, reservoirs, and related improvements to the
 114.21 water system; and

114.22 (3) construction of a building containing a police and fire station and an administrative
 114.23 services facility.

114.24 (b) If the city imposed a sales tax of only one-half of one percent under paragraph (a),
 114.25 it may increase the tax to one percent to fund the purposes under paragraph (a) provided it
 114.26 is approved by the voters at a general election held before December 31, 2012.

114.27 (c) As approved by the voters at the November 8, 2016, general election, the proceeds
 114.28 under this section may also be used to meet the costs of debt service payments for
 114.29 construction of the Hermantown Wellness Center.

114.30 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 114.31 city of Hermantown and its chief clerical officer comply with Minnesota Statutes, section
 114.32 645.021, subdivisions 2 and 3.

115.1 Sec. 8. Laws 1996, chapter 471, article 2, section 29, subdivision 4, as amended by Laws
115.2 2006, chapter 259, article 3, section 4, is amended to read:

115.3 Subd. 4. **Termination.** The tax authorized under this section terminates ~~on March 31,~~
115.4 ~~2026~~ at the earlier of (1) December 31, 2036, or (2) when the Hermantown City Council
115.5 first determines that sufficient funds have been received from the tax to fund the costs,
115.6 including bonds and associated bond costs for the uses specified in subdivision 1. Any funds
115.7 remaining after completion of the improvements and retirement or redemption of the bonds
115.8 may be placed in the general fund of the city.

115.9 **EFFECTIVE DATE.** This section is effective the day following final enactment without
115.10 local approval pursuant to Minnesota Statutes, section 645.023, subdivision 1.

115.11 Sec. 9. Laws 1999, chapter 243, article 4, section 17, subdivision 3, is amended to read:

115.12 Subd. 3. **Use of revenues.** (a) Revenues received from taxes authorized by subdivisions
115.13 1 and 2 must be used by the city to pay the cost of collecting the taxes and to pay for
115.14 construction and improvement of a civic and community center and recreational facilities
115.15 to serve all ages, including seniors and youth. Authorized expenses include, but are not
115.16 limited to, acquiring property, paying construction and operating expenses related to the
115.17 development of an authorized facility, funding facilities replacement reserves, and paying
115.18 debt service on bonds or other obligations issued to finance the construction or expansion
115.19 of an authorized facility. The capital expenses for all projects authorized under this
115.20 subdivision that may be paid with these taxes are limited to \$9,000,000, plus an amount
115.21 equal to the costs related to issuance of the bonds and funding facilities replacement reserves.

115.22 (b) Notwithstanding Minnesota Statutes, section 297A.99, subdivision 3, and as approved
115.23 by the voters at the November 8, 2016, general election, the city of New Ulm may by
115.24 ordinance also use revenues from taxes authorized under subdivisions 1 and 2, up to a
115.25 maximum of \$14,800,000, plus associated bond costs, to pay all or a portion of the expenses
115.26 of the following capital projects:

115.27 (1) constructing an indoor water park and making safety improvements to the existing
115.28 recreational center pool;

115.29 (2) constructing an indoor playground, a wellness center, and a gymnastics facility;

115.30 (3) constructing a winter multipurpose dome;

115.31 (4) making improvements to Johnson Park Grandstand; and

115.32 (5) making improvements to the entrance road and parking at Hermann Heights Park.

116.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 116.2 city of New Ulm and its chief clerical officer comply with Minnesota Statutes, section
 116.3 645.021, subdivisions 2 and 3.

116.4 Sec. 10. Laws 1999, chapter 243, article 4, section 17, is amended by adding a subdivision
 116.5 to read:

116.6 Subd. 4a. **Bonding authority; additional use and extension of tax.** As approved by
 116.7 the voters at the November 8, 2016, general election, and in addition to the bonds issued
 116.8 under subdivision 4, the city of New Ulm may issue general obligation bonds of the city in
 116.9 an amount not to exceed \$14,800,000 for the projects listed in subdivision 3, paragraph (b).
 116.10 The debt represented by bonds under this subdivision shall not be included in computing
 116.11 any debt limitations applicable to the city of New Ulm, and the levy of taxes required by
 116.12 Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds, and shall
 116.13 not be subject to any levy limitation or be included in computing or applying any levy
 116.14 limitation applicable to the city.

116.15 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 116.16 city of New Ulm and its chief clerical officer comply with Minnesota Statutes, section
 116.17 645.021, subdivisions 2 and 3.

116.18 Sec. 11. Laws 1999, chapter 243, article 4, section 17, subdivision 5, is amended to read:

116.19 Subd. 5. **Termination of taxes.** The taxes imposed under subdivisions 1 and 2 expire
 116.20 when the city council determines that sufficient funds have been received from the taxes to
 116.21 finance the capital and administrative costs for the acquisition, construction, and improvement
 116.22 of facilities described in subdivision 3, including the additional use of revenues under
 116.23 subdivision 3, paragraph (b), as approved by the voters at the November 8, 2016, general
 116.24 election, and to prepay or retire at maturity the principal, interest, and premium due on any
 116.25 bonds issued for the facilities under ~~subdivision 4~~ subdivisions 4 and 4a. Any funds remaining
 116.26 after completion of the project and retirement or redemption of the bonds may be placed in
 116.27 the general fund of the city. The taxes imposed under subdivisions 1 and 2 may expire at
 116.28 an earlier time if the city so determines by ordinance.

116.29 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 116.30 city of New Ulm and its chief clerical officer comply with Minnesota Statutes, section
 116.31 645.021, subdivisions 2 and 3.

117.1 Sec. 12. Laws 1999, chapter 243, article 4, section 18, subdivision 1, as amended by Laws
117.2 2008, chapter 366, article 7, section 12, is amended to read:

117.3 Subdivision 1. **Sales and use tax.** (a) Notwithstanding Minnesota Statutes, section
117.4 477A.016, or any other provision of law, ordinance, or city charter, if approved by the city
117.5 voters at the first municipal general election held after the date of final enactment of this
117.6 act or at a special election held November 2, 1999, the city of Proctor may impose by
117.7 ordinance a sales and use tax of up to one-half of one percent for the purposes specified in
117.8 subdivision 3. The provisions of Minnesota Statutes, section 297A.99, govern the imposition,
117.9 administration, collection, and enforcement of the tax authorized under this subdivision.

117.10 (b) Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of
117.11 law, ordinance, or city charter, the city of Proctor may impose by ordinance an additional
117.12 sales and use tax of up to one-half of one percent if approved by the voters at the first general
117.13 election held after the date of final enactment of this act. The revenues received from the
117.14 additional tax must be used for the purposes specified in subdivision 3, paragraph (b).

117.15 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
117.16 city of Proctor and its chief clerical officer comply with Minnesota Statutes, section 645.021,
117.17 subdivisions 2 and 3.

117.18 Sec. 13. Laws 2005, First Special Session chapter 3, article 5, section 38, subdivision 2,
117.19 as amended by Laws 2006, chapter 259, article 3, section 6, is amended to read:

117.20 Subd. 2. **Use of revenues.** The proceeds of the tax imposed under this section shall be
117.21 used to pay for ~~lake~~ water quality improvement projects as detailed in the Shell Rock River
117.22 watershed plan and as directed by the Shell Rock River Watershed Board. Notwithstanding
117.23 any provision of statute, other law, or city charter to the contrary, the city shall transfer all
117.24 revenues from the tax imposed under subdivision 1, as soon as they are received, to the
117.25 Shell Rock River Watershed District. ~~The city is not required to review the intended uses~~
117.26 ~~of the revenues by the watershed district, nor is the watershed district required to submit to~~
117.27 ~~the city proposed budgets, statements, or invoices explaining the intended uses of the~~
117.28 ~~revenues as a prerequisite for the transfer of the revenues.~~ The Shell Rock River Watershed
117.29 District shall appear before the city of Albert Lea City Council on a biannual basis to present
117.30 a report of its activities, expenditures, and intended uses of the city sales tax revenue.

117.31 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
117.32 city of Albert Lea and its chief clerical officer comply with Minnesota Statutes, section
117.33 645.021, subdivisions 2 and 3.

118.1 Sec. 14. Laws 2005, First Special Session chapter 3, article 5, section 38, subdivision 4,
118.2 as amended by Laws 2014, chapter 308, article 3, section 23, is amended to read:

118.3 Subd. 4. **Termination of taxes.** The taxes imposed under this section expire at the earlier
118.4 of (1) ~~15~~ 30 years after the taxes are first imposed, or (2) when the city council first
118.5 determines that the amount of revenues raised to pay for the projects under subdivision 2,
118.6 shall meet or exceed the sum of ~~\$15,000,000~~ \$30,000,000. Any funds remaining after
118.7 completion of the projects may be placed in the general fund of the city.

118.8 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
118.9 city of Albert Lea and its chief clerical officer comply with Minnesota Statutes, section
118.10 645.021, subdivisions 2 and 3.

118.11 Sec. 15. Laws 2008, chapter 366, article 7, section 20, is amended to read:

118.12 Sec. 20. **CITY OF NORTH MANKATO; TAXES AUTHORIZED.**

118.13 Subdivision 1. **Sales and use tax authorized.** Notwithstanding Minnesota Statutes,
118.14 section 477A.016, or any other provision of law, ordinance, or city charter, pursuant to the
118.15 approval of the voters on November 7, 2006, the city of North Mankato may impose by
118.16 ordinance a sales and use tax of one-half of one percent for the purposes specified in
118.17 subdivision 2. The provisions of Minnesota Statutes, section 297A.99, govern the imposition,
118.18 administration, collection, and enforcement of the taxes authorized under this subdivision.

118.19 Subd. 2. **Use of revenues.** Revenues received from the tax authorized by subdivision 1
118.20 must be used to pay all or part of the capital costs of the following projects:

118.21 (1) the local share of the Trunk Highway 14/County State-Aid Highway 41 interchange
118.22 project;

118.23 (2) development of regional parks and hiking and biking trails, including construction
118.24 of indoor regional athletic facilities;

118.25 (3) expansion of the North Mankato Taylor Library;

118.26 (4) riverfront redevelopment; and

118.27 (5) lake improvement projects.

118.28 The total amount of revenues from the tax in subdivision 1 that may be used to fund
118.29 these projects is ~~\$6,000,000~~ \$15,000,000 plus any associated bond costs.

118.30 Subd. 2a. **Authorization to extend the tax.** Notwithstanding Minnesota Statutes, section
118.31 297A.99, subdivision 3, the North Mankato city council may, by resolution, extend the tax

119.1 authorized under subdivision 1 to cover an additional \$9,000,000 in bonds, plus associated
 119.2 bond costs, to fund the projects in subdivision 2 as approved by the voters at the November
 119.3 8, 2016, general election.

119.4 Subd. 3. **Bonds.** (a) The city of North Mankato, pursuant to the approval of the voters
 119.5 at the November 7, 2006 referendum authorizing the imposition of the taxes in this section,
 119.6 may issue bonds under Minnesota Statutes, chapter 475, to pay capital and administrative
 119.7 expenses for the projects described in subdivision 2, in an amount that does not exceed
 119.8 \$6,000,000. A separate election to approve the bonds under Minnesota Statutes, section
 119.9 475.58, is not required.

119.10 (b) The city of North Mankato, pursuant to approval of the voters at the November 8,
 119.11 2016, referendum extending the tax fee to provide additional revenue to be spent for the
 119.12 projects in subdivision 2, may issue additional bonds under Minnesota Statutes, chapter
 119.13 475, to pay capital and administrative expenses for those projects in an amount that does
 119.14 not exceed \$9,000,000. A separate election to approve the bonds under Minnesota Statutes,
 119.15 section 475.58, is not required.

119.16 ~~(b)~~ (c) The debt represented by the bonds is not included in computing any debt limitation
 119.17 applicable to the city, and any levy of taxes under Minnesota Statutes, section 475.61, to
 119.18 pay principal and interest on the bonds is not subject to any levy limitation.

119.19 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires ~~when the~~
 119.20 ~~city council determines that the amount of revenues received from the taxes to pay for the~~
 119.21 ~~projects under subdivision 2 first equals or exceeds \$6,000,000 plus the additional amount~~
 119.22 ~~needed to pay the costs related to issuance of bonds under subdivision 3, including interest~~
 119.23 ~~on the bonds~~ at the earlier of December 31, 2038, or when revenues from the taxes first
 119.24 equal or exceed \$15,000,000 plus the additional amount needed to pay costs related to
 119.25 issuance of bonds under subdivision 3, including interest. Any funds remaining after
 119.26 completion of the projects and retirement or redemption of the bonds shall be placed in a
 119.27 capital facilities and equipment replacement fund of the city. The tax imposed under
 119.28 subdivision 1 may expire at an earlier time if the city so determines by ordinance.

119.29 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 119.30 city of North Mankato and its chief clerical officer comply with Minnesota Statutes, section
 119.31 645.021, subdivisions 2 and 3.

120.1 **Sec. 16. CITY OF EAST GRAND FORKS; TAXES AUTHORIZED.**

120.2 **Subdivision 1. Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
120.3 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city
120.4 charter, and as approved by the voters at a special election on March 7, 2016, the city of
120.5 East Grand Forks may impose, by ordinance, a sales and use tax of up to one percent for
120.6 the purposes specified in subdivision 2. Except as otherwise provided in this section, the
120.7 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
120.8 collection, and enforcement of the tax authorized under this subdivision.

120.9 **Subd. 2. Use of sales and use tax revenues.** The revenues derived from the tax authorized
120.10 under subdivision 1 must be used by the city of East Grand Forks to pay the costs of
120.11 collecting and administering the tax and to finance the capital and administrative costs of
120.12 improvement to the city public swimming pool. Authorized expenses include, but are not
120.13 limited to, paying construction expenses related to the renovation and the development of
120.14 these facilities and improvements, and securing and paying debt service on bonds issued
120.15 under subdivision 3 or other obligations issued to finance improvement of the public
120.16 swimming pool in the city of East Grand Forks

120.17 **Subd. 3. Bonding authority.** (a) The city of East Grand Forks may issue bonds under
120.18 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities
120.19 authorized in subdivision 2. The aggregate principal amount of bonds issued under this
120.20 subdivision may not exceed \$2,820,000, plus an amount to be applied to the payment of
120.21 the costs of issuing the bonds. The bonds may be paid from or secured by any funds available
120.22 to the city of East Grand Forks, including the tax authorized under subdivision 1. The
120.23 issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60
120.24 and 275.61.

120.25 (b) The bonds are not included in computing any debt limitation applicable to the city
120.26 of East Grand Forks, and any levy of taxes under Minnesota Statutes, section 475.61, to
120.27 pay principal and interest on the bonds is not subject to any levy limitation. A separate
120.28 election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

120.29 **Subd. 4. Termination of taxes.** The tax imposed under subdivision 1 expires at the later
120.30 of: (1) five years after the tax is first imposed; or (2) when the city council determines that
120.31 \$2,820,000 has been received from the tax to pay for the cost of the projects authorized
120.32 under subdivision 2, plus an amount sufficient to pay the costs related to issuance of the
120.33 bonds authorized under subdivision 3, including interest on the bonds. Any funds remaining
120.34 after payment of all such costs and retirement or redemption of the bonds shall be placed

121.1 in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier
 121.2 time if the city so determines by ordinance.

121.3 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 121.4 city of East Grand Forks and its chief clerical officer comply with Minnesota Statutes,
 121.5 section 645.021, subdivisions 2 and 3.

121.6 Sec. 17. **CITY OF FAIRMONT; LOCAL TAX AUTHORIZED.**

121.7 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
 121.8 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city
 121.9 charter, and as approved by the voters at the general election of November 8, 2016, the city
 121.10 of Fairmont may impose, by ordinance, a sales and use tax of one-half of one percent for
 121.11 the purposes specified in subdivision 2. Except as otherwise provided in this section, the
 121.12 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
 121.13 collection, and enforcement of the tax authorized under this subdivision.

121.14 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
 121.15 under subdivision 1 must be used by the city of Fairmont to pay the costs of collecting and
 121.16 administering the tax and to finance the capital and administrative costs of constructing and
 121.17 funding recreational amenities, trails, and a community center. The total that may be raised
 121.18 from the tax to pay for these projects is limited to \$15,000,000, plus the costs related to the
 121.19 issuance and paying debt service on bonds for these projects.

121.20 Subd. 3. **Bonding authority.** (a) The city of Fairmont may issue bonds under Minnesota
 121.21 Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in
 121.22 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may
 121.23 not exceed \$15,000,000, plus an amount to be applied to the payment of the costs of issuing
 121.24 the bonds. The bonds may be paid from or secured by any funds available to the city of
 121.25 Fairmont, including the tax authorized under subdivision 1. The issuance of bonds under
 121.26 this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

121.27 (b) The bonds are not included in computing any debt limitation applicable to the city
 121.28 of Fairmont, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal
 121.29 and interest on the bonds is not subject to any levy limitation. A separate election to approve
 121.30 the bonds under Minnesota Statutes, section 475.58, is not required.

121.31 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
 121.32 earlier of: (1) 25 years after the tax is first imposed; or (2) when the city council determines
 121.33 that \$15,000,000, plus an amount sufficient to pay the costs related to issuing the bonds

122.1 authorized under subdivision 3, including interest on the bonds, has been received from the
122.2 tax to pay for the cost of the projects authorized under subdivision 2. Any funds remaining
122.3 after payment of all such costs and retirement or redemption of the bonds shall be placed
122.4 in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier
122.5 time if the city so determines by ordinance.

122.6 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
122.7 city of Fairmont and its chief clerical officer comply with Minnesota Statutes, section
122.8 645.021, subdivisions 2 and 3.

122.9 **Sec. 18. CITY OF FERGUS FALLS; TAXES AUTHORIZED.**

122.10 Subdivision 1. **Sales and use tax authorized.** Notwithstanding Minnesota Statutes,
122.11 section 297A.99, subdivision 1, section 477A.016, or any other law, ordinance, or city
122.12 charter, and as approved by the voters at the November 8, 2016, general election, the city
122.13 of Fergus Falls may impose, by ordinance, a sales and use tax of up to one-half of one
122.14 percent for the purposes specified in subdivision 2. Except as otherwise provided in this
122.15 section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition,
122.16 administration, collection, and enforcement of the tax authorized under this subdivision.

122.17 Subd. 2. **Use of sales and use tax revenues.** The revenues from the tax authorized under
122.18 subdivision 1 must be used by the city of Fergus Falls to pay the costs of collecting and
122.19 administering the tax and securing and paying debt service on bonds issued to finance all
122.20 or part of the costs of the expansion and betterment of the Fergus Falls Public Library located
122.21 at 205 East Hampden Avenue in the city of Fergus Falls.

122.22 Subd. 3. **Bonding authority.** (a) The city of Fergus Falls may issue bonds under
122.23 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the project
122.24 authorized in subdivision 2. The aggregate principal amount of bonds issued under this
122.25 subdivision may not exceed \$9,800,000, plus an amount applied to the payment of costs of
122.26 issuing the bonds. The bonds may be paid from or secured by any funds available to the
122.27 city of Fergus Falls, including the tax authorized under subdivision 1. The issuance of bonds
122.28 under this subdivision is not subject to Minnesota Statutes, section 275.60 and 275.61.

122.29 (b) The bonds are not included in computing any debt limitation applicable to the city,
122.30 and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and
122.31 interest on the bonds is not subject to any levy limitation. A separate election to approve
122.32 the bonds under Minnesota Statutes, section 475.58, is not required.

123.1 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
 123.2 earlier of: (1) 12 years after the tax is first imposed, or (2) when the city council determines
 123.3 that \$9,800,000 has been received from the tax to pay for the cost of the project authorized
 123.4 under subdivision 2, plus an amount sufficient to pay the costs related to the issuance of the
 123.5 bonds authorized under subdivision 3, including interest on the bonds. Any funds remaining
 123.6 after payment of all such costs and retirement or redemption of the bonds shall be placed
 123.7 in the general fund of the city. The tax imposed under subdivision 1 may expire at any
 123.8 earlier time if the city so determines by ordinance.

123.9 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 123.10 city of Fergus Falls and its chief clerical officer comply with Minnesota Statutes, section
 123.11 645.021, subdivisions 2 and 3.

123.12 Sec. 19. **CITY OF MOOSE LAKE; TAXES AUTHORIZED.**

123.13 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
 123.14 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,
 123.15 as approved by the voters at the November 6, 2012, general election, the city of Moose Lake
 123.16 may impose, by ordinance, a sales and use tax of up to one-half of one percent for the
 123.17 purposes specified in subdivision 2. Except as otherwise provided in this section, the
 123.18 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
 123.19 collection, and enforcement of the tax authorized under this subdivision.

123.20 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
 123.21 under subdivision 1 must be used by the city of Moose Lake to pay the costs of collecting
 123.22 and administering the tax and to finance the costs of: (1) improvements to the city's park
 123.23 system; (2) street and related infrastructure improvements; and (3) municipal arena
 123.24 improvements. Authorized costs include construction and engineering costs and associated
 123.25 bond costs.

123.26 Subd. 3. **Bonding authority.** The city of Moose Lake may issue bonds under Minnesota
 123.27 Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in
 123.28 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may
 123.29 not exceed \$3,000,000, plus an amount to be applied to the payment of the costs of issuing
 123.30 the bonds. The bonds may be paid from or secured by any funds available to the city of
 123.31 Moose Lake, including the tax authorized under subdivision 1. The issuance of bonds under
 123.32 this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

123.33 The bonds are not included in computing any debt limitation applicable to the city of
 123.34 Moose Lake, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal

124.1 and interest on the bonds is not subject to any levy limitation. A separate election to approve
 124.2 the bonds under Minnesota Statutes, section 475.58, is not required.

124.3 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
 124.4 earlier of: (1) 20 years after the tax is first imposed; or (2) when the city council determines
 124.5 that \$3,000,000 has been received from the tax to pay for the cost of the projects authorized
 124.6 under subdivision 2, plus an amount sufficient to pay the costs related to issuance of the
 124.7 bonds authorized under subdivision 3, including interest on the bonds. Any funds remaining
 124.8 after payment of all such costs and retirement or redemption of the bonds shall be placed
 124.9 in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier
 124.10 time if the city so determines by ordinance.

124.11 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 124.12 city of Moose Lake and its chief clerical officer comply with Minnesota Statutes, section
 124.13 645.021, subdivisions 2 and 3.

124.14 Sec. 20. **CITY OF NEW LONDON; TAX AUTHORIZED.**

124.15 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
 124.16 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city
 124.17 charter, and as approved by the voters at the general election of November 8, 2016, the city
 124.18 of New London may impose, by ordinance, a sales and use tax of one-half of one percent
 124.19 for the purposes specified in subdivision 2. Except as otherwise provided in this section,
 124.20 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
 124.21 collection, and enforcement of the tax authorized under this subdivision.

124.22 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
 124.23 under subdivision 1 must be used by the city of New London to pay the costs of collecting
 124.24 and administering the tax and to finance the capital and administrative costs of the following
 124.25 projects:

124.26 (1) construction and equipping of a new library and community room;

124.27 (2) construction of an ambulance bay at the fire hall; and

124.28 (3) improvements to the New London Senior Citizen Center.

124.29 The total that may be raised from the tax to pay for these projects is limited to \$872,000
 124.30 plus the costs related to the issuance and paying debt service on bonds for these projects.

124.31 Subd. 3. **Bonding authority.** (a) The city of New London may issue bonds under
 124.32 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities

125.1 authorized in subdivision 2. The aggregate principal amount of bonds issued under this
125.2 subdivision may not exceed \$872,000, plus an amount to be applied to the payment of the
125.3 costs of issuing the bonds. The bonds may be paid from or secured by any funds available
125.4 to the city of New London, including the tax authorized under subdivision 1. The issuance
125.5 of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and
125.6 275.61.

125.7 (b) The bonds are not included in computing any debt limitation applicable to the city
125.8 of New London, and any levy of taxes under Minnesota Statutes, section 475.61, to pay
125.9 principal and interest on the bonds is not subject to any levy limitation. A separate election
125.10 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

125.11 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
125.12 earlier of: (1) 20 years after the tax is first imposed; or (2) when the city council determines
125.13 that \$872,000, plus an amount sufficient to pay the costs related to issuing the bonds
125.14 authorized under subdivision 3, including interest on the bonds, has been received from the
125.15 tax to pay for the cost of the projects authorized under subdivision 2. Any funds remaining
125.16 after payment of all such costs and retirement or redemption of the bonds shall be placed
125.17 in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier
125.18 time if the city so determines by ordinance.

125.19 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
125.20 city of New London and its chief clerical officer comply with Minnesota Statutes, section
125.21 645.021, subdivisions 2 and 3.

125.22 Sec. 21. **CITY OF SLEEPY EYE; LODGING TAX.**

125.23 Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law,
125.24 ordinance, or city charter, the city council for the city of Sleepy Eye may impose, by
125.25 ordinance, a tax of up to two percent on the gross receipts subject to the lodging tax under
125.26 Minnesota Statutes, section 469.190. This tax is in addition to any tax imposed under
125.27 Minnesota Statutes, section 469.190, and the total tax imposed under that section and this
125.28 provision must not exceed five percent. Revenue from the tax imposed under this section
125.29 may only be used for the same purposes as a tax imposed under Minnesota Statutes, section
125.30 469.190.

125.31 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
125.32 city of Sleepy Eye and its chief clerical officer comply with Minnesota Statutes, section
125.33 645.021, subdivisions 2 and 3.

126.1 Sec. 22. **CITY OF SPICER; TAX AUTHORIZED.**

126.2 **Subdivision 1. Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
126.3 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city
126.4 charter, and as approved by the voters at the general election of November 8, 2016, the city
126.5 of Spicer may impose, by ordinance, a sales and use tax of one-half of one percent for the
126.6 purposes specified in subdivision 2. Except as otherwise provided in this section, the
126.7 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,
126.8 collection, and enforcement of the tax authorized under this subdivision.

126.9 **Subd. 2. Use of sales and use tax revenues.** The revenues derived from the tax authorized
126.10 under subdivision 1 must be used by the city of Spicer to pay the costs of collecting and
126.11 administering the tax and to finance the capital and administrative costs of the following
126.12 projects:

126.13 (1) pedestrian public safety improvements such as a pedestrian bridge or crosswalk
126.14 signals at marked Trunk Highway 23;

126.15 (2) park and trail capital improvements including signage for bicycle share the road
126.16 improvements and replacement of playground and related facilities; and

126.17 (3) capital improvements to regional community facilities such as the Dethelfs roof and
126.18 window replacement and the Pioneerland branch library roof replacement.

126.19 **Subd. 3. Termination of taxes.** The tax imposed under subdivision 1 expires at the
126.20 earlier of: (1) ten years after the tax is first imposed; or (2) December 31, 2027. All funds
126.21 not used to pay collection and administration costs of the tax must be used for projects listed
126.22 in subdivision 2. The tax imposed under subdivision 1 may expire at an earlier time if the
126.23 city so determines by ordinance.

126.24 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
126.25 city of Spicer and its chief clerical officer comply with Minnesota Statutes, section 645.021,
126.26 subdivisions 2 and 3.

126.27 Sec. 23. **CITY OF WALKER; LOCAL TAXES AUTHORIZED.**

126.28 **Subdivision 1. Sales and use tax authorized.** Notwithstanding Minnesota Statutes,
126.29 section 477A.016, or any ordinance, city charter, or other provision of law, pursuant to the
126.30 approval of the voters at the general election on November 6, 2012, the city of Walker may
126.31 impose by ordinance a sales and use tax of 1-1/2 percent for the purposes specified in
126.32 subdivision 2. The provisions of Minnesota Statutes, section 297A.99, govern the imposition,
126.33 administration, collection, and enforcement of the taxes authorized under this subdivision.

127.1 Subd. 2. Use of revenues. Revenues received from the tax authorized by subdivision 1
 127.2 must be used to pay all or part of the capital and administrative costs of underground utility,
 127.3 street, curb, gutter, and sidewalk improvements in the city of Walker as outlined in the 2012
 127.4 capital improvement plan of the engineer of the city of Walker.

127.5 Subd. 3. Bonding authority. The city of Walker, pursuant to the approval of the voters
 127.6 at the November 6, 2012, referendum authorizing the imposition of the taxes in this section,
 127.7 may issue bonds under Minnesota Statutes, chapter 475, to pay capital and administrative
 127.8 expenses for the projects described in subdivision 2, in an amount that does not exceed
 127.9 \$20,000,000. A separate election to approve the bonds under Minnesota Statutes, section
 127.10 475.58, is not required.

127.11 Subd. 4. Termination of tax. (a) The tax authorized under subdivision 1 terminates at
 127.12 the earlier of:

127.13 (1) 20 years after the date of initial imposition of the tax; or

127.14 (2) when the city council determines that sufficient funds have been raised from the tax
 127.15 to finance the capital and administrative costs of the improvements described in subdivision
 127.16 2, plus the additional amount needed to pay the costs related to issuance of bonds under
 127.17 subdivision 3, including interest on the bonds.

127.18 (b) Any funds remaining after completion of the projects specified in subdivision 2 and
 127.19 retirement or redemption of bonds in subdivision 3 shall be placed in the general fund of
 127.20 the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so
 127.21 determines by ordinance.

127.22 EFFECTIVE DATE. This section is effective the day after the governing body of the
 127.23 city of Walker and its chief clerical officer comply with Minnesota Statutes, section 645.021,
 127.24 subdivisions 2 and 3.

127.25 Sec. 24. CITY OF WINDOM; TAXES AUTHORIZED.

127.26 Subdivision 1. Sales and use tax authorized. Notwithstanding Minnesota Statutes,
 127.27 section 477A.016, or any other provision of law, ordinance, or city charter, as approved by
 127.28 the voters at the general election held on November 8, 2016, the city of Windom may impose
 127.29 by ordinance a sales and use tax of up to one percent for the purposes specified in subdivision
 127.30 3. Except as provided in this section, the provisions of Minnesota Statutes, section 297A.99,
 127.31 govern the imposition, administration, collection, and enforcement of the tax authorized
 127.32 under this subdivision.

128.1 Subd. 2. Use of revenues. The proceeds of the tax imposed under this section must be
128.2 used to pay for the cost of collecting the tax and to pay all or a portion of the expenses of
128.3 constructing and improving a fire hall and a public safety facility, including any associated
128.4 bond costs.

128.5 Subd. 3. Bonding authority. The city of Windom, pursuant to the approval of the voters
128.6 at the referendum authorizing the imposition of tax in this section, may issue bonds under
128.7 Minnesota Statutes, chapter 475, to pay capital and administrative expenses for the project
128.8 described in subdivision 2. A separate election to approve the bonds under Minnesota
128.9 Statutes, section 475.58, is not required.

128.10 Subd. 4. Termination of tax. (a) The tax authorized under subdivision 1 terminates at
128.11 the earlier of:

128.12 (1) 15 years after the date of initial imposition of the tax; or

128.13 (2) when \$3,500,000 has been collected.

128.14 (b) Any funds remaining after completion of the projects specified in subdivision 2 may
128.15 be placed in the general fund of the city. The tax imposed under subdivision 1 may expire
128.16 at an earlier time if the city so determines by ordinance.

128.17 EFFECTIVE DATE. This section is effective the day after the governing body of the
128.18 city of Windom and its chief clerical officer comply with Minnesota Statutes, section
128.19 645.021, subdivisions 2 and 3.

128.20 Sec. 25. CLAY COUNTY; TAX AUTHORIZED.

128.21 Subdivision 1. Sales and use tax authorization. Notwithstanding Minnesota Statutes,
128.22 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law or ordinance, and as
128.23 approved by the voters at the November 8, 2016, general election, Clay County may impose,
128.24 by ordinance, a sales and use tax of up to one-half of one percent for the purposes specified
128.25 in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota
128.26 Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement
128.27 of the tax authorized under this subdivision.

128.28 Subd. 2. Use of sales and use tax revenues. The revenues derived from the tax authorized
128.29 under subdivision 1 must be used by Clay County to pay the costs of collecting and
128.30 administering the tax and to finance the capital and administrative costs of constructing and
128.31 equipping a new correctional facility, law enforcement center, and related parking facility.
128.32 Authorized expenses include but are not limited to paying design, development, and
128.33 construction costs related to these facilities and improvements, and securing and paying

129.1 debt service on bonds issued under subdivision 3 or other obligations issued to finance the
 129.2 facilities listed in this subdivision.

129.3 Subd. 3. **Bonding authority.** Clay County may issue bonds under Minnesota Statutes,
 129.4 chapter 475, to finance all or a portion of the costs of the facilities authorized in subdivision
 129.5 2. The aggregate principal amount of bonds issued under this subdivision may not exceed
 129.6 \$52,000,000, plus an amount to be applied to the payment of the costs of issuing the bonds.
 129.7 The bonds may be paid from or secured by any funds available to Clay County, including
 129.8 the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not
 129.9 subject to Minnesota Statutes, sections 275.60 and 275.61.

129.10 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
 129.11 earlier of: (1) 20 years after the tax is first imposed; or (2) when the county board determines
 129.12 that \$52,000,000, plus an amount sufficient to pay the costs related to issuance of the bonds
 129.13 authorized under subdivision 3, including interest on the bonds, has been received from the
 129.14 tax to pay for the cost of the projects authorized under subdivision 2. Any funds remaining
 129.15 after payment of all such costs and retirement or redemption of the bonds shall be placed
 129.16 in the general fund of the county. The tax imposed under subdivision 1 may expire at an
 129.17 earlier time if the county so determines by ordinance.

129.18 **EFFECTIVE DATE.** This section is effective the day after the governing body of Clay
 129.19 County and its chief clerical officer comply with Minnesota Statutes, section 645.021,
 129.20 subdivisions 2 and 3.

129.21 Sec. 26. **GARRISON, KATHIO, WEST MILLE LACS LAKE SANITARY**
 129.22 **DISTRICT; TAXES AUTHORIZED.**

129.23 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,
 129.24 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, and as approved by
 129.25 the voters at the November 8, 2016, general election, the Garrison, Kathio, West Mille Lacs
 129.26 Lake Sanitary District may impose, by majority vote of the governing body of the district,
 129.27 a sales and use tax of up to one percent for the purposes specified in subdivision 2. Except
 129.28 as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,
 129.29 govern the imposition, administration, collection, and enforcement of the tax authorized
 129.30 under this subdivision.

129.31 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized
 129.32 under subdivision 1 must be used by the Garrison, Kathio, West Mille Lacs Lake Sanitary
 129.33 District to pay the costs of collecting and administering the tax and to repay general obligation
 129.34 revenue notes issued or other debt incurred for the construction of the wastewater collection

130.1 system through the Minnesota Public Facilities Authority, general obligation disposal system
 130.2 bonds issued to finance the expense incurred in financing construction of sewer system
 130.3 improvements, and notes payable issued for costs associated with the sewer services
 130.4 agreement between the Garrison, Kathio, West Mille Lacs Lake Sanitary District and ML
 130.5 Wastewater Inc., and any other costs associated with system maintenance and improvements,
 130.6 including extension of the system to unserved customers as determined by the governing
 130.7 body of the district.

130.8 Subd. 3. **Bonds.** The Garrison, Kathio, West Mille Lacs Lake Sanitary District, pursuant
 130.9 to the approval of the voters at the November 8, 2016, referendum authorizing the imposition
 130.10 of the tax under this section, may issue general obligation disposal system bonds for financing
 130.11 construction of sewer system improvements without a separate election required under
 130.12 Minnesota Statutes, section 442.25 or 475.58. The amount of bonds that may be issued
 130.13 without a separate election is equal to \$10,000,000 minus the amount of the tax revenue
 130.14 under this section committed to repay other notes as allowed under subdivision 2.

130.15 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the
 130.16 earlier of: (1) 20 years after the tax is first imposed; or (2) when the governing body of the
 130.17 Garrison, Kathio, West Mille Lacs Lake Sanitary District determines that \$10,000,000 has
 130.18 been received from the tax to pay for the costs authorized under subdivision 2. Any funds
 130.19 remaining after payment of all such costs and retirement or redemption of the bonds shall
 130.20 be placed in the general fund of the district. The tax imposed under subdivision 1 may expire
 130.21 at an earlier time if the governing body of the district so determines.

130.22 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 130.23 Garrison, Kathio, West Mille Lacs Lake Sanitary District and its chief clerical officer comply
 130.24 with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

130.25 Sec. 27. **EFFECTIVE DATE; VALIDATION OF PRIOR ACT.**

130.26 Notwithstanding the time limits in Minnesota Statutes, section 645.021, the city of
 130.27 Proctor may approve Laws 2008, chapter 366, article 7, section 13, and Laws 2010, chapter
 130.28 389, article 5, sections 1 and 2, and file its approval with the secretary of state by January
 130.29 1, 2015. If approved under this paragraph, actions undertaken by the city pursuant to the
 130.30 approval of the voters on November 2, 2010, and otherwise in accordance with those laws
 130.31 are validated.

130.32 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
 130.33 city of Proctor and its chief clerical officer comply with Minnesota Statutes, section 645.021,
 130.34 subdivisions 2 and 3.

131.1

ARTICLE 6

131.2

PUBLIC FINANCE

131.3 Section 1. Minnesota Statutes 2016, section 366.095, subdivision 1, is amended to read:

131.4 Subdivision 1. **Certificates of indebtedness.** The town board may issue certificates of
131.5 indebtedness within the debt limits for a town purpose otherwise authorized by law. The
131.6 certificates shall be payable in not more than ten years and be issued on the terms and in
131.7 the manner as the board may determine, provided that notes issued for projects that eliminate
131.8 R-22, as defined in section 240A.09, paragraph (b), clause (2), must be payable in not more
131.9 than 20 years. If the amount of the certificates to be issued exceeds 0.25 percent of the
131.10 estimated market value of the town, they shall not be issued for at least ten days after
131.11 publication in a newspaper of general circulation in the town of the board's resolution
131.12 determining to issue them. If within that time, a petition asking for an election on the
131.13 proposition signed by voters equal to ten percent of the number of voters at the last regular
131.14 town election is filed with the clerk, the certificates shall not be issued until their issuance
131.15 has been approved by a majority of the votes cast on the question at a regular or special
131.16 election. A tax levy shall be made to pay the principal and interest on the certificates as in
131.17 the case of bonds.

131.18 Sec. 2. Minnesota Statutes 2016, section 383B.117, subdivision 2, is amended to read:

131.19 Subd. 2. **Equipment acquisition; capital notes.** The board may, by resolution and
131.20 without public referendum, issue capital notes within existing debt limits for the purpose
131.21 of purchasing ambulance and other medical equipment, road construction or maintenance
131.22 equipment, public safety equipment and other capital equipment having an expected useful
131.23 life at least equal to the term of the notes issued. The notes shall be payable in not more
131.24 than ten years and shall be issued on terms and in a manner as the board determines, provided
131.25 that notes issued for projects that eliminate R-22, as defined in section 240A.09, paragraph
131.26 (b), clause (2), must be payable in not more than 20 years. The total principal amount of
131.27 the notes issued for any fiscal year shall not exceed one percent of the total annual budget
131.28 for that year and shall be issued solely for the purchases authorized in this subdivision. A
131.29 tax levy shall be made for the payment of the principal and interest on such notes as in the
131.30 case of bonds. For purposes of this subdivision, "equipment" includes computer hardware
131.31 and software, whether bundled with machinery or equipment or unbundled. For purposes
131.32 of this subdivision, the term "medical equipment" includes computer hardware and software
131.33 and other intellectual property for use in medical diagnosis, medical procedures, research,
131.34 record keeping, billing, and other hospital applications, together with application development

132.1 services and training related to the use of the computer hardware and software and other
132.2 intellectual property, all without regard to their useful life. For purposes of determining the
132.3 amount of capital notes which the county may issue in any year, the budget of the county
132.4 and Hennepin Healthcare System, Inc. shall be combined and the notes issuable under this
132.5 subdivision shall be in addition to obligations issuable under section 373.01, subdivision
132.6 3.

132.7 Sec. 3. Minnesota Statutes 2016, section 410.32, is amended to read:

132.8 **410.32 CITIES MAY ISSUE CAPITAL NOTES FOR CAPITAL EQUIPMENT.**

132.9 (a) Notwithstanding any contrary provision of other law or charter, a home rule charter
132.10 city may, by resolution and without public referendum, issue capital notes subject to the
132.11 city debt limit to purchase capital equipment.

132.12 (b) For purposes of this section, "capital equipment" means:

132.13 (1) public safety equipment, ambulance and other medical equipment, road construction
132.14 and maintenance equipment, and other capital equipment; and

132.15 (2) computer hardware and software, whether bundled with machinery or equipment or
132.16 unbundled, together with application development services and training related to the use
132.17 of the computer hardware and software.

132.18 (c) The equipment or software must have an expected useful life at least as long as the
132.19 term of the notes.

132.20 (d) The notes shall be payable in not more than ten years and be issued on terms and in
132.21 the manner the city determines, provided that notes issued for projects that eliminate R-22,
132.22 as defined in section 240A.09, paragraph (b), clause (2), must be payable in not more than
132.23 20 years. The total principal amount of the capital notes issued in a fiscal year shall not
132.24 exceed 0.03 percent of the estimated market value of taxable property in the city for that
132.25 year.

132.26 (e) A tax levy shall be made for the payment of the principal and interest on the notes,
132.27 in accordance with section 475.61, as in the case of bonds.

132.28 (f) Notes issued under this section shall require an affirmative vote of two-thirds of the
132.29 governing body of the city.

132.30 (g) Notwithstanding a contrary provision of other law or charter, a home rule charter
132.31 city may also issue capital notes subject to its debt limit in the manner and subject to the
132.32 limitations applicable to statutory cities pursuant to section 412.301.

133.1 Sec. 4. Minnesota Statutes 2016, section 412.301, is amended to read:

133.2 **412.301 FINANCING PURCHASE OF CERTAIN EQUIPMENT.**

133.3 (a) The council may issue certificates of indebtedness or capital notes subject to the city
133.4 debt limits to purchase capital equipment.

133.5 (b) For purposes of this section, "capital equipment" means:

133.6 (1) public safety equipment, ambulance and other medical equipment, road construction
133.7 and maintenance equipment, and other capital equipment; and

133.8 (2) computer hardware and software, whether bundled with machinery or equipment or
133.9 unbundled, together with application development services and training related to the use
133.10 of the computer hardware or software.

133.11 (c) The equipment or software must have an expected useful life at least as long as the
133.12 terms of the certificates or notes.

133.13 (d) Such certificates or notes shall be payable in not more than ten years and shall be
133.14 issued on such terms and in such manner as the council may determine, provided, however,
133.15 that notes issued for projects that eliminate R-22, as defined in section 240A.09, paragraph
133.16 (b), clause (2), must be payable in not more than 20 years.

133.17 (e) If the amount of the certificates or notes to be issued to finance any such purchase
133.18 exceeds 0.25 percent of the estimated market value of taxable property in the city, they shall
133.19 not be issued for at least ten days after publication in the official newspaper of a council
133.20 resolution determining to issue them; and if before the end of that time, a petition asking
133.21 for an election on the proposition signed by voters equal to ten percent of the number of
133.22 voters at the last regular municipal election is filed with the clerk, such certificates or notes
133.23 shall not be issued until the proposition of their issuance has been approved by a majority
133.24 of the votes cast on the question at a regular or special election.

133.25 (f) A tax levy shall be made for the payment of the principal and interest on such
133.26 certificates or notes, in accordance with section 475.61, as in the case of bonds.

133.27 Sec. 5. [416.17] VOTER APPROVAL REQUIRED; LEASES OF PUBLIC
133.28 BUILDINGS.

133.29 Subdivision 1. Reverse referendum; certain leases. (a) Before executing a qualified
133.30 lease, a municipality must publish notice of its intention to execute the lease and the date
133.31 and time of a hearing to obtain public comment on the matter. The notice must be published
133.32 in the official newspaper of the municipality or in a newspaper of general circulation in the

134.1 municipality and must include a statement of the amount of the obligations to be issued by
 134.2 the authority and the maximum amount of annual rent to be paid by the municipality under
 134.3 the qualified lease. The notice must be published at least 14, but not more than 28, days
 134.4 before the date of the hearing.

134.5 (b) A municipality may enter a lease subject to paragraph (a) only upon obtaining the
 134.6 approval of a majority of the voters voting on the question of issuing the obligations, if a
 134.7 petition requesting a vote on the issuance is signed by voters equal to ten percent of the
 134.8 votes cast in the municipality in the last state general election and is filed with the county
 134.9 auditor within 30 days after the public hearing.

134.10 Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the
 134.11 meanings given them.

134.12 (b) "Authority" includes any of the following governmental units, the boundaries of
 134.13 which include all or part of the geographic area of the municipality:

134.14 (1) a housing and redevelopment authority, as defined in section 469.002, subdivision
 134.15 2;

134.16 (2) a port authority, as defined in section 469.048;

134.17 (3) an economic development authority, as established under section 469.091; or

134.18 (4) an entity established or exercising powers under a special law with powers similar
 134.19 to those of an entity described in clauses (1) to (3).

134.20 (c) "Municipality" means a statutory or home rule charter city, a county, or a town
 134.21 described in section 368.01, but does not include a city of the first class, however organized,
 134.22 as defined in section 410.01.

134.23 (d) "Qualified lease" means a lease for use of public land, all or part of a public building,
 134.24 or other public facilities consisting of real property for a term of three or more years as a
 134.25 lessee if the property to be leased to the municipality was acquired or improved with the
 134.26 proceeds of obligations, as defined in section 475.51, subdivision 3, issued by an authority.

134.27 Sec. 6. Minnesota Statutes 2016, section 469.101, subdivision 1, is amended to read:

134.28 Subdivision 1. **Establishment.** An economic development authority may create and
 134.29 define the boundaries of economic development districts at any place or places within the
 134.30 city, except that the district boundaries must be contiguous, and may use the powers granted
 134.31 in sections 469.090 to 469.108 to carry out its purposes. First the authority must hold a
 134.32 public hearing on the matter. At least ten days before the hearing, the authority shall publish

135.1 notice of the hearing in a ~~daily~~ newspaper of general circulation in the city. Also, the authority
135.2 shall find that an economic development district is proper and desirable to establish and
135.3 develop within the city.

135.4 Sec. 7. Minnesota Statutes 2016, section 475.60, subdivision 2, is amended to read:

135.5 Subd. 2. **Requirements waived.** The requirements as to public sale shall not apply:

135.6 (1) to obligations issued under the provisions of a home rule charter or of a law
135.7 specifically authorizing a different method of sale, or authorizing them to be issued in such
135.8 manner or on such terms and conditions as the governing body may determine;

135.9 (2) to obligations sold by an issuer in an amount not exceeding the total sum of
135.10 \$1,200,000 in any 12-month period;

135.11 (3) to obligations issued by a governing body other than a school board in anticipation
135.12 of the collection of taxes or other revenues appropriated for expenditure in a single year, if
135.13 sold in accordance with the most favorable of two or more proposals solicited privately;

135.14 (4) to obligations sold to any board, department, or agency of the United States of
135.15 America or of the state of Minnesota, in accordance with rules or regulations promulgated
135.16 by such board, department, or agency;

135.17 (5) to obligations issued to fund pension and retirement fund liabilities under section
135.18 475.52, subdivision 6, obligations issued with tender options under section 475.54,
135.19 subdivision 5a, crossover refunding obligations referred to in section 475.67, subdivision
135.20 13, and any issue of obligations comprised in whole or in part of obligations bearing interest
135.21 at a rate or rates which vary periodically referred to in section 475.56;

135.22 (6) to obligations to be issued for a purpose, in a manner, and upon terms and conditions
135.23 authorized by law, if the governing body of the municipality, on the advice of bond counsel
135.24 or special tax counsel, determines that interest on the obligations cannot be represented to
135.25 be excluded from gross income for purposes of federal income taxation;

135.26 (7) to obligations issued in the form of an installment purchase contract, lease purchase
135.27 agreement, or other similar agreement;

135.28 (8) to obligations sold under a bond reinvestment program; and

135.29 (9) if the municipality has retained an independent ~~financial advisor~~ municipal adviser,
135.30 obligations which the governing body determines shall be sold by private negotiation.

136.1

ARTICLE 7

136.2

MISCELLANEOUS

136.3

Section 1. [16A.1246] NO SPENDING FOR CERTAIN RAIL PROJECTS.

136.4

(a) Except as provided in paragraph (b), no appropriation or other state money, whether

136.5

in the general or another fund, must be expended or used for any costs related to studying

136.6

the feasibility of, planning for, designing, engineering, acquiring property or constructing

136.7

facilities for or related to, or development or operation of intercity or interregional passenger

136.8

rail facilities or operations between the city of Rochester or locations in its metropolitan

136.9

area and any location in the metropolitan area, as defined in section 473.121, subdivision

136.10

2.

136.11

(b) The restrictions under this section do not apply to funds obtained from contributions,

136.12

grants, or other voluntary payments made by nongovernmental entities from private sources.

136.13

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

136.14

Sec. 2. [16B.2965] PROPERTY LEASED FOR RAIL PROJECTS.

136.15

(a) If a state official leases, loans, or otherwise makes available state lands, air rights,

136.16

or any other state property for use in connection with passenger rail facilities, as described

136.17

in section 16A.1246, the lease or other agreement must include or be secured by a security

136.18

bond or equivalent guarantee that allows the state to recover any costs it incurs in connection

136.19

with the rail project from a responsible third party or secure source of capital, if the passenger

136.20

rail facilities are not constructed, do not go into operation, or are abandoned, whether or

136.21

not the facilities began operations. The security bond or equivalent guarantee must remain

136.22

in place for the term of lease, loan, or other agreement that makes state property available

136.23

for use by the project. These costs include restoring state property to its original condition.

136.24

(b) For purposes of this section, "state official" includes the commissioner, the

136.25

commissioner of transportation, or any other state official with authority to enter a lease or

136.26

other agreement providing for use by a nonstate entity of state property.

136.27

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

136.28

Sec. 3. [117.028] CONDEMNATION FOR CERTAIN RAIL FACILITIES

136.29

PROHIBITED.

136.30

Notwithstanding section 222.27 or any other law to the contrary, no condemning authority

136.31

may take property for the development or construction of or for facilities related to intercity

137.1 or interregional passenger rail facilities or operations between the city of Rochester or
 137.2 locations in its metropolitan area and any location in the metropolitan area, as defined in
 137.3 section 473.121, subdivision 2.

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

137.5 Sec. 4. Minnesota Statutes 2016, section 216B.36, is amended to read:

137.6 **216B.36 MUNICIPAL REGULATORY AND TAXING POWERS.**

137.7 **Subdivision 1. Municipal authority to regulate public utilities.** Any public utility
 137.8 furnishing the utility services enumerated in section 216B.02 or occupying streets, highways,
 137.9 or other public property within a municipality may be required to obtain a license, permit,
 137.10 right, or franchise in accordance with the terms, conditions, and limitations of regulatory
 137.11 acts of the municipality, including the placing of distribution lines and facilities underground.
 137.12 Under the license, permit, right, or franchise, the utility may be obligated by any municipality
 137.13 to pay to the municipality fees to raise revenue or defray increased municipal costs accruing
 137.14 as a result of utility operations, or both. A fee that raises revenue under a license, permit,
 137.15 right, or franchise agreement entered into or renewed on or after August 1, 2017, is subject
 137.16 to the requirements of subdivision 2. The fee may include but is not limited to a sum of
 137.17 money based upon gross operating revenues or gross earnings from its operations in the
 137.18 municipality so long as the public utility shall continue to operate in the municipality, unless
 137.19 upon request of the public utility it is expressly released from the obligation at any time by
 137.20 such municipality. Notwithstanding the definition of "public utility" in section 216B.02,
 137.21 subdivision 4, a municipality may require payment of a fee under this section by a cooperative
 137.22 electric association organized under chapter 308A that furnishes utility services within the
 137.23 municipality. All existing licenses, permits, franchises, and other rights acquired by any
 137.24 public utility or municipality prior to April 11, 1974, including the payment of existing
 137.25 franchise fees, shall not be impaired or affected in any respect by the passage of this chapter,
 137.26 except with respect to matters of rate and service regulation, service area assignments,
 137.27 securities, and indebtedness that are vested in the jurisdiction of the commission by this
 137.28 chapter. However, in the event that a court of competent jurisdiction determines, or the
 137.29 parties by mutual agreement determine, that an existing license, permit, franchise, or other
 137.30 right has been abrogated or impaired by this chapter, or its execution, the municipality
 137.31 affected shall impose and the public utility shall collect an excise tax on the utility charges
 137.32 which from year to year yields an amount which is reasonably equivalent to that amount of
 137.33 revenue which then would be due as a fee, charges or other thing or service of value to the
 137.34 municipality under the franchise, license, or permit. The authorization shall be over and

138.1 above taxing limitations including, but not limited to, those of section 477A.016. Franchises
138.2 granted pursuant to this section shall be exempt from the provisions of chapter 80C. For
138.3 purposes of this section, a public utility shall include a cooperative electric association.

138.4 Subd. 2. Five-year renewal; reverse referendum. (a) A municipality may impose a
138.5 fee under subdivision 1 to raise revenue beyond what is needed to defray increased municipal
138.6 costs due to utility operations for up to a five-year period, following the procedures in this
138.7 subdivision.

138.8 (b) The municipality must include in its ordinance or license, permit, or franchise
138.9 agreement with the public utility what constitutes a cost to the city.

138.10 (c) The municipality must identify in its ordinance or license, permit, or franchise
138.11 agreement the uses of the portion of the fee that is for purposes other than to defray city
138.12 costs. The municipality must publish a notice that explains:

138.13 (1) the fee and its intended uses;

138.14 (2) that the public utility is likely to pass the fee on to customers and how much that
138.15 may increase customers' utility bills;

138.16 (3) that alternatives to the revenue-raising portion of the fee are to raise the revenue
138.17 from another source available to the municipality or forego planned uses of the revenue;
138.18 and

138.19 (4) what revenue raised from another source will cost those paying it.

138.20 The notice must be published at least once each week for two consecutive weeks in the
138.21 official publication of the municipality and must remain posted on the municipality's Web
138.22 site throughout the notice period. The notice must also be sent to all affected ratepayers by
138.23 either first class mail by the municipality or by including the notice in the affected ratepayers'
138.24 billings.

138.25 (d) Following publication and before imposing the fee, the municipality must provide
138.26 an opportunity at its next regular meeting for public comment relating to the issue. No
138.27 sooner than 90 days after the public comment opportunity, the municipality may proceed
138.28 with imposing the fee, unless a petition is filed as provided in paragraph (e).

138.29 (e) Within 90 days after the meeting held by the municipality at which public comment
138.30 was accepted, a petition requesting a referendum may be filed with the chief clerical officer
138.31 of the municipality. The petition must be signed by at least five percent of the registered
138.32 voters in the municipality. The petition must meet the requirements of the secretary of state,
138.33 as provided in section 204B.071, and any rules adopted to implement that section. If the

139.1 petition is sufficient, the question of whether the municipality may impose a fee that raises
 139.2 revenue as provided in subdivision 1 must be placed on the ballot at the next general election.
 139.3 If a majority of the voters voting on the question votes in favor of using the fee to raise
 139.4 revenue, the municipality may proceed with imposing the fee.

139.5 (f) If a license, permit, right, or franchise agreement is entered into or renewed before
 139.6 August 1, 2017, and by its terms and the ordinance authorizing it, will be in effect after
 139.7 August 1, 2022, the municipality must follow the procedures in this subdivision to provide
 139.8 notice, a public hearing, and opportunity for a petition for a referendum by August 1, 2022.

139.9 (g) Except as provided in paragraph (f), this subdivision applies to a license, permit,
 139.10 right, or franchise agreement entered into or renewed on or after August 1, 2017.

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

139.12 Sec. 5. **[222.271] PASSENGER RAIL PROJECTS; ENVIRONMENTAL**
 139.13 **INSURANCE REQUIRED.**

139.14 Subdivision 1. **Scope.** (a) This section applies to any person that seeks a federal or state
 139.15 permit or other formal legal authorization to construct or operate a passenger rail project
 139.16 with an estimated capital cost exceeding \$1,000,000,000.

139.17 (b) This section does not apply to a person whose only action within the scope of
 139.18 paragraph (a) is an application for a building permit.

139.19 Subd. 2. **Definitions.** (a) For purposes of this section, unless the context clearly indicates
 139.20 otherwise, the following definitions apply.

139.21 (b) "Commissioner" means the commissioner of the Pollution Control Agency.

139.22 (c) "Insurance" means a commercial insurance policy, a security bond, or an equivalent
 139.23 guarantee that provides assurance of the project's ability to pay claims for any liability under
 139.24 chapter 115B or similar provisions of common law or federal law resulting from construction
 139.25 or operation of the passenger rail project.

139.26 (d) "Passenger rail project" or "project" means a railroad or a line or lines of a railway
 139.27 located within or partly within Minnesota intended to provide passenger service, regardless
 139.28 of whether freight service is also provided, by a common carrier other than a federal or state
 139.29 government unit, a political subdivision of the state, or the National Railroad Passenger
 139.30 Corporation created under the Rail Passenger Service Act of 1970, Public Law 91-518.

139.31 (e) "Person" includes a corporation, limited liability company, partnership, other entity,
 139.32 or an individual.

140.1 Subd. 3. **Environmental insurance required.** (a) Any person subject to this section
 140.2 must obtain and maintain insurance that is adequate to cover potential claims and meets the
 140.3 other requirements of this section, as approved by the commissioner under paragraph (b).
 140.4 The insurance must not contain dollar limits on liability, or if it does contain a dollar limit
 140.5 the limit must be not less than a reasonable estimate of the potential exposure of the project
 140.6 for environmental remediation or impairment damages. Any dollar limit must be adjusted
 140.7 if the scope, size, or cost of the project increases materially. The insurance must cover any
 140.8 liability incurred during and after the construction and operation of the project and must
 140.9 not contain exclusions, limitations, or other restrictions that are not standard in comprehensive
 140.10 environmental remediation insurance or in environmental impairment insurance, as
 140.11 applicable.

140.12 (b) In order to satisfy the requirements of this section, the commissioner must determine
 140.13 that the insurance is adequate and that it meets the other requirements of this section. The
 140.14 commissioner may require that the project provide any supporting documentation to
 140.15 determine that insurance is adequate and meets the other requirements of this section and
 140.16 that the project has the financial ability to maintain insurance during the project's operations.

140.17 **EFFECTIVE DATE.** This section is effective for passenger rail projects for which
 140.18 application for a permit or other formal legal authorization to construct is made after the
 140.19 day following final enactment.

140.20 Sec. 6. Minnesota Statutes 2016, section 270A.03, subdivision 7, is amended to read:

140.21 **Subd. 7. Refund.** "Refund" means an individual income tax refund ~~or political~~
 140.22 ~~contribution refund~~, pursuant to chapter 290, ~~or a property tax credit or refund~~, pursuant to
 140.23 chapter 290A, or a sustainable forest payment to a claimant under chapter 290C.

140.24 For purposes of this chapter, lottery prizes, as set forth in section 349A.08, subdivision
 140.25 8, and amounts granted to persons by the legislature on the recommendation of the joint
 140.26 senate-house of representatives Subcommittee on Claims shall be treated as refunds.

140.27 In the case of a joint property tax refund payable to spouses under chapter 290A, the
 140.28 refund shall be considered as belonging to each spouse in the proportion of the total refund
 140.29 that equals each spouse's proportion of the total income determined under section 290A.03,
 140.30 subdivision 3. In the case of a joint income tax refund under chapter 289A, the refund shall
 140.31 be considered as belonging to each spouse in the proportion of the total refund that equals
 140.32 each spouse's proportion of the total taxable income determined under section 290.01,
 140.33 subdivision 29. The commissioner shall remit the entire refund to the claimant agency,
 140.34 which shall, upon the request of the spouse who does not owe the debt, determine the amount

141.1 of the refund belonging to that spouse and refund the amount to that spouse. For court fines,
 141.2 fees, and surcharges and court-ordered restitution under section 611A.04, subdivision 2,
 141.3 the notice provided by the commissioner of revenue under section 270A.07, subdivision 2,
 141.4 paragraph (b), serves as the appropriate legal notice to the spouse who does not owe the
 141.5 debt.

141.6 **EFFECTIVE DATE.** This section is effective for political contribution refund claims
 141.7 based on contributions made on or after July 1, 2017.

141.8 Sec. 7. Minnesota Statutes 2016, section 287.08, is amended to read:

141.9 **287.08 TAX, HOW PAYABLE; RECEIPTS.**

141.10 (a) The tax imposed by sections 287.01 to 287.12 must be paid to the treasurer of any
 141.11 county in this state in which the real property or some part is located at or before the time
 141.12 of filing the mortgage for record. The treasurer shall endorse receipt on the mortgage and
 141.13 the receipt is conclusive proof that the tax has been paid in the amount stated and authorizes
 141.14 any county recorder or registrar of titles to record the mortgage. Its form, in substance, shall
 141.15 be "registration tax hereon of dollars paid." If the mortgage is exempt from
 141.16 taxation the endorsement shall, in substance, be "exempt from registration tax." In either
 141.17 case the receipt must be signed by the treasurer. In case the treasurer is unable to determine
 141.18 whether a claim of exemption should be allowed, the tax must be paid as in the case of a
 141.19 taxable mortgage. For documents submitted electronically, the endorsements and tax amount
 141.20 shall be affixed electronically and no signature by the treasurer will be required. The actual
 141.21 payment method must be arranged in advance between the submitter and the receiving
 141.22 county.

141.23 (b) The county treasurer may refund in whole or in part any mortgage registry tax
 141.24 overpayment if a written application by the taxpayer is submitted to the county treasurer
 141.25 within 3-1/2 years from the date of the overpayment. If the county has not issued a denial
 141.26 of the application, the taxpayer may bring an action in Tax Court in the county in which
 141.27 the tax was paid at any time after the expiration of six months from the time that the
 141.28 application was submitted. A denial of refund may be appealed within 60 days from the
 141.29 date of the denial by bringing an action in Tax Court in the county in which the tax was
 141.30 paid. The action is commenced by the serving of a petition for relief on the county treasurer,
 141.31 and by filing a copy with the court. The county attorney shall defend the action. The county
 141.32 treasurer shall notify the treasurer of each county that has or would receive a portion of the
 141.33 tax as paid.

142.1 (c) If the county treasurer determines a refund should be paid, or if a refund is ordered
142.2 by the court, the county treasurer of each county that actually received a portion of the tax
142.3 shall immediately pay a proportionate share of three percent of the refund using any available
142.4 county funds. The county treasurer of each county that received, or would have received,
142.5 a portion of the tax shall also pay their county's proportionate share of the remaining 97
142.6 percent of the court-ordered refund on or before the 20th day of the following month using
142.7 solely the mortgage registry tax funds that would be paid to the commissioner of revenue
142.8 on that date under section 287.12. If the funds on hand under this procedure are insufficient
142.9 to fully fund 97 percent of the court-ordered refund, the county treasurer of the county in
142.10 which the action was brought shall file a claim with the commissioner of revenue under
142.11 section 16A.48 for the remaining portion of 97 percent of the refund, and shall pay over the
142.12 remaining portion upon receipt of a warrant from the state issued pursuant to the claim.

142.13 (d) When any mortgage covers real property located in more than one county in this
142.14 state the total tax must be paid to the treasurer of the county where the mortgage is first
142.15 presented for recording, and the payment must be receipted as provided in paragraph (a).
142.16 If the principal debt or obligation secured by such a multiple county mortgage exceeds
142.17 \$10,000,000, the tax collected shall be forwarded by the county treasurer receiving it to the
142.18 commissioner of revenue and the nonstate portion of the tax must be divided and paid over
142.19 by the county treasurer receiving it commissioner of revenue, on or before the 20th day of
142.20 each month after receipt, to the county or counties entitled in the ratio that the estimated
142.21 market value of the real property covered by the mortgage in each county bears to the
142.22 estimated market value of all the real property in this state described in the mortgage. In
142.23 making the division and payment the ~~county treasurer~~ commissioner of revenue shall send
142.24 a statement giving the description of the real property described in the mortgage and the
142.25 estimated market value of the part located in each county. For this purpose, the ~~treasurer of~~
142.26 ~~any county~~ commissioner of revenue may require the treasurer of any ~~other~~ county to certify
142.27 to the former the estimated market value of any tract of real property in any mortgage in
142.28 the county.

142.29 (e) The mortgagor must pay the tax imposed by sections 287.01 to 287.12. The mortgagee
142.30 may undertake to collect and remit the tax on behalf of the mortgagor. If the mortgagee
142.31 collects money from the mortgagor to remit the tax on behalf of the mortgagor, the mortgagee
142.32 has a fiduciary duty to remit the tax on behalf of the mortgagor as to the amount of the tax
142.33 collected for that purpose and the mortgagor is relieved of any further obligation to pay the
142.34 tax as to the amount collected by the mortgagee for this purpose.

142.35 **EFFECTIVE DATE.** This section is effective for tax collected after June 30, 2017.

143.1 Sec. 8. Minnesota Statutes 2016, section 289A.50, subdivision 1, is amended to read:

143.2 Subdivision 1. **General right to refund.** (a) Subject to the requirements of this section
143.3 and section 289A.40, a taxpayer who has paid a tax in excess of the taxes lawfully due and
143.4 who files a written claim for refund will be refunded or credited the overpayment of the tax
143.5 determined by the commissioner to be erroneously paid.

143.6 (b) The claim must specify the name of the taxpayer, the date when and the period for
143.7 which the tax was paid, the kind of tax paid, the amount of the tax that the taxpayer claims
143.8 was erroneously paid, the grounds on which a refund is claimed, and other information
143.9 relative to the payment and in the form required by the commissioner. An income tax, estate
143.10 tax, or corporate franchise tax return, or amended return claiming an overpayment constitutes
143.11 a claim for refund.

143.12 (c) When, in the course of an examination, and within the time for requesting a refund,
143.13 the commissioner determines that there has been an overpayment of tax, the commissioner
143.14 shall refund or credit the overpayment to the taxpayer and no demand is necessary. If the
143.15 overpayment exceeds \$1, the amount of the overpayment must be refunded to the taxpayer.
143.16 If the amount of the overpayment is less than \$1, the commissioner is not required to refund.
143.17 In these situations, the commissioner does not have to make written findings or serve notice
143.18 by mail to the taxpayer.

143.19 (d) If the amount allowable as a credit for withholding, estimated taxes, or dependent
143.20 care exceeds the tax against which the credit is allowable, the amount of the excess is
143.21 considered an overpayment. ~~The refund allowed by section 290.06, subdivision 23, is also~~
143.22 ~~considered an overpayment.~~ The requirements of section 270C.33 do not apply to the
143.23 refunding of such an overpayment shown on the original return filed by a taxpayer.

143.24 (e) If the entertainment tax withheld at the source exceeds by \$1 or more the taxes,
143.25 penalties, and interest reported in the return of the entertainment entity or imposed by section
143.26 290.9201, the excess must be refunded to the entertainment entity. If the excess is less than
143.27 \$1, the commissioner need not refund that amount.

143.28 (f) If the surety deposit required for a construction contract exceeds the liability of the
143.29 out-of-state contractor, the commissioner shall refund the difference to the contractor.

143.30 (g) An action of the commissioner in refunding the amount of the overpayment does not
143.31 constitute a determination of the correctness of the return of the taxpayer.

143.32 (h) There is appropriated from the general fund to the commissioner of revenue the
143.33 amount necessary to pay refunds allowed under this section.

144.1 **EFFECTIVE DATE.** This section is effective for political contribution refund claims
144.2 based on contributions made on or after July 1, 2017.

144.3 Sec. 9. Minnesota Statutes 2016, section 290.01, subdivision 6, is amended to read:

144.4 Subd. 6. **Taxpayer.** The term "taxpayer" means any person or corporation subject to a
144.5 tax imposed by this chapter. ~~For purposes of section 290.06, subdivision 23, the term~~
144.6 ~~"taxpayer" means an individual eligible to vote in Minnesota under section 201.014.~~

144.7 **EFFECTIVE DATE.** This section is effective for political contribution refund claims
144.8 based on contributions made on or after July 1, 2017.

144.9 Sec. 10. Minnesota Statutes 2016, section 298.225, subdivision 1, is amended to read:

144.10 Subdivision 1. **Guaranteed distribution.** (a) Except as provided under paragraph (c),
144.11 the distribution of the taconite production tax as provided in section 298.28, subdivisions
144.12 3 to 5, 6, paragraph (b), 7, and 8, shall equal the lesser of the following amounts:

144.13 (1) the amount distributed pursuant to this section and section 298.28, with respect to
144.14 1983 production if the production for the year prior to the distribution year is no less than
144.15 42,000,000 taxable tons. If the production is less than 42,000,000 taxable tons, the amount
144.16 of the distributions shall be reduced proportionately at the rate of two percent for each
144.17 1,000,000 tons, or part of 1,000,000 tons by which the production is less than 42,000,000
144.18 tons; or

144.19 (2)(i) for the distributions made pursuant to section 298.28, subdivisions 4, paragraphs
144.20 (b) and (c), and 6, paragraph (c), 31.2 percent of the amount distributed pursuant to this
144.21 section and section 298.28, with respect to 1983 production;

144.22 (ii) for the distributions made pursuant to section 298.28, subdivision 5, paragraphs (b)
144.23 and (d), 75 percent of the amount distributed pursuant to this section and section 298.28,
144.24 with respect to 1983 production provided that the aid guarantee for distributions under
144.25 section 298.28, subdivision 5, paragraph (b), shall be reduced by five cents per taxable ton
144.26 for production years 2014 and thereafter.

144.27 (b) The distribution of the taconite production tax as provided in section 298.28,
144.28 subdivision 2, shall equal the following amount:

144.29 (1) if the production for the year prior to the distribution year is at least 42,000,000
144.30 taxable tons, the amount distributed pursuant to this section and section 298.28 with respect
144.31 to 1999 production; or

145.1 (2) if the production for the year prior to the distribution year is less than 42,000,000
145.2 taxable tons, the amount distributed pursuant to this section and section 298.28 with respect
145.3 to 1999 production, reduced proportionately at the rate of two percent for each 1,000,000
145.4 tons or part of 1,000,000 tons by which the production is less than 42,000,000 tons.

145.5 (c) The distribution of the taconite production tax under section 298.28, subdivision 3,
145.6 paragraph (a), guaranteed under this section is equal to the amount distributed under section
145.7 298.28, with respect to 1983 production.

145.8 **EFFECTIVE DATE.** This section is effective for distributions in 2018 and thereafter.

145.9 Sec. 11. Minnesota Statutes 2016, section 298.28, subdivision 3, is amended to read:

145.10 Subd. 3. **Cities; towns.** (a) 12.5 cents per taxable ton, less any amount distributed under
145.11 subdivision 8, and paragraph (b), must be allocated to the taconite municipal aid account
145.12 to be distributed as provided in section 298.282. The amount allocated to the taconite
145.13 municipal aid account must be annually increased in the same proportion as the increase in
145.14 the implicit price deflator as provided in section 298.24, subdivision 1.

145.15 (b) An amount must be allocated to towns or cities that is annually certified by the county
145.16 auditor of a county containing a taconite tax relief area as defined in section 273.134,
145.17 paragraph (b), within which there is (1) an organized township if, as of January 2, 1982,
145.18 more than 75 percent of the assessed valuation of the township consists of iron ore or (2) a
145.19 city if, as of January 2, 1980, more than 75 percent of the assessed valuation of the city
145.20 consists of iron ore.

145.21 (c) The amount allocated under paragraph (b) will be the portion of a township's or city's
145.22 certified levy equal to the proportion of (1) the difference between 50 percent of January
145.23 2, 1982, assessed value in the case of a township and 50 percent of the January 2, 1980,
145.24 assessed value in the case of a city and its current assessed value to (2) the sum of its current
145.25 assessed value plus the difference determined in (1), provided that the amount distributed
145.26 shall not exceed \$55 per capita in the case of a township or \$75 per capita in the case of a
145.27 city. For purposes of this limitation, population will be determined according to the 1980
145.28 decennial census conducted by the United States Bureau of the Census. If the current assessed
145.29 value of the township exceeds 50 percent of the township's January 2, 1982, assessed value,
145.30 or if the current assessed value of the city exceeds 50 percent of the city's January 2, 1980,
145.31 assessed value, this paragraph shall not apply. For purposes of this paragraph, "assessed
145.32 value," when used in reference to years other than 1980 or 1982, means the appropriate net
145.33 tax capacities multiplied by 10.2.

146.1 (d) In addition to other distributions under this subdivision, three cents per taxable ton
 146.2 for distributions in 2009 must be allocated for distribution to towns that are entirely located
 146.3 within the taconite tax relief area defined in section 273.134, paragraph (b). For distribution
 146.4 in 2010 through 2014 and for distribution in 2018 and subsequent years, the three-cent
 146.5 amount must be annually increased in the same proportion as the increase in the implicit
 146.6 price deflator as provided in section 298.24, subdivision 1. The amount available under this
 146.7 paragraph will be distributed to eligible towns on a per capita basis, provided that no town
 146.8 may receive more than \$50,000 in any year under this paragraph. Any amount of the
 146.9 distribution that exceeds the \$50,000 limitation for a town under this paragraph must be
 146.10 redistributed on a per capita basis among the other eligible towns, to whose distributions
 146.11 do not exceed \$50,000.

146.12 **EFFECTIVE DATE.** This section is effective for distributions in 2018 and thereafter.

146.13 Sec. 12. **[459.36] NO SPENDING OF PUBLIC MONEY FOR CERTAIN RAIL**
 146.14 **PROJECTS.**

146.15 (a) Except as provided in paragraph (b), a governmental unit must not spend or use any
 146.16 money for any costs related to studying the feasibility of, planning for, designing,
 146.17 engineering, acquiring property or constructing facilities for or related to, or development
 146.18 or operation of intercity or interregional passenger rail facilities or operations between the
 146.19 city of Rochester, or locations in its metropolitan area, and any location in the metropolitan
 146.20 area, as defined in section 473.121, subdivision 2.

146.21 (b) The restrictions under this section do not apply to:

146.22 (1) funds the governmental unit obtains from contributions, grants, or other voluntary
 146.23 payments made by nongovernmental entities from private sources; and

146.24 (2) expenditures for costs of public infrastructure, including public utilities, parking
 146.25 facilities, a multimode transit hub, or similar projects located within the area of the
 146.26 development district, as defined under section 469.40, and reflected in the development
 146.27 plan adopted before the enactment of this section, that are intended to serve, and that are
 146.28 made following the completed construction and commencement of operation of privately
 146.29 financed and operated intercity or interregional passenger rail facilities.

146.30 (c) For purposes of this section, "governmental unit" means any of the following, located
 146.31 in development regions 10 and 11, as designated under section 462.385, subdivision 1:

146.32 (1) statutory or home rule charter city;

146.33 (2) county;

147.1 (3) special taxing district, as defined in section 275.066;

147.2 (4) metropolitan planning organization; or

147.3 (5) destination medical center entity, which includes the Destination Medical Center

147.4 Corporation and agency, as those terms are defined in section 469.40, and any successor or

147.5 related entity.

147.6 **EFFECTIVE DATE.** This section is effective the day following final enactment without

147.7 local approval under Minnesota Statutes, section 645.023, subdivision 1, clause (c).

147.8 Sec. 13. Minnesota Statutes 2016, section 462.353, subdivision 4, is amended to read:

147.9 Subd. 4. **Fees.** (a) A municipality may prescribe fees sufficient to defray the costs incurred
147.10 by it in reviewing, investigating, and administering an application for an amendment to an
147.11 official control established pursuant to sections 462.351 to 462.364 or an application for a
147.12 permit or other approval required under an official control established pursuant to those
147.13 sections. Except as provided in subdivision 4a, fees as prescribed must be by ordinance.
147.14 Fees must be fair, reasonable, and proportionate and have a nexus to the actual cost of the
147.15 service for which the fee is imposed.

147.16 (b) A municipality must adopt management and accounting procedures to ensure that
147.17 fees are maintained and used only for the purpose for which they are collected. Upon request,
147.18 a municipality must explain the basis of its fees.

147.19 (c) Except as provided in this paragraph, a fee ordinance or amendment to a fee ordinance
147.20 is effective January 1 after its adoption. A municipality may adopt a fee ordinance or an
147.21 amendment to a fee ordinance with an effective date other than the next January 1, but the
147.22 ordinance or amendment does not apply if an application for final approval has been
147.23 submitted to the municipality.

147.24 (d) If a dispute arises over a specific fee imposed by a municipality related to a specific
147.25 application, the person aggrieved by the fee may appeal under section 462.361, provided
147.26 that the appeal must be brought within 60 days after approval of an application under this
147.27 section and deposit of the fee into escrow. A municipality must not condition the approval
147.28 of any proposed subdivision or development on an agreement to waive the right to challenge
147.29 the validity of a fee. An approved application may proceed as if the fee had been paid,
147.30 pending a decision on the appeal. This paragraph must not be construed to preclude the
147.31 municipality from conditioning approval of any proposed subdivision or development on
147.32 an agreement to waive a challenge to the cost associated with municipally installed
147.33 improvements of the type described in section 429.021.

148.1 (e) A municipality may not impose a fee to review or investigate a use if the use is
148.2 allowed without any permit, approval, or amendment to an official control. This limitation
148.3 does not apply to a fee for a review or investigation:

148.4 (1) of compliance with health and safety requirements; or

148.5 (2) that results in finding a violation, unless the finding is overturned on appeal or a
148.6 penalty, fine, or other charge is imposed for the violation.

148.7 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to fees
148.8 imposed on or after that date.

148.9 **Sec. 14. [473.1467] NO SPENDING FOR CERTAIN RAIL PROJECTS.**

148.10 (a) Except as provided in paragraph (b), the council must not spend or use any money
148.11 for any costs related to studying the feasibility of, planning for, designing, engineering,
148.12 acquiring property or constructing facilities for or related to, or development or operation
148.13 of intercity or interregional passenger rail facilities or operations between the city of
148.14 Rochester or locations in its metropolitan area and any location in the metropolitan area, as
148.15 defined in section 473.121, subdivision 2.

148.16 (b) The restrictions under this section do not apply to funds the council obtains from
148.17 contributions, grants, or other voluntary payments made by nongovernmental entities from
148.18 private sources.

148.19 **EFFECTIVE DATE; APPLICATION.** This section is effective the day following
148.20 final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey,
148.21 Scott, and Washington.

148.22 **Sec. 15. CLARIFYING AUTHORITY TO USE PREVIOUSLY DISTRIBUTED**
148.23 **TACONITE TAX PROCEEDS.**

148.24 The commissioner of Iron Range resources and rehabilitation may use unspent amounts
148.25 allocated under Minnesota Statutes 2014, section 298.2961, subdivision 5, clause (19),
148.26 remaining as of May 22, 2016, for the specific purposes identified in that section.
148.27 Notwithstanding Minnesota Statutes, section 298.28, subdivision 11, paragraph (a), or any
148.28 other law to the contrary, interest accrued on this amount shall also be distributed to the
148.29 recipient. Amounts under this section are available until expended and do not lapse or cancel
148.30 under Minnesota Statutes, section 16A.28.

148.31 **EFFECTIVE DATE.** This section is effective retroactively from May 22, 2016.

149.1 Sec. 16. **REPEALER.**

149.2 (a) Minnesota Statutes 2016, sections 10A.322, subdivision 4; 13.4967, subdivision 2;
 149.3 and 290.06, subdivision 23, and Minnesota Rules, part 4503.1400, subpart 4, are repealed.

149.4 (b) Minnesota Statutes 2016, section 6.91, is repealed.

149.5 (c) Minnesota Statutes 2016, section 477A.20, is repealed.

149.6 **EFFECTIVE DATE.** Paragraph (a) is effective for contributions made after June 30,
 149.7 2017, and refund claims filed after June 30, 2017. Paragraph (b) is effective beginning with
 149.8 taxes payable in 2018. Paragraph (c) is effective the day following final enactment."

149.9 Delete the title and insert:

149.10 "A bill for an act
 149.11 relating to taxation; property and local government; modifying provisions related
 149.12 to property taxes; aids, credits, and refunds; in perpetuity payments on land
 149.13 purchases; tax increment financing; local option sales taxes; public finance; and
 149.14 miscellaneous tax provisions; modifying property tax exemptions, classifications,
 149.15 and refunds; establishing school building bond agricultural tax credit; modifying
 149.16 state general levy; modifying certain local government aids; authorizing certain
 149.17 tax increment financing authority; prohibiting municipalities from taxing paper or
 149.18 plastic bags; modifying county levy authority; authorizing certain local taxes;
 149.19 restricting rail project expenditures; modifying provisions related to taconite;
 149.20 repealing political contribution refund; making technical and conforming changes;
 149.21 requiring a report; amending Minnesota Statutes 2016, sections 40A.18, subdivision
 149.22 2; 97A.056, subdivisions 1a, 3, by adding subdivisions; 116P.02, subdivision 1,
 149.23 by adding subdivisions; 116P.08, subdivisions 1, 4; 127A.45, subdivisions 10, 13;
 149.24 216B.36; 270A.03, subdivision 7; 272.02, subdivisions 23, 86, by adding a
 149.25 subdivision; 272.0213; 272.029, subdivision 2; 272.162; 273.124, subdivisions
 149.26 3a, 14, 21; 273.125, subdivision 8; 273.13, subdivisions 22, 23, 25, 34; 273.1392;
 149.27 273.1393; 275.025, subdivisions 1, 2, 4, by adding a subdivision; 275.065,
 149.28 subdivision 3; 275.066; 275.07, subdivision 2; 275.08, subdivision 1b; 276.017,
 149.29 subdivision 3; 276.04, subdivision 2; 279.01, subdivisions 1, 2, 3; 279.37, by
 149.30 adding a subdivision; 281.17; 281.173, subdivision 2; 281.174, subdivision 3;
 149.31 282.01, subdivisions 4, 6, by adding a subdivision; 282.016; 282.018, subdivision
 149.32 1; 282.02; 282.241, subdivision 1; 282.322; 287.08; 289A.50, subdivision 1;
 149.33 290.01, subdivision 6; 290A.03, subdivisions 11, 13; 298.225, subdivision 1;
 149.34 298.28, subdivision 3; 366.095, subdivision 1; 383B.117, subdivision 2; 410.32;
 149.35 412.301; 462.353, subdivision 4; 469.101, subdivision 1; 469.169, by adding a
 149.36 subdivision; 469.174, subdivision 12; 469.175, subdivision 3; 469.176, subdivision
 149.37 4c; 469.1761, by adding a subdivision; 469.1763, subdivisions 1, 2, 3; 469.178,
 149.38 subdivision 7; 473H.09; 473H.17, subdivision 1a; 475.60, subdivision 2; 477A.011,
 149.39 subdivisions 34, 45; 477A.013, subdivisions 8, 9; 477A.10; 477A.11, by adding
 149.40 subdivisions; 504B.285, subdivision 1; 504B.365, subdivision 3; Laws 1980,
 149.41 chapter 511, sections 1, subdivision 2, as amended; 2, as amended; Laws 1991,
 149.42 chapter 291, article 8, section 27, subdivisions 3, as amended, 4, as amended, 5;
 149.43 Laws 1996, chapter 471, article 2, section 29, subdivisions 1, as amended, 4, as
 149.44 amended; article 3, section 51; Laws 1999, chapter 243, article 4, sections 17,
 149.45 subdivisions 3, 5, by adding a subdivision; 18, subdivision 1, as amended; Laws
 149.46 2005, First Special Session chapter 3, article 5, section 38, subdivisions 2, as
 149.47 amended, 4, as amended; Laws 2008, chapter 154, article 9, section 21, subdivision
 149.48 2; Laws 2008, chapter 366, article 7, section 20; Laws 2009, chapter 88, article 5,
 149.49 section 17, as amended; Laws 2014, chapter 308, article 6, sections 8, subdivision

150.1 1; 9; proposing coding for new law in Minnesota Statutes, chapters 11A; 16A;
150.2 16B; 103C; 116P; 117; 222; 273; 274; 281; 416; 459; 471; 473; 477A; repealing
150.3 Minnesota Statutes 2016, sections 6.91; 10A.322, subdivision 4; 13.4967,
150.4 subdivision 2; 270C.9901; 281.22; 290.06, subdivision 23; 477A.085; 477A.20;
150.5 Minnesota Rules, part 4503.1400, subpart 4."