

**SENATE**  
**STATE OF MINNESOTA**  
**SPECIAL SESSION**

**S.F. No. 26**

(SENATE AUTHORS: NELSON and Rest)

DATE	D-PG	OFFICIAL STATUS
06/15/2021	14	Introduction and first reading Referred to Taxes
06/30/2021		Withdrawn Second reading Urgency declared rules suspended Amended Third reading Laid on table

1.1 A bill for an act

1.2 relating to financing and operation of state and local government; providing

1.3 conformity and nonconformity to certain federal tax law changes; modifying

1.4 individual income and corporate franchise taxes, sales and use taxes, partnership

1.5 taxes, special and excise taxes, property taxes, local government aids, and

1.6 provisions related to local taxes, tax increment financing, public finance, and other

1.7 miscellaneous taxes and tax provisions; modifying certain income tax credits and

1.8 authorizing new credits; modifying and providing for partnership audits; providing

1.9 for a pass-through entity tax; modifying sales tax exemptions; providing for

1.10 reduction of accelerated sales tax payments; modifying vapor and tobacco tax

1.11 provisions; modifying and providing certain property tax exemptions; modifying

1.12 property classification provisions; modifying local government aid appropriations;

1.13 modifying existing local taxes and authorizing new local taxes; modifying and

1.14 authorizing certain tax increment financing provisions; providing provisions related

1.15 to public finance; providing for a tax expenditure review commission and the

1.16 required expiration of tax expenditures; increasing the budget reserve; creating a

1.17 new government grant program; providing for Tribal-state relations; establishing

1.18 a frontline worker pay working group; providing for compliance with federal law

1.19 background checks for certain individuals with access to federal tax information;

1.20 classifying data; making minor policy and technical changes; making appointments;

1.21 requiring reports; modifying appropriations; appropriating money; amending

1.22 Minnesota Statutes 2020, sections 3.192; 3.8853, subdivision 2; 16A.152,

1.23 subdivision 2, as amended; 41A.19; 116J.8737, subdivisions 5, 12; 144F.01;

1.24 270.41, subdivision 3a; 270.44; 270A.04, by adding a subdivision; 270B.13, by

1.25 adding a subdivision; 270C.11, subdivisions 2, 4, 6; 270C.13, subdivision 1;

1.26 270C.22, subdivision 1; 270C.445, subdivisions 3, 6; 272.02, by adding a

1.27 subdivision; 272.029, subdivision 2; 272.0295, subdivisions 2, 5; 273.063;

1.28 273.0755; 273.124, subdivisions 1, 9, 13, 14; 273.13, subdivisions 23, 25, 34;

1.29 273.18; 275.025, subdivisions 1, 2; 275.065, subdivision 3, by adding a subdivision;

1.30 275.066; 287.04; 289A.08, subdivision 7, by adding a subdivision; 289A.09,

1.31 subdivision 2; 289A.20, subdivision 4; 289A.31, subdivision 1; 289A.37,

1.32 subdivision 2; 289A.38, subdivisions 7, 8, 9, 10; 289A.42; 289A.60, subdivisions

1.33 15, 24, by adding a subdivision; 290.01, subdivisions 19, 31; 290.0121, subdivision

1.34 3; 290.0122, subdivision 8; 290.0132, by adding a subdivision; 290.06, subdivisions

1.35 2c, 22, by adding subdivisions; 290.0671, subdivision 1; 290.0681, subdivision

1.36 10; 290.0682; 290.31, subdivision 1; 290.92, subdivisions 1, 2a, 3, 4b, 4c, 5, 5a,

1.37 19, 20; 290.923, subdivision 9; 290.993; 290A.03, subdivision 3; 295.75,

1.38 subdivision 2; 296A.06, subdivision 2; 297A.66, subdivision 3; 297A.67, by adding

2.1 a subdivision; 297A.70, subdivision 13; 297A.71, subdivision 52, by adding a  
 2.2 subdivision; 297A.75, subdivisions 1, 2, 3; 297A.99, subdivision 2; 297A.993,  
 2.3 subdivision 2; 297F.01, subdivision 22b, by adding a subdivision; 297F.031;  
 2.4 297F.04, subdivision 2; 297F.05, by adding a subdivision; 297F.09, subdivisions  
 2.5 3, 4a, 7, 10; 297F.13, subdivision 4; 297F.17, subdivisions 1, 6; 297G.09,  
 2.6 subdivision 9; 297G.16, subdivision 7; 297H.04, subdivision 2; 297H.05; 297I.20,  
 2.7 by adding subdivisions; 298.001, by adding a subdivision; 298.24, subdivision 1;  
 2.8 298.285; 298.405, subdivision 1; 325F.781, subdivisions 1, 5, 6; 429.021,  
 2.9 subdivision 1; 429.031, subdivision 3; 453A.04, subdivision 21, by adding a  
 2.10 subdivision; 465.71; 469.176, by adding a subdivision; 469.1763, subdivisions 2,  
 2.11 3, 4; 469.319, subdivision 4; 475.56; 475.58, subdivision 3b; 475.60, subdivision  
 2.12 1; 475.67, subdivision 8; 477A.03, subdivision 2b; 477A.10; 477A.17; 609B.153;  
 2.13 Laws 2009, chapter 88, article 2, section 46, subdivision 3, as amended; Laws  
 2.14 2017, First Special Session chapter 1, article 3, section 32, as amended; Laws  
 2.15 2019, First Special Session chapter 6, article 6, section 27; Laws 2020, Fifth Special  
 2.16 Session chapter 3, article 3, section 5, subdivision 10; proposing coding for new  
 2.17 law in Minnesota Statutes, chapters 3; 10; 41A; 116J; 116U; 289A; 290; 299C;  
 2.18 462A; 477A; repealing Minnesota Statutes 2020, sections 270C.17, subdivision  
 2.19 2; 469.055, subdivision 7.

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

2.21

## ARTICLE 1

2.22

### FEDERAL CONFORMITY; INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES

2.23

2.24 Section 1. Minnesota Statutes 2020, section 116J.8737, subdivision 5, is amended to read:

2.25 Subd. 5. **Credit allowed.** (a) A qualified investor or qualified fund is eligible for a credit  
 2.26 equal to 25 percent of the qualified investment in a qualified small business. Investments  
 2.27 made by a pass-through entity qualify for a credit only if the entity is a qualified fund. The  
 2.28 commissioner must not allocate ~~more than \$10,000,000 in credits~~ to qualified investors or  
 2.29 qualified funds more than the dollar amount in credits allowed for the taxable years listed  
 2.30 in paragraph (i). For each taxable year, 50 percent must be allocated to credits for qualified  
 2.31 investments in qualified greater Minnesota businesses and minority-owned, women-owned,  
 2.32 or veteran-owned qualified small businesses in Minnesota. Any portion of a taxable year's  
 2.33 credits that is reserved for qualified investments in greater Minnesota businesses and  
 2.34 minority-owned, women-owned, or veteran-owned qualified small businesses in Minnesota  
 2.35 that is not allocated by September 30 of the taxable year is available for allocation to other  
 2.36 credit applications beginning on October 1. Any portion of a taxable year's credits that is  
 2.37 not allocated by the commissioner does not cancel and may be carried forward to subsequent  
 2.38 taxable years until all credits have been allocated.

2.39 (b) The commissioner may not allocate more than a total maximum amount in credits  
 2.40 for a taxable year to a qualified investor for the investor's cumulative qualified investments  
 2.41 as an individual qualified investor and as an investor in a qualified fund; for married couples

3.1 filing joint returns the maximum is \$250,000, and for all other filers the maximum is  
3.2 \$125,000. The commissioner may not allocate more than a total of \$1,000,000 in credits  
3.3 over all taxable years for qualified investments in any one qualified small business.

3.4 (c) The commissioner may not allocate a credit to a qualified investor either as an  
3.5 individual qualified investor or as an investor in a qualified fund if, at the time the investment  
3.6 is proposed:

3.7 (1) the investor is an officer or principal of the qualified small business; or

3.8 (2) the investor, either individually or in combination with one or more members of the  
3.9 investor's family, owns, controls, or holds the power to vote 20 percent or more of the  
3.10 outstanding securities of the qualified small business.

3.11 A member of the family of an individual disqualified by this paragraph is not eligible for a  
3.12 credit under this section. For a married couple filing a joint return, the limitations in this  
3.13 paragraph apply collectively to the investor and spouse. For purposes of determining the  
3.14 ownership interest of an investor under this paragraph, the rules under section 267(c) and  
3.15 267(e) of the Internal Revenue Code apply.

3.16 (d) Applications for tax credits for 2010 must be made available on the department's  
3.17 website by September 1, 2010, and the department must begin accepting applications by  
3.18 September 1, 2010. Applications for subsequent years must be made available by November  
3.19 1 of the preceding year.

3.20 (e) Qualified investors and qualified funds must apply to the commissioner for tax credits.  
3.21 Tax credits must be allocated to qualified investors or qualified funds in the order that the  
3.22 tax credit request applications are filed with the department. The commissioner must approve  
3.23 or reject tax credit request applications within 15 days of receiving the application. The  
3.24 investment specified in the application must be made within 60 days of the allocation of  
3.25 the credits. If the investment is not made within 60 days, the credit allocation is canceled  
3.26 and available for reallocation. A qualified investor or qualified fund that fails to invest as  
3.27 specified in the application, within 60 days of allocation of the credits, must notify the  
3.28 commissioner of the failure to invest within five business days of the expiration of the  
3.29 60-day investment period.

3.30 (f) All tax credit request applications filed with the department on the same day must  
3.31 be treated as having been filed contemporaneously. If two or more qualified investors or  
3.32 qualified funds file tax credit request applications on the same day, and the aggregate amount  
3.33 of credit allocation claims exceeds the aggregate limit of credits under this section or the  
3.34 lesser amount of credits that remain unallocated on that day, then the credits must be allocated

4.1 among the qualified investors or qualified funds who filed on that day on a pro rata basis  
4.2 with respect to the amounts claimed. The pro rata allocation for any one qualified investor  
4.3 or qualified fund is the product obtained by multiplying a fraction, the numerator of which  
4.4 is the amount of the credit allocation claim filed on behalf of a qualified investor and the  
4.5 denominator of which is the total of all credit allocation claims filed on behalf of all  
4.6 applicants on that day, by the amount of credits that remain unallocated on that day for the  
4.7 taxable year.

4.8 (g) A qualified investor or qualified fund, or a qualified small business acting on their  
4.9 behalf, must notify the commissioner when an investment for which credits were allocated  
4.10 has been made, and the taxable year in which the investment was made. A qualified fund  
4.11 must also provide the commissioner with a statement indicating the amount invested by  
4.12 each investor in the qualified fund based on each investor's share of the assets of the qualified  
4.13 fund at the time of the qualified investment. After receiving notification that the investment  
4.14 was made, the commissioner must issue credit certificates for the taxable year in which the  
4.15 investment was made to the qualified investor or, for an investment made by a qualified  
4.16 fund, to each qualified investor who is an investor in the fund. The certificate must state  
4.17 that the credit is subject to revocation if the qualified investor or qualified fund does not  
4.18 hold the investment in the qualified small business for at least three years, consisting of the  
4.19 calendar year in which the investment was made and the two following years. The three-year  
4.20 holding period does not apply if:

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

4.23 (2) 80 percent or more of the assets of the qualified small business is sold before the end  
4.24 of the three-year period;

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

4.26 (4) the qualified small business's common stock begins trading on a public exchange  
4.27 before the end of the three-year period; or

4.28 (5) the qualified investor dies before the end of the three-year period.

4.29 (h) The commissioner must notify the commissioner of revenue of credit certificates  
4.30 issued under this section.

4.31 (i) The credit allowed under this subdivision is effective ~~for each of the following taxable~~  
4.32 years as follows:

4.33 ~~(1) taxable years beginning after December 31, 2018, and before January 1, 2020; and~~

5.1 ~~(2)~~ (1) \$10,000,000 for taxable years beginning after December 31, 2020, and before  
5.2 January 1, 2022; and

5.3 (2) \$5,000,000 for taxable years beginning after December 31, 2021, and before January  
5.4 1, 2023.

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

5.6 Sec. 2. Minnesota Statutes 2020, section 116J.8737, subdivision 12, is amended to read:

5.7 Subd. 12. **Sunset.** This section expires for taxable years beginning after December 31,  
5.8 ~~2021~~ 2022, except that reporting requirements under subdivision 6 and revocation of credits  
5.9 under subdivision 7 remain in effect through ~~2023~~ 2024 for qualified investors and qualified  
5.10 funds, and through ~~2025~~ 2026 for qualified small businesses, reporting requirements under  
5.11 subdivision 9 remain in effect through ~~2024~~ 2022, and the appropriation in subdivision 11  
5.12 remains in effect through ~~2025~~ 2026.

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

5.14 Sec. 3. **[116U.27] FILM PRODUCTION CREDIT.**

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

5.17 (b) "Allocation certificate" means a certificate issued by the commissioner to a taxpayer  
5.18 upon receipt of an initial application for a credit for a project that has not yet been completed.

5.19 (c) "Application" means the application for a credit under subdivision 4.

5.20 (d) "Commissioner" means the commissioner of employment and economic development.

5.21 (e) "Credit certificate" means a certificate issued by the commissioner upon submission  
5.22 of the cost verification report in subdivision 4, paragraph (e).

5.23 (f) "Eligible production costs" means eligible production costs as defined in section  
5.24 116U.26, paragraph (b), clause (1), incurred in Minnesota that are directly attributable to  
5.25 the production of a film project in Minnesota.

5.26 (g) "Film" has the meaning given in section 116U.26, paragraph (b), clause (2).

5.27 (h) "Project" means a film:

5.28 (1) that includes the promotion of Minnesota;

5.29 (2) for which the taxpayer has expended at least \$1,000,000 in the taxable year for  
5.30 eligible production costs; and

6.1 (3) to the extent practicable, that employs Minnesota residents.

6.2 (i) "Promotion of Minnesota" or "promotion" means visible display of a static or animated  
6.3 logo, approved by the commissioner and lasting approximately five seconds, that promotes  
6.4 Minnesota within its presentation in the end credits before the below-the-line crew crawl  
6.5 for the life of the project.

6.6 Subd. 2. **Credit allowed.** A taxpayer is eligible for a credit up to 25 percent of eligible  
6.7 production costs paid in a taxable year. A taxpayer may only claim a credit if the taxpayer  
6.8 was issued a credit certificate under subdivision 4.

6.9 Subd. 3. **Credit assignable.** The recipient of a credit certificate may assign the certificate  
6.10 to another taxpayer before any amount of the credit is claimed. The assignee is allowed the  
6.11 credit under section 290.06, subdivision 39, or 297I.20, subdivision 4. An assignment is  
6.12 not valid unless the assignee notifies the commissioner of revenue within 30 days of the  
6.13 date that the assignment is made. The commissioner of revenue shall prescribe the forms  
6.14 necessary for notifying the commissioner of revenue of the assignment of a credit certificate  
6.15 and for claiming a credit by assignment.

6.16 Subd. 4. **Applications; allocations.** (a) To qualify for a credit under this section, a  
6.17 taxpayer must submit to the commissioner an application for a credit in the form prescribed  
6.18 by the commissioner, in consultation with the commissioner of revenue.

6.19 (b) Upon approving an application for a credit that meets the requirements of this section,  
6.20 the commissioner shall issue allocation certificates that:

6.21 (1) verify eligibility for the credit;

6.22 (2) state the amount of credit anticipated for the eligible project, with the credit amount  
6.23 up to 25 percent of eligible project costs; and

6.24 (3) state the taxable year in which the credit is allocated.

6.25 The commissioner must consult with Minnesota Film and TV Board prior to issuing an  
6.26 allocation certificate.

6.27 (c) The commissioner must not issue allocation certificates for more than \$4,950,000  
6.28 of credits each year. If the entire amount is not allocated in that taxable year, any remaining  
6.29 amount is available for allocation for the four following taxable years until the entire  
6.30 allocation has been made. The commissioner must not award any credits for taxable years  
6.31 beginning after December 31, 2024, and any unallocated amounts cancel on that date.

6.32 (d) The commissioner must allocate credits on a first-come, first-served basis.

7.1 (e) Upon completion of a project, the taxpayer shall submit to the commissioner a report  
7.2 prepared by an independent certified public accountant licensed in the state of Minnesota  
7.3 to verify the amount of eligible production costs related to the project. The report must be  
7.4 prepared in accordance with generally accepted accounting principles. Upon receipt and  
7.5 review of the cost verification report, the commissioner shall determine the final amount  
7.6 of eligible production costs and issue a credit certificate to the taxpayer. The credit may not  
7.7 exceed the anticipated credit amount on the allocation certificate. If the credit is less than  
7.8 the anticipated amount on the allocation credit, the difference is returned to the amount  
7.9 available for allocation under paragraph (c). To claim the credit under section 290.06,  
7.10 subdivision 39, or 297I.20, subdivision 4, a taxpayer must include a copy of the credit  
7.11 certificate as part of the taxpayer's return.

7.12 Subd. 5. **Report required.** By January 15, 2025, the commissioner of revenue, in  
7.13 consultation with the commissioner, must provide a report to the chairs and ranking minority  
7.14 members of the legislative committees with jurisdiction over economic development and  
7.15 taxes. The report must comply with sections 3.195 and 3.197, and must detail the following:

7.16 (1) the amount of credit certifications issued annually;

7.17 (2) the number of applications submitted, the number of allocation certificates issued,  
7.18 the amount of allocation certificates issued, the number of reports submitted upon completion  
7.19 of a project, and the number of credit certificates issued;

7.20 (3) the types of projects eligible for the credit;

7.21 (4) the total economic impact of the credit in Minnesota, including the calendar year  
7.22 over calendar year percentage changes in the number of jobs held by Minnesota residents  
7.23 in businesses having a primary North American Industry Classification System code of  
7.24 512110 as reported to the commissioner, for calendar years 2019 through 2023;

7.25 (5) the number of taxpayers per tax type which are assignees of credit certificates under  
7.26 subdivision 3;

7.27 (6) annual Minnesota taxes paid by businesses having a primary North American Industry  
7.28 Classification System code of 512110, for taxable years beginning after December 31, 2018,  
7.29 and before January 1, 2024; and

7.30 (7) any other information the commissioner of revenue, in consultation with the  
7.31 commissioner, deems necessary for purposes of claiming and administering the credit.

7.32 Subd. 6. **Appropriation.** Beginning in fiscal year 2022, \$50,000 is annually appropriated  
7.33 from the general fund to the commissioner of revenue for a transfer to the Department of

8.1 Employment and Economic Development for costs associated with personnel and  
8.2 administrative expenses related to administering the credit. This subdivision expires on June  
8.3 30, 2025.

8.4 Subd. 7. **Expiration.** Subdivisions 1 to 5 expire January 1, 2025, for taxable years  
8.5 beginning after December 31, 2024.

8.6 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
8.7 31, 2020, and before January 1, 2025, except that the requirement to provide the report  
8.8 required in subdivision 5 expires July 1, 2025.

8.9 Sec. 4. Minnesota Statutes 2020, section 290.01, subdivision 19, is amended to read:

8.10 Subd. 19. **Net income.** (a) For a trust or estate taxable under section 290.03, and a  
8.11 corporation taxable under section 290.02, the term "net income" means the federal taxable  
8.12 income, as defined in section 63 of the Internal Revenue Code of 1986, as amended through  
8.13 the date named in this subdivision, incorporating the federal effective dates of changes to  
8.14 the Internal Revenue Code and any elections made by the taxpayer in accordance with the  
8.15 Internal Revenue Code in determining federal taxable income for federal income tax  
8.16 purposes, and with the modifications provided in sections 290.0131 to 290.0136.

8.17 (b) For an individual, the term "net income" means federal adjusted gross income with  
8.18 the modifications provided in sections 290.0131, 290.0132, and 290.0135 to 290.0137.

8.19 (c) In the case of a regulated investment company or a fund thereof, as defined in section  
8.20 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment  
8.21 company taxable income as defined in section 852(b)(2) of the Internal Revenue Code,  
8.22 except that:

8.23 (1) the exclusion of net capital gain provided in section 852(b)(2)(A) of the Internal  
8.24 Revenue Code does not apply;

8.25 (2) the deduction for dividends paid under section 852(b)(2)(D) of the Internal Revenue  
8.26 Code must be applied by allowing a deduction for capital gain dividends and exempt-interest  
8.27 dividends as defined in sections 852(b)(3)(C) and 852(b)(5) of the Internal Revenue Code;  
8.28 and

8.29 (3) the deduction for dividends paid must also be applied in the amount of any  
8.30 undistributed capital gains which the regulated investment company elects to have treated  
8.31 as provided in section 852(b)(3)(D) of the Internal Revenue Code.



9.1 (d) The net income of a real estate investment trust as defined and limited by section  
 9.2 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust  
 9.3 taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

9.4 (e) The net income of a designated settlement fund as defined in section 468B(d) of the  
 9.5 Internal Revenue Code means the gross income as defined in section 468B(b) of the Internal  
 9.6 Revenue Code.

9.7 (f) The Internal Revenue Code of 1986, as amended through December 31, 2018, ~~shall~~  
 9.8 be in effect applies for taxable years beginning after December 31, 1996, except the sections  
 9.9 of federal law in section 290.0111 shall also apply.

9.10 (g) Except as otherwise provided, references to the Internal Revenue Code in this  
 9.11 subdivision and sections 290.0131 to 290.0136 mean the code in effect for purposes of  
 9.12 determining net income for the applicable year.

9.13 **EFFECTIVE DATE.** This section is effective the day following final enactment, except  
 9.14 the changes incorporated by federal changes are effective retroactively at the same time as  
 9.15 the changes were effective for federal purposes.

9.16 Sec. 5. Minnesota Statutes 2020, section 290.01, subdivision 31, is amended to read:

9.17 Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal  
 9.18 Revenue Code" means the Internal Revenue Code of 1986, as amended through December  
 9.19 31, 2018, except the sections of federal law in section 290.0111 shall also apply. Internal  
 9.20 Revenue Code also includes any uncodified provision in federal law that relates to provisions  
 9.21 of the Internal Revenue Code that are incorporated into Minnesota law.

9.22 **EFFECTIVE DATE.** This section is effective the day following final enactment, except  
 9.23 the changes incorporated by federal changes are effective retroactively at the same time as  
 9.24 the changes were effective for federal purposes.

9.25 Sec. 6. **[290.0111] TEMPORARY CONFORMITY TO CERTAIN FEDERAL TAX**  
 9.26 **CHANGES.**

9.27 Subdivision 1. **Adopting Internal Revenue Code changes.** For the purposes of this  
 9.28 chapter, "Internal Revenue Code," as defined in section 290.01, subdivisions 19 and 31,  
 9.29 includes the sections of federal law specified in this section as enacted or amended through  
 9.30 March 31, 2021.

10.1 Subd. 2. Further Consolidated Appropriations Act, 2020. (a) "Internal Revenue Code"  
10.2 includes the following provisions of the Taxpayer Certainty and Disaster Tax Relief Act of  
10.3 2019 in Public Law 116-94:

10.4 (1) section 101;

10.5 (2) section 116;

10.6 (3) section 117;

10.7 (4) section 130;

10.8 (5) section 131;

10.9 (6) section 132;

10.10 (7) section 144;

10.11 (8) section 201;

10.12 (9) section 202; and

10.13 (10) section 204.

10.14 (b) "Internal Revenue Code" includes section 301 of the Setting Every Community Up  
10.15 for Retirement Enhancement Act of 2019 in Public Law 116-94.

10.16 Subd. 3. CARES Act. "Internal Revenue Code" includes the following sections of Public  
10.17 Law 116-136:

10.18 (1) section 1106(i); and

10.19 (2) section 2202.

10.20 Subd. 4. Consolidated Appropriations Act, 2021. (a) "Internal Revenue Code" includes  
10.21 the following provisions of the COVID-related Tax Relief Act of 2020 in Public Law  
10.22 116-260:

10.23 (1) section 275;

10.24 (2) section 276; and

10.25 (3) section 277.

10.26 (b) For taxable years beginning after December 31, 2019, and before January 1, 2021,  
10.27 "Internal Revenue Code" includes sections 278(b) and 278(c) of the COVID-related Tax  
10.28 Relief Act of 2020 in Public Law 116-260.

11.1 Subd. 5. American Rescue Plan Act. "Internal Revenue Code" includes section 9042  
 11.2 of Public Law 117-2.

11.3 EFFECTIVE DATE. (a) Except as specified in subdivision 4, paragraph (b), this section  
 11.4 is effective the day following final enactment, except the changes incorporated by federal  
 11.5 changes are effective retroactively at the same time as the changes were effective for federal  
 11.6 purposes.

11.7 (b) Subdivision 4, paragraph (b), is effective retroactively for taxable years beginning  
 11.8 after December 31, 2019, and before January 1, 2021.

11.9 Sec. 7. Minnesota Statutes 2020, section 290.0122, subdivision 8, is amended to read:

11.10 Subd. 8. **Losses.** A taxpayer is allowed a deduction for losses. ~~The deduction equals the~~  
 11.11 ~~amount~~ allowed under ~~sections 165(d) and~~ section 165(a) of the Internal Revenue Code,  
 11.12 including the limitation provided by section 67(b)(3) of the Internal Revenue Code, for the  
 11.13 following:

11.14 (1) losses described in section 165(c)(3) of the Internal Revenue Code, including the  
 11.15 provisions of section 165(h) of the Internal Revenue Code, but disregarding the limitation  
 11.16 on personal casualty losses in paragraph (h)(5); and

11.17 (2) losses described in section 165(d) of the Internal Revenue Code.

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

11.19 Sec. 8. Minnesota Statutes 2020, section 290.0132, is amended by adding a subdivision  
 11.20 to read:

11.21 Subd. 30. Volunteer driver reimbursement. (a) A taxpayer is allowed a subtraction  
 11.22 equal to the amount of mileage reimbursement paid by a charitable organization to the  
 11.23 taxpayer for work as a volunteer driver. The subtraction is limited to amounts paid by the  
 11.24 organization that:

11.25 (1) are in excess of the mileage rate for use of an automobile in rendering gratuitous  
 11.26 services to a charitable organization under section 170(i) of the Internal Revenue Code; and

11.27 (2) do not exceed the standard mileage rate for businesses established under Code of  
 11.28 Federal Regulations, title 26, section 1.274-5(j)(2).

11.29 (b) For the purposes of this section, "charitable organization" means an organization  
 11.30 eligible for a charitable contribution under section 170(c) of the Internal Revenue Code.

12.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
12.2 31, 2020.

12.3 Sec. 9. Minnesota Statutes 2020, section 290.06, is amended by adding a subdivision to  
12.4 read:

12.5 Subd. 39. **Film production credit.** (a) A taxpayer, including a taxpayer to whom a credit  
12.6 has been assigned under section 116U.27, subdivision 3, may claim a credit against the tax  
12.7 imposed by this chapter equal to the amount certified on a credit certificate under section  
12.8 116U.27, subject to the limitations in this subdivision.

12.9 (b) The credit is limited to the liability for tax, as computed under this chapter, for the  
12.10 taxable year. If the amount of the credit determined under this subdivision for any taxable  
12.11 year exceeds this limitation, the excess is a film production credit carryover to each of the  
12.12 five succeeding taxable years. The entire amount of the excess unused credit for the taxable  
12.13 year is carried first to the earliest of the taxable years to which the credit may be carried  
12.14 and then to each successive year to which the credit may be carried. The amount of the  
12.15 unused credit that may be added under this paragraph must not exceed the taxpayer's liability  
12.16 for tax, less any film production credit for the taxable year.

12.17 (c) Credits allowed to a partnership, a limited liability company taxed as a partnership,  
12.18 or an S corporation are passed through to the partners, members, shareholders, or owners,  
12.19 respectively, pro rata to each based on the partner's, member's, shareholder's, or owner's  
12.20 share of the entity's assets, or as specially allocated in the organizational documents or any  
12.21 other executed agreement, as of the last day of the taxable year.

12.22 (d) Notwithstanding the approval and certification by the commissioner of employment  
12.23 and economic development under section 116U.27, the commissioner may utilize any audit  
12.24 and examination powers under chapter 270C or 289A to the extent necessary to verify that  
12.25 the taxpayer is eligible for the credit and to assess the amount of any improperly claimed  
12.26 credit. The commissioner may only assess the original recipient of the credit certificate for  
12.27 the amount of improperly claimed credits. The commissioner may not assess a credit  
12.28 certificate assignee for any amount of improperly claimed credits, and an assignee's claim  
12.29 for credit is not affected by the commissioner's assessment of improperly claimed credits  
12.30 against the assignor.

12.31 (e) This subdivision expires January 1, 2025, for taxable years beginning after December  
12.32 31, 2024, except that the expiration of this section does not affect the commissioner of  
12.33 revenue's authority to audit or power of examination and assessment for credits claimed  
12.34 under this subdivision.

13.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
13.2 31, 2020, and before January 1, 2025.

13.3 Sec. 10. Minnesota Statutes 2020, section 290.0671, subdivision 1, is amended to read:

13.4 Subdivision 1. **Credit allowed.** (a) An individual who is a resident of Minnesota is  
13.5 allowed a credit against the tax imposed by this chapter equal to a percentage of earned  
13.6 income. To receive a credit, a taxpayer must be eligible for a credit under section 32 of the  
13.7 Internal Revenue Code, except that:

13.8 (1) a taxpayer with no qualifying children who has attained the age of ~~24~~ 19, but not  
13.9 attained age 65 before the close of the taxable year and is otherwise eligible for a credit  
13.10 under section 32 of the Internal Revenue Code may also receive a credit; and

13.11 (2) a taxpayer who is otherwise eligible for a credit under section 32 of the Internal  
13.12 Revenue Code remains eligible for the credit even if the taxpayer's earned income or adjusted  
13.13 gross income exceeds the income limitation under section 32 of the Internal Revenue Code.

13.14 (b) For individuals with no qualifying children, the credit equals 3.9 percent of the first  
13.15 \$7,150 of earned income. The credit is reduced by 2.0 percent of earned income or adjusted  
13.16 gross income, whichever is greater, in excess of the phaseout threshold, but in no case is  
13.17 the credit less than zero.

13.18 (c) For individuals with one qualifying child, the credit equals 9.35 percent of the first  
13.19 \$11,950 of earned income. The credit is reduced by 6.0 percent of earned income or adjusted  
13.20 gross income, whichever is greater, in excess of the phaseout threshold, but in no case is  
13.21 the credit less than zero.

13.22 (d) For individuals with two qualifying children, the credit equals 11 percent of the first  
13.23 \$19,600 of earned income. The credit is reduced by 10.5 percent of earned income or adjusted  
13.24 gross income, whichever is greater, in excess of the phaseout threshold, but in no case is  
13.25 the credit less than zero.

13.26 (e) For individuals with three or more qualifying children, the credit equals 12.5 percent  
13.27 of the first \$20,000 of earned income. The credit is reduced by 10.5 percent of earned income  
13.28 or adjusted gross income, whichever is greater, in excess of the phaseout threshold, but in  
13.29 no case is the credit less than zero.

13.30 (f) For a part-year resident, the credit must be allocated based on the percentage calculated  
13.31 under section 290.06, subdivision 2c, paragraph (e).

14.1 (g) For a person who was a resident for the entire tax year and has earned income not  
 14.2 subject to tax under this chapter, including income excluded under section 290.0132,  
 14.3 subdivision 10, the credit must be allocated based on the ratio of federal adjusted gross  
 14.4 income reduced by the earned income not subject to tax under this chapter over federal  
 14.5 adjusted gross income. For purposes of this paragraph, the following clauses are not  
 14.6 considered "earned income not subject to tax under this chapter":

14.7 (1) the subtractions for military pay under section 290.0132, subdivisions 11 and 12;

14.8 (2) the exclusion of combat pay under section 112 of the Internal Revenue Code; and

14.9 (3) income derived from an Indian reservation by an enrolled member of the reservation  
 14.10 while living on the reservation.

14.11 (h) For the purposes of this section, the phaseout threshold equals:

14.12 (1) \$14,570 for married taxpayers filing joint returns with no qualifying children;

14.13 (2) \$8,730 for all other taxpayers with no qualifying children;

14.14 (3) \$28,610 for married taxpayers filing joint returns with one qualifying child;

14.15 (4) \$22,770 for all other taxpayers with one qualifying child;

14.16 (5) \$32,840 for married taxpayers filing joint returns with two qualifying children;

14.17 (6) \$27,000 for all other taxpayers with two qualifying children;

14.18 (7) \$33,140 for married taxpayers filing joint returns with three or more qualifying  
 14.19 children; and

14.20 (8) \$27,300 for all other taxpayers with three or more qualifying children.

14.21 (i) The commissioner shall construct tables showing the amount of the credit at various  
 14.22 income levels and make them available to taxpayers. The tables shall follow the schedule  
 14.23 contained in this subdivision, except that the commissioner may graduate the transition  
 14.24 between income brackets.

14.25 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 14.26 31, 2020.

14.27 Sec. 11. Minnesota Statutes 2020, section 290.0681, subdivision 10, is amended to read:

14.28 Subd. 10. **Sunset.** This section expires after fiscal year ~~2021~~ 2022, except that the office's  
 14.29 authority to issue credit certificates under subdivision 4 based on allocation certificates that  
 14.30 were issued before fiscal year ~~2022~~ 2023 remains in effect through ~~2024~~ 2025, and the

15.1 reporting requirements in subdivision 9 remain in effect through the year following the year  
 15.2 in which all allocation certificates have either been canceled or resulted in issuance of credit  
 15.3 certificates, or ~~2025~~ 2026, whichever is earlier.

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

15.5 Sec. 12. Minnesota Statutes 2020, section 290.0682, is amended to read:

15.6 **290.0682 STUDENT LOAN CREDIT.**

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

15.9 (b) "Adjusted gross income" means federal adjusted gross income as defined in section  
 15.10 62 of the Internal Revenue Code.

15.11 (c) "Earned income" has the meaning given in section ~~32(e) of the Internal Revenue~~  
 15.12 ~~Code~~ 290.0675, subdivision 1, paragraph (b).

15.13 (d) "Eligible individual" means a resident individual with one or more qualified education  
 15.14 loans related to an undergraduate or graduate degree program at a postsecondary educational  
 15.15 institution.

15.16 (e) "Eligible loan payments" means the amount the eligible individual paid during the  
 15.17 taxable year in principal and interest on qualified education loans.

15.18 (f) "Postsecondary educational institution" means a public or nonprofit postsecondary  
 15.19 institution eligible for state student aid under section 136A.103 or, if the institution is not  
 15.20 located in this state, a public or nonprofit postsecondary institution participating in the  
 15.21 federal Pell Grant program under title IV of the Higher Education Act of 1965, Public Law  
 15.22 89-329, as amended.

15.23 (g) "Qualified education loan" has the meaning given in section 221 of the Internal  
 15.24 Revenue Code, but is limited to indebtedness incurred on behalf of the eligible individual.

15.25 Subd. 2. **Credit allowed.** (a) An eligible individual is allowed a credit against the tax  
 15.26 due under this chapter.

15.27 (b) The credit for an eligible individual equals the least of:

15.28 (1) eligible loan payments minus ten percent of an amount equal to adjusted gross income  
 15.29 in excess of \$10,000, but in no case less than zero;

15.30 (2) the earned income for the taxable year of the eligible individual, if any;

15.31 (3) the sum of:

16.1 (i) the interest portion of eligible loan payments made during the taxable year; and

16.2 (ii) ten percent of the original loan amount of all qualified education loans of the eligible  
16.3 individual; or

16.4 (4) \$500.

16.5 (c) For a part-year resident, the credit must be allocated based on the percentage calculated  
16.6 under section 290.06, subdivision 2c, paragraph (e).

16.7 (d) In the case of a married couple, each spouse is eligible for the credit in this section.  
16.8 For the purposes of paragraph (b), for married taxpayers filing joint returns, each spouse's  
16.9 adjusted gross income equals the spouse's percentage share of the couple's earned income,  
16.10 multiplied by the couple's combined adjusted gross income.

16.11 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
16.12 31, 2020.

16.13 Sec. 13. **[290.0683] MINNESOTA HOUSING TAX CREDIT.**

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

16.16 (b) "Agency" means the Minnesota Housing Finance Agency.

16.17 (c) "Minnesota housing tax credit contribution account" or "account" means the account  
16.18 established in section 462A.40.

16.19 (d) "Qualified project" means a project that qualifies for a grant or loan under section  
16.20 462A.40.

16.21 (e) "Taxpayer" means a taxpayer as defined in section 290.01, subdivision 6, or a taxpayer  
16.22 as defined in section 297I.01, subdivision 16.

16.23 Subd. 2. **Credit allowed.** (a) A taxpayer is allowed a credit against the tax imposed  
16.24 under this chapter or the premiums tax under chapter 297I for contributions of no less than  
16.25 \$1,000 and no more than \$2,000,000 to the Minnesota housing tax credit contribution  
16.26 account. The credit equals 85 percent of the amount the taxpayer contributed to the account  
16.27 during the taxable year.

16.28 (b) The credit may be claimed only after certification by the agency as provided in  
16.29 subdivision 3.



17.1 (c) To receive the credit, a taxpayer must claim the credit in the manner prescribed by  
17.2 the commissioner and file with the return a copy of the credit certificate issued by the agency  
17.3 under subdivision 3, paragraph (c).

17.4 (d) The taxpayer must claim the credit for the taxable year in which the contribution  
17.5 payment is received by the account.

17.6 (e) If the amount of the credit under this section exceeds the taxpayer's liability for tax  
17.7 under this chapter, the excess is a credit carryover to each of the ten succeeding taxable  
17.8 years. The entire amount of the excess unused credit for the taxable year must be carried  
17.9 first to the earliest of the taxable years to which the credit may be carried and then to each  
17.10 successive year to which the credit may be carried. The amount of the unused credit that  
17.11 may be added under this paragraph may not exceed the taxpayer's liability for tax, less any  
17.12 credit for the current taxable year.

17.13 (f) The contribution amount used to calculate the credit under this section may not be  
17.14 used to calculate any other state income tax deduction or credit allowed by law.

17.15 (g) For nonresidents and part-year residents, the credit must be allocated based on the  
17.16 percentage calculated under section 290.06, subdivision 2c, paragraph (e).

17.17 Subd. 3. **Allocation.** (a) To qualify for the credit, a taxpayer must contribute to the  
17.18 Minnesota housing tax credit contribution account. A taxpayer may indicate that a  
17.19 contribution is intended for a specific qualified project. A taxpayer is prohibited from  
17.20 contributing to certain projects as provided in section 462A.40, subdivision 3.

17.21 (b) The aggregate amount of tax credits allowed to all eligible contributors is limited to  
17.22 \$9,900,000 annually.

17.23 (c) Within 30 days after a taxpayer contributes to the account, the agency must file with  
17.24 the contributing taxpayer a credit certificate statement or return any amounts to the taxpayer  
17.25 as provided in this paragraph. The agency must send a copy of the credit certificate to the  
17.26 commissioner. If there are insufficient credits to match the contribution, the agency must  
17.27 not issue a credit certificate for the amount of the contribution for which there are insufficient  
17.28 credits, and must return that amount to the taxpayer before issuing any credit certificate.

17.29 (d) The credit certificate must state the dollar amount of the contribution made by the  
17.30 taxpayer, the date the payment was received by the account, and indicate if the contribution  
17.31 was intended for a specific qualified project.

17.32 Subd. 4. **Partnerships; multiple owners.** Credits granted to a partnership, a limited  
17.33 liability company taxed as a partnership, S corporation, or multiple owners of property are

18.1 passed through to the partners, members, shareholders, or owners, respectively, pro rata to  
 18.2 each partner, member, shareholder, or owner based on their share of the entity's assets or  
 18.3 as specially allocated in their organizational documents or any other executed document,  
 18.4 as of the last day of the taxable year.

18.5 Subd. 5. **Recapture.** (a) Credits claimed under this section are not subject to recapture.

18.6 (b) If a grant or loan made under section 462A.40 is canceled or recaptured, the grant  
 18.7 or loan is returned to the account. The agency is not required to return contributions to  
 18.8 taxpayers who indicated that a contribution was intended for a project for which the loan  
 18.9 or grant is recaptured or canceled.

18.10 Subd. 6. **Audit powers.** Notwithstanding the credit certificate issued by the commissioner  
 18.11 of the Minnesota Housing Finance Agency under subdivision 3, the commissioner may use  
 18.12 any audit and examination powers under chapter 270C or 289A to the extent necessary to  
 18.13 verify that the taxpayer is eligible for the credit and to assess for the amount of any  
 18.14 improperly claimed credit.

18.15 Subd. 7. **Sunset.** This section expires after December 31, 2028, except that the agency's  
 18.16 authority to issue credit certificates under subdivision 3 based on contributions received  
 18.17 before January 1, 2029, and allocation certificates that were issued before February 1, 2029,  
 18.18 remains in effect through January 1, 2030. The reporting requirements in section 462A.40,  
 18.19 subdivision 5, remain in effect through the year following the year in which all allocation  
 18.20 certificates have either been canceled or resulted in issuance of credit certificates, or January  
 18.21 1, 2031, whichever is earlier. The expiration of this section does not affect the commissioner's  
 18.22 authority to audit or power of examination and assessment for credits claimed under this  
 18.23 section.

18.24 Subd. 8. **Appropriation.** Beginning in fiscal year 2023, \$100,000 is annually appropriated  
 18.25 from the general fund to the commissioner of revenue for a transfer to the Minnesota Housing  
 18.26 Finance Agency for costs associated with personnel and administrative expenses related to  
 18.27 administering the credit. This subdivision expires on June 30, 2028.

18.28 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 18.29 31, 2022.

18.30 Sec. 14. Minnesota Statutes 2020, section 297I.20, is amended by adding a subdivision  
 18.31 to read:

18.32 Subd. 4. **Film production credit.** (a) A taxpayer may claim a credit against the premiums  
 18.33 tax imposed under this chapter equal to the amount indicated on the credit certificate

19.1 statement issued to the company under section 116U.27. If the amount of the credit exceeds  
 19.2 the taxpayer's liability for tax under this chapter, the excess is a credit carryover to each of  
 19.3 the five succeeding taxable years. The entire amount of the excess unused credit for the  
 19.4 taxable year must be carried first to the earliest of the taxable years to which the credit may  
 19.5 be carried and then to each successive year to which the credit may be carried. This credit  
 19.6 does not affect the calculation of fire state aid under section 477B.03 and police state aid  
 19.7 under section 477C.03.

19.8 (b) This subdivision expires January 1, 2025, for taxable years beginning after and  
 19.9 premiums received after December 31, 2024.

19.10 **EFFECTIVE DATE.** This section is effective for taxable years beginning after and for  
 19.11 premiums received after December 31, 2020, and before January 1, 2025.

19.12 Sec. 15. Minnesota Statutes 2020, section 297I.20, is amended by adding a subdivision  
 19.13 to read:

19.14 Subd. 5. **Minnesota housing tax credit.** A taxpayer may claim a credit against the  
 19.15 premiums tax imposed under this chapter equal to the amount indicated on the credit  
 19.16 certificate statement issued to the taxpayer under section 290.0683. If the amount of the  
 19.17 credit exceeds the liability for tax under this chapter, the excess is a credit carryover to each  
 19.18 of the ten succeeding taxable years. The entire amount of the excess unused credit for the  
 19.19 taxable year must be carried first to the earliest of the taxable years to which the credit may  
 19.20 be carried and then to each successive year to which the credit may be carried. This credit  
 19.21 does not affect the calculation of fire state aid under section 477B.03 and police state aid  
 19.22 under section 477C.03.

19.23 **EFFECTIVE DATE.** This section is effective for taxable years beginning after and for  
 19.24 premiums received after December 31, 2022, and before January 1, 2029.

19.25 Sec. 16. **[462A.40] MINNESOTA HOUSING TAX CREDIT CONTRIBUTION**  
 19.26 **ACCOUNT.**

19.27 Subdivision 1. **Account created.** The Minnesota housing tax credit contribution account  
 19.28 is created in the housing development fund in the state treasury. The account is administered  
 19.29 by the Minnesota Housing Finance Agency. Amounts contributed to the account are  
 19.30 appropriated to the agency. The agency may use the amounts appropriated to direct  
 19.31 disbursements from the account as loans or grants to eligible recipients as provided in this  
 19.32 section.

20.1 Subd. 2. Use of funds; grant and loan program. (a) The agency may award grants and  
20.2 loans to be used for multifamily and single family developments for persons and families  
20.3 of low and moderate income. Allowable use of the funds include: gap financing, as defined  
20.4 in section 462A.33, subdivision 1; new construction; acquisition; rehabilitation; demolition  
20.5 or removal of existing structures; construction financing; permanent financing; interest rate  
20.6 reduction; and refinancing.

20.7 (b) The agency may give preference for grants and loans to comparable proposals that  
20.8 include regulatory changes or waivers that result in identifiable cost avoidance or cost  
20.9 reductions, including but not limited to increased density, flexibility in site development  
20.10 standards, or zoning code requirements.

20.11 (c) The agency shall separately set aside:

20.12 (1) at least ten percent of the financing under this section for housing units located in a  
20.13 township or city with a population of 2,500 or less that is located outside the metropolitan  
20.14 area, as defined in section 473.121, subdivision 2;

20.15 (2) at least 35 percent of the financing under this section for housing for persons and  
20.16 families whose income is 50 percent or less of the area median income for the applicable  
20.17 county or metropolitan area as published by the Department of Housing and Urban  
20.18 Development, as adjusted for household size; and

20.19 (3) at least 25 percent of the financing under this section for single-family housing.

20.20 (d) If by September 1 of each year the agency does not receive requests to use all of the  
20.21 amounts set aside under paragraph (c), the agency may use any remaining financing for  
20.22 other projects eligible under this section.

20.23 Subd. 3. Eligible recipients; definitions; restrictions; use of funds. (a) The agency  
20.24 may award a loan to any recipient that qualifies under subdivision 2. The agency must not  
20.25 award a grant to a disqualified individual or disqualified business.

20.26 (b) For the purposes of this subdivision disqualified individual means an individual who:

20.27 (1) made a contribution to the account in the current or prior taxable year and received  
20.28 a credit certificate;

20.29 (2) owns the housing for which the grant or loan will be used and is using that housing  
20.30 as their domicile;

20.31 (3) meets the following criteria:

20.32 (i) the individual is an officer or principal of a business entity; and

21.1 (ii) that business entity made a contribution to the account in the current or previous  
21.2 taxable year and received a credit certificate; or

21.3 (4) meets the following criteria:

21.4 (i) the individual owns, controls, or holds the power to vote 20 percent or more of the  
21.5 outstanding securities of a business entity; and

21.6 (ii) that business entity made a contribution to the account in the current or previous  
21.7 taxable year and received a credit certificate.

21.8 (c) For the purposes of this subdivision disqualified business means a business entity  
21.9 that:

21.10 (1) made a contribution to the account in the current or prior taxable year and received  
21.11 a credit certificate;

21.12 (2) has an officer or principal who is an individual who made a contribution to the  
21.13 account in the current or previous taxable year and received a credit certificate; or

21.14 (3) meets the following criteria:

21.15 (i) the business entity is owned, controlled, or is subject to the power to vote 20 percent  
21.16 or more of the outstanding securities by an individual or business entity; and

21.17 (ii) that controlling individual or business entity made a contribution to the account in  
21.18 the current or previous taxable year and received a credit certificate.

21.19 (d) The disqualifications in paragraphs (b) and (c) apply if the taxpayer would be  
21.20 disqualified either individually or in combination with one or more members of the taxpayer's  
21.21 family, as defined in the Internal Revenue Code, section 267(c)(4). For a married couple  
21.22 filing a joint return, the limitations in this paragraph apply collectively to the taxpayer and  
21.23 spouse. For purposes of determining the ownership interest of a taxpayer under paragraph  
21.24 (a), clause (4), the rules under section 267(c) and 267(e) of the Internal Revenue Code apply.

21.25 (e) Before applying for a grant or loan, all recipients must sign a disclosure that the  
21.26 disqualifications under this subdivision do not apply. The Minnesota Housing Finance  
21.27 Agency must prescribe the form of the disclosure.

21.28 (f) The agency may award grants or loans to a city as defined in section 462A.03,  
21.29 subdivision 21; a federally recognized American Indian tribe or subdivision located in  
21.30 Minnesota; a tribal housing corporation; a private developer; a nonprofit organization; a  
21.31 housing and redevelopment authority under sections 469.001 to 469.047; a public housing  
21.32 authority or agency authorized by law to exercise any of the powers granted by sections

22.1 469.001 to 469.047; or the owner of the housing. The provisions of subdivision 2, and  
 22.2 paragraphs (a) to (e) and (g) of this subdivision, regarding the use of funds and eligible  
 22.3 recipients apply to grants and loans awarded under this paragraph.

22.4 (g) Except for the set-aside provided in subdivision 2, paragraph (d), eligible recipients  
 22.5 must use the funds to serve households that meet the income limits as provided in section  
 22.6 462A.33, subdivision 5.

22.7 Subd. 4. **Recapture.** A loan or grant awarded under this section is subject to repayment  
 22.8 or recapture under rules adopted by the agency. Any amount of a loan or grant that is repaid  
 22.9 or recaptured must be redeposited in the account and is not returned to the taxpayer who  
 22.10 made the contribution.

22.11 Subd. 5. **Report.** The agency shall report by January 15 each year to the chairs and  
 22.12 ranking minority members of the legislative policy and finance committees with jurisdiction  
 22.13 over housing on the tax credits and financing provided in the previous fiscal year. The report  
 22.14 shall provide a breakdown of the tax credits, grants, and loans by region of the state. The  
 22.15 report shall also include information on planned financing in the current fiscal year.

22.16 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 22.17 31, 2022.

22.18 Sec. 17. **CLARIFICATION OF SECTION 179 EXPENSING CONFORMITY.**

22.19 For taxable years beginning after December 31, 2019, no addition is required under  
 22.20 Minnesota Statutes, sections 290.0131, subdivision 10, and 290.0133, subdivision 12, for  
 22.21 property placed in service in taxable years beginning before January 1, 2020, including the  
 22.22 following:

22.23 (1) the addition for carryover amounts pursuant to section 179(b)(3) of the Internal  
 22.24 Revenue Code for property placed in service in taxable years beginning before January 1,  
 22.25 2020; and

22.26 (2) the addition for property placed in service in taxable years beginning before January  
 22.27 1, 2020, resulting from being a shareholder or partner in an S-corporation or partnership  
 22.28 with a taxable year that began before January 1, 2020.

22.29 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
 22.30 after December 31, 2019.

23.1 **ARTICLE 2**

23.2 **PARTNERSHIP AUDITS**

23.3 Section 1. Minnesota Statutes 2020, section 270C.445, subdivision 6, is amended to read:

23.4 Subd. 6. **Enforcement; administrative order; penalties; cease and desist.** (a) The  
23.5 commissioner may impose an administrative penalty of not more than \$1,000 per violation  
23.6 of subdivision 3 or 5, or section 270C.4451, provided that a penalty may not be imposed  
23.7 for any conduct for which a tax preparer penalty is imposed under section 289A.60,  
23.8 subdivision 13. The commissioner may terminate a tax preparer's authority to transmit  
23.9 returns electronically to the state, if the commissioner determines the tax preparer engaged  
23.10 in a pattern and practice of violating this section. Imposition of a penalty under this paragraph  
23.11 is subject to the contested case procedure under chapter 14. The commissioner shall collect  
23.12 the penalty in the same manner as the income tax. There is no right to make a claim for  
23.13 refund under section 289A.50 of the penalty imposed under this paragraph. Penalties imposed  
23.14 under this paragraph are public data.

23.15 (b) In addition to the penalty under paragraph (a), if the commissioner determines that  
23.16 a tax preparer has violated subdivision 3 or 5, or section 270C.4451, the commissioner may  
23.17 issue an administrative order to the tax preparer requiring the tax preparer to cease and  
23.18 desist from committing the violation. The administrative order may include an administrative  
23.19 penalty provided in paragraph (a).

23.20 (c) If the commissioner issues an administrative order under paragraph (b), the  
23.21 commissioner must send the order to the tax preparer addressed to the last known address  
23.22 of the tax preparer.

23.23 (d) A cease and desist order under paragraph (b) must:

23.24 (1) describe the act, conduct, or practice committed and include a reference to the law  
23.25 that the act, conduct, or practice violates; and

23.26 (2) provide notice that the tax preparer may request a hearing as provided in this  
23.27 subdivision.

23.28 (e) Within 30 days after the commissioner issues an administrative order under paragraph  
23.29 (b), the tax preparer may request a hearing to review the commissioner's action. The request  
23.30 for hearing must be made in writing and must be served on the commissioner at the address  
23.31 specified in the order. The hearing request must specifically state the reasons for seeking  
23.32 review of the order. The date on which a request for hearing is served by mail is the postmark  
23.33 date on the envelope in which the request for hearing is mailed.

24.1 (f) If a tax preparer does not timely request a hearing regarding an administrative order  
24.2 issued under paragraph (b), the order becomes a final order of the commissioner and is not  
24.3 subject to review by any court or agency.

24.4 (g) If a tax preparer timely requests a hearing regarding an administrative order issued  
24.5 under paragraph (b), the hearing must be commenced within ten days after the commissioner  
24.6 receives the request for a hearing.

24.7 (h) A hearing timely requested under paragraph (e) is subject to the contested case  
24.8 procedure under chapter 14, as modified by this subdivision. The administrative law judge  
24.9 must issue a report containing findings of fact, conclusions of law, and a recommended  
24.10 order within ten days after the completion of the hearing, the receipt of late-filed exhibits,  
24.11 or the submission of written arguments, whichever is later.

24.12 (i) Within five days of the date of the administrative law judge's report issued under  
24.13 paragraph (h), any party aggrieved by the administrative law judge's report may submit  
24.14 written exceptions and arguments to the commissioner. Within 15 days after receiving the  
24.15 administrative law judge's report, the commissioner must issue an order vacating, modifying,  
24.16 or making final the administrative order.

24.17 (j) The commissioner and the tax preparer requesting a hearing may by agreement  
24.18 lengthen any time periods prescribed in paragraphs (g) to (i).

24.19 (k) An administrative order issued under paragraph (b) is in effect until it is modified  
24.20 or vacated by the commissioner or an appellate court. The administrative hearing provided  
24.21 by paragraphs (e) to (i) and any appellate judicial review as provided in chapter 14 constitute  
24.22 the exclusive remedy for a tax preparer aggrieved by the order.

24.23 (l) The commissioner may impose an administrative penalty, in addition to the penalty  
24.24 under paragraph (a), up to \$5,000 per violation of a cease and desist order issued under  
24.25 paragraph (b). Imposition of a penalty under this paragraph is subject to the contested case  
24.26 procedure under chapter 14. Within 30 days after the commissioner imposes a penalty under  
24.27 this paragraph, the tax preparer assessed the penalty may request a hearing to review the  
24.28 penalty order. The request for hearing must be made in writing and must be served on the  
24.29 commissioner at the address specified in the order. The hearing request must specifically  
24.30 state the reasons for seeking review of the order. The cease and desist order issued under  
24.31 paragraph (b) is not subject to review in a proceeding to challenge the penalty order under  
24.32 this paragraph. The date on which a request for hearing is served by mail is the postmark  
24.33 date on the envelope in which the request for hearing is mailed. If the tax preparer does not  
24.34 timely request a hearing, the penalty order becomes a final order of the commissioner and



25.1 is not subject to review by any court or agency. A penalty imposed by the commissioner  
 25.2 under this paragraph may be collected and enforced by the commissioner as an income tax  
 25.3 liability. There is no right to make a claim for refund under section 289A.50 of the penalty  
 25.4 imposed under this paragraph. A penalty imposed under this paragraph is public data.

25.5 (m) If a tax preparer violates a cease and desist order issued under paragraph (b), the  
 25.6 commissioner may terminate the tax preparer's authority to transmit returns electronically  
 25.7 to the state. Termination under this paragraph is public data.

25.8 (n) A cease and desist order issued under paragraph (b) is public data when it is a final  
 25.9 order.

25.10 (o) Notwithstanding any other law, the commissioner may impose a penalty or take other  
 25.11 action under this subdivision against a tax preparer, with respect to a return, within the  
 25.12 period to assess tax on that return as provided by ~~section~~ sections 289A.38 to 289A.382.

25.13 (p) Notwithstanding any other law, the imposition of a penalty or any other action against  
 25.14 a tax preparer under this subdivision, other than with respect to a return, must be taken by  
 25.15 the commissioner within five years of the violation of statute.

25.16 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
 25.17 after December 31, 2017, except that for partnerships that make an election under Code of  
 25.18 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively  
 25.19 and applies to the same tax periods to which the election relates.

25.20 Sec. 2. Minnesota Statutes 2020, section 289A.31, subdivision 1, is amended to read:

25.21 Subdivision 1. **Individual income, fiduciary income, mining company, corporate**  
 25.22 **franchise, and entertainment taxes.** (a) Individual income, fiduciary income, mining  
 25.23 company, and corporate franchise taxes, and interest and penalties, must be paid by the  
 25.24 taxpayer upon whom the tax is imposed, except in the following cases:

25.25 (1) the tax due from a decedent for that part of the taxable year in which the decedent  
 25.26 died during which the decedent was alive and the taxes, interest, and penalty due for the  
 25.27 prior years must be paid by the decedent's personal representative, if any. If there is no  
 25.28 personal representative, the taxes, interest, and penalty must be paid by the transferees, as  
 25.29 defined in section 270C.58, subdivision 3, to the extent they receive property from the  
 25.30 decedent;

25.31 (2) the tax due from an infant or other incompetent person must be paid by the person's  
 25.32 guardian or other person authorized or permitted by law to act for the person;

26.1 (3) the tax due from the estate of a decedent must be paid by the estate's personal  
26.2 representative;

26.3 (4) the tax due from a trust, including those within the definition of a corporation, as  
26.4 defined in section 290.01, subdivision 4, must be paid by a trustee; and

26.5 (5) the tax due from a taxpayer whose business or property is in charge of a receiver,  
26.6 trustee in bankruptcy, assignee, or other conservator, must be paid by the person in charge  
26.7 of the business or property so far as the tax is due to the income from the business or property.

26.8 (b) Entertainment taxes are the joint and several liability of the entertainer and the  
26.9 entertainment entity. The payor is liable to the state for the payment of the tax required to  
26.10 be deducted and withheld under section 290.9201, subdivision 7, and is not liable to the  
26.11 entertainer for the amount of the payment.

26.12 (c) The taxes imposed under sections 289A.35, paragraph (b), 289A.382, subdivision  
26.13 3, and 290.0922 on partnerships are the joint and several liability of the partnership and the  
26.14 general partners.

26.15 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
26.16 after December 31, 2017, except that for partnerships that make an election under Code of  
26.17 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively  
26.18 and applies to the same tax periods to which the election relates.

26.19 Sec. 3. Minnesota Statutes 2020, section 289A.37, subdivision 2, is amended to read:

26.20 Subd. 2. **Erroneous refunds.** (a) Except as provided in paragraph (b), an erroneous  
26.21 refund occurs when the commissioner issues a payment to a person that exceeds the amount  
26.22 the person is entitled to receive under law. An erroneous refund is considered an  
26.23 underpayment of tax on the date issued.

26.24 (b) To the extent that the amount paid does not exceed the amount claimed by the  
26.25 taxpayer, an erroneous refund does not include the following:

26.26 (1) any amount of a refund or credit paid pursuant to a claim for refund filed by a  
26.27 taxpayer, including but not limited to refunds of claims made under section 290.06,  
26.28 subdivision 23; 290.067; 290.0671; 290.0672; 290.0674; 290.0675; 290.0677; 290.068;  
26.29 290.0681; or 290.0692; or chapter 290A; or

26.30 (2) any amount paid pursuant to a claim for refund of an overpayment of tax filed by a  
26.31 taxpayer.

27.1 (c) The commissioner may make an assessment to recover an erroneous refund at any  
 27.2 time within two years from the issuance of the erroneous refund. If all or part of the erroneous  
 27.3 refund was induced by fraud or misrepresentation of a material fact, the assessment may  
 27.4 be made at any time.

27.5 (d) Assessments of amounts that are not erroneous refunds under paragraph (b) must be  
 27.6 conducted under ~~section~~ sections 289A.38 to 289A.382.

27.7 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
 27.8 after December 31, 2017, except that for partnerships that make an election under Code of  
 27.9 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively  
 27.10 and applies to the same tax periods to which the election relates.

27.11 Sec. 4. Minnesota Statutes 2020, section 289A.38, subdivision 7, is amended to read:

27.12 Subd. 7. **Federal tax changes.** (a) If the amount of income, items of tax preference,  
 27.13 deductions, or credits for any year of a taxpayer, or the wages paid by a taxpayer for any  
 27.14 period, as reported to the Internal Revenue Service is changed or corrected by the  
 27.15 commissioner of Internal Revenue or other officer of the United States or other competent  
 27.16 authority, or where a renegotiation of a contract or subcontract with the United States results  
 27.17 in a change in income, items of tax preference, deductions, credits, or withholding tax, or,  
 27.18 in the case of estate tax, where there are adjustments to the taxable estate, the taxpayer shall  
 27.19 report the ~~change or correction or renegotiation results~~ federal adjustments in writing to the  
 27.20 commissioner. The federal adjustments report must be submitted within 180 days after the  
 27.21 final determination date and must be in the form of either an amended Minnesota estate,  
 27.22 withholding tax, corporate franchise tax, or income tax return conceding the accuracy of  
 27.23 the federal ~~determination~~ adjustment or a letter detailing how the federal ~~determination~~  
 27.24 adjustment is incorrect or does not change the Minnesota tax. An amended Minnesota  
 27.25 income tax return must be accompanied by an amended property tax refund return, if  
 27.26 necessary. A taxpayer filing an amended federal tax return must also file a copy of the  
 27.27 amended return with the commissioner of revenue within 180 days after filing the amended  
 27.28 return.

27.29 (b) ~~For the purposes of paragraph (a), a change or correction includes any case where a~~  
 27.30 ~~taxpayer reaches a closing agreement or compromise with the Internal Revenue Service~~  
 27.31 ~~under section 7121 or 7122 of the Internal Revenue Code.~~ In the case of a final federal  
 27.32 adjustment arising from a partnership-level audit or an administrative adjustment request  
 27.33 filed by a partnership under section 6227 of the Internal Revenue Code, a taxpayer must  
 27.34 report adjustments as provided for under section 289A.382, and not this section.

28.1 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
28.2 after December 31, 2017, except that for partnerships that make an election under Code of  
28.3 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively  
28.4 and applies to the same tax periods to which the election relates.

28.5 Sec. 5. Minnesota Statutes 2020, section 289A.38, subdivision 8, is amended to read:

28.6 Subd. 8. **Failure to report change or correction of federal return.** If a taxpayer fails  
28.7 to make a federal adjustments report as required by subdivision 7 or section 289A.382, the  
28.8 commissioner may recompute the tax, including a refund, based on information available  
28.9 to the commissioner. The tax may be recomputed within six years after the federal  
28.10 adjustments report should have been filed, notwithstanding any period of limitations to the  
28.11 contrary.

28.12 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
28.13 after December 31, 2017, except that for partnerships that make an election under Code of  
28.14 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively  
28.15 and applies to the same tax periods to which the election relates.

28.16 Sec. 6. Minnesota Statutes 2020, section 289A.38, subdivision 9, is amended to read:

28.17 Subd. 9. **Report made of change or correction of federal return.** If a taxpayer is  
28.18 required to make a federal adjustments report under subdivision 7 or section 289A.382, and  
28.19 does report the change or files a copy of the amended return, the commissioner may  
28.20 recompute and reassess the tax due, including a refund (1) within one year after the federal  
28.21 adjustments report or amended return is filed with the commissioner, notwithstanding any  
28.22 period of limitations to the contrary, or (2) within any other applicable period stated in this  
28.23 section, whichever period is longer. The period provided for the carryback of any amount  
28.24 of loss or credit is also extended as provided in this subdivision, notwithstanding any law  
28.25 to the contrary. If the commissioner has completed a field audit of the taxpayer, and, but  
28.26 for this subdivision, the commissioner's time period to adjust the tax has expired, the  
28.27 additional tax due or refund is limited to only those changes that are required to be made  
28.28 to the return which relate to the changes made on the federal return. This subdivision does  
28.29 not apply to sales and use tax.

28.30 For purposes of this subdivision and section 289A.42, subdivision 2, a "field audit" is  
28.31 the physical presence of examiners in the taxpayer's or taxpayer's representative's office  
28.32 conducting an examination of the taxpayer with the intention of issuing an assessment or  
28.33 notice of change in tax or which results in the issuing of an assessment or notice of change

29.1 in tax. The examination may include inspecting a taxpayer's place of business, tangible  
29.2 personal property, equipment, computer systems and facilities, pertinent books, records,  
29.3 papers, vouchers, computer printouts, accounts, and documents.

29.4 A taxpayer may make estimated payments to the commissioner of the tax expected to  
29.5 result from a pending audit by the Internal Revenue Service. The taxpayer may make  
29.6 estimated payments prior to the due date of the federal adjustments report without the  
29.7 taxpayer having to file the report with the commissioner. The commissioner must credit the  
29.8 estimated tax payments against any tax liability of the taxpayer ultimately found to be due  
29.9 to the commissioner. The estimated payments limit the accrual of further statutory interest  
29.10 on that amount. If the estimated tax payments exceed the final tax liability plus statutory  
29.11 interest ultimately determined to be due, the taxpayer is entitled to a refund or credit for the  
29.12 excess, provided the taxpayer files a federal adjustments report, or claim for refund or credit  
29.13 of tax, no later than one year following the final determination date.

29.14 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
29.15 after December 31, 2017, except that for partnerships that make an election under Code of  
29.16 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively  
29.17 and applies to the same tax periods to which the election relates.

29.18 Sec. 7. Minnesota Statutes 2020, section 289A.38, subdivision 10, is amended to read:

29.19 Subd. 10. **Incorrect determination of federal adjusted gross income.** Notwithstanding  
29.20 any other provision of this chapter, if a taxpayer whose net income is determined under  
29.21 section 290.01, subdivision 19, omits from income an amount that will under the Internal  
29.22 Revenue Code extend the statute of limitations for the assessment of federal income taxes,  
29.23 or otherwise incorrectly determines the taxpayer's federal adjusted gross income resulting  
29.24 in adjustments by the Internal Revenue Service, then the period of assessment and  
29.25 determination of tax will be that under the Internal Revenue Code. When a change is made  
29.26 to federal income during the extended time provided under this subdivision, the provisions  
29.27 under subdivisions 7 to 9 and section 289A.382 regarding additional extensions apply.

29.28 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
29.29 after December 31, 2017, except that for partnerships that make an election under Code of  
29.30 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively  
29.31 and applies to the same tax periods to which the election relates.

30.1 Sec. 8. **[289A.381] DEFINITIONS; PARTNERSHIPS; FEDERAL ADJUSTMENTS.**

30.2 Subdivision 1. **Definitions relating to federal adjustments.** Unless otherwise specified,  
30.3 the definitions in this section apply for the purposes of sections 289A.38, subdivisions 7 to  
30.4 9, 289A.381, and 289A.382.

30.5 Subd. 2. **Administrative adjustment request.** "Administrative adjustment request"  
30.6 means an administrative adjustment request filed by a partnership under section 6227 of  
30.7 the Internal Revenue Code.

30.8 Subd. 3. **Audited partnership.** "Audited partnership" means a partnership subject to a  
30.9 federal adjustment resulting from a partnership-level audit.

30.10 Subd. 4. **Corporate partner.** "Corporate partner" means a partner that is subject to tax  
30.11 under section 290.02.

30.12 Subd. 5. **Direct partner.** "Direct partner" means a partner that holds an immediate legal  
30.13 ownership interest in a partnership or pass-through entity.

30.14 Subd. 6. **Exempt partner.** "Exempt partner" means a partner that is exempt from taxes  
30.15 on its net income under section 290.05, subdivision 1.

30.16 Subd. 7. **Federal adjustment.** "Federal adjustment" means any change in an amount  
30.17 calculated under the Internal Revenue Code, whether to income, gross estate, a credit, an  
30.18 item of preference, or any other item that is used by a taxpayer to compute a tax administered  
30.19 under this chapter for the reviewed year whether that change results from action by the  
30.20 Internal Revenue Service or other competent authority, including a partnership-level audit,  
30.21 or from the filing of an amended federal return, federal refund claim, or an administrative  
30.22 adjustment request by the taxpayer. A federal adjustment is positive to the extent that it  
30.23 increases taxable income as determined under section 290.01, subdivision 29, and is negative  
30.24 to the extent that it decreases taxable income as determined under section 290.01, subdivision  
30.25 29.

30.26 Subd. 8. **Federal adjustments report.** "Federal adjustments report" includes a method  
30.27 or form prescribed by the commissioner for use by a taxpayer to report federal adjustments,  
30.28 including an amended Minnesota tax return or a uniform multistate report.

30.29 Subd. 9. **Federal partnership representative.** "Federal partnership representative"  
30.30 means the person the partnership designates for the taxable year as the partnership's  
30.31 representative, or the person the Internal Revenue Service has appointed to act as the  
30.32 partnership representative, pursuant to section 6223(a) of the Internal Revenue Code.

30.33 Subd. 10. **Final determination date.** "Final determination date" means:

31.1 (1) for a federal adjustment arising from an audit by the Internal Revenue Service or  
 31.2 other competent authority, the first day on which no federal adjustment arising from that  
 31.3 audit remains to be finally determined, whether by agreement, or, if appealed or contested,  
 31.4 by a final decision with respect to which all rights of appeal have been waived or exhausted;

31.5 (2) for a federal adjustment arising from an audit or other action by the Internal Revenue  
 31.6 Service or other competent authority, if the taxpayer filed as a member of a combined report  
 31.7 under section 290.17, subdivision 4, the first day on which no related federal adjustments  
 31.8 arising from that audit remain to be finally determined as described in clause (1) for the  
 31.9 entire combined group;

31.10 (3) for a federal adjustment arising from the filing of an amended federal return, a federal  
 31.11 refund claim, or the filing by a partnership of an administrative adjustment request, the date  
 31.12 on which the amended return, refund claim, or administrative adjustment request was filed;  
 31.13 or

31.14 (4) for agreements required to be signed by the Internal Revenue Service and the taxpayer,  
 31.15 the date on which the last party signed the agreement.

31.16 Subd. 11. **Final federal adjustment.** "Final federal adjustment" means a federal  
 31.17 adjustment after the final determination date for that federal adjustment has passed.

31.18 Subd. 12. **Indirect partner.** "Indirect partner" means either:

31.19 (1) a partner in a partnership or pass-through entity that itself holds an immediate legal  
 31.20 ownership interest in another partnership or pass-through entity; or

31.21 (2) a partner in a partnership or pass-through entity that holds an indirect interest in  
 31.22 another partnership or pass-through entity through another indirect partner.

31.23 Subd. 13. **Partner.** "Partner" means a person that holds an interest directly or indirectly  
 31.24 in a partnership or other pass-through entity.

31.25 Subd. 14. **Partnership.** "Partnership" has the meaning provided under section 7701(a)(2)  
 31.26 of the Internal Revenue Code.

31.27 Subd. 15. **Partnership-level audit.** "Partnership-level audit" means an examination by  
 31.28 the Internal Revenue Service at the partnership level pursuant to subtitle F, chapter 63,  
 31.29 subchapter C, of the Internal Revenue Code, which results in federal adjustments and  
 31.30 adjustments to partnership-related items.

31.31 Subd. 16. **Pass-through entity.** "Pass-through entity" means an entity, other than a  
 31.32 partnership, that is not subject to the tax imposed under section 290.02. The term pass-through

32.1 entity includes but is not limited to S corporations, estates, and trusts other than grantor  
 32.2 trusts.

32.3 Subd. 17. **Resident partner.** "Resident partner" means an individual, trust, or estate  
 32.4 partner who is a resident of Minnesota under section 290.01, subdivision 7, 7a, or 7b, for  
 32.5 the relevant tax period.

32.6 Subd. 18. **Reviewed year.** "Reviewed year" means the taxable year of a partnership that  
 32.7 is subject to a partnership-level audit from which federal adjustments arise.

32.8 Subd. 19. **Tiered partner.** "Tiered partner" means any partner that is a partnership or  
 32.9 pass-through entity.

32.10 Subd. 20. **Unrelated business taxable income.** "Unrelated business taxable income"  
 32.11 has the meaning provided under section 512 of the Internal Revenue Code.

32.12 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
 32.13 after December 31, 2017, except that for partnerships that make an election under Code of  
 32.14 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively  
 32.15 and applies to the same tax periods to which the election relates.

32.16 **Sec. 9. [289A.382] REPORTING AND PAYMENT REQUIREMENTS.**

32.17 Subdivision 1. **State partnership representative.** (a) With respect to an action required  
 32.18 or permitted to be taken by a partnership under this section, or in a proceeding under section  
 32.19 270C.35 or 271.06, the state partnership representative for the reviewed year shall have the  
 32.20 sole authority to act on behalf of the partnership, and its direct partners and indirect partners  
 32.21 shall be bound by those actions.

32.22 (b) The state partnership representative for the reviewed year is the partnership's federal  
 32.23 partnership representative unless the partnership, in a form and manner prescribed by the  
 32.24 commissioner, designates another person as its state partnership representative.

32.25 Subd. 2. **Reporting and payment requirements for partnerships and tiered**  
 32.26 **partners.** (a) Except for when an audited partnership makes the election in subdivision 3,  
 32.27 and except for negative federal adjustments required under federal law taken into account  
 32.28 by the partnership in the partnership return for the adjustment or other year, all final federal  
 32.29 adjustments of an audited partnership must comply with paragraph (b) and each direct  
 32.30 partner of the audited partnership, other than a tiered partner, must comply with paragraph  
 32.31 (c).

32.32 (b) No later than 90 days after the final determination date, the audited partnership must:



33.1 (1) file a completed federal adjustments report, including all partner-level information  
33.2 required under section 289A.12, subdivision 3, with the commissioner;

33.3 (2) notify each of its direct partners of their distributive share of the final federal  
33.4 adjustments;

33.5 (3) file an amended composite report for all direct partners who were included in a  
33.6 composite return under section 289A.08, subdivision 7, in the reviewed year, and pay the  
33.7 additional amount that would have been due had the federal adjustments been reported  
33.8 properly as required; and

33.9 (4) file amended withholding reports for all direct partners who were or should have  
33.10 been subject to nonresident withholding under section 290.92, subdivision 4b, in the reviewed  
33.11 year, and pay the additional amount that would have been due had the federal adjustments  
33.12 been reported properly as required.

33.13 (c) No later than 180 days after the final determination date, each direct partner, other  
33.14 than a tiered partner, that is subject to a tax administered under this chapter, other than the  
33.15 sales tax, must:

33.16 (1) file a federal adjustments report reporting their distributive share of the adjustments  
33.17 reported to them under paragraph (b), clause (2); and

33.18 (2) pay any additional amount of tax due as if the final federal adjustment had been  
33.19 properly reported, plus any penalty and interest due under this chapter, and less any credit  
33.20 for related amounts paid or withheld and remitted on behalf of the direct partner under  
33.21 paragraph (b), clauses (3) and (4).

33.22 Subd. 3. **Election; partnership or tiered partners pay.** (a) An audited partnership may  
33.23 make an election under this subdivision to pay its assessment at the entity level. If an audited  
33.24 partnership makes an election to pay its assessment at the entity level it must:

33.25 (1) no later than 90 days after the final determination date:

33.26 (i) file a completed federal adjustments report, which includes the residency information  
33.27 for all individual, trust, and estate direct partners and information pertaining to all other  
33.28 direct partners as prescribed by the commissioner; and

33.29 (ii) notify the commissioner that it is making the election under this subdivision; and

33.30 (2) no later than 180 days after the final determination date, pay an amount, determined  
33.31 as follows, in lieu of taxes on partners:

34.1 (i) exclude from final federal adjustments the distributive share of these adjustments  
34.2 made to a direct exempt partner that is not unrelated business taxable income;

34.3 (ii) exclude from final federal adjustments the distributive share of these adjustments  
34.4 made to a direct partner that has filed a federal adjustments report and paid the applicable  
34.5 tax, as required under subdivision 2, for the distributive share of adjustments reported on a  
34.6 federal return under section 6225(c) of the Internal Revenue Code;

34.7 (iii) assign and apportion at the partnership level using sections 290.17 to 290.20 the  
34.8 total distributive share of the remaining final federal adjustments for the reviewed year  
34.9 attributed to direct corporate partners and direct exempt partners; multiply the total by the  
34.10 highest tax rate in section 290.06, subdivision 1, for the reviewed year; and calculate interest  
34.11 and penalties as applicable under this chapter;

34.12 (iv) allocate at the partnership level using section 290.17, subdivision 1, the total  
34.13 distributive share of all final federal adjustments attributable to individual resident direct  
34.14 partners for the reviewed year; multiply the total by the highest tax rate in section 290.06,  
34.15 subdivision 2c, for the reviewed year; and calculate interest and penalties as applicable  
34.16 under this chapter;

34.17 (v) assign and apportion at the partnership level using sections 290.17 to 290.20 the total  
34.18 distributive share of the remaining final federal adjustments attributable to nonresident  
34.19 individual direct partners and direct partners who are an estate or a trust for the reviewed  
34.20 year; multiply the total by the highest tax rate in section 290.06, subdivision 2c, for the  
34.21 reviewed year; and calculate interest and penalties as applicable under this chapter;

34.22 (vi) for the total distributive share of the remaining final federal adjustments reported  
34.23 to tiered partners:

34.24 (A) determine the amount of the adjustments that would be assigned using section 290.17,  
34.25 subdivision 2, paragraphs (a) to (d), excluding income or gains from intangible personal  
34.26 property not employed in the business of the recipient of the income or gains if the recipient  
34.27 of the income or gains is a resident of this state or is a resident trust or estate under section  
34.28 290.17, subdivision 2, paragraph (c), or apportioned using sections 290.17, subdivision 3,  
34.29 290.191, and 290.20; and then determine the portion of the amount that would be allocated  
34.30 to this state;

34.31 (B) determine the amount of the adjustments that are fully sourced to the taxpayer's state  
34.32 of residency under section 290.17, subdivision 2, paragraph (e), and income or gains from  
34.33 intangible personal property not employed in the business of the recipient of the income or

35.1 gains if the recipient of the income or gains is a resident of this state or is a resident trust  
35.2 or estate under section 290.17, subdivision 2, paragraph (c);

35.3 (C) determine the portion of the amount determined in subitem (B) that can be established  
35.4 to be properly allocable to nonresident indirect partners or other partners not subject to tax  
35.5 on the adjustments; and

35.6 (D) multiply the total of the amounts determined in subitems (A) and (B) reduced by  
35.7 the amount determined in subitem (C) by the highest tax rate in section 290.06, subdivision  
35.8 2c, for the reviewed year, and calculate interest and penalties as applicable under this chapter;  
35.9 and

35.10 (vii) add the amounts determined in items (iii) to (vi), and pay all applicable taxes,  
35.11 penalties, and interest to the commissioner.

35.12 (b) An audited partnership may not make an election under this subdivision to report:

35.13 (1) a federal adjustment that results in unitary business income to a corporate partner  
35.14 required to file as a member of a combined report under section 290.17, subdivision 4; or

35.15 (2) any final federal adjustments resulting from an administrative adjustment request.

35.16 (c) An audited partnership not otherwise subject to any reporting or payment obligation  
35.17 to this state may not make an election under this subdivision.

35.18 Subd. 4. **Tiered partners and indirect partners.** The direct and indirect partners of an  
35.19 audited partnership that are tiered partners, and all the partners of the tiered partners, that  
35.20 are subject to tax under chapter 290 are subject to the reporting and payment requirements  
35.21 contained in subdivision 2, and the tiered partners are entitled to make the elections provided  
35.22 in subdivision 3. The tiered partners or their partners shall make required reports and  
35.23 payments no later than 90 days after the time for filing and furnishing of statements to tiered  
35.24 partners and their partners as established under section 6226 of the Internal Revenue Code.

35.25 Subd. 5. **Effects of election by partnership or tiered partner and payment of amount**  
35.26 **due.** (a) Unless the commissioner determines otherwise, an election under subdivision 3 is  
35.27 irrevocable.

35.28 (b) If an audited partnership or tiered partner properly reports and pays an amount  
35.29 determined in subdivision 3, the amount must be treated as paid in lieu of taxes owed by  
35.30 the partnership's direct partners and indirect partners, to the extent applicable, on the same  
35.31 final federal adjustments. The direct partners or indirect partners of the partnership who are  
35.32 not resident partners may not take any deduction or credit for this amount or claim a refund  
35.33 of the amount in this state.

36.1 (c) Nothing in this subdivision precludes resident direct partners from claiming a credit  
 36.2 against taxes paid under section 290.06 on any amounts paid by the audited partnership or  
 36.3 tiered partners on the resident partner's behalf to another state or local tax jurisdiction.

36.4 Subd. 6. **Failure of partnership or tiered partner to report or pay.** Nothing in this  
 36.5 section prevents the commissioner from assessing direct partners or indirect partners for  
 36.6 taxes they owe, using the best information available, in the event that, for any reason, a  
 36.7 partnership or tiered partner fails to timely make any report or payment required by this  
 36.8 section.

36.9 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
 36.10 after December 31, 2017, except that for partnerships that make an election under Code of  
 36.11 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively  
 36.12 and applies to the same tax periods to which the election relates.

36.13 Sec. 10. Minnesota Statutes 2020, section 289A.42, is amended to read:

36.14 **289A.42 CONSENT TO EXTEND STATUTE.**

36.15 Subdivision 1. **Extension agreement.** If before the expiration of time prescribed in  
 36.16 sections 289A.38 to 289A.382 and 289A.40 for the assessment of tax or the filing of a claim  
 36.17 for refund, both the commissioner and the taxpayer have consented in writing to the  
 36.18 assessment or filing of a claim for refund after that time, the tax may be assessed or the  
 36.19 claim for refund filed at any time before the expiration of the agreed-upon period. The  
 36.20 period may be extended by later agreements in writing before the expiration of the period  
 36.21 previously agreed upon. The taxpayer and the commissioner may also agree to extend the  
 36.22 period for collection of the tax.

36.23 Subd. 2. **Federal extensions.** When a taxpayer consents to an extension of time for the  
 36.24 assessment of federal withholding or income taxes, the period in which the commissioner  
 36.25 may recompute the tax is also extended, notwithstanding any period of limitations to the  
 36.26 contrary, as follows:

36.27 (1) for the periods provided in ~~section~~ sections 289A.38, subdivisions 8 and 9, and  
 36.28 289A.382, subdivisions 2 and 3;

36.29 (2) for six months following the expiration of the extended federal period of limitations  
 36.30 when no change is made by the federal authority. If no change is made by the federal  
 36.31 authority, and, but for this subdivision, the commissioner's time period to adjust the tax has  
 36.32 expired, and if the commissioner has completed a field audit of the taxpayer, no additional

37.1 changes resulting in additional tax due or a refund may be made. For purposes of this  
 37.2 subdivision, "field audit" has the meaning given ~~it~~ in section 289A.38, subdivision 9.

37.3 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
 37.4 after December 31, 2017, except that for partnerships that make an election under Code of  
 37.5 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively  
 37.6 and applies to the same tax periods to which the election relates.

37.7 Sec. 11. Minnesota Statutes 2020, section 289A.60, subdivision 24, is amended to read:

37.8 Subd. 24. **Penalty for failure to notify of federal change.** If a person fails to report to  
 37.9 the commissioner a change or correction of the person's federal return in the manner and  
 37.10 time prescribed in ~~section~~ sections 289A.38, subdivision 7, and 289A.382, there must be  
 37.11 added to the tax an amount equal to ten percent of the amount of any underpayment of  
 37.12 Minnesota tax attributable to the federal change.

37.13 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
 37.14 after December 31, 2017, except that for partnerships that make an election under Code of  
 37.15 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively  
 37.16 and applies to the same tax periods to which the election relates.

37.17 Sec. 12. Minnesota Statutes 2020, section 290.31, subdivision 1, is amended to read:

37.18 Subdivision 1. **Partners, not partnership, subject to tax.** Except as provided under  
 37.19 ~~section~~ sections 289A.35, paragraph (b), and 289A.382, subdivision 3, a partnership as such  
 37.20 shall not be subject to the income tax imposed by this chapter, but is subject to the tax  
 37.21 imposed under section 290.0922. Persons carrying on business as partners shall be liable  
 37.22 for income tax only in their separate or individual capacities.

37.23 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
 37.24 after December 31, 2017, except that for partnerships that make an election under Code of  
 37.25 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively  
 37.26 and applies to the same tax periods to which the election relates.

37.27 Sec. 13. Minnesota Statutes 2020, section 297F.17, subdivision 6, is amended to read:

37.28 Subd. 6. **Time limit for bad debt refund.** Claims for refund must be filed with the  
 37.29 commissioner during the one-year period beginning with the timely filing of the taxpayer's  
 37.30 federal income tax return containing the bad debt deduction that is being claimed. Claimants  
 37.31 under this subdivision are subject to the notice requirements of ~~section~~ sections 289A.38,  
 37.32 subdivision 7, and 289A.382.

38.1 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
 38.2 after December 31, 2017, except that for partnerships that make an election under Code of  
 38.3 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively  
 38.4 and applies to the same tax periods to which the election relates.

38.5 Sec. 14. Minnesota Statutes 2020, section 297G.16, subdivision 7, is amended to read:

38.6 Subd. 7. **Time limit for a bad debt deduction.** Claims for refund must be filed with  
 38.7 the commissioner within one year of the filing of the taxpayer's income tax return containing  
 38.8 the bad debt deduction that is being claimed. Claimants under this subdivision are subject  
 38.9 to the notice requirements of ~~section 289A.38, subdivision 7~~ sections 289A.38 to 289A.382.

38.10 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
 38.11 after December 31, 2017, except that for partnerships that make an election under Code of  
 38.12 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively  
 38.13 and applies to the same tax periods to which the election relates.

38.14 Sec. 15. Minnesota Statutes 2020, section 469.319, subdivision 4, is amended to read:

38.15 Subd. 4. **Repayment procedures.** (a) For the repayment of taxes imposed under chapter  
 38.16 290 or 297A or local taxes collected pursuant to section 297A.99, a business must file an  
 38.17 amended return with the commissioner of revenue and pay any taxes required to be repaid  
 38.18 within 30 days after becoming subject to repayment under this section. The amount required  
 38.19 to be repaid is determined by calculating the tax for the period or periods for which repayment  
 38.20 is required without regard to the exemptions and credits allowed under section 469.315.

38.21 (b) For the repayment of taxes imposed under chapter 297B, a business must pay any  
 38.22 taxes required to be repaid to the motor vehicle registrar, as agent for the commissioner of  
 38.23 revenue, within 30 days after becoming subject to repayment under this section.

38.24 (c) For the repayment of property taxes, the county auditor shall prepare a tax statement  
 38.25 for the business, applying the applicable tax extension rates for each payable year and  
 38.26 provide a copy to the business and to the taxpayer of record. The business must pay the  
 38.27 taxes to the county treasurer within 30 days after receipt of the tax statement. The business  
 38.28 or the taxpayer of record may appeal the valuation and determination of the property tax to  
 38.29 the Tax Court within 30 days after receipt of the tax statement.

38.30 (d) The provisions of chapters 270C and 289A relating to the commissioner's authority  
 38.31 to audit, assess, and collect the tax and to hear appeals are applicable to the repayment  
 38.32 required under paragraphs (a) and (b). The commissioner may impose civil penalties as

39.1 provided in chapter 289A, and the additional tax and penalties are subject to interest at the  
39.2 rate provided in section 270C.40. The additional tax shall bear interest from 30 days after  
39.3 becoming subject to repayment under this section until the date the tax is paid. Any penalty  
39.4 imposed pursuant to this section shall bear interest from the date provided in section 270C.40,  
39.5 subdivision 3, to the date of payment of the penalty.

39.6 (e) If a property tax is not repaid under paragraph (c), the county treasurer shall add the  
39.7 amount required to be repaid to the property taxes assessed against the property for payment  
39.8 in the year following the year in which the auditor provided the statement under paragraph  
39.9 (c).

39.10 (f) For determining the tax required to be repaid, a reduction of a state or local sales or  
39.11 use tax is deemed to have been received on the date that the good or service was purchased  
39.12 or first put to a taxable use. In the case of an income tax or franchise tax, including the credit  
39.13 payable under section 469.318, a reduction of tax is deemed to have been received for the  
39.14 two most recent tax years that have ended prior to the date that the business became subject  
39.15 to repayment under this section. In the case of a property tax, a reduction of tax is deemed  
39.16 to have been received for the taxes payable in the year that the business became subject to  
39.17 repayment under this section and for the taxes payable in the prior year.

39.18 (g) The commissioner may assess the repayment of taxes under paragraph (d) any time  
39.19 within two years after the business becomes subject to repayment under subdivision 1, or  
39.20 within any period of limitations for the assessment of tax under ~~section~~ sections 289A.38  
39.21 to 289A.382, whichever period is later. The county auditor may send the statement under  
39.22 paragraph (c) any time within three years after the business becomes subject to repayment  
39.23 under subdivision 1.

39.24 (h) A business is not entitled to any income tax or franchise tax benefits, including  
39.25 refundable credits, for any part of the year in which the business becomes subject to  
39.26 repayment under this section nor for any year thereafter. Property is not exempt from tax  
39.27 under section 272.02, subdivision 64, for any taxes payable in the year following the year  
39.28 in which the property became subject to repayment under this section nor for any year  
39.29 thereafter. A business is not eligible for any sales tax benefits beginning with goods or  
39.30 services purchased or first put to a taxable use on the day that the business becomes subject  
39.31 to repayment under this section.

39.32 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
39.33 after December 31, 2017, except that for partnerships that make an election under Code of

40.1 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively  
40.2 and applies to the same tax periods to which the election relates.

### 40.3 ARTICLE 3

#### 40.4 PASS-THROUGH ENTITY TAX

40.5 Section 1. Minnesota Statutes 2020, section 289A.08, subdivision 7, is amended to read:

40.6 Subd. 7. **Composite income tax returns for nonresident partners, shareholders, and**  
40.7 **beneficiaries.** (a) The commissioner may allow a partnership with nonresident partners to  
40.8 file a composite return and to pay the tax on behalf of nonresident partners who have no  
40.9 other Minnesota source income. This composite return must include the names, addresses,  
40.10 Social Security numbers, income allocation, and tax liability for the nonresident partners  
40.11 electing to be covered by the composite return.

40.12 (b) The computation of a partner's tax liability must be determined by multiplying the  
40.13 income allocated to that partner by the highest rate used to determine the tax liability for  
40.14 individuals under section 290.06, subdivision 2c. Nonbusiness deductions, standard  
40.15 deductions, or personal exemptions are not allowed.

40.16 (c) The partnership must submit a request to use this composite return filing method for  
40.17 nonresident partners. The requesting partnership must file a composite return in the form  
40.18 prescribed by the commissioner of revenue. The filing of a composite return is considered  
40.19 a request to use the composite return filing method.

40.20 (d) The electing partner must not have any Minnesota source income other than the  
40.21 income from the partnership ~~and~~, other electing partnerships, and other qualifying entities  
40.22 electing to file and pay the pass-through entity tax under subdivision 7a. If it is determined  
40.23 that the electing partner has other Minnesota source income, the inclusion of the income  
40.24 and tax liability for that partner under this provision will not constitute a return to satisfy  
40.25 the requirements of subdivision 1. The tax paid for the individual as part of the composite  
40.26 return is allowed as a payment of the tax by the individual on the date on which the composite  
40.27 return payment was made. If the electing nonresident partner has no other Minnesota source  
40.28 income, filing of the composite return is a return for purposes of subdivision 1.

40.29 (e) This subdivision does not negate the requirement that an individual pay estimated  
40.30 tax if the individual's liability would exceed the requirements set forth in section 289A.25.  
40.31 The individual's liability to pay estimated tax is, however, satisfied when the partnership  
40.32 pays composite estimated tax in the manner prescribed in section 289A.25.



41.1 (f) If an electing partner's share of the partnership's gross income from Minnesota sources  
 41.2 is less than the filing requirements for a nonresident under this subdivision, the tax liability  
 41.3 is zero. However, a statement showing the partner's share of gross income must be included  
 41.4 as part of the composite return.

41.5 (g) The election provided in this subdivision is only available to a partner who has no  
 41.6 other Minnesota source income and who is either (1) a full-year nonresident individual or  
 41.7 (2) a trust or estate that does not claim a deduction under either section 651 or 661 of the  
 41.8 Internal Revenue Code.

41.9 (h) A corporation defined in section 290.9725 and its nonresident shareholders may  
 41.10 make an election under this paragraph. The provisions covering the partnership apply to  
 41.11 the corporation and the provisions applying to the partner apply to the shareholder.

41.12 (i) Estates and trusts distributing current income only and the nonresident individual  
 41.13 beneficiaries of the estates or trusts may make an election under this paragraph. The  
 41.14 provisions covering the partnership apply to the estate or trust. The provisions applying to  
 41.15 the partner apply to the beneficiary.

41.16 (j) For the purposes of this subdivision, "income" means the partner's share of federal  
 41.17 adjusted gross income from the partnership modified by the additions provided in section  
 41.18 290.0131, subdivisions 8 to 10 and 16, and the subtractions provided in: (1) section 290.0132,  
 41.19 subdivision 9, to the extent the amount is assignable or allocable to Minnesota under section  
 41.20 290.17; and (2) section 290.0132, subdivision 14. The subtraction allowed under section  
 41.21 290.0132, subdivision 9, is only allowed on the composite tax computation to the extent  
 41.22 the electing partner would have been allowed the subtraction.

41.23 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 41.24 31, 2020.

41.25 Sec. 2. Minnesota Statutes 2020, section 289A.08, is amended by adding a subdivision to  
 41.26 read:

41.27 **Subd. 7a. Pass-through entity tax.** (a) For the purposes of this subdivision, the following  
 41.28 terms have the meanings given:

41.29 (1) "income" has the meaning given in subdivision 7, paragraph (j), modified by the  
 41.30 addition provided in section 290.0131, subdivision 5, and the subtraction provided in section  
 41.31 290.0132, subdivision 3, except that the provisions that apply to a partnership apply to a  
 41.32 qualifying entity and the provisions that apply to a partner apply to a qualifying owner. The  
 41.33 income of both a resident and nonresident qualifying owner is allocated and assigned to

42.1 this state as provided for nonresident partners and shareholders under sections 290.17,  
42.2 290.191, and 290.20;

42.3 (2) "qualifying entity" means a partnership, limited liability company, or S corporation  
42.4 including a qualified subchapter S subsidiary organized under section 1361(b)(3)(B) of the  
42.5 Internal Revenue Code. Qualifying entity does not include a partnership, limited liability  
42.6 company, or corporation that has a partnership, limited liability company other than a  
42.7 disregarded entity, or corporation as a partner, member, or shareholder; and

42.8 (3) "qualifying owner" means:

42.9 (i) a resident or nonresident individual or estate that is a partner, member, or shareholder  
42.10 of a qualifying entity; or

42.11 (ii) a resident or nonresident trust that is a shareholder of a qualifying entity that is an  
42.12 S corporation.

42.13 (b) For taxable years beginning after December 31, 2020, in which the taxes of a  
42.14 qualifying owner are limited under section 164(b)(6)(B) of the Internal Revenue Code, a  
42.15 qualifying entity may elect to file a return and pay the pass-through entity tax imposed under  
42.16 paragraph (c). The election:

42.17 (1) must be made on or before the due date or extended due date of the qualifying entity's  
42.18 pass-through entity tax return;

42.19 (2) may only be made by qualifying owners who collectively hold more than a 50 percent  
42.20 ownership interest in the qualifying entity;

42.21 (3) is binding on all qualifying owners who have an ownership interest in the qualifying  
42.22 entity; and

42.23 (4) once made is irrevocable for the taxable year.

42.24 (c) Subject to the election in paragraph (b), a pass-through entity tax is imposed on a  
42.25 qualifying entity in an amount equal to the sum of the tax liability of each qualifying owner.

42.26 (d) The amount of a qualifying owner's tax liability under paragraph (c) is the amount  
42.27 of the qualifying owner's income multiplied by the highest tax rate for individuals under  
42.28 section 290.06, subdivision 2c. When making this determination:

42.29 (1) nonbusiness deductions, standard deductions, or personal exemptions are not allowed;  
42.30 and

42.31 (2) a credit or deduction is allowed only to the extent allowed to the qualifying owner.

43.1 (e) The amount of each credit and deduction used to determine a qualifying owner's tax  
43.2 liability under paragraph (d) must also be used to determine that qualifying owner's income  
43.3 tax liability under chapter 290.

43.4 (f) This subdivision does not negate the requirement that a qualifying owner pay estimated  
43.5 tax if the qualifying owner's tax liability would exceed the requirements set forth in section  
43.6 289A.25. The qualifying owner's liability to pay estimated tax on the qualifying owner's  
43.7 tax liability as determined under paragraph (d) is, however, satisfied when the qualifying  
43.8 entity pays estimated tax in the manner prescribed in section 289A.25 for composite estimated  
43.9 tax.

43.10 (g) A qualifying owner's adjusted basis in the interest in the qualifying entity, and the  
43.11 treatment of distributions, is determined as if the election to pay the pass-through entity tax  
43.12 under paragraph (b) is not made.

43.13 (h) To the extent not inconsistent with this subdivision, for purposes of this chapter, a  
43.14 pass-through entity tax return must be treated as a composite return and a qualifying entity  
43.15 filing a pass-through entity tax return must be treated as a partnership filing a composite  
43.16 return.

43.17 (i) The provisions of subdivision 17 apply to the election to pay the pass-through entity  
43.18 tax under this subdivision.

43.19 (j) If a nonresident qualifying owner of a qualifying entity making the election to file  
43.20 and pay the tax under this subdivision has no other Minnesota source income, filing of the  
43.21 pass-through entity tax return is a return for purposes of subdivision 1, provided that the  
43.22 nonresident qualifying owner must not have any Minnesota source income other than the  
43.23 income from the qualifying entity, other electing qualifying entities, and other partnerships  
43.24 electing to file a composite return under subdivision 7. If it is determined that the nonresident  
43.25 qualifying owner has other Minnesota source income, the inclusion of the income and tax  
43.26 liability for that owner under this provision will not constitute a return to satisfy the  
43.27 requirements of subdivision 1. The tax paid for the qualifying owner as part of the  
43.28 pass-through entity tax return is allowed as a payment of the tax by the qualifying owner  
43.29 on the date on which the pass-through entity tax return payment was made.

43.30 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
43.31 31, 2020.

44.1 Sec. 3. Minnesota Statutes 2020, section 289A.60, is amended by adding a subdivision to  
44.2 read:

44.3 Subd. 22a. Pass-through entity tax. For the purposes of the penalties imposed by  
44.4 subdivisions 1 and 2, the payment of a pass-through entity tax or filing of a pass-through  
44.5 entity tax return pursuant to section 289A.08, subdivision 7a, is considered the payment  
44.6 and filing of a corporate tax.

44.7 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
44.8 31, 2020.

44.9 Sec. 4. Minnesota Statutes 2020, section 290.06, subdivision 2c, is amended to read:

44.10 Subd. 2c. **Schedules of rates for individuals, estates, and trusts.** (a) The income taxes  
44.11 imposed by this chapter upon married individuals filing joint returns and surviving spouses  
44.12 as defined in section 2(a) of the Internal Revenue Code must be computed by applying to  
44.13 their taxable net income the following schedule of rates:

44.14 (1) On the first \$38,770, 5.35 percent;

44.15 (2) On all over \$38,770, but not over \$154,020, 6.8 percent;

44.16 (3) On all over \$154,020, but not over \$269,010, 7.85 percent;

44.17 (4) On all over \$269,010, 9.85 percent.

44.18 Married individuals filing separate returns, estates, and trusts must compute their income  
44.19 tax by applying the above rates to their taxable income, except that the income brackets  
44.20 will be one-half of the above amounts after the adjustment required in subdivision 2d.

44.21 (b) The income taxes imposed by this chapter upon unmarried individuals must be  
44.22 computed by applying to taxable net income the following schedule of rates:

44.23 (1) On the first \$26,520, 5.35 percent;

44.24 (2) On all over \$26,520, but not over \$87,110, 6.8 percent;

44.25 (3) On all over \$87,110, but not over \$161,720, 7.85 percent;

44.26 (4) On all over \$161,720, 9.85 percent.

44.27 (c) The income taxes imposed by this chapter upon unmarried individuals qualifying as  
44.28 a head of household as defined in section 2(b) of the Internal Revenue Code must be  
44.29 computed by applying to taxable net income the following schedule of rates:

44.30 (1) On the first \$32,650, 5.35 percent;

45.1 (2) On all over \$32,650, but not over \$131,190, 6.8 percent;

45.2 (3) On all over \$131,190, but not over \$214,980, 7.85 percent;

45.3 (4) On all over \$214,980, 9.85 percent.

45.4 (d) In lieu of a tax computed according to the rates set forth in this subdivision, the tax  
45.5 of any individual taxpayer whose taxable net income for the taxable year is less than an  
45.6 amount determined by the commissioner must be computed in accordance with tables  
45.7 prepared and issued by the commissioner of revenue based on income brackets of not more  
45.8 than \$100. The amount of tax for each bracket shall be computed at the rates set forth in  
45.9 this subdivision, provided that the commissioner may disregard a fractional part of a dollar  
45.10 unless it amounts to 50 cents or more, in which case it may be increased to \$1.

45.11 (e) An individual who is not a Minnesota resident for the entire year must compute the  
45.12 individual's Minnesota income tax as provided in this subdivision. After the application of  
45.13 the nonrefundable credits provided in this chapter, the tax liability must then be multiplied  
45.14 by a fraction in which:

45.15 (1) the numerator is the individual's Minnesota source federal adjusted gross income as  
45.16 defined in section 62 of the Internal Revenue Code and increased by:

45.17 (i) the additions required under sections 290.0131, subdivisions 2, 6, 8 to 10, 16, and  
45.18 17, and 290.0137, paragraph (a); and reduced by

45.19 (ii) the Minnesota assignable portion of the subtraction for United States government  
45.20 interest under section 290.0132, subdivision 2, the subtractions under sections 290.0132,  
45.21 subdivisions 9, 10, 14, 15, 17, 18, and 27, and 290.0137, paragraph (c), after applying the  
45.22 allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

45.23 (2) the denominator is the individual's federal adjusted gross income as defined in section  
45.24 62 of the Internal Revenue Code, increased by:

45.25 (i) the additions required under sections 290.0131, subdivisions 2, 6, 8 to 10, 16, and  
45.26 17, and 290.0137, paragraph (a); and reduced by

45.27 (ii) the subtractions under sections 290.0132, subdivisions 2, 9, 10, 14, 15, 17, 18, and  
45.28 27, and 290.0137, paragraph (c).

45.29 (f) If an individual who is not a Minnesota resident for the entire year is a qualifying  
45.30 owner of a qualifying entity that elects to pay tax as provided in section 289A.08, subdivision  
45.31 7a, paragraph (b), they must compute the individual's Minnesota income tax as provided in  
45.32 paragraph (e), and also must include, to the extent attributed to the electing qualifying entity:

46.1 (1) in paragraph (e), clause (1), item (i), and paragraph (e), clause (2), item (i), the  
46.2 addition under section 290.0131, subdivision 5; and

46.3 (2) in paragraph (e), clause (1), item (ii), and paragraph (e), clause (2), item (ii), the  
46.4 subtraction under section 290.0132, subdivision 3.

46.5 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
46.6 31, 2020.

46.7 Sec. 5. Minnesota Statutes 2020, section 290.06, subdivision 22, is amended to read:

46.8 Subd. 22. **Credit for taxes paid to another state.** (a) A taxpayer who is liable for taxes  
46.9 based on net income to another state, as provided in paragraphs (b) through (f), upon income  
46.10 allocated or apportioned to Minnesota, is entitled to a credit for the tax paid to another state  
46.11 if the tax is actually paid in the taxable year or a subsequent taxable year. A taxpayer who  
46.12 is a resident of this state pursuant to section 290.01, subdivision 7, paragraph (b), and who  
46.13 is subject to income tax as a resident in the state of the individual's domicile is not allowed  
46.14 this credit unless the state of domicile does not allow a similar credit.

46.15 (b) For an individual, estate, or trust, the credit is determined by multiplying the tax  
46.16 payable under this chapter by the ratio derived by dividing the income subject to tax in the  
46.17 other state that is also subject to tax in Minnesota while a resident of Minnesota by the  
46.18 taxpayer's federal adjusted gross income, as defined in section 62 of the Internal Revenue  
46.19 Code, modified by the addition required by section 290.0131, subdivision 2, and the  
46.20 subtraction allowed by section 290.0132, subdivision 2, to the extent the income is allocated  
46.21 or assigned to Minnesota under sections 290.081 and 290.17.

46.22 (c) If the taxpayer is an athletic team that apportions all of its income under section  
46.23 290.17, subdivision 5, the credit is determined by multiplying the tax payable under this  
46.24 chapter by the ratio derived from dividing the total net income subject to tax in the other  
46.25 state by the taxpayer's Minnesota taxable income.

46.26 (d)(1) The credit determined under paragraph (b) or (c) shall not exceed the amount of  
46.27 tax so paid to the other state on the gross income earned within the other state subject to  
46.28 tax under this chapter; and

46.29 (2) the allowance of the credit does not reduce the taxes paid under this chapter to an  
46.30 amount less than what would be assessed if the gross income earned within the other state  
46.31 were excluded from taxable net income.

46.32 (e) In the case of the tax assessed on a lump-sum distribution under section 290.032, the  
46.33 credit allowed under paragraph (a) is the tax assessed by the other state on the lump-sum

47.1 distribution that is also subject to tax under section 290.032, and shall not exceed the tax  
47.2 assessed under section 290.032. To the extent the total lump-sum distribution defined in  
47.3 section 290.032, subdivision 1, includes lump-sum distributions received in prior years or  
47.4 is all or in part an annuity contract, the reduction to the tax on the lump-sum distribution  
47.5 allowed under section 290.032, subdivision 2, includes tax paid to another state that is  
47.6 properly apportioned to that distribution.

47.7 (f) If a Minnesota resident reported an item of income to Minnesota and is assessed tax  
47.8 in such other state on that same income after the Minnesota statute of limitations has expired,  
47.9 the taxpayer shall receive a credit for that year under paragraph (a), notwithstanding any  
47.10 statute of limitations to the contrary. The claim for the credit must be submitted within one  
47.11 year from the date the taxes were paid to the other state. The taxpayer must submit sufficient  
47.12 proof to show entitlement to a credit.

47.13 (g) For the purposes of this subdivision, a resident shareholder of a corporation treated  
47.14 as an "S" corporation under section 290.9725, must be considered to have paid a tax imposed  
47.15 on the shareholder in an amount equal to the shareholder's pro rata share of any net income  
47.16 tax paid by the S corporation to another state. For the purposes of the preceding sentence,  
47.17 the term "net income tax" means any tax imposed on or measured by a corporation's net  
47.18 income.

47.19 (h) For the purposes of this subdivision, a resident partner of an entity taxed as a  
47.20 partnership under the Internal Revenue Code must be considered to have paid a tax imposed  
47.21 on the partner in an amount equal to the partner's pro rata share of any net income tax paid  
47.22 by the partnership to another state. For purposes of the preceding sentence, the term "net  
47.23 income" tax means any tax imposed on or measured by a partnership's net income. For  
47.24 purposes of this paragraph, "partnership" includes a limited liability company and "partner"  
47.25 includes a member of a limited liability company.

47.26 (i) For the purposes of this subdivision, "another state":

47.27 (1) includes:

47.28 (i) the District of Columbia; and

47.29 (ii) a province or territory of Canada; but

47.30 (2) excludes Puerto Rico and the several territories organized by Congress.

47.31 (j) The limitations on the credit in paragraphs (b), (c), and (d), are imposed on a state  
47.32 by state basis.

48.1 (k) For a tax imposed by a province or territory of Canada, the tax for purposes of this  
48.2 subdivision is the excess of the tax over the amount of the foreign tax credit allowed under  
48.3 section 27 of the Internal Revenue Code. In determining the amount of the foreign tax credit  
48.4 allowed, the net income taxes imposed by Canada on the income are deducted first. Any  
48.5 remaining amount of the allowable foreign tax credit reduces the provincial or territorial  
48.6 tax that qualifies for the credit under this subdivision.

48.7 (l)(1) The credit allowed to a qualifying individual under this section for tax paid to a  
48.8 qualifying state equals the credit calculated under paragraphs (b) and (d), plus the amount  
48.9 calculated by multiplying:

48.10 (i) the difference between the preliminary credit and the credit calculated under paragraphs  
48.11 (b) and (d), by

48.12 (ii) the ratio derived by dividing the income subject to tax in the qualifying state that  
48.13 consists of compensation for performance of personal or professional services by the total  
48.14 amount of income subject to tax in the qualifying state.

48.15 (2) If the amount of the credit that a qualifying individual is eligible to receive under  
48.16 clause (1) for tax paid to a qualifying state exceeds the tax due under this chapter before  
48.17 the application of the credit calculated under clause (1), the commissioner shall refund the  
48.18 excess to the qualifying individual. An amount sufficient to pay the refunds required by this  
48.19 subdivision is appropriated to the commissioner from the general fund.

48.20 (3) For purposes of this paragraph, "preliminary credit" means the credit that a qualifying  
48.21 individual is eligible to receive under paragraphs (b) and (d) for tax paid to a qualifying  
48.22 state without regard to the limitation in paragraph (d), clause (2); "qualifying individual"  
48.23 means a Minnesota resident under section 290.01, subdivision 7, paragraph (a), who received  
48.24 compensation during the taxable year for the performance of personal or professional services  
48.25 within a qualifying state; and "qualifying state" means a state with which an agreement  
48.26 under section 290.081 is not in effect for the taxable year but was in effect for a taxable  
48.27 year beginning before January 1, 2010.

48.28 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
48.29 31, 2020.

48.30 Sec. 6. Minnesota Statutes 2020, section 290.06, is amended by adding a subdivision to  
48.31 read:

48.32 **Subd. 40. Pass-through entity tax credit.** (a) A qualifying owner of a qualifying entity  
48.33 that elects to pay the pass-through entity tax under section 289A.08, subdivision 7a, may



49.1 claim a credit against the tax due under this chapter equal to the amount of the owner's tax  
49.2 liability as calculated under section 289A.08, subdivision 7a, paragraph (d).

49.3 (b) If the amount of the credit the taxpayer may claim under this subdivision exceeds  
49.4 the taxpayer's tax liability under this chapter, the commissioner of revenue shall refund the  
49.5 excess to the taxpayer. The amount necessary to pay the claim for the refund provided in  
49.6 this subdivision is appropriated from the general fund to the commissioner of revenue.

49.7 (c) For purposes of this subdivision, "qualifying entity," "qualifying owner," and "tax  
49.8 liability" have the meanings given in section 289A.08, subdivision 7a, paragraphs (a) and  
49.9 (d).

49.10 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
49.11 31, 2020.

49.12 Sec. 7. Minnesota Statutes 2020, section 290.92, subdivision 4b, is amended to read:

49.13 Subd. 4b. **Withholding by partnerships.** (a) A partnership shall deduct and withhold  
49.14 a tax as provided in paragraph (b) for nonresident individual partners based on their  
49.15 distributive shares of partnership income for a taxable year of the partnership.

49.16 (b) The amount of tax withheld is determined by multiplying the partner's distributive  
49.17 share allocable to Minnesota under section 290.17, paid or credited during the taxable year  
49.18 by the highest rate used to determine the income tax liability for an individual under section  
49.19 290.06, subdivision 2c, except that the amount of tax withheld may be determined by the  
49.20 commissioner if the partner submits a withholding exemption certificate under subdivision  
49.21 5.

49.22 (c) The commissioner may reduce or abate the tax withheld under this subdivision if the  
49.23 partnership had reasonable cause to believe that no tax was due under this section.

49.24 (d) Notwithstanding paragraph (a), a partnership is not required to deduct and withhold  
49.25 tax for a nonresident partner if:

49.26 (1) the partner elects to have the tax due paid as part of the partnership's composite return  
49.27 under section 289A.08, subdivision 7;

49.28 (2) the partner has Minnesota assignable federal adjusted gross income from the  
49.29 partnership of less than \$1,000; or

49.30 (3) the partnership is liquidated or terminated, the income was generated by a transaction  
49.31 related to the termination or liquidation, and no cash or other property was distributed in  
49.32 the current or prior taxable year;

50.1 (4) the distributive shares of partnership income are attributable to:

50.2 (i) income required to be recognized because of discharge of indebtedness;

50.3 (ii) income recognized because of a sale, exchange, or other disposition of real estate,  
50.4 depreciable property, or property described in section 179 of the Internal Revenue Code;  
50.5 or

50.6 (iii) income recognized on the sale, exchange, or other disposition of any property that  
50.7 has been the subject of a basis reduction pursuant to section 108, 734, 743, 754, or 1017 of  
50.8 the Internal Revenue Code

50.9 to the extent that the income does not include cash received or receivable or, if there is cash  
50.10 received or receivable, to the extent that the cash is required to be used to pay indebtedness  
50.11 by the partnership or a secured debt on partnership property; ~~or~~

50.12 (5) the partnership is a publicly traded partnership, as defined in section 7704(b) of the  
50.13 Internal Revenue Code; or

50.14 (6) the partnership has elected to pay the pass-through entity tax under section 289A.08,  
50.15 subdivision 7a.

50.16 (e) For purposes of sections 270C.60, 289A.09, subdivision 2, 289A.20, subdivision 2,  
50.17 paragraph (c), 289A.50, 289A.56, 289A.60, and 289A.63, a partnership is considered an  
50.18 employer.

50.19 (f) To the extent that income is exempt from withholding under paragraph (d), clause  
50.20 (4), the commissioner has a lien in an amount up to the amount that would be required to  
50.21 be withheld with respect to the income of the partner attributable to the partnership interest,  
50.22 but for the application of paragraph (d), clause (4). The lien arises under section 270C.63  
50.23 from the date of assessment of the tax against the partner, and attaches to that partner's share  
50.24 of the profits and any other money due or to become due to that partner in respect of the  
50.25 partnership. Notice of the lien may be sent by mail to the partnership, without the necessity  
50.26 for recording the lien. The notice has the force and effect of a levy under section 270C.67,  
50.27 and is enforceable against the partnership in the manner provided by that section. Upon  
50.28 payment in full of the liability subsequent to the notice of lien, the partnership must be  
50.29 notified that the lien has been satisfied.

50.30 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
50.31 31, 2020.

51.1 Sec. 8. Minnesota Statutes 2020, section 290.92, subdivision 4c, is amended to read:

51.2 Subd. 4c. **Withholding by S corporations.** (a) A corporation having a valid election in  
51.3 effect under section 290.9725 shall deduct and withhold a tax as provided in paragraph (b)  
51.4 for nonresident individual shareholders their share of the corporation's income for the taxable  
51.5 year.

51.6 (b) The amount of tax withheld is determined by multiplying the amount of income  
51.7 allocable to Minnesota under section 290.17 by the highest rate used to determine the income  
51.8 tax liability of an individual under section 290.06, subdivision 2c, except that the amount  
51.9 of tax withheld may be determined by the commissioner if the shareholder submits a  
51.10 withholding exemption certificate under subdivision 5.

51.11 (c) Notwithstanding paragraph (a), a corporation is not required to deduct and withhold  
51.12 tax for a nonresident shareholder, if:

51.13 (1) the shareholder elects to have the tax due paid as part of the corporation's composite  
51.14 return under section 289A.08, subdivision 7;

51.15 (2) the shareholder has Minnesota assignable federal adjusted gross income from the  
51.16 corporation of less than \$1,000; ~~or~~

51.17 (3) the corporation is liquidated or terminated, the income was generated by a transaction  
51.18 related to the termination or liquidation, and no cash or other property was distributed in  
51.19 the current or prior taxable year; or

51.20 (4) the S corporation has elected to pay the pass-through entity tax under section 289A.08,  
51.21 subdivision 7a.

51.22 (d) For purposes of sections 270C.60, 289A.09, subdivision 2, 289A.20, subdivision 2,  
51.23 paragraph (c), 289A.50, 289A.56, 289A.60, and 289A.63, a corporation is considered an  
51.24 employer.

51.25 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
51.26 31, 2020.

52.1

**ARTICLE 4**

52.2

**SALES AND USE TAXES**

52.3 Section 1. Minnesota Statutes 2020, section 16A.152, subdivision 2, as amended by Laws  
52.4 2021, chapter 31, article 1, section 9, is amended to read:

52.5 Subd. 2. **Additional revenues; priority.** (a) If on the basis of a forecast of general fund  
52.6 revenues and expenditures, the commissioner of management and budget determines that  
52.7 there will be a positive unrestricted budgetary general fund balance at the close of the  
52.8 biennium, the commissioner of management and budget must allocate money to the following  
52.9 accounts and purposes in priority order:

52.10 (1) the cash flow account established in subdivision 1 until that account reaches  
52.11 \$350,000,000;

52.12 (2) the budget reserve account established in subdivision 1a until that account reaches  
52.13 \$1,596,522,000;

52.14 (3) the amount necessary to increase the aid payment schedule for school district aids  
52.15 and credits payments in section 127A.45 to not more than 90 percent rounded to the nearest  
52.16 tenth of a percent without exceeding the amount available and with any remaining funds  
52.17 deposited in the budget reserve;

52.18 (4) the amount necessary to restore all or a portion of the net aid reductions under section  
52.19 127A.441 and to reduce the property tax revenue recognition shift under section 123B.75,  
52.20 subdivision 5, by the same amount; ~~and~~

52.21 (5) the amount necessary to increase the Minnesota 21st century fund by not more than  
52.22 the difference between \$5,000,000 and the sum of the amounts credited and canceled to it  
52.23 in the previous 12 months under Laws 2020, chapter 71, article 1, section 11, until the sum  
52.24 of all transfers under this section and all amounts credited or canceled under Laws 2020,  
52.25 chapter 71, article 1, section 11, equals \$20,000,000-; and

52.26 (6) for a forecast in November only, the amount remaining after the transfer under clause  
52.27 (5) must be used to reduce the percentage of accelerated June liability sales tax payments  
52.28 required under section 289A.20, subdivision 4, paragraph (b), until the percentage equals  
52.29 zero, rounded to the nearest tenth of a percent. By March 15 following the November  
52.30 forecast, the commissioner must provide the commissioner of revenue with the percentage  
52.31 of accelerated June liability owed based on the reduction required by this clause. By April  
52.32 15 each year, the commissioner of revenue must certify the percentage of June liability  
52.33 owed by vendors based on the reduction required by this clause.

53.1 (b) The amounts necessary to meet the requirements of this section are appropriated  
 53.2 from the general fund within two weeks after the forecast is released or, in the case of  
 53.3 transfers under paragraph (a), clauses (3) and (4), as necessary to meet the appropriations  
 53.4 schedules otherwise established in statute.

53.5 (c) The commissioner of management and budget shall certify the total dollar amount  
 53.6 of the reductions under paragraph (a), clauses (3) and (4), to the commissioner of education.  
 53.7 The commissioner of education shall increase the aid payment percentage and reduce the  
 53.8 property tax shift percentage by these amounts and apply those reductions to the current  
 53.9 fiscal year and thereafter.

53.10 **EFFECTIVE DATE.** This section is effective July 1, 2021.

53.11 Sec. 2. Minnesota Statutes 2020, section 289A.20, subdivision 4, is amended to read:

53.12 Subd. 4. **Sales and use tax.** (a) The taxes imposed by chapter 297A are due and payable  
 53.13 pto the commissioner monthly on or before the 20th day of the month following the month  
 53.14 in which the taxable event occurred, or following another reporting period as the  
 53.15 commissioner prescribes or as allowed under section 289A.18, subdivision 4, paragraph (f)  
 53.16 or (g), except that use taxes due on an annual use tax return as provided under section  
 53.17 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year.

53.18 (b) A vendor having a liability of \$250,000 or more during a fiscal year ending June 30,  
 53.19 except a vendor of construction materials as defined in paragraph (e), must remit the June  
 53.20 liability for the next year in the following manner:

53.21 (1) Two business days before June 30 of calendar year 2020 and 2021, the vendor must  
 53.22 remit 87.5 percent of the estimated June liability to the commissioner. Two business days  
 53.23 before June 30 of calendar year 2022 and thereafter, the vendor must remit 84.5 percent, or  
 53.24 a reduced percentage as certified by the commissioner under section 16A.152, subdivision  
 53.25 2, paragraph (a), clause (6), of the estimated June liability to the commissioner.

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

53.28 (c) A vendor having a liability of:

53.29 (1) \$10,000 or more, but less than \$250,000, ~~during a fiscal year ending June 30, 2013,~~  
 53.30 ~~and fiscal years thereafter,~~ must remit by electronic means all liabilities on returns due for  
 53.31 periods beginning in all subsequent calendar years on or before the 20th day of the month  
 53.32 following the month in which the taxable event occurred, or on or before the 20th day of

54.1 the month following the month in which the sale is reported under section 289A.18,  
54.2 subdivision 4; or

54.3 (2) \$250,000 or more; during a fiscal year ~~ending June 30, 2013, and fiscal years~~  
54.4 ~~thereafter~~, must remit by electronic means all liabilities in the manner provided in paragraph  
54.5 (a) on returns due for periods beginning in the subsequent calendar year, except ~~for~~ that a  
54.6 vendor subject to the remittance requirements of paragraph (b) must remit 90 percent of the  
54.7 estimated June liability, which is due two business days before June 30. The remaining  
54.8 amount of the June liability is due on August 20.

54.9 (d) Notwithstanding paragraph (b) or (c), a person prohibited by the person's religious  
54.10 beliefs from paying electronically shall be allowed to remit the payment by mail. The filer  
54.11 must notify the commissioner of revenue of the intent to pay by mail before doing so on a  
54.12 form prescribed by the commissioner. No extra fee may be charged to a person making  
54.13 payment by mail under this paragraph. The payment must be postmarked at least two business  
54.14 days before the due date for making the payment in order to be considered paid on a timely  
54.15 basis.

54.16 (e) For the purposes of paragraph (b), "vendor of construction materials" means a retailer  
54.17 that sells any of the following construction materials, if 50 percent or more of the retailer's  
54.18 sales revenue for the fiscal year ending June 30 is from the sale of those materials:

54.19 (1) lumber, veneer, plywood, wood siding, wood roofing;

54.20 (2) millwork, including wood trim, wood doors, wood windows, wood flooring; or

54.21 (3) concrete, cement, and masonry.

54.22 (f) Paragraph (b) expires after the percentage of estimated payment is reduced to zero  
54.23 in accordance with section 16A.152, subdivision 2, paragraph (a), clause (6).

54.24 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
54.25 30, 2021.

54.26 Sec. 3. Minnesota Statutes 2020, section 289A.60, subdivision 15, is amended to read:

54.27 **Subd. 15. Accelerated payment of June sales tax liability; penalty for**  
54.28 **underpayment.** (a) For payments made after December 31, 2019 and before December 31,  
54.29 2021, if a vendor is required by law to submit an estimation of June sales tax liabilities and  
54.30 87.5 percent payment by a certain date, the vendor shall pay a penalty equal to ten percent  
54.31 of the amount of actual June liability required to be paid in June less the amount remitted  
54.32 in June. The penalty must not be imposed, however, if the amount remitted in June equals

55.1 the lesser of 87.5 percent of the preceding May's liability or 87.5 percent of the average  
55.2 monthly liability for the previous calendar year.

55.3 (b) For payments made after December 31, 2021, the penalty must not be imposed if  
55.4 the amount remitted in June equals the lesser of 84.5 percent, or a reduced percentage as  
55.5 certified by the commissioner under section 16A.152, subdivision 2, paragraph (a), clause  
55.6 (6), of the preceding May's liability or 84.5 percent of the average monthly liability for the  
55.7 previous calendar year.

55.8 (c) This subdivision expires after the percentage of estimated payment is reduced to zero  
55.9 in accordance with section 16A.152, subdivision 2, paragraph (a), clause (6).

55.10 **EFFECTIVE DATE.** This section is effective for estimate payments required to be  
55.11 made after July 1, 2021.

55.12 Sec. 4. Minnesota Statutes 2020, section 297A.67, is amended by adding a subdivision to  
55.13 read:

55.14 **Subd. 38. Season ticket purchasing rights to collegiate events.** The sale of a right to  
55.15 purchase the privilege of admission to a college or university athletic event in a preferred  
55.16 viewing location for a season of a particular athletic event is exempt provided that:

55.17 (1) the consideration paid for the right to purchase is used entirely to support student  
55.18 scholarships, wellness, and academic costs;

55.19 (2) the consideration paid for the right to purchase is separately stated from the admission  
55.20 price; and

55.21 (3) the admission price is equal to or greater than the highest priced general admission  
55.22 ticket for the closest seat not in the preferred viewing location.

55.23 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases  
55.24 made after June 30, 2021.

55.25 Sec. 5. Minnesota Statutes 2020, section 297A.70, subdivision 13, is amended to read:

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

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

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

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

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

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

56.11 (1) the exemption under paragraph (a), clauses (1) and (2), applies only to the first  
56.12 \$20,000 of the gross annual receipts of the organization from fund-raising; ~~and~~

56.13 (2) the exemption under paragraph (a), clause (1), does not apply if the sales are derived  
56.14 from admission charges or from activities for which the money must be deposited with the  
56.15 school district treasurer under section 123B.49, subdivision 2, ~~or~~; and

56.16 (3) the exemption under paragraph (a), clause (1), does not apply if the sales are derived  
56.17 from admission charges or from activities for which the money must be recorded in the  
56.18 same manner as other revenues or expenditures of the school district under section 123B.49,  
56.19 subdivision 4, unless the following conditions are both met:

56.20 (i) the sales are made for fund-raising purposes of a club, association, or other  
56.21 organization of elementary or secondary school students organized for the purpose of  
56.22 carrying on sports activities, educational activities, or other extracurricular activities; and

56.23 (ii) the school district reserves revenue raised for extracurricular activities, as provided  
56.24 in section 123B.49, subdivision 4, paragraph (e), and spends the revenue raised by a particular  
56.25 extracurricular activity only for that extracurricular activity.

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

56.32 (d) For purposes of this subdivision, a club, association, or other organization of  
56.33 elementary or secondary school students organized for the purpose of carrying on sports,



57.1 educational, or other extracurricular activities is a separate organization from the school  
 57.2 district or school for purposes of applying the \$20,000 limit.

57.3 **EFFECTIVE DATE.** This section is effective for sales and purchases made after the  
 57.4 date of final enactment.

57.5 Sec. 6. Minnesota Statutes 2020, section 297A.71, subdivision 52, is amended to read:

57.6 Subd. 52. **Construction; certain local government facilities.** (a) Materials and supplies  
 57.7 used in and equipment incorporated into the construction, reconstruction, upgrade, expansion,  
 57.8 or remodeling of the following local government owned facilities are exempt:

57.9 (1) a new fire station, which includes firefighting, emergency management, public safety  
 57.10 training, and other public safety facilities in the city of Monticello if materials, supplies,  
 57.11 and equipment are purchased after January 31, 2019, and before January 1, 2022;

57.12 (2) a new fire station, which includes firefighting and public safety training facilities  
 57.13 and public safety facilities, in the city of Inver Grove Heights if materials, supplies, and  
 57.14 equipment are purchased after June 30, 2018, and before January 1, 2021;

57.15 (3) a fire station and police station, including access roads, lighting, sidewalks, and  
 57.16 utility components, on or adjacent to the property on which the fire station or police station  
 57.17 are located that are necessary for safe access to and use of those buildings, in the city of  
 57.18 Minnetonka if materials, supplies, and equipment are purchased after May 23, 2019, and  
 57.19 before January 1, ~~2021~~ 2022;

57.20 (4) the school building in Independent School District No. 414, Minneota, if materials,  
 57.21 supplies, and equipment are purchased after January 1, 2018, and before January 1, 2021;

57.22 (5) a fire station in the city of Mendota Heights, if materials, supplies, and equipment  
 57.23 are purchased after December 31, 2018, and before January 1, 2021; and

57.24 (6) a Dakota County law enforcement collaboration center, also known as the Safety  
 57.25 and Mental Health Alternative Response Training (SMART) Center, if materials, supplies,  
 57.26 and equipment are purchased after June 30, 2019, and before July 1, 2021.

57.27 (b) The tax must be imposed and collected as if the rate under section 297A.62,  
 57.28 subdivision 1, applied and then refunded in the manner provided in section 297A.75.

57.29 (c) The total refund for the project listed in paragraph (a), clause (3), must not exceed  
 57.30 \$850,000.

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

58.1 Sec. 7. Minnesota Statutes 2020, section 297A.71, is amended by adding a subdivision to  
58.2 read:

58.3 Subd. 53. **Public safety facilities.** (a) Materials and supplies used or consumed in and  
58.4 equipment incorporated into the construction, remodeling, expansion, or improvement of  
58.5 a fire station or police station, including related facilities, owned and operated by a local  
58.6 government, as defined in section 297A.70, subdivision 2, paragraph (d), are exempt.

58.7 (b) For purposes of this subdivision, "related facilities" includes access roads, lighting,  
58.8 sidewalks, and utility components on or adjacent to the property on which the fire station  
58.9 or police station is located that are necessary for safe access to and use of those buildings.

58.10 (c) The tax must be imposed and collected as if the rate under section 297A.62,  
58.11 subdivision 1, applied and then refunded in the manner provided in section 297A.75.

58.12 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases  
58.13 made after June 30, 2021.

58.14 Sec. 8. Minnesota Statutes 2020, section 297A.75, subdivision 1, is amended to read:

58.15 Subdivision 1. **Tax collected.** The tax on the gross receipts from the sale of the following  
58.16 exempt items must be imposed and collected as if the sale were taxable and the rate under  
58.17 section 297A.62, subdivision 1, applied. The exempt items include:

58.18 (1) building materials for an agricultural processing facility exempt under section  
58.19 297A.71, subdivision 13;

58.20 (2) building materials for mineral production facilities exempt under section 297A.71,  
58.21 subdivision 14;

58.22 (3) building materials for correctional facilities under section 297A.71, subdivision 3;

58.23 (4) building materials used in a residence for veterans with a disability exempt under  
58.24 section 297A.71, subdivision 11;

58.25 (5) elevators and building materials exempt under section 297A.71, subdivision 12;

58.26 (6) materials and supplies for qualified low-income housing under section 297A.71,  
58.27 subdivision 23;

58.28 (7) materials, supplies, and equipment for municipal electric utility facilities under  
58.29 section 297A.71, subdivision 35;

59.1 (8) equipment and materials used for the generation, transmission, and distribution of  
 59.2 electrical energy and an aerial camera package exempt under section 297A.68, subdivision  
 59.3 37;

59.4 (9) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, paragraph  
 59.5 (a), clause (10);

59.6 (10) materials, supplies, and equipment for construction or improvement of projects and  
 59.7 facilities under section 297A.71, subdivision 40;

59.8 (11) materials, supplies, and equipment for construction, improvement, or expansion of  
 59.9 a biopharmaceutical manufacturing facility exempt under section 297A.71, subdivision 45;

59.10 (12) enterprise information technology equipment and computer software for use in a  
 59.11 qualified data center exempt under section 297A.68, subdivision 42;

59.12 (13) materials, supplies, and equipment for qualifying capital projects under section  
 59.13 297A.71, subdivision 44, paragraph (a), clause (1), and paragraph (b);

59.14 (14) items purchased for use in providing critical access dental services exempt under  
 59.15 section 297A.70, subdivision 7, paragraph (c);

59.16 (15) items and services purchased under a business subsidy agreement for use or  
 59.17 consumption primarily in greater Minnesota exempt under section 297A.68, subdivision  
 59.18 44;

59.19 (16) building materials, equipment, and supplies for constructing or replacing real  
 59.20 property exempt under section 297A.71, subdivisions 49; 50, paragraph (b); and 51; ~~and~~

59.21 (17) building materials, equipment, and supplies for qualifying capital projects under  
 59.22 section 297A.71, subdivision 52; and

59.23 (18) building materials, equipment, and supplies for constructing, remodeling, expanding,  
 59.24 or improving a fire station, police station, or related facilities exempt under section 297A.71,  
 59.25 subdivision 53.

59.26 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases  
 59.27 made after June 30, 2021.

59.28 Sec. 9. Minnesota Statutes 2020, section 297A.75, subdivision 2, is amended to read:

59.29 Subd. 2. **Refund; eligible persons.** Upon application on forms prescribed by the  
 59.30 commissioner, a refund equal to the tax paid on the gross receipts of the exempt items must  
 59.31 be paid to the applicant. Only the following persons may apply for the refund:

60.1 (1) for subdivision 1, clauses (1), (2), and (14), the applicant must be the purchaser;

60.2 (2) for subdivision 1, clause (3), the applicant must be the governmental subdivision;

60.3 (3) for subdivision 1, clause (4), the applicant must be the recipient of the benefits  
60.4 provided in United States Code, title 38, chapter 21;

60.5 (4) for subdivision 1, clause (5), the applicant must be the owner of the homestead  
60.6 property;

60.7 (5) for subdivision 1, clause (6), the owner of the qualified low-income housing project;

60.8 (6) for subdivision 1, clause (7), the applicant must be a municipal electric utility or a  
60.9 joint venture of municipal electric utilities;

60.10 (7) for subdivision 1, clauses (8), (11), (12), and (15), the owner of the qualifying  
60.11 business;

60.12 (8) for subdivision 1, clauses (9), (10), (13), ~~and (17)~~, and (18), the applicant must be  
60.13 the governmental entity that owns or contracts for the project or facility; and

60.14 (9) for subdivision 1, clause (16), the applicant must be the owner or developer of the  
60.15 building or project.

60.16 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases  
60.17 made after June 30, 2021.

60.18 Sec. 10. Minnesota Statutes 2020, section 297A.75, subdivision 3, is amended to read:

60.19 Subd. 3. **Application.** (a) The application must include sufficient information to permit  
60.20 the commissioner to verify the tax paid. If the tax was paid by a contractor, subcontractor,  
60.21 or builder, under subdivision 1, clauses (3) to (13) or (15) to ~~(17)~~ (18), the contractor,  
60.22 subcontractor, or builder must furnish to the refund applicant a statement including the cost  
60.23 of the exempt items and the taxes paid on the items unless otherwise specifically provided  
60.24 by this subdivision. The provisions of sections 289A.40 and 289A.50 apply to refunds under  
60.25 this section.

60.26 (b) An applicant may not file more than two applications per calendar year for refunds  
60.27 for taxes paid on capital equipment exempt under section 297A.68, subdivision 5.

60.28 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases  
60.29 made after June 30, 2021.

61.1 Sec. 11. Laws 2017, First Special Session chapter 1, article 3, section 32, the effective  
 61.2 date, as amended by Laws 2019, First Special Session chapter 6, article 3, section 18, is  
 61.3 amended to read:

61.4 **EFFECTIVE DATE.** Paragraph (a) is effective retroactively for sales and purchases  
 61.5 made after September 30, 2016, and before ~~January~~ July 1, 2023. Paragraph (b) is effective  
 61.6 for sales and purchases made (1) after September 30, 2016, and before July 1, 2017; and  
 61.7 (2) after December 31, 2018, and before July 1, 2019.

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

61.9 Sec. 12. **PROPERTIES DESTROYED OR DAMAGED BY FIRE; CITY OF**  
 61.10 **ALEXANDRIA.**

61.11 (a) The sale and purchase of the following items are exempt from sales and use tax  
 61.12 imposed under Minnesota Statutes, chapter 297A, if the items are used to repair, replace,  
 61.13 clean, or otherwise remediate damage to real and personal property damaged or destroyed  
 61.14 in the February 25, 2020, fire in the city of Alexandria, if sales and purchases are made after  
 61.15 February 24, 2020, and before February 28, 2023:

61.16 (1) building materials and supplies used or consumed in, and equipment incorporated  
 61.17 into the construction, replacement, or repair of real property; and

61.18 (2) durable equipment used in a restaurant for food storage, preparation, and serving.

61.19 (b) Building cleaning and disinfecting services related to mitigating smoke damage to  
 61.20 real property are exempt from sales and use tax imposed under Minnesota Statutes, chapter  
 61.21 297A, if sales and purchases are made after February 24, 2020, and before January 1, 2021.

61.22 (c) For sales and purchases made after February 24, 2020, and before July 1, 2021, the  
 61.23 tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62,  
 61.24 subdivision 1, applied and then refunded in the manner provided in Minnesota Statutes,  
 61.25 section 297A.75. The amount required to pay the refunds under this section is appropriated  
 61.26 from the general fund to the commissioner of revenue. Refunds for eligible purchases must  
 61.27 not be issued until after June 30, 2021.

61.28 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
 61.29 applies retroactively to sales and purchases made after February 24, 2020.

62.1 Sec. 13. CITY OF BUFFALO; SALES TAX EXEMPTION FOR CONSTRUCTION  
62.2 MATERIALS.

62.3 Subdivision 1. Exemption; refund. (a) Materials and supplies used in and equipment  
62.4 incorporated into the construction of a new fire station, which includes firefighting,  
62.5 emergency management, public safety training, and other public safety facilities in the city  
62.6 of Buffalo, are exempt from sales and use tax imposed under Minnesota Statutes, chapter  
62.7 297A, if materials, supplies, and equipment are purchased after March 31, 2020, and before  
62.8 July 1, 2021.

62.9 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section  
62.10 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects  
62.11 under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible  
62.12 purchases must not be issued until after June 30, 2021.

62.13 Subd. 2. Appropriation. The amount required to pay the refunds under subdivision 1  
62.14 is appropriated from the general fund to the commissioner of revenue.

62.15 EFFECTIVE DATE. This section is effective retroactively from April 1, 2020, and  
62.16 applies to sales and purchases made after March 31, 2020, and before July 1, 2021.

62.17 Sec. 14. CITY OF MAPLEWOOD; SALES TAX EXEMPTION FOR  
62.18 CONSTRUCTION MATERIALS.

62.19 Subdivision 1. Exemption; refund. (a) Materials and supplies used in and equipment  
62.20 incorporated into the construction of a new fire station and emergency management  
62.21 operations center, including on-site infrastructure improvements of the parking lot, road  
62.22 access, lighting, sidewalks, and utility components in the city of Maplewood are exempt  
62.23 from sales and use tax imposed under Minnesota Statutes, chapter 297A, if materials,  
62.24 supplies, and equipment are purchased after September 30, 2020, and before July 1, 2021.

62.25 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section  
62.26 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects  
62.27 under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible  
62.28 purchases must not be issued until after June 30, 2021.

62.29 Subd. 2. Appropriation. The amount required to pay the refunds under subdivision 1  
62.30 is appropriated from the general fund to the commissioner of revenue.

62.31 EFFECTIVE DATE. This section is effective retroactively from August 1, 2020, and  
62.32 applies to sales and purchases made after September 30, 2020, and before July 1, 2021.

63.1 Sec. 15. CITY OF PLYMOUTH; SALES TAX EXEMPTION FOR CONSTRUCTION  
 63.2 MATERIALS.

63.3 Subdivision 1. Exemption; refund. (a) Materials and supplies used in and equipment  
 63.4 incorporated into the following projects in the city of Plymouth are exempt from sales and  
 63.5 use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and  
 63.6 equipment are purchased after January 1, 2021, and before July 1, 2021:

63.7 (1) demolition and replacement of the existing Fire Station No. 2 on its existing site;  
 63.8 and

63.9 (2) renovation and expansion of Fire Station No. 3.

63.10 (b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section  
 63.11 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects  
 63.12 under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible  
 63.13 purchases must not be issued until after June 30, 2021.

63.14 Subd. 2. Appropriation. The amount required to pay the refunds under subdivision 1  
 63.15 is appropriated from the general fund to the commissioner of revenue.

63.16 EFFECTIVE DATE. This section is effective retroactively from January 2, 2021, and  
 63.17 applies to sales and purchases made after January 1, 2021, and before July 1, 2021.

63.18 **ARTICLE 5**

63.19 **VAPOR AND TOBACCO TAXES**

63.20 Section 1. Minnesota Statutes 2020, section 297F.01, is amended by adding a subdivision  
 63.21 to read:

63.22 Subd. 7a. Delivery sale. "Delivery sale" has the meaning given in section 325F.781,  
 63.23 subdivision 1.

63.24 EFFECTIVE DATE. This section is effective January 1, 2022.

63.25 Sec. 2. Minnesota Statutes 2020, section 297F.01, subdivision 22b, is amended to read:

63.26 Subd. 22b. **Nicotine solution products.** (a) "Nicotine solution products" means any  
 63.27 cartridge, bottle, or other package that contains nicotine made or derived from tobacco, that  
 63.28 is in a solution that is consumed, or meant to be consumed, through the use of a heating  
 63.29 element, power source, electronic circuit, or other electronic, chemical, or mechanical means  
 63.30 that produces vapor or aerosol. This paragraph expires December 31, 2019.

64.1 (b) Beginning January 1, 2020, "nicotine solution products" means any cartridge, bottle,  
 64.2 or other package that contains nicotine, including nicotine made or derived from tobacco  
 64.3 or sources other than tobacco, that is in a solution that is consumed, or meant to be consumed,  
 64.4 through the use of a heating element, power source, electronic circuit, or other electronic,  
 64.5 chemical, or mechanical means that produces vapor or aerosol.

64.6 (c) Nicotine solution products includes any electronic cigarette, electronic cigar, electronic  
 64.7 cigarillo, electronic pipe, electronic nicotine delivery system, electronic vaping device,  
 64.8 electronic vape pen, electronic oral device, electronic delivery device, or similar product  
 64.9 or device, and any batteries, heating elements, or other components, parts, or accessories  
 64.10 sold with and meant to be used in the consumption of a solution containing nicotine.

64.11 **EFFECTIVE DATE.** This section is effective January 1, 2022.

64.12 Sec. 3. Minnesota Statutes 2020, section 297F.031, is amended to read:

64.13 **297F.031 REGISTRATION REQUIREMENT.**

64.14 Prior to making delivery sales ~~or shipping cigarettes or tobacco products in connection~~  
 64.15 ~~with any sales,~~ an out-of-state retailer ~~shall~~ must file with the Department of Revenue a  
 64.16 statement setting forth the out-of-state retailer's name, trade name, ~~and the address of the~~  
 64.17 ~~out-of-state retailer's,~~ principal place of business, and any other place of business.

64.18 **EFFECTIVE DATE.** This section is effective for all delivery sales occurring after  
 64.19 December 31, 2021.

64.20 Sec. 4. Minnesota Statutes 2020, section 297F.05, is amended by adding a subdivision to  
 64.21 read:

64.22 **Subd. 4b. Retailer collection and remittance of use tax.** A retailer or out-of-state  
 64.23 retailer must, for any delivery sale, collect and pay to the state any use tax imposed by this  
 64.24 section. The retailer or out-of-state retailer must give the purchaser a receipt for the tax paid.

64.25 **EFFECTIVE DATE.** This section is effective for all delivery sales occurring after  
 64.26 December 31, 2021.

64.27 Sec. 5. Minnesota Statutes 2020, section 297F.09, subdivision 3, is amended to read:

64.28 **Subd. 3. Use tax return; cigarette or tobacco products consumer and retailers**  
 64.29 **making delivery sales.** (a) On or before the 18th day of each calendar month, a consumer  
 64.30 who, during the preceding calendar month, has acquired title to or possession of cigarettes  
 64.31 or tobacco products for use or storage in this state, upon which cigarettes or tobacco products



65.1 the tax imposed by this chapter has not been paid, shall file a return with the commissioner  
 65.2 showing the quantity of cigarettes or tobacco products so acquired. The return must be made  
 65.3 in the form and manner prescribed by the commissioner, and must contain any other  
 65.4 information required by the commissioner. The return must be accompanied by a remittance  
 65.5 for the full unpaid tax liability shown by it.

65.6 (b) On or before the 18th day of each calendar month, a retailer or out-of-state retailer  
 65.7 who, during the preceding calendar month, made delivery sales must file a return with the  
 65.8 commissioner showing the quantity of cigarettes or tobacco products so delivered. The  
 65.9 commissioner shall prescribe the content, format, and manner of returns pursuant to section  
 65.10 270C.30. The return must be accompanied by a remittance for the full unpaid tax liability.

65.11 **EFFECTIVE DATE.** This section is effective for all delivery sales occurring after  
 65.12 December 31, 2021.

65.13 Sec. 6. Minnesota Statutes 2020, section 297F.09, subdivision 4a, is amended to read:

65.14 Subd. 4a. **Reporting requirements.** No later than the 18th day of each calendar month,  
 65.15 ~~an a retailer or out-of-state retailer that has made a delivery of cigarettes or tobacco products~~  
 65.16 ~~or shipped or delivered cigarettes or tobacco products into the state in a delivery sale in the~~  
 65.17 previous calendar month shall file with the Department of Revenue ~~reports~~ a report in the  
 65.18 form and in the manner prescribed by the commissioner of revenue that provides for each  
 65.19 delivery sale, the name and address of the purchaser and the brand or brands and quantity  
 65.20 of cigarettes or tobacco products sold. A ~~tobacco~~ retailer or out-of-state retailer that meets  
 65.21 the requirements of United States Code, title 15, section 375 et seq. satisfies the requirements  
 65.22 of this subdivision. The filing of a return under subdivision 3, paragraph (b), satisfies the  
 65.23 requirements of this subdivision for the applicable month.

65.24 **EFFECTIVE DATE.** This section is effective for all delivery sales occurring after  
 65.25 December 31, 2021.

65.26 Sec. 7. Minnesota Statutes 2020, section 297F.09, subdivision 7, is amended to read:

65.27 Subd. 7. **Electronic payment.** A cigarette ~~or~~ distributor, tobacco products distributor,  
 65.28 retailer, or out-of-state retailer having a liability of \$10,000 or more during a fiscal year  
 65.29 ending June 30 must remit all liabilities in all subsequent calendar years by electronic means.

65.30 **EFFECTIVE DATE.** This section is effective for all delivery sales occurring after  
 65.31 December 31, 2021.

66.1 Sec. 8. Minnesota Statutes 2020, section 297F.09, subdivision 10, is amended to read:

66.2 Subd. 10. ~~Accelerated tax payment; cigarette or tobacco products distributor.~~ A  
 66.3 cigarette or distributor, tobacco products distributor, retailer, or out-of-state retailer having  
 66.4 a liability of \$250,000 or more during a fiscal year ending June 30, shall remit the June  
 66.5 liability for the next year in the following manner:

66.6 (a) Two business days before June 30 of calendar years 2020 and 2021, the distributor  
 66.7 shall remit the actual May liability and 87.5 percent of the estimated June liability to the  
 66.8 commissioner and file the return in the form and manner prescribed by the commissioner.

66.9 (b) On or before August 18 of the year, the distributor, retailer, or out-of-state retailer  
 66.10 shall submit a return showing the actual June liability and pay any additional amount of tax  
 66.11 not remitted in June. A penalty is imposed equal to ten percent of the amount of June liability  
 66.12 required to be paid in June, less the amount remitted in June. However, the penalty is not  
 66.13 imposed if the amount remitted in June equals the lesser of:

66.14 (1) 87.5 percent of the actual June liability for the calendar year 2020 and 2021 June  
 66.15 liabilities and 84.5 of the actual June liability for June 2022 and thereafter; or

66.16 (2) 87.5 percent of the preceding May liability for the calendar year 2020 and 2021 June  
 66.17 liabilities and 84.5 percent of the preceding May liability for June 2022 and thereafter.

66.18 (c) For calendar year 2022 and thereafter, the percent of the estimated June liability the  
 66.19 vendor must remit by two business days before June 30 is 84.5 percent.

66.20 **EFFECTIVE DATE.** This section is effective for all delivery sales occurring after  
 66.21 December 31, 2021.

66.22 Sec. 9. Minnesota Statutes 2020, section 325F.781, subdivision 1, is amended to read:

66.23 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have  
 66.24 the meanings given, unless the language or context clearly provides otherwise.

66.25 (b) "Consumer" means an individual who purchases, receives, or possesses tobacco  
 66.26 products for personal consumption and not for resale.

66.27 (c) "Delivery sale" means:

66.28 (1) a sale of tobacco products to a consumer in this state when:

66.29 (i) the purchaser submits the order for the sale by means of a telephonic or other method  
 66.30 of voice transmission, the mail or any other delivery service, or the Internet or other online  
 66.31 service; or

67.1 (ii) the tobacco products are delivered by use of the mail or other delivery service; or

67.2 (2) a sale of tobacco products that satisfies the criteria in clause (1), item (i), regardless  
67.3 of whether the seller is located inside or outside of the state.

67.4 A sale of tobacco products to an individual in this state must be treated as a sale to a  
67.5 consumer, unless the individual is licensed as a distributor or retailer of tobacco products.

67.6 (d) "Delivery service" means a person, including the United States Postal Service, that  
67.7 is engaged in the commercial delivery of letters, packages, or other containers.

67.8 (e) "Distributor" means a person, whether located inside or outside of this state, other  
67.9 than a retailer, who sells or distributes tobacco products in the state. Distributor does not  
67.10 include a tobacco products manufacturer, export warehouse proprietor, or importer with a  
67.11 valid permit under United States Code, title 26, section 5712 (1997), if the person sells or  
67.12 distributes tobacco products in this state only to distributors who hold valid and current  
67.13 licenses under the laws of a state, or to an export warehouse proprietor or another  
67.14 manufacturer. Distributor does not include a common or contract carrier that is transporting  
67.15 tobacco products under a proper bill of lading or freight bill that states the quantity, source,  
67.16 and destination of tobacco products, or a person who ships tobacco products through this  
67.17 state by common or contract carrier under a bill of lading or freight bill.

67.18 (f) "Retailer" means a person, whether located inside or outside this state, who sells or  
67.19 distributes tobacco products to a consumer in this state.

67.20 (g) "Tobacco products" means: cigarettes and tobacco products as defined in section  
67.21 297F.01.

67.22 ~~(1) cigarettes, as defined in section 297F.01, subdivision 3;~~

67.23 ~~(2) smokeless tobacco as defined in section 325F.76; and~~

67.24 ~~(3) premium cigars as defined in section 297F.01, subdivision 13a.~~

67.25 **EFFECTIVE DATE.** This section is effective January 1, 2022.

67.26 Sec. 10. Minnesota Statutes 2020, section 325F.781, subdivision 5, is amended to read:

67.27 Subd. 5. **Registration requirement.** Prior to making delivery sales ~~or shipping tobacco~~  
67.28 ~~products in connection with any sales~~, an out-of-state retailer must ~~meet the requirements~~  
67.29 ~~of register with the commissioner of revenue as required under section 297F.031.~~

67.30 **EFFECTIVE DATE.** This section is effective for all delivery sales occurring after  
67.31 December 31, 2021.

68.1 Sec. 11. Minnesota Statutes 2020, section 325F.781, subdivision 6, is amended to read:

68.2 Subd. 6. **Collection of taxes.** (a) ~~Prior to shipping any tobacco products to a purchaser~~  
 68.3 ~~in this state, the out-of-state~~ A retailer shall comply with all requirements of making delivery  
 68.4 sales must file all returns and reports, collect and pay all taxes, and maintain all records  
 68.5 required under chapter 297F and shall ensure that all state excise taxes and fees that apply  
 68.6 to such tobacco products have been collected and paid to the state and that all related state  
 68.7 excise tax stamps or other indicators of state excise tax payment have been properly affixed  
 68.8 to those tobacco products.

68.9 (b) In addition to any penalties under chapter 297F, ~~a distributor~~ a retailer making delivery  
 68.10 sales who fails to pay any tax due according to paragraph (a) under chapter 297F, shall pay,  
 68.11 in addition to any other penalty, a penalty of 50 percent of the tax due but unpaid.

68.12 **EFFECTIVE DATE.** This section is effective for all delivery sales occurring after  
 68.13 December 31, 2021.

## 68.14 ARTICLE 6

### 68.15 PROPERTY TAXES

68.16 Section 1. Minnesota Statutes 2020, section 144F.01, is amended to read:

#### 68.17 **144F.01 FIRE PROTECTION AND EMERGENCY MEDICAL SERVICES** 68.18 **SPECIAL TAXING DISTRICTS.**

68.19 Subdivision 1. ~~Political subdivision defined~~ **Definitions.** For purposes of this section,  
 68.20 the following terms have the meanings given.

68.21 ~~In this section,~~ (a) "Political subdivision" means a county, a statutory or home rule charter  
 68.22 city, or a township organized to provide town government.

68.23 (b) "Governing body" means a city council for a city, a county board for a county, and  
 68.24 a board of supervisors for a town.

68.25 (c) "Emergency medical services" means supporting the providing of out-of-hospital  
 68.26 emergency medical services including, but not limited to, first responder or rescue squads  
 68.27 recognized by the district, ambulance services licensed under chapter 144E and recognized  
 68.28 by the district, medical control functions set out in chapter 144E, communications equipment  
 68.29 and systems, and programs of regional emergency medical services authorized by regional  
 68.30 boards described in section 144E.52.

68.31 Subd. 2. ~~Who may~~ **Authority to establish.** (a) Two or more political subdivisions, or  
 68.32 parts of them, may establish, by resolution of their governing bodies, a special taxing district

69.1 ~~for to provide fire protection or emergency medical services. The participating territory of~~  
69.2 ~~a participating political subdivision need not abut any other participating territory to be in~~  
69.3 ~~the special taxing district, or both, in the area of the district, comprising the jurisdiction of~~  
69.4 ~~each of the political subdivisions forming the district. For a county that participates in~~  
69.5 ~~establishing a district, the county's jurisdiction comprises the unorganized territory of the~~  
69.6 ~~county that it designated in its resolution for inclusion in the district. The area of the special~~  
69.7 ~~taxing district need not be contiguous or its boundaries continuous.~~

69.8 (b) Before establishing a district under this section, the participating political subdivisions  
69.9 must enter into an agreement that specifies how any liabilities, other than debt issued under  
69.10 subdivision 6, and assets of the district will be distributed if the district is dissolved. The  
69.11 agreement may also include other terms, including a method for apportioning the levy of  
69.12 the district among participating political subdivisions under subdivision 4, paragraph (b),  
69.13 as the political subdivisions determine appropriate. The agreement must be adopted no later  
69.14 than upon passage of the resolution establishing the district under paragraph (a), but may  
69.15 be later amended by agreement of each of the political subdivisions participating in the  
69.16 district.

69.17 (c) If two or more political subdivisions that currently operate separate fire departments  
69.18 seek to merge fire departments into one fire department, or if a political subdivision with  
69.19 an existing fire department requests to join a special taxing district with an established fire  
69.20 department, the resolution under paragraph (a) or agreement under paragraph (b) must  
69.21 specify which, if any, volunteer firefighter pension plan is associated with the district. A  
69.22 special taxing district that operates a fire department under this section may be associated  
69.23 with only one volunteer firefighting relief association or one account in the voluntary  
69.24 statewide volunteer firefighting retirement plan at one time.

69.25 (d) If the special taxing district includes the operation of a fire department, it must file  
69.26 its resolution establishing the fire protection special taxing district, and any agreements  
69.27 required for the establishment of the special taxing district, with the commissioner of revenue,  
69.28 including any subsequent amendments. If the resolution or agreement does not include  
69.29 sufficient information defining the fire department service area of the fire protection special  
69.30 taxing district, the secretary of the district board must file a written statement with the  
69.31 commissioner defining the fire department service area.

69.32 Subd. 3. **Board.** The special taxing district established under this section is governed  
69.33 by a board made up initially of representatives of each participating political subdivision  
69.34 in the proportions set out in the establishing resolution, subject to change as provided in the  
69.35 district's charter, if any, or in the district's bylaws. ~~If a township states in its resolution that~~

70.1 ~~less than the entire township will participate in the district, the partial townships shall be~~  
 70.2 ~~represented on the board by only one member, appointed from among those townships so~~  
 70.3 ~~participating. The method for appointment shall be governed by the bylaws of the district's~~  
 70.4 ~~joint powers agreement. Each participant's representative serves at the pleasure of that~~  
 70.5 ~~participant's governing body or bodies~~ Each participating political subdivision's representative  
 70.6 must be an elected member of the governing body of the political subdivision and shall  
 70.7 serve at the pleasure of that participant's governing body.

70.8 Subd. 4. **Property tax levy authority.** (a) The district's board may levy a tax on the  
 70.9 taxable real and personal property in the district. ~~The ad valorem tax levy may not exceed~~  
 70.10 ~~0.048 percent of the estimated market value of the district or \$550,000, whichever is less.~~  
 70.11 The proceeds of the levy must be used as provided in subdivision 5. The board shall certify  
 70.12 the levy at the times as provided under section 275.07. The board shall provide the county  
 70.13 with whatever information is necessary to identify the property that is located within the  
 70.14 district. If the boundaries include a part of a parcel, the entire parcel shall be included in  
 70.15 the district. The county auditors must spread, collect, and distribute the proceeds of the tax  
 70.16 at the same time and in the same manner as provided by law for all other property taxes.

70.17 (b) As an alternative to paragraph (a), the board may apportion its levy among the political  
 70.18 subdivisions that are members of the district under a formula or method, with factors such  
 70.19 as population, number of service calls, costs of providing service, the market value of  
 70.20 improvements, or other measures approved by the governing body of each of the participating  
 70.21 political subdivisions. The amount of the levy allocated to each political subdivision must  
 70.22 be added to that political subdivision's levy and spread at the same time and in the same  
 70.23 manner as provided by law for all other property taxes. The proceeds of the levy must be  
 70.24 collected and remitted to the district and used as provided in subdivision 5.

70.25 Subd. 5. **Use of levy proceeds.** The proceeds of property taxes levied under this section  
 70.26 must be used to ~~support the providing of out-of-hospital emergency medical services~~  
 70.27 ~~including, but not limited to, first responder or rescue squads recognized by the district,~~  
 70.28 ~~ambulance services licensed under chapter 144E and recognized by the district, medical~~  
 70.29 ~~control functions set out in chapter 144E, communications equipment and systems, and~~  
 70.30 ~~programs of regional emergency medical services authorized by regional boards described~~  
 70.31 ~~in section 144E.52~~ provide fire protection, emergency medical services, or both, to residents  
 70.32 of the district and property located in the district, as well as to pay debt issued under  
 70.33 subdivision 6. Services may be provided by employees of the district or by contracting for  
 70.34 services provided by other governmental or private entities.

71.1 Subd. 6. ~~Advisory committee Debt.~~ ~~A special taxing district board under this section~~  
 71.2 ~~must have an advisory committee to advise the board on issues involving emergency medical~~  
 71.3 ~~services and EMS communications. The committee's membership must be comprised of~~  
 71.4 ~~representatives of first responders, ambulance services, ambulance medical directors, and~~  
 71.5 ~~EMS communication experts. The advisory committee members serve at the pleasure of~~  
 71.6 ~~the appointing board~~ (a) The district may incur debt under chapter 475 when the board  
 71.7 determines doing so is necessary to accomplish its duties.

71.8 (b) In addition, the district board may issue certificates of indebtedness or capital notes  
 71.9 under section 412.301 to purchase capital equipment. In applying section 412.301, paragraph  
 71.10 (e), the following rules apply:

71.11 (1) the taxable property of the entire district must be used to calculate the percent of  
 71.12 estimated market value; and

71.13 (2) "the number of voters at the last municipal election" means the sum of the number  
 71.14 of voters at the last municipal election for each of the cities that is a member of the district  
 71.15 plus the number of registered voters in each town that is a participating member of the  
 71.16 district.

71.17 Subd. 7. **Powers.** (a) In addition to authority expressly granted in this section, a special  
 71.18 taxing district established under this section may exercise any power that may be exercised  
 71.19 by any of its participating political subdivisions, except that the board may not incur debt.  
 71.20 The special taxing district may only use the power to do what that is necessary or reasonable  
 71.21 to support the services set out in subdivision 5. These powers include the authority to  
 71.22 participate in state programs and to enforce or carry out state laws related to fire protection  
 71.23 or emergency medical services, including programs providing state aid, reimbursement or  
 71.24 funding of employee benefits, and authorizing local enforcement of state standards including  
 71.25 fire protection related programs and political subdivision powers or responsibilities under  
 71.26 chapters 299A, 424A, and 477B; sections 6.495, 353.64, and 423A.022; and any other  
 71.27 administrative rules related to the fire code, to the extent the special taxing district meets  
 71.28 the qualification criteria and requirements of a program.

71.29 (b) Notwithstanding paragraph (a), to the extent the district's authority under this  
 71.30 subdivision overlaps with or may conflict with the authority of the participating political  
 71.31 subdivision, the agreement under subdivision 2, paragraph (b), must provide for allocation  
 71.32 of those powers or responsibilities between the participating political subdivisions and the  
 71.33 district, and may provide for resolution of conflicts in the exercise of those powers.

71.34 (c) The district may only levy the taxes tax authorized in this section subdivision 4.

72.1 Subd. 8. **Additions and withdrawals.** (a) Additional ~~eligible~~ political subdivisions may  
 72.2 be added to a special taxing district established under this section as provided by the board  
 72.3 of the district and agreed to in a resolution of the governing body of the political subdivision  
 72.4 proposed to be added. The addition of a political subdivision to the district may not cause  
 72.5 the district to be out of compliance with subdivision 2, paragraph (c).

72.6 (b) A political subdivision may withdraw from a special taxing district under this section  
 72.7 by resolution of its governing body. The political subdivision must notify the board of the  
 72.8 special taxing district of the withdrawal by providing a copy of the resolution at least ~~one~~  
 72.9 year two years in advance of the proposed withdrawal. The taxable property of the  
 72.10 withdrawing member is subject to the property tax levy under subdivision 4 for the two  
 72.11 taxes payable ~~year~~ years following the notice of the withdrawal, unless the board and the  
 72.12 withdrawing member agree otherwise by action of their governing bodies. If a political  
 72.13 subdivision withdraws from a district for which debt was issued under subdivision 6 when  
 72.14 the political subdivision was a participating member, and which is outstanding when the  
 72.15 political subdivision withdraws from the district, the taxable property of the withdrawing  
 72.16 political subdivision remains subject to the special taxing district levy until the outstanding  
 72.17 debt has been paid or defeased. If the district's property tax levy to repay debt was  
 72.18 apportioned among the political subdivisions under an alternative formula or method under  
 72.19 subdivision 4, paragraph (b), the withdrawing political subdivision is subject to the same  
 72.20 percentage of the debt levy as applied in the taxes payable year immediately preceding its  
 72.21 withdrawal from the district.

72.22 (c) Notwithstanding subdivision 2, if the district is comprised of ~~only~~ two political  
 72.23 subdivisions and one of the political subdivisions withdraws, the district can continue to  
 72.24 exist.

72.25 Subd. 9. **Dissolution.** The special taxing district may be dissolved by resolution approved  
 72.26 by a majority vote of the board. If the special taxing district is dissolved, the assets and  
 72.27 liabilities may be assigned to a successor entity, if any, or otherwise disposed of for public  
 72.28 purposes as provided by law in the agreement adopted under subdivision 2, paragraph (b),  
 72.29 or otherwise agreed to by each participating political subdivision. A district may not be  
 72.30 dissolved until all debt issued under subdivision 6 has been paid or defeased.

72.31 Subd. 10. **Reports.** (a) On or before March 15, ~~2005~~ 2024, and March 15, ~~2007~~ 2026,  
 72.32 the special taxing district shall submit a levy and expenditure report to the commissioner  
 72.33 of revenue and to the ~~chairs of the~~ house of representatives and senate committees with  
 72.34 jurisdiction over taxes and property taxes. Each report must include the amount of the  
 72.35 district's levies for taxes payable for each of the two previous years and its actual expenditures



73.1 of those revenues. Expenditures must be reported by general service category, ~~as listed in~~  
 73.2 ~~subdivision 5~~, and include a separate category for administrative expenses.

73.3 (b) On or before March 15, 2024, and March 15, 2026, a political subdivision that has  
 73.4 established or joined a special taxing district authorized under this section after June 30,  
 73.5 2021, shall submit a levy and expenditure report to the commissioner of revenue and to the  
 73.6 house of representatives and senate committees with jurisdiction over taxes and property  
 73.7 taxes. The report must include:

73.8 (1) the amount of the political subdivision's levy, and its actual expenditure of the  
 73.9 subdivision's levy revenues, including the amount attributable to fire protection and  
 73.10 emergency medical services, for taxes payable in each of the two taxes payable years prior  
 73.11 to establishing or joining a special taxing district authorized under this section;

73.12 (2) the political subdivision's levy, and its actual expenditure of the subdivision's levy  
 73.13 revenues, for taxes payable in each of the taxes payable years after establishing or joining  
 73.14 a special taxing district authorized under this section, up to, and including, taxes payable  
 73.15 in 2024, and taxes payable in 2026; and

73.16 (3) a certification from the political subdivision that the subdivision's levy for each of  
 73.17 the taxes payable years after establishing or joining a special taxing district authorized under  
 73.18 this section, up to, and including, taxes payable in 2024, and taxes payable in 2026, does  
 73.19 not include expenditures for fire protection, emergency medical services, or both, except  
 73.20 as provided in subdivision 4, paragraph (b), or those necessary to establish, or join, a district  
 73.21 as provided in this section.

73.22 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
 73.23 applies to districts established after June 30, 2021, except that districts established prior to  
 73.24 June 30, 2021, are eligible for changes made to subdivisions 4 and 6 beginning with property  
 73.25 taxes payable in 2022.

73.26 Sec. 2. Minnesota Statutes 2020, section 272.02, is amended by adding a subdivision to  
 73.27 read:

73.28 **Subd. 104. Certain property owned by an Indian Tribe.** (a) Property is exempt that:

73.29 (1) is located in a county with a population greater than 28,000 but less than 29,000 as  
 73.30 of the 2010 federal census;

73.31 (2) was on January 2, 2018, and is for the current assessment owned by a federally  
 73.32 recognized Indian Tribe or its instrumentality, that is located in Minnesota;

74.1 (3) was on January 2, 2018, erroneously treated as exempt under subdivision 7; and

74.2 (4) is used for the same purpose as the property was used on January 2, 2018.

74.3 (b) The owner of property exempt under paragraph (a) may apply to the county for a  
74.4 refund of any state general tax paid for property taxes payable in 2020 and 2021. The county  
74.5 may prescribe the form and manner of the application. The county auditor must certify to  
74.6 the commissioner of revenue the amount needed for refunds under this section, which the  
74.7 commissioner must pay to the county. An amount necessary for refunds under this paragraph  
74.8 is appropriated from the general fund to the commissioner of revenue in fiscal year 2022.  
74.9 This paragraph expires June 30, 2022.

74.10 **EFFECTIVE DATE.** (a) Paragraph (a) is effective beginning with assessment year  
74.11 2021. For assessment year 2021, an exemption application under this section must be filed  
74.12 with the county assessor by August 1, 2021.

74.13 (b) Paragraph (b) is effective the day following final enactment.

74.14 Sec. 3. Minnesota Statutes 2020, section 273.124, subdivision 1, is amended to read:

74.15 Subdivision 1. **General rule.** (a) Residential real estate that is occupied and used for  
74.16 the purposes of a homestead by its owner, who must be a Minnesota resident, is a residential  
74.17 homestead.

74.18 Agricultural land, as defined in section 273.13, subdivision 23, that is occupied and used  
74.19 as a homestead by its owner, who must be a Minnesota resident, is an agricultural homestead.

74.20 Dates for establishment of a homestead and homestead treatment provided to particular  
74.21 types of property are as provided in this section.

74.22 Property held by a trustee under a trust is eligible for homestead classification if the  
74.23 requirements under this chapter are satisfied.

74.24 The assessor shall require proof, as provided in subdivision 13, of the facts upon which  
74.25 classification as a homestead may be determined. Notwithstanding any other law, the assessor  
74.26 may at any time require a homestead application to be filed in order to verify that any  
74.27 property classified as a homestead continues to be eligible for homestead status.

74.28 Notwithstanding any other law to the contrary, the Department of Revenue may, upon  
74.29 request from an assessor, verify whether an individual who is requesting or receiving  
74.30 homestead classification has filed a Minnesota income tax return as a resident for the most  
74.31 recent taxable year for which the information is available.

75.1 When there is a name change or a transfer of homestead property, the assessor may  
 75.2 reclassify the property in the next assessment unless a homestead application is filed to  
 75.3 verify that the property continues to qualify for homestead classification.

75.4 (b) For purposes of this section, homestead property shall include property which is used  
 75.5 for purposes of the homestead but is separated from the homestead by a road, street, lot,  
 75.6 waterway, or other similar intervening property. The term "used for purposes of the  
 75.7 homestead" shall include but not be limited to uses for gardens, garages, or other outbuildings  
 75.8 commonly associated with a homestead, but shall not include vacant land held primarily  
 75.9 for future development. In order to receive homestead treatment for the noncontiguous  
 75.10 property, the owner must use the property for the purposes of the homestead, and must apply  
 75.11 to the assessor, both by the deadlines given in subdivision 9. After initial qualification for  
 75.12 the homestead treatment, additional applications for subsequent years are not required.

75.13 (c) Residential real estate that is occupied and used for purposes of a homestead by a  
 75.14 relative of the owner is a homestead but only to the extent of the homestead treatment that  
 75.15 would be provided if the related owner occupied the property. For purposes of this paragraph  
 75.16 and paragraph (g), "relative" means a parent, stepparent, child, stepchild, grandparent,  
 75.17 grandchild, brother, sister, uncle, aunt, nephew, or niece. This relationship may be by blood  
 75.18 or marriage. Property that has been classified as seasonal residential recreational property  
 75.19 at any time during which it has been owned by the current owner or spouse of the current  
 75.20 owner will not be reclassified as a homestead unless it is occupied as a homestead by the  
 75.21 owner; this prohibition also applies to property that, in the absence of this paragraph, would  
 75.22 have been classified as seasonal residential recreational property at the time when the  
 75.23 residence was constructed. Neither the related occupant nor the owner of the property may  
 75.24 claim a property tax refund under chapter 290A for a homestead occupied by a relative. In  
 75.25 the case of a residence located on agricultural land, only the house, garage, and immediately  
 75.26 surrounding one acre of land shall be classified as a homestead under this paragraph, except  
 75.27 as provided in paragraph (d).

75.28 (d) Agricultural property that is occupied and used for purposes of a homestead by a  
 75.29 relative of the owner, is a homestead, only to the extent of the homestead treatment that  
 75.30 would be provided if the related owner occupied the property, and only if all of the following  
 75.31 criteria are met:

75.32 (1) the relative who is occupying the agricultural property is a grandchild, child, sibling,  
 75.33 ~~or~~ parent, grandparent, stepparent, stepchild, uncle, aunt, nephew, or niece of the owner of  
 75.34 the agricultural property or of the spouse of the owner;

76.1 (2) the owner of the agricultural property must be a Minnesota resident;

76.2 (3) the owner of the agricultural property must not receive homestead treatment on any  
76.3 other agricultural property in Minnesota; and

76.4 (4) the owner of the agricultural property is limited to only one agricultural homestead  
76.5 per family under this paragraph.

76.6 Neither the related occupant nor the owner of the property may claim a property tax  
76.7 refund under chapter 290A for a homestead occupied by a relative qualifying under this  
76.8 paragraph. For purposes of this paragraph, "agricultural property" means the house, garage,  
76.9 other farm buildings and structures, and agricultural land.

76.10 Application must be made to the assessor by the owner of the agricultural property to  
76.11 receive homestead benefits under this paragraph. The assessor may require the necessary  
76.12 proof that the requirements under this paragraph have been met.

76.13 (e) In the case of property owned by a property owner who is married, the assessor must  
76.14 not deny homestead treatment in whole or in part if only one of the spouses occupies the  
76.15 property and the other spouse is absent due to: (1) marriage dissolution proceedings, (2)  
76.16 legal separation, (3) employment or self-employment in another location, or (4) other  
76.17 personal circumstances causing the spouses to live separately, not including an intent to  
76.18 obtain two homestead classifications for property tax purposes. To qualify under clause (3),  
76.19 the spouse's place of employment or self-employment must be at least 50 miles distant from  
76.20 the other spouse's place of employment, and the homesteads must be at least 50 miles distant  
76.21 from each other.

76.22 (f) The assessor must not deny homestead treatment in whole or in part if:

76.23 (1) in the case of a property owner who is not married, the owner is absent due to  
76.24 residence in a nursing home, boarding care facility, or an elderly assisted living facility  
76.25 property as defined in section 273.13, subdivision 25a, and the property is not otherwise  
76.26 occupied; or

76.27 (2) in the case of a property owner who is married, the owner or the owner's spouse or  
76.28 both are absent due to residence in a nursing home, boarding care facility, or an elderly  
76.29 assisted living facility property as defined in section 273.13, subdivision 25a, and the property  
76.30 is not occupied or is occupied only by the owner's spouse.

76.31 (g) If an individual is purchasing property with the intent of claiming it as a homestead  
76.32 and is required by the terms of the financing agreement to have a relative shown on the deed  
76.33 as a co-owner, the assessor shall allow a full homestead classification. This provision only

77.1 applies to first-time purchasers, whether married or single, or to a person who had previously  
 77.2 been married and is purchasing as a single individual for the first time. The application for  
 77.3 homestead benefits must be on a form prescribed by the commissioner and must contain  
 77.4 the data necessary for the assessor to determine if full homestead benefits are warranted.

77.5 (h) If residential or agricultural real estate is occupied and used for purposes of a  
 77.6 homestead by a child of a deceased owner and the property is subject to jurisdiction of  
 77.7 probate court, the child shall receive relative homestead classification under paragraph (c)  
 77.8 or (d) to the same extent they would be entitled to it if the owner was still living, until the  
 77.9 probate is completed. For purposes of this paragraph, "child" includes a relationship by  
 77.10 blood or by marriage.

77.11 (i) If a single-family home, duplex, or triplex classified as either residential homestead  
 77.12 or agricultural homestead is also used to provide licensed child care, the portion of the  
 77.13 property used for licensed child care must be classified as a part of the homestead property.

77.14 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable  
 77.15 in 2022 and thereafter.

77.16 Sec. 4. Minnesota Statutes 2020, section 273.124, subdivision 9, is amended to read:

77.17 Subd. 9. **Homestead established after assessment date.** Any property that was not  
 77.18 used for the purpose of a homestead on the assessment date, but which was used for the  
 77.19 purpose of a homestead on December ~~1~~ 31 of a year, constitutes class 1 or class 2a.

77.20 Any taxpayer meeting the requirements of this subdivision must notify the county  
 77.21 assessor, or the assessor who has the powers of the county assessor under section 273.063,  
 77.22 in writing, by December ~~15~~ 31 of the year of occupancy in order to qualify under this  
 77.23 subdivision. The assessor must not deny full homestead treatment to a property that is  
 77.24 partially homesteaded on January 2 but occupied for the purpose of a full homestead on  
 77.25 December ~~1~~ 31 of a year.

77.26 The county assessor and the county auditor may make the necessary changes on their  
 77.27 assessment and tax records to provide for proper homestead classification as provided in  
 77.28 this subdivision.

77.29 If homestead classification has not been requested as of December ~~15~~ 31, the assessor  
 77.30 will classify the property as nonhomestead for the current assessment year for taxes payable  
 77.31 in the following year, provided that the owner of any property qualifying under this  
 77.32 subdivision, which has not been accorded the benefits of this subdivision, may be entitled  
 77.33 to receive homestead classification by proper application as provided in section 375.192.

78.1 The county assessor may publish in a newspaper of general circulation within the county  
 78.2 a notice requesting the public to file an application for homestead as soon as practicable  
 78.3 after acquisition of a homestead, but no later than December ~~15~~ 31.

78.4 The county assessor shall publish in a newspaper of general circulation within the county  
 78.5 no later than December 1 of each year a notice informing the public of the requirement to  
 78.6 file an application for homestead by December ~~15~~ 31.

78.7 In the case of manufactured homes assessed as personal property, the homestead must  
 78.8 be established, and a homestead classification requested, by May 29 of the assessment year.  
 78.9 The assessor may include information on these deadlines for manufactured homes assessed  
 78.10 as personal property in the published notice or notices.

78.11 **EFFECTIVE DATE.** This section is effective beginning with assessments in 2021.

78.12 Sec. 5. Minnesota Statutes 2020, section 273.124, subdivision 13, is amended to read:

78.13 Subd. 13. **Homestead application.** (a) A person who meets the homestead requirements  
 78.14 under subdivision 1 must file a homestead application with the county assessor to initially  
 78.15 obtain homestead classification.

78.16 (b) The commissioner shall prescribe the content, format, and manner of the homestead  
 78.17 application required to be filed under this chapter pursuant to section 270C.30. The  
 78.18 application must clearly inform the taxpayer that this application must be signed by all  
 78.19 owners who occupy the property or by the qualifying relative and returned to the county  
 78.20 assessor in order for the property to receive homestead treatment.

78.21 (c) Every property owner applying for homestead classification must furnish to the  
 78.22 county assessor the Social Security number of each occupant who is listed as an owner of  
 78.23 the property on the deed of record, the name and address of each owner who does not occupy  
 78.24 the property, and the name and Social Security number of the spouse of each occupying  
 78.25 owner. The application must be signed by each owner who occupies the property and by  
 78.26 each owner's spouse who occupies the property, or, in the case of property that qualifies as  
 78.27 a homestead under subdivision 1, paragraph (c), by the qualifying relative.

78.28 If a property owner occupies a homestead, the property owner's spouse may not claim  
 78.29 another property as a homestead unless the property owner and the property owner's spouse  
 78.30 file with the assessor an affidavit or other proof required by the assessor stating that the  
 78.31 property qualifies as a homestead under subdivision 1, paragraph (e).

78.32 Owners or spouses occupying residences owned by their spouses and previously occupied  
 78.33 with the other spouse, either of whom fail to include the other spouse's name and Social

79.1 Security number on the homestead application or provide the affidavits or other proof  
79.2 requested, will be deemed to have elected to receive only partial homestead treatment of  
79.3 their residence. The remainder of the residence will be classified as nonhomestead residential.  
79.4 When an owner or spouse's name and Social Security number appear on homestead  
79.5 applications for two separate residences and only one application is signed, the owner or  
79.6 spouse will be deemed to have elected to homestead the residence for which the application  
79.7 was signed.

79.8 (d) If residential real estate is occupied and used for purposes of a homestead by a relative  
79.9 of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in order for  
79.10 the property to receive homestead status, a homestead application must be filed with the  
79.11 assessor. The Social Security number of each relative occupying the property and the name  
79.12 and Social Security number of the spouse of a relative occupying the property shall be  
79.13 required on the homestead application filed under this subdivision. If a different relative of  
79.14 the owner subsequently occupies the property, the owner of the property must notify the  
79.15 assessor within 30 days of the change in occupancy. The Social Security number of a relative  
79.16 occupying the property or the spouse of a relative occupying the property is private data on  
79.17 individuals as defined by section 13.02, subdivision 12, but may be disclosed to the  
79.18 commissioner of revenue, or, for the purposes of proceeding under the Revenue Recapture  
79.19 Act to recover personal property taxes owing, to the county treasurer.

79.20 (e) The homestead application shall also notify the property owners that if the property  
79.21 is granted homestead status for any assessment year, that same property shall remain  
79.22 classified as homestead until the property is sold or transferred to another person, or the  
79.23 owners, the spouse of the owner, or the relatives no longer use the property as their  
79.24 homestead. Upon the sale or transfer of the homestead property, a certificate of value must  
79.25 be timely filed with the county auditor as provided under section 272.115. Failure to notify  
79.26 the assessor within 30 days that the property has been sold, transferred, or that the owner,  
79.27 the spouse of the owner, or the relative is no longer occupying the property as a homestead,  
79.28 shall result in the penalty provided under this subdivision and the property will lose its  
79.29 current homestead status.

79.30 (f) If a homestead application has not been filed with the county by December ~~15~~ 31,  
79.31 the assessor shall classify the property as nonhomestead for the current assessment year for  
79.32 taxes payable in the following year, provided that the owner may be entitled to receive the  
79.33 homestead classification by proper application under section 375.192.

79.34 **EFFECTIVE DATE.** This section is effective beginning with assessments in 2021.

80.1 Sec. 6. Minnesota Statutes 2020, section 273.13, subdivision 23, is amended to read:

80.2 Subd. 23. **Class 2.** (a) An agricultural homestead consists of class 2a agricultural land  
80.3 that is homesteaded, along with any class 2b rural vacant land that is contiguous to the class  
80.4 2a land under the same ownership. The market value of the house and garage and immediately  
80.5 surrounding one acre of land has the same classification rates as class 1a or 1b property  
80.6 under subdivision 22. The value of the remaining land including improvements up to the  
80.7 first tier valuation limit of agricultural homestead property has a classification rate of 0.5  
80.8 percent of market value. The remaining property over the first tier has a classification rate  
80.9 of one percent of market value. For purposes of this subdivision, the "first tier valuation  
80.10 limit of agricultural homestead property" and "first tier" means the limit certified under  
80.11 section 273.11, subdivision 23.

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

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

80.22 (c) Class 2b rural vacant land consists of parcels of property, or portions thereof, that  
80.23 are unplatted real estate, rural in character and not used for agricultural purposes, including  
80.24 land used for growing trees for timber, lumber, and wood and wood products, that is not  
80.25 improved with a structure. The presence of a minor, ancillary nonresidential structure as  
80.26 defined by the commissioner of revenue does not disqualify the property from classification  
80.27 under this paragraph. Any parcel of 20 acres or more improved with a structure that is not  
80.28 a minor, ancillary nonresidential structure must be split-classified, and ten acres must be  
80.29 assigned to the split parcel containing the structure. If a parcel of 20 acres or more is enrolled  
80.30 in the sustainable forest management incentive program under chapter 290C, the number  
80.31 of acres assigned to the split parcel improved with a structure that is not a minor, ancillary  
80.32 nonresidential structure must equal three acres or the number of acres excluded from the  
80.33 sustainable forest incentive act covenant due to the structure, whichever is greater. Class  
80.34 2b property has a classification rate of one percent of market value unless it is part of an  
80.35 agricultural homestead under paragraph (a), or qualifies as class 2c under paragraph (d).



81.1 (d) Class 2c managed forest land consists of no less than 20 and no more than 1,920  
81.2 acres statewide per taxpayer that is being managed under a forest management plan that  
81.3 meets the requirements of chapter 290C, but is not enrolled in the sustainable forest resource  
81.4 management incentive program. It has a classification rate of .65 percent, provided that the  
81.5 owner of the property must apply to the assessor in order for the property to initially qualify  
81.6 for the reduced rate and provide the information required by the assessor to verify that the  
81.7 property qualifies for the reduced rate. If the assessor receives the application and information  
81.8 before May 1 in an assessment year, the property qualifies beginning with that assessment  
81.9 year. If the assessor receives the application and information after April 30 in an assessment  
81.10 year, the property may not qualify until the next assessment year. The commissioner of  
81.11 natural resources must concur that the land is qualified. The commissioner of natural  
81.12 resources shall annually provide county assessors verification information on a timely basis.  
81.13 The presence of a minor, ancillary nonresidential structure as defined by the commissioner  
81.14 of revenue does not disqualify the property from classification under this paragraph.

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

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

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

81.21 "Agricultural purposes" as used in this section means the raising, cultivation, drying, or  
81.22 storage of agricultural products for sale, or the storage of machinery or equipment used in  
81.23 support of agricultural production by the same farm entity. For a property to be classified  
81.24 as agricultural based only on the drying or storage of agricultural products, the products  
81.25 being dried or stored must have been produced by the same farm entity as the entity operating  
81.26 the drying or storage facility. "Agricultural purposes" also includes (i) enrollment in a local  
81.27 conservation program or the Reinvest in Minnesota program under sections 103F.501 to  
81.28 103F.535 or the federal Conservation Reserve Program as contained in Public Law 99-198  
81.29 or a similar state or federal conservation program if the property was classified as agricultural  
81.30 (A) under this subdivision for taxes payable in 2003 because of its enrollment in a qualifying  
81.31 program and the land remains enrolled or (B) in the year prior to its enrollment, or (ii) use  
81.32 of land, not to exceed three acres, to provide environmental benefits such as buffer strips,  
81.33 old growth forest restoration or retention, or retention ponds to prevent soil erosion. For  
81.34 purposes of this section, a "local conservation program" means a program administered by  
81.35 a town, statutory or home rule charter city, or county, including a watershed district, water

82.1 management organization, or soil and water conservation district, in which landowners  
82.2 voluntarily enroll land and receive incentive payments equal to at least \$50 per acre in  
82.3 exchange for use or other restrictions placed on the land. In order for property to qualify  
82.4 under the local conservation program provision, a taxpayer must apply to the assessor by  
82.5 February 1 of the assessment year and must submit the information required by the assessor,  
82.6 including but not limited to a copy of the program requirements, the specific agreement  
82.7 between the land owner and the local agency, if applicable, and a map of the conservation  
82.8 area. Agricultural classification shall not be based upon the market value of any residential  
82.9 structures on the parcel or contiguous parcels under the same ownership.

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

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

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

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

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

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

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

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

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

83.1 Classification under this subdivision is not determinative for qualifying under section  
83.2 273.111.

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

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

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

83.11 (2) aquacultural products for sale and consumption, as defined under section 17.47, if  
83.12 the aquaculture occurs on land zoned for agricultural use;

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

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

83.18 (5) game birds and waterfowl bred and raised (i) on a game farm licensed under section  
83.19 97A.105, provided that the annual licensing report to the Department of Natural Resources,  
83.20 which must be submitted annually by March 30 to the assessor, indicates that at least 500  
83.21 birds were raised or used for breeding stock on the property during the preceding year and  
83.22 that the owner provides a copy of the owner's most recent schedule F; or (ii) for use on a  
83.23 shooting preserve licensed under section 97A.115;

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

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

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

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

83.31 (1) wholesale and retail sales;

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

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

84.2 (4) office facilities for the support of the activities enumerated in clauses (1), (2), and  
84.3 (3),

84.4 the assessor shall classify the part of the parcel used for agricultural purposes as class  
84.5 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use.  
84.6 The grading, sorting, and packaging of raw agricultural products for first sale is considered  
84.7 an agricultural purpose. A greenhouse or other building where horticultural or nursery  
84.8 products are grown that is also used for the conduct of retail sales must be classified as  
84.9 agricultural if it is primarily used for the growing of horticultural or nursery products from  
84.10 seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products.  
84.11 Use of a greenhouse or building only for the display of already grown horticultural or nursery  
84.12 products does not qualify as an agricultural purpose.

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

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

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

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

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

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

85.1 purposes of this paragraph, "public access area" means property used as an aircraft parking  
85.2 ramp, apron, or storage hangar, or an arrival and departure building in connection with the  
85.3 airport.

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

85.11 (1) a legal description of the property;

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

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

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

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

85.24 (n) When any portion of the property under this subdivision or subdivision 22 begins to  
85.25 be actively mined, the owner must file a supplemental affidavit within 60 days from the  
85.26 day any aggregate is removed stating the number of acres of the property that is actively  
85.27 being mined. The acres actively being mined must be (1) valued and classified under  
85.28 subdivision 24 in the next subsequent assessment year, and (2) removed from the aggregate  
85.29 resource preservation property tax program under section 273.1115, if the land was enrolled  
85.30 in that program. Copies of the original affidavit and all supplemental affidavits must be  
85.31 filed with the county assessor, the local zoning administrator, and the Department of Natural  
85.32 Resources, Division of Land and Minerals. A supplemental affidavit must be filed each  
85.33 time a subsequent portion of the property is actively mined, provided that the minimum

86.1 acreage change is five acres, even if the actual mining activity constitutes less than five  
86.2 acres.

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

86.6 **EFFECTIVE DATE.** This section is effective for assessment year 2022 and thereafter.

86.7 Sec. 7. Minnesota Statutes 2020, section 273.13, subdivision 25, is amended to read:

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

86.15 (b) Class 4b includes:

86.16 (1) residential real estate containing less than four units, including property rented as a  
86.17 short-term rental property for more than 14 days in the preceding year, that does not qualify  
86.18 as class 4bb, other than seasonal residential recreational property;

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

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

86.22 (4) unimproved property that is classified residential as determined under subdivision  
86.23 33.

86.24 For the purposes of this paragraph, "short-term rental property" means nonhomestead  
86.25 residential real estate rented for periods of less than 30 consecutive days.

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

86.27 (c) Class 4bb includes:

86.28 (1) nonhomestead residential real estate containing one unit, other than seasonal  
86.29 residential recreational property;

86.30 (2) a single family dwelling, garage, and surrounding one acre of property on a  
86.31 nonhomestead farm classified under subdivision 23, paragraph (b); and

87.1 (3) a condominium-type storage unit having an individual property identification number  
87.2 that is not used for a commercial purpose.

87.3 Class 4bb property has the same classification rates as class 1a property under subdivision  
87.4 22.

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

87.8 (d) Class 4c property includes:

87.9 (1) except as provided in subdivision 22, paragraph (c), real and personal property  
87.10 devoted to commercial temporary and seasonal residential occupancy for recreation purposes,  
87.11 for not more than 250 days in the year preceding the year of assessment. For purposes of  
87.12 this clause, property is devoted to a commercial purpose on a specific day if any portion of  
87.13 the property is used for residential occupancy, and a fee is charged for residential occupancy.  
87.14 Class 4c property under this clause must contain three or more rental units. A "rental unit"  
87.15 is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site  
87.16 equipped with water and electrical hookups for recreational vehicles. A camping pad offered  
87.17 for rent by a property that otherwise qualifies for class 4c under this clause is also class 4c  
87.18 under this clause regardless of the term of the rental agreement, as long as the use of the  
87.19 camping pad does not exceed 250 days. In order for a property to be classified under this  
87.20 clause, either (i) the business located on the property must provide recreational activities,  
87.21 at least 40 percent of the annual gross lodging receipts related to the property must be from  
87.22 business conducted during 90 consecutive days, and either (A) at least 60 percent of all paid  
87.23 bookings by lodging guests during the year must be for periods of at least two consecutive  
87.24 nights; or (B) at least 20 percent of the annual gross receipts must be from charges for  
87.25 providing recreational activities, or (ii) the business must contain 20 or fewer rental units,  
87.26 and must be located in a township or a city with a population of 2,500 or less located outside  
87.27 the metropolitan area, as defined under section 473.121, subdivision 2, that contains a portion  
87.28 of a state trail administered by the Department of Natural Resources. For purposes of item  
87.29 (i)(A), a paid booking of five or more nights shall be counted as two bookings. Class 4c  
87.30 property also includes commercial use real property used exclusively for recreational  
87.31 purposes in conjunction with other class 4c property classified under this clause and devoted  
87.32 to temporary and seasonal residential occupancy for recreational purposes, up to a total of  
87.33 two acres, provided the property is not devoted to commercial recreational use for more  
87.34 than 250 days in the year preceding the year of assessment and is located within two miles  
87.35 of the class 4c property with which it is used. In order for a property to qualify for

88.1 classification under this clause, the owner must submit a declaration to the assessor  
88.2 designating the cabins or units occupied for 250 days or less in the year preceding the year  
88.3 of assessment by January 15 of the assessment year. Those cabins or units and a proportionate  
88.4 share of the land on which they are located must be designated class 4c under this clause  
88.5 as otherwise provided. The remainder of the cabins or units and a proportionate share of  
88.6 the land on which they are located will be designated as class 3a. The owner of property  
88.7 desiring designation as class 4c property under this clause must provide guest registers or  
88.8 other records demonstrating that the units for which class 4c designation is sought were not  
88.9 occupied for more than 250 days in the year preceding the assessment if so requested. The  
88.10 portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center  
88.11 or meeting room, and (5) other nonresidential facility operated on a commercial basis not  
88.12 directly related to temporary and seasonal residential occupancy for recreation purposes  
88.13 does not qualify for class 4c. For the purposes of this paragraph, "recreational activities"  
88.14 means renting ice fishing houses, boats and motors, snowmobiles, downhill or cross-country  
88.15 ski equipment; providing marina services, launch services, or guide services; or selling bait  
88.16 and fishing tackle;

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

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

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

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

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

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

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



89.1 For purposes of this clause:

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

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

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

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

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

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

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

89.31 (5)(i) manufactured home parks as defined in section 327.14, subdivision 3, excluding  
89.32 manufactured home parks described in items (ii) and (iii), (ii) manufactured home parks as  
89.33 defined in section 327.14, subdivision 3, that are described in section 273.124, subdivision

90.1 3a, and (iii) class I manufactured home parks as defined in section 327C.01, subdivision  
90.2 13;

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

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

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

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

90.12 If a hangar classified under this clause is sold after June 30, 2000, a bill of sale must be  
90.13 filed by the new owner with the assessor of the county where the property is located within  
90.14 60 days of the sale;

90.15 (8) a privately owned noncommercial aircraft storage hangar not exempt under section  
90.16 272.01, subdivision 2, and the land on which it is located, provided that:

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

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

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

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

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

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

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

90.30 The market value subject to the 4c classification under this clause is limited to five rental  
90.31 units. Any rental units on the property in excess of five, must be valued and assessed as

91.1 class 3a. The portion of the property used for purposes of a homestead by the owner must  
91.2 be classified as class 1a property under subdivision 22;

91.3 (10) real property up to a maximum of three acres and operated as a restaurant as defined  
91.4 under section 157.15, subdivision 12, provided it: (i) is located on a lake as defined under  
91.5 section 103G.005, subdivision 15, paragraph (a), clause (3); and (ii) is either devoted to  
91.6 commercial purposes for not more than 250 consecutive days, or receives at least 60 percent  
91.7 of its annual gross receipts from business conducted during four consecutive months. Gross  
91.8 receipts from the sale of alcoholic beverages must be included in determining the property's  
91.9 qualification under item (ii). The property's primary business must be as a restaurant and  
91.10 not as a bar. Gross receipts from gift shop sales located on the premises must be excluded.  
91.11 Owners of real property desiring 4c classification under this clause must submit an annual  
91.12 declaration to the assessor by February 1 of the current assessment year, based on the  
91.13 property's relevant information for the preceding assessment year;

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

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

91.26 Class 4c property has a classification rate of 1.5 percent of market value, except that (i)  
91.27 each parcel of noncommercial seasonal residential recreational property under clause (12)  
91.28 has the same classification rates as class 4bb property, (ii) manufactured home parks assessed  
91.29 under clause (5), item (i), have the same classification rate as class 4b property, the market  
91.30 value of manufactured home parks assessed under clause (5), item (ii), have a classification  
91.31 rate of 0.75 percent if more than 50 percent of the lots in the park are occupied by  
91.32 shareholders in the cooperative corporation or association and a classification rate of one  
91.33 percent if 50 percent or less of the lots are so occupied, and class I manufactured home  
91.34 parks as defined in section 327C.01, subdivision 13, have a classification rate of 1.0 percent,  
91.35 (iii) commercial-use seasonal residential recreational property and marina recreational land

92.1 as described in clause (11), has a classification rate of one percent for the first \$500,000 of  
92.2 market value, and 1.25 percent for the remaining market value, (iv) the market value of  
92.3 property described in clause (4) has a classification rate of one percent, (v) the market value  
92.4 of property described in clauses (2), (6), and (10) has a classification rate of 1.25 percent,  
92.5 (vi) that portion of the market value of property in clause (9) qualifying for class 4c property  
92.6 has a classification rate of 1.25 percent, and (vii) property qualifying for classification under  
92.7 clause (3) that is owned or operated by a congressionally chartered veterans organization  
92.8 has a classification rate of one percent. The commissioner of veterans affairs must provide  
92.9 a list of congressionally chartered veterans organizations to the commissioner of revenue  
92.10 by June 30, 2017, and by January 1, 2018, and each year thereafter.

92.11 (e) Class 4d property is qualifying low-income rental housing certified to the assessor  
92.12 by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion of  
92.13 the units in the building qualify as low-income rental housing units as certified under section  
92.14 273.128, subdivision 3, only the proportion of qualifying units to the total number of units  
92.15 in the building qualify for class 4d. The remaining portion of the building shall be classified  
92.16 by the assessor based upon its use. Class 4d also includes the same proportion of land as  
92.17 the qualifying low-income rental housing units are to the total units in the building. For all  
92.18 properties qualifying as class 4d, the market value determined by the assessor must be based  
92.19 on the normal approach to value using normal unrestricted rents.

92.20 (f) The first tier of market value of class 4d property has a classification rate of 0.75  
92.21 percent. The remaining value of class 4d property has a classification rate of 0.25 percent.  
92.22 For the purposes of this paragraph, the "first tier of market value of class 4d property" means  
92.23 the market value of each housing unit up to the first tier limit. For the purposes of this  
92.24 paragraph, all class 4d property value must be assigned to individual housing units. The  
92.25 first tier limit is \$100,000 for assessment ~~year 2014~~ years 2022 and 2023. For subsequent  
92.26 assessment years, the limit is adjusted each year by the average statewide change in estimated  
92.27 market value of property classified as class 4a and 4d under this section for the previous  
92.28 assessment year, excluding valuation change due to new construction, rounded to the nearest  
92.29 \$1,000, provided, however, that the limit may never be less than \$100,000. Beginning with  
92.30 assessment year 2015, the commissioner of revenue must certify the limit for each assessment  
92.31 year by November 1 of the previous year.

92.32 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2022.

93.1 Sec. 8. Minnesota Statutes 2020, section 273.13, subdivision 34, is amended to read:

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

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

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

93.14 (c) If a veteran with a disability qualifying for a valuation exclusion under paragraph  
93.15 (b), clause (2), predeceases the veteran's spouse, and if upon the death of the veteran the  
93.16 spouse holds the legal or beneficial title to the homestead and permanently resides there,  
93.17 the exclusion shall carry over to the benefit of the veteran's spouse until such time as the  
93.18 spouse remarries, or sells, transfers, or otherwise disposes of the property, except as otherwise  
93.19 provided in paragraph (n). Qualification under this paragraph requires an application under  
93.20 paragraph (h), and a spouse must notify the assessor if there is a change in the spouse's  
93.21 marital status, ownership of the property, or use of the property as a permanent residence.

93.22 (d) If the spouse of a member of any branch or unit of the United States armed forces  
93.23 who dies due to a service-connected cause while serving honorably in active service, as  
93.24 indicated on United States Government Form DD1300 or DD2064, holds the legal or  
93.25 beneficial title to a homestead and permanently resides there, the spouse is entitled to the  
93.26 benefit described in paragraph (b), clause (2), until such time as the spouse remarries or  
93.27 sells, transfers, or otherwise disposes of the property, except as otherwise provided in  
93.28 paragraph (n).

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

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

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

94.7 (h) To qualify for a valuation exclusion under this subdivision a property owner must  
94.8 apply to the assessor by December ~~15~~ 31 of the first assessment year for which the exclusion  
94.9 is sought. ~~For an application received after December 15, the exclusion shall become effective~~  
94.10 ~~for the following assessment year.~~ Except as provided in paragraph (c), the owner of a  
94.11 property that has been accepted for a valuation exclusion must notify the assessor if there  
94.12 is a change in ownership of the property or in the use of the property as a homestead.

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

94.15 (j) For purposes of this subdivision:

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

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

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

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

94.23 (k) If a veteran dying after December 31, 2011, did not apply for or receive the exclusion  
94.24 under paragraph (b), clause (2), before dying, the veteran's spouse is entitled to the benefit  
94.25 under paragraph (b), clause (2), until the spouse remarries or sells, transfers, or otherwise  
94.26 disposes of the property, except as otherwise provided in paragraph (n), if:

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

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

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

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

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

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

95.4 (l) The purpose of this provision of law providing a level of homestead property tax  
95.5 relief for veterans with a disability, their primary family caregivers, and their surviving  
95.6 spouses is to help ease the burdens of war for those among our state's citizens who bear  
95.7 those burdens most heavily.

95.8 (m) By July 1, the county veterans service officer must certify the disability rating and  
95.9 permanent address of each veteran receiving the benefit under paragraph (b) to the assessor.

95.10 (n) A spouse who received the benefit in paragraph (c), (d), or (k) but no longer holds  
95.11 the legal or beneficial title to the property may continue to receive the exclusion for a  
95.12 property other than the property for which the exclusion was initially granted until the spouse  
95.13 remarries or sells, transfers, or otherwise disposes of the property, provided that:

95.14 (1) the spouse applies under paragraph (h) for the continuation of the exclusion allowed  
95.15 under this paragraph;

95.16 (2) the spouse holds the legal or beneficial title to the property for which the continuation  
95.17 of the exclusion is sought under this paragraph, and permanently resides there;

95.18 (3) the estimated market value of the property for which the exclusion is sought under  
95.19 this paragraph is less than or equal to the estimated market value of the property that first  
95.20 received the exclusion, based on the value of each property on the date of the sale of the  
95.21 property that first received the exclusion; and

95.22 (4) the spouse has not previously received the benefit under this paragraph for a property  
95.23 other than the property for which the exclusion is sought.

95.24 **EFFECTIVE DATE.** This section is effective beginning with assessments in 2021.

95.25 Sec. 9. Minnesota Statutes 2020, section 275.025, subdivision 1, is amended to read:

95.26 Subdivision 1. **Levy amount.** The state general levy is levied against  
95.27 commercial-industrial property and seasonal residential recreational property, as defined  
95.28 in this section. The state general levy for commercial-industrial property is ~~\$737,090,000~~  
95.29 \$716,990,000 for taxes payable in ~~2020~~ 2023 and thereafter. The state general levy for  
95.30 seasonal-recreational property is \$41,690,000 for taxes payable in 2020 and thereafter. The  
95.31 tax under this section is not treated as a local tax rate under section 469.177 and is not the  
95.32 levy of a governmental unit under chapters 276A and 473F.

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

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

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

96.8 (3) an increase or decrease in taxable value for commercial-industrial or seasonal  
 96.9 residential recreational property reported to the commissioner under section 270C.85,  
 96.10 subdivision 2, clause (4), for the same year.

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

96.13 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable  
 96.14 in 2023 and thereafter.

96.15 Sec. 10. Minnesota Statutes 2020, section 275.025, subdivision 2, is amended to read:

96.16 Subd. 2. **Commercial-industrial tax capacity.** For the purposes of this section,  
 96.17 "commercial-industrial tax capacity" means the tax capacity of all taxable property classified  
 96.18 as class 3 or class 5(1) under section 273.13, excluding:

96.19 (1) the tax capacity attributable to the first ~~\$100,000~~ \$150,000 of market value of each  
 96.20 parcel of commercial-industrial property as defined under section 273.13, subdivision 24,  
 96.21 clauses (1) and (2);

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

96.23 (3) property described in section 473.625.

96.24 County commercial-industrial tax capacity amounts are not adjusted for the captured  
 96.25 net tax capacity of a tax increment financing district under section 469.177, subdivision 2,  
 96.26 the net tax capacity of transmission lines deducted from a local government's total net tax  
 96.27 capacity under section 273.425, or fiscal disparities contribution and distribution net tax  
 96.28 capacities under chapter 276A or 473F. For purposes of this subdivision, the procedures  
 96.29 for determining eligibility for tier 1 under section 273.13, subdivision 24, clauses (1) and  
 96.30 (2), shall apply in determining the portion of a property eligible to be considered within the  
 96.31 first ~~\$100,000~~ \$150,000 of market value.



97.1 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable  
 97.2 in 2023 and thereafter.

97.3 Sec. 11. Minnesota Statutes 2020, section 275.065, subdivision 3, is amended to read:

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

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

97.11 (c) The notice must inform taxpayers that it contains the amount of property taxes each  
 97.12 taxing authority proposes to collect for taxes payable the following year. In the case of a  
 97.13 town, or in the case of the state general tax, the final tax amount will be its proposed tax.  
 97.14 The notice must clearly state for each city that has a population over 500, county, school  
 97.15 district, regional library authority established under section 134.201, ~~and~~ metropolitan taxing  
 97.16 districts as defined in paragraph (i), and fire protection and emergency medical services  
 97.17 special taxing districts established under section 144F.01, the time and place of a meeting  
 97.18 for each taxing authority in which the budget and levy will be discussed and public input  
 97.19 allowed, prior to the final budget and levy determination. The taxing authorities must provide  
 97.20 the county auditor with the information to be included in the notice on or before the time it  
 97.21 certifies its proposed levy under subdivision 1. The public must be allowed to speak at that  
 97.22 meeting, which must occur after November 24 and must not be held before 6:00 p.m. It  
 97.23 must provide a telephone number for the taxing authority that taxpayers may call if they  
 97.24 have questions related to the notice and an address where comments will be received by  
 97.25 mail, except that no notice required under this section shall be interpreted as requiring the  
 97.26 printing of a personal telephone number or address as the contact information for a taxing  
 97.27 authority. If a taxing authority does not maintain public offices where telephone calls can  
 97.28 be received by the authority, the authority may inform the county of the lack of a public  
 97.29 telephone number and the county shall not list a telephone number for that taxing authority.

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

97.31 (1) the market value of the property as determined under section 273.11, and used for  
 97.32 computing property taxes payable in the following year and for taxes payable in the current  
 97.33 year as each appears in the records of the county assessor on November 1 of the current  
 97.34 year; and, in the case of residential property, whether the property is classified as homestead

98.1 or nonhomestead. The notice must clearly inform taxpayers of the years to which the market  
98.2 values apply and that the values are final values;

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

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

98.8 (ii) the proposed tax amount.

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

98.12 In the case of a town or the state general tax, the final tax shall also be its proposed tax  
98.13 unless the town changes its levy at a special town meeting under section 365.52. If a school  
98.14 district has certified under section 126C.17, subdivision 9, that a referendum will be held  
98.15 in the school district at the November general election, the county auditor must note next  
98.16 to the school district's proposed amount that a referendum is pending and that, if approved  
98.17 by the voters, the tax amount may be higher than shown on the notice. In the case of the  
98.18 city of Minneapolis, the levy for Minneapolis Park and Recreation shall be listed separately  
98.19 from the remaining amount of the city's levy. In the case of the city of St. Paul, the levy for  
98.20 the St. Paul Library Agency must be listed separately from the remaining amount of the  
98.21 city's levy. In the case of Ramsey County, any amount levied under section 134.07 may be  
98.22 listed separately from the remaining amount of the county's levy. In the case of a parcel  
98.23 where tax increment or the fiscal disparities areawide tax under chapter 276A or 473F  
98.24 applies, the proposed tax levy on the captured value or the proposed tax levy on the tax  
98.25 capacity subject to the areawide tax must each be stated separately and not included in the  
98.26 sum of the special taxing districts; and

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

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

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

99.1 (1) special assessments;

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

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

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

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

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

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

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

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

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

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

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

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

100.1 (1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325, 473.446,  
 100.2 473.521, 473.547, or 473.834;

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

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

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

100.8 (j) The governing body of a county, city, or school district may, with the consent of the  
 100.9 county board, include supplemental information with the statement of proposed property  
 100.10 taxes about the impact of state aid increases or decreases on property tax increases or  
 100.11 decreases and on the level of services provided in the affected jurisdiction. This supplemental  
 100.12 information may include information for the following year, the current year, and for as  
 100.13 many consecutive preceding years as deemed appropriate by the governing body of the  
 100.14 county, city, or school district. It may include only information regarding:

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

100.17 (2) population growth and decline;

100.18 (3) state or federal government action; and

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

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

100.25 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable  
 100.26 in 2022.

100.27 Sec. 12. Minnesota Statutes 2020, section 275.065, is amended by adding a subdivision  
 100.28 to read:

100.29 **Subd. 3b. Notice of proposed property taxes required supplemental information. (a)**  
 100.30 **The county auditor must prepare a separate statement to be delivered with the notice of**  
 100.31 **proposed taxes described in subdivision 3. The statement must fit on one sheet of paper and**  
 100.32 **contain for each parcel:**

101.1 (1) for the county, city or township, and school district in which the parcel lies, the  
101.2 certified levy for the current taxes payable year, the proposed levy for taxes payable in the  
101.3 following year, and the increase or decrease between these two amounts, expressed as a  
101.4 percentage; and

101.5 (2) summary budget information listed in paragraph (b).

101.6 (b) Summary budget information must contain budget data from the county, city, and  
101.7 school district that proposes a property tax levy on the parcel for taxes payable the following  
101.8 year. For the school district, the summary budget data must include the information provided  
101.9 to the public under section 123B.10, subdivision 1, paragraph (b), for the current year and  
101.10 prior year. For the county and city, the reported summary budget data must contain the same  
101.11 information, in the same categories, and in the same format as provided to the Office of the  
101.12 State Auditor as required by section 6.745. The statement must provide the governmental  
101.13 revenues and current expenditures information in clauses (1) and (2) for the taxing authority's  
101.14 budget for taxes payable the following year and the taxing authority's budget from taxes  
101.15 payable in the current year, as well as the percent change between the two years. The city  
101.16 must provide the county auditor with the summary budget data at the same time as the  
101.17 information required under subdivision 3. Only cities with a population of at least 500 are  
101.18 required to report the data described in this paragraph. If a city with a population over 500  
101.19 fails to report the required information to the county auditor, the county auditor must list  
101.20 the city as "budget information not reported" on the portion of the statement dedicated to  
101.21 the city's budget information. The statement may take the same format as the annual summary  
101.22 budget report for cities and counties issued by the Office of the State Auditor. The summary  
101.23 budget data must include:

101.24 (1) a governmental revenues category, including and separately stating:

101.25 (i) "property taxes" defined as property taxes levied on an assessed valuation of real  
101.26 property and personal property, if applicable, by the city and county, including fiscal  
101.27 disparities;

101.28 (ii) "special assessments" defined as levies made against certain properties to defray all  
101.29 or part of the costs of a specific improvement, such as new sewer and water mains, deemed  
101.30 to benefit primarily those properties;

101.31 (iii) "state general purpose aid" defined as aid received from the state that has no  
101.32 restrictions on its use, including local government aid, county program aid, and market  
101.33 value credits; and

- 102.1 (iv) "state categorical aid" defined as revenues received for a specific purpose, such as  
102.2 streets and highways, fire relief, and flood control, including but not limited to police and  
102.3 fire state aid and out-of-home placement aid; and
- 102.4 (2) a current expenditures category, including and separately stating:
- 102.5 (i) "general government" defined as administration costs of city or county governments,  
102.6 including salaries of officials and maintenance of buildings;
- 102.7 (ii) "public safety" defined as costs related to the protection of persons and property,  
102.8 such as police, fire, ambulance services, building inspections, animal control, and flood  
102.9 control;
- 102.10 (iii) "streets and highways" defined as costs associated with the maintenance and repair  
102.11 of local highways, streets, bridges, and street equipment, such as patching, seal coating,  
102.12 street lighting, street cleaning, and snow removal;
- 102.13 (iv) "sanitation" defined as costs of refuse collection and disposal, recycling, and weed  
102.14 and pest control;
- 102.15 (v) "human services" defined as activities designed to provide public assistance and  
102.16 institutional care for individuals economically unable to provide for themselves;
- 102.17 (vi) "health" defined as costs of the maintenance of vital statistics, restaurant inspection,  
102.18 communicable disease control, and various health services and clinics;
- 102.19 (vii) "culture and recreation" defined as costs of libraries, park maintenance, mowing,  
102.20 planting, removal of trees, festivals, bands, museums, community centers, cable television,  
102.21 baseball fields, and organized recreation activities;
- 102.22 (viii) "conservation of natural resources" defined as the conservation and development  
102.23 of natural resources, including agricultural and forestry programs and services, weed  
102.24 inspection services, and soil and water conservation services;
- 102.25 (ix) "economic development and housing" defined as costs for development and  
102.26 redevelopment activities in blighted or otherwise economically disadvantaged areas, including  
102.27 low-interest loans, cleanup of hazardous sites, rehabilitation of substandard housing and  
102.28 other physical facilities, and other assistance to those wanting to provide housing and  
102.29 economic opportunity within a disadvantaged area; and
- 102.30 (x) "all other current expenditures" defined as costs not classified elsewhere, such as  
102.31 airport expenditures, cemeteries, unallocated insurance costs, unallocated pension costs,  
102.32 and public transportation costs.

103.1 (c) If a taxing authority reporting this data does not have revenues or expenditures in a  
 103.2 category listed in paragraph (b), then the taxing authority must designate the amount as "0"  
 103.3 for that specific category.

103.4 (d) The supplemental statement provided under this subdivision must be sent in electronic  
 103.5 form or by e-mail if the taxpayer requests an electronic version the notice of proposed  
 103.6 property taxes under subdivision 3, paragraph (a).

103.7 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2023 and  
 103.8 thereafter.

103.9 Sec. 13. Minnesota Statutes 2020, section 275.066, is amended to read:

103.10 **275.066 SPECIAL TAXING DISTRICTS; DEFINITION.**

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

103.13 (1) watershed districts under chapter 103D;

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

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

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

103.17 (5) park districts under chapter 398;

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

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

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

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

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

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

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

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

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

103.27 (15) Metropolitan Airports Commission under sections 473.601 to 473.679;

103.28 (16) Metropolitan Mosquito Control Commission under sections 473.701 to 473.716;

104.1 (17) Morrison County Rural Development Financing Authority under Laws 1982, chapter  
104.2 437, section 1;

104.3 (18) Croft Historical Park District under Laws 1984, chapter 502, article 13, section 6;

104.4 (19) East Lake County Medical Clinic District under Laws 1989, chapter 211, sections  
104.5 1 to 6;

104.6 (20) Floodwood Area Ambulance District under Laws 1993, chapter 375, article 5,  
104.7 section 39;

104.8 (21) Middle Mississippi River Watershed Management Organization under sections  
104.9 103B.211 and 103B.241;

104.10 (22) fire protection and emergency medical services special taxing districts under section  
104.11 144F.01;

104.12 (23) a county levying under the authority of section 103B.241, 103B.245, or 103B.251;

104.13 (24) Southern St. Louis County Special Taxing District; Chris Jensen Nursing Home  
104.14 under Laws 2003, First Special Session chapter 21, article 4, section 12;

104.15 (25) an airport authority created under section 360.0426; and

104.16 (26) any other political subdivision of the state of Minnesota, excluding counties, school  
104.17 districts, cities, and towns, that has the power to adopt and certify a property tax levy to the  
104.18 county auditor, as determined by the commissioner of revenue.

104.19 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
104.20 applies to districts established after June 30, 2021.

104.21 Sec. 14. Minnesota Statutes 2020, section 290A.03, subdivision 3, is amended to read:

104.22 Subd. 3. **Income.** (a) "Income" means the sum of the following:

104.23 (1) federal adjusted gross income as defined in the Internal Revenue Code; and

104.24 (2) the sum of the following amounts to the extent not included in clause (1):

104.25 (i) all nontaxable income;

104.26 (ii) the amount of a passive activity loss that is not disallowed as a result of section 469,  
104.27 paragraph (i) or (m) of the Internal Revenue Code and the amount of passive activity loss  
104.28 carryover allowed under section 469(b) of the Internal Revenue Code;



- 105.1 (iii) an amount equal to the total of any discharge of qualified farm indebtedness of a  
105.2 solvent individual excluded from gross income under section 108(g) of the Internal Revenue  
105.3 Code;
- 105.4 (iv) cash public assistance and relief;
- 105.5 (v) any pension or annuity (including railroad retirement benefits, all payments received  
105.6 under the federal Social Security Act, Supplemental Security Income, and veterans benefits),  
105.7 which was not exclusively funded by the claimant or spouse, or which was funded exclusively  
105.8 by the claimant or spouse and which funding payments were excluded from federal adjusted  
105.9 gross income in the years when the payments were made;
- 105.10 (vi) interest received from the federal or a state government or any instrumentality or  
105.11 political subdivision thereof;
- 105.12 (vii) workers' compensation;
- 105.13 (viii) nontaxable strike benefits;
- 105.14 (ix) the gross amounts of payments received in the nature of disability income or sick  
105.15 pay as a result of accident, sickness, or other disability, whether funded through insurance  
105.16 or otherwise;
- 105.17 (x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of  
105.18 1986, as amended through December 31, 1995;
- 105.19 (xi) contributions made by the claimant to an individual retirement account, including  
105.20 a qualified voluntary employee contribution; simplified employee pension plan;  
105.21 self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of  
105.22 the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal  
105.23 Revenue Code, to the extent the sum of amounts exceeds the retirement base amount for  
105.24 the claimant and spouse;
- 105.25 (xii) to the extent not included in federal adjusted gross income, distributions received  
105.26 by the claimant or spouse from a traditional or Roth style retirement account or plan;
- 105.27 (xiii) nontaxable scholarship or fellowship grants;
- 105.28 (xiv) alimony received to the extent not included in the recipient's income;
- 105.29 (xv) the amount of deduction allowed under section 220 or 223 of the Internal Revenue  
105.30 Code;
- 105.31 (xvi) the amount deducted for tuition expenses under section 222 of the Internal Revenue  
105.32 Code; and

106.1 (xvii) the amount deducted for certain expenses of elementary and secondary school  
106.2 teachers under section 62(a)(2)(D) of the Internal Revenue Code.

106.3 In the case of an individual who files an income tax return on a fiscal year basis, the  
106.4 term "federal adjusted gross income" shall mean federal adjusted gross income reflected in  
106.5 the fiscal year ending in the calendar year. Federal adjusted gross income shall not be reduced  
106.6 by the amount of a net operating loss carryback or carryforward or a capital loss carryback  
106.7 or carryforward allowed for the year.

106.8 (b) "Income" does not include:

106.9 (1) amounts excluded pursuant to the Internal Revenue Code, sections 101(a) and 102;

106.10 (2) amounts of any pension or annuity which was exclusively funded by the claimant  
106.11 or spouse and which funding payments were not excluded from federal adjusted gross  
106.12 income in the years when the payments were made;

106.13 (3) to the extent included in federal adjusted gross income, amounts contributed by the  
106.14 claimant or spouse to a traditional or Roth style retirement account or plan, but not to exceed  
106.15 the retirement base amount reduced by the amount of contributions excluded from federal  
106.16 adjusted gross income, but not less than zero;

106.17 (4) surplus food or other relief in kind supplied by a governmental agency;

106.18 (5) relief granted under this chapter;

106.19 (6) child support payments received under a temporary or final decree of dissolution or  
106.20 legal separation;

106.21 (7) restitution payments received by eligible individuals and excludable interest as  
106.22 defined in section 803 of the Economic Growth and Tax Relief Reconciliation Act of 2001,  
106.23 Public Law 107-16; ~~or~~

106.24 (8) alimony paid; or

106.25 (9) veterans disability compensation paid under title 38 of the United States Code.

106.26 (c) The sum of the following amounts may be subtracted from income:

106.27 (1) for the claimant's first dependent, the exemption amount multiplied by 1.4;

106.28 (2) for the claimant's second dependent, the exemption amount multiplied by 1.3;

106.29 (3) for the claimant's third dependent, the exemption amount multiplied by 1.2;

106.30 (4) for the claimant's fourth dependent, the exemption amount multiplied by 1.1;

107.1 (5) for the claimant's fifth dependent, the exemption amount; and

107.2 (6) if the claimant or claimant's spouse had a disability or attained the age of 65 on or  
107.3 before December 31 of the year for which the taxes were levied or rent paid, the exemption  
107.4 amount.

107.5 (d) For purposes of this subdivision, the following terms have the meanings given:

107.6 (1) "exemption amount" means the exemption amount under section 290.0121,  
107.7 subdivision 1, paragraph (b), for the taxable year for which the income is reported;

107.8 (2) "retirement base amount" means the deductible amount for the taxable year for the  
107.9 claimant and spouse under section 219(b)(5)(A) of the Internal Revenue Code, adjusted for  
107.10 inflation as provided in section 219(b)(5)(C) of the Internal Revenue Code, without regard  
107.11 to whether the claimant or spouse claimed a deduction; and

107.12 (3) "traditional or Roth style retirement account or plan" means retirement plans under  
107.13 sections 401, 403, 408, 408A, and 457 of the Internal Revenue Code.

107.14 **EFFECTIVE DATE.** This section is effective for refund claims based on property taxes  
107.15 payable in 2022 and rent paid in 2021 and thereafter.

107.16 Sec. 15. Minnesota Statutes 2020, section 429.021, subdivision 1, is amended to read:

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

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

107.24 (2) To acquire, develop, construct, reconstruct, extend, and maintain storm and sanitary  
107.25 sewers and systems, including outlets, holding areas and ponds, treatment plants, pumps,  
107.26 lift stations, service connections, and other appurtenances of a sewer system, within and  
107.27 without the corporate limits.

107.28 (3) To construct, reconstruct, extend, and maintain steam heating mains.

107.29 (4) To install, replace, extend, and maintain street lights and street lighting systems and  
107.30 special lighting systems.

108.1 (5) To acquire, improve, construct, reconstruct, extend, and maintain water works systems,  
108.2 including mains, valves, hydrants, service connections, wells, pumps, reservoirs, tanks,  
108.3 treatment plants, and other appurtenances of a water works system, within and without the  
108.4 corporate limits.

108.5 (6) To acquire, improve and equip parks, open space areas, playgrounds, and recreational  
108.6 facilities within or without the corporate limits.

108.7 (7) To plant trees on streets and provide for their trimming, care, and removal.

108.8 (8) To abate nuisances and to drain swamps, marshes, and ponds on public or private  
108.9 property and to fill the same.

108.10 (9) To construct, reconstruct, extend, and maintain dikes and other flood control works.

108.11 (10) To construct, reconstruct, extend, and maintain retaining walls and area walls.

108.12 (11) To acquire, construct, reconstruct, improve, alter, extend, operate, maintain, and  
108.13 promote a pedestrian skyway system. Such improvement may be made upon a petition  
108.14 pursuant to section 429.031, subdivision 3.

108.15 (12) To acquire, construct, reconstruct, extend, operate, maintain, and promote  
108.16 underground pedestrian concourses.

108.17 (13) To acquire, construct, improve, alter, extend, operate, maintain, and promote public  
108.18 malls, plazas or courtyards.

108.19 (14) To construct, reconstruct, extend, and maintain district heating systems.

108.20 (15) To construct, reconstruct, alter, extend, operate, maintain, and promote fire protection  
108.21 systems in existing buildings, but only upon a petition pursuant to section 429.031,  
108.22 subdivision 3.

108.23 (16) To acquire, construct, reconstruct, improve, alter, extend, and maintain highway  
108.24 sound barriers.

108.25 (17) To improve, construct, reconstruct, extend, and maintain gas and electric distribution  
108.26 facilities owned by a municipal gas or electric utility.

108.27 (18) To purchase, install, and maintain signs, posts, and other markers for addressing  
108.28 related to the operation of enhanced 911 telephone service.

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

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

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

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

109.11 (21) To assess affected property owners for repayment of voluntary energy improvement  
109.12 financings under section 216C.436, subdivision 7, or 216C.437, subdivision 28.

109.13 (22) To construct, reconstruct, alter, extend, operate, maintain, and promote energy  
109.14 improvement projects in existing buildings, provided that:

109.15 (i) a petition for the improvement is made by a property owner under section 429.031,  
109.16 subdivision 3;

109.17 (ii) the municipality funds and administers the energy improvement project;

109.18 (iii) project funds are only used for the installation of improvements to heating,  
109.19 ventilation, and air conditioning equipment and building envelope and for the installation  
109.20 of renewable energy systems;

109.21 (iv) each property owner petitioning for the improvement receives notice that free or  
109.22 low-cost energy improvements may be available under federal, state, or utility programs;

109.23 (v) for energy improvement projects on residential property, only residential property  
109.24 having five or more units may obtain financing for projects under this clause; and

109.25 (vi) prior to financing an energy improvement project or imposing an assessment for a  
109.26 project, written notice is provided to the mortgage lender of any mortgage encumbering or  
109.27 otherwise secured by the property proposed to be improved.

109.28 **EFFECTIVE DATE.** This section is effective for special assessments payable in 2022  
109.29 and thereafter.

110.1 Sec. 16. Minnesota Statutes 2020, section 429.031, subdivision 3, is amended to read:

110.2 Subd. 3. **Petition by all owners.** Whenever all owners of real property abutting upon  
110.3 any street named as the location of any improvement shall petition the council to construct  
110.4 the improvement and to assess the entire cost against their property, the council may, without  
110.5 a public hearing, adopt a resolution determining such fact and ordering the improvement.  
110.6 The validity of the resolution shall not be questioned by any taxpayer or property owner or  
110.7 the municipality unless an action for that purpose is commenced within 30 days after adoption  
110.8 of the resolution as provided in section 429.036. Nothing herein prevents any property  
110.9 owner from questioning the amount or validity of the special assessment against the owner's  
110.10 property pursuant to section 429.081. In the case of a petition for the municipality to own  
110.11 and install a fire protection system, energy improvement projects, a pedestrian skyway  
110.12 system, or on-site water contaminant improvements, the petition must contain or be  
110.13 accompanied by an undertaking satisfactory to the city by the petitioner that the petitioner  
110.14 will grant the municipality the necessary property interest in the building to permit the city  
110.15 to enter upon the property and the building to construct, maintain, and operate the fire  
110.16 protection system, energy improvement projects, pedestrian skyway system, or on-site water  
110.17 contaminant improvements. In the case of a petition for the installation of a privately owned  
110.18 fire protection system, energy improvement projects, a privately owned pedestrian skyway  
110.19 system, or privately owned on-site water contaminant improvements, the petition shall  
110.20 contain the plans and specifications for the improvement, the estimated cost of the  
110.21 improvement and a statement indicating whether the city or the owner will contract for the  
110.22 construction of the improvement. If the owner is contracting for the construction of the  
110.23 improvement, the city shall not approve the petition until it has reviewed and approved the  
110.24 plans, specifications, and cost estimates contained in the petition. The construction cost  
110.25 financed under section 429.091 shall not exceed the amount of the cost estimate contained  
110.26 in the petition. In the case of a petition for the installation of a fire protection system, energy  
110.27 improvement projects, a pedestrian skyway system, or on-site water contaminant  
110.28 improvements, the petitioner may request abandonment of the improvement at any time  
110.29 after it has been ordered pursuant to subdivision 1 and before contracts have been awarded  
110.30 for the construction of the improvement under section 429.041, subdivision 2. If such a  
110.31 request is received, the city council shall abandon the proceedings but in such case the  
110.32 petitioner shall reimburse the city for any and all expenses incurred by the city in connection  
110.33 with the improvement.

110.34 **EFFECTIVE DATE.** This section is effective for special assessments payable in 2022  
110.35 and thereafter.

111.1 Sec. 17. Laws 2009, chapter 88, article 2, section 46, subdivision 3, as amended by Laws  
 111.2 2013, chapter 143, article 4, section 37, and Laws 2019, First Special Session chapter 6,  
 111.3 article 4, section 34, is amended to read:

111.4 Subd. 3. **Tax.** The district board may impose a property tax on taxable property as  
 111.5 provided in this subdivision to pay the costs of providing fire or ambulance services, or  
 111.6 both, throughout the district. The board shall annually determine the total amount of the  
 111.7 levy that is attributable to the cost of providing fire services and the cost of providing  
 111.8 ambulance services within the primary service area. ~~For those municipalities that only  
 111.9 receive ambulance services, the costs for the provision of ambulance services shall be levied  
 111.10 against taxable property within those municipalities at a rate necessary not to exceed 0.019  
 111.11 percent of the estimated market value. For those municipalities that receive both fire and  
 111.12 ambulance services, the tax shall be imposed at a rate that does not exceed 0.2835 percent  
 111.13 of estimated market value.~~

111.14 When a member municipality opts to receive fire service from the district or an additional  
 111.15 municipality becomes a member of the district, the cost of providing fire services to that  
 111.16 community shall be determined by the board ~~and added to the maximum levy amount.~~

111.17 Each county auditor of a county that contains a municipality subject to the tax under  
 111.18 this section must collect the tax and pay it to the Fire and Ambulance Special Taxing District.  
 111.19 The district may also impose other fees or charges as allowed by law for the provision of  
 111.20 fire and ambulance services.

111.21 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
 111.22 Cloquet Area Fire and Ambulance Special Taxing District and its chief clerical officer  
 111.23 comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and  
 111.24 3.

111.25 Sec. 18. **SUSTAINABLE FOREST INCENTIVE ACT; VIOLATIONS.**

111.26 Land that was split-classified under Minnesota Statutes 2018, section 273.13, subdivision  
 111.27 23, paragraph (c), while enrolled in the sustainable forest incentive act management program  
 111.28 under Minnesota Statutes, chapter 290C, is not in violation of the conditions of enrollment  
 111.29 under Minnesota Statutes, sections 290C.03 and 290C.11, if, at the time of enrollment, a  
 111.30 structure that is not a minor, ancillary nonresidential structure, or an excluded area three  
 111.31 acres or larger that now contains a structure that is not a minor, ancillary nonresidential  
 111.32 structure, was identified on the covenant required under Minnesota Statutes, section 290C.04,  
 111.33 and appropriate acreage was excluded in accordance with Minnesota Statutes, section  
 111.34 290C.03.

112.1 **EFFECTIVE DATE.** This section is effective for determinations of violations of the  
112.2 conditions of enrollment after June 30, 2021.

112.3 Sec. 19. **4D AFFORDABLE HOUSING PROGRAMS REPORT.**

112.4 (a) No later than January 15, 2022, the commissioner of revenue, in consultation with  
112.5 the Minnesota Housing Finance Agency, must produce a report on class 4d property, as  
112.6 defined in Minnesota Statutes, section 273.13, subdivision 25, and on local 4d affordable  
112.7 housing programs. The commissioner must provide a copy of the report to the chairs and  
112.8 ranking minority members of the legislative committees with jurisdiction over property  
112.9 taxation. The report must comply with the requirements of Minnesota Statutes, sections  
112.10 3.195 and 3.197. The report must include the following to the extent available:

112.11 (1) for properties classified in part or in whole as 4d qualifying under Minnesota Statutes,  
112.12 section 273.128, subdivision 1, clauses (1) to (4), with separate amounts given for properties  
112.13 under each clause:

112.14 (i) the number of units classified as 4d in each property in the previous assessment year  
112.15 as reported by each county;

112.16 (ii) the number of units not classified as 4d in each property in the previous assessment  
112.17 year;

112.18 (iii) the property tax paid in 2021;

112.19 (iv) the property tax reduction in 2021 resulting from the property being classified as  
112.20 4d rather than 4a; and

112.21 (v) the total number of 4d units in each of the last ten years; and

112.22 (2) for properties classified in part or in whole as 4d qualifying under Minnesota Statutes,  
112.23 section 273.128, subdivision 1, clauses (1) to (4):

112.24 (i) the percent change in each political subdivision's net tax capacity if the first-tier class  
112.25 rate of the 4d classification was reduced from 0.75 percent to 0.25 percent;

112.26 (ii) the number of 4d properties located within tax increment financing districts, and the  
112.27 impact on increment generation in those districts as a result of these properties being  
112.28 classified as 4d rather than 4a;

112.29 (iii) the impact that a 4d class rate reduction from 0.75 percent to 0.25 percent for the  
112.30 entire valuation would have on the property tax burden for homestead property;



113.1 (iv) the total number of 4d units whose value qualifies for the second tier in each year  
 113.2 since 2019;

113.3 (v) the impact that a reduction of the 4d class rate from 0.75 percent to 0.25 percent for  
 113.4 the entire valuation would have on property tax refunds received by renters and on property  
 113.5 tax refunds received by homeowners in jurisdictions that contain 4d property; and

113.6 (vi) a profile of income limits and area median incomes used in Minnesota by the United  
 113.7 States Department of Housing and Urban Development to determine the eligibility for  
 113.8 assisted housing programs.

113.9 (b) Counties must report to the commissioner of revenue any data required by paragraph  
 113.10 (a), clauses (1) and (2), by November 1, 2021.

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

113.12 **Sec. 20. REVIEW OF UTILITY AND PIPELINE VALUATION PROCESS.**

113.13 The commissioner of revenue shall initiate a review of the framework for valuations of  
 113.14 property described in Minnesota Statutes, sections 273.33, 273.35, 273.36, and 273.37,  
 113.15 including the methodology for valuations prescribed in Minnesota Rules, chapter 8100.

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

## 113.17 **ARTICLE 7**

### 113.18 **AIDS AND CREDITS**

113.19 Section 1. Minnesota Statutes 2020, section 477A.03, subdivision 2b, is amended to read:

113.20 Subd. 2b. **Counties.** (a) For aids payable in 2018 and 2019, the total aid payable under  
 113.21 section 477A.0124, subdivision 3, is \$103,795,000, of which \$3,000,000 shall be allocated  
 113.22 as required under Laws 2014, chapter 150, article 4, section 6. For aids payable in 2020,  
 113.23 the total aid payable under section 477A.0124, subdivision 3, is \$116,795,000, of which  
 113.24 \$3,000,000 shall be allocated as required under Laws 2014, chapter 150, article 4, section  
 113.25 6. For aids payable in 2021 through 2024, the total aid payable under section 477A.0124,  
 113.26 subdivision 3, is \$118,795,000, of which \$3,000,000 shall be allocated as required under  
 113.27 Laws 2014, chapter 150, article 4, section 6. For aids payable in 2025 and thereafter, the  
 113.28 total aid payable under section 477A.0124, subdivision 3, is \$115,795,000. ~~Each calendar~~  
 113.29 ~~year~~ On or before the first installment date provided in section 477A.015, paragraph (a),  
 113.30 \$500,000 of this appropriation shall be ~~retained~~ transferred each year by the commissioner  
 113.31 of revenue to ~~make reimbursements to the commissioner of management and budget the~~  
 113.32 Board of Public Defense for ~~payments made~~ the payment of services under section 611.27.

114.1 ~~The reimbursements shall be to defray the additional costs associated with court-ordered~~  
 114.2 ~~counsel under section 611.27. Any retained~~ transferred amounts not used for reimbursement  
 114.3 ~~in a year~~ expended or encumbered in a fiscal year shall be certified by the board of public  
 114.4 defense to the commissioner of revenue on or before October 1 and shall be included in the  
 114.5 next distribution certification of county need aid that is certified to the county auditors for  
 114.6 the purpose of property tax reduction for the next taxes payable year.

114.7 (b) For aids payable in 2018 and 2019, the total aid under section 477A.0124, subdivision  
 114.8 4, is \$130,873,444. For aids payable in 2020, the total aid under section 477A.0124,  
 114.9 subdivision 4, is \$143,873,444. For aids payable in 2021 and thereafter, the total aid under  
 114.10 section 477A.0124, subdivision 4, is \$145,873,444. The commissioner of revenue shall  
 114.11 transfer to the commissioner of management and budget \$207,000 annually for the cost of  
 114.12 preparation of local impact notes as required by section 3.987, and other local government  
 114.13 activities. The commissioner of revenue shall transfer to the commissioner of education  
 114.14 \$7,000 annually for the cost of preparation of local impact notes for school districts as  
 114.15 required by section 3.987. The commissioner of revenue shall deduct the amounts transferred  
 114.16 under this paragraph from the appropriation under this paragraph. The amounts transferred  
 114.17 are appropriated to the commissioner of management and budget and the commissioner of  
 114.18 education respectively.

114.19 Sec. 2. Minnesota Statutes 2020, section 477A.17, is amended to read:

114.20 **477A.17 LAKE VERMILION-SOUDAN UNDERGROUND MINE STATE PARK;**  
 114.21 **ANNUAL PAYMENTS.**

114.22 (a) Except as provided in paragraph (b), in lieu of the payment amount provided under  
 114.23 section 477A.12, subdivision 1, clause (1), the county shall receive an annual payment for  
 114.24 state-owned land within the boundary of Lake Vermilion-Soudan Underground Mine State  
 114.25 Park, established in section 85.012, subdivision 38a, equal to 1.5 percent of the appraised  
 114.26 value of the state-owned land.

114.27 ~~(b)~~ For the purposes of this ~~section~~ paragraph, the appraised value of the land acquired for  
 114.28 Lake Vermilion-Soudan Underground Mine State Park for the first five years after acquisition  
 114.29 shall be the purchase price of the land, plus the value of any portion of the land that is  
 114.30 acquired by donation. Thereafter, the appraised value of the state-owned land shall be as  
 114.31 determined under section 477A.12, subdivision 3, except that the appraised value of the  
 114.32 state-owned land within the park shall not be reduced below the 2010 appraised value of  
 114.33 the land.

115.1 ~~(e)~~ The annual payments under this ~~section~~ paragraph shall be distributed to the taxing  
 115.2 jurisdictions containing the property as follows: one-third to the school districts; one-third  
 115.3 to the town; and one-third to the county. The payment to school districts is not a county  
 115.4 apportionment under section 127A.34 and is not subject to aid recapture. Each of those  
 115.5 taxing jurisdictions may use the payments for their general purposes.

115.6 (b) Beginning with aids payable in 2022, for land within the boundary of Lake  
 115.7 Vermilion-Soudan Underground Mine State Park designated as the Granelda Unit under  
 115.8 section 85.012, subdivision 38a, the county shall receive an annual payment equal to 1.5  
 115.9 percent of the appraised value of all parcels comprising the Granelda Unit as determined  
 115.10 for assessment year 2021. In each subsequent year, the county shall receive an annual  
 115.11 payment equal to 1.5 percent of the appraised value of all parcels comprising the Granelda  
 115.12 Unit for the most recent assessment year except that the appraised value of the parcels shall  
 115.13 not be reduced below the assessment year 2021 appraised value of the parcels.

115.14 The annual payments under this paragraph shall be distributed to the taxing jurisdictions  
 115.15 containing the property as follows: one-third to the school districts; one-third to the town;  
 115.16 and one-third to the county, except that the annual payment distributed to the county on  
 115.17 behalf of unorganized Township 63, Range 17, shall be transferred by the county to the  
 115.18 governing body of the public safety facility located in Section 32 in Township 63, Range  
 115.19 17, to be used for ongoing operations and maintenance of the facility. The payment to school  
 115.20 districts is not a county apportionment under section 127A.34 and is not subject to aid  
 115.21 recapture. Unless otherwise noted, each of those taxing jurisdictions may use the payments  
 115.22 for their general purposes.

115.23 ~~(d)~~ (c) Except as provided in this section, the payments shall be made as provided in  
 115.24 sections 477A.11 to 477A.13.

115.25 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2022.

115.26 **Sec. 3. [477A.30] LOCAL HOMELESS PREVENTION AID.**

115.27 Subdivision 1. **Definitions.** For purposes of this section, the following terms have the  
 115.28 meanings given:

115.29 (1) "city" means a statutory or home rule charter city;

115.30 (2) "distribution factor" means the total number of students experiencing homelessness  
 115.31 in a county in the current school year and the previous two school years divided by the total  
 115.32 number of students experiencing homelessness in all counties in the current school year and  
 115.33 the previous two school years; and

116.1 (3) "families" means families and persons 24 years of age or younger.

116.2 Subd. 2. **Purpose.** The purpose of this section is to help local governments ensure no  
116.3 child is homeless within a local jurisdiction by keeping families from losing housing and  
116.4 helping those experiencing homelessness find housing.

116.5 Subd. 3. **Distribution.** (a) A county's initial local homeless prevention aid amount equals  
116.6 the greater of: (1) \$5,000; or (2)(i) five percent of the money appropriated to local homeless  
116.7 prevention aid under this section, times (ii) the ratio of the population of the county to the  
116.8 population of all counties. For the purpose of this paragraph, "population" means the  
116.9 population estimate used to calculate aid under section 477A.0124 for the same aid payable  
116.10 year.

116.11 (b) The amount of the appropriation remaining after the allocation under paragraph (a)  
116.12 must be allocated to counties by multiplying each county's distribution factor by the total  
116.13 distribution available under this paragraph. Distribution factors must be based on the most  
116.14 recent counts of students experiencing homelessness in each county, as certified by the  
116.15 commissioner of education to the commissioner of revenue by July 1 of the year the aid is  
116.16 certified to the counties under subdivision 5.

116.17 (c) A county's total local homeless prevention aid equals the sum of the amounts under  
116.18 paragraphs (a) and (b).

116.19 Subd. 4. **Use of proceeds.** (a) Counties that receive a distribution under this section must  
116.20 use the proceeds to fund new or existing family homeless prevention and assistance projects  
116.21 or programs. These projects or programs may be administered by a county, a group of  
116.22 contiguous counties jointly acting together, a city, a group of contiguous cities jointly acting  
116.23 together, a Tribe, a group of Tribes, or a community-based nonprofit organization. Each  
116.24 project or program must include plans for:

116.25 (1) targeting families with children who are eligible for a prekindergarten through grade  
116.26 12 academic program and are:

116.27 (i) living in overcrowded conditions in their current housing;

116.28 (ii) paying more than 50 percent of their income for rent; or

116.29 (iii) lacking a fixed, regular, and adequate nighttime residence;

116.30 (2) targeting unaccompanied youth in need of an alternative residential setting;

117.1 (3) connecting families with the social services necessary to maintain the families'  
117.2 stability in their homes, including but not limited to housing navigation, legal representation,  
117.3 and family outreach; and

117.4 (4) one or more of the following:

117.5 (i) providing rental assistance for a specified period of time which may exceed 24 months;  
117.6 or

117.7 (ii) providing support and case management services to improve housing stability,  
117.8 including but not limited to housing navigation and family outreach.

117.9 (b) Counties may choose not to spend all or a portion of the distribution under this  
117.10 section. Any unspent funds must be returned to the commissioner of revenue by December  
117.11 31 of the year following the year that the aid was received. Any funds returned to the  
117.12 commissioner under this paragraph must be added to the overall distribution of aids certified  
117.13 under this section in the following year. Any unspent funds returned to the commissioner  
117.14 after the expiration under subdivision 8 are canceled to the general fund.

117.15 Subd. 5. **Payments.** The commissioner of revenue must compute the amount of local  
117.16 homeless prevention aid payable to each county under this section. On or before August 1  
117.17 of each year, the commissioner shall certify the amount to be paid to each county in the  
117.18 following year. The commissioner shall pay local homeless prevention aid annually at the  
117.19 times provided in section 477A.015.

117.20 Subd. 6. **Appropriation.** \$20,000,000 is annually appropriated from the general fund  
117.21 to the commissioner of revenue to make payments required under this section.

117.22 Subd. 7. **Report.** (a) No later than January 15, 2025, the commissioner of revenue must  
117.23 produce a report on projects and programs funded by counties under this section. The report  
117.24 must include a list of the projects and programs, the number of people served by each, and  
117.25 an assessment of how each project and program impacts people who are currently  
117.26 experiencing homelessness or who are at risk of experiencing homelessness, as reported by  
117.27 the counties to the commissioner by December 31 each year on a form prescribed by the  
117.28 commissioner. The commissioner must provide a copy of the report to the chairs and ranking  
117.29 minority members of the legislative committees with jurisdiction over property taxes and  
117.30 services for persons experiencing homelessness.

117.31 (b) The report in paragraph (a) must be updated every two years and the commissioner  
117.32 of revenue must provide copies of the updated reports to the chairs and ranking minority  
117.33 members of the legislative committees with jurisdiction over property taxes and services

118.1 for persons experiencing homelessness by January 15 of the year the report is due. Report  
118.2 requirements under this subdivision expire following the report which includes the final  
118.3 distribution preceding the expiration in subdivision 8.

118.4 Subd. 8. **Expiration.** Distributions under this section expire after aids payable in 2028  
118.5 have been distributed.

118.6 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2023 and  
118.7 thereafter.

118.8 Sec. 4. **ADDITION TO STATE PARK.**

118.9 **[85.012] [Subd. 38a.] Lake Vermilion-Soudan Underground Mine State Park, St.**  
118.10 **Louis County.** The following areas are added to Lake Vermilion-Soudan Underground  
118.11 Mine State Park, St. Louis County, and are designated as the Granelda Unit:

118.12 (1) Lot 3 of Section 28 and Lot 5 of Section 29 in Township 63 North of Range 17, all  
118.13 West of the 4th Principal Meridian, according to the United States Government Survey  
118.14 thereof;

118.15 (2) the Northeast Quarter of the Southwest Quarter, the Northwest Quarter, the Southeast  
118.16 Quarter of the Northeast Quarter, the Northeast Quarter of the Northeast Quarter, and Lots  
118.17 numbered 1, 2, 3, and 4 of Section 29 in Township 63 North of Range 17, all West of the  
118.18 4th Principal Meridian, according to the United States Government Survey thereof;

118.19 (3) Lots 1 and 2 of Section 32 in Township 63 North of Range 17, all West of the 4th  
118.20 Principal Meridian, according to the United States Government Survey thereof; and

118.21 (4) Lot 4 of Section 23 in Township 63 North of Range 18, all West of the 4th Principal  
118.22 Meridian, according to the United States Government Survey thereof.

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

118.24 Sec. 5. **SUPPLEMENTAL 2022 CITY AID DISTRIBUTION.**

118.25 (a) Supplemental aid for a city equals the greater of: (1) zero; or (2) the difference  
118.26 between the local government aid amount under Minnesota Statutes, section 477A.013,  
118.27 subdivision 9, certified for the city for aid payable in 2021, minus the local government aid  
118.28 amount under Minnesota Statutes, section 477A.013, subdivision 9, certified for the city  
118.29 for aid payable in 2022.

119.1 (b) The commissioner of revenue must notify a city of its supplemental aid amount  
119.2 before August 1, 2021, and must pay the aid in calendar year 2022 in two installments on  
119.3 the dates specified in Minnesota Statutes, section 477A.015.

119.4 (c) Supplemental aid under this section must not be included for any calculations under  
119.5 Minnesota Statutes, section 477A.013, that rely on prior year aid amounts.

119.6 (d) An amount sufficient to pay supplemental aid under this section is appropriated in  
119.7 fiscal year 2023 from the general fund to the commissioner of revenue. This is a onetime  
119.8 appropriation.

119.9 **EFFECTIVE DATE.** This section is effective for aid payable in calendar year 2022.

119.10 **Sec. 6. CITY OF FLOODWOOD; GRANT.**

119.11 (a) \$250,000 in fiscal year 2022 is appropriated from the general fund to the commissioner  
119.12 of revenue for a grant to the city of Floodwood. This is a onetime appropriation. The grant  
119.13 shall be paid by July 15, 2021.

119.14 (b) The grant must be used by the city of Floodwood to pay the capital and administrative  
119.15 costs of the Floodwood City-wide Street and Infrastructure Project.

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

119.17 **Sec. 7. LOCAL GOVERNMENT GRANTS.**

119.18 (a) \$29,354,688 in fiscal year 2022 only is appropriated from the general fund to the  
119.19 commissioner of revenue for grants to counties identified in this section to pay a portion of  
119.20 the refund to a taxpayer under Minnesota Statutes, chapter 271, or Minnesota Statutes,  
119.21 section 278.12, for a final judgment that is the result of an appeal filed by a fluid pipeline  
119.22 company under Minnesota Statutes, section 273.372, based on assessment years 2012  
119.23 through 2018. These grants must be used by each county to pay refund amounts owed by  
119.24 the county and other taxing districts within the county. The grants are exempt from the  
119.25 requirements of Minnesota Statutes, section 16B.98, and must be paid to the counties by  
119.26 August 15, 2021, and allocated as follows:

119.27 (1) \$91,781 to Aitkin County;

119.28 (2) \$2,225,319 to Beltrami County;

119.29 (3) \$2,573,615 to Carlton County;

119.30 (4) \$2,631,052 to Cass County;

- 120.1 (5) \$3,690,961 to Clearwater County;
- 120.2 (6) \$549,582 to Hubbard County;
- 120.3 (7) \$5,591,840 to Itasca County;
- 120.4 (8) \$1,189,765 to Kittson County;
- 120.5 (9) \$2,404,267 to Marshall County;
- 120.6 (10) \$2,551,225 to Pennington County;
- 120.7 (11) \$1,166,654 to Polk County;
- 120.8 (12) \$1,904,685 to Red Lake County; and
- 120.9 (13) \$2,783,942 to Saint Louis County.
- 120.10 (b) The appropriation under this section is onetime.
- 120.11 **EFFECTIVE DATE.** This section is effective the day following final enactment.

120.12 **ARTICLE 8**

120.13 **LOCAL TAXES**

120.14 Section 1. Minnesota Statutes 2020, section 297A.99, subdivision 2, is amended to read:

120.15 Subd. 2. **Local resolution before application for authority.** (a) Before the governing  
 120.16 body of a political subdivision requests legislative approval to impose a local sales tax  
 120.17 authorized by a special law, it shall adopt a resolution indicating its approval of the tax. The  
 120.18 resolution must include the following information:

120.19 (1) the proposed tax rate;

120.20 (2) a detailed description of no more than five capital projects that will be funded with  
 120.21 revenue from the tax;

120.22 (3) documentation of the regional significance of each project, including the share of  
 120.23 the economic benefit to or use of each project by persons residing, or businesses located,  
 120.24 outside of the jurisdiction;

120.25 (4) the amount of local sales tax revenue that would be used for each project and the  
 120.26 estimated time needed to raise that amount of revenue; and

120.27 (5) the total revenue that will be raised for all projects before the tax expires, and the  
 120.28 estimated length of time that the tax will be in effect if all proposed projects are funded.



121.1 (b) The jurisdiction seeking authority to impose a local sales tax by special law must  
 121.2 submit the resolution in paragraph (a) along with underlying documentation indicating how  
 121.3 the benefits under paragraph (a), clause (3), were determined, to the chairs and ranking  
 121.4 minority members of the legislative committees with jurisdiction over taxes no later than  
 121.5 January 31 of the year in which the jurisdiction is seeking a special law authorizing the tax.

121.6 (c) The special legislation granting local sales tax authority is not required to allow  
 121.7 funding for all projects listed in the resolution with the revenue from the local sales tax, but  
 121.8 must not include any projects not contained in the resolution.

121.9 (d) For purposes of this section, a "capital project" or "project" means:

121.10 (1) a single building or structure including associated infrastructure needed to safely  
 121.11 access or use the building or structure;

121.12 (2) improvements within a single park or named recreation area; or

121.13 (3) a contiguous trail.

121.14 **EFFECTIVE DATE.** This section is effective for local sales tax proposals submitted  
 121.15 for approval after the day following final enactment.

121.16 Sec. 2. Laws 2019, First Special Session chapter 6, article 6, section 27, is amended to  
 121.17 read:

121.18 **Sec. 27. CITY OF SARTELL; LOCAL TAXES AUTHORIZED.**

121.19 Subdivision 1. **Food and beverage tax authorized.** Notwithstanding Minnesota Statutes,  
 121.20 section 297A.99 or 477A.016, or any ordinance or other provision of law, and if approved  
 121.21 by voters at ~~the November 3, 2020, a general election,~~ or at a special election held before  
 121.22 ~~November 3, 2020~~ pursuant to a resolution adopted by its governing body, the city of Sartell  
 121.23 may, by ordinance, impose a sales tax of up to 1-1/2 percent on the gross receipts of all food  
 121.24 and beverages sold by a restaurant or place of refreshment, as defined by ordinance of the  
 121.25 city, that is located within the city. For purposes of this section, "food and beverages" include  
 121.26 retail on-sale of intoxicating liquor and fermented malt beverages.

121.27 Subd. 2. **Use of proceeds from authorized taxes.** The proceeds of the taxes imposed  
 121.28 under subdivision 1 must be used by the city to fund capital or operational costs for new  
 121.29 and existing recreational facilities and related amenities within the city. Authorized expenses  
 121.30 include securing or paying debt service on bonds or other obligations issued to finance  
 121.31 construction and improvement projects.

122.1 ~~Subd. 3. **Termination of taxes.** The tax imposed under subdivision 1 expires five years~~  
122.2 ~~after the tax is first imposed.~~

122.3 Subd. 4. **Collection, administration, and enforcement.** The city may enter into an  
122.4 agreement with the commissioner of revenue to administer, collect, and enforce the taxes  
122.5 under subdivision 1. If the commissioner agrees to collect the tax, the provisions of Minnesota  
122.6 Statutes, sections 270C.171 and 297A.99, related to collection, administration, and  
122.7 enforcement apply.

122.8 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
122.9 city of Sartell and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
122.10 subdivisions 2 and 3.

122.11 Sec. 3. **CARLTON COUNTY; LOCAL SALES AND USE TAX AUTHORIZED.**

122.12 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
122.13 sections 297A.99, subdivision 2, paragraph (b), and 477A.016, or any other law or ordinance,  
122.14 and if approved by the voters at a general election as required under Minnesota Statutes,  
122.15 section 297A.99, subdivision 3, Carlton County may impose, by ordinance, a sales and use  
122.16 tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise  
122.17 provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the  
122.18 imposition, administration, collection, and enforcement of the tax authorized under this  
122.19 subdivision. The tax imposed under this subdivision is in addition to any local sales and  
122.20 use tax imposed under any other special law.

122.21 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
122.22 under subdivision 1 must be used by Carlton County to pay the costs of collecting and  
122.23 administering the tax, and to finance up to \$60,000,000 for the construction of a new building  
122.24 consisting of a law enforcement center, judicial center, and jail serving a regional female  
122.25 offender program. Authorized costs include related parking, design, construction,  
122.26 reconstruction, mechanical upgrades, and engineering costs, as well as the associated bond  
122.27 costs for any bonds issued under subdivision 3.

122.28 Subd. 3. **Bonding authority.** (a) Carlton County may issue bonds under Minnesota  
122.29 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in  
122.30 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may  
122.31 not exceed \$60,000,000, plus an amount applied to the payment of costs of issuing the  
122.32 bonds. The bonds may be paid from or secured by any funds available to the county,  
122.33 including the tax authorized under subdivision 1. The issuance of bonds under this  
122.34 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

123.1 (b) The bonds are not included in computing any debt limitation applicable to the county.  
 123.2 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest  
 123.3 on the bonds is not subject to any levy limitation. A separate election to approve the bonds  
 123.4 under Minnesota Statutes, section 475.58, is not required.

123.5 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
 123.6 earlier of: (1) 30 years after the tax is first imposed; or (2) when the county determines that  
 123.7 it has received from this tax \$60,000,000 to fund the project listed in subdivision 2, plus an  
 123.8 amount sufficient to pay costs related to issuance of any bonds authorized under subdivision  
 123.9 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes,  
 123.10 section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the  
 123.11 allowed costs due to timing of the termination of the tax under Minnesota Statutes, section  
 123.12 297A.99, subdivision 12, shall be placed in the county's general fund. The tax imposed  
 123.13 under subdivision 1 may expire at an earlier time if the county determines by ordinance.

123.14 **EFFECTIVE DATE.** This section is effective the day after the governing body of  
 123.15 Carlton County and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
 123.16 subdivisions 2 and 3.

123.17 Sec. 4. **CITY OF CLOQUET; TAXES AUTHORIZED.**

123.18 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
 123.19 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,  
 123.20 and if approved by the voters at a general election as required under Minnesota Statutes,  
 123.21 section 297A.99, subdivision 3, the city of Cloquet may impose by ordinance a sales and  
 123.22 use tax of one-half of one percent for the purposes specified in subdivision 2. Except as  
 123.23 otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,  
 123.24 govern the imposition, administration, collection, and enforcement of the tax authorized  
 123.25 under this subdivision. The tax imposed under this subdivision is in addition to any local  
 123.26 sales and use tax imposed under any other special law.

123.27 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
 123.28 under subdivision 1 must be used by the city of Cloquet to pay the costs of collecting and  
 123.29 administering the tax and the capital and administrative costs of any or all of the projects  
 123.30 listed in this subdivision. The amount spent on each project is limited to the amount set  
 123.31 forth below plus an amount equal to interest on and the costs of issuing any bonds:

123.32 (1) construction, reconstruction, expansion, or improvement related to the Pine Valley  
 123.33 Regional Park Project, including ski jump repairs, chalet replacement, and parking and  
 123.34 lighting improvements, in an amount not to exceed \$2,124,700; and

124.1 (2) restoration, repair, and upgrading of the Cloquet Ice Arena in an amount not to exceed  
124.2 \$6,025,500.

124.3 Subd. 3. **Bonding authority.** (a) The city of Cloquet may issue bonds under Minnesota  
124.4 Statutes, chapter 475, to finance up to \$8,150,200 of the portion of the costs of the facilities  
124.5 authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes,  
124.6 section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds  
124.7 issued under this subdivision may not exceed \$8,150,200 plus an amount to be applied to  
124.8 the payment of the costs of issuing the bonds. The bonds may be paid from or secured by  
124.9 any funds available to the city of Cloquet, including the tax authorized under subdivision  
124.10 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections  
124.11 275.60 and 275.61.

124.12 (b) The bonds are not included in computing any debt limitation applicable to the city  
124.13 of Cloquet, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal  
124.14 and interest on the bonds is not subject to any levy limitation. A separate election to approve  
124.15 the bonds under Minnesota Statutes, section 475.58, is not required.

124.16 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,  
124.17 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of: (1) ten years  
124.18 after the tax is first imposed; or (2) when the city council determines that the amount received  
124.19 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for  
124.20 projects approved by voters as required under Minnesota Statutes, section 297A.99,  
124.21 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance  
124.22 of any bonds authorized under subdivision 3, including interest on the bonds. Except as  
124.23 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),  
124.24 any funds remaining after payment of the allowed costs due to the timing of the termination  
124.25 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the  
124.26 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time  
124.27 if the city so determines by ordinance.

124.28 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
124.29 city of Cloquet and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
124.30 subdivisions 2 and 3.

124.31 Sec. 5. **CITY OF EDINA; TAXES AUTHORIZED.**

124.32 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
124.33 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,  
124.34 and if approved by the voters at a general election as required under Minnesota Statutes,

125.1 section 297A.99, subdivision 3, the city of Edina may impose by ordinance a sales and use  
125.2 tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise  
125.3 provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the  
125.4 imposition, administration, collection, and enforcement of the tax authorized under this  
125.5 subdivision. The tax imposed under this subdivision is in addition to any local sales and  
125.6 use tax imposed under any other special law.

125.7 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
125.8 under subdivision 1 must be used by the city of Edina to pay the costs of collecting and  
125.9 administering the tax and paying for the following projects in the city, including securing  
125.10 and paying debt service on bonds issued to finance all or part of the following projects:

125.11 (1) \$17,700,000 plus associated bonding costs for development of Fred Richards Park  
125.12 as identified in the Fred Richards Park Master Plan; and

125.13 (2) \$21,600,000 plus associated bonding costs for improvements to Braemar Park as  
125.14 identified in the Braemar Park Master Plan.

125.15 Subd. 3. **Bonding authority.** (a) The city of Edina may issue bonds under Minnesota  
125.16 Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in  
125.17 subdivision 2 and approved by the voters as required under Minnesota Statutes, section  
125.18 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued  
125.19 under this subdivision may not exceed: (1) \$17,700,000 for the project listed in subdivision  
125.20 2, clause (1), plus an amount to be applied to the payment of the costs of issuing the bonds;  
125.21 and (2) \$21,600,000 for the project listed in subdivision 2, clause (2), plus an amount to be  
125.22 applied to the payment of the costs of issuing the bonds. The bonds may be paid from or  
125.23 secured by any funds available to the city of Edina, including the tax authorized under  
125.24 subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota  
125.25 Statutes, sections 275.60 and 275.61.

125.26 (b) The bonds are not included in computing any debt limitation applicable to the city  
125.27 of Edina, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal  
125.28 and interest on the bonds is not subject to any levy limitation. A separate election to approve  
125.29 the bonds under Minnesota Statutes, section 475.58, is not required.

125.30 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,  
125.31 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 19 years  
125.32 after the tax is first imposed, or (2) when the city council determines that the amount received  
125.33 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for  
125.34 projects approved by voters as required under Minnesota Statutes, section 297A.99,

126.1 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance  
 126.2 of any bonds authorized under subdivision 3, including interest on the bonds. Except as  
 126.3 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),  
 126.4 any funds remaining after payment of the allowed costs due to the timing of the termination  
 126.5 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, must be placed in the  
 126.6 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time  
 126.7 if the city so determines by ordinance.

126.8 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
 126.9 city of Edina and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
 126.10 subdivisions 2 and 3.

126.11 **Sec. 6. CITY OF FERGUS FALLS; TAXES AUTHORIZED.**

126.12 Subdivision 1. **Sales and use tax; authorization.** Notwithstanding Minnesota Statutes,  
 126.13 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,  
 126.14 the city of Fergus Falls may, if approved by the voters at a general election as required under  
 126.15 Minnesota Statutes, section 297A.99, subdivision 3, impose, by ordinance, a sales and use  
 126.16 tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise  
 126.17 provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the  
 126.18 imposition, administration, collection, and enforcement of the tax authorized under this  
 126.19 subdivision. The tax imposed under this subdivision is in addition to any local sales and  
 126.20 use tax imposed under any other special law.

126.21 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
 126.22 under subdivision 1 must be used by the city of Fergus Falls to pay the costs of collecting  
 126.23 and administering the tax and for the following projects in the city, including securing and  
 126.24 paying debt service, on bonds issued to finance all or part of the following projects:

126.25 (1) \$7,800,000 for an aquatics center; and

126.26 (2) \$5,200,000 for the DeLagoon Improvement Project.

126.27 Subd. 3. **Bonding authority.** (a) The city of Fergus Falls may issue bonds under  
 126.28 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities  
 126.29 authorized in subdivision 2, and approved by the voters as required under Minnesota Statutes,  
 126.30 section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds  
 126.31 issued under this subdivision may not exceed:

127.1 (1) \$7,800,000 for the project listed in subdivision 2, clause (1), plus an amount needed  
 127.2 to pay capitalized interest and an amount to be applied to the payment of the costs of issuing  
 127.3 the bonds; and

127.4 (2) \$5,200,000 for the project listed in subdivision 2, clause (2), plus an amount needed  
 127.5 to pay capitalized interest and an amount to be applied to the payment of the costs of issuing  
 127.6 the bonds.

127.7 (b) The bonds may be paid from or secured by any funds available to the city of Fergus  
 127.8 Falls, including the tax authorized under subdivision 1. The issuance of bonds under this  
 127.9 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

127.10 (c) The bonds are not included in computing any debt limitation applicable to the city  
 127.11 of Fergus Falls, and any levy of taxes under Minnesota Statutes, section 475.61, to pay  
 127.12 principal and interest on the bonds is not subject to any levy limitation. A separate election  
 127.13 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

127.14 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,  
 127.15 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) December  
 127.16 31, 2037, or (2) when the city council determines that the amount received from the tax is  
 127.17 sufficient to pay for the project costs authorized under subdivision 2 for projects approved  
 127.18 by voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph  
 127.19 (a), plus an amount sufficient to pay the costs related to issuance of any bonds authorized  
 127.20 under subdivision 3, including interest on the bonds. Except as otherwise provided in  
 127.21 Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining  
 127.22 after payment of the allowed costs due to the timing of the termination of the tax under  
 127.23 Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of  
 127.24 the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so  
 127.25 determines by ordinance.

127.26 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
 127.27 city of Fergus Falls and its chief clerical officer comply with Minnesota Statutes, section  
 127.28 645.021, subdivisions 2 and 3.

127.29 Sec. 7. **CITY OF GRAND RAPIDS; TAXES AUTHORIZED.**

127.30 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
 127.31 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,  
 127.32 and if approved by the voters at a general election as required under Minnesota Statutes,  
 127.33 section 297A.99, subdivision 3, the city of Grand Rapids may impose by ordinance a sales

128.1 and use tax of one-half of one percent for the purposes specified in subdivision 2. Except  
128.2 as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,  
128.3 govern the imposition, administration, collection, and enforcement of the tax authorized  
128.4 under this subdivision. The tax imposed under this subdivision is in addition to any local  
128.5 sales and use tax imposed under any other special law.

128.6 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
128.7 under subdivision 1 must be used by the city of Grand Rapids to pay the costs of collecting  
128.8 and administering the tax including securing and paying debt service on bonds issued and  
128.9 to finance up to \$5,980,000 for reconstruction, remodeling, and upgrades to the Grand  
128.10 Rapids IRA Civic Center. Authorized costs include design, construction, reconstruction,  
128.11 mechanical upgrades, and engineering costs, as well as the associated bond costs for any  
128.12 bonds issued under subdivision 3.

128.13 Subd. 3. **Bonding authority.** (a) The city of Grand Rapids may issue bonds under  
128.14 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities  
128.15 authorized in subdivision 2. The aggregate principal amount of bonds issued under this  
128.16 subdivision may not exceed \$5,980,000, plus an amount to be applied to the payment of  
128.17 the costs of issuing the bonds. The bonds may be paid from or secured by any funds available  
128.18 to the city of Grand Rapids, including the tax authorized under subdivision 1. The issuance  
128.19 of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and  
128.20 275.61.

128.21 (b) The bonds are not included in computing any debt limitation applicable to the city  
128.22 of Grand Rapids, and any levy of taxes under Minnesota Statutes, section 475.61, to pay  
128.23 principal and interest on the bonds is not subject to any levy limitation. A separate election  
128.24 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

128.25 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
128.26 earlier of: (1) seven years after the tax is first imposed; or (2) when the city council  
128.27 determines that it has received from this tax \$5,980,000 to fund the project listed in  
128.28 subdivision 2 for projects approved by the voters as required under Minnesota Statutes,  
128.29 section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs  
128.30 related to issuance of any bonds authorized under subdivision 3, including interest on the  
128.31 bonds. Any funds remaining after payment of all such costs and retirement or redemption  
128.32 of the bonds shall be placed in the general fund of the city, except for funds required to be  
128.33 retained in the state general fund under Minnesota Statutes, section 297A.99, subdivision  
128.34 3. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines  
128.35 by ordinance.



129.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
129.2 city of Grand Rapids and its chief clerical officer comply with Minnesota Statutes, section  
129.3 645.021, subdivisions 2 and 3.

129.4 Sec. 8. **CITY OF HERMANTOWN; TAXES AUTHORIZED.**

129.5 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
129.6 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,  
129.7 and if approved by the voters at a general election as required under Minnesota Statutes,  
129.8 section 297A.99, subdivision 3, the city of Hermantown may impose by ordinance a sales  
129.9 and use tax of one-half of one percent for the purposes specified in subdivision 2. Except  
129.10 as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,  
129.11 govern the imposition, administration, collection, and enforcement of the tax authorized  
129.12 under this subdivision. The tax imposed under this subdivision is in addition to any local  
129.13 sales and use tax imposed under any other special law.

129.14 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
129.15 under subdivision 1 must be used by the city of Hermantown to pay the costs of collecting  
129.16 and administering the tax and paying for the following projects in the city related to a  
129.17 Community Recreational Initiative, including securing and paying debt service on bonds  
129.18 issued to finance all or part of the following projects:

129.19 (1) \$10,840,000 for an addition of a second ice sheet with locker rooms and other facilities  
129.20 and upgrades to the Hermantown Hockey Arena;

129.21 (2) \$4,570,000 for construction of the Hermantown-Proctor trail running from the Essentia  
129.22 Wellness Center to the border with Proctor and eventually connecting to the Munger Trail;  
129.23 and

129.24 (3) \$3,900,000 for improvements and upgrades to Fichtner Park.

129.25 Subd. 3. **Bonding authority.** (a) The city of Hermantown may issue bonds under  
129.26 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities  
129.27 authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes,  
129.28 section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds  
129.29 issued under this subdivision may not exceed:

129.30 (1) \$10,840,000 for the project listed in subdivision 2, clause (1), plus an amount to be  
129.31 applied to the payment of the costs of issuing the bonds;

129.32 (2) \$4,570,000 for the project listed in subdivision 2, clause (2), plus an amount to be  
129.33 applied to the payment of the costs of issuing the bonds; and

130.1 (3) \$3,900,000 for the project listed in subdivision 2, clause (3), plus an amount to be  
130.2 applied to the payment of the costs of issuing the bonds.

130.3 The bonds may be paid from or secured by any funds available to the city of Hermantown,  
130.4 including the tax authorized under subdivision 1. The issuance of bonds under this  
130.5 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

130.6 (b) The bonds are not included in computing any debt limitation applicable to the city  
130.7 of Hermantown, and any levy of taxes under Minnesota Statutes, section 475.61, to pay  
130.8 principal and interest on the bonds is not subject to any levy limitation. A separate election  
130.9 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

130.10 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,  
130.11 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years  
130.12 after being first imposed, or (2) when the city council determines that the amount received  
130.13 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for  
130.14 projects approved by voters as required under Minnesota Statutes, section 297A.99,  
130.15 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance  
130.16 of any bonds authorized under subdivision 3, including interest on the bonds. Except as  
130.17 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),  
130.18 any funds remaining after payment of the allowed costs due to the timing of the termination  
130.19 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the  
130.20 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time  
130.21 if the city so determines by ordinance.

130.22 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
130.23 city of Hermantown and its chief clerical officer comply with Minnesota Statutes, section  
130.24 645.021, subdivisions 2 and 3.

130.25 Sec. 9. **ITASCA COUNTY; TAXES AUTHORIZED.**

130.26 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
130.27 section 297A.99, subdivision 1, or 477A.016, or any other law or ordinance and if approved  
130.28 by the voters at a general election as required under Minnesota Statutes, section 297A.99,  
130.29 subdivision 3, Itasca County may impose by ordinance a sales and use tax of one percent  
130.30 for the purposes specified in subdivision 2. Except as otherwise provided in this section,  
130.31 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
130.32 collection, and enforcement of the tax authorized under this subdivision. The tax imposed  
130.33 under this subdivision is in addition to any local sales and use tax imposed under any other  
130.34 special law.

131.1 Subd. 2. Use of sales and use tax revenues. The revenues derived from the tax authorized  
 131.2 under subdivision 1 must be used by Itasca County to pay the costs of collecting and  
 131.3 administering the tax and paying for up to \$75,000,000 for new construction of or upgrades  
 131.4 to correctional facilities, new construction of or upgrades to court facilities including ancillary  
 131.5 support accommodations, and new construction of or upgrades to county offices, plus an  
 131.6 amount needed for securing and paying debt service on bonds issued for the project.

131.7 Subd. 3. Bonding authority. (a) Itasca County may issue bonds under Minnesota Statutes,  
 131.8 chapter 475, to finance the costs of the facility authorized in subdivision 2. The aggregate  
 131.9 principal amount of bonds issued under this subdivision may not exceed \$75,000,000 for  
 131.10 the project listed in subdivision 2, plus an amount to be applied to the payment of the costs  
 131.11 of issuing the bonds. The bonds may be paid from or secured by any funds available to the  
 131.12 county, including the tax authorized under subdivision 1. The issuance of bonds under this  
 131.13 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

131.14 (b) The bonds are not included in computing any debt limitation applicable to the county,  
 131.15 and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest  
 131.16 on the bonds is not subject to any levy limitation. A separate election to approve the bonds  
 131.17 under Minnesota Statutes, section 475.58, is not required.

131.18 Subd. 4. Termination of taxes. Subject to Minnesota Statutes, section 297A.99,  
 131.19 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of: (1) 30 years  
 131.20 after the tax is first imposed; or (2) when the county board determines that the amount  
 131.21 received from the tax is sufficient to pay \$75,000,000 in project costs authorized under  
 131.22 subdivision 2, plus an amount sufficient to pay the costs related to issuance of any bonds  
 131.23 authorized under subdivision 3, including interest on the bonds. Except as otherwise provided  
 131.24 in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining  
 131.25 after payment of the allowed costs due to the timing of the termination of the tax under  
 131.26 Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of  
 131.27 the county. The tax imposed under subdivision 1 may expire at an earlier time if the county  
 131.28 so determines by ordinance.

131.29 EFFECTIVE DATE. This section is effective the day after the governing body of Itasca  
 131.30 County and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
 131.31 subdivisions 2 and 3.

131.32 Sec. 10. CITY OF LITCHFIELD; TAXES AUTHORIZED.

131.33 Subdivision 1. Sales and use tax authorization. Notwithstanding Minnesota Statutes,  
 131.34 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,

132.1 and if approved by the voters at a general election as required under Minnesota Statutes,  
 132.2 section 297A.99, subdivision 3, the city of Litchfield may impose by ordinance a sales and  
 132.3 use tax of one-half of one percent for the purposes specified in subdivision 2. Except as  
 132.4 otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,  
 132.5 govern the imposition, administration, collection, and enforcement of the tax authorized  
 132.6 under this subdivision. The tax imposed under this subdivision is in addition to any local  
 132.7 sales and use tax imposed under any other special law.

132.8 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
 132.9 under subdivision 1 must be used by the city of Litchfield to pay the costs of collecting and  
 132.10 administering the tax and for up to \$10,000,000 for the cost of constructing a community  
 132.11 wellness/recreation center that will include a gymnasium and general fitness spaces, a  
 132.12 dedicated walking section, a community room, and any locker rooms and mechanical  
 132.13 equipment needed for future additions to the facility.

132.14 Subd. 3. **Bonding authority.** (a) The city of Litchfield may issue bonds under Minnesota  
 132.15 Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in  
 132.16 subdivision 2 and approved by the voters as required under Minnesota Statutes, section  
 132.17 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued  
 132.18 under this subdivision may not exceed \$10,000,000 for the project listed in subdivision 2  
 132.19 plus an amount to be applied to the payment of the costs of issuing the bonds. The bonds  
 132.20 may be paid from or secured by any funds available to the city of Litchfield, including the  
 132.21 tax authorized under subdivision 1. The issuance of bonds under this subdivision is not  
 132.22 subject to Minnesota Statutes, sections 275.60 and 275.61.

132.23 (b) The bonds are not included in computing any debt limitation applicable to the city  
 132.24 of Litchfield and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal  
 132.25 and interest on the bonds is not subject to any levy limitation. A separate election to approve  
 132.26 the bonds under Minnesota Statutes, section 475.58, is not required.

132.27 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,  
 132.28 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of: (1) 20 years  
 132.29 after being first imposed; or (2) when the city council determines that the amount received  
 132.30 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for  
 132.31 projects approved by voters as required under Minnesota Statutes, section 297A.99,  
 132.32 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance  
 132.33 of any bonds authorized under subdivision 3, including interest on the bonds. Except as  
 132.34 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),  
 132.35 any funds remaining after payment of the allowed costs due to the timing of the termination

133.1 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the  
133.2 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time  
133.3 if the city so determines by ordinance.

133.4 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
133.5 city of Litchfield and its chief clerical officer comply with Minnesota Statutes, section  
133.6 645.021, subdivisions 2 and 3.

133.7 **Sec. 11. CITY OF LITTLE FALLS; TAXES AUTHORIZED.**

133.8 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
133.9 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,  
133.10 and if approved by the voters at a general election as required under Minnesota Statutes,  
133.11 section 297A.99, subdivision 3, the city of Little Falls may impose by ordinance a sales and  
133.12 use tax of one-half of one percent for the purposes specified in subdivision 2. Except as  
133.13 otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,  
133.14 govern the imposition, administration, collection, and enforcement of the tax authorized  
133.15 under this subdivision. The tax imposed under this subdivision is in addition to any local  
133.16 sales and use tax imposed under any other special law.

133.17 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
133.18 under subdivision 1 must be used by the city of Little Falls to pay the costs of collecting  
133.19 and administering the tax and for up to \$17,000,000 for the cost of constructing a community  
133.20 recreational facility that includes a gymnasium with an indoor track, multipurpose rooms  
133.21 for meeting and educational spaces, office and storage space, and outdoor recreational  
133.22 facilities for aquatic recreation with a master plan to incorporate future additions to the  
133.23 facility.

133.24 Subd. 3. **Bonding authority.** (a) The city of Little Falls may issue bonds under Minnesota  
133.25 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in  
133.26 subdivision 2 and approved by the voters as required under Minnesota Statutes, section  
133.27 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued  
133.28 under this subdivision may not exceed \$17,000,000 for the project listed in subdivision 2  
133.29 plus an amount needed to pay capitalized interest and an amount to be applied to the payment  
133.30 of the costs of issuing the bonds. The bonds may be paid from or secured by any funds  
133.31 available to the city of Little Falls, including the tax authorized under subdivision 1. The  
133.32 issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60  
133.33 and 275.61.

134.1 (b) The bonds are not included in computing any debt limitation applicable to the city  
134.2 of Little Falls, and any levy of taxes under Minnesota Statutes, section 475.61, to pay  
134.3 principal and interest on the bonds is not subject to any levy limitation. A separate election  
134.4 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

134.5 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,  
134.6 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of: (1) 30 years  
134.7 after being first imposed; or (2) when the city council determines that the amount received  
134.8 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for the  
134.9 project if approved by voters as required under Minnesota Statutes, section 297A.99,  
134.10 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance  
134.11 of any bonds authorized under subdivision 3, including interest on the bonds. Except as  
134.12 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),  
134.13 any funds remaining after payment of the allowed costs due to the timing of the termination  
134.14 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the  
134.15 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time  
134.16 if the city so determines by ordinance.

134.17 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
134.18 city of Little Falls and its chief clerical officer comply with Minnesota Statutes, section  
134.19 645.021, subdivisions 2 and 3.

134.20 **Sec. 12. CITY OF MAPLE GROVE; TAXES AUTHORIZED.**

134.21 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
134.22 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters  
134.23 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,  
134.24 the city of Maple Grove may impose by ordinance a sales and use tax of one-half of one  
134.25 percent for the purposes specified in subdivision 2. Except as otherwise provided in this  
134.26 section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition,  
134.27 administration, collection, and enforcement of the tax authorized under this subdivision.  
134.28 The tax imposed under this subdivision is in addition to any local sales and use tax imposed  
134.29 under any other special law.

134.30 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
134.31 under subdivision 1 must be used by the city of Maple Grove to pay the costs of collecting  
134.32 and administering the tax, and to finance up to \$90,000,000 for the expansion and renovation  
134.33 of the Maple Grove Community Center, plus an amount needed for securing and paying  
134.34 debt service on bonds issued to finance the project.

135.1 Subd. 3. **Bonding authority.** (a) The city of Maple Grove may issue bonds under  
 135.2 Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the project  
 135.3 authorized in subdivision 2, and approved by the voters as required under Minnesota Statutes,  
 135.4 section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds  
 135.5 issued under this subdivision may not exceed \$90,000,000, plus an amount applied to the  
 135.6 payment of the costs of issuing the bonds. The bonds may be paid from or secured by any  
 135.7 funds available to the city, including the tax authorized under subdivision 1. The issuance  
 135.8 of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and  
 135.9 275.61.

135.10 (b) The bonds are not included in computing any debt limitation applicable to the city.  
 135.11 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest  
 135.12 on the bonds is not subject to any levy limitation. A separate election to approve the bonds  
 135.13 under Minnesota Statutes, section 475.58, is not required.

135.14 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
 135.15 earlier of: (1) 20 years after the tax is first imposed; or (2) when the city council determines  
 135.16 that the amount received from the tax is sufficient to pay for the project costs authorized  
 135.17 under subdivision 2 for the project approved by voters as required under Minnesota Statutes,  
 135.18 section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs  
 135.19 related to issuance of any bonds authorized under subdivision 3, including interest on the  
 135.20 bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision  
 135.21 3, paragraph (f), any funds remaining after payment of allowed costs due to the timing of  
 135.22 the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall  
 135.23 be placed in the general fund of the city. The tax imposed under subdivision 1 may expire  
 135.24 at an earlier time if the city so determines by ordinance.

135.25 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
 135.26 city of Maple Grove and its chief clerical officer comply with Minnesota Statutes, section  
 135.27 645.021, subdivisions 2 and 3.

135.28 Sec. 13. **MILLE LACS COUNTY; LOCAL SALES AND USE TAX AUTHORIZED.**

135.29 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
 135.30 section 477A.016, or any other law or ordinance, and if approved by the voters at a general  
 135.31 election as required under Minnesota Statutes, section 297A.99, subdivision 3, Mille Lacs  
 135.32 County may impose by ordinance a sales and use tax of one-half of one percent for the  
 135.33 purposes specified in subdivision 2. Except as otherwise provided in this section, the  
 135.34 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,

136.1 collection, and enforcement of the tax authorized under this subdivision. The tax imposed  
136.2 under this subdivision is in addition to any local sales and use tax imposed under any other  
136.3 special law.

136.4 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
136.5 under subdivision 1 must be used by Mille Lacs County to pay the costs of collecting and  
136.6 administering the tax, and to finance up to \$10,000,000 for the construction of a public  
136.7 works building in Mille Lacs County, plus an amount needed for securing and paying debt  
136.8 service on bonds issued to finance the project.

136.9 Subd. 3. **Bonding authority.** (a) Mille Lacs County may issue bonds under Minnesota  
136.10 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in  
136.11 subdivision 2, and approved by the voters as required under Minnesota Statutes, section  
136.12 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued  
136.13 under this subdivision may not exceed \$10,000,000, plus an amount applied to the payment  
136.14 of the costs of issuing the bonds. The bonds may be paid from or secured by any funds  
136.15 available to the county, including the tax authorized under subdivision 1. The issuance of  
136.16 bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and  
136.17 275.61.

136.18 (b) The bonds are not included in computing any debt limitation applicable to the county.  
136.19 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest  
136.20 on the bonds is not subject to any levy limitation. A separate election to approve the bonds  
136.21 under Minnesota Statutes, section 475.58, is not required.

136.22 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
136.23 earlier of: (1) eight years after the tax is first imposed; or (2) when the county board  
136.24 determines that the amount received from the tax is sufficient to pay for the project costs  
136.25 authorized under subdivision 2 for the project approved by voters as required under  
136.26 Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient  
136.27 to pay the costs related to issuance of any bonds authorized under subdivision 3, including  
136.28 interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99,  
136.29 subdivision 3, paragraph (f), any funds remaining after payment of allowed costs due to the  
136.30 timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision  
136.31 12, shall be placed in the general fund of the county. The tax imposed under subdivision 1  
136.32 may expire at an earlier time if the county so determines by ordinance.



137.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of Mille  
137.2 Lacs County and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
137.3 subdivisions 2 and 3.

137.4 Sec. 14. **CITY OF MOORHEAD; TAXES AUTHORIZED.**

137.5 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
137.6 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters  
137.7 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,  
137.8 the city of Moorhead may impose by ordinance a sales and use tax of one-half of one percent  
137.9 for the purposes specified in subdivision 2. Except as otherwise provided in this section,  
137.10 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
137.11 collection, and enforcement of the tax authorized under this subdivision. The tax imposed  
137.12 under this subdivision is in addition to any local sales and use tax imposed under any other  
137.13 special law.

137.14 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
137.15 under subdivision 1 must be used by the city of Moorhead to pay the costs of collecting and  
137.16 administering the tax, and to finance up to \$31,590,000 for the construction of a regional  
137.17 library and community center in the city of Moorhead, plus an amount needed for securing  
137.18 and paying debt service on bonds issued to finance the project.

137.19 Subd. 3. **Bonding authority.** (a) The city of Moorhead may issue bonds under Minnesota  
137.20 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in  
137.21 subdivision 2, and approved by the voters as required under Minnesota Statutes, section  
137.22 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued  
137.23 under this subdivision may not exceed \$31,590,000, plus an amount applied to the payment  
137.24 of the costs of issuing the bonds. The bonds may be paid from or secured by any funds  
137.25 available to the city, including the tax authorized under subdivision 1. The issuance of bonds  
137.26 under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

137.27 (b) The bonds are not included in computing any debt limitation applicable to the city.  
137.28 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest  
137.29 on the bonds is not subject to any levy limitation. A separate election to approve the bonds  
137.30 under Minnesota Statutes, section 475.58, is not required.

137.31 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
137.32 earlier of: (1) 22 years after the tax is first imposed; or (2) when the city council determines  
137.33 that the amount received from the tax is sufficient to pay for the project costs authorized  
137.34 under subdivision 2 for the project approved by voters as required under Minnesota Statutes,

138.1 section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs  
138.2 related to issuance of any bonds authorized under subdivision 3, including interest on the  
138.3 bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision  
138.4 3, paragraph (f), any funds remaining after payment of allowed costs due to the timing of  
138.5 the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall  
138.6 be placed in the general fund of the city. The tax imposed under subdivision 1 may expire  
138.7 at an earlier time if the city so determines by ordinance.

138.8 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
138.9 city of Moorhead and its chief clerical officer comply with Minnesota Statutes, section  
138.10 645.021, subdivisions 2 and 3.

138.11 **Sec. 15. CITY OF OAKDALE; TAXES AUTHORIZED.**

138.12 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
138.13 section 477A.016, or any other ordinance or city charter, and if approved by the voters at  
138.14 a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,  
138.15 the city of Oakdale may impose, by ordinance, a sales and use tax of one-half of one percent  
138.16 for the purposes specified in subdivision 2. Except as otherwise provided in this section,  
138.17 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
138.18 collection, and enforcement of the tax authorized under this subdivision. The tax imposed  
138.19 under this subdivision is in addition to any local sales and use tax imposed under any other  
138.20 special law.

138.21 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
138.22 under subdivision 1 must be used by the city of Oakdale to pay the costs of collecting and  
138.23 administering the tax and paying for the following projects in the city, including securing  
138.24 and paying debt service on bonds issued to finance all or part of the following projects:

138.25 (1) \$22,000,000 plus associated bonding costs for construction of a new public works  
138.26 facility; and

138.27 (2) \$15,000,000 plus associated bonding costs for construction and rehabilitation, and  
138.28 associated building costs of the police department facility.

138.29 Subd. 3. **Bonding authority.** (a) The city of Oakdale may issue bonds under Minnesota  
138.30 Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in  
138.31 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may  
138.32 not exceed: (1) \$22,000,000 for the project listed in subdivision 2, clause (1), plus an amount  
138.33 applied to the payment of costs of issuing the bonds; and (2) \$15,000,000 for the projects

139.1 listed in subdivision 2, clause (2), plus an amount applied to the payment of costs of issuing  
139.2 the bonds. The bonds may be paid from or secured by any funds available to the city of  
139.3 Oakdale, including the tax authorized under subdivision 1. The issuance of bonds under  
139.4 this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

139.5 (b) The bonds are not included in computing any debt limitation applicable to the city.  
139.6 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest  
139.7 on the bonds is not subject to any levy limitation. A separate election to approve the bonds  
139.8 under Minnesota Statutes, section 475.58, is not required.

139.9 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
139.10 earlier of: (1) 25 years after the tax is first imposed; or (2) when the city council determines  
139.11 that the city has received from this tax \$37,000,000 to fund the projects listed in subdivision  
139.12 2, plus an amount sufficient to pay costs related to issuance of any bonds authorized in  
139.13 subdivision 3, including interest on the bonds. Except as otherwise provided under Minnesota  
139.14 Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment  
139.15 of the allowed costs due to timing of the termination under Minnesota Statutes, section  
139.16 297A.99, shall be placed in the city's general fund. The tax imposed under subdivision 1  
139.17 may expire at an earlier time if the city so determines by ordinance.

139.18 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
139.19 city of Oakdale and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
139.20 subdivisions 2 and 3.

139.21 Sec. 16. **CITY OF ST. CLOUD; TAXES AUTHORIZED.**

139.22 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
139.23 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters  
139.24 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,  
139.25 the city of St. Cloud may impose, by ordinance, a sales and use tax of one-half of one percent  
139.26 for the purposes specified in subdivision 2. Except as otherwise provided in this section,  
139.27 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
139.28 collection, and enforcement of the tax authorized under this subdivision. The tax imposed  
139.29 under this subdivision is in addition to any local sales and use tax imposed under any other  
139.30 special law.

139.31 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
139.32 under subdivision 1 must be used by the city of St. Cloud to pay the costs of collecting and  
139.33 administering the tax, including securing and paying debt service on bonds issued, and to

140.1 finance up to \$21,100,000 plus associated bonding costs for expansion and improvement  
140.2 of St. Cloud's Municipal Athletic Complex.

140.3 Subd. 3. **Bonding authority.** (a) The city of St. Cloud may issue bonds under Minnesota  
140.4 Statutes, chapter 475, to finance all or a portion of the costs of the projects authorized in  
140.5 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may  
140.6 not exceed \$21,100,000 plus an amount applied to the payment of costs of issuing the bonds.  
140.7 The bonds may be paid from or secured by any funds available to the city of St. Cloud,  
140.8 including the tax authorized under subdivision 1. The issuance of bonds under this  
140.9 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

140.10 (b) The bonds are not included in computing any debt limitation applicable to the city.  
140.11 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest  
140.12 on the bonds is not subject to any levy limitation. A separate election to approve the bonds  
140.13 under Minnesota Statutes, section 475.58, is not required.

140.14 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
140.15 earlier of: (1) five years after the tax is first imposed; or (2) when the city council determines  
140.16 that the amount received from the tax is sufficient to pay for the project costs authorized  
140.17 under subdivision 2, and approved by the voters as required under Minnesota Statutes,  
140.18 section 297A.99, subdivision 3, plus an amount sufficient to pay costs related to issuance  
140.19 of any bonds authorized in subdivision 3, including interest on the bonds. Any funds  
140.20 remaining after payment of the allowed costs due to timing of the termination under  
140.21 Minnesota Statutes, section 297A.99, shall be placed in the city's general fund. The tax  
140.22 imposed under subdivision 1 may expire at an earlier time if the city so determines by  
140.23 ordinance.

140.24 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
140.25 city of St. Cloud and its chief clerical officer comply with Minnesota Statutes, section  
140.26 645.021, subdivisions 2 and 3.

140.27 Sec. 17. **CITY OF ST. PETER; TAXES AUTHORIZED.**

140.28 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
140.29 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,  
140.30 and if approved by the voters at a general election as required under Minnesota Statutes,  
140.31 section 297A.99, subdivision 3, the city of St. Peter may impose by ordinance a sales and  
140.32 use tax of one-half of one percent for the purposes specified in subdivision 2. Except as  
140.33 otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,  
140.34 govern the imposition, administration, collection, and enforcement of the tax authorized

141.1 under this subdivision. The tax imposed under this subdivision is in addition to any local  
141.2 sales and use tax imposed under any other special law.

141.3 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
141.4 under subdivision 1 must be used by the city of St. Peter to pay the costs of collecting and  
141.5 administering the tax and paying for up to \$9,121,000 for construction of a new fire station,  
141.6 plus an amount needed for securing and paying debt service on bonds issued to finance the  
141.7 project.

141.8 Subd. 3. **Bonding authority.** (a) The city of St. Peter may issue bonds under Minnesota  
141.9 Statutes, chapter 475, to finance the costs of the facility authorized in subdivision 2. The  
141.10 aggregate principal amount of bonds issued under this subdivision may not exceed \$9,121,000  
141.11 for the project listed in subdivision 2, plus an amount to be applied to the payment of the  
141.12 costs of issuing the bonds. The bonds may be paid from or secured by any funds available  
141.13 to the city of St. Peter, including the tax authorized under subdivision 1. The issuance of  
141.14 bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and  
141.15 275.61.

141.16 (b) The bonds are not included in computing any debt limitation applicable to the city  
141.17 of St. Peter; and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal  
141.18 and interest on the bonds is not subject to any levy limitation. A separate election to approve  
141.19 the bonds under Minnesota Statutes, section 475.58, is not required.

141.20 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,  
141.21 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of: (1) 40 years  
141.22 after the tax is first imposed; or (2) when the city council determines that the amount received  
141.23 from the tax is sufficient to pay for \$9,121,000 in project costs authorized under subdivision  
141.24 2, plus an amount sufficient to pay the costs related to issuance of any bonds authorized  
141.25 under subdivision 3, including interest on the bonds. Except as otherwise provided in  
141.26 Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining  
141.27 after payment of the allowed costs due to the timing of the termination of the tax under  
141.28 Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of  
141.29 the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so  
141.30 determines by ordinance.

141.31 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
141.32 city of St. Peter and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
141.33 subdivisions 2 and 3.

142.1 **Sec. 18. CITY OF STAPLES; LOCAL SALES AND USE TAXES AUTHORIZED.**

142.2 **Subdivision 1. Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
142.3 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters  
142.4 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,  
142.5 the city of Staples may impose by ordinance a sales and use tax of one-half of one percent  
142.6 for the purposes specified in subdivision 2. Except as otherwise provided in this section,  
142.7 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
142.8 collection, and enforcement of the tax authorized under this subdivision. The tax imposed  
142.9 under this subdivision is in addition to any local sales and use tax imposed under any other  
142.10 special law.

142.11 **Subd. 2. Use of sales and use tax revenues.** The revenues derived from the tax authorized  
142.12 under subdivision 1 must be used by the city of Staples to pay the costs of collecting and  
142.13 administering the tax, and to finance up to \$1,600,000 for the renovation of the Staples  
142.14 Community Center, plus an amount needed for securing and paying debt service on bonds  
142.15 issued to finance the project.

142.16 **Subd. 3. Bonding authority.** (a) The city of Staples may issue bonds under Minnesota  
142.17 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in  
142.18 subdivision 2, and approved by the voters as required under Minnesota Statutes, section  
142.19 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued  
142.20 under this subdivision may not exceed \$1,600,000, plus an amount applied to the payment  
142.21 of the costs of issuing the bonds. The bonds may be paid from or secured by any funds  
142.22 available to the city, including the tax authorized under subdivision 1. The issuance of bonds  
142.23 under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

142.24 (b) The bonds are not included in computing any debt limitation applicable to the city.  
142.25 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest  
142.26 on the bonds is not subject to any levy limitation. A separate election to approve the bonds  
142.27 under Minnesota Statutes, section 475.58, is not required.

142.28 **Subd. 4. Termination of taxes.** The tax imposed under subdivision 1 expires at the  
142.29 earlier of: (1) 25 years after the tax is first imposed; or (2) when the city council determines  
142.30 that the amount received from the tax is sufficient to pay for the project costs authorized  
142.31 under subdivision 2 for the project approved by voters as required under Minnesota Statutes,  
142.32 section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs  
142.33 related to issuance of any bonds authorized under subdivision 3, including interest on the  
142.34 bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision

143.1 3, paragraph (f), any funds remaining after payment of allowed costs due to the timing of  
143.2 the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall  
143.3 be placed in the general fund of the city. The tax imposed under subdivision 1 may expire  
143.4 at an earlier time if the city so determines by ordinance.

143.5 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
143.6 city of Staples and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
143.7 subdivisions 2 and 3.

143.8 **Sec. 19. CITY OF WADENA; TAXES AUTHORIZED.**

143.9 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
143.10 section 477A.016, or any other law, ordinance, or city charter, and if approved by the voters  
143.11 at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3,  
143.12 the city of Wadena may impose by ordinance a sales and use tax of one-quarter of one  
143.13 percent for the purposes specified in subdivision 2. Except as otherwise provided in this  
143.14 section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition,  
143.15 administration, collection, and enforcement of the tax authorized under this subdivision.  
143.16 The tax imposed under this subdivision is in addition to any local sales and use tax imposed  
143.17 under any other special law.

143.18 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
143.19 under subdivision 1 must be used by the city of Wadena to pay the costs of collecting and  
143.20 administering the tax and to finance up to \$3,000,000, plus associated bonding costs including  
143.21 securing and paying debt service on bonds issued, for the Wadena Library Rehabilitation  
143.22 Project.

143.23 Subd. 3. **Bonding authority.** (a) The city of Wadena may issue bonds under Minnesota  
143.24 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in  
143.25 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may  
143.26 not exceed \$3,000,000, plus an amount applied to the payment of costs of issuing the bonds.  
143.27 The bonds may be paid from or secured by any funds available to the city of Wadena,  
143.28 including the tax authorized under subdivision 1. The issuance of bonds under this  
143.29 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

143.30 (b) The bonds are not included in computing any debt limitation applicable to the city.  
143.31 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest  
143.32 on the bonds is not subject to any levy limitation. A separate election to approve the bonds  
143.33 under Minnesota Statutes, section 475.58, is not required.

144.1 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
 144.2 earlier of: (1) 20 years after the tax is first imposed; or (2) when the city council determines  
 144.3 that the amount received from the tax is sufficient to pay for the project costs authorized  
 144.4 under subdivision 2, and approved by the voters as required under Minnesota Statutes,  
 144.5 section 297A.99, subdivision 3, plus an amount sufficient to pay costs related to issuance  
 144.6 of any bonds authorized in subdivision 3, including interest on the bonds. Any funds  
 144.7 remaining after payment of the allowed costs due to timing of the termination under  
 144.8 Minnesota Statutes, section 297A.99, shall be placed in the city's general fund. The tax  
 144.9 imposed under subdivision 1 may expire at an earlier time if the city so determines by  
 144.10 ordinance.

144.11 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
 144.12 city of Wadena and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
 144.13 subdivisions 2 and 3.

144.14 Sec. 20. **CITY OF WAITE PARK; TAXES AUTHORIZED.**

144.15 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
 144.16 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,  
 144.17 and if approved by the voters at a general election as required under Minnesota Statutes,  
 144.18 section 297A.99, subdivision 3, the city of Waite Park may impose by ordinance a sales  
 144.19 and use tax of one-half of one percent for the purposes specified in subdivision 2. Except  
 144.20 as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,  
 144.21 govern the imposition, administration, collection, and enforcement of the tax authorized  
 144.22 under this subdivision. The tax imposed under this subdivision is in addition to any local  
 144.23 sales and use tax imposed under any other special law.

144.24 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
 144.25 under subdivision 1 must be used by the city of Waite Park to pay the costs of collecting  
 144.26 and administering the tax and for the following projects in the city, including securing and  
 144.27 paying debt service on bonds issued to finance all or part of the following projects:

144.28 (1) up to \$7,500,000 plus associated bonding costs for regional trail connections; and  
 144.29 (2) up to \$20,000,000 plus associated bonding costs for construction and equipping of  
 144.30 a public safety facility.

144.31 Subd. 3. **Bonding authority.** (a) The city of Waite Park may issue bonds under Minnesota  
 144.32 Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in  
 144.33 subdivision 2 and approved by the voters as required under Minnesota Statutes, section



145.1 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued  
145.2 under this subdivision may not exceed:

145.3 (1) \$7,500,000 for the project listed in subdivision 2, clause (1), plus an amount needed  
145.4 to pay capitalized interest and an amount to be applied to the payment of the costs of issuing  
145.5 the bonds; and

145.6 (2) \$20,000,000 for the project listed in subdivision 2, clause (2), plus an amount needed  
145.7 to pay capitalized interest and an amount to be applied to the payment of the costs of issuing  
145.8 the bonds.

145.9 The bonds may be paid from or secured by any funds available to the city of Waite Park,  
145.10 including the tax authorized under subdivision 1. The issuance of bonds under this  
145.11 subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

145.12 (b) The bonds are not included in computing any debt limitation applicable to the city  
145.13 of Waite Park, and any levy of taxes under Minnesota Statutes, section 475.61, to pay  
145.14 principal and interest on the bonds is not subject to any levy limitation. A separate election  
145.15 to approve the bonds under Minnesota Statutes, section 475.58, is not required.

145.16 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,  
145.17 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 19 years  
145.18 after the tax is first imposed, or (2) when the city council determines that the amount received  
145.19 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for  
145.20 projects approved by voters as required under Minnesota Statutes, section 297A.99,  
145.21 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance  
145.22 of any bonds authorized under subdivision 3, including interest on the bonds. Except as  
145.23 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),  
145.24 any funds remaining after payment of the allowed costs due to the timing of the termination  
145.25 of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the  
145.26 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time  
145.27 if the city so determines by ordinance.

145.28 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
145.29 city of Waite Park and its chief clerical officer comply with Minnesota Statutes, section  
145.30 645.021, subdivisions 2 and 3.

145.31 Sec. 21. **CITY OF WARREN; LOCAL SALES AND USE TAXES AUTHORIZED.**

145.32 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
145.33 section 477A.016, or any other law or ordinance, and if approved by the voters at a general

146.1 election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of  
146.2 Warren may impose by ordinance a sales and use tax of one-half of one percent for the  
146.3 purposes specified in subdivision 2. Except as otherwise provided in this section, the  
146.4 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
146.5 collection, and enforcement of the tax authorized under this subdivision. The tax imposed  
146.6 under this subdivision is in addition to any local sales and use tax imposed under current  
146.7 law.

146.8 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
146.9 under subdivision 1 must be used by the city of Warren to pay the costs of collecting and  
146.10 administering the tax, and to finance up to \$1,600,000 for the construction of a new child  
146.11 care facility. Authorized costs include related parking, design, and construction costs, as  
146.12 well as payment of debt service on bonds issued to finance the project listed in this  
146.13 subdivision.

146.14 Subd. 3. **Bonding authority.** (a) The city of Warren may issue bonds under Minnesota  
146.15 Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in  
146.16 subdivision 2, and approved by the voters as required under Minnesota Statutes, section  
146.17 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued  
146.18 under this subdivision may not exceed \$1,600,000, plus an amount needed to pay capitalized  
146.19 interest and an amount to be applied to the payment of the costs of issuing the bonds. The  
146.20 bonds may be paid from or secured by any funds available to the city, including the tax  
146.21 authorized under subdivision 1. The issuance of bonds under this subdivision is not subject  
146.22 to Minnesota Statutes, sections 275.60 and 275.61.

146.23 (b) The bonds are not included in computing any debt limitation applicable to the city.  
146.24 Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest  
146.25 on the bonds is not subject to any levy limitation. A separate election to approve the bonds  
146.26 under Minnesota Statutes, section 475.58, is not required.

146.27 Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99,  
146.28 subdivision 12, the tax imposed under subdivision 1 expires at the earlier of: (1) 20 years  
146.29 after the tax is first imposed; or (2) when the city council determines that the amount received  
146.30 from the tax is sufficient to pay for the project costs authorized under subdivision 2 for the  
146.31 project approved by voters as required under Minnesota Statutes, section 297A.99,  
146.32 subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance  
146.33 of any bonds authorized under subdivision 3, including interest on the bonds. Except as  
146.34 otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f),  
146.35 any funds remaining after payment of allowed costs due to the timing of the termination of

147.1 the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the  
147.2 general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time  
147.3 if the city so determines by ordinance.

147.4 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
147.5 city of Warren and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
147.6 subdivisions 2 and 3.

## 147.7 **ARTICLE 9**

### 147.8 **TAX INCREMENT FINANCING**

147.9 Section 1. Minnesota Statutes 2020, section 469.176, is amended by adding a subdivision  
147.10 to read:

147.11 Subd. 4n. **Temporary use of increment authorized.** (a) Notwithstanding any other  
147.12 provision of this section or any other law to the contrary, except the requirements to pay  
147.13 bonds to which increments are pledged, the authority may elect, by resolution, to transfer  
147.14 unobligated increment for one or more of the following purposes:

147.15 (1) to provide improvements, loans, interest rate subsidies, or assistance in any form to  
147.16 private development consisting of the construction or substantial rehabilitation of buildings  
147.17 and ancillary facilities, if doing so will create or retain jobs in the state, including construction  
147.18 jobs, and the construction commences before December 31, 2025, and would not have  
147.19 commenced before that date without the assistance; or

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

147.23 (b) For each calendar year for which transfers are permitted under this subdivision, the  
147.24 maximum transfer equals the excess of the district's unobligated increment which includes  
147.25 any increment not required for payments of obligations due during six months following  
147.26 the transfer on outstanding bonds, binding contracts, and other outstanding financial  
147.27 obligations of the district to which the district's increment is pledged.

147.28 (c) The authority may transfer increments permitted under this subdivision after creating  
147.29 a written spending plan that authorizes the authority to take the action described in paragraph  
147.30 (a) and details the use of transferred increment. Additionally, the municipality must approve  
147.31 the authority's spending plan after holding a public hearing. The municipality must publish  
147.32 notice of the hearing in a newspaper of general circulation in the municipality and on the

148.1 municipality's public website at least ten days, but not more than 30 days, prior to the date  
148.2 of the hearing.

148.3 (d) Increment that is improperly retained, received, spent, or transferred is not eligible  
148.4 for transfer under this subdivision.

148.5 (e) An authority making a transfer under this subdivision must provide to the Office of  
148.6 the State Auditor a copy of the spending plan approved and signed by the municipality.

148.7 (f) The authority to transfer increments under this subdivision expires on December 31,  
148.8 2022. All transferred increments must be spent by December 31, 2025. Increment not spent  
148.9 by December 31, 2025, must be returned to the district. If the district has already been  
148.10 decertified, the increment shall be treated as excess increment and distributed as provided  
148.11 in subdivision 2, paragraph (c), clause (4).

148.12 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
148.13 applies to increments from any district that are unobligated as of the date of final enactment  
148.14 regardless of when the request for certification was made.

148.15 Sec. 2. Minnesota Statutes 2020, section 469.1763, subdivision 2, is amended to read:

148.16 Subd. 2. **Expenditures outside district.** (a) For each tax increment financing district,  
148.17 an amount equal to at least 75 percent of the total revenue derived from tax increments paid  
148.18 by properties in the district must be expended on activities in the district or to pay bonds,  
148.19 to the extent that the proceeds of the bonds were used to finance activities in the district or  
148.20 to pay, or secure payment of, debt service on credit enhanced bonds. For districts, other  
148.21 than redevelopment districts for which the request for certification was made after June 30,  
148.22 1995, the in-district percentage for purposes of the preceding sentence is 80 percent. Not  
148.23 more than 25 percent of the total revenue derived from tax increments paid by properties  
148.24 in the district may be expended, through a development fund or otherwise, on activities  
148.25 outside of the district but within the defined geographic area of the project except to pay,  
148.26 or secure payment of, debt service on credit enhanced bonds. For districts, other than  
148.27 redevelopment districts for which the request for certification was made after June 30, 1995,  
148.28 the pooling percentage for purposes of the preceding sentence is 20 percent. The revenues  
148.29 derived from tax increments paid by properties in the district that are expended on costs  
148.30 under section 469.176, subdivision 4h, paragraph (b), may be deducted first before calculating  
148.31 the percentages that must be expended within and without the district.

148.32 (b) In the case of a housing district, a housing project, as defined in section 469.174,  
148.33 subdivision 11, is an activity in the district.

149.1 (c) All administrative expenses are for activities outside of the district, except that if the  
149.2 only expenses for activities outside of the district under this subdivision are for the purposes  
149.3 described in paragraph (d), administrative expenses will be considered as expenditures for  
149.4 activities in the district.

149.5 (d) The authority may elect, in the tax increment financing plan for the district, to increase  
149.6 by up to ten percentage points the permitted amount of expenditures for activities located  
149.7 outside the geographic area of the district under paragraph (a). As permitted by section  
149.8 469.176, subdivision 4k, the expenditures, including the permitted expenditures under  
149.9 paragraph (a), need not be made within the geographic area of the project. Expenditures  
149.10 that meet the requirements of this paragraph are legally permitted expenditures of the district,  
149.11 notwithstanding section 469.176, subdivisions 4b, 4c, and 4j. To qualify for the increase  
149.12 under this paragraph, the expenditures must:

149.13 (1) be used exclusively to assist housing that meets the requirement for a qualified  
149.14 low-income building, as that term is used in section 42 of the Internal Revenue Code; and

149.15 (2) not exceed the qualified basis of the housing, as defined under section 42(c) of the  
149.16 Internal Revenue Code, less the amount of any credit allowed under section 42 of the Internal  
149.17 Revenue Code; and

149.18 (3) be used to:

149.19 (i) acquire and prepare the site of the housing;

149.20 (ii) acquire, construct, or rehabilitate the housing; or

149.21 (iii) make public improvements directly related to the housing; or

149.22 (4) be used to develop housing:

149.23 (i) if the market value of the housing does not exceed the lesser of:

149.24 (A) 150 percent of the average market value of single-family homes in that municipality;

149.25 or

149.26 (B) \$200,000 for municipalities located in the metropolitan area, as defined in section  
149.27 473.121, or \$125,000 for all other municipalities; and

149.28 (ii) if the expenditures are used to pay the cost of site acquisition, relocation, demolition  
149.29 of existing structures, site preparation, and pollution abatement on one or more parcels, if  
149.30 the parcel contains a residence containing one to four family dwelling units that has been  
149.31 vacant for six or more months and is in foreclosure as defined in section 325N.10, subdivision

150.1 7, but without regard to whether the residence is the owner's principal residence, and only  
150.2 after the redemption period has expired; or

150.3 (5) to assist owner-occupied housing that meets the requirements of section 469.1761,  
150.4 subdivision 2.

150.5 (e) The authority under paragraph (d), clause (4), expires on December 31, 2016.  
150.6 Increments may continue to be expended under this authority after that date, if they are used  
150.7 to pay bonds or binding contracts that would qualify under subdivision 3, paragraph (a), if  
150.8 December 31, 2016, is considered to be the last date of the five-year period after certification  
150.9 under that provision.

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

150.11 Sec. 3. Minnesota Statutes 2020, section 469.1763, subdivision 3, is amended to read:

150.12 Subd. 3. **Five-year rule.** (a) Revenues derived from tax increments paid by properties  
150.13 in the district are considered to have been expended on an activity within the district under  
150.14 subdivision 2 only if one of the following occurs:

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

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

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

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

150.30 (5) expenditures are made for housing purposes as permitted by subdivision 2, paragraphs  
150.31 (b) and (d), or for public infrastructure purposes within a zone as permitted by subdivision  
150.32 2, paragraph (e).

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

151.3 (c) For a redevelopment district or a renewal and renovation district certified after June  
151.4 30, 2003, and before April 20, 2009, the five-year periods described in paragraph (a) are  
151.5 extended to ten years after certification of the district. For a redevelopment district certified  
151.6 after April 20, 2009, and before June 30, 2012, the five-year periods described in paragraph  
151.7 (a) are extended to eight years after certification of the district. This extension is provided  
151.8 primarily to accommodate delays in development activities due to unanticipated economic  
151.9 circumstances.

151.10 (d) For a redevelopment district that was certified after December 31, 2017, and before  
151.11 June 30, 2020, the five-year periods described in paragraph (a) are extended to eight years  
151.12 after certification of the district.

151.13 **EFFECTIVE DATE.** This section is effective for districts for which the request for  
151.14 certification was made after December 31, 2017.

151.15 Sec. 4. Minnesota Statutes 2020, section 469.1763, subdivision 4, is amended to read:

151.16 Subd. 4. **Use of revenues for decertification.** (a) In each year beginning with the sixth  
151.17 year following certification of the district, or beginning with the ninth year following  
151.18 certification of the district for districts whose five-year rule is extended to eight years under  
151.19 subdivision 3, paragraph (d), if the applicable in-district percent of the revenues derived  
151.20 from tax increments paid by properties in the district exceeds the amount of expenditures  
151.21 that have been made for costs permitted under subdivision 3, an amount equal to the  
151.22 difference between the in-district percent of the revenues derived from tax increments paid  
151.23 by properties in the district and the amount of expenditures that have been made for costs  
151.24 permitted under subdivision 3 must be used and only used to pay or defease the following  
151.25 or be set aside to pay the following:

151.26 (1) outstanding bonds, as defined in subdivision 3, paragraphs (a), clause (2), and (b);

151.27 (2) contracts, as defined in subdivision 3, paragraph (a), clauses (3) and (4);

151.28 (3) credit enhanced bonds to which the revenues derived from tax increments are pledged,  
151.29 but only to the extent that revenues of the district for which the credit enhanced bonds were  
151.30 issued are insufficient to pay the bonds and to the extent that the increments from the  
151.31 applicable pooling percent share for the district are insufficient; or

151.32 (4) the amount provided by the tax increment financing plan to be paid under subdivision  
151.33 2, paragraphs (b), (d), and (e).

152.1 (b) The district must be decertified and the pledge of tax increment discharged when  
 152.2 the outstanding bonds have been defeased and when sufficient money has been set aside to  
 152.3 pay, based on the increment to be collected through the end of the calendar year, the following  
 152.4 amounts:

152.5 (1) contractual obligations as defined in subdivision 3, paragraph (a), clauses (3) and  
 152.6 (4);

152.7 (2) the amount specified in the tax increment financing plan for activities qualifying  
 152.8 under subdivision 2, paragraph (b), that have not been funded with the proceeds of bonds  
 152.9 qualifying under paragraph (a), clause (1); and

152.10 (3) the additional expenditures permitted by the tax increment financing plan for housing  
 152.11 activities under an election under subdivision 2, paragraph (d), that have not been funded  
 152.12 with the proceeds of bonds qualifying under paragraph (a), clause (1).

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

152.14 Sec. 5. **CITIES OF MINNETONKA, RICHFIELD, AND ST. LOUIS PARK;**  
 152.15 **TEMPORARY TRANSFER OF INCREMENT AUTHORIZED.**

152.16 **Subdivision 1. Transfer of increment.** (a) The city of Minnetonka, or its economic  
 152.17 development authority, may transfer tax increment accumulated for housing development  
 152.18 purposes under Minnesota Statutes, section 469.1763, subdivision 2, paragraph (b) or (d),  
 152.19 to the housing trust fund established by the city of Minnetonka under Minnesota Statutes,  
 152.20 section 462C.16. Increment transferred under this paragraph must be used as provided in  
 152.21 subdivision 2.

152.22 (b) The city of Richfield, or its housing and redevelopment authority, may transfer tax  
 152.23 increment accumulated for housing development purposes under Minnesota Statutes, section  
 152.24 469.1763, subdivision 2, paragraph (b) or (d), to the housing trust fund established by the  
 152.25 city of Richfield under Minnesota Statutes, section 462C.16. Increment transferred under  
 152.26 this paragraph must be used as provided in subdivision 2.

152.27 (c) The city of St. Louis Park, or its economic development authority, may transfer tax  
 152.28 increment accumulated for housing development purposes under Minnesota Statutes, section  
 152.29 469.1763, subdivision 2, paragraph (b) or (d), to the housing trust fund established by the  
 152.30 city of St. Louis Park under Minnesota Statutes, section 462C.16. Increment transferred  
 152.31 under this paragraph must be used as provided in subdivision 2.

152.32 **Subd. 2. Allowable use.** Tax increment transferred under subdivision 1 must be used  
 152.33 only to:



153.1 (1) make grants, loans, and loan guarantees for the development, rehabilitation, or  
 153.2 financing of housing; or

153.3 (2) match other funds from federal, state, or private resources for housing projects.

153.4 Subd. 3. **Annual financial reporting.** Tax increment transferred under this section is  
 153.5 subject to the annual reporting requirements under Minnesota Statutes, section 469.175,  
 153.6 subdivision 6.

153.7 Subd. 4. **Legislative report.** By February 1, 2024, and February 1, 2026, each city must  
 153.8 issue a report to the chairs and ranking minority members of the legislative committees with  
 153.9 jurisdiction over taxes and property taxes. The report must include detailed information  
 153.10 relating to each housing project financed with increment transferred under this section,  
 153.11 including, when applicable, the percentage of area median income relative to each housing  
 153.12 project, the total cost per housing project, the number of units per housing project, and  
 153.13 income and rent limitations required under federal, state, or local law for each housing  
 153.14 project.

153.15 Subd. 5. **Expiration.** The authority to make transfers under subdivision 1 expires  
 153.16 December 31, 2026.

153.17 **EFFECTIVE DATE.** (a) Subdivision 1, paragraph (a), is effective the day after the  
 153.18 governing body of the city of Minnetonka and its chief clerical officer comply with the  
 153.19 requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

153.20 (b) Subdivision 1, paragraph (b), is effective the day after the governing body of the city  
 153.21 of Richfield and its chief clerical officer comply with the requirements of Minnesota Statutes,  
 153.22 section 645.021, subdivisions 2 and 3.

153.23 (c) Subdivision 1, paragraph (c), is effective the day after the governing body of the city  
 153.24 of St. Louis Park and its chief clerical officer comply with the requirements of Minnesota  
 153.25 Statutes, section 645.021, subdivisions 2 and 3.

153.26 Sec. 6. **CITY OF BLOOMINGTON; TIF AUTHORITY; AMERICAN BOULEVARD.**

153.27 Subdivision 1. **Establishment.** Pursuant to the special rules established in subdivision  
 153.28 2, the housing and redevelopment authority of the city of Bloomington or the city of  
 153.29 Bloomington may establish a redevelopment district within the city of Bloomington, limited  
 153.30 to the following parcels, identified by tax identification numbers, together with adjacent  
 153.31 roads and rights-of-way: 04-027-24-11-0032, 04-027-24-11-0033, and 04-027-24-11-0034.

154.1 Subd. 2. **Special rules.** If the city or authority establishes a tax increment financing  
154.2 district under this section, the following special rules apply:

154.3 (1) the district meets all the requirements of Minnesota Statutes, section 469.174,  
154.4 subdivision 10;

154.5 (2) expenditures incurred in connection with the development of the property described  
154.6 in subdivision 1 meet the requirements of Minnesota Statutes, section 469.176, subdivision  
154.7 4j; and

154.8 (3) increments generated from the district may be expended on undergrounding or  
154.9 overhead power lines, transformers, and related utility infrastructure within the project area  
154.10 and all such expenditures are deemed expended on activities within the district for purposes  
154.11 of Minnesota Statutes, section 469.1763.

154.12 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
154.13 city of Bloomington and its chief clerical officer comply with the requirements of Minnesota  
154.14 Statutes, section 645.021, subdivisions 2 and 3.

154.15 Sec. 7. **CITY OF BLOOMINGTON; TIF AUTHORITY; 98TH AND ALDRICH.**

154.16 Subdivision 1. **Establishment.** Pursuant to the special rules established in subdivision  
154.17 2, the housing and redevelopment authority of the city of Bloomington or the city of  
154.18 Bloomington may establish a redevelopment district within the city of Bloomington, limited  
154.19 to the following parcels, identified by tax identification numbers, together with adjacent  
154.20 roads and rights-of-way: 16-027-24-41-0010, 16-027-24-41-0011, and 16-027-24-41-0012.

154.21 Subd. 2. **Special rules.** If the city or authority establishes a tax increment financing  
154.22 district under this section, the following special rules apply:

154.23 (1) the district meets all the requirements of Minnesota Statutes, section 469.174,  
154.24 subdivision 10; and

154.25 (2) expenditures incurred in connection with the development of the property described  
154.26 in subdivision 1 meet the requirements of Minnesota Statutes, section 469.176, subdivision  
154.27 4j.

154.28 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
154.29 city of Bloomington and its chief clerical officer comply with the requirements of Minnesota  
154.30 Statutes, section 645.021, subdivisions 2 and 3.

155.1 **Sec. 8. CITY OF BURNSVILLE; TIF AUTHORITY; BURNSVILLE CENTER**  
155.2 **MALL.**

155.3 **Subdivision 1. Establishment.** Under the special rules established in subdivision 2, the  
155.4 economic development authority of the city of Burnsville or the city of Burnsville may  
155.5 establish one or more redevelopment districts located wholly within the area of the city of  
155.6 Burnsville limited to the parcels comprising the Burnsville Center mall together with adjacent  
155.7 roads and rights-of-way.

155.8 **Subd. 2. Special rules.** If the city or authority establishes a tax increment financing  
155.9 district under this section, the following special rules apply:

155.10 (1) the districts are deemed to meet all the requirements of Minnesota Statutes, section  
155.11 469.174, subdivision 10;

155.12 (2) expenditures incurred in connection with the development of the property described  
155.13 in subdivision 1 are deemed to meet the requirements of Minnesota Statutes, section 469.176,  
155.14 subdivision 4j; and

155.15 (3) increments generated from the districts may be expended for the construction and  
155.16 acquisition of property for a bridge, tunnel, or other connector from the property described  
155.17 in subdivision 1 across adjacent roads and rights-of-way and all such expenditures are  
155.18 deemed expended on activities within the district for purposes of Minnesota Statutes, section  
155.19 469.1763.

155.20 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
155.21 city of Burnsville and its chief clerical officer comply with the requirements of Minnesota  
155.22 Statutes, section 645.021, subdivisions 2 and 3.

155.23 **Sec. 9. CITY OF MOUNTAIN LAKE; TIF DISTRICT NO. 1-8; FIVE-YEAR RULE**  
155.24 **EXTENSION.**

155.25 (a) The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that activities  
155.26 must be undertaken within a five-year period from the date of certification of a tax increment  
155.27 financing district, is extended by a five-year period for Tax Increment Financing District  
155.28 No. 1-8, administered by the city of Mountain Lake or its economic development authority.

155.29 (b) The requirement of Minnesota Statutes, section 469.1763, subdivision 4, relating to  
155.30 the use of increment after the expiration of the five-year period under Minnesota Statutes,  
155.31 section 469.1763, subdivision 3, is extended to the 11th year for Tax Increment Financing  
155.32 District No. 1-8.

156.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
156.2 city of Mountain Lake and its chief clerical officer comply with the requirements of  
156.3 Minnesota Statutes, section 645.021, subdivisions 2 and 3.

156.4 Sec. 10. **CITY OF WAYZATA; TIF DISTRICT NO. 6; EXPENDITURES**  
156.5 **ALLOWED.**

156.6 Notwithstanding Minnesota Statutes, section 469.1763, subdivision 2, the city of Wayzata  
156.7 may expend increments generated from Tax Increment Financing District No. 6 for the  
156.8 design and construction of the lakefront pedestrian walkway and community transient lake  
156.9 public access infrastructure related to the Panoway on Wayzata Bay project, and all such  
156.10 expenditures are deemed expended on activities within the district.

156.11 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
156.12 city of Wayzata and its chief clerical officer comply with the requirements of Minnesota  
156.13 Statutes, section 645.021, subdivisions 2 and 3.

156.14 Sec. 11. **CITY OF WINDOM; TIF DISTRICT NO. 1-22; FIVE-YEAR RULE**  
156.15 **EXTENSION; DURATION EXTENSION.**

156.16 (a) The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that activities  
156.17 must be undertaken within a five-year period from the date of certification of a tax increment  
156.18 financing district, is considered to be met for Tax Increment Financing District No. 1-22,  
156.19 administered by the city of Windom or its economic development authority, if activities are  
156.20 undertaken within ten years of the district's certification.

156.21 (b) The requirements of Minnesota Statutes, section 469.1763, subdivision 4, relating  
156.22 to the use of increment after the expiration of the five-year period under Minnesota Statutes,  
156.23 section 469.1763, subdivision 3, is extended to the 11th year for Tax Increment Financing  
156.24 District No. 1-22.

156.25 (c) Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, the city of  
156.26 Windom, or its economic development authority, may elect to extend the duration of Tax  
156.27 Increment Financing District No. 1-22 by five years.

156.28 **EFFECTIVE DATE.** Paragraphs (a) and (b) are effective the day after the governing  
156.29 body of the city of Windom and its chief clerical officer comply with the requirements of  
156.30 Minnesota Statutes, section 645.021, subdivisions 2 and 3. Paragraph (c) is effective upon  
156.31 compliance by the city of Windom, Cottonwood County, and Independent School District

157.1 No. 177 with the requirements of Minnesota Statutes, sections 469.1782, subdivision 2, and  
 157.2 645.021, subdivisions 2 and 3.

157.3 **ARTICLE 10**

157.4 **PUBLIC FINANCE**

157.5 Section 1. Minnesota Statutes 2020, section 297A.993, subdivision 2, is amended to read:

157.6 Subd. 2. **Allocation; termination.** The proceeds of the taxes must be dedicated  
 157.7 exclusively to: (1) payment of the capital cost of a specific transportation project or  
 157.8 improvement; (2) payment of the costs, which may include both capital and operating costs,  
 157.9 of a specific transit project or improvement; (3) payment of the capital costs of a safe routes  
 157.10 to school program under section 174.40; ~~or~~ (4) payment of transit operating costs; or (5)  
 157.11 payment of the capital cost of constructing buildings and other facilities for maintaining  
 157.12 transportation or transit projects or improvements. The transportation or transit project or  
 157.13 improvement must be designated by the board of the county, or more than one county acting  
 157.14 under a joint powers agreement. Except for taxes for operating costs of a transit project or  
 157.15 improvement, or for transit operations, the taxes must terminate when revenues raised are  
 157.16 sufficient to finance the project. Nothing in this subdivision prohibits the exclusive dedication  
 157.17 of the proceeds of the taxes to payments for more than one project or improvement. After  
 157.18 a public hearing a county may, by resolution, dedicate the proceeds of the tax for a new  
 157.19 enumerated project.

157.20 Sec. 2. Minnesota Statutes 2020, section 453A.04, subdivision 21, is amended to read:

157.21 Subd. 21. ~~All other powers~~ **Exercising powers of a municipal power agency.** ~~It may~~  
 157.22 ~~exercise all other powers not inconsistent with the Constitution of the state of Minnesota~~  
 157.23 ~~or the United States Constitution, which powers may be reasonably necessary or appropriate~~  
 157.24 ~~for or incidental to the effectuation of its authorized purposes or to the exercise of any of~~  
 157.25 ~~the powers enumerated in this section, and generally may exercise in connection with its~~  
 157.26 ~~property and affairs, and in connection with property within its control, any and all powers~~  
 157.27 ~~which might be exercised by a natural person or a private corporation in connection with~~  
 157.28 ~~similar property and affairs.~~ It may exercise the powers of a municipal power agency under  
 157.29 chapter 453, for the limited purpose of engaging in tax-exempt prepayments and related  
 157.30 transactions as described in section 148(b)(4) of the Internal Revenue Code of 1986, as  
 157.31 amended, and the Code of Federal Regulations, title 26, part 1, section 1.148-1(e)(2)(iii),  
 157.32 both as may be amended from time to time, or as may otherwise be authorized by statute  
 157.33 or the Commissioner of Internal Revenue.

158.1 Sec. 3. Minnesota Statutes 2020, section 453A.04, is amended by adding a subdivision to  
 158.2 read:

158.3 Subd. 22. All other powers. It may exercise all other powers not inconsistent with the  
 158.4 Constitution of the state of Minnesota or the United States Constitution, which powers may  
 158.5 be reasonably necessary or appropriate for or incidental to the effectuation of its authorized  
 158.6 purposes or to the exercise of any of the powers enumerated in this section, and generally  
 158.7 may exercise in connection with its property and affairs, and in connection with property  
 158.8 within its control, any and all powers which might be exercised by a natural person or a  
 158.9 private corporation in connection with similar property and affairs.

158.10 Sec. 4. Minnesota Statutes 2020, section 465.71, is amended to read:

158.11 **465.71 INSTALLMENT, LEASE PURCHASE; CITY, COUNTY, TOWN,**  
 158.12 **SCHOOL.**

158.13 A home rule charter city, statutory city, county, town, or school district may purchase  
 158.14 personal property under an installment contract, or lease real or personal property with an  
 158.15 option to purchase under a lease-purchase agreement, by which contract or agreement title  
 158.16 is retained by the seller or vendor or assigned to a third party as security for the purchase  
 158.17 price, including interest, if any, but such purchases are subject to statutory and charter  
 158.18 provisions applicable to the purchase of real or personal property. For purposes of the bid  
 158.19 requirements contained in section 471.345, "the amount of the contract" shall include the  
 158.20 total of all lease payments for the entire term of the lease under a lease-purchase agreement.  
 158.21 The obligation created by an installment contract or a lease-purchase agreement for personal  
 158.22 property, or an installment contract or a lease-purchase agreement for real property if the  
 158.23 amount of the contract for purchase of the real property is less than \$1,000,000, shall not  
 158.24 be included in the calculation of net debt for purposes of section 475.53, and shall not  
 158.25 constitute debt under any other statutory provision. No election shall be required in  
 158.26 connection with the execution of an installment contract or a lease-purchase agreement  
 158.27 authorized by this section. The city, county, town, or school district must have the right to  
 158.28 terminate a lease-purchase agreement at the end of any fiscal year during its term.

158.29 Sec. 5. Minnesota Statutes 2020, section 475.56, is amended to read:

158.30 **475.56 INTEREST RATE.**

158.31 (a) Any municipality issuing obligations under any law may issue obligations bearing  
 158.32 interest at a single rate or at rates varying from year to year which may be lower or higher  
 158.33 in later years than in earlier years. ~~Such higher rate for any period prior to maturity may be~~

159.1 ~~represented in part by separate coupons designated as additional coupons, extra coupons,~~  
 159.2 ~~or B coupons, but the~~ The highest aggregate rate of interest contracted to be so paid for any  
 159.3 period shall not exceed the maximum rate authorized by law. ~~Such higher rate may also be~~  
 159.4 ~~represented in part by the issuance of additional obligations of the same series, over and~~  
 159.5 ~~above but not exceeding two percent of the amount otherwise authorized to be issued, and~~  
 159.6 ~~the amount of such additional obligations shall not be included in the amount required by~~  
 159.7 ~~section 475.59 to be stated in any bond resolution, notice, or ballot, or in the sale price~~  
 159.8 ~~required by section 475.60 or any other law to be paid; but if the principal amount of the~~  
 159.9 ~~entire series exceeds its cash sale price, such excess shall not, when added to the total amount~~  
 159.10 ~~of interest payable on all obligations of the series to their stated maturity dates, cause and~~  
 159.11 ~~the average annual rate of such interest to~~ may not exceed the maximum rate authorized by  
 159.12 law. This section does not authorize a provision in any such obligations for the payment of  
 159.13 a higher rate of interest after maturity than before.

159.14 (b) Any municipality issuing obligations under any law may sell original issue discount  
 159.15 or premium obligations having a stated principal amount in excess of the authorized amount  
 159.16 and the sale price, provided that: To determine the average annual rate of interest on the  
 159.17 obligations, any discount shall be added to, and any premium subtracted from, the total  
 159.18 amount of interest on the obligations to their stated maturity dates.

159.19 ~~(1) the sale price does not exceed by more than two percent the amount of obligations~~  
 159.20 ~~otherwise authorized to be issued;~~

159.21 ~~(2) the underwriting fee, discount, or other sales or underwriting commission does not~~  
 159.22 ~~exceed two percent of the sale price; and~~

159.23 ~~(3) the discount rate necessary to present value total principal and interest payments~~  
 159.24 ~~over the term of the issue to the sale price does not exceed the lesser of the maximum rate~~  
 159.25 ~~permitted by law for municipal obligations or ten percent.~~

159.26 (c) Any obligation may bear interest at a rate varying periodically at the time or times  
 159.27 and on the terms, including convertibility to a fixed rate of interest, determined by the  
 159.28 governing body of the municipality, but the rate of interest for any period shall not exceed  
 159.29 any maximum rate of interest for the obligations established by law. For purposes of section  
 159.30 475.61, subdivisions 1 and 3, the interest payable on variable rate obligations for their term  
 159.31 shall be determined as if their rate of interest is the lesser of the maximum rate of interest  
 159.32 payable on the obligations in accordance with their terms or the rate estimated for such  
 159.33 purpose by the governing body, but if the interest rate is subsequently converted to a fixed  
 159.34 rate the levy may be modified to provide at least five percent in excess of amounts necessary

160.1 to pay principal of and interest at the fixed rate on the obligations when due. For purposes  
160.2 of computing debt service or interest pursuant to section 475.67, subdivision 12, interest  
160.3 throughout the term of bonds issued pursuant to this subdivision is deemed to accrue at the  
160.4 rate of interest first borne by the bonds. The provisions of this paragraph do not apply to  
160.5 general obligations issued by a statutory or home rule charter city with a population of less  
160.6 than 7,500, as defined in section 477A.011, subdivision 3, or to general obligations that are  
160.7 not rated A or better, or an equivalent subsequently established rating, by Standard and  
160.8 Poor's Corporation, Moody's Investors Service or other similar nationally recognized rating  
160.9 agency, except that any statutory or home rule charter city, regardless of population or bond  
160.10 rating, may issue variable rate obligations as a participant in a bond pooling program  
160.11 established by the League of Minnesota Cities that meets this bond rating requirement.

160.12 Sec. 6. Minnesota Statutes 2020, section 475.58, subdivision 3b, is amended to read:

160.13 Subd. 3b. **Street reconstruction and bituminous overlays.** (a) A municipality may,  
160.14 without regard to the election requirement under subdivision 1, issue and sell obligations  
160.15 for street reconstruction or bituminous overlays, if the following conditions are met:

160.16 (1) the streets are reconstructed or overlaid under a street reconstruction or overlay plan  
160.17 that describes the street reconstruction or overlay to be financed, the estimated costs, and  
160.18 any planned reconstruction or overlay of other streets in the municipality over the next five  
160.19 years, and the plan and issuance of the obligations has been approved by a vote of a two-thirds  
160.20 majority of the members of the governing body present at the meeting following a public  
160.21 hearing for which notice has been published in the official newspaper at least ten days but  
160.22 not more than 28 days prior to the hearing; and

160.23 (2) if a petition requesting a vote on the issuance is signed by voters equal to five percent  
160.24 of the votes cast in the last municipal general election and is filed with the municipal clerk  
160.25 within 30 days of the public hearing, the municipality may issue the bonds only after  
160.26 obtaining the approval of a majority of the voters voting on the question of the issuance of  
160.27 the obligations. If the municipality elects not to submit the question to the voters, the  
160.28 municipality shall not propose the issuance of bonds under this section for the same purpose  
160.29 and in the same amount for a period of 365 days from the date of receipt of the petition. If  
160.30 the question of issuing the bonds is submitted and not approved by the voters, the provisions  
160.31 of section 475.58, subdivision 1a, shall apply.

160.32 (b) Obligations issued under this subdivision are subject to the debt limit of the  
160.33 municipality and are not excluded from net debt under section 475.51, subdivision 4.



161.1 (c) For purposes of this subdivision, street reconstruction and bituminous overlays  
 161.2 ~~includes~~ include but are not limited to: utility replacement and relocation and other activities  
 161.3 incidental to the street reconstruction; the addition or reconstruction of turn lanes, bicycle  
 161.4 lanes, sidewalks, paths, and other improvements having a substantial public safety function;;  
 161.5 realignments; and other modifications to intersect with state and county roads;; and the local  
 161.6 share of state and county road projects. For purposes of this subdivision, "street  
 161.7 reconstruction" includes expenditures for street reconstruction that have been incurred by  
 161.8 a municipality before approval of a street reconstruction plan, if such expenditures are  
 161.9 included in a street reconstruction plan approved on or before the date of the public hearing  
 161.10 under paragraph (a), clause (1), regarding issuance of bonds for such expenditures.

161.11 (d) Except in the case of turn lanes, bicycle lanes, sidewalks, paths, and other safety  
 161.12 improvements; realignments; intersection modifications; and the local share of state and  
 161.13 county road projects, street reconstruction and bituminous overlays does not include the  
 161.14 portion of project cost allocable to widening a street or adding curbs and gutters where none  
 161.15 previously existed.

161.16 Sec. 7. Minnesota Statutes 2020, section 475.60, subdivision 1, is amended to read:

161.17 Subdivision 1. **Advertisement.** All obligations shall be negotiated and sold by the  
 161.18 governing body, except when authority therefor is delegated by the governing body or by  
 161.19 the charter of the municipality to a board, department, or officers of the municipality. ~~Except~~  
 161.20 ~~as provided in section 475.56, obligations shall be sold at not less than par value plus accrued~~  
 161.21 ~~interest to date of delivery and not greater than two percent greater than the amount~~  
 161.22 ~~authorized to be issued plus accrued interest.~~ Except as provided in subdivision 2 all  
 161.23 obligations shall be sold at competitive sale after notice given as provided in subdivision  
 161.24 3.

161.25 Sec. 8. Minnesota Statutes 2020, section 475.67, subdivision 8, is amended to read:

161.26 Subd. 8. **Escrow account securities.** Securities purchased for the escrow account shall  
 161.27 be limited to:

161.28 (1) general obligations of the United States, securities whose principal and interest  
 161.29 payments are guaranteed by the United States, including but not limited to Resolution  
 161.30 Funding Corporation Interest Separate Trading of Registered Interest and Principal of  
 161.31 Securities and United States Agency for International Development Bonds, and securities  
 161.32 issued by ~~the following agencies of the United States: Banks for Cooperatives,~~ United States  
 161.33 government-sponsored enterprises including but not limited to Federal Home Loan Banks,

162.1 ~~Federal Intermediate Credit Banks, Federal Land Banks, and the Federal Farm Credit System,~~  
 162.2 ~~the Federal National Mortgage Association, or the Federal Home Loan Mortgage Corporation;~~  
 162.3 or

162.4 (2) obligations issued or guaranteed by any state or any political subdivision of a state,  
 162.5 which at the date of purchase are rated in the highest or the next highest rating category by  
 162.6 Standard and Poor's Corporation, Moody's Investors Service, or a similar nationally  
 162.7 recognized rating agency, but not less than the rating on the refunded bonds immediately  
 162.8 prior to the refunding.

162.9 "Rating category," as used in this subdivision, means a generic securities rating category,  
 162.10 without regard in the case of a long-term rating category to any refinement or gradation of  
 162.11 such long-term rating category by a numerical modifier or otherwise.

162.12 Sec. 9. **REPEALER.**

162.13 Minnesota Statutes 2020, section 469.055, subdivision 7, is repealed.

162.14 **ARTICLE 11**  
 162.15 **MISCELLANEOUS**

162.16 Section 1. Minnesota Statutes 2020, section 3.192, is amended to read:

162.17 **3.192 REQUIREMENTS FOR NEW OR RENEWED TAX EXPENDITURES.**

162.18 (a) Any bill that creates, renews, or continues a tax expenditure must include a statement  
 162.19 of intent that clearly provides the purpose of the tax expenditure and a standard or goal  
 162.20 against which its effectiveness may be measured.

162.21 (b) For purposes of this section, "tax expenditure" has the meaning given in section  
 162.22 270C.11, subdivision 6.

162.23 (c) Any bill that creates a new tax expenditure or continues an expiring tax expenditure  
 162.24 must include an expiration date for the tax expenditure that is no more than eight years from  
 162.25 the day the provision takes effect.

162.26 **EFFECTIVE DATE.** This section is effective beginning with the 2022 legislative  
 162.27 session.

162.28 Sec. 2. Minnesota Statutes 2020, section 3.8853, subdivision 2, is amended to read:

162.29 Subd. 2. **Director; staff.** (a) The Legislative Budget Office Oversight Commission must  
 162.30 appoint a director and establish the director's duties. The director may hire staff necessary

163.1 to do the work of the office. The director serves in the unclassified service for a term of six  
 163.2 years and may not be removed during a term except for cause after a public hearing.

163.3 (b) The director and staff hired under this section must provide professional and technical  
 163.4 assistance to the Tax Expenditure Review Commission under section 3.8855.

163.5 Sec. 3. **[3.8855] TAX EXPENDITURE REVIEW COMMISSION.**

163.6 Subdivision 1. **Establishment.** The Tax Expenditure Review Commission is created to  
 163.7 review Minnesota's tax expenditures and evaluate their effectiveness and fiscal impact.

163.8 Subd. 2. **Definitions.** For the purposes of this section, "significant tax expenditure,"  
 163.9 "tax," and "tax expenditure" have the meanings given in section 270C.11, subdivision 6.

163.10 Subd. 3. **Membership.** (a) The commission consists of:

163.11 (1) two senators appointed by the senate majority leader;

163.12 (2) two senators appointed by the senate minority leader;

163.13 (3) two representatives appointed by the speaker of the house;

163.14 (4) two representatives appointed by the minority leader of the house of representatives;

163.15 and

163.16 (5) the commissioner of revenue or the commissioner's designee.

163.17 (b) Each appointing authority must make appointments by January 31 of the regular  
 163.18 legislative session in the odd-numbered year.

163.19 (c) If the chair of the house or senate committee with primary jurisdiction over taxes is  
 163.20 not an appointed member, the chair is an ex officio, nonvoting member of the commission.

163.21 Subd. 4. **Duties.** (a) In the first three years after the commission is established, the  
 163.22 commission must complete an initial review of the state's tax expenditures. The initial review  
 163.23 must identify the purpose of each of the state's tax expenditures, if none was identified in  
 163.24 the enacting legislation in accordance with section 3.192. The commission may also identify  
 163.25 metrics for evaluating the effectiveness of an expenditure.

163.26 (b) In each year following the initial review under paragraph (a), the commission must  
 163.27 review and evaluate Minnesota's tax expenditures on a regular, rotating basis. The  
 163.28 commission must establish a review schedule that ensures each tax expenditure will be  
 163.29 reviewed by the commission at least once every ten years. The commission may review  
 163.30 expenditures affecting similar constituencies or policy areas in the same year, but the  
 163.31 commission must review a subset of the tax expenditures within each tax type each year.

164.1 To the extent possible, the commission must review a similar number of tax expenditures  
164.2 within each tax type each year. The commission may decide not to review a tax expenditure  
164.3 that is adopted by reference to federal law.

164.4 (c) Before December 1 of the year a tax expenditure is included in a commission report,  
164.5 the commission must hold a public hearing on the expenditure, including but not limited to  
164.6 a presentation of the review components in subdivision 5.

164.7 Subd. 5. **Components of review.** (a) When reviewing a tax expenditure, the commission  
164.8 must at a minimum:

164.9 (1) provide an estimate of the annual revenue lost as a result of the expenditure;

164.10 (2) identify the purpose of the tax expenditure if none was identified in the enacting  
164.11 legislation in accordance with section 3.192;

164.12 (3) estimate the measurable impacts and efficiency of the tax expenditure in  
164.13 accomplishing the purpose of the expenditure;

164.14 (4) compare the effectiveness of the tax expenditure and a direct expenditure with the  
164.15 same purpose;

164.16 (5) identify potential modifications to the tax expenditure to increase its efficiency or  
164.17 effectiveness;

164.18 (6) estimate the amount by which the tax rate for the relevant tax could be reduced if  
164.19 the revenue lost due to the tax expenditure were applied to a rate reduction;

164.20 (7) if the tax expenditure is a significant tax expenditure, estimate the incidence of the  
164.21 tax expenditure and the effect of the expenditure on the incidence of the state's tax system;

164.22 (8) consider the cumulative fiscal impacts of other state and federal taxes providing  
164.23 benefits to taxpayers for similar activities; and

164.24 (9) recommend whether the expenditure be continued, repealed, or modified.

164.25 (b) The commission may omit a component in paragraph (a) if the commission determines  
164.26 it is not feasible due to the lack of available data, third-party research, staff resources, or  
164.27 lack of a majority support for a recommendation.

164.28 Subd. 6. **Department of Revenue; research support.** (a) The research division of the  
164.29 Department of Revenue must provide the commission with the summary data required to  
164.30 complete the review components in subdivision 5, paragraph (a), clauses (1), (6), (7), and  
164.31 (8).

165.1 (b) At the request of the commission, the research division of the Department of Revenue  
165.2 must provide the commission with summary data on a tax expenditure in support of a review.

165.3 (c) Data shared under this section must comply with the rules governing statistical studies  
165.4 under section 270B.04, subdivision 2.

165.5 Subd. 7. **Report to legislature.** (a) By December 15 of each year, the commission must  
165.6 submit a written report to the legislative committees with jurisdiction over tax policy. The  
165.7 report must detail the results of the commission's review of tax expenditures in the previous  
165.8 calendar year, including the review components detailed in subdivision 5.

165.9 (b) Notwithstanding paragraph (a), during the period of initial review under subdivision  
165.10 4, the report may be limited to the purpose statements and metrics for evaluating the  
165.11 effectiveness of expenditures, as identified by the commission. The report may also include  
165.12 relevant publicly available data on an expenditure.

165.13 (c) The report may include any additional information the commission deems relevant  
165.14 to the review of an expenditure.

165.15 (d) The legislative committees with jurisdiction over tax policy must hold a public  
165.16 hearing on the report during the regular legislative session in the year following the year in  
165.17 which the report was submitted.

165.18 Subd. 8. **Terms; vacancies.** (a) Members of the commission serve a term beginning  
165.19 upon appointment and ending at the beginning of the regular legislative session in the next  
165.20 odd-numbered year. The appropriate appointing authority must fill a vacancy for a seat of  
165.21 a current legislator for the remainder of the unexpired term. Members may be removed or  
165.22 replaced at the pleasure of the appointing authority.

165.23 (b) If a commission member ceases to be a member of the legislative body from which  
165.24 the member was appointed, the member vacates membership on the commission.

165.25 Subd. 9. **Officers.** The commission shall elect a chair and vice-chair as presiding officers.  
165.26 The chair and vice-chair must alternate every two years between members of the house of  
165.27 representatives and senate. The chair and vice-chair may not be from the same legislative  
165.28 chamber.

165.29 Subd. 10. **Staff.** Legislative Budget Office staff hired under section 3.8853, subdivision  
165.30 2, must provide professional and technical assistance to the commission as the commission  
165.31 deems necessary, including assistance with the report under subdivision 7.

165.32 Subd. 11. **Expenses.** The members of the commission and its staff shall be reimbursed  
165.33 for all expenses actually and necessarily incurred in the performance of their duties.

166.1 Reimbursement for expenses incurred shall be made in accordance with policies adopted  
166.2 by the Legislative Coordinating Commission.

166.3 **EFFECTIVE DATE; SPECIAL PROVISIONS.** (a) This section is effective the day  
166.4 following final enactment.

166.5 (b) Appointing authorities for the commission must make initial appointments by January  
166.6 15, 2022. The speaker of the house must designate one member of the commission to convene  
166.7 the first meeting of the commission by July 1, 2022. The first report of the commission  
166.8 under Minnesota Statutes, section 3.8855, subdivision 7, is due on December 15, 2022.

166.9 **Sec. 4. [10.65] GOVERNMENT-TO-GOVERNMENT RELATIONSHIP WITH**  
166.10 **TRIBAL GOVERNMENTS.**

166.11 **Subdivision 1. Recognition of Tribal status and relationship with the state of**  
166.12 **Minnesota.** (a) The state of Minnesota is home to 11 federally recognized Indian Tribes  
166.13 with elected Tribal government officials. The state of Minnesota acknowledges and supports  
166.14 the unique status of the Minnesota Tribes and their absolute right to existence,  
166.15 self-governance, and self-determination.

166.16 (b) The United States and the state of Minnesota have a unique relationship with federally  
166.17 recognized Indian Tribes, formed by the Constitution of the United States, treaties, statutes,  
166.18 case law, and agreements.

166.19 (c) The state of Minnesota and the Minnesota Tribal governments significantly benefit  
166.20 from working together, learning from one another, and partnering where possible.

166.21 (d) Timely and meaningful consultation between the state of Minnesota and Minnesota  
166.22 Tribal governments will facilitate better understanding and informed decision-making by  
166.23 allowing for communication on matters of mutual interest and help to establish mutually  
166.24 respectful and beneficial relationships between the state and Minnesota Tribal governments.

166.25 **Subd. 2. Definitions.** (a) As used in this section, the following terms have the meanings  
166.26 given:

166.27 (1) "agency" means the Department of Administration, Department of Agriculture,  
166.28 Department of Commerce, Department of Corrections, Department of Education, Department  
166.29 of Employment and Economic Development, Department of Health, Office of Higher  
166.30 Education, Housing Finance Agency, Department of Human Rights, Department of Human  
166.31 Services, Office of MN.IT Services, Department of Iron Range Resources and Rehabilitation,  
166.32 Department of Labor and Industry, Minnesota Management and Budget, Bureau of Mediation  
166.33 Services, Department of Military Affairs, Metropolitan Council, Department of Natural

167.1 Resources, Pollution Control Agency, Department of Public Safety, Department of Revenue,  
 167.2 Department of Transportation, Department of Veterans Affairs, Gambling Control Board,  
 167.3 Racing Commission, the Minnesota Lottery, the Animal Health Board, and the Board of  
 167.4 Water and Soil Resources;

167.5 (2) "consultation" means the direct and interactive involvement of the Minnesota Tribal  
 167.6 governments in the development of policy on matters that have Tribal implications.  
 167.7 Consultation is the proactive, affirmative process of identifying and seeking input from  
 167.8 appropriate Tribal governments and considering their interest as a necessary and integral  
 167.9 part of the decision-making process. This definition adds to statutorily mandated notification  
 167.10 procedures. During a consultation, the burden is on the agency to show that it has made a  
 167.11 good faith effort to elicit feedback. Consultation is a formal engagement between agency  
 167.12 officials and the governing body or bodies of an individual Minnesota Tribal government  
 167.13 that the agency or an individual Tribal government may initiate. Formal meetings or  
 167.14 communication between top agency officials and the governing body of a Minnesota Tribal  
 167.15 government is a necessary element of consultation;

167.16 (3) "matters that have Tribal implications" means rules, legislative proposals, policy  
 167.17 statements, or other actions that have substantial direct effects on one or more Minnesota  
 167.18 Tribal governments, or on the distribution of power and responsibilities between the state  
 167.19 and Minnesota Tribal governments;

167.20 (4) "Minnesota Tribal governments" means the federally recognized Indian Tribes located  
 167.21 in Minnesota including: Bois Forte Band; Fond Du Lac Band; Grand Portage Band; Leech  
 167.22 Lake Band; Mille Lacs Band; White Earth Band; Red Lake Nation; Lower Sioux Indian  
 167.23 Community; Prairie Island Indian Community; Shakopee Mdewakanton Sioux Community;  
 167.24 and Upper Sioux Community; and

167.25 (5) "timely and meaningful" means done or occurring at a favorable or useful time that  
 167.26 allows the result of consultation to be included in the agency's decision-making process for  
 167.27 a matter that has Tribal implications.

167.28 Subd. 3. **Consultation duties.** (a) An agency must recognize the unique legal relationship  
 167.29 between the state of Minnesota and the Minnesota Tribal governments, respect the  
 167.30 fundamental principles that establish and maintain this relationship, and accord Tribal  
 167.31 governments the same respect accorded to other governments.

167.32 (b) An agency must, in consultation with Minnesota Tribal governments, implement  
 167.33 Tribal consultation policies to comply with this section and guide the agency's work with  
 167.34 Minnesota Tribal governments, and must submit these policies to the governor and lieutenant

168.1 governor. Tribal consultation policies should address the communication protocols for each  
168.2 Minnesota Tribal government, which should be developed in coordination with  
168.3 representatives of each Minnesota Tribal government. An agency must update the Tribal  
168.4 consultation policies as often as required in order to facilitate timely and meaningful  
168.5 consultation, but no less than biannually.

168.6 (c) Consultation under this section is a duty of an agency to consult with the governing  
168.7 body or bodies of each individual Minnesota Tribal government. Coordination with groups  
168.8 or entities that have representation on some or all of the governing bodies of the Minnesota  
168.9 Tribal governments, such as the Minnesota Indian Affairs Council or the Minnesota  
168.10 Chippewa Tribe, is encouraged but does not satisfy an agency's duty to consult with  
168.11 individual Minnesota Tribal governments on matters that have Tribal implications. If a  
168.12 matter has implications for one Minnesota Tribal government, but not others, the agency's  
168.13 duty is to only consult those Minnesota Tribal governments affected.

168.14 (d) An agency must consult with each Minnesota Tribal government at least annually,  
168.15 and as often as is required to address matters that have Tribal implications.

168.16 (e) An agency must consult with Minnesota Tribal governments on legislative and fiscal  
168.17 matters that affect one or all Minnesota Tribal governments or their members to identify  
168.18 priority issues in order to allow agencies to proactively engage Minnesota Tribal governments  
168.19 in the agency's development of legislative and fiscal proposals in time for submission into  
168.20 the governor's recommended budget and legislative proposals each year.

168.21 (f) An agency must develop and maintain ongoing consultation with the Minnesota  
168.22 Tribal governments related to matters that have Tribal implications. Agencies must consider  
168.23 the input gathered from Tribal consultation into their decision-making processes, with the  
168.24 goal of achieving mutually beneficial solutions.

168.25 (g) An agency and a Minnesota Tribal government may agree that a formal consultation  
168.26 is not necessary for a given year on a given matter that has Tribal implications, and the  
168.27 agency must keep a written record of this decision.

168.28 (h) The prospective duty to consult does not apply to action on a matter that has Tribal  
168.29 implications if immediate action is required to address a present and immediate threat to  
168.30 the health, safety, or welfare of Minnesota citizens. For these actions, every effort should  
168.31 be made to communicate, and formal consultation should occur as soon as possible. The  
168.32 duty to consult also does not apply to criminal proceedings or other investigations or legal  
168.33 proceedings that prohibit an agency from disclosure.



169.1 (i) An agency must designate a Tribal liaison to assume responsibility for implementation  
169.2 of the Tribal consultation policy and to serve as the principal point of contact for Minnesota  
169.3 Tribal governments. The Tribal liaison must be able to directly and regularly meet and  
169.4 communicate with the agency's commissioner and deputy and assistant commissioners in  
169.5 order to appropriately conduct government-to-government consultation and cooperation.

169.6 (j) The state has instituted Tribal-state government relations training, which is the  
169.7 foundation and basis of all other Tribal government relations training sources. All agencies  
169.8 must direct certain staff to complete available training to foster a collaborative relationship  
169.9 between the state of Minnesota and Minnesota Tribal governments, and to facilitate timely  
169.10 and meaningful consultation. In addition to all commissioners, deputy commissioners, and  
169.11 assistant commissioners, at a minimum all agency employees whose work is likely to include  
169.12 matters that have Tribal implications must attend Tribal-state relations training. Tribal  
169.13 liaisons must actively support and participate in the Tribal-state relations training.

169.14 (k) Any agency or board that is not listed in the definition of agency in subdivision 2 is  
169.15 encouraged to and may engage in consultation and communication with the Minnesota  
169.16 Tribal governments for all matters that have Tribal implications.

169.17 Subd. 4. **Applicability.** Nothing in this section requires the state or an agency to violate  
169.18 or ignore any laws, rules, directives, or other legal requirements or obligations imposed by  
169.19 state or federal law or set forth in agreements or compact between one or more Minnesota  
169.20 Tribal governments or any other Tribal government and the state or its agencies. This section  
169.21 is not intended to, and does not, create any right to administrative or judicial review, or any  
169.22 other right, benefit, or responsibility, substantive or procedural, enforceable against the state  
169.23 of Minnesota, its agencies or instrumentalities, its officers or employees, or its subdivisions  
169.24 or any other persons. Nothing in this section prohibits or limits any agency from asserting  
169.25 any rights or pursuing any administrative or judicial action under state or federal law to  
169.26 effectuate the interests of the state of Minnesota or any of its agencies. Nothing in this  
169.27 section is intended to alter or reduce the state's duties to individual Minnesota citizens  
169.28 including those of Native American descent.

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

169.30 Sec. 5. Minnesota Statutes 2020, section 16A.152, subdivision 2, as amended by Laws  
169.31 2021, chapter 31, article 1, section 9, is amended to read:

169.32 Subd. 2. **Additional revenues; priority.** (a) If on the basis of a forecast of general fund  
169.33 revenues and expenditures, the commissioner of management and budget determines that  
169.34 there will be a positive unrestricted budgetary general fund balance at the close of the

170.1 biennium, the commissioner of management and budget must allocate money to the following  
170.2 accounts and purposes in priority order:

170.3 (1) the cash flow account established in subdivision 1 until that account reaches  
170.4 \$350,000,000;

170.5 (2) the budget reserve account established in subdivision 1a until that account reaches  
170.6 ~~\$1,596,522,000~~ \$2,377,399,000;

170.7 (3) the amount necessary to increase the aid payment schedule for school district aids  
170.8 and credits payments in section 127A.45 to not more than 90 percent rounded to the nearest  
170.9 tenth of a percent without exceeding the amount available and with any remaining funds  
170.10 deposited in the budget reserve;

170.11 (4) the amount necessary to restore all or a portion of the net aid reductions under section  
170.12 127A.441 and to reduce the property tax revenue recognition shift under section 123B.75,  
170.13 subdivision 5, by the same amount; and

170.14 (5) the amount necessary to increase the Minnesota 21st century fund by not more than  
170.15 the difference between \$5,000,000 and the sum of the amounts credited and canceled to it  
170.16 in the previous 12 months under Laws 2020, chapter 71, article 1, section 11, until the sum  
170.17 of all transfers under this section and all amounts credited or canceled under Laws 2020,  
170.18 chapter 71, article 1, section 11, equals \$20,000,000.

170.19 (b) The amounts necessary to meet the requirements of this section are appropriated  
170.20 from the general fund within two weeks after the forecast is released or, in the case of  
170.21 transfers under paragraph (a), clauses (3) and (4), as necessary to meet the appropriations  
170.22 schedules otherwise established in statute.

170.23 (c) The commissioner of management and budget shall certify the total dollar amount  
170.24 of the reductions under paragraph (a), clauses (3) and (4), to the commissioner of education.  
170.25 The commissioner of education shall increase the aid payment percentage and reduce the  
170.26 property tax shift percentage by these amounts and apply those reductions to the current  
170.27 fiscal year and thereafter.

170.28 **EFFECTIVE DATE.** This section is effective July 1, 2021.

170.29 Sec. 6. Minnesota Statutes 2020, section 41A.19, is amended to read:

170.30 **41A.19 REPORT; INCENTIVE PROGRAMS.**

170.31 By January 15 each year, the commissioner shall report on the incentive programs under  
170.32 sections 41A.16, 41A.17, ~~and~~ 41A.18, 41A.20, and 41A.21 to the legislative committees

171.1 with jurisdiction over environment and agriculture policy and finance. The report shall  
171.2 include information on production and incentive expenditures under the programs.

171.3 **Sec. 7. [41A.21] ORIENTED STRAND BOARD PRODUCTION INCENTIVE.**

171.4 **Subdivision 1. Definitions.** (a) For the purposes of this section, the terms defined in this  
171.5 subdivision have the meanings given them.

171.6 (b) "Commissioner" means the commissioner of agriculture.

171.7 (c) "Forest resources" means raw wood logs and material primarily made up of cellulose,  
171.8 hemicellulose, or lignin, or a combination of those ingredients.

171.9 (d) "Oriented strand board" or "OSB" means a material manufactured into panels using  
171.10 forest resources.

171.11 **Subd. 2. Eligibility.** (a) A facility eligible for payment under this section must source  
171.12 at least 80 percent of its forest resources raw materials from Minnesota. The facility must  
171.13 be located in Minnesota; must begin construction activities by December 31, 2022, for a  
171.14 specific location; must begin production at a specific location by June 30, 2025; and must  
171.15 not begin operating before January 1, 2022. Eligible facilities must be new OSB construction  
171.16 sites with total capital investment in excess of \$250,000,000. Eligible OSB production  
171.17 facilities must produce at least 200,000,000 OSB square feet on a 3/8 inch nominal basis  
171.18 of OSB each year. At least one product produced at the facility should be a wood-based  
171.19 wall or roof structural sheathing panel that has an integrated, cellulose-based paper overlay  
171.20 that serves as a water resistive barrier.

171.21 (b) No payments shall be made for OSB production that occurs after June 30, 2036, for  
171.22 those eligible producers under paragraph (a).

171.23 (c) An eligible producer of OSB shall not transfer the producer's eligibility for payments  
171.24 under this section to a facility at a different location.

171.25 (d) A producer that ceases production for any reason is ineligible to receive payments  
171.26 under this section until the producer resumes production.

171.27 **Subd. 3. Payment amounts; limits.** (a) The commissioner shall make payments to  
171.28 eligible producers of OSB. The amount of the payment for each eligible producer's annual  
171.29 production is \$7.50 per 1,000 OSB square feet on a 3/8 inch nominal basis of OSB produced  
171.30 at a specific location for ten years starting after the first calendar year in which production  
171.31 begins.

172.1 (b) Total payments under this section to an eligible OSB producer in a fiscal year may  
172.2 not exceed the amount necessary for 400,000,000 OSB square feet on a 3/8 inch nominal  
172.3 basis of OSB produced. Total payments under this section to all eligible OSB producers in  
172.4 a fiscal year may not exceed the amount necessary for 400,000,000 OSB square feet on a  
172.5 3/8 inch nominal basis of OSB produced. If the total amount for which all producers are  
172.6 eligible in a quarter exceeds the amount available for payments, the commissioner shall  
172.7 make the payments on a pro rata basis.

172.8 (c) For purposes of this section, an entity that holds a controlling interest in more than  
172.9 one OSB facility is considered a single eligible producer.

172.10 Subd. 4. **Forest resources requirements.** Forest resources that are purchased to be used  
172.11 at the facility must be in compliance with one or more of the following: the Sustainable  
172.12 Forestry Initiative Fiber Sourcing Standard, the Forest Stewardship Council Chain of Custody  
172.13 Standard, or the Forest Stewardship Controlled Wood Standard. For forest resources that  
172.14 come from land parcels greater than 160 acres, all efforts must be made to procure from  
172.15 land that is certified by one or more of the following: the Forest Stewardship Council Forest  
172.16 Management Standard, the Sustainable Forestry Initiative Forest Management Standard, or  
172.17 the American Tree Farm System.

172.18 Subd. 5. **Claims.** (a) By the last day of October, January, April, and July, each eligible  
172.19 OSB producer shall file a claim for payment for OSB production during the preceding three  
172.20 calendar months. An eligible OSB producer that files a claim under this subdivision shall  
172.21 include a statement of the eligible producer's total board feet of OSB produced during the  
172.22 quarter covered by the claim. For each claim and statement of total board feet of OSB filed  
172.23 under this subdivision, the board feet of OSB produced must be examined by a certified  
172.24 public accounting firm with a valid permit to practice under chapter 326A, in accordance  
172.25 with Statements on Standards for Attestation Engagements established by the American  
172.26 Institute of Certified Public Accountants.

172.27 (b) The commissioner must issue payments by November 15, February 15, May 15, and  
172.28 August 15. A separate payment must be made for each claim filed.

172.29 Subd. 6. **Appropriation.** (a) In fiscal year 2025, a sum sufficient to make the payments  
172.30 required by this section, not to exceed \$1,500,000, is appropriated from the general fund to  
172.31 the commissioner. This is a onetime appropriation.

172.32 (b) From fiscal year 2026 through fiscal year 2034, a sum sufficient to make the payments  
172.33 required by this section, not to exceed \$3,000,000 in a fiscal year, is annually appropriated  
172.34 from the general fund to the commissioner.

173.1 Sec. 8. [116J.9924] CAPITAL IMPROVEMENT PROJECT GRANTS FOR  
173.2 NONPROFITS AND LOCAL GOVERNMENTS FOR ECONOMICALLY  
173.3 DISADVANTAGED PEOPLE AND AREAS.

173.4 Subdivision 1. Definitions. For purposes of this section, the following terms have the  
173.5 meanings given:

173.6 (1) "capital improvement project" means betterment of land, buildings, or other fixed  
173.7 assets that will primarily serve people who are economically disadvantaged or are located  
173.8 in an economically disadvantaged area. A capital improvement project must have a useful  
173.9 life of at least ten years;

173.10 (2) "governing body of a local governmental unit" means the city council, board of  
173.11 county commissioners, town board of supervisors, board of trustees, board of regents, or  
173.12 other body charged with governing a political subdivision of the state;

173.13 (3) "governing body of a nonprofit organization" means the board of directors of the  
173.14 organization;

173.15 (4) "local unit of government" means a county, city, town, special district, public higher  
173.16 education institution, American Indian Tribal government entity located within a federally  
173.17 recognized American Indian reservation, or other political subdivision or public corporation;  
173.18 and

173.19 (5) "nonprofit organization" means an organization organized under section 501(c)(3)  
173.20 of the Internal Revenue Code or a Tribal nonprofit under section 7871 of the Internal Revenue  
173.21 Code.

173.22 Subd. 2. Grant program. (a) The commissioner must award grants to local units of  
173.23 government and nonprofit organizations for capital improvement projects, in an amount not  
173.24 to exceed \$1,000,000 per grant and subject to the nonstate match requirement in subdivision  
173.25 3, from appropriations for this purpose. A determination of whether to make a grant is within  
173.26 the discretion of the commissioner, subject to requirements in this section, based on  
173.27 availability of funds for the program and the prioritization of applications under subdivision  
173.28 4. In selecting projects for grants, the commissioner must make an appropriate balance  
173.29 between metropolitan areas and greater Minnesota.

173.30 (b) The commissioner shall develop forms and procedures for soliciting and reviewing  
173.31 applications for capital improvement projects grants from nonprofit organizations and local  
173.32 units of government.

174.1 (c) The commissioner must require an applicant for a grant under this section to provide  
174.2 the following information in an application:

174.3 (1) a description of the capital project to be funded by the grant;

174.4 (2) the rationale for the project, including a description of the services provided and  
174.5 populations served by the applicant, and a description of the services and populations that  
174.6 will be served by the project;

174.7 (3) the total cost of the project and the cost of individual phases of the project, including  
174.8 predesign, design, construction, engineering, furnishing, and equipping;

174.9 (4) the requested grant amount;

174.10 (5) the property owner of the facility to be constructed or improved;

174.11 (6) the public purpose achieved by the project;

174.12 (7) an estimated timeline for completion of individual phases of the project;

174.13 (8) an estimate of the annual operating costs for the completed project;

174.14 (9) for an applicant that is a local governmental unit, a resolution of its governing body,  
174.15 documenting that money from nonstate sources in an amount sufficient to complete the  
174.16 project is available and committed to the project;

174.17 (10) for an applicant that is a nonprofit organization, a letter of the governing body for  
174.18 the nonprofit organization, documenting that the money from nonstate sources in an amount  
174.19 sufficient to complete the project is available and committed to the project;

174.20 (11) the applicant's plan for capital improvements and plans for funding its capital  
174.21 improvements; and

174.22 (12) any additional information or material the commissioner prescribes.

174.23 Subd. 3. **Match.** The commissioner may not award a grant for which the applicant does  
174.24 not provide nonstate funds for the project. The commissioner may not award a grant that  
174.25 exceeds one-half the total cost of the project, unless the project is located in an area with a  
174.26 very low average net tax capacity, the applicant demonstrates that the applicant is  
174.27 experiencing hardship, or the applicant represents or serves underserved communities. For  
174.28 purposes of this section, "very low net tax capacity" means a city below the median net tax  
174.29 capacity per capita.

174.30 Subd. 4. **Prioritizing applications.** (a) The commissioner shall evaluate and prioritize  
174.31 eligible projects based on the following characteristics:

- 175.1 (1) the degree to which the project addresses needs for an underserved community, an  
175.2 economically disadvantaged area, or people who are economically disadvantaged;
- 175.3 (2) the degree to which the project provides health or life safety benefits;
- 175.4 (3) demonstration of local support;
- 175.5 (4) the degree to which the project provides necessary repairs or replacement of existing  
175.6 capital assets; and
- 175.7 (5) the applicant's demonstrated commitment to the project, as indicated by the percentage  
175.8 of the cost of the project to be funded with nonstate money and whether the project is  
175.9 consistent with the applicant's capital improvement plans.
- 175.10 (b) The factors in paragraph (a) are not listed in a rank order of priority; rather, the  
175.11 commissioner may weigh each factor as the commissioner considers appropriate.
- 175.12 Subd. 5. **Availability of funds.** Money granted under this section is available subject  
175.13 to section 16A.642.
- 175.14 Subd. 6. **Repayment on sale or conveyance.** (a) A recipient of a grant under this section  
175.15 may only sell or convey property that is acquired or bettered with a grant under this section  
175.16 for fair market value.
- 175.17 (b) If a recipient of a grant under this section sells or conveys the property acquired or  
175.18 improved solely with money granted under this section within 20 years of the grant  
175.19 agreement, the grant recipient must pay the net proceeds of the sale to the commissioner of  
175.20 management and budget and the commissioner must deposit the money in the state treasury.
- 175.21 (c) If a recipient of a grant under this section sells or conveys the property acquired or  
175.22 improved partly with money granted under this section within 20 years of the grant  
175.23 agreement, the net proceeds of sale must be used: first, to pay the state the amount of the  
175.24 grant used to acquire or better the property; second, to pay in full any outstanding public  
175.25 or private debt incurred to acquire or better the property; and third, to pay interested public  
175.26 and private entities, other than any public officer or agency or any private lender already  
175.27 paid in full, the amount of money contributed to the acquisition or betterment of the property.  
175.28 Any excess over the amount needed for those purposes must be divided in proportion to the  
175.29 shares contributed to the acquisition or betterment of the property and paid to the interested  
175.30 public and private entities, other than any private lender already paid in full, and the proceeds  
175.31 are appropriated for this purpose. In calculating the share contributed by each entity, the  
175.32 amount to be attributed to the owner of the property shall be the fair market value of the  
175.33 property that was bettered by the grant money at the time the betterment began.

176.1 (d) For purposes of this subdivision, "public officer or agency" means a state officer or  
176.2 agency; the University of Minnesota; the Minnesota Historical Society; and any county,  
176.3 home rule charter or statutory city, school district, special purpose district, or other public  
176.4 entity, or any officer or employee thereof. For the purposes of this subdivision, "fair market  
176.5 value," with respect to the sale of state bond-financed property, means the price that would  
176.6 be paid by a willing and qualified buyer to a willing and qualified seller as determined by  
176.7 an appraisal of the property, or the price bid by a purchaser under a public-bid procedure  
176.8 after reasonable public notice.

176.9 Subd. 7. **Report to legislature.** The commissioner must submit a report annually on  
176.10 January 15 to the chairs and ranking minority members of the legislative committees with  
176.11 jurisdiction over capital investment and economic development that details the grants  
176.12 awarded under this section, including the total grants distributed, the recipients of the grants,  
176.13 the services supported by the grants, and other information the commissioner deems pertinent.

176.14 **EFFECTIVE DATE.** This section is effective August 1, 2021.

176.15 Sec. 9. Minnesota Statutes 2020, section 270A.04, is amended by adding a subdivision to  
176.16 read:

176.17 Subd. 5. **Private nonprofit hospital.** A private nonprofit hospital that leases its building  
176.18 from the county or city in which it is located must annually provide the commissioner with  
176.19 a copy of the lease agreement.

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

176.21 Sec. 10. Minnesota Statutes 2020, section 270B.13, is amended by adding a subdivision  
176.22 to read:

176.23 Subd. 3. **Background check; access to federal tax information.** An individual  
176.24 performing services for an independent contractor or a vendor under subdivision 1 who has  
176.25 or will have access to federal tax information is subject to the requirements of section  
176.26 299C.76.

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

176.28 Sec. 11. Minnesota Statutes 2020, section 270C.11, subdivision 2, is amended to read:

176.29 Subd. 2. **Preparation; submission.** The commissioner shall prepare a tax expenditure  
176.30 budget for the state. The tax expenditure budget report shall be submitted to the legislature  
176.31 by ~~February~~ November 1 of each even-numbered year.



177.1 **EFFECTIVE DATE.** This section is effective for tax expenditure budgets due on or  
 177.2 after November 1, 2023.

177.3 Sec. 12. Minnesota Statutes 2020, section 270C.11, subdivision 4, is amended to read:

177.4 Subd. 4. **Contents.** (a) The report shall detail for each tax expenditure item:

177.5 (1) the amount of tax revenue forgone;

177.6 (2) a citation of the statutory or other legal authority for the expenditure, and;

177.7 (3) the year in which it was enacted or the tax year in which it became effective;

177.8 (4) the purpose of the expenditure, as identified in the enacting legislation in accordance  
 177.9 with section 3.192 or by the Tax Expenditure Review Commission;

177.10 (5) the incidence of the expenditure, if it is a significant sales or income tax expenditure;

177.11 and

177.12 (6) the revenue-neutral amount by which the relevant tax rate could be reduced if the  
 177.13 expenditure were repealed.

177.14 (b) The report may contain additional information which the commissioner considers  
 177.15 relevant to the legislature's consideration and review of individual tax expenditure items.

177.16 This may include, but is not limited to, ~~statements of the intended purpose of the tax~~

177.17 ~~expenditure,~~ analysis of whether the expenditure is achieving that objective, and the effect

177.18 of the expenditure ~~device~~ on the ~~distribution of the tax burden~~ and administration of the tax

177.19 system.

177.20 **EFFECTIVE DATE.** This section is effective for tax expenditure budgets due on or  
 177.21 after November 1, 2023.

177.22 Sec. 13. Minnesota Statutes 2020, section 270C.11, subdivision 6, is amended to read:

177.23 Subd. 6. **Definitions.** For purposes of this section, the following terms have the meanings  
 177.24 given:

177.25 (1) "business tax credit" means:

177.26 (i) a credit against the corporate franchise tax claimed by a C corporation; or

177.27 (ii) a credit against the individual or fiduciary income tax claimed by a pass-through

177.28 entity that is allocated to its partners, members, or shareholders;

177.29 (2) "pass-through entity" means a partnership, limited liability corporation, or S

177.30 corporation;

178.1 (3) "significant tax expenditure" means a tax expenditure, but excluding any tax  
 178.2 expenditure that:

178.3 (i) is incorporated into state law by reference to a federal definition of income;

178.4 (ii) results in a revenue reduction of less than \$10,000,000 per biennium; or

178.5 (iii) is a business tax credit;

178.6 (4) "tax expenditure" means a tax provision which provides a gross income definition,  
 178.7 deduction, exemption, credit, or rate for certain persons, types of income, transactions, or  
 178.8 property that results in reduced tax revenue, but excludes provisions used to mitigate tax  
 178.9 pyramiding; and

178.10 ~~(2)~~ (5) "tax" means any tax of statewide application or any tax authorized by state law  
 178.11 to be levied by local governments generally. It does not include a special local tax levied  
 178.12 pursuant to special law or to a special local tax levied pursuant to general authority that is  
 178.13 no longer applicable to local governments generally; and

178.14 (6) "tax pyramiding" means imposing sales taxes under chapter 297A on intermediate  
 178.15 business-to-business transactions rather than sales to final consumers.

178.16 **EFFECTIVE DATE.** This section is effective for tax expenditure budgets due on or  
 178.17 after November 1, 2023.

178.18 Sec. 14. Minnesota Statutes 2020, section 270C.13, subdivision 1, is amended to read:

178.19 Subdivision 1. **Biennial report.** (a) The commissioner shall report to the legislature ~~by~~  
 178.20 ~~March 1 of each odd-numbered year~~ on the overall incidence of the income tax, sales and  
 178.21 excise taxes, and property tax.

178.22 (b) The commissioner must submit the report:

178.23 (1) by March 1, 2021; and

178.24 (2) by March 1, 2024, and each even-numbered year thereafter.

178.25 (c) The report shall present information on the distribution of the tax burden as follows:

178.26 (1) for the overall income distribution, using a systemwide incidence measure such as the  
 178.27 Suits index or other appropriate measures of equality and inequality; (2) by income classes,  
 178.28 including at a minimum deciles of the income distribution; and (3) by other appropriate  
 178.29 taxpayer characteristics.

178.30 **EFFECTIVE DATE.** This section is effective for tax incidence reports due on or after  
 178.31 March 1, 2021.

179.1 Sec. 15. Minnesota Statutes 2020, section 297H.04, subdivision 2, is amended to read:

179.2 Subd. 2. **Rate.** (a) Commercial generators that generate nonmixed municipal solid waste  
179.3 shall pay a solid waste management tax of 60 cents per noncompacted cubic yard of periodic  
179.4 waste collection capacity purchased by the generator, based on the size of the container for  
179.5 the nonmixed municipal solid waste, the actual volume, or the weight-to-volume conversion  
179.6 schedule in paragraph (c). However, the tax must be calculated by the waste management  
179.7 service provider using the same method for calculating the waste management service fee  
179.8 so that both are calculated according to container capacity, actual volume, or weight.

179.9 (b) Notwithstanding section 297H.02, a residential generator that generates nonmixed  
179.10 municipal solid waste shall pay a solid waste management tax in the same manner as provided  
179.11 in paragraph (a).

179.12 (c) The ~~weight-to-volume conversion schedule~~ tax for:

179.13 (1) construction debris as defined in section 115A.03, subdivision 7, is equal to 60 cents  
179.14 per cubic yard. The commissioner of revenue, after consultation with the commissioner of  
179.15 the Pollution Control Agency, shall determine and ~~may~~ publish by notice a weight-to-volume  
179.16 conversion schedule for construction debris;

179.17 (2) industrial waste as defined in section 115A.03, subdivision 13a, is equal to 60 cents  
179.18 per cubic yard. The commissioner of revenue after consultation with the commissioner of  
179.19 the Pollution Control Agency, shall determine, and ~~may~~ publish by notice, a  
179.20 weight-to-volume conversion schedule for various industrial wastes; and

179.21 (3) infectious waste as defined in section 116.76, subdivision 12, and pathological waste  
179.22 as defined in section 116.76, subdivision 14, is 150 pounds equals one cubic yard, or 60  
179.23 cents per 150 pounds.

179.24 **EFFECTIVE DATE.** This section is effective July 1, 2021.

179.25 Sec. 16. Minnesota Statutes 2020, section 297H.05, is amended to read:

179.26 **297H.05 SELF-HAULERS.**

179.27 (a) A self-hauler of mixed municipal solid waste shall pay the tax to the operator of the  
179.28 waste management facility to which the waste is delivered at the rate imposed under section  
179.29 297H.03, based on the sales price of the waste management services.

179.30 (b) A self-hauler of nonmixed municipal solid waste shall pay the tax to the operator of  
179.31 the waste management facility to which the waste is delivered at the rate imposed under  
179.32 section 297H.04.

180.1 (c) The tax imposed on the self-hauler of nonmixed municipal solid waste may be based  
 180.2 either on the capacity of the container, the actual volume, or the weight-to-volume conversion  
 180.3 schedule in paragraph (d). However, the tax must be calculated by the operator using the  
 180.4 same method for calculating the tipping fee so that both are calculated according to container  
 180.5 capacity, actual volume, or weight.

180.6 (d) The ~~weight-to-volume conversion schedule~~ tax for:

180.7 (1) construction debris as defined in section 115A.03, subdivision 7, is ~~one ton equals~~  
 180.8 ~~3.33 cubic yards, or \$2 per ton~~ equal to 60 cents per cubic yard. The commissioner of  
 180.9 revenue, after consultation with the commissioner of the Pollution Control Agency, shall  
 180.10 determine and publish by notice a weight-to-volume conversion schedule for construction  
 180.11 debris;

180.12 (2) industrial waste as defined in section 115A.03, subdivision 13a, is equal to 60 cents  
 180.13 per cubic yard. The commissioner of revenue, after consultation with the commissioner of  
 180.14 the Pollution Control Agency, shall determine, and ~~may~~ publish by notice, a  
 180.15 weight-to-volume conversion schedule for various industrial wastes; and

180.16 (3) infectious waste as defined in section 116.76, subdivision 12, and pathological waste  
 180.17 as defined in section 116.76, subdivision 14, is 150 pounds equals one cubic yard, or 60  
 180.18 cents per 150 pounds.

180.19 (e) For mixed municipal solid waste the tax is imposed upon the difference between the  
 180.20 market price and the tip fee at a processing or disposal facility if the tip fee is less than the  
 180.21 market price and the political subdivision subsidizes the cost of service at the facility. The  
 180.22 political subdivision is liable for the tax.

180.23 **EFFECTIVE DATE.** This section is effective July 1, 2021, except the new rate for  
 180.24 construction debris applies to waste delivered after June 30, 2021.

180.25 Sec. 17. Minnesota Statutes 2020, section 298.001, is amended by adding a subdivision  
 180.26 to read:

180.27 **Subd. 13. Merchantable iron ore concentrate.** "Merchantable iron ore concentrate"  
 180.28 means iron-bearing material that has been treated in Minnesota by any means of beneficiation,  
 180.29 separation, concentration, or refinement for the purpose of making it salable for its iron ore  
 180.30 content.

180.31 **EFFECTIVE DATE.** This section is effective for taxes payable in 2022 and thereafter.

181.1 Sec. 18. Minnesota Statutes 2020, section 298.24, subdivision 1, is amended to read:

181.2 Subdivision 1. **Imposed; calculation.** (a) For concentrate produced in 2013, there is  
181.3 imposed upon taconite and iron sulphides, and upon the mining and quarrying thereof, and  
181.4 upon the production of iron ore concentrate therefrom, and upon the concentrate so produced,  
181.5 a tax of \$2.56 per gross ton of merchantable iron ore concentrate produced therefrom.

181.6 (b) For concentrates produced in 2014 and subsequent years, the tax rate shall be equal  
181.7 to the preceding year's tax rate plus an amount equal to the preceding year's tax rate multiplied  
181.8 by the percentage increase in the implicit price deflator from the fourth quarter of the second  
181.9 preceding year to the fourth quarter of the preceding year. "Implicit price deflator" means  
181.10 the implicit price deflator for the gross domestic product prepared by the Bureau of Economic  
181.11 Analysis of the United States Department of Commerce.

181.12 (c) An additional tax is imposed equal to three cents per gross ton of merchantable iron  
181.13 ore concentrate for each one percent that the iron content of the product exceeds 72 percent,  
181.14 when dried at 212 degrees Fahrenheit.

181.15 (d) The tax on taconite and iron sulphides shall be imposed on the average of the  
181.16 production for the current year and the previous two years. The rate of the tax imposed will  
181.17 be the current year's tax rate. This clause shall not apply in the case of the closing of a  
181.18 taconite facility if the property taxes on the facility would be higher if this clause and section  
181.19 298.25 were not applicable.

181.20 (e) The tax under paragraph (a) is also imposed upon other iron-bearing material as  
181.21 described in section 298.405 on the tonnage of merchantable iron ore concentrate produced  
181.22 therefrom. The tax on other iron-bearing material shall be imposed on the current year  
181.23 production. The rate of the tax imposed is the current year's tax rate.

181.24 (f) If the tax or any part of the tax imposed by this subdivision is held to be  
181.25 unconstitutional, a tax of \$2.56 per gross ton of merchantable iron ore concentrate produced  
181.26 shall be imposed.

181.27 (g) Consistent with the intent of this subdivision to impose a tax based upon the weight  
181.28 of merchantable iron ore concentrate, the commissioner of revenue may indirectly determine  
181.29 the weight of merchantable iron ore concentrate included in fluxed pellets by subtracting  
181.30 the weight of the limestone, dolomite, or olivine derivatives or other basic flux additives  
181.31 included in the pellets from the weight of the pellets. For purposes of this paragraph, "fluxed  
181.32 pellets" are pellets produced in a process in which limestone, dolomite, olivine, or other  
181.33 basic flux additives are combined with merchantable iron ore concentrate. No subtraction

182.1 from the weight of the pellets shall be allowed for binders, mineral and chemical additives  
182.2 other than basic flux additives, or moisture.

182.3 (h)(1) Notwithstanding any other provision of this subdivision, for the first two years  
182.4 of a plant's commercial production of direct reduced ore from ore mined in this state, no  
182.5 tax is imposed under this section. For the third year of a plant's commercial production of  
182.6 direct reduced ore, the rate to be applied to direct reduced ore is 25 percent of the rate  
182.7 otherwise determined under this subdivision. For the fourth commercial production year,  
182.8 the rate is 50 percent of the rate otherwise determined under this subdivision; for the fifth  
182.9 commercial production year, the rate is 75 percent of the rate otherwise determined under  
182.10 this subdivision; and for all subsequent commercial production years, the full rate is imposed.

182.11 (2) Subject to clause (1), production of direct reduced ore in this state is subject to the  
182.12 tax imposed by this section, but if that production is not produced by a producer of taconite,  
182.13 iron sulfides, or other iron-bearing material, the production of taconite, iron sulfides, or  
182.14 other iron-bearing material, that is consumed in the production of direct reduced ore in this  
182.15 state is not subject to the tax imposed by this section on taconite, iron sulfides, or other  
182.16 iron-bearing material.

182.17 (3) Notwithstanding any other provision of this subdivision, no tax is imposed on direct  
182.18 reduced ore under this section during the facility's noncommercial production of direct  
182.19 reduced ore. The taconite or iron sulphides consumed in the noncommercial production of  
182.20 direct reduced ore is subject to the tax imposed by this section on taconite and iron sulphides.  
182.21 Three-year average production of direct reduced ore does not include production of direct  
182.22 reduced ore in any noncommercial year.

182.23 (4) Three-year average production for a direct reduced ore facility that has noncommercial  
182.24 production is the average of the commercial production of direct reduced ore for the current  
182.25 year and the previous two commercial years.

182.26 (5) As used in this paragraph, "commercial production" means production of more than  
182.27 50,000 tons of direct reduced ore in the current year or in any prior year, and "noncommercial  
182.28 production" means production of 50,000 tons or less of direct reduced ore in any year.

182.29 (6) This paragraph applies only to plants for which all environmental permits have been  
182.30 obtained and construction has begun before July 1, 2008.

182.31 **EFFECTIVE DATE.** This section is effective for taxes payable in 2022 and thereafter.

183.1 Sec. 19. Minnesota Statutes 2020, section 298.285, is amended to read:

183.2 **298.285 STATE AID AMOUNT; APPROPRIATION.**

183.3 (a) The commissioner of revenue shall determine a state aid amount equal to a tax of 33  
 183.4 cents per taxable ton of iron ore concentrates for production year 2001 and 22 cents per  
 183.5 taxable ton of iron ore concentrates for production years 2002 and thereafter, except as  
 183.6 provided in paragraph (b). There is appropriated from the general fund to the commissioner  
 183.7 an amount equal to the state aid determined under this section. It must be distributed under  
 183.8 section 298.28, as if the aid were production tax revenues.

183.9 (b) Other iron-bearing material, as defined in section 298.001, subdivision 9, must not  
 183.10 be included in the determination of state aid amounts under paragraph (a) until distribution  
 183.11 year 2024.

183.12 (c) There is appropriated from the general fund to the commissioner an amount equal  
 183.13 to the state aid determined under this section. The appropriation must be distributed under  
 183.14 section 298.28, as if the aid were production tax revenues.

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

183.16 Sec. 20. Minnesota Statutes 2020, section 298.405, subdivision 1, is amended to read:

183.17 Subdivision 1. **Definition.** Iron-bearing material, other than taconite and semitaconite,  
 183.18 having not more than 46.5 percent natural iron content on the average, is subject to taxation  
 183.19 under section 298.24. The tax under that section applies to material that is:

183.20 ~~(1) finer than or ground to 90 percent passing 20 mesh; and~~

183.21 ~~(2) treated in Minnesota for the purpose of separating the iron particles from silica,~~  
 183.22 ~~alumina, or other detrimental compounds or elements unless used in a direct reduction~~

183.23 ~~process; making the iron-bearing material merchantable by any means of beneficiation,~~  
 183.24 separation, concentration, or refinement. The tax under section 298.24 does not apply to  
 183.25 unmined iron ore and low-grade iron-bearing formations as described in section 273.13,  
 183.26 subdivision 31, clause (1).

183.27 ~~(i) by electrostatic separation, roasting and magnetic separation, or flotation;~~

183.28 ~~(ii) by a direct reduction process;~~

183.29 ~~(iii) by any combination of such processes; or~~

184.1 ~~(iv) by any other process or method not presently employed in gravity separation plants~~  
 184.2 ~~employing only crushing, screening, washing, jigging, heavy media separation, spirals,~~  
 184.3 ~~eyelones, drying or any combination thereof.~~

184.4 **EFFECTIVE DATE.** This section is effective for taxes payable in 2022 and thereafter.

184.5 Sec. 21. **[299C.76] BACKGROUND CHECK; ACCESS TO FEDERAL TAX**  
 184.6 **INFORMATION.**

184.7 Subdivision 1. **Definitions.** (a) For the purposes of this section, the following definitions  
 184.8 apply.

184.9 (b) "Federal tax information" means federal tax returns and return information or  
 184.10 information derived or created from federal tax returns, in possession of or control by the  
 184.11 requesting agency, that is covered by the safeguarding provisions of section 6103(p)(4) of  
 184.12 the Internal Revenue Code.

184.13 (c) "IRS Publication 1075" means Internal Revenue Service Publication 1075 that  
 184.14 provides guidance and requirements for the protection and confidentiality of federal tax  
 184.15 information as required in section 6103(p)(4) of the Internal Revenue Code.

184.16 (d) "National criminal history record information" means the Federal Bureau of  
 184.17 Investigation identification records as defined in Code of Federal Regulations, title 28,  
 184.18 section 20.3(d).

184.19 (e) "Requesting agency" means the Department of Revenue, Department of Employment  
 184.20 and Economic Development, Department of Human Services, board of directors of MNsure,  
 184.21 the Office of MN.IT Services, and counties.

184.22 Subd. 2. **National criminal history record information check.** As required by IRS  
 184.23 Publication 1075, a requesting agency shall require fingerprints for a national criminal  
 184.24 history record information check from the following individuals who have or will have  
 184.25 access to federal tax information:

184.26 (1) a current or prospective permanent or temporary employee of the requesting agency;

184.27 (2) an independent contractor or vendor of the requesting agency;

184.28 (3) an employee or agent of an independent contractor or vendor of the requesting agency;

184.29 or

184.30 (4) any other individual authorized to access federal tax information by the requesting  
 184.31 agency.



185.1 Subd. 3. **Fingerprint submission and written statement of understanding.** An  
 185.2 individual subject to this section must provide fingerprints and a written statement of  
 185.3 understanding that the fingerprints will be used for a background check to the requesting  
 185.4 agency. The requesting agency must submit the fingerprints and written statement of  
 185.5 understanding, along with the processing fees, to the superintendent of the Bureau of Criminal  
 185.6 Apprehension. The fingerprints must only be used for the purposes described in this section.

185.7 Subd. 4. **Bureau of Criminal Apprehension requirements.** (a) After the superintendent  
 185.8 of the Bureau of Criminal Apprehension notifies requesting agencies that the United States  
 185.9 Attorney General has approved the request for submission under Public Law 92-544, a  
 185.10 requesting agency may submit information under subdivision 3.

185.11 (b) Upon receipt of the information under subdivision 3, the superintendent of the Bureau  
 185.12 of Criminal Apprehension must:

185.13 (1) perform a state criminal history record information search;

185.14 (2) exchange the fingerprints to the Federal Bureau of Investigation to facilitate a search  
 185.15 of the national criminal history record information;

185.16 (3) compile the results of the state and national criminal history record information  
 185.17 searches; and

185.18 (4) provide the results to the requesting agency.

185.19 Subd. 5. **Classification of data.** (a) All data collected, created, received, maintained, or  
 185.20 disseminated by the requesting agency under this section is classified as private data on  
 185.21 individuals as defined in section 13.02, subdivision 12.

185.22 (b) Notwithstanding any law to the contrary, a requesting agency must not further  
 185.23 disseminate the results received under subdivision 4.

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

185.25 Sec. 22. Laws 2020, Fifth Special Session chapter 3, article 3, section 5, subdivision 10,  
 185.26 is amended to read:

185.27 **Subd. 10. Victoria Theater, St. Paul** 1,400,000

185.28 For a grant to the city of St. Paul to acquire  
 185.29 property located at 825 University Avenue  
 185.30 West, and to predesign, design, ~~construct,~~  
 185.31 ~~furnish, and equip the renovation of the~~  
 185.32 ~~historic Victoria Theater, to serve as a regional~~

186.1 ~~multicultural community and event center.~~  
 186.2 ~~This appropriation includes money for:~~  
 186.3 ~~demolition work; improvements to or~~  
 186.4 ~~replacement of the mechanical, electrical,~~  
 186.5 ~~plumbing, heating, ventilating, and air~~  
 186.6 ~~conditioning systems; renovate the exterior~~  
 186.7 ~~envelope, and prepare the site of the historic~~  
 186.8 ~~Victoria Theater. This appropriation includes~~  
 186.9 ~~money for: building acquisition; predesign~~  
 186.10 ~~and design costs; project management fees;~~  
 186.11 ~~repairs and improvement to the existing roof~~  
 186.12 ~~and exterior enclosure; and site improvements;~~  
 186.13 ~~construction or renovation of interior spaces;~~  
 186.14 ~~and other improvements of a capital nature to~~  
 186.15 ~~the historic Victoria Theater, to serve as a~~  
 186.16 ~~regional multicultural community and event~~  
 186.17 ~~center.~~

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

186.19 Sec. 23. **FRONTLINE WORKER PAY WORKING GROUP.**

186.20 Subdivision 1. **Establishment.** A working group is established to make recommendations  
 186.21 to the legislature on the disbursement of \$250,000,000 in direct financial support to frontline  
 186.22 workers.

186.23 Subd. 2. **Membership.** (a) The working group consists of nine members:

186.24 (1) two members of the house of representatives appointed by the speaker of the house  
 186.25 of representatives;

186.26 (2) one member of the house of representatives appointed by the minority leader of the  
 186.27 house of representatives;

186.28 (3) two members of the senate appointed by the senate majority leader;

186.29 (4) one member of the senate appointed by the minority leader of the senate; and

186.30 (5) three members representing the executive branch appointed by the governor.

186.31 (b) All appointments under this subdivision must be made by July 15, 2021. The working  
 186.32 group must elect a chair and vice-chair from among its members.

187.1 Subd. 3. **Duties.** The working group must make a recommendation for the disbursement  
187.2 of \$250,000,000 in direct financial support to frontline workers, including but not limited  
187.3 to long-term care workers. In developing its recommendation, the working group must  
187.4 consider factors including a frontline worker's increased financial burden and increased risk  
187.5 of virus exposure due to the nature of their work.

187.6 Subd. 4. **Meetings; administrative support.** The speaker of the house must designate  
187.7 one member to convene the first meeting. Meetings of the working group must be open to  
187.8 the public. The Legislative Coordinating Commission must provide physical or electronic  
187.9 meeting space and other administrative support as requested by the working group.

187.10 Subd. 5. **Submission of legislation.** (a) The working group must submit proposed  
187.11 legislative language implementing its recommendations to the governor, speaker of the  
187.12 house, and senate majority leader by September 6, 2021. For the working group to adopt a  
187.13 recommendation, seven of nine members must vote to approve it.

187.14 (b) If seven of nine members do not approve a single recommendation, then the working  
187.15 group may present not more than three drafts of legislation implementing potential options.

187.16 Subd. 6. **Expiration.** The working group expires upon submission of the proposed  
187.17 legislation required by subdivision 5.

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

187.19 Sec. 24. **APPROPRIATION; DEPARTMENT OF EMPLOYMENT AND**  
187.20 **ECONOMIC DEVELOPMENT; CAPITAL PROJECT GRANTS.**

187.21 \$24,000,000 in fiscal year 2022 is appropriated from the general fund to the commissioner  
187.22 of employment and economic development for capital improvement project grants under  
187.23 section 8. Of this amount, up to five percent is for the commissioner's administration and  
187.24 monitoring of the capital project grants. This appropriation is available subject to Minnesota  
187.25 Statutes, section 16A.642.

187.26 **EFFECTIVE DATE.** This section is effective August 1, 2021.

187.27 Sec. 25. **2008 DISTRIBUTION TRANSFER; CITY OF BIWABIK STREET AND**  
187.28 **HIGHWAY IMPROVEMENTS.**

187.29 Notwithstanding any law to the contrary, by July 1, 2021, St. Louis County shall transfer  
187.30 \$1,500,000 from the appropriation in Laws 2006, chapter 259, article 12, section 12,  
187.31 subdivision 4, to the city of Biwabik for deposit in its general fund account to be used for  
187.32 the preservation and reconstruction of existing streets and highways in the city of Biwabik

188.1 or the construction of new streets in the city of Biwabik. Any remaining unspent money  
188.2 from the appropriation in Laws 2006, chapter 259, article 12, section 12, subdivision 4,  
188.3 shall be retained by St. Louis County for road improvements to County Road 138, north of  
188.4 Giants Ridge.

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

188.6 **Sec. 26. APPROPRIATIONS; TAX EXPENDITURE REVIEW.**

188.7 (a) \$36,000 in fiscal year 2022 and \$628,000 in fiscal year 2023 are appropriated from  
188.8 the general fund to the Legislative Coordinating Commission for the Tax Expenditure  
188.9 Review Commission under Minnesota Statutes, section 3.8855. The base for this  
188.10 appropriation is \$607,000 in fiscal year 2024 and \$658,000 in fiscal year 2025.

188.11 (b) \$148,000 in fiscal year 2023 is appropriated from the general fund to the commissioner  
188.12 of revenue to provide research support to the Tax Expenditure Review Commission under  
188.13 Minnesota Statutes, section 3.8855.

188.14 **Sec. 27. ADMINISTRATIVE APPROPRIATION.**

188.15 \$3,000,000 in fiscal year 2022 is appropriated from the general fund to the commissioner  
188.16 of revenue to administer this act. This appropriation is available until June 30, 2023. The  
188.17 base for this appropriation is \$1,000,000 in fiscal year 2024 and \$0 in fiscal year 2025.

188.18 **Sec. 28. APPROPRIATION; DEPARTMENT OF TRANSPORTATION.**

188.19 \$6,200,000 in fiscal year 2022 is appropriated from the general fund to the commissioner  
188.20 of transportation for project development of a land bridge freeway lid over marked Interstate  
188.21 Highway 94 in a portion of the segment from Lexington Avenue to Rice Street in St. Paul.  
188.22 This amount is available to match federal funds and for project planning and development,  
188.23 including area planning, community and land use planning, economic development planning,  
188.24 design, and project management and analysis. From this amount, the commissioner may  
188.25 make grants to Reconnect Rondo to perform any eligible project development activities.  
188.26 This is a onetime appropriation and is available until June 30, 2025.

188.27 **Sec. 29. RECOVERY GRANT; GRAND PORTAGE BAND.**

188.28 If a bill styled as Senate File 20, the first engrossment, is enacted in 2021, the first Special  
188.29 Session, \$250,000 of the amount appropriated to Explore Minnesota Tourism in article 1,  
188.30 section 9, paragraph (d), is for a grant to the Grand Portage Band to focus tourism to Grand  
188.31 Portage.

189.1 **Sec. 30. APPROPRIATIONS; FIRE REMEDIATION GRANTS.**

189.2 Subdivision 1. **City of Melrose.** \$643,729 in fiscal year 2022 is appropriated from the  
 189.3 general fund to the commissioner of revenue for a grant to the city of Melrose to remediate  
 189.4 the effects of fires in the city on September 8, 2016. This appropriation represents the  
 189.5 amounts that lapsed by the terms of the appropriation in Laws 2017, First Special Session  
 189.6 chapter 1, article 4, section 31. The commissioner of revenue must remit the funds to the  
 189.7 city of Melrose by July 20, 2021. The city must use the funds to administer grants to public  
 189.8 or private entities for use in accordance with subdivision 3.

189.9 Subd. 2. **City of Alexandria.** \$120,000 in fiscal year 2022 is appropriated from the  
 189.10 general fund to the commissioner of revenue for a grant to the city of Alexandria to remediate  
 189.11 the effects of the fire in the city on February 25, 2020. The commissioner of revenue must  
 189.12 remit the funds to the city of Alexandria by July 20, 2021. The city must use the funds to  
 189.13 administer grants to public or private entities for use in accordance with subdivision 3.

189.14 Subd. 3. **Allowed use.** A grant recipient must use the money appropriated under this  
 189.15 section for remediation costs, including disaster recovery, infrastructure, reimbursement  
 189.16 for emergency personnel costs, reimbursement for equipment costs, and reimbursements  
 189.17 for property tax abatements, incurred by public or private entities as a result of the fires.  
 189.18 These appropriations are onetime and are available until June 30, 2023.

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

189.20 **ARTICLE 12**

189.21 **DEPARTMENT OF REVENUE POLICY AND TECHNICAL: INCOME AND**  
 189.22 **CORPORATE FRANCHISE TAXES**

189.23 Section 1. Minnesota Statutes 2020, section 289A.08, subdivision 7, is amended to read:

189.24 **Subd. 7. **Composite income tax returns for nonresident partners, shareholders, and****  
 189.25 **beneficiaries.** (a) The commissioner may allow a partnership with nonresident partners to  
 189.26 file a composite return and to pay the tax on behalf of nonresident partners who have no  
 189.27 other Minnesota source income. This composite return must include the names, addresses,  
 189.28 Social Security numbers, income allocation, and tax liability for the nonresident partners  
 189.29 electing to be covered by the composite return.

189.30 (b) The computation of a partner's tax liability must be determined by multiplying the  
 189.31 income allocated to that partner by the highest rate used to determine the tax liability for  
 189.32 individuals under section 290.06, subdivision 2c. Nonbusiness deductions, standard  
 189.33 deductions, or personal exemptions are not allowed.

190.1 (c) The partnership must submit a request to use this composite return filing method for  
190.2 nonresident partners. The requesting partnership must file a composite return in the form  
190.3 prescribed by the commissioner of revenue. The filing of a composite return is considered  
190.4 a request to use the composite return filing method.

190.5 (d) The electing partner must not have any Minnesota source income other than the  
190.6 income from the partnership and other electing partnerships. If it is determined that the  
190.7 electing partner has other Minnesota source income, the inclusion of the income and tax  
190.8 liability for that partner under this provision will not constitute a return to satisfy the  
190.9 requirements of subdivision 1. The tax paid for the individual as part of the composite return  
190.10 is allowed as a payment of the tax by the individual on the date on which the composite  
190.11 return payment was made. If the electing nonresident partner has no other Minnesota source  
190.12 income, filing of the composite return is a return for purposes of subdivision 1.

190.13 (e) This subdivision does not negate the requirement that an individual pay estimated  
190.14 tax if the individual's liability would exceed the requirements set forth in section 289A.25.  
190.15 The individual's liability to pay estimated tax is, however, satisfied when the partnership  
190.16 pays composite estimated tax in the manner prescribed in section 289A.25.

190.17 (f) If an electing partner's share of the partnership's gross income from Minnesota sources  
190.18 is less than the filing requirements for a nonresident under this subdivision, the tax liability  
190.19 is zero. However, a statement showing the partner's share of gross income must be included  
190.20 as part of the composite return.

190.21 (g) The election provided in this subdivision is only available to a partner who has no  
190.22 other Minnesota source income and who is either (1) a full-year nonresident individual or  
190.23 (2) a trust or estate that does not claim a deduction under either section 651 or 661 of the  
190.24 Internal Revenue Code.

190.25 (h) A corporation defined in section 290.9725 and its nonresident shareholders may  
190.26 make an election under this paragraph. The provisions covering the partnership apply to  
190.27 the corporation and the provisions applying to the partner apply to the shareholder.

190.28 (i) Estates and trusts distributing current income only and the nonresident individual  
190.29 beneficiaries of the estates or trusts may make an election under this paragraph. The  
190.30 provisions covering the partnership apply to the estate or trust. The provisions applying to  
190.31 the partner apply to the beneficiary.

190.32 (j) For the purposes of this subdivision, "income" means the partner's share of federal  
190.33 adjusted gross income from the partnership modified by the additions provided in section  
190.34 290.0131, subdivisions 8 to 10 ~~and~~ 16, and 17, and the subtractions provided in: (1) section

191.1 290.0132, ~~subdivision~~ subdivisions 9, 27, and 28, to the extent the amount is assignable or  
191.2 allocable to Minnesota under section 290.17; and (2) section 290.0132, subdivision 14. The  
191.3 subtraction allowed under section 290.0132, subdivision 9, is only allowed on the composite  
191.4 tax computation to the extent the electing partner would have been allowed the subtraction.

191.5 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
191.6 after December 31, 2015.

191.7 Sec. 2. Minnesota Statutes 2020, section 289A.09, subdivision 2, is amended to read:

191.8 Subd. 2. **Withholding statement.** (a) A person required to deduct and withhold from  
191.9 an employee a tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, or  
191.10 who would have been required to deduct and withhold a tax under section 290.92, subdivision  
191.11 2a or 3, or persons required to withhold tax under section 290.923, subdivision 2, determined  
191.12 without regard to section 290.92, subdivision 19, if the employee or payee had claimed no  
191.13 more than one withholding ~~exemption~~ allowance, or who paid wages or made payments  
191.14 not subject to withholding under section 290.92, subdivision 2a or 3, or 290.923, subdivision  
191.15 2, to an employee or person receiving royalty payments in excess of \$600, or who has  
191.16 entered into a voluntary withholding agreement with a payee under section 290.92,  
191.17 subdivision 20, must give every employee or person receiving royalty payments in respect  
191.18 to the remuneration paid by the person to the employee or person receiving royalty payments  
191.19 during the calendar year, on or before January 31 of the succeeding year, or, if employment  
191.20 is terminated before the close of the calendar year, within 30 days after the date of receipt  
191.21 of a written request from the employee if the 30-day period ends before January 31, a written  
191.22 statement showing the following:

191.23 (1) name of the person;

191.24 (2) the name of the employee or payee and the employee's or payee's Social Security  
191.25 account number;

191.26 (3) the total amount of wages as that term is defined in section 290.92, subdivision 1,  
191.27 paragraph (1); the total amount of remuneration subject to withholding under section 290.92,  
191.28 subdivision 20; the amount of sick pay as required under section 6051(f) of the Internal  
191.29 Revenue Code; and the amount of royalties subject to withholding under section 290.923,  
191.30 subdivision 2; and

191.31 (4) the total amount deducted and withheld as tax under section 290.92, subdivision 2a  
191.32 or 3, or 290.923, subdivision 2.

192.1 (b) The statement required to be furnished by paragraph (a) with respect to any  
192.2 remuneration must be furnished at those times, must contain the information required, and  
192.3 must be in the form the commissioner prescribes.

192.4 (c) The commissioner may prescribe rules providing for reasonable extensions of time,  
192.5 not in excess of 30 days, to employers or payers required to give the statements to their  
192.6 employees or payees under this subdivision.

192.7 (d) A duplicate of any statement made under this subdivision and in accordance with  
192.8 rules prescribed by the commissioner must be filed with the commissioner on or before  
192.9 January 31 of the year after the payments were made.

192.10 (e) If an employer cancels the employer's Minnesota withholding account number required  
192.11 by section 290.92, subdivision 24, the information required by paragraph (d), must be filed  
192.12 with the commissioner within 30 days of the end of the quarter in which the employer  
192.13 cancels its account number.

192.14 (f) The employer must submit the statements required to be sent to the commissioner.  
192.15 The commissioner shall prescribe the content, format, and manner of the statement pursuant  
192.16 to section 270C.30.

192.17 (g) A "third-party bulk filer" as defined in section 290.92, subdivision 30, paragraph  
192.18 (a), clause (2), must submit the returns required by this subdivision and subdivision 1,  
192.19 paragraph (a), with the commissioner by electronic means.

192.20 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
192.21 31, 2020.

192.22 Sec. 3. Minnesota Statutes 2020, section 290.0121, subdivision 3, is amended to read:

192.23 Subd. 3. **Inflation adjustment.** For taxable years beginning after December 31, 2019,  
192.24 the commissioner must adjust for inflation the exemption amount in subdivision 1, paragraph  
192.25 (b), and the threshold amounts in subdivision 2, as provided in section 270C.22. The statutory  
192.26 year is taxable year 2019. The amounts as adjusted must be rounded down to the nearest  
192.27 \$50 amount. ~~If the amount ends in \$25, the amount is rounded down to the nearest \$50~~  
192.28 ~~amount.~~ The threshold amount for married individuals filing separate returns must be one-half  
192.29 of the adjusted amount for married individuals filing joint returns.

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



193.1 Sec. 4. Minnesota Statutes 2020, section 290.92, subdivision 1, is amended to read:

193.2 Subdivision 1. **Definitions.** (1) **Wages.** For purposes of this section, the term "wages"  
193.3 means the same as that term is defined in section 3401(a), (f), and (i) of the Internal Revenue  
193.4 Code.

193.5 (2) **Payroll period.** For purposes of this section the term "payroll period" means a period  
193.6 for which a payment of wages is ordinarily made to the employee by the employee's  
193.7 employer, and the term "miscellaneous payroll period" means a payroll period other than a  
193.8 daily, weekly, biweekly, semimonthly, monthly, quarterly, semiannual, or annual payroll  
193.9 period.

193.10 (3) **Employee.** For purposes of this section the term "employee" means any resident  
193.11 individual performing services for an employer, either within or without, or both within and  
193.12 without the state of Minnesota, and every nonresident individual performing services within  
193.13 the state of Minnesota, the performance of which services constitute, establish, and determine  
193.14 the relationship between the parties as that of employer and employee. As used in the  
193.15 preceding sentence, the term "employee" includes an officer of a corporation, and an officer,  
193.16 employee, or elected official of the United States, a state, or any political subdivision thereof,  
193.17 or the District of Columbia, or any agency or instrumentality of any one or more of the  
193.18 foregoing.

193.19 (4) **Employer.** For purposes of this section the term "employer" means any person,  
193.20 including individuals, fiduciaries, estates, trusts, partnerships, limited liability companies,  
193.21 and corporations transacting business in or deriving any income from sources within the  
193.22 state of Minnesota for whom an individual performs or performed any service, of whatever  
193.23 nature, as the employee of such person, except that if the person for whom the individual  
193.24 performs or performed the services does not have control of the payment of the wages for  
193.25 such services, the term "employer," except for purposes of paragraph (1), means the person  
193.26 having control of the payment of such wages. As used in the preceding sentence, the term  
193.27 "employer" includes any corporation, individual, estate, trust, or organization which is  
193.28 exempt from taxation under section 290.05 and further includes, but is not limited to, officers  
193.29 of corporations who have control, either individually or jointly with another or others, of  
193.30 the payment of the wages.

193.31 (5) **Number of withholding ~~exemptions~~ allowances claimed.** For purposes of this  
193.32 section, the term "number of withholding ~~exemptions~~ allowances claimed" means the number  
193.33 of withholding ~~exemptions~~ allowances claimed in a withholding ~~exemption~~ allowances

194.1 certificate in effect under subdivision 5, except that if no such certificate is in effect, the  
194.2 number of withholding ~~exemptions~~ allowances claimed shall be considered to be zero.

194.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
194.4 31, 2020.

194.5 Sec. 5. Minnesota Statutes 2020, section 290.92, subdivision 2a, is amended to read:

194.6 Subd. 2a. **Collection at source. (1) Deductions.** Every employer making payment of  
194.7 wages shall deduct and withhold upon such wages a tax as provided in this section.

194.8 (2) **Withholding on payroll period.** The employer shall withhold the tax on the basis  
194.9 of each payroll period or as otherwise provided in this section.

194.10 (3) **Withholding tables.** Unless the amount of tax to be withheld is determined as  
194.11 provided in subdivision 3, the amount of tax to be withheld for each individual shall be  
194.12 based upon tables to be prepared and distributed by the commissioner. The tables shall be  
194.13 computed for the several permissible withholding periods and shall take account of  
194.14 ~~exemptions~~ allowances allowed under this section; and the amounts computed for withholding  
194.15 shall be such that the amount withheld for any individual during the individual's taxable  
194.16 year shall approximate in the aggregate as closely as possible the tax which is levied and  
194.17 imposed under this chapter for that taxable year, upon the individual's salary, wages, or  
194.18 compensation for personal services of any kind for the employer.

194.19 (4) **Miscellaneous payroll period.** If wages are paid with respect to a period which is  
194.20 not a payroll period, the amount to be deducted and withheld shall be that applicable in the  
194.21 case of a miscellaneous payroll period containing a number of days, including Sundays and  
194.22 holidays, equal to the number of days in the period with respect to which such wages are  
194.23 paid.

194.24 (5) **Miscellaneous payroll period. (a)** In any case in which wages are paid by an  
194.25 employer without regard to any payroll period or other period, the amount to be deducted  
194.26 and withheld shall be that applicable in the case of a miscellaneous payroll period containing  
194.27 a number of days equal to the number of days, including Sundays and holidays, which have  
194.28 elapsed since the date of the last payment of such wages by such employer during the  
194.29 calendar year, or the date of commencement of employment with such employer during  
194.30 such year, or January 1 of such year, whichever is the later.

194.31 (b) In any case in which the period, or the time described in clause (a), in respect of any  
194.32 wages is less than one week, the commissioner, under rules prescribed by the commissioner,  
194.33 may authorize an employer to determine the amount to be deducted and withheld under the

195.1 tables applicable in the case of a weekly payroll period, in which case the aggregate of the  
195.2 wages paid to the employee during the calendar week shall be considered the weekly wages.

195.3 (6) **Wages computed to nearest dollar.** If the wages exceed the highest bracket, in  
195.4 determining the amount to be deducted and withheld under this subdivision, the wages may,  
195.5 at the election of the employer, be computed to the nearest dollar.

195.6 (7) **Rules on withholding.** The commissioner may, by rule, authorize employers:

195.7 (a) to estimate the wages which will be paid to any employee in any quarter of the  
195.8 calendar year;

195.9 (b) to determine the amount to be deducted and withheld upon each payment of wages  
195.10 to such employee during such quarter as if the appropriate average of the wages so estimated  
195.11 constituted the actual wages paid; and

195.12 (c) to deduct and withhold upon any payment of wages to such employee during such  
195.13 quarter such amount as may be necessary to adjust the amount actually deducted and withheld  
195.14 upon wages of such employee during such quarter to the amount required to be deducted  
195.15 and withheld during such quarter without regard to this paragraph (7).

195.16 (8) **Additional withholding.** The commissioner is authorized to provide by rule for  
195.17 increases or decreases in the amount of withholding otherwise required under this section  
195.18 in cases where the employee requests the changes. Such additional withholding shall for  
195.19 all purposes be considered tax required to be deducted and withheld under this section.

195.20 (9) **Tips.** In the case of tips which constitute wages, this subdivision shall be applicable  
195.21 only to such tips as are included in a written statement furnished to the employer pursuant  
195.22 to section 6053 of the Internal Revenue Code and only to the extent that the tax can be  
195.23 deducted and withheld by the employer, at or after the time such statement is so furnished  
195.24 and before the close of the calendar year in which such statement is furnished, from such  
195.25 wages of the employee (excluding tips, but including funds turned over by the employee to  
195.26 the employer for the purpose of such deduction and withholding) as are under the control  
195.27 of the employer; and an employer who is furnished by an employee a written statement of  
195.28 tips (received in a calendar month) pursuant to section 6053 of the Internal Revenue Code  
195.29 to which subdivision 1 is applicable may deduct and withhold the tax with respect to such  
195.30 tips from any wages of the employee (excluding tips) under the employer's control, even  
195.31 though at the time such statement is furnished the total amount of the tips included in  
195.32 statements furnished to the employer as having been received by the employee in such  
195.33 calendar month in the course of employment by such employer is less than \$20. Such tax  
195.34 shall not at any time be deducted and withheld in an amount which exceeds the aggregate

196.1 of such wages and funds as are under the control of the employer minus any tax required  
196.2 by other provisions of state or federal law to be collected from such wages and funds.

196.3 (10) **Vehicle fringe benefits.** An employer shall not deduct and withhold any tax under  
196.4 this section with respect to any vehicle fringe benefit provided to an employee if the employer  
196.5 has so elected for federal purposes and the requirement of and the definition contained in  
196.6 section 3402(s) of the Internal Revenue Code are complied with.

196.7 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
196.8 31, 2020.

196.9 Sec. 6. Minnesota Statutes 2020, section 290.92, subdivision 3, is amended to read:

196.10 Subd. 3. **Withholding, irregular period.** If payment of wages is made to an employee  
196.11 by an employer

196.12 (a) With respect to a payroll period or other period, any part of which is included in a  
196.13 payroll period or other period with respect to which wages are also paid to such employees  
196.14 by such employer, or

196.15 (b) Without regard to any payroll period or other period, but on or prior to the expiration  
196.16 of a payroll period or other period with respect to which wages are also paid to such employee  
196.17 by such employer, or

196.18 (c) With respect to a period beginning in one and ending in another calendar year, or

196.19 (d) Through an agent, fiduciary, or other person who also has the control, receipt, custody,  
196.20 or disposal of or pays, the wages payable by another employer to such employee.

196.21 The manner of withholding and the amount to be deducted and withheld under subdivision  
196.22 2a shall be determined in accordance with rules prescribed by the commissioner under which  
196.23 the withholding ~~exemption~~ allowance allowed to the employee in any calendar year shall  
196.24 approximate the withholding ~~exemption~~ allowance allowable with respect to an annual  
196.25 payroll period, except that if supplemental wages are not paid concurrent with a payroll  
196.26 period the employer shall withhold tax on the supplemental payment at the rate of 6.25  
196.27 percent as if no ~~exemption~~ allowance had been claimed.

196.28 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
196.29 31, 2020.

197.1 Sec. 7. Minnesota Statutes 2020, section 290.92, subdivision 4b, is amended to read:

197.2 Subd. 4b. **Withholding by partnerships.** (a) A partnership shall deduct and withhold  
197.3 a tax as provided in paragraph (b) for nonresident individual partners based on their  
197.4 distributive shares of partnership income for a taxable year of the partnership.

197.5 (b) The amount of tax withheld is determined by multiplying the partner's distributive  
197.6 share allocable to Minnesota under section 290.17, paid or credited during the taxable year  
197.7 by the highest rate used to determine the income tax liability for an individual under section  
197.8 290.06, subdivision 2c, except that the amount of tax withheld may be determined by the  
197.9 commissioner if the partner submits a withholding ~~exemption~~ allowance certificate under  
197.10 subdivision 5.

197.11 (c) The commissioner may reduce or abate the tax withheld under this subdivision if the  
197.12 partnership had reasonable cause to believe that no tax was due under this section.

197.13 (d) Notwithstanding paragraph (a), a partnership is not required to deduct and withhold  
197.14 tax for a nonresident partner if:

197.15 (1) the partner elects to have the tax due paid as part of the partnership's composite return  
197.16 under section 289A.08, subdivision 7;

197.17 (2) the partner has Minnesota assignable federal adjusted gross income from the  
197.18 partnership of less than \$1,000; or

197.19 (3) the partnership is liquidated or terminated, the income was generated by a transaction  
197.20 related to the termination or liquidation, and no cash or other property was distributed in  
197.21 the current or prior taxable year;

197.22 (4) the distributive shares of partnership income are attributable to:

197.23 (i) income required to be recognized because of discharge of indebtedness;

197.24 (ii) income recognized because of a sale, exchange, or other disposition of real estate,  
197.25 depreciable property, or property described in section 179 of the Internal Revenue Code;

197.26 or

197.27 (iii) income recognized on the sale, exchange, or other disposition of any property that  
197.28 has been the subject of a basis reduction pursuant to section 108, 734, 743, 754, or 1017 of  
197.29 the Internal Revenue Code

197.30 to the extent that the income does not include cash received or receivable or, if there is cash  
197.31 received or receivable, to the extent that the cash is required to be used to pay indebtedness  
197.32 by the partnership or a secured debt on partnership property; or

198.1 (5) the partnership is a publicly traded partnership, as defined in section 7704(b) of the  
198.2 Internal Revenue Code.

198.3 (e) For purposes of sections 270C.60, 289A.09, subdivision 2, 289A.20, subdivision 2,  
198.4 paragraph (c), 289A.50, 289A.56, 289A.60, and 289A.63, a partnership is considered an  
198.5 employer.

198.6 (f) To the extent that income is exempt from withholding under paragraph (d), clause  
198.7 (4), the commissioner has a lien in an amount up to the amount that would be required to  
198.8 be withheld with respect to the income of the partner attributable to the partnership interest,  
198.9 but for the application of paragraph (d), clause (4). The lien arises under section 270C.63  
198.10 from the date of assessment of the tax against the partner, and attaches to that partner's share  
198.11 of the profits and any other money due or to become due to that partner in respect of the  
198.12 partnership. Notice of the lien may be sent by mail to the partnership, without the necessity  
198.13 for recording the lien. The notice has the force and effect of a levy under section 270C.67,  
198.14 and is enforceable against the partnership in the manner provided by that section. Upon  
198.15 payment in full of the liability subsequent to the notice of lien, the partnership must be  
198.16 notified that the lien has been satisfied.

198.17 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
198.18 31, 2020.

198.19 Sec. 8. Minnesota Statutes 2020, section 290.92, subdivision 4c, is amended to read:

198.20 Subd. 4c. **Withholding by S corporations.** (a) A corporation having a valid election in  
198.21 effect under section 290.9725 shall deduct and withhold a tax as provided in paragraph (b)  
198.22 for nonresident individual shareholders their share of the corporation's income for the taxable  
198.23 year.

198.24 (b) The amount of tax withheld is determined by multiplying the amount of income  
198.25 allocable to Minnesota under section 290.17 by the highest rate used to determine the income  
198.26 tax liability of an individual under section 290.06, subdivision 2c, except that the amount  
198.27 of tax withheld may be determined by the commissioner if the shareholder submits a  
198.28 withholding ~~exemption~~ allowance certificate under subdivision 5.

198.29 (c) Notwithstanding paragraph (a), a corporation is not required to deduct and withhold  
198.30 tax for a nonresident shareholder, if:

198.31 (1) the shareholder elects to have the tax due paid as part of the corporation's composite  
198.32 return under section 289A.08, subdivision 7;

199.1 (2) the shareholder has Minnesota assignable federal adjusted gross income from the  
199.2 corporation of less than \$1,000; or

199.3 (3) the corporation is liquidated or terminated, the income was generated by a transaction  
199.4 related to the termination or liquidation, and no cash or other property was distributed in  
199.5 the current or prior taxable year.

199.6 (d) For purposes of sections 270C.60, 289A.09, subdivision 2, 289A.20, subdivision 2,  
199.7 paragraph (c), 289A.50, 289A.56, 289A.60, and 289A.63, a corporation is considered an  
199.8 employer.

199.9 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
199.10 31, 2020.

199.11 Sec. 9. Minnesota Statutes 2020, section 290.92, subdivision 5, is amended to read:

199.12 Subd. 5. **Exemptions Allowances.** (1) ~~Entitlement.~~ An employee receiving wages shall  
199.13 on any day be entitled to claim withholding ~~exemptions~~ allowances in a number not to  
199.14 exceed the number of withholding ~~exemptions~~ allowances that the employee claims and  
199.15 that are allowable pursuant to section 3402(f)(1), ~~(m), and (n)~~ of the Internal Revenue Code  
199.16 for federal withholding purposes, except:

199.17 (i) the standard deduction amount for the purposes of section 3402(f)(1)(E) of the Internal  
199.18 Revenue Code shall be the amount calculated under section 290.0123, ~~subdivision 1; and~~

199.19 (ii) the ~~exemption~~ allowance amount for the purposes of section 3402(f)(1)(A) of the  
199.20 Internal Revenue Code shall be the amount calculated under section 290.0121, subdivision  
199.21 1;

199.22 (iii) withholding allowances under sections 3402(f)(1)(C) and (D) of the Internal Revenue  
199.23 Code are not allowed;

199.24 (iv) estimated itemized deductions allowable under section 290.0122, but only if the  
199.25 employee's spouse does not have in effect a withholding certificate electing this allowance;  
199.26 and

199.27 (v) any additional allowances, at the discretion of the commissioner, that are in the best  
199.28 interests of determining the proper amount to withhold for the payment of taxes under this  
199.29 chapter.

199.30 (2) **Withholding exemption allowance certificate.** The provisions concerning ~~exemption~~  
199.31 allowance certificates contained in section 3402(f)(2) and (3) of the Internal Revenue Code  
199.32 shall apply.

200.1 (3) **Form of certificate.** Withholding ~~exemption~~ allowance certificates shall be in such  
200.2 form and contain such information as the commissioner may by rule prescribe.

200.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
200.4 31, 2020.

200.5 Sec. 10. Minnesota Statutes 2020, section 290.92, subdivision 5a, is amended to read:

200.6 Subd. 5a. **Verification of withholding ~~exemptions~~ allowances; appeal.** (a) An employer  
200.7 shall submit to the commissioner a copy of any withholding ~~exemption~~ allowance certificate  
200.8 or any affidavit of residency received from an employee on which the employee claims any  
200.9 of the following:

200.10 (1) a total number of withholding ~~exemptions~~ allowances in excess of ten or a number  
200.11 prescribed by the commissioner, or

200.12 (2) a status that would exempt the employee from Minnesota withholding, including  
200.13 where the employee is a nonresident exempt from withholding under subdivision 4a, clause  
200.14 (3), except where the employer reasonably expects, at the time that the certificate is received,  
200.15 that the employee's wages under subdivision 1 from the employer will not then usually  
200.16 exceed \$200 per week, or

200.17 (3) any number of withholding ~~exemptions~~ allowances which the employer has reason  
200.18 to believe is in excess of the number to which the employee is entitled.

200.19 (b) Copies of ~~exemption~~ allowance certificates and affidavits of residency required to  
200.20 be submitted by paragraph (a) shall be submitted to the commissioner within 30 days after  
200.21 receipt by the employer unless the employer is also required by federal law to submit copies  
200.22 to the Internal Revenue Service, in which case the employer may elect to submit the copies  
200.23 to the commissioner at the same time that the employer is required to submit them to the  
200.24 Internal Revenue Service.

200.25 (c) An employer who submits a copy of a withholding ~~exemption~~ allowance certificate  
200.26 in accordance with paragraph (a) shall honor the certificate until notified by the commissioner  
200.27 that the certificate is invalid. The commissioner shall mail a copy of any such notice to the  
200.28 employee. Upon notification that a particular certificate is invalid, the employer shall not  
200.29 honor that certificate or any subsequent certificate unless instructed to do so by the  
200.30 commissioner. The employer shall allow the employee the number of ~~exemptions~~ allowances  
200.31 and compute the withholding tax as instructed by the commissioner in accordance with  
200.32 paragraph (d).



201.1 (d) The commissioner may require an employee to verify entitlement to the number of  
201.2 ~~exemptions~~ allowances or to the exempt status claimed on the withholding ~~exemption~~  
201.3 allowance certificate or, to verify nonresidency. The employee shall be allowed at least 30  
201.4 days to submit the verification, after which time the commissioner shall, on the basis of the  
201.5 best information available to the commissioner, determine the employee's status and allow  
201.6 the employee the maximum number of withholding ~~exemptions~~ allowances allowable under  
201.7 this chapter. The commissioner shall mail a notice of this determination to the employee at  
201.8 the address listed on the ~~exemption~~ allowance certificate in question or to the last known  
201.9 address of the employee. Pursuant to section 270B.06, the commissioner may notify the  
201.10 employer of this determination and instruct the employer to withhold tax in accordance with  
201.11 the determination.

201.12 However, where the commissioner has reasonable grounds for believing that the employee  
201.13 is about to leave the state or that the collection of any tax due under this chapter will be  
201.14 jeopardized by delay, the commissioner may immediately notify the employee and the  
201.15 employer, pursuant to section 270B.06, that the certificate is invalid, and the employer must  
201.16 not honor that certificate or any subsequent certificate unless instructed to do so by the  
201.17 commissioner. The employer shall allow the employee the number of ~~exemptions~~ allowances  
201.18 and compute the withholding tax as instructed by the commissioner.

201.19 (e) The commissioner's determination under paragraph (d) shall be appealable to Tax  
201.20 Court in accordance with section 271.06, and shall remain in effect for withholding tax  
201.21 purposes pending disposition of any appeal.

201.22 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
201.23 31, 2020.

201.24 Sec. 11. Minnesota Statutes 2020, section 290.92, subdivision 19, is amended to read:

201.25 Subd. 19. **Employees incurring no income tax liability.** Notwithstanding any other  
201.26 provision of this section, except the provisions of subdivision 5a, an employer is not required  
201.27 to deduct and withhold any tax under this chapter from wages paid to an employee if:

201.28 (1) the employee furnished the employer with a withholding ~~exemption~~ allowance  
201.29 certificate that:

201.30 (i) certifies the employee incurred no liability for income tax imposed under this chapter  
201.31 for the employee's preceding taxable year;

201.32 (ii) certifies the employee anticipates incurring no liability for income tax imposed under  
201.33 this chapter for the current taxable year; and

202.1 (iii) is in a form and contains any other information prescribed by the commissioner; or  
 202.2 (2)(i) the employee is not a resident of Minnesota when the wages were paid; and  
 202.3 (ii) the employer reasonably expects that the employer will not pay the employee enough  
 202.4 wages assignable to Minnesota under section 290.17, subdivision 2, paragraph (a)(1), to  
 202.5 meet the nonresident requirement to file a Minnesota individual income tax return for the  
 202.6 taxable year under section 289A.08, subdivision 1, paragraph (a).

202.7 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 202.8 31, 2020.

202.9 Sec. 12. Minnesota Statutes 2020, section 290.92, subdivision 20, is amended to read:

202.10 Subd. 20. ~~Voluntary withholding agreements~~ **Miscellaneous withholding**  
 202.11 **arrangements.** (a) For purposes of this section, any payment ~~of an annuity to an individual,~~  
 202.12 ~~if at the time the payment is made a request that such annuity be subject to withholding~~  
 202.13 ~~under this section is in effect,~~ distribution to an individual as defined under section  
 202.14 3405(e)(2) or (3) of the Internal Revenue Code shall be treated as if it were a payment of  
 202.15 wages by an employer to an employee for a payroll period. Any payment to an individual  
 202.16 of sick pay which does not constitute wages, determined without regard to this subdivision,  
 202.17 shall be treated as if it were a payment of wages by an employer to an employee for a payroll  
 202.18 period, if, at the time the payment is made a request that such sick pay be subject to  
 202.19 withholding under this section is in effect. Sick pay means any amount which:

202.20 (1) is paid to an employee pursuant to a plan to which the employer is a party, and

202.21 (2) constitutes remuneration or a payment in lieu of remuneration for any period during  
 202.22 which the employee is temporarily absent from work on account of sickness or personal  
 202.23 injuries.

202.24 (b) A request for withholding, the amount withheld, and sick pay paid pursuant to certain  
 202.25 collective bargaining agreements shall conform with the provisions of section 3402(o)(3),  
 202.26 (4), and (5) of the Internal Revenue Code.

202.27 (c) The commissioner is authorized by rules to provide for withholding:

202.28 (1) from remuneration for services performed by an employee for the employer which,  
 202.29 without regard to this subdivision, does not constitute wages, and

202.30 (2) from any other type of payment with respect to which the commissioner finds that  
 202.31 withholding would be appropriate under the provisions of this section, if the employer and  
 202.32 the employee, or in the case of any other type of payment the person making and the person

203.1 receiving the payment, agree to such withholding. Such agreement shall be made in such  
203.2 form and manner as the commissioner may by rules provide. For purposes of this section  
203.3 remuneration or other payments with respect to which such agreement is made shall be  
203.4 treated as if they were wages paid by an employer to an employee to the extent that such  
203.5 remuneration is paid or other payments are made during the period for which the agreement  
203.6 is in effect.

203.7 (d) An individual receiving a payment or distribution under paragraph (a) may elect to  
203.8 have paragraph (a) not apply to the payment or distribution as follows.

203.9 (1) For payments defined under section 3405(e)(2) of the Internal Revenue Code, an  
203.10 election remains in effect until revoked by such individual.

203.11 (2) For distributions defined under section 3405(e)(3) of the Internal Revenue Code, the  
203.12 election is on a distribution-by-distribution basis.

203.13 **EFFECTIVE DATE.** This section is effective for payments and distributions made  
203.14 after December 31, 2021.

203.15 Sec. 13. Minnesota Statutes 2020, section 290.923, subdivision 9, is amended to read:

203.16 Subd. 9. **Payees incurring no income tax liability.** Notwithstanding any other provision  
203.17 of this section a payor shall not be required to deduct and withhold any tax under this chapter  
203.18 upon a payment of royalties to a payee if there is in effect with respect to the payment a  
203.19 withholding ~~exemption~~ allowance certificate, in the form and containing the information  
203.20 prescribed by the commissioner, furnished to the payor by the payee certifying that the  
203.21 payee:

203.22 (1) incurred no liability for income tax imposed under this chapter for the payee's  
203.23 preceding taxable year; and

203.24 (2) anticipates incurring no liability for income tax under this chapter for the current  
203.25 taxable year.

203.26 The commissioner shall provide by rule for the coordination of the provisions of this  
203.27 subdivision with the provisions of subdivision 4.

203.28 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
203.29 31, 2020.

204.1 Sec. 14. Minnesota Statutes 2020, section 290.993, is amended to read:

204.2 **290.993 SPECIAL LIMITED ADJUSTMENT.**

204.3 (a) For an individual ~~income taxpayer subject to tax under section 290.06, subdivision~~  
 204.4 ~~2e, estate, or trust~~, or a partnership that elects to file a composite return under section  
 204.5 289A.08, subdivision 7, for taxable years beginning after December 31, 2017, and before  
 204.6 January 1, 2019, the following special rules apply:

204.7 (1) an individual income taxpayer may: (i) take the standard deduction; or (ii) make an  
 204.8 election under section 63(e) of the Internal Revenue Code to itemize, for Minnesota individual  
 204.9 income tax purposes, regardless of the choice made on their federal return; and

204.10 (2) there is an adjustment to tax equal to the difference between the tax calculated under  
 204.11 this chapter using the Internal Revenue Code as amended through December 16, 2016, and  
 204.12 the tax calculated under this chapter using the Internal Revenue Code amended through  
 204.13 December 31, 2018, before the application of credits. The end result must be zero additional  
 204.14 tax due or refund.

204.15 (b) The adjustment in paragraph (a), clause (2), does not apply to any changes due to  
 204.16 sections 11012, 13101, 13201, 13202, 13203, 13204, 13205, 13207, 13301, 13302, 13303,  
 204.17 13313, 13502, 13503, 13801, 14101, 14102, 14211 through 14215, and 14501 of Public  
 204.18 Law 115-97; and section 40411 of Public Law 115-123.

204.19 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning  
 204.20 after December 31, 2017, and before January 1, 2019.

204.21 **ARTICLE 13**

204.22 **DEPARTMENT OF REVENUE POLICY AND TECHNICAL: PROPERTY TAXES**  
 204.23 **AND LOCAL GOVERNMENT AIDS**

204.24 Section 1. Minnesota Statutes 2020, section 270.41, subdivision 3a, is amended to read:

204.25 Subd. 3a. **Report on disciplinary actions.** ~~Each odd-numbered year,~~ When issuing the  
 204.26 report required under section 214.07, the board must ~~publish a report detailing~~ include the  
 204.27 number and types of disciplinary actions recommended by the commissioner of revenue  
 204.28 under section 273.0645, subdivision 2, and the disposition of those recommendations by  
 204.29 the board. The report must be presented to the house of representatives and senate committees  
 204.30 with jurisdiction over property taxes by February 1 of each odd-numbered year in addition  
 204.31 to the recipients required under section 214.07.

204.32 **EFFECTIVE DATE.** This section is effective for reports issued in 2022 and thereafter.

205.1 Sec. 2. Minnesota Statutes 2020, section 270.44, is amended to read:

205.2 **270.44 CHARGES FOR COURSES, EXAMINATIONS OR MATERIALS.**

205.3 The board shall charge the following fees:

205.4 (1) \$150 for a senior accredited Minnesota assessor license;

205.5 (2) \$125 for an accredited Minnesota assessor license;

205.6 (3) \$95 for a certified Minnesota assessor specialist license;

205.7 (4) \$85 for a certified Minnesota assessor license;

205.8 (5) \$85 for a temporary license;

205.9 (6) \$50 for a trainee registration;

205.10 (7) \$80 for grading a form appraisal;

205.11 (8) \$140 for grading a narrative appraisal; and

205.12 (9) \$50 for reinstatement; ~~and.~~

205.13 ~~(10) \$20 for record retention.~~

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

205.15 Sec. 3. Minnesota Statutes 2020, section 272.029, subdivision 2, is amended to read:

205.16 Subd. 2. **Definitions.** (a) For the purposes of this section:

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

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

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

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

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

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

206.7 (2) constructed within the same 12-month period as the wind energy conversion system;

206.8 and

206.9 (3) under common ownership.

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

206.12 For the purposes of making a determination under this paragraph, the original construction  
206.13 date of an existing wind energy conversion system is not changed if the system is replaced,  
206.14 repaired, or otherwise maintained or altered.

206.15 (c) In making a determination under paragraph (b), the commissioner of commerce may  
206.16 determine that two wind energy conversion systems are under common ownership when  
206.17 the underlying ownership structure contains similar persons or entities, even if the ownership  
206.18 shares differ between the two systems. Wind energy conversion systems are not under  
206.19 common ownership solely because the same person or entity provided equity financing for  
206.20 the systems.

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

206.22 Sec. 4. Minnesota Statutes 2020, section 272.0295, subdivision 2, is amended to read:

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

206.27 (b) The total size of a solar energy generating system under this subdivision shall be  
206.28 determined according to this paragraph. Unless the systems are interconnected with different  
206.29 distribution systems, the nameplate capacity of a solar energy generating system shall be  
206.30 combined with the nameplate capacity of any other solar energy generating system that:

206.31 (1) is constructed within the same 12-month period as the solar energy generating system;

206.32 and

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

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

207.6 For the purposes of making a determination under this paragraph, the original construction  
207.7 date of an existing solar energy conversion system is not changed if the system is replaced,  
207.8 repaired, or otherwise maintained or altered.

207.9 (c) In making a determination under paragraph (b), the commissioner of commerce may  
207.10 determine that two solar energy generating systems are under common ownership when the  
207.11 underlying ownership structure contains similar persons or entities, even if the ownership  
207.12 shares differ between the two systems. Solar energy generating systems are not under  
207.13 common ownership solely because the same person or entity provided equity financing for  
207.14 the systems.

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

207.16 Sec. 5. Minnesota Statutes 2020, section 272.0295, subdivision 5, is amended to read:

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

207.21 (b) If the commissioner of revenue determines that the amount of production tax has  
207.22 been erroneously calculated, the commissioner may correct the error. The commissioner  
207.23 must notify the owner of the solar energy generating system of the correction and the amount  
207.24 of tax due to each county and must certify the correction to the county auditor of each county  
207.25 in which the system is located on or before April 1 of the current year. The commissioner  
207.26 may correct errors that are clerical in nature until December 31.

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

208.1 Sec. 6. Minnesota Statutes 2020, section 273.063, is amended to read:

208.2 **273.063 APPLICATION; LIMITATIONS.**

208.3 The provisions of sections 272.161, 273.061, 273.062, 273.063, 273.072, 273.08, 273.10,  
208.4 274.01, and 375.192 shall apply to all counties except Ramsey County. The following  
208.5 limitations shall apply as to the extent of the county assessors jurisdiction:

208.6 In counties having a city of the first class, the powers and duties of the county assessor  
208.7 within such city shall be performed by the duly appointed city assessor. In all other cities  
208.8 having a population of 30,000 persons or more, according to the last preceding federal  
208.9 census, except in counties having a county assessor on January 1, 1967, the powers and  
208.10 duties of the county assessor within such cities shall be performed by the duly appointed  
208.11 city assessor, provided that the county assessor shall retain the supervisory duties contained  
208.12 in section 273.061, subdivision 8. For purposes of this section, "powers and duties" means  
208.13 the powers and duties identified in section 273.061, subdivision 8, clauses (5) to (16).

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

208.15 Sec. 7. Minnesota Statutes 2020, section 273.0755, is amended to read:

208.16 **273.0755 TRAINING AND EDUCATION OF PROPERTY TAX PERSONNEL.**

208.17 (a) Beginning with the four-year period starting on July 1, ~~2000~~ 2020, every person  
208.18 licensed by the state Board of Assessors at the Accredited Minnesota Assessor level or  
208.19 higher, shall successfully complete ~~a weeklong Minnesota laws course~~ 30 hours of  
208.20 educational coursework on Minnesota laws, assessment administration, and administrative  
208.21 procedures sponsored by the Department of Revenue ~~at least once~~ in every four-year period.  
208.22 ~~An assessor need not attend the course if they successfully pass the test for the course.~~

208.23 (b) The commissioner of revenue may require that each county, and each city for which  
208.24 the city assessor performs the duties of county assessor, have (1) a person on the assessor's  
208.25 staff who is certified by the Department of Revenue in sales ratio calculations, (2) an officer  
208.26 or employee who is certified by the Department of Revenue in tax calculations, and (3) an  
208.27 officer or employee who is certified by the Department of Revenue in the proper preparation  
208.28 of information reported to the commissioner under section 270C.85, subdivision 2, clause  
208.29 (4). Certifications under this paragraph expire after four years.

208.30 (c) Beginning with the four-year educational licensing period starting on July 1, 2004,  
208.31 every Minnesota assessor licensed by the State Board of Assessors must attend and participate  
208.32 in a seminar that focuses on ethics, professional conduct and the need for standardized  
208.33 assessment practices developed and presented by the commissioner of revenue. This



209.1 requirement must be met at least once in every subsequent four-year period. This requirement  
209.2 applies to all assessors licensed for one year or more in the four-year period.

209.3 (d) When the commissioner of revenue determines that an individual or board that  
209.4 performs functions related to property tax administration has performed those functions in  
209.5 a manner that is not uniform or equitable, the commissioner may require that the individual  
209.6 or members of the board complete supplemental training. The commissioner may not require  
209.7 that an individual complete more than 32 hours of supplemental training pursuant to this  
209.8 paragraph. If the individual is required to complete supplemental training due to that  
209.9 individual's membership on a local or county board of appeal and equalization, the  
209.10 commissioner may not require that the individual complete more than two hours of  
209.11 supplemental training.

209.12 **EFFECTIVE DATE.** This section is effective retroactively for the four-year licensing  
209.13 period starting on July 1, 2020, and thereafter.

209.14 Sec. 8. Minnesota Statutes 2020, section 273.124, subdivision 14, is amended to read:

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

209.18 (1) the parcel on which the house is located is contiguous on at least two sides to (i)  
209.19 agricultural land, (ii) land owned or administered by the United States Fish and Wildlife  
209.20 Service, or (iii) land administered by the Department of Natural Resources on which in lieu  
209.21 taxes are paid under sections 477A.11 to 477A.14 or section 477A.17;

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

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

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

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

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

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

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

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

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

210.14 (5) neither the owner nor the person actively farming the agricultural property lives  
210.15 farther than four townships or cities, or a combination of four townships or cities, from the  
210.16 agricultural property, except that if the owner or the owner's spouse is required to live in  
210.17 employer-provided housing, the owner or owner's spouse, whichever is actively farming  
210.18 the agricultural property, may live more than four townships or cities, or combination of  
210.19 four townships or cities from the agricultural property.

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

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

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

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

211.1 (d) Agricultural land used for purposes of a homestead and actively farmed by a person  
211.2 holding a vested remainder interest in it must be classified as a homestead under section  
211.3 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a, any other  
211.4 dwellings on the land used for purposes of a homestead by persons holding vested remainder  
211.5 interests who are actively engaged in farming the property, and up to one acre of the land  
211.6 surrounding each homestead and reasonably necessary for the use of the dwelling as a home,  
211.7 must also be assessed class 2a.

211.8 (e) Agricultural land and buildings that were class 2a homestead property under section  
211.9 273.13, subdivision 23, paragraph (a), for the 1997 assessment shall remain classified as  
211.10 agricultural homesteads for subsequent assessments if:

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

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

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

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

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

211.25 (f) Agricultural land and buildings that were class 2a homestead property under section  
211.26 273.13, subdivision 23, paragraph (a), for the 1998 assessment shall remain classified  
211.27 agricultural homesteads for subsequent assessments if:

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

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

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

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

212.3 (5) the owner notifies the county assessor that the relocation was due to a March 29,  
212.4 1998, tornado, and the owner furnishes the assessor any information deemed necessary by  
212.5 the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the  
212.6 owner must notify the assessor by December 1, 1998. Further notifications to the assessor  
212.7 are not required if the property continues to meet all the requirements in this paragraph and  
212.8 any dwellings on the agricultural land remain uninhabited.

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

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

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

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

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

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

212.23 Homestead treatment applies under this paragraph even if:

212.24 (i) the shareholder, member, or partner of that entity is actively farming the agricultural  
212.25 property on the shareholder's, member's, or partner's own behalf; or

212.26 (ii) the family farm is operated by a family farm corporation, joint family farm venture,  
212.27 partnership, or limited liability company other than the family farm corporation, joint family  
212.28 farm venture, partnership, or limited liability company that owns the land, provided that:

212.29 (A) the shareholder, member, or partner of the family farm corporation, joint family  
212.30 farm venture, partnership, or limited liability company that owns the land who is actively  
212.31 farming the land is a shareholder, member, or partner of the family farm corporation, joint

213.1 family farm venture, partnership, or limited liability company that is operating the farm;  
213.2 and

213.3 (B) more than half of the shareholders, members, or partners of each family farm  
213.4 corporation, joint family farm venture, partnership, or limited liability company are persons  
213.5 or spouses of persons who are a qualifying relative under section 273.124, subdivision 1,  
213.6 paragraphs (c) and (d).

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

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

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

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

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

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

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

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

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

213.30 (i) Agricultural land and buildings that were class 2a homestead property under section  
213.31 273.13, subdivision 23, paragraph (a), for the 2007 assessment shall remain classified  
213.32 agricultural homesteads for subsequent assessments if:

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

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

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

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

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

214.15 (j) Agricultural land and buildings that were class 2a homestead property under section  
214.16 273.13, subdivision 23, paragraph (a), for the 2008 assessment shall remain classified as  
214.17 agricultural homesteads for subsequent assessments if:

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

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

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

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

214.26 (5) the owner notifies the county assessor that the relocation was due to the 2009 floods,  
214.27 and the owner furnishes the assessor any information deemed necessary by the assessor in  
214.28 verifying the change in dwelling. Further notifications to the assessor are not required if the  
214.29 property continues to meet all the requirements in this paragraph and any dwellings on the  
214.30 agricultural land remain uninhabited.

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

215.1 Sec. 9. Minnesota Statutes 2020, section 273.18, is amended to read:

215.2 **273.18 LISTING, VALUATION, AND ASSESSMENT OF EXEMPT PROPERTY**  
 215.3 **BY COUNTY AUDITORS.**

215.4 (a) In every sixth year after the year 2010, the county auditor shall enter the description  
 215.5 of each tract of real property exempt by law from taxation, with the name of the owner, and  
 215.6 the assessor shall value and assess the same in the same manner that other real property is  
 215.7 valued and assessed, and shall designate in each case the purpose for which the property is  
 215.8 used.

215.9 (b) The county auditor shall include in the exempt property information that the  
 215.10 commissioner may require under section 270C.85, subdivision 2, clause (4), the total number  
 215.11 of acres of all natural resources lands for which in lieu payments are made under sections  
 215.12 477A.11 to 477A.14 and 477A.17. The assessor shall estimate its market value, provided  
 215.13 that if the assessor is not able to estimate the market value of the land on a per parcel basis,  
 215.14 the assessor shall furnish the commissioner of revenue with an estimate of the average value  
 215.15 per acre of this land within the county.

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

215.17 Sec. 10. Minnesota Statutes 2020, section 287.04, is amended to read:

215.18 **287.04 EXEMPTIONS.**

215.19 The tax imposed by section 287.035 does not apply to:

215.20 ~~(a)~~ (1) a decree of marriage dissolution or an instrument made pursuant to it;

215.21 ~~(b)~~ (2) a mortgage given to correct a misdescription of the mortgaged property;

215.22 ~~(c)~~ (3) a mortgage or other instrument that adds additional security for the same debt  
 215.23 for which mortgage registry tax has been paid;

215.24 ~~(d)~~ (4) a contract for the conveyance of any interest in real property, including a contract  
 215.25 for deed;

215.26 ~~(e)~~ (5) a mortgage secured by real property subject to the minerals production tax of  
 215.27 sections 298.24 to 298.28;

215.28 ~~(f) The principal amount of~~ (6) a mortgage loan made under a low and moderate income  
 215.29 housing program, or other affordable housing program, if: (i) the mortgagee is a federal,  
 215.30 state, or local government agency; or (ii) the assignee is a federal, state, or local government  
 215.31 agency;

- 216.1 ~~(g)~~ (7) mortgages granted by fraternal benefit societies subject to section 64B.24.;
- 216.2 ~~(h)~~ (8) a mortgage amendment or extension, as defined in section 287.01.;
- 216.3 ~~(i)~~ (9) an agricultural mortgage if the proceeds of the loan secured by the mortgage are
- 216.4 used to acquire or improve real property classified under section 273.13, subdivision 23,
- 216.5 paragraph (a) or (b).; and
- 216.6 ~~(j)~~ (10) a mortgage on an armory building as set forth in section 193.147.

216.7 **EFFECTIVE DATE.** This section is effective for mortgages recorded after June 30,

216.8 2021.

216.9 Sec. 11. Minnesota Statutes 2020, section 477A.10, is amended to read:

216.10 **477A.10 NATURAL RESOURCES LAND PAYMENTS IN LIEU; PURPOSE.**

216.11 The purposes of sections 477A.11 to 477A.14 and 477A.17 are:

- 216.12 (1) to compensate local units of government for the loss of tax base from state ownership
- 216.13 of land and the need to provide services for state land;
- 216.14 (2) to address the disproportionate impact of state land ownership on local units of
- 216.15 government with a large proportion of state land; and
- 216.16 (3) to address the need to manage state lands held in trust for the local taxing districts.

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

216.18

**ARTICLE 14**

216.19

**DEPARTMENT OF REVENUE POLICY AND TECHNICAL: SALES AND USE TAXES**

216.20

216.21 Section 1. Minnesota Statutes 2020, section 289A.20, subdivision 4, is amended to read:

- 216.22 Subd. 4. **Sales and use tax.** (a) The taxes imposed by chapter 297A are due and payable
- 216.23 to the commissioner monthly on or before the 20th day of the month following the month
- 216.24 in which the taxable event occurred, or following another reporting period as the
- 216.25 commissioner prescribes or as allowed under section 289A.18, subdivision 4, paragraph (f)
- 216.26 or (g), except that use taxes due on an annual use tax return as provided under section
- 216.27 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year.
- 216.28 (b) A vendor having a liability of \$250,000 or more during a fiscal year ending June 30
- 216.29 must remit the June liability for the next year in the following manner:



217.1 (1) Two business days before June 30 of calendar year 2020 and 2021, the vendor must  
 217.2 remit 87.5 percent of the estimated June liability to the commissioner. Two business days  
 217.3 before June 30 of calendar year 2022 and thereafter, the vendor must remit 84.5 percent of  
 217.4 the estimated June liability to the commissioner.

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

217.7 (c) A vendor having a liability of:

217.8 (1) \$10,000 or more, but less than \$250,000 during a fiscal year ending June 30, 2013,  
 217.9 and fiscal years thereafter, must remit by electronic means all liabilities on returns due for  
 217.10 periods beginning in all subsequent calendar years on or before the 20th day of the month  
 217.11 following the month in which the taxable event occurred, or on or before the 20th day of  
 217.12 the month following the month in which the sale is reported under section 289A.18,  
 217.13 subdivision 4; or

217.14 (2) \$250,000 or more, during a fiscal year ending June 30, 2013, and fiscal years  
 217.15 thereafter, must remit by electronic means all liabilities in the manner provided in paragraph  
 217.16 (a) on returns due for periods beginning in the subsequent calendar year, except for ~~90~~  
 217.17 ~~percent~~ the percentage of the estimated June liability, as provided in paragraph (b), clause  
 217.18 (1), which is due two business days before June 30. The remaining amount of the June  
 217.19 liability is due on August 20.

217.20 (d) Notwithstanding paragraph (b) or (c), a person prohibited by the person's religious  
 217.21 beliefs from paying electronically shall be allowed to remit the payment by mail. The filer  
 217.22 must notify the commissioner of revenue of the intent to pay by mail before doing so on a  
 217.23 form prescribed by the commissioner. No extra fee may be charged to a person making  
 217.24 payment by mail under this paragraph. The payment must be postmarked at least two business  
 217.25 days before the due date for making the payment in order to be considered paid on a timely  
 217.26 basis.

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

217.28 Sec. 2. Minnesota Statutes 2020, section 295.75, subdivision 2, is amended to read:

217.29 Subd. 2. **Gross receipts tax imposed.** A tax is imposed on each liquor retailer equal to  
 217.30 2.5 percent of gross receipts from retail sales in Minnesota of liquor. The liquor retailer  
 217.31 may, but is not required to, collect the tax from the purchaser. If separately stated on the  
 217.32 invoice, bill of sale, or similar document given to the purchaser, the tax is excluded from  
 217.33 the sales price for purposes of the tax imposed under chapter 297A.

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

218.2 Sec. 3. Minnesota Statutes 2020, section 297A.66, subdivision 3, is amended to read:

218.3 Subd. 3. **Marketplace provider liability.** (a) A marketplace provider is deemed the  
218.4 retailer or seller for all retail sales it facilitates, and is subject to audit on the retail sales it  
218.5 facilitates if it is required to collect sales and use taxes and remit them to the commissioner  
218.6 under subdivision 2, paragraphs (b) and (c).

218.7 (b) A marketplace provider is not liable for failing to file, collect, and remit sales and  
218.8 use taxes to the commissioner if the marketplace provider demonstrates that the error was  
218.9 due to incorrect or insufficient information given to the marketplace provider by the retailer.  
218.10 This paragraph does not apply if the marketplace provider and the marketplace retailer are  
218.11 related as defined in subdivision 4, paragraph (b).

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

218.13 Sec. 4. **REPEALER.**

218.14 Minnesota Statutes 2020, section 270C.17, subdivision 2, is repealed.

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

## 218.16 **ARTICLE 15**

### 218.17 **DEPARTMENT OF REVENUE POLICY AND TECHNICAL: SPECIAL TAXES**

218.18 Section 1. Minnesota Statutes 2020, section 296A.06, subdivision 2, is amended to read:

218.19 Subd. 2. **Suspension of license.** (a) Notwithstanding subdivision 1, the license of a  
218.20 distributor, special fuel dealer, or bulk purchaser that has not filed a tax return or report or  
218.21 paid a delinquent tax or fee within five days after notice and demand by the commissioner  
218.22 is suspended. The suspension remains in effect until the demanded tax return or report has  
218.23 been filed and the tax and fees shown on that return or report have been paid. If the  
218.24 commissioner determines that the failure to file or failure to pay is due to reasonable cause,  
218.25 then a license must not be suspended, or if suspended, must be reinstated.

218.26 (b) A licensee whose license is suspended under this subdivision may request a contested  
218.27 case hearing under chapter 14. Any such hearing must be held within 20 days of the issuance  
218.28 of the notice and demand issued under paragraph (a), unless the parties agree to a later  
218.29 hearing date. The administrative law judge's report must be issued within 20 days after the  
218.30 close of the hearing record, unless the parties agree to a later report issuance date. The  
218.31 commissioner must issue a final decision within 30 days after receipt of the report of the

219.1 administrative law judge and subsequent exceptions and argument under section 14.61. The  
219.2 suspension imposed under paragraph (a) remains in effect during any contested case hearing  
219.3 process requested pursuant to this paragraph.

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

219.5 Sec. 2. Minnesota Statutes 2020, section 297F.04, subdivision 2, is amended to read:

219.6 Subd. 2. **Refusal to issue or renew; revocation.** The commissioner must not issue or  
219.7 renew a license under this chapter, and may revoke a license under this chapter, if the  
219.8 applicant or licensee:

219.9 (1) owes \$500 or more in delinquent taxes as defined in section 270C.72, subdivision  
219.10 2;

219.11 (2) after demand, has not filed tax returns required by the commissioner;

219.12 (3) had a cigarette or tobacco license revoked by the commissioner within the past two  
219.13 years;

219.14 (4) had a sales and use tax permit revoked by the commissioner within the past two  
219.15 years; or

219.16 (5) has been convicted of a crime involving cigarettes or tobacco products, including  
219.17 but not limited to: selling stolen cigarettes or tobacco products, receiving stolen cigarettes  
219.18 or tobacco products, or involvement in the smuggling of cigarettes or tobacco products.

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

219.20 Sec. 3. Minnesota Statutes 2020, section 297F.09, subdivision 10, is amended to read:

219.21 Subd. 10. **Accelerated tax payment; cigarette or tobacco products distributor.** A  
219.22 cigarette or tobacco products distributor having a liability of \$250,000 or more during a  
219.23 fiscal year ending June 30, shall remit the June liability for the next year in the following  
219.24 manner:

219.25 (a) Two business days before June 30 of calendar ~~years 2020 and~~ year 2021, the  
219.26 distributor shall remit the actual May liability and 87.5 percent of the estimated June liability  
219.27 to the commissioner and file the return in the form and manner prescribed by the  
219.28 commissioner. Two business days before June 30 of calendar year 2022 and each calendar  
219.29 year thereafter, the distributor must remit the actual May liability and 84.5 percent of the  
219.30 estimated June liability to the commissioner and file the return in the form and manner  
219.31 prescribed by the commissioner.

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

220.6 (1) for calendar year 2021, the lesser of 87.5 percent of the actual June liability for the  
 220.7 that calendar year 2020 and 2021 June liabilities and 84.5 of the actual June liability for  
 220.8 June 2022 and thereafter or 87.5 percent of the May liability for that calendar year; or

220.9 (2) 87.5 for calendar year 2022 and each calendar year thereafter, the lesser of 84.5  
 220.10 percent of the preceding actual June liability for that calendar year or 84.5 percent of the  
 220.11 May liability for the calendar year 2020 and 2021 June liabilities and 84.5 percent of the  
 220.12 preceding May liability for June 2022 and thereafter for that calendar year.

220.13 (c) ~~For calendar year 2022 and thereafter, the percent of the estimated June liability the~~  
 220.14 ~~vendor must remit by two business days before June 30 is 84.5 percent.~~

220.15 **EFFECTIVE DATE.** This section is effective for estimated payments required to be  
 220.16 made after the date following final enactment.

220.17 Sec. 4. Minnesota Statutes 2020, section 297F.13, subdivision 4, is amended to read:

220.18 Subd. 4. **Retailer and subjobber to preserve purchase invoices.** Every retailer and  
 220.19 subjobber shall procure itemized invoices of all cigarettes or tobacco products purchased.

220.20 The retailer and subjobber shall preserve a legible copy of each invoice for one year  
 220.21 from the date of the invoice or as long as the cigarette or tobacco product listed on the  
 220.22 invoice is available for sale or in their possession, whichever period is longer. The retailer  
 220.23 and subjobber shall preserve copies of the invoices at each retail location or at a central  
 220.24 location provided that the invoice must be produced and made available at a retail location  
 220.25 within one hour when requested by the commissioner or duly authorized agents and  
 220.26 employees. Copies should be numbered and kept in chronological order.

220.27 To determine whether the business is in compliance with the provisions of this chapter,  
 220.28 at any time during usual business hours, the commissioner, or duly authorized agents and  
 220.29 employees, may enter any place of business of a retailer or subjobber without a search  
 220.30 warrant and inspect the premises, the records required to be kept under this chapter, and the  
 220.31 packages of cigarettes, tobacco products, and vending devices contained on the premises.

220.32 **EFFECTIVE DATE.** This section is effective for all cigarette and tobacco products  
 220.33 available for sale or in a retailer or subjobber's possession after December 31, 2021.

221.1 Sec. 5. Minnesota Statutes 2020, section 297F.17, subdivision 1, is amended to read:

221.2 Subdivision 1. **General rule.** Except as otherwise provided in this chapter, the amount  
 221.3 of any tax due must be assessed within 3-1/2 years after a return is filed. ~~The taxes are~~  
 221.4 ~~considered assessed within the meaning of this section when the commissioner has prepared~~  
 221.5 ~~a notice of tax assessment and mailed it to the person required to file a return to the post~~  
 221.6 ~~office address given in the return. The notice of tax assessment must be sent by mail to the~~  
 221.7 ~~post office address given in the return and the record of the mailing is presumptive evidence~~  
 221.8 ~~of the giving of such notice, and such records must be preserved by the commissioner.~~

221.9 **EFFECTIVE DATE.** This section is effective for notices of tax assessment issued after  
 221.10 the date of final enactment.

221.11 Sec. 6. Minnesota Statutes 2020, section 297G.09, subdivision 9, is amended to read:

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

221.15 (a) Two business days before June 30 of calendar ~~years 2020 and year~~ year 2021, the taxpayer  
 221.16 shall remit the actual May liability and 87.5 percent of the estimated June liability to the  
 221.17 commissioner and file the return in the form and manner prescribed by the commissioner.  
 221.18 Two business days before June 30 of calendar year 2022 and each calendar year thereafter,  
 221.19 the distributor must remit the actual May liability and 84.5 percent of the estimated June  
 221.20 liability to the commissioner and file the return in the form and manner prescribed by the  
 221.21 commissioner.

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

221.27 (1) for calendar year 2021, the lesser of 87.5 percent of the actual June liability for the  
 221.28 that calendar year 2020 and 2021 June liabilities and 84.5 percent of the actual June liability  
 221.29 for June 2022 and thereafter or 87.5 percent of the May liability for that calendar year; or

221.30 (2) 87.5 for calendar year 2022 and each calendar year thereafter, the lesser of 84.5  
 221.31 percent of the preceding actual June liability for that calendar year or 84.5 percent of the  
 221.32 May liability for the calendar year 2020 and 2021 June liabilities and 84.5 percent of the  
 221.33 preceding May liability for June 2022 and thereafter for that calendar year.

222.1 ~~(e) For calendar year 2022 and thereafter, the percent of the estimated June liability the~~  
 222.2 ~~vendor must remit by two business days before June 30 is 84.5 percent.~~

222.3 **EFFECTIVE DATE.** This section is effective for estimated payments required to be  
 222.4 made after the date following final enactment.

222.5 Sec. 7. Minnesota Statutes 2020, section 609B.153, is amended to read:

222.6 **609B.153 CIGARETTE AND TOBACCO DISTRIBUTOR OR SUBJOBBER**  
 222.7 **LICENSE; SUSPENSION OR REVOCATION.**

222.8 Under section 297F.04, the commissioner of revenue must not issue or renew a license  
 222.9 issued under chapter 297F, and may revoke a license issued under chapter 297F, if the  
 222.10 applicant has been convicted of a crime involving cigarettes or tobacco products.

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

## 222.12 **ARTICLE 16**

### 222.13 **DEPARTMENT OF REVENUE POLICY AND TECHNICAL: MISCELLANEOUS**

222.14 Section 1. Minnesota Statutes 2020, section 270C.22, subdivision 1, is amended to read:

222.15 Subdivision 1. **Adjustment; definition; period; rounding.** (a) The commissioner shall  
 222.16 annually make a cost of living adjustment to the dollar amounts noted in sections that  
 222.17 reference this section. The commissioner shall adjust the amounts based on the index as  
 222.18 provided in this section. For purposes of this section, "index" means the Chained Consumer  
 222.19 Price Index for All Urban Consumers published by the Bureau of Labor Statistics. The  
 222.20 values of the index used to determine the adjustments under this section are the latest  
 222.21 published values when the Bureau of Labor Statistics publishes the initial value of the index  
 222.22 for August of the year preceding the year to which the adjustment applies.

222.23 (b) For the purposes of this section, "statutory year" means the year preceding the first  
 222.24 year for which dollar amounts are to be adjusted for inflation under sections that reference  
 222.25 this section. For adjustments under chapter 290A, the statutory year refers to the year in  
 222.26 which a taxpayer's household income used to calculate refunds under chapter 290A was  
 222.27 earned and not the year in which refunds are payable. For all other adjustments, the statutory  
 222.28 year refers to the taxable year unless otherwise specified.

222.29 (c) To determine the dollar amounts for taxable year 2020, the commissioner shall  
 222.30 determine the percentage change in the index for the 12-month period ending on August  
 222.31 31, 2019, and increase each of the unrounded dollar amounts in the sections referencing  
 222.32 this section by that percentage change. For each subsequent taxable year, the commissioner

223.1 shall increase the dollar amounts by the percentage change in the index from August 31 of  
 223.2 the year preceding the statutory year to August 31 of the year preceding the taxable year.

223.3 (d) To determine the dollar amounts for refunds payable in 2020 under chapter 290A,  
 223.4 the commissioner shall determine the percentage change in the index for the 12-month  
 223.5 period ending on August 31, 2019, and increase each of the unrounded dollar amounts in  
 223.6 the sections referencing this section by that percentage change. For each subsequent year,  
 223.7 the commissioner shall increase the dollar amounts by the percentage change in the index  
 223.8 from August 31 of the ~~year preceding~~ the statutory year to August 31 of the year preceding  
 223.9 the year in which refunds are payable.

223.10 (e) Unless otherwise provided, the commissioner shall round the amounts as adjusted  
 223.11 to the nearest \$10 amount. If an amount ends in \$5, the amount is rounded up to the nearest  
 223.12 \$10 amount.

223.13 **EFFECTIVE DATE.** This section is effective retroactively for property tax refunds  
 223.14 based on property taxes payable in 2020, and rent paid in 2019.

223.15 Sec. 2. Minnesota Statutes 2020, section 270C.445, subdivision 3, is amended to read:

223.16 Subd. 3. **Standards of conduct.** No tax preparer shall:

223.17 (1) without good cause fail to promptly, diligently, and without unreasonable delay  
 223.18 complete a client's return;

223.19 (2) obtain the signature of a client to a return or authorizing document that contains  
 223.20 blank spaces to be filled in after it has been signed;

223.21 (3) fail to sign a client's return when compensation for services rendered has been made;

223.22 (4) fail to provide on a client's return the preparer tax identification number when required  
 223.23 under section 6109(a)(4) of the Internal Revenue Code or section 289A.60, subdivision 28;

223.24 (5) fail or refuse to give a client a copy of any document requiring the client's signature  
 223.25 within a reasonable time after the client signs the document;

223.26 (6) fail to retain for at least four years a copy of a client's returns;

223.27 (7) fail to maintain a confidential relationship with clients or former clients;

223.28 (8) fail to take commercially reasonable measures to safeguard a client's nonpublic  
 223.29 personal information;

- 224.1 (9) make, authorize, publish, disseminate, circulate, or cause to make, either directly or  
224.2 indirectly, any false, deceptive, or misleading statement or representation relating to or in  
224.3 connection with the offering or provision of tax preparation services;
- 224.4 (10) require a client to enter into a loan arrangement in order to complete a client's return;
- 224.5 (11) claim credits or deductions on a client's return for which the tax preparer knows or  
224.6 reasonably should know the client does not qualify;
- 224.7 (12) report a household income on a client's claim filed under chapter 290A that the tax  
224.8 preparer knows or reasonably should know is not accurate;
- 224.9 (13) engage in any conduct that is subject to a penalty under section 289A.60, subdivision  
224.10 13, 20, 20a, 26, or 28;
- 224.11 (14) whether or not acting as a taxpayer representative, fail to conform to the standards  
224.12 of conduct required by Minnesota Rules, part 8052.0300, subpart 4;
- 224.13 (15) whether or not acting as a taxpayer representative, engage in any conduct that is  
224.14 incompetent conduct under Minnesota Rules, part 8052.0300, subpart 5;
- 224.15 (16) whether or not acting as a taxpayer representative, engage in any conduct that is  
224.16 disreputable conduct under Minnesota Rules, part 8052.0300, subpart 6;
- 224.17 (17) charge, offer to accept, or accept a fee based upon a percentage of an anticipated  
224.18 refund for tax preparation services;
- 224.19 (18) under any circumstances, withhold or fail to return to a client a document provided  
224.20 by the client for use in preparing the client's return;
- 224.21 (19) ~~establish~~ take control or ownership of a client's refund by any means, including:
- 224.22 (i) directly or indirectly endorsing or otherwise negotiating a check or other refund  
224.23 instrument, including an electronic version of a check;
- 224.24 (ii) directing an electronic or direct deposit of the refund into an account unless the  
224.25 client's name is on the account; and
- 224.26 (iii) establishing or using an account in the preparer's name to receive a client's refund  
224.27 through a direct deposit or any other instrument unless the client's name is also on the  
224.28 account, except that a taxpayer may assign the portion of a refund representing the Minnesota  
224.29 education credit available under section 290.0674 to a bank account without the client's  
224.30 name, as provided under section 290.0679;
- 224.31 (20) fail to act in the best interests of the client;



- 225.1 (21) fail to safeguard and account for any money handled for the client;
- 225.2 (22) fail to disclose all material facts of which the preparer has knowledge which might  
225.3 reasonably affect the client's rights and interests;
- 225.4 (23) violate any provision of section 332.37;
- 225.5 (24) include any of the following in any document provided or signed in connection  
225.6 with the provision of tax preparation services:
- 225.7 (i) a hold harmless clause;
- 225.8 (ii) a confession of judgment or a power of attorney to confess judgment against the  
225.9 client or appear as the client in any judicial proceeding;
- 225.10 (iii) a waiver of the right to a jury trial, if applicable, in any action brought by or against  
225.11 a debtor;
- 225.12 (iv) an assignment of or an order for payment of wages or other compensation for  
225.13 services;
- 225.14 (v) a provision in which the client agrees not to assert any claim or defense otherwise  
225.15 available;
- 225.16 (vi) a waiver of any provision of this section or a release of any obligation required to  
225.17 be performed on the part of the tax preparer; or
- 225.18 (vii) a waiver of the right to injunctive, declaratory, or other equitable relief or relief on  
225.19 a class basis; or
- 225.20 (25) if making, providing, or facilitating a refund anticipation loan, fail to provide all  
225.21 disclosures required by the federal Truth in Lending Act, United States Code, title 15, in a  
225.22 form that may be retained by the client.
- 225.23 **EFFECTIVE DATE.** This section is effective the day following final enactment.

**270C.17 COMMISSIONER TO COLLECT CERTAIN LOCAL TAXES.**

Subd. 2. **Development costs.** If the commissioner determines that a new computer system will be required to collect the local taxes, the costs of development of the system will be charged to the first local units of government to be included in the system. Any additional local units of government that by agreement are added to the system will be charged for a share of the development costs. The charge will be determined by the commissioner who shall then refund to the original local units of government their portion of the development costs recovered from the additional users.

**469.055 POWERS AND DUTIES.**

Subd. 7. **Sale of realty.** The authority may sell, convey, and exchange any real or personal property owned or held by it in any manner and on any terms it wishes. Real property owned by the authority must not be sold, be exchanged, or have its title transferred without approval of two-thirds of the commissioners. All commissioners must have ten days' written notice of a regular or special meeting at which a sale, conveyance, exchange, or transfer of property is to be voted on. The notice must contain a complete description of the affected real estate. The resolution authorizing the real estate transaction is not effective unless a quorum is present.